PRELIMINARY OFFICIAL STATEMENT DATED MAY 14, 2014

NEW ISSUE—Book-Entry Only

RATING:
S&P: "____"
See "RATING" herein.

In the opinion of Squire Sanders (US) LLP, Bond Counsel to the Authority, under existing law, (i) assuming continuing compliance with certain covenants and the accuracy of certain representations, interest on the Series A 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, and (ii) interest on the Series A Bonds is exempt from State of California personal income tax. Interest on the Series A Bonds may be subject to certain federal taxes imposed only on certain corporations, including the corporate alternative minimum tax on a portion of that interest. For a more complete discussion of the tax aspects, see "TAX MATTERS" herein.

$75,045,000*
CALIFORNIA MUNICIPAL FINANCE AUTHORITY
Mobile Home Park Senior Revenue Bonds
(Caritas Affordable Housing, Inc. Projects), Series 2014A

Dated: Date of Delivery **Due: August 15, as shown on the inside cover**

The $75,045,000* California Municipal Finance Authority Mobile Home Park Senior Revenue Bonds (Caritas Affordable Housing, Inc. Projects), Series 2014A (the "Series A Bonds"), are limited obligations of the California Municipal Finance Authority (the "Authority") secured under the provisions of an indenture of trust, dated as of June 1, 2014 (the "Indenture"), between the Authority and Wells Fargo Bank, National Association, as trustee (the "Trustee"), and will be equally and ratably payable from loan payments made by Caritas Affordable Housing, Inc., a California nonprofit, public benefit corporation (the "Borrower"), to the Authority under a loan agreement, dated as of June 1, 2014 (the "Loan Agreement") between the Authority and the Borrower and from certain funds held under the Indenture.

The Series A Bonds are limited obligations of the Authority, payable only out of Revenues (as defined in the Indenture) and other amounts held in certain funds established by the Indenture, consisting primarily of funds to be paid by the Borrower under the Loan Agreement. No form of taxation will be pledged or levied to provide for payments with respect to the Series A Bonds. The Authority will assign to the Trustee its interests under the Loan Agreement, subject to certain reserved rights, and the Mortgages (as referred to below) and will grant to the Trustee a lien on and pledge of Revenues, moneys and investments held in certain funds and accounts created under the Indenture.

The Series A Bonds will be issued as fully registered bonds and, when delivered, will be registered in the name of Cede & Co., as nominee of The Depository Trust Company, New York, New York ("DTC"). DTC will act as securities depository for the Series A Bonds. Individual purchases of interests in the Series A Bonds will be made in book-entry form only. Purchasers of such interests will not receive physical certificates. The Series A Bonds may be issued in denominations of $5,000 or any integral multiple thereof. Interest on the Series A Bonds is payable semiannually on February 15 and August 15 of each year, commencing August 15, 2014. Principal of and interest on the Series A Bonds is payable directly to DTC by the Trustee. Upon receipt of payments of principal of and interest on the Series A Bonds, DTC will in turn remit such payments to the DTC Participants for subsequent disbursement to the beneficial owners of the Series A Bonds, as described herein. See "THE SERIES A BONDS—General" and APPENDIX G—BOOK-ENTRY ONLY SYSTEM.

The Series A Bonds are subject to redemption prior to maturity as described herein.

Concurrently with the issuance of the Series A Bonds, the Authority is also issuing (a) its $14,675,000* California Municipal Finance Authority Mobile Home Park Subordinate Revenue Bonds (Caritas Affordable Housing, Inc. Projects), Series 2014B (the "Series B Bonds"), and (b) its $875,000* California Municipal Finance Authority Mobile Home Park Second Subordinate Revenue Bonds (Caritas Affordable Housing, Inc. Projects), Series 2014C (the "Series C Bonds"), the proceeds of which will be applied to finance a portion of the costs of the Projects (hereinafter defined), which also will be secured under the provisions of the Indenture, payable from loan payments made by the Borrower to the Authority under the Loan Agreement and from certain funds held under the Indenture, but on bases wholly subordinate to the security for and payment of the Series A Bonds. The Series A Bonds, the Series B Bonds and the Series C Bonds are collectively referred to herein as the "Bonds." *The Series B Bonds are not being offered by means of this Official Statement. The Series C Bonds are being privately placed with the seller of the 2014 Project (defined herein) located in Yucca Valley, California.*

The proceeds of the Bonds will be used to (a) finance and refinance the acquisition of certain mobile home park facilities owned and to be owned and operated by the Borrower and located in the County of Lake, the Cities of Brea, Lancaster, Rohnert Park and Vista and the Town of Yucca Valley (collectively, the "Projects"), (b) fund reserve funds for the Bonds, (c) fund a repair and replacement fund, (d) fund a project fund, and (e) pay a portion of the costs of issuance of the Bonds, all as more particularly described herein.

Under the Loan Agreement, the Borrower will pledge the Net Revenues derived from the operation of the Projects to make payments due under the Loan Agreement. To secure the payments under the Loan Agreement, the Borrower will grant a lien on and security interest in the Project by means of deeds of trust (the "Mortgages") on the Projects. Pursuant to the Loan Agreement, the Borrower will be required to make payments to the Trustee sufficient to pay the scheduled principal of and interest on the Bonds. *While the Series A Bonds, the Series B Bonds and the Series C Bonds are payable from loan payments made by the Borrower under the Loan Agreement, all payments due and payable with respect to the Series A Bonds in any year will be made before any payments are made with respect to the Series B Bonds and all payments due and payable with respect to the Series B Bonds in any year will be made before any payments are made with respect to the Series C Bonds.*

THE SERIES A BONDS ARE LIMITED OBLIGATIONS OF THE AUTHORITY, PAYABLE SOLELY FROM AND SECURED BY THE PLEDGE OF REVENUES AND AMOUNTS IN CERTAIN FUNDS AND ACCOUNTS UNDER THE INDENTURE. NONE OF THE AUTHORITY, ITS MEMBERS OR THE STATE OF CALIFORNIA OR ANY OF ITS POLITICAL SUBDIVISIONS IS DIRECTLY, INDIRECTLY, CONTINGENTLY OR MORALLY OBLIGATED TO USE ANY OTHER MONEYS OR ASSETS TO PAY ALL OR ANY PORTION OF THE DEBT SERVICE DUE ON THE SERIES A BONDS, TO LEVY OR TO PLEDGE ANY FORM OF TAXATION WHATSOEVER THEREFOR OR TO MAKE ANY APPROPRIATION FOR THEIR PAYMENT. THE SERIES A BONDS ARE NOT SECURED BY A PLEDGE OF THE FAITH AND CREDIT OF THE AUTHORITY, ITS MEMBERS, OR THE STATE OF CALIFORNIA OR ANY OF ITS POLITICAL SUBDIVISIONS, NOR DO THEY CONSTITUTE INDEBTEDNESS WITHIN THE MEANING OF ANY CONSTITUTIONAL OR STATUTORY DEBT LIMITATION. THE AUTHORITY HAS NO TAXING POWER.

MATURITY SCHEDULE

SEE INSIDE COVER

For a discussion of some of the risks associated with the purchase of the Series A Bonds, see "RISK FACTORS" herein.

This cover page and the inside cover page contain certain information for quick reference only. It is not a summary of this issue. Investors must read the entire Official Statement to obtain information essential to the making of an informed investment decision with respect to the Series A Bonds.

The Series A Bonds will be offered when, as and if issued and received by the Underwriter, subject to a final legal opinion of Squire Sanders (US) LLP, Bond Counsel to the Authority, and certain other conditions. Certain legal matters will be passed upon for the Authority by its special counsel, Jones Hall, A Professional Law Corporation, and by Squire Sanders (US) LLP, as disclosure counsel. Certain matters will be passed upon for the Borrower by Dzida, Carey & Steinman, Irvine, California, and for the Underwriter by Quint & Thimmig LLP, Larkspur, California. It is expected that the Series A Bonds, in definitive form, will be available for delivery through the facilities of DTC, on or about June 5, 2014.

WESTHOFF, CONE & HOLMSTEDT

The date of this Official Statement is May ___, 2014

*Preliminary, subject to change.

$75,045,000*
CALIFORNIA MUNICIPAL FINANCE AUTHORITY
Mobile Home Park Senior Revenue Bonds
(Caritas Affordable Housing, Inc. Projects), Series 2014A

MATURITY SCHEDULE*

$7,790,000 Serial Bonds
CUSIP Prefix: __________†

Maturity (August 15)	Principal Amount	Interest Rate	Yield	CUSIP Suffix†
2019	$1,220,000			
2020	1,240,000			
2021	1,275,000			
2022	1,310,000			
2023	1,350,000			
2024	1,395,000			

$9,665,000 _____% Term Bonds due August 15, 2030, Price: ________%, to Yield ______%; CUSIP ________†

$20,605,000 _____% Term Bonds due August 15, 2039, Price: ________%, to Yield ______%; CUSIP ________†

$36,985,000 _____% Term Bonds due August 15, 2049, Price: ________%, to Yield ______%; CUSIP ________†

*Preliminary, subject to change.
† Copyright 2014, American Bankers Association. CUSIP® is a registered trademark of the American Bankers Association. CUSIP data herein is provided by CUSIP Global Services Bureau, operated by Standard & Poor's. This data is not intended to create a database and does not serve in any way as a substitute for CUSIP Global Services. CUSIP numbers have been assigned by an independent company not affiliated with the Successor Agency and are included solely for the convenience of the holders of the Bonds. The Successor Agency is not responsible for the selection or uses of these CUSIP numbers, and no representation is made as to their correctness on the Bonds or as included herein. The CUSIP number for a specific maturity is subject to being changed after the issuance of the Bonds as a result of various subsequent actions including, but not limited to, a refunding in whole or in part or as a result of the procurement of secondary market portfolio insurance or other similar enhancement by investors that is applicable to all or a portion of certain maturities of the Bonds.

GENERAL INFORMATION ABOUT THIS OFFICIAL STATEMENT

Use of Official Statement. This Official Statement is submitted in connection with the sale of the Series A 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 Series A Bonds.

Estimates and Forecasts. When used in this Official Statement and in any continuing disclosure by the Borrower, in any press release and in any oral statement made with the approval of an authorized officer of the Borrower, the words or phrases "will likely result," "are expected to," "will continue," "is anticipated," "estimate," "project," "forecast," "expect," "intend" and similar expressions identify "forward looking statements" within the meaning of the Private Securities Litigation Reform Act of 1995. 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 Borrower since the date hereof.

Limit of Offering. No dealer, broker, salesperson or other person has been authorized by the Authority to give any information or to make any representations in connection with the offer or sale of the Series A Bonds 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 the Authority or the Underwriter. 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 Series A Bonds by a person in any jurisdiction in which it is unlawful for such person to make such an offer, solicitation or sale.

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.

Information Subject to Change and Complete Documentation. 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 Authority or the Borrower since the date hereof. All summaries of the 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.

The Authority. The information relating to the Authority contained herein under the heading "THE AUTHORITY" and "ABSENCE OF MATERIAL LITIGATION—The Authority" has been furnished by the Authority. All other information contained herein has been obtained from the Borrower and other sources (other than the Authority) that are believed to be reliable, but it is not guaranteed as to accuracy or completeness by and is not to be relied upon or construed as a promise or representation by the Authority. The Authority maintains an internet website, but the information on the website is not incorporated into this Official Statement.

Offer and Sale of Bonds. The Underwriter may offer and sell the Series A Bonds to certain dealers and others at prices lower than the public offering price set forth on the cover page hereof and said public offering price may be changed from time to time by the Underwriter.

THE SERIES A 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 SERIES A BONDS HAVE NOT BEEN REGISTERED OR QUALIFIED UNDER THE SECURITIES LAWS OF ANY STATE. THE SERIES A BONDS HAVE NOT BEEN RECOMMENDED BY A FEDERAL OR STATE SECURITIES COMMISSION OR REGULATORY ISSUER. FURTHERMORE, THE FOREGOING AUTHORITIES HAVE NOT CONFIRMED THE ACCURACY OR DETERMINED THE ADEQUACY OF THIS DOCUMENT. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE.

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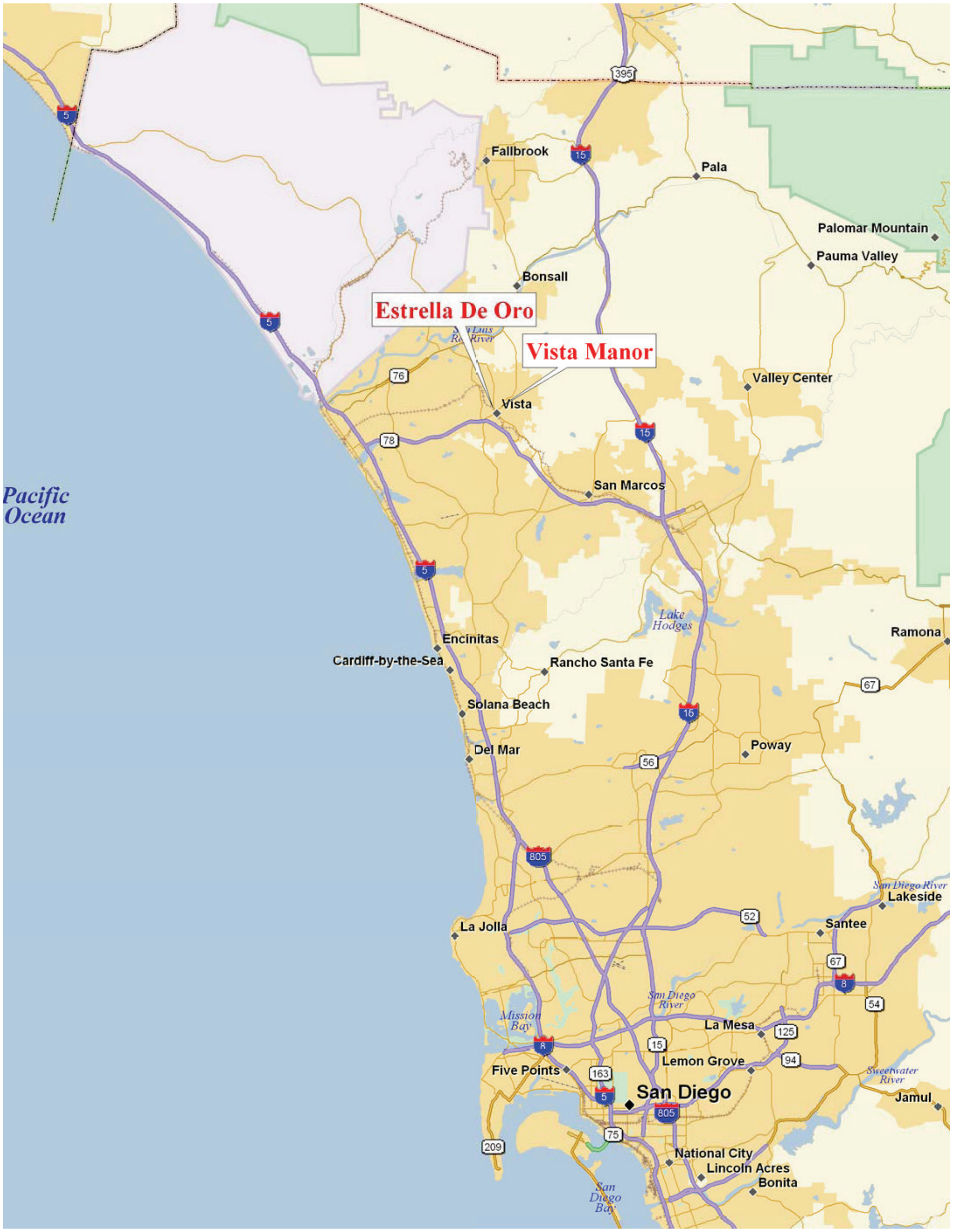
Location Map – Greater Los Angeles

Existing Parks: **Friendly Village Mobile Home Park** – 1301 East Avenue I, Lancaster, CA 93535
Hacienda Estates – 2330 E. Ave. J-8, Lancaster, CA 93535
Rancho Brea Mobile Home Estates – 1414 West Central Avenue, Brea, CA 93706

Parks to be Acquired: **Aztec Mobile Home Estates** – 7425 Church Street, Yucca Valley, CA 92284
Desert Sands Estates – 45111 25th Street East, Lancaster, CA 93535

Location Map – Greater San Diego



Existing Parks:

Estrella De Oro – 220 Camino Corto, Vista, CA 92083

Vista Manor Mobile Home Park – 200 Olive Ave., Vista, CA 92083

Location Map – Northern California

Parks to be Acquired:

Valley Village – 6401 Country Club Dr., Rohnert Park, CA 94928

Sterling Shores Estates – 5830 Robin Hill Drive in Lakeport, CA 95453

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OFFICIAL STATEMENT

$75,045,000*
CALIFORNIA MUNICIPAL FINANCE AUTHORITY
Mobile Home Park Senior Revenue Bonds
(Caritas Affordable Housing, Inc. Projects), Series 2014A

INTRODUCTION

This Introduction is not a summary of this Official Statement. It is only a brief description of and guide to, and is qualified by, more complete and detailed information contained in this entire Official Statement, including the cover page, the inside cover page and appendices hereto, and the documents summarized or described herein. A full review should be made of this entire Official Statement by those interested in investing in the Series A Bonds (defined below). The offering of the Series A Bonds to potential investors is made only by means of this entire Official Statement.

This Official Statement is furnished in connection with the offering of $75,045,000* aggregate principal amount of California Municipal Finance Authority Mobile Home Park Senior Revenue Bonds (Caritas Affordable Housing, Inc. Projects), Series 2014A (the "Series A Bonds"), being issued by the California Municipal Finance Authority (the "Authority"). All capitalized terms used in this Official Statement and not otherwise defined herein have the meanings ascribed to them in the Indenture of Trust, dated as of June 1, 2014 (the "Indenture"), by and between the Authority and Wells Fargo Bank, National Association, Los Angeles, California, as trustee (the "Trustee"), pursuant to which the Series A Bonds are being issued. See APPENDIX D—SUMMARY OF PRINCIPAL LEGAL DOCUMENTS – The Indenture of Trust – Definitions.

The Series A Bonds will be issued pursuant to Articles 1 through 4 of Chapter 5 of Division 7 of Title 1 of the California Government Code and Chapter 8 of Part 5 of Division 31 of the California Health and Safety Code (collectively, the "Act"), will be secured under the provisions of the Indenture and will be equally and ratably payable from loan payments made by Caritas Affordable Housing, Inc., a California nonprofit, public benefit corporation (the "Borrower"), to the Authority under a loan agreement, dated as of June 1, 2014 (the "Loan Agreement"), between the Authority and the Borrower, and from certain funds held under the Indenture.

Concurrently with the issuance of the Series A Bonds, the Authority is also issuing (a) its $14,675,000* California Municipal Finance Authority Mobile Home Park Subordinate Revenue Bonds (Caritas Affordable Housing, Inc. Projects), Series 2014B (the "Series B Bonds"), and (b) its $875,000* California Municipal Finance Authority Mobile Home Park Second Subordinate Revenue Bonds (Caritas Affordable Housing, Inc. Projects), Series 2014C (the "Series C Bonds"), the proceeds of which will be applied to finance a portion of the costs of the Projects, which also will be secured under the provisions of the Indenture, payable from loan payments made by the Borrower to the Authority under the Loan Agreement and from certain funds held under the Indenture, but on bases wholly subordinate to the security for and payment of the Series A Bonds. The Series A Bonds, the Series B Bonds and the Series C Bonds are collectively referred to herein as the "Bonds." *The Series B Bonds are not being offered by means of this Official Statement. The Series C Bonds are being privately placed with the seller of the 2014 Project located in Yucca Valley, California.*

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* Preliminary, subject to change.

The proceeds of the Bonds will be used to (a) finance the acquisition of certain mobile home parks to be owned and operated by the Borrower and located in the County of Lake, the Town of Yucca Valley and the City of Lancaster (collectively, the "2014 Projects"), (b) refund the outstanding principal amount of the Independent Cities Lease Finance Authority Senior Lien Mobile Home Park Revenue Bonds (Caritas Affordable Housing, Inc. Projects), Series 2003A (the "2003 Senior Bonds") and the Independent Cities Lease Finance Authority Subordinate Lien Mobile Home Park Revenue Bonds (Caritas Affordable Housing, Inc.), Series 2003A (the "2003 Subordinate Bonds" and collectively, with the 2003 Senior Bonds, the "2003 Bonds"), the proceeds of which were loaned to the Borrower to finance or refinance certain mobile home park facilities, (c) refund the outstanding principal amount of the Independent Cities Lease Finance Authority Senior Lien Mobile Home Park Revenue Bonds (Caritas Affordable Housing, Inc. Projects), Series 2005A (the "2005 Senior Bonds"), the Independent Cities Lease Finance Authority Second-Subordinate Lien Mobile Home Park Revenue Bonds (Caritas Affordable Housing, Inc.), Series 2005C (the "2005 Subordinate Bonds") and the Independent Cities Lease Finance Authority Second-Subordinate Lien Mobile Home Park Revenue Bonds (Caritas Affordable Housing, Inc.), Taxable Series 2005C-T (the "2005 Taxable Subordinate Bonds" and, collectively, with the 2005 Senior Bonds and the 2005 Subordinate Bonds, the "Series 2005 Bonds"), the proceeds of which were loaned to the Borrower to finance or refinance certain mobile home park facilities, (d) to fund a reserve fund for the Series A Bonds, (e) to fund a repair and replacement fund, and (f) to pay a portion of the costs of issuance of the Bonds, all as more particularly described herein.

Under the Loan Agreement the Borrower will pledge the Gross Revenues derived from the operation of the Projects to make payments due under the Loan Agreement. To secure its payments under the Loan Agreement, the Borrower will grant a lien on and security interest in the 2014 Projects and certain mobile home parks owned and operated by the Borrower described herein (as hereinafter described, the "Prior Projects" and, collectively with the 2014 Projects, the "Projects"), by the execution and recordation of deeds of trust on the Projects (the "Mortgages"). *While all Bonds are payable from loan payments made by the Borrower under the Loan Agreement, monthly deposits of Net Revenues received by the Trustee under the Indenture will be made to funds and accounts for the benefit of the Series A Bonds before any deposits are made to the funds and accounts for the benefit of the Series B Bonds and Net Revenues received by the Trustee under the Indenture will be made to funds and accounts for the benefit of the Series B Bonds before any deposits are made to the funds and accounts for the benefit of the Series C Bonds.*

THE SERIES A BONDS ARE LIMITED OBLIGATIONS OF THE AUTHORITY, PAYABLE SOLELY FROM AND SECURED BY THE PLEDGE OF REVENUES AND AMOUNTS IN CERTAIN FUNDS AND ACCOUNTS UNDER THE INDENTURE. NONE OF THE AUTHORITY, ITS MEMBERS, OR THE STATE OF CALIFORNIA OR ANY OF ITS POLITICAL SUBDIVISIONS IS DIRECTLY, INDIRECTLY, CONTINGENTLY OR MORALLY OBLIGATED TO USE ANY OTHER MONEYS OR ASSETS TO PAY ALL OR ANY PORTION OF THE DEBT SERVICE DUE ON THE SERIES A BONDS, TO LEVY OR TO PLEDGE ANY FORM OF TAXATION WHATSOEVER THEREFOR OR TO MAKE ANY APPROPRIATION FOR THEIR PAYMENT. THE SERIES A BONDS ARE NOT SECURED BY A PLEDGE OF THE FAITH AND CREDIT OF THE AUTHORITY, ITS MEMBERS, OR THE STATE OF CALIFORNIA OR ANY OF ITS POLITICAL SUBDIVISIONS, NOR DO THEY CONSTITUTE INDEBTEDNESS WITHIN THE MEANING OF ANY CONSTITUTIONAL OR STATUTORY DEBT LIMITATION. THE AUTHORITY HAS NO TAXING POWER.

See the section of this Official Statement entitled "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 Series A Bonds.

The Authority and the Borrower will also enter into a regulatory agreement and declaration of restrictive covenants with respect to each Project, dated as of June 1, 2014 (collectively, the "Regulatory Agreements"). Under the Regulatory Agreements, the Borrower is required to rent not less than 20% of the spaces in each Project to Very Low Income Residents (as defined in the Regulatory Agreements). The monthly rental rate which the Borrower may charge some of the Very Low Income Residents is also restricted by the Regulatory Agreements. See "RISK FACTORS" and APPENDIX D—SUMMARY OF PRINCIPAL LEGAL DOCUMENTS—The Regulatory Agreements.

Brief descriptions of the Series A Bonds, the sources of payment for the Series A Bonds, the Authority, the Borrower, special risk factors, the Indenture, the Loan Agreement, the Regulatory Agreements, the Mortgages and other information are included in this Official Statement. Such descriptions and information do not purport to be comprehensive or definitive. The descriptions herein of the Series A Bonds, the Indenture, the Loan Agreement, the Regulatory Agreements and other documents are qualified in their entirety by reference to each such document and the information with respect thereto included in the Series A Bonds, the Indenture, the Loan Agreement, the Regulatory Agreements, the Mortgages and such other documents. 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.

THE AUTHORITY

Under Title 1, Division 7, Chapter 5 of the California Government Code (the "JPA Act"), certain California cities, counties and special districts have entered into a joint exercise of powers agreement (the "JPA Agreement") forming the Authority for the purpose of exercising powers common to the members and to exercise the additional powers granted to the Authority by the JPA Act and any other applicable provisions of California law. Under the JPA Agreement, the Authority may issue bonds, notes or other evidence of indebtedness for any purpose or activity permitted under the JPA Act or any other applicable law.

The Authority may sell and deliver obligations other than the Bonds. These obligations will be secured by instruments separate and apart from the Indenture and the holders of such other obligations of the Authority will have no claim on the security for the Bonds. Likewise, the Owners of the Bonds will have no claim on the security for such other obligations that may be issued by the Authority.

Neither the Authority nor its independent contractors have furnished, reviewed, investigated or verified the information contained in this Official Statement, other than the information contained in this section and the section entitled "ABSENCE OF LITIGATION—The Authority." The Authority does not and will not in the future monitor the financial condition of the Borrower or otherwise monitor payment of the Bonds or compliance with the documents relating thereto. Any commitment or obligation for continuing disclosure with respect to the Bonds, the Projects or the Borrower has been undertaken solely by the Borrower. See "CONTINUING DISCLOSURE."

THE BORROWER

The Borrower is a California nonprofit, public benefit corporation, established on March 26, 1998. For more detailed information concerning the Borrower, see APPENDIX A—INFORMATION REGARDING THE BORROWER AND THE PROJECTS and APPENDIX B—AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF THE CARITAS CORPORATION AND AFFILIATES FOR THE FISCAL YEARS ENDED DECEMBER 31, 2012, AND 2011.

ESTIMATED SOURCES AND USES OF FUNDS

The following table sets forth the estimated sources and uses of funds related to the financing of the Projects.

	Series A Bonds	Series B Bonds	Total
Sources of Funds:			
Principal Amount of Bonds			
Less: Net Original Issue Discount			
Plus: Released 2003 Senior Bonds Moneys			
Plus: Released 2003 Subordinate Bonds Moneys			
Plus: Released 2005 Senior Bonds Moneys			
Plus: Released 2005 Subordinate Bonds Moneys			
Plus: Released 2005 Taxable Subordinate Bonds Moneys			
Total Sources of Funds			
Uses of Funds:			
Deposit to Project Fund (1)			
Deposit to 2003 Escrow Funds (2)			
Deposit to 2005 Escrow Funds (3)			
Deposit to Series A Reserve Fund (4)			
Deposit to Series B Reserve Fund (5)			
Deposit to Repair and Replacement Fund (6)			
Deposit to Costs of Issuance Fund (7)			
Total Uses of Funds			

(1) Represents the amount needed to finance the 2014 Projects.

(2) Represents the amount needed to refund the 2003 Bonds.

(3) Represents the amount needed to refund the 2005 Bonds.

(4) Equal to the Reserve Requirement for the Series A Bonds. See "SECURITY FOR THE BONDS—Creation of Funds and Accounts—Reserve Fund." Amounts in this fund are pledged solely as security for the Series A Bonds.

(5) Equal to the Reserve Requirement for the Series B Bonds. See "SECURITY FOR THE BONDS—Creation of Funds and Accounts—Reserve Fund." Amounts in this fund are pledged solely as security for the Series B Bonds.

(6) See "SECURITY FOR THE BONDS—Creation of Funds and Accounts—Repair and Replacement Fund."

(7) Includes Underwriter's discount and deposit to Costs of Issuance Fund to pay legal costs, accounting costs, third-party consultant costs, printing costs, rating agency fees, Trustee fees, Authority fees and other miscellaneous costs of issuance of the Bonds.

THE FINANCING PLAN

A portion of the proceeds of the Bonds will be used to finance the costs of the 2014 Projects. See "THE PROJECTS."

In addition, a portion of the proceeds of the Bonds will be used to fund escrow funds (the "2003 Escrow Funds") held by Wells Fargo Bank, National Association, as escrow holder (the "Escrow Holder"), under an escrow deposit agreement, by and between the Borrower and the Escrow Holder. Amounts in the 2003 Escrow Funds will be held in cash, uninvested and will be used to redeem the 2003 Bonds on June 10, 2014, at a redemption price equal to the par amount thereof plus accrued interest to such date.

In addition, a portion of the proceeds of the Bonds will be used to fund escrow funds (the "2005 Escrow Funds") held by the Escrow Holder, under an escrow deposit agreement, by and between the Borrower and the Escrow Holder. Amounts in the 2005 Escrow Funds will be invested in U.S. Treasury Securities—State and Local Government Series ("SLGS"), the maturing principal thereof plus interest thereon, together with any uninvested cash in the 2005 Escrow Funds, will be applied to the redemption of the 2005 Senior Bonds on August 15, 2015, and will be applied to the redemption of the 2005 Subordinate Bonds and the 2005 Taxable Subordinate Bonds on September 15, 2015.

The mathematical accuracy of the calculation as to the sufficiency of the cash deposited into the 2003 Escrow Funds and the anticipated receipts from the SLGS and cash in the 2005 Escrow Funds to meet the redemption requirements of the 2003 Bonds and the 2005 Bonds and the calculation of the yield with respect to the Bonds will be verified by Grant Thornton LLP, a firm of independent certified public accountants (the "Verification Agent"). See "VERIFICATION OF MATHEMATICAL COMPUTATIONS."

In addition, a portion of the proceeds of the Series A Bonds will be used to fund the Series A Reserve Fund in an amount equal to the Reserve Requirement for the Series A Bonds, to fund a deposit to the Repair and Replacement Fund and to pay a portion of the costs of issuance of the Series A Bonds.

THE PROJECTS

The 2014 Projects, described above, and the Prior Projects, defined below, are collectively referred to herein as the "Projects." The Projects and the income therefrom will secure the Bonds.

The proceeds of the 2003 Bonds were loaned to the Borrower to finance and refinance the Friendly Village Mobile Home Park and the Hacienda Mobile Estates, each located in Lancaster, California, Rancho Brea Mobile Home Estates located in Brea, California, and the Estrella de Oro and the Vista Manor Mobile Home Park, each located in Vista, California (collectively, the "2003 Projects").

The proceeds of the 2005 Bonds were loaned to the Borrower to finance and refinance the Valley Village Mobile Home Park in Rohnert Park, California, the Friendly Village Mobile Home Park and the Hacienda Mobile Estates, each located in Lancaster, California and the Rancho Brea Mobile Home Estates located in Brea, California (collectively, the "2005 Projects").

The 2003 Projects and the 2005 Projects are collectively referred to herein as the Prior Projects.

A description of the Projects, including the vicinity descriptions, environmental site assessments, physical needs assessments, historical operating results, competition, rent control ordinances, management agreements and qualifications of managers, rents and occupancy data and projected operating results, is set forth in APPENDIX A—INFORMATION REGARDING THE BORROWER AND THE

PROJECTS and APPENDIX B—AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF THE CARITAS CORPORATION AND AFFILIATES FOR THE YEARS ENDED DECEMBER 31, 2012, AND 2011.

Neither the Authority nor the Underwriter has made any independent investigation of the information presented herein as to the Prior Projects or the 2014 Projects. Such information has been provided solely by the Borrower and certain professionals as specifically noted, and neither the Authority nor the Underwriter has verified the accuracy or completeness of such information, nor do they assume any responsibility or liability therefor.

THE SERIES A BONDS

General

The Series A Bonds will be dated as of their date of delivery and will mature on the dates and bear interest at the rate set forth on the cover page of this Official Statement, payable semi-annually on each February 15 and August 15, commencing August 15, 2014. Subject to the redemption provisions set forth below, the Series A Bonds will be payable at the principal corporate trust office of the Trustee, in Los Angeles, California. Interest on the Series A Bonds will be payable by check mailed by the Trustee on each interest payment date to the registered owners thereof as of the 1st day of the calendar month in which the interest payment date occurs (each a "Record Date") at the addresses for the owners of the Series A Bonds shown on the registration books maintained by the Trustee.

The Series A Bonds will be issued in denominations of $5,000 or any amounts in excess thereof in even $5,000 increments. The Series A Bonds will be issuable in fully registered form only and, when issued and delivered, will be registered in the name of Cede & Co., as nominee of the Depository Trust Company, New York, New York ("DTC"). DTC will act as the depository of the Series A Bonds and all payments due on the Series A Bonds will be made to DTC or its nominee. Ownership interests in the Series A Bonds may be purchased in book-entry form only. Purchasers will not receive certificates representing their interest in the Series A Bonds purchased. **So long as Cede & Co., as nominee of DTC, is the registered owner of the Series A Bonds, references herein to the Owners or registered owners of the Series A Bonds mean Cede & Co. and do not mean the Beneficial Owners of the Series A Bonds.** So long as Cede & Co. is the registered owner of the Series A Bonds, principal, premium, if any, and interest on the Series A Bonds are payable by wire transfer by the Trustee to Cede & Co., as nominee of DTC, which is required in turn, to remit such amount to the Direct Participants for subsequent disbursement by the Direct Participants and the Indirect Participants (as defined herein) to the Beneficial Owners. See APPENDIX G—BOOK-ENTRY ONLY SYSTEM.

Redemption

Optional Redemption. The Series A Bonds are subject to redemption by the Authority, at the written direction of the Borrower, prior to maturity, as a whole or in part on any date on or after August 15, _____, at a redemption price equal to the principal amount thereof to be redeemed, plus accrued interest to the date of redemption, without premium, from any moneys received by the Trustee from the Borrower representing an optional prepayment of the Loan pursuant to the Loan Agreement, provided in each case that the maturities and amount of the Series A Bonds of each maturity of each series to be redeemed from the amount so prepaid and the redemption date shall be as specified by the Borrower in accordance with the Loan Agreement.

Extraordinary Redemption. The Series A Bonds shall be subject to redemption, at the option of the Authority, at the request of the Borrower, prior to the stated maturity thereof on a pro rata basis, in whole or in part on any date, on the earliest practicable date for which notice of redemption can be given as provided in the Indenture, at a redemption price equal to the principal amount thereof to be redeemed, together with accrued interest thereon to the date of redemption, without premium, in a principal amount having an aggregate redemption price equal to the amount of moneys which are deposited in or transferred to the Bond Fund from any Net Proceeds or any prepayment made by the Borrower in order to fully retire the Loan in connection with a condemnation or casualty loss which results in Net Proceeds.

Mandatory Redemption from Sinking Fund Payments. The Series A Bonds maturing on August 15, 2030, are subject to redemption, in part, by lot, from mandatory sinking fund payments as set forth below, upon payment of the principal amount thereof plus accrued interest, if any, to the date of redemption, without premium.

Mandatory Sinking Fund Payment Dates (August 15)	Mandatory Sinking Fund Payments	Mandatory Sinking Fund Payment Dates (August 15)	Mandatory Sinking Fund Payments

† Maturity

The Series A Bonds maturing on August 15, 2039, are subject to redemption, in part, by lot, from mandatory sinking fund payments as set forth below, upon payment of the principal amount thereof plus accrued interest, if any, to the date of redemption, without premium.

Mandatory Sinking Fund Payment Dates (August 15)	Mandatory Sinking Fund Payments	Mandatory Sinking Fund Payment Dates (August 15)	Mandatory Sinking Fund Payments

† Maturity

The Series A Bonds maturing on August 15, 2049, are subject to redemption, in part, by lot, from mandatory sinking fund payments as set forth below, upon payment of the principal amount thereof plus accrued interest, if any, to the date of redemption, without premium.

Mandatory Sinking Fund Payment Dates (August 15)	Mandatory Sinking Fund Payments	Mandatory Sinking Fund Payment Dates (August 15)	Mandatory Sinking Fund Payments

† Maturity

Purchase of Series A Bonds In Lieu of Redemption. Any moneys that have been deposited in the Bond Fund for application to any of the foregoing mandatory sinking fund payments, and which are not needed for the payment of interest on the Bonds, shall be applied by the Trustee, if the Trustee is directed to do so in a Request of the Borrower received prior to the selection of Bonds for redemption, to the purchase of the applicable Bonds as and when and at such prices (including brokerage and other charges but excluding accrued interest) as the Borrower may in its discretion determine, except that the purchase price (excluding accrued interest) shall not exceed the par value of such Bonds. Any Bonds so purchased with moneys designated for a mandatory sinking fund payment shall be applied, to the extent of the full principal amount thereof, to reduce said mandatory sinking fund payment.

If the Borrower shall deposit Bonds of the applicable series and maturity with the Trustee at least sixty (60) days before any mandatory sinking fund payment date with respect to Bonds of such series and maturity, together with instructions to the Trustee to apply the principal amount of such Bonds so delivered to the mandatory sinking fund payment due on that date with respect to Bonds of that series and maturity, such Bonds shall be applied, to the extent of the full principal amount thereof, to reduce said mandatory sinking fund payment.

Selection of Series A Bonds for Redemption. Whenever provision is made for the redemption of less than all of the Series A Bonds of a series, the Trustee shall select the Series A Bonds of such series to be redeemed, from the Outstanding Series A Bonds of such series not previously called for redemption, by lot.

Notice of Redemption. Notice of redemption shall be given by the Trustee as hereinafter provided to (a) the respective Holders of any Series A Bonds designated for redemption at their addresses appearing on the Bond registration books of the Trustee, (b) the Authority; (c) the Information Services; and (d) the Securities Depositories. Each notice of redemption shall state the date of such notice, the redemption date, the redemption price (including any premium), the place or places of redemption (including the name and appropriate address or addresses of the Trustee), the CUSIP number (if any) of the maturity or maturities, and, if less than all Series A Bonds are to be redeemed, the distinctive certificate numbers of the Series A Bonds to be redeemed and, in the case of Series A Bonds to be redeemed in part only, the respective portions of the principal amount thereof to be redeemed; provided, however, that if the redemption is conditioned upon funds being available therefore no later than the opening of business on the redemption date, the notice shall so state. Each such notice shall also state that on said date there will become due and payable on each of said Series A Bonds the redemption price thereof or of said specified portion of the principal amount thereof in the case of a Series A Bond to be redeemed in part only, together with interest accrued thereon to the redemption date, and that from and after such redemption date interest thereon shall cease to accrue, and shall require that such Series A Bonds be then surrendered at the address or addresses of the Trustee specified in the redemption notice.

Any notice of redemption shall be mailed by first class mail, postage prepaid, to Series A Bondholders not less than twenty (20) days or more than sixty (60) days prior to the date fixed for redemption. Notices to the Information Services shall be mailed by the Trustee by certified, registered or overnight mail at the time of the mailing of notices to Series A Bondholders. Notices to the Securities Depositories shall be given by telecopy or by certified, registered or overnight mail at the time of mailing of notices to Series A Bondholders. However, failure to give notice of redemption with respect to any Series A Bonds, or any defect therein, shall not affect the validity of the proceedings for redemption of any other Series A Bonds.

Notwithstanding the foregoing, in the case of any optional redemption of the Series A Bonds or extraordinary redemption of the Series A Bonds described above, the notice of redemption shall state that the redemption may be rescinded upon the request of the Borrower and in any event is conditioned upon receipt by the Trustee of sufficient moneys to redeem the applicable Bonds on the anticipated redemption date, and that the redemption shall not occur if (a) the Borrower gives written notice to the Trustee prior to the redemption date to so rescind the notice of redemption, or (b) by no later than the scheduled redemption date sufficient moneys to redeem the applicable Bonds have not been deposited with the Trustee. In the event that the Trustee either receives written notice from the Borrower prior to the redemption date to rescind the redemption notice or does not receive sufficient funds by the scheduled redemption date to so redeem the applicable Bonds to be redeemed, the Trustee shall send written notice to the owners of the Bonds, to the Securities Depositories and to one or more of the Information Services to the effect that the redemption did not occur as anticipated, and the Series A Bonds for which notice of optional redemption was given shall remain Outstanding for all purposes of the Indenture.

So long as the Series A Bonds are held in book-entry form, notice of redemption will be mailed by the Trustee only to DTC and not to the Beneficial Owners of Series A Bonds under the DTC book-entry only system. Neither the Authority nor the Trustee is responsible for notifying the Beneficial Owners of Series A Bonds called for redemption, who are to be notified in accordance with the procedures in effect for the DTC book-entry system. See "THE SERIES A BONDS—General" and APPENDIX G—Book-Entry Only System.

Partial Redemption of Series A Bonds. Upon surrender of any Series A Bond redeemed in part only, the Authority shall execute and the Trustee shall authenticate and deliver to the Holder thereof, at the expense of the Borrower, a new Series A Bond or Series A Bonds of Authorized Denominations equal in aggregate principal amount to the unredeemed portion of the Series A Bond surrendered.

Effect of Redemption. Moneys for payment of the redemption price of, together with interest accrued to the redemption date on, the Series A Bonds (or portions thereof) so called for redemption being held by the Trustee, on the redemption date designated in such notice, the Series A Bonds (or portions thereof) so called for redemption shall become due and payable at the redemption price specified in such notice and interest accrued thereon to the redemption date, interest on the Series A Bonds so called for redemption shall cease to accrue from and after the redemption date, said Series A Bonds (or portions thereof) shall cease to be entitled to any benefit or security under the Indenture, and the Holders of said Series A Bonds shall have no rights in respect thereof except to receive payment of said redemption price and accrued interest to the redemption date. All Series A Bonds redeemed shall be cancelled upon surrender thereof and delivered to or upon the Order of the Authority.

Transfer and Exchange of Bonds

The registration of any Series A Bond may, in accordance with its terms, be transferred, upon the books required to be kept pursuant to the provisions of the Indenture, by the person in whose name it is registered, in person or by his or her duly authorized attorney, upon surrender of such Series A Bond for cancellation, accompanied by delivery of a written instrument of transfer in a form acceptable to the Trustee, duly executed. The Trustee shall require the payment by the Holder requesting such transfer of any tax or other governmental charge required to be paid with respect to such transfer, and there shall be no other charge to any Holder for any such transfer. The cost of printing Series A Bonds and any services rendered or expenses incurred by the Trustee in connection with any transfer shall be paid by the Borrower. No registration of transfers of Series A Bonds shall be required to be made during the period established by the Trustee for selection of Series A Bonds for redemption and after a Series A Bond has been selected for redemption.

Series A Bonds may be exchanged at the Principal Office of the Trustee for a like aggregate principal amount of the Series A Bonds of the same maturity and series of other Authorized Denominations. The Trustee shall require the payment by the Holder requesting such exchange of any tax or other governmental charge required to be paid with respect to such exchange, and there shall be no other charge to any Holder for any such exchange. The cost of printing Series A Bonds and any services rendered or expenses incurred by the Trustee in connection with any exchange shall be paid by the Borrower. No exchanges of Series A Bonds shall be required to be made during the period established by the Trustee for selection of Series A Bonds for redemption and after a Series A Bond has been selected for redemption.

Debt Service Requirements

The following table sets forth for the scheduled annual debt service requirements for the Bonds, assuming no redemptions prior to maturity other than from mandatory sinking fund payments.

	Series A Bonds		Series B Bonds		
Year Ending August 15	Principal	Interest	Principal	Interest	Total Debt Service
2014					
2015					
2016					
2017					
2018					
2019					
2020					
2021					
2022					
2023					
2024					
2025					
2026					
2027					
2028					
2029					
2030					
2031					
2032					
2033					
2034					
2035					
2036					
2037					
2038					
2039					
2040					
2041					
2042					
2043					
2044					
2045					
2046					
2047					
2048					
2049					
Totals					

(1) Indicates a mandatory sinking fund installment.

SECURITY FOR THE BONDS

Pledge and Assignment

Subject only to the provisions of the Indenture permitting the application thereof for the purposes and on the terms and conditions set forth therein and, subject to the rights of the Holders of the Bonds, there are pledged under the Indenture:

(a) To secure the payment of the principal of and premium, if any, and interest on the Series A Bonds, in accordance with their terms and the provisions of the Indenture: (A) all of the Gross Revenues (including proceeds of the sale of Series A Bonds, but excluding Additional Payments paid by the Borrower pursuant to the Loan Agreement and any amounts paid by the Borrower pursuant to the indemnification provisions of the Loan Agreement); (B) all right, title and interest of the Authority in and to the Loan Agreement (except for the Reserved Rights), including the Gross Revenues and any interest, profits and other income derived thereon from the investment thereof, the Mortgages and the Projects; and (C) any and all other rights and interests in property, whether tangible or intangible from time to time, by delivery or by writing of any kind, conveyed, mortgaged, pledged, assigned or transferred as and for additional security for the Series A Bonds, by the Authority or by anyone on its behalf or with its written consent to the Trustee, which is authorized by the Indenture to receive any and all such property at any and all times and to hold and apply the same subject to the terms of the Indenture; subject, however, as to the property conveyed and mortgaged by the Indenture, to Permitted Encumbrances. Said pledge constitutes a lien on and security interest in such assets and shall attach, be perfected and be valid and binding from and after delivery of the Bonds, without any physical delivery thereof or further act.

(b) To secure the payment of the principal of and premium, if any, and interest on the Series B Bonds, in accordance with their terms and the provisions of the Indenture: (A) the Subordinate Residual Revenues; (B) the Subordinate Residual Net Proceeds and Subordinate Residual Prepayments; (C) on a basis expressly subordinate (both in terms of prior of payment and in terms of rights to exercise the remedies granted under the Indenture and under the Loan Agreement) to the Series A Bonds until all such Series A Bonds shall have been retired or such amounts have been provided to effect redemption of such Series A Bonds, all right, title and interest of the Authority in and to the Loan Agreement (except for the Reserved Rights), including the Revenues and any interest, profits and other income derived thereon from the investment thereof, the Mortgages and the Projects; and (D) on a basis expressly subordinate (both in terms of prior of payment and in terms of rights to exercise the remedies granted under the Indenture and under the Loan Agreement) to the Series A Bonds until all such Series A Bonds shall have been retired or such amounts have been provided to effect redemption of such Series A Bonds, any and all other rights and interests in property, whether tangible or intangible from time to time hereafter, by delivery or by writing of any kind, conveyed, mortgaged, pledged, assigned or transferred as and for additional security for the Series B Bonds, by the Authority or by anyone on its behalf or with its written consent to the Trustee, which is authorized by the Indenture to receive any and all such property at any and all times and to hold and apply the same subject to the terms of the Indenture; subject, however, as to the property conveyed and mortgaged by the Indenture, to Permitted Encumbrances. Said pledge constitutes a lien on and security interest in such assets and shall attach, be perfected and be valid and binding from and after delivery of the Bonds, without any physical delivery thereof or further act.

The Authority also transfers in trust, grants a security interest in, and assigns to the Trustee under the Indenture, for the benefit of the Holders from time to time of the Series A Bonds, all of the Revenues and other amounts pledged as described in paragraph (a) above and all of the right, title and interest of the Authority in the Loan Agreement (except for Additional Payments and Reserved Rights). The Authority transfers in trust, grants a security interest in, and assigns to the Trustee under the Indenture, for the benefit of the Holders from time to time of the Series B Bonds, all of the Subordinate Residual Revenues, Subordinate Residual Net Proceeds and Subordinate Residual Prepayments, and other amounts pledged as described in paragraph (b) above and, on a basis subordinate to the security interest of the Series A Bonds, all of the right, title and interest of the Authority in the Loan Agreement (except for Additional Payments and Reserved Rights). Under the Indenture, the Trustee is entitled to and is directed to collect and receive all of the Net Revenues, and any Net Revenues collected or received by the Authority shall be deemed to be held, and to have been collected or received, by the Authority as the agent of the Trustee and shall forthwith be paid by the Authority to the Trustee. The Trustee also shall be entitled to and shall (subject to the provisions of the Indenture) take all steps, actions and proceedings following any Event of Default reasonably necessary in its judgment to enforce, either jointly with the Authority or separately, all of the rights of the Authority assigned to the Trustee under the Indenture and all of the obligations of the Borrower under the Loan Agreement.

All Revenues shall be held in trust for the benefit of the Holders from time to time of the Bonds but shall nevertheless be disbursed, allocated and applied solely for the uses and purposes set forth in the Indenture.

If the Trustee has not received any payment required to be made by the Borrower under the Loan Agreement to pay principal, or redemption price of or interest on the Bonds by the due date, the Trustee shall immediately notify the Borrower, the Authority and the Oversight Agent of such insufficiency by telephone, telecopy or telegram and confirm such notification by written notice. In such event, the Trustee shall apply moneys in the applicable Reserve Fund to make such payments. Failure by the Trustee to give such notice, or any errors in any such notice, shall not affect the payment obligations of the Borrower under the Loan Agreement, including without limitation the timing thereof.

The Bonds do not constitute a debt or liability, or a pledge of the faith and credit, of the State or of any political subdivision thereof, other than the Authority, which shall only be obligated to pay the Bonds solely from the Revenues and funds provided therefor under the Indenture. The issuance of Bonds does not directly or indirectly or contingently obligate the State or any political subdivision thereof to levy or to pledge any form of taxation whatever therefor or to make any appropriation for their payment.

Creation of Funds and Accounts

In addition to the Redemption Fund, the Costs of Issuance and the Rebate Fund (each of which is described in Appendix D—SUMMARY OF PRINCIPAL LEGAL DOCUMENTS—The Indenture of Trust – Funds and Accounts), the following Funds and Accounts are to be held by the Trustee under the Indenture:

(a) Revenue Fund;
(b) Bond Fund, and therein an Optional Redemption Account;
(c) Series 2014 A Reserve Fund;
(d) Fees Fund;
(e) Repair and Replacement Fund;
(f) Surplus Fund;
(g) Impound Fund;
(h) Net Proceeds Fund;
(i) Subordinate Debt Service Fund, and therein an Optional Redemption Account;
(j) Series 2014 B Reserve Fund;
(k) Project Fund; and
(l) Second Subordinate Debt Service Fund.

Revenue Fund. There shall be deposited in the Revenue Fund all Net Revenues received by the Trustee including (i) all amounts paid to the Trustee under the Loan Agreement (other than prepayments, to redeem Bonds, which shall be directly deposited in the Bond Fund or the Subordinate Debt Service Fund, as applicable), (ii) all other amounts required to be so deposited pursuant to the terms of the Indenture, including investment earnings to the extent provided herein, (iii) any amounts derived from the Loan Agreement to be applied to payment of amounts intended to be paid from the Revenue Fund, (iv) all Loan Payments, and (v) such other money as are delivered to the Trustee by or on behalf of the Borrower with directions for deposit of such money in the Revenue Fund.

Money on deposit in the Revenue Fund shall be transferred or disbursed, as appropriate on or before the 15th day of each month, commencing June 1, 2014 in the following order of priority:

(a) to the Impound Fund, an amount equal to 1/12th (subject to pro rata adjustment, as necessary, for deposits prior to the first dates on which such payments become due) of the ad valorem taxes, if any, and annual premiums for insurance due on the Projects, determined in accordance with the then current Budget or such greater amount as required to pay such taxes and premiums;

(b) to the Bond Fund, an amount equal to 1/6th of the interest due on the Series A Bonds on the next Interest Payment Date (subject to pro rata adjustment for deposits prior to the first Interest Payment Date) and an amount equal to 1/12th of the principal and mandatory sinking payments due on the Series A Bonds on the following August 15 ;

(c) to the Fees Fund, an amount equal to 1/12th of the Ordinary Trustee Fees and Expenses, 1/12th of the Authority Annual Fee, 1/12th of the Oversight Agent Fee, 1/12th of the Rating Agency Fee and any Rebate Analysts Fee (subject to pro rata adjustment, as necessary, for deposits prior to the first dates on which such payments become due);

(d) to the Rebate Fund, the amount, if any, the Trustee is to deposit therein pursuant to the Indenture;

(e) to the Series A Reserve Fund and to the Reserve Fund for any Additional Bonds issued on a parity with the Series A Bonds, the amount, if any, necessary to increase the amount then in the Series A Reserve Fund to the amount of the Reserve Requirement for the Series A Reserve Fund and to increase the amount in any such Reserve Fund to the Reserve Requirement for any such Reserve Fund for such Additional Bonds, subject to and as provided in the Loan Agreement;

(f) to the Repair and Replacement Fund, an amount equal to 1/12th of the amount necessary to fund the Repair and Replacement Fund Requirement; and

(g) to the payment of any other properly documented expenses not yet paid including the Extraordinary Trustee Fees and Expenses, any unpaid Rebate Analyst Fees and, pursuant to a Requisition, anticipated expenses related to work or services already performed, as approved by the Oversight Agent to the extent that such expenses exceed an amount greater than 10% of the then current Budget.

Following the foregoing deposits and/or transfers to and from the Revenue Fund, to the extent that all such requirements have been satisfied and provided that no Trigger Event has occurred and is continuing, amounts remaining in the Revenue Fund shall be applied as follows:

(a) to the Subordinate Debt Service Fund, an amount equal to 1/6th of the interest payable on the Subordinate Bonds on the following February 15 or August 15 , as the case may be (subject to pro rata adjustment, as necessary, for deposits prior to the first dates on which such payments become due);

(b) to the Subordinate Debt Service Fund, an amount equal to 1/12th of the amount necessary to fund the annual principal payable on other subordinate debt of the Borrower with respect to a Project (subject to pro rata adjustment, as necessary, for deposits prior to the first dates on which such payments become due);

(c) to the Series 2014B Reserve Fund, the amount, if any, necessary to meet the Reserve Requirement for the Series 2014B Bonds and to each Reserve Fund established for any Series of Subordinate Bonds to the extent the amount therein is less than the applicable Reserve Requirement, as provided in the related Loan Agreement; and

(d) to pay the Asset Management Fee.

Following the deposits and/or transfers required above, to the extent that all such requirements have been satisfied and provided that no Trigger Event has occurred and is continuing, amounts remaining in the Revenue Fund shall be transferred to the Surplus Fund, except that upon delivery of a Certificate of the Asset Manager prior to any transfer to the Surplus Fund, an amount as set forth in the Certificate of the Asset Manager shall be deposited in the Second Subordinate Debt Service Fund and applied to pay debt service on the Second Subordinate Bonds, if issued and outstanding at such time.

Deposits into the Bond Fund: Use of Money in the Bond Fund. The Trustee shall deposit in the Bond Fund when and as received:

(a) all accrued interest, if any, on the sale and delivery of Series A Bonds;

(b) all amounts transferred from the Revenue Fund as described above;

(c) all amounts deposited for the redemption of Series A Bonds; provided that amounts for the optional redemption of Series A Bonds shall be deposited to the Optional Redemption Account of the Bond Fund as provided in the Indenture;

(d) any additional security to be deposited in the Bond Fund or any other amounts received by the Trustee that are subject to the lien and pledge of the Indenture with respect to the Series A Bonds (other than Net Proceeds to be deposited in the Net Proceeds Fund); and

(e) Net Proceeds from damage to or the destruction or condemnation of the Projects or any portion thereof that are to be applied to the redemption of Series A Bonds.

All amounts deposited in the Bond Fund or the Optional Redemption Account therein for the redemption of Series A Bonds shall be applied accordingly; all other amounts on deposit in the Bond Fund shall be used by the Trustee on each Interest Payment Date for the payment of the principal, mandatory sinking payments and interest on the Series A Bonds then due.

If on any Interest Payment Date the amount on deposit in the Bond Fund is insufficient to make the payments or deposits described in the preceding paragraph, the Trustee shall make up any such shortfall by transferring amounts from the following Funds in the following order of priority for the payment of debt service on the Series A Bonds:

(a) first, from the Surplus Fund,

(b) second, from the Second Subordinate Debt Service Fund,

(c) third, from the Subordinate Debt Service Fund,

(d) fourth, from the Repair and Replacement Fund, and

(e) fifth, from the Series A Reserve Fund.

Any balance remaining in the Bond Fund on each Interest Payment Date, after making the payments described in the preceding paragraph, shall be transferred to the Revenue Fund.

Fees Fund. The Trustee shall use amounts in the Fees Fund to pay, on each Interest Payment Date or the date such fee is due, the Ordinary Trustee Fees and Expenses, the Authority Annual Fee, the Oversight Agent Fee, the Rating Agency Fee and the Rebate Analyst Fee.

Reserve Fund. All amounts in the Series A Reserve Fund shall be used and withdrawn by the Trustee for the purpose of making up any deficiency in the Bond Fund for the payment of the Series A Bonds, as described in clause (d) of the third preceding paragraph. Any amount in the Series A Reserve Fund in excess of the Reserve Fund Requirement for the Series A Reserve Fund shall be transferred to the

Bond Fund and applied to the payment of principal of and interest on the Series A Bonds. See "Series A Reserve Fund" below for more information regarding the Reserve Fund for the Series A Bonds.

Surplus Fund. The amounts on deposit in the Surplus Fund established hereunder will be transferred by the Trustee to the Bond Fund for the payment of debt service on the Senior Bonds, and otherwise to the Revenue Fund to be applied to remedy any shortfall in any of the deposits to be made therefrom, in the order of priority set forth in the Indenture. Following computation and deposit of the Rebate Amount for the preceding Bond Year (if required for such Bond Year) in the Rebate Fund and provided there is no deficiency in any fund established hereunder, and so long as no Trigger Event has occurred, upon delivery to the Trustee of the semi-annual Coverage Certificate by the Borrower required under the Loan Agreement, any moneys in the Surplus Fund shall be released from the lien of the Indenture and paid to the Borrower upon receipt by the Trustee of a Requisition of the Borrower.

Repair and Replacement Fund. Amounts in the Repair and Replacement Fund (a) shall be used as required for the payment of debt service on the Series A Bonds, or (b) shall be disbursed to or at the direction of the Borrower, upon a Requisition delivered to the Trustee, for the payment of major maintenance requirements, capital improvements or the replacement of machinery and appliances as necessary to maintain the condition of the Projects. The Oversight Agent shall approve all such Requisitions delivered to the Trustee prior to the disbursement of amounts on deposit in the Repair and Replacement Fund.

Net Proceeds Fund. Net Proceeds held in the Net Proceeds Fund are to be disbursed by the Trustee for the repair, replacement, restoration or improvement of the Projects or any portion thereof, upon the receipt by the Trustee from the Borrower of (a) with respect to a replacement or restoration of, or improvement to, the Projects in an amount greater than $250,000.00, an architect's certificate stating that such repairs, replacements or improvements are practical and necessary, have been completed in substantial accordance with plans and specifications, and that such repairs, replacements or improvements comply with all applicable statutes, codes and regulations as applicable to the Projects; (b) a certificate from the Borrower stating that sufficient money is available to effect such repair, restoration, replacements or improvements; (c) one or more Requisitions, and (d) applicable lien waivers. If the Borrower has provided an architect's certificate pursuant to (a) above, the Trustee is to retain ten percent (10%) of the requested disbursements, to be disbursed upon final completion of the repairs, replacements, restoration or improvements as certified by an independent architect and receipt of an endorsement to the title policy or policies for the Projects insuring the continued priority of the lien of the Mortgages.

Impound Fund. Upon receipt by the Trustee of a tax bill, invoice or requisition from the Borrower, the Trustee shall apply amounts in the Impound Fund to pay the costs of maintaining the insurance on the Projects pursuant to the Loan Agreement and to pay any ad valorem taxes or payments in lieu of taxes assessed against the Projects.

Bond Fund. The Trustee shall disburse and apply amounts in the Bond Fund only as follows:

(a) On each Interest Payment Date, the Trustee shall apply moneys in the Bond Fund to pay the interest on the Series A Bonds and on any Additional Bonds issued on a parity with the Series A Bonds as such shall become due and payable (including accrued interest on any Series A Bonds and on any Additional Bonds issued on a parity with the Series A Bonds purchased or redeemed prior to maturity pursuant to the Indenture).

(b) The Trustee shall apply moneys in the Bond Fund to pay the principal of the Series A Bonds and of any Additional Bonds issued on a parity with the Series A Bonds as such principal becomes due and payable.

(c) The Trustee shall apply moneys in the Bond Fund to the redemption of (i) Series A Bonds in the principal amounts and on the mandatory sinking fund payment dates set forth in the Indenture, and (ii) to the redemption of any Additional Bonds that are secured on a parity with the Series A Bonds pursuant to any mandatory sinking fund payments for such Additional Bonds as specified in the Supplemental Indenture for such Additional Bonds.

Any moneys which have been deposited in the Bond Fund for application to any of the foregoing mandatory sinking fund payments, and which are not needed for the payment of interest on the Series A Bonds, shall be applied by the Trustee, if the Trustee is directed to do so in a Request of the Borrower received prior to the selection of Series A Bonds for redemption, to the purchase of the applicable Series A Bonds as and when and at such prices (including brokerage and other charges but excluding accrued interest) as the Borrower may in its discretion determine, except that the purchase price (excluding accrued interest) shall not exceed the par value of such Series A Bonds. Any Series A Bonds so purchased with moneys designated for a mandatory sinking fund payment shall be applied, to the extent of the full principal amount thereof, to reduce said mandatory sinking fund payment. All Series A Bonds purchased pursuant to this paragraph shall be cancelled by the Trustee and destroyed.

If the Borrower shall deposit Series A Bonds of the applicable maturity with the Trustee at least sixty (60) days before any mandatory sinking fund payment date with respect to Series A Bonds of such maturity, together with instructions to the Trustee to apply the principal amount of such Series A Bonds so delivered to the mandatory sinking fund payment due on that date with respect to Series A Bonds of that maturity, such Series A Bonds shall be applied, to the extent of the full principal amount thereof, to reduce said mandatory sinking fund payment. All Series A Bonds deposited pursuant to the provisions of this paragraph shall be cancelled by the Trustee and destroyed.

In the event that the Borrower makes an optional prepayment of the Loan pursuant to the Loan Agreement to be applied to the redemption of Series A Bonds as identified by the Borrower pursuant to the Loan Agreement, such prepayment shall be forthwith deposited in the Optional Redemption Account within the Bond Fund and shall be applied thereafter to the redemption of Series A Bonds as promptly as practicable in accordance with the provisions of the Indenture. In the event of an optional redemption, the Borrower shall provide to the Trustee, on behalf of the Authority, a revised sinking fund schedule giving effect to the optional redemption so completed.

Series A Reserve Fund. All amounts in the Series A Reserve Fund are irrevocably pledged by the Indenture to the payment of the interest and premium, if any, and principal of the Series A Bonds. All amounts in the Series A Reserve Fund shall be used and withdrawn by the Trustee solely for the purpose of making up any deficiency in the Bond Fund, including amounts for the payment or redemption of all Series A Bonds then Outstanding. The Reserve Requirement with respect to the Series A Reserve Fund is, as of any date of calculation, an amount equal to the least of (a) 125% of the average annual debt service on the Series A Bonds as of the Closing Date, (b) Maximum Annual Debt Service on the Series A Bonds Outstanding as of such date, or (c) 10% of the initial offering price of the Series A Bonds. As of the date of issuance of the Series A Bonds, the Reserve Requirement for the Series A Bonds is $___________.

If at any time the amount on deposit in the Series 2014A Reserve Fund is less than the Reserve Requirement for the Series 2014A Bonds due to a transfer to the Series 2014A Bond Account to make up any deficiency therein, the Trustee shall make the deposits from the Revenue Fund in the amounts and at the times required to satisfy such deficiency; *provided, however*, such deposits shall be at the times and in the amounts provided in the related Loan Agreement. The Trustee shall notify the Authority and the Borrower immediately of any transfer from the Series 2014A Reserve Fund to the Bond Fund. The Trustee shall determine the value of the investments credited to each account of the Reserve Fund no less frequently than semiannually (on or before January 15 and July 15 of each year), at the market value thereof. If such value is less than the Reserve Requirement for a Series of Bonds, the Trustee shall immediately notify the Borrower of the amount of the deficiency, and shall make the deposits at the times and in the amounts required to satisfy such deficiency. In making any valuations of investments hereunder, the Trustee may utilize and rely upon such pricing or valuation services as may be available to it, including those within its regular accounting system.

Under the Loan Agreement, the Borrower agrees to make payments sufficient to restore the Series A Reserve Fund to its respective Reserve Requirement (a) in not less than twelve (12) consecutive equal monthly installments beginning in the month following any withdrawal from the Series A Reserve Fund which causes the amount therein to be less than the applicable Reserve Requirement, or (b) in four consecutive equal monthly installments following any calculation of the value of the Series A Reserve Fund at an amount less than the applicable Reserve Requirement.

Project Fund. The Indenture establishes a Project Fund to be held by the Trustee and to be funded with a portion of the proceeds of the Series 2014 A Bonds and a portion of the proceeds of the Series 2014B Bonds. Amounts in the Project Fund may be withdrawn at any time by the Borrower upon submission to the Trustee Certificate of the Borrower which sets forth the amount to be withdrawn and which certifies that the amount is needed to pay costs of the 2014 Projects. Once all amounts in the Project Fund have been withdrawn, the Project Fund will be closed.

The Loan; Loan Payments; Additional Payments.

Loan. The Authority agrees to loan to the Borrower the proceeds received by the Authority from the sale of the Bonds, excluding any accrued interest, by causing such proceeds to be deposited with the Trustee for disposition as provided in the Indenture. The obligation of the Authority to make the Loan shall be deemed fully discharged upon the deposit of the proceeds of the Bonds with the Trustee.

Deposit of Net Revenues. All Net Revenues shall be deposited with the Trustee by the Borrower or, at the direction of the Borrower, a Manager, not later than the fifteenth Business Day of the month following receipt thereof. The Net Revenues shall be used to pay, throughout the Term, the Loan Payments and all other amounts provided in the Loan Agreement and described below, in such lawful money of the United States of America as at the time of payment shall be legal tender for the payment of public and private debts. All deposits of Net Revenues shall be made at the corporate trust office of the Trustee, or at such other location as shall be designated in writing by the Trustee to the Borrower.

Loan Payments. The Net Revenues shall be used to pay, among other things, the following amounts (which collectively constitute the "Loan Payments"):

(1) until such time as the principal of and the premium, if any, and interest, the Bonds shall have been paid in full, or provisions made for such full payment in accordance with the provisions of the Indenture, an amount equal to the aggregate amount of interest payable by the Authority on the then Outstanding Bonds, on the next succeeding Interest Payment Date (sub-

ject to pro rata adjustment for payments prior to the first Interest Payment Date), and an amount equal to the principal amount or mandatory sinking payments with respect to the Bonds; and

(2) on or before any redemption date, such amounts as shall, together with any other money available therefor, be sufficient to pay all amounts, if any, required to redeem the Bonds pursuant to the provisions of the Indenture, including any related redemption premium.

Additional Payments. The Net Revenues shall from time to time also be used to pay the following costs and expenses (which collectively constitute the Additional Payments), to the extent such costs and expenses are not paid from the proceeds of the sale of the Bonds:

(1) Ordinary Trustee Fees and Expenses and Extraordinary Trustee Fees and Expenses, payable to the Trustee for services or indemnity under the Indenture and the Borrower Documents (including services in connection with the administration and enforcement thereof and compliance therewith), and the fees and other costs, including reasonable counsel fees, incurred for services of any banking institution designated as an additional Paying Agent;

(2) all fees and other costs of the Authority, including without limitation the Authority Issuance Fee and the Authority Annual Fee, reasonable fees and expenses of counsel to the Authority, not otherwise paid under the Loan Agreement or the Indenture, related to the issuance of the Bonds and by reason of its refinancing of the Projects or in connection with its administration and enforcement of, and compliance with, the Bond Documents, the Borrower Documents, or otherwise in connection with the Projects;

(3) all fees and other costs incurred for services of such attorneys, independent consultants and independent accountants as are employed by the Authority or the Trustee, with notice to the Borrower, to perform services required pursuant to the Loan Agreement or the Indenture;

(4) all fees and expenses of the Rating Agency, the Rebate Analyst, and if a deposit is required to be made to the Rebate Fund as a result of any calculation made pursuant to the Indenture, the amount of such deposit, which shall be deposited in the Rebate Fund not later than the tenth day of the calendar month immediately following the date on which such calculation was made pursuant to the Indenture;

(5) amounts sufficient to maintain balances in the Repair and Replacement Fund and the Series A Reserve Fund and the Series B Reserve Fund equal to the Repair and Replacement Fund Requirement and the applicable Reserve Requirement, respectively; subject to, in the case of the Series A Reserve Fund and the Series B Reserve Fund, the second succeeding paragraph;

(6) amounts sufficient to pay all required payments of property taxes, assessments or payments in lieu of property taxes, if any, plus all premiums required to maintain the insurance coverage required pursuant to the Loan Agreement;

(7) all fees and expenses of the Oversight Agent incurred for services provided pursuant to the Indenture or the Loan Agreement;

(8) all amounts advanced by the Authority or the Trustee under authority of the Loan Agreement or the Indenture that the Borrower are obligated to repay; and

(9) the Asset Management Fee.

All such payments shall be made by the Borrower from Net Revenues or other funds of the Borrower for payment to the Person or Persons entitled to such payments or for deposit to the appropriate fund or account held by the Trustee under the Indenture in the order specified in the Indenture.

The Borrower agrees to make payments sufficient to restore the Series A Reserve Fund and the Series B Reserve Fund as described in paragraph (5) above to its respective Reserve Requirement (a) in not less than twelve (12) consecutive equal monthly installments beginning in the month following any withdrawal from the Series A Reserve Fund or the Series B Reserve Fund which causes the amount therein to be less than the Reserve Requirement for the applicable Reserve Fund, or (b) in four consecutive equal monthly installments following any calculation of the value of the Series A Reserve Fund or the Series B Reserve Fund at an amount less than the applicable Reserve Requirement; provided, however, that the Borrower shall direct the Trustee to apply such amounts first to the Series A Reserve Fund, and second to the Series B Reserve Fund.

Failure to Make Payments. In the event the Borrower shall fail to deposit, or fail to cause to be deposited, with the Trustee any Net Revenues, the Loan Payments or other payments required under the Loan Agreement not paid from such Net Revenues or other funds of the Borrower shall continue as an obligation under the Loan Agreement until the amount in default shall have been fully paid.

In the event the Net Revenues deposited with the Trustee in any six consecutive month period are less than 90% of the amount set forth in the annual Project budget required to be submitted by the Borrower to the Oversight Agent under its Loan Agreement, the Borrower shall, concurrently with its transfer of Net Revenues to the Trustee in such second consecutive month, provide a written notice of explanation for the variance to the Oversight Agent and, upon written request of the Oversight Agent, the Borrower shall submit a written report, within thirty (30) days of such request, with recommendations to the Oversight Agent with respect to the ability of the Borrower and its recommendations as to how it will satisfy the amounts contemplated in the final annual budget. The Oversight Agent shall review the Borrower's written recommendations and submit comments to the Borrower. The Oversight Agent shall notify the Authority in the event the Borrower shall not comply substantially with the recommendations submitted by the Borrower (and as commented on by the Oversight Agent). In such event, the Authority, based on such advice as it may deem appropriate, may direct the Borrower to remove the Manager of the Projects and approve a new Manager acceptable to the Authority.

Pledge of Gross Revenue Fund. The Borrower agrees that, as long as any of the Bonds remain Outstanding or any Additional Payments remain unpaid, all of the Gross Revenues shall be deposited as soon as practicable upon receipt thereof in a fund or funds designated as the "Gross Revenue Fund" which the Borrower has established and maintains, and shall continue to maintain, subject to the provisions of subsection (t), in an account or accounts at such banking institution or institutions acceptable to the Authority, as the Borrower shall from time to time designate in writing to the Trustee for such purpose (herein each called a "Depository Bank") pursuant to a Control Agreement. Subject to the provisions of the Loan Agreement permitting the application thereof for the purposes and on the terms and conditions set forth herein, the Borrower hereby pledges, and to the extent permitted by law, grants a security interest to the Trustee, as assignee of the Authority (for the benefit of the Holders), in the Gross Revenue Fund and all of the Gross Revenues to secure the payment of the Loan Payments and Additional Payments and the performance by the Borrower of its other obligations under the Loan Agreement. The Borrower shall (i) cause to be filed Uniform Commercial Code financing statements; (ii) enter into the Control Agreement with the Trustee and each Depository Bank, and (iii) execute and deliver such other documents (including, but not limited to, control agreements and continuation statements) as may be necessary or reasonably requested by the Trustee or the Authority in order to perfect or maintain as perfected such security interest. In furtherance of the foregoing requirement, the Borrower shall cause to be filed appropriate continuation statements during the period ninety (90) days preceding each fifth anniversary of the initial delivery of the Bonds unless the Borrower provides to the Trustee, not later than the fifth day next preceding each such fifth anniversary, an opinion of counsel acceptable to the Trustee and the Authority to the effect that no continuation statements need be filed in order to maintain the perfection of such security interest until the next succeeding fifth anniversary of the initial delivery of the Bonds.

Obligations of Borrower Unconditional. The Borrower shall pay to or upon the order of the Authority, at or before the time when payable by the Authority, all costs and liabilities incurred by the Authority, including without limitation fees and expenses of counsel to the Authority, in connection with the issuance of the Bonds and the making of the Loan to the Borrower, or otherwise as a result of the transactions contemplated by the Borrower Documents or the Indenture.

The obligations of the Borrower to make the payments required under the Loan Agreement described above and to perform and observe any and all of the other covenants and agreements on its part contained therein, shall be absolute and unconditional irrespective of any defense or any rights of setoff, recoupment, or counterclaim which the Borrower may otherwise have against the Authority. The Borrower shall not: (i) suspend, discontinue, or abate any payment required by the Loan Agreement (except as provided therein); (ii) fail to observe any of its other covenants or agreements in the Loan Agreement; or, (iii) terminate the Loan Agreement for any cause whatsoever (except as provided therein), including without limiting the generality of the foregoing, failure of the Borrower or any other Person to occupy and use, or to continue to occupy and use, the Projects as contemplated by the Loan Agreement, or otherwise; any defect in the title, design, operation, merchantability, fitness or condition of the Projects or in the suitability of the Projects for the purposes or needs of the Borrower, or any other Person; failure of consideration; destruction of or damage to the Projects or any part thereof; commercial frustration of purpose; the taking by condemnation of title to or the use of all or any part of the Projects; any change in the taxation or other laws of the United States of America or of the State or any political subdivision of either, any declaration or finding that the Bonds, the Indenture, or any portion of the Loan Agreement are invalid or unenforceable, and, any failure of the Authority to perform and observe any agreement, whether expressed or implied, or any duty, liability, or obligation arising out of or in connection with the Indenture, the Loan Agreement or otherwise.

Notwithstanding anything in the Loan Agreement to the contrary, the liability of the Borrower under the Loan Agreement to any person or entity, including, but not limited to, the Trustee or the Authority and their successors and assigns, is limited to the Gross Revenues, the Borrower's interest in the Projects, the Trust Estate and the amounts held in the funds and accounts created under the Indenture, or any rights of the Borrower under any guarantees relating to the Projects, and such persons and entities shall look exclusively thereto, or to such other security as may from time to time be given for the payment of obligations arising out of the Loan Agreement or any other agreement securing the obligations of the Borrower with respect to the Loan or the Bonds.

See APPENDIX D—SUMMARY OF PRINCIPAL LEGAL DOCUMENTS – The Loan Agreement for information relating to the various covenants of the Borrower, including its obligation to manage the Projects, its obligation to provide for the payments of Operating Expenses, its obligation to insure the Projects, its obligation to prepare reports and budgets and its obligation to operate the Projects (including obligations under the Regulatory Agreements) and certain financial covenants, including the incurrence of additional indebtedness.

Security for the Loan; Mortgages

As security for the Loan, the, Borrower shall execute and deliver to the Authority the Mortgages. The Borrower acknowledges in the Loan Agreement that the Authority will assign its interests in the Mortgages to the Trustee for the benefit of the Bondholders pursuant to the terms of the Indenture.

Additional Bonds

In addition to the Series A Bonds and the Series B Bonds, the Authority may, by Supplemental Indenture, establish one or more series of bonds of equal rank and parity with the Series A Bonds, or the Series B Bonds, as applicable, and a series of Second Subordinate Bonds if requested by the Borrower, and the Authority may issue, and the Trustee may authenticate and deliver to or upon the order of the Authority, bonds of any series so established, in such principal amount as shall be determined by the Authority, but only upon compliance by the Authority with the applicable provisions of the Indenture, and subject to the following specific conditions, which are made conditions precedent to the issuance of any such Additional Bonds in the Indenture:

(a) Such additional series of Bonds shall have been issued to provide for the acquisition, construction or installation of housing facilities which qualify for financing within the provisions of the Act (herein called a "Project") and for which financing has been requested from the Authority. The refunding of any Obligations of the Borrower shall be included in the definition of "Project," to the extent that the proceeds of such Obligations were used to provide housing facilities which qualify for financing under the Act.

(b) No default or Event of Default as defined in the Indenture shall have occurred and be continuing, and no default or Event of Default will occur as a result of the issuance of such Additional Bonds or the application of the proceeds thereof in accordance with the Supplemental Indenture pursuant to which they are to be issued.

(c) The Supplemental Indenture authorizing the issuance of such Additional Bonds shall require that the proceeds of the sale of such Additional Bonds shall be applied to the financing of Costs and other expenses incidental thereto, including Costs of Issuance, fees and expenses of the Trustee which may include fees and expenses of outside counsel and internal counsel to the Trustee, and similar expenses. Such Supplemental Indenture may also provide that a portion of such proceeds shall be applied to the payment of interest due or to become due on such Additional Bonds for a period not exceeding one year. Such Supplemental Indenture shall require the establishment of a Reserve Fund meeting the Reserve Requirement forthwith upon the receipt of the proceeds of the sale of such Additional Bonds. Such funding of a Reserve Fund for the Additional Bonds may be made from such proceeds or by the Borrower or from both such sources, as provided in such Supplemental Indenture. Such Supplemental Indenture may provide for the establishment of separate funds and accounts for such Additional Bonds, including but not limited to a separate rebate account for such Additional Bonds.

(d) The Borrower and the Authority shall have executed amendments or supplements to the Loan Agreement or a supplemental loan agreement which requires payments by the Borrower at such times and in such manner as may be necessary to provide for full payment of the principal, interest, and premium, if any, on such Additional Bonds as such payments become due.

(e) The Additional Bonds may bear interest at fixed or variable interest rates and shall be payable as to principal and interest and shall have such provisions for redemption as are specified in the Supplemental Indenture authorizing the issuance of such Additional Bonds.

(f) The issuance of Additional Bonds under the Indenture shall be in addition to, and in no way a limitation on, the Borrower's ability to enter into and incur Obligations of any kind or character to any lender or counterparty, whether as secured Obligations or Obligations subordinate to any Bonds; provided, however, that such Obligations do not cause the Borrower to be in violation of any provision of the Indenture or the Loan Agreement, and otherwise meet the provisions of any applicable limitation on additional indebtedness pursuant to the Loan Agreement.

(g) Nothing in the Indenture shall prevent or be construed to prevent the Supplemental Indenture providing for the issuance of Additional Bonds from pledging or otherwise providing, in addition to the security given or intended to be given by the Indenture, additional security for the benefit of all Bonds, such Additional Bonds, or any portion of such Additional Bonds.

Upon the execution and delivery to the Trustee of a Supplemental Indenture providing for Additional Bonds, the following documents shall be filed with the Trustee and the Authority:

(i) an Opinion of Bond Counsel stating that (A) such counsel has examined the Supplemental Indenture and such Supplemental Indenture is permitted or authorized by the terms of the Indenture; (B) the execution and delivery of the Additional Bonds have been duly authorized by the Authority; (C) the Additional Bonds, when duly executed by the Authority and authenticated and delivered by the Trustee, will be valid and binding limited obligations of the Authority; and (D) the issuance of the Additional Bonds will not cause the interest on any previously Outstanding Tax-Exempt Bonds, including the Series A Bonds and the Series B Bonds, to be includable in the gross income of Holders thereof pursuant to Code Section 103(a) for federal income tax purposes; and

(ii) a Certificate of the Borrower certifying that the requirements of any covenant regarding the issuance of Additional Bonds set forth in an Agreement have been met and that for each of the two Fiscal Years succeeding the completion or acquisition of the Project to be financed or refinanced (in the case of a refunding), the Debt Service Coverage Ratio with respect to all Senior Bonds or parity Obligations to be outstanding after the issuance of such Additional Bonds or parity Obligations will not be less than 1.35 to 1, and the Debt Service Coverage Ratio with respect to all Senior Bonds, parity Obligations and Subordinate Bonds to be outstanding immediately after the issuance of such Additional Bonds or additional parity Obligations will not be less than 1.10 to 1, based upon and supported by audited financial statements.

See APPENDIX D—SUMMARY OF PRINCIPAL LEGAL DOCUMENTS – The Indenture of Trust – Additional Bonds" for more information regarding the issuance of Additional Bonds.

RISK FACTORS

The following factors, which represent certain risk factors that have been identified at this time, should be considered along with all other information in this Official Statement by potential investors in evaluating the investment quality of the Series A Bonds. There can be no assurance made that other risk factors will not become evi-

dent at any future time. Potential investors are advised to consider the following factors along with all other information in this Official Statement in evaluating the investment quality of the Series A Bonds. The following is not meant to be an exhaustive listing of all the risks associated with the purchase of the Series A Bonds. Moreover, the order of presentation of risk factors does not necessarily reflect the order of their importance.

Series A Bonds Are Limited Obligations of the Authority

The Series A Bonds are special limited obligations of the Authority, payable solely from and secured as to the payment of the interest on, and the principal of, in accordance with their terms and the terms of the Indenture, from Pledged Revenues and other funds as provided therefor in the Indenture. The Series A Bonds are not a debt of the Authority, or the State or any of its political subdivisions within the meaning of any constitutional or statutory debt limitation, nor in any event shall the Series A Bonds be payable out of funds or properties other than as described in the preceding sentence.

Revenues, as defined in the Indenture, consist primarily of payments to be made by the Borrower under the Loan Agreement. The obligations of the Borrower (or any future owner of the Projects) under the Loan Agreement are not enforceable personally against the Borrower and such obligations are secured only by the properties and liens specifically conveyed or encumbered as security therefor, consisting of the Projects. No representation or assurance can be given that the Projects will generate sufficient revenues to enable the Borrower to meet its payment obligations under the Loan Agreement. In the event that the Borrower defaults in its obligations, payment of the principal of and interest on the Series A Bonds will be payable from amounts on deposit in the Reserve Fund for the Series A Bonds and from amounts, if any, available in certain other funds held by the Trustee under the Indenture. See APPENDIX D—SUMMARY OF THE PRINCIPAL LEGAL DOCUMENTS – The Indenture of Trust.

Loan Payments Non-Recourse

The Borrower agrees in the Loan Agreement to repay the Loan from Net Revenues. The Loan is secured by a pledge of Gross Revenues and a security interest in the Projects pursuant to the terms of the Mortgages. Neither the Borrower's directors, officers, employees and agents, nor its sole member, has or is intended to have any liabilities under or in respect of the Loan Agreement, the Indenture, the Mortgages, the Regulatory Agreements or any of the other documents or transactions contemplated by any of them.

Loan Payments Not Preference Proof

Payments by the Borrower on the Loan are not subject to aging requirements for purposes of satisfying the preference-proofing requirements of federal bankruptcy laws. In the event of bankruptcy of the Borrower, payments to Series A Bondholders within 123 days (one year in certain cases) prior to the date of such bankruptcy may be subject to disgorgement and other preference restrictions.

Restrictions Under the Regulatory Agreements; Rent Control Ordinance

In certain circumstances, rent increases for certain of the Spaces (as defined in the Regulatory Agreements) in the Projects are subject to the rules and procedures set forth in the Regulatory Agreements. See APPENDIX A—INFORMATION REGARDING THE BORROWER AND THE PROJECTS. Under the Regulatory Agreements, the Borrower is obligated to rent not less than 20% of the Spaces in the Projects to Very Low Income Residents (all as defined in the Regulatory Agreements). The monthly rental rate which the Borrower may charge Very Low Income Residents is also restricted in some cases by the Regulatory Agreements, as is the rate at which rental rates for Very Low Income Residents may be increased. See APPENDIX D—SUMMARY OF PRINCIPAL LEGAL DOCUMENTS – The Regulatory Agreements. These provisions place a limit on the rental rates for some of the Spaces, and thus may limit the amounts available to pay debt service on the Series A Bonds. See APPENDIX D—SUMMARY OF PRINCIPAL LEGAL DOCUMENTS—The Regulatory Agreements. These restrictions have the effect of limiting the market for restricted Spaces in the Projects in that certain otherwise eligible tenants are excluded on the basis of the restrictions, and also limit the monthly rental and rental increases which may be charged for restricted Spaces. In the event of an economic downturn, the "Area Median Gross Income," on the basis of which certain rent ceilings are to be calculated, is likely to decline, causing a decline in the monthly rental which the Projects is able to realize for certain restricted Spaces. See APPENDIX D—SUMMARY OF PRINCIPAL LEGAL DOCUMENTS – The Regulatory Agreements.

Certain of the Projects are also subject to restrictions imposed by prior regulatory agreements. See APPENDIX A—INFORMATION REGARDING THE BORROWER AND THE PROJECTS.

Certain of the Projects are also subject to rent control ordinances that restrict the possible increases in rents for the Spaces in the Projects. See APPENDIX A—INFORMATION REGARDING THE BORROWER AND THE PROJECTS.

Risk of Taxability

The failure of the Borrower or the Manager to abide by the covenants and conditions of either the Regulatory Agreements or the Loan Agreement may cause the interest on the Series A Bonds to become includable for federal income tax purposes in the gross income of owners of the Series A Bonds, in some cases retroactive to the date of issuance of the Series A Bonds. There is no provision in the Series A Bonds or the Indenture for an acceleration of the Series A Bonds or the payment of additional interest in the event interest becomes so includable, and the Authority is not liable for any claims or damages resulting from any such includability in gross income. While failure to comply with the tax covenants of the Loan Agreement and the Regulatory Agreements is an event of default which will entitle the Trustee to accelerate the Loan and commence foreclosure proceedings, pursuit of such remedies is subject to delays as a result of bankruptcy, limits on creditor's remedies and other practical considerations. There can be no assurance that such remedies will be achieved or proceeds of such remedies will be adequate to fund a redemption of all or part of the Series A Bonds following the Borrower's noncompliance with such tax covenants, or that the Authority will be able to compel compliance in a timely manner to avoid an event of taxability described above. See APPENDIX D—SUMMARY OF PRINCIPAL LEGAL DOCUMENTS – The Regulatory Agreements and "TAX MATTERS."

In the event of foreclosure and sale of the Projects, there can be no assurance that the purchase thereof will not render the Series A Bonds ineligible for continued tax-exempt status.

Conditions Which May Affect Borrower's Ability to Pay

Numerous conditions, which are not accurately predictable, could have an impact upon the revenues and expenses of the Borrower and, as a result, upon its ability to make timely payment under the Loan Agreement. In particular, the ability of the Projects to generate revenues and sufficient rental income to pay all interest on and principal of the Series A Bonds as due will depend on maintaining a high occupancy rate, and sustaining the rental rates, in the Projects. Factors that may affect the ability of the Borrower to lease the mobile home sites of the Projects and thus generate sufficient income include the demand for mobile home facilities in the market area, the availability and costs of other competing housing facilities and the ability of potential residents to meet payments.

The ability of the Borrower to generate sufficient income in the future will also depend upon other factors which cannot be predicted with any assurance. Such factors include general and local economic conditions which may affect demand for mobile home units. Units such as those which form the Projects are subject to rising operating costs, fluctuating occupancy levels, adverse economic conditions and changes in neighborhood preferences. The ability of the Borrower to generate sufficient income will depend on its ability to lease the Spaces promptly and maintain occupancy.

The Borrower's ability to meet its obligations could also be affected by its other corporate activities unrelated to the Projects. The Borrower has obligations related to other mobile home parks that it owns and the Borrower expects to acquire additional mobile home parks in the future. See APPENDIX A—INFORMATION REGARDING THE BORROWER AND THE PROJECTS.

The Appraisals. The Appraisals are based upon certain assumptions, limiting conditions, certifications and definitions set forth therein. An appraisal is only an estimate as to value as of the specific date stated therein. As an estimate, an appraisal is not a measure of realizable value and may not reflect the amount which would be received if the property which is the subject of the appraisal is sold. The Appraisals should be read in their entirety for an understanding of the assumptions and rationale which underlie their conclusions. The Authority makes no representation as to the accuracy or completeness of the Appraisals.

Leasing and Income Risks. The availability of sufficient operating income to pay the obligations of the Borrower with respect to the Loan Agreement is subject to the ability of the Borrower to establish appropriate rental rates for, and the continuing ability to rent Spaces in, the Projects, subject to the limitations of the Regulatory Agreements and the respective municipality's rent control ordinance, if any. Any constraint on rental increases due to regulatory (including, but not limited to, rent control) or market demand factors that limit or inhibit annual rent increases may adversely affect the Borrower's ability to cover expenses and financing costs of the Projects.

Projected Operating Results of the Projects. The cash flow projections of the Projects (see APPENDIX A—INFORMATION REGARDING THE BORROWER AND THE PROJECTS) are based upon certain assumptions, limiting conditions, certifications and definitions as set forth under such captions. There can be no assurance that the projected results contained therein will approximate actual results or that any projected results will continue beyond the projection period.

Operation of the Projects. The primary source of payment of the Loan is the Project revenues available after payment of operating expenses of the Projects. Accordingly, the Series A Bondholders are exposed to the risk that, if the expected operating cash flow is not achieved, actual payments of the Borrower pursuant to the Loan Agreement may be insufficient to timely pay all amounts due on the Loan. In the event that interest and principal are not paid with respect to the Loan, or only partially paid, there will be insufficient Revenues to make scheduled principal and interest payments to Series A Bondholders and the Trustee may be required to draw on amounts in the Series A Reserve Fund to make up such deficiencies. Once amounts in the Series A Reserve Fund have been depleted, payments of principal and interest on the Series A Bonds may be delayed or unpaid.

The availability of revenues of the Projects to make Loan Payments could be adversely affected by a failure or inability to (i) continue to rent or lease the Spaces in the Projects at the rental rates expected by the Borrower, and (ii) to maintain the operating expenses and capital expenses at or below the level expected by the Borrower.

Risks Associated with Operating Expenses. An extended period of inflation may cause the rate of increases in operating expenses to outpace the ability to raise rents. In addition, any underestimation by the Borrower in the operating expenses of the Projects may materially affect its projections of the operating income of the Projects. The consequences of this risk are similar to a deterioration in the base rental income and would adversely affect Project revenues. The Borrower has committed no other resources outside of the revenues generated from the Projects to repay the Loans and to pay increased operating expenses.

The deterioration and replacement of capital items is not predictable with certainty and real estate properties such as the Projects may encounter a periodic need for capital for the repair or replacement of capital items beyond any available funds in the Repair and Replacement Fund established under the Indenture (see "SECURITY FOR THE SERIES A BONDS—Creation of Funds and Accounts—Repair and Replacement Fund"). In such event, the Borrower will either have to seek additional debt capital from third party lenders or pay for such capital replacement and improvement out of residual cash flow from the Projects, if any. The Authority has no obligation with respect to any operating, reserve or capital expenses of the Projects and no assurance can be given that such moneys will be obtained. If not, the viability of the Projects may be adversely affected over time.

Risks Associated with Other Expenses. To the extent there are any expenditures required to maintain the Projects that are not foreseen by the Borrower, any uninsured losses, or additional property taxes due on the Projects as a result of a change in the law, regulation or interpretation of a court of competent jurisdiction, the only source of moneys to pay such expenses would be additional resources available to the Borrower. The Borrower has pledged no assets, other than the Project revenues, to make debt service payments and to pay for operating expenses. Accordingly, the Borrower may be unwilling or unable to pay for such additional expenditures.

Risks Associated with the Management of the Projects. A disruption in management continuity may temporarily impact the operations of the Projects. In addition, a new manager of the Projects may not have the same ability to realize rental increases or to contain operating expenses as the current manager. If authorized compensation to the management agent proves to be inadequate, the Borrower may have difficulty securing quality management. If no other money than approved amounts are available to pay such increased costs, the quality and revenues of the Projects could be adversely affected.

The Mortgages. The Borrower has executed the Mortgages in favor of the Trustee to secure the Borrower's obligations under the Loan Agreement. Because the Borrower may have limited financial assets, and because the Borrower is not personally liable for the amounts owing under the Loan Agreement (other than the indemnity and for certain fees as provided thereunder), if there is a default under the Loan Agreement, the primary remedy of the Trustee is to foreclose on the real and personal property security granted pursuant to the Mortgages and related documents. All amounts collected upon foreclosure of the Projects pursuant to the Mortgages will be used to pay amounts owing under the Loan Agreement pursuant to the provisions of the Mortgages.

Value of Projects; Economic Feasibility

The economic feasibility of the Projects depends in large part upon the Spaces in the Projects being substantially occupied. The Borrower is required by the Regulatory Agreements, among other things, to have at least 20% of the Spaces in the Projects occupied (or treated as occupied) by persons whose income for federal tax law purposes does not exceed 50% of area median gross income adjusted for family size, as published by HUD. In addition, other income and rental rate restrictions apply. See APPENDIX D—SUMMARY OF PRINCIPAL LEGAL DOCUMENTS—The Regulatory Agreements and "RISK FACTORS—Restrictions Under the Regulatory Agreements; Rent Control Ordinance." There can be no assurance that the Borrower will be able to rent Spaces to comply with these requirements or at rental rates which will enable it to make timely payments under the Loan Agreement.

There can be no assurance that the appraised value would be realized upon sale of the Projects. In the event of a forced sale of the Projects due to economic distress, the amount realized upon such distress sale would likely be less than its fair market value. Furthermore, there can be no assurance that funds sufficient to pay the principal amount of the Series A Bonds at maturity or earlier redemption could be obtained through the sale or refinancing of the Projects.

The Borrower believes that proceeds from the foreclosure of the Projects would be sufficient to pay the principal of and interest on the Series A Bonds. Such payments will, however, be additionally secured by the Series A Reserve Fund and by certain other funds held by the Trustee, if available.

Competing Facilities

Facilities may be financed, developed, constructed and operated by any party that could compete with the Projects for tenants. In addition, the Appraisals identify other mobile home parks in the vicinity of the Projects (see APPENDIX C—THE APPRAISALS). The existence of competing facilities could adversely affect occupancy and revenues of the Projects.

Risks of Ownership of Real Property

The Series A Bondholders will be subject to the risks generally incident to an investment in real estate, including, without limitation: (i) the uncertainty that the Projects will produce sufficient revenues to enable the Borrower to make timely payments pursuant to the terms of the Loan Agreement; (ii) adverse changes in local market conditions, such as changes in the market value of real property in the vicinity of the Projects, the supply of or demand for competitive properties in such area, and the market value of the Projects in the event of sale or foreclosure; (iii) changes in interest rates and the availability of financing moneys that may render any refinancing or sale of the Projects difficult, unattractive, or impossible; (iv) changes in real estate tax rates and other operating expenses, governmental rules (including, without limitation, zoning laws) and fiscal policies; and (v) natural disasters (including, without limitations, earthquakes and floods), which may result in uninsured losses.

The Series A Bondholders will be subject to the risk that the Projects will be unable to attract and retain tenants as a result of adverse changes affecting the Projects, the local real estate market or other factors, including the restrictions on the Projects imposed under the Regulatory Agreements and the respective municipality's rent control ordinance, if any. Such inability to attract and retain tenants would result in a decline in rental income and may affect the ability of the Borrower to make timely payments due under the Loan Agreement. There can be no assurance that the Projects will generate sufficient revenue to cover operating expenses and meet required payments due under the Loan Agreement. In addition, the Borrower does not own most of the coaches situated on the Spaces.

Residential real estate, including the Projects, can be subject to adverse housing pattern changes and uses, vandalism (resulting in extra security costs), vacancies, rent controls, rising operating costs, and adverse changes in local market conditions, such as a decrease in demand for residential housing due to a decline of the local economy and a decrease in employment. Rationing or other restrictions with respect to the availability or use of utilities could significantly affect the profitability of operating the Projects. If the local regulatory bodies having jurisdiction over the Projects restrict or limit rent increases imposed by the Borrower to offset increased costs, the Projects' cash flows may be reduced. Any future organization of the tenants of the Projects could also result in resistance against rent increases, in the form of rent strikes, litigation or other action. If rental receipts after operating expenses (other than debt service) are insufficient to service the debt with respect to the Loan, foreclosure and sale of the Projects is possible. Some of the risks mentioned in this subsection are more particularly described in the following subsections.

Environmental Risks

The Borrower knows of no environmental problems or liabilities in or on the real property or on adjacent properties which would adversely affect the value of the Projects as security. Since certain environmental problems are hidden by time, nature, or both, it is possible that there could exist soil or groundwater contamination on site, which at some point in time might require remediation. However, the Environmental Site Assessment for each 2014 Project did not reveal any evidence of significant soil or groundwater contamination.

In the event the Projects are determined at some future time to require environmental remediation, the result could be a substantial or total loss of market value. Further, under the Comprehensive Environmental Response, Compensation and Liability Act ("CERCLA"), the owner or operator of property is potentially liable for the full amount of the costs of cleanup of hazardous substances, and, in certain cases, secured creditors can incur liability as an operator by participating or having the capacity to participate in the management of a facility prior to foreclosure, and after foreclosure may have absolute liability as an owner.

Insufficient Insurance and Land Sale Proceeds

The Indenture requires that in the event of damage to, destruction of or a title defect relating to the Projects which the Borrower determine not to repair, correct or replace, the Borrower will notify the Trustee of such events and the Trustee shall promptly exercise its remedies under the Mortgages and as soon as practicable, sell the real and personal property acquired through or in lieu of such exercise. The proceeds together with any Net Proceeds are to be used to redeem all or a pro rata share of the Series A Bonds, as described in the Indenture, and then with any remaining funds to redeem Series B Bonds. The Borrower is required to maintain casualty insurance only in the amount equal to the full replacement value of the Projects. In addition, the Borrower could violate its covenant to maintain insurance by allowing the insurance on the Projects to lapse, or an insurance company providing such insurance could become insolvent or otherwise not honor claims on policies. In such event, if such a loss occurs, a default in payment of the Series A Bonds would almost certainly result and, if such loss is substantial, a nonpayment of all or a portion of the Series A Bonds could occur.

Based on current value of the real property comprising the Projects, the Borrower expects that there would be sufficient revenues available from the sale of the real and personal property and Net Proceeds to redeem the Series A Bonds; however, if real property values decline, or the Projects cannot be sold at an adequate price, the Net Proceeds may not be sufficient to redeem Series A Bonds in a principal amount sufficient to reduce debt service to a level that can be supported by the Revenues from the remaining Projects. See, also, "RISK FACTORS—Limitations on Exercise of Remedies."

Neither the Indenture nor the Loan Agreement requires, and the Borrower currently does not intend to obtain, earthquake insurance coverage on the Projects. If a Project is within an area designated as a "special flood hazard area" (as defined in the Flood Disaster Protection Act of 1973), the Borrower is required to obtain a Standard Flood Insurance Policy on such Project as required by such Act, except that the Loan Agreement specifically waives this requirement with respect to the Project located in Lake County. See APPENDIX A—INFORMATION REGARDING THE BORROWER AND THE PROJECTS—2014 Projects—Sterling Shores Estates.

Enforceability and Bankruptcy

The remedies available upon a default are in many respects dependent upon regulatory and judicial actions which are often subject to discretion and delay. Under existing laws and judicial decisions, the remedies provided under the financing documents described herein may not readily be available or may be limited. Recent revisions of the federal bankruptcy laws may have an adverse effect on the ability of the Trustee to enforce its claim to the security granted by the Mortgages. The bankruptcy court may also have the power to invalidate certain provisions of the Loan Agreement and the Mortgages that make bankruptcy and related proceedings by the Borrower an event of default thereunder. The various legal opinions to be delivered concurrently with the delivery of the Series A Bonds and the aforesaid documents will be qualified to the extent that the enforceability of certain rights related to the Bonds is subject to limitations imposed by bankruptcy, reorganization, insolvency or other similar laws affecting the rights of creditors generally and by equitable remedies and proceedings generally. Despite the subordinate position of the Series B Bonds, attempted enforcement by the Subordinate Bondholders of the lien of the Series B Bonds upon the revenues of the Projects could result in delay of recovery by Series A Bondholders.

Anti-Deficiency Laws of the State of California

Section 726 of the California Code of Civil Procedure essentially provides (among other matters) that any suit to recover a debt or to assert other rights secured by a deed of trust on real property must be an action to foreclose that deed of trust, thus prohibiting a direct action on the debt or the exercise of other rights by the holder of that deed of trust (commonly called the "one form of action rule"). This Section has been interpreted by the California courts to require a lender to exhaust all collateral security on a debt in a single action and to limit a lender's right to set-off. This Section also specifies the procedures for the sale of the encumbered property, the application of proceeds, the availability in certain cases of a deficiency judgment, the limitation on the amount thereof, and other related matters.

In the event of an action in violation of the one form of action rule, it is virtually certain that the benefit of the real property security would be lost. Further, in the event that an action were taken by the Trustee with regard to funds or other security other than with regard to the application of funds pursuant to the Indenture other than the real property security prior to a "trustee's sale" of the real property security (as discussed below) it is possible that the sanctions contained in the one form of action rule would thereby be incurred.

Sections 2924 and 2924(c) of the California Civil Code require the following of certain procedures by the holder of a deed of trust or mortgage before exercising a power of sale included under a deed of trust or mortgage, which procedures are designed to protect the rights of the borrower and certain other persons and under certain circumstances to reinstate the obligations secured by such deed of trust. Section 2924(c) of the California Civil Code provides that whenever the maturity of an obligation secured by a deed of trust is accelerated by reason of a default in the payment of interest or of any installment of principal or other sum secured thereby, the trustor and certain other entitled persons have the right, at any time within the period remaining with the date of recordation of the notice of default until five business days prior to the date of sale set forth in the notice of default if the power of sale under such deed of trust is to be exercised or, otherwise, at any time prior to the entry of the decree of foreclosure, to cure such default by paying the entire amount then due (including certain reasonable costs and expenses incurred in enforcing such obligations, but excluding any amount that would not otherwise be due but for such acceleration) and thereby reinstate such deed of trust and the obligations secured thereby to the same effect as if no such acceleration had occurred.

California Code of Civil Procedure Section 580(d) prohibits the rendering of any deficiency judgment after a trustee's sale. Paradoxically, California Civil Procedure Section 580(a) essentially limits the amount of a deficiency judgment after a trustee's sale to the difference between the appraised value of the secured property sold and the sales price at the trustee's sale. Although on their face these Code Sections do not limit the Trustee's rights to recover a deficiency under the Loan, at least with respect to the Borrower, since the Loan is non-recourse, these Code Sections could limit or hamper the enforcement of certain rights of the Series A Bondholders since the combined effect of these Code Sections has been held to cut off the subrogation rights of guarantors. Therefore, in effect, California courts have refused to enforce guarantees where guarantors have lost their rights of subrogation through the secured party's conduct of a trustee's sale.

Under California law, guarantees by corporate shareholders may not be given effect if the corporation is found to be a mere instrumentality or "alter ego." However, the mere fact that guarantors are shareholders, officers or directors will not be grounds for applying anti-deficiency protections absent a showing that adherence to a separate existence would promote an injustice or fraud.

Section 9501 of the Uniform Commercial Code as adopted in California is intended to facilitate the employment of remedies permitted under the Uniform Commercial Code with regard to personal property used as security for a debt also secured by real property. Such remedies would include a deficiency judgment after the sale of personal property security and multiple, as opposed to unitary, sales of security.

It is the opinion of leading California legal scholars that the employment of Code Section 9501 is subject to a commercial reasonableness test which could impair a creditor's right to proceed against real property security after a sale or other action under the Uniform Commercial Code. Therefore, prudence dictates that all collateral be sold in a single sale when a debt is secured by mixed collateral. Any other course of action, such as a sale of personal property or seizure of funds or the use of an offset of funds, might invoke the sanctions of Civil Code Section 726.

The Mortgages provide for an absolute assignment of rents to the Trustee as the assignee thereunder. Although these provisions are absolute in form, until the assignee perfects its assignment by taking possession pursuant to the Indenture or by receivership, it may have no claim to the rents as against the Borrower or a junior lien with a similar assignment of rents clause who earlier perfected its own lien through possession or receivership. Further, it is probable that a judgment appointing a receiver to enforce a rents and profits clause or the use of such proceeds to service or satisfy a debt would invoke the sanctions of the one form of action rule.

Forward Looking Statements

Certain statements included or incorporated by reference in this Official Statement constitute "forward-looking statements" within the meaning of the United States Private Securities Litigation Reform Act of 1995, Section 21E of the United States Securities Exchange Act of 1934, as amended, and Section 27A of the United States Securities Act of 1933, as amended. Such statements are generally identifiable by the terminology used such as "plan," "expect," "estimate," "project," "budget" or other similar words. Such forward-looking statements include, but are not limited to, certain statements contained in the information in APPENDIX A—INFORMATION REGARDING THE BORROWER AND THE PROJECTS.

The achievement of certain results or other expectations contained in such forward-looking statements involve known and unknown risks, uncertainties and other factors which may cause actual results, performance or achievements described to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements. The Authority does not plan to issue any updates or revisions to those forward-looking statements if or when its expectations, or events, conditions or circumstances on which such statements are based occur; however, the Borrower will provide certain ongoing information regarding the Projects as described under "CONTINUING DISCLOSURE."

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 Series A Bonds will be selected for audit by the IRS. It is also possible that the market value of the Series A Bonds might be affected as a result of such an audit of the Series A Bonds (or by an audit of similar bonds or securities).

No Secondary Market

No representation is made concerning any secondary market for the Series A Bonds. There can be no assurance that any secondary market will develop for the Series A Bonds. Investors should understand the long-term and economic aspects of an investment in the Series A Bonds and should assume that they will have to bear the economic risks of their investment to maturity. An investment in the Series A Bonds may be unsuitable for any investor not able to hold the Series A Bonds to maturity.

ABSENCE OF MATERIAL LITIGATION

The Authority

To the knowledge of the Authority, there is no material litigation pending or overtly threatened against the Authority concerning the validity of the Bonds or any proceedings of the Authority taken with respect to the issuance thereof.

The Borrower

There is no pending or threatened litigation against the Borrower seeking to restrain or enjoin the issuance, sale, execution or delivery of the Bonds, or in any way contesting or affecting the validity of the Bonds, the existence or powers of the Borrower, or the authority of the Borrower to enter into any document relating to the Loan Agreement, or any documents executed by the Borrower in connection with the issuance of the Bonds.

TAX MATTERS

In the opinion of Squire Sanders (US) LLP, Bond Counsel, under existing law: (i) interest on the Series A Bonds is excluded from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986, as amended (the "Code"), and is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals and corporations; and (ii) interest on the Series A Bonds is exempt from state of California personal income taxes. Bond Counsel expresses no opinion as to any other tax consequences regarding the Series A Bonds.

The opinion on tax matters will be based on and will assume the accuracy of certain representations and certifications, and continuing compliance with certain covenants, of the Authority and the Borrower contained in the transcript of proceedings and that are intended to evidence and assure the foregoing, including that the Series A Bonds are and will remain obligations the interest on which is excluded from gross income for federal income tax purposes. In addition, Bond Counsel has relied on, among other things, the opinion of Dzida, Carey & Steinman, counsel to the Borrower, regarding the current status of the Borrower, which opinion is subject to a number of qualifications and limitations. Bond Counsel also has relied upon representations of the Borrower concerning the Borrower's "unrelated trade or business" activities as defined in Section 513(a) of the Code. Neither Bond Counsel nor counsel to the Borrower has given any opinion or assurance concerning Section 513(a) of the Code or the effect of any future activities of the Authority or the Borrower. Failure of the Borrower to maintain its status as an organization described in Section 501(c)(3) of the Code, or to operate the facilities financed by the Series A Bonds in a manner that is substantially related to the Borrower's charitable purpose under Section 513(a) of the Code, may cause interest on the Series A Bonds to be included in gross income retroactively to the date of the issuance of the Series A Bonds. Bond Counsel will not independently verify the accuracy of the Authority's and the Borrower's certifications and representations or the continuing compliance with the Authority's and the Borrower's covenants and will not independently verify the accuracy of the opinion of the Borrower's counsel.

The opinion of Bond Counsel is based on current legal authority and covers certain matters not directly addressed by such authority. It represents Bond Counsel's legal judgment as to exclusion of interest on the Series A Bonds from gross income for federal income tax purposes but is not a guaranty of that conclusion. The opinion is not binding on the Internal Revenue Service ("IRS") or any court. Bond Counsel expresses no opinion about (i) the effect of future changes in the Code and the applicable regulations under the Code or (ii) the interpretation and the enforcement of the Code or those regulations by the IRS.

The Code prescribes a number of qualifications and conditions for the interest on state and local government obligations to be and to remain excluded from gross income for federal income tax purposes, some of which require future or continued compliance after issuance of the obligations. Noncompliance with these requirements by the Authority or the Borrower may cause loss of such status and result in the interest on the Series A Bonds being included in gross income for federal income tax purposes retroactively to the date of issuance of the Series A Bonds. The Borrower and, subject to certain limitations, the Authority have each covenanted to take the actions required of it for the interest on the Series A Bonds to be and to remain excluded from gross income for federal income tax purposes, and not to take any actions that would adversely affect that exclusion. After the date of issuance of the Series A Bonds, Bond Counsel will not undertake to determine (or to so inform any person) whether any actions taken or not taken, or any events occurring or not occurring, or any other matters coming to Bond Counsel's attention, may adversely affect the exclusion from gross income for federal income tax purposes of interest on the Series A Bonds or the market value of the Series A Bonds.

A portion of the interest on the Series A Bonds earned by certain corporations may be subject to a federal corporate alternative minimum tax. In addition, interest on the Series A Bonds may be subject to a federal branch profits tax imposed on certain foreign corporations doing business in the United States and to a federal tax imposed on excess net passive income of certain S corporations. Under the Code, the exclusion of interest from gross income for federal income tax purposes may have certain adverse federal income tax consequences on items of income, deduction or credit for certain taxpayers, including financial institutions, certain insurance companies, recipients of Social Security and Railroad Retirement benefits, those that are deemed to incur or continue indebtedness to acquire or carry tax-exempt obligations, and individuals otherwise eligible for the earned income tax credit. The applicability and extent of these and other tax consequences will depend upon the particular tax status or other tax items of the owner of the Series A Bonds. Bond Counsel will express no opinion regarding those consequences.

Payments of interest on tax-exempt obligations, including the Series A Bonds, are generally subject to IRS Form 1099-INT information reporting requirements. If a Series A Bond owner is subject to backup withholding under those requirements, then payments of interest will also be subject to backup withholding. Those requirements do not affect the exclusion of such interest from gross income for federal income tax purposes.

Legislation affecting tax-exempt obligations is regularly considered by the United States Congress and may also be considered by the State legislature. Court proceedings may also be filed, the outcome of which could modify the tax treatment of obligations such as the Series A Bonds. There can be no assurance that legislation enacted or proposed, or actions by a court, after the date of issuance of the Series A Bonds will not have an adverse effect on the tax status of interest on the Series A Bonds or the market value or marketability of the Series A Bonds. These adverse effects could result, for example, from changes to federal or state income tax rates, changes in the structure of federal or state income taxes (including replacement with another type of tax), or repeal (or reduction in the benefit) of the exclusion of interest on the Series A Bonds from gross income for federal or state income tax purposes for all or certain taxpayers.

For example, recent presidential and legislative proposals would eliminate, reduce or otherwise alter the tax benefits currently provided to certain owners of state and local government bonds, including proposals that would result in additional federal income tax on taxpayers that own tax-exempt obligations if their incomes exceed certain thresholds. Investors in the Bonds should be aware that any such future legislative actions (including federal income tax reform) may retroactively change the treatment of all or a portion of the interest on the Bonds for federal income tax purposes for all or certain taxpayers. In such event, the market value of the Bonds may be adversely affected and the ability of holders to sell their Bonds in the secondary market may be reduced. The Bonds are not subject to special mandatory redemption, and the interest rates on the Bonds are not subject to adjustment in the event of any such change.

Prospective purchasers of the Series A Bonds should consult their own tax advisers regarding pending or proposed federal and state tax legislation and court proceedings, and prospective purchasers of the Series A Bonds at other than their original issuance at the respective prices indicated on the cover of this Official Statement should also consult their own tax advisers regarding other tax considerations such as the consequences of market discount, as to all of which Bond Counsel expresses no opinion.

Bond Counsel's engagement with respect to the Series A Bonds ends with the issuance of the Series A Bonds and, unless separately engaged, Bond Counsel is not obligated to defend the Authority, the Borrower or the owners of the Series A Bonds regarding the tax status of interest thereon in the event of an audit examination by the IRS. The IRS has a program to audit tax-exempt obligations to determine whether the interest thereon is includible in gross income for federal income tax purposes. If the IRS does audit the Series A Bonds, under current IRS procedures, the IRS will treat the Authority as the taxpayer and the beneficial owners of the Series A Bonds will have only limited rights, if any, to obtain and participate in judicial review of such audit. Any action of the IRS, including but not limited to selection of the Series A Bonds for audit, or the course or result of such audit, or an audit of other obligations presenting similar tax issues, may affect the market value of the Series A Bonds.

[Certain of the Series A Bonds ("Discount Bonds") as indicated on the cover of this Official Statement were offered and sold to the public at an original issue discount ("OID"). OID is the excess of the stated redemption price at maturity (the principal amount) over the "issue price" of a Discount Bond. The issue price of a Discount Bond is the initial offering price to the public (other than to bond houses, brokers or similar persons acting in the capacity of underwriters or wholesalers) at which a substantial amount of the Discount Bonds of the same maturity is sold pursuant to that offering. For federal income tax purposes, OID accrues to the owner of a Discount Bond over the period to maturity based on the constant yield method, compounded semiannually (or over a shorter permitted compounding interval selected by the owner). The portion of OID that accrues during the period of ownership of a Discount Bond (i) is interest excluded from the owner's gross income for federal income tax purposes to the same extent, and subject to the same considerations discussed above, as other interest on the Series A Bonds, and (ii) is added to the owner's tax basis for purposes of determining gain or loss on the maturity, redemption, prior sale or other disposition of that Discount Bond. A purchaser of a Discount Bond in the initial public offering at the price for that Discount Bond stated on the cover of this Official Statement who holds that Discount Bond to maturity will realize no gain or loss upon the retirement of that Discount Bond.

Owners of Discount Bonds should consult their own tax advisers as to the determination for federal income tax purposes of the amount of OID properly accruable or amortizable in any period with respect to the Discount Bonds and as to other federal tax consequences and the treatment of OID for purposes of state and local taxes on, or based on, income.]

[Certain of the Series A Bonds ("Premium Bonds") as indicated on the cover of this Official Statement were offered and sold to the public at a price in excess of their stated redemption price at maturity (the principal amount). That excess constitutes bond premium. For federal income tax purposes, bond premium is amortized over the period to maturity of a Premium Bond, based on the yield to maturity of that Premium Bond (or, in the case of a Premium Bond callable prior to its stated maturity, the amortization period and yield may be required to be determined on the basis of an earlier call date that results in the lowest yield on that Premium Bond), compounded semiannually. No portion of that bond premium is deductible by the owner of a Premium Bond. For purposes of determining the owner's gain or loss on the sale, redemption (including redemption at maturity) or other disposition of a Premium Bond, the owner's tax basis in the Premium Bond is reduced by the amount of bond premium that is amortized during the period of ownership. As a result, an owner may realize taxable gain for federal income tax purposes from the sale or other disposition of a Premium Bond for an amount equal to or less than the amount paid by the owner for that Premium Bond. A purchaser of a Premium Bond in the initial public offering at the price for that Premium Bond stated on the cover of this Official Statement who holds that Premium Bond to maturity (or, in the case of a callable Premium Bond, to its earlier call date that results in the lowest yield on that Premium Bond) will realize no gain or loss upon the retirement of that Premium Bond.

Owners of Premium Bonds should consult their own tax advisers as to the determination for federal income tax purposes of the amount of bond premium properly accruable or amortizable in any period with respect to the Premium Bonds and as to other federal tax consequences and the treatment of bond premium for purposes of state and local taxes on, or based on, income.]

The complete text of the final opinion that Bond Counsel expects to deliver upon the issuance of the Series A Bonds is set forth in APPENDIX E—FORM OF FINAL OPINION OF BOND COUNSEL.

APPROVAL OF LEGALITY

Legal matters incident to the delivery of the Series A Bonds are subject to the final opinion of Squire Sanders (US) LLP, Los Angeles, California, acting as Bond Counsel to the Authority. Certain legal matters will be passed upon for the Authority by its special counsel, Jones Hall, A Professional Law Corporation, San Francisco, California, and by Squire Sanders (US) LLP, Los Angeles, California, acting as disclosure counsel for the Bonds. Certain matters will be passed upon for the Borrower by Dzida, Carey & Steinman, Irvine, California, California, and for the Underwriter by Quint & Thimmig LLP, Larkspur, California. Fees payable to Bond Counsel and Disclosure Counsel, and Underwriter's Counsel, are contingent upon the sale and delivery of the Bonds.

RATING

Standard & Poor's Ratings Services, a Standard & Poor's Financial Services LLC business ("S&P"), has assigned the rating of "______" to the Series A Bonds. Such rating reflects only the views of such organization and an explanation of the significance of such rating may be obtained from S&P at 55 Water Street, New York, NY 10041. There is no assurance that such rating will continue for any given period of time or that it will not be revised downward or withdrawn entirely by S&P, if in the judgment of S&P, circumstances so warrant. Any downward revision or withdrawal of such rating may have an adverse effect on the market price of the Series A Bonds.

UNDERWRITING

The Series A Bonds are being purchased by Westhoff, Cone & Holmstedt (the "Underwriter") at a purchase price of $_____________ (consisting of the par amount of the Series A Bonds of $________________, less a net original issue discount of $___________, and less an Underwriter's discount of $____________). The bond purchase contract for the Series A Bonds (the "Bond Purchase Agreement") provides that the Underwriter will purchase all of the Series A Bonds, if any are purchased, and contains the agreement of the Borrower to indemnify the Underwriter against certain liabilities to the extent permitted by law. The obligation of the Underwriter to make such purchase is subject to certain terms and conditions set forth in the Bond Purchase Agreement.

Westhoff, Cone & Holmstedt 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 Bonds, Westhoff, Cone & Holmstedt will share a portion of its underwriting compensation with respect to the Bonds with Alamo Capital.

The Underwriter may offer and sell the Series A Bonds to certain dealers and others at prices or yields different from the prices or yields stated on the inside cover page to this Official Statement. The offering prices or yields may be changed from time to time without notice by the Underwriter.

VERIFICATION OF MATHEMATICAL COMPUTATIONS

Upon delivery of the Bonds, the arithmetical accuracy of certain computations included in the schedules provided by the Underwriter relating to the computation of (a) the adequacy of cash to be held in the 2003 Escrow Funds to pay the redemption price of the 2003 Bonds, (b) the adequacy of forecasted receipts of principal and interest on the SLGS and cash to be held in the 2005 Escrow Funds to pay, when due, the principal of and interest on the 2005 Bonds when due and to pay the redemption price of the 2005 Bonds, and (c) the yield with respect to the Bonds, will be verified by the Verification Agent. Such verification of the accuracy of the mathematical computations shall be based solely upon information and assumptions supplied to such accountants by the Underwriter. Such accountants have restricted their procedures to examining the arithmetical accuracy of certain computations and have not made a study or evaluation of the information and assumptions on which the computations are based, and accordingly, have not expressed an opinion on the data used, the reasonableness of the assumptions, or the achievability of the forecasted outcome.

THE TRUSTEE

Wells Fargo Bank, National Association, a national banking association organized under the laws of the United States, has been appointed to serve as Trustee for the Bonds. The Trustee is to carry out those duties assignable to it under the Indenture. Except for the contents of this section, the Trustee has not reviewed or participated in the preparation of this Official Statement and does not assume any responsibility for the nature, completeness, contents or accuracy of the Official Statement.

Furthermore, the Trustee has no oversight responsibility, and is not accountable, for the use or application by the Authority of any of the Bonds authenticated or delivered pursuant to the Indenture or for the use or application of the proceeds of the Bonds by the Authority or the Borrower. The Trustee has not evaluated the risks, benefits, or propriety of any investment in the Series A Bonds and makes no representation, and has reached no conclusions, regarding the value or condition of any assets pledged or assigned as security for the Series A Bonds or the investment quality of the Series A Bonds, about all of which the Trustee expresses no opinion and expressly disclaims the expertise to evaluate.

FINANCIAL ADVISOR

Sperry Capital Inc., Sausalito, California, has served as financial advisor to the Borrower (the "Financial Advisor") in connection with the Bonds. The Financial Advisor is not obligated to undertake, and has not undertaken to make, an independent verification or to assume responsibility for the accuracy, completeness or fairness of the information contained in this Official Statement. The Financial Advisor is an independent advisory firm and is not engaged in the business of underwriting, trading or distributing municipal or other public securities.

OVERSIGHT AGENT

Wolf & Company Inc. ("Wolf") has agreed to serve as the initial Oversight Agent under an Oversight Agreement, dated as of June 1, 2014, between Wolf and the Borrower, to monitor the Borrower's compliance with certain provisions of the Loan Agreement and the Regulatory Agreements. Wolf is a housing, financial and insurance advisory firm that provides services to state and local governments, insurance companies, mortgage bankers, investment bankers and institutional investors in the areas of affordable housing programs, with a specialized emphasis on program administration, compliance and oversight agent services.

Wolf is the Oversight Agent on thirty-five (35) mobile home parks backed by revenue bonds in California. Wolf provides administration/oversight agent duties for the City of La Verne, for Independent Cities Finance Authority financed parks located in the City of Carpinteria, City of Capitola, City of Fresno (2), City of Brea, City of Lancaster (2), City of Vista (2), City of Hermosa Beach, City of Montclair (3), City of Morgan Hill, City of Palm Springs, City of Rohnert Park (3), City of Salinas, City of San Marcos, County of San Mateo, City of San Juan Capistrano, City of Santa Rosa, City of Yucaipa (3), and California Municipal Finance Authority financed parks located in the City of Garden Grove (2), City of Lancaster, City of Newcastle, City of Palmdale, City of Vacaville, Town of Windsor and the City of Yucaipa.

Wolf is also the program administrator/compliance agent on the County of San Bernardino's 1997, 1999, 2000, 2001 and 2002 Single Family Mortgage Programs.

CONFLICTS/OVERLAPPING RELATIONSHIPS

Robert R. Redwitz, the Borrower's President and Chief Executive Officer and the Chairman of the Borrower's Board of Directors, is also a director, officer and a major shareholder of Redwitz & Co., an Accounting and Consulting Corporation ("Redwitz & Co."). Jennifer Riva-Kirk, the Borrower's Senior Vice President of Finance, is also a senior executive of Redwitz & Co. Both Mr. Redwitz and Ms. Riva-Kirk receive compensation from Redwitz & Co. for their services. The Caritas Corporation ("Caritas Corp.") provides asset management services to the Borrower. Redwitz & Co. has an asset management contract with Caritas Corp. under which it provides asset management services to Caritas Corp. and the Borrower, the allocable costs of which are borne by Caritas Corp. and the Borrower, respectively. Redwitz & Co. also provides general corporate management and various accounting, tax and consulting services to Borrower, for which it is compensated. Redwitz & Co. will provide similar, fee-based asset management, corporate management, accounting and consulting services to the Borrower upon the completion of its acquisition of the Projects. An entity that is partially owned by Mr. Redwitz provided technology consulting services and furnished computer hardware to the Borrower. The Borrower entered into a lease for its administrative offices in Irvine, California, with an entity that is partially owned by Mr. Redwitz.

Mr. Redwitz is also the founding Chairman of the Board and a shareholder of Partners Bank of California ("Partners"), and is currently Co-Chairman of the Board. Partners is acting and will act as the depository bank under those certain Deposit Account Control Agreements by and among Partners, the Trustee and the Borrower, executed and to be executed and delivered in connection with the Bonds.

INDEPENDENT ACCOUNTANT'S REPORT

APPENDIX B—CONSOLIDATED FINANCIAL STATEMENTS OF THE CARITAS CORPORATION AND AFFILIATES FOR THE FISCAL YEARS ENDED DECEMBER 31, 2012, AND 2011 have been audited by Berger Lewis Accountancy Corporation, San Jose, California (the "Independent Accountant"). The Independent Accountant was not requested to consent to the inclusion of such report in Appendix B and it has not undertaken to update such report. No opinion is expressed by the Independent Accountant with respect to any event subsequent to its report.

CONTINUING DISCLOSURE

The Authority has determined that no financial or operating data concerning the Authority is material to any decision to purchase, hold or sell Bonds and the Authority will not provide any such information. The Authority shall have no liability to the Owners of the Bonds or any other person with respect to Rule 15c2-12 promulgated by the Securities and Exchange Commission (the "Rule").

The Borrower has undertaken all responsibility for any continuing disclosure to Owners of the Bonds as described below.

The Borrower has agreed in a Continuing Disclosure Agreement for the benefit of owners of the Bonds to provide certain financial information and operating data relating to the Borrower by not later than 210 days after the end of the Borrower's fiscal year (presently December 31) in each year commencing with its report for the 2013 fiscal year (due July 31, 2014) and to provide notices of the occurrence of certain enumerated events. The Annual Report required under the Continuing Disclosure Agreement will be filed with the Municipal Securities Rulemaking Board's Electronic Municipal Marketplace Access (EMMA) system.

These covenants have been made in order to assist the Underwriter in complying with the Rule. The specific nature of the information to be contained in the Annual Report and the notices of enumerated events by the Borrower are set forth in their entirety in APPENDIX F—FORM OF CONTINUING DISCLOSURE AGREEMENT. In preparation for issuance of the Bonds, the Borrower determined that, while it and its affiliates had had filed all required Annual Reports and financial and operating data as required by its continuing disclosure undertakings during the last five years, in certain instances, material event notifications relating to rating changes (which were upgrades) were not filed on an timely basis. Prior to the date of this Official Statement, all such material event notifications have been filed with the EMMA.

MISCELLANEOUS

The foregoing and subsequent summaries, descriptions or provisions of the Series A Bonds, the Indenture, Loan Agreement, the Regulatory Agreements and the Mortgages, and all references to other materials not purporting to be quoted in full are only brief outlines of some of the provisions thereof and do not purport to summarize or describe all of the provisions thereof.

This Official Statement is not to be construed as a contract or agreement between the Authority or the Borrower and the Owners of any of the Series A Bonds.

The Authority has approved the distribution of this Official Statement.

CARITAS AFFORDABLE HOUSING, INC.,
a California nonprofit, public benefit corporation

By ____________________________________
Name __________________________________
Title __________________________________

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APPENDIX A

INFORMATION REGARDING THE BORROWER AND THE PROJECTS

None of the Authority, the Underwriter, or the Financial Advisor to the Borrower has made any independent investigation of the information presented herein as to the Projects. Such information has been provided solely by the Borrower and certain professionals as specifically noted, and none of the Authority, the Underwriter, or the Financial Advisor to the Borrower has verified the accuracy or completeness of such information, nor do they assume any responsibility or liability therefor. The description of each Project, including, without limitation, the amenities thereof, speaks as of the date hereof. The condition of each Project and its amenities are subject to change.

Introduction

The Borrower will use the proceeds of the Series 2014 Bonds loaned to it under the Loan Agreement to finance the acquisition and improvement of three mobile home parks located in Northern and Southern California (referred to collectively as the "2014 Projects," and "2014 Project" in the singular) and to refund on a current basis the: (a) Independent Cities Lease Financing Authority Senior Lien Mobile Home Park Revenue Bonds (Caritas Affordable Housing, Inc., Project), Series 2003A in the original aggregate principal amount of $29,750,000 (the "2003A Senior Bonds"), (b) Independent Cities Lease Financing Authority Subordinate Lien Mobile Home Park Revenue Bonds (Caritas Affordable Housing, Inc., Project), Series 2003A in the original aggregate principal amount of $6,350,000 (the "2003A Subordinate Bonds" and collectively with the 2003A Senior Bonds, the "Series 2003 Bonds"), (c) Independent Cities Lease Financing Authority Senior Lien Mobile Home Park Revenue Bonds (Caritas Affordable Housing, Inc., Project), Series 2005A in the original aggregate principal amount of $22,025,000 (the "Series 2005A Bonds"), and (d) Independent Cities Lease Financing Authority Second-Subordinate Lien Mobile Home Park Revenue Bonds (Caritas Affordable Housing, Inc., Project), Series 2005C in the original aggregate principal amount of $5,370,000 and Taxable Series 2005C-T in the original aggregate principal amount of $1,245,000 (the "2005 Second-Subordinate Bonds" and collectively with the 2005A Senior Bonds, the "Series 2005 Bonds"). The Series 2003 Bonds financed and refinanced certain mobile home parks owned by the Borrower, including the Friendly Village Mobile Home Park, Hacienda Mobile Estates, Rancho Brea Mobile Home Park, Estrella de Oro, and Vista Manor Mobile Home Park (referred to collectively herein as the "2003 Projects," and "2003 Project" in the singular). The Series 2005 Bonds financed the Valley Village Mobile Home Park, owned by the Borrower (the "2005 Project"), and refinanced the Friendly Village Mobile Home Park, Hacienda Mobile Estates, and Rancho Brea Mobile Home Park. The Series 2014 Bonds will be secured by the gross revenues of and a lien on the 2014 Projects and the 2003 Projects and the 2005 Project. For more information on the 2003 Projects, the 2005 Project and the 2014 Projects (collectively, the "Projects," and "Project" in the singular), see the description of each Project below. For more information on the Borrower, see "THE BORROWER" herein.

Each 2014 Project has been appraised (the "Appraisal") by John P. Neet, MAI ("Neet" or "Appraiser") who holds a California General Appraisal Certificate. As stated therein, each Appraisal has been conducted between August and November of 2013, in conformity with the Standards of Professional Practice and Code of Ethics of the Appraisal Institute, the Uniform Standards of Professional Appraisal Practice ("USPAP") and applicable state and federal government regulations. The Appraisals estimate the market value or value in use of each 2014 Project, subject to the assumptions, certifications and limiting conditions stated in each Appraisal, as discussed with respect to each 2014 Project below. The appraised value of the 2014 Projects in the aggregate is equal to or exceeds the total purchase price of the 2014 Projects to be paid from Bond proceeds in the aggregate. See also "RISK FACTORS – Limitation of Appraisals" for a description of the limitations of the appraisals of the Projects. See "APPENDIX C – APPRAISALS – Executive Summary" for a copy of the Executive Summary of each Appraisal.

Each 2014 Project has also been the subject of a Phase I Environmental Site Assessment as described in connection with each 2014 Project below. The Borrower has indicated that such Environmental Site Assessments have not identified significant environmental problems or liabilities in or on the real property or on adjacent properties that would, after any required remediation, adversely affect the value of the 2014 Projects as security. The Borrower has also indicated that the Environmental Site Assessments did not reveal any evidence of significant soil or groundwater contamination. Such Environmental Site Assessments may be reviewed by contacting the Borrower. See also "RISK FACTORS – Environmental Risks."

Each 2014 Project has been the subject of a Property Condition Assessment prepared between September and November 2013 which specifically addresses the physical needs for repair and maintenance of each 2014 Project. A table summarizing each report for each 2014 Project is provided herein. Such Property Condition Assessments may be reviewed by contacting the Borrower.

The Projects are subject to regulatory agreements executed in connection with the Series 2014 Bonds that set forth, among other things, limits on both the income levels of the tenants to which certain mobile home spaces can be rented and the rent that the Borrower can charge for such mobile home spaces as more fully described below (each a "Regulatory Agreement"). See APPENDIX D - SUMMARY OF PRINCIPAL LEGAL DOCUMENTS - THE REGULATORY AGREEMENTS" for a description of the general terms of each 2014 Regulatory Agreement. The 2003 Projects, the 2005 Project, and the Desert Sands Project are also subject to existing regulatory agreements and deed restrictions. For more information on the prior regulatory agreements, see the description of each Project below under "2003 Projects," "2005 Project" and "2014 Projects – Desert Sands Estates".

Mobile Home Park Overview

Mobile homes are sometimes referred to as an intermediate step between apartments and owner occupied housing (condominiums and detached homes), because those with sufficient income and cash for down payments typically prefer to buy a traditional home, rather than rent space in a mobile home park. Thus, the space rent plus the mobile home mortgage payment must generally be less than the mortgage payment on traditional housing in the area.

Increasing land values near urban areas (especially during the 1980s) significantly curtailed the development of new parks. Also affecting new park construction was the advent of rent control during the 1980s. Because of the lack of supply and a growing demand for affordable housing in urban areas, mobile home parks were able to steadily increase space rents even during the recession years of the early 1990s. In recent years rental increases have continued, even though at a somewhat slower pace due to the disruption in the economy starting in fall of 2008. While rents for most types of real estate in California have dropped, the trend for mobile home park rents is considered to be stable or rising. No assurance can be given that such trends will continue.

Residents of mobile home parks are homeowners and make investments in their homes and in on-site improvements. Moving a mobile home from one community to another requires additional cost and effort and often requires abandonment of on-site improvements such as landscaping, decks and carports. Because of the loss of equity in such site improvements, the cost of moving and the limited availability of vacant mobile home park spaces, mobile homes are seldom moved from their original locations. Instead, mobile homes are usually sold in place when the homeowner wants to move.

The costs associated with moving a mobile home also serve to reduce rent delinquencies and collection losses. Pursuant to Section 798 et seq. of the California Civil Code (the "Mobile Home Residency Law"), a mobile home park owner (after complying with the notice, cure period and other procedural requirements of the Mobile Home Residency Law) has the right to cause the removal of a mobile home if a resident fails to pay rent. Since the loss in value caused by the removal of the mobile home would usually far exceed the amount of the rent delinquency, the mobile home owner, or the holder of a lien on the mobile home, has a strong incentive to cure the rent default.

Regulatory Agreements

Each Project is subject to a regulatory agreement that sets forth, among other things, limits on both the income levels of the tenants to which a certain percentage of mobile home spaces may be rented and the rent that the Borrower may charge for such mobile home spaces (the "Regulatory Agreements"). The Regulatory Agreements require each Project to be owned, managed and operated as a qualified residential rental project within the meaning of Section 142(d) of the Code. The covenants and restrictions in each Regulatory Agreement are intended to run with the land of the corresponding Project and are binding upon the Borrower's successors in title to the Project. See

"APPENDIX D - SUMMARY OF PRINCIPAL LEGAL DOCUMENTS - THE REGULATORY AGREEMENTS" for a description of the general terms of each of the Regulatory Agreements. The terms of each Regulatory Agreement are described below under the heading for the particular Project that operates under these additional requirements. See also, "RISK FACTORS - Restrictions under the Regulatory and Other Agreements."

Rent Control Ordinances

Certain mobile home parks are subject to rent control ordinances that establish rules and procedures for rent increases for the mobile homes spaces. Such ordinances limit the rent increases that the owner may charge tenants. Any applicable rent control ordinance for the Projects is described below under the heading of the applicable Project to which it applies.

2003 Projects

Friendly Village Mobile Home Park. The Friendly Village Mobile Home Park ("Friendly Village") is located at 1301 E. Avenue I in Lancaster, California, a community of approximately 157,000 residents in northeastern Los Angeles County, approximately 50 miles north of the City of Los Angeles. The immediate neighborhood is predominantly residential.

Friendly Village is a 464-space mobile home park, constructed in 1971 on approximately 56 acres. Residency at Friendly Village is unrestricted as to age. Amenities include a clubhouse, pool, spa, playground, laundry room and recreational vehicle ("RV") storage. Gas, electric and cable television utilities are owned by the utility companies and are billed directly to residents. Water, sewer and garbage collection charges are paid by the Borrower and are included in residents' space rent.

The mobile home mix consists of 11 triple-wide units, 312 double-wide units and 141 single-wide units. The Borrower owns 13 of the units. As of December 31, 2013, Friendly Village's occupancy rate was 100%.

While the Borrower has not obtained a current appraisal of Friendly Village, the Borrower estimates a value of $20,937,236 for Friendly Village on its books based on a 7% capitalization rate as of December 31, 2013. The Borrower maintains this value for internal purposes. The assessed value indicated by the County of Los Angeles for the 2013-2014 tax year for Friendly Village is $11,903,606. The Borrower does not guaranty the value of each project nor the amount received if the property were sold.

A local rent control ordinance applicable to Friendly Village limits annual rent increases to 60% of the change in the consumer price index (CPI). Friendly Village is subject to a Regulatory Agreement executed in connection with the Series 2003 Bonds, which expires on November 26, 2051 (the "2003 Friendly Village Regulatory Agreement"). The 2003 Friendly Village Regulatory Agreement provides that: (a) not less than 20% of the Spaces at Friendly Village must be designated as Very Low Income Spaces; and (b) not less than 40% of the Spaces at Friendly Village must be designated as Lower Income Residents (all as defined in the 2003 Friendly Village Regulatory Agreement).

In addition, the monthly rent for the Very Low Income Spaces is limited as follows: (a) where a Very Low Income Resident is both the registered and legal owner of the mobile home and is not making mortgage payments for the purchase of that mobile home, the total rental charge for occupancy of the Space (excluding a reasonable allowance for other related housing costs determined at the time of acquisition of the Project by the Borrower and excluding any supplemental rental assistance from the State, the federal government, or any other public agency to the Very Low Income Resident or on behalf of the Space and the mobile home) shall not exceed one-twelfth of 30% of 50% of Median Income for the Area, adjusted for household size in the manner set forth in the Regulatory Agreement; (b) where a Very Low Income Resident is the registered owner of the mobile home and is making mortgage payments for the purchase of that mobile home, the total rental charge for occupancy of the Space (excluding any charges for utilities and storage and excluding any supplemental rental assistance from the State, the federal government, or any other public agency to the Very Low Income Resident or on behalf of the Space and the mobile home), shall not exceed one-twelfth of 15% of 50% of Median Income for the Area, adjusted for household size in the manner set forth in the

Regulatory Agreement; and (c) where a Very Low Income Resident rents both the mobile home and the Space occupied by the mobile home, the total rental payments paid by the Very Low Income Resident on the mobile home and the Space occupied by the mobile home (excluding any supplemental rental assistance from the State, the federal government, or any other public agency to that Very Low Income Resident or on behalf of that Space and mobile home) shall not exceed one-twelfth of 30% of 50% of Median Income for the Area, as adjusted for household size in the manner set forth in the Regulatory Agreement.

The 2003 Friendly Village Regulatory Agreement defines "Very Low Income Residents" as individuals or families with an Adjusted Income, as calculated in the manner determined by the Secretary of the Treasury in accordance with Section 142(d)(2)(B) of the Code, that does not exceed 50% of the Median Income for the Area, as most recently determined by the Secretary of the Treasury pursuant to Section 142(d)(2)(B) of the Code, adjusted for household size as set forth below. In no event, however, will the occupants of a Space be considered to be Very Low Income Residents if all the occupants are students, as defined in Section 151(c)(4) of the Code, as such may be amended, no one of which is entitled to file a joint federal income tax return.

Household Size	Adjustment
1	70 %
2	80
3	90
4	100
5	108
6	116
7	124
8	132

The 2003 Friendly Village Regulatory Agreement defines "Lower Income Residents" as individuals or families with an Adjusted Income, as calculated in the manner determined by the Secretary of the Treasury in accordance with Section 142(d)(2)(B) of the Code, that does not exceed 80% of the Median Income for the Area, as most recently determined by the Secretary of the Treasury pursuant to Section 142(d)(2)(B) of the Code, adjusted for household size based on the following assumptions: two persons will occupy a single-wide mobile home and three persons will occupy a multisectional mobile home.

Friendly Village is also subject to a Regulatory Agreement and Declaration of Restrictive Covenants (the "2014 Friendly Village Regulatory Agreement") among the Authority, the Trustee and the Borrower. Among other things, the 2014 Friendly Village Regulatory Agreement provides that 20% of the spaces at Friendly Village must be rented to Very Low Income Residents and imposes limitations on the amount of rent that the Borrower may charge for such spaces rented to Very Low Income Residents. While the prior Regulatory Agreement is in effect, compliance with the terms thereof will satisfy the requirements of the 2014 Regulatory Agreement. For a more detailed discussion of this Regulatory Agreement, see "APPENDIX D - SUMMARY OF PRINCIPAL LEGAL DOCUMENTS - THE REGULATORY AGREEMENTS."

According to a Property Condition Assessment prepared by Lawrence O. McDermott, RCE/PLS, dated March 3, 2014 (the "Inspection Report"), Friendly Village will need approximately $222,025 in repairs within one year from the date of the Inspection Report, and additional repairs and replacements over a longer time frame, as summarized in the following table:

Table 1
Friendly Village Mobile Home Park
Repair and Replacement Projected Budget

Component:	Year 1	Years 2-10	Years 11-35	Total
Roads & Drainage	$215,000	$633,139	$1,282,212	$2,130,351
Water System	$3,525	$335,539	$209,897	$548,961
Sewer System	-	$10,000	-	$10,000
Gas System	-	-	-	-
Electrical System	-	-	-	-
Buildings	$3,500	$34,500	$164,500	$202,500
Landscape/Commons	-	$17,000	$59,200	$76,200
Estimated Total Costs	$222,025	$1,030,178	$1,715,809	$2,968,012

Source: Lawrence O. McDermott RCE/PLS

These repairs and replacements will be funded initially from the Renewal and Replacement Fund and thereafter from net revenues deposited to such fund from the Projects.

The following table summarizes operating results for Friendly Village for the last three fiscal years. Audited financial statements were used to prepare the following summary as to calendar years 2011 and 2012, and the financial statements used to prepare the summary as to calendar year 2013 are currently under audit.

Table 2
Friendly Village Mobile Home Park
Summary of Historical Operating Results

	Years Ended December 31,		
	2013	**2012**	**2011**
Receipts			
Rental Income	$ 541,154	$ 526,843	$ 520,528
Delinquencies	(12,837)	(6,782)	(3,400)
Vacancies	(13,389)	(17,986)	(18,009)
Pass-Through Utility Income	180,355	176,576	182,676
Other Income	4,412	14,286	7,164
Total receipts	699,695	692,937	688,959
Operating disbursements			
Legal, accounting and professional	19,737	16,713	4,350
Insurance	6,901	7,227	6,806
Supplies	5,092	11,728	7,302
Repairs and maintenance	72,202	50,446	43,061
General and administrative	36,311	30,107	32,521
Salaries and related expenses	121,577	103,425	83,294
Utilities	203,310	191,044	187,036
Licenses and permits	1,623	1,414	423
Property taxes	275	1,804	347
Professional management	26,400	26,400	26,600
Total operating disbursements	493,428	440,308	391,740
Excess of receipts over operating disbursements	$ 206,267	$ 252,629	$ 297,219

Source: Caritas Affordable Housing, Inc.

Hacienda Mobile Estates. The Hacienda Mobile Estates ("Hacienda") is located at 2330 East Avenue J-8 in Lancaster, California. The immediate neighborhood is predominantly residential.

Hacienda is a 261-space mobile home park, constructed in 1980 on approximately 37 acres. Residency at Hacienda is unrestricted as to age. Amenities include a clubhouse, pool, spa, tennis courts, playground, laundry room and RV storage. Gas, electric and cable television utilities are owned by utility companies and are billed directly to residents. Water, sewer and garbage collection charges are paid by the Borrower and are included in residents' space rent.

The mobile home mix consists of 261 double-wide units. The Borrower owns 4 of the units. As of December 31, 2013, Hacienda's occupancy rate was 98.9%.

While the Borrower has not obtained a current appraisal of Hacienda, the Borrower estimates a value of $9,404,277 for Hacienda on its books based on a 7% capitalization rate as of December 31, 2013. The Borrower maintains this value for internal purposes. The assessed value indicated by the County of Los Angeles for the 2013-2014 tax year for Hacienda is $5,004,922. The Borrower does not guaranty the value of each project nor the amount received if the property were sold.

Hacienda is subject to the local rent control ordinance described above under "Friendly Village Mobile Home Park." Hacienda is subject to a Regulatory Agreement executed in connection with the Series 2003 Bonds, the terms of which are identical to the 2003 Friendly Village Regulatory Agreement also described above under "Friendly Village Mobile Home Park."

Hacienda is also subject to a Regulatory Agreement and Declaration of Restrictive Covenants (the "2014 Hacienda Regulatory Agreement") among the Authority, the Trustee and the Borrower. Among other things, the 2014 Hacienda Regulatory Agreement provides that 20% of the spaces at Hacienda must be rented to Very Low Income Residents and imposes limitations on the amount of rent that the Borrower may charge for such spaces rented to Very Low Income Residents. While the prior Regulatory Agreement is in effect, compliance with the terms thereof will satisfy the requirements of the 2014 Regulatory Agreement. For a more detailed discussion of this Regulatory Agreement, see "APPENDIX D – SUMMARY OF PRINCIPAL LEGAL DOCUMENTS – THE REGULATORY AGREEMENTS."

According to a Property Condition Assessment prepared by Lawrence O. McDermott, RCE/PLS, dated March 3, 2014 (the "Inspection Report"), Hacienda will need approximately $6,900 in repairs within one year from the date of the Inspection Report, and additional repairs and replacements over a longer time frame, as summarized in the following table:

Table 3
Hacienda Mobile Estates
Repair and Replacement Projected Budget

Component:	Year 1	Years 2-10	Years 11-35	Total
Roads & Drainage	-	$25,300	$233,000	$258,300
Water System	$750	$56,567	$78,665	$135,982
Sewer System	-	$10,000	-	$10,000
Gas System	-	-	-	$0
Electrical System	$2,650	$98,199	-	$100,849
Buildings	$3,500	$19,000	$92,000	$114,500
Landscape/Commons	-	$17,000	$57,700	$74,700
Estimated Total Costs	$6,900	$226,066	$461,365	$694,331

Source: Lawrence O. McDermott RCE/PLS

These repairs and replacements will be funded initially from the Renewal and Replacement Fund and thereafter from net revenues deposited to such fund from the Projects.

The following table summarizes operating results for Hacienda for the last three fiscal years. Audited financial statements were used to prepare the following summary as to calendar years 2011 and 2012, and the financial statements used to prepare the summary as to calendar year 2013 are currently under audit.

Table 4
Hacienda Mobile Home Park
Summary of Historical Operating Results

	Years Ended December 31,		
	2013	**2012**	**2011**
Income			
Rental Income	$ 1,224,290	$ 1,193,723	$ 1,160,686
Vacancies	(12,610)	(16,009)	(8,703)
Pass-Through Utility Income	106,920	109,746	101,779
Other Income	18,388	28,711	31,921
Total Income	1,336,988	1,316,171	1,285,683
Expenses			
Legal, accounting and professional	44,787	33,556	45,738
Insurance	20,834	21,800	23,222
Supplies	-	420	-
Repairs and maintenance	48,594	59,046	54,717
General and administrative	46,340	58,882	43,161
Salaries and related expenses	170,622	213,767	206,517
Utilities	308,965	223,313	205,195
Licenses and permits	4,224	4,602	6,279
Property taxes	13,157	97,854	91,172
Professional management	46,308	45518	44,821
Total Expenses	703,830	758,758	720,822
Net Operating Income	$ 633,158	$ 557,413	$ 564,861

Source: Caritas Affordable Housing, Inc.

Rancho Brea Mobile Home Estates. The Rancho Brea Mobile Home Estates ("Rancho Brea") is located at 1414 West Central Avenue in Brea, California, a community of approximately 37,000 residents, in Orange County. The immediate neighborhood is predominantly residential.

Rancho Brea is a 100-space mobile home park, constructed in 1976 on approximately 9 acres. Residency at Rancho Brea is unrestricted as to age. Amenities include a clubhouse, pool, spa and laundry room. Gas, electric and water utilities are owned by the Borrower and are sub-metered and billed by the Borrower to the residents of the community. Garbage collection and sewer use are billed by the Borrower at a flat rate for each space. Cable television services are billed to the Borrower by the cable service provider and are sub-billed from the Borrower to the residents.

The mobile home mix consists of 94 double-wide units and 6 single-wide units. The Borrower owns 1 of the units. As of December 31, 2013, Rancho Brea's occupancy rate was 100%.

While the Borrower has not obtained a current appraisal of Rancho Brea, the Borrower estimates a value of $8,517,370 for Rancho Brea on its books based on a 7% capitalization rate as of December 31, 2013. The Borrower maintains this value for internal purposes. The assessed value indicated by the County of Orange for the 2013-2014 tax year for Rancho Brea is $6,595,833. The Borrower does not guaranty the value of each project nor the amount received if the property were sold.

Rancho Brea is subject to a Regulatory Agreement executed in connection with the Series 2003 Bonds, which expires on August 12, 2052 (the "2003 Rancho Brea Regulatory Agreement"). In connection with the refinancing of Rancho Brea, the Borrower and the City of Brea have agreed to record an extension of the 2003 Rancho Brea Regulatory Agreement until August 12, 2062, for the benefit of the City.

The 2003 Rancho Brea Regulatory Agreement provides that: (a) not less than 20% of the spaces at Rancho Brea must be designated as Very Low Income Spaces (as defined therein); (b) not less than 25% of the spaces at Rancho Brea must be designated as Lower Income Spaces (as defined therein); and (c) not less than 60% of the spaces at Rancho Brea must be designated as Moderate Income Spaces (as defined therein, less the number of Very Low Income Spaces and Lower Income Spaces). The monthly rent for one-half of the Very Low Income Spaces (i.e., 10% of the total Spaces) is limited as follows: (a) where a Very Low Income Resident is both the registered and legal owner of the mobile home and is not making mortgage payments for the purchase of that mobile home, the total rental charge for occupancy of the Space (excluding a reasonable allowance for other related housing costs determined at the time of acquisition of the Project by the Borrower and excluding any supplemental rental assistance from the State, the federal government, or any other public agency to the Very Low Income Resident or on behalf of the Space and the mobile home) shall not exceed one-twelfth of 30% of 50% of Median Income for the Area, adjusted for household size in the manner set forth in the Regulatory Agreement; (b) where a Very Low Income Resident is the registered owner of the mobile home and is making mortgage payments for the purchase of that mobile home, the total rental charge of occupancy of the Space (excluding any charges for utilities and storage and excluding any supplemental rental assistance from the State, the federal government, or any other public agency to the Very Low Income Resident or on behalf of the Space and the mobile home), shall not exceed one-twelfth of 15% of 50% of Median Income for the Area, adjusted for household size in the manner set forth in the Regulatory Agreement; and (c) where a Very Low Income Resident rents both the mobile home and the Space occupied by the mobile home, the total rental payments paid by the Very Low Income Resident on the mobile home and the Space occupied by the mobile home (excluding any supplemental rental assistance from the State, the federal government, or any other public agency to that Very Low Income Resident or on behalf of that Space and mobile home) shall not exceed one-twelfth of 30% of 50% of Median Income for the Area, as adjusted for household size in the manner set forth in the Regulatory Agreement.

The 2003 Rancho Brea Regulatory Agreement defines "Very Low Income Residents" as individuals or families with an Adjusted Income, as calculated in the manner determined by the Secretary of the Treasury in accordance with Section 142(d)(2)(B) of the Code, that does not exceed 50% of the Median Income for the Area, as most recently determined by the Secretary of the Treasury pursuant to Section 142(d)(2)(B) of the Code, adjusted for household size as set forth below. In no event, however, will the occupants of a Space be considered to be Very Low Income Residents if all the occupants are students, as defined in Section 151(c)(4) of the Code, as such may be amended, no one of which is entitled to file a joint federal income tax return.

Household Size	Adjustment
1	70 %
2	80
3	90
4	100
5	108
6	116
7	124
8	132

The 2003 Rancho Brea Regulatory Agreement defines "Lower Income Residents" as individuals or families with an Adjusted Income, as calculated in the manner determined by the Secretary of the Treasury in accordance with

Section 142(d)(2)(B) of the Code, that does not exceed 80% of the Median Income for the Area, as most recently determined by the Secretary of the Treasury pursuant to Section 142(d)(2)(B) of the Code, adjusted for household size based on the following assumptions: two persons will occupy a single-wide mobile home and three persons will occupy a multisectional mobile home.

The 2003 Rancho Brea Regulatory Agreement defines "Moderate Income Residents" as individuals or families with an Adjusted Income, as calculated in the manner determined by the Secretary of the Treasury in accordance with Section 142(d)(2)(B) of the Code, that does not exceed 120% of the Median Income for the Area, as most recently determined by the Secretary of the Treasury pursuant to Section 142(d)(2)(B) of the Code, adjusted for household size.

In addition, the 2003 Rancho Brea Regulatory Agreement provides that 50 rent restricted Spaces, of which at least 10 Spaces must be Very Low Income Spaces, 16 Spaces must be Lower Income Spaces, and the remaining number must be Moderate Income Spaces, must have total rental charges resulting in occupancy at affordable housing costs for the occupants of such Spaces within the meaning of California Health and Safety Code Sections 33334.2 and 33413, treating such housing as rental housing for such purpose. Pursuant to this requirement, the rents for these spaces are limited to 30% of 50% Median Income for the Area, in the case of the Very Low Income Spaces, 30% of 60% of Median Income for the Area, in the case of the Lower Income Spaces, and 30% of 110% of Median Income for the Area, in the case of the Moderate Income Spaces.

Rancho Brea is also subject to a Regulatory Agreement and Declaration of Restrictive Covenants (the "2014 Rancho Brea Regulatory Agreement") among the Authority, the Trustee and the Borrower. Among other things, the 2014 Rancho Brea Regulatory Agreement provides that 20% of the spaces at Rancho Brea must be rented to Very Low Income Residents and imposes limitations on the amount of rent that the Borrower may charge for such spaces rented to Very Low Income Residents. While the prior Regulatory Agreement is in effect, compliance with the terms thereof will satisfy the requirements of the 2014 Regulatory Agreement. For a more detailed discussion of the 2014 Regulatory Agreements, see "APPENDIX D – SUMMARY OF PRINCIPAL LEGAL DOCUMENTS – THE REGULATORY AGREEMENTS."

According to a Property Condition Assessment prepared by Lawrence O. McDermott, RCE/PLS, dated March 3, 2014 (the "Inspection Report"), Rancho Brea will need approximately $7,650 in repairs within one year from the date of the Inspection Report, and additional repairs and replacements over a longer time frame, as summarized in the following table:

Table 5
Rancho Brea Mobile Home Estates
Repair and Replacement Projected Budget

Component:	Year 1	Years 2-10	Years 11-35	Total
Roads & Drainage	-	$25,300	$233,000	$258,300
Water System	$750	$56,567	$78,665	$135,982
Sewer System	-	$10,000	-	$10,000
Gas System	$750	$21,567	$29,272	$51,589
Electrical System	$2,650	$98,199	$102,915	$203,764
Buildings	$3,500	$19,000	$122,000	$144,500
Landscape/Commons	-	$17,000	$57,700	$74,700
Estimated Total Costs	$7,650	$247,633	$623,552	$878,835

Source: Lawrence O. McDermott RCE/PLS

These repairs and replacements will be funded initially from the Renewal and Replacement Fund and thereafter from net revenues deposited to such fund from the Projects.

The following table summarizes operating results for Rancho Brea for the last three fiscal years. Audited financial statements were used to prepare the following summary as to calendar years 2011 and 2012, and the financial statements used to prepare the summary as to calendar year 2013 are currently under audit.

Table 6
Rancho Brea Mobile Home Estates
Summary of Historical Operating Results

	Years Ended December 31,		
	2013	**2012**	**2011**
Income			
Rental Income	$ 922,012	$ 903,226	$ 880,767
Vacancies	-	-	(2,979)
Pass-Through Utility Income	193,973	188,870	166,050
Other Income	1,865	3,518	1,638
Total Income	1,117,849	1,095,615	1,045,476
Expenses			
Legal, accounting and professional	19,837	21,290	19,262
Insurance	8,755	9,391	9,903
Repairs and maintenance	45,316	35,742	43,314
General and administrative	18,632	14,365	10,104
Salaries and related expenses	85,333	87,356	89,198
Utilities	236,059	209,626	181,348
Licenses and permits	4,247	4,338	664
Property taxes	11,023	25,810	28,185
Professional management	38,698	37,475	36,155
Total Expenses	467,899	445,393	418,133
Net Operating Income	$ 649,950	$ 650,222	$ 627,344

Source: Caritas Affordable Housing, Inc.

Estrella de Oro. Estrella de Oro is located at 220 Camino Corto, in Vista, California, a community of approximately 92,100 residents, in northwestern San Diego County. The immediate neighborhood is predominantly residential.

Estrella de Oro is a 107-space mobile home park, constructed in 1956 on approximately 13 acres. Residency at Estrella de Oro is unrestricted as to age. Amenities include a clubhouse, pool, spa, playground and laundry room. Gas, electric and water utilities are owned by the Borrower and are sub-metered and billed by the Borrower to the residents. Garbage collection and sewer use are billed by the Borrower at a flat rate for each space. Cable television services are billed directly to the residents by the cable services provider.

The mobile home mix consists of 68 double-wide units and 39 single-wide units. The Borrower owns 1 of the units. As of December 31, 2013, Estrella de Oro's occupancy rate was 100%.

While the Borrower has not obtained a current appraisal of Estrella de Oro, the Borrower estimates a value of $5,161,435 for Estrella de Oro on its books based on a 7% capitalization rate as of December 31, 2013. The Borrower maintains this value for internal purposes. The assessed value indicated by the County of San Diego for the 2013-2014 tax year for Estrella de Oro is $4,308,088. The Borrower does not guaranty the value of each project nor the amount received if the property were sold.

Estrella de Oro, along with certain other mobile home parks in the City of Vista, including Vista Manor, is subject to a local rental accord entered into between the City of Vista and the owners of such parks as of January 1, 1996 and recorded January 27, 1997. The accord exempts the covered parks from any other local rent control ordinances. In lieu thereof, the accord permits rents to be increased once a year by a rate equal to the increase of the CPI; provided, however, that if the CPI increases by more than 3.0% in any one year, the rent may be increased by 3% plus a percentage equal to 65% of the increase in CPI from 3.1% to 10%. If the CPI in any one year increases by more than 10%, the rent may be increased by 5.5% plus a percentage equal to 65% of the increase in CPI over 5.5%. The accord also promulgated a model lease which required a term of five years, with options for three, five year renewals, provided that any such renewal shall not extend beyond December 31, 2016, the date on which the accord terminates by its terms.

Estrella de Oro is subject to a Regulatory Agreement, executed in connection with the Series 2003 Bonds, that expires on March 24, 2054 (the "2003 Estrella de Oro Regulatory Agreement"). The 2003 Estrella de Oro Regulatory Agreement provides that: (a) not less than 20% of the spaces at Estrella de Oro must be designated as Very Low Income Spaces; and (b) not less than 55% of the spaces at Estrella de Oro must be designated as Lower Income Spaces (all as defined therein).

Under the 2003 Estrella de Oro Regulatory Agreement, the monthly rent for one-half of the Very Low Income Spaces (i.e., 10% of the total Spaces) is limited as follows: (a) where a Very Low Income Resident is both the registered and legal owner of the mobile home and is not making mortgage payments for the purchase of that mobile home, the total rental charge for occupancy of the Space (excluding a reasonable allowance for other related housing costs determined at the time of acquisition of the Project by the Borrower and excluding any supplemental rental assistance from the State, the federal government, or any other public agency to the Very Low Income Resident or on behalf of the Space and the mobile home) shall not exceed one-twelfth of 30% of 50% of Median Income for the Area, adjusted for household size in the manner set forth in the Regulatory Agreement; (b) where a Very Low Income Resident is the registered owner of the mobile home and is making mortgage payments for the purchase of that mobile home, the total rental charge of occupancy of the Space (excluding any charges for utilities and storage and excluding any supplemental rental assistance from the State, the federal government, or any other public agency to the Very Low Income Resident or on behalf of the Space and the mobile home), shall not exceed one-twelfth of 15% of 50% of Median Income for the Area, adjusted for household size in the manner set forth in the Regulatory Agreement; and (c) where a Very Low Income Resident rents both the mobile home and the Space occupied by the mobile home, the total rental payments paid by the Very Low Income Resident on the mobile home and the Space occupied by the mobile home (excluding any supplemental rental assistance from the State, the federal government, or any other public agency to that Very Low Income Resident or on behalf of that Space and mobile home) shall not exceed one-twelfth of 30% of very low income as established by the U.S. Department of Housing and Urban Development for the Area, as adjusted for household size in the manner set forth in the Regulatory Agreement.

The 2003 Estrella de Oro Regulatory Agreement defines "Very Low Income Residents" as individuals or families with an Adjusted Income, as calculated in the manner determined by the Secretary of the Treasury in accordance with Section 142(d)(2)(B) of the Code, that does not exceed 50% of the Median Income for the Area, as most recently determined by the Secretary of the Treasury pursuant to Section 142(d)(2)(B) of the Code, as adjusted for household size as set forth below. In no event, however, will the occupants of a Space be considered to be Very Low Income Residents if all the occupants are students, as defined in Section 151(c)(4) of the Code, as such may be amended, no one of which is entitled to file a joint federal income tax return.

Household Size	Adjustment
1	70 %
2	80
3	90
4	100
5	108
6	116
7	124
8	132

In addition, the monthly rent charged for the Lower Income Spaces is limited as follows: (a) where a Lower Income Resident rents both the mobile home and the Space occupied by the mobile home, the total rental payments paid by the Lower Income Resident on the mobile home and the Space occupied by the mobile home (excluding any supplemental rental assistance from the State, the federal government, or any other public agency to that Lower Income Resident or on behalf of that Space and mobile home) shall not exceed one-twelfth of 30% of 70% of median household income as established by the U.S. Department of Housing and Urban Development for the Area, as adjusted for household size; and (b) where the Lower Income Resident is both the registered and legal owner of the mobile home, the total rental charge for occupancy of the Space (excluding a reasonable allowance for other related housing costs determined at the time of the acquisition of the Project by the Borrower and excluding any supplemental rental assistance from the State, the federal government, or any other public agency to the Lower Income Resident or on behalf of the Space and the mobile home) shall not exceed one-twelfth of 30% of 70% of median household income as established by the U.S. Department of Housing and Urban Development for the Area, adjusted for household size.

The 2003 Estrella de Oro Regulatory Agreement defines "Lower Income Residents" as individuals or families with an Adjusted Income, as calculated in the manner determined by the Secretary of the Treasury in accordance with Section 142(d)(2)(B) of the Code, that does not exceed 80% of the Median Income for the Area, as most recently determined by the Secretary of the Treasury pursuant to Section 142(d)(2)(B) of the Code, adjusted for household size based on the following assumptions: two persons will occupy a single-wide mobile home and three persons will occupy a multisectional mobile home.

Estrella de Oro is also subject to a Regulatory Agreement and Declaration of Restrictive Covenants (the "2014 Estrella de Oro Regulatory Agreement") among the Authority, the Trustee and the Borrower. Among other things, the 2014 Estrella de Oro Regulatory Agreement provides that 20% of the spaces at Estrella de Oro must be rented to Very Low Income Residents and imposes limitations on the amount of rent that the Borrower may charge for such spaces rented to Very Low Income Residents. While the prior Regulatory Agreement is in effect, compliance with the terms thereof will satisfy the requirements of the 2014 Regulatory Agreement. For a more detailed discussion of the 2014 Regulatory Agreements, see "APPENDIX D – SUMMARY OF PRINCIPAL LEGAL DOCUMENTS – THE REGULATORY AGREEMENTS."

According to a Property Condition Assessment prepared by Lawrence O. McDermott, RCE/PLS, dated March 3, 2014 (the "Inspection Report"), Estrella de Oro will need approximately $40,300 in repairs within one year from the date of the Inspection Report, and additional repairs and replacements over a longer time frame, as summarized in the following table:

Table 7
Estrella de Oro
Repair and Replacement Projected Budget

Component:	**Year 1**	**Years 2-10**	**Years 11-35**	**Total**
Roads & Drainage	-	$107,000	$309,000	$416,000
Water System	$825	$57,223	$78,665	$136,713
Sewer System	-	$10,000	$20,000	$30,000
Gas System	$825	$22,223	$29,273	$52,321
Electrical System	$2,650	$103,199	$119,244	$225,093
Buildings	$35,000	$57,000	$101,848	$193,848
Landscape/Commons	$1,000	$9,949	$36,698	$47,647
Estimated Total Costs	$40,300	$366,594	$694,728	$1,101,621

Source: Lawrence O. McDermott RCE/PLS

These repairs and replacements will be funded initially from the Renewal and Replacement Fund and thereafter from net revenues deposited to such fund from the Projects.

The following table summarizes operating results for Estrella de Oro for the last three fiscal years. Audited financial statements were used to prepare the following summary as to calendar years 2011 and 2012, and the financial statements used to prepare the summary as to calendar year 2013 are currently under audit.

Table 8
Estrella de Oro
Summary of Historical Operating Results

	Years Ended December 31,		
	2013	**2012**	**2011**
Income			
Rental Income	$ 661,777	$ 648,529	$ 628,949
Vacancies	34	(3,577)	(4,270)
Pass-Through Utility Income	160,492	150,162	148,516
Other Income	22,886	25,194	25,117
Total Income	845,189	820,309	798,312
Expenses			
Legal, accounting and professional	18,361	21,182	21,850
Insurance	8,989	9,798	10,135
Repairs and maintenance	30,062	27,480	23,772
General and administrative	18,843	15,194	32,763
Salaries and related expenses	152,153	150,001	156,799
Utilities	180,583	127,957	125,347
Licenses and permits	4,408	2,704	1,746
Property taxes	5,321	51,401	48,788
Professional management	28,773	28,323	27,136
Total Expenses	447,493	434,039	448,336
Net Operating Income	$ 397,696	$ 386,270	$ 349,976

Source: Caritas Affordable Housing, Inc.

Vista Manor Mobile Home Park. The Vista Manor Mobile Home Park ("Vista Manor") is located at 200 Olive Avenue in Vista, California, adjacent to Estrella de Oro. The immediate neighborhood is predominantly residential.

Vista Manor is a 159-space mobile home park, constructed in 1965 on approximately 20 acres. Residency at Vista Manor is unrestricted as to age. Amenities include a clubhouse, pool, billiard room and laundry room. Gas and electric utilities are owned by the Borrower and are sub-metered and billed by the Borrower to the residents. Water utilities are owned by the Borrower and are included in the rent. Garbage collection and sewer use are billed by the Borrower at a flat rate for each space. Cable television services are billed directly to the residents by the cable services provider.

The mobile home mix consists of 115 double-wide units and 44 single-wide units. The Borrower owns 1 of the units. As of December 31, 2013, Vista Manor's occupancy rate was 100%.

While the Borrower has not obtained a current appraisal of Vista Manor, the Borrower estimates a value of $9,159,383 for Vista Manor on its books based on a 7% capitalization rate as of December 31, 2013. The Borrower maintains this value for internal purposes. The assessed value indicated by the County of San Diego for the 2013-2014 tax year for Vista Manor is $6,408,320. The Borrower does not guaranty the value of each project nor the amount received if the property were sold.

Vista Manor is subject to the rental accord described above under "Estrella de Oro." Vista Manor is subject to a Regulatory Agreement executed in connection with the Series 2003 Bonds, the terms of which are identical to the 2003 Estrella de Oro Regulatory Agreement also described above under "Estrella de Oro."

Vista Manor is also subject to a Regulatory Agreement and Declaration of Restrictive Covenants (the "2014 Vista Manor Regulatory Agreement") among the Authority, the Trustee and the Borrower. Among other things, the 2014 Vista Manor Regulatory Agreement provides that 20% of the spaces at Vista Manor must be rented to Very Low Income Residents and imposes limitations on the amount of rent that the Borrower may charge for such spaces rented to Very Low Income Residents. While the prior Regulatory Agreement is in effect, compliance with the terms thereof will satisfy the requirements of the 2014 Regulatory Agreement. For a more detailed discussion of the 2014 Regulatory Agreements, see "APPENDIX D – SUMMARY OF PRINCIPAL LEGAL DOCUMENTS – THE REGULATORY AGREEMENTS."

According to a Property Condition Assessment prepared by Lawrence O. McDermott, RCE/PLS, dated March 3, 2014 (the "Inspection Report"), Vista Manor will need approximately $40,150 in repairs within one year from the date of the Inspection Report, and additional repairs and replacements over a longer time frame, as summarized in the following table:

Table 9
Vista Manor Mobile Home Park
Repair and Replacement Projected Budget

Component:	**Year 1**	**Years 2-10**	**Years 11-35**	**Total**
Roads & Drainage	-	$435,000	$354,000	$789,000
Water System	$750	$56,567	$78,665	$135,982
Sewer System	-	$10,000	$20,000	$30,000
Gas System	$750	$21,567	$29,272	$51,589
Electrical System	$2,650	$98,199	$104,244	$205,093
Buildings	$35,000	$57,000	$101,848	$193,848
Landscape/Commons	$1,000	$9,949	$36,698	$47,647
Estimated Total Costs	$40,150	$688,282	$724,727	$1,453,158

Source: Lawrence O. McDermott RCE/PLS

These repairs and replacements will be funded initially from the Renewal and Replacement Fund and thereafter from net revenues deposited to such fund from the Projects.

The following table summarizes operating results for Vista Manor for the last three fiscal years. Audited financial statements were used to prepare the following summary as to calendar years 2011 and 2012, and the

Table 10
Vista Manor Mobile Home Park
Summary of Historical Operating Results

	Years Ended December 31,		
	2013	**2012**	**2011**
Income			
Rental Income	$ 874,525	$ 856,157	$ 914,074
Vacancies	(15)	(1,190)	(4,865)
Pass-Through Utility Income	259,452	188,372	184,229
Other Income	30,449	113,127	46,428
Total Income	1,164,411	1,156,466	1,139,866
Expenses			
Legal, accounting and professional	15,173	24,209	23,717
Insurance	12,732	14,180	14,736
Repairs and maintenance	49,929	56,184	38,780
General and administrative	29,160	14,847	59,046
Salaries and related expenses	77,870	84,640	79,787
Utilities	272,404	186,937	178,737
Licenses and permits	4,105	2,673	4,563
Property taxes	14,025	81,185	75,546
Professional management	40,603	40,240	39,648
Total Expenses	516,000	505,096	514,561
Net Operating Income	$ 648,411	$ 651,370	$ 625,305

Source: Caritas Affordable Housing, Inc.

2005 Project

Valley Village Mobile Home Park. The Valley Village Mobile Home Park ("Valley Village") is located at 6401 Country Club Drive in Rohnert Park, California, a community of approximately 40,000 residents, in Sonoma County. The immediate neighborhood is predominantly residential.

Valley Village is a 283-space mobile home park, constructed in 1972 on approximately 37 acres. Residency at Valley Village is age-restricted, in that it is operated as a senior citizen housing development in which at least one occupant of the space is required to be at least 55 years of age. Amenities include a clubhouse, indoor spa, pool and outdoor spa, laundry room and recreational vehicle storage. Gas, electric and cable television utilities are owned by the utility companies and are billed directly to residents. Water, sewer and garbage collection charges are paid by the Borrower and included in rent.

The mobile home mix consists of 247 double-wide units and 36 single-wide units. The Borrower owns 2 of the units. As of December 31, 2013, Valley Village's occupancy rate was 99%.

While the Borrower has not obtained a current appraisal of Valley Village, the Borrower estimates a value of $21,877,223 for Valley Village on its books based on a 7% capitalization rate as of December 31, 2013. The Borrower maintains this value for internal purposes. The assessed value indicated by the County of Sonoma for the 2013-2014 tax year for Valley Village is $17,968,900. The Borrower does not guaranty the value of each project nor the amount received if the property were sold.

The Valley Village Park is subject to an Affordable Housing Covenant (the "Rohnert Park Covenant"), recorded November 14, 2005, between the Borrower and the Community Development Commission of the City of Rohnert Park ("Rohnert Park") in connection with a loan of $1,200,000 made by Rohnert Park to the Borrower (the "Rohnert Park Loan") to pay a portion of the costs of improvements to the Valley Village Park. Pursuant to the Rohnert Park Covenant, for a term of fifty-five years from the date of recordation, the Borrower is required to rent 40% of the spaces in the Valley Village Park to Eligible Households (as defined in the Rohnert Park Covenant), and the Rohnert Park Covenant also imposes restrictions on the rent that can be charged on such spaces. The Rohnert Park Covenant defines "Eligible Households" as very-low and lower income persons and families who qualify as senior citizens under California Civil Code Section 51.3, and whose income does not exceed the following limits: (a) for not less than fifty-seven (57) Spaces, fifty percent (50%) of the area median income; and (b) for not less than fifty seven (57) Spaces, eighty percent (80%) of the area median income.

The Rohnert Park Loan does not require any payments thereunder so long as the Borrower is in compliance with the affordable housing covenants in the Rohnert Park Covenant and the principal of the Rohnert Park loan is to be forgiven in 55 years from the date of the Loan. Pursuant to a Subordination Agreement between Rohnert Park and the Trustee entered into with respect to the Bonds, the payments under the Rohnert Park Loan, if any, and the security therefor, will be subordinate to the Borrower's payments on, and the security for, the Bonds.

By its adoption of Ordinance No. 494 on December 8, 1987, as amended and supplemented by Ordinance Nos. 599, 607, 612, and 658 adopted in 1994, 1995, 1996, and 2000 respectively (the "City Rent Control Law"), the City of Rohnert Park has established rules and procedures governing rent increases for mobile home spaces. The City Rent Control Law is set forth in Chapter 9.70 of the City's Municipal Code. Among other things, the City Rent Control Law permits an annual rent increase, without Rent Control Board action, equal to the increase in the Consumer Price Index ("CPI") less one half of one percent, but in any event no more than a four percent annual increase. (For example, if the annual increase in the CPI is 3%, the allowable rental increase would be 2.5%). Any increase above this level requires review and approval by the City's Rental Control Board. The Valley Village Park is subject to the City Rent Control Law.

Valley Village is subject to a Regulatory Agreement executed in connection with the Series 2005 Bonds, which expires on November 9, 2035 (the "2005 Valley Village Regulatory Agreement"). The 2005 Valley Village Regulatory Agreement provides that not less than 20% of the spaces at Valley Village must be designated as Very Low Income Spaces (as defined therein). The monthly rent for the Very Low Income Spaces (i.e., 20% of the total Spaces) is limited as follows: (a) where a Very Low Income Resident is both the registered and legal owner of the mobile home and is not making mortgage payments for the purchase of that mobile home, the total rental charge for occupancy of the Space (excluding a reasonable allowance for other related housing costs determined at the time of acquisition of the Project by the Borrower and excluding any supplemental rental assistance from the State, the federal government, or any other public agency to the Very Low Income Resident or on behalf of the Space and the mobile home) shall not exceed one-twelfth of 30% of 50% of Median Income for the Area, adjusted for household size in the manner set forth in the Regulatory Agreement; (b) where a Very Low Income Resident is the registered owner of the mobile home and is making mortgage payments for the purchase of that mobile home, the total rental charge of occupancy of the Space (excluding any charges for utilities and storage and excluding any supplemental rental assistance from the State, the federal government, or any other public agency to the Very Low Income Resident or on behalf of the Space and the mobile home), shall not exceed one-twelfth of 15% of 50% of Median Income for the Area, adjusted for household size in the manner set forth in the Regulatory Agreement; and (c) where a Very Low Income Resident rents both the mobile home and the Space occupied by the mobile home, the total rental payments paid by the Very Low Income Resident on the mobile home and the Space occupied by the mobile home (excluding any supplemental rental assistance from the State, the federal government, or any other public agency to that Very Low Income Resident or on behalf of that Space and mobile home) shall not exceed one-twelfth of 30% of 50% of Median Income for the Area, as adjusted for household size in the manner set forth in the Regulatory Agreement.

The 2005 Valley Village Regulatory Agreement defines "Very Low Income Residents" as individuals or families with an Adjusted Income, as calculated in the manner determined by the Secretary of the Treasury in accordance with Section 142(d)(2)(B) of the Code, that does not exceed 50% of the Median Income for the Area, as most recently determined by the Secretary of the Treasury pursuant to Section 142(d)(2)(B) of the Code, adjusted for household size as set forth below. In no event, however, will the occupants of a Space be considered to be Very Low Income Residents if all the occupants are students, as defined in Section 151(c)(4) of the Code, as such may be amended, no one of which is entitled to file a joint federal income tax return.

Household Size	Adjustment
1	70 %
2	80
3	90
4	100
5	108
6	116
7	124
8	132

Valley Village is also subject to a Regulatory Agreement and Declaration of Restrictive Covenants (the "2014 Valley Village Regulatory Agreement") among the Authority, the Trustee and the Borrower. Among other things, the 2014 Valley Village Regulatory Agreement provides that 20% of the spaces at Valley Village must be rented to Very Low Income Residents and imposes limitations on the amount of rent that the Borrower may charge for such spaces rented to Very Low Income Residents. While the prior Regulatory Agreement and the Rohnert Park Covenant are in effect, compliance with the terms thereof will satisfy the requirements of the 2014 Regulatory Agreement. For a more detailed discussion of the 2014 Regulatory Agreements, see "APPENDIX D – SUMMARY OF PRINCIPAL LEGAL DOCUMENTS – THE REGULATORY AGREEMENTS."

According to a Property Condition Assessment prepared by Lawrence O. McDermott, RCE/PLS, dated March 3, 2014 (the "Inspection Report"), Valley Village will need approximately $5,350 in repairs within one year from the date of the Inspection Report, and additional repairs and replacements over a longer time frame, as summarized in the following table:

Table 11
Valley Village Mobile Home Estates
Repair and Replacement Projected Budget

Component:	**Year 1**	**Years 2-10**	**Years 11-35**	**Total**
Roads & Drainage	-	$79,000	$847,000	$926,000
Water System	-	-	-	$0
Sewer System	-	$10,000	$20,000	$30,000
Gas System	$2,175	$34,040	$80,181	$116,396
Electrical System	$2,175	$139,040	$186,714	$327,929
Buildings	-	$17,700	$231,700	$249,400
Landscape/Commons	$1,000	$13,000	$137,300	$151,300
Estimated Total Costs	$5,350	$292,780	$1,502,895	$1,801,025

Source: Lawrence O. McDermott RCE/PLS

These repairs and replacements will be funded initially from the Renewal and Replacement Fund and thereafter from net revenues deposited to such fund from the Projects.

The following table summarizes operating results for Valley Village for the last three fiscal years. Audited financial statements were used to prepare the following summary as to calendar years 2011 and 2012, and the financial statements used to prepare the summary as to calendar year 2013 are currently under audit.

Table 12
Valley Village Mobile Home Estates
Summary of Historical Operating Results

	Years Ended December 31,		
	2013	**2012**	**2011**
Income			
Rental Income	$ 2,032,929	$ 2,000,537	$ 1,945,956
Vacancies	(15,258)	(17,850)	(21,988)
Pass-Through Utility Income	431,640	425,733	426,796
Other Income	30,119	12,737	16,513
Total Income	2,479,430	2,421,157	2,367,277
Expenses			
Legal, accounting and professional	38,738	59,303	46,835
Insurance	23,649	25,345	25,723
Repairs and maintenance	61,835	66,232	47,456
General and administrative	34,267	56,984	37,051
Salaries and related expenses	166,236	166,607	152,766
Utilities	394,406	390,626	338,534
Licenses and permits	37,244	11,950	12,730
Property taxes	67,268	66,547	65,537
Professional management	86,097	84,477	82,375
Total Expenses	909,741	928,072	809,008
Net Operating Income	$ 1,569,689	$ 1,493,085	$ 1,558,270

Source: Caritas Affordable Housing, Inc.

2014 Projects

Aztec Mobile Home Estates. The Aztec Mobile Home Estates ("Aztec") is located at 7425 Church Street, Yucca Valley, California, a community of approximately 20,700 residents, in San Bernardino County. The immediate neighborhood is predominantly residential.

Aztec is a 165-space mobile home park, constructed in 1971 on approximately 17 acres. Residency at Aztec is age-restricted, in that it is operated as a senior citizen housing development in which at least one occupant of the space is required to be at least 55 years of age. Amenities at Aztec include a recreation center with an assembly room, service kitchen, game room, restrooms with showers, billiards room, exercise room, indoor spa, pool, sauna, changing rooms, indoor storage, laundry room, and dog park. Cable television is directly metered and paid by residents. Electricity, gas, and water are sub-metered and paid by residents.

In 2011, the California Regional Water Quality Control Board passed a resolution that will prohibit discharge from septic tanks in the Town of Yucca Valley. The prohibition will be effective in phases, beginning May 19, 2016. In response, the Hi-Desert Water District, which provides water services to the Town of Yucca Valley, is currently developing a sewer system and wastewater treatment facilities. Residents will be required to connect to the sewer system once available, and may be fined up to $5,000 daily by the Board if they continue to discharge from septic tanks in violation of the resolution. Aztec lies within the initial phase, and will be subject to the prohibition against septic tank discharge effective May 19, 2016. For the purpose of funding any required hook-in costs to the new sewer system payable by Borrower, the seller has agreed to finance up to $500,000 towards the cost of the new sewer system payable by Borrower. Pursuant to their purchase and sale agreement, the seller has agreed to deposit $500,000 from his sale proceeds into a Holdback Escrow Account with Fidelity National Title Company pursuant to a Holdback Escrow Agreement, evidencing its purchase of $500,000 Mobile Home Park Second Subordinate Revenue Bonds (Taxable), Series 2014C-T (the "Series 2014C-T Bonds"). Under the terms of the Holdback Escrow Agreement, amounts may be disbursed to Borrower from the Holdback Escrow Account upon presentation of contracts and invoices for such hook-in costs, with the total amount disbursed representing a draw down of the principal amount of the Series 2014C-T Bonds, provided that any amounts not disbursed within four years of the establishment of the Holdback Escrow Account must be released to the seller. In the event that no disbursements are made from the Holdback Escrow Account, upon termination of the Escrow Agreement, amounts in the Holdback Escrow Account will be disbursed to the seller against surrender of the Series 2014C-T Bonds for cancellation. The Town of Yucca Valley may also permit landowners to finance sewer hook-in costs through a special assessment.

The mobile home mix consists of 165 double-wide units. As part of the acquisition, the Seller expects to transfer to Borrower approximately 14 of the mobile homes upon acquisition. As of September 2013, Aztec's occupancy rate was 98%.

According to an appraisal of Aztec dated as of September 26, 2013 and prepared by Neet, the market value of Aztec as of September 26, 2013 was $10,700,000. The Borrower is acquiring the park for a purchase price of $10,650,000, of which $10,320,000 will be paid from the proceeds of the Series A and Series B Bonds, and $330,000 will be financed through the delivery to the seller of the Authority's Mobile Home Park Second Subordinate Revenue Bonds, Series 2014C. The following table prepared by the Appraiser summarizes the findings of the rental survey of competitive alternatives to Aztec.

Table 13
Aztec Mobile Home Estates
Market Rental Survey

RENTAL DATA NO.	1 (Subject)	2	3	4	5	6
PARK NAME	Aztec Mobile Home Park	Gates of Spain	Country Club MHE	Apache Mobile Park	Royal Crest MHP	Fairway Mobile Estates
ADDRESS, CITY	7425 Church Street, Yucca Valley	7501 Palm Ave, Yucca Valley	54999 Martinez Trail, Yucca Valley	56254 29 Palms Hwy, Yucca Valley	7484 Kickapoo Trail, Yucca Valley	55524 Yucca Trail, Yucca Valley
NO. SPACES	164	130	110	136	47	82
APPROX. AGE	42	37	40	50	52	unk
AGE RESTRICTION	Senior (55+)	Senior (55+)	Senior (55+)	Senior (55+)	Senior (55+)	Senior (55+)
SINGLEWIDE SPACES (%)	0%	0%	10%	25%	60%	95%
SINGLEWIDE UNITS (%)	36%	2%	10%	25%	60%	95%
OCCUPANCY	98%	100%	97%	96%	100%	88%
FEATURES & AMENITIES	Pool, Spa, Sauna, Clubhouse	Clubhouse, Spa, Billiards	Laundry, Storage, Indoor Spa, Pool, Clubhouse	Pool, Indoor Spa, Clubhouse, Laundry, Shuffleboard	Pool	Pool, Recreation Facility
VEHICLE STORAGE FEE	$7.50	$13.00	$50.00	$20.00	N/A	N/A
RENTAL RATES:						
RENT RANGE-LOW	$430.00	$465.00	$453.00	$315.00	$400.00	
RENT RANGE-HIGH	$495.00	$480.00	$453.00	$315.00	$400.00	
APPROX. AVG. RENT	$455.16	$470.00	$453.00	$315.00	$400.00	
TRANSFER RATE-LOW	$470.00	$465.00	$453.00	$315.00	$400.00	$360.00
TRANSFER RATE-HIGH	$470.00	$480.00	$453.00	$315.00	$400.00	$360.00
NEW MOVE-IN RATE-LOW	$470.00	$465.00	$453.00	$315.00	$400.00	$360.00
NEW MOVE-IN RATE-HIGH	$470.00	$480.00	$453.00	$315.00	$400.00	$360.00
LESSOR PAID SERVICES	Sewer	Sewer, Trash	Sewer, Trash	None	None	Sewer
ADJUSTMENT	$0.00	-$15.00	-$15.00	$15.00	$15.00	$0.00
SERVICE ADJUSTED RATES:						
RENT RANGE-LOW	$430.00	$450.00	$438.00	$330.00	$415.00	
RENT RANGE-HIGH	$495.00	$465.00	$438.00	$330.00	$415.00	
APPROX. AVG. RENT	$455.16	$455.00	$438.00	$330.00	$415.00	
TRANSFER RATE-LOW	$470.00	$450.00	$438.00	$330.00	$415.00	$360.00
TRANSFER RATE-HIGH	$470.00	$465.00	$438.00	$330.00	$415.00	$360.00
NEW MOVE-IN RATE-LOW	$470.00	$450.00	$438.00	$330.00	$415.00	$360.00
NEW MOVE-IN RATE-HIGH	$470.00	$465.00	$438.00	$330.00	$415.00	$360.00
RENTAL AGREEMENT	MtM	1 Yr	1 Yr, MtM	MtM	1 Yr	MtM
INCREASES	$15 Jan 2012	Last Inc 4/2013	No recent increase	No inc in 7 yrs	Last Inc 2012	unk
RENT CONTROL	No	No	No	No	No	No
QUALITY	Good	Good	Good	Average-Good	Average	Average
CONDITION	Good	Good	Good	Average-Good	Average	Fair

Source: John P. Neet, MAI

Aztec is subject to a Regulatory Agreement and Declaration of Restrictive Covenants (the "2014 Aztec Regulatory Agreement") among the Authority, the Trustee and the Borrower. Among other things, the 2014 Aztec Regulatory Agreement provides that 20% of the spaces at Aztec must be rented to Very Low Income Residents and imposes limitations on the amount of rent that the Borrower may charge for such spaces rented to Very Low Income Residents. For a more detailed discussion of this Regulatory Agreement, see "APPENDIX D – SUMMARY OF PRINCIPAL LEGAL DOCUMENTS – THE REGULATORY AGREEMENTS."

According to a Phase I Environmental Site Assessment by Property Condition Assessments, LLC, dated September 26, 2013, there is no evidence of recognized environmental conditions at Aztec. Accordingly, no action is required to be taken.

According to a Property Condition Assessment prepared by Property Condition Assessments, LLC, dated November 11, 2013 (the "Inspection Report"), Aztec will need approximately $111,900 in repairs within one year from the date of the Inspection Report, and additional repairs and replacements over a longer time frame, as summarized in the following table:

Table 14
Aztec Mobile Home Estates
Repair and Replacement Projected Budget

Component:	**Year 1**	**Years 2-10**	**Years 11-35**	**Total**
Site Improvements	$20,750	$68,870	$195,480	$285,100
Structural	-	-	-	-
Building Exterior	$1,000	$14,620	$42,480	$58,100
Roofing	-	-	$57,340	$57,340
Building Interiors	$10,000	-	$15,000	$25,000
Limited Disabled-Access Review	$63,000	-	-	$63,000
HVAC	-		$26,250	$26,250
Plumbing Systems	$13,650	$69,250	$12,000	$94,900
Electrical Systems	$3,500	$18,000	-	$21,500
Fire/Life-Safety Systems	-	-	-	-
Vertical Transportation	-	-	-	-
Public Records Review	-	-	-	-
Estimated Total Costs	$111,900	$170,740	$348,550	$631,190

Source: Property Condition Assessments, LLC

These repairs and replacements will be funded initially from a deposit of Bond proceeds to the Repair and Replacement Fund and thereafter from available net revenues deposited to such fund from the Projects.

The following table summarizes operating results for Aztec for the last three fiscal years. The financial statements used to prepare the following summary have not been audited and were not prepared in accordance with generally accepted accounting principles. The operating results shown below could differ significantly from those that would have been obtained if audits had been performed and if such statements had been prepared in accordance with such principles.

Table 15
Aztec Mobile Home Estates
Summary of Historical Operating Results

	Years Ended December 31,		
	2013	**2012**	**2011**
Receipts			
Rental Income	$ 903,600	$ 897,370	$ 862,155
Vacancies	(31,490)	(30,550)	(28,550)
Pass-Through Utility Income	225,250	219,831	221,404
Other Income	12,595	10,727	10,070
Total receipts	1,109,955	1,097,378	1,065,079
Operating disbursements			
Legal, accounting and professional	-	500	-
Insurance	10,445	10,361	9,979
Repairs and maintenance	4,129	7,685	8,402
General and administrative	3,266	3,423	3,603
Salaries and related expenses	54,503	54,679	50,702
Utilities	228,642	212,287	230,881
Licenses and permits	6,161	5,695	5,381
Property taxes	80,244	79,822	77,311
Professional management	44,398	44,075	42,538
Total operating disbursements	431,788	418,527	428,797
Excess of receipts over operating disbursements	$ 678,167	$ 678,851	$ 636,282

Source: Caritas Affordable Housing, Inc., based on information provided by the Seller.

Desert Sands Estates. Desert Sands Estates ("Desert Sands") is located at 45111 25th Street East, Lancaster, California in Los Angeles County. The immediate neighborhood is predominantly residential.

Desert Sands is a 123-space mobile home park, constructed in 1989 on approximately 18 acres. Residency at Desert Sands is unrestricted as to age. Amenities include a recreational center with assembly room, pool, service kitchen, billiards room, fitness room, pool, spa, restrooms, ball court, and playground. Cable television is directly metered and paid by residents. Electricity, gas, and water are sub-metered and paid by residents. Sewer is included in rent.

The mobile home mix consists of 123 double-wide units. As of August 2013, the occupancy rate of Desert Sands was 100%.

According to an appraisal of Desert Sands dated September 3, 2013 and prepared by Neet, the market value of Desert Sands as of August 22, 2013 was $4,500,000. The Borrower and the City of Lancaster are parties to a Purchase and Sale Agreement pursuant to which the Borrower has agreed to purchase Desert Sands for a price of $4,000,000 from the proceeds of the Bonds. The following table prepared by the Appraiser summarizes the findings of the rental survey of competitive alternatives to Desert Sands:

Table 16
Desert Sands Estates
Market Rental Survey

RENTAL DATA NO.	1 (Subject)	2	3	4	5	6
PARK NAME	Desert Sands Estates	Lancaster Estates	Friendly Village	Chapparal MHP	Brierwood MHE	Bel Air Estates
ADDRESS, CITY	45111 25th Street East, Lancaster	45465 25th Street East, Lancaster	1301 E. Aveue I, Lancaster	1501 E. Avenue I, Lancaster	45800 Challenger Way, Lancaster	2121 E. Avenue I, Lancaster
NO. SPACES	123	302	464	94	308	130
APPROX. AGE	24	25	43	29	43	30
AGE RESTRICTION	Unrestricted Age	Unrestricted Age	Unrestricted Age	Unrestricted Age	Unrestriced Age	Unrestricted Age
SINGLEWIDE SPACES (%)	0%	0%	0%	0%	10%	0%
SINGLEWIDE UNITS (%)	0%	3%	10%	0%	30%	0%
OCCUPANCY	100%	100%	100%	99%	99%	96%
FEATURES & AMENITIES	Pool, Spa, Sauna, Clubhouse	Pool, Spa, Clubhouse, Tennis	Pool, Spa, Clubhouse, Laundry	Pool, Spa, Clubhouse, Playground	Pool, Spa, Clubhouse	Pool, Clubhouse, Tennis
VEHICLE STORAGE FEE	$15.00	$30.00	$40.00	$20.00	$10.00	$25.00
RENTAL RATES:						
RENT RANGE-LOW	$353.86	$375.00	$399.00	$375.00	$330.00	
RENT RANGE-HIGH	$373.21	$475.00	$459.00	$575.00	$450.00	
APPROX. AVG. RENT	$361.96	$425.00	$430.00	$490.00	$400.00	
TRANSFER RATE-LOW	$373.21	$375.00	$399.00	$375.00	$330.00	$400.00
TRANSFER RATE-HIGH	$373.21	$475.00	$459.00	$575.00	$450.00	$400.00
NEW MOVE-IN RATE-LOW	$373.21	$475.00	$399.00	$375.00	$330.00	$400.00
NEW MOVE-IN RATE-HIGH	$373.21	$475.00	$459.00	$575.00	$450.00	$400.00
LESSOR PAID SERVICES	Sewer	None	None	None	None	None
ADJUSTMENT	$0.00	$15.00	$15.00	$15.00	$15.00	$15.00
SERVICE ADJUSTED RATES:						
RENT RANGE-LOW	$353.86	$390.00	$414.00	$390.00	$345.00	
RENT RANGE-HIGH	$373.21	$490.00	$474.00	$590.00	$465.00	
APPROX. AVG. RENT	$361.96	$440.00	$445.00	$505.00	$415.00	
TRANSFER RATE-LOW	$373.21	$390.00	$414.00	$390.00	$345.00	$415.00
TRANSFER RATE-HIGH	$373.21	$490.00	$474.00	$590.00	$465.00	$415.00
NEW MOVE-IN RATE-LOW	$373.21	$490.00	$414.00	$390.00	$345.00	$415.00
NEW MOVE-IN RATE-HIGH	$373.21	$490.00	$474.00	$590.00	$465.00	$415.00
RENTAL AGREEMENT	10 Year Lease	MtM, 3 Yr, 5 Yr Lease	MtM	MtM, 5 Yr Lease	5, 10, 30 Yr Lease	All on long term lease
INCREASES	Annual, Last 8/2013, 3.2%	Annual, 2013 3% on Anniv Date	Inc will be 10/2013 based on CPI	Annual based on CPI	Annual 3.2% 8/2013	Annual
RENT CONTROL	Lancaster	Lancaster	Lancaster	Lancaster	Lancaster	Lancaster
QUALITY	Good	Good	Good	Good	Average	Good
CONDITION	Good	Average-Good	Average-Good	Good	Average	Good

Source: John P. Neet, MAI

Desert Sands is subject to the same rental control ordinance described above for Friendly Village. Desert Sands is subject to a Regulatory Agreement executed in connection with a 1997 bond financing, which expires on August 12, 2052 (the "1997 Desert Sands Regulatory Agreement"). The 1997 Desert Sands Regulatory Agreement provides that: (a) not less than 20% of the spaces at Desert Sands must be designated as Very Low Income Spaces (as defined therein); and (b) not less than 40% of the spaces at Desert Sands must be designated as Lower Income Spaces (as defined therein). The monthly rent for Very Low Income Spaces is limited as follows: (a) where a Very Low Income Resident is both the registered and legal owner of the mobile home and is not making mortgage payments for the purchase of that mobile home, the total rental charge for occupancy of the Space (excluding a reasonable allowance for other related housing costs determined at the time of acquisition of the Project by the Borrower and excluding any supplemental rental assistance from the State, the federal government, or any other public agency to the Very Low Income Resident or on behalf of the Space and the mobile home) shall not exceed one-twelfth of 30% of 50% of Median Income for the Area, adjusted for household size in the manner set forth in the Regulatory Agreement; and (b) where a Very Low Income Resident is the registered owner of the mobile home and is making mortgage payments for the purchase of that mobile home, the total rental charge of occupancy of the Space (excluding any charges for utilities and storage and excluding any supplemental rental assistance from the State, the federal government, or any other public agency to the Very Low Income Resident or on behalf of the Space and the mobile home), shall not exceed one-twelfth of 15% of 50% of Median Income for the Area, adjusted for household size in the manner set forth in the Regulatory Agreement.

The 1997 Desert Sands Regulatory Agreement defines "Very Low Income Residents" as individuals or families with an Adjusted Income, as calculated in the manner determined by the Secretary of the Treasury in accordance with Section 142(d)(2)(B) of the Code, that does not exceed 50% of the Median Income for the Area, as most recently determined by the Secretary of the Treasury pursuant to Section 142(d)(2)(B) of the Code, adjusted for household size as set forth below. In no event, however, will the occupants of a Space be considered to be Very Low Income Residents if all the occupants are students, as defined in Section 151(c)(4) of the Code, as such may be amended, no one of which is entitled to file a joint federal income tax return.

Household Size	Adjustment
1	70 %
2	80
3	90
4	100
5	108
6	116
7	124
8	132

The 1997 Desert Sands Regulatory Agreement defines "Lower Income Residents" as individuals or families with an Adjusted Income, as calculated in the manner determined by the Secretary of the Treasury in accordance with Section 142(d)(2)(B) of the Code, that does not exceed 80% of the Median Income for the Area, as most recently determined by the Secretary of the Treasury pursuant to Section 142(d)(2)(B) of the Code, adjusted for household size based on the following assumptions: two persons will occupy a single-wide mobile home and three persons will occupy a multisectional mobile home.

Desert Sands is also subject to a Regulatory Agreement and Declaration of Restrictive Covenants (the "2014 Desert Sands Regulatory Agreement") among the Authority, the Trustee and the Borrower. Among other things, the 2014 Desert Sands Regulatory Agreement provides that 20% of the spaces at Desert Sands must be rented to Very Low Income Residents and imposes limitations on the amount of rent that the Borrower may charge for such spaces rented to Very Low Income Residents. While the prior Regulatory Agreement is in effect, compliance with the terms thereof will satisfy the requirements of the 2014 Regulatory Agreement. For a more detailed discussion of this Regulatory Agreement, see "APPENDIX D – SUMMARY OF PRINCIPAL LEGAL DOCUMENTS – THE REGULATORY AGREEMENTS."

According to a Phase 1 Environmental Site Assessment of Property Condition Assessments, LLC, dated September 16, 2013, there is no evidence of recognized environmental conditions at Desert Sands. Accordingly, no action is required to be taken.

According to a Property Condition Assessment prepared by Property Condition Assessments, LLC, dated November 11, 2013 (the "Inspection Report"), Desert Sands will need approximately $135,857 in repairs within one year from the date of the Inspection Report, and additional repairs and replacements over a longer time frame, as summarized in the following table:

Table 17
Desert Sands Estates
Repair and Replacement Projected Budget

Component:	**Year 1**	**Years 2-10**	**Years 11-35**	**Total**
Site Improvements	$41,907	$68,657	$175,971	$286,535
Structural	-	-	-	-
Building Exterior	-	$6,780	$27,120	$33,900
Roofing	$5,000	-	-	$5,000
Building Interiors	-	-	-	-
Limited Disabled-Access Review	$57,000	-	-	$57,000
HVAC	$7,500	-	$30,000	$37,500
Plumbing Systems	$10,700	$52,700	$7,500	$70,900
Electrical Systems	$13,750	$63,000	-	$76,750
Fire/Life-Safety Systems	-	-	-	-
Vertical Transportation	-	-	-	-
Public Records Review	-	-	-	-
Estimated Total Costs	$135,857	$191,137	$240,591	$567,585

Source: Property Condition Assessments, LLC

These repairs and replacements will be funded initially from the Renewal and Replacement Fund and thereafter from net revenues deposited to such fund from the Projects.

The following table summarizes the operating results for Desert Sands for the last three fiscal years. The financial statements of this Project used to prepare the following have not been audited and were not prepared in accordance with generally accepted accounting principles. The operating results shown below could differ significantly from those that would have been obtained if audits had been performed and if such statements had been prepared in accordance with such principles.

Table 18
Desert Sands Estates
Summary of Historical Operating Results

	Years Ended December 31,		
	2013	**2012**	**2011**
Receipts			
Rental Income	$ 541,154	$ 526,843	$ 520,528
Delinquencies	(12,837)	(6,782)	(3,400)
Vacancies	(13,389)	(17,986)	(18,009)
Pass-Through Utility Income	180,355	176,576	182,676
Other Income	4,412	14,286	7,164
Total receipts	699,695	692,937	688,959
Operating disbursements			
Legal, accounting and professional	19,737	16,713	4,350
Insurance	6,901	7,227	6,806
Supplies	5,092	11,728	7,302
Repairs and maintenance	72,202	50,446	43,061
General and administrative	36,311	30,107	32,521
Salaries and related expenses	121,577	103,425	83,294
Utilities	203,310	191,044	187,036
Licenses and permits	1,623	1,414	423
Property taxes	275	1,804	347
Professional management	26,400	26,400	26,600
Total operating disbursements	493,428	440,308	391,740
Excess of receipts over operating disbursements	$ 206,267	$ 252,629	$ 297,219

Source: Caritas Affordable Housing, Inc., based on information provided by the Seller.

Sterling Shores Estates. Sterling Shores Estates ("Sterling Shores") is located at 5830 Robin Hill Drive in Lakeport, California on the western shore of Clear Lake. Lakeport, a community of approximately 5,000 residents, is in western Lake County. The immediate neighborhood is comprised of residential single-family subdivisions and several mobile home parks.

Sterling Shores is a 68-space mobile home park, constructed in 1980 on approximately 28 acres. Residency at Sterling Shores is age-restricted, in that it is operated as a senior citizen housing development in which at least one occupant of the space is required to be at least 55 years of age. The community clubhouse is a double-wide mobile home. Amenities include a pool, boat dock, and boat launch. Electric and cable television are directly metered and paid by residents. Water and sewer are not metered and are included in rent. Although the portion of the park that borders the shoreline of Clear Lake is indicated to be in a "special flood hazard area" (as defined in the Flood Disaster Protection Act of 1973), the requirement under the Loan Agreement for a Standard Flood Insurance Policy for any Project located in a special flood hazard area has been waived for Sterling Shores, on the grounds that such insurance is not reasonable or customary under the circumstances.

The mobile home mix consists of 66 double-wide units and two single-wide units. As of November 2013, the occupancy rate of Sterling Shores was 99%.

According to an appraisal of Sterling Shores dated October 14, 2013 and prepared by Neet, the market value of Sterling Shores as of November 1, 2013 was $5,450,000 which equals the purchase price for such park. The following table prepared by the Appraiser summarizes the findings of the rental survey of competitive alternatives to Sterling Shores.

Table 19
Sterling Shores Estates
Market Rental Survey

RENTAL DATA NO.	1 (Subject)	2	3	4	5
PARK NAME	Sterling Shores Estates	Perks Mobile Home Park	Lakeport Lagoons	Westwind Mobile Home Park	Bayview
ADDRESS, CITY	5830 Robin Hill Drive, Lakeport	4265 Lakeshore Blvd., Lakeport	1800 S. Main St., Lakeport	11270 Konocti Drive, Lower Lake	8920 Soda Bay Road, Kelseyville
NO. SPACES	68	51	96	41	83
APPROX. AGE	33	35	35	35	40
AGE RESTRICTION	Senior (55+)	Senior 55+	Senior 55+	Unrestricted Age	Unrestricted Age
SINGLEWIDE SPACES (%)	0%	0%	0%	51%	90%
SINGLEWIDE UNITS (%)	1%	10%	20%	51%	95%
OCCUPANCY	99%	100%	100%	98%	100%
FEATURES & AMENITIES	Pool, Boat Dock, Boat Launch	Clubhouse	Clubhouse, Pool, Docks	Pool, Dock, Boat Ramp	Lake Access, Docks
VEHICLE STORAGE FEE	No Charge	N/A	$20.00	N/A	N/A
RENTAL RATES:					
RENT RANGE-LOW	$492.00	$380.00	$612.00	$555.00	$589.00
RENT RANGE-HIGH	$829.00	$430.00	$743.00	$555.00	$651.00
APPROX. AVG. RENT	$576.12	$405.00	$665.00	$555.00	$625.00
TRANSFER RATE-LOW	$492.00	$380.00	$612.00	$555.00	$589.00
TRANSFER RATE-HIGH	$829.00	$430.00	$743.00	$555.00	$651.00
NEW MOVE-IN RATE-LOW	$492.00	$380.00	$612.00	$555.00	$589.00
NEW MOVE-IN RATE-HIGH	$615.00	$430.00	$743.00	$555.00	$651.00
LESSOR PAID SERVICES	None	Water, Sewer, Trash	None	None	Water, Sewer, Trash
ADJUSTMENT	$0.00	-$45.00	$0.00	$0.00	-$45.00
SERVICE ADJUSTED RATES:					
RENT RANGE-LOW	$492.00	$335.00	$612.00	$555.00	$544.00
RENT RANGE-HIGH	$829.00	$385.00	$743.00	$555.00	$606.00
APPROX. AVG. RENT	$576.12	$360.00	$665.00	$555.00	$580.00
TRANSFER RATE-LOW	$492.00	$335.00	$612.00	$555.00	$544.00
TRANSFER RATE-HIGH	$829.00	$385.00	$743.00	$555.00	$606.00
NEW MOVE-IN RATE-LOW	$492.00	$335.00	$612.00	$555.00	$544.00
NEW MOVE-IN RATE-HIGH	$615.00	$385.00	$743.00	$555.00	$606.00
RENTAL AGREEMENT	Month to Month	Month to Month	Month to Month	Month to Month	Month to Month
INCREASES	5/12: 6.2%	2013: $5	7/12 2.3%	2012: $5	No recent increase
RENT CONTROL	No	No	No	No	No
QUALITY	Average-Good	Average	Good	Average-Good	Average-Good
CONDITION	Good	Average	Good	Good	Good

Source: John P. Neet, MAI

Sterling Shores is not currently subject to a rent control ordinance. However, local media reported on November 1, 2013, that an initiative to impose rent control on age-restricted parks in Lake County has been certified by the County Clerk in October 2013 to have sufficient signatures to be placed on the June 2014 ballot. The initiative would roll back rents to June 2012 levels, limit annual increases to the same rate as the increase in Social Security payments, and disallow rent increases on the turnover of spaces. The rules would apply to any park with more than 80% of the homes having at least one resident over 55 years of age.

Sterling Shores is subject to a Regulatory Agreement and Declaration of Restrictive Covenants (the "2014 Sterling Shores Regulatory Agreement") among the Authority, the Trustee and the Borrower. Among other things, the 2014 Sterling Shores Regulatory Agreement provides that 20% of the spaces at Sterling Shores must be rented to Very Low Income Residents and imposes limitations on the amount of rent that the Borrower may charge for such spaces rented to Very Low Income Residents. For a more detailed discussion of this Regulatory Agreement, see "APPENDIX D – SUMMARY OF PRINCIPAL LEGAL DOCUMENTS – THE REGULATORY AGREEMENTS."

According to the Phase I Environmental Site Assessment dated November 8, 2013 by Global Realty Services Group, there is no evidence of recognized environmental conditions at Sterling Shores other than the possible presence of asbestos containing materials in the common use area structure.

According to a Property Condition Assessment prepared by Global Realty Services Group, dated November 8, 2013 (the "Inspection Report"), this Project will need approximately $5,000 in repairs within one-year from the date of the Inspection Report, and additional repairs and replacements over a longer time frame, as summarized in the following table:

Table 20
Sterling Shores Estates
Repair and Replacement Projected Budget

Component:	Year 1	Years 2-10	Years 11-35	Total
Site Improvements:				
Reseal asphalt pavement	-	$20,000	$80,000	$100,000
Asphalt Repair Allowance	-	$7,500	$22,500	$30,000
Pool Deck	$5,000	-	-	$5,000
Pool Liner	-	-	$10,000	$10,000
Pool Equipment	-	$3,500	$7,000	$10,500
Boat Dock Repair/Replacement	-	$3,000	$6,000	$9,000
Building Systems:				
Gas Fired Furnace – Clubhouse	-	$2,500	$2,500	$5,000
Condenser – Clubhouse	-	$3,500	$3,500	$7,000
Interior Elements:				
Clubhouse Finish Allowance	-	$5,000	$7,500	$12,500
Estimated Total Costs	$5,000	$45,000	$139,000	$189,000

Source: Global Realty Services Group

These repairs and replacements will be funded initially from a deposit of Bond proceeds to the Repair and Replacement Fund and thereafter from net revenues deposited to such fund from the Projects.

The following table summarizes the operating results for Sterling Shores for the last three fiscal years. The financial statements used to prepare the following have not been audited and were not prepared in accordance with generally accepted accounting principles. The operating results shown below could differ significantly from those that would have been obtained if audits had been performed and if such statements had been prepared in accordance with such principles.

Table 21
Sterling Shores Estates
Summary of Historical Operating Results

	Years Ended December 31,		
	2013	**2012**	**2011**
Receipts			
Rental Income	$ 468,613	$ 448,713	$ 432,960
Vacancies	(7,770)	(5,691)	-
Pass-Through Utility Income	38,166	38,166	38,166
Other Income	11,983	13,263	13,528
Total receipts	510,992	494,451	484,654
Operating disbursements			
Legal, accounting and professional	-	2,652	1,221
Insurance	6,263	6,244	5,557
Supplies	448	1,201	1,197
Repairs and maintenance	5,804	4,203	5,208
General and administrative	3,566	2,300	1,358
Salaries and related expenses	19,630	19,108	18,966
Utilities	49,194	48,298	45,336
Licenses and permits	1,315	1,323	1,322
Property taxes	30,973	30,188	29,933
Professional management	20,440	19,751	19,387
Total operating disbursements	137,633	135,268	129,485
Excess of receipts over operating disbursements	$ 373,359	$ 359,183	$ 355,169

Source: Caritas Affordable Housing, Inc., based on information provided by the Seller.

Management of the Projects

The Borrower covenants in the Loan Agreement that each of the Projects will be managed and operated at all times during the term of the Loan Agreement by a professional property manager or management company (the "Manager"), selected by the Borrower, which meets the requirements set forth in each applicable Regulatory Agreement. Pursuant to each Regulatory Agreement the manager must have at least three (3) years' experience in the operation and management of similar size rental housing projects, and at least one year's experience in the operation and management of rental housing projects containing income or rent restricted units, without any record of material violations of discrimination restrictions or other state or federal laws or regulations or local governmental requirements applicable to such projects. *The Borrower can or may be required to replace the Manager under certain circumstances as set forth in the Regulatory Agreement.*

For information concerning the Manager of the Projects, see "THE BORROWER – Project Manager."

Operation of the Projects

The Borrower is obligated under the Loan Agreement to use commercially reasonable efforts to fix, charge and collect (or cause to be fixed, charged and collected), to the extent permitted by law and subject to the Regulatory Agreements, rents, fees and charges in connection with the operation and maintenance of the Projects, such that for each Fiscal Year (1) the Debt Service Coverage Ratio with respect to the Senior Bonds will be at least 1.25 to 1 for any twelve consecutive month period, and (2) the Debt Service Coverage Ratio with respect to the Bonds will be at least 1.10 to 1 for any twelve consecutive month period.

Borrower is also required to use commercially reasonable efforts to ensure that the vacancy rate for each of the Projects will not be greater than 5% for any twelve-month period.

Borrower is also required to use commercially reasonable efforts to rent the Spaces in each Project to low – income tenants such that not less than 60% of the Spaces in each Project are eligible for real property tax abatement, or such lesser amount as will satisfy the debt service coverage requirements described above, provided that the income and rent restrictions imposed under the respective Regulatory Agreement and Permitted Encumbrances for such Project shall be counted towards meeting this requirement.

Projected Operating Results of the Projects

Set forth below is a table which projects income and expenses for the Projects and provides estimated Series 2014A Bond debt service coverage and Series 2014B Bond debt service coverage for the next five years.

The Project Forecasts were derived from pro forma combined statements of cash receipts and disbursements of the Projects for the prior three year period. The pro forma combined statements are derived from the historical unaudited financial statements of the Projects. In order to prepare the Forecasts, certain assumptions were made about increases in Operating Revenues and in Operation and Maintenance Costs during the forecast period which assumptions the Borrower believes to be reasonable.

The amounts set forth in the following table are forecasts only; there can be no assurance that such forecasts will be realized. The assumptions and estimates used to generate such forecasts, and certain qualifications with respect thereto, are as determined by management and based on management's beliefs as to the rental income, other income and expenses to be incurred based on current market conditions and management's experience.

Table 22
Projected Operating Results of the Projects

Year Ending	**12/31/2014*** **Year 1**	**12/31/2015** **Year 2**	**12/31/2016** **Year 3**	**12/31/2017** **Year 4**	**12/31/2018** **Year 5**
Income					
Rental Income	9,935,361	10,145,000	10,359,072	10,577,671	10,800,894
Vacancies	(82,912)	(84,627)	(86,378)	(88,165)	(89,989)
Pass-Through Utility Income	1,748,564	1,783,535	1,819,206	1,855,590	1,892,702
Other Income	232,382	221,068	125,506	126,789	128,099
Total Income	**11,833,395**	**12,064,976**	**12,217,406**	**12,471,886**	**12,731,706**
Expenses					
Legal, accounting and professional	293,904	317,782	324,137	330,620	337,233
Insurance	144,016	146,896	149,834	152,831	155,887
Supplies	-	-	-	-	-
Repairs and maintenance	423,010	431,470	440,100	448,902	457,880
General and administrative	247,905	252,863	257,921	263,079	268,341
Salaries and related expenses	1,088,146	1,109,909	1,132,107	1,154,750	1,177,845
Utilities	2,212,047	2,256,288	2,301,414	2,347,442	2,394,391
Utility Loan Payment	6,120	6,120	6,120	6,120	6,120
Licenses and permits	71,619	73,052	74,513	76,003	77,523
Property taxes	236,357	240,830	245,393	250,047	254,794
Professional management	414,169	422,275	427,610	436,517	445,611
Total Expenses	**5,137,293**	**5,257,485**	**5,359,148**	**5,466,310**	**5,575,624**
Net Operating Income	**6,696,102**	**6,807,491**	**6,858,258**	**7,005,576**	**7,156,083**
Add: 2014A Reserve Fund Earnings	121,246	121,246	121,246	121,246	121,246
Total Income Available for Senior Debt Service	**6,817,348**	**6,928,738**	**6,979,504**	**7,126,822**	**7,277,329**
Series 2014A Debt Service	**3,629,843**	**3,629,843**	**3,629,843**	**3,629,843**	**3,629,843**
Senior Debt Service Coverage	**1.88**	**1.91**	**1.92**	**1.96**	**2.00**
Cashflow after Senior Debt Service	**3,187,505**	**3,298,895**	**3,349,661**	**3,496,979**	**3,647,486**
Less: Bond Trustee		5,500	5,500	5,500	5,500
Less: CMFA's Annual Fee		44,860	44,860	44,860	44,860
Less: Oversight Agent	16,800	33,600	33,600	33,600	33,600
Less: S & P Rating Surveilance Fee		5,000	5,000	5,000	5,000
Less: Replenishment Repair & Replacement Fund		89,797	389,627	159,864	66,354
Add: 2014B Reserve Fund Earnings	28,797	28,797	28,797	28,797	28,797
Total Income Available for Sub. Debt Service	3,199,502	3,148,935	2,899,871	3,276,952	3,520,969
Series 2014B Debt Service	921,750	921,750	921,750	921,750	921,750
All-In Coverage	**1.50**	**1.49**	**1.43**	**1.52**	**1.57**
Surplus Cashflow	2,277,752	2,227,185	1,978,121	2,355,202	2,599,219

** Full year basis*

Source: Caritas Affordable Housing, Inc.

THE BORROWER

Neither the Authority nor the Underwriter has made any independent investigation of the information presented herein as to the Borrower. Such information has been provided solely by the Borrower, and neither the Authority nor the Underwriter guarantees the accuracy or completeness of such information, nor do they assume any responsibility or liability therefor.

Organization

The Borrower is a California non-profit public benefit corporation. The mission of the Borrower and its sister corporation, The Caritas Corporation, also a California non-profit public benefit corporation, is to own and operate affordable housing projects and create vibrant communities where quality of life, resident involvement and caring are priorities. The members of the Board of Directors of the Borrower also serve on the Board of Directors of The Caritas Corporation, and the day-to-day business affairs of both corporations are managed by the same executive officers.

Pursuant to the Loan Agreement, the Borrower has retained The Caritas Corporation to provide asset management services.

The Borrower was established on March 26, 1998. The Borrower received a determination letter from the Internal Revenue Service as to its status as an organization described in Section 501(c)(3) of the Code dated February 23, 1999, and a letter from the State of California Franchise Tax Board confirming its exemption from State franchise or income tax on January 22, 1999.

The Caritas Corporation was established on September 16, 1996. The Caritas Corporation received a determination letter from the Internal Revenue Service as to its status as an organization described in Section 501(c)(3) of the Code dated October 24, 1996 and confirmed on April 21, 2010, and a letter from the State of California Franchise Tax Board confirming its exemption from State franchise or income tax on January 8, 1998.

The Caritas Corporation currently owns five mobile home parks. Such parks are listed below:

Mobile Home Park	Location
Rancho del Arroyo	Oceano, California
Town & Country	Fresno, California
Valle Verde	San Marcos, California
Franciscan	Fresno, California
El Dorado Palms	Yucaipa, California

The Caritas Corporation is the sole member of Caritas Acquisitions I, LLC, which was established as a California limited liability company on July 13, 2010 by action of the Board of Directors of The Caritas Corporation. Caritas Acquisitions I, LLC currently owns six mobile home parks. Such parks are listed below:

Mobile Home Park	Location
Bahia	Garden Grove, California
Emerald Isle	Garden Grove, California
Mountain View	Palmdale, California
Brierwood	Lancaster, California
Castle City	Newcastle, California
Casa Grande	Vacaville, California

None of the other mobile home parks owned by the Borrower, The Caritas Corporation, or Caritas Acquisitions I, LLC are pledged as security for the Series 2014 Bonds and the Bondholders have no lien or claim on these mobile home parks or their respective revenues.

Board of Directors

The following persons are members of the current Board of Directors of the Borrower and The Caritas Corporation:

Robert R. Redwitz, Chairman of the Board, President and Chief Executive Officer. Mr. Redwitz is the founder (1975) and managing principal of Robert R. Redwitz & Co., an Accounting & Consulting Corporation, which has offices in Irvine, La Jolla and San Jose, California, and a staff of approximately twenty persons. Mr. Redwitz has extensive experience in real estate development and transactional analysis, general and subcontractor construction companies, management consulting and HR training companies, and non-profit companies, with special emphasis on school and low-income mobile home parks. His work is mainly within management consulting related to business strategic planning and formation, business acquisitions and dispositions, accounting systems, and tax issues.

Mr. Redwitz is also the founder (1997) and principal of The GDR Group, which has offices in Irvine, La Jolla and San Jose, California and a staff of approximately eighty people. The GDR Group is a "total solutions company" specializing in computer system designs, software and hardware selection, purchase and installation, network configurations, web page development and maintenance, training of computer personnel, and 24/7 system management.

Mr. Redwitz received a Bachelor of Arts Degree from St. John's Seminary College in Camarillo, California with a major in Philosophy and a minor in English. In 1973 he received a Bachelor of Science degree from the University of Southern California in Los Angeles, California with a major in Accounting. In 1973, Mr. Redwitz received his license to practice as a Certified Public Accountant. He is also a member of the American Institute of Certified Public Accountants and the California Society of CPA's. From 1970 to 1975, Mr. Redwitz held multiple positions within two CPA firms in the Southern California area. In 1975, Mr. Redwitz formed Robert R. Redwitz & Co., An Accounting & Consulting Corporation in Irvine, California. In 1997, Mr. Redwitz formed The GDR Group with two principals to specialize in computer systems, software and hardware. Mr. Redwitz is the founding Chairman of the Board and shareholder of Partners Bank of California and is currently a Co-Chairman of the Board. Founded in 2007, Partners Bank of California is a community business bank with an office in Mission Viejo, California.

Charles Packard, Executive Board Member. Mr. Packard is the Founder and has been Chief Executive Officer of The Packard Group, a real estate investment company, since its founding in 1985. He is also the sole real estate industry expert for the Mooers Strategy Group, a southern California-based business strategy consulting firm. Mr. Packard was a Founder, member of the Board of Directors, and a member of the Executive Committee for Elite Financial Group LLC, Leveraged Life, Inc., and Elite Finance Company from 2003 to 2004. Elite Financial Group is a provider of financial products and services affiliated with the insurance industry. He was formerly Chief Operating Officer and a Founder of Greentrac.com Inc., an international business-to-business internet-based electronic purchasing system from 2000 to 2003.

Prior to founding Greentrac, Mr. Packard was a Senior Executive with Arnel & Affiliates, the holding company for the various Argyros Family business investments from 1977 to 1999. Mr. Packard's business experience includes: RBI Financial Inc. (formerly Seattle Mariners Management Corporation), The Argyros Foundation, and AirCal. From 1997 to 2003 Mr. Packard served as a Member of the Board of Directors, Chairman of the Executive Committee and Chairman of the Long-Range Planning Committee of CEC Properties, Inc. In addition, Mr. Packard was a Member of the Board of Directors, Chairman of the Audit Committee and previously Chairman of the Board of Directors Special Committee of Kaiser Ventures, Inc. from 1991 to 2001. Kaiser Ventures, Inc., the former Kaiser Steel Industries, Inc., had business interests in water distribution, land development, trash recycling, and landfill operations in Southern California.

Robert J. Thiergartner, Executive Board Member. Mr. Thiergartner serves as Chief Operating Officer of Davis Partners LLC, a Newport Beach-based company that builds, buys and manages institutional-quality industrial buildings, multi-tenant business parks and office properties throughout Southern California. Mr. Thiergartner is involved in all aspects of the acquisition, development, management, sales, finance and accounting of Davis Partners' commercial real estate business. Since joining Davis Partners in 1981, the company has acquired, arranged, negotiated and closed in excess of $750 million in acquisitions, loans and joint ventures.

Prior to joining Davis Partners in 1981, Mr. Thiergartner was an Audit Senior at Arthur Anderson & Co., where he was responsible for the audit and supervision of audit personnel for public and non-public commercial and real estate development, property management as well as construction companies and corporations.

Mr. Thiergartner received a Bachelor of Science in business administration with emphasis in accounting from California Polytechnic University, Pomona. He is a Certified Public Accountant in California and holds a Certificate in Commercial Real Estate from University of California, Irvine. Additionally, he is a member of the Urban Land Institute (ULI), Vice Chairman of the Small Scale Development Council Blue Flight, sits on the School Board at Santa Margarita Catholic High School and is involved with Legatus International.

<u>Thomas O. Redwitz, Executive Board Member</u>. Mr. Redwitz, brother of Robert R. Redwitz, is a partner and Southern California President of The New Home Company. He has more than 25 years of experience in real estate entitlement, development, architecture and construction. He served as the President of Laing Luxury Homes, a division of John Laing Homes. Under this leadership, Laing Luxury produced more than $1 billion in revenue. A licensed architect, Mr. Redwitz is known as a leader in new home design and has been recognized with multiple industry awards. In addition to his accomplishments at John Laing Homes, Thomas Redwitz served as Division President for Taylor Woodrow Homes and a Vice President for the Irvine Company. Mr. Redwitz holds a degree in Architecture from the University of California, Berkeley.

<u>Carol Mentor McDermott, Executive Board Member</u>. As a partner in <u>Government Solutions</u>, Ms. McDermott brings more than 30 years of experience in entitlement and community issues management to the clients of the firm. Ms. McDermott's recent experience has covered multiple agencies and communities in Orange, Los Angeles and San Diego Countries in working with elected and appointed officials, city and county staff, community, business and environmental organizations. Her strength is in directing large and small teams of professionals on complex land use projects and conducting community outreach to effectively address community issues which leads to approvals for clients.

Recent projects include a senior affordable housing community for Lennar in Tustin; a senior apartment community in Costa Mesa; a senior living community for the Diocese of Orange in North Tustin; in Newport Beach a 17-lot custom home community on the waterfront, 179 home condominium for Lennar Homes adjacent to Fashion Island, a mixed use project on Newport Bay and a major LLP Amendment for the Dana Point Harbor, all approved by the Coastal Commission; a residential community in Glendora for William Lyon Homes, and shopping centers in north San Diego County. These projects reflect the sophistication and credibility of the approach Government Solutions and Ms. McDermott use to benefit clients. In addition, Ms. McDermott provided pro-bono consulting to The Balboa Theatre Foundation and obtained an approval for the restoration of a historic theatre on Balboa Peninsula from the Coastal Commission. Other key clients include C.J. Segerstrom and Sons, Host Marriott, Irvine Ranch Water District, Hoag Hospital, and the Golden Rain Foundation.

As a former Corporate Officer and Vice President of Entitlement and Community Relations for the Irvine Company, Ms. McDermott directed entitlement projects and community relations programs for the nation's largest master planned urban environment on almost 54,000 acres of land it owned in Orange County. Her long career also includes experience as a staff member in the Planning Department of both a small city and the County of Los Angeles.

Ms. McDermott's community involvement includes serving as a Board Member of Irvine Health Foundation, a Board Member of Caritas, a former Board Member of both the Pacific Club and Hoag Hospital, past Chairman of Irvine Medical Center, former Board Member of the Orange County Performing Arts Center, the Laguna Canyon Foundation, and a wide variety of civic and charitable organizations. She has been widely honored, receiving awards from the Sales & Marketing Council of the Building Industry Association, OC Metro Magazine, Orange County Red Cross, Irvine Chamber, Irvine Education Foundation and YWCA. She is a member of BIA, a Full member of the Urban Land Institute and the American Institute of Certified Planners.

Alisa Freundlich, Executive Board Member. Alisa Freundlich is a Principal of Highroad Investment Group, LLC, based in Los Angeles, CA. Highroad Investment Group, LLC is a real estate investment-consulting firm, which specializes in advising clients on property acquisitions, leasing and financing options, due diligence procedures, as well as providing asset management oversight for commercial real estate investments. As an Owner's Advisor, Ms. Freundlich has considerable experience and expertise in structuring acquisitions and operating commercial real estate assets.

Ms. Freundlich has been a transactional real estate attorney in California for over 25 years. Her main strength is in complex commercial real estate matters, where creative and practical solutions are required. Ms. Freundlich holds a Masters of Law degree from Pepperdine University, with an emphasis in alternative dispute resolution. She is active in numerous charitable activities.

Management

The day-to-day business affairs of the Borrower are conducted by and through its executive officers, Robert R. Redwitz & Co., an Accounting and Consulting Corporation, which provides asset management services, and consultants and independent advisors.

Robert R. Redwitz is the President and Chief Executive Officer of the Borrower. Jennifer Riva-Kirk, C.P.A., Senior Vice President of Finance, prepares all financial reports for The Caritas Corporation, the Borrower, Caritas Acquisitions I, LLC and their respective properties. John Woolley is Chief Operating Officer and Jennifer Riva-Kirk is Chief Financial Officer. Brief biographies of the senior management team of the Borrower are set forth below.

A brief description of Mr. Redwitz is set forth in the preceding section, "Board of Directors."

Jennifer Riva-Kirk, Senior Vice President of Finance and Chief Financial Officer. Ms. Riva-Kirk received her Bachelor of Science degree in Business Administration with a concentration in Accounting from California State University, Fullerton in 1995. She has extensive experience in real estate development and non-profit entities. In 1996 Ms. Riva-Kirk joined Robert R. Redwitz & Co., an Accounting and Consulting Corporation and in 1998 she received her license to practice as Certified Public Accountant in California. Ms. Riva-Kirk is currently the regional managing principal of Robert R. Redwitz & Co., an Accounting & Consulting Corporation's San Jose office. Since 1998, she has worked on the financial and reporting requirements of each of the mobile home parks of the Borrower, The Caritas Corporation, and Caritas Acquisitions I, LLC.

John Woolley, Chief Operating Officer. Mr. Woolley was the founder, President and Chief Executive Officer of J & M Realty Company from 1980 through 2012. J&M Realty served a diverse group of clients in the planning, design, development, marketing and disposition of institutional quality apartment communities. Its clients included publically traded real estate investment trusts, financial institutions, private investors and off-shore investment companies. Over the years J&M Realty Company successfully opened, marketed and disposed of more than 7,500 apartment units in the western United States.

Mr. Woolley began his career in real estate management in 1973 with the William Walters Company. He left William Walters Company in 1979, to become Chief Operating Officer of Arnel Management Company, where he supervised a portfolio of 4,000 apartment units. In 1980 he co-founded Gutweiler-Woolley Properties Inc., the predecessor to J&M Realty Company.

Mr. Woolley was a licensed real estate broker in California and Arizona and a Certified Property Manager, CPM®, a professional designation awarded to select individuals by the Institute of Real Estate Management (IREM), a division of the National Association of Realtors. He served on The Caritas Corporation Board of Directors from 2001 to 2004.

Project Manager

The Borrower has engaged Birtcher Anderson Realty Management, Inc., a California corporation doing business as Birtcher Anderson Properties ("BAP"), as the manager of the 2003 Projects and the 2005 Project and intends to engage BAP as the manager of the 2014 Projects. The Borrower, The Caritas Corporation, and Caritas Acquisitions I, LLC have previously entered into agreements with BAP, pursuant to which BAP currently manages all of the other mobile home parks of the Borrower, The Caritas Corporation, and Caritas Acquisitions I, LLC. A listing of such parks is set forth in the above section, "Organization." BAP has a long history of successfully providing third party asset management, property management and marketing/leasing services. These services have been performed on behalf of major financial institutions, public realty funds, and private investors.

With the acquisition of the 2014 Projects, the Borrower will enter into additional property management agreements with BAP for management of the 2014 Projects, under similar terms and conditions as exist under current management agreements (the "Management Agreements"). These additional Management Agreements will be effective upon the close of escrow for the acquisition of the 2014 Projects.

The Management Agreements will have an initial three-year term that is automatically renewed on an annual basis. Either the Borrower or BAP will have the absolute, unconditional right to terminate the agreement without cause upon thirty (30) days' written notice delivered to the other party. The party serving such notice must also provide a copy of such notice to the Authority.

Pursuant to the BAP Management Agreements, BAP will be paid a percentage of the gross income from each Project of 3.5%.

No assurance can be given that BAP will continue to manage the Projects during the term of the Series 2014 Bonds. However, as described above under "THE PROJECTS - Management of the Projects," any replacement manager must meet the requirements set forth in the Regulatory Agreement.

Oversight Agent

Wolf & Company Inc. ("Wolf") has agreed to serve as the initial Oversight Agent under an Oversight Agreement, dated as of June 1, 2014, between Wolf and the Borrower, to monitor the Borrower's compliance with certain provisions of the Loan Agreement and the Regulatory Agreements. Wolf is a housing, financial and insurance advisory firm that provides services to state and local governments, insurance companies, mortgage bankers, investment bankers and institutional investors in the areas of affordable housing programs, with a specialized emphasis on program administration, compliance and oversight agent services.

Wolf is the Oversight Agent on thirty-five (35) mobile home parks backed by revenue bonds in California, including all of the Projects currently owned by the Borrower. Wolf currently provides administration/oversight agent duties for the City of La Verne, for Independent Cities Lease Finance Authority financed parks located in the City of Carpinteria, City of Capitola, City of Fresno (2), City of Brea (Rancho Brea), City of Lancaster (2-including Friendly Village), City of Vista (2-Estrella de Oro and Vista Manor), City of Hermosa Beach, City of Montclair (3), City of Morgan Hill, City of Palm Springs, City of Rohnert Park (3), City of Salinas, City of San Marcos, County of San Mateo, City of San Juan Capistrano, City of Santa Rosa, City of Yucaipa (3), and California Municipal Finance Authority financed parks located in the Town of Windsor, City of Garden Grove (2), City of Lancaster, Town of Newcastle, City of Palmdale, and the City of Vacaville.

Wolf is also the program administrator/compliance agent on the County of San Bernardino's 1997, 1999, 2000, 2001 and 2002 Single Family Mortgage Programs.

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APPENDIX B

CONSOLIDATED FINANCIAL STATEMENTS OF THE CARITAS CORPORATION AND AFFILIATES FOR THE FISCAL YEARS ENDED DECEMBER 31, 2012, AND 2011

The Bonds are limited obligations of Caritas Affordable Housing, Inc., secured solely by the Projects and the revenues therefrom, and are not a general credit of Caritas Affordable Housing, Inc., nor are they a debt or credit of Caritas Corporation or its subsidiary or secured by any of their properties.

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THE CARITAS CORPORATION
AND AFFILIATES
CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2012 and 2011

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
The Caritas Corporation (A California nonprofit public benefit corporation) & Affiliates
Irvine, California

We have audited the accompanying consolidated financial statements of The Caritas Corporation (a California nonprofit public benefit corporation) & Affiliates, which comprise the consolidated statements of financial position as of December 31, 2012 and 2011, and the related consolidated statements of activities, and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

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Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of The Caritas Corporation and Affiliates as of December 31, 2012 and 2011, and the changes in their net assets and their cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matter

Our audits were conducted for the purpose of forming an opinion on the basic consolidated financial statements as a whole. The supplementary information on pages 19-21 is presented for purposes of additional analysis and is not a required part of the basic consolidated financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the consolidated financial statements. The information has been subjected to the auditing procedures applied in the audits of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the consolidated financial statements as a whole.

Berger Lewis Accountancy Corporation

BERGER LEWIS ACCOUNTANCY CORPORATION
San Jose, California
June 24, 2013

THE CARITAS CORPORATION AND AFFILIATES
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
DECEMBER 31, 2012 and 2011

	2012	2011
ASSETS		
Current assets		
Cash and cash equivalents	$ 1,020,718	$ 385,450
Short term investment	-	150,000
Restricted cash available for current debt service	6,043,464	4,297,790
Rents receivable, net of allowance for doubtful accounts	93,730	150,432
Prepaid expenses	109,693	666,476
Notes receivable, current portion	14,180	16,722
Total current assets	7,281,785	5,666,870
Property and equipment, net	142,798,502	104,929,144
Other assets		
Deposits	14,049	12,449
Notes receivable, net of current portion	273,724	323,491
Assets held for sale	119,078	
Restricted cash - net of current portion available for debt service	15,088,814	11,478,893
Intangible assets, net of accumulated amortization	9,963,042	9,003,455
Total other assets	25,458,707	20,818,288
Total assets	$ 175,538,994	$ 131,414,302
LIABILITIES		
Current liabilities		
Accounts payable	$ 682,242	$ 462,571
Accrued interest	3,650,942	2,715,856
Accrued expenses	273,931	87,641
Deferred revenue	13,640	8,090
Refundable security deposits	138,205	94,199
Notes payable, current portion	730,000	1,085,653
Total current liabilities	5,488,960	4,454,010
Long term liabilities		
Notes payable, net of current portion	173,185,000	129,340,000
Total liabilities	178,673,960	133,794,010
NET DEFICIT		
Unrestricted	(4,334,966)	(3,579,708)
Temporarily restricted	1,200,000	1,200,000
Total net deficit	(3,134,966)	(2,379,708)
Total liabilities and net deficit	$ 175,538,994	$ 131,414,302

See accompanying notes to consolidated financial statements

THE CARITAS CORPORATION AND AFFILIATES
CONSOLIDATED STATEMENTS OF ACTIVITIES
FOR THE YEARS ENDED DECEMBER 31, 2012 and 2011

	2012	2011
UNRESTRICTED NET ASSETS		
Support and revenues		
Net rental income	$ 17,588,855	$ 14,499,641
Other income	4,279,908	3,538,966
Total support and revenues	21,868,763	18,038,607
Expenses		
Park maintenance and utilities	5,106,846	3,973,889
Management and general	4,460,557	3,907,099
Taxes and insurance	1,057,706	1,000,403
Depreciation and amortization	2,216,458	1,577,128
Interest	9,778,780	7,783,011
Ancillary program expenses	3,674	-
Total expenses	22,624,021	18,241,530
Change in unrestricted net assets (deficit)	(755,258)	(202,923)
Net deficit, beginning of year	(2,379,708)	(2,176,785)
Net deficit, end of year	$ (3,134,966)	$ (2,379,708)

THE CARITAS CORPORATION AND AFFILIATES
CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2012 and 2011

	2012	2011
Cash flows from operating activities:		
Changes in unrestricted net assets (deficit)	$ (755,258)	$ (202,923)
Adjustments to reconcile changes in unrestricted net assets (deficit) to net cash provided by operating activities:		
Depreciation and amortization	2,216,458	1,577,128
(Gain) loss on disposal of equipment	(18,784)	(21,756)
Write off on notes receivable	37,736	68,774
Unrealized loss (gain) on investments in restricted cash	-	(90,600)
Changes in operating assets and liabilities:		
Rents receivable, net of allowance	(25,580)	45,923
Prepaid expenses	556,783	(460,740)
Restricted cash	(1,410,582)	(196,937)
Deposits	(1,600)	-
Accounts payable	219,671	130,219
Accrued interest	935,086	260,993
Accrued expenses	186,290	(332,027)
Deferred revenue	5,550	(7,726)
Refundable security deposits	44,006	5,891
Net cash provided by operating activities	1,989,776	776,219
Cash flows from investing activities:		
Short term investment	150,000	(150,000)
Purchase of property and equipment	(442,633)	(656,015)
Cash proceeds on sale of property and equipment	49,000	3,125
Intangible assets	(2,999)	-
Assets held for sale	(36,796)	-
Principal collections on notes receivable	14,573	16,332
Net cash used in investing activities	(268,855)	(786,558)
Cash flows from financing activities:		
Notes payable – repayments	(1,085,653)	(1,143,193)
Net cash used in financing activities	(1,085,653)	(1,143,193)
Net increase (decrease) in cash and cash equivalents	635,268	(1,153,532)
Cash and cash equivalents, beginning of year	385,450	1,538,982
Cash and cash equivalents, end of year	$ 1,020,718	$ 385,450

Supplemental disclosures

Cash paid for interest totaled $8,843,694 in 2012 and $7,522,020 in 2011.

Non-cash investing activities during 2011 include the issuance of notes receivable in the amount of $45,500 in conjunction with the sale of mobile homes.

Non-cash financing activities during 2012 include the acquisitions of mobile home parks and purchase of equipment in the amount of $44,575,000.

During 2012 and 2011, construction in progress in the amount of $52,145 and $39,323, respectively, was placed in service and capitalized in property and equipment.

Note 1 - Organization and summary of significant accounting policies

Organization and nature of activities

The Caritas Corporation and its affiliates, Caritas Affordable Housing, Inc. and Caritas Acquisitions I, LLC (together the "Corporation") have been organized to lessen the burdens of government by working with local governmental entities to provide and maintain affordable housing projects, including mobile home parks, primarily in the southern California area. The Caritas Corporation and Caritas Affordable Housing, Inc. are both California nonprofit public benefit corporations. Caritas Acquisitions I, LLC is a single member LLC and the sole member is The Caritas Corporation.

Both Caritas Affordable Housing, Inc. and Caritas Acquisitions I, LLC are under the common control of the Board of Directors of The Caritas Corporation.

The Corporation is supported primarily through monthly rental payments from residents.

Tax status

The Caritas Corporation and Caritas Affordable Housing, Inc. are nonprofit organizations as described in Section 501(c)(3) of the Internal Revenue Code and are exempt from federal and state income taxes. Caritas Acquisitions I, LLC as a disregarded single member LLC for federal income tax purposes is also exempt from federal income tax. The LLC is exempt from state franchise or income tax under California Revenue and Taxation Code Section 23701(h).

Generally Accepted Accounting Principles provide accounting and disclosure guidance about positions taken by an organization in its tax returns that might be uncertain. Management has considered its tax positions and believes that all of the positions taken by the Corporation in its federal and state tax returns are more likely than not to be sustained upon examination. The Corporation's returns for the years ended December 31, 2009, 2010 and 2011, are subject to examination by federal and state taxing authorities, generally for three years after they are filed.

Principles of consolidation

The Caritas Corporation publishes consolidated financial statements, which are its primary financial statements. These financial statements include the accounts of Caritas Affordable Housing, Inc. and Caritas Acquisitions I, LLC, commonly controlled affiliates. All significant intercompany accounts and transactions have been eliminated in the consolidation.

Basis of presentation

The financial statements are presented in conformity with FASB ASC 958, *Financial Statements of Not-for-Profit Organizations*. Under the ASC 958, the Corporation has reflected amounts related to its financial position and activities in three classes of net assets – permanently restricted, temporarily restricted, and unrestricted.

Unrestricted net assets include unrestricted operating cash and other resources including property and equipment that are available for support of the Corporation's operation.

Temporarily restricted net assets include donor restricted contributions that will be reclassified to unrestricted net assets when the restrictions are satisfied either by the passage of time or by accomplishing the purpose. As of December 31, 2012 and 2011, temporarily restricted net assets included a contribution from the City of Rohnert Park for the rehabilitation of Valley Village Mobile Home Park in the amount of $1,200,000. The temporarily restricted net assets will be released from restriction in 2060 as long as the Corporation is in compliance with all terms and conditions of the City of Rohnert Park's Affordable Housing Covenant.

At December 31, 2012 and 2011 the Corporation did not have any permanently restricted net assets.

Note 1 - Organization and summary of significant accounting policies (continued)

Use of estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires the Corporation's management to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expense during the reporting period. Actual results could differ from those estimates.

Cash and cash equivalents

The Corporation considers all highly liquid investments with a maturity of three months or less when purchased to be cash equivalents.

Cash consists of cash on hand and cash in demand deposit accounts. Not included in cash are funds restricted by the Board or the trustees as to their use, regardless of their liquidity, such as security deposits and restricted reserves. There were no cash equivalents as of December 31, 2012 and 2011.

The Corporation maintains its cash in bank deposit accounts which, at times, may exceed federally insured limits. The Corporation has not experienced any losses in such accounts. Management believes it is not exposed to any significant risk on cash accounts.

Short term investment

The short term investment consists of a certificate of deposit account which matured June 2012. The fair value was measured utilizing Level 2 inputs as described below and approximates the original cost in the investment.

Fair value measurements

The Corporation adopted the provisions of ASC 820-10 (formerly SFAS No. 157, Fair Value Measurements). Under ASC 820-10, fair value is defined as "the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date."

ASC 820-10 establishes a hierarchy to prioritize the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest ranking to fair values determined using unadjusted quoted prices in active markets for identical assets (Level 1) and the lowest ranking to fair values determined using methodologies and models with unobservable inputs (Level 3). Observable inputs are those that market participants would use in pricing the asset based on market data obtained from sources independent of the Corporation. Unobservable inputs reflect the Corporation's assumption about the inputs market participants would use in pricing the asset or liability developed based on the best information available in the circumstances.

The fair value hierarchy is categorized into three levels based on the inputs as follows:

Level 1 - Values are unadjusted quoted prices for identical assets and liabilities in active markets accessible at the measurement date.

Level 2 - Inputs include quoted prices for similar assets or liabilities in active markets, quoted prices from those willing to trade in markets that are not active, or other inputs that are observable or can be corroborated by market data for the term of the instrument. Such inputs include market interest rates and volatilities, spreads and yield curves.

Level 3 - Certain inputs are unobservable (supported by little or no market activity) and significant to the fair value measurement. Unobservable inputs reflect the Corporation's best estimate of what hypothetical market participants would use to determine a transaction price for the asset or liability at the reporting date.

Note 1 - Organization and summary of significant accounting policies (continued)

Rents receivable

Rents receivable are stated at the amount management expects to collect from outstanding balances. Management provides for probably uncollectible amounts through a provision for bad debt expense and an adjustment to a valuation allowance based on its assessment of the current status of individual accounts. Balances that are still outstanding after management has used reasonable collection efforts are written off through a charge to the valuation allowance and a credit to rents receivable. Allowance for doubtful rents receivable as of December 31, 2012 and 2011 was $122,332 and $101,626, respectively.

Depreciation and amortization

Property and equipment are being carried at cost. Depreciation and amortization are calculated using the straight-line method over the following estimated useful lives:

Asset type	Years
Buildings	26-40
Land improvements	5-39
Furniture and fixtures	5-10
Equipment	5-7
Automobiles	5-7

Expenditures for major renewals and betterments in excess of $1,000 that extend the useful lives of property and equipment are capitalized. Expenditures for maintenance and repairs are charged to expense as incurred.

Accounting for impairment of long-lived assets

The Corporation reviews property and equipment for impairment whenever events or changes in circumstances indicate that the carrying value of the property and equipment may not be recoverable. Recoverability is measured by a comparison of the carrying amount of the asset to future net cash flows, undiscounted and without interest, expected to be generated by the asset. If assets are considered to be impaired, the impairment to be recognized is measured by the amount by which the carrying amount of the asset exceeds the fair value of the asset. As of December 31, 2012 and 2011, there were no events or changes in circumstances indicating that the carrying amount of the property and equipment may not be recoverable.

Subsequent events

Management evaluates events occurring subsequent to December 31, 2012 in determining the accounting for and disclosure of transactions and events that affect the financial statements. Subsequent events have been evaluated through June 24, 2013, which is the date the financial statements were available to be issued.

Note 2 - Notes receivable

Notes receivable for the sale of mobile homes to individuals at December 31, 2012 and 2011 consist of the following:

Note 2 - Notes receivable (continued)

	2012	2011
Notes receivable from individuals payable in monthly installments ranging from $110 to $399, including interest at rates varying from 0% up to 14% per annum, maturing at varying dates, secured by mobile homes.	$ 287,904	$ 340,213
Less current portion	(14,180)	(16,722)
Notes receivable, net of current portion	$ 273,724	$ 323,491

Maturities of these notes receivable are as follows:

Year ending December 31,	Amount
2013	$ 14,180
2014	13,799
2015	132,688
2016	38,941
2017	39,426
Thereafter	48,870
	$ 287,904

Note 3 - Property and equipment

Property and equipment consist of the following:

	2012	2011
Land	$ 86,290,604	$ 72,580,270
Buildings	37,023,029	35,923,629
Land improvements	29,792,156	6,071,852
Furniture and fixtures	243,763	230,550
Equipment	1,663,926	440,266
Automobiles	90,254	77,662
Construction in progress	66,491	87,508
	155,170,223	115,411,737
Accumulated depreciation	(12,371,721)	(10,482,593)
Property and equipment, net	$ 142,798,502	$ 104,929,144

Note 3 - Property and equipment (continued)

Depreciation expense for the years ended December 31, 2012 and 2011 was $1,897,845 and $1,276,902, respectively.

Certain provisions of loan and regulatory agreements restrict the use and disposition of land and other assets during the term of the agreement. Property and equipment are pledged as collateral for notes payable. See Note 6 for details.

Note 4 - Restricted cash

Restricted cash represents net operating cash flows from mobile home park operations and a portion of the proceeds from notes payable, as described in Note 6, which are held by financial institution-trustees (the "Trustees") and controlled solely by the municipal financing authorities or city redevelopment agencies (the "Agencies") to whom the notes are payable. The loan proceeds originated from bond issues arranged by the Agencies. The purposes of the funds are generally as follows:

Revenue Fund – All interest and other income received is retained in this fund. The Trustee withdraws and transfers amounts to other funds in order of priority.

Debt Service Fund – To pay bond principal and interest as it becomes due.

Debt Service Reserve Fund – To pay bond principal and interest as it becomes due if there are not sufficient funds in the Debt Service Fund.

Repair and Replacement Fund – A reserve for major repairs or replacements at the mobile home parks.

Administration Fund – For the payment of ordinary fees and expenses of Fiduciaries.

Surplus Fund – Amounts on deposit in the surplus fund are available for payment of debt service to remedy any shortfalls. If all debt service requirements are met, the Corporation has the ability to request funds from the Surplus Fund for expenses incurred related to new mobile home park acquisitions, repairs and improvements to the mobile home parks, administrative expenses related to the management of the mobile home parks or the repayment of outstanding indebtedness related to the mobile home parks.

Impound Fund – To pay property taxes and costs of maintaining insurance on the mobile home parks.

Operating Reserve Fund – Expenditures from this fund shall be used only (i) to make transfers to the Debt Service Fund, (ii) to pay extraordinary capital expenses or extraordinary operating expenses, and (iii) to reimburse the City, County, or the Authority any costs and expenses incurred directly from any lawsuit filed against the City, County or Authority not to exceed $50,000.

Project Fund – Deposits in the Project Fund shall be disbursed only to pay Project Costs, for example the acquisition of a mobile home park or major improvements to a mobile home park.

Rental Disbursement Account – Disbursements from this fund can be used for any purpose involving the use and operation of Bahia Village Mobile Home Park or Emerald Isle Mobile Home Park, including operating revenue for so long as the note payable to the City of Garden Grove is outstanding.

Fund balances may only be withdrawn upon written approval from officers of the Agencies and consist of the following at December 31, 2012 and 2011:

Note 4 - Restricted cash (continued)

	2012	2011
Revenue Funds	$ 37,737	$ 51,379
Debt Service Funds	2,866,650	2,013,420
Subordinate Debt Service Fund	973,860	683,157
Debt Service Reserve Funds	12,198,397	8,999,568
Repair and Replacement Funds	1,826,168	915,088
Administration Funds	201,904	94,880
Surplus Fund	580,317	203,747
Impound Fund	402,493	392,868
Operating Reserve Funds	984,066	858,338
Project Fund	560,558	1,064,238
Rental Disbursement Account	500,128	500,000
	$ 21,132,278	$ 15,776,683

Note 5 - Intangible assets

Intangible assets are amortized using the straight-line method over the term of the related notes (generally 30 to 45 years) and consist of the following:

	2012	2011
Bond cost of issuance	$ 7,293,236	$ 6,302,537
Original bond issue discounts	3,065,141	2,777,641
Refinancing costs	1,918,572	1,918,572
Closing costs	70,041	70,041
	12,346,990	11,068,791
Less accumulated amortization	(2,383,948)	(2,065,336)
	$ 9,963,042	$ 9,003,455

Amortization expense was $318,612 and $300,226 for the years ended December 31, 2012 and 2011, respectively.

Note 6 - Notes payable

Notes payable consist of the following:

	2012	2011
Note payable to the California Mobile Home Park Financing Authority, payable in various annual installments beginning March 2002, including interest at rates varying from 4.35% to 5.7% per annum, final payment due March 2036. The note is secured by a deed of trust in real property with an assignment of leases and rents, security agreement and fixture filing.	$ 8,180,000	$ 8,335,000
Note payable to the California Mobile Home Park Financing Authority, payable in various annual installments beginning March 2002, including interest at rates varying from 5.6% to 6.9% per annum, final payment due March 2036. The note is secured by a deed of trust in real property with an assignment of leases and rents, security agreement and fixture filing.	1,700,000	1,730,000
Notes payable to the City of Garden Grove, entire principal balance due September 2017. The note is non-interest bearing and is secured by a deed of trust in real property.	500,000	500,000
Note payable to City of San Marcos, payable in monthly interest only installments beginning June 1999, interest at 6.75% per annum, payable in full May 2029; secured by a deed of trust in real property with an assignment of leases and rents, security agreement and fixture filing.	6,000,000	6,000,000
Note payable to Independent Cities Lease Financing Authority, payable in various annual installments beginning August 2004, including interest at 3.96% to 5.375% per annum, final payment due September 2040; secured by a deed of trust in real property with an assignment of leases and rents, security agreement and fixture filing.	29,590,000	30,090,000
Note payable to Independent Cities Lease Financing Authority, payable in various annual installments beginning September 2004, including interest at 4.5% to 6.5% per annum, final payment due September 2040; secured by a deed of trust in real property with an assignment of leases and rents, security agreement and fixture filing.	5,795,000	5,870,000

Note 6 - Notes payable (continued)

	2012	2011
Notes payable to John Deere Credit, payable in monthly installments of $165 to $232, including interest at 3.99% per annum; secured by equipment. Final payments due April 2012.	$ -	$ 653
Note payable to Independent Cities Lease Finance Authority, payable in various installments beginning August 2009 including interest at rates varying from 3.55% to 4.70% per annum, final payment due August 2045; secured by a deed of trust in real property with an assignment of leases and rents, security agreement and fixture filing.	21,575,000	21,695,000
Note payable to Independent Cities Lease Finance Authority, payable in various installments beginning August 2009 including interest at rates varying from 6.00% to 9.00% per annum, final payment due August 2040; secured by a deed of trust in real property with an assignment of leases and rents, security agreement and fixture filing.	6,215,000	6,325,000
Notes payable to California Municipal Finance Authority, payable in various installments beginning August 2011 including interest at rates varying from 6.50% to 7.25% per annum, final payments due August 2045, secured by a deed of trust in real property with an assignment of leases and rents, security agreement and fixture filing.	49,785,000	49,880,000
Notes payable to California Municipal Finance Authority, payable in various installments beginning August 2012 including interest at rates varying from 4.50% to 7.25% per annum, final payments due August 2047, secured by a deed of trust in real property with an assignment of leases and rents, security agreement and fixture filing.	44,575,000	-
Total notes payable	173,915,000	130,425,653
Less current portion	(730,000)	(1,085,653)
Notes payable, net of current portion	$ 173,185,000	$ 129,340,000

Note 6 - Notes payable (continued)

Maturities of notes payable are as follows:

Year ending December 31,		Amount
2013	$	730,000
2014		680,000
2015		865,000
2016		1,870,000
2017		1,270,000
Thereafter		168,500,000
	$	173,915,000

Mandatory sinking fund deposits for payment of notes payable are as follows:

Year ending December 31,		Amount
2013	$	635,000
2014		795,000
2015		845,000
2016		965,000
2017		1,115,000
Thereafter		146,075,000
	$	150,430,000

The note agreements contain certain restrictions and covenants. Under the covenants of the note agreement with the City of San Marcos for the acquisition of Valle Verde Mobile Home Park, the Corporation was not in compliance with the minimum debt coverage calculation requirement of 120% of the annual debt service. The debt coverage for the year ended December 31, 2011 in relation to the City of San Marcos note payable was 115% of the annual debt service. The City of San Marcos has not exercised its rights under an event of default. The Corporation was in compliance with the minimum debt coverage requirement as of December 31, 2012. The Corporation is not aware of any other non-compliance with covenants of other notes payable outstanding as of December 31, 2012 and 2011.

Note 7 - Lease commitment

The Corporation is obligated under a five year lease with a related party (see Note 9) for its office facility in Irvine, California expiring in December 2013. Monthly lease payments are $2,176. The following is a schedule of future minimum rental payments required under the lease:

Year ending December 31,	Amount
2013	$ 26,108

Rental expense for the years ended December 31, 2012 and 2011 was $26,108.

Note 8 - Concentrations of credit risk

Financial instruments that potentially subject the Corporation to concentrations of credit risk consist principally of rents and notes receivable. Concentrations of credit are limited with respect to these rents receivable due to the large number of tenants comprising the Corporation's residents and their dispersion across different geographic locations. As of December 31, 2012 and 2011, the Corporation's uninsured cash balance totaled approximately $279,073 and $0, respectively.

As discussed in Note 4, the restricted cash balance is held by trustees and controlled by the Agencies. It is the policy of the Corporation to continually monitor the credit standing of the Trustee investments.

Note 9 - Related-party transactions

An entity which is controlled by an officer of the Corporation provided accounting and consulting services of $896,349 and $758,400 for the years ended December 31, 2012 and 2011, respectively. In 2012 $812,833 of the services provided were classified as accounting services and $83,517 of the services represent consulting services capitalized into the 2012 financing transaction. In 2011 $599,530 of the services provided were classified as accounting services and $158,870 represent consulting services included in prepaid expenses in relation to the financing transaction completed in 2012. Accounts payable at December 31, 2012 and 2011 include approximately $156,874 and $153,475 due to this related party.

An entity that is partially owned by an officer of the Corporation, provided technology consulting services and furnished computer hardware in the amounts of $61,318 and $65,773 for the years ended December 31, 2012 and 2011, respectively. The services provided were classified as computer equipment/services in both years. Accounts payable at December 31, 2012 and 2011 include approximately $5,798 and $5,328 due to this related party.

The Corporation moved its banking relationship to Partners Bank of California in February of 2008. One of the officers of the Corporation is the Chairman of the Board and a shareholder of the bank. Fees paid to the bank for the years ended December 31, 2012 and 2011 were $1,060 and $2,247, respectively.

The Corporation entered into a lease for its administrative offices in Irvine, California effective January 1, 2009, with an entity that is partially owned by an officer of the corporation. The rental payments for the years ended December 31, 2012 and 2011 was $26,108. See Note 7.

Note 10 - Compensated absences

Employees of the Corporation are entitled to paid vacation and paid sick days, depending on job classification, length of service and other factors. It is impracticable to estimate the amount of compensation for future absences and accordingly, no liability has been recorded in the accompanying financial statements. The Corporation's policy is to recognize the costs of compensated absences when actually paid to employees.

Note 11 - Net assets (deficit)

On October 16, 2003 the Corporation refinanced long-term debt relative to the acquisition of five mobile home park projects owned by the Corporation: Friendly Village of Lancaster, Hacienda Mobile Estates, Estrella de Oro Mobile Home Park, Vista Manor Mobile Home Park and Rancho Brea Mobile Home Park. The Corporation incurred a loss of approximately $5.2 Million relative to extinguishing the existing debt. The loss was classified as a loss on debt extinguishment in the consolidated statement of activities for the year ended December 31, 2003 and is the primary factor contributing to the deficit in net assets as of December 31, 2012.

Note 12 - Fair value of financial instruments

For cash and cash equivalents, short-term investment, restricted cash, rents receivable, prepaid expenses, accounts payable and other current liabilities, the carrying amount approximates the fair value because of the immediate or short-term nature of those instruments.

The fair value of the notes payable to the Agencies at December 31, 2012 was estimated to be $176,679,312. The fair value is based on trading prices of the underlying bonds as of December 31, 2012 and trading prices of similar instruments.

The carrying values and fair values of the Corporation's financial instruments are as follows at December 31, 2012:

	Carrying Amount	Fair Value
Financial assets:		
Cash and cash equivalents	$ 1,020,718	$ 1,020,718
Restricted cash	21,132,278	21,132,278
Rents receivable (net of allowance for doubtful accounts)	93,730	93,730
Prepaid expenses	109,693	109,693
Notes receivable	287,904	287,904
Financial liabilities:		
Current liabilities excluding notes payable	4,758,960	4,758,960
Notes payable	173,915,000	176,679,312

The information is intended to include fair value of financial instruments and does not include fair value of property and equipment.

Note 13 – Defined contribution plan

The Corporation sponsors a discretionary 401(k) and profit sharing plan covering substantially all of its employees. Company contributions for the years ended December 31, 2012 and 2011 were $4,800 and $0.

Note 14 – Contingency

In 2012 the Corporation became aware of a potential error in the tax opinion provided by legal counsel for the 2001 bond financing through California Mobile Home Park Financing Authority for the acquisition of three of its mobile home parks. This potential error could cause some of the tax exempt bonds issued by California Mobile Home Park Financing Authority to lose their tax exempt status. The Corporation has voluntarily made the Internal Revenue Service aware of this potential error through a filing with the Tax Exempt Bond Voluntary Closing Agreement Program (TEB VCAP). This filing was submitted to the Internal Revenue Service on August 30, 2012 and as of the date of this report the Corporation has not received a conclusion from the TEB VCAP as to whether an error does exist, the financial impact to the Corporation if an error was made in the original tax opinion or how this matter will be resolved with the Internal Revenue Service.

SUPPLEMENTARY INFORMATION

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THE CARITAS CORPORATION AND AFFILIATES
SCHEDULE I
STATEMENT OF ACTIVITIES BY FINANCING POOL AND AFFILIATES
FOR THE YEAR ENDED DECEMBER 31, 2012

	ICLFA 2003/2005 Mobile Home Park Financing Pool	CMFA 2010/2012 Mobile Home Park Financing Pool	Fresno/Oceano 2001 Mobile Home Park Financing Pool	Valle Verde Mobile Home Park	Caritas Corporation	Eliminations	Total
Support and revenues							
Net rental income	$ 7,585,723	$ 7,691,858	$ 1,527,427	$ 804,377	$ (20,530)	$ -	$ 17,588,855
Other income	1,522,179	2,026,875	399,542	322,328	403,874	(394,890)	4,279,908
Total support and revenues	9,107,902	9,718,733	1,926,969	1,126,705	383,344	(394,890)	21,868,763
Expenses							
Park maintenance and utilities	2,002,366	2,167,150	524,178	409,213	3,939	-	5,106,846
Management and general	1,783,326	1,597,677	437,719	197,849	839,572	(395,586)	4,460,557
Taxes and insurance	507,944	442,912	67,313	29,732	9,805	-	1,057,706
Depreciation and amortization	1,013,873	969,555	158,732	74,131	167	-	2,216,458
Interest	3,456,728	5,339,624	577,381	405,000	47	-	9,778,780
Program Expenses	-	-	-	-	3,674	-	3,674
Total expenses	8,764,237	10,516,918	1,765,323	1,115,925	857,204	(395,586)	22,624,021
Change in unrestricted net assets	$ 343,665	$ (798,185)	$ 161,646	$ 10,780	$ (473,860)	$ 696	$ (755,258)

THE CARITAS CORPORATION AND AFFILIATES
SCHEDULE II
STATEMENT OF ACTIVITIES - ICLFA 2003/2005 MOBILE HOME PARK FINANCING POOL
FOR THE YEAR ENDED DECEMBER 31, 2012

	ICLFA 2003/2005 Mobile Home Park Financing Pool							
	Friendly Village	Hacienda	Rancho Brea	Vista Manor	Estrella De Oro	Valley Village	Caritas Affordable Housing	Total
Support and revenues								
Net rental income	$ 2,022,177	$ 1,177,714	$ 903,226	$ 854,966	$ 644,953	$ 1,982,687	$ -	$ 7,585,723
Other income	185,442	138,457	192,389	308,979	177,542	449,772	69,598	1,522,179
Total support and revenues	2,207,619	1,316,171	1,095,615	1,163,945	822,495	2,432,459	69,598	9,107,902
Expenses								
Park maintenance and utilities	393,314	350,453	263,531	270,678	206,326	518,064	-	2,002,366
Management and general	375,152	288,651	147,161	147,509	172,120	325,894	326,839	1,783,326
Taxes and insurance	104,632	119,654	35,202	95,365	61,199	91,892	-	507,944
Depreciation and amortization	123,343	83,544	113,260	96,671	70,805	314,813	211,437	1,013,873
Interest	-	-	-	-	-	1,320	3,455,408	3,456,728
Program Expenses	-	-	-	-	-	-	-	-
Total expenses	996,441	842,302	559,154	610,223	510,450	1,251,983	3,993,684	8,764,237
Change in unrestricted net assets	$ 1,211,178	$ 473,869	$ 536,461	$ 553,722	$ 312,045	$ 1,180,476	$ (3,924,086)	$ 343,665

THE CARITAS CORPORATION AND AFFILIATES

SCHEDULE III

STATEMENT OF ACTIVITIES - CMFA 2010/2012 MOBILE HOME PARK FINANCING POOL

FOR THE YEAR ENDED DECEMBER 31, 2012

	CMFA 2010/2012 Mobile Home Park Financing Pool								
	El Dorado Palms	Bahia Village	Mountain View	Emerald Isle	Castle City	Casa Grande	Brierwood	Caritas Acquisitions	Total
Support and revenues									
Net rental income	$ 999,617	$ 1,675,732	$ 1,349,157	$ 898,630	$ 950,618	$ 799,128	$ 1,018,976	$ -	$ 7,691,858
Other income	447,054	132,028	434,927	110,193	171,797	224,095	327,152	179,629	2,026,875
Total support and revenues	1,446,671	1,807,760	1,784,084	1,008,823	1,122,415	1,023,223	1,346,128	179,629	9,718,733
Expenses									
Park maintenance and utilities	450,650	204,007	424,535	178,783	220,314	272,184	416,677	-	2,167,150
Management and general	209,848	244,497	291,715	157,658	165,562	105,490	203,972	218,935	1,597,677
Taxes and insurance	49,215	19,235	177,637	54,237	56,110	41,181	45,297	-	442,912
Depreciation and amortization	79,378	96,487	95,202	51,995	273,504	163,098	136,482	73,409	969,555
Interest	-	-	-	-	-	-	-	5,339,624	5,339,624
Program Expenses	-	-	-	-	-	-	-	-	-
Total expenses	789,091	564,226	989,089	442,673	715,490	581,953	802,428	5,631,968	10,516,918
Change in unrestricted net assets	$ 657,580	$ 1,243,534	$ 794,995	$ 566,150	$ 406,925	$ 441,270	$ 543,700	$ (5,452,339)	$ (798,185)

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APPENDIX C

THE APPRAISALS

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REAL ESTATE APPRAISAL REPORT

STERLING SHORES ESTATES
5830 ROBIN HILL DRIVE
LAKEPORT, CALIFORNIA 95453
AS OF NOVEMBER 1, 2013

PREPARED FOR:
CARITAS CORPORATION

JOHN P. NEET, MAI

JOHN P. NEET, MAI

APPRAISAL & CONSULTING SERVICES FOR MANUFACTURED HOUSING COMMUNITIES AND RV PARKS

October 14, 2013

Mr. John Woolley, Chief Operating Officer
Caritas Corporation
5520 Trabuco Road
Irvine, CA 92620

Re: Sterling Shores Estates, 5830 Robin Hill Drive, Lakeport, California 95453

Mr. Woolley:

As requested and authorized by the letter of engagement dated August 22, 2013, I have appraised the captioned property for the purposes of expressing my opinion of its market value as defined. The interests appraised are those of the **Fee Simple** estate. This appraisal is being prepared in conjunction with the obtaining of financing using the subject as collateral for the issuance of municipal bonds. As a result of my investigation and analysis, it is my conclusion that the market value of the subject property, as of November 1, 2013, and subject to the assumptions, certification, and limiting conditions stated herein, was

FIVE MILLION FOUR HUNDRED FIFTY THOUSAND DOLLARS
$5,450,000

This appraisal and report is intended to comply with the following standards and agreements:

- The Scope of Work agreement between the appraiser and the client
- The Standards of Professional Practice and Code of Ethics of the Appraisal Institute
- The Uniform Standards of Professional Appraisal Practice (USPAP)

This appraisal has not been commissioned to comply with any appraisal contingency clause that may be a part of a sale agreement. The client is the person to whom the appraisal report is addressed, and the use of this appraisal to meet the requirements of an appraisal contingency clause is not an intended use of the appraisal.

This letter is part of the attached ***summary report*** which contains descriptions of the subject property, factual data, and my analysis of that data upon which the value conclusion is predicated in line with the scope of work agreed to. A summary of the scope of work is included on Pages 4 through 5. Please refer to the limiting conditions, certification, and assumptions contained on Pages 8 through 12.

The purpose, function, and intended use of this appraisal are described on Page 4.

Respectfully submitted,

John P. Neet, MAI
California General Appraisal Certificate No. AG003494; Certified through 3/14/2014

26845 JEFFERSON AVENUE, SUITE A
(951) 461-7755-VOICE
(951) 346-3558-FAX

MURRIETA, CA 92562
www.johnneet.com
appraisals@johnneet.com

Table of Contents

ADDENDA
Location Maps & Photographs of Subject and Comparables
Assessors Records (RealQuest)
Flood Zone
Provided Rent Roll, Income and Expense Records
Demographics
Appraiser Qualifications (CV)

Summary of Facts & Conclusions

LOCATION AND FEATURES		
LOCATION:	5830 Robin Hill Drive, Lakeport Lake County, CA	
CENSUS TRACT:	3.00	
ASSESSORS PARCEL IDENTIFICATION:	004-031-130	029-264-030
RECORD DATES:	Effective Date of Appraisal-	October 30, 2013
	Date of Inspection-	October 30, 2013
	Date of Report-	November 1, 2013
SITE AREA:	28.2	Acres (per Assessor)
	1,226,214	SF (per Assessor)
ZONING:	R1	
FLOOD HAZARD ZONE (FEMA):	X	
SEISMIC HAZARD ZONE (USGS):	4	
PRINCIPAL IMPROVEMENTS:	Number of Units (Total)-	68
	Year Built-	1980
	Amenities and Service-	Pool, Boat Dock, Boat Launch
	Other Facilities-	None
	Quality Rating-	Average-Good
	Overall Condition Rating-	Good
	Effective Age-	25
AGE RESTRICTION:	Senior (55+)	
INTEREST CONSIDERED:	Fee Simple	
ASSUMPTIONS AND CONCLUSIONS:		
HIGHEST AND BEST USE	As Though Vacant:	Development. See text for specifics.
	As Is:	Continue present use
EST. EXPOSURE TIME:	6 months or less	
EST. MARKETING TIME:	6 months or less	
SPECIAL CONSIDERATIONS:	See Pages 3-9. Reference made to interest appraised, approaches to value considered reliable, information not available to appraiser, assumptions made in analysis.	

VALUE CONCLUSIONS	**As-Is (Current Conditions)**	
INCOME & RATES:		
MH Sites Market Rental Rate (/Unit/Mo.)	$600.00	
MH Sites Avg. Contract Rental Rate (/Unit/Mo.)	$576.12	
MH Sites Projected Avg. Rental Rate (/Unit/Mo.)	$594.13	
Potential Gross Income:	$536,309	
Effective Gross Income:	$526,612	
Operating Expenses:	$172,651	
NOI:	$353,961	
Overall Capitalization Rate (Applied):	6.50%	
Overall Capitalization Rate (Implied):	6.49%	
INDICATED VALUES:	-	-
Cost Approach	Not Considered	
Income Approach (Direct Capitalization)	$5,450,000	
Sales Comparison Approach	$5,100,000	
ESTIMATED MARKET VALUE:	**$5,450,000**	
INSURABLE VALUE:	$41,000	
CONTRIBUTORY VALUE OF NON REALTY ITEMS:	$5,000	

Property Identification

The property that is the subject of this report is a mobile home park located at **5830 Robin Hill Drive, Lakeport, Lake County, California**. A precise legal description was not available, but the property is sufficiently described for appraisal purposes by the address and Assessor's Parcel Numbers.

Purpose of the Appraisal

The purpose of this appraisal is to estimate the market value of the subject property as defined on the Definitions page below.

Property Rights Appraised

The purpose of this appraisal is to estimate the market value, as defined herein, of the **Fee Simple** interest in the subject property subject to the current rental contracts.

In defining the relationship between space tenant and park owner, it should be noted that manufactured housing communities typically combine features of both fee simple and leased fee interests. While rental agreements between the homeowner and park owner are often made on a month–to-month basis, tenancies commonly last for many years making the relationship between lessor and lessee long term in nature. State laws and local ordinances also formalize the relationship beyond the month-to-month term. In addition, investors typically rely on contract rent as the basis for valuation. As a result, while this valuation is based on the fee simple interest, elements of the analysis of leased fee interests also affect the valuation.

Function of the Appraisal

It is my understanding that the appraisal is to be used to determine the adequacy of collateral for loan underwriting purposes. The use of this appraisal is invalid for any other purpose.

Client and Intended Users

This report is intended for use only by Caritas Corporation, its bond counsel and underwriters. Use of the report by others not named above is not intended by the appraiser or the client.

Scope of Work

The scope of this appraisal assignment involved the inspection of the subject property by Elizabeth Quirk and John P. Neet, MAI, interviews with the property owner and responsible parties, the collection and analysis of pertinent market data and other information, and the completion of the valuation analysis contained herein. Elizabeth Quirk and John P. Neet, MAI collected factual data utilized herein. John P. Neet, MAI, completed the appraisal analysis and the opinions stated herein are solely those of John P. Neet, MAI. The data collected and considered as well as the process of my reasoning is described throughout the report. This appraisal meets the requirements of USPAP Standard No. 1, and the report complies with the requirements of USPAP Standard No. 2. This appraisal is intended to be a **Complete Appraisal** under generally accepted standards of appraisal, although this is not a USPAP defined term.

The written appraisal is intended to be a **Summary Report** under USPAP Standard 2. Any limitations on the scope of work or reporting are found on Page 8.

Unit Type Conventions Used In Report

The subject, like a number of properties of this type, has income producing **units** that are comprised of a variety of types. These may include **mobile/manufactured home sites**, **recreational vehicle sites**, **site-built units** (apartments, detached residences), or **commercial units**. Analysis of these various types of units requires the units to sometimes be analyzed as individual components and sometimes as the total number of units. In this report, the term **units** speaks to the aggregate number, while descriptions or analysis of the individual unit types considers only the number of units included in the specific category. In the subject property, there are 68 mobile/manufactured home sites.

By industry convention, other income producing land divisions (such as campsites or vehicle storage spaces) are not included in the total number of units as described above.

Appraisal Record Dates

The appraisal record dates are stated in the Summary of Facts and Conclusions on Page 3.

Property Ownership

According to documents available to the appraiser, as of the date of the appraisal, the owner of the subject property was Shamrock Millco-Sterling Shores LLC. See Preliminary Title Report for full vesting information.

Recent Property History

The existing primary improvements were reportedly constructed in 1980, according to the property owner.

LoopNet reports that the property was listed for sale in 2012 (expired in March 2012) for an offering price of $5,700,000. Limited information was available regarding the offer to sell, and no information regarding offers was available from that time period.

At this time, the property is under contract of sale. The buyer is Caritas Affordable Housing, Inc., a CA non-profit public benefit corporation and the reported purchase price is to be $5,900,000. The sale is to be financed with the issuance of municipal revenue bonds. The sale includes an additional non-contiguous parcel of land that is not a part of this appraisal.

No other transactions regarding the subject property are known.

Real Estate Taxes

Current real estate taxes for the subject are reported as follows:

Assessors Parcel No.	Assessed Value	Tax Rate Area	Tax Rate	Ad Valorem Taxes	Direct Assessments	Total Taxes
004-031-130	$1,543,352	057-036	1.07523%	$16,594.58	$12,792.56	$29,387.14
029-264-030	$73,100	057-036	1.07523%	$785.99	$210.46	$996.45
Totals	$1,616,452			$17,380.58	$13,003.02	$30,383.60

Under California law, the property will be reassessed to current market value upon sale. The estimated tax expense used in the Income Approach is based upon the presumed reassessment to the value estimated in the Income Approach.

Exposure Time

Exposure time is defined as that period of time that the subject is offered for sale prior to sale at the value estimated in this appraisal. Exposure time, by definition, predates the appraisal date stated above. A reasonable projection requires the assumption that the property is properly priced and positions, professionally marketed, and has transferrable title. The following information is considered in the projection of exposure time

- A review of the mobile home park sales contained within my sales database that sold within the past 3 years indicates that the vast majority of mobile home parks sell within 180 days. Less than 3% of the sales within the database report marketing times of more than 180 days, and a significant majority report marketing times of less than 120 days.
- Interviews with industry specific brokers indicate projections of 30-120 days if the property is appropriately priced and widely marketed. Completion of the sale typically takes 30-60 days beyond the contract date, according to brokers.
- The marketing time for the properties used as sales comparables in this appraisal are reported in the Sales Comparison Approach. These are the most similar properties to the subject and are weighted heavily in the projection.

The market value estimated herein is based on an exposure time of 6 months or less, which appears to be a reasonable conclusion based on the data considered.

Marketing Time

Marketing time differs from exposure time, in that this is the period of time following the appraisal date that the property might take to sell if offered for sale at approximately the level of the market value estimated. The same data considered in the exposure time analysis is considered here, but it must be realized that events in the future may change and alter the estimated marketing period from that currently expected. However, it appears that the condition of the market in the next several months will not change significantly.

A marketing time of 6 months or less is considered a well-supported conclusion based on current market conditions.

Personal Property

Personal property necessary to achieve the net income projected for the subject includes maintenance and office equipment, recreation center furnishings and other minor items. Specifically, this does not include community owned homes, if any, which are outside of the scope of the valuation. The contributory value of this personal property to the whole is considered nominal in light of the estimated market value of the property. A rough estimate the contributory value of this personal property to the market value estimated herein is noted in the Summary of Facts and Conclusions on Page 3. This is based on the salvage value of the items.

According to information provided, there is one community owned mobile/manufactured home in the park that is used for park operations. This unit is considered in the appraisal, but has nominal value.

Appraiser Qualifications and Competence

The principal appraiser holds general appraiser certificates in this and other states, and is the holder of the MAI designation, indicating the base qualifications needed to appraise properties of this level of

complexity. As pertaining to this property type, the principal appraiser has performed valuation and counseling assignments involving over 3,500 manufactured housing communities, mobile home parks and RV parks, and as a result of this experience is qualified to complete this valuation assignment. Please refer to the appraiser's qualification statement in the Addenda.

Assumptions & Limiting Conditions

The Code of Professional Ethics and Standards of Professional Practice of the Appraisal Institute requires the appraiser to "clearly and unequivocally set forth all facts, assumptions, and conditions upon which the appraisal is based." In compliance with this requirement, and to assist the reader in interpreting this report, the general assumptions and limiting conditions are set forth as follows:

1. The date to which the conclusions and opinions expressed in the report apply is set forth in the body of this report. Further, the dollar amount of any opinion herein rendered is based upon the purchasing power of the American dollar as of that date.
2. The information furnished by others is believed to be reliable, however, no warranty is given for its accuracy. Any income and expense records relating to the subject property that has been provided is assumed to be accurate as presented.
3. I reserve the right to make such adjustments to the analyses, opinions, and conclusions set forth in this report as may be required by consideration of additional data or more reliable data that may become available.
4. No opinion as to the validity of the title is rendered. Title is assumed to be marketable, free and clear of all liens and encumbrances, easements and restrictions, except those specifically discussed in the report.
5. The property is appraised assuming that is under responsible ownership and competent management.
6. All engineering is assumed to be correct. The illustrative material in this report is included only to assist the reader in visualizing the property.
7. It is assumed that there are no hidden or unapparent conditions of the property, the subsoil, or structures that render it more or less valuable. No responsibility is assumed for such conditions or for arranging the engineering studies that may be required to discover such conditions.
8. It is assumed that there is full compliance with all applicable federal, state, and local environmental regulations and laws unless non-compliance is stated, defined, and considered in the appraisal report.
9. It is assumed that all zoning and use regulations and restrictions have been complied with, unless non-conformity is stated, defined, and considered in the appraisal report.
10. It is assumed that all licenses, certificates of occupancy, consents or other legislative or administrative authority from any national, state, or local government or private entity or organization have been or can be obtained for any use upon which the value estimate contained in this report is based.
11. It is assumed that the utilization of land and improvements is within the boundaries or property lines of the land described and that there is no trespass or encroachment except as noted in the report.
12. No opinion is expressed as to the value of the subsurface oil, gas, or mineral rights or whether the property is subject to surface entry for the exploration or removal of such materials, except as expressly stated.
13. No opinion is expressed for matters that require legal, engineering, or other specialized knowledge beyond that customarily employed by real estate appraisers.
14. No responsibility is assumed for determining the effect of possible natural disasters or other such occurrences upon the individual property.
15. The distribution, if any, of the total valuation in this report between land and improvements applies only under the stated program of utilization. The separate allocations for land and buildings must not be used in conjunction with any other appraisal and are invalid if so used.

16. I am not required to give further consultation, testimony, or to be in attendance in court with reference to the property in question unless arrangements have been previously made. The client is notified that any such further consultation, testimony, or attendance in court will be at my discretion and will be predicated upon the payment of an additional fee.
17. No testing or inquiry was made regarding the existence of lead based paint, asbestos containing materials, or termite infestation or damage. These areas are beyond the appraiser's expertise. Consultation with appropriate experts is recommended.
18. No consideration has been given to the value of any personal property located upon the subject property, except as otherwise stated in the report.
19. The plans and specifications, upon which this valuation is predicated, are assumed to show the intent of the builder, but I assume no responsibility for the correctness, or for any undisclosed modifications.
20. The issue of compliance with the ADA (Americans with Disabilities Act) is beyond the scope of this appraisal. It is my recommendation that the client retain the services of a qualified expert in the field of ADA compliance to determine if the property conforms to the requirements of the ADA, and to determine the impact of noncompliance upon the use and utility of the subject improvements. The appraiser assumes the compliance of the subject property to the ADA, as such knowledge is beyond my knowledge and expertise.
21. **ENVIRONMENTAL HAZARDS DISCLAIMER-**The following disclaimer is made in accordance with Guide Note 8 adopted by the Governing Council of the American Institute of Real Estate Appraisers on May 3, 1989 and Advisory Opinion G-9 issued by the Appraisal Standards Board of the Appraisal Foundation on December 8, 1992; and is intended to provide notice to the client of my lack of knowledge and expertise in the area of environmental hazards.

    Unless otherwise stated in this report, the existence of hazardous substances, including without limitation asbestos, polychlorinated biphenyl's, petroleum leakage, or agricultural chemicals, which may or may not be present on the property, or other environmental conditions, were not called to the attention of nor did I become aware of such during the inspection. I have no knowledge of the existence of such materials on or in the property unless otherwise stated. I am not qualified to test such substances or conditions. It is recommended that the client consult with an environmental hazard expert before making any decision regarding this property. The value estimated is predicated upon the assumption that there is no such condition on or in the property or in such proximity thereto that would cause a loss in value. No responsibility is assumed for any such conditions, nor for any expertise of knowledge required to discover them.

    The appraiser is not an expert in the field of hazardous materials. This appraisal does not constitute an expert inspection of the property for environmental or health hazards. The only way to be certain as to the condition of the property with respect to "environmental hazards" is to have an expert in the field inspect the property. **This appraisal should not be relied upon as to whether environmental hazards exist on or near the property. It is the appraiser's recommendation that a Phase 1 Environmental Assessment be obtained on this or any other property prior to making any monetary decision involving the property to determine the potential for environmental hazards.**

Specific Assumptions & Notices

1. The site valuation has not been included in the appraisal due to the limited market data available concerning sales of sites zoned for mobile home park usage or purchased for mobile home park development and the limited development of mobile home parks over the past decade in the state of California.
2. The Cost Approach has not been included for several reasons including general unreliability in the valuation of mobile home parks, the age of the improvements, lack of market use, and other factors, which are discussed in the appropriate section of the appraisal report.
3. In defining the relationship between space tenant and park owner, it should be noted that manufactured housing communities typically combine features of both fee simple and leased fee interests. While rental agreements between the homeowner and park owner are often made on a month–to-month basis, tenancies commonly last for many years making the relationship between lessor and lessee long term in nature. State laws and local ordinances also formalize the relationship beyond the month-to-month term. In addition, investors typically rely on contract rent as the basis for valuation. As a result, while this valuation is based on the fee simple interest, elements of the analysis of leased fee interests also affect the valuation.
4. Information regarding zoning, entitlements, land use issues, non-conformities, local rebuilding policies, and other legal restrictions is obtained from public records or by short interviews with municipal representatives. The scope of this appraisal does not include an in-depth document search or review. The future ability of the property to continue to be utilized for the purposes outlined in the appraisal or to be rebuilt to its current use and specification may be affected by changes in governmental policy or regulation, or by interpretations of existing rules. For greater clarity and understanding of the municipal policies and regulations that affect the subject property, or for assurances as to the future ability of the property to be used for any particular purpose, consultation with legal professionals is recommended.
5. The appraisal has been prepared using a variety of available software, including Microsoft Word, Microsoft Excel, Adobe Acrobat, and Argus by Realm. The reader should be aware that the calculating conventions regarding rounding iterations used by Excel and Argus differ from that of other software and handheld calculators. As a result, attempts to verify the mathematical calculations using other devices and software may yield slightly different results than stated herein.
6. The subject was originally permitted for 70 sites; however two sites have been utilized for placement of larger multi-section homes, bringing the total number of sites to 68. One of the remaining 68 sites is currently utilized for a park clubhouse and office, which is a manufactured unit.

Definitions[1]

Market Value[2]- The most probable price which a property should bring in a competitive and open market under all conditions requisite to a fair sale, the buyer and seller each acting prudently and knowledgeably, and assuming the price is not affected by undue stimulus. Implicit in this definition is the consummation of a sale as of a specified date and the passing of title from seller to buyer under conditions whereby:

- Buyer and seller are typically motivated;
- Both parties are well informed or well advised, and acting in what they considers their best interests;
- A reasonable time is allowed for exposure in the open market;
- Payment is made in cash in United States dollars or in terms of financial arrangements comparable thereto; and
- The price represents a normal consideration for the property sold unaffected by special or creative financing or sales concessions granted by anyone associated with the sale.

Market Value As-Is-Estimate of market value in the condition observed upon inspection and as it physically and legally exists without hypothetical conditions, assumptions, or qualifications as of the appraisal date.

Fee Simple- An absolute fee; a fee without limitations to any particular class of heirs, or restrictions, but subject to the limitations of eminent domain, escheat, police power, and taxation; an inheritable estate.

Leased Fee- An ownership interest, held by a landlord, with the right of use and occupancy conveyed by lease to others; usually consists of the right to receive rent and the right to possession of the property following the expiration of the lease.

Leasehold- A property held under the tenure of a lease. The right of use and occupancy of real property by virtue of a lease agreement; the right of a lessee to use and enjoy real estate for a stated term and upon certain conditions, such as payment of rent.

Transfer Rental Rate-Rental rate charged to new tenant purchasing existing manufactured home in park.

New Move-In Rate-Rental rate charged for space that is vacant or for new unit being moved in to park.

Manufactured Home-Factory built home, constructed since 1974 in compliance with regulations promulgated by the United States Department of Housing and Urban Development (HUD); also known as a HUD code home.

Mobile Home-Factory built home, constructed prior to the 1974 HUD code requirement.

RV (Recreational Vehicle)-One of several alternative units designed for vacation use; includes Class A RV's (bus chassis), Class C RV's (van chassis), trailers (designed to be pulled behind powered vehicle), and park model RV's (see below).

Park Model RV-RV unit designed for permanent or semi-permanent placement; resembles a HUD code home in appearance, but is less than 400 SF in size, and is not in compliance with HUD code. Also known as Park Model Trailer.

Community Owned Home (COH)-A manufactured, mobile, or trailer owned by the owner of the property that is either held for rental purposes or is offered for sale. Alternative term: POC (Park-Owned Coach).

Use Value-The value a specific property has for a specific use. In estimating use value, the appraiser focuses on the value the real estate contributes to the enterprise of which it is a part, without regard to the highest and best use of the property or the monetary amount that might be realized from its sale. In the MHP/MHC context, Use Value is based upon the amount of debt that the property could support under 501C3 corporation management and ownership.

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1 Definitions from the Appraisal of Real Estate, 13th Edition published by the Appraisal Institute and paraphrased and other sources.
2 Source: Office of Controller of the Currency (OCC) , 12 CFR, Part 34, Subpart C-Appraisals, 34.42 Def. (g); FIRREA Title XI, Section 34.42 (f) ; and Federal Deposit Insurance Corporation (FDIC) Final Rules, 12, CFR Part 323.2(f))

Certification

I certify 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 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 a 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 requirements of the Code of Professional Ethics and the Standards of Professional Practice of the Appraisal Institute, the Uniform Standards of Appraisal Practice (USPAP), and if applicable, the requirements of Title XI of FIRREA (Federal Financial Institutions Reform, Recovery, and Enforcement Act of 1989).
- I have made a personal inspection of the property that is the subject of this report.
- No one provided significant real property appraisal assistance to the person signing this certification. As reported in the Scope of the Appraisal, Elizabeth Quirk assisted in the collection and verification of factual data, but did not participate in the analysis or the forming of the real property appraisal opinions stated herein.
- The use of this report is subject to the requirements of the Appraisal Institute relating to review by its duly authorized representatives.
- As of the date of this report I, have completed continuing education program of the Appraisal Institute.
- As required by Title XI, 34.44 (a)(10), the following statement is included: The appraisal assignment was <u>not</u> based on a requested minimum valuation, a specific valuation, or the approval of a loan.
- The requirements of the competency provision of USPAP have been met for the purposes of this appraisal assignment.
- The undersigned has completed an appraisal or an appraisal related service to a person or entity regarding this property within the past 3 years.

John P. Neet, MAI
California General Appraisal Certificate No. AG003494; Certified through 3/14/2014

General Regional Economic Conditions

The following excerpt from the Federal Reserve Board "Beige Book[3]" provides a current overview of the overall economic condition of the western United States:

Economic activity in the Twelfth District expanded at a modest pace during the reporting period of early July through late August. Price inflation was subdued for most final goods and services, and upward wage pressures were very modest. Retail sales rose on net, while demand for business and consumer services was more mixed. District manufacturing activity edged up. Agricultural production and sales expanded. Demand for housing strengthened, and commercial real estate activity firmed. Reports from financial institutions indicated that loan demand increased slightly.

Prices and Wages
Price inflation was subdued for most final goods and services. Reports indicated stable prices for steel and scrap metal products. Technology industry contacts reported that prices were slightly lower than had been anticipated for some business software and for computer hardware inputs. Hospitality sector contacts noted large price declines for linens, versus persistent price increases for a variety of food products.

Upward wage pressures were very modest overall. Slack in the labor market held back wage gains in most sectors, occupations, and regions. Reports indicated that overall wages at technology firms have been mostly stable or modestly increasing. However, firms in various industries continued to compete vigorously for a limited pool of qualified workers to fill certain technical positions, spurring significant wage growth in these slots.

Retail Trade and Services
Retail sales rose on net, and most contacts' outlooks for future consumer spending improved slightly since the prior reporting period. Technology companies reported increased sales overall, with growth on the business side outpacing gains in consumer demand. However, grocery and apparel retailers noted soft sales. These contacts pointed to evidence of households taking advantage of attractive financing opportunities and devoting their budgets to big-ticket items, such as housing and autos. Large inventories at many dealerships fueled a robust pace for new and used automobile sales, especially light truck sales. Contacts indicated strong demand for hobby game products, as the core customers tend to work in relatively high-wage math and science professions.

Demand for business and consumer services varied across sectors. Reports indicated that many service providers increased capital expenditures in anticipation of stronger demand. However, contacts noted that recent demand has been tepid for elective health-care and other discretionary services, including restaurant dining. Contacts also noted soft demand and downward pressure on fees for legal services. Travel and tourism activity in Hawaii maintained its solid pace of growth, and after slipping earlier in the year, tourist activity in Southern California picked up during the summer months. Contacts noted strong convention attendance in Las Vegas but some weakness in leisure travel.

Manufacturing
District manufacturing activity edged up during the reporting period of early July through late August. Demand for semiconductors increased, as indicated by modest growth in new orders and sales. Although capacity utilization for electronic components in general held steady, contacts noted that demand was somewhat subdued. Demand for commercial aircraft remained solid. Defense manufacturers noted more muted demand due to the ongoing effects of the federal

3 Prepared at the Federal Reserve Bank based on information collected before September 4, 2013. This document summarizes comments received from businesses and other contacts outside the Federal Reserve and is not a representation of the views of Federal Reserve officials.

sequester. Biotech drug manufacturing increased modestly. Shipments of steel products used primarily in nonresidential construction continued to increase, and steel producers reported that overall capacity utilization ticked up a bit further. In particular, reports indicated that capacity utilization for steel manufacturing was stronger for automobile and aircraft-related inputs than for nonresidential construction inputs. Many contacts expect manufacturing industry conditions to improve slightly in the second half of the year relative to the first half.

Agriculture and Resource-related Industries
Sales of agricultural items and resource-related production activity expanded in the District. Demand was generally strong for most crop and livestock products. However, relatively light traffic at fast-food restaurants limited sales of some vegetables. In addition, some grain producers expect slightly lower profits due to price declines. Despite a modest decline in demand for various oil products, contacts expect overall sales to increase in the medium term. Refinery utilization rates and gasoline production increased. Utility providers reported that energy sales to aerospace and housing-related firms were robust.

Real Estate and Construction
Demand for housing strengthened further, and commercial real estate activity was stable or improved. Although levels remained significantly lower than in the pre-recession period, both home sales and house prices climbed further relative to the prior reporting period in many District cities. In some areas, demand for new homes substantially exceeded the supply, and shortages of construction workers held back the pace of new home construction activity. Multifamily residential construction projects increased. Rental rates for commercial real estate edged up as occupancies climbed. Contacts in some major metropolitan areas noted declining commercial real estate inventories and expressed near-term concerns about capacity constraints.

Financial Institutions
Financial institution reports indicated that loan demand increased slightly on net. Most contacts reported increased lending relative to a year earlier, but some reported a slight downtick more recently. Contacts noted that mortgage origination levels were mostly stable despite the increase in mortgage interest rates, although the number of new applications has dropped a bit in some areas. Some contacts expect the pace of refinancing activity to slow as well. Reports highlighted ample bank liquidity and substantial competition for high-quality commercial borrowers. In the District's Internet and digital media sectors, mergers and acquisitions activity and venture capital activity grew in terms of both deal value and volume. However, the pace of initial public offerings remained weak, and private equity activity was flat.

Lake County Description

Location-Lake County is situated between Interstate 5 and U.S. Highway 101, and surrounds Clear Lake, the States largest fresh water reservoir. This location is approximately 105 miles southeast of Sacramento and 140 south of San Francisco.

Population-The following chart indicates 2010 census population levels in Lake County relative to the state.

Geography	Total population	Median age (years)	Persons Age 60+
California	**37,253,956**	**35.2**	**6,078,711**
Lake County	**64,665**	**45**	**16,597**
Clearlake city	15,250	39.9	3,258
Clearlake Oaks CDP	2,359	54.9	972
Clearlake Riviera CDP	3,090	40.3	657
Cobb CDP	1,778	50.1	446
Hidden Valley Lake CDP	5,579	41.2	1,165
Kelseyville CDP	3,353	38	677
Lakeport city	4,753	44.2	1,288
Lower Lake CDP	1,294	46.5	357
Lucerne CDP	3,067	48.5	908
Middletown CDP	1,323	37.4	227
Nice CDP	2,731	46.6	713
North Lakeport CDP	3,314	44.5	944
Soda Bay CDP	1,016	54	376
Spring Valley CDP	845	51.9	292
Upper Lake CDP	1,052	36.3	204

Only moderate growth in population is expected in the future relative to the rest of the state, as shown in the following table.

	Estimate					Projections				
	2000	2010	2015	2020	2025	2030	2035	2040	2045	2050
California	34,000,835	37,312,510	38,926,281	40,817,839	42,721,958	44,574,756	46,330,221	47,983,659	49,513,839	51,013,984
Annual Growth		1.9%	0.9%	1.0%	0.9%	0.9%	0.8%	0.7%	0.6%	0.6%
Lake County	58,479	64,456	67,568	70,891	74,578	77,955	81,666	85,730	89,953	94,499
Annual Growth		2.0%	1.0%	1.0%	1.0%	0.9%	1.0%	1.0%	1.0%	1.0%

Projections Prepared by Demographic Research Unit, California Department of Finance, May 2012

Economic Base-This region has a multi-faceted economy, but is strongly tied to agribusiness as the primary industry. Additional components include tourism, manufacturing, distribution, and local services. Major private sector employers include Adventist Health-Redbud Hospital, Bruno's Food Store Grocery Chain, Calpine Corp Electrical Services, Konocti Vista Casino, Robinson Rancheria Casino, Sutter Lakeside Hospital, Twin Pine Casino and Wal-Mart Stores.

Employment-The unemployment trend in the County is shown in the following chart.

Lake County	1990	1995	2000	2005	2010	2012
Civilian Labor Force	19,980	23,700	23,080	26,040	25,630	25,810
Civilian Employment	18,210	20,920	21,400	23,960	21,090	21,510
Civilian Unemployment	1,780	2,790	1,680	2,080	4,540	4,300
Civilian Unemployment Rate	8.9%	11.8%	7.3%	8.0%	17.7%	16.7%

High unemployment is characteristic of counties in Northern California, and Lake County is not unusual in that respect.

Community Description

Community Location-The subject is located in Lakeport, in western Lake County and is the county seat. Surrounding cities include Upper Lake to the north, Kelseyville to the south, Glen Haven, located across the lake to the east and Hopland to the west, in Mendocino County. This location is 120 miles north of San Francisco.

Community Population-The current population of Lakeport is 4,931. This represents a 1.6% increase from the 2000-reported population of 4,850 and a 10.9% increase from the 1990 reported population of 4,390. The future trend of population growth is expected to gradually increase.

Transportation-Access to the regional transportation system is provided by State Highway 175, which connects the City with the 101 Freeway to the west. State Highway 29 traverses the Lake from southeast to northwest.

Economic Base and Trends-Agriculture is the primary economic base of the area, with much of the area utilized as walnut and pear orchards as well as vineyards. Tourism and services to residents add to the economy, although the area has seen a decline in the tourism market in the past twenty years. The area has been seen primarily as a retirement destination in recent years.

Employment Trends-According to the State of California Employment Development Department, current employment levels amount to 1,970, representing a -1% change from January 2000. At this time, the unemployment rate amounts to 15%, slightly lower than the 15.5% rate reported for the County as a whole.

Residential Development Trends-Reported building permit totals for the community are reported as follows.

REPORTED BUILDING PERMIT ACTIVITY

Lakeport	2011			2012		
Classification	Units Permitted	Construction Cost	Average Const. Cost	Units Permitted	Construction Cost	Average Const. Cost
Single Family	0			0		
Two Family	0			0		
3-4 Family	0			0		
Five Units or More	0			48	$5,337,281	$111,193
Total	0	$0		48	$5,337,281	$111,193

Source: U.S. Census Bureau

Recent development has been slow in this community, although recent residential building activity has been noted in the development of multi-unit (5+) apartments.

Neighborhood Description

Neighborhood Location- The subject is located approximately 4 miles northwest of the city's central business district. Neighborhood boundaries are generally fluid in this part of the city, but in general may be described as the Nice/Lucerne Cutoff Road to the north, Lakeshore Boulevard to the south, Clear Lake to the east and Highway 29 to the west. Mobile home parks competitive to the subject are found in other neighborhoods and market areas.

Transportation- The neighborhood is served by Highway 29, which is located west from the subject. The major surface street through the neighborhood is Lakeshore Boulevard. Lake County Dial-A-Ride is available to the neighborhood. Scheduled bus service is not available in the immediate neighborhood of the subject.

Neighborhood Land Uses-This is predominantly a residential neighborhood of average to good quality single family residences and several mobile home parks. Other land uses consist of boat and RV storage facilities and vacant and agricultural use land.

Trends-The majority of the residential aspect of the neighborhood is well established. There are some newer in-fill homes in various stages of construction throughout the immediate neighborhood, and there is a moderate amount of vacant land available for future improvement.

Neighborhood Demographics-According to information provided by the Census Bureau, this is a middle-income neighborhood. The specific demographic data are shown in the following charts:

Neighborhood Income Characteristics	
Income Level Rating	Middle
Neighborhood Median Family Income	$62,949
MSA Median Family Income	$57,900
Neighborhood/MSA Income Comparison (%)	109%
Households Below Poverty Line	11%

Source: U.S. Census Bureau, FFIEC

Neighborhood Housing Supply-The characteristics of the neighborhood housing supply are shown in the following chart, based on data from the U.S. Census Bureau.

Neighborhood Housing Characteristics	
Total Housing Units	3,487
1-4 Family Units	3,368
Median Age of Housing (Years)	35
Owner Occupied Units	2,164
Renter Occupied Units	747
Percentage Owner Occupied	62%

Source: U.S. Census Bureau, FFIEC

Housing Prices-Public information sources report the following housing price trends for apartments and single family residences in the subject market area:

Apartment Rental Rate Ranges			
Size	Rate Range		
1 Bedroom	$750	to	$950
2 Bedroom	$900	to	$1,100
3 Bedroom	$1,100	to	$1,300

Source: http://www.apartments.com

Median Housing Prices			
Feb-13	$176,000		
Feb-12	$171,000	Change:	3%

Source: Dataquick/Zillow

Adjacent Land Uses-The subject is surrounded by a variety of land uses, including:

- North- Vacant land
- South- Vacant land
- East- Clear Lake
- West- Single family residences

The surrounding development appears compatible with the present use of the subject.

MHC Market Overview and Analysis ©[4]

Manufactured Home Trends-Shipments of new manufactured homes are not a significant consideration in the valuation of mobile home parks. Investors rely on cash flow from existing tenants, not sales of new homes, to determine investment desirability and price. Sales of new manufactured homes do tend to show directional trends over the long term, and for this reason provide some level of insight into future industry-wide trends.

Shipments of new manufactured homes have fallen in California over the past 7 years, but it must be noted that the following table reflects all shipments of all manufactured homes, not just placements on leased homesites.

New Mfg. Home Shipments	2006	2007	2008	2009	2010	2011	2012
California	8,281	4,769	2,856	1,569	1,420	1,380	1,442
United States	117,373	95,752	81,907	49,717	50,046	51,618	51,401

Manufactured homes remain a less costly alternative to site-built homes. According to the National Association of Home Builders, the average cost of a manufactured home (sited and set-up) was $138,126 as compared to the average site built price of $204,553. This explains the continued popularity of manufactured homes as an alternative to site built homes where cost is a significant issue. However, the cost saving benefits for the consumer disappear when manufactured homes are sited on leased land, and the interest rate differentials between conventional, real estate mortgages and chattel mortgages take up the difference, and the savings in construction costs are not able to be passed along to the consumer in the form of lower housing payments.

These trends are not a significant consideration in the investment market being considered in this appraisal. While it may seem counter-intuitive to outsiders, investors also recognize that while new homes improve the physical appearance of the park, they also increase risk by a modest amount since newer homes tend to have higher monthly mortgage payments (limiting the tenants ability to pay higher site rents) and introduce a somewhat greater risk of foreclosure by the lender, potentially resulting in added capital expenditures to purchase the home to keep it from being removed from the park.

California MHC/MHP Investment Market Overview-Typically, the best of these properties are in high demand relative to other investments for a variety of reasons. The most salient of those reasons includes the stable nature of the investment, the predictability of future cash flows, and strong demand for affordable housing throughout the western United States. Mobile Home Parks and Manufactured Housing Communities are widely perceived to have limited downside risk. Possible negative issues include the potential for rent control in any community in California, aging infrastructure in many parks, and price competition with other forms of housing that make the filling of vacancies and the sale of existing homes more difficult. However, mobile home parks have remained a more stable investment property than other forms of investment real estate since the major market disruptions in the fall of 2008, and have remained attractive investment vehicles for a variety of large and small investors. Many investors see this property type as a defensive hedge in the current economic downturn.

Interviews with investors, brokers, lenders, and other market participants indicate that there are a substantial number of investors active in the market. Investors are tending to place significant reliance on current occupancy and historically proven income, and the practice of projecting upside into the price willing to be paid has become very limited as of late.

This trend has begun to change in the latter part of 2011 as commercial interest rates fell and as more lenders began to enter the market.

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- Since 2008, the most stable, well-located, and well-occupied mobile home parks have been able to be financed with FNMA financing, which lacked flexibility compared to the conduit loans of the 2005-2007 era, but offered far lower interest rates for parks that would qualify. This financing option continues to be the most attractive for parks that quality, but recently, competition from life insurance companies re-entering the market has been noted for low leverage loans. The investment market impact has been nominal, with the lesser amounts of available leverage adding 50 to 100 basis points to the overall capitalization rates for these high-end parks.
- Secondary level parks (high singlewide count, location in troubled residential market areas, older parks, etc.) saw all sources of financing dry up, from the CMBS conduit loans to the local and regional banks that targeted this property type. Recently, the door has opened slightly, with commercial banks and CMBS conduits re-entering the market and offering financing to parks that will not qualify for FNMA due to high singlewide counts, community owned rental homes, or locations in secondary markets.
- Tertiary level parks (old travel trailer parks, parks with high vacancy and/or many park owned mobile home rentals, parks with deferred maintenance, fair to poor quality parks) have been most affected. The few lenders that aggressively pursued this market in the 2004-2007 eras have long exited this market, and those who have begun to return are looking more to the secondary level parks for loan collateral. This may be a segment that may have to return to the financing tools of the past (pre-2000) including seller financing and all cash purchases. Most of the troubled loans and foreclosures that have occurred in the mobile home park universe have fallen into this category.

Investors continue to project income on a fairly conservative basis, except perhaps at the top end of the property desirability list, where upside is still a discussion point. In properties where vacancy exists in any significant amount, investors are prone to capitalize income at current occupancy levels, recognizing that current residential market conditions and the costs associated with the placement of homes on vacant sites to be rented or sold are all limiting factors in increasing occupancy levels in the short term.

Historically, potential conversion (to more intensive land uses) value has been of limited importance to investors in California. The demand for affordable housing and the willingness of local governments to respond to the demands of tenants wishing to maintain "affordable" housing limits the potential for conversion to other uses.

Conversion of parks to subdivided individual ownership has become a recognizable trend, but is not yet impacting the investment market in a manner similar to way in which the apartment market was driven by condominium conversion. In 2013, California enacted legislation that gives local agencies a veto power over conversions that are not approved by the majority of residents, which will likely have a significant chilling effect on conversions to resident ownership. At this time, the resident conversion market is stalled due to a combination of limited financing for purchases of properties to be converted, limited willingness of existing mortgage lenders to allow partial releases when units are sold, and residential market conditions which make financing of individual home/site combinations difficult for park residents. This trend is likely to be moribund until the single family residential market recovers, which may take several years in many market areas. Even then, the recent changes will tend to discourage most park owners from pursuing subdivision maps.

The size of the market and the motivation of participants have seen significant changes over the past several years. Resident owner groups, non-profit organizations, and in some cases municipal agencies have all competed with typical investors for the purchase of many parks in California, and all have made successful purchases. There has been a modest expansion beyond California. The stalling of the subdivision trend has reignited interest in 501C3 purchases and resident co-op ownership. Municipal agencies have become less a factor (and the few that own parks are tending to divest their mobile home park investments. In the current financing environment, 501C3 corporations are have greater ability to compete than in the previous market, especially for parks that will not easily qualify for GSE financing.

Market Velocity-California has noted the following trend of sales over the past several years.

Year	2004	2005	2006	2007	2008	2009	2010	2011	2012
No. Transactions	85	81	64	51	40	22	24	30	55

The market is expected to pick up in the near future, as the capital markets continue to improve access to funds, and properties that have been held off the market by potential sellers are placed on the market to sell. In fact, the last quarter of 2012 saw a flurry of buyer activity in California.

Investment Parameters-By comparison to alternative investments (apartments, office, retail), mobile home parks tend to offer more stable and predictable income streams over time, with lower risk but lesser potential for spectacular income growth.

While there is substantial variance from transaction to transaction, the linear trend line indicates a shallow roller coaster trend in which troughs were created in early 2009 (a period in which there were a number of "trophy" properties brought to market in California) and early 2011 (the re-entry and subsequent exit of CMBS lenders). The trend line shows the beginnings of another downward trend in the last quarter of 2011, contributed to by a number of factors, including

- Greater availability of financing, as CMBS lenders and life insurance companies began to aggressively compete with FNMA for top properties, and commercial banks, savings banks, and other regulated lenders began to compete with FNMA for second tier properties.
- Declining interest rates, caused both by competitive market conditions and the maintenance of low rates by lenders and the Fed.
- Greater recognition of a need for affordable housing with low entry level pricing to serve the large number of families who have lost income and credit ratings as a result of the recent recession.

The prospects for this investment class for the next several years appear to be good in relation to other investment property classes. Investment performance is likely to be stable at worst, with little potential for significant declines in income collected from operations, modest potential for increases in operating expenses, and limited potential for changes in the perception of this asset class as an investment relative to other forms of investment real estate. Potential enhancements in value are possible as a result of a subdivision conversion trend.

Infrastructure Issues-A significant issue in many parks going forward, especially those built in the 1970's and before, is the adequacy and condition of the utility service systems where these are community owned. Prudent investors are tending to take a harsh look at the condition and adequacy of utility infrastructure, and some brokers report that that investors are looking more carefully at parks with septic systems and/or water wells to determine the suitability of those systems for long term usage.

Community Ownership of Homes (COH)-The holding of park owned homes for rental purposes has been a minor trend for a number of years, owing to necessity (purchase of homes from departing tenants to keep homes from being removed from the park, limited financing for tenant purchases), rent control strategies in California (sites may be subject to rent controls, homes are generally not), and generation of additional income for the ownership. In the past two years, operators in some markets have embarked on a strategy of having both tenant owned and tenant rented homes in parks. The newer trend is the result of more recent influences, including increasing demand from potential residents who perceive rental apartments as a competitive choice (instead of single family residences), a severely constricted market for third party financing of mobile and manufactured homes, and concerns among park owners regarding the manner in which banking reform laws (primarily Dodd-Frank and SAFE Act) restricts the ability of the park owner to act as lender of purchase money funds for mobile homes.

This trend originated with owners who are largely financed by private equity (due to lesser restrictions on usage of borrowed or invested capital), but has extended to well-capitalized individual owners. Owners with limited equity and cash find it difficult to follow this trend due to the amount of capital tied up.

There are two significant challenges to this trend. First, the ownership of rental homes ties up capital that cannot be financed conventionally and second, lenders tend to look negatively at parks with more than a very few park owned rentals. This is beginning to change to some degree, as some lenders are beginning to understand that the flexibility of this practice helps to improve the financial performance in well managed communities. Lenders fear that in future disputes with the borrower, borrower control over a significant number of homes in the community will result in lender concessions to the borrower downstream that would not otherwise be agreed to. At this time, lenders and the MHC industry are trying to find ways to alleviate these concerns, generally by the use of some yet-to-be-devised security agreement.

Market conditions will continue to encourage this trend in situations where it provides strong, positive income generation in spite of the concern of lenders. Some unregulated lenders (primarily conduits and private equity) are beginning to recognize this as a legitimate market trend, but combinations of real and personal property, release issues, and difficulty in adapting underwriting standards to this practice will continue to restrict this process, as well as the inability of owners to recognize the positive factors in this trend.

Overview Conclusion Investment market conditions will continue to be strongly and directly influenced by the availability of debt capital. Many traditional sources of mortgage capital (regional and national banks, securitized conduits, and thrifts) have tentatively returned to the market, while a few others (local lenders, GSE's) are continuing to offer financing. The number of transactions slowed substantially, but there is no indication of a wholesale decline in property values as indicated by significantly higher overall rates or lower prices per unit, except at the lower ends of the pricing spectrum where financing has become very scarce. For mid-range parks, the key has been whether or not financing can be found; and values have tended to hold for mid-range properties that meet GSE guidelines (or can obtain waivers of specific guidelines). For upper tier investment communities, buyers have been aggressive, and multiple offers or simultaneous negotiations are common.

In 2013, it is widely anticipated that market conditions will improve for properties that are not in the top tier. More conventional lenders are entering or re-entering the market, and the acceptance of CMBS bond sales in 2012 sends encouraging notes to the market. At this point, CMBS lenders have been inconsistent in funds availability, but are starting to become more consistent as the CMBS auctions have been more consistent in meeting the expectations of the originators.

Rent Controls in California-Rent controls affecting manufactured housing communities are common in the state of California and are found in more than 100 different jurisdictions in the state. Each ordinance is unique. Characteristics of rent control ordinances generally address the following areas of operations:

- Annual rent increases are often limited to no more than 50% to 100% of the change in the local CPI index, but in some jurisdictions, park owners are required to seek approval through a public hearing process for any increase. Alternatively, there are a few ordinances that do not limit increases but allow tenants to challenge proposed increases in rent. Both state and federal courts have allowed cities and counties wide latitude in these limitations.
- Increases in rent upon a change in tenancy are allowed under some, limited under a few, and forbidden under many ordinances. Some ordinances allow the park more leeway in increasing rents when spaces become physically vacant. In high housing cost areas, the ability to transfer rent control advantages to a successor tenant has allowed departing residents to sell mobile/manufactured homes for prices reflecting the creation of a quasi-leasehold interest[5]. Both

[5] This is usually noted in the sales prices of new manufactured homes and used mobile homes. New manufactured homes rarely cost a consumer more than $60,000 (single section home) to $100,000 (high-end two section home) delivered and set-up. When sales prices of older mobile homes are reported at near this level or above, or when new manufactured homes are reported to sell for prices far above the retail price range noted above, it becomes apparent that an additional interest has been created.

California and federal courts have upheld ordinances that allow full or partial vacancy or transfer control of rental rates.

- Long-term leases are generally exempt from rent controls under state law. Spaces constructed after 1990 are generally exempt from rent controls as well.
- Most ordinances have a process for park owners to request increases based on the need to make capital improvements, the cost of unexpected and major repairs, and inadequate return on investment. Park owners report varying results when utilizing these appeal processes.

There are other controls that are subtler than actual ordinances, but impact the ability to increase rents as well. In some cities, park owners have reached agreements with local authorities to voluntarily limit increases in rent in exchange for the city's promise not to impose a rent control ordinance. In some regions of the state, rent controls are nearly universal, and many park owners in cities that are surrounded by other cities with controls will often moderate increases to limit the potential for an ordinance to be imposed. It is not uncommon to find rental rates in cities without rent controls to be similar to adjacent cities with rent controls due to this chilling effect caused by the threat of rent control.

A consensus of investor attitudes towards rent controls are stated as generally negative, but based on reviews of sales, impacts on overall capitalization rates and other projected rates of return are limited. There are several reasons for this, including:

- Submarket rents and the creation of quasi-leasehold interest limit the potential for vacancy and collection loss, resulting in slightly lesser downside investment risk.
- Submarket rents create upside potential. The ordinance may not allow that potential to be achieved at this time, but future court and/or political decisions may result in significant potential increases. Some owners become experts in working within the ordinance (usually by purchasing homes from departing tenants) to bring rents to market levels.
- Sales prices of mobile home parks are negatively impacted to the degree that rents are restricted. In many instances this reduces asking prices to levels that appear to be a relative bargain in comparison to perceived pricing relationships.

Analyzing the impact of rent controls within the appraisal context presents some valuation issues. Market participants generally rely on contract rather than market rents, but do consider upside potential. Estimating true market rent, defined as the rent that would result in an open negotiation between landlord and tenant, becomes effectively impossible if there are no transactions that meet this definition.

Rent controls are likely to remain a contentious issue in this market for the foreseeable future, and will have a continuing impact on the market as the potential for rent controls exists in virtually any part of the state.

Lake County does not have a currently enacted rent control ordinance. However, local media reported on November 1, 2013 that an initiative to impose rent control on age-restricted parks in Lake County has been certified by the County Clerk in October 2013 to have sufficient signatures to be placed on the June 2014 ballot. The initiative would roll back rents to June 2012 levels, limit annual increases to the same rate as the increase in Social Security payments, and disallow rent increases on the turnover of spaces. The rules would apply to any park with more than 80% of the homes having at least one resident over 55 years of age.

Local Market Characteristics-According to public records, there are 23 mobile home parks and manufactured housing communities containing 642 spaces located in the City of Lakeport. According to the 2000 Census, there are 2,394 housing units in this city, indicating that mobile homes comprise 26% of the total number of housing units, a significant percentage.

Local Market Summary	
Spaces Surveyed:	339
Vacant Spaces:	2
Occupancy Rate:	99%
High Rent:	$829.00
Low Rent:	$380.00
Median Rent	$576.12

The rent survey conducted for this appraisal reveals that local market conditions are strong. Reported vacancies are 3%, indicating high demand for affordable housing in this market. The parks surveyed report a wide range of rental rates. This wide range is the result of quality, condition and location differences between each facility. The trend of rental rates is considered to be increasing, based on reports from managers that annual rent increases still occur.

Alternative Housing Costs-As a part of the residential market, manufactured housing communities do compete with other housing. The following grid compares housing prices and housing costs for the several alternatives available in this market:

Alternative Housing Cost Comparison

	Median Priced Detached Home	Used Mfg/Mobile. Home in Park	New Mfg. Home in Park (Chattel Financing)	Two Bedroom Apt.	Three Bedroom Apt.
Purchase Price	$176,000	$30,000	$75,000		
Loan Amount	$167,200	$24,000	$67,500		
Interest Rate	5.00%	12.00%	9.00%		
Amortization (Months)	360	180	360		
Monthly P&I Cost	$897.57	$288.04	$543.12		
Rent (Land/Apt.)		$576	$576	$1,000	$1,200
Monthly Cost (1)	$898	$864	$1,119	$1,000	$1,200
Down Payment	$8,800	$6,000	$7,500	$0	$0
Required Income (2)	$43,083	$41,480	$53,724	$48,000	$57,600
Med. H'hold Inc.			$62,949		

(1) Monthly Equivalent Housing Cost does not include taxes, insurance, utilities, maintenance.

(2) Based on 25% maximum housing cost as a percentage of total household income.

Market Positioning of Subject-The mobile home park market does not exist in a vacuum, and potential residents will choose from alternative housing types (detached residences, rental apartments) as well. Most residents select mobile home parks as an option due to affordability. In general, living in a mobile home park must be more affordable than living in an owned detached residence and cost competitive to apartments of similar size and utility in order for sufficient demand to exist. In this market area, the relationship involving the purchase of a new manufactured home or older mobile home suggests the following:

- The typical household will find the purchase of a detached residence to be generally affordable. This price/income relationship determines the manner in which market participants will perceive the alternatives of apartment or land lease housing.
- New manufactured homes on leased land have a higher monthly housing cost relative to detached residences. Generally, a significant price advantage is necessary to support strong demand for new manufactured housing on leased homesites. In this market, the difference is significant. This indicates that there will likely be only modest demand for new manufactured homes on rented sites.

- Typically priced used mobile homes have a lower monthly housing cost as compared to detached residences and a lower monthly housing cost relative to apartment rentals. This indicates that demand for used mobile homes should be strong.

These relationships suggest that there is likely to be minimal demand for new manufactured homes and strong demand for older mobile homes on rented or leased home sites, a finding that is confirmed by interviews with local managers conducted during the local market survey.

Development Trends-There has been very limited development of mobile home parks throughout California, Washington, Oregon, Arizona, and Nevada since 1990, following a flurry of development activity (mostly in outlying suburban and small community areas) in the late 1980's. In urbanized areas where manufactured housing in land lease communities offers competitive price advantages to other housing, there has been virtually no development activity since the early 1980's, owing to high land prices and the availability of more alternative development plans that are perceived to be more profitable. Even during the recession, there was a sufficient level of demand for housing to maintain site price levels above the levels at which mobile home park development was feasible. As there is very little vacant land that is actually zoned for mobile home park use exclusively, there are usually more profitable developments available as alternatives.

The desire of cities to promote affordable housing by encouraging manufactured housing community development is tempered by the policies of the same communities to encourage "upscale" developments and to pass along the costs of growth to new developments. Architectural requirements to limit density and improve appearance of communities and to cover the cost of growth push space rents and manufactured housing unit placement costs to a level at which the alternative becomes less attractive to home purchasers owing to the typically higher interest costs associated with mortgages on homes located on leased land. Development of manufactured housing communities have also been limited by the fees imposed on new developments. While apartment and detached residential developments are able to spread these fees across the land and improvements, manufactured housing communities have a much lower base over which to spread the costs, since the costs are imposed prior to the placement of manufactured housing units.

Successful new developments of manufactured housing communities have been responses to specific localized demand generators, not general market trends for the reasons noted above. The most active development markets in the west have been in Arizona, where new developments have been constructed in rural and border areas with immediate demand for affordable housing and senior restricted enclaves for winter residents.

According to the Planning Department of Lake County, there are no manufactured housing communities currently planned or formally proposed to be located in the community.

Site Description

SITE FEATURES				
Location-	The subject property is located on the north side of Robin Hill Drive, west of Clear Lake.			
Street Frontage-	Approximately 60' on Robin Hill Drive, a publicly owned and maintained street.			
Size-	28.15	Acres	Source:	Assessors Records
	1,226,214	SF		
Dimensions-	Refer to Assessors Plat Map in Addenda			
Shape-	Irregular			
Topography/Drainage-	Slight downslope towards street grade; terraced streets/homesites from west to east.			
Utilities/Providers-	Available		Connected	Provider/Source
Electricity-	Yes		Yes	P G & E
Natural Gas-	No		No	Propane Available
Water-	Yes		Yes	Lake County
Sewer-	Yes		Yes	Lake County
Comments:	The utility service is presumed to be adequate to serve the highest and best use of the site.			
Street Access-	Street access is provided by Robin Hill Drive, an approximate 24' access road improved with asphalt paving.			
Flood Hazard Zone-	X & AE			
Seismic Zone Designation (USGS)-	4			
Easements/Restrictions-	A review of the Preliminary Title Report indicates that there are the following easements and restrictions on the property: 1) Access and/or utility easements were noted. The location of these easements could not be determined from the available information. The existing development indicates that these easements are not substantially restrictive.			
Functional Utility-	Adequate size, developable shape and topography noted. Site appears to have adequate to good functional utility for many uses.			

ZONING, LAND USE RESTRICTIONS	
Current Zoning Designation	R1
Permitted Uses Under Zoning:	Medium Density Residential
Intended Use Policy Under Zoning:	To establish areas for individual residential dwelling units at relatively low densities where the traditional neighborhood character of single-family units prevail.
Conformity of Current Use:	Mobile home park is not a permitted use under the R1 zoning classification. Under the local zoning ordinance, the subject use is considered a "compatible non-conforming use" under the following: "Residential uses and structures located in residential zones which do not comply with the current requirements for the residential zone in which they are located, but did comply at the time of their construction. (17.36.20)
Allowable Density Under Zoning:	6,000 SF per dwelling unit.
Non Conforming Use Rebuild Policy	Incompatible nonconforming structures which are damaged or partially destroyed by any reason to an extent of not more than fifty percent of its market value at that time may be restored, and a nonconforming use or occupancy may be resumed provided that such restoration commences within a one-year period and is diligently pursued to completion.

(Note: The preceding information is obtained through public information sources and is not a substitute for a "rebuild letter" from appropriate municipal authorities. Refer to Specific Assumptions and Notices of the Appraisal.)

Specific Use Requirements	For Manufactured Housing Communities:	
Maximum Density-	10	du/acre
Min. Development Site Size-	5	Acres
Minimum Individual Site Size-	2,400	SF
Maximum Structure Height-	20	Feet
C.U.P. Required?	Yes	
Parking Requirement-	2 parking spaces per dwelling unit, 1 RV parking space per 5 dwelling units and 1 visitor/guest parking space per 4 dwelling units.	

Description of Improvements

Overview	
Project Type:	Mobile Home Park
Total Number of Sites:	68
Number of Other Dwelling Units:	0
Total Number of Units:	68
Density (du/acre):	2.42
Year Constructed:	1980
Overall Quality:	Average-Good
Amenities:	Pool, Boat Dock, Boat Launch
Perimeter Fencing Materials:	Wood, Wrought Iron and Chain Link
Security Gates:	None
Interior Street Surface:	Asphalt
Curbing:	Tenant Installed
Laundry Facilities:	None

Utility Metering	
Electricity:	Direct Metered
Electric Service to Sites:	200 Amp Service Reported
Natural Gas:	Not Available
Water:	Unmetered
Sewer:	Not Metered
Cable TV:	Direct Metered

Mobile/Manufactured Home Sites	
Typical Widths:	40' to 50'
Typical Depths:	75' to 100'
Singlewide Sites	0
Multisection Sites:	68
Note:	Placement restrictions per park management. Typically, a 38' wide site is needed to accommodate a modern, 24' wide multisection manufactured home in a conventional arrangement. However, smaller multisection units (18-20' wide) and rearrangement of parking will often allow a narrower site to accommodate a modern multisection manufactured home.
Total	68

Mobile/Manufactured Homes and RV's	
Vacant Sites	1
Travel Trailers/RV's	0
Park Model RV Units	0
Single Section Units	1
Multi-Section Units	66
MH Age Range, Predominant:	5 to 30, 20 years
Typical Price of Used MH:	$30,000
Typical Price of New MH:	$75,000

Parking	
Spaces on Individual Sites:	2
Conforms to Code Requirement:	Conforming
Guest Parking Spaces	Street Parking
Conforms to Code Requirement:	Conforming
Vehicle Storage Spaces:	Open
Storage Type:	Open gravel storage area
Conforms to Code Requirement:	Conforming
No. Stg. Spaces Currently Occupied:	20

Physical and Functional Ratings	
Physical Condition Rating:	Good
Comments:	The asphalt streets are in average overall condition, with minor cracking and checking noted. All other improvements are in good condition, with no significant deferred maintenance noted.
Functional Utility:	Good
Age Restrictions:	Senior (55+)
Rules Enforcement:	Good. No significant deferred maintenance or other negative issues noted on individual homesites.
Effective Age (Years):	25
Total Economic Life:	75
Remaining Economic Life:	50

Replacement Cost & Insurable Value

REPLACEMENT COST NEW, INSURABLE VALUE						
Total Replacement Cost of Buildings (RCN)						$0
Infrastructure, Paving, Fencing, Etc.	68	Units @	$	8,800	/Sp. =	$598,400
Gas, Electric, Water Distribution System Allowance	68	Units @	$	1,500	/Sp. =	$102,000
Other Improvements, Recreational Amenities (Allowance)						$60,000
Replacement Cost New						$760,400
Insurable Value Of Improvements						$41,000

INSURABLE VALUE CALCULATIONS

Item	Gas, Electric, Water Distribution System Allowance
Replacement Cost New of Improvements	$102,000
Add: Furniture, Fixtures, Equipment	$0
Approximate Coverage Requirement	40%
Estimated Insurable Value	$40,800
Rounded	**$41,000**

Surplus / Excess Land

Surplus or Excess Land As Currently Developed	
Nature of land:	Surplus
Land Area included (Approx. or Platted)(Ac.):	Approximately 2.5 acres (exact amount cannot be determined from available information)
Description and Conditions:	This is the undeveloped portion of the site located between the existing mobile home park and the western boundary of APN 004-031-12. No entitlements are reported for this portion of the site, and as the existing use is a non-conforming use that exceeds the density allowed for the full parcel, the gaining of entitlements cannot be considered a reasonable assumption.
Nature of land:	Excess
Land Area included (Approx. or Platted)(Ac.):	.049 Acres
Description and Conditions:	Consists of APN 029-254-03. This is a separate parcel under the same ownership as the mobile home park site, and contiguous to the larger parcel. It is a separate parcel and larger than typical in this market for a single residential homesite. As a separate parcel, it could be sold separately to developer or user for development as a residence. However, given the limited development currently taking place in this market and the inclusion of this parcel as a part of the subject property, development prospects are limited and do not enhance the market value of the larger property of which this parcel is a part.

The surplus and excess land is not considered to contribute marginal value to the property for the following reasons:

- Mobil home RV park investors are reluctant to assign value to completed spaces that have not been filled, and are somewhat less likely to assign value to land that is below that stage of development.

Highest And Best Use

A primary consideration in estimating the market value of a property is the highest and best use of that property. Highest and best use, as applied in this appraisal, is defined as follows:

> "The reasonable and probable use that supports the highest present value, as defined, as of the date of appraisal. Alternatively, highest and best use is The use, from among reasonably probable and legal alternative uses, found to be physically possible, appropriately supported, financially feasible, and that results in the highest present land value." [6]

The market value of a property, whether vacant or improved, is based upon the assumption that potential buyers will pay prices that reflect the most profitable use of that property. The existing improvements may or may not represent the highest and best use of the site. For this reason, I have considered the highest and best use of the site both as vacant, and as currently improved.

The extent of the highest and best use analysis is contingent upon several factors, including the potential for a change in the current land use, economic or other conditions that might encourage or discourage such a change in land use, and the considerations made by market participants in the establishment of value for the property type considered. Highest and best use is seldom a consideration in the valuation of manufactured housing communities. Many properties are found on sites that were given use-exclusive zoning after the development of the property to discourage conversion. This limits the ability to determine legally permissible uses outside of this genre. The closure of a manufactured housing community is an expense, and potentially high risk enterprise, and it is seldom contemplated by most market participants. As a result, the Highest and Best Use analysis employed in this appraisal is limited in its scope due to the relative unimportance of its considerations to the valuation. This does not limit the scope of the appraisal.

The determination of the highest and best use of a property is based on an analysis of the subject property, the neighborhood, and the community. Considered are the history, development trends, zoning, and current market conditions relating to the property and its environment.

The four primary criteria that determine highest and best use are as follows:

1) Physically Possible,
2) Legally Permissible,
3) Financially Feasible, and
4) Maximally Productive.

As Vacant

Legally Permissible-Uses falling into this category include virtually all uses that are not prohibited under the current land use regulations (zoning and general plan). Uses of a low density residential nature are permitted under the current zoning classification and general plan designation. Uses not allowed under the current land use regulations include mobile home parks, high density residential uses, commercial and industrial uses.

Physically Possible-The physical characteristics of the site, including size, frontage, topography, and location, make the site adaptable to a variety of uses. Physically possible uses include a wide variety of land uses, including virtually any use that could be accommodated on a site of the subject's size. There are no significant physical impediments to development that are immediately recognizable. Physical constraints do not significantly narrow the list of uses from the first category.

Financially Feasible- A number of tools may be utilized to determine uses that are financially feasible. A detailed highest and best use study would typically establish feasibility comparing cost and value of

6 Source: The Appraisal of Real Estate 12th Edition, Published by the Appraisal Institute, 2001

several legally permissible and physically possible uses. The completion of such a study is beyond the scope of this appraisal, and is not considered especially relevant to the valuation of the subject, as the site is currently improved.

For the purposes of this analysis, the following information is considered in the establishment of financial feasibility.

- Residential development has been very limited in the Lakeport and in the rest of Lake County, indicating that market participants are not considering new development to be a feasible alternative.
- The holding of the site as an investment for future development is considered to be a feasible alternative.

The only financially feasible alternative is to hold the site for future development.

Maximum Productivity-A limited scope review of the financially feasible alternatives indicates that the most feasible alternative is to hold the site for future development.

While a detailed highest and best use study is beyond the scope of this assignment, it is my preliminary opinion that the holding of the site for future development of a detached residential community, built to the maximum reasonable density, would most likely reflect the highest and best use of the site. No survey has been conducted to measure the optimum size, quality, or other features of this hypothetical project.

As Improved

The subject site is improved with an existing mobile home park. These existing improvements are compatible with the surrounding development and the apparent trends of the area. The potential occupancy and rent levels for the subject are within the limits of reasonableness for the neighborhood, and the improvements do not exhibit extreme amounts of physical deterioration or functional obsolescence. The same four tests are applied to the property as currently improved.

Legally Permissible-The existing use represents as legally permissible use of the site. Other legally permissible uses would include detached residential uses.

Physically Possible-It is physically possible to raze the existing improvements to provide a vacant site for an alternative use. This filter would not significantly limit the choices indicated by the first category.

Financially Feasible- While it is physically possible for the subject to be converted to vacant land for some other form of development, the cost to do so would likely entail the mandatory payment of substantial relocation benefits and subsidies to the existing tenants, which would drive the cost of conversion to vacant land up substantially, and would also extend the time needed for the conversion substantially. For this reason, this market rarely purchases mobile home parks on the basis of a proposed change in use. Since the subject does not meet this description, it is doubtful that potential land value would drive a transaction for this property

Accordingly, the redevelopment of the site to another use does not appear to be financially feasible at this time.

Maximally Productive-The maximally productive use of the site, based on the preceding analysis, is to continue the present use for the foreseeable future.

Based upon my analysis of the overall area, surrounding land uses, and the current improvements; it is my opinion that the existing improvements represent the highest and best use of the property as defined. Further, I expect that the current improvements will continue to represent the highest and best use of the property into the foreseeable future.

Valuation Process

Appraisers typically utilize one or more of the three generally accepted appraisal techniques to develop a reasonable opinion of value. Essentially, the three approaches to value adapt the principle of substitution, reasoning that a reasonable and prudent purchaser will not pay more for a property than the cost of acquiring a substitute, whether the substitute be constructed, purchased as built, or consisting of a different type of investment vehicle. The three approaches are:

Cost Approach- The reproduction or replacement cost new of the improvements is estimated and reduced by the various forms of obsolescence (physical deterioration, functional obsolescence, and economic or external obsolescence). The depreciated reproduction cost of the improvements is added to the estimated market value of the site, as though vacant and able to be put to its highest and best use, to estimate the market value of the property. In most cases, this approach is only marginally useful, and is not typically employed as a primary tool by most market participants. It is useful in the valuation of relatively new improvements that conform to the highest and best use of the site if vacant.

Income Approach- This approach measures value from the standpoint of an investor rather than a user. It is the measure of the present worth of the future income (property income from rental and eventual sale) expected from the subject property. The net income is capitalized, generally using a market derived overall rate, to arrive at an indicated market value for the property. An alternative application of this approach is the use of a discounted cash flow, in which the net rental income and the eventual sales price of the property are projected and considered as individual cash flows, discounted at a rate that recognizes the cost of capital, and the risk and illiquidity of a real property investment. The net present value of the periodic cash flows represents the market value of the property as derived by this approach. This approach is most widely used by investors active in long term leased investments or multi-tenant properties.

Sales Comparison Approach- This technique compares the subject property to other, similar properties that have recently sold. Comparison may be on a physical basis, such as price per square foot or unit, or on an income producing potential basis, such as by use of a gross or net income multiplier. Physical comparisons are not typically given much weight by the investor market (for leased or multi-tenant properties), but are considered relevant by the owner-user market (for single tenant properties). By the same token, income based comparisons are a form of secondary analysis widely used by investors, but virtually ignored by the owner-user market. The applicability of this approach is highly dependent upon the market in which the property competes, as well as the quality and quantity of market data available for comparison.

In this appraisal, the Cost Approach has not been considered. This does not significantly affect the reliability of the appraisal, as the Cost Approach is not considered to be a reliable indicator of value for this type of property for several reasons including lack of market use, issues revolving the highest and best use of the site as though vacant, and issues of accrued depreciation. The Income and Direct Sales Comparison Approaches are considered in the appraisal, as follows.

Cost Approach

The Cost Approach is a three-step method. First, the value of the site, assumed to be vacant and able to be put to its highest and best use, is estimated. Second, the reproduction or replacement cost new of the improvements is estimated. These costs include all direct and indirect construction costs, as well as entrepreneurial profit. The third step is the estimation of accrued depreciation from all sources. The estimated accrued depreciation is then deducted from the replacement or the reproduction cost of the improvements. The estimated value of the site is then added to the depreciated cost of the improvements, resulting in an indication of market value for the subject property as derived by the Cost Approach.

Applicability and Reliability-In order for the Cost Approach to provide a meaningful and reliable indication of market value, certain conditions must be present. These include the following:

- The existing use must approximate the highest and best use of the site as though vacant. If the highest and best use of the site has been determined to include a holding period, and/or current development is <u>not</u> the highest and best use, then this approach is less than useful because the Cost Approach <u>always</u> assumes feasibility of development as its basis.
- An active land market involving sites purchased for similar uses must exist.
- The improvements must be relatively new.
- The market must see the construction of a new development similar to the subject as a viable alternative to the purchase of an existing property like the subject.

If these conditions are not present, then the existing improvements will typically suffer from substantial obsolescence, the amount of which cannot be reasonably estimated from within this approach. Input would be required from other approaches (Income, Sales Comparison) to estimate the accrued obsolescence attributable to the improvements. This would destroy the integrity of this approach as a stand-alone value indication, and render the value indication provided as simply a restatement of the other approaches.

In this valuation, the conditions for a meaningful Cost Approach to value are not present. This approach would not provide an independent value indication apart from the other approaches. The Uniform Standards allow for the non-consideration of this approach under these circumstances. Accordingly, the Cost Approach has not been included in this appraisal analysis.

Income Approach

Market Rental Survey

The following chart summarizes the findings of the rental survey. Quantitative adjustments are made for the differences in the provision of utilities and other services, while differences in quality, appeal, amenities, and other qualitative differences are discussed following.

RENTAL DATA NO.	1 (Subject)	2	3	4	5
PARK NAME	Sterling Shores Estates	Perks Mobile Home Park	Lakeport Lagoons	Westwind Mobile Home Park	Bayview
ADDRESS, CITY	5830 Robin Hill Drive, Lakeport	4265 Lakeshore Blvd., Lakeport	1800 S. Main St., Lakeport	11270 Konocti Drive, Lower Lake	8920 Soda Bay Road, Kelseyville
NO. SPACES	68	51	96	41	83
APPROX. AGE	33	35	35	35	40
AGE RESTRICTION	Senior (55+)	Senior 55+	Senior 55+	Unrestricted Age	Unrestricted Age
SINGLEWIDE SPACES (%)	0%	0%	0%	51%	90%
SINGLEWIDE UNITS (%)	1%	10%	20%	51%	95%
OCCUPANCY	99%	100%	100%	98%	100%
FEATURES & AMENITIES	Pool, Boat Dock, Boat Launch	Clubhouse	Clubhouse, Pool, Docks	Pool, Dock, Boat Ramp	Lake Access, Docks
VEHICLE STORAGE FEE	No Charge	N/A	$20.00	N/A	N/A
RENTAL RATES:					
RENT RANGE-LOW	$492.00	$380.00	$612.00	$555.00	$589.00
RENT RANGE-HIGH	$829.00	$430.00	$743.00	$555.00	$651.00
APPROX. AVG. RENT	$576.12	$405.00	$665.00	$555.00	$625.00
TRANSFER RATE-LOW	$492.00	$380.00	$612.00	$555.00	$589.00
TRANSFER RATE-HIGH	$829.00	$430.00	$743.00	$555.00	$651.00
NEW MOVE-IN RATE-LOW	$492.00	$380.00	$612.00	$555.00	$589.00
NEW MOVE-IN RATE-HIGH	$615.00	$430.00	$743.00	$555.00	$651.00
LESSOR PAID SERVICES	None	Water, Sewer, Trash	None	None	Water, Sewer, Trash
ADJUSTMENT	$0.00	-$45.00	$0.00	$0.00	-$45.00
SERVICE ADJUSTED RATES:					
RENT RANGE-LOW	$492.00	$335.00	$612.00	$555.00	$544.00
RENT RANGE-HIGH	$829.00	$385.00	$743.00	$555.00	$606.00
APPROX. AVG. RENT	$576.12	$360.00	$665.00	$555.00	$580.00
TRANSFER RATE-LOW	$492.00	$335.00	$612.00	$555.00	$544.00
TRANSFER RATE-HIGH	$829.00	$385.00	$743.00	$555.00	$606.00
NEW MOVE-IN RATE-LOW	$492.00	$335.00	$612.00	$555.00	$544.00
NEW MOVE-IN RATE-HIGH	$615.00	$385.00	$743.00	$555.00	$606.00
RENTAL AGREEMENT	Month to Month	Month to Month	Month to Month	Month to Month	Month to Month
INCREASES	5/12: 6.2%	2013: $5	7/12 2.3%	2012: $5	No recent increase
RENT CONTROL	No	No	No	No	No
QUALITY	Average-Good	Average	Good	Average-Good	Average-Good
CONDITION	Good	Average	Good	Good	Good
COMMENTS	The high rent in the park is for a large double lot.				

Source of Data-The data reported above was obtained from telephonic or in-person interviews with park management personnel during the month of September and October 2013**.**

Comments on Data-A variety of mobile home parks in the Clear Lake market area were selected for use as comparable data. Both senior restricted and unrestricted age parks were considered, as market rent is

not an age exclusive concept, and the nature of the community places many senior eligible residents into the unrestricted age parks.

Qualitative Considerations-The most significant amenity offered by parks in this market area is the proximity to the lake, both for the view and for lake access. Other amenities are not significant in terms of rental value. Most similar to the subject in this comparison would be Data Nos. 3, 4 and 5 which are similar as to location as all three offer lake access. Data No. 2 is inferior overall, but is a 55+ age restricted development.

The comparable rental data suggests a market rental rate in the range of $500 to $650.

Recent Rental Transactions in Subject-The most recent rental transactions that have been reported in the subject include the following:

Space No.	Date of Transaction	Reported Rental Rate
46	2012	$578.00
25	2012	$524.00
65	2012	$578.00
68	2012	$578.00
57	2012	$578.00
46	2012	$578.00

These transactions appear to represent negotiated market rental transactions and are considered as strong evidence of market rent.

The market data gleaned from the most recent transaction in the subject provides an indication of market rent in the range of $525 to $578.

Conclusion of Market Rental Rates-Based on this market data and analysis, I have concluded that a market rental rate conclusion of **$600.00** per month is appropriate for the subject. This should be considered as an average rate, as there are locational and view differences between the sites in the park. The lakefront sites currently rent for $615, which appears appropriate for this amenity. None of the recent transactions have involved lakefront sites.

Rental Agreements-According to information provided, there are no tenants occupying spaces on long term (over 1 year) agreements and 68 tenants occupying spaces on month-to-month rental agreements. A copy of the rental agreement was not made available for review, and it is assumed that the rental agreements are similar to the typical month to month agreement that complies with the terms of the California Mobile Home Residency Law.

Rent Control Ordinance

There is no rent control ordinance in this jurisdiction at this time. However, local media reported on November 1, 2013 that an initiative to impose rent control on age restricted parks in Lake County has been certified by the County Clerk in October 2013 to have sufficient signatures to be placed on the June 2014 ballot. The initiative would roll back rents to June 2012 levels, limit annual increases to the same rate as Social Security payments, and disallow rent increases on the turnover of spaces. The rules would apply to any park with more than 80% of the homes having at least one resident over 55 years of age. Presumably, if the initiative passes, the 3.5% increase reported in July 2013 would be rolled back, as well any other increases occurring between January 2012 and the present.

As the initiative has not become law (and may not become law), these considerations are not incorporated into the income projections made for this appraisal.

Projected Base Rental Income

In the valuation of manufactured housing communities, the participants in the market typically base purchase and sale decisions on contract or actual rent as rent control, long term rental agreements and the financial condition of the tenants generally limit the ability of the park to increase submarket rents to market levels in a short period of time. Alternatively, park management is generally unwilling to reduce rents if market rent levels have fallen below contract rents, as the reduced rents will be more difficult to raise towards market levels when that becomes possible. There is a strong influence of inertia in the existing rents in the community, and rental rates are typically less responsive to short term fluctuations in market conditions than are other residential properties (such as apartments) due to the tenant ownership of the home that is occupying the rented site. The inertia is created because the park owner cannot raise rents without consideration of the economic condition of the tenants, and the tenants cannot express dissatisfaction by moving out of the community.

Consideration of significant upside potential in the projection of space rental income is usually limited to parks where rents are significantly below market and there are no structural, legal, or contractual impediments to increasing rents. Consideration of downside risk to above-market rents is also tempered by the inertia factor. Demand levels among existing tenants tend to be relatively inelastic.

Rent increases that have been noticed and have a confirmed starting data are generally considered in the projection of rents for existing tenants, considered appropriate due to the inertial factors.

For the subject, the following considerations lead to the current rental PGI.

- For occupied sites, the rent is incorporated at contract rent levels.
- For vacant sites, rent is projected at average market levels. Note that there may be some fluctuations in "market" rent for each site based on size, location within the property, or other factors. For appraisal purposes, the average market rent provided a sufficient level of precision.
- For sites improved with community owned homes (COH), market space rent is also projected as the contribution of the site portion of the total rental amount (if it is a rental COH). If the COH is inventory held for sale, potential rent is projected at market levels.

Rent Changes in the Forecast Year

Market participants do tend to consider the normal increases that occur as a result of annual rent increases, projected turnover, and other factors. One measure of the probable increase is a comparison of the reported change in rental income over the past several years.

Based on the information able to be obtained from the operator of the subject, the following trends are noted:

Income	2009	Trend	2010	Trend	2011	Trend	2012
MH Space Rental Income	$367,261	11%	$407,027	6%	$432,960	4%	$450,614

The provided income statements indicate growth in rents over the past 3 years has been in excess of general inflation.

Additional considerations in projecting the probable space rental income over the projection year include the following:

- Inflation over the next year is expected to be minimal, limiting upward pressure on rents.
- The current relationship between contract and market rents indicates that there is modest upside in the current rent profile.
- A 3.5% increased has been noticed to the tenants, and will take effect on July 1, 2013.

Based on a review of all available information, projected space rental income is likely to increase by 3% over the next year as compared to the collections reported in the utilized rent roll.

RENT ROLL SUMMARY

	Rent Roll Reported by Owner (1)	Site Rentals Only (2)	Reconciled Current Site Rent (3)	Projected Site Rent in Forecast Year (4)
High Rent	$829.00	$829.00	$829.00	
Low Rent	$492.00	$492.00	$492.00	
Average Rent	$576.15	$576.12	$576.82	$594.13
Monthly PGI	$38,602	$38,024	$39,224	$40,401
Annual PGI	$463,224	$456,288	$470,688	$484,809
Spaces Reported	66	66	68	68
Current Physical Occupancy:				67
Occupancy Rate:	Physical-	98.53%	Revenue Producing-	98.53%
No. of Community Owned Homes		1	Percent of Total-	1.47%
Projected Rental Income Growth (See Text):				3.000%
Current Market Rent (See Text):				$600
Date of Provided Rent Roll:				3/1/2013

Notes: (1) Actual rent roll provided. See Addenda for copy (2) Park owned rental homes & vacant sites, if any, not included (3) Contract rent for rented homesites, market rent for vacant sites & sites occupied by park owned rental homes (4) Incorporates foreseen changes to rent in projection year, Space Rental PGI.

The concluded rents are summarized in the above chart. The provided and adjusted rent rolls upon which this summary is based are included as Appendix 1.

Summary of Historic Financial Records

The following is a summary of historic income and expenses, based on information provided by the park owner and restated to common income and expense categories. Common adjustments to the provided income and expense amounts include the following.

- Income items not specifically derived from the operation of the property are excluded. Included in this category are such items as interest income, mobile home sale or rental income, or one time refunds or adjustments.
- Payroll expenses have been apportioned between On-Site Management and Maintenance/Repairs based on information provided or concluded from analysis of available information.
- To the extent that such items are able to be discerned, significant capital expenditures are either eliminated or further analyzed to determine if inclusion is appropriate.
- Also, dependent on the level of detail in the provided financial statements, expenses related to the ownership (as opposed to park operations) are not considered. Included in this category are such items as LLC registration fees, attorneys and accountants fees for the ownership (trust advice or setup, partnership or corporate tax preparations, educational seminars, dues and publications, or similar items that benefit the owner of the property, not specifically the park.

The ability to discern such items in the provided financial statements is necessary for such analysis to be made. Poorly detailed books and records are not able to be analyzed to the same extents as more detailed or professional prepared statements.

Income	2009		Trend	2010		Trend	2011		Trend	2012	
MH Space Rental Income	$367,261		11%	$407,027		6%	$432,960		4%	$450,614	
Per Unit/Portion of EGI	$5,400.90	87%		$5,985.69	88%		$6,367.06	89%		$6,626.68	90%
Submetered Water Inc.	$19,135		-11%	$17,028		-12%	$14,922		0%	$14,922	
Per Unit/Portion of EGI	$281.40	5%		$250.41	4%		$219.44	3%		$219.44	3%
Sewer Pass Through Inc.	$23,244		0%	$23,244		0%	$23,244		0%	$23,244	
Per Unit/Portion of EGI	$341.82	5%		$341.82	5%		$341.82	5%		$341.82	5%
Pass Through Income	$11,949		0%	$11,949		0%	$11,949		0%	$11,969	
Per Unit/Portion of EGI	$175.72	3%		$175.72	3%		$175.72	2%		$176.01	2%
Misc. Income	$1,517		33%	$2,023		-27%	$1,475		-20%	$1,184	
Per Unit/Portion of EGI	$22.31	0%		$29.75	0%		$21.69	0%		$17.41	0%
Collected Income	**$423,106**		**9%**	**$461,271**		**5%**	**$484,550**		**4%**	**$501,933**	
Per Unit/Portion of EGI	$6,222.15	100%		$6,783.40	100%		$7,125.74	100%		$7,381.37	100%

Expenses	2009		Trend	2010		Trend	2011		Trend	2012	
Taxes	$34,520		-6%	$32,601		-8%	$29,933		1%	$30,188	
Per Unit/Portion of EGI	$507.65	8%		$479.43	7%		$440.19	6%		$443.94	6%
Prof. Mgmt.	$16,941		9%	$18,458		5%	$19,387		2%	$19,751	
Per Unit/Portion of EGI	$249.13	4%		$271.44	4%		$285.10	4%		$290.46	4%
On-Site Mgmt.	$15,119		21%	$18,221		4%	$18,966		1%	$19,108	
Per Unit/Portion of EGI	$222.34	4%		$267.96	4%		$278.91	4%		$281.00	4%
Insurance	$5,330		-5%	$5,059		10%	$5,557		4%	$5,758	
Per Unit/Portion of EGI	$78.38	1%		$74.40	1%		$81.72	1%		$84.68	1%
Electricity Expense	$2,121		4%	$2,203		13%	$2,497		4%	$2,585	
Per Unit/Portion of EGI	$31.19	1%		$32.40	0%		$36.72	1%		$38.01	1%
Propane Expense	$459		51%	$694		13%	$782		-37%	$490	
Per Unit/Portion of EGI	$6.75	0%		$10.21	0%		$11.50	0%		$7.21	0%
Water/Sewer Expense	$40,140		-15%	$33,941		2%	$34,746		9%	$37,807	
Per Unit/Portion of EGI	$590.29	9%		$499.13	7%		$510.97	7%		$555.99	8%
Trash Expense	$146		-22%	$114		32%	$150		7%	$161	
Per Unit/Portion of EGI	$2.15	0%		$1.68	0%		$2.21	0%		$2.37	0%
Repairs/Maintenance	$1,953		69%	$3,298		58%	$5,208		-19%	$4,203	
Per Unit/Portion of EGI	$28.72	0%		$48.50	1%		$76.59	1%		$61.81	1%
Administrative/Misc.	$2,585		18%	$3,055		71%	$5,234		38%	$7,245	
Per Unit/Portion of EGI	$38.01	1%		$44.93	1%		$76.97	1%		$106.54	1%
Reserves	$0			$0			$0			$0	
Per Unit/Portion of EGI	$0.00	0%		$0.00	0%		$0.00	0%		$0.00	0%
Total Expenses	**$119,314**		-1%	**$117,644**		4%	**$122,460**		4%	**$127,296**	
Per Unit/Portion of EGI	$1,754.62	28%		$1,730.06	26%		$1,800.88	25%		$1,872.00	25%
NOI	**$303,792**		13%	**$343,627**		5%	**$362,090**		3%	**$374,637**	
Per Unit/Portion of EGI	$4,467.53	72%		$5,053.34	74%		$5,324.85	75%		$5,509.37	75%

Other Income Sources

Utility Income-Payments for utilities provided to the tenants are made by one of three methods.

1. Utilities are purchased from the provider and submetered to the tenants. The price that the park can charge for the utilities is usually determined by state or local regulatory authorities, and there is usually little opportunity for the park operator to vary from historic reported income.
2. The utilities are metered directly from the utility provider.
3. Utilities are included as a part of the rent payment. It is not uncommon for water, sewer, and/or trash pickup to be included in the rent although the current trend is to meter water use and to pass through sewer and trash collection expense.

Income to the park for utilities is only available under the first alternative. There has been a trend towards the elimination of utilities provided under the first and third option noted above in favor of direct service from the providing utility, but this is a costly conversion for many parks and it is not currently a significant trend. Generally, there is little incentive to complete such a conversion as the utilities will not generally accept a utility system "donation" unless the system has been certified to meet current codes.

The rates charged both to and by the park for submetered utilities may be subject to regulation by the California Public Utilities Commission (for investor owned suppliers such as PGE, SCE or Sempra) or by the individual utilities (for government owned suppliers). Generally, this applies to submetered electricity, natural gas, and occasionally water. If the specific utility is not regulated by the CPUC or the local government agency with oversight responsibilities, the general rule is that the rates charged by the park are similar to the rates charged for residential users in the same geographic area. Most parks retain the services of a billing contractor who determines the appropriate rate as part of the tenant billing services. The appraisal assumes that the park management is in compliance with all applicable laws regarding billing, and that the historic operating statements reflect compliance.

It is common for the CPUC or the utility to allow a moderate to significant margin to the park owner to allow the owner to recoup the costs of system maintenance. This margin is often sufficient to cover common area expenses as well as to provide income to the park, and in some instances the margin is significant. Because these margins are generally determined by an outside authority, sustainability is assumed by market participants where the billing is completed by competent 3rd party providers.

In the projection of income, consideration is given to the historic trends and amounts received, as well as the historic relationship between income and expenses, as are able to be determined from the historic income and expense reports provided. Expense comparable data is not considered in the projection of income from utilities as experience has shown this income to be highly variable based on economic and financial factors specific to a location, climate, and government policies. The following chart summarizes historic income from these sources and concludes a projection of future income.

Submetered Water Inc.	2009	2010	2011	2012	Projection
Annual	$19,135	$17,028	$14,922	$14,922	**$15,000**
Per Unit	$281.40	$250.41	$219.44	$219.44	
Margin over (under) expense	-110%	-99%	-133%	-153%	-167%
Current Monthly Charge:		$18.56	**Annual PGI:**	$15,145	

Comment/Analysis: Depending on the provider, this utility may or may not be regulated by state authorities. The trend of income has been consistent over the period reported. Stabilized annual income is estimated based on a projection of the trend shown.

Sewer Pass Through Inc.	2009	2010	2011	2012	Projection
Annual	$23,244	$23,244	$23,244	$23,244	**$23,000**
Per Unit	$341.82	$341.82	$341.82	$341.82	
Margin over (under) expense	100%	100%	100%	100%	100%
Current Monthly Charge:		$28.91	**Annual PGI:**	$23,591	

Comment/Analysis: The current monthly charge provides an estimate that is reasonable relative to the historic collections. Stabilized annual income is estimated based on a projection of the trend shown, based on the current charge adjusted for vacancy and collection loss..

These items are included as income to the park, and the cost of utilities is considered under expenses. The reader should be aware that the market value estimated in this appraisal is based upon the assumption that the current utilities arrangement will continue, and that the sale of the utilities to the provider may change the income estimate and the value estimate.

Additional Income-The following sources of additional income have been identified:

Pass Through Income	2009	2010	2011	2012	Projection
Annual	$11,949	$11,949	$11,949	$11,969	**$12,000**
Per Unit	$175.72	$175.72	$175.72	$176.01	
Current Monthly Charge:		$15.31	Annual PGI:	$12,493	

Comment/Analysis: Included are government imposed fees that are passed through to the tenants. Projected income is based on the reported trend.

Misc. Income	2009	2010	2011	2012	Projection
Annual	$1,517	$2,023	$1,475	$1,184	**$1,500**
Per Unit	$22.31	$29.75	$21.69	$17.41	

Comment/Analysis: Included in this category is income from late fees, nsf charges, additional person charges, and other items charged ot the tenants. Projected income is based on the reported trend.

Market participants typically rely most heavily on past experience as the basis for the projection of future income from these sources unless there is some reason to expect future income to be substantially different. No reason to expect substantially different income levels in the future was apparent. The projections are based on a trending of past income reports, except as noted above.

Vacancy and Collection Loss

In most stabilized mobile home parks, vacancy and collection loss tends to be minimal. Vacancy losses are limited due to the cost of removing a coach from the park and the limited amount of alternative spaces for the coaches to move into. Most parks maintain some restrictions on the age of move-ins, limiting the spaces available for the placement of older coaches. Transfer and rebuilding costs can also be substantial, and for many older coaches, approach the market value. Predominantly, coaches will tend to remain in the park until such time as the coach reaches the end of its economic lifetime. Collection loss is also limited due to the ability of the park owner to place a lien against the coach for unpaid rent. Vacancy and collection loss has increased slightly in the past several years in selected markets that are characterized by lesser levels of demand, which generally result from pricing disparities and the inability to obtain competitively price financing for manufactured or mobile homes on rented or leased homesites.

Local Market Summary	
Spaces Surveyed:	339
Vacant Spaces:	2
Occupancy Rate:	99%

At the present time, the physical vacancy in the subject amounts to 1.5%. This approximates the reported level over the past year. By comparison to the neighborhood occupancy rate reported in the rental survey, it appears that the subject is performing at or better than the rest of the local market.

Other potential influences on future vacancy and collection loss include the following:

- In the medium to long term, the need to replace the aging mobile homes in the subject will lead to greater vacancy loss as units are replaced. While some residents will choose to replace their own unit (limiting or eliminating lost income during the transition), there is likely to be some depreciated units abandoned which will have to be replaced by the park owner.
- Community acquisition of homes for resale (or removal and replacement) will lead to short term losses during the period of community ownership. This has become a more common source of short term losses, as park owners have become more proactive and have tended to purchase homes that might otherwise be purchased by owners of other communities and removed from the park.

- Reliance on income from community owned rental units will lead to higher levels of vacancy and collection loss for the units rented, similar to the experience of apartment rentals.
- The mobile home park investment market tends to pay prices for mobile home park investments based on the occupancy of the property at the time of the sale. This tendency is based on the significant capital investment necessary to improve occupancy. In order to fill a vacant site, the park owner will have to purchase, transport and place a home on the vacant site. The home will likely have to be rehabbed, and then marketed and sold. Often, the park owner will provide the capital to purchase in the form of a chattel mortgage. This is a capital intensive effort, and often the capital will be tied up for years. Few lenders will provide this capital, so the owner is generally required to pay out of pocket or out of proceeds for the units. For this reason, buyers are generally unwilling to pay for performance that has not been achieved.

Based on this analysis, a vacancy and collection loss rate of 3% is well supported for the subject on a going forward basis. This allowance is applied against income from space rents only, as the other income items are estimated based on historic receipts, which equate to effective gross income.

Effective Gross Income

The projected EGI is compared to the historic report in the following table:

	2009	2010	2011	2012	Projection
Annual	$423,106	$461,271	$484,550	$501,933	$526,612
Per Unit	$6,222	$6,783	$7,126	$7,381	$7,744
Change Rate		9.02%	5.05%	3.59%	4.92%

By comparison to reported total collections of the past 4 years, this projected EGI appears to be reasonable and well supported given the minor changes between the manner in which income is reported by the owner and projected in this appraisal.

Operating Expense Analysis

The estimate of expenses is derived from a variety of sources, including a review of expense statements from comparable projects, historical data maintained in my files, and historical information provided to the appraisers by the subject's management.[7] Much of the comparison made with other sources of data is based on a cost per unit analysis, as compared to a percentage of collected income basis. The latter is not considered as reliable as the former for several reasons: 1) Operating expenses are predominantly fixed and not subject to fluctuation based on rental income, and properties with higher rents typically have lower costs as a percentage of income; 2) operating expenses are not significantly affected by occupancy levels; and 3) market participants have a strong tendency not to utilize percentage based comparisons. Likewise, total expense ratios have limited applicability for these reasons as well as the complicating factors of submetered or provided utilities, which distorts the total ratio due to the significant cost of utilities and the high level of reimbursements where applicable.

The following table provides expense comparable data from 10 mobile home parks from 2011 and 2012, the most recent years for which a full year of data is available. This data is unfiltered, that is it has not been adjusted to delete items that are not considered in my projections for the subject (expensed capital expenditures, higher than typical payroll expenses, use or lack of use of professional management services, etc.). The data does demonstrate the significant variability from project to project, and indicates

[7] The reader should be aware that there are no reliable institutional data sources that report statistics on operating expenses for this property type such as exist for other, more commonly held investment properties, such as BOMA for office properties and similar source for other property types.

the need to rely on multiple sources of data and analysis to support projections of future expense for the subject.

No. Units	30	161	289	227	54	94	125	185	208	237
2011										
Taxes	$665	$37	$314	$1,406	$701	$327	$158	$968	$375	$808
Prof. Mgmt.		$211	$228	$413	$391	$383	$274	$518	$440	$773
On-Site Mgmt.	$478	$182	$363	$268	$297	$460	$325	$338	$211	$235
Insurance	$98	$61	$78	$107	$66	$127	$73	$100	$233	$85
Repairs/Maint.	$709	$384	$402	$348	$575	$416	$273	$387	$827	$379
Admin./Misc.	$137	$128	$167	$131	$168	$276	$125	$307	$338	$145
2012										
Taxes	$677	$170	$335	$1,085	$716	$357	$318	$900	$388	$824
Prof. Mgmt.		$214	$95	$432	$409	$383	$324	$578	$394	$791
On-Site Mgmt.	$552	$211	$350	$256	$479	$495	$551	$337	$258	$267
Insurance	$103	$59	$88	$138	$66	$126	$76	$140	$275	$95
Repairs/Maint.	$735	$433	$352	$269	$588	$416	$568	$457	$692	$409
Admin./Misc.	$129	$127	$219	$83	$161	$276	$215	$341	$642	$111
2 Year Average										
Taxes	$671	$104	$325	$1,246	$709	$342	$238	$934	$382	$816
Prof. Mgmt.		$213	$162	$423	$400	$383	$299	$548	$417	$782
On-Site Mgmt.	$515	$197	$357	$262	$388	$478	$438	$338	$235	$251
Insurance	$101	$60	$83	$123	$66	$127	$75	$120	$254	$90
Repairs/Maint.	$722	$409	$377	$309	$582	$416	$421	$422	$760	$394
Admin./Misc.	$133	$128	$193	$107	$165	$276	$170	$324	$490	$128

Analysis of Sample-2 Year Average

	Low Value	High Value	Mean	Median	Mean-80% Conf.
Taxes	$104	$1,246	$576	$526	$552
Prof. Mgmt.	$162	$782	$403	$400	$383
On-Site Mgmt.	$197	$515	$346	$347	$343
Insurance	$60	$254	$110	$95	$98
Repairs/Maint.	$309	$760	$481	$418	$468
Admin./Misc.	$107	$490	$211	$167	$190

Expense Projections

The data considered is summarized in the following spreadsheets, which report the data from the subject (filtered), the comparable data (unfiltered), and explanatory comments as to the projections made.

Taxes	2009	2010	2011	2012	Comparable Data ($/U)			Projection	
					Low	High	Mean		
Annual	$34,520	$32,601	$29,933	$30,188				**$1,053**	/U
Per Unit	$507.65	$479.43	$440.19	$443.94	$104	$1,246	$552		
Current Taxes/Assessments-				**$30,384**					

Comment/Analysis: The taxes estimated in the expense statement have been calculated to assume a sale of the subject property within a reasonable range of the value estimated herein, and using the current tax rates as specified elsewhere in the report. Direct Assessments are added to the tax estimated. Historic real estate tax expenses are considered irrelevant to the projection due to the requirements of Proposition 13.

Prof. Mgmt.	2009	2010	2011	2012	Comparable Data ($/U)			Projection	
					Low	High	Mean		
Annual	$16,941	$18,458	$19,387	$19,751				**$210**	/U
Per Unit	$249.13	$271.44	$285.10	$290.46	$162	$782	$383		
Concluded Prof. Mgmt Charge as percentage of Eff. Gr. Rental Income:					***3.0%***		**Total:**	$14,253	

Comment/Analysis: This expense includes general and administrative costs, supervision of on-site personnel, preparation of reports, overseeing of investment. It is typically reported on a percentage basis and applied to effective gross rental income (not to ancillary income such as reimbursements or laundry income). The subject is managed by an entity related to the ownership of the park. For this reason, the reported expense is not considered indicative of a third party management contract. Professional management charges are estimated as a means of separating the value of the real estate from the value of the owner's investment of time and management expertise. Typically, this expense ranges from 3% to 6% of collected rents, with minimum charges typically in the $6,000 per year range (for a minimal package of services in a smaller property), and totals generally in the $12,000 to $60,000 range (for medium to large properties with sufficient income to support the expense). The reported expense rarely falls below 3% of effective gross site rental income.

On-Site Mgmt.	2009	2010	2011	2012	Comparable Data ($/U)			Projection	
					Low	High	Mean		
Annual	$15,119	$18,221	$18,966	$19,108				**$275**	/U
Per Unit	$222.34	$267.96	$278.91	$281.00	$197	$515	$343		
Share of Reported Payroll Cost	100%	100%	100%	100%					

Note: Share of Reported Payroll Cost based on percentage allocations reported by property manager.

Comment/Analysis: On-site management consists of all payroll related expenses for the on-site management personnel, and includes salary, rent rebates, payroll taxes, workman's compensation, and fringe benefits In the projection, on-site management payroll is not allocated between salary and rent, and the projected amount represents a cost that may be allocated between salary and rent rebates in any manner. The historic expense is low in light of available market data, but does not include the rent rebate. The projection is sufficient to provide for 1 part time management employees (20 hours per week), considered sufficient for a property of this size and complexity.

Insurance	2009	2010	2011	2012	Comparable Data ($/U)			Projection	
					Low	High	Mean		
Annual	$5,330	$5,059	$5,557	$5,758				**$85**	/U
Per Unit	$78.38	$74.40	$81.72	$84.68	$60	$254	$98		
Current Reported Premium:	$5,598	/year	Per Unit:	$82.32					

Comment/Analysis: Insurance expense covers fire, all risk property damage, and public liability. The historic costs are reasonable in relation to the expense comparable data and the current premium. The projection is based on the current premium.

Electricity Expense	2009	2010	2011	2012	Comparable Data ($/U)			Projection
					Low	High	Mean	
Annual	$2,121	$2,203	$2,497	$2,585				**$2,600**
Per Unit	$31.19	$32.40	$36.72	$38.01		See Comments		

Comment/Analysis: This expense includes park area expenses. Projected expense is based on the trend indicated by the historic expense, as market participants tend to look at actual experience in the projection of all utility expenses.

Propane Expense	2009	2010	2011	2012	Comparable Data ($/U)			Projection
					Low	High	Mean	
Annual	$459	$694	$782	$490				**$500**
Per Unit	$6.75	$10.21	$11.50	$7.21		See Comments		

Comment/Analysis: This expense includes park area expenses. Projected expense is based on the trend indicated by the historic expense, as market participants tend to look at actual experience in the projection of all utility expenses.

Water/Sewer Expense	2009	2010	2011	2012	Comparable Data ($/U)			Projection
					Low	High	Mean	
Annual	$40,140	$33,941	$34,746	$37,807				**$40,000**
Per Unit	$590.29	$499.13	$510.97	$555.99		See Comments		

Comment/Analysis: This expense includes tenant use and park area expenses. Projected expense is based on the trend indicated by the historic expense, as market participants tend to look at actual experience in the projection of all utility expenses.

Trash Expense	2009	2010	2011	2012	Comparable Data ($/U)			Projection
					Low	High	Mean	
Annual	$146	$114	$150	$161				**$175**
Per Unit	$2.15	$1.68	$2.21	$2.37		See Comments		

Comment/Analysis: This expense includes park area expenses. Projected expense is based on the trend indicated by the historic expense, as market participants tend to look at actual experience in the projection of all utility expenses.

Repairs/Maintenance	2009	2010	2011	2012	Comparable Data ($/U)			Projection	
					Low	High	Mean		
Annual	$1,953	$3,298	$5,208	$4,203				**$150**	/U
Per Unit	$28.72	$48.50	$76.59	$61.81	$309	$760	$468		

Comment/Analysis: This expense category covers such items as private street and parking area clean-up and repair, periodic clean-up of common areas. Non-recurring expenses are not considered in projecting future expenses. The projection is made on the basis of a typical annual expense, and actual annual expenses will tend to fluctuate significantly about this estimate due to the inclusion of capital expenditures in this category. Based on comparisons with the expense comparables, the annual report from the subject is low, but it appears that some of the minor maintenance tasks are performed by the manager. R&M expenses at this level are probably not sustainable at the historic level over time. Greatest consideration is given to both historic and market trends.

Administrative/Misc.	2009	2010	2011	2012	Comparable Data ($/U)			Projection	
					Low	High	Mean		
Annual	$2,585	$3,055	$5,234	$7,245				**$100**	/U
Per Unit	$38.01	$44.93	$76.97	$106.54	$107	$490	$190		

Comment/Analysis: Included in this category are minor and recurring costs such as business license taxes, municipal operating permit expenses, directory listings, legal and accounting expenses, office supplies, and other similar expenditures. Typically, this is a nominal expense. The major expense fluctuation is in local permit fees, which can vary considerably from city to city; and in legal fees for parks that have significant eviction activity or rent control challenges. For the subject, greatest consideration is given to the historic trend due to its reasonableness in light of market standards.

Reserves	2009	2010	2011	2012	Comparable Data ($/U) Low	High	Mean	Projection	
Annual	$0	$0	$0	$0				$30	/U
Per Unit	$0.00	$0.00	$0.00	$0.00		See Comments			

Comment/Analysis: An allowance for reserves is included to provide for the replacement of these items that have an economic life of shorter duration than the improvements as a whole. Typically, these items include street paving and short lived items in the buildings and amenities. Few property owners typically include this expense item, and the historic Repair/Maintenance expenses likely include replacement costs for some items for which reserves are projected.

Market Derived Overall Rate Analysis and Selection

In this market, the most widely used method of converting the estimated net operating income to an indication of value is direct capitalization by market derived overall rate. Market participants rely heavily upon this method.

Overall capitalization rates are derived from the sale of similar properties. The rate is extracted from the sale data by dividing the net income from the sale property by its sales price. The overall rates extracted from the sales described in the Sales Comparison Approach are briefly outlined below:

OVERALL CAPITALIZATION RATE ANALYSIS

SALE #	SUBJECT	1	2	3	4	5
PROPERTY	Sterling Shores Estates	Lost Oak Mobile Home Park	Pines Mobile Estates	La Maria MHP	Rancho Del Rey Mobile Home Park	Casa Grande Mobile Home Park
ADDRESS	5830 Robin Hill Drive, Lakeport	9191 San Diego Way, Atascadero	6706 Tam O'Shanter Dr., Stockton	1701 S. Thornburg Street, Santa Maria	660 Leslie Street, Ukiah	1002 Poplar Road, Vacaville
COUNTY	Lake County, CA	San Luis Obispo County, CA	San Joaquin, CA	Santa Barbara, CA	Mendocino County, California	Solano County, California
DATE SOLD		Dec-12	Aug-13	Jun-13	Jan-12	Mar-12
SALES PRICE		$3,375,000	$8,100,000	$11,256,000	$5,125,000	$13,350,000
$/UNIT		$62,037	$53,741	$71,241	$52,835	$87,255
NO. UNITS	68	54	147	158	97	153
OAR		**6.22%**	**5.35%**	**6.18%**	**6.81%**	**5.63%**

In comparing the above sales to the subject property, consideration is given to certain influencing factors including financing, the level of reported rents relative to economic rents, and physical comparability. The analysis of these factors, and how these factors compare to the subject property, is analyzed in the Sales Comparison Approach. Briefly,

Sale No. 1 is the recent sale of a good quality community in a smaller city in the Central Coast area. There was one vacancy at the time of sale. Rents were below market, and this is one of the few cities in the area without a rent control ordinance. However, the buyer intended to raise rents slowly to market over several years.

Sale No. 2 represents the sale of a stabilized, unrestricted age park in a Sacramento suburb. The property was seen as a stable property with good upside due to moderately below market rents. The buyer anticipated increasing rents upon close of escrow, and the OAR was based on income anticipated to include the increase.

Sale No. 3 is the recent sale of a stabilized community in a smaller, agriculturally dominated community. The park had an RV component, increasing risk slightly.

Sale No. 4 reflects a recent transaction involving a senior restricted park in Ukiah, a northern California retirement community. The property was stabilized and well managed at the time of sale. No significant upside potential was noted, and the property was subject to the recently imposed rent control ordinance in the City of Ukiah.

Sale No. 5 is the sale of a good quality and well maintained community to a 501C3 corporation, with financing provided by unrated municipal bonds. While the buyer does not use traditional investment measures to determine price, the sales price was driven in large part by cash flow and debt coverage. The 501C3's have become an integral part of the mobile home park ownership market, and often compete with conventional investors for properties.

The subject would be considered a moderately attractive property to the investment market. Positive features include the larger homesites with generally direct billed utilities, the leadership position of the property in this market, and the potential for future additions to the property on the excess and surplus land. Negative features affecting the perception of the property as an investment include the secondary location of Clear Lake and Lakeport in the minds of real estate investors due to the lack of metropolitan area job centers and economic characteristics. The significant risk of this investment is that there is a potential for income reduction if the rent control initiative becomes law. This is balanced against a property that is considered desirable and relatively low in management effort due to good demand and limited maintenance needs relative to communities with more significant recreational amenities.

Sale Nos. 1-4 are investor sales of properties in secondary markets, and provide a range of indications in the high 5% to mid 6% range. The OAR for Sale No. 5 was reported at a more aggressive level than all but one of the investment sales, but this was a sale to a non-profit 501C3 corporation and is given lesser consideration in this analysis and projections for market value.

Based on my analysis of the above data and its relation to the income stream and the physical characteristics of the subject, an appropriate capitalization rate of 6.5% is estimated.

The Reconstructed Operating Statement and Capitalization of the subjects estimated net operating income is shown below.

Reconstructed Operating Statement and Capitalization of Income

Gross Potential Income:							
MH Space Rental Income		$594	Per Space Per Mo.		100.0%	$484,809	
Income Subject to Vacancy/Collection Loss Allowance:							**$484,809**
Less Vacancy/Collection Loss:				2.00%			**$9,696**
Effective Gross Income (Subtotal):							**$475,112**
Effective Gross Income Projections:							
Utility/Service Income							
	Submetered Water Inc.	$221	Per Unit (Total)		3.1%	$15,000	
	Sewer Pass Through Inc.	$338	Per Unit (Total)		4.7%	$23,000	
Pass Through Income		$176	Per Unit (Total)		2.5%	$12,000	
Misc. Income		$22	Per Unit (Total)		0.3%	$1,500	
Subtotal:							**$51,500**
Effective Gross Income (All Sources):							**$526,612**
Projected Expenses:							
Taxes				$861.77	Per Unit	$58,600	
Direct Assessments				$191.22	Per Unit	$13,003	
Professional Management				3.00%	of Rent EGI	$14,253	
On-Site Mgmt./Service Payroll				$275.00	Per Unit	$18,700	
Insurance				$85.00	Per Unit	$5,780	
Utilities Expense							
	Electricity Expense	$38	Per Unit		$2,600		
	Propane Expense	$7	Per Unit		$500		
	Water/Sewer Expense	$588	Per Unit		$40,000		
	Trash Expense	$3	Per Unit		$175		
Total Utility Expenses		$636	Per Unit			$43,275	
Repairs/Maintenance				$150	Per Unit	$10,200	
Administrative/Misc.				$100	Per Unit	$6,800	
Reserves				$30	Per Unit	$2,040	
Total Expenses:		$2,539	Per Unit		$1,903	/U W/O Utilities	**$172,651**
Net Operating Income:							**$353,961**
Overall Capitalization Rate:							**6.50%**
Indicated Value:				**$5,445,554**	**rounded to**		**$5,450,000**
Indicated Value Per Unit:							**$80,147**

Sales Comparison Approach

SALE #	SUBJECT	1	2	3	4	5
PROPERTY	Sterling Shores Estates	Lost Oak Mobile Home Park	Pines Mobile Estates	La Maria MHP	Rancho Del Rey Mobile Home Park	Casa Grande Mobile Home Park
ADDRESS	5830 Robin Hill Drive, Lakeport	9191 San Diego Way, Atascadero	6706 Tam O'Shanter Dr., Stockton	1701 S. Thornburg Street, Santa Maria	660 Leslie Street, Ukiah	1002 Poplar Road, Vacaville
COUNTY	Lake County, CA	San Luis Obispo County, CA	San Joaquin, CA	Santa Barbara, CA	Mendocino County, California	Solano County, California
APN	004-031-130	045-351-015	094-150-95	117-330-063	002-282-17	0133-150-080
DATE SOLD		Dec-12	Aug-13	Jun-13	Jan-12	Mar-12
GRANTOR		Tammy S. Ferris; Jill A. Hamblin	Pines Mobile Estates Ltd	Mancinelli	6 Star Properties, LP	Dorthy Anderson
GRANTEE		Lost Oak MHP LLC	Brad Downey Trust	Palos Verdes Medical Center LLC	Rancho Del Rey Asset Partners, L.P.	The Caritas Affordable Housing Corporation
SOURCE		Files, Documents	J. Grant (Bkr)	T. Wynne (Buyer)	R. Thomas (Seller), M. Florence (Buyer), D. Rogers (Bkr.)	Appraiser's Files, P. Inman (Buyer Rep)
DOCUMENT NO.			87716	40846	465	
PRICE		$3,375,000	$8,100,000	$11,256,000	$5,125,000	$13,350,000
TERMS		All Cash	Cash. Sale included 10 COH (vacant) that were valued at $200,000 by broker. Price deducted for cash equivalent, real property sale.	Cash to seller. Buyer obtained new 1st TD of $8,050,000 at market rate and terms.	Seller provided a short term AITD of $4,125,000 encompassing existing $3,227,000 1st TD. Buyer immediately applied to refinance at market rate and terms.	Cash to seller. Buyer purchased with municipal bonds provided by local public agency
CASH EQUIV.		$3,350,000	$7,900,000	$11,256,000	$5,125,000	$13,350,000
$/UNIT		$62,037	$53,741	$71,241	$52,835	$87,255
AGE	33	28	31	41	42	41
QUALITY	Average-Good	Good	Very Good	Good	Average	Average
CONDITION	Good	Good	Very Good	Good	Average	Average
SITE AREA (ac)	28.15	4.96	23.55	19.20	10.05	19.02
NO. UNITS	68	54	147	158	97	153
DENSITY	2.42	10.89	6.24	8.23	9.65	8.04
AVG. RENT	$594.13	$515.36	$485.00	$546.04	$453.14	$560.41
POT. GR. INC.	$536,309	$352,705	$855,540	$1,092,669	$595,981	$1,313,919
EFF. GR. INC.	$526,612	$346,026	$795,652	$1,068,055	$580,157	$1,293,341
EXPENSES	$172,651	$137,605	$373,002	$372,905	$231,238	$542,195
NOI	$353,961	$208,421	$422,650	$695,150	$348,919	$751,146
NOI/UNIT	$5,205	$3,860	$2,875	$4,400	$3,597	$4,909
OAR		6.22%	5.35%	6.18%	6.81%	5.63%
MARKET TIME		Not Listed	Limited Exposure	Off Market Sale	90 days	Not Listed
COMMENTS		Rents $150 under market per buyer, with no rent control. Stabilized occupancy, well maintained.	Very good qualty senior community with tentative map. 10 non-performing sites at sale. Gas & Electricity direct billed from provider.	Negotiated transaction. Age Restricted. 98% occupancy at sale. No Rent Control. Attractive park in healthy senior market.	Senior park, newly instituted rent control ordinance in City. Park stabilized (97%) at sale. Additional improvements include a site-built residence.	Sale to 501C3 Corporation.

Income Based Comparisons

Several income-based comparison tools are available for the analysis of the comparable sales and the manner in which relative rental, gross, and net income measures influence value. These include

- **Effective Gross Income Multiplier (EGIM)**-The multiplier expresses the relationship between Effective Gross Income (Potential Gross Income less Vacancy and Collection Loss) and price or value. This measure tends to be most well supported when the income profile for the comparable properties are similar. This is complicated by a varying level of pass through and direct reimbursements in this property class, as well as income/expense ratios that do not generally vary directly with income.
- **Space Rent Multiplier**-This is a simple analysis in which based on a monthly contract space rent multiplier. This method is not widely used by market participants, but has been shown to be fairly reliable based on a consistent pattern shown in a large number of test examples. Space rent is typically the largest contributor to the income for the property, and this simple analysis avoids the complications of a gross income analysis that includes the other sources of income and is complicated by the various ways in which utility income is reported in different parks. It also avoids issues associated with expense estimates, providing a value indication that is not dependent upon the data and analysis utilized in the Income Approach. As such, this method may be considered oversimplified, but is considered to be a good check against the NOI based analyses below, which rely on a more complex estimate of operating expenses to be reliable. The most significant correlations are occupancy levels, the relationship between contract and market rents for the particular comparable, and the absolute rent.
- **Net Operating Income Per Unit-**The NOI per unit is compared in a bracketing analysis, based on the expectation that there is a direct relationship between the level of NOI and price/value.
- **Income Disparity Analysis-** This analysis is made by comparing the ratio between the net operating income of the subject and of each of the comparables sales in an NOI Disparity Analysis. The ratio that is derived by the subjects NOI divided by each of the comparables NOI (both expressed on a per space basis) is multiplied by the sales price per space of each of the comparables to derive an indicated value per space of the subject. It should be noted that there is some controversy over this method, as it may be correctly pointed out that this is a restatement of the Direct Capitalization, broken down to the unit level of comparison. While this is a valid characterization, the strength of this analysis is that it allows investment oriented properties to be compared on a basis that reflects the reasons for the ownership of this type of property, which is its ability to provide net income to the ownership position. This analysis is not given primary importance in this approach; as to do so would render the Sales Comparison Approach as a restatement of the Income Approach. It is included in this approach primarily as a check on the other analyses utilized.

Each of these analyses provide insight into the varying relationships between price and income based on a more nuanced comparison than available in the Direct Capitalization formulation of the Income Approach by isolating the various comparisons.

These relationships are analyzed in the following spreadsheets.

EFFECTIVE GROSS INCOME (EGI) MULTIPLIER

SALE #	SUBJECT	1	2	3	4	5
EFF. GR. INC.	$526,612	$346,026	$795,652	$1,068,055	$580,157	$1,293,341
OCCUPANCY	98%	98%	93%	98%	97%	98%
EGIM		9.7	9.9	10.5	8.8	10.3
EXPENSE RATIO	33%	40%	47%	35%	40%	42%
INDICATED VALUE		$5,098,321	$5,228,715	$5,549,852	$4,652,000	$5,435,750
IND. VALUE/UNIT		$74,975	$76,893	$81,615	$68,412	$79,938
RANGE OF INDICATIONS:		$68,412	to	$81,615	Avg./Mean:	$76,367

AVERAGE SPACE RENT MULTIPLIER

SALE #	SUBJECT	1	2	3	4	5
AVG. RENT	$594.13	$515.36	$485.00	$546.04	$453.14	$560.41
OCCUPANCY	98%	98%	93%	98%	97%	98%
MULTIPLIER		120.4	110.8	130.5	116.6	155.7
EXPENSE RATIO	33%	40%	47%	35%	40%	42%
INDIC. VALUE		$71,519	$65,834	$77,514	$69,273	$92,504
RANGE OF INDICATIONS:		$65,834	to	$92,504	Avg./Mean:	$75,329

NOI PER UNIT BRACKETING COMPARISON

SALE #	SUBJECT	1	2	3	4	5
NOI/UNIT	$5,205	$3,860	$2,875	$4,400	$3,597	$4,909
$/UNIT		$62,037	$53,741	$71,241	$52,835	$87,255
RANGE OF INDICATIONS:		$71,241	to	$87,255		

COMMENTS: The comparable sales with the most similar levels of NOI on a per space basis as compared to the subject are Sale Nos. 3 and 5, which report lower income per unit than the subject.

NOI PER UNIT DISPARITY ANALYSIS

SALE #	SUBJECT	1	2	3	4	5
NOI/UNIT	$5,205	$3,860	$2,875	$4,400	$3,597	$4,909
NOI/U RATIO		1.35	1.81	1.18	1.45	1.06
IND. VALUE/UNIT		$83,666	$97,296	$84,285	$76,457	$92,513
RANGE OF INDICATIONS:		$83,666	to	$97,296		

COMMENTS: This analysis is not given primary importance in this approach; as to do so would render the Sales Comparison Approach as a restatement of the Income Approach. It is included in this approach primarily as a check on the other analyses utilized. However, Sale Nos. ________________ and __ provide consistent indications of value for the subject using this analysis.

Physical Comparisons

SALES COMPARISON ADJUSTMENT GRID						
SALE #	**SUBJECT**	**1**	**2**	**3**	**4**	**5**
PROPERTY	Sterling Shores Estates	Lost Oak Mobile Home Park	Pines Mobile Estates	La Maria MHP	Rancho Del Rey Mobile Home Park	Casa Grande Mobile Home Park
ADDRESS	5830 Robin Hill Drive, Lakeport	9191 San Diego Way, Atascadero	6706 Tam O'Shanter Dr., Stockton	1701 S. Thornburg Street, Santa Maria	660 Leslie Street, Ukiah	1002 Poplar Road, Vacaville
COUNTY	Lake County, CA	San Luis Obispo County, CA	San Joaquin, CA	Santa Barbara, CA	Mendocino County, California	Solano County, California
$/UNIT		$62,037	$53,741	$71,241	$52,835	$87,255
AVG. RENT	$594	$515	$485	$546	$453	$560
RATIO		120	111	130	117	156
COMPARISONS:						
Property Rights	Fee	Fee	Fee	Fee	Fee	Fee
Comparison		Similar	Similar	Similar	Similar	Similar
Adjustment-		0%	0%	0%	0%	0%
Conditions of Sale	Market	Market	Market	Market	Market	Market
Comparison:		Similar	Similar	Similar	Similar	Similar
Adjustment-		0%	0%	0%	0%	0%
Market Conditions	Current	Dec-12	Aug-13	Jun-13	Jan-12	Mar-12
Comparison		Similar	Similar	Similar	Similar	Similar
Adjustment-		0%	0%	0%	0%	0%
Supply/Demand	Balance	Balance	Balance	Balance	Balance	Balance
Comparison		Similar	Similar	Similar	Similar	Similar
Adjustment-		0%	0%	0%	0%	0%
Local Housing Cost	$176,000	$297,000	$150,000	$255,000	$221,800	$218,000
Location Comparison		Superior	Similar	Superior	Superior	Superior
Adjustment-		-5%	5%	-5%	-5%	-5%
Density (du/ac)	2.42	10.89	6.24	8.23	9.65	8.04
Comparison		Inferior	Inferior	Inferior	Inferior	Inferior
Adjustment-		7%	5%	10%	6%	5%
Design/Quality/Appeal	Average-Good	Good	Very Good	Good	Average	Average
Comparison		Superior	Superior	Superior	Inferior	Inferior
Adjustment-		-2%	2%	2%	2%	2%
Amenities	Pool, Boat Dock, Boat Launch	Pool, Spa, Clubhouse	Recreation Center, Pool, Spa	Pool, Spa, Recreation Center	Pool	Pool, Clubhouse
Comparison		Similar	Similar	Similar	Similar	Similar
Adjustment-		0%	0%	2%	0%	0%
Occupancy	99%	100%	93%	98%	97%	98%
Comparison		Similar	Inferior	Similar	Similar	Similar
Adjustment-		0%	0%	0%	0%	0%
Single/RV Spaces Mix	0%	9%	0%	0%	40%	5%
Comparison		Similar	Similar	Similar	Inferior	Similar
Adjustment-		0%	3%	5%	3%	0%
Physical Condition	Good	Good	Very Good	Good	Average	Average
Comparison		Similar	Superior	Similar	Inferior	Inferior
Adjustment-		0%	4%	4%	4%	4%
Rent Control	No	No	No	No	Yes	Yes
Adjustment-		0%	0%	0%	10%	0%
Note: Rent control adj. based on impact on reported rents; i.e.: the difference between reported and market rents for the comparable relative to the impact on the subject where affected.						
Cumulative Adjustment		**0%**	**19%**	**18%**	**20%**	**6%**
Indicated Value Per Unit		**$62,037**	**$63,952**	**$84,064**	**$63,402**	**$92,490**
CONCLUDED RANGE OF INDICATIONS:		**$62,037**	**to**	**$92,490**	**Avg./Mean:**	**$73,189**

The use of dollar or percentage adjustments in an adjustment grid format is not considered a significantly reliable method of comparison for properties that are typically purchased by the investor market. This

type of analysis is considered to be an ill-supported analysis that does not reflect the actions of the marketplace. This method has significant weakness', including the fact that individual adjustments for physical differences are seldom supportable by "matched pair comparison" or other means to eliminate the arbitrary nature of most adjustments. The breakdown of the subject and comparable properties into individual components for an adjustment grid analysis also denies the compounding effect of various combinations of physical features, in which certain combinations of positive or negative features create value adjustments in excess of the contributory value that might be added for the individual feature. In addition, the application of specific adjustments to this process of comparison creates the impression of extreme levels of precision or accuracy in valuation, a situation that simply does not exist in the marketplace. Most importantly, participants in the market do not employ this method of valuation. However unreliable, an adjustment grid is an expectation of many readers of appraisal reports, and was included for this reason.

Reconciliation

The comparisons utilized provide the following ranges of indicated values:

SUMMARY OF COMPARISONS-PER UNIT BASIS			
	Low Indication	**Mean**	**High Indication**
AVG. SP. RENT MULT.	$65,834	$75,329	$92,504
EFF. GR. INC. MULT.	$68,412	$76,367	$81,615
NOI/UNIT COMPARISON	$71,241	$0	$87,255
INCOME DISPARITY	$83,666		$97,296
PHYSICAL COMPARISON	$62,037	$73,189	$92,490
ABS. VALUE RANGE/UNIT	$62,037		$97,296
AVG. VALUE RANGE/UNIT	$70,238	$56,221	$90,232
IND. VALUE RANGE/UNIT	**$70,000**	**to**	**$80,000**
VALUE RANGE	**$4,760,000**	**$3,820,000**	**$5,440,000**
CONCLUDED VALUE		**$5,100,000**	

Appraisal theory, and current interpretations of USPAP, recognizes that the income-based comparisons are less independent indicators than the physical feature based comparison due to the linking of the income based comparisons to the methodology employed and its basis in the Income Approach. For this reason, strong reliance in this approach is placed upon the value range indicated by the bracketing methodology involving physical features is reported above[8]. In general, the income-based comparisons generally support the value indications provided by the physical bracketing comparison, although the physical feature based comparison tends so support a lower range than the income based comparisons.

The area of convergence between the disparate indicators is shown in the table above. This is concluded to provide an appropriate range of indications for the subject using this approach.

[8] This is not to say that the physical feature based comparisons provide a more reliable indication of value, only one that is independent of the analysis contained in a different approach. The relative reliability of the two approaches is analyzed in the Final Reconciliation.

Reconciliation of Value Indications

Three approaches to value are typically considered in the appraisal process.

The Cost Approach was not considered to have sufficient support to be included as a reliable approach to value for this property type.

The Income Approach is considered to be a reliable indicator of value for properties that are typically investor owned and leased. The subject is in this category. Five rental comparables were analyzed to estimate the economic income levels for the subject. Contract income is considered in the projection of income due to market preferences for capitalizing proven income. Expense data was felt to be reliable. In the Direct Capitalization, ivw sales of similar properties were analyzed to provide a market derived overall capitalization rate. The indication of value is well supported by the comparable sales. Overall, the data used in the Income Approach was considered to be reliable and applicable to the subject property.

The Sales Comparison Approach is considered to represent a reliable method of valuation when the physical descriptions and the characteristics of the income streams of the comparable sales and the subject property are similar. The subject and the comparable sales are somewhat varied as to location, physical description, income earning potential, and expense characteristics. This approach is useful as an indication of the prices that the market has been willing to pay for manufactured housing communities, but due to the limited reliance placed by this market on physical features as a determinant of value, the Sales Comparison Approach is limited to a supporting role in the valuation of manufactured housing communities. The income-based comparisons provide the best indications of value from within this approach, but since there is crossover between these analyses and the Income Approach, the independence of the most reliable comparisons is limited.

In summary, I have placed the greatest level of reliance on the Income Approach, with secondary support from the Sales Comparison Approach.

I have also reviewed the current sales agreement which appears to be a negotiated, arms length transaction.

The following conclusions are considered well supported as the market value indication the subject property.

Reconciliation of Approaches

Cost Approach	**Not Considered**
Income Approach	**$5,450,000**
Sales Comparison Approach	**$5,100,000**
Estimated Market Value	**$5,450,000**
Effective Date of Appraisal	**October 30, 2013**

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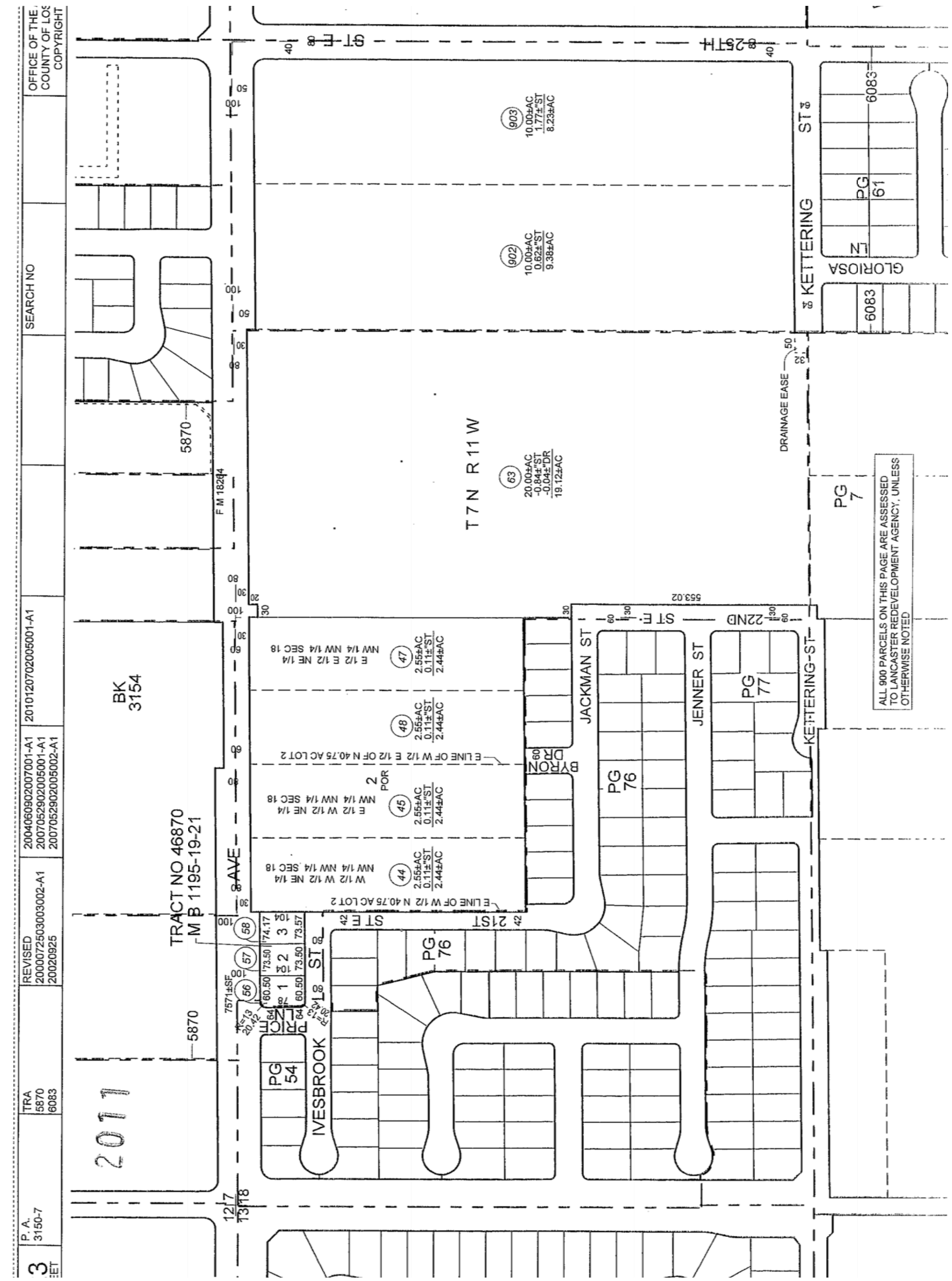
ADDENDA

REGIONAL MAP

NEIGHBORHOOD MAP

PARCEL MAP


OFFICE OF THE COUNTY OF LOS COPYRIGHT
SEARCH NO
2010120702005001-A1
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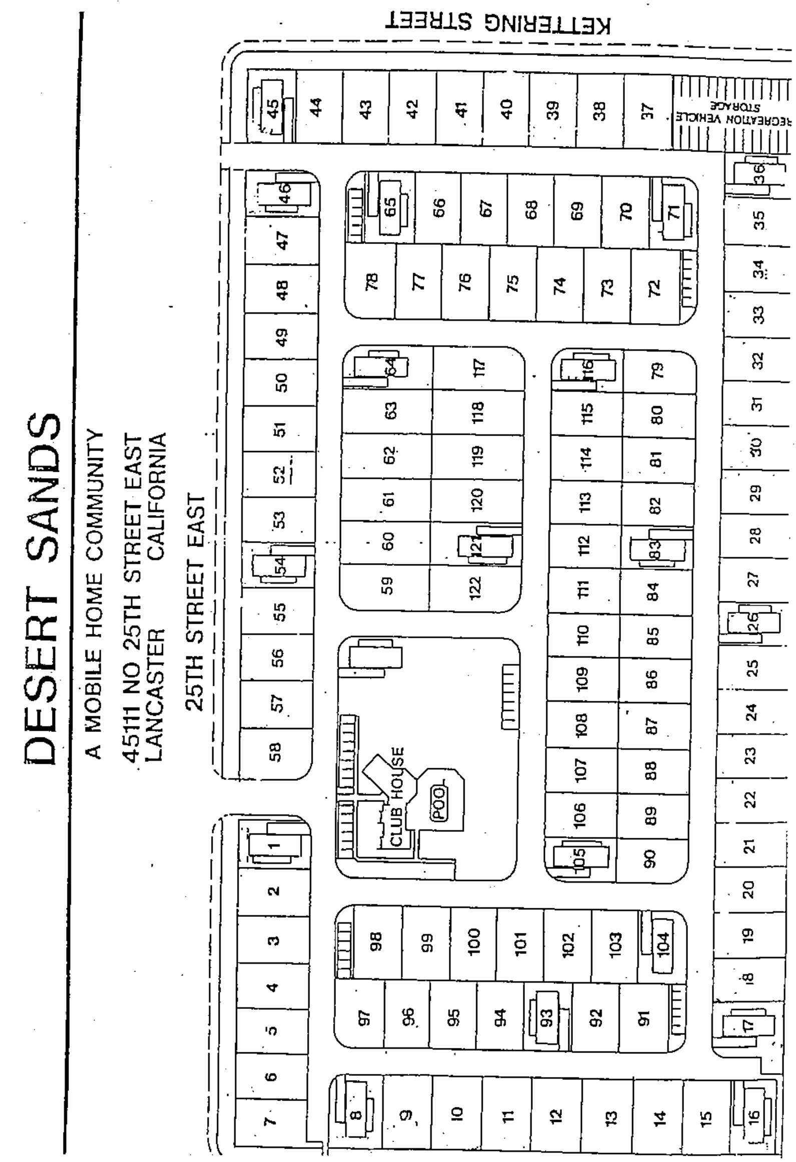
2000072503003002-A1
20020925
TRA
5870
6083
P. A.
3150-7
BK
3154
TRACT NO 46870
M B 1195-19-21
T 7 N R 11 W
KETTERING ST
GLORIOSA LN
PG 61
PG 7
PG 76
PG 77
PG 54
JACKMAN ST
JENNER ST
BYRON DR
IVESBROOK ST
PRICE LN
E 21ST ST
E 22ND ST
E 25TH ST
DRAINAGE EASE
ALL 900 PARCELS ON THIS PAGE ARE ASSESSED TO LANCASTER REDEVELOPMENT AGENCY, UNLESS OTHERWISE NOTED
2011

SITE PLAN



DESERT SANDS
A MOBILE HOME COMMUNITY
45111 NO 25TH STREET EAST
LANCASTER CALIFORNIA
25TH STREET EAST
KETTERING STREET
RECREATION VEHICLE STORAGE
CLUB HOUSE
POOL

LOCATION MAPS & PHOTOGRAPHS

SATELLITE MAP OF NEIGHBORHOOD

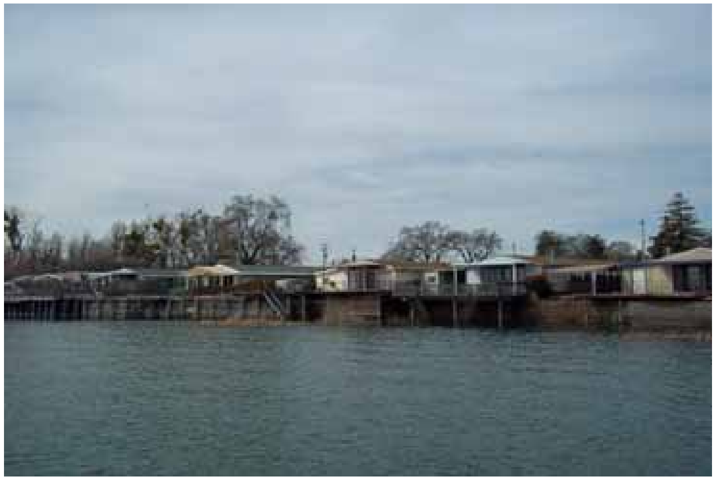
SATELLITE MAP OF SUBJECT


ENTRANCE


CLUBHOUSE


DOCK AND BOAT RAMP


GREEN AREA



LAKEFRONT SITES

RV

POOL

STREET SCENE

STREET SCENE

VIEW WEST ON ROBIN HILL

SURPLUS LAND

RENTAL COMPARABLES

COMPARABLE RENTAL DATA LOCATION MAP

RENTAL 2-PERKS MHP

RENTAL 3-LAKEPORT LAGOONS

RENTAL 4-WESTWIND MHP

RENTAL 5-BAYVIEW

SALE COMPARABLES

COMPARABLE SALES DATA LOCATION MAP

SALE 1-LOST OAK MHP

SALE 2-PINES MOBILE ESTATES

SALE 4-RANCHO DEL REY

SALE 3-LA MARIA MHP

SALE 5-CASA GRANDE MHP

ASSESSORS RECORD INFORMATION (RealQuest)

Property Detail Report

For Property Located At :
236 ROBIN HILL DR, LAKEPORT, CA 95453

CoreLogic RealQuest Profession

Owner Information

Owner Name:	SHAMROCK MILLCO-STERLING SHORES LLC
Mailing Address:	8137 N 68TH ST, PARADISE VALLEY AZ 85253-2636 C022
Vesting Codes:	/ / CO

Location Information

Legal Description:			
County:	LAKE, CA	APN:	029-264-03-00
Census Tract / Block:	3.00 / 2	Alternate APN:	
Township-Range-Sect:		Subdivision:	ROBIN HILL ESTATES 01
Legal Book/Page:		Map Reference:	/
Legal Lot:	A	Tract #:	
Legal Block:	D	School District:	LAKEPORT BASIC
Market Area:		School District Name:	
Neighbor Code:		Munic/Township:	

Owner Transfer Information

Recording/Sale Date:	/	Deed Type:	
Sale Price:		1st Mtg Document #:	
Document #:			

Last Market Sale Information

Recording/Sale Date:	06/15/2007 / 05/22/2007	1st Mtg Amount/Type:	$3,400,000 / CONV
Sale Price:		1st Mtg Int. Rate/Type:	/
Sale Type:	N	1st Mtg Document #:	14495
Document #:	14494	2nd Mtg Amount/Type:	/
Deed Type:	GRANT DEED	2nd Mtg Int. Rate/Type:	/
Transfer Document #:		Price Per SqFt:	
New Construction:		Multi/Split Sale:	MULTI
Title Company:	FIDELITY NATIONAL TITLE		
Lender:	MORGAN STANLEY MTG CAP INC		
Seller Name:	BRBRSHY INVESTMENTS INC		

Prior Sale Information

Prior Rec/Sale Date:	/	Prior Lender:	
Prior Sale Price:		Prior 1st Mtg Amt/Type:	/
Prior Doc Number:		Prior 1st Mtg Rate/Type:	/
Prior Deed Type:			

Property Characteristics

Gross Area:		Parking Type:		Construction:	
Living Area:		Garage Area:		Heat Type:	
Tot Adj Area:		Garage Capacity:		Exterior wall:	
Above Grade:		Parking Spaces:		Porch Type:	
Total Rooms:		Basement Area:		Patio Type:	
Bedrooms:		Finish Bsmnt Area:		Pool:	
Bath(F/H):	/	Basement Type:		Air Cond:	
Year Built / Eff:	/	Roof Type:		Style:	
Fireplace:	/	Foundation:		Quality:	
# of Stories:		Roof Material:		Condition:	
Other Improvements:					

Site Information

Zoning:	R1	Acres:	0.49	County Use:	RESID-TRAILER SITE (6
Lot Area:	21,344	Lot Width/Depth:	x	State Use:	
Land Use:	MOBILE HOME LOT	Res/Comm Units:	/	Water Type:	
Site Influence:				Sewer Type:	

Tax Information

Total Value:	$73,100	Assessed Year:	2013	Property Tax:	$996.46
Land Value:	$68,000	Improved %:	7%	Tax Area:	057054
Improvement Value:	$5,100	Tax Year:	2012	Tax Exemption:	
Total Taxable Value:	$73,100				

Property Detail Report

For Property Located At :
5830 ROBIN HILL DR, LAKEPORT, CA 95453-6023

CoreLogic RealQuest Profession

Owner Information

Owner Name:	**SHAMROCK MILLCO-STERLING SHORES LLC**		
Mailing Address:	**8137 N 68TH ST, PARADISE VALLEY AZ 85253-2636 C022**		
Vesting Codes:	**/ / CO**		

Location Information

Legal Description:			
County:	**LAKE, CA**	APN:	**004-031-13-00**
Census Tract / Block:	**3.00 / 2**	Alternate APN:	
Township-Range-Sect:		Subdivision:	
Legal Book/Page:		Map Reference:	**/**
Legal Lot:		Tract #:	
Legal Block:		School District:	**LAKEPORT BASIC**
Market Area:		School District Name:	
Neighbor Code:		Munic/Township:	

Owner Transfer Information

Recording/Sale Date:	**/**	Deed Type:	
Sale Price:		1st Mtg Document #:	
Document #:			

Last Market Sale Information

Recording/Sale Date:	**06/15/2007 / 05/22/2007**	1st Mtg Amount/Type:	**$3,400,000 / CONV**
Sale Price:		1st Mtg Int. Rate/Type:	**/**
Sale Type:	**N**	1st Mtg Document #:	14495
Document #:	14494	2nd Mtg Amount/Type:	**/**
Deed Type:	**GRANT DEED**	2nd Mtg Int. Rate/Type:	**/**
Transfer Document #:		Price Per SqFt:	
New Construction:		Multi/Split Sale:	**MULTIPLE**
Title Company:	**FIDELITY NATIONAL TITLE**		
Lender:	**MORGAN STANLEY MTG CAP INC**		
Seller Name:	**BRBRSHY INVESTMENTS INC**		

Prior Sale Information

Prior Rec/Sale Date:	**10/01/1998 / 09/10/1998**	Prior Lender:	
Prior Sale Price:	**$1,203,000**	Prior 1st Mtg Amt/Type:	**$850,000 / PRIVATE PARTY**
Prior Doc Number:	17333	Prior 1st Mtg Rate/Type:	**/**
Prior Deed Type:	**GRANT DEED**		

Property Characteristics

Gross Area:		Parking Type:		Construction:	
Living Area:		Garage Area:		Heat Type:	
Tot Adj Area:		Garage Capacity:		Exterior wall:	
Above Grade:		Parking Spaces:		Porch Type:	
Total Rooms:		Basement Area:		Patio Type:	
Bedrooms:		Finish Bsmnt Area:		Pool:	
Bath(F/H):	**/**	Basement Type:		Air Cond:	
Year Built / Eff:	**/**	Roof Type:		Style:	
Fireplace:	**/**	Foundation:		Quality:	
# of Stories:		Roof Material:		Condition:	
Other Improvements:					

Site Information

Zoning:	**R1**	Acres:	**27.66**	County Use:	**COMML-TRAILER/MOBILEHM PA (3180)**
Lot Area:	**1,204,870**	Lot Width/Depth:	**x**	State Use:	
Land Use:	**MOBILE HOME PARK**	Res/Comm Units:	**70 / 2**	Water Type:	
Site Influence:	**LAKE**			Sewer Type:	

Tax Information

Total Value:	**$1,574,218**	Assessed Year:	**2013**	Property Tax:	**$29,387.16**
Land Value:	**$772,767**	Improved %:	**51%**	Tax Area:	**057036**
Improvement Value:	**$801,451**	Tax Year:	**2012**	Tax Exemption:	
Total Taxable Value:	**$1,574,218**				

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FLOOD ZONE INFORMATION

Flood Map Report

For Property Located At

CoreLogic RealQuest Professional

236 ROBIN HILL DR, LAKEPORT, CA 95453

Report Date: **11/04/2013** County: **LAKE, CA**

Flood Zone Code	Flood Zone Panel	Panel Date
X	060090 - 0482D	09/30/2005
Special Flood Hazard Area (SFHA)	**Within 250 ft. of multiple flood zones?**	**Community Name**
Out	No	LAKE COUNTY

Flood Zone Description:

Zone X-An area that is determined to be outside the 100- and 500-year floodplains.

Disclaimer of Use

This map/report was produced using multiple sources. It is provided for informational purposes only. This map/report should not be relied upon by any third parties. It is not intended to satisfy any regulatory guidelines and should not be used for this or any other purpose.

Flood Map Report

For Property Located At

5830 ROBIN HILL DR, LAKEPORT, CA 95453-6023

Report Date: **11/04/2013** County: **LAKE, CA**

Flood Zone Code	Flood Zone Panel	Panel Date
X	060090 - 0482D	09/30/2005
Special Flood Hazard Area (SFHA)	**Within 250 ft. of multiple flood zones?**	**Community Name**
Out	No	LAKE COUNTY

Flood Zone Description:

Zone X-An area that is determined to be outside the 100- and 500-year floodplains.

Disclaimer of Use

This map/report was produced using multiple sources. It is provided for informational purposes only. This map/report should not be relied upon by any third parties. It is not intended to satisfy any regulatory guidelines and should not be used for this or any other purpose.

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PROVIDED RENT ROLL, INCOME AND EXPENSE RECORDS

Comparative Profit and Loss

(20DES) Lancaster Redevelopment Agency

Through June 30, 2010

MTD Actual	Budget	Last Year	Description	YTD Actual	Budget	Last Year
			INCOME STATEMENT			
			RENTAL INCOME			
42,749.88	42,745	41,404.26	4010 Gross potential rent	511,652.94	509,586	496,138.95
(1,737.80)	(1,391)	(1,346.48)	4020 Vacancy	(16,964.58)	(16,692)	(17,116.99)
(50.00)	(100)	0.00	4021 Concessions	(650.00)	(1,200)	(500.00)
(2,380.47)	(1,000)	(2,231.01)	4022 Bad debt - write off	(13,259.18)	(12,000)	(4,210.19)
(544.64)	(1,025)	(623.98)	4060 Utility income	(9,033.76)	(12,300)	(8,689.51)
5,760.49	8,388	7,300.63	4061 Electricity income	99,522.67	100,656	99,778.58
3,344.47	4,938	2,245.80	4062 Gas income	51,008.53	59,256	53,190.11
2,490.40	2,576	2,741.85	4063 Water usage income	30,826.88	30,912	30,432.74
0.00	0	0.00	4064 Rubbish removal income	0.00	0	94.95
90.00	100	60.00	4066 RV storage income	1,050.00	1,200	915.00
225.00	150	275.00	4075 Late charge fees	2,475.00	1,800	3,060.00
0.00	15	0.00	4076 Return check fees	125.00	180	100.00
0.00	0	0.00	4078 Interest income	0.00	0	0.73
0.00	0	0.00	4079 Cable TV income	4,053.58	0	712.81
0.00	0	43.44	4080 Other rental income	402.63	0	50.38
49,947.33	**55,396**	**49,869.51**	**Total revenue**	**661,209.71**	**661,398**	**653,957.56**
			OPERATING EXPENSES			
			PAYROLL			
1,850.00	1,700	1,850.00	5010 Payroll - Manager	22,200.00	20,400	22,380.00
2,653.88	1,700	4,112.00	5040 Payroll - Maintenance	22,277.88	20,400	24,400.00
420.38	327	620.63	5070 Payroll taxes	4,630.41	3,924	4,820.12
1,350.96	1,800	1,451.43	5071 Insurance & other benefits	15,584.30	21,600	15,240.32
695.12	880	673.24	5072 Employee apartments	8,667.12	10,560	8,740.54
24.60	350	24.60	5075 Employee related expenses	2,111.14	4,200	3,009.56
6,994.94	**6,757**	**8,731.90**	**Total payroll**	**75,470.85**	**81,084**	**78,590.54**
			UTILITIES			
0.00	0	0.00	5095 Cable TV	0.00	0	58.91
13,964.81	8,100	6,487.23	5100 Electricity	117,770.43	97,200	97,472.74
0.00	3,017	0.00	5110 Water	29,884.10	36,204	31,190.38
1,714.70	3,200	747.01	5120 Gas	34,114.88	38,400	38,327.14
631.12	530	390.31	5130 Telephone/answering	5,784.25	6,360	5,195.76
1,090.91	650	486.40	5140 Rubbish removal	6,220.92	7,800	6,540.33
17,401.54	**15,497**	**8,110.95**	**Total utilities**	**193,774.58**	**185,964**	**178,785.26**
			UTILITY MAINTENANCE			
0.00	200	0.00	5151 Electric system maintenance	1,091.36	2,400	1,098.38
185.00	400	0.00	5160 Water system maintenance	2,501.94	4,800	1,879.00
0.00	125	0.00	5170 Gas system maintenance	2,792.82	1,500	4,267.20
0.00	200	503.75	5185 Sewer system maintenance	250.00	2,400	2,539.75
0.00	0	0.00	5190 Cable TV	(58.91)	0	294.55
185.00	**925**	**503.75**	**Total utility maintenance**	**6,577.21**	**11,100**	**10,078.88**
			MAINTENANCE EXPENSE			
0.00	11	0.00	5210 Air conditioning & heating	3,995.00	132	630.00
0.00	0	0.00	5211 Appliances repairs	2,548.00	0	0.00
130.00	250	115.00	5212 Building structure	1,042.30	3,000	1,514.39
0.00	50	1,339.00	5213 Carpets maintenance	460.00	600	3,028.00
678.09	225	0.00	5214 Cleaning & cleaning supplies	4,193.06	2,700	2,880.77
0.00	80	0.00	5216 Electrical maintenance	0.00	960	1,010.24
808.55	275	581.31	5217 Maintenance supplies	2,213.31	3,300	2,339.82

Comparative Profit and Loss

(20DES) Lancaster Redevelopment Agency

Through June 30, 2010

MTD Actual	Budget	Last Year	Description	YTD Actual	Budget	Last Year
0.00	100	0.00	5218 Equipment purchases & repairs	0.00	1,200	3,529.65
0.00	50	0.00	5219 Furniture	339.77	600	0.00
0.00	175	0.00	5220 Other maintenance	436.46	2,100	386.62
2,570.59	500	1,868.91	5221 Landscape	10,429.56	6,000	9,510.34
318.44	60	56.72	5222 Painting	10,153.38	720	260.75
56.00	130	56.00	5223 Pest control	(31,244.25)	1,560	897.00
0.00	50	0.00	5224 Plumbing	983.82	600	0.00
2,352.74	500	285.88	5225 Pool & spa	6,311.75	6,000	5,654.71
290.00	300	285.00	5226 Sweeping service	3,470.00	3,600	3,420.00
85.77	25	0.00	5227 Tool purchase	554.11	300	34.58
0.00	110	0.00	5232 Equipment rental	0.00	1,320	360.87
0.00	100	17,645.46	5233 Rental & park homes repairs	19,001.71	1,200	18,064.34
0.00	75	0.00	5234 Fences and walls maintenance	0.00	900	1,593.32
0.00	25	0.00	5235 Street repairs	0.00	300	0.00
0.00	25	0.00	5236 Temp help	0.00	300	0.00
0.00	50	0.00	5298 Vehicle maintenance	0.00	600	780.27
7,290.18	**3,166**	**22,233.28**	**Total maintenance**	**34,887.98**	**37,992**	**55,895.67**
			ADVERTISING & PROMOTIONS			
103.47	100	0.00	5310 Print & other media	1,254.59	1,200	1,152.09
0.00	50	0.00	5311 Signage	394.77	600	97.37
23.16	50	10.90	5312 Tenant promo - recreation	1,532.94	600	892.47
0.00	25	0.00	5313 Tenant promo - rent	0.00	300	0.00
126.63	**225**	**10.90**	**Total advertising & promotions**	**3,182.30**	**2,700**	**2,141.93**
			GENERAL & ADMINISTRATIVE			
0.00	60	0.00	5406 Credit checks	257.21	720	61.61
200.65	140	200.65	5409 Billing service	2,452.03	1,680	811.90
0.00	100	0.00	5410 Dues & subscriptions	1,250.00	1,200	0.00
510.27	75	229.97	5413 Miscellaneous	4,735.39	900	3,887.88
0.00	1,200	2,505.00	5414 Legal fees	16,135.00	14,400	4,055.00
600.00	600	600.00	5415 Security service	7,275.00	7,200	7,263.87
275.62	240	128.96	5416 Supplies	2,638.28	2,880	2,084.43
601.75	710	972.50	5417 Temporary help	7,522.50	8,520	9,988.25
72.00	200	50.60	5418 Mileage expense	1,770.53	2,400	1,622.39
143.97	60	81.90	5419 Postage	1,381.34	720	1,320.39
(61.00)	210	0.00	5425 Education	1,308.00	2,520	1,049.00
100.00	100	100.00	5438 Computers hardware/software	1,951.14	1,200	1,136.64
0.00	25	0.00	5511 Other taxes	631.93	300	1,322.21
0.00	200	0.00	5512 License fees	1,135.00	2,400	1,175.00
2,443.26	**3,920**	**4,869.58**	**Total general & administrative**	**50,443.35**	**47,040**	**35,778.57**
			PROP TAX, INS & MGMT FEES			
0.00	0	0.00	5610 Property taxes	488.28	0	0.00
7,530.00	1,162	3,767.20	5611 Insurance	11,300.76	13,944	9,929.97
2,000.00	2,000	2,000.00	5612 Management fees	24,000.00	24,000	24,000.00
9,530.00	**3,162**	**5,767.20**	**Total prop tax, ins & mgmt fee**	**35,789.04**	**37,944**	**33,929.97**
43,971.55	**33,652**	**50,227.56**	**Total operating expenses**	**400,125.31**	**403,824**	**395,200.82**
5,975.78	**21,744**	**(358.05)**	**Operating income**	**261,084.40**	**257,574**	**258,756.74**
			DEBT SERVICE			
0.00	22,000	0.00	5800 Debt service	0.00	264,000	0.00

Comparative Profit and Loss

(20DES) Lancaster Redevelopment Agency

Through June 30, 2010

MTD Actual	Budget	Last Year	Description	YTD Actual	Budget	Last Year
16,920.53	0	16,920.53	5800-A Debt service-Series A Bond	203,046.36	0	203,046.36
3,885.42	0	3,885.42	5800-B Debt service-Series B Bond	46,625.04	0	46,625.04
20,805.95	**22,000**	**20,805.95**	**Total debt service**	**249,671.40**	**264,000**	**249,671.40**
(14,830.17)	**(256)**	**(21,164.00)**	**Operating cash flow**	**11,413.00**	**(6,426)**	**9,085.34**
			OTHER (INCOME) EXPENSE			
(63.21)	(871)	0.00	5850 Fiscal Agent interest income	(246.04)	(10,448)	(1,362.59)
(63.21)	**(871)**	**0.00**	**Total other (income) expense**	**(246.04)**	**(10,448)**	**(1,362.59)**
			NET INCOME ADJUSTMENTS			
0.00	(3,333)	0.00	5911 Principal payments	0.00	(40,000)	0.00
(416.67)	0	(416.67)	5911-A Principal (Series A Bond)	(5,000.04)	0	(5,000.04)
(2,916.67)	0	(2,916.67)	5911-B Principal (Series B Bond)	(35,000.04)	0	(35,000.04)
(3,333.34)	**(3,333)**	**(3,333.34)**	**Total net income adjustments**	**(40,000.08)**	**(40,000)**	**(40,000.08)**
			IMPROVEMENTS			
(11,433.62)	**3,948**	**(17,830.66)**	**Net income (loss)**	**51,659.12**	**44,022**	**50,448.01**

Comparative Profit and Loss

(20DES) Lancaster Redevelopment Agency

Through June 30, 2011

MTD Actual	Budget	Last Year	Description	YTD Actual	Budget	Last Year
			INCOME STATEMENT			
			RENTAL INCOME			
42,2749 .	42,488	45,8469 .	4010 Gross potential rent	316,87. 987	351,854	311,73564
(1,41094)	(1,261)	(1,8289 0)	4050 Vacancy	(18,70. 900)	(17,765)	(17,6748.)
(30900)	(100)	(30900)	4051 Concessions	(730900)	(1,500)	(730900)
0900	(1,000)	(5,2. 0948)	4055 Bad debt - write off	(. 13908)	(15,000)	(12,5369.)
(5639 6)	(1,000)	(344974)	4070 Utility income	(4,58895.)	(15,000)	(6,022987)
3,884987	. ,200	3,870946	4071 Electricity income	66,244920	66,700	66,355978
2,7. 5947	4,520	2,244948	4075 Gas income	30,300961	30,870	31,00. 982
5,. 13900	5,387	5,460940	4072 Water usage income	21,647945	20,615	20,. 579 .
103900	60	60900	4077 RV storage income	1,583900	1,0. 0	1,030900
0900	0	0900	4078 Maintenance call income	40900	0	0900
483900	130	553900	4083 Late charge fees	4,283900	1,. 00	5,483900
0900	13	0900	4087 Return checv fees	153900	1. 0	153900
750927	0	0900	4086 Cable TV income	5,462952	0	4,03298.
0900	0	0900	40. 0 k ther rental income	3,174986	0	405972
44,091733	**44,3. 5**	**. 6,6. 5733**	**Total revenue**	**861,892798**	**88. ,18.**	**881,206751**
			OPERATING EXPENSES			
			PAYROLL			
1,. 30900	1,. 30	1,. 30900	3010 I ayroll - Manager	55,430900	55,500	55,500900
2,053983	1,800	5,7329 .	3040 I ayroll - Maintenance	53,447953	50,400	55,5889 .
475926	2. 0	45092.	3080 I ayroll taOes	4,67. 950	4,370	4,720941
1,164914	1,583	1,230967	3081 Pnsurance x other benefits	13,618948	13,200	13,3. 4920
803915	800	763915	3085 Employee apartments	. ,431944	. ,400	. ,778915
161958	130	54970	3083 Employee related eOpenses	2,. 4. 962	1,. 00	5,111914
5,. 29785	**8,044**	**8,66. 76.**	**Total payroll**	**91,092726**	**52,880**	**54,. 50794**
			UTILITIES			
. 4928	0	0900	3063 Cable TV	. 4928	0	0900
11,42. 980	8,600	12,6749 1	3100 Electricity	102,282945	64,. 00	118,880942
0900	5,. 00	0900	3110 Water	21,344920	22,700	56,. . 4910
5,107987	2,500	1,814980	3150 Gas	24,715900	2. ,400	24,1149 .
. 43905	320	721915	3120 Telephone&answering	7,6. 6983	7,270	3,8. 4953
0900	730	1,060961	3140 Rubbish remo/ al	7,832904	8,. 00	7,550965
1. ,. 5. 784	**14,090**	**15,. 0174.**	**Total utilities**	**193,348799**	**190,680**	**163,55. 749**
			UTILITY MAINTENANCE			
675980	500	0900	3131 Electric system maintenance	7,586910	5,400	1,061927
1,813900	200	1. 3900	3170 Water system maintenance	11,. 1892.	2,700	5,301964
0900	200	0900	3180 Gas system maintenance	700900	2,700	5,8659 5
0900	100	0900	31. 3 Sewer system maintenance	2,5. 6900	1,500	530900
0900	0	0900	3160 Cable TV	0900	0	(3. 961)
2,855740	**600**	**194700**	**Total utility maintenance**	**21,6947. 9**	**10,900**	**8,455721**
			MAINTENANCE EXPENSE			
0900	30	0900	3510 Air conditioning x heating	0900	700	2,663900
0900	0	0900	3511 Appliances repairs	. 4. 923	0	5,34. 900
1,661932	530	120900	3515 Building structure	5,244981	2,000	1,045920
0900	30	0900	3512 Carpets maintenance	0900	700	470900
500900	430	78. 906	3514 Cleaning x cleaning supplies	5,. 35973	3,400	4,162907
0900	0	0900	3513 Drapes maintenance	530900	0	0900
0900	. 0	0900	3517 Electrical maintenance	0900	670	0900
351950	583	. 0. 983	3518 Maintenance supplies	1,. . 5987	2,200	5,512921

Comparative Profit and Loss

(20DES) Lancaster Redevelopment Agency

Through June 30, 2011

MTD Actual	Budget	Last Year	Description	YTD Actual	Budget	Last Year
106982	100	0900	351. Equipment purchases x repairs	106982	1,500	0900
0900	30	0900	3516 Furniture	4. 39 6	700	226988
0900	183	0900	3550 k ther maintenance	23. 953	5,100	427947
2,1319 6	300	5,380986	3551 Landscape	16,605910	7,000	10,456987
. 7987	100	21. 944	3555 I ainting	1,7309 1	1,500	10,13292.
37900	130	37900	3552 I est control	884981	1,. 00	(21,544953)
0900	100	0900	3554 I lumbing	. 9 4	1,500	6. 29 5
522946	330	5,235984	3553 I ool x spa	2,787916	7,700	7,211983
560900	200	560900	3557 Sweeping ser/ ice	2,4. 0900	2,700	2,480900
0900	100	. 3988	3558 Tool purchase	. 3981	1,500	334911
0900	30	0900	3525 Equipment rental	173913	700	0900
0900	100	0900	3522 Rental x parv homes repairs	1,882910	1,500	16,001981
0900	83	0900	3524 Fences and walls maintenance	55. 94.	600	0900
0900	53	0900	3523 Street repairs	0900	200	0900
0900	53	0900	3527 Temp help	300900	200	0900
0900	110	0900	356. Vehicle maintenance	0900	1,250	0900
8,8. 0780	**3,884**	**5,260719**	**Total maintenance**	**. 1,358793**	**. 3,690**	**3. ,995769**
			ADVERTISING & PROMOTIONS			
113948	100	102948	3210 I rint x other media	1,45. 922	1,500	1,534986
12917	30	0900	3211 Signage	8559 3	700	264988
7900	130	52917	3215 Tenant promo - recreation	1,241984	1,. 00	1,325964
0900	53	0900	3212 Tenant promo - rent	0900	200	0900
13. 783	**324**	**128783**	**Total advertising & promotions**	**3,. 62752**	**3,600**	**3,192730**
			GENERAL & ADMINISTRATIVE			
. 7956	30	0900	3407 Credit checvs	453988	700	538951
505950	500	500973	3406 Billing ser/ ice	5,452920	5,400	5,435902
800900	153	0900	3410 Dues x subscriptions	800900	1,300	1,530900
1. 0944	230	310958	3412 Miscellaneous	2,672986	4,500	4,823926
0900	. 00	0900	3414 Legal fees	7,467924	6,700	17,123900
700900	700	700900	3413 Security ser/ ice	8,583900	8,500	8,583900
5079 6	540	583975	3417 Supplies	5,231963	5,. . 0	5,72. 95.
72. 900	740	701983	3418 Temporary help	7,163915	8,7. 0	8,355980
512944	500	85900	341. Mileage eOpense	5,04194.	5,400	1,880982
135972	130	142968	3416 I ostage	1,10. 902	1,. 00	1,2. 1924
0900	183	(71900)	3453 Education	1,126900	5,100	1,20. 900
(0951)	0	0900	3423 Banv ser/ ice charge - eOpense	161901	0	0900
100900	100	100900	342. Computers hardware&software	1,500900	1,500	1,631914
0900	83	0900	3311 k ther taOes	27916	600	721962
0900	500	0900	3315 License fees	347980	5,400	1,123900
3,056789	**3,604**	**2,. . 3728**	**Total general & administrative**	**38,063709**	**. 8,980**	**40,. . 3734**
			PROP TAX, INS & MGMT FEES			
0900	30	0900	3710 I roperty taOes	0900	700	4. . 95.
0900	1,175	8,320900	3711 Pnsurance	8,466900	12,644	11,200987
5,500900	5,500	5,000900	3715 Management fees	57,400900	57,400	54,000900
2,200700	**3,. 12**	**6,430700**	**Total prop tax, ins & mgmt fee**	**33,966700**	**. 0,6. .**	**34,59670.**
38,834753	**33,3. 2**	**. 3,651744**	**Total operating expenses**	**. 01,298729**	**. 00,10.**	**. 00,124731**
19,. . 4780	**22,004**	**4,654759**	**Operating income**	**260,368749**	**28. ,080**	**281,09. 7. 0**
			DEBT SERVICE			

Comparative Profit and Loss

(20DES) Lancaster Redevelopment Agency

Through June 30, 2011

MTD Actual	Budget	Last Year	Description	YTD Actual	Budget	Last Year
0900	55,000	0900	3. 00 Debt ser/ ice	0900	574,000	0900
0900	0	17,65092	3. 00-A Debt ser/ ice-Series A Bond	101,3529I .	0	502,04797
0900	0	2,. . 3945	3. 00-B Debt ser/ ice-Series B Bond	52,21595	0	47,75394
0700	**22,000**	**20,90474**	**Total debt service**	**12. ,93470**	**28. ,000**	**2. 6,8517. 0**
19,. . 4780	**4**	**(1. ,93075)**	**Operating cash flow**	**184,48079**	**80**	**11,. 1370**
			OTHER (INCOME) EXPENSE			
(4. 927)	(1.)	(72951)	3. 30 Fiscal Agent interest income	(. 63931)	(517)	(54794)
(. 9738)	**(19)**	**(83721)**	**Total other (income) expense**	**(96441)**	**(218)**	**(2. 870.)**
			NET INCOME ADJUSTMENTS			
0900	(2,778)	0900	3611 I rincipal payments	0900	(44,004)	0900
0900	0	(41798)	3611-A I rincipal (Series A Bond)	(5,30095)	0	(3,00094)
0900	0	(5,61798)	3611-B I rincipal (Series B Bond)	(18,30095)	0	(23,00094)
0700	**(3,885)**	**(3,3333.)**	**Total net income adjustments**	**(20,0070.)**	**(. . ,00.)**	**(. 0,00709)**
			IMPROVEMENTS			
19,. 6378	**3,860**	**(11,. 3382)**	**Net income (loss)**	**198,. 487. 3**	**. . ,290**	**41,84672**

Comparative Profit and Loss

(20DES) Lancaster Redevelopment Agency

Through June 30, 2012

MTD Actual	Budget	Last Year	Description	YTD Actual	Budget	Last Year
			INCOME STATEMENT			
			RENTAL INCOME			
42,729.78	42,455	42,284.66	4010 Gross potential rent	799,147.94	791,594	713,586.78
(1,326.14)	(1,231)	(1,410.94)	4090 Vacancy	(13,353.60)	(18,839)	(15,806.00)
(70.00)	(100)	(70.00)	4091 Concessions	(700.00)	(1,900)	(870.00)
0.00	(1,000)	0.00	4099 Bad debt - write off	(5,032.94)	(19,000)	(617.05)
(719.91)	(1,000)	(937.63)	4080 Utility income	(4,596.88)	(19,000)	(4,955.96)
5,918.09	6,200	7,554.58	4081 Electricity income	38,759.88	33,800	33,244.20
9,973.14	4,920	2,869.48	4089 Gas income	46,200.13	70,580	70,700.31
2,180.46	9,758	9,617.00	4082 Water usage income	24,747.71	20,319	21,348.49
30.00	30	107.00	4088 RV storage income	1,167.00	1,060	1,957.00
0.00	0	0.00	4085 Maintenance call income	0.00	0	40.00
970.00	170	457.00	4057 Late charge fees	2,070.00	1,600	4,257.00
0.00	17	0.00	4058 Return checv fees	70.00	160	197.00
0.00	0	890.28	4053 Cable TV income	2,547.49	0	9,432.92
10,134.30	0	0.00	4060 k ther rental income	10,482.30	0	7,184.53
49,2027. 5	**55,39.**	**55,06173**	**Total revenue**	**46. ,. 5472**	**449,149**	**481,46274**
			OPERATING EXPENSES			
			PAYROLL			
2,900.00	1,670	1,670.00	7010 I ayroll - Manager	95,297.00	99,900	99,470.00
4,026.57	1,500	2,097.57	7040 I ayroll - Maintenance	93,615.58	90,400	97,448.97
860.85	260	489.23	7050 I ayroll taOes	7,602.60	4,780	4,386.90
1,823.46	1,957	1,134.14	7051 Fnsurance x other benefits	15,617.89	17,200	17,315.45
505.59	500	507.19	7059 Employee apartments	6,430.04	6,400	6,471.44
140.67	170	131.95	7057 Employee related eOpenses	9,558.75	1,600	2,646.32
10,90. 79.	**4,055**	**. ,9267.**	**Total payroll**	**82,0267. 8**	**. 2,440**	**61,06278**
			UTILITIES			
0.00	0	64.25	7037 Cable TV	0.00	0	64.25
0.00	5,300	11,426.50	7100 Electricity	38,724.49	34,600	102,252.49
0.00	9,600	0.00	7110 Water	24,451.60	22,800	21,744.20
678.60	2,900	9,108.78	7190 Gas	24,088.97	26,400	24,819.00
796.13	720	647.09	7120 Telephone&answering	6,036.72	8,280	8,363.57
250.86	870	0.00	7140 Rubbish remo/ al	8,476.15	5,600	8,572.04
1,. 557.	**15,060**	**19,9. 9745**	**Total utilities**	**1. 8,4287.**	**160,840**	**163,35476**
			UTILITY MAINTENANCE			
0.00	900	389.70	7171 Electric system maintenance	9,528.95	9,400	8,953.10
0.00	200	1,517.00	7180 Water system maintenance	2,120.79	2,800	11,615.26
0.00	200	0.00	7150 Gas system maintenance	400.00	2,800	800.00
0.00	100	0.00	7167 Sewer system maintenance	1,497.00	1,900	2,963.00
0700	**800**	**2,4. . 750**	**Total utility maintenance**	**. ,4817. 8**	**10,600**	**21,86576**
			MAINTENANCE EXPENSE			
0.00	70	0.00	7910 Air conditioning x heating	0.00	800	0.00
0.00	0	0.00	7911 Appliances repairs	0.00	0	646.27
1,100.48	970	1,331.72	7919 Building structure	1,286.59	2,000	9,244.71
0.00	70	0.00	7912 Carpets maintenance	0.00	800	0.00
970.00	470	900.00	7914 Cleaning x cleaning supplies	2,626.22	7,400	9,679.87
0.00	0	0.00	7917 Drapes maintenance	0.00	0	970.00
0.00	60	0.00	7918 Electrical maintenance	0.00	380	0.00
206.47	957	791.90	7915 Maintenance supplies	386.15	2,200	1,669.58
0.00	100	103.52	7916 E: uipment purchases x repairs	907.73	1,900	103.52

Comparative Profit and Loss

(20DES) Lancaster Redevelopment Agency

Through June 30, 2012

MTD Actual	Budget	Last Year	Description	YTD Actual	Budget	Last Year
289.05	70	0.00	7913 Furniture	725.87	800	467.63
0.00	157	0.00	7990 k ther maintenance	202.44	9,100	276.97
75.90	700	2,171.63	7991 Landscape	5,983.89	8,000	13,309.10
200.84	100	68.58	7999 I ainting	1,102.52	1,900	1,870.61
128.00	170	78.00	7992 I est control	1,039.00	1,600	554.71
0.00	100	0.00	7994 I lumbing	49.78	1,900	6.64
545.36	770	922.43	7997 I ool x spa	4,053.73	8,800	2,858.13
930.00	200	930.00	7998 Sweeping ser/ ice	2,460.00	2,800	2,460.00
0.00	100	0.00	7995 Tool purchase	154.42	1,900	67.71
0.00	70	0.00	7929 E: uipment rental	1,110.17	800	187.17
140.00	100	0.00	7922 Rental x parv homes repairs	4,865.08	1,900	1,552.10
0.00	57	0.00	7924 Fences and walls maintenance	0.00	300	996.46
0.00	97	0.00	7927 Street repairs	0.00	200	0.00
900.00	97	0.00	7928 Temp help	617.00	200	700.00
0.00	110	0.00	7936 Vehicle maintenance	0.00	1,290	0.00
3,682760	**3,445**	**4,490740**	**Total maintenance**	**31,0. 4709**	**93,860**	**91,3. 4763**
			ADVERTISING & PROMOTIONS			
0.00	100	117.45	7210 I rint x other media	1,489.78	1,900	1,496.22
0.00	70	12.18	7211 Signage	0.00	800	599.67
50.65	170	8.00	7219 Tenant promo - recreation	1,932.89	1,600	1,241.74
0.00	97	0.00	7212 Tenant promo - rent	0.00	200	0.00
. 076.	**325**	**139743**	**Total advertising & promotions**	**2,. 54716**	**3,800**	**3,9827. 2**
			GENERAL & ADMINISTRATIVE			
0.00	70	68.93	7408 Credit checvs	260.51	800	497.75
909.90	900	909.90	7403 Billing ser/ ice	9,482.10	9,400	9,492.20
0.00	197	500.00	7410 Dues x subscriptions	570.00	1,700	500.00
0.00	270	160.44	7412 Miscellaneous	582.82	4,900	2,382.73
1,470.00	600	0.00	7414 Legal fees	12,226.00	3,800	8,438.24
800.00	800	800.00	7417 Security ser/ ice	5,969.70	5,900	5,957.00
798.87	940	908.63	7418 Supplies	2,000.80	9,660	9,271.37
566.00	840	826.00	7415 Temporary help	7,738.00	5,860	8,137.19
84.26	900	912.44	7416 Mileage eOpense	9,444.82	9,400	9,041.46
31.90	170	179.82	7413 I ostage	1,166.68	1,600	1,106.02
0.00	157	0.00	7497 Education	1,723.00	9,100	1,123.00
175.09	0	(0.91)	7427 Banv ser/ ice charge - eOpense	9,145.06	0	131.01
53.00	100	100.00	7426 Computers hardware&software	1,862.67	1,900	1,900.00
0.00	57	0.00	7711 k ther taOes	9,536.84	300	28.13
0.00	900	0.00	7719 License fees	1,840.96	9,400	748.70
3,856795	**3,805**	**3,0. 8746**	**Total general & administrative**	**9. ,014766**	**94,640**	**34,083706**
			PROP TAX, INS & MGMT FEES			
0.00	70	0.00	7810 I roperty taOes	832.11	800	0.00
25.00	1,189	0.00	7811 Insurance	8,793.13	12,344	5,433.00
9,900.00	9,900	9,900.00	7819 Management fees	98,400.00	98,400	98,400.00
2,23. 700	**3,912**	**2,200700**	**Total prop tax, ins & mgmt fee**	**33,422730**	**90,899**	**33,688700**
22,322724	**33,392**	**34,4357. 3**	**Total operating expenses**	**383,621715**	**900,109**	**901,264726**
91,660798	**22,005**	**16,995740**	**Operating income**	**283,83570.**	**249,040**	**280,384756**
			DEBT SERVICE			
0.00	99,000	0.00	7600 Debt ser/ ice	0.00	984,000	0.00

Comparative Profit and Loss

(20DES) Lancaster Redevelopment Agency

Through June 30, 2012

MTD Actual	Budget	Last Year	Description	YTD Actual	Budget	Last Year
0.00	0	0.00	7600-A Debt ser/ ice-Series A Bond	0.00	0	101,792.16
0.00	0	0.00	7600-B Debt ser/ ice-Series B Bond	0.00	0	92,219.79
0700	**22,000**	**0700**	**Total debt service**	**0700**	**249,000**	**129,6357. 0**
91,660798	**5**	**16,995740**	**Operating cash flow**	**283,83570.**	**40**	**145,540766**
			OTHER (INCOME) EXPENSE			
(70.48)	(16)	(46.28)	7670 Fiscal Agent interest income	(899.82)	(918)	(637.71)
(50794)	**(16)**	**(96734)**	**Total other (income) expense**	**(422743)**	**(214)**	**(685751)**
			NET INCOME ADJUSTMENTS			
0.00	(2,885)	0.00	7311 I rincipal payments	0.00	(44,004)	0.00
0.00	0	0.00	7311-A I rincipal (Series A Bond)	0.00	0	(9,700.09)
0.00	0	0.00	7311-B I rincipal (Series B Bond)	0.00	0	(15,700.09)
0700	**(3,44.)**	**0700**	**Total net income adjustments**	**0700**	**(99,009)**	**(20,000709)**
			IMPROVEMENTS			
91,830785	**3,480**	**16,983784**	**Net income (loss)**	**289,55. 7. 0**	**99,260**	**164,954793**

Twelve Month Profit and Loss

(20DES) Lancaster Redevelopment Agency

For Year 2013

Account	Period End Jul 31, 2012	Period End Aug 31, 2012	Period End Sep 30, 2012	Period End Oct 31, 2012	Period End Nov 30, 2012	Period End Dec 31, 2012	Period End Jan 31, 2013	Period End Feb 28, 2013	Period End Mar 31, 2013	Period End Apr 30, 2013	Period End May 31, 2013	Period End Jun 30, 2013	Period End Total
4000 INCOME STATEMENT													
4001 RENTAL INCOME													
4010 Gross potential rent	43,524.78	44,481.72	44,466.16	44,481.72	44,466.16	44,466.16	0.00	0.00	0.00	0.00	0.00	0.00	265,886.70
4020 Vacancy	(1,415.44)	(1,446.56)	(1,446.56)	(723.28)	(1,084.92)	(1,084.92)	0.00	0.00	0.00	0.00	0.00	0.00	(7,201.68)
4022 Bad debt - write off	0.00	0.00	0.00	0.00	(2,648.24)	0.00	0.00	0.00	0.00	0.00	0.00	0.00	(2,648.24)
4060 Utility income	(487.49)	(530.39)	(726.95)	(657.52)	(663.92)	(345.90)	0.00	0.00	0.00	0.00	0.00	0.00	(3,412.17)
4061 Electricity income	8,936.62	10,797.47	14,916.76	11,647.13	8,174.01	5,238.31	0.00	0.00	0.00	0.00	0.00	0.00	59,710.30
4062 Gas income	2,454.50	2,253.00	2,232.24	2,183.15	2,487.66	3,550.48	0.00	0.00	0.00	0.00	0.00	0.00	15,161.03
4063 Water usage income	3,459.80	3,516.91	3,668.15	3,502.29	3,175.36	2,879.55	0.00	0.00	0.00	0.00	0.00	0.00	20,202.06
4066 RV storage income	90.00	90.00	90.00	90.00	90.00	90.00	0.00	0.00	0.00	0.00	0.00	0.00	540.00
4075 Late charge fees	125.00	200.00	325.00	75.00	100.00	75.00	0.00	0.00	0.00	0.00	0.00	0.00	900.00
4080 Other rental income	0.00	0.00	0.00	352.18	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	352.18
4085 Total revenue	**56,687.77**	**59,362.15**	**63,524.80**	**60,950.67**	**54,096.11**	**54,868.68**	**0.00**	**0.00**	**0.00**	**0.00**	**0.00**	**0.00**	**349,490.18**
5000 OPERATING EXPENSES													
5005 PAYROLL													
5010 Payroll - Manager	3,200.00	3,200.00	3,200.00	3,450.00	3,700.00	3,400.00	0.00	0.00	0.00	0.00	0.00	0.00	20,150.00
5040 Payroll - Maintenance	3,860.17	3,559.92	3,299.50	2,320.00	2,500.00	2,100.00	0.00	0.00	0.00	0.00	0.00	0.00	17,639.59
5070 Payroll taxes	673.29	629.89	567.05	444.63	462.56	409.02	0.00	0.00	0.00	0.00	0.00	0.00	3,186.44
5071 Insurance & other benefits	1,736.95	1,705.52	1,696.97	1,691.45	1,708.02	1,599.35	0.00	0.00	0.00	0.00	0.00	0.00	10,138.26
5072 Employee apartments	707.72	723.28	723.28	723.28	723.28	723.28	0.00	0.00	0.00	0.00	0.00	0.00	4,324.12
5075 Employee related expenses	126.29	285.89	126.29	126.29	253.52	24.60	24.60	0.00	0.00	0.00	0.00	0.00	967.48
5080 Total payroll	**10,304.42**	**10,104.50**	**9,613.09**	**8,755.65**	**9,347.38**	**8,256.25**	**24.60**	**0.00**	**0.00**	**0.00**	**0.00**	**0.00**	**56,405.89**
5090 UTILITIES													
5100 Electricity	21,363.62	15,036.28	14,107.72	10,058.57	5,974.20	0.00	0.00	0.00	0.00	0.00	0.00	0.00	66,540.39
5110 Water	8,100.63	0.00	8,938.84	0.00	6,288.65	0.00	0.00	0.00	0.00	0.00	0.00	0.00	23,328.12
5120 Gas	0.00	2,252.32	883.40	872.11	1,003.70	2,250.17	0.00	0.00	0.00	0.00	0.00	0.00	7,261.70
5130 Telephone/answering	543.34	1,791.15	966.17	559.92	1,351.01	432.92	0.00	0.00	0.00	0.00	0.00	0.00	5,644.51
5140 Rubbish removal	365.59	64.05	395.68	377.62	443.99	368.83	0.00	0.00	0.00	0.00	0.00	0.00	2,015.76
5145 Total utilities	**30,373.18**	**19,143.80**	**25,291.81**	**11,868.22**	**15,061.55**	**3,051.92**	**0.00**	**0.00**	**0.00**	**0.00**	**0.00**	**0.00**	**104,790.48**
5150 UTILITY MAINTENANCE													
5151 Electric system maintenance	415.00	0.00	255.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	670.00
5160 Water system maintenance	0.00	1,185.38	0.00	0.00	661.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	1,846.38
5185 Sewer system maintenance	0.00	1,300.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	1,300.00
5198 Total utility maintenance	**415.00**	**2,485.38**	**255.00**	**0.00**	**661.00**	**0.00**	**0.00**	**0.00**	**0.00**	**0.00**	**0.00**	**0.00**	**3,816.38**

Twelve Month Profit and Loss

(20DES) Lancaster Redevelopment Agency

For Year 2013

Account	Period End Jul 31, 2012	Period End Aug 31, 2012	Period End Sep 30, 2012	Period End Oct 31, 2012	Period End Nov 30, 2012	Period End Dec 31, 2012	Period End Jan 31, 2013	Period End Feb 28, 2013	Period End Mar 31, 2013	Period End Apr 30, 2013	Period End May 31, 2013	Period End Jun 30, 2013	Period End Total
5200 MAINTENANCE EXPENSE													
5210 Air conditioning & heating	0.00	0.00	0.00	0.00	0.00	275.00	0.00	0.00	0.00	0.00	0.00	0.00	275.00
5211 Appliances repairs	537.33	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	537.33
5212 Building structure	0.00	1,067.67	0.00	0.00	0.00	18.22	0.00	0.00	0.00	0.00	0.00	0.00	1,085.89
5214 Cleaning & cleaning supplies	250.00	250.00	250.00	3.26	250.00	254.31	0.00	0.00	0.00	0.00	0.00	0.00	1,257.57
5216 Electrical maintenance	375.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	375.00
5217 Maintenance supplies	201.72	1,473.96	0.00	1,902.52	457.14	208.97	0.00	0.00	0.00	0.00	0.00	0.00	4,244.31
5218 Equipment purchases & repairs	70.00	874.13	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	944.13
5220 Other maintenance	0.00	1,111.02	0.00	0.00	1,002.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	2,113.02
5221 Landscape	1,810.20	154.77	30.00	65.00	598.79	50.27	0.00	0.00	0.00	0.00	0.00	0.00	2,709.03
5222 Painting	0.00	0.00	0.00	0.00	127.27	0.00	0.00	0.00	0.00	0.00	0.00	0.00	127.27
5223 Pest control	136.00	136.00	136.00	136.00	136.00	296.00	0.00	0.00	0.00	0.00	0.00	0.00	976.00
5224 Plumbing	1,062.28	0.00	0.00	0.00	0.00	263.50	0.00	0.00	0.00	0.00	0.00	0.00	1,325.78
5225 Pool & spa	347.22	1,915.39	131.56	468.21	50.00	119.60	0.00	0.00	0.00	0.00	0.00	0.00	3,031.98
5226 Sweeping service	290.00	290.00	290.00	290.00	290.00	290.00	0.00	0.00	0.00	0.00	0.00	0.00	1,740.00
5227 Tool purchase	0.00	381.68	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	381.68
5233 Rental & park homes repairs	0.00	0.00	0.00	0.00	2,000.00	2,630.00	0.00	0.00	0.00	0.00	0.00	0.00	4,630.00
5234 Fences and walls maintenance	0.00	4,990.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	4,990.00
5236 Temp help	0.00	0.00	0.00	250.00	0.00	380.00	0.00	0.00	0.00	0.00	0.00	0.00	630.00
5299 Total maintenance	**5,079.75**	**12,644.62**	**837.56**	**3,114.99**	**4,911.20**	**4,785.87**	**0.00**	**0.00**	**0.00**	**0.00**	**0.00**	**0.00**	**31,373.99**
5300 ADVERTISING & PROMOTIONS													
5310 Print & other media	115.47	115.47	264.69	0.00	115.47	115.47	0.00	0.00	0.00	0.00	0.00	0.00	726.57
5312 Tenant promo - recreation	21.87	78.38	25.62	517.36	1,219.44	67.95	0.00	0.00	0.00	0.00	0.00	0.00	1,930.62
5315 Total advertising & promotions	**137.34**	**193.85**	**290.31**	**517.36**	**1,334.91**	**183.42**	**0.00**	**0.00**	**0.00**	**0.00**	**0.00**	**0.00**	**2,657.19**
5400 GENERAL & ADMINISTRATIVE													
5406 Credit checks	0.00	19.78	0.00	19.78	79.13	19.78	0.00	0.00	0.00	0.00	0.00	0.00	138.47
5409 Billing service	202.20	202.20	208.40	208.40	208.40	208.40	0.00	0.00	0.00	0.00	0.00	0.00	1,238.00
5413 Miscellaneous	106.00	6.00	0.00	36.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	148.00
5414 Legal fees	0.00	317.78	300.00	3,875.00	3,132.61	0.00	0.00	0.00	0.00	0.00	0.00	0.00	7,625.39
5415 Security service	600.00	600.00	600.00	1,200.00	0.00	600.00	0.00	0.00	0.00	0.00	0.00	0.00	3,600.00
5416 Supplies	541.14	169.98	211.70	351.61	167.22	351.19	0.00	0.00	0.00	0.00	0.00	0.00	1,792.84
5417 Temporary help	1,870.00	652.50	652.50	500.25	406.00	504.50	0.00	0.00	0.00	0.00	0.00	0.00	4,585.75
5418 Mileage expense	141.53	124.88	46.62	45.51	60.50	1,795.51	0.00	0.00	0.00	0.00	0.00	0.00	2,214.55
5419 Postage	34.10	231.65	140.80	109.35	32.70	49.30	0.00	0.00	0.00	0.00	0.00	0.00	597.90
5425 Education	0.00	800.00	0.00	100.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	900.00

Twelve Month Profit and Loss

(20DES) Lancaster Redevelopment Agency

For Year 2013

Account	Period End Jul 31, 2012	Period End Aug 31, 2012	Period End Sep 30, 2012	Period End Oct 31, 2012	Period End Nov 30, 2012	Period End Dec 31, 2012	Period End Jan 31, 2013	Period End Feb 28, 2013	Period End Mar 31, 2013	Period End Apr 30, 2013	Period End May 31, 2013	Period End Jun 30, 2013	Period End Total
5435 Bank service charge - expense	34.59	26.32	0.00	87.35	38.42	45.34	0.00	0.00	0.00	0.00	0.00	0.00	232.02
5438 Computers hardware/software	79.00	79.00	79.00	79.00	79.00	79.00	79.00	0.00	0.00	0.00	0.00	0.00	553.00
5512 License fees	0.00	379.00	75.00	(297.00)	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	157.00
5599 Total general & administrative	**3,608.56**	**3,609.09**	**2,314.02**	**6,315.25**	**4,203.98**	**3,653.02**	**79.00**	**0.00**	**0.00**	**0.00**	**0.00**	**0.00**	**23,782.92**
5600 PROP TAX, INS & MGMT FEES													
5610 Property taxes	0.00	0.00	0.00	752.89	0.00	704.89	0.00	0.00	0.00	0.00	0.00	0.00	1,457.78
5611 Insurance	451.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	451.00
5612 Management fees	2,200.00	2,200.00	2,200.00	2,200.00	2,200.00	2,200.00	2,200.00	0.00	0.00	0.00	0.00	0.00	15,400.00
5630 Total prop tax, ins & mgmt fee	**2,651.00**	**2,200.00**	**2,200.00**	**2,952.89**	**2,200.00**	**2,904.89**	**2,200.00**	**0.00**	**0.00**	**0.00**	**0.00**	**0.00**	**17,308.78**
5660 Total operating expenses	**52,569.25**	**50,381.24**	**40,801.79**	**33,524.36**	**37,720.02**	**22,835.37**	**2,303.60**	**0.00**	**0.00**	**0.00**	**0.00**	**0.00**	**240,135.63**
5665 Operating income	**4,118.52**	**8,980.91**	**22,723.01**	**27,426.31**	**16,376.09**	**32,033.31**	**(2,303.60)**	**0.00**	**0.00**	**0.00**	**0.00**	**0.00**	**109,354.55**
5790 DEBT SERVICE													
5828 Operating cash flow	**4,118.52**	**8,980.91**	**22,723.01**	**27,426.31**	**16,376.09**	**32,033.31**	**(2,303.60)**	**0.00**	**0.00**	**0.00**	**0.00**	**0.00**	**109,354.55**
5830 OTHER (INCOME) EXPENSE													
5850 Fiscal Agent interest income	(51.48)	(60.11)	(59.80)	(61.39)	(63.91)	0.00	0.00	0.00	0.00	0.00	0.00	0.00	(296.69)
5860 Total other (income) expense	**(51.48)**	**(60.11)**	**(59.80)**	**(61.39)**	**(63.91)**	**0.00**	**0.00**	**0.00**	**0.00**	**0.00**	**0.00**	**0.00**	**(296.69)**
5910 NET INCOME ADJUSTMENTS													
5980 IMPROVEMENTS													
8000 Net income (loss)	**4,170.00**	**9,041.02**	**22,782.81**	**27,487.70**	**16,440.00**	**32,033.31**	**(2,303.60)**	**0.00**	**0.00**	**0.00**	**0.00**	**0.00**	**109,651.24**

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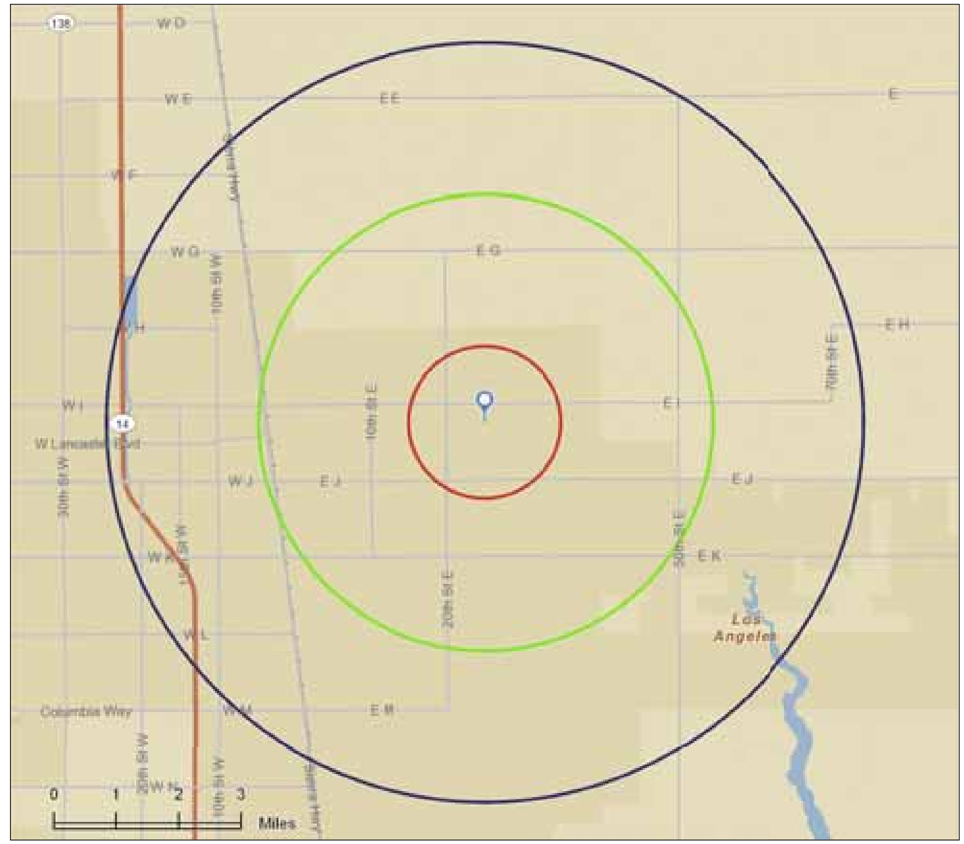
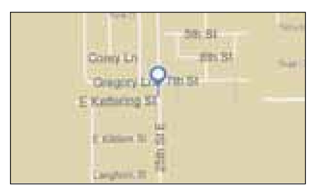
DEMOGRAPHIC DATA (STDB)

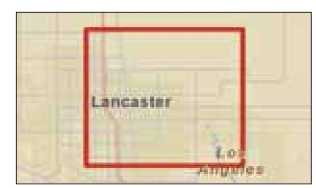
Site Map

45111 25th St E, Lancaster, CA, 93535
Ring: 1, 3, 5 Miles

Prepared by John Neet
Latitude: 34.70076
Longitude: -118.085979







August 09, 2013

Census 2010 Summary Profile

45111 25th St E, Lancaster, CA, 93535 — Prepared by John Neet
Ring: 1 mile radius — Latitude: 34.700760401
Longitude: -118.0859791

	2000	2010	2000-2010 Annual Rate
Population	8,297	12,121	3.86%
Households	2,603	3,471	2.92%
Housing Units	3,171	3,777	1.76%

Population by Race	**Number**	**Percent**
Total	12,121	100.0%
Population Reporting One Race	11,492	94.8%
White	5,411	44.6%
Black	2,319	19.1%
American Indian	107	0.9%
Asian	352	2.9%
Pacific Islander	33	0.3%
Some Other Race	3,270	27.0%
Population Reporting Two or More Races	629	5.2%
Total Hispanic Population	6,039	49.8%

Population by Sex		
Male	5,840	48.2%
Female	6,281	51.8%

Population by Age		
Total	12,120	100.0%
Age 0 - 4	1,134	9.4%
Age 5 - 9	1,113	9.2%
Age 10 - 14	1,207	10.0%
Age 15 - 19	1,223	10.1%
Age 20 - 24	888	7.3%
Age 25 - 29	879	7.3%
Age 30 - 34	843	7.0%
Age 35 - 39	848	7.0%
Age 40 - 44	755	6.2%
Age 45 - 49	753	6.2%
Age 50 - 54	714	5.9%
Age 55 - 59	520	4.3%
Age 60 - 64	399	3.3%
Age 65 - 69	289	2.4%
Age 70 - 74	238	2.0%
Age 75 - 79	155	1.3%
Age 80 - 84	100	0.8%
Age 85+	61	0.5%
Age 18+	7,918	65.3%
Age 65+	843	7.0%

Median Age by Sex and Race/Hispanic Origin	
Total Population	27.8
Male	26.2
Female	29.4
White Alone	32.3
Black Alone	24.6
American Indian Alone	36.5
Asian Alone	35.0
Pacific Islander Alone	26.9
Some Other Race Alone	24.4
Two or More Races	17.8
Hispanic Population	23.6

Data Note: Hispanic population can be of any race. Census 2010 medians are computed from reported data distributions.
Source: U.S. Census Bureau, Census 2010 Summary File 1. Esri converted Census 2000 data into 2010 geography.

August 09, 2013

Census 2010 Summary Profile

45111 25th St E, Lancaster, CA, 93535 — Prepared by John Neet
Ring: 1 mile radius — Latitude: 34.700760401
Longitude: -118.0859791

Households by Type		
Total	3,471	100.0%
Households with 1 Person	593	17.1%
Households with 2+ People	2,878	82.9%
Family Households	2,703	77.9%
Husband-wife Families	1,636	47.1%
With Own Children	963	27.7%
Other Family (No Spouse Present)	1,067	30.7%
With Own Children	641	18.5%
Nonfamily Households	175	5.0%
All Households with Children	1,860	53.6%
Multigenerational Households	346	10.0%
Unmarried Partner Households	279	8.0%
Male-female	247	7.1%
Same-sex	32	0.9%
Average Household Size	3.48	

Family Households by Size		
Total	2,703	100.0%
2 People	609	22.5%
3 People	584	21.6%
4 People	601	22.2%
5 People	434	16.1%
6 People	263	9.7%
7+ People	212	7.8%
Average Family Size	3.90	

Nonfamily Households by Size		
Total	768	100.0%
1 Person	593	77.2%
2 People	134	17.4%
3 People	29	3.8%
4 People	7	0.9%
5 People	3	0.4%
6 People	0	0.0%
7+ People	2	0.3%
Average Nonfamily Size	1.35	

Population by Relationship and Household Type		
Total	12,121	100.0%
In Households	12,063	99.5%
In Family Households	11,029	91.0%
Householder	2,766	22.8%
Spouse	1,667	13.8%
Child	5,164	42.6%
Other relative	950	7.8%
Nonrelative	480	4.0%
In Nonfamily Households	1,034	8.5%
In Group Quarters	58	0.5%
Institutionalized Population	0	0.0%
Noninstitutionalized Population	58	0.5%

Data Note: Households with children include any households with people under age 18, related or not. **Multigenerational households** are families with 3 or more parent-child relationships. **Unmarried partner households** are usually classified as nonfamily households unless there is another member of the household related to the householder. Multigenerational and unmarried partner households are reported only to the tract level. Esri estimated block group data, which is used to estimate polygons or non-standard geography. **Average family size** excludes nonrelatives.
Source: U.S. Census Bureau, Census 2010 Summary File 1.

August 09, 2013

Census 2010 Summary Profile

45111 25th St E, Lancaster, CA, 93535
Ring: 1 mile radius

Prepared by John Neet
Latitude: 34.700760401
Longitude: -118.0859791

Family Households by Age of Householder		
Total	2,702	100.0%
Householder Age 15 - 44	1,446	53.5%
Householder Age 45 - 54	643	23.8%
Householder Age 55 - 64	333	12.3%
Householder Age 65 - 74	186	6.9%
Householder Age 75+	94	3.5%
Nonfamily Households by Age of Householder		
Total	769	100.0%
Householder Age 15 - 44	209	27.2%
Householder Age 45 - 54	153	19.9%
Householder Age 55 - 64	198	25.7%
Householder Age 65 - 74	117	15.2%
Householder Age 75+	92	12.0%
Households by Race of Householder		
Total	3,470	100.0%
Householder is White Alone	1,804	52.0%
Householder is Black Alone	657	18.9%
Householder is American Indian Alone	34	1.0%
Householder is Asian Alone	89	2.6%
Householder is Pacific Islander Alone	7	0.2%
Householder is Some Other Race Alone	759	21.9%
Householder is Two or More Races	120	3.5%
Households with Hispanic Householder	1,366	39.4%
Husband-wife Families by Race of Householder		
Total	1,636	100.0%
Householder is White Alone	831	50.8%
Householder is Black Alone	209	12.8%
Householder is American Indian Alone	11	0.7%
Householder is Asian Alone	51	3.1%
Householder is Pacific Islander Alone	5	0.3%
Householder is Some Other Race Alone	477	29.2%
Householder is Two or More Races	52	3.2%
Husband-wife Families with Hispanic Householder	831	50.8%
Other Families (No Spouse) by Race of Householder		
Total	1,067	100.0%
Householder is White Alone	463	43.4%
Householder is Black Alone	313	29.3%
Householder is American Indian Alone	11	1.0%
Householder is Asian Alone	19	1.8%
Householder is Pacific Islander Alone	1	0.1%
Householder is Some Other Race Alone	210	19.7%
Householder is Two or More Races	50	4.7%
Other Families with Hispanic Householder	399	37.4%
Nonfamily Households by Race of Householder		
Total	768	100.0%
Householder is White Alone	511	66.5%
Householder is Black Alone	135	17.6%
Householder is American Indian Alone	12	1.6%
Householder is Asian Alone	19	2.5%
Householder is Pacific Islander Alone	1	0.1%
Householder is Some Other Race Alone	72	9.4%
Householder is Two or More Races	18	2.3%
Nonfamily Households with Hispanic Householder	137	17.8%

Source: U.S. Census Bureau, Census 2010 Summary File 1.

August 09, 2013

Census 2010 Summary Profile

45111 25th St E, Lancaster, CA, 93535
Ring: 1 mile radius

Prepared by John Neet
Latitude: 34.700760401
Longitude: -118.0859791

Total Housing Units by Occupancy		
Total	3,787	100.0%
Occupied Housing Units	3,471	91.7%
Vacant Housing Units		
For Rent	89	2.4%
Rented, not Occupied	3	0.1%
For Sale Only	116	3.1%
Sold, not Occupied	22	0.6%
For Seasonal/Recreational/Occasional Use	11	0.3%
For Migrant Workers	2	0.1%
Other Vacant	73	1.9%
Total Vacancy Rate	8.1%	
Households by Tenure and Mortgage Status		
Total	3,471	100.0%
Owner Occupied	2,419	69.7%
Owned with a Mortgage/Loan	1,718	49.5%
Owned Free and Clear	701	20.2%
Average Household Size	3.33	
Renter Occupied	1,052	30.3%
Average Household Size	3.80	
Owner-occupied Housing Units by Race of Householder		
Total	2,418	100.0%
Householder is White Alone	1,398	57.8%
Householder is Black Alone	330	13.6%
Householder is American Indian Alone	22	0.9%
Householder is Asian Alone	72	3.0%
Householder is Pacific Islander Alone	3	0.1%
Householder is Some Other Race Alone	519	21.5%
Householder is Two or More Races	74	3.1%
Owner-occupied Housing Units with Hispanic Householder	961	39.7%
Renter-occupied Housing Units by Race of Householder		
Total	1,052	100.0%
Householder is White Alone	407	38.7%
Householder is Black Alone	327	31.1%
Householder is American Indian Alone	11	1.0%
Householder is Asian Alone	17	1.6%
Householder is Pacific Islander Alone	4	0.4%
Householder is Some Other Race Alone	240	22.8%
Householder is Two or More Races	46	4.4%
Renter-occupied Housing Units with Hispanic Householder	405	38.5%
Average Household Size by Race/Hispanic Origin of Householder		
Householder is White Alone	3.07	
Householder is Black Alone	3.52	
Householder is American Indian Alone	2.85	
Householder is Asian Alone	3.56	
Householder is Pacific Islander Alone	5.43	
Householder is Some Other Race Alone	4.33	
Householder is Two or More Races	3.98	
Householder is Hispanic	4.26	

Source: U.S. Census Bureau, Census 2010 Summary File 1.

August 09, 2013

Census 2010 Summary Profile

45111 25th St E, Lancaster, CA, 93535
Ring: 3 mile radius

Prepared by John Neet
Latitude: 34.700760401
Longitude: -118.0859791

	2000	2010	2000-2010 Annual Rate
Population	51,055	65,128	2.46%
Households	16,283	18,768	1.43%
Housing Units	17,988	20,707	1.42%

Population by Race	**Number**	**Percent**
Total	65,128	100.0%
Population Reporting One Race	61,597	94.6%
White	29,291	45.0%
Black	14,851	22.8%
American Indian	639	1.0%
Asian	1,967	3.0%
Pacific Islander	157	0.2%
Some Other Race	14,692	22.6%
Population Reporting Two or More Races	3,531	5.4%
Total Hispanic Population	29,017	44.6%
Population by Sex		
Male	31,286	48.0%
Female	33,842	52.0%
Population by Age		
Total	65,125	100.0%
Age 0 - 4	5,927	9.1%
Age 5 - 9	5,889	9.0%
Age 10 - 14	6,121	9.4%
Age 15 - 19	6,687	10.3%
Age 20 - 24	5,319	8.2%
Age 25 - 29	4,501	6.9%
Age 30 - 34	4,222	6.5%
Age 35 - 39	4,138	6.4%
Age 40 - 44	4,202	6.5%
Age 45 - 49	4,292	6.6%
Age 50 - 54	4,029	6.2%
Age 55 - 59	2,956	4.5%
Age 60 - 64	2,294	3.5%
Age 65 - 69	1,539	2.4%
Age 70 - 74	1,158	1.8%
Age 75 - 79	894	1.4%
Age 80 - 84	532	0.8%
Age 85+	427	0.7%
Age 18+	43,186	66.3%
Age 65+	4,550	7.0%
Median Age by Sex and Race/Hispanic Origin		
Total Population	27.9	
Male	26.5	
Female	29.3	
White Alone	33.1	
Black Alone	23.9	
American Indian Alone	31.3	
Asian Alone	37.2	
Pacific Islander Alone	31.9	
Some Other Race Alone	24.0	
Two or More Races	18.2	
Hispanic Population	23.6	

Data Note: Hispanic population can be of any race. Census 2010 medians are computed from reported data distributions.
Source: U.S. Census Bureau, Census 2010 Summary File 1. Esri converted Census 2000 data into 2010 geography.

August 09, 2013

Census 2010 Summary Profile

45111 25th St E, Lancaster, CA, 93535
Ring: 3 mile radius

Prepared by John Neet
Latitude: 34.700760401
Longitude: -118.0859791

Households by Type		
Total	18,768	100.0%
Households with 1 Person	3,039	16.2%
Households with 2+ People	15,729	83.8%
Family Households	14,714	78.4%
Husband-wife Families	8,614	45.9%
With Own Children	4,795	25.5%
Other Family (No Spouse Present)	6,100	32.5%
With Own Children	3,654	19.5%
Nonfamily Households	1,015	5.4%
All Households with Children	9,850	52.5%
Multigenerational Households	1,936	10.3%
Unmarried Partner Households	1,622	8.6%
Male-female	1,461	7.8%
Same-sex	161	0.9%
Average Household Size	3.42	
Family Households by Size		
Total	14,714	100.0%
2 People	3,573	24.3%
3 People	3,172	21.6%
4 People	3,154	21.4%
5 People	2,297	15.6%
6 People	1,281	8.7%
7+ People	1,237	8.4%
Average Family Size	3.79	
Nonfamily Households by Size		
Total	4,054	100.0%
1 Person	3,039	75.0%
2 People	732	18.1%
3 People	169	4.2%
4 People	61	1.5%
5 People	29	0.7%
6 People	8	0.2%
7+ People	16	0.4%
Average Nonfamily Size	1.38	
Population by Relationship and Household Type		
Total	65,128	100.0%
In Households	64,179	98.5%
In Family Households	58,580	89.9%
Householder	14,761	22.7%
Spouse	8,642	13.3%
Child	27,481	42.2%
Other relative	4,913	7.5%
Nonrelative	2,784	4.3%
In Nonfamily Households	5,599	8.6%
In Group Quarters	949	1.5%
Institutionalized Population	64	0.1%
Noninstitutionalized Population	885	1.4%

Data Note: Households with children include any households with people under age 18, related or not. **Multigenerational households** are families with 3 or more parent-child relationships. **Unmarried partner households** are usually classified as nonfamily households unless there is another member of the household related to the householder. Multigenerational and unmarried partner households are reported only to the tract level. Esri estimated block group data, which is used to estimate polygons or non-standard geography. **Average family size** excludes nonrelatives.
Source: U.S. Census Bureau, Census 2010 Summary File 1.

August 09, 2013

Census 2010 Summary Profile

45111 25th St E, Lancaster, CA, 93535 — Prepared by John Neet
Ring: 3 mile radius — Latitude: 34.700760401
Longitude: -118.0859791

Family Households by Age of Householder		
Total	14,714	100.0%
Householder Age 15 - 44	7,424	50.5%
Householder Age 45 - 54	3,600	24.5%
Householder Age 55 - 64	2,061	14.0%
Householder Age 65 - 74	1,011	6.9%
Householder Age 75+	618	4.2%
Nonfamily Households by Age of Householder		
Total	4,054	100.0%
Householder Age 15 - 44	1,148	28.3%
Householder Age 45 - 54	926	22.8%
Householder Age 55 - 64	919	22.7%
Householder Age 65 - 74	572	14.1%
Householder Age 75+	489	12.1%
Households by Race of Householder		
Total	18,768	100.0%
Householder is White Alone	9,635	51.3%
Householder is Black Alone	4,290	22.9%
Householder is American Indian Alone	202	1.1%
Householder is Asian Alone	530	2.8%
Householder is Pacific Islander Alone	40	0.2%
Householder is Some Other Race Alone	3,356	17.9%
Householder is Two or More Races	715	3.8%
Households with Hispanic Householder	6,594	35.1%
Husband-wife Families by Race of Householder		
Total	8,614	100.0%
Householder is White Alone	4,670	54.2%
Householder is Black Alone	1,208	14.0%
Householder is American Indian Alone	81	0.9%
Householder is Asian Alone	328	3.8%
Householder is Pacific Islander Alone	25	0.3%
Householder is Some Other Race Alone	2,011	23.3%
Householder is Two or More Races	291	3.4%
Husband-wife Families with Hispanic Householder	3,930	45.6%
Other Families (No Spouse) by Race of Householder		
Total	6,100	100.0%
Householder is White Alone	2,393	39.2%
Householder is Black Alone	2,223	36.4%
Householder is American Indian Alone	69	1.1%
Householder is Asian Alone	102	1.7%
Householder is Pacific Islander Alone	9	0.1%
Householder is Some Other Race Alone	993	16.3%
Householder is Two or More Races	311	5.1%
Other Families with Hispanic Householder	1,951	32.0%
Nonfamily Households by Race of Householder		
Total	4,054	100.0%
Householder is White Alone	2,572	63.4%
Householder is Black Alone	859	21.2%
Householder is American Indian Alone	52	1.3%
Householder is Asian Alone	101	2.5%
Householder is Pacific Islander Alone	5	0.1%
Householder is Some Other Race Alone	352	8.7%
Householder is Two or More Races	113	2.8%
Nonfamily Households with Hispanic Householder	713	17.6%

Source: U.S. Census Bureau, Census 2010 Summary File 1.

August 09, 2013

Census 2010 Summary Profile

45111 25th St E, Lancaster, CA, 93535 — Prepared by John Neet
Ring: 3 mile radius — Latitude: 34.700760401
Longitude: -118.0859791

Total Housing Units by Occupancy		
Total	20,724	100.0%
Occupied Housing Units	18,768	90.6%
Vacant Housing Units		
For Rent	679	3.3%
Rented, not Occupied	27	0.1%
For Sale Only	551	2.7%
Sold, not Occupied	99	0.5%
For Seasonal/Recreational/Occasional Use	74	0.4%
For Migrant Workers	2	0.0%
Other Vacant	524	2.5%
Total Vacancy Rate	9.4%	
Households by Tenure and Mortgage Status		
Total	18,768	100.0%
Owner Occupied	11,784	62.8%
Owned with a Mortgage/Loan	9,074	48.3%
Owned Free and Clear	2,710	14.4%
Average Household Size	3.29	
Renter Occupied	6,984	37.2%
Average Household Size	3.64	
Owner-occupied Housing Units by Race of Householder		
Total	11,784	100.0%
Householder is White Alone	6,992	59.3%
Householder is Black Alone	1,741	14.8%
Householder is American Indian Alone	112	1.0%
Householder is Asian Alone	402	3.4%
Householder is Pacific Islander Alone	20	0.2%
Householder is Some Other Race Alone	2,116	18.0%
Householder is Two or More Races	401	3.4%
Owner-occupied Housing Units with Hispanic Householder	4,292	36.4%
Renter-occupied Housing Units by Race of Householder		
Total	6,983	100.0%
Householder is White Alone	2,643	37.8%
Householder is Black Alone	2,548	36.5%
Householder is American Indian Alone	90	1.3%
Householder is Asian Alone	128	1.8%
Householder is Pacific Islander Alone	20	0.3%
Householder is Some Other Race Alone	1,240	17.8%
Householder is Two or More Races	314	4.5%
Renter-occupied Housing Units with Hispanic Householder	2,302	33.0%
Average Household Size by Race/Hispanic Origin of Householder		
Householder is White Alone	3.05	
Householder is Black Alone	3.43	
Householder is American Indian Alone	3.34	
Householder is Asian Alone	3.34	
Householder is Pacific Islander Alone	4.03	
Householder is Some Other Race Alone	4.41	
Householder is Two or More Races	3.75	
Householder is Hispanic	4.22	

Source: U.S. Census Bureau, Census 2010 Summary File 1.

August 09, 2013

Census 2010 Summary Profile

45111 25th St E, Lancaster, CA, 93535
Ring: 5 mile radius

Prepared by John Neet
Latitude: 34.700760401
Longitude: -118.0859791

	2000	2010	2000-2010 Annual Rate
Population	85,530	104,572	2.03%
Households	28,931	32,717	1.24%
Housing Units	31,981	36,635	1.37%

Population by Race	**Number**	**Percent**
Total	104,572	100.0%
Population Reporting One Race	98,855	94.5%
White	49,226	47.1%
Black	23,216	22.2%
American Indian	1,099	1.1%
Asian	3,455	3.3%
Pacific Islander	228	0.2%
Some Other Race	21,631	20.7%
Population Reporting Two or More Races	5,717	5.5%
Total Hispanic Population	43,183	41.3%
Population by Sex		
Male	50,017	47.8%
Female	54,555	52.2%
Population by Age		
Total	104,571	100.0%
Age 0 - 4	9,293	8.9%
Age 5 - 9	8,858	8.5%
Age 10 - 14	9,085	8.7%
Age 15 - 19	9,883	9.5%
Age 20 - 24	8,890	8.5%
Age 25 - 29	7,674	7.3%
Age 30 - 34	6,678	6.4%
Age 35 - 39	6,391	6.1%
Age 40 - 44	6,494	6.2%
Age 45 - 49	6,939	6.6%
Age 50 - 54	6,524	6.2%
Age 55 - 59	4,903	4.7%
Age 60 - 64	3,890	3.7%
Age 65 - 69	2,748	2.6%
Age 70 - 74	2,179	2.1%
Age 75 - 79	1,701	1.6%
Age 80 - 84	1,262	1.2%
Age 85+	1,179	1.1%
Age 18+	71,468	68.3%
Age 65+	9,069	8.7%
Median Age by Sex and Race/Hispanic Origin		
Total Population	29.1	
Male	27.8	
Female	30.4	
White Alone	34.7	
Black Alone	24.9	
American Indian Alone	31.1	
Asian Alone	38.2	
Pacific Islander Alone	30.8	
Some Other Race Alone	24.3	
Two or More Races	18.5	
Hispanic Population	23.9	

Data Note: Hispanic population can be of any race. Census 2010 medians are computed from reported data distributions.
Source: U.S. Census Bureau, Census 2010 Summary File 1. Esri converted Census 2000 data into 2010 geography.

Households by Type		
Total	32,717	100.0%
Households with 1 Person	7,134	21.8%
Households with 2+ People	25,583	78.2%
Family Households	23,536	71.9%
Husband-wife Families	13,642	41.7%
With Own Children	7,278	22.2%
Other Family (No Spouse Present)	9,894	30.2%
With Own Children	5,881	18.0%
Nonfamily Households	2,047	6.3%
All Households with Children	15,270	46.7%
Multigenerational Households	2,856	8.7%
Unmarried Partner Households	2,868	8.8%
Male-female	2,591	7.9%
Same-sex	277	0.8%
Average Household Size	3.14	
Family Households by Size		
Total	23,535	100.0%
2 People	6,348	27.0%
3 People	5,207	22.1%
4 People	4,941	21.0%
5 People	3,420	14.5%
6 People	1,860	7.9%
7+ People	1,759	7.5%
Average Family Size	3.66	
Nonfamily Households by Size		
Total	9,180	100.0%
1 Person	7,134	77.7%
2 People	1,532	16.7%
3 People	305	3.3%
4 People	117	1.3%
5 People	52	0.6%
6 People	17	0.2%
7+ People	23	0.3%
Average Nonfamily Size	1.32	
Population by Relationship and Household Type		
Total	104,572	100.0%
In Households	102,706	98.2%
In Family Households	90,571	86.6%
Householder	23,562	22.5%
Spouse	13,663	13.1%
Child	41,555	39.7%
Other relative	7,370	7.0%
Nonrelative	4,421	4.2%
In Nonfamily Households	12,135	11.6%
In Group Quarters	1,866	1.8%
Institutionalized Population	571	0.5%
Noninstitutionalized Population	1,295	1.2%

Data Note: Households with children include any households with people under age 18, related or not. **Multigenerational households** are families with 3 or more parent-child relationships. **Unmarried partner households** are usually classified as nonfamily households unless there is another member of the household related to the householder. Multigenerational and unmarried partner households are reported only to the tract level. Esri estimated block group data, which is used to estimate polygons or non-standard geography. **Average family size** excludes nonrelatives.
Source: U.S. Census Bureau, Census 2010 Summary File 1.

Census 2010 Summary Profile

45111 25th St E, Lancaster, CA, 93535
Ring: 5 mile radius

Prepared by John Neet
Latitude: 34.700760401
Longitude: -118.0859791

Family Households by Age of Householder		
Total	23,535	100.0%
Householder Age 15 - 44	11,875	50.5%
Householder Age 45 - 54	5,605	23.8%
Householder Age 55 - 64	3,234	13.7%
Householder Age 65 - 74	1,676	7.1%
Householder Age 75+	1,145	4.9%
Nonfamily Households by Age of Householder		
Total	9,180	100.0%
Householder Age 15 - 44	2,748	29.9%
Householder Age 45 - 54	1,815	19.8%
Householder Age 55 - 64	1,911	20.8%
Householder Age 65 - 74	1,349	14.7%
Householder Age 75+	1,357	14.8%
Households by Race of Householder		
Total	32,717	100.0%
Householder is White Alone	17,478	53.4%
Householder is Black Alone	7,320	22.4%
Householder is American Indian Alone	361	1.1%
Householder is Asian Alone	1,058	3.2%
Householder is Pacific Islander Alone	66	0.2%
Householder is Some Other Race Alone	5,197	15.9%
Householder is Two or More Races	1,237	3.8%
Households with Hispanic Householder	10,265	31.4%
Husband-wife Families by Race of Householder		
Total	13,642	100.0%
Householder is White Alone	7,636	56.0%
Householder is Black Alone	1,866	13.7%
Householder is American Indian Alone	142	1.0%
Householder is Asian Alone	578	4.2%
Householder is Pacific Islander Alone	31	0.2%
Householder is Some Other Race Alone	2,918	21.4%
Householder is Two or More Races	471	3.5%
Husband-wife Families with Hispanic Householder	5,709	41.8%
Other Families (No Spouse) by Race of Householder		
Total	9,893	100.0%
Householder is White Alone	4,059	41.0%
Householder is Black Alone	3,466	35.0%
Householder is American Indian Alone	112	1.1%
Householder is Asian Alone	192	1.9%
Householder is Pacific Islander Alone	16	0.2%
Householder is Some Other Race Alone	1,572	15.9%
Householder is Two or More Races	476	4.8%
Other Families with Hispanic Householder	3,069	31.0%
Nonfamily Households by Race of Householder		
Total	9,180	100.0%
Householder is White Alone	5,783	63.0%
Householder is Black Alone	1,987	21.6%
Householder is American Indian Alone	107	1.2%
Householder is Asian Alone	287	3.1%
Householder is Pacific Islander Alone	19	0.2%
Householder is Some Other Race Alone	707	7.7%
Householder is Two or More Races	290	3.2%
Nonfamily Households with Hispanic Householder	1,486	16.2%

Source: U.S. Census Bureau, Census 2010 Summary File 1.

August 09, 2013

Census 2010 Summary Profile

45111 25th St E, Lancaster, CA, 93535
Ring: 5 mile radius

Prepared by John Neet
Latitude: 34.700760401
Longitude: -118.0859791

Total Housing Units by Occupancy		
Total	36,629	100.0%
Occupied Housing Units	32,717	89.3%
Vacant Housing Units		
For Rent	1,753	4.8%
Rented, not Occupied	78	0.2%
For Sale Only	797	2.2%
Sold, not Occupied	142	0.4%
For Seasonal/Recreational/Occasional Use	145	0.4%
For Migrant Workers	2	0.0%
Other Vacant	995	2.7%
Total Vacancy Rate	10.7%	
Households by Tenure and Mortgage Status		
Total	32,717	100.0%
Owner Occupied	17,440	53.3%
Owned with a Mortgage/Loan	13,506	41.3%
Owned Free and Clear	3,935	12.0%
Average Household Size	3.19	
Renter Occupied	15,277	46.7%
Average Household Size	3.08	
Owner-occupied Housing Units by Race of Householder		
Total	17,440	100.0%
Householder is White Alone	10,864	62.3%
Householder is Black Alone	2,304	13.2%
Householder is American Indian Alone	177	1.0%
Householder is Asian Alone	629	3.6%
Householder is Pacific Islander Alone	27	0.2%
Householder is Some Other Race Alone	2,857	16.4%
Householder is Two or More Races	582	3.3%
Owner-occupied Housing Units with Hispanic Householder	5,879	33.7%
Renter-occupied Housing Units by Race of Householder		
Total	15,276	100.0%
Householder is White Alone	6,614	43.3%
Householder is Black Alone	5,016	32.8%
Householder is American Indian Alone	184	1.2%
Householder is Asian Alone	428	2.8%
Householder is Pacific Islander Alone	39	0.3%
Householder is Some Other Race Alone	2,341	15.3%
Householder is Two or More Races	654	4.3%
Renter-occupied Housing Units with Hispanic Householder	4,385	28.7%
Average Household Size by Race/Hispanic Origin of Householder		
Householder is White Alone	2.80	
Householder is Black Alone	3.14	
Householder is American Indian Alone	3.18	
Householder is Asian Alone	3.02	
Householder is Pacific Islander Alone	3.33	
Householder is Some Other Race Alone	4.20	
Householder is Two or More Races	3.47	
Householder is Hispanic	4.02	

Source: U.S. Census Bureau, Census 2010 Summary File 1.

August 09, 2013

Executive Summary

45111 25th St E, Lancaster, CA, 93535 | Prepared by John Neet
Ring: 1 mile radius | Latitude: 34.700760401
Longitude: -118.0859791

	1 mile	3 miles	5 miles
Population			
2000 Population	8,297	51,055	85,530
2010 Population	12,121	65,128	104,572
2012 Population	12,122	66,118	106,282
2017 Population	12,131	67,943	109,252
2000-2010 Annual Rate	3.86%	2.46%	2.03%
2010-2012 Annual Rate	0.00%	0.67%	0.72%
2012-2017 Annual Rate	0.01%	0.55%	0.55%
2012 Male Population	48.3%	48.1%	47.9%
2012 Female Population	51.7%	51.9%	52.1%
2012 Median Age	28.0	28.2	29.4

In the identified area, the current year population is 106,282. In 2010, the Census count in the area was 104,572. The rate of change since 2010 was 0.72% annually. The five-year projection for the population in the area is 109,252 representing a change of 0.55% annually from 2012 to 2017. Currently, the population is 47.9% male and 52.1% female.

Median Age

The median age in this area is 29.4, compared to U.S. median age of 37.3.

	1 mile	3 miles	5 miles
Race and Ethnicity			
2012 White Alone	44.1%	44.6%	46.7%
2012 Black Alone	18.8%	22.3%	21.8%
2012 American Indian/Alaska Native Alone	0.9%	1.0%	1.1%
2012 Asian Alone	2.9%	3.1%	3.4%
2012 Pacific Islander Alone	0.3%	0.2%	0.2%
2012 Other Race	27.6%	23.2%	21.3%
2012 Two or More Races	5.3%	5.6%	5.6%
2012 Hispanic Origin (Any Race)	51.0%	45.7%	42.4%

Persons of Hispanic origin represent 42.4% of the population in the identified area compared to 16.9% of the U.S. population. Persons of Hispanic Origin may be of any race. The Diversity Index, which measures the probability that two people from the same area will be from different race/ethnic groups, is 86.4 in the identified area, compared to 61.4 for the U.S. as a whole.

	1 mile	3 miles	5 miles
Households			
2000 Households	2,603	16,283	28,931
2010 Households	3,471	18,768	32,717
2012 Total Households	3,447	18,912	33,117
2017 Total Households	3,429	19,341	34,022
2000-2010 Annual Rate	2.92%	1.43%	1.24%
2010-2012 Annual Rate	-0.31%	0.34%	0.54%
2012-2017 Annual Rate	-0.10%	0.45%	0.54%
2012 Average Household Size	3.50	3.45	3.15

The household count in this area has changed from 32,717 in 2010 to 33,117 in the current year, a change of 0.54% annually. The five-year projection of households is 34,022, a change of 0.54% annually from the current year total. Average household size is currently 3.15, compared to 3.14 in the year 2010. The number of families in the current year is 23,622 in the specified area.

Data Note: Income is expressed in current dollars
Source: U.S. Census Bureau, Census 2010 Summary File 1. Esri forecasts for 2012 and 2017. Esri converted Census 2000 data into 2010 geography.

August 09, 2013

Executive Summary

45111 25th St E, Lancaster, CA, 93535 | Prepared by John Neet
Ring: 5 mile radius | Latitude: 34.700760401
Longitude: -118.0859791

	1 mile	3 miles	5 miles
Median Household Income			
2012 Median Household Income	$41,079	$43,163	$40,373
2017 Median Household Income	$47,552	$50,491	$47,027
2012-2017 Annual Rate	2.97%	3.19%	3.10%
Average Household Income			
2012 Average Household Income	$55,651	$55,817	$54,530
2017 Average Household Income	$63,737	$63,532	$62,357
2012-2017 Annual Rate	2.75%	2.62%	2.72%
Per Capita Income			
2012 Per Capita Income	$16,387	$16,489	$17,579
2017 Per Capita Income	$18,645	$18,619	$20,009
2012-2017 Annual Rate	2.62%	2.46%	2.62%

Households by Income

Current median household income is $40,373 in the area, compared to $50,157 for all U.S. households. Median household income is projected to be $47,027 in five years, compared to $56,895 for all U.S. households

Current average household income is $54,530 in this area, compared to $68,162 for all U.S households. Average household income is projected to be $62,357 in five years, compared to $77,137 for all U.S. households

Current per capita income is $17,579 in the area, compared to the U.S. per capita income of $26,409. The per capita income is projected to be $20,009 in five years, compared to $29,882 for all U.S. households

	1 mile	3 miles	5 miles
Housing			
2000 Total Housing Units	3,171	17,988	31,981
2000 Owner Occupied Housing Units	1,960	10,917	16,410
2000 Owner Occupied Housing Units	643	5,366	12,522
2000 Vacant Housing Units	568	1,705	3,049
2010 Total Housing Units	3,777	20,707	36,635
2010 Owner Occupied Housing Units	2,419	11,784	17,440
2010 Renter Occupied Housing Units	1,052	6,984	15,277
2010 Vacant Housing Units	306	1,939	3,918
2012 Total Housing Units	3,748	20,854	36,942
2012 Owner Occupied Housing Units	2,326	11,511	17,008
2012 Renter Occupied Housing Units	1,121	7,401	16,109
2012 Vacant Housing Units	301	1,942	3,825
2017 Total Housing Units	3,727	21,236	37,700
2017 Owner Occupied Housing Units	2,336	12,037	17,807
2017 Renter Occupied Housing Units	1,094	7,305	16,215
2017 Vacant Housing Units	298	1,895	3,678

Currently, 46.0% of the 36,942 housing units in the area are owner occupied; 43.6%, renter occupied; and 10.4% are vacant. Currently, in the U.S., 56.5% of the housing units in the area are owner occupied; 32.1% are renter occupied; and 11.4% are vacant. In 2010, there were 36,635 housing units in the area - 47.6% owner occupied, 41.7% renter occupied, and 10.7% vacant. The annual rate of change in housing units since 2010 is 0.37%. Median home value in the area is $170,721, compared to a median home value of $167,749 for the U.S. In five years, median value is projected to change by 1.24% annually to $181,601.

Data Note: Income is expressed in current dollars
Source: U.S. Census Bureau, Census 2010 Summary File 1. Esri forecasts for 2012 and 2017. Esri converted Census 2000 data into 2010 geography.

August 09, 2013

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Summary	Census 2010	2012	2017
Population	12,121	12,122	12,131
Households	3,471	3,447	3,429
Families	2,703	2,670	2,675
Average Household Size	3.48	3.50	3.52
Owner Occupied Housing Units	2,419	2,326	2,336
Renter Occupied Housing Units	1,052	1,121	1,094
Median Age	27.8	28.0	28.5
Trends: 2012 - 2017 Annual Rate	**Area**	**State**	**National**
Population	0.01%	0.67%	0.68%
Households	-0.10%	0.66%	0.74%
Families	0.04%	0.81%	0.72%
Owner HHs	0.09%	1.03%	0.91%
Median Household Income	2.97%	3.35%	2.55%

	2012		2017	
Households by Income	Number	Percent	Number	Percent
<$15,000	440	12.8%	421	12.3%
$15,000 - $24,999	523	15.2%	427	12.5%
$25,000 - $34,999	440	12.8%	382	11.1%
$35,000 - $49,999	646	18.7%	553	16.1%
$50,000 - $74,999	612	17.8%	592	17.3%
$75,000 - $99,999	334	9.7%	478	13.9%
$100,000 - $149,999	323	9.4%	410	12.0%
$150,000 - $199,999	71	2.1%	99	2.9%
$200,000+	58	1.7%	67	2.0%
Median Household Income	$41,079		$47,552	
Average Household Income	$55,651		$63,737	
Per Capita Income	$16,387		$18,645	

	Census 2010		2012		2017	
Population by Age	Number	Percent	Number	Percent	Number	Percent
0 - 4	1,134	9.4%	1,135	9.4%	1,144	9.4%
5 - 9	1,113	9.2%	1,112	9.2%	1,115	9.2%
10 - 14	1,207	10.0%	1,196	9.9%	1,215	10.0%
15 - 19	1,223	10.1%	1,172	9.7%	1,126	9.3%
20 - 24	888	7.3%	908	7.5%	843	6.9%
25 - 34	1,722	14.2%	1,758	14.5%	1,784	14.7%
35 - 44	1,603	13.2%	1,568	12.9%	1,552	12.8%
45 - 54	1,467	12.1%	1,427	11.8%	1,331	11.0%
55 - 64	919	7.6%	962	7.9%	1,008	8.3%
65 - 74	527	4.3%	563	4.6%	675	5.6%
75 - 84	255	2.1%	256	2.1%	267	2.2%
85+	61	0.5%	66	0.5%	70	0.6%

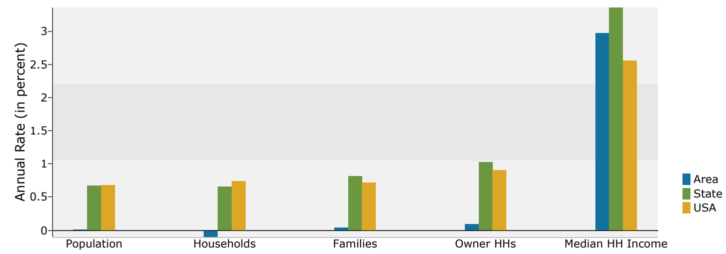
Data Note: Income is expressed in current dollars.
Source: U.S. Census Bureau, Census 2010 Summary File 1. Esri forecasts for 2012 and 2017.

August 09, 2013

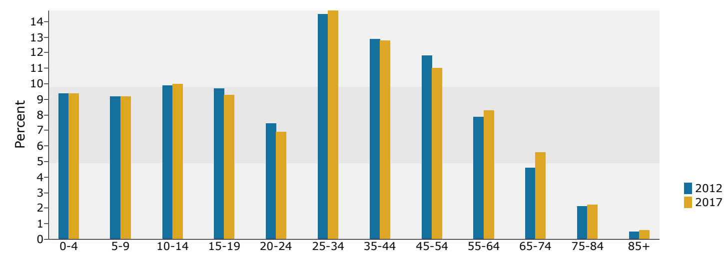
Demographic and Income Profile - Appraisal Version

45111 25th St E, Lancaster, CA, 93535 — Prepared by John Neet
Ring: 1 mile radius — Latitude: 34.700760401
Longitude: -118.0859791

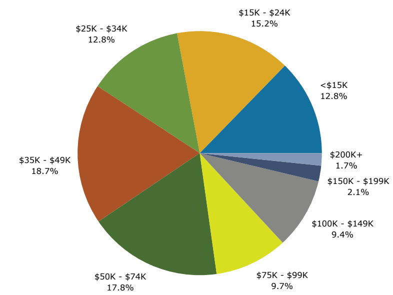
Trends 2012-2017



Population by Age



2012 Household Income



Source: U.S. Census Bureau, Census 2010 Summary File 1. Esri forecasts for 2012 and 2017.

August 09, 2013

Demographic and Income Profile - Appraisal Version

45111 25th St E, Lancaster, CA, 93535
Ring: 3 mile radius

Prepared by John Neet
Latitude: 34.700760401
Longitude: -118.0859791

Summary	**Census 2010**	**2012**	**2017**
Population	65,128	66,118	67,943
Households	18,768	18,912	19,341
Families	14,714	14,747	15,186
Average Household Size	3.42	3.45	3.46
Owner Occupied Housing Units	11,784	11,511	12,037
Renter Occupied Housing Units	6,984	7,401	7,305
Median Age	27.9	28.2	28.7
Trends: 2012 - 2017 Annual Rate	**Area**	**State**	**National**
Population	0.55%	0.67%	0.68%
Households	0.45%	0.66%	0.74%
Families	0.59%	0.81%	0.72%
Owner HHs	0.90%	1.03%	0.91%
Median Household Income	3.19%	3.35%	2.55%

	2012		**2017**	
Households by Income	Number	Percent	Number	Percent
<$15,000	2,780	14.7%	2,737	14.2%
$15,000 - $24,999	2,449	12.9%	2,028	10.5%
$25,000 - $34,999	2,210	11.7%	1,836	9.5%
$35,000 - $49,999	3,217	17.0%	2,947	15.2%
$50,000 - $74,999	3,966	21.0%	3,982	20.6%
$75,000 - $99,999	1,849	9.8%	2,666	13.8%
$100,000 - $149,999	1,752	9.3%	2,233	11.5%
$150,000 - $199,999	409	2.2%	563	2.9%
$200,000+	281	1.5%	349	1.8%
Median Household Income	$43,163		$50,491	
Average Household Income	$55,817		$63,532	
Per Capita Income	$16,489		$18,619	

	Census 2010		**2012**		**2017**	
Population by Age	Number	Percent	Number	Percent	Number	Percent
0 - 4	5,927	9.1%	6,024	9.1%	6,233	9.2%
5 - 9	5,889	9.0%	5,971	9.0%	6,166	9.1%
10 - 14	6,121	9.4%	6,133	9.3%	6,395	9.4%
15 - 19	6,687	10.3%	6,502	9.8%	6,425	9.5%
20 - 24	5,319	8.2%	5,498	8.3%	5,243	7.7%
25 - 34	8,723	13.4%	9,039	13.7%	9,433	13.9%
35 - 44	8,340	12.8%	8,274	12.5%	8,385	12.3%
45 - 54	8,321	12.8%	8,227	12.4%	7,885	11.6%
55 - 64	5,250	8.1%	5,598	8.5%	6,054	8.9%
65 - 74	2,697	4.1%	2,937	4.4%	3,635	5.4%
75 - 84	1,426	2.2%	1,454	2.2%	1,581	2.3%
85+	427	0.7%	463	0.7%	508	0.7%

Data Note: Income is expressed in current dollars.
Source: U.S. Census Bureau, Census 2010 Summary File 1. Esri forecasts for 2012 and 2017.

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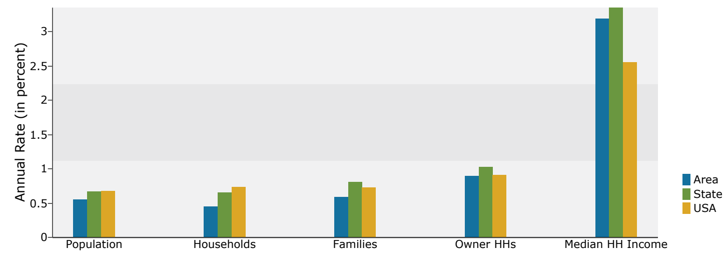
Demographic and Income Profile - Appraisal Version

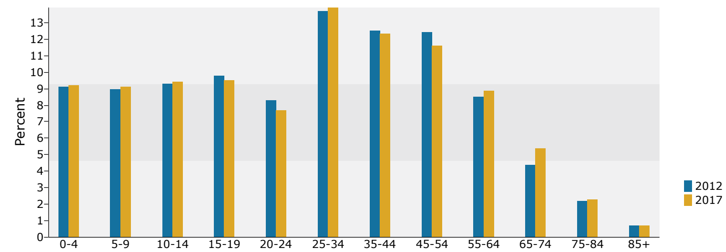
45111 25th St E, Lancaster, CA, 93535
Ring: 3 mile radius

Prepared by John Neet
Latitude: 34.700760401
Longitude: -118.0859791

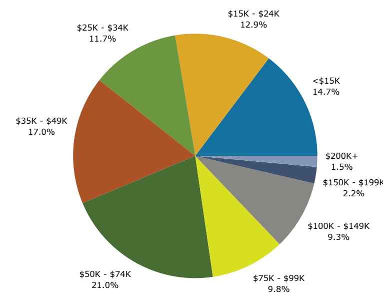
Trends 2012-2017



Population by Age



2012 Household Income



Source: U.S. Census Bureau, Census 2010 Summary File 1. Esri forecasts for 2012 and 2017.

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Demographic and Income Profile - Appraisal Version

45111 25th St E, Lancaster, CA, 93535
Ring: 5 mile radius

Prepared by John Neet
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Summary	Census 2010		2012		2017	
Population	104,572		106,282		109,252	
Households	32,717		33,117		34,022	
Families	23,536		23,622		24,411	
Average Household Size	3.14		3.15		3.16	
Owner Occupied Housing Units	17,440		17,008		17,807	
Renter Occupied Housing Units	15,277		16,109		16,215	
Median Age	29.1		29.4		29.8	
Trends: 2012 - 2017 Annual Rate	**Area**		**State**		**National**	
Population	0.55%		0.67%		0.68%	
Households	0.54%		0.66%		0.74%	
Families	0.66%		0.81%		0.72%	
Owner HHs	0.92%		1.03%		0.91%	
Median Household Income	3.10%		3.35%		2.55%	
			2012		**2017**	
Households by Income			Number	Percent	Number	Percent
<$15,000			5,380	16.2%	5,392	15.8%
$15,000 - $24,999			4,737	14.3%	3,971	11.7%
$25,000 - $34,999			4,122	12.4%	3,475	10.2%
$35,000 - $49,999			5,271	15.9%	4,929	14.5%
$50,000 - $74,999			6,475	19.6%	6,576	19.3%
$75,000 - $99,999			3,076	9.3%	4,437	13.0%
$100,000 - $149,999			2,775	8.4%	3,572	10.5%
$150,000 - $199,999			626	1.9%	879	2.6%
$200,000+			655	2.0%	789	2.3%
Median Household Income			$40,373		$47,027	
Average Household Income			$54,530		$62,357	
Per Capita Income			$17,579		$20,009	
	Census 2010		**2012**		**2017**	
Population by Age	Number	Percent	Number	Percent	Number	Percent
0 - 4	9,293	8.9%	9,434	8.9%	9,754	8.9%
5 - 9	8,858	8.5%	8,968	8.4%	9,237	8.5%
10 - 14	9,085	8.7%	9,098	8.6%	9,473	8.7%
15 - 19	9,883	9.5%	9,600	9.0%	9,463	8.7%
20 - 24	8,890	8.5%	9,205	8.7%	8,780	8.0%
25 - 34	14,352	13.7%	14,857	14.0%	15,487	14.2%
35 - 44	12,885	12.3%	12,783	12.0%	12,932	11.8%
45 - 54	13,463	12.9%	13,319	12.5%	12,755	11.7%
55 - 64	8,793	8.4%	9,380	8.8%	10,135	9.3%
65 - 74	4,927	4.7%	5,370	5.1%	6,639	6.1%
75 - 84	2,963	2.8%	3,016	2.8%	3,250	3.0%
85+	1,179	1.1%	1,254	1.2%	1,348	1.2%

Data Note: Income is expressed in current dollars.
Source: U.S. Census Bureau, Census 2010 Summary File 1. Esri forecasts for 2012 and 2017.

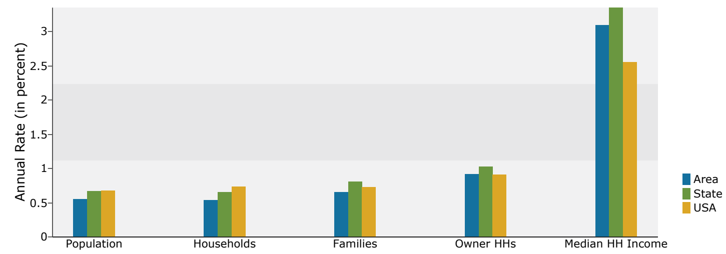
August 09, 2013

Demographic and Income Profile - Appraisal Version

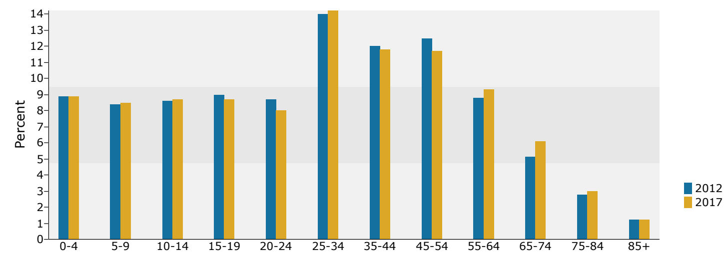
45111 25th St E, Lancaster, CA, 93535
Ring: 5 mile radius

Prepared by John Neet
Latitude: 34.700760401
Longitude: -118.0859791

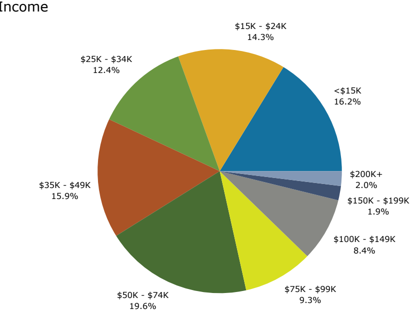
Trends 2012-2017



Population by Age



2012 Household Income



Source: U.S. Census Bureau, Census 2010 Summary File 1. Esri forecasts for 2012 and 2017.

August 09, 2013

Market Profile - Appraisal Version

45111 25th St E, Lancaster, CA, 93535 — Prepared by John Neet
Rings: 1, 3, 5 mile radii — Latitude: 34.700760401
Longitude: -118.0859791

	1 mile	3 miles	5 miles
Population Summary			
2000 Total Population	8,297	51,055	85,530
2010 Total Population	12,121	65,128	104,572
2012 Total Population	12,122	66,118	106,282
2012 Group Quarters	58	949	1,866
2017 Total Population	12,131	67,943	109,252
2012-2017 Annual Rate	0.01%	0.55%	0.55%
Household Summary			
2000 Households	2,603	16,283	28,931
2000 Average Household Size	3.18	3.11	2.89
2010 Households	3,471	18,768	32,717
2010 Average Household Size	3.48	3.42	3.14
2012 Households	3,447	18,912	33,117
2012 Average Household Size	3.50	3.45	3.15
2017 Households	3,429	19,341	34,022
2017 Average Household Size	3.52	3.46	3.16
2012-2017 Annual Rate	-0.10%	0.45%	0.54%
2010 Families	2,703	14,714	23,536
2010 Average Family Size	3.90	3.79	3.66
2012 Families	2,670	14,747	23,622
2012 Average Family Size	3.93	3.82	3.68
2017 Families	2,675	15,186	24,411
2017 Average Family Size	3.95	3.83	3.68
2012-2017 Annual Rate	0.04%	0.59%	0.66%
Housing Unit Summary			
2000 Housing Units	3,171	17,988	31,981
Owner Occupied Housing Units	61.8%	60.7%	51.3%
Renter Occupied Housing Units	20.3%	29.8%	39.2%
Vacant Housing Units	17.9%	9.5%	9.5%
2010 Housing Units	3,777	20,707	36,635
Owner Occupied Housing Units	64.0%	56.9%	47.6%
Renter Occupied Housing Units	27.9%	33.7%	41.7%
Vacant Housing Units	8.1%	9.4%	10.7%
2012 Housing Units	3,748	20,854	36,942
Owner Occupied Housing Units	62.1%	55.2%	46.0%
Renter Occupied Housing Units	29.9%	35.5%	43.6%
Vacant Housing Units	8.0%	9.3%	10.4%
2017 Housing Units	3,727	21,236	37,700
Owner Occupied Housing Units	62.7%	56.7%	47.2%
Renter Occupied Housing Units	29.4%	34.4%	43.0%
Vacant Housing Units	8.0%	8.9%	9.8%
Median Household Income			
2012	$41,079	$43,163	$40,373
2017	$47,552	$50,491	$47,027
Median Home Value			
2012	$181,080	$173,993	$170,721
2017	$187,492	$183,584	$181,601
Per Capita Income			
2012	$16,387	$16,489	$17,579
2017	$18,645	$18,619	$20,009
Median Age			
2010	27.8	27.9	29.1
2012	28.0	28.2	29.4
2017	28.5	28.7	29.8

Data Note: Household population includes persons not residing in group quarters. Average Household Size is the household population divided by total households. Persons in families include the householder and persons related to the householder by birth, marriage, or adoption. Per Capita Income represents the income received by all persons aged 15 years and over divided by the total population.
Source: U.S. Census Bureau, Census 2010 Summary File 1. Esri forecasts for 2012 and 2017. Esri converted Census 2000 data into 2010 geography.

August 09, 2013

Market Profile - Appraisal Version

45111 25th St E, Lancaster, CA, 93535 — Prepared by John Neet
Rings: 1, 3, 5 mile radii — Latitude: 34.700760401
Longitude: -118.0859791

	1 mile	3 miles	5 miles
2012 Households by Income			
Household Income Base	3,447	18,912	33,117
<$15,000	12.8%	14.7%	16.2%
$15,000 - $24,999	15.2%	12.9%	14.3%
$25,000 - $34,999	12.8%	11.7%	12.4%
$35,000 - $49,999	18.7%	17.0%	15.9%
$50,000 - $74,999	17.8%	21.0%	19.6%
$75,000 - $99,999	9.7%	9.8%	9.3%
$100,000 - $149,999	9.4%	9.3%	8.4%
$150,000 - $199,999	2.1%	2.2%	1.9%
$200,000+	1.7%	1.5%	2.0%
Average Household Income	$55,651	$55,817	$54,530
2017 Households by Income			
Household Income Base	3,429	19,341	34,022
<$15,000	12.3%	14.2%	15.8%
$15,000 - $24,999	12.5%	10.5%	11.7%
$25,000 - $34,999	11.1%	9.5%	10.2%
$35,000 - $49,999	16.1%	15.2%	14.5%
$50,000 - $74,999	17.3%	20.6%	19.3%
$75,000 - $99,999	13.9%	13.8%	13.0%
$100,000 - $149,999	12.0%	11.5%	10.5%
$150,000 - $199,999	2.9%	2.9%	2.6%
$200,000+	2.0%	1.8%	2.3%
Average Household Income	$63,737	$63,532	$62,357
2012 Owner Occupied Housing Units by Value			
Total	2,326	11,511	17,004
<$50,000	0.3%	1.5%	1.9%
$50,000 - $99,999	5.3%	10.7%	12.6%
$100,000 - $149,999	23.3%	23.6%	24.0%
$150,000 - $199,999	33.9%	29.5%	27.7%
$200,000 - $249,999	25.1%	21.3%	20.1%
$250,000 - $299,999	8.5%	8.8%	8.7%
$300,000 - $399,999	3.4%	3.5%	3.6%
$400,000 - $499,999	0.1%	0.6%	0.8%
$500,000 - $749,999	0.0%	0.3%	0.4%
$750,000 - $999,999	0.0%	0.1%	0.1%
$1,000,000 +	0.0%	0.0%	0.0%
Average Home Value	$185,389	$179,426	$177,772
2017 Owner Occupied Housing Units by Value			
Total	2,336	12,037	17,802
<$50,000	0.2%	1.1%	1.4%
$50,000 - $99,999	3.6%	7.6%	9.1%
$100,000 - $149,999	16.5%	17.3%	18.1%
$150,000 - $199,999	39.7%	35.6%	33.8%
$200,000 - $249,999	28.2%	24.5%	23.1%
$250,000 - $299,999	7.7%	8.1%	8.0%
$300,000 - $399,999	3.7%	3.9%	4.0%
$400,000 - $499,999	0.3%	1.2%	1.5%
$500,000 - $749,999	0.1%	0.6%	0.8%
$750,000 - $999,999	0.0%	0.1%	0.2%
$1,000,000 +	0.0%	0.0%	0.1%
Average Home Value	$192,821	$190,518	$190,504

Data Note: Income represents the preceding year, expressed in current dollars. Household income includes wage and salary earnings, interest dividends, net rents, pensions, SSI and welfare payments, child support, and alimony.
Source: U.S. Census Bureau, Census 2010 Summary File 1. Esri forecasts for 2012 and 2017. Esri converted Census 2000 data into 2010 geography.

August 09, 2013

Market Profile - Appraisal Version

45111 25th St E, Lancaster, CA, 93535 — Prepared by John Neet
Rings: 1, 3, 5 mile radii — Latitude: 34.700760401
Longitude: -118.0859791

	1 mile	3 miles	5 miles
2010 Population by Age			
Total	12,120	65,125	104,571
0 - 4	9.4%	9.1%	8.9%
5 - 9	9.2%	9.0%	8.5%
10 - 14	10.0%	9.4%	8.7%
15 - 24	17.4%	18.4%	18.0%
25 - 34	14.2%	13.4%	13.7%
35 - 44	13.2%	12.8%	12.3%
45 - 54	12.1%	12.8%	12.9%
55 - 64	7.6%	8.1%	8.4%
65 - 74	4.3%	4.1%	4.7%
75 - 84	2.1%	2.2%	2.8%
85 +	0.5%	0.7%	1.1%
18 +	65.3%	66.3%	68.3%
2012 Population by Age			
Total	12,123	66,120	106,284
0 - 4	9.4%	9.1%	8.9%
5 - 9	9.2%	9.0%	8.4%
10 - 14	9.9%	9.3%	8.6%
15 - 24	17.2%	18.1%	17.7%
25 - 34	14.5%	13.7%	14.0%
35 - 44	12.9%	12.5%	12.0%
45 - 54	11.8%	12.4%	12.5%
55 - 64	7.9%	8.5%	8.8%
65 - 74	4.6%	4.4%	5.1%
75 - 84	2.1%	2.2%	2.8%
85 +	0.5%	0.7%	1.2%
18 +	65.7%	66.7%	68.8%
2017 Population by Age			
Total	12,130	67,943	109,253
0 - 4	9.4%	9.2%	8.9%
5 - 9	9.2%	9.1%	8.5%
10 - 14	10.0%	9.4%	8.7%
15 - 24	16.2%	17.2%	16.7%
25 - 34	14.7%	13.9%	14.2%
35 - 44	12.8%	12.3%	11.8%
45 - 54	11.0%	11.6%	11.7%
55 - 64	8.3%	8.9%	9.3%
65 - 74	5.6%	5.4%	6.1%
75 - 84	2.2%	2.3%	3.0%
85 +	0.6%	0.7%	1.2%
18 +	65.7%	66.7%	68.8%
2010 Population by Sex			
Males	5,840	31,286	50,017
Females	6,281	33,842	54,555
2012 Population by Sex			
Males	5,854	31,820	50,930
Females	6,268	34,299	55,353
2017 Population by Sex			
Males	5,858	32,707	52,365
Females	6,273	35,236	56,887

Source: U.S. Census Bureau, Census 2010 Summary File 1. Esri forecasts for 2012 and 2017. Esri converted Census 2000 data into 2010 geography.

Market Profile - Appraisal Version

45111 25th St E, Lancaster, CA, 93535 — Prepared by John Neet
Rings: 1, 3, 5 mile radii — Latitude: 34.700760401
Longitude: -118.0859791

	1 mile	3 miles	5 miles
2010 Population by Relationship and Household Type			
Total	12,121	65,128	104,572
In Households	99.5%	98.5%	98.2%
In Family Households	91.0%	89.9%	86.6%
Householder	22.8%	22.7%	22.5%
Spouse	13.8%	13.3%	13.1%
Child	42.6%	42.2%	39.7%
Other relative	7.8%	7.5%	7.0%
Nonrelative	4.0%	4.3%	4.2%
In Nonfamily Households	8.5%	8.6%	11.6%
In Group Quarters	0.5%	1.5%	1.8%
Institutionalized Population	0.0%	0.1%	0.5%
Noninstitutionalized Population	0.5%	1.4%	1.2%
2010 Households by Type			
Total	3,471	18,768	32,717
Households with 1 Person	17.1%	16.2%	21.8%
Households with 2+ People	82.9%	83.8%	78.2%
Family Households	77.9%	78.4%	71.9%
Husband-wife Families	47.1%	45.9%	41.7%
With Related Children	30.5%	28.3%	24.5%
Other Family (No Spouse Present)	30.7%	32.5%	30.2%
Other Family with Male Householder	8.5%	8.3%	7.7%
With Related Children	5.8%	5.4%	5.0%
Other Family with Female Householder	22.2%	24.2%	22.5%
With Related Children	16.5%	17.9%	16.4%
Nonfamily Households	5.0%	5.4%	6.3%
All Households with Children	53.6%	52.5%	46.7%
Multigenerational Households	10.0%	10.3%	8.7%
Unmarried Partner Households	8.0%	8.6%	8.8%
Male-female	7.1%	7.8%	7.9%
Same-sex	0.9%	0.9%	0.8%
2010 Households by Size			
Total	3,471	18,768	32,715
1 Person Household	17.1%	16.2%	21.8%
2 Person Household	21.4%	22.9%	24.1%
3 Person Household	17.7%	17.8%	16.8%
4 Person Household	17.5%	17.1%	15.5%
5 Person Household	12.6%	12.4%	10.6%
6 Person Household	7.6%	6.9%	5.7%
7 + Person Household	6.2%	6.7%	5.4%
2010 Households by Tenure and Mortgage Status			
Total	3,471	18,768	32,717
Owner Occupied	69.7%	62.8%	53.3%
Owned with a Mortgage/Loan	49.5%	48.3%	41.3%
Owned Free and Clear	20.2%	14.4%	12.0%
Renter Occupied	30.3%	37.2%	46.7%

Data Note: Households with children include any households with people under age 18, related or not. Multigenerational households are families with 3 or more parent-child relationships. Unmarried partner households are usually classified as nonfamily households unless there is another member of the household related to the householder. Multigenerational and unmarried partner households are reported only to the tract level. Esri estimated block group data, which is used to estimate polygons or non-standard geography.

Source: U.S. Census Bureau, Census 2010 Summary File 1. Esri forecasts for 2012 and 2017. Esri converted Census 2000 data into 2010 geography.

AUTHORIZATION

JOHN P. NEET, MAI

APPRAISAL & CONSULTING SERVICES FOR MANUFACTURED HOUSING COMMUNITIES AND RV PARKS

August 7, 2013

Mr. John Woolley, Chief Operating Officer
Caritas Corporation
5520 Trabuco Road
Irvine, CA 92620

Re: Desert Sands Estates, 45111 25th Street East, Lancaster, CA 93535

Mr. Woolley:

I am pleased to submit a proposal to provide the following appraisal services regarding the captioned property:

Scope of Services:	To provide an appraisal in conformance with the attached "scope" statement. Report to be in a "Summary" report appraisal based on USPAP and municipal bond underwriting requirements.
Timing:	Within 15 working days of receiving requested information (see below).
Appraisal Fee:	$4,400.00 to be paid upon completion. Client agrees that unpaid amounts more than 30 days past due will be charged interest at the maximum rate permitted by applicable law.

Requested Information:

a) Preliminary Title Report (if available, contact us if title report is not available).
b) Current Rent Roll.
c) Comprehensive Income and Expense Statements covering the past 3 years and the current year to date. Income statements to show individual line items for each submetered/pass-through utility income and expense (water, sewer, gas, electricity, trash, CATV, etc.).
d) Access to any site and building plans, engineering reports, or environmental reports on the property that you have in your possession.
e) Complete information regarding any sale of the property, any offers to sell or purchase, or the listing of the property during the last 3 years.
f) Name and phone number of contact person at property.
g) Current County tax bill showing rate and direct assessments.
h) Any information that you believe should be considered in the appraisal.

Please call if any of the above requested information is not readily available. If you have any questions, please call me at 951-461-7755. A signed copy of this agreement may be faxed to me at 951-346-3558 to initiate file set up. I look forward to working with you in this appraisal assignment.

Sincerely,

CARITAS CORPORATION

John P. Neet, MAI

Accepted by: Chief Operating Officer Date 8-8-13

26845 JEFFERSON AVENUE, SUITE A
MURRIETA, CA 92562
(951) 461-7755 FAX (951) 346-3558
jneet@johnneet.com

PROFESSIONAL QUALIFICATIONS/CURRICULUM VITAE

PROFESSIONAL QUALIFICATIONS
JOHN P. NEET, MAI

LICENSES AND MEMBERSHIPS:

Appraisal Institute
Member-Designation No. 7728; currently certified under the Appraisal Institute's mandatory continuing education requirements
Licensed Real Estate Appraiser
California Certified General Appraiser No. AG003494, Certified through 3/14/2014
Arizona Certified General Appraiser No. 31052, Certified through 4/30/2015
Nevada Certified General Appraiser No. 04661, Certified through 5/31/2015
Oregon Certified General Appraiser No. C001020, Certified through 3/31/2014
Washington Certified General Appraiser No. 1102053. Certified through 3/12/2014
Idaho Certified General Appraiser No. CGA-3435, Certified through 3/14/2014
Temporary Certifications Obtained in Texas, New Mexico, Minnesota, Utah, Colorado, South Dakota, Wisconsin
Licensed Real Estate Broker
Texas Brokers License No. 322708 (Inactive)

EXPERIENCE:

1988-Present
John P. Neet, MAI, Real Estate Appraiser & Consultant
Owner of firm specializing in valuation and consultation with a primary concentration on manufactured housing communities, mobile home parks, and RV parks, leasehold and quasi-leasehold valuations, public acquisition valuations, valuations for rated and un-rated bond issues and resident conversions, MHC & RVP subdivisions, expert testimony, and appraisal review. Non-appraisal experience includes cash flow projections, rent control financial analysis and consultancy, market studies and analysis, and financial performance analysis for manufactured housing communities and RV parks. Qualified as an expert in United States District Court, in state courts in Orange, Riverside, San Diego, and San Bernardino Counties in California and Federal Bankruptcy Courts in California, Texas, and Nevada.

1981-1987
Terrence F. Wood & Co. Corpus Christi, Texas
Appraisal and review of all property typies; special emphasis on income producing, development, and resort properties; expert testimony in bankruptcy and foreclosure proceedings. Qualified as expert in district courts and Federal Bankruptcy Courts.

1978-1980
Home Savings and Loan Los Angeles, California
Chief Appraiser, Conventional Loans-Manager in charge of training and review of appraisal staff.
Staff Appraiser-valuation of single and multi-family properties.

EDUCATION:

CALIFORNIA STATE UNIVERSITY AT NORTHRIDGE
Business Administration
APPRAISAL INSTITUTE
Courses 101, 102, and 201 (SREA)
Courses 1-A, 1-B, 2-1, 2-2, 2-3 (AIREA)
Courses 410, 420, 700 (AI)
INTERNATIONAL RIGHT OF WAY ASSOCIATION
Easement Valuation

RECENT SEMINARS:

USPAP Updates, FIRREA Requirements, Standards of Professional Practice Updates, Litigation Practices, Apartment Valuation, Appraiser Licensing and Certification, HP12-C Seminar, Land Regulations, Easement Valuations, Retail Market, Limited Appraisals and Report Writing, Annual Regional Economic Forecast Workshops & Seminars, Manufactured Housing Community Law Seminars and Operations seminars, Regression Analysis, Condominium Conversions, Highest & Best Use Analysis.

STATE OF CALIFORNIA

Business, Transportation & Housing Agency

OFFICE OF REAL ESTATE APPRAISERS

REAL ESTATE APPRAISER LICENSE

JOHN P. NEET

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

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

OREA

OREA APPRAISER IDENTIFICATION NUMBER | AG003494 |

Date Issued: March 15, 2012

Date Expires: March 14, 2014

Bob Clark

Director, OREA

Audit No. 138224

REAL ESTATE APPRAISAL REPORT

DESERT SANDS ESTATES
45111 25TH STREET EAST
LANCASTER, CA
AS OF AUGUST 22, 2013

PREPARED FOR:
CARITAS CORPORATION

JOHN P. NEET, MAI

JOHN P. NEET, MAI

APPRAISAL & CONSULTING SERVICES FOR MANUFACTURED HOUSING COMMUNITIES AND RV PARKS

September 3, 2013

Mr. John Woolley, Chief Operating Officer
Caritas Corporation
5520 Trabuco Road
Irvine, CA 92620

Re: Desert Sands Estates, 45111 25th Street East, Lancaster, CA 93535

Mr. Woolley:

As requested and authorized by the letter of engagement dated August 8, 2013, I have appraised the captioned property for the purposes of expressing my opinion of its market value as defined herein. The interests appraised are those of the **Leased Fee** estate. The scope of work does not include a review of all rental agreements, which is typically part of the process of analyzing leased fee interests. Terms of rental agreements as provided by the client and/or the property owner are assumed to reflect similar terms for all tenants. If any or all of the rental agreements provide for terms materially different than those reported in this report, the reliability of the value estimate could be adversely affected. As a result of my investigation and analysis, it is my conclusion that the market value of the subject property, as of August 22, 2013, and subject to the assumptions, certification, and limiting conditions stated herein, was

FOUR MILLION FIVE HUNDRED THOUSAND DOLLARS
$4,500,000

Further, I have estimated the "value in use" to a non-profit 501C3 corporation based on the parameters used by this market sector. Based on this analysis, the value in use under these considerations is estimated, as of the same date and subject to similar considerations, to be

THREE MILLION SEVEN HUNDRED THOUSAND DOLLARS
$3,700,000

This appraisal and report is intended to comply with the following standards and agreements:

- The Scope of Work agreement between the appraiser and the client
- The Standards of Professional Practice and Code of Ethics of the Appraisal Institute
- The Uniform Standards of Professional Appraisal Practice (USPAP)

This letter is part of the attached ***summary report*** which contains descriptions of the subject property, factual data, and my analysis of that data upon which the value conclusion is predicated in line with the scope of work agreed to. A summary of the scope of work is included on Page 4. Please refer to the limiting conditions, certification, and assumptions contained on Pages 7 through 11. In addition to these items, your attention is specifically directed to specific assumptions regarding projection of some future expenses as outlined on Page 4 of the report. The purpose, function, and intended use of this appraisal are described on Page 9.

Respectfully submitted,

John P. Neet, MAI
California General Appraisal Certificate No. AG003494; Certified through 3/14/2014
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26845 JEFFERSON AVENUE, SUITE A
(951) 461-7755-VOICE
(951) 346-3558-FAX
MURRIETA, CA 92562
www.johnneet.com
appraisals@johnneet.com

Table of Contents

ADDENDA

Summary of Facts & Conclusions

LOCATION AND FEATURES		
LOCATION:	45111 25th Street East, Lancaster Los Angeles County, CA	
CENSUS TRACT:	9006.05	
ASSESSORS PARCEL IDENTIFICATION:	3150-023-903	3150-023-902
RECORD DATES:	Effective Date of Appraisal-	August 22, 2013
	Date of Inspection-	August 22, 2013
	Date of Report-	September 3, 2013
SITE AREA:	17.9	Acres (per Assessor)
	777,546	SF (per Assessor)
ZONING:	MHP	
FLOOD HAZARD ZONE (FEMA):	X500	
SEISMIC HAZARD ZONE (USGS):	4	
PRINCIPAL IMPROVEMENTS:	Number of Units (Total)-	123
	Year Built-	1989
	Amenities and Service-	Recreation Center with assembly room, service kitchen, billiards room, fitness room, pool, spa, restrooms, ball court, playground.
	Other Facilities-	Laundry, Retail Store, Office
	Quality Rating-	Good
	Overall Condition Rating-	Good
	Effective Age-	0
AGE RESTRICTION:	Unrestricted Age	
INTEREST CONSIDERED:	Leased Fee	
ASSUMPTIONS AND CONCLUSIONS:		
HIGHEST AND BEST USE	As Though Vacant:	Development. See text for specifics.
	As Is:	Continue present use
EST. EXPOSURE TIME:	6 months or less	
EST. MARKETING TIME:	6 months or less	
SPECIAL CONSIDERATIONS:	See Pages 3-9. Reference made to interest appraised, approaches to value considered reliable, information not available to appraiser, assumptions made in analysis.	
VALUE CONCLUSIONS	**As-Is (Current Conditions)**	
INCOME & RATES:		
MH Sites Market Rental Rate (/Unit/Mo.)	$450.00	
MH Sites Avg. Contract Rental Rate (/Unit/Mo.)	$361.96	
MH Sites Projected Avg. Rental Rate (/Unit/Mo.)	$365.57	
Potential Gross Income:	$737,185	
Effective Gross Income:	$710,206	
Operating Expenses:	$392,635	
NOI:	$317,571	
Overall Capitalization Rate (Applied):	7.00%	
Overall Capitalization Rate (Implied):	7.06%	
INDICATED VALUES:	-	-
Cost Approach	Not Considered	
Income Approach (Direct Capitalization)	$4,500,000	
Sales Comparison Approach	$4,400,000	
ESTIMATED MARKET VALUE:	**$4,500,000**	
CONTRIBUTORY VALUE OF NON REALTY ITEMS:	$10,000	

Property Identification

The property that is the subject of this report is a manufactured housing community located at **45111 25th Street East, Lancaster, Los Angeles County, CA**. A precise legal description is included in the Addenda. Refer to the preliminary title report.

Purpose of the Appraisal

The purpose of this appraisal is to estimate the market value of the subject property as defined on the Definitions page below.

Property Rights Appraised

The purpose of this appraisal is to estimate the market value, as defined herein, of the **Leased Fee** interest in the subject property under the existing lease agreements with the park residents.

The interest considered is that of the leased fee interest in the subject property. A significant portion of the analysis of leased fee interests is generally in the reporting, analysis, and consideration of the terms of each lease agreement. The signed and executed lease agreements were not provided, and estoppels were not provided for review. The appraisal is based on the assumption that 1) rental terms as reported are correct and 2) apply to all of the tenants in the park or to the number of tenants stated in the Income Approach.

Function of the Appraisal

It is my understanding that this appraisal is to be used to determine the adequacy of the subject property as collateral in a pending municipal bond issue. The use of this appraisal is invalid for any other purpose.

Client and Intended Users

This report is intended for use only by Caritas Corporation, its bond underwriters and bond counsel. Use of the report by others not named above is not intended by the appraiser or the client.

Scope of Work

The scope of this appraisal assignment involved the inspection of the subject property by Allison Nickell and John P. Neet, MAI, interviews with the property owner and responsible parties, the collection and analysis of pertinent market data and other information, and the completion of the valuation analysis contained herein. Allison Nickell and John P. Neet, MAI collected factual data utilized herein. John P. Neet, MAI, completed the appraisal analysis and the opinions stated herein are solely those of John P. Neet, MAI. The data collected and considered as well as the process of my reasoning is described throughout the report. This appraisal meets the requirements of USPAP Standard No. 1, and the report complies with the requirements of USPAP Standard No. 2. This appraisal is intended to be a **Complete Appraisal** under generally accepted standards of appraisal, although this is not a USPAP defined term. The scope of work agreement between the appraiser and client is included in the Addenda.

As an additional part of the scope of work, I have formed an opinion of the use value to a specific market participant, a non-profit 501[c]3 corporation. The written appraisal is intended to be a **Summary Report** under USPAP Standard 2. Any limitations on the scope of work or reporting are found on Page 8.

Unit Type Conventions Used In Report

The subject, like a number of properties of this type, has income producing **units** that are comprised of a variety of types. These may include **mobile/manufactured home sites**, **recreational vehicle sites**, **site-built units** (apartments, detached residences), or **commercial units**. Analysis of these various types of units requires the units to sometimes be analyzed as individual components and sometimes as the total number of units. In this report, the term **units** speaks to the aggregate number, while descriptions or analysis of the individual unit types considers only the number of units included in the specific category. In the subject property, there are 123 manufactured home sites.

By industry convention, other income producing land divisions (such as campsites or vehicle storage spaces) are not included in the total number of units as described above.

Appraisal Record Dates

The appraisal record dates are stated in the Summary of Facts and Conclusions on Page 3.

Property Ownership

According to documents available to the appraiser, as of the date of the appraisal, the owner of the subject property was Lancaster Redevelopment Agency, a public body, corporate and politic. See Preliminary Title Report for full vesting information.

Recent Property History

The existing primary improvements were reportedly constructed in 1989, according to the property manager.

According to information provided, there have been no open market transactions involving the subject property within the mandatory three-year reporting period. It is our understanding that there is a letter of intent to sell the property to Caritas Corporation, with the price to be determined.

No other transactions regarding the subject property are known.

Real Estate Taxes

The subject property is currently owned by an exempt public agency, and there is no record of the tax rate or direct assessments that would be charged following a sale of the property to an NGO or private sector owner. In addition, the tax rates for the coming year have not yet been reported by the Los Angeles County Tax Collector. Based on reported taxes for other mobile home park properties in Lancaster, I have projected a tax rate of $1.178947 per $1,000 valuation. This is primarily based on the 2013-14 tax bill for Briarwood MHP (APN 3176-020-067).

Under California law, the property will be reassessed to current market value upon sale. The estimated tax expense used in the Income Approach is based upon the presumed reassessment to the value estimated in the Income Approach.

Other mobile home parks report substantial Direct Assessments, which include sewer line charges. In the subject, the Direct Assessments for sewer line charges are reportedly billed directly from the agency to the tenants, so there is no Direct Assessment for sewer line charges.

Note that these taxes will not apply in this manner to the purchase of the property in the transaction for which this appraisal is being completed, as there will be significant reductions in the real estate taxes, but not the direct assessments, as a result of the non-profit status of the buyer. Actual reductions in taxes will be based on the number of tenants who meet certain income tests. Based on preliminary research provided by the client, a 70% reduction in ad valorem taxes is projected in the "value in use for a non-profit entity".

Exposure Time

Exposure time is defined as that period of time that the subject is offered for sale prior to sale at the value estimated in this appraisal. Exposure time, by definition, predates the appraisal date stated above. A reasonable projection requires the assumption that the property is properly priced and positions, professionally marketed, and has transferrable title. The following information is considered in the projection of exposure time

- A review of the mobile home park sales contained within my sales database that sold within the past 3 years indicates that the vast majority of mobile home parks sell within 180 days. Less than 3% of the sales within the database report marketing times of more than 180 days, and a significant majority report marketing times of less than 120 days.
- Interviews with industry specific brokers indicate projections of 30-120 days if the property is appropriately priced and widely marketed. However, it is common for more attractive properties to be narrowly marketed to a target group, with time limits on offers and limited time frames for due diligence prior to the offer. These types of marketing generally result in an accepted offer within 30 days or less. Completion of the sale typically takes 30-60 days beyond the contract date, according to brokers.
- The marketing time for the properties used as sales comparables in this appraisal are reported in the Sales Comparison Approach. These are the most similar properties to the subject and are weighted heavily in the projection.

The market value estimated herein is based on an exposure time of 6 months or less, which appears to be a reasonable conclusion based on the data considered.

Marketing Time

Marketing time differs from exposure time, in that this is the period of time following the appraisal date that the property might take to sell if offered for sale at approximately the level of the market value estimated. The same data considered in the exposure time analysis is considered here, but it must be realized that events in the future may change and alter the estimated marketing period from that currently expected. However, it appears that the condition of the market in the next several months will not change significantly.

A marketing time of 6 months or less is considered a well-supported conclusion based on current market conditions.

Personal Property

Personal property necessary to achieve the net income projected for the subject includes maintenance and office equipment, recreation center furnishings and other minor items. Specifically, this does not include community owned homes, if any, which are outside of the scope of the valuation. The contributory value of this personal property to the whole is considered nominal in light of the estimated market value of the property. A rough estimate the contributory value of this personal property to the market value estimated herein is noted in the Summary of Facts and Conclusions on Page 3. This is based on the salvage value of the items.

According to information provided, there is one community owned mobile/manufactured home in the park. This unit is not considered in the appraisal.

Appraiser Qualifications and Competence

The principal appraiser holds general appraiser certificates in this and other states, and is the holder of the MAI designation, indicating the base qualifications needed to appraise properties of this level of complexity. As pertaining to this property type, the principal appraiser has performed valuation and counseling assignments involving over 3,500 manufactured housing communities, mobile home parks and RV parks, and as a result of this experience is qualified to complete this valuation assignment. Please refer to the appraiser's qualification statement in the Addenda.

Assumptions & Limiting Conditions

The Code of Professional Ethics and Standards of Professional Practice of the Appraisal Institute requires the appraiser to "clearly and unequivocally set forth all facts, assumptions, and conditions upon which the appraisal is based." In compliance with this requirement, and to assist the reader in interpreting this report, the general assumptions and limiting conditions are set forth as follows:

1. The date to which the conclusions and opinions expressed in the report apply is set forth in the body of this report. Further, the dollar amount of any opinion herein rendered is based upon the purchasing power of the American dollar as of that date.
2. The information furnished by others is believed to be reliable, however, no warranty is given for its accuracy. Any income and expense records relating to the subject property that has been provided is assumed to be accurate as presented.
3. I reserve the right to make such adjustments to the analyses, opinions, and conclusions set forth in this report as may be required by consideration of additional data or more reliable data that may become available.
4. No opinion as to the validity of the title is rendered. Title is assumed to be marketable, free and clear of all liens and encumbrances, easements and restrictions, except those specifically discussed in the report.
5. The property is appraised assuming that is under responsible ownership and competent management.
6. All engineering is assumed to be correct. The illustrative material in this report is included only to assist the reader in visualizing the property.
7. It is assumed that there are no hidden or unapparent conditions of the property, the subsoil, or structures that render it more or less valuable. No responsibility is assumed for such conditions or for arranging the engineering studies that may be required to discover such conditions.
8. It is assumed that there is full compliance with all applicable federal, state, and local environmental regulations and laws unless non-compliance is stated, defined, and considered in the appraisal report.

9. It is assumed that all zoning and use regulations and restrictions have been complied with, unless non-conformity is stated, defined, and considered in the appraisal report.
10. It is assumed that all licenses, certificates of occupancy, consents or other legislative or administrative authority from any national, state, or local government or private entity or organization have been or can be obtained for any use upon which the value estimate contained in this report is based.
11. It is assumed that the utilization of land and improvements is within the boundaries or property lines of the land described and that there is no trespass or encroachment except as noted in the report.
12. No opinion is expressed as to the value of the subsurface oil, gas, or mineral rights or whether the property is subject to surface entry for the exploration or removal of such materials, except as expressly stated.
13. No opinion is expressed for matters that require legal, engineering, or other specialized knowledge beyond that customarily employed by real estate appraisers.
14. No responsibility is assumed for determining the effect of possible natural disasters or other such occurrences upon the individual property.
15. The distribution, if any, of the total valuation in this report between land and improvements applies only under the stated program of utilization. The separate allocations for land and buildings must not be used in conjunction with any other appraisal and are invalid if so used.
16. I am not required to give further consultation, testimony, or to be in attendance in court with reference to the property in question unless arrangements have been previously made. The client is notified that any such further consultation, testimony, or attendance in court will be at my discretion and will be predicated upon the payment of an additional fee.
17. No testing or inquiry was made regarding the existence of lead based paint, asbestos containing materials, or termite infestation or damage. These areas are beyond the appraiser's expertise. Consultation with appropriate experts is recommended.
18. No consideration has been given to the value of any personal property located upon the subject property, except as otherwise stated in the report.
19. The plans and specifications, upon which this valuation is predicated, are assumed to show the intent of the builder, but I assume no responsibility for the correctness, or for any undisclosed modifications.
20. The issue of compliance with the ADA (Americans with Disabilities Act) is beyond the scope of this appraisal. It is my recommendation that the client retain the services of a qualified expert in the field of ADA compliance to determine if the property conforms to the requirements of the ADA, and to determine the impact of noncompliance upon the use and utility of the subject improvements. The appraiser assumes the compliance of the subject property to the ADA, as such knowledge is beyond my knowledge and expertise.
21. **ENVIRONMENTAL HAZARDS DISCLAIMER-**The following disclaimer is made in accordance with Guide Note 8 adopted by the Governing Council of the American Institute of Real Estate Appraisers on May 3, 1989 and Advisory Opinion G-9 issued by the Appraisal Standards Board of the Appraisal Foundation on December 8, 1992; and is intended to provide notice to the client of my lack of knowledge and expertise in the area of environmental hazards.

    Unless otherwise stated in this report, the existence of hazardous substances, including without limitation asbestos, polychlorinated biphenyl's, petroleum leakage, or agricultural chemicals, which may or may not be present on the property, or other environmental conditions, were not called to the attention of nor did I become aware of such during the inspection. I have no knowledge of the existence of such materials on or in the property unless otherwise stated. I am not qualified to test such substances or conditions. It is recommended that the client consult with an environmental hazard expert before making any decision regarding this property. The value estimated is predicated upon the assumption that there is no such condition on or in the property or in such proximity thereto that would cause a loss in value. No responsibility is assumed for any such conditions, nor for any expertise of knowledge required to discover them.

The appraiser is not an expert in the field of hazardous materials. This appraisal does not constitute an expert inspection of the property for environmental or health hazards. The only way to be certain as to the condition of the property with respect to "environmental hazards" is to have an expert in the field inspect the property. **This appraisal should not be relied upon as to whether environmental hazards exist on or near the property. It is the appraiser's recommendation that a Phase 1 Environmental Assessment be obtained on this or any other property prior to making any monetary decision involving the property to determine the potential for environmental hazards.**

Specific Assumptions & Notices

1. The site valuation has not been included in the appraisal due to the limited market data available concerning sales of sites zoned for mobile home park usage or purchased for mobile home park development and the limited development of mobile home parks over the past decade in the state of California.
2. The Cost Approach has not been included for several reasons including general unreliability in the valuation of mobile home parks, the age of the improvements, lack of market use, and other factors, which are discussed in the appropriate section of the appraisal report.
3. Information regarding zoning, entitlements, land use issues, non-conformities, local rebuilding policies, and other legal restrictions is obtained from public records or by short interviews with municipal representatives. The scope of this appraisal does not include an in-depth document search or review. The future ability of the property to continue to be utilized for the purposes outlined in the appraisal or to be rebuilt to its current use and specification may be affected by changes in governmental policy or regulation, or by interpretations of existing rules. For greater clarity and understanding of the municipal policies and regulations that affect the subject property, or for assurances as to the future ability of the property to be used for any particular purpose, consultation with legal professionals is recommended.
4. The appraisal has been prepared using a variety of available software, including Microsoft Word, Microsoft Excel, Adobe Acrobat, and Argus by Realm. The reader should be aware that the calculating conventions regarding rounding iterations used by Excel and Argus differ from that of other software and handheld calculators. As a result, attempts to verify the mathematical calculations using other devices and software may yield slightly different results than stated herein.
5. The subject property is owned by a public agency that is also a provider of services to the property. Provided services include sewer and trash collection services. The appraisal is based on part on specific assumptions regarding the future cost of these services to future owners of the property. If the assumptions made regarding these cost items are determined to be incorrect, the market value and use value opinions expressed in this appraisal and report may be invalidated.
6. Information regarding the future real estate taxes for the subject property was limited in availability due to the public agency identity of the current owner (seller) and the reported rearrangement of direct assessments. Assumptions were made based on the reported taxes from another mobile home park that is non-profit owned. The appraisal assumes that these assumptions are reasonably correct, and a significant difference between the actual and projected taxes may render the opinion of market value invalid.

Definitions[1]

Market Value[2]- The most probable price which a property should bring in a competitive and open market under all conditions requisite to a fair sale, the buyer and seller each acting prudently and knowledgeably, and assuming the price is not affected by undue stimulus. Implicit in this definition is the consummation of a sale as of a specified date and the passing of title from seller to buyer under conditions whereby:

- Buyer and seller are typically motivated;
- Both parties are well informed or well advised, and acting in what they considers their best interests;
- A reasonable time is allowed for exposure in the open market;
- Payment is made in cash in United States dollars or in terms of financial arrangements comparable thereto; and
- The price represents a normal consideration for the property sold unaffected by special or creative financing or sales concessions granted by anyone associated with the sale.

Market Value As-Is-Estimate of market value in the condition observed upon inspection and as it physically and legally exists without hypothetical conditions, assumptions, or qualifications as of the appraisal date.

Fee Simple- An absolute fee; a fee without limitations to any particular class of heirs, or restrictions, but subject to the limitations of eminent domain, escheat, police power, and taxation; an inheritable estate.

Leased Fee- An ownership interest, held by a landlord, with the right of use and occupancy conveyed by lease to others; usually consists of the right to receive rent and the right to possession of the property following the expiration of the lease.

Leasehold- A property held under the tenure of a lease. The right of use and occupancy of real property by virtue of a lease agreement; the right of a lessee to use and enjoy real estate for a stated term and upon certain conditions, such as payment of rent.

Transfer Rental Rate-Rental rate charged to new tenant purchasing existing manufactured home in park.

New Move-In Rate-Rental rate charged for space that is vacant or for new unit being moved in to park.

Manufactured Home-Factory built home, constructed since 1974 in compliance with regulations promulgated by the United States Department of Housing and Urban Development (HUD); also known as a HUD code home.

Mobile Home-Factory built home, constructed prior to the 1974 HUD code requirement.

RV (Recreational Vehicle)-One of several alternative units designed for vacation use; includes Class A RV's (bus chassis), Class C RV's (van chassis), trailers (designed to be pulled behind powered vehicle), and park model RV's (see below).

Park Model RV-RV unit designed for permanent or semi-permanent placement; resembles a HUD code home in appearance, but is less than 400 SF in size, and is not in compliance with HUD code. Also known as Park Model Trailer.

Community Owned Home (COH)-A manufactured, mobile, or trailer owned by the owner of the property that is either held for rental purposes or is offered for sale. Alternative term: POC (Park-Owned Coach).

Use Value-The value a specific property has for a specific use. In estimating use value, the appraiser focuses on the value the real estate contributes to the enterprise of which it is a part, without regard to the highest and best use of the property or the monetary amount that might be realized from its sale. In the MHP/MHC context, Use Value is based upon the amount of debt that the property could support under 501C3 corporation management and ownership.

1 Definitions from the Appraisal of Real Estate, 13th Edition published by the Appraisal Institute and paraphrased and other sources.
2 Source: Office of Controller of the Currency (OCC) , 12 CFR, Part 34, Subpart C-Appraisals, 34.42 Def. (g); FIRREA Title XI, Section 34.42 (f) ; and Federal Deposit Insurance Corporation (FDIC) Final Rules, 12, CFR Part 323.2(f))

Certification

I certify 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 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 a 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 requirements of the Code of Professional Ethics and the Standards of Professional Practice of the Appraisal Institute, the Uniform Standards of Appraisal Practice (USPAP), and if applicable, the requirements of Title XI of FIRREA (Federal Financial Institutions Reform, Recovery, and Enforcement Act of 1989).
- I have made a personal inspection of the property that is the subject of this report.
- No one provided significant real property appraisal assistance to the person signing this certification. As reported in the Scope of the Appraisal, Allison Nickell assisted in the collection and verification of factual data, but did not participate in the analysis or the forming of the real property appraisal opinions stated herein.
- The use of this report is subject to the requirements of the Appraisal Institute relating to review by its duly authorized representatives.
- As of the date of this report I, have completed continuing education program of the Appraisal Institute.
- As required by Title XI, 34.44 (a)(10), the following statement is included: The appraisal assignment was not based on a requested minimum valuation, a specific valuation, or the approval of a loan.
- The requirements of the competency provision of USPAP have been met for the purposes of this appraisal assignment.
- I have performed no valuation related services as an appraiser or in other capacity regarding the property that is the subject of this report within the three year period immediately preceding acceptance of this assignment.

John P. Neet, MAI
California General Appraisal Certificate No. AG003494; Certified through 3/14/2014

General Regional Economic Conditions

The following excerpt from the Federal Reserve Board "Beige Book[3]" provides a current overview of the overall economic condition of the western United States:

Economic activity in the Twelfth District expanded at a modest pace during the reporting period of late May through early July. Price inflation was minimal for most final goods and services, and upward wage pressures were mostly muted. Retail sales of goods grew modestly overall, although demand for business and consumer services was mixed. District manufacturing activity improved. Production and sales of agricultural items expanded. Demand for housing strengthened, and commercial real estate activity trended up further. Contacts from financial institutions reported increased overall loan demand.

Prices and Wages
Price inflation was minimal for most final goods and services. Food industry contacts noted price increases for some protein items, including fish, poultry, and beef. Reports from health-care organizations mentioned that the pace of increases in insurance premiums has slowed. Competitive industry pressures constrained fees for legal and accounting services. Driven by demand, prices of some construction inputs, such as logs, edged up further.

Contacts reported that upward wage pressures were muted overall. Slack in the labor market held back wage gains in most sectors, occupations, and regions. However, firms in various industries continued to compete vigorously for a limited pool of qualified workers to fill certain technical positions, spurring significant wage growth for occupations such as software developers.

Retail Trade and Services
Retail sales grew modestly. Grocery and apparel retailers noted modest sales growth at retail store locations and relatively strong sales growth online. The retail grocery industry in particular appears to be shifting away from traditional large stores and towards e-commerce. Most contacts' outlook for consumer spending improved slightly since the prior reporting period. Contacts noted that an increase in demand for new devices has spurred some technology firms to expand their medium-term hiring plans. Suppliers of food and beverage products noted improved conditions, although sales of selected discretionary items, such as pet supplies, were a bit soft. As home purchases have increased, so has spending on housing-related products, such as furniture. New and used automobile sales were robust, and some dealers expanded their inventories in anticipation of a further pickup in summer sales.

Demand for business and consumer services remained mixed. Robust activity in Hawaii supported the District's travel and tourism sector, although there is some concern that the flow of international visitors could subside in coming months due to weakness in the global economy. After slipping early in the year, travel and tourist activity in Southern California appeared to pick up somewhat toward the end of the second quarter. However, tourist activity in Las Vegas remained soft through the first half of 2013. Demand for elective health-care services stayed relatively weak, while demand for other discretionary services, such as restaurant dining, appeared to strengthen.

Manufacturing
District manufacturing activity grew overall in the reporting period of late May through early July. Although demand was weak for some electronic components, contacts indicated substantial increases in new orders for semiconductors. Led by launches of innovative products, demand for

[3] Prepared at the Federal Reserve Bank based on information collected before July 17, 2013. This document summarizes comments received from businesses and other contacts outside the Federal Reserve and is not a representation of the views of Federal Reserve officials.

pharmaceuticals gained further. Wood product manufacturers appeared to ramp up output to levels that exceeded demand in recent weeks. As such, firms are expected to pare back production plans for the second half of the year. Demand for steel products used primarily in nonresidential construction continued to increase. Steel producers reported that capacity utilization ticked up a bit further, and reports of intensified energy usage across multiple goods-producing sectors in the Pacific Northwest implied improved capacity utilization in the region.

Agriculture and Resource-related Industries
Agricultural sales and production activity expanded. Demand was strong for most crop and livestock products. However, some contacts expressed concern about the lack of availability of manual laborers. Insufficient water also was a concern in parts of the District, with this year's rain and snow pack levels running well below seasonal norms. Contacts from the oil and gas industry faced challenges finding qualified geologists, geophysicists, and drillers to fill open positions. Inventories of natural gas rose further, and demand for gasoline edged up. Reports from the utilities industry indicated that business demand for electricity from wood products and aerospace firms has risen robustly, although overall demand growth was more modest.

Real Estate and Construction
Demand for housing strengthened substantially, and commercial real estate activity continued to trend up in most areas. Both sales transactions and house prices climbed further in many District cities. The pace of housing starts exceeded the expectations of some contacts. In some areas, the supply of homes for sale remained low, and some properties have received multiple offers from prospective buyers. Construction of multifamily residential projects increased on balance. Commercial real estate activity expanded rapidly in some major metropolitan areas, even though construction of publicly funded commercial projects has slowed in some regions due to funding constraints from state and local governments.

Financial Institutions
Reports from financial institutions indicated that loan demand continued to increase. Contacts noted an uptick in applicants seeking residential construction loans and commercial office building mortgages. In line with reports of an improved outlook for business investment, banking contacts indicated that some firms have recently expanded their borrowing in order to invest in long-deferred expansion and capital improvement plans. Although banking contacts highlighted generally stiff competition for well-qualified business borrowers, they also noted more lending opportunities. However, hiring plans were mixed, with some financial institutions expecting to expand their payrolls significantly and others mentioning possible layoffs. In the District's Internet and digital media sectors, mergers and acquisitions activity stepped up in recent months. However, the pace of initial public offerings remained slow, and both venture capital and private equity activity were relatively weak.

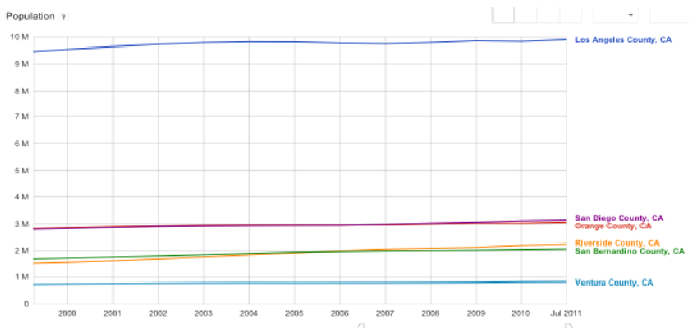
Southern California Region

Location and Climate

The Southern California market area, which includes Los Angeles, Orange, Ventura, San Bernardino, San Diego, and Riverside Counties, is located in the southwestern portion of the state. This economic region encompasses much of Southern California, with the exception of Imperial County located on the Arizona/Mexico border, and includes an area with an interdependent economy that stretches from the Pacific Ocean to the Arizona border.

Population Trends

Long term population trends in each of the Southern California counties are shown in the following graphic.



Population growth within most of the Southern California region has been fairly flat for the past decade, with the fastest growing counties including Los Angeles, San Diego, and Riverside, and growth for Ventura, Orange, and San Bernardino have been flatter.

Year over year growth is shown in the following table.

	Total Population		Percent
Geographic Unit	1/1/2011	1/1/2012	Change
California	37,427,946	37,678,563	0.70%
Southern California	21,072,592	21,208,319	0.64%
Los Angeles	9,847,712	9,884,632	0.40%
Orange	3,028,846	3,055,792	0.90%
Riverside	2,205,731	2,227,577	1.00%
San Bernardino	2,046,619	2,063,919	0.80%
San Diego	3,115,810	3,143,429	0.90%
Ventura	827,874	832,970	0.60%

Department of Finance, Demographic Research Unit

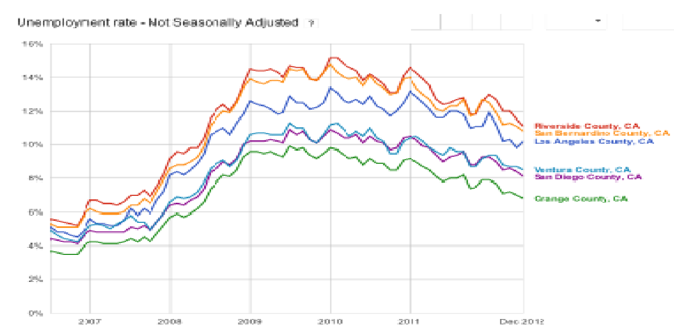
Economic Base

Both the Los Angeles (including L.A., Orange, Riverside, and San Bernardino Counties) and San Diego regions have become highly diversified postindustrial economic centers. While there is still a great deal of rivalry and competition between the two metro areas, it has become increasingly apparent that the economies are becoming more intertwined. Recent growth in southern Orange and Riverside Counties and in northern San Diego County has had a blurring effect on many of the differences.

Predominant industries in the area include business and financial services, tourism, aerospace, telecommunications, medical technology, wholesale trade and distribution, health services, international trade, entertainment, the garment industry, and construction. The local economy was considered a mirror reflection of the national economy in terms of diversification, and has been historically thought to be highly resistant to downturns.

Employment

Unemployment rates have fallen from the peak in 2010 in all of the Counties in Southern California, as shown in the following graphic, but are still higher than pre-recession levels.



Economic Trends- Los Angeles County

The Los Angeles Economic Development Corporation (LAEDC) publishes periodic assessments of the local economy. The following is taken from the 2013-2014 Economic Forecast and Industry Outlook[4] report.

Outlook for Los Angeles County

With nearly 10 million residents, Los Angeles County is the most populous county in the nation, and is larger in population than 42 states. It is one of the original counties, created when California became a state in 1850. The county has 88 cities, of which the city of Los Angeles is the largest, followed by Long Beach, Glendale, and Santa Clarita. Los Angeles County entered 2013 with momentum from a county labor market that accelerated during the second half of 2012. While it is by no means out of the woods, nearly all of the major private sector industries added jobs in 2012, paring nearly two percentage points off the unemployment rate.

Employment

During the last six months of 2012, nonfarm jobs in Los Angeles County grew at a year-over-year rate of 1.8%, on par with the state and ahead of the 1.7% growth rate nationally. This contributed to nearly a one percent decline in the annual unemployment rate, which fell from 12.3% in 2011 to 11.1% last year. The unemployment rate is expected to fall to 10.0% this year and hit 9.7% in 2014. Total nonfarm employment for the county stood at 3.85 million jobs last year. The county added 52,300 nonfarm jobs in 2012, following an increase of 21,000 in 2011. With such incremental improvements, a normal unemployment rate (7.0% to 7.5%) is still years away.

Most private industry sectors posted an increase in payroll employment last year. The largest gains were in leisure and hospitality, administrative and support services, and private education. These three industries combined contributed more than 60% of the jobs created last year. Only manufacturing lost jobs, down by slightly over 5,800 positions or 1.6% last year. While the decline in manufacturing continued a long-time trend, construction bucked a four-year cyclical downturn in jobs, adding nearly 4,300 jobs last year, equivalent to a 4.1% increase. In the public sector, job losses continued for yet another year with over 5,500 jobs given up in 2012, a 1.8% decline.

Nonfarm jobs in Los Angeles County are expected to grow by 1.7% this year, with another 1.8% gain to come in 2014. Even with these improvements, nonfarm employment will fall shy of four million in 2014. The largest gains for 2013 are expected in leisure and hospitality (8,600 jobs), health care (5,000 jobs), construction (4,900 jobs) and professional, scientific and technical services (4,400 jobs). Job losses will continue in manufacturing and government, but the magnitude of the losses will be much smaller than in recent years.

Entertainment and Trade

The entertainment industry and the transportation and trade industry are two of the most visible industries in Los Angeles County. The motion picture and sound recording sector accounts for most of the county's entertainment industry employment. Motion picture and sound recording jobs registered year-over-year increases throughout most of 2012, with annual employment rising 3.7 percent to nearly 130,000 jobs. If the recent trend continues, employment this year will be within range of the 2004 pre-recession high of 132,200 jobs but shy of the 1999 peak of 146,300 jobs. Whether more substantial job gains can be achieved may depend in part on the success of the California Film Tax Credit program in the coming years. Employment growth has been due to a steady rise in local production since the recession. In 2012, on-location film production rose 1.7% to 46,254 days, the third consecutive yearly gain.

[4] http://laedc.org/reports/2013-14EconomicForecastandIndustryOutlook.pdf

International trade continues to play an important role in the local economy, but activity levels depend on the health of both the national and global economies. The San Pedro Bay ports of Los Angeles and Long Beach are the two largest container ports in the nation. Much of the nation's imported consumer goods from Asia and the Pacific Rim enter the United States through the twin ports. While the number of TEUs (twenty-foot equivalent units) moving through the ports edged up by 0.9% from 2011 to 2012, the value of two-way trade through the Los Angeles Customs District, a broader measure of trade volume, rose by 4.3% last year to a record $403.4 billion. Two-way trade should increase by 3.0% this year, and accelerate to a 4.9% growth rate in 2014 as prospects improve for the U.S. and its trading partners.

Conclusion

The Los Angeles County economy will continue to show improvement in 2013 and 2014, barring an unforeseen pullback in the national economy. Population should eclipse the 10 million mark by 2014 and nonfarm employment should approach four million. Even so, it may be 2015 or 2016 before nonfarm employment exceeds the peak of 4.12 million reached in 2007.

With these gains, total personal income will move further away from the recession-low of just over $390 billion. Personal income increased 3.4% in 2012 to $435 billion and is expected to surpass $470 billion by 2014. Taxable retail sales will increase by 5.9% this year and by 3.4% next year, following a 9.4% surge in 2012. Both of these indicators suggest that the local consumer sector is on the mend, an all-important fact for retailers and other consumer-serving businesses.

As for the business sector, 2013 will bring opportunities for emerging as well as existing industries. In addition to the growth across the major industries as described earlier, Silicon Beach will continue to grow as Silicon Valley companies seek to capitalize on the presence of creative content here in Los Angeles. In addition, venture capital will flow to the area as startups in a variety of technology industries grow in number. And even as concerns about funding for government aerospace programs linger, private firms will continue to pursue commercial space ventures from their operations in Los Angeles County and elsewhere in Southern California.

Community Description

Community Location- The subject property is located in northeastern Los Angeles County. This location is approximately 75 miles northeast of the Los Angeles central business district and 180 miles from San Diego. Surrounding cities and communities include Palmdale to the south, Lake Los Angeles to the east, Antelope Acres and Rosamond to the north, with Quartz Hill to the west.

Community Population-The current population of Lancaster is 156,633. This represents a 31.9% increase from the 2000-reported population of 118,718 and a 61% increase from the 1990 reported population of 97,291. The future trend of population growth is expected to be moderate in the near future due to the availability of affordable land and housing in the area.

Transportation- Access to the regional transportation system is provided by Highway 138 and State Highway 14, which pass through the city and provide for good commuter and industry transportation. There is a Metrolink commuter rail station located in the center of town and extensive bus transportation is available in and around the Antelope Valley.

Economic Base and Trends- Retail and service industry to local residents make up the majority of business in Lancaster. Approximately 1,200 retail stores, 200 restaurants and the Antelope Valley Fairgrounds are located in Lancaster. Costco, Home Depot, Lowes, Target and Wal-Mart are all significant contributors to the local tax base. Lancaster has seen a large growth in business with the establishment of large distribution centers for companies such as Rite Aid, Michaels and Sygma. In 2010, the city opened the BLVD, a one mile revitalized stretch of Lancaster Boulevard between 10th street West and Sierra Highway.

Surrounding cities and communities including Lancaster, Rosamond, Palmdale, Edwards, Acton, Pearblossom, Mojave, and Valyermo form the Antelope Valley, which has considerable influence on economic trends within Lancaster and those communities. The Antelope Valley's primary industry is defense and aerospace. Additional components include manufacturing and agriculture. The area continues to attract new business due to affordable land costs and a work force that is often willing to work for less to limit the commute into the Santa Clarita and San Fernando Valleys.

Employment Trends-According to the State Department of Finance, current employment levels amount to 48,843, representing a 1.2% increase from January 2003. At this time, the unemployment rate amounts to 14.4%, higher than the unemployment reported for the County as a whole.

Residential Development Trends-Reported building permit totals for the community are reported as follows.

REPORTED BUILDING PERMIT ACTIVITY

Lancaster, CA	2011			2012		
Classification	Units Permitted	Construction Cost	Average Const. Cost	Units Permitted	Construction Cost	Average Const. Cost
Single Family	175	$42,076,014	$240,434	192	$47,741,219	$248,652
Two Family						
3-4 Family						
Five Units or More						
Total	175	$42,076,014	$240,434	192	$47,741,219	$248,652

Source: U.S. Census Bureau

In this community, the greatest level of recent residential development activity has been noted in the development of single family residences. Current year totals show that building is rebounding in 2012 and 2013 building numbers appear to be similar to 2012 levels.

Neighborhood Description

Neighborhood Location- The subject is located in the north east portion of Lancaster, approximately 4 miles from City Hall. Neighborhood boundaries are generally fluid in this part of the city but may be generally described as E Avenue H to the north, Challenger Way to the west, 40th St. E to the east, and E Avenue J to the south. Mobile home parks competitive to the subject are found in other neighborhoods and market areas.

Transportation-The neighborhood is served by the CA 14 and 138 Freeways, which are located east and south from the subject respectively. Major surface streets in the neighborhood include E Avenue I (east-west) and Challenger Way (north-south). The nearest access to rail based transportation is approximately 4 miles from the subject, and this has minimal impact on the neighborhood. Scheduled bus service is not available in the immediate neighborhood of the subject.

Neighborhood Land Uses-This is predominantly a residential use neighborhood, with other land uses consisting of single family residences, mobile home parks, recreation parks, schools, and religious facilities.

Trends- The development trend of the immediate neighborhood is fairly static, with little changes in land use or development patterns. There is a good supply of available land for future development.

JOHN P. NEET, MAI

Neighborhood Demographics-According to information provided by the Census Bureau, this is a moderate-income neighborhood. The specific demographic data are shown in the following charts:

Neighborhood Income Characteristics	
Income Level Rating	Moderate
Neighborhood Median Family Income	$47,737
MSA Median Family Income	$61,900
Neighborhood/MSA Income Comparison (%)	77%
Households Below Poverty Line	28%

Source: U.S. Census Bureau, FFIEC

Neighborhood Housing Supply-The characteristics of the neighborhood housing supply are shown in the following chart, based on data from the U.S. Census Bureau.

Neighborhood Housing Characteristics	
Total Housing Units	2,244
1-4 Family Units	2,234
Median Age of Housing (Years)	24
Owner Occupied Units	1,547
Renter Occupied Units	442
Percentage Owner Occupied	69%

Source: U.S. Census Bureau, FFIEC

Housing Prices-Public information sources report the following housing price trends for apartments and single family residences in the subject market area:

Apartment Rental Rate Ranges

Size	Rate Range		
1 Bedroom	$595	to	$725
2 Bedroom	$685	to	$1,020
3 Bedroom	$1,000	to	$1,500

Source: http://www.apartments.com

Median Housing Prices

Jun-13	$154,000		
Jun-12	$127,000	Change:	21%

Source: Dataquick/Zillow

Adjacent Land Uses-The subject is surrounded by a variety of land uses, including:

- North- E. Avenue I with single family residences and a mobile home park beyond
- South- Single family residences
- East- 25th Street E. with a mobile home park beyond
- West- Vacant land, zoned R-7000 (single family residence, minimum 7,000 sq foot lot)

The surrounding development appears compatible with the present use of the subject.

MHC Market Overview and Analysis ©[5]

Manufactured Home Trends-Shipments of new manufactured homes are not a significant consideration in the valuation of mobile home parks. Investors rely on cash flow from existing tenants, not sales of new homes, to determine investment desirability and price. Sales of new manufactured homes do tend to show directional trends over the long term, and for this reason provide some level of insight into future industry-wide trends.

Shipments of new manufactured homes have fallen in California over the past 7 years, but it must be noted that the following table reflects all shipments of all manufactured homes, not just placements on leased homesites.

New Mfg. Home Shipments	2006	2007	2008	2009	2010	2011	2012
California	8,281	4,769	2,856	1,569	1,420	1,380	1,442
United States	117,373	95,752	81,907	49,717	50,046	51,618	51,401

Manufactured homes remain a less costly alternative to site-built homes. According to the National Association of Home Builders, the average cost of a manufactured home (sited and set-up) was $138,126 as compared to the average site built price of $204,553. This explains the continued popularity of manufactured homes as an alternative to site built homes where cost is a significant issue. However, the cost saving benefits for the consumer disappear when manufactured homes are sited on leased land, and the interest rate differentials between conventional, real estate mortgages and chattel mortgages take up the difference, and the savings in construction costs are not able to be passed along to the consumer in the form of lower housing payments.

These trends are not a significant consideration in the investment market being considered in this appraisal. While it may seem counter-intuitive to outsiders, investors also recognize that while new homes improve the physical appearance of the park, they also increase risk by a modest amount since newer homes tend to have higher monthly mortgage payments (limiting the tenants ability to pay higher site rents) and introduce a somewhat greater risk of foreclosure by the lender, potentially resulting in added capital expenditures to purchase the home to keep it from being removed from the park.

California MHC/MHP Investment Market Overview-Typically, the best of these properties are in high demand relative to other investments for a variety of reasons. The most salient of those reasons includes the stable nature of the investment, the predictability of future cash flows, and strong demand for affordable housing throughout the western United States. Mobile Home Parks and Manufactured Housing Communities are widely perceived to have limited downside risk. Possible negative issues include the potential for rent control in any community in California, aging infrastructure in many parks, and price competition with other forms of housing that make the filling of vacancies and the sale of existing homes more difficult. However, mobile home parks have remained a more stable investment property than other forms of investment real estate since the major market disruptions in the fall of 2008, and have remained attractive investment vehicles for a variety of large and small investors. Many investors see this property type as a defensive hedge in the current economic downturn.

Interviews with investors, brokers, lenders, and other market participants indicate that there are a substantial number of investors active in the market. Investors are tending to place significant reliance on current occupancy and historically proven income, and the practice of projecting upside into the price willing to be paid has become very limited as of late.

This trend has begun to change in the latter part of 2011 as commercial interest rates fell and as more lenders began to enter the market.

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- Since 2008, the most stable, well-located, and well-occupied mobile home parks have been able to be financed with FNMA financing, which lacked flexibility compared to the conduit loans of the 2005-2007 era, but offered far lower interest rates for parks that would qualify. This financing option continues to be the most attractive for parks that quality, but recently, competition from life insurance companies re-entering the market has been noted for low leverage loans. The investment market impact has been nominal, with the lesser amounts of available leverage adding 50 to 100 basis points to the overall capitalization rates for these high-end parks.
- Secondary level parks (high singlewide count, location in troubled residential market areas, older parks, etc.) saw all sources of financing dry up, from the CMBS conduit loans to the local and regional banks that targeted this property type. Recently, the door has opened slightly, with commercial banks and CMBS conduits re-entering the market and offering financing to parks that will not qualify for FNMA due to high singlewide counts, community owned rental homes, or locations in secondary markets.
- Tertiary level parks (old travel trailer parks, parks with high vacancy and/or many park owned mobile home rentals, parks with deferred maintenance, fair to poor quality parks) have been most affected. The few lenders that aggressively pursued this market in the 2004-2007 eras have long exited this market, and those who have begun to return are looking more to the secondary level parks for loan collateral. This may be a segment that may have to return to the financing tools of the past (pre-2000) including seller financing and all cash purchases. Most of the troubled loans and foreclosures that have occurred in the mobile home park universe have fallen into this category.

Investors continue to project income on a fairly conservative basis, except perhaps at the top end of the property desirability list, where upside is still a discussion point. In properties where vacancy exists in any significant amount, investors are prone to capitalize income at current occupancy levels, recognizing that current residential market conditions and the costs associated with the placement of homes on vacant sites to be rented or sold are all limiting factors in increasing occupancy levels in the short term.

Historically, potential conversion (to more intensive land uses) value has been of limited importance to investors in California. The demand for affordable housing and the willingness of local governments to respond to the demands of tenants wishing to maintain "affordable" housing limits the potential for conversion to other uses.

Conversion of parks to subdivided individual ownership has become a recognizable trend, but is not yet impacting the investment market in a manner similar to way in which the apartment market was driven by condominium conversion. In 2013, California enacted legislation that gives local agencies a veto power over conversions that are not approved by the majority of residents, which will likely have a significant chilling effect on conversions to resident ownership. At this time, the resident conversion market is stalled due to a combination of limited financing for purchases of properties to be converted, limited willingness of existing mortgage lenders to allow partial releases when units are sold, and residential market conditions which make financing of individual home/site combinations difficult for park residents. This trend is likely to be moribund until the single family residential market recovers, which may take several years in many market areas. Even then, the recent changes will tend to discourage most park owners from pursuing subdivision maps.

The size of the market and the motivation of participants have seen significant changes over the past several years. Resident owner groups, non-profit organizations, and in some cases municipal agencies have all competed with typical investors for the purchase of many parks in California, and all have made successful purchases. There has been a modest expansion beyond California. The stalling of the subdivision trend has reignited interest in 501C3 purchases and resident co-op ownership. Municipal agencies have become less a factor (and the few that own parks are tending to divest their mobile home park investments. In the current financing environment, 501C3 corporations are have greater ability to compete than in the previous market, especially for parks that will not easily qualify for GSE financing.

Market Velocity-California has noted the following trend of sales over the past several years.

Year	2004	2005	2006	2007	2008	2009	2010	2011	2012
No. Transactions	85	81	64	51	40	22	24	30	55

The market is expected to pick up in the near future, as the capital markets continue to improve access to funds, and properties that have been held off the market by potential sellers are placed on the market to sell. In fact, the last quarter of 2012 saw a flurry of buyer activity in California.

Investment Parameters-By comparison to alternative investments (apartments, office, retail), mobile home parks tend to offer more stable and predictable income streams over time, with lower risk but lesser potential for spectacular income growth.

While there is substantial variance from transaction to transaction, the linear trend line indicates a shallow roller coaster trend in which troughs were created in early 2009 (a period in which there were a number of "trophy" properties brought to market in California) and early 2011 (the re-entry and subsequent exit of CMBS lenders). The trend line shows the beginnings of another downward trend in the last quarter of 2011, contributed to by a number of factors, including

- Greater availability of financing, as CMBS lenders and life insurance companies began to aggressively compete with FNMA for top properties, and commercial banks, savings banks, and other regulated lenders began to compete with FNMA for second tier properties.
- Declining interest rates, caused both by competitive market conditions and the maintenance of low rates by lenders and the Fed.
- Greater recognition of a need for affordable housing with low entry level pricing to serve the large number of families who have lost income and credit ratings as a result of the recent recession.

The prospects for this investment class for the next several years appear to be good in relation to other investment property classes. Investment performance is likely to be stable at worst, with little potential for significant declines in income collected from operations, modest potential for increases in operating expenses, and limited potential for changes in the perception of this asset class as an investment relative to other forms of investment real estate. Potential enhancements in value are possible as a result of a subdivision conversion trend.

Infrastructure Issues-A significant issue in many parks going forward, especially those built in the 1970's and before, is the adequacy and condition of the utility service systems where these are community owned. Prudent investors are tending to take a harsh look at the condition and adequacy of utility infrastructure, and some brokers report that that investors are looking more carefully at parks with septic systems and/or water wells to determine the suitability of those systems for long term usage.

Community Ownership of Homes (COH)-The holding of park owned homes for rental purposes has been a minor trend for a number of years, owing to necessity (purchase of homes from departing tenants to keep homes from being removed from the park, limited financing for tenant purchases), rent control strategies in California (sites may be subject to rent controls, homes are generally not), and generation of additional income for the ownership. In the past two years, operators in some markets have embarked on a strategy of having both tenant owned and tenant rented homes in parks. The newer trend is the result of more recent influences, including increasing demand from potential residents who perceive rental apartments as a competitive choice (instead of single family residences), a severely constricted market for third party financing of mobile and manufactured homes, and concerns among park owners regarding the manner in which banking reform laws (primarily Dodd-Frank and SAFE Act) restricts the ability of the park owner to act as lender of purchase money funds for mobile homes.

This trend originated with owners who are largely financed by private equity (due to lesser restrictions on usage of borrowed or invested capital), but has extended to well-capitalized individual owners. Owners with limited equity and cash find it difficult to follow this trend due to the amount of capital tied up.

There are two significant challenges to this trend. First, the ownership of rental homes ties up capital that cannot be financed conventionally and second, lenders tend to look negatively at parks with more than a very few park owned rentals. This is beginning to change to some degree, as some lenders are beginning to understand that the flexibility of this practice helps to improve the financial performance in well managed communities. Lenders fear that in future disputes with the borrower, borrower control over a significant number of homes in the community will result in lender concessions to the borrower downstream that would not otherwise be agreed to. At this time, lenders and the MHC industry are trying to find ways to alleviate these concerns, generally by the use of some yet-to-be-devised security agreement.

Market conditions will continue to encourage this trend in situations where it provides strong, positive income generation in spite of the concern of lenders. Some unregulated lenders (primarily conduits and private equity) are beginning to recognize this as a legitimate market trend, but combinations of real and personal property, release issues, and difficulty in adapting underwriting standards to this practice will continue to restrict this process, as well as the inability of owners to recognize the positive factors in this trend.

Overview Conclusion Investment market conditions will continue to be strongly and directly influenced by the availability of debt capital. Many traditional sources of mortgage capital (regional and national banks, securitized conduits, and thrifts) have tentatively returned to the market, while a few others (local lenders, GSE's) are continuing to offer financing. The number of transactions slowed substantially, but there is no indication of a wholesale decline in property values as indicated by significantly higher overall rates or lower prices per unit, except at the lower ends of the pricing spectrum where financing has become very scarce. For mid-range parks, the key has been whether or not financing can be found; and values have tended to hold for mid-range properties that meet GSE guidelines (or can obtain waivers of specific guidelines). For upper tier investment communities, buyers have been aggressive, and multiple offers or simultaneous negotiations are common.

In 2013, it is widely anticipated that market conditions will improve for properties that are not in the top tier. More conventional lenders are entering or re-entering the market, and the acceptance of CMBS bond sales in 2012 sends encouraging notes to the market. At this point, CMBS lenders have been inconsistent in funds availability, but are starting to become more consistent as the CMBS auctions have been more consistent in meeting the expectations of the originators.

Rent Controls in California-Rent controls affecting manufactured housing communities are common in the state of California and are found in more than 100 different jurisdictions in the state. Each ordinance is unique. Characteristics of rent control ordinances generally address the following areas of operations:

- Annual rent increases are often limited to no more than 50% to 100% of the change in the local CPI index, but in some jurisdictions, park owners are required to seek approval through a public hearing process for any increase. Alternatively, there are a few ordinances that do not limit increases but allow tenants to challenge proposed increases in rent. Both state and federal courts have allowed cities and counties wide latitude in these limitations.
- Increases in rent upon a change in tenancy are allowed under some, limited under a few, and forbidden under many ordinances. Some ordinances allow the park more leeway in increasing rents when spaces become physically vacant. In high housing cost areas, the ability to transfer rent control advantages to a successor tenant has allowed departing residents to sell mobile/manufactured homes for prices reflecting the creation of a quasi-leasehold interest[6]. Both

[6] This is usually noted in the sales prices of new manufactured homes and used mobile homes. New manufactured homes rarely cost a consumer more than $60,000 (single section home) to $100,000 (high-end two section home) delivered and set-up. When sales prices of older mobile homes are reported at near this level or above, or when new manufactured homes are reported to sell for prices far above the retail price range noted above, it becomes apparent that an additional interest has been created.

California and federal courts have upheld ordinances that allow full or partial vacancy or transfer control of rental rates.

- Long-term leases are generally exempt from rent controls under state law. Spaces constructed after 1990 are generally exempt from rent controls as well.
- Most ordinances have a process for park owners to request increases based on the need to make capital improvements, the cost of unexpected and major repairs, and inadequate return on investment. Park owners report varying results when utilizing these appeal processes.

There are other controls that are subtler than actual ordinances, but impact the ability to increase rents as well. In some cities, park owners have reached agreements with local authorities to voluntarily limit increases in rent in exchange for the city's promise not to impose a rent control ordinance. In some regions of the state, rent controls are nearly universal, and many park owners in cities that are surrounded by other cities with controls will often moderate increases to limit the potential for an ordinance to be imposed. It is not uncommon to find rental rates in cities without rent controls to be similar to adjacent cities with rent controls due to this chilling effect caused by the threat of rent control.

A consensus of investor attitudes towards rent controls are stated as generally negative, but based on reviews of sales, impacts on overall capitalization rates and other projected rates of return are limited. There are several reasons for this, including:

- Submarket rents and the creation of quasi-leasehold interest limit the potential for vacancy and collection loss, resulting in slightly lesser downside investment risk.
- Submarket rents create upside potential. The ordinance may not allow that potential to be achieved at this time, but future court and/or political decisions may result in significant potential increases. Some owners become experts in working within the ordinance (usually by purchasing homes from departing tenants) to bring rents to market levels.
- Sales prices of mobile home parks are negatively impacted to the degree that rents are restricted. In many instances this reduces asking prices to levels that appear to be a relative bargain in comparison to perceived pricing relationships.

Analyzing the impact of rent controls within the appraisal context presents some valuation issues. Market participants generally rely on contract rather than market rents, but do consider upside potential. Estimating true market rent, defined as the rent that would result in an open negotiation between landlord and tenant, becomes effectively impossible if there are no transactions that meet this definition.

Rent controls are likely to remain a contentious issue in this market for the foreseeable future, and will have a continuing impact on the market as the potential for rent controls exists in virtually any part of the state.

The City of Lancaster does have a currently enacted rent control ordinance. A copy of the ordinance is reproduced in the Addenda.

Local Market Characteristics-According to public records, there are 32 mobile home parks and manufactured housing communities containing 3705 spaces located in the City of Lancaster. According to the 2010 Census, there are 41,745 housing units in this city, indicating that mobile homes comprise 9% of the total number of housing units, a moderate percentage.

Local Market Summary	
Spaces Surveyed:	1,421
Vacant Spaces:	9
Occupancy Rate:	99%
High Rent:	$575.00
Low Rent:	$330.00
Median Rent	$400.00

The rent survey conducted for this appraisal reveals that local market conditions are stable. Reported vacancies are low, indicating strong demand for affordable housing in this market. The parks surveyed report a moderate range of rental rates. This range is the result of rent control. The trend of rental rates is considered to be increasing, based on reports from managers that rents are increased annually.

Alternative Housing Costs-As a part of the residential market, manufactured housing communities do compete with other housing. The following grid compares housing prices and housing costs for the several alternatives available in this market:

Alternative Housing Cost Comparison

	Median Priced Detached Home	Used Mfg/Mobile. Home in Park	New Mfg. Home in Park (Chattel Financing)	Two Bedroom Apt.	Three Bedroom Apt.
Purchase Price	$154,000	$25,000	$70,000		
Loan Amount	$146,300	$20,000	$63,000		
Interest Rate	5.00%	12.00%	9.00%		
Amortization (Months)	360	180	360		
Monthly P&I Cost	$785.37	$240.03	$506.91		
Rent (Land/Apt.)		$400	$400	$853	$1,250
Monthly Cost (1)	$785	$640	$907	$853	$1,250
Down Payment	$7,700	$5,000	$7,000	$0	$0
Required Income (2)	$37,698	$30,722	$43,532	$40,920	$60,000
Med. H'hold Inc.				$47,737	

(1) Monthly Equivalent Housing Cost does not include taxes, insurance, utilities, maintenance.

(2) Based on 25% maximum housing cost as a percentage of total household income.

Market Positioning of Subject-The mobile home park market does not exist in a vacuum, and potential residents will choose from alternative housing types (detached residences, rental apartments) as well. Most residents select mobile home parks as an option due to affordability. In general, living in a mobile home park must be more affordable than living in an owned detached residence and cost competitive to apartments of similar size and utility in order for sufficient demand to exist. In this market area, the relationship involving the purchase of a new manufactured home or older mobile home suggests the following:

- The typical household will find the purchase of a detached residence to be generally affordable. This price/income relationship determines the manner in which market participants will perceive the alternatives of apartment or land lease housing.
- New manufactured homes on leased land have a similar monthly housing cost relative to detached residences. Generally, a significant price advantage is necessary to support strong demand for new manufactured housing on leased home sites. In this market, the difference is not significant. This indicates that there will likely be only modest demand for new manufactured homes on rented sites.
- Typically priced used mobile homes have a lower monthly housing cost as compared to detached residences and a lower monthly housing cost relative to apartment rentals. This indicates that demand for used mobile homes should be strong.
- This market is characterized by strong rent controls that provide tenants with a quasi-leasehold interest that is able to be passed to successor tenants. This influences the market prices of used homes upward, and also increases the cost of a new manufactured home since the acquisition of a site for the placement of a new manufactured home requires the purchase of an older unit to be removed at a price that reflects the quasi-leasehold interest being transferred.

These relationships suggest that there is likely to be modest demand for new manufactured homes and strong demand for older mobile homes on rented or leased home sites, a finding that is confirmed by interviews with local managers conducted during the local market survey.

Development Trends-There has been very limited development of mobile home parks throughout California, Washington, Oregon, Arizona, and Nevada since 1990, following a flurry of development activity (mostly in outlying suburban and small community areas) in the late 1980's. In urbanized areas where manufactured housing in land lease communities offers competitive price advantages to other housing, there has been virtually no development activity since the early 1980's, owing to high land prices and the availability of more alternative development plans that are perceived to be more profitable. Even during the recession, there was a sufficient level of demand for housing to maintain site price levels above the levels at which mobile home park development was feasible. As there is very little vacant land that is actually zoned for mobile home park use exclusively, there are usually more profitable developments available as alternatives.

The desire of cities to promote affordable housing by encouraging manufactured housing community development is tempered by the policies of the same communities to encourage "upscale" developments and to pass along the costs of growth to new developments. Architectural requirements to limit density and improve appearance of communities and to cover the cost of growth push space rents and manufactured housing unit placement costs to a level at which the alternative becomes less attractive to home purchasers owing to the typically higher interest costs associated with mortgages on homes located on leased land. Development of manufactured housing communities have also been limited by the fees imposed on new developments. While apartment and detached residential developments are able to spread these fees across the land and improvements, manufactured housing communities have a much lower base over which to spread the costs, since the costs are imposed prior to the placement of manufactured housing units.

Successful new developments of manufactured housing communities have been responses to specific localized demand generators, not general market trends for the reasons noted above. The most active development markets in the west have been in Arizona, where new developments have been constructed in rural and border areas with immediate demand for affordable housing and senior restricted enclaves for winter residents.

According to the Planning Department of Lancaster, there are no manufactured housing communities currently planned or formally proposed to be located in the community.

JOHN P. NEET, MAI

Site Description

SITE FEATURES				
Location-	The subject is located at the southwest corner of the intersection of E. Avenue I and 25th Street E.			
Street Frontage-	+/- 640 feet along E. Avenue I and +/- 1285 feet along 25th Street E.			
Size-	17.85	Acres	Source:	Assessors Records
	777,546	SF		
Dimensions-	Refer to Assessors Plat Map in Addenda			
Shape-	Rectangular			
Topography/Drainage-	The subject appeared to be level and street grade and drainage appeared to be adequate at the time of inspection.			
Utilities/Providers-	Available		Connected	Provider/Source
Electricity-	Yes		Yes	So Cal Edison
Natural Gas-	Yes		Yes	The Gas Company
Water-	Yes		Yes	LA County Waterworks
Sewer-	Yes		Yes	City of Lancaster
Comments:	The utility service is presumed to be adequate to serve the highest and best use of the site.			
Street Access-	Street access is provided by 25th Street E.			
Flood Hazard Zone-	X500			
Seismic Zone Designation (USGS)-	4			
Easements/Restrictions-	A review of the Preliminary Title Report indicates that there are the following easements and restrictions on the property: 1) Access and/or utility easements were noted. The location of these easements could not be determined from the available information. The existing development indicates that these easements are not substantially restrictive. 2) CCR's or other restrictions are recorded. These have not been reviewed and are assumed not to affect the developability of the property.			
Functional Utility-	Adequate size, developable shape and topography noted. Site appears to have adequate to good functional utility for many uses.			

ZONING, LAND USE RESTRICTIONS		
Current Zoning Designation	MHP	
Permitted Uses Under Zoning:	Urban Residential, Moderate Density	
Intended Use Policy Under Zoning:	Mobile Home Parks	
Conformity of Current Use:	(Is the current use permitted under the zoning?)	
Allowable Density Under Zoning:	6.6-15	du/acre
Non Conforming Use Rebuild Policy	Repair or Restoration of Damaged or Destroyed Residential Buildings in Residential Zones Which are Nonconforming Solely by Virtue of the Property Development Regulations. A residential building in a residential zone which was legally constructed in accordance with the lot dimensions, density, yard or lot coverage requirements in effect at the time of its construction, which is damaged or destroyed, may be repaired or restored to its original number of dwelling units and location on the lot or parcel which it enjoyed prior to the occurrence of such damage or destruction provided that such repair or restoration shall be commenced within one year of the date of damage or destruction and be diligently pursued to completion. 2. Repair of Damaged or Partially Destroyed (50% or less) Nonconforming Buildings or Structures Other Than Signs. Any nonconforming building or structure other than signs, or any building or structure containing a nonconforming use, which is damaged or partially destroyed may be restored to the condition in which it was immediately	

prior to the occurrence of such damage or destruction, provided:
a.
That the cost of repair or restoration does not exceed 50% of the total replacement cost for the entire building or structure as determined by the current building valuation guide sheet used by the department of building and engineering services to ascertain plan check and building permit fees; and
b.
That such repair or restoration shall be commenced within one year of the date of damage or partial destruction and be diligently pursued to completion; and
c.
That repair or restoration shall not extend the termination date of such nonconforming use, building or structure specified in this title.
(Note: The preceding information is obtained through public information sources and is not a substitute for a "rebuild letter" from appropriate municipal authorities. Refer to Specific Assumptions and Notices of the Appraisal.)

Description of Improvements

Overview	
Project Type:	Manufactured Housing Community
Total Number of Sites:	123
Number of Other Dwelling Units:	0
Total Number of Units:	123
Density (du/acre):	6.89
Year Constructed:	1989
Overall Quality:	Good
Amenities:	Recreation Center with assembly room, service kitchen, billiards room, fitness room, pool, spa, restrooms, ball court, playground.
Perimeter Fencing Materials:	Concrete Block
Security Gates:	None
Interior Street Surface:	Asphalt
Curbing:	Concrete Roll-Up
Laundry Facilities:	0

Utility Metering	
Electricity:	Submetered
Electric Service to Sites:	100 Amp Service Reported
Natural Gas:	Submetered
Water:	Submetered
Sewer:	Not Metered
Cable TV:	Direct Metered

Mobile/Manufactured Home Sites	
Typical Widths:	40' to 50'
Typical Depths:	60' to 75'
Singlewide Sites	0
Multisection Sites:	123
Note:	Placement restrictions per park management. Typically, a 38' wide site is needed to accommodate a modern, 24' wide multisection manufactured home in a conventional arrangement. However, smaller multisection units (18-20' wide) and rearrangement of parking will often allow a narrower site to accommodate a modern multisection manufactured home.
Total	123

Mobile/Manufactured Homes and RV's	
Vacant Sites	0
Travel Trailers/RV's	0
Park Model RV Units	0
Single Section Units	0
Multi-Section Units	123
MH Age Range, Predominant:	6 to 24, 15 years
Typical Price of Used MH:	$40,000
Typical Price of New MH:	$70,000

Buildings	
Recreation Center	Recreation Center, Office
GBA:	3,911
Pool Equipment	Pool Equipment
GBA:	110

Parking	
Spaces on Individual Sites:	2
Conforms to Code Requirement:	Conforming
Guest Parking Spaces	48
Conforms to Code Requirement:	Conforming
Vehicle Storage Spaces:	26
Storage Type:	Paved, Secured
Conforms to Code Requirement:	No requirement
No. Stg. Spaces Currently Occupied:	7

Physical and Functional Ratings	
Physical Condition Rating:	Good
Comments:	The clubhouse and other buildings are generally well maintained with no major indications of deferred maintenance. The streets are in average condition with some cracking and checking noted but no potholes or areas of major damage was observed. The sauna was not able to be inspected but the manager states that it is in working order. The green space and landscaping appeared to be well maintained. Overall, the park is considered to be maintained in average to good condition.
Functional Utility:	Good
Age Restrictions:	Unrestricted Age
Rules Enforcement:	Average. No significant deferred maintenance or other negative issues noted on individual homesites. It was noted that several home sites were in need of yard maintenance.

Highest And Best Use

As Vacant-Legally permissible uses of the site are limited to mobile home park uses under the current zoning. MHP specific zoning is not generally found on vacant sites, and is usually imposed following the development of a mobile home park to discourage redevelopment to other uses. If the site were vacant, it is assumed that the zoning would be less specific and allow for low to moderate density residential uses. The second filter of physically possible uses does not further narrow the list of uses. In determining financial feasibility, I have considered that the filing of building permits has increased in the past couple of years in Lancaster, indicating that the market is beginning to see residential development as feasible. Under these circumstances, the financially feasible uses include residential development. The maximally productive use is considered to be residential development, which is concluded to be the highest and best use as though vacant.

As Improved-The existing use of the site meets the requirements for legal permissibility and physical possibility. In estimating the financial feasibility of a change in use, I have considered that the existing improvements do not suffer from substantial physical or functional obsolescence based on market standards for the submarket in which this property competes.

While it is physically possible for the subject to be converted to vacant land for some other form of development, the cost to do so would likely entail the mandatory payment of substantial relocation benefits and subsidies to the existing tenants, which would drive the cost of conversion to vacant land up substantially, and would also extend the time needed for the conversion. For this reason, this market rarely purchases mobile home parks on the basis of a proposed change in use. Since the subject does not meet this description, it is doubtful that potential land value would drive a transaction for this property. In most cases, the market will find easier properties to develop or convert.

This indicates that the maximally productive use of the site is to continue the present use. Accordingly, the highest and best use of the subject property is to continue the present use for the foreseeable future.

Valuation Process

In this appraisal, the Cost Approach has not been considered. This does not significantly affect the reliability of the appraisal, as the Cost Approach is not considered to be a reliable indicator of value for this type of property for several reasons including lack of market use, issues revolving the highest and best use of the site as though vacant, and issues of accrued depreciation. The Income and Direct Sales Comparison Approaches are considered in the appraisal, as follows.

Income Approach

Market Rental Survey

The following chart summarizes the findings of the rental survey. Quantitative adjustments are made for the differences in the provision of utilities and other services, while differences in quality, appeal, amenities, and other qualitative differences are discussed following.

RENTAL DATA NO.	1 (Subject)	2	3	4	5	6
PARK NAME	Desert Sands Estates	Lancaster Estates	Friendly Village	Chapparal MHP	Brierwood MHE	Bel Air Estates
ADDRESS, CITY	45111 25th Street East, Lancaster	45465 25th Street East, Lancaster	1301 E. Avenue I, Lancaster	1501 E. Avenue I, Lancaster	45800 Challenger Way, Lancaster	2121 E. Avenue I, Lancaster
NO. SPACES	123	302	464	94	308	130
APPROX. AGE	24	25	43	29	43	30
AGE RESTRICTION	Unrestricted Age	Unrestricted Age	Unrestricted Age	Unrestricted Age	Unrestricted Age	Unrestricted Age
SINGLEWIDE SPACES (%)	0%	0%	0%	0%	10%	0%
SINGLEWIDE UNITS (%)	0%	3%	10%	0%	30%	0%
OCCUPANCY	100%	100%	100%	99%	99%	96%
FEATURES & AMENITIES	Pool, Spa, Sauna, Clubhouse	Pool, Spa, Clubhouse, Tennis	Pool, Spa, Clubhouse, Laundry	Pool, Spa, Clubhouse, Playground	Pool, Spa, Clubhouse	Pool, Clubhouse, Tennis
VEHICLE STORAGE FEE	$15.00	$30.00	$40.00	$20.00	$10.00	$25.00
RENTAL RATES:						
RENT RANGE-LOW	$353.86	$375.00	$399.00	$375.00	$330.00	
RENT RANGE-HIGH	$373.21	$475.00	$459.00	$575.00	$450.00	
APPROX. AVG. RENT	$361.96	$425.00	$430.00	$490.00	$400.00	
TRANSFER RATE-LOW	$373.21	$375.00	$399.00	$375.00	$330.00	$400.00
TRANSFER RATE-HIGH	$373.21	$475.00	$459.00	$575.00	$450.00	$400.00
NEW MOVE-IN RATE-LOW	$373.21	$475.00	$399.00	$375.00	$330.00	$400.00
NEW MOVE-IN RATE-HIGH	$373.21	$475.00	$459.00	$575.00	$450.00	$400.00
LESSOR PAID SERVICES	None	None	None	None	None	None
ADJUSTMENT	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00
SERVICE ADJUSTED RATES:						
RENT RANGE-LOW	$353.86	$375.00	$399.00	$375.00	$330.00	
RENT RANGE-HIGH	$373.21	$475.00	$459.00	$575.00	$450.00	
APPROX. AVG. RENT	$361.96	$425.00	$430.00	$490.00	$400.00	
TRANSFER RATE-LOW	$373.21	$375.00	$399.00	$375.00	$330.00	$400.00
TRANSFER RATE-HIGH	$373.21	$475.00	$459.00	$575.00	$450.00	$400.00
NEW MOVE-IN RATE-LOW	$373.21	$475.00	$399.00	$375.00	$330.00	$400.00
NEW MOVE-IN RATE-HIGH	$373.21	$475.00	$459.00	$575.00	$450.00	$400.00
RENTAL AGREEMENT	10 Year Lease	MtM, 3 Yr, 5 Yr Lease	MtM	MtM, 5 Yr Lease	5, 10, 30 Yr Lease	All on long term lease
INCREASES	Annual, Last 8/2013, 3.2%	Annual, 2013 3% on Anniv Date	Inc will be 10/2013 based on CPI	Annual based on CPI	Annual 3.2% 8/2013	Annual
RENT CONTROL	Lancaster	Lancaster	Lancaster	Lancaster	Lancaster	Lancaster
QUALITY	Good	Good	Good	Good	Average	Good
CONDITION	Good	Average-Good	Average-Good	Good	Average	Good
COMMENTS						Existing rate range not disclosed

Source of Data-The data reported above was obtained from telephonic or in-person interviews with park management personnel during the month of August, 2013 unless otherwise noted.

Comments on Data- The data included in the survey covers a range of properties that would be considered competitive alternatives to the subject. All of the surveyed parks are unrestricted as to age and are subject to Lancaster's rent control ordinance.

Qualitative Considerations- Data No's 2 and 3 are larger parks that are similar to the subject in terms of overall quality, condition, and appeal. Data No. 4 is superior to the subject in terms of quality, condition, and overall appeal but is slightly inferior in terms of amenities offered. Data No. 5 is a larger park that is inferior to the subject. Data No. 6 is superior to the subject, but management did not report existing rental rates.

The comparable rental data suggests a market rental rate in the range of $400 to $500, although this is not true market rent owing to the influence of the rent control ordinance.

Recent Rental Transactions in Subject-The most recent rental transactions that have been reported in the subject include the following:

Space No.	Date of Transaction	Reported Rental Rate
108	7/2013	373.21
23	8/2013	373.21
118	6/2013	373.21

These transactions involved the assumption of an existing long-term lease with stated terms of transfer. For this reason these rents are not considered indicative of market rental transactions as the rent is not negotiated between the park owner and the incoming tenant. Rental rates resulting from these types of transactions are often at or below market, seldom above market.

The market data gleaned from the most recent transaction in the subject provides an indication of market rent in the range of at least $373.00.

Conclusion of Market Rental Rates-The estimate of market rent reached by this analysis is not true market rent, as there is significant influence of rent controls in the rates. As a result, conclusions made by analysis of survey-produced data should be considered as "rent control influenced market rent".

Based on this market data and analysis, I have concluded that a market rental rate opinion of **$450.00** per month is appropriate for the subject. See Projected Base Rental Income below.

Rental Agreements--According to information provided, all tenants occupying spaces on long term (over 1 year) agreements. The terms of the offered agreements are summarized below:

Lease Agreement Synopsis

Type of Agreement:	Lease
Term of Typical Agreement:	10 years
Permitted Rent Increases:	Annual, 60% of CPI
Rent Control Exclusion:	Yes
Utilities Included in Rent:	Sewer
Utilities Paid By Tenant:	Water, Trash, Natural Gas, Electricity, Cable TV.
Transferability:	Park has right to approve all transfers of lease. Rent cannot be increased upon the sale of Home Owner's mobile home to a successor Home Owner.
Additional Charges:	Use of all common area amenities and facilities except RV storage included in monthly charge. Tenants may also be charged a proportion of any capital improvements.

Rent Control Ordinance Synopsis[7]

Jurisdiction:	City of Lancaster
Affects:	All spaces on month-to-month agreements, spaces on long term lease agreements without qualifying language. Note: Spaces constructed after 1990 are exempt under state law.
Permitted Increases:	Annual 60% of CPI change
Appeals Mechanism:	Park owner may petition for a Permissive rental adjustment by submitting an application to the city council.
Transfer Decontrol:	No
Vacancy Decontrol:	Yes
Revision Date:	2009

In comparison to other ordinances in California, this particular ordinance is considered substantially restrictive in that the annual increase is less than the rise in overall inflation and there is no ability of the park to bring rents to market upon transfer.

Projected Base Rental Income

In the valuation of manufactured housing communities, the participants in the market typically base purchase and sale decisions on contract or actual rent as rent control, long term rental agreements and the financial condition of the tenants generally limit the ability of the park to increase submarket rents to market levels in a short period of time. Alternatively, park management is generally unwilling to reduce rents if market rent levels have fallen below contract rents, as the reduced rents will be more difficult to raise towards market levels when that becomes possible. There is a strong influence of inertia in the existing rents in the community, and rental rates are typically less responsive to short term fluctuations in market conditions than are other residential properties (such as apartments) due to the tenant ownership of the home that is occupying the rented site. The inertia is created because the park owner cannot raise rents without consideration of the economic condition of the tenants, and the tenants cannot express dissatisfaction by moving out of the community.

Consideration of significant upside potential in the projection of space rental income is usually limited to parks where rents are significantly below market and there are no structural, legal, or contractual impediments to increasing rents. Consideration of downside risk to above-market rents is also tempered by the inertia factor. Demand levels among existing tenants tend to be relatively inelastic.

Rent increases that have been noticed and have a confirmed starting date are generally considered in the projection of rents for existing tenants, considered appropriate due to the inertial factors.

For the subject, the following considerations lead to the current rental PGI.

- For occupied sites, the rent is incorporated at contract rent levels.
- For vacant sites, rent is projected at average market levels. Note that there may be some fluctuations in "market" rent for each site based on size, location within the property, or other factors. For appraisal purposes, the average market rent provided a sufficient level of precision.
- For sites improved with community owned homes (COH), market space rent is also projected as the contribution of the site portion of the total rental amount (if it is a rental COH). If the COH is inventory held for sale, potential rent is projected at market levels.

[7] This synopsis provides a broad outline of the terms of the ordinance. Refer to the reproduced copy of the ordinance included in the Addenda for a complete listing of the terms of the ordinance.

Rent Changes in the Forecast Year

Market participants do tend to consider the normal increases that occur as a result of annual rent increases, projected turnover, and other factors. One measure of the probable increase is a comparison of the reported change in rental income over the past several years.

Based on the information able to be obtained from the operator of the subject, the following trends are noted:

Income	2010	Trend	2011	Trend	2012	Trend	2013
MH Space Rental Income	$471,746	6%	$500,418	-2%	$490,295	3%	$505,250

Additional considerations in projecting the probable space rental income over the projection year include the following:

- Restrictions under the leases/rent control ordinance indicate that rents will likely rise by a maximum of 1% in the next year.
- Inflation over the next year is expected to be minimal, limiting upward pressure on rents.
- The current relationship between contract and market rents indicates that there is significant upside in the current rent profile as the current rents are well below market levels.
- The most recent increase was report to be been imposed in August 2013 (3.2%) and another general rent increase is not expected to occur for 11 months.

Based on a review of all available information, projected space rental income is likely to increase by 1% over the next year as compared to the collections reported in the utilized rent roll.

RENT ROLL SUMMARY

	Rent Roll Reported by Owner (1)	Site Rentals Only (2)	Reconciled Current Site Rent (3)	Projected Site Rent in Forecast Year (4)
High Rent	$373.21	$373.21	$373.21	
Low Rent	$353.86	$353.86	$353.86	
Average Rent	$361.95	$361.96	$361.95	$365.57
Monthly PGI	$44,520	$44,159	$44,520	$44,965
Annual PGI	$534,243	$529,903	$534,243	$539,585
Spaces Reported	123	122	123	123
Current Physical Occupancy:				123
Occupancy Rate:	Physical-	100.00%	Revenue Producing-	100.00%
No. of Community Owned Homes		1	Percent of Total-	0.81%
Projected Rental Income Growth (See Text):				1.000%
Current Market Rent (See Text):				$450
Date of Provided Rent Roll:				6/1/2013

Notes: (1) Actual rent roll provided. See Addenda for copy (2) Park owned rental homes & vacant sites, if any, not included (3) Contract rent for rented homesites, market rent for vacant sites & sites occupied by park owned rental homes (4) Incorporates foreseen changes to rent in projection year, Space Rental PGI.

The concluded rents are summarized in the above chart. The provided and adjusted rent rolls upon which this summary is based are included as Appendix 1.

Summary of Historic Financial Records

The following is a summary of historic income and expenses, based on information provided by the park owner and restated to common income and expense categories. Common adjustments to the provided income and expense amounts include the following.

- Income items not specifically derived from the operation of the property are excluded. Included in this category are such items as interest income, mobile home sale or rental income, or one time refunds or adjustments.
- Payroll expenses have been apportioned between On-Site Management and Maintenance/Repairs based on information provided or concluded from analysis of available information.
- To the extent that such items are able to be discerned, significant capital expenditures are either eliminated or further analyzed to determine if inclusion is appropriate.
- Also, dependent on the level of detail in the provided financial statements, expenses related to the ownership (as opposed to park operations) are not considered. Included in this category are such items as LLC registration fees, attorneys and accountants fees for the ownership (trust advice or setup, partnership or corporate tax preparations, educational seminars, dues and publications, or similar items that benefit the owner of the property, not specifically the park.

The ability to discern such items in the provided financial statements is necessary for such analysis to be made. Poorly detailed books and records are not able to be analyzed to the same extents as more detailed or professional prepared statements.

Income	2010		Trend	2011		Trend	2012		Trend	2013	
MH Space Rental Income	$471,746		6%	$500,418		-2%	$490,295		3%	$505,250	
Per Unit/Portion of EGI	$3,835.33	71%		$4,068.44	72%		$3,986.14	71%		$4,107.72	72%
Submetered Electricity Inc.	$99,522		0%	$99,344		-3%	$96,572		24%	$119,420	
Per Unit/Portion of EGI	$809.12	15%		$807.67	14%		$785.14	14%		$970.89	17%
Submetered Gas Inc.	$51,008		-1%	$50,500		-4%	$48,300		-37%	$30,322	
Per Unit/Portion of EGI	$414.70	8%		$410.57	7%		$392.68	7%		$246.52	4%
Submetered Water Inc.	$30,826		4%	$31,946		8%	$34,545		17%	$40,404	
Per Unit/Portion of EGI	$250.62	5%		$259.72	5%		$280.85	5%		$328.49	6%
CATV Income	$4,053		-38%	$2,493		50%	$3,745		-100%	$0	
Per Unit/Portion of EGI	$32.95	1%		$20.27	0%		$30.45	1%		$0.00	0%
Storage Income	$1,050		21%	$1,275		-7%	$1,185		-9%	$1,080	
Per Unit/Portion of EGI	$8.54	0%		$10.37	0%		$9.63	0%		$8.78	0%
Other Income	$3,002		222%	$9,664		40%	$13,563		-86%	$1,864	
Per Unit/Portion of EGI	$24.41	0%		$78.57	1%		$110.27	2%		$15.15	0%
Collected Income	**$661,207**		**5%**	**$695,640**		**-1%**	**$688,205**		**1%**	**$698,340**	
Per Unit/Portion of EGI	$5,375.67	100%		$5,655.61	100%		$5,595.16	100%		$5,677.56	100%

Expenses	2010		Trend	2011		Trend	2012		Trend	2013	
Taxes	$488		-100%	$0		#DIV/0!	$693		6556%	$46,125	
Per Unit/Portion of EGI	$3.97	0%		$0.00	0%		$5.63	0%		$375.00	7%
Prof. Mgmt.	$24,000		10%	$26,400		0%	$26,400		17%	$30,800	
Per Unit/Portion of EGI	$195.12	4%		$214.63	4%		$214.63	4%		$250.41	4%
On-Site Mgmt.	$37,696		4%	$39,042		15%	$44,767		32%	$58,915	
Per Unit/Portion of EGI	$306.47	6%		$317.41	6%		$363.96	7%		$478.98	8%
Insurance	$11,300		-34%	$7,499		-13%	$6,529		-86%	$902	
Per Unit/Portion of EGI	$91.87	2%		$60.97	1%		$53.08	1%		$7.33	0%
Electricity Expense	$117,770		-12%	$103,373		-7%	$96,534		38%	$133,080	
Per Unit/Portion of EGI	$957.48	18%		$840.43	15%		$784.83	14%		$1,081.95	19%
Natural Gas Expense	$34,114		1%	$34,612		-2%	$34,066		-57%	$14,522	
Per Unit/Portion of EGI	$277.35	5%		$281.40	5%		$276.96	5%		$118.07	2%
Water Expense	$29,884		6%	$31,544		9%	$34,471		35%	$46,656	
Per Unit/Portion of EGI	$242.96	5%		$256.46	5%		$280.25	5%		$379.32	7%
Trash Expense	$6,220		9%	$6,753		-4%	$6,458		-38%	$4,030	
Per Unit/Portion of EGI	$50.57	1%		$54.90	1%		$52.50	1%		$32.76	1%
Repairs/Maintenance	$60,289		75%	$105,392		-23%	$81,333		41%	$115,003	
Per Unit/Portion of EGI	$490.15	9%		$856.85	15%		$661.24	12%		$934.98	16%
Security/Other Payroll	$7,275		0%	$7,275		0%	$7,282		-1%	$7,200	
Per Unit/Portion of EGI	$59.15	1%		$59.15	1%		$59.20	1%		$58.54	1%
Administrative/Misc.	$50,359		-27%	$36,553		30%	$47,388		11%	$52,530	
Per Unit/Portion of EGI	$409.42	8%		$297.18	5%		$385.27	7%		$427.07	8%
Reserves	$0			$0			$0			$0	
Per Unit/Portion of EGI	$0.00	0%		$0.00	0%		$0.00	0%		$0.00	0%
Total Expenses	**$379,395**		5%	**$398,527**		-3%	**$385,921**		32%	**$509,763**	
Per Unit/Portion of EGI	$3,084.51	57%		$3,240.06	57%		$3,137.57	56%		$4,144.41	73%
NOI	**$281,812**		5%	**$297,113**		2%	**$302,284**		-38%	**$188,577**	
Per Unit/Portion of EGI	$2,291.15	43%		$2,415.55	43%		$2,457.59	44%		$1,533.15	27%
Partial Year Basis:							6	Mos.			

Other Income Sources

Utility Income-Payments for utilities provided to the tenants are made by one of three methods.

1. Utilities are purchased from the provider and submetered to the tenants. The price that the park can charge for the utilities is usually determined by state or local regulatory authorities, and there is usually little opportunity for the park operator to vary from historic reported income.
2. The utilities are metered directly from the utility provider.
3. Utilities are included as a part of the rent payment. It is not uncommon for water, sewer, and/or trash pickup to be included in the rent although the current trend is to meter water use and to pass through sewer and trash collection expense.

Income to the park for utilities is only available under the first alternative. There has been a trend towards the elimination of utilities provided under the first and third option noted above in favor of direct service from the providing utility, but this is a costly conversion for many parks and it is not currently a significant trend. Generally, there is little incentive to complete such a conversion as the utilities will not generally accept a utility system "donation" unless the system has been certified to meet current codes.

The rates charged both to and by the park for submetered utilities may be subject to regulation by the California Public Utilities Commission (for investor owned suppliers such as PGE, SCE or Sempra) or by the individual utilities (for government owned suppliers). Generally, this applies to submetered electricity, natural gas, and occasionally water. If the specific utility is not regulated by the CPUC or the local government agency with oversight responsibilities, the general rule is that the rates charged by the park are similar to the rates charged for residential users in the same geographic area. Most parks retain the services of a billing contractor who determines the appropriate rate as part of the tenant billing services. The appraisal assumes that the park management is in compliance with all applicable laws regarding billing, and that the historic operating statements reflect compliance.

It is common for the CPUC or the utility to allow a moderate to significant margin to the park owner to allow the owner to recoup the costs of system maintenance. This margin is often sufficient to cover common area expenses as well as to provide income to the park, and in some instances the margin is significant. Because these margins are generally determined by an outside authority, sustainability is assumed by market participants where the billing is completed by competent 3rd party providers.

In the projection of income, consideration is given to the historic trends and amounts received, as well as the historic relationship between income and expenses, as are able to be determined from the historic income and expense reports provided. Expense comparable data is not considered in the projection of income from utilities as experience has shown this income to be highly variable based on economic and financial factors specific to a location, climate, and government policies. The following chart summarizes historic income from these sources and concludes a projection of future income.

Submetered Electricity Inc.	2010	2011	2012	2013	Projection
Annual	$99,522	$99,344	$96,572	$119,420	**$100,000**
Per Unit	$809.12	$807.67	$785.14	$970.89	
Margin over (under) expense	-18%	-4%	0%	-11%	0%

Comment/Analysis: State authority regulates income from this source. The trend of income has been consistent over the period reported, but limited weight is given to the partial year due to seasonal issues. Stabilized annual income is estimated based on a projection of the trend shown.

Submetered Gas Inc.	2010	2011	2012	2013	Projection
Annual	$51,008	$50,500	$48,300	$30,322	**$50,000**
Per Unit	$414.70	$410.57	$392.68	$246.52	
Margin over (under) expense	33%	31%	29%	52%	30%

Comment/Analysis: State authority regulates income from this source. The trend of income has been consistent over the period reported, but limited weight is given to the partial year due to seasonal issues. Stabilized annual income is estimated based on a projection of the trend shown.

Submetered Water Inc.	2010	2011	2012	2013	Projection
Annual	$30,826	$31,946	$34,545	$40,404	**$35,000**
Per Unit	$250.62	$259.72	$280.85	$328.49	
Margin over (under) expense	3%	1%	0%	-15%	0%
Current Monthly Charge:		$0.00	**Annual PGI:**	$0	

Comment/Analysis: Depending on the provider, this utility may or may not be regulated by state authorities. The trend of income has been consistent over the period reported, but limited weight is given to the partial year due to seasonal issues. Stabilized annual income is estimated based on a projection of the trend shown.

CATV Income	2010	2011	2012	2013	Projection
Annual	$4,053	$2,493	$3,745	$0	$3,500
Per Unit	$32.95	$20.27	$30.45	$0.00	

Comment/Analysis: There are a variety of revenue sharing arrangements between CATV suppliers and property owners. Historic income is generally the best indicator of future revenue, but in many cases, parks are seeing a decline in income from this source due to the popularity of satellite systems. Stabilized annual income from CATV revenue sharing is estimated based on a rough average of the receipts for the past three years.

These items are included as income to the park, and the cost of utilities is considered under expenses. The reader should be aware that the market value estimated in this appraisal is based upon the assumption that the current utilities arrangement will continue, and that the sale of the utilities to the provider may change the income estimate and the value estimate.

Additional Income-The following sources of additional income have been identified:

Storage Income	2010	2011	2012	2013	Projection
Annual	$1,050	$1,275	$1,185	$1,080	$1,100
Per Unit	$8.54	$10.37	$9.63	$8.78	
Current Monthly Charge:		$15.00	Annual PGI:	$4,680	
No. Spaces Occupied:		7	Annual EGI:	$1,260	

Comment/Analysis: Projected income is based on based on a projection of the trend shown.

Other Income	2010	2011	2012	2013	Projection
Annual	$3,002	$9,664	$13,563	$1,864	$8,000
Per Unit	$24.41	$78.57	$110.27	$15.15	

Comment/Analysis: Included are such items as late fees, nsf charges, and other minor and generally recurring charges to tenants. Projected income is based on a rough average of the historic trend, as the annual reports are somewhat inconsistent year to year.

Market participants typically rely most heavily on past experience as the basis for the projection of future income from these sources unless there is some reason to expect future income to be substantially different. No reason to expect substantially different income levels in the future was apparent. The projections are based on a trending of past income reports, except as noted above.

Vacancy and Collection Loss

In most stabilized MHC/MHP properties, vacancy and collection loss tends to be minimal. Vacancy losses are limited due to the cost of removing a home from the park and the limited amount of alternative spaces for the homes to move into. Most parks maintain some restrictions on the age of move-ins, limiting the spaces available for the placement of older homes. Transfer and rebuilding costs can also be substantial, and for many older homes, approach or exceed the market value. Predominantly, mobile and manufactured homes will tend to remain in the park until such time as the unit reaches the end of its economic lifetime. However, occasional vacancies occur as the result of several causes, including actions taken by the homeowner/tenant (removal for placement on fee owned land) or the owner of the community (forced removal due to age or condition). A less beneficial trend for the individual community is the sale of the home from the tenant to an outsider (owner of a different MHC/MHP or a dealer). The outsider will remove the home for placement elsewhere, leaving a vacant site. Park owners have become more proactive in the purchase of homes from departing tenants in order to limit vacant sites that are difficult or expensive to fill.

Collection loss is also limited due to the ability of the park owner to place a lien against the home for unpaid rent. This cushion against loss has become thinner in communities where the homes are older and have limited appeal, or in communities where the home prices have fallen below the level of existing liens. However, it is still a level of protection that is not afforded owners of other investment properties,

especially apartments, and generally can restrict or eliminate losses from tenants who depart the property with unpaid debt.

Vacancy and collection loss has increased slightly in the past several years in selected markets that are characterized by lesser levels of demand, which generally result from pricing disparities and the inability to obtain competitively price financing for manufactured or mobile homes on rented or leased homesites.

Local Market Summary	
Spaces Surveyed:	1,421
Vacant Spaces:	9
Occupancy Rate:	99%

At the present time, the physical vacancy in the subject amounts to 0%, but there are three non-performing sites at this time, occupied by tenant owned mobile/manufactured homes that are in the process of being taken for non-payment. By comparison to the neighborhood occupancy rate reported in the rental survey, it appears that the subject is performing at or above the level of the local market.

Other potential influences on future vacancy and collection loss include the following:

- In the medium to long term, the need to replace the aging mobile homes in the subject will lead to greater vacancy loss as units are replaced. While some residents will choose to replace their own unit (limiting or eliminating lost income during the transition), there is likely to be some depreciated units abandoned which will have to be replaced by the park owner.
- Community acquisition of homes for resale (or removal and replacement) will lead to short term losses during the period of community ownership. This has become a more common source of short term losses, as park owners have become more proactive and have tended to purchase homes that might otherwise be purchased by owners of other communities and removed from the park.
- A review of the reported EGI for the past couple of years appears to support vacancy and collection loss in the 5% range in spite of the 100% physical occupancy.

Based on this analysis, a vacancy and collection loss rate of 5% is well supported for the subject on a going forward basis. This allowance is applied against income from space rents only, as the other income items are estimated based on historic receipts, which equate to effective gross income.

Effective Gross Income

The projected EGI is compared to the historic report in the following table:

	2010	2011	2012	2013	Projection
Annual	$661,207	$695,640	$688,205	$698,340	$710,206
Per Unit	$5,376	$5,656	$5,595	$5,678	$5,774
Change Rate		5.21%	-1.07%	1.47%	1.70%
Change Rate from Most Recent Complete Year					3.20%

By comparison to reported total collections of the past 3+ years, this projected EGI appears to be reasonable and well supported given the minor changes between the manner in which income is reported by the owner and projected in this appraisal.

Operating Expense Analysis

The estimate of expenses is derived from a variety of sources, including a review of expense statements from comparable projects, historical data maintained in my files, and historical information provided to the appraisers by the subject's management.[8] Much of the comparison made with other sources of data is based on a cost per unit analysis, as compared to a percentage of collected income basis. The latter is not considered as reliable as the former for several reasons: 1) Operating expenses are predominantly fixed and not subject to fluctuation based on rental income, and properties with higher rents typically have lower costs as a percentage of income; 2) operating expenses are not significantly affected by occupancy levels; and 3) market participants have a strong tendency not to utilize percentage based comparisons. Likewise, total expense ratios have limited applicability for these reasons as well as the complicating factors of submetered or provided utilities, which distorts the total ratio due to the significant cost of utilities and the high level of reimbursements where applicable.

The following table provides expense comparable data from 10 mobile home parks from 2011 and 2012, the most recent years for which a full year of data is available. This data is unfiltered, that is it has not been adjusted to delete items that are not considered in my projections for the subject (expensed capital expenditures, higher than typical payroll expenses, use or lack of use of professional management services, etc.). The data does demonstrate the significant variability from project to project, and indicates the need to rely on multiple sources of data and analysis to support projections of future expense for the subject.

No. Units	30	161	289	227	54	94	125	185	208	237
2011										
Taxes	$665	$37	$314	$1,406	$701	$327	$158	$968	$375	$808
Prof. Mgmt.		$211	$228	$413	$391	$383	$274	$518	$440	$773
On-Site Mgmt.	$478	$182	$363	$268	$297	$460	$325	$338	$211	$235
Insurance	$98	$61	$78	$107	$66	$127	$73	$100	$233	$85
Repairs/Maint.	$709	$384	$402	$348	$575	$416	$273	$387	$827	$379
Admin./Misc.	$137	$128	$167	$131	$168	$276	$125	$307	$338	$145
2012										
Taxes	$677	$170	$335	$1,085	$716	$357	$318	$900	$388	$824
Prof. Mgmt.		$214	$95	$432	$409	$383	$324	$578	$394	$791
On-Site Mgmt.	$552	$211	$350	$256	$479	$495	$551	$337	$258	$267
Insurance	$103	$59	$88	$138	$66	$126	$76	$140	$275	$95
Repairs/Maint.	$735	$433	$352	$269	$588	$416	$568	$457	$692	$409
Admin./Misc.	$129	$127	$219	$83	$161	$276	$215	$341	$642	$111
2 Year Average										
Taxes	$671	$104	$325	$1,246	$709	$342	$238	$934	$382	$816
Prof. Mgmt.		$213	$162	$423	$400	$383	$299	$548	$417	$782
On-Site Mgmt.	$515	$197	$357	$262	$388	$478	$438	$338	$235	$251
Insurance	$101	$60	$83	$123	$66	$127	$75	$120	$254	$90
Repairs/Maint.	$722	$409	$377	$309	$582	$416	$421	$422	$760	$394
Admin./Misc.	$133	$128	$193	$107	$165	$276	$170	$324	$490	$128

Analysis of Sample-2 Year Average

	Low Value	High Value	Mean	Median	Mean-80% Conf.
Taxes	$104	$1,246	$576	$526	$552
Prof. Mgmt.	$162	$782	$403	$400	$383
On-Site Mgmt.	$197	$515	$346	$347	$343
Insurance	$60	$254	$110	$95	$98
Repairs/Maint.	$309	$760	$481	$418	$468
Admin./Misc.	$107	$490	$211	$167	$190

[8] The reader should be aware that there are no reliable institutional data sources that report statistics on operating expenses for this property type such as exist for other, more commonly held investment properties, such as BOMA for office properties and similar source for other property types.

Expense Projections

The data considered is summarized in the following spreadsheets, which report the data from the subject (filtered), the comparable data (unfiltered), and explanatory comments as to the projections made.

Taxes	2010	2011	2012	2013	Comparable Data ($/U)			Projection	
					Low	High	Mean		
Annual	$488	$0	$693	$46,125				$749	/U
Per Unit	$3.97	$0.00	$5.63	$375.00	$104	$1,246	$552		
Current Taxes/Assessments-				NA					

Comment/Analysis: The taxes estimated in the expense statement have been calculated to assume a sale of the subject property within a reasonable range of the value estimated herein, and using the assumed tax rates as specified elsewhere in the report. Estimated Direct Assessments are added to the tax estimated. Historic real estate tax expenses are considered irrelevant to the projection due to the requirements of Proposition 13. Direct assessments include sewer line charges, which are also estimated based on the analysis reported earlier. Refer to Specific Assumptions.

Prof. Mgmt.	2010	2011	2012	2013	Comparable Data ($/U)			Projection	
					Low	High	Mean		
Annual	$24,000	$26,400	$26,400	$30,800				$125	/U
Per Unit	$195.12	$214.63	$214.63	$250.41	$162	$782	$383		
Concluded Prof. Mgmt Charge as percentage of Eff. Gr. Rental Income:					*3.0%*			$15,378	

Comment/Analysis: This expense includes general and administrative costs, supervision of on-site personnel, preparation of reports, overseeing of investment. It is typically reported on a percentage basis and applied to effective gross rental income (not to ancillary income such as reimbursements or laundry income). The above charges are based on a third party contract with a professional management company, and are considered indicative of the charges typically experienced for this service. Professional management charges are estimated as a means of separating the value of the real estate from the value of the owner's investment of time and management expertise. Typically, this expense ranges from 3% to 6% of collected rents, with minimum charges typically in the $6,000 per year range (for a minimal package of services in a smaller property), and totals generally in the $12,000 to $60,000 range (for medium to large properties with sufficient income to support the expense). The reported expense rarely falls below 3% of effective gross site rental income.

On-Site Mgmt.	2010	2011	2012	2013	Comparable Data ($/U)			Projection	
					Low	High	Mean		
Annual	$37,696	$39,042	$44,767	$58,915				$275	/U
Per Unit	$306.47	$317.41	$363.96	$478.98	$197	$515	$343		
Share of Reported Payroll Cost	50%	50%	50%	50%					

Note: Share of Reported Payroll Cost based on percentage allocations reported by property manager.

Comment/Analysis: On-site management consists of all payroll related expenses for the on-site management personnel, and includes salary, rent rebates, payroll taxes, workman's compensation, and fringe benefits. In the projection, on-site management payroll is not allocated between salary and rent, and the projected amount represents a cost that may be allocated between salary and rent rebates in any manner. The historic expense is generally reasonable in light of available market data. The projection is sufficient to provide for 1 full time management employee, considered sufficient for a property of this size and complexity.

Insurance	2010	2011	2012	2013	Comparable Data ($/U)			Projection	
					Low	High	Mean		
Annual	$11,300	$7,499	$6,529	$902				$65	/U
Per Unit	$91.87	$60.97	$53.08	$7.33	$60	$254	$98		
Current Reported Premium:	$8,000	/year	Per Unit:	$65.04					

Comment/Analysis: Insurance expense covers fire, all risk property damage, and public liability. The historic costs are reasonable in relation to the expense comparable data and the current premium. The projection is based on the current premium.

Electricity Expense	2010	2011	2012	2013	Comparable Data ($/U)			Projection
					Low	High	Mean	
Annual	$117,770	$103,373	$96,534	$133,080				$100,000
Per Unit	$957.48	$840.43	$784.83	$1,081.95		See Comments		
Income margin	-18%	-4%	0%	-11%				0%

Comment/Analysis: This expense includes submetered tenant use and park area expenses. Lesser weight is given to the partial year report due to seasonal influences. Projected expense is based on the trend indicated by the historic expense, as market participants tend to look at actual experience in the projection of all utility expenses.

Natural Gas Expense	2010	2011	2012	2013	Comparable Data ($/U) Low	High	Mean	Projection
Annual	$34,114	$34,612	$34,066	$14,522				**$35,000**
Per Unit	$277.35	$281.40	$276.96	$118.07	See Comments			
Income margin	33%	31%	29%	52%				30%

Comment/Analysis: This expense includes submetered tenant use and park area expenses. Lesser weight is given to the partial year report due to seasonal influences. Projected expense is based on the trend indicated by the historic expense, as market participants tend to look at actual experience in the projection of all utility expenses.

Water Expense	2010	2011	2012	2013	Comparable Data ($/U) Low	High	Mean	Projection
Annual	$29,884	$31,544	$34,471	$46,656				**$35,000**
Per Unit	$242.96	$256.46	$280.25	$379.32	See Comments			
Income margin	3%	1%	0%	-15%				0%

Comment/Analysis: This expense includes submetered tenant use and park area expenses. Lesser weight is given to the partial year report due to seasonal influences. Projected expense is based on the trend indicated by the historic expense, as market participants tend to look at actual experience in the projection of all utility expenses.

Trash Expense	2010	2011	2012	2013	Comparable Data ($/U) Low	High	Mean	Projection
Annual	$6,220	$6,753	$6,458	$4,030				**$25,000**
Per Unit	$50.57	$54.90	$52.50	$32.76	See Comments			

Comment/Analysis: This expense includes park area expenses. Projected expense is usually based on the trend indicated by the historic expense, as market participants tend to look at actual experience in the projection of all utility expenses. However, in this property the owner and the provider of trash collection services are related municipal entitities, and it appears that the cost is lower than typical. Based on reported trash collection costs at another mobile home park in Lancaster, it appears that the above estimate is a more realistic expectation looking forward.

Repairs/Maintenance	2010	2011	2012	2013	Comparable Data ($/U) Low	High	Mean	Projection
Annual	$60,289	$105,392	$81,333	$115,003				**$450** /U
Per Unit	$490.15	$856.85	$661.24	$934.98	$309	$760	$468	
Share of Reported Payroll Cost	50%	50%	50%	50%				
Payroll Cost Allocated to R/M	$15,496	$16,592	$17,442	$9,308				

Note: Share of Reported Payroll Cost based on percentage allocations reported by property manager. Operational practices vary between properties, with some developments utilizing employees and some utilizing contractors for routine maintenance and repairs. The allocated payroll is included with maintenance/repairs to allow comparison between properties using different practices. Projected maintenance/repair expenses do not differentiate between payroll and non-payroll expenses, and is based on market expectations for the total expense.

Comment/Analysis: This expense category covers such items as private street and parking area clean-up and repair, periodic clean-up of common areas. Non-recurring expenses are not considered in projecting future expenses. The projection is made on the basis of a typical annual expense, and actual annual expenses will tend to fluctuate significantly about this estimate due to the inclusion of capital expenditures in this category. Based on comparisons with the expense comparables, the annual report from the subject is higher than typical, but this is not unusual for public agency owned properties due to higher payroll expenses and other causes. Greatest consideration is given to market based expenses.

Security/Other Payroll	2010	2011	2012	2013	Comparable Data ($/U) Low	High	Mean	Projection
Annual	$7,275	$7,275	$7,282	$7,200				**$7,250**
Per Unit	$59.15	$59.15	$59.20	$58.54	See Comments			

Comment/Analysis: Projected expense is based on historic costs for monitoring. The cost is very consistent over time.

Administrative/Misc.	2010	2011	2012	2013	Comparable Data ($/U) Low	High	Mean	Projection
Annual	$50,359	$36,553	$47,388	$52,530				**$150** /U
Per Unit	$409.42	$297.18	$385.27	$427.07	$107	$490	$190	

Comment/Analysis: Included in this category are minor and recurring costs such as business license taxes, municipal operating permit expenses, directory listings, legal and accounting expenses, office supplies, and other similar expenditures. Typically, this is a nominal expense. The major expense fluctuation is in local permit fees, which can vary considerably from city to city; and in legal fees for parks that have significant eviction activity or rent control challenges. Very high administrative expenses are reported in the subject, which is fairly common for public agency owned mobile home parks. For the subject, greatest consideration is given to market derived information.

Reserves	2010	2011	2012	2013	Comparable Data ($/U) Low	High	Mean	Projection
Annual	$0	$0	$0	$0				**$50** /U
Per Unit	$0.00	$0.00	$0.00	$0.00	See Comments			

Comment/Analysis: An allowance for reserves is included to provide for the replacement of these items that have an economic life of shorter duration than the improvements as a whole. Typically, these items include street paving and short lived items in the buildings and amenities. Few property owners typically include this expense item, and the historic Repair/Maintenance expenses likely include replacement costs for some items for which reserves are projected.

Market Derived Overall Rate Analysis and Selection

In this market, the most widely used method of converting the estimated net operating income to an indication of value is direct capitalization by market derived overall rate. Market participants rely heavily upon this method.

Overall capitalization rates are derived from the sale of similar properties. The rate is extracted from the sale data by dividing the net income from the sale property by its sales price. The overall rates extracted from the sales described in the Sales Comparison Approach are briefly outlined below:

OVERALL CAPITALIZATION RATE ANALYSIS

SALE #	SUBJECT	1	2	3	4	5
PROPERTY	Desert Sands Estates	Lost Oak Mobile Home Park	Rancho Calimesa Mobile Home Ranch	Royal Palms Mobile Home Park	The Willows	Patrician Park Estates
ADDRESS	45111 25th Street East, Lancaster	9191 San Diego Way, Atascadero	10320 Calimesa Boulevard, Calimesa	560 West Pleasant Avenue, Tulare	2575 S. Willow Avenue, Fresno	34480 County Line Road, Yucaipa
COUNTY	Los Angeles County, CA	San Luis Obispo County, CA	Riverside County, CA	Tulare County, California	Fresno County, CA	San Bernardino, CA
DATE SOLD		Dec-12	May-13	Mar-12	Oct-12	Nov-12
SALES PRICE		$3,375,000	$8,850,000	$4,150,000	$9,400,000	$4,812,500
$/UNIT		$62,037	$42,548	$43,125	$36,154	$35,128
NO. UNITS	123	54	208	96	260	137
OAR		**6.22%**	**6.00%**	**7.14%**	**7.08%**	**6.18%**

In comparing the above sales to the subject property, consideration is given to certain influencing factors including financing, the level of reported rents relative to economic rents, and physical comparability. The analysis of these factors, and how these factors compare to the subject property, is analyzed in the Sales Comparison Approach. Briefly,

Sale No. 1 is the recent sale of a good quality community in a smaller city in the Central Coast area. There was one vacancy at the time of sale. Rents were below market, and this is one of the few cities in the area without a rent control ordinance. However, the buyer intended to raise rents slowly to market over several years.

Sale No. 2 is the recent sale of a large, good quality age restricted community in a secondary location in Southern California. The community includes a number of completed and partially completed vacant sites (incomplete sites not included in total show in table) with excess land upon which additional phases could be developed. There is not a significant market at this time to absorb the future sites, and vacancy has remained constant at the present level for over one year. The seller was an estate and the buyer was a knowledgeable investor who concluded that short term upside existed as a result of the vacant sites and community owned homes. An owner's residence (no income projected) is located within the park, and may be subdivided into apartments if allowed.

Sale No. 3 is the recent sale of a senior restricted park in a mid-sized city in the San Joaquin Valley. The park was stabilized and rents were essentially at market.

Sale No. 4 is a sale involving an MHC in a community with high economic stress and high vacancy in the subject property (21% physical, 25% non-performing). High vacancy has been a long term issue in this property, with 38% vacancy reported at the time of the sellers purchase in 1999 and 24% in 2004. The property is physically attractive and well maintained. The valuation metrics are based on actual occupancy at the time of sale. The property is subject to the stringent Fresno rent control ordinance.

Sale No. 5 is the recent sale of a good quality well maintained community in Yucaipa, CA, a city with an onerous rent control ordinance. The property was stabilized at sale (5 vacancies), which provides for some upside potential.

The subject would be considered a moderately attractive property to the investment market. Positive features include relatively newer age of the development and homes, long term upside from the submarket rent profile, and well maintained appearance. Negative features affecting the perception of the property as an investment include the stringent local rent control ordinance and leases that mimic similar terms.

Based on my analysis of the above data and its relation to the income stream and the physical characteristics of the subject, an appropriate capitalization rate of **7.0%** is estimated.

The Reconstructed Operating Statement and Capitalization of the subjects estimated net operating income is shown below.

Reconstructed Operating Statement and Capitalization of Income

Gross Potential Income:					
MH Space Rental Income	$366	Per Space Per Mo.	100.0%	$539,585	
Income Subject to Vacancy/Collection Loss Allowance:					**$539,585**
Less Vacancy/Collection Loss:		5.00%			**$26,979**
Effective Gross Income (Subtotal):					**$512,606**
Effective Gross Income Projections:					
Utility/Service Income					
Submetered Electricity Inc.	$813	Per Unit (Total)	18.5%	$100,000	
Submetered Gas Inc.	$407	Per Unit (Total)	9.3%	$50,000	
Submetered Water Inc.	$285	Per Unit (Total)	6.5%	$35,000	
CATV Income	$28	Per Unit (Total)	0.6%	$3,500	
Storage Income	$9	Per Unit (Total)	0.2%	$1,100	
Other Income	$65	Per Unit (Total)	1.5%	$8,000	
Subtotal:					**$197,600**
Effective Gross Income (All Sources):					**$710,206**
Projected Expenses:					
Taxes		$431.32	Per Unit	$53,053	
Direct Assessments		$1.50	Per Unit	$185	
Professional Management		3.00%	of Rent EGI	$15,378	
On-Site Mgmt./Service Payroll		$275.00	Per Unit	$33,825	
Insurance		$65.00	Per Unit	$7,995	
Utilities Expense					
Electricity Expense	$813	Per Unit	$100,000		
Natural Gas Expense	$285	Per Unit	$35,000		
Water Expense	$285	Per Unit	$35,000		
Trash Expense	$203	Per Unit	$25,000		
Total Utility Expenses	$1,585	Per Unit		$195,000	
Repairs/Maintenance		$450	Per Unit	$55,350	
Security/Other Payroll		$59	Per Unit	$7,250	
Administrative/Misc.		$150	Per Unit	$18,450	
Reserves		$50	Per Unit	$6,150	
Total Expenses:	$3,192	Per Unit	$1,607	/U W/O Utilities	**$392,635**
Net Operating Income:					**$317,571**
Overall Capitalization Rate:					**7.00%**
Indicated Value:		**$4,536,722**	**rounded to**		**$4,500,000**
Indicated Value Per Unit:					**$36,585**

Sales Comparison Approach

SALE #	SUBJECT	1	2	3	4	5
PROPERTY	Desert Sands Estates	Lost Oak Mobile Home Park	Rancho Calimesa Mobile Home Ranch	Royal Palms Mobile Home Park	The Willows	Patrician Park Estates
ADDRESS	45111 25th Street East, Lancaster	9191 San Diego Way, Atascadero	10320 Calimesa Boulevard, Calimesa	560 West Pleasant Avenue, Tulare	2575 S. Willow Avenue, Fresno	34480 County Line Road, Yucaipa
COUNTY	Los Angeles County, CA	San Luis Obispo County, CA	Riverside County, CA	Tulare County, California	Fresno County, CA	San Bernardino, CA
APN	3150-023-903	045-351-015	413-270-001	169-050-061	481-120-10	0319-233-61
DATE SOLD		Dec-12	May-13	Mar-12	Oct-12	Nov-12
GRANTOR		Tammy S. Ferris; Jill A. Hamblin	Stearns Properties LP	Dowell Trust	De Melo WMHP LLC/Strickler Family Cherry Plaza	Eric Markrud & Co.
GRANTEE		Lost Oak MHP LLC	AVMGH Three Golden Palms, LP	Mark Ingram	Santiago Communities, Inc	CA Patrician MHC LLC
SOURCE		Files, Documents	J. Stearns (Seller), Lender Files, Closing Documents	Files, Documents	Files, Documents	H. Keith (Buyer Rep), Marcus/Millichap (Bkr)
DOCUMENT NO.			2233770	15935		469995
PRICE		$3,375,000	$8,850,000	$4,150,000	$9,400,000	$4,812,500
TERMS		All Cash	All cash to the seller. Sales price includes 14 Community Owned Homes, given nominal value in the sale.	Cash to seller. Sale included 4 notes with agreed value of $10,000, deducted from sales price to indicate price for real property only. Buyer obtained new loan of $2,905,000 at market rate and terms.	Cash to seller	$1,950,000 down to seller note of $2,862,500 at 4%, interest only for 10 years.
CASH EQUIV.		$3,350,000	$8,850,000	$4,140,000	$9,400,000	$4,812,500
$/UNIT		$62,037	$42,548	$43,125	$36,154	$35,128
AGE	24	28	45	47	32	45
QUALITY	Good	Good	Good	Average	Good	Good
CONDITION	Good	Good	Average to Good	Average	Good	Average
SITE AREA (ac)	17.85	4.96	40.24	8.90	37.46	11.90
NO. UNITS	123	54	208	96	260	137
DENSITY	6.89	10.89	5.17	10.79	6.94	11.51
AVG. RENT	$365.57	$515.36	$405.67	$376.13	$457.67	$303.89
POT. GR. INC.	$737,185	$352,705	$1,347,892	$547,454	$1,542,940	$734,676
EFF. GR. INC.	$710,206	$346,026	$1,224,809	$525,789	$1,185,955	$714,692
EXPENSES	$392,635	$137,605	$693,811	$230,074	$520,860	$417,336
NOI	$317,571	$208,421	$530,998	$295,715	$665,095	$297,356
NOI/UNIT	$2,582	$3,860	$2,553	$3,080	$2,558	$2,170
OAR		6.22%	6.00%	7.14%	7.08%	6.18%
MARKET TIME		Not Listed	Closed Auction	3 Months	60 days	>90days
COMMENTS		Rents $150 under market per buyer, with no rent control. Stabilized occupancy, well maintained.	7% physical vacancy at time of sale, 15% of spaces non-performing. Highly amenities senior park, located in area with strong rent controls. Included excess land for future development.	Originally listed at $4,900,000. Sale includes 4 notes with balance of approximately $10,000. Senior (55) park in central valley.	All multisection sites. 21% physical vacancy, 25% non-performing sites. Many vacancies long term. Valuation metrics based on in-place income. Buyer experienced operator and dealer.	Rent control limits increases to 80% of CPI change, no decontrol on vacancy or transfer. Rents substantially below market, but upside limited due to ordinance. Some upside from rental of 5 vacant sites.

Income Based Comparisons

Several income-based comparison tools are available for the analysis of the comparable sales and the manner in which relative rental, gross, and net income measures influence value. These include

- **Effective Gross Income Multiplier (EGIM)**-The multiplier expresses the relationship between Effective Gross Income (Potential Gross Income less Vacancy and Collection Loss) and price or value. This measure tends to be most well supported when the income profile for the comparable properties are similar. This is complicated by a varying level of pass through and direct reimbursements in this property class, as well as income/expense ratios that do not generally vary directly with income.
- **Space Rent Multiplier**-This is a simple analysis in which based on a monthly contract space rent multiplier. This method is not widely used by market participants, but has been shown to be fairly reliable based on a consistent pattern shown in a large number of test examples. Space rent is typically the largest contributor to the income for the property, and this simple analysis avoids the complications of a gross income analysis that includes the other sources of income and is complicated by the various ways in which utility income is reported in different parks. It also avoids issues associated with expense estimates, providing a value indication that is not dependent upon the data and analysis utilized in the Income Approach. As such, this method may be considered oversimplified, but is considered to be a good check against the NOI based analyses below, which rely on a more complex estimate of operating expenses to be reliable. The most significant correlations are occupancy levels, the relationship between contract and market rents for the particular comparable, and the absolute rent.
- **Net Operating Income Per Unit**-The NOI per unit is compared in a bracketing analysis, based on the expectation that there is a direct relationship between the level of NOI and price/value.
- **Income Disparity Analysis-** This analysis is made by comparing the ratio between the net operating income of the subject and of each of the comparables sales in an NOI Disparity Analysis. The ratio that is derived by the subjects NOI divided by each of the comparables NOI (both expressed on a per space basis) is multiplied by the sales price per space of each of the comparables to derive an indicated value per space of the subject. It should be noted that there is some controversy over this method, as it may be correctly pointed out that this is a restatement of the Direct Capitalization, broken down to the unit level of comparison. While this is a valid characterization, the strength of this analysis is that it allows investment oriented properties to be compared on a basis that reflects the reasons for the ownership of this type of property, which is its ability to provide net income to the ownership position. This analysis is not given primary importance in this approach; as to do so would render the Sales Comparison Approach as a restatement of the Income Approach. It is included in this approach primarily as a check on the other analyses utilized.

Each of these analyses provide insight into the varying relationships between price and income based on a more nuanced comparison than available in the Direct Capitalization formulation of the Income Approach by isolating the various comparisons.

These relationships are analyzed in the following spreadsheets.

EFFECTIVE GROSS INCOME (EGI) MULTIPLIER						
SALE #	**SUBJECT**	**1**	**2**	**3**	**4**	**5**
EFF. GR. INC.	$710,206	$346,026	$1,224,809	$525,789	$1,185,955	$714,692
OCCUPANCY	100%	98%	88%	95%	75%	97%
EGIM		9.7	7.2	7.9	7.9	6.7
EXPENSE RATIO	55%	40%	57%	44%	44%	58%
INDICATED VALUE		$6,875,753	$5,131,674	$5,592,074	$5,629,164	$4,782,291
IND. VALUE/UNIT		$55,900	$41,721	$45,464	$45,766	$38,880
RANGE OF INDICATIONS:		**$38,880**	**to**	**$55,900**	**Avg./Mean:**	**$45,546**

AVERAGE SPACE RENT MULTIPLIER						
SALE #	**SUBJECT**	**1**	**2**	**3**	**4**	**5**
AVG. RENT	$365.57	$515.36	$405.67	$376.13	$457.67	$303.89
OCCUPANCY	100%	98%	88%	95%	75%	97%
MULTIPLIER		120.4	104.9	114.7	79.0	115.6
EXPENSE RATIO	55%	40%	57%	44%	44%	58%
INDIC. VALUE		$44,006	$38,342	$41,914	$28,878	$42,258
RANGE OF INDICATIONS:		**$28,878**	**to**	**$44,006**	**Avg./Mean:**	**$39,080**

NOI PER UNIT BRACKETING COMPARISON						
SALE #	**SUBJECT**	**1**	**2**	**3**	**4**	**5**
NOI/UNIT	$2,582	$3,860	$2,553	$3,080	$2,558	$2,170
$/UNIT		$62,037	$42,548	$43,125	$36,154	$35,128
RANGE OF INDICATIONS:		**$35,128**	**to**	**$42,548**		

COMMENTS: The comparable sales with the most similar levels of NOI on a per space basis as compared to the subject are Sale Nos.2, 4, and 5, which bracket the subject.

NOI PER UNIT DISPARITY ANALYSIS						
SALE #	**SUBJECT**	**1**	**2**	**3**	**4**	**5**
NOI/UNIT	$2,582	$3,860	$2,553	$3,080	$2,558	$2,170
NOI/U RATIO		0.67	1.01	0.84	1.01	1.19
IND. VALUE/UNIT		$41,499	$43,031	$36,146	$36,490	$41,786
RANGE OF INDICATIONS:		**$36,146**	**to**	**$43,031**	**Avg./Mean:**	**$39,791**

Physical Comparisons

SALES COMPARISON ADJUSTMENT GRID						
SALE #	**SUBJECT**	**1**	**2**	**3**	**4**	**5**
PROPERTY	Desert Sands Estates	Lost Oak Mobile Home Park	Rancho Calimesa Mobile Home Ranch	Royal Palms Mobile Home Park	The Willows	Patrician Park Estates
ADDRESS	45111 25th Street East, Lancaster	9191 San Diego Way, Atascadero	10320 Calimesa Boulevard, Calimesa	560 West Pleasant Avenue, Tulare	2575 S. Willow Avenue, Fresno	34480 County Line Road, Yucaipa
COUNTY	Los Angeles County, CA	San Luis Obispo County, CA	Riverside County, CA	Tulare County, California	Fresno County, CA	San Bernardino, CA
$/UNIT		$62,037	$43,229	$43,229	$36,154	$35,128
AVG. RENT	$366	$515	$406	$376	$458	$304
RATIO		120	107	115	79	116
COMPARISONS:						
Property Rights	Fee	Fee	Fee	Fee	Fee	Fee
Comparison		Similar	Similar	Similar	Similar	Similar
Adjustment-		0%	0%	0%	0%	0%
Conditions of Sale	Market	Market	Market	Market	Market	Market
Comparison:		Similar	Similar	Similar	Similar	Similar
Adjustment-		0%	0%	0%	0%	0%
Market Conditions	Current	Dec-12	May-13	Mar-12	Oct-12	Nov-12
Comparison		Similar	Similar	Similar	Similar	Similar
Adjustment-		0%	0%	0%	0%	0%
Supply/Demand	Balance	Balance	Balance	Balance	Balance	Balance
Comparison		Similar	Similar	Similar	Similar	Similar
Adjustment-		0%	0%	0%	0%	0%
Local Housing Cost	$154,000	$297,000	$168,000	$105,700	$155,000	$210,000
Location Comparison		Superior	Similar	Inferior	Similar	Superior
Adjustment-		-15%	0%	10%	0%	-10%
Density (du/ac)	6.89	10.89	5.17	10.79	6.94	11.51
Comparison		Inferior	Similar	Inferior	Similar	Inferior
Adjustment-		3%	0%	3%	0%	3%
Design/Quality/Appeal	Good	Good	Good	Average	Good	Good
Comparison		Similar	Similar	Inferior	Similar	Similar
Adjustment-		0%	0%	4%	0%	0%
Amenities	Pool, Spa, Sauna, Clubhouse	Pool, Spa, Clubhouse	Pool, Spa, Clubhouse, Shuffleboard	Pool, Clubhouse	Pool, Spa, Clubhouse	Clubhouse, Pool, Spa
Comparison		Similar	Similar	Similar	Similar	Similar
Adjustment-		0%	0%	0%	0%	0%
Occupancy	100%	100%	93%	98%	79%	97%
Comparison		Similar	Similar	Similar	Inferior	Similar
Adjustment-		0%	0%	0%	15%	0%
Single/RV Spaces Mix	0%	9%	0%	56%	0%	25%
Comparison		Similar	Similar	Inferior	Similar	Inferior
Adjustment-		0%	0%	5%	0%	3%
Physical Condition	Good	Good	Average to Good	Average	Good	Average
Comparison		Similar	Inferior	Inferior	Similar	Inferior
Adjustment-		0%	2%	4%	0%	4%
Rent Control	Yes	No	Yes	No	Yes	Yes
Adjustment-		-10%	0%	-10%	0%	0%
Note: Rent control adj. based on impact on reported rents; i.e.: the difference between reported and market rents for the comparable relative to the impact on the subject where affected.						
Cumulative Adj.		**-22%**	**2%**	**16%**	**15%**	**0%**
Indicated Value/Unit		**$48,389**	**$44,094**	**$50,146**	**$41,577**	**$35,128**
CONCLUDED RANGE OF INDICATIONS:		**$35,128**	**to**	**$50,146**	**Avg./Mean:**	**$43,867**

The use of dollar or percentage adjustments in an adjustment grid format is not considered a significantly reliable method of comparison for properties that are typically purchased by the investor market. This type of analysis is considered to be an ill-supported analysis that does not reflect the actions of the marketplace. This method has significant weakness', including the fact that individual adjustments for physical differences are seldom supportable by "matched pair comparison" or other means to eliminate the arbitrary nature of most adjustments. The breakdown of the subject and comparable properties into individual components for an adjustment grid analysis also denies the compounding effect of various combinations of physical features, in which certain combinations of positive or negative features create value adjustments in excess of the contributory value that might be added for the individual feature. In addition, the application of specific adjustments to this process of comparison creates the impression of extreme levels of precision or accuracy in valuation, a situation that simply does not exist in the marketplace. Most importantly, participants in the market do not employ this method of valuation. However unreliable, an adjustment grid is an expectation of many readers of appraisal reports, and was included for this reason.

Reconciliation

The comparisons utilized provide the following ranges of indicated values:

SUMMARY OF COMPARISONS-PER UNIT BASIS	Low Indication	Mean	High Indication
AVG. SP. RENT MULT.	$28,878	$39,080	$44,006
EFF. GR. INC. MULT.	$38,880	$45,546	$55,900
NOI/UNIT COMPARISON	$35,128		$42,548
INCOME DISPARITY	$36,146	$39,791	$43,031
PHYSICAL COMPARISON	$35,128	$43,867	$50,146
ABS. VALUE RANGE/UNIT	$28,878		$55,900
AVG. VALUE RANGE/UNIT	$34,832	$42,071	$47,126
IND. VALUE RANGE/UNIT	**$35,000**	**to**	**$38,000**
VALUE RANGE	**$4,310,000**	**$5,170,000**	**$4,670,000**
CONCLUDED VALUE		**$4,400,000**	

Appraisal theory, and current interpretations of USPAP, recognizes that the income-based comparisons are less independent indicators than the physical feature based comparison due to the linking of the income based comparisons to the methodology employed and its basis in the Income Approach. For this reason, strong reliance in this approach is placed upon the value range indicated by the bracketing methodology involving physical features is reported above[9]. In general, the income based comparisons generally support the value indications provided by the physical bracketing comparison.

The area of convergence between the disparate indicators is shown in the table above. This is concluded to provide an appropriate range of indications for the subject using this approach.

[9] This is not to say that the physical feature based comparisons provide a more reliable indication of value, only one that is independent of the analysis contained in a different approach. The relative reliability of the two approaches is analyzed in the Final Reconciliation.

Reconciliation of Value Indications

Three approaches to value are typically considered in the appraisal process.

The Cost Approach was not considered to have sufficient support to be included as a reliable approach to value for this property type.

The Income Approach is considered to be a reliable indicator of value for properties that are typically investor owned and leased. The subject is in this category. Five rental comparables were analyzed to estimate the economic income levels for the subject. Contract income is considered in the projection of income due to market preferences for capitalizing proven income. Expense data was felt to be reliable. In the Direct Capitalization, five sales of similar properties were analyzed to provide a market derived overall capitalization rate. The indication of value is well supported by the comparable sales. Overall, the data used in the Income Approach was considered to be reliable and applicable to the subject property.

The Sales Comparison Approach is considered to represent a reliable method of valuation when the physical descriptions and the characteristics of the income streams of the comparable sales and the subject property are similar. The subject and the comparable sales are somewhat varied as to location, physical description, income earning potential, and expense characteristics. This approach is useful as an indication of the prices that the market has been willing to pay for manufactured housing communities, but due to the limited reliance placed by this market on physical features as a determinant of value, the Sales Comparison Approach is limited to a supporting role in the valuation of manufactured housing communities. The income-based comparisons provide the best indications of value from within this approach, but since there is crossover between these analyses and the Income Approach, the independence of the most reliable comparisons is limited.

In summary, I have placed the greatest level of reliance on the Income Approach, with secondary support from the Sales Comparison Approach.

The following conclusions are considered well supported as the market value indication the subject property.

Reconciliation of Approaches

Cost Approach	**Not Considered**
Income Approach	**$4,500,000**
Sales Comparison Approach	**$4,400,000**
Estimated Market Value	**$4,500,000**
Effective Date of Appraisal	**August 22, 2013**

Appendix 2 - Use Value to 501C3 Non-Profit Corporation

A market trend that has become common in California is market participation by non-profit corporations who purchase mobile home parks to assist local government to help maintain the supply of affordable housing in the community. Several non-profit groups are currently participating in this market, and the number of parks purchased has become a small, but notable part of the mobile home park purchase market. Local government agencies assist the non-profit by granting concessions, providing subsidies, and government bond financing. Further, the non-profit agency is typically exempt from many real estate taxes (but not direct assessments), with the reduction based on the number of park residents who meet certain income qualification standards. Since these agencies are by definition non-profit, the manner in which these market participants value the parks becomes a significant consideration in the valuation of this product.

This value is intended to indicate the price that a non-profit 501c3 corporation would pay by simulating the analysis that is used by these purchasers to determine price. The non-profit reports slightly different operating expenses than do typical investors. The non-profit does not pay the full amount of real estate taxes that would be charged following a Proposition 13 sale adjustment (typically), but does usually pay all direct assessments. The discount is based on the percentage of residents who meet target income levels established by the State of California. The claim must be supported by evidence taken from the residents as to their family income levels. For this property, the managers estimate that 50% of the residents will meet that threshold, resulting in a 50% reduction in the ad valorem taxes from the amount that would result from a Proposition 13 sale readjustment. If this estimate were to be incorrect, the "value in use" estimated herein could change significantly.

In addition, management fees tend to be higher, and typically include a fee to the non-profit for its costs in managing the program and overseeing the professional management of the park. These fees are often subordinate to other operating expenses or debt, and in some instances the 501c3 corporation will only charge the fee when there is sufficient cash flow after operating expenses and debt coverage to pay the fee.

These changes are noted in the NOI calculations shown below.

The method of processing this into an indication of the price that the non-profit is willing to pay is based upon debt coverage, not income capitalization. The debt coverage ratio is reported to range from a low of 1.05 to 1.30, as reported by the analysts for several non-profits who were interviewed. I have used 1.20 in this analysis.

The supportable debt is based on approximate current terms for this type of a purchase money mortgage bonds (35 year amortization, 6.1% blended interest cost) that are typically used to support these acquisitions, at 100% of the acquisition price. The terms noted are taken from recent bond issues in support of this type of market activity and proposals made for the bond issue to purchase the subject. There are additional expenses associated with the purchase and bond issuance that are usually added to the purchase price. These costs include bond counsel fees, underwriting fees, due diligence costs, third party reports (appraisal, environmental, title, engineering, etc.) that must be deducted from the bond amount to reach a purchase price that the non-profit can afford to pay. These costs are limited to 2% of the bonds. I have based the projection on 2% of the sales price.

The restated operating statement and debt calculations are shown below:

501C3 USE VALUE CALCULATIONS

Effective Gross Income (All Sources):	(From Income Projections)			$710,206
Effective Gross Income (All Sources):	(From Income Projections)			$392,635
Net Operating Income to Investor Owner				$317,571
Less: Non-Profit Management & Oversight Fee ($250/U)				($30,750)
Add: Property Tax Reduction-Estimated Credit:	50.0%			$26,526
NOI to 501C3 Corporation				$313,347
Projected Debt Coverage Ratio		1.2		
NOI Available for Debt Repayment		$261,122		
Projected Interest Rate on Bonds		6.10%		
Amortization Period (Years)		35		
Mortgage Constant		0.06978458		
Supportable Debt		$3,741,835		
Less Transaction Costs		$74,000		
Indicated Value in Use to Non-Profit 501C3 Corporation		**$3,667,835**	rounded to	**$3,700,000**
Indicated OAR		**8.54%**		

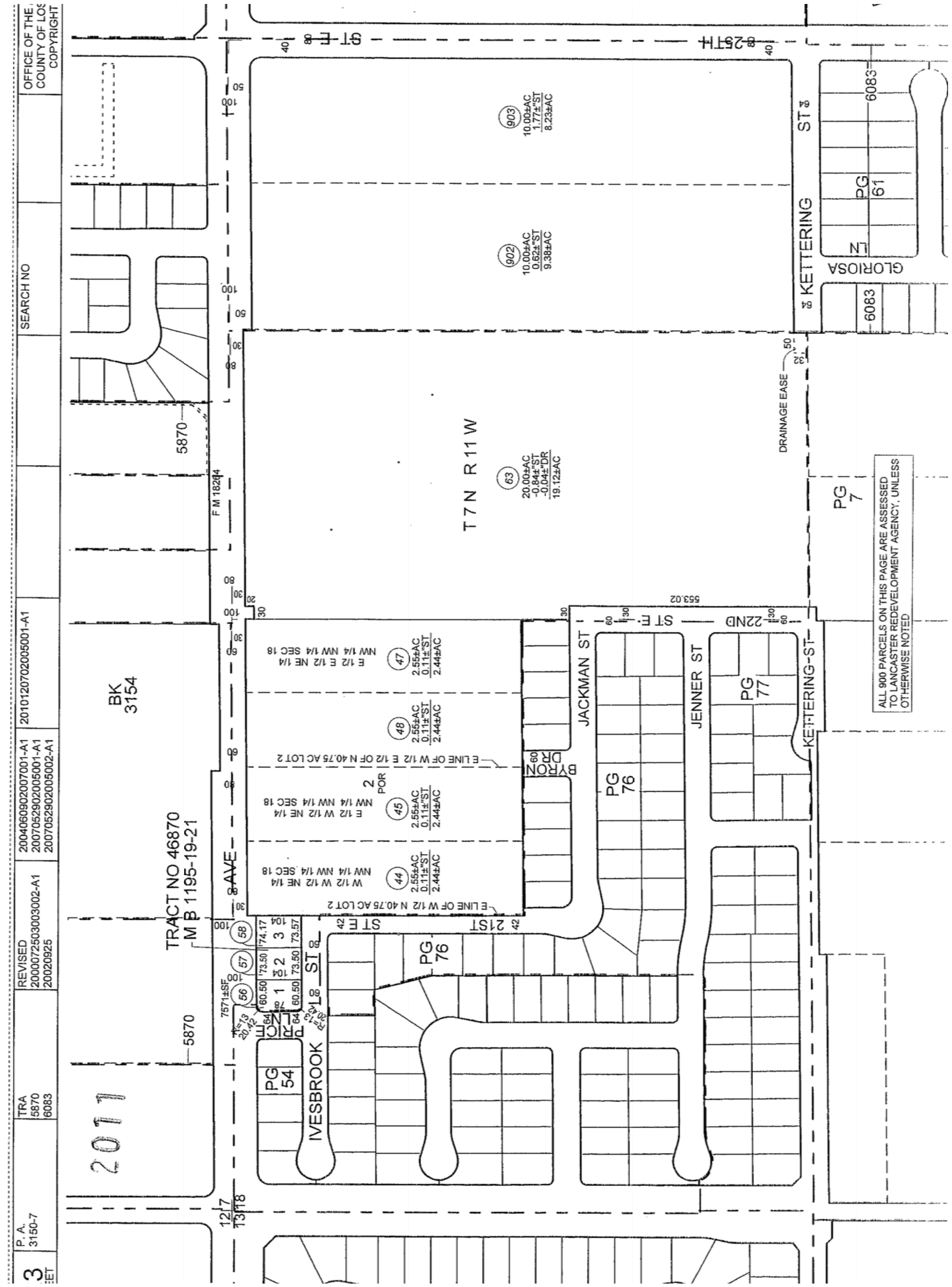
This is not an estimate of market value, but the value indicated has become increasingly important in this particular property type due to the large number of transactions that are being seen utilizing this form of ownership. In California today, 501C3 corporations compete directly with other, more typical buyers to purchase mobile home parks that are offered for sale, indicating the influential nature of these transactions in the market as a whole, and demonstrating that such purchasers are a significant part of the market for mobile home parks.

ADDENDA

REGIONAL MAP

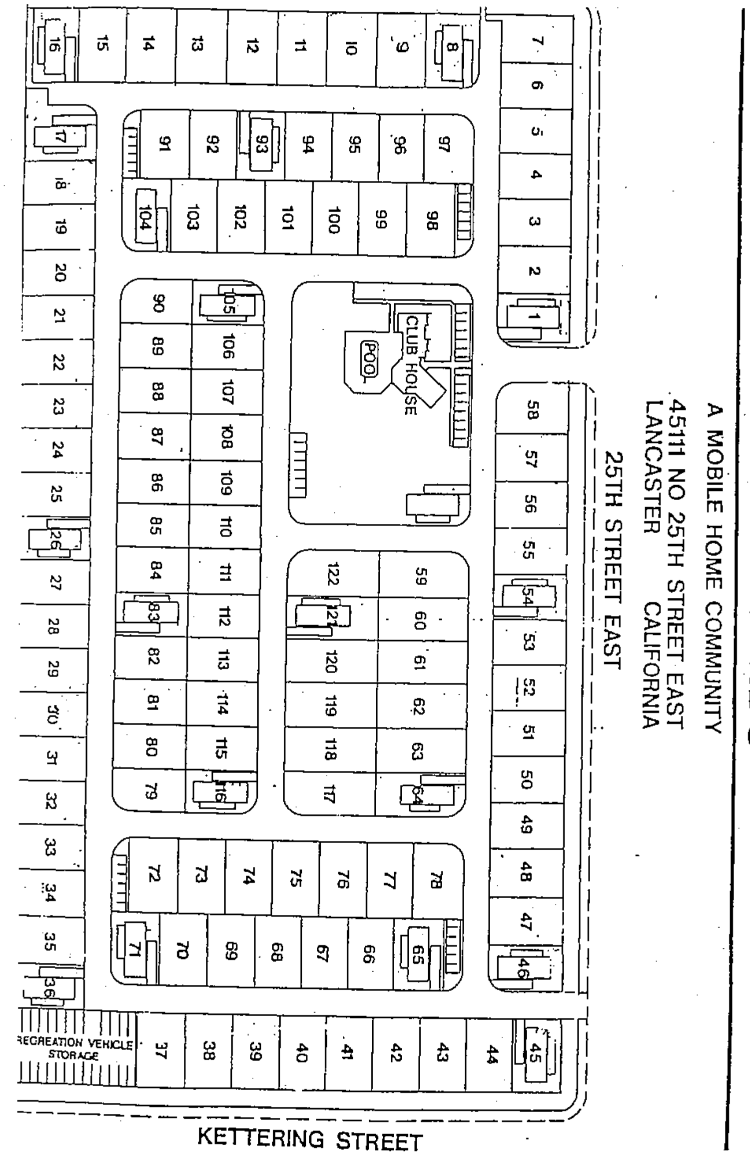
NEIGHBORHOOD MAP

PARCEL MAP



T 7 N R 11 W
BK 3154
TRACT NO 46870
M B 1195-19-21
JACKMAN ST
JENNER ST
IVESBROOK ST
KETTERING ST
GLORIOSA LN
ALL 900 PARCELS ON THIS PAGE ARE ASSESSED TO LANCASTER REDEVELOPMENT AGENCY, UNLESS OTHERWISE NOTED

SITE PLAN


DESERT SANDS
A MOBILE HOME COMMUNITY
4511 NO 25TH STREET EAST
LANCASTER CALIFORNIA
25TH STREET EAST
KETTERING STREET
CLUB HOUSE
POOL
RECREATION VEHICLE STORAGE

LOCATION MAPS & PHOTOGRAPHS

SATELLITE MAP OF NEIGHBORHOOD

SATELLITE MAP OF SUBJECT

ENTRANCE TO SUBJECT FROM 25TH STREET EAST

ASSEMBLY/LOUNGE AREA

RECREATION CENTER

KITCHEN

BILLIARDS

SAUNA

FITNESS ROOM

REAR OF RECREATION CENTER

POOL

PLAYGROUND

SPA

BALL COURT

RV STORAGE

TYPICAL STREET SCENE IN COMMUNITY

TYPICAL STREEET SCENE IN COMMUNITY

TYPICAL STREET SCENE IN COMMUNITY

STREET VIEW NORTH ON 25TH STREET EAST, SUBJECT TO LEFT

STREET VIEW SOUTH ON 25TH STREET EAST, SUBJECT TO RIGHT

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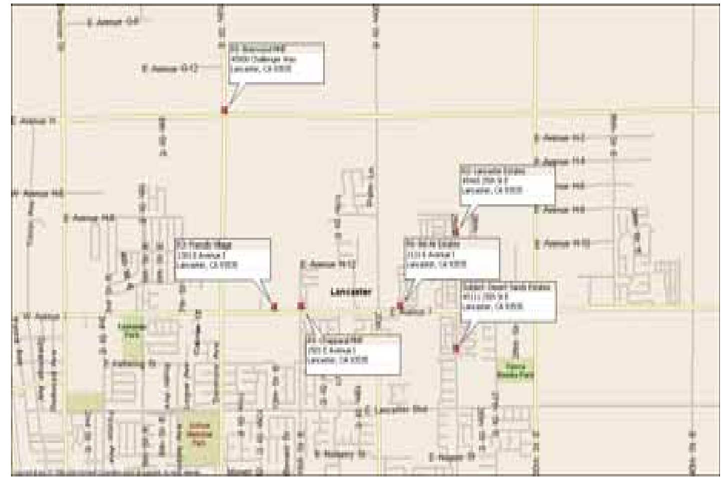
RENTAL COMPARABLES



COMPARABLE RENTAL DATA LOCATION MAP

RENTAL 2-LANCASTER ESTATES


RENTAL 3-FRIENDLY VILLAGE


RENTAL 5-BRIERWOOD MHE


RENTAL 4-CHAPPARAL MHP


RENTAL 6-BEL AIR ESTATES

SALE COMPARABLES

COMPARABLE SALES DATA LOCATION MAP


SALE 1- LOST OAK MHP


SALE 2- RANCHO CALIMESA MOBILE HOME RANCH


SALE 4- THE WILLOWS


SALE 3- ROYAL PALMS MHP


SALE 5- PATRICIAN PARK ESTATES

EXCERPTS FROM PRELIMINARY TITLE REPORT

Fidelity National Title Company

PRELIMINARY REPORT

In response to the application for a policy of title insurance referenced herein, ***Fidelity National Title Company*** *hereby reports that it is prepared to issue, or cause to be issued, as of the date hereof, a policy or policies of title insurance describing the land and the estate or interest therein hereinafter set forth, insuring against loss which may be sustained by reason of any defect, lien or encumbrance not shown or referred to as an exception herein or not excluded from coverage pursuant to the printed Schedules, Conditions and Stipulations or Conditions of said policy forms.*

The printed Exceptions and Exclusions from the coverage and Limitations on Covered Risks of said policy or policies are set forth in Attachment One. The policy to be issued may contain an arbitration clause. When the Amount of Insurance is less than that set forth in the arbitration clause, all arbitrable matters shall be arbitrated at the option of either the Company or the Insured as the exclusive remedy of the parties. Limitations on Covered Risks applicable to the CLTA and ALTA Homeowner's Policies of Title Insurance which establish a Deductible Amount and a Maximum Dollar Limit of Liability for certain coverages are also set forth in Attachment One. Copies of the policy forms should be read. They are available from the office which issued this report.

This report (and any supplements or amendments hereto) is issued solely for the purpose of facilitating the issuance of a policy of title insurance and no liability is assumed hereby. If it is desired that liability be assumed prior to the issuance of a policy of title insurance, a Binder or Commitment should be requested.

The policy(s) of title insurance to be issued hereunder will be policy(s) of Fidelity National Title Insurance Company, a California Corporation.

Please read the exceptions shown or referred to herein and the exceptions and exclusions set forth in Attachment One of this report carefully. The exceptions and exclusions are meant to provide you with notice of matters which are not covered under the terms of the title insurance policy and should be carefully considered.

It is important to note that this preliminary report is not a written representation as to the condition of title and may not list all liens, defects and encumbrances affecting title to the land.

Countersigned by:

Authorized Signature

SEAL

BY President

ATTEST Secretary

Authorized Signature

Fidelity National Title Company
1300 Dove Street, Suite 310, Newport Beach, CA 92660
Phone: (949) 622-5000• Fax: (949) 477-6813

PRELIMINARY REPORT

Title Officer: David James (MA) Order No.: 997-**23011291**-DJ1

TO:

The Caritas Corporation
5520 Trabuco
Irvine, CA 92620

ATTN: .**Peter Inman**
YOUR REFERENCE:

PROPERTY ADDRESS: 45111 25th Street East, Lancaster, CA

EFFECTIVE DATE: June 29, 2012 at 7:30 a.m.

The form of policy or policies of title insurance contemplated by this report is:

CLTA Std. Owner's

1. THE ESTATE OR INTEREST IN THE LAND HEREINAFTER DESCRIBED OR REFERRED TO COVERED BY THIS REPORT IS:

   A FEE

2. TITLE TO SAID ESTATE OR INTEREST AT THE DATE HEREOF IS VESTED IN:

   LANCASTER REDEVELOPMENT AGENCY, a public body, corporate and politic

3. THE LAND REFERRED TO IN THIS REPORT IS DESCRIBED AS FOLLOWS:

   See Exhibit A attached hereto and made a part hereof.

PS/aag 07/18/12

LEGAL DESCRIPTION

EXHIBIT “A”

THE LAND REFERRED TO HEREIN BELOW IS SITUATED IN THE CITY OF LANCASTER, COUNTY OF LOS ANGELES, STATE OF CALIFORNIA, AND IS DESCRIBED AS FOLLOWS:

PARCEL 1:

THE EAST HALF OF THE EAST HALF OF THE NORTH HALF OF LOT 1 IN THE NORTHWEST QUARTER OF SECTION 18, TOWNSHIP 7 NORTH, RANGE 11 WEST, SAN BERNARDINO MERIDIAN, IN THE CITY OF LANCASTER, COUNTY OF LOS ANGELES, STATE OF CALIFORNIA, ACCORDING TO THE OFFICIAL PLAT OF SAID LAND.

PARCEL 2:

THE WEST HALF OF THE EAST HALF OF THE NORTH HALF OF LOT 1 IN THE NORTHWEST QUARTER OF SECTION 18, TOWNSHIP 7 NORTH, RANGE 11 WEST, SAN BERNARDINO MERIDIAN, IN THE CITY OF LANCASTER, COUNTY OF LOS ANGELES, STATE OF CALIFORNIA, ACCORDING TO THE OFFICIAL PLAT OF SAID LAND.

EXCEPT ANY PART INCLUDED IN COUNTY ROADS.

EXCEPT OIL, GAS, HYDROCARBON SUBSTANCES AND MINERALS OF EVERY KIND AND CHARACTER LYING MORE THAN FIVE HUNDRED (500) FEET BELOW THE SURFACE, TOGETHER WITH THE RIGHT TO DRILL INTO, THROUGH AND TO USE AND OCCUPY ALL PARTS OF THE PROPERTY LYING MORE THAN FIVE HUNDRED (500) FEET BELOW THE SURFACE THEREOF FOR ANY AND ALL PURPOSES INCIDENTAL TO THE EXPLORATION FOR AND PRODUCTION OF OIL, GAS, HYDROCARBON SUBSTANCES OR MINERALS FROM SAID PROPERTY OR OTHER LANDS, BUT WITHOUT, HOWEVER, ANY RIGHT TO USE EITHER THE SURFACE OF THE PROPERTY OF ANY PORTION THEREOF WITHIN FIVE HUNDRED (500) FEET OF THE SURFACE FOR ANY PURPOSE PURPOSES WHATSOEVER, OR TO USE THE PROPERTY IN SUCH A MANNER AS TO CREATE A DISTURBANCE TO THE USE OR ENJOYMENT OF THE PROPERTY, AS RESERVED BY LANCASTER HOUSING AUTHORITY, A PUBLIC BODY CORPORATE AND POLITIC BY DEED RECORDED NOVEMBER 26, 1997 AS INSTRUMENT NO. 97-1874568.

APN: 3150-023-903 AND 3150-023-902

AT THE DATE HEREOF, ITEMS TO BE CONSIDERED AND EXCEPTIONS TO COVERAGE IN ADDITION TO THE PRINTED EXCEPTIONS AND EXCLUSIONS IN SAID POLICY FORM WOULD BE AS FOLLOWS:

1. Property taxes, which are a lien not yet due and payable, including any assessments collected with taxes to be levied for the fiscal year 2012-2013.

2. General and Special City and/or County Taxes, Bonds or Assessments which may become due on said land, if and when title to said land is no longer vested in a governmental or quasigovernmental agency.

   Tax Parcel(s) for said land are currently shown as: 3150-023-902 and 903.

3. The lien of supplemental taxes, if any, assessed pursuant to the provisions of Chapter 3.5 (Commencing with Section 75) of the Revenue and Taxation Code of the State of California.

4. Water rights, claims or title to water, whether or not disclosed by the public records.

5. Easement(s) for the purpose(s) shown below and rights incidental thereto as set forth in a document:

   Purpose: Public road and highway
   Recording No: Book 6390, Page 134, of Deeds
   Affects: The North 30 feet of Parcel 1

6. Easement(s) for the purpose(s) shown below and rights incidental thereto, as granted in a document:

   Granted to: Southern California Edison Company, a Corporation
   Purpose: Public utilities
   Recording Date: April 18, 1963
   Recording No: 5388, Book D-1997, Page 233, of Official Records
   Affects: The Southerly 10 feet of the Northerly 47 feet of Parcel 2

7. Easement(s) for the purpose(s) shown below and rights incidental thereto, as granted in a document:

   Granted to: Southern California Edison Company, a Corporation
   Purpose: Public utilities
   Recording Date: January 22, 1964
   Recording No: 4679, of Official Records
   Affects: The Southerly 10 feet of the Northerly 47 feet of Parcel 1

8. Easement(s) for the purpose(s) shown below and rights incidental thereto, as granted in a document:

   Granted to: Karl P. Hartwig, Mary Lou Hartwig, Julius H. Hartwig, Mavis Hartwig, Evelyn J. Hartwig and Alvin O. Hartwig
   Purpose: Public road and highway
   Recording Date: April 9, 1971
   Recording No: 3372, of Official Records
   Affects: The Northerly 50 feet, the Westerly 32 feet and the Southerly 32 feet of Parcel 2

9. Matters contained in that certain document

   Entitled: Declaration and Grant of Easements
   Executed by: Karl P. Hartwig, Mary Lou Hartwig, Julius H. Hartwig, Mavis Hartwig, Evelyn J. Hartwig and Alvin O. Hartwig
   Recording Date: April 9, 1971
   Recording No: 3373, of Official Records

   Reference is hereby made to said document for full particulars.

10. Matters contained in that certain document

    Entitled: The Effect of a Drainage Acceptance
    Executed by: Daniel and Michael Chioles
    Recording Date: January 5, 1987
    Recording No: 87-7885, of Official Records

    Reference is hereby made to said document for full particulars.

11. Easement(s) for the purpose(s) shown below and rights incidental thereto, as granted in a document:

    Granted to: City of Lancaster
    Purpose: Public road and highway
    Recording Date: May 26, 1988
    Recording No: 88-842227, of Official Records
    Affects: A portion of said land

    Reference is hereby made to said document for full particulars.

12. Easement(s) for the purpose(s) shown below and rights incidental thereto, as granted in a document:

    Granted to: City of Lancaster
    Purpose: Sanitary sewer
    Recording Date: May 26, 1988
    Recording No: 88-843243, of Official Records
    Affects: A portion of said land

    Reference is hereby made to said document for full particulars.

13. Easement(s) for the purpose(s) shown below and rights incidental thereto, as granted in a document:

    Granted to: General Telephone Company of California, a Corporation
    Purpose: Public utilities
    Recording Date: July 18, 1988
    Recording No: 88-1124401, of Official Records
    Affects: Said land

    Reference is hereby made to said document for full particulars.

14. Easement(s) for the purpose(s) shown below and rights incidental thereto, as granted in a document:

    Granted to: Los Angeles County Waterworks District No. 4
    Purpose: Detector check meter
    Recording Date: April 12, 1990
    Recording No: 90-692894, of Official Records
    Affects: A portion of said land

    Reference is hereby made to said document for full particulars.

15. Covenants, conditions and restrictions but omitting any covenants or restrictions, if any, including but not limited to those based upon race, color, religion, sex, sexual orientation, familial status, marital status, disability, handicap, national origin, ancestry, source of income, gender, gender identity, gender expression, medical condition or genetic information, as set forth in applicable state or federal laws, except to the extent that said covenant or restriction is permitted by applicable law, as set forth in the document

Recording Date:	November 26, 1997
Recording No:	97-1874568, of Official Records

Said covenants, conditions and restrictions provide that a violation thereof shall not defeat the lien of any mortgage or deed of trust made in good faith and for value.

16. Matters contained in that certain document

Entitled:	Regulatory Agreement and Declaration of Restrictive Covenants
Dated:	November 1, 1997
Executed by:	Lancaster Redevelopment Agency, a public body, corporate and politic, First Trust National Association, a national banking association and Caritas Affiliated Corporation No. 1
Recording Date:	November 26, 1997
Recording No:	97-1874569, of Official Records

Reference is hereby made to said document for full particulars.

17. A deed of trust to secure an indebtedness in the amount shown below,

Amount:	$3,320,000.00
Dated:	November 25, 1997
Trustor/Grantor	Caritas Affiliated Corporation No. 1, a California nonprofit public benefit corporation
Trustee:	First Trust National Association, a national banking association
Beneficiary:	The Lancaster Redevelopment Agency, a public body, corporate and politic
Recording Date:	November 26, 1997
Recording No:	97-1874570, of Official Records

18. A deed of trust to secure an indebtedness in the amount shown below,

Amount:	$400,000.00
Dated:	November 25, 1997
Trustor/Grantor	Caritas Affiliated Corporation No. 1, a California non-profit corporation
Trustee:	Dr. Michael A. Harris
Beneficiary:	The Lancaster Housing Authority, a public body, corporate and politic
Recording Date:	November 26, 1997
Recording No:	97-1874571, of Official Records

19. Matters contained in that certain document

Entitled:	Cable Television Installation Agreement
Executed by:	Caritas Affiliated Corporation No. 1, a California corporation and Jones Communications of California, Inc a Colorado corporation d/b/a Jones Intercable
Recording Date:	March 30, 1999
Recording No:	99-0534268, of Official Records

Reference is hereby made to said document for full particulars.

20. Any rights of the parties in possession of a portion of, or all of, said Land, which rights are not disclosed by the public records.

The Company will require, for review, a full and complete copy of any unrecorded agreement, contract, license and/or lease, together with all supplements, assignments and amendments thereto, before issuing any policy of title insurance without excepting this item from coverage.

The Company reserves the right to except additional items and/or make additional requirements after reviewing said documents.

21. Any easements not disclosed by the public records as to matters affecting title to real property, whether or not said easements are visible and apparent.

END OF ITEMS

NOTES

WIRING INSTRUCTIONS

TO:	**FNT - Major Accounts - Title Department** **1300 Dove Street, Suite 310** **Newport Beach, CA 92660**
BANK:	**Wells Fargo Bank** **420 Montgomery** **San Francisco, CA 94104**
ROUTING NO:	**121000248**
ACCOUNT NO:	**4123824971**

PLEASE REFER TO OUR ORDER NO.: 997-**23011291**-DJ1

ESCROW OFFICER:	**Major Accounts OAC**
TITLE ORDER NO.**:**	**23011291-DJ**

Note: The Company is not aware of any matters which would cause it to decline to attach CLTA Endorsement Form 116 indicating that there is located on said Land a commercial property, known as 45111 25th Street East, Lancaster, CA, to an Extended Coverage Loan Policy.

Note: There are NO conveyances affecting said Land recorded within 24 months of the date of this report.

END OF NOTES

OWNER'S DECLARATION

The undersigned hereby declares as follows:

1. (Fill in the applicable paragraph and strike the other)

   a. Declarant ("Owner") is the owner or lessee, as the case may be, of certain premises located at ____, further described as follows: See Preliminary Report/Commitment No. 997-**23011291**-DJ1 for full legal description (the "Land").

   b. Declarant is the ___________________________ of ___________________________________ ("Owner"), which is the owner or lessee, as the case may be, of certain premises located at ____, further described as follows: See Preliminary Report/Commitment No. 997-**23011291**-DJ1 for full legal description (the "Land").

2. (Fill in the applicable paragraph and strike the other)

   a. During the period of six months immediately preceding the date of this declaration no work has been done, no surveys or architectural or engineering plans have been prepared, and no materials have been furnished in connection with the erection, equipment, repair, protection or removal of any building or other structure on the Land or in connection with the improvement of the Land in any manner whatsoever.

   b. During the period of six months immediately preceding the date of this declaration certain work has been done and materials furnished in connection with ____ upon the Land in the approximate total sum of $__________, but no work whatever remains to be done and no materials remain to be furnished to complete the construction in full compliance with the plans and specifications, nor are there any unpaid bills incurred for labor and materials used in making such improvements or repairs upon the Land, or for the services of architects, surveyors or engineers, except as follows: ____. Owner, by the undersigned Declarant, agrees to and does hereby indemnify and hold harmless Fidelity National Title Insurance Company against any and all claims arising therefrom.

3. Owner has not previously conveyed the Land; is not a debtor in bankruptcy (and if a partnership, the general partner thereof is not a debtor in bankruptcy); and has not received notice of any pending court action affecting the title to the Land.

4. Except as shown in the above-referenced Preliminary Report/Commitment, there are no unpaid or unsatisfied mortgages, deeds of trust, Uniform Commercial Code financing statements, claims of lien, special assessments, or taxes that constitute a lien against the Land or that affect the Land but have not been recorded in the public records.

5. The Land is currently in use as ____________________; ________________________occupy/occupies the Land; and the following are all of the leases or other occupancy rights affecting the Land:

   ____

6. There are no other persons or entities that assert an ownership interest in the Land, nor are there unrecorded easements, claims of easement, or boundary disputes that affect the Land.

7. There are no outstanding options to purchase or rights of first refusal affecting the Land.

This declaration is made with the intention that Fidelity National Title Insurance Company (the "Company") and its policy issuing agents will rely upon it in issuing their title insurance policies and endorsements. Owner, by the undersigned Declarant, agrees to indemnify the Company against loss or damage (including attorneys fees, expenses, and costs) incurred by the Company as a result of any untrue statement made herein.

I declare under penalty of perjury that the foregoing is true and correct and that this declaration was executed on ____ at ______________________.

Signature: ___________________________

Fidelity National Financial, Inc.
Privacy Statement

Fidelity National Financial, Inc. and its subsidiaries ("FNF") respect the privacy and security of your non-public personal information ("Personal Information") and protecting your Personal Information is one of our top priorities. This Privacy Statement explains FNF's privacy practices, including how we use the Personal Information we receive from you and from other specified sources, and to whom it may be disclosed. FNF follows the privacy practices described in this Privacy Statement and, depending on the business performed, FNF companies may share information as described herein.

Personal Information Collected
We may collect Personal Information about you from the following sources:

- Information we receive from you on applications or other forms, such as your name, address, social security number, tax identification number, asset information, and income information;
- Information we receive from you through our Internet websites, such as your name, address, email address, Internet Protocol address, the website links you used to get to our websites, and your activity while using or reviewing our websites;
- Information about your transactions with or services performed by us, our affiliates, or others, such as information concerning your policy, premiums, payment history, information about your home or other real property, information from lenders and other third parties involved in such transaction, account balances, and credit card information; and
- Information we receive from consumer or other reporting agencies and publicly recorded documents.

Disclosure of Personal Information
We may provide your Personal Information (excluding information we receive from consumer or other credit reporting agencies) to various individuals and companies, as permitted by law, without obtaining your prior authorization. Such laws do not allow consumers to restrict these disclosures. Disclosures may include, without limitation, the following:

- To insurance agents, brokers, representatives, support organizations, or others to provide you with services you have requested, and to enable us to detect or prevent criminal activity, fraud, material misrepresentation, or nondisclosure in connection with an insurance transaction;
- To third-party contractors or service providers for the purpose of determining your eligibility for an insurance benefit or payment and/or providing you with services you have requested;
- To an insurance regulatory authority, or a law enforcement or other governmental authority, in a civil action, in connection with a subpoena or a governmental investigation;
- To companies that perform marketing services on our behalf or to other financial institutions with which we have joint marketing agreements and/or
- To lenders, lien holders, judgment creditors, or other parties claiming an encumbrance or an interest in title whose claim or interest must be determined, settled, paid or released prior to a title or escrow closing.

We may also disclose your Personal Information to others when we believe, in good faith, that such disclosure is reasonably necessary to comply with the law or to protect the safety of our customers, employees, or property and/or to comply with a judicial proceeding, court order or legal process.

Disclosure to Affiliated Companies – We are permitted by law to share your name, address and facts about your transaction with other FNF companies, such as insurance companies, agents, and other real estate service providers to provide you with services you have requested, for marketing or product development research, or to market products or services to you. We do not, however, disclose information we collect from consumer or credit reporting agencies with our affiliates or others without your consent, in conformity with applicable law, unless such disclosure is otherwise permitted by law.

Disclosure to Nonaffiliated Third Parties – We do not disclose Personal Information about our customers or former customers to nonaffiliated third parties, except as outlined herein or as otherwise permitted by law.

Confidentiality and Security of Personal Information
We restrict access to Personal Information about you to those employees who need to know that information to provide products or services to you. We maintain physical, electronic, and procedural safeguards that comply with federal regulations to guard Personal Information.

Access to Personal Information/Requests for Correction, Amendment, or Deletion of Personal Information
As required by applicable law, we will afford you the right to access your Personal Information, under certain circumstances to find out to whom your Personal Information has been disclosed, and request correction or deletion of your Personal Information. However, FNF's current policy is to maintain customers' Personal Information for no less than your state's required record retention requirements for the purpose of handling future coverage claims.

For your protection, all requests made under this section must be in writing and must include your notarized signature to establish your identity. Where permitted by law, we may charge a reasonable fee to cover the costs incurred in responding to such requests. Please send requests to:

Chief Privacy Officer
Fidelity National Financial, Inc.
601 Riverside Avenue
Jacksonville, FL 32204

Changes to this Privacy Statement
This Privacy Statement may be amended from time to time consistent with applicable privacy laws. When we amend this Privacy Statement, we will post a notice of such changes on our website. The effective date of this Privacy Statement, as stated above, indicates the last time this Privacy Statement was revised or materially changed.

Notice of Available Discounts

Pursuant to Section 2355.3 in Title 10 of the California Code of Regulations Fidelity National Financial, Inc. and its subsidiaries ("FNF") must deliver a notice of each discount available under our current rate filing along with the delivery of escrow instructions, a preliminary report or commitment. Please be aware that the provision of this notice does not constitute a waiver of the consumer's right to be charged the field rate. As such, your transaction may not qualify for the below discounts.

You are encouraged to discuss the applicability of one or more of the below discounts with a Company representative. These discounts are generally described below; consult the rate manual for a full description of the terms, conditions and requirements for each discount. These discounts only apply to transaction involving services rendered by the FNF Family of Companies. This notice only applies to transactions involving property improved with a one-to-four family residential dwelling.

FNF Underwritten Title Company	**FNF Underwriter**
FNTC - Fidelity National Title Company	FNTIC - Fidelity National Title Insurance Company
FNTCCA –Fidelity National Title Company of California	

Available Discounts
CREDIT FOR PRELIMINARY REPORTS AND/OR COMMITMENTS ON SUBSEQUENT POLICIES (FNTIC)
Where no major change in the title has occurred since the issuance of the original report or commitment, the order may be reopened within 12 or 36 months and all or a portion of the charge previously paid for the report or commitment may be credited on a subsequent policy charge.

FEE REDUCTION SETTLEMENT PROGRAM (FNTC, FNTCCA and FNTIC)
Eligible customers shall receive $20.00 reduction in their title and/or escrow fees charged by the Company for each eligible transaction in accordance with the terms of the Final Judgments entered in *The People of the State of California et al. v. Fidelity National Title Insurance Company et al., Sacramento Superior Court Case No. 99AS02793, and related cases*.

DISASTER LOANS (FNTIC)
The charge for a lender's Policy (Standard or Extended coverage) covering the financing or refinancing by an owner of record, within 24 months of the date of a declaration of a disaster area by the government of the United States or the State of California on any land located in said area, which was partially or totally destroyed in the disaster, will be 50% of the appropriate title insurance rate.

CHURCHES OR CHARITABLE NON-PROFIT ORGANIZATIONS (FNTIC)
On properties used as a church or for charitable purposes within the scope of the normal activities of such entities, provided said charge is normally the church's obligation the charge for an owner's policy shall be 50% to 70% of the appropriate title insurance rate, depending on the type of coverage selected. The charge for a lender's policy shall be 40% to 50% of the appropriate title insurance rate, depending on the type of coverage selected.

Notice

You may be entitled to receive a $20.00 discount on escrow services if you purchased, sold or refinanced residential property in California between May 19,1995 and November 1, 2002. If you had more than one qualifying transaction, you may be entitled to multiple discounts.

If your previous transaction involved the same property that is the subject of your current transaction, you do not have to do anything; the Company will provide the discount, provided you are paying for escrow or title services in this transaction.

If your previous transaction involved property different from the property that is the subject of your current transaction, you must inform the Company of the earlier transaction, provide the address of the property involved in the previous transaction, and the date or approximate date that the escrow closed to be eligible for the discount.

Unless you inform the Company of the prior transaction on property that is not the subject of this transaction, the Company has no obligation to conduct an investigation to determine if you qualify for a discount. If you provided the Company information concerning a prior transaction, the Company is required to determine if you qualify for a discount.

Effective through November 1, 2014

ATTACHMENT ONE

AMERICAN LAND TITLE ASSOCIATION
RESIDENTIAL TITLE INSURANCE POLICY (6-1-87) EXCLUSIONS

In addition to the Exceptions in Schedule B, you are not insured against loss, costs, attorneys' fees, and expenses resulting from:

1. Governmental police power, and the existence or violation of any law or government regulation. This includes building and zoning ordinances and also laws and regulations concerning:
   - land use
   - improvements on the land
   - land division
   - environmental protection

   This exclusion does not apply to violations or the enforcement of these matters which appear in the public records at Policy Date.
   This exclusion does not limit the zoning coverage described in Items 12 and 13 of Covered Title Risks.
2. The right to take the land by condemning it, unless:
   - a notice of exercising the right appears in the public records on the Policy Date
   - the taking happened prior to the Policy Date and is binding on you if you bought the land without knowing of the taking.
3. Title Risks:
   - that are created, allowed, or agreed to by you
   - that are known to you, but not to us, on the Policy Date—unless they appeared in the public records
   - that result in no loss to you
   - that first affect your title after the Policy Date—this does not limit the labor and material lien coverage in Item 8 of Covered Title Risks
4. Failure to pay value for your title.
5. Lack of a right:
   - to any land outside the area specifically described and referred to in Item 3 of Schedule A

   OR
   - in streets, alleys, or waterways that touch your land

This exclusion does not limit the access coverage in Item 5 of Covered Title Risks

In addition to the Exclusions, you are not insured against loss, costs, attorneys' fees, and the expenses resulting from:

1. Any rights, interests, or claims of parties in possession of the land not shown by the public records.
2. Any easements or liens not shown by the public records. This does not limit the lien coverage in Item 8 of Covered Title Risks.
3. Any facts about the land which a correct survey would disclose and which are not shown by the public records. This does not limit the forced removal coverage in Item 12 of Covered Title Risks.
4. Any water rights or claims or title to water in or under the land, whether or not shown by the public records.

CALIFORNIA LAND TITLE ASSOCIATION STANDARD COVERAGE POLICY - 1990
EXCLUSIONS FROM COVERAGE

The following matters are expressly excluded from the coverage of this policy and the Company will not pay loss or damage, costs, attorneys' fees or expenses which arise by reason of:

1. (a) Any law, ordinance or governmental regulation (including but not limited to building and zoning laws, ordinances, or regulations) restricting, regulating, prohibiting or relating to (i) the occupancy, use, or enjoyment of the land; (ii) the character, dimensions or location of any improvement now or hereafter erected on the land; (iii) a separation in ownership or a change in the dimensions or area of the land or any parcel of which the land is or was a part; or (iv) environmental protection, or the effect of any violation of these laws, ordinances or governmental regulations, except to the extent that a notice of the enforcement thereof or a notice of a defect, lien or encumbrance resulting from a violation or alleged violation affecting the land has been recorded in the public records at Date of Policy.
   (b) Any governmental police power not excluded by (a) above, except to the extent that a notice of the exercise thereof or a notice of a defect, lien or encumbrance resulting from a violation or alleged violation affecting the land has been recorded in the public records at Date of Policy.
2. Rights of eminent domain unless notice of the exercise thereof has been recorded in the public records at Date of Policy, but not excluding from coverage any taking which has occurred prior to Date of Policy which would be binding on the rights of a purchaser for value without knowledge.
3. Defects, liens, encumbrances, adverse claims or other matters:
   (a) created, suffered, assumed or agreed to by the insured claimant;
   (b) not known to the Company, not recorded in the public records at Date of Policy, but known to the insured claimant and not disclosed in writing to the Company by the insured claimant prior to the date the insured claimant became an insured under this policy;
   (c) resulting in no loss or damage to the insured claimant;
   (d) attaching or created subsequent to Date of Policy (except to the extent that this policy insures the priority of the lien of the insured mortgage over any statutory lien for services, labor or material or to the extent insurance is afforded herein as to assessments for street improvements under construction or completed at Date of Policy); or
   (e) resulting in loss or damage which would not have been sustained if the insured claimant had paid value for the insured mortgage.
4. Unenforceability of the lien of the insured mortgage because of the inability or failure of the insured at Date of Policy, or the inability or failure of any subsequent owner of the indebtedness, to comply with applicable doing business laws of the state in which the land is situated.
5. Invalidity or unenforceability of the lien of the insured mortgage, or claim thereof, which arises out of the transaction evidenced by the insured mortgage and is based upon usury or any consumer credit protection or truth in lending law.
6. Any claim, which arises out of the transaction vesting in the insured the estate or interest insured by this policy or the transaction creating the interest of the insured lender, by reason of the operation of federal bankruptcy, state insolvency or similar creditors' rights laws.

SCHEDULE B, PART I
EXCEPTIONS FROM COVERAGE

This policy does not insure against loss or damage (and the Company will not pay costs, attorneys' fees or expenses) which arise by reason of:

PART I

1. Taxes or assessments which are not shown as existing liens by the records of any taxing authority that levies taxes or assessments on real property or by the public records. Proceedings by a public agency which may result in taxes or assessments, or notices of such proceedings, whether or not shown by the records of such agency or by the public records.
2. Any facts, rights, interests or claims which are not shown by the public records but which could be ascertained by an inspection of the land or which may be asserted by persons in possession thereof.
3. Easements, liens or encumbrances, or claims thereof, not shown by the public records.
4. Discrepancies, conflicts in boundary lines, shortage in area, encroachments, or any other facts which a correct survey would disclose, and which are not shown by the public records.
5. (a) Unpatented mining claims; (b) reservations or exceptions in patents or in Acts authorizing the issuance thereof; (c) water rights, claims or title to water, whether or not the matters excepted under (a), (b) or (c) are shown by the public records.
6. Any lien or right to a lien for services, labor or material not shown by the Public Records.

FORMERLY AMERICAN LAND TITLE ASSOCIATION LOAN POLICY (10-17-92)
WITH A.L.T.A. ENDORSEMENT–FORM 1 COVERAGE
EXCLUSIONS FROM COVERAGE

The following matters are expressly excluded from the coverage of this policy and the Company will not pay loss or damage, costs, attorneys' fees or expenses which arise by reason of:

1. (a) Any law, ordinance or governmental regulation (including but not limited to building and zoning laws, ordinances, or regulations) restricting, regulating, prohibiting or relating to (i) the occupancy, use, or enjoyment of the land; (ii) the character, dimensions or location of any improvement now or hereafter erected on the land; (iii) a separation in ownership or a change in the dimensions or area of the land or any parcel of which the land is or was a part; or (iv) environmental protection, or the effect of any violation of these laws, ordinances or governmental regulations, except to the extent that a notice of the enforcement thereof or a notice of a defect, lien or encumbrance resulting from a violation or alleged violation affecting the land has been recorded in the public records at Date of Policy.
   (b) Any governmental police power not excluded by (a) above, except to the extent that a notice of the exercise thereof or a notice of a defect, lien or encumbrance resulting from a violation or alleged violation affecting the land has been recorded in the public records at Date of Policy.
2. Rights of eminent domain unless notice of the exercise thereof has been recorded in the public records at Date of Policy, but not excluding from coverage any taking which has occurred prior to Date of Policy which would be binding on the rights of a purchaser for value without knowledge.
3. Defects, liens, encumbrances, adverse claims or other matters:
   (a) created, suffered, assumed or agreed to by the insured claimant;
   (b) not known to the Company, not recorded in the public records at Date of Policy, but known to the insured claimant and not disclosed in writing to the Company by the insured claimant prior to the date the insured claimant became an insured under this policy;
   (c) resulting in no loss or damage to the insured claimant;
   (d) attaching or created subsequent to Date of Policy (except to the extent that this policy insures the priority of the lien of the insured mortgage over any statutory lien for services, labor or material or to the extent insurance is afforded herein as to assessments for street improvements under construction or completed at Date of Policy); or
   (e) resulting in loss or damage which would not have been sustained if the insured claimant had paid value for the insured mortgage.
4. Unenforceability of the lien of the insured mortgage because of the inability or failure of the insured at Date of Policy, or the inability or failure of any subsequent owner of the indebtedness, to comply with applicable doing business laws of the state in which the land is situated.
5. Invalidity or unenforceability of the lien of the insured mortgage, or claim thereof, which arises out of the transaction evidenced by the insured mortgage and is based upon usury or any consumer credit protection or truth in lending law.
6. Any statutory lien for services, labor or materials (or the claim of priority of any statutory lien for services, labor or materials over the lien of the insured mortgage) arising from an improvement or work related to the land which is contracted for and commenced subsequent to Date of Policy and is not financed in whole or in part by proceeds of the indebtedness secured by the insured mortgage which at Date of Policy the insured has advanced or is obligated to advance.
7. Any claim, which arises out of the transaction creating the interest of the mortgagee insured by this policy, by reason of the operation of federal bankruptcy, state insolvency, or similar creditors' rights laws, that is based on:
   (i) the transaction creating the interest of the insured mortgagee being deemed a fraudulent conveyance or fraudulent transfer; or
   (ii) the subordination of the interest of the insured mortgagee as a result of the application of the doctrine or equitable subordination; or
   (iii) the transaction creating the interest of the insured mortgagee being deemed a preferential transfer except where the preferential transfer results from the failure:
      (a) to timely record the instrument of transfer; or
      (b) of such recordation to impart notice to a purchaser for value or a judgment or lien creditor.

The above policy form may be issued to afford either Standard Coverage or Extended Coverage. In addition to the above Exclusions from Coverage, the Exceptions from Coverage in a Standard Coverage policy will also include the following Exceptions from Coverage:

EXCEPTIONS FROM COVERAGE

This policy does not insure against loss or damage (and the Company will not pay costs, attorneys' fees or expenses) which arise by reason of:

1. Taxes or assessments which are not shown as existing liens by the records of any taxing authority that levies taxes or assessments on real property or by the public records. Proceedings by a public agency which may result in taxes or assessments, or notices of such proceedings, whether or not shown by the records of such agency or by the public records.
2. Any facts, rights, interests or claims which are not shown by the public records but which could be ascertained by an inspection of the land or which may be asserted by persons in possession thereof.
3. Easements, liens or encumbrances, or claims thereof, not shown by the public records.
4. Discrepancies, conflicts in boundary lines, shortage in area, encroachments, or any other facts which a correct survey would disclose, and which are not shown by the public records.

5. (a) Unpatented mining claims; (b) reservations or exceptions in patents or in Acts authorizing the issuance thereof; (c) water rights, claims or title to water, whether or not the matters excepted under (a), (b) or (c) are shown by the public records.
6. Any lien or right to a lien for services, labor or material not shown by the Public Records.

ATTACHMENT ONE
(CONTINUED)

2006 AMERICAN LAND TITLE ASSOCIATION LOAN POLICY (06-17-06)
EXCLUSIONS FROM COVERAGE

The following matters are expressly excluded from the coverage of this policy, and the Company will not pay loss or damage, costs, attorneys' fees, or expenses that arise by reason of:

1. (a) Any law, ordinance, permit, or governmental regulation (including those relating to building and zoning) restricting, regulating, prohibiting, or relating to
   - (i) the occupancy, use, or enjoyment of the Land;
   - (ii) the character, dimensions, or location of any improvement erected on the Land;
   - (iii) the subdivision of land; or
   - (iv) environmental protection;

   or the effect of any violation of these laws, ordinances, or governmental regulations. This Exclusion 1(a) does not modify or limit the coverage provided under Covered Risk 5.

   (b) Any governmental police power. This Exclusion 1(b) does not modify or limit the coverage provided under Covered Risk 6.
2. Rights of eminent domain. This Exclusion does not modify or limit the coverage provided under Covered Risk 7 or 8.
3. Defects, liens, encumbrances, adverse claims, or other matters
   - (a) created, suffered, assumed, or agreed to by the Insured Claimant;
   - (b) not Known to the Company, not recorded in the Public Records at Date of Policy, but Known to the Insured Claimant and not disclosed in writing to the Company by the Insured Claimant prior to the date the Insured Claimant became an Insured under this policy;
   - (c) resulting in no loss or damage to the Insured Claimant;
   - (d) attaching or created subsequent to Date of Policy (however, this does not modify or limit the coverage provided under Covered Risk 11, 13 or 14); or
   - (e) resulting in loss or damage that would not have been sustained if the Insured Claimant had paid value for the Insured Mortgage.
4. Unenforceability of the lien of the Insured Mortgage because of the inability or failure of an Insured to comply with applicable doing-business laws of the state where the Land is situated.
5. Invalidity or unenforceability in whole or in part of the lien of the Insured Mortgage that arises out of the transaction evidenced by the Insured Mortgage and is based upon usury or any consumer credit protection or truth-in-lending law.
6. Any claim, by reason of the operation of federal bankruptcy, state insolvency, or similar creditors' rights laws, that the transaction creating the lien of the Insured Mortgage, is
   - (a) a fraudulent conveyance or fraudulent transfer, or
   - (b) a preferential transfer for any reason not stated in Covered Risk 13(b) of this policy.
7. Any lien on the Title for real estate taxes or assessments imposed by governmental authority and created or attaching between Date of Policy and the date of recording of the Insured Mortgage in the Public Records. This Exclusion does not modify or limit the coverage provided under Covered Risk 11(b).

The above policy form may be issued to afford either Standard Coverage or Extended Coverage. In addition to the above Exclusions from Coverage, the Exceptions from Coverage in a Standard Coverage policy will also include the following Exceptions from Coverage:

EXCEPTIONS FROM COVERAGE

This policy does not insure against loss or damage (and the Company will not pay costs, attorneys' fees or expenses) that arise by reason of:

1. (a) Taxes or assessments that are not shown as existing liens by the records of any taxing authority that levies taxes or assessments on real property or by the Public Records; (b) proceedings by a public agency that may result in taxes or assessments, or notices of such proceedings, whether or not shown by the records of such agency or by the Public Records.
2. Any facts, rights, interests, or claims that are not shown by the Public Records but that could be ascertained by an inspection of the Land or that may be asserted by persons in possession of the Land.
3. Easements, liens or encumbrances, or claims thereof, not shown by the Public Records.
4. Any encroachment, encumbrance, violation, variation, or adverse circumstance affecting the Title that would be disclosed by an accurate and complete land survey of the Land and not shown by the Public Records.
5. (a) Unpatented mining claims; (b) reservations or exceptions in patents or in Acts authorizing the issuance thereof; (c) water rights, claims or title to water, whether or not the matters excepted under (a), (b), or (c) are shown by the Public Records.
6. Any lien or right to a lien for services, labor or material not shown by the Public Records.

ATTACHMENT ONE
(CONTINUED)

FORMERLY AMERICAN LAND TITLE ASSOCIATION OWNER'S POLICY (10-17-92) EXCLUSIONS FROM COVERAGE

The following matters are expressly excluded from the coverage of this policy and the Company will not pay loss or damage, costs, attorneys' fees or expenses which arise by reason of:

1. (a) Any law, ordinance or governmental regulation (including but not limited to building and zoning laws, ordinances, or regulations) restricting, regulating, prohibiting or relating to (i) the occupancy, use, or enjoyment of the land; (ii) the character, dimensions or location of any improvement now or hereafter erected on the land; (iii) a separation in ownership or a change in the dimensions or area of the land or any parcel of which the land is or was a part; or (iv) environmental protection, or the effect of any violation of these laws, ordinances or governmental regulations, except to the extent that a notice of the enforcement thereof or a notice of a defect, lien or encumbrance resulting from a violation or alleged violation affecting the land has been recorded in the public records at Date of Policy.
   (b) Any governmental police power not excluded by (a) above, except to the extent that a notice of the exercise thereof or a notice of a defect, lien or encumbrance resulting from a violation or alleged violation affecting the land has been recorded in the public records at Date of Policy.
2. Rights of eminent domain unless notice of the exercise thereof has been recorded in the public records at Date of Policy, but not excluding from coverage any taking which has occurred prior to Date of Policy which would be binding on the rights of a purchaser for value without knowledge.
3. Defects, liens, encumbrances, adverse claims or other matters:
   (a) created, suffered, assumed or agreed to by the insured claimant;
   (b) not known to the Company, not recorded in the public records at Date of Policy, but known to the insured claimant and not disclosed in writing to the Company by the insured claimant prior to the date the insured claimant became an insured under this policy;
   (c) resulting in no loss or damage to the insured claimant;
   (d) attaching or created subsequent to Date of Policy; or
   (e) resulting in loss or damage which would not have been sustained if the insured claimant had paid value for the estate or interest insured by this policy.
4. Any claim, which arises out of the transaction vesting in the insured the estate or interest insured by this policy, by reason of the operation of federal bankruptcy, state insolvency, or similar creditors' rights laws, that is based on:
   (i) the transaction creating the estate or interest insured by this policy being deemed a fraudulent conveyance or fraudulent transfer; or
   (ii) the transaction creating the estate or interest insured by this policy being deemed a preferential transfer except where the preferential transfer results from the failure:
      (a) to timely record the instrument of transfer; or
      (b) of such recordation to impart notice to a purchaser for value or a judgment or lien creditor.

The above policy form may be issued to afford either Standard Coverage or Extended Coverage. In addition to the above Exclusions from Coverage, the Exceptions from Coverage in a Standard Coverage Policy will also include the following Exceptions from Coverage:

EXCEPTIONS FROM COVERAGE

This policy does not insure against loss or damage (and the Company will not pay costs, attorneys' fees or expenses) which arise by reason of:

1. Taxes or assessments which are not shown as existing liens by the records of any taxing authority that levies taxes or assessments on real property or by the public records. Proceedings by a public agency which may result in taxes or assessments, or notices of such proceedings, whether or not shown by the records of such agency or by the public records.
2. Any facts, rights, interests or claims which are not shown by the public records but which could be ascertained by an inspection of the land or which may be asserted by persons in possession thereof.
3. Easements, liens or encumbrances, or claims thereof, which are not shown by the public records.
4. Discrepancies, conflicts in boundary lines, shortage in area, encroachments, or any other facts which a correct survey would disclose, and which are not shown by the public records.
5. (a) Unpatented mining claims; (b) reservations or exceptions in patents or in Acts authorizing the issuance thereof; (c) water rights, claims or title to water, whether or not the matters excepted under (a), (b) or (c) are shown by the public records.
6. Any lien or right to a lien for services, labor or material not shown by the Public Records.

ATTACHMENT ONE
(CONTINUED)

2006 AMERICAN LAND TITLE ASSOCIATION OWNER'S POLICY (06-17-06) EXCLUSIONS FROM COVERAGE

The following matters are expressly excluded from the coverage of this policy, and the Company will not pay loss or damage, costs, attorneys' fees, or expenses that arise by reason of:

1. (a) Any law, ordinance, permit, or governmental regulation (including those relating to building and zoning) restricting, regulating, prohibiting, or relating to
      (i) the occupancy, use, or enjoyment of the Land;
      (ii) the character, dimensions, or location of any improvement erected on the Land;
      (iii) the subdivision of land; or
      (iv) environmental protection;
   or the effect of any violation of these laws, ordinances, or governmental regulations. This Exclusion 1(a) does not modify or limit the coverage provided under Covered Risk 5.
   (b) Any governmental police power. This Exclusion 1(b) does not modify or limit the coverage provided under Covered Risk 6.
2. Rights of eminent domain. This Exclusion does not modify or limit the coverage provided under Covered Risk 7 or 8.
3. Defects, liens, encumbrances, adverse claims, or other matters
   (a) created, suffered, assumed, or agreed to by the Insured Claimant;
   (b) not Known to the Company, not recorded in the Public Records at Date of Policy, but Known to the Insured Claimant and not disclosed in writing to the Company by the Insured Claimant prior to the date the Insured Claimant became an Insured under this policy;
   (c) resulting in no loss or damage to the Insured Claimant;
   (d) attaching or created subsequent to Date of Policy (however, this does not modify or limit the coverage provided under Covered Risk 9 and 10); or
   (e) resulting in loss or damage that would not have been sustained if the Insured Claimant had paid value for the Title.
4. Any claim, by reason of the operation of federal bankruptcy, state insolvency, or similar creditors' rights laws, that the transaction vesting the Title as shown in Schedule A, is
   (a) a fraudulent conveyance or fraudulent transfer; or
   (b) a preferential transfer for any reason not stated in Covered Risk 9 of this policy.
5. Any lien on the Title for real estate taxes or assessments imposed by governmental authority and created or attaching between Date of Policy and the date of recording of the deed or other instrument of transfer in the Public Records that vests Title as shown in Schedule A.

The above policy form may be issued to afford either Standard Coverage or Extended Coverage. In addition to the above Exclusions from Coverage, the Exceptions from Coverage in a Standard Coverage policy will also include the following Exceptions from Coverage:

EXCEPTIONS FROM COVERAGE

This policy does not insure against loss or damage (and the Company will not pay costs, attorneys' fees or expenses) that arise by reason of:

1. (a) Taxes or assessments that are not shown as existing liens by the records of any taxing authority that levies taxes or assessments on real property or by the Public Records; (b) proceedings by a public agency that may result in taxes or assessments, or notices of such proceedings, whether or not shown by the records of such agency or by the Public Records.
2. Any facts, rights, interests, or claims that are not shown in the Public Records but that could be ascertained by an inspection of the Land or that may be asserted by persons in possession of the Land.
3. Easements, liens or encumbrances, or claims thereof, not shown by the Public Records.
4. Any encroachment, encumbrance, violation, variation, or adverse circumstance affecting the Title that would be disclosed by an accurate and complete land survey of the Land and that are not shown by the Public Records.
5. (a) Unpatented mining claims; (b) reservations or exceptions in patents or in Acts authorizing the issuance thereof; (c) water rights, claims or title to water, whether or not the matters excepted under (a), (b), or (c) are shown by the Public Records.
6. Any lien or right to a lien for services, labor or material not shown by the Public Records.

ATTACHMENT ONE
(CONTINUED)

CLTA HOMEOWNER'S POLICY OF TITLE INSURANCE (10-22-03)
ALTA HOMEOWNER'S POLICY OF TITLE INSURANCE (10-22-03)
EXCLUSIONS

In addition to the Exceptions in Schedule B, You are not insured against loss, costs, attorneys' fees, and expenses resulting from:

1. Governmental police power, and the existence or violation of any law or government regulation. This includes ordinances, laws and regulations concerning:
   a. building
   b. zoning
   c. Land use
   d. improvements on Land
   e. land division
   f. environmental protection

This Exclusion does not apply to violations or the enforcement of these matters if notice of the violation or enforcement appears in the Public Records at the Policy Date.

This Exclusion does not limit the coverage described in Covered Risk 14, 15, 16, 17 or 24.

2. The failure of Your existing structures, or any part of them, to be constructed in accordance with applicable building codes. This Exclusion does not apply to violations of building codes if notice of the violation appears in the Public Records at the Policy Date.
3. The right to take the Land by condemning it, unless:
   a. notice of exercising the right appears in the Public Records at the Policy Date; or
   b. the taking happened before the Policy Date and is binding on You if You bought the Land without Knowing of the taking.
4. Risks:
   a. that are created, allowed, or agreed to by You, whether or not they appear in the Public Records.
   b. that are Known to You at the Policy Date, but not to Us, unless they appear in the Public Records at the Policy Date;
   c. that result in no loss to You; or
   d. that first occur after the Policy Date—this does not limit the coverage described in Covered Risk 7, 8.d., 22, 23, 24 or 25.
5. Failure to pay value for Your Title.
6. Lack of a right:
   a. to any Land outside the area specifically described and referred to in paragraph 3 of Schedule A; and
   b. in streets, alleys, or waterways that touch the Land.

This Exclusion does not limit the coverage described in Covered Risk 11 or 18.

LIMITATIONS ON COVERED RISKS

Your insurance for the following Covered Risks is limited on the Owner's Coverage Statement as follows:

- For Covered Risk 14, 15, 16, and 18, Your Deductible Amount and Our Maximum Dollar Limit of Liability shown in Schedule A.

The deductible amounts and maximum dollar limits shown on Schedule A are as follows:

	Your Deductible Amount	Our Maximum Dollar Limit of Liability
Covered Risk 14:	1% of Policy Amount or $2,500.00 (whichever is less)	$10,000.00
Covered Risk 15:	1% of Policy Amount or $5,000.00 (whichever is less)	$25,000.00
Covered Risk 16:	1% of Policy Amount or $5,000.00 (whichever is less)	$25,000.00
Covered Risk 18:	1% of Policy Amount or $2,500.00 (whichever is less)	$5,000.00

ATTACHMENT ONE
(CONTINUED)

CLTA HOMEOWNER'S POLICY OF TITLE INSURANCE (02-03-10)
ALTA HOMEOWNER'S POLICY OF TITLE INSURANCE (02-03-10)
EXCLUSIONS

In addition to the Exceptions in Schedule B, You are not insured against loss, costs, attorneys' fees, and expenses resulting from:

1. Governmental police power, and the existence or violation of those portions of any law or government regulation concerning:
   a. building;
   b. zoning;
   c. land use;
   d. improvements on the Land;
   e. land division; and
   f. environmental protection.

This Exclusion does not limit the coverage described in Covered Risk 8.a., 14, 15, 16, 18, 19, 20, 23 or 27.

2. The failure of Your existing structures, or any part of them, to be constructed in accordance with applicable building codes. This Exclusion does not limit the coverage described in Covered Risk 14 or 15.
3. The right to take the Land by condemning it. This Exclusion does not limit the coverage described in Covered Risk 17.
4. Risks:
   a. that are created, allowed, or agreed to by You, whether or not they are recorded in the Public Records;
   b. that are Known to You at the Policy Date, but not to Us, unless they are recorded in the Public Records at the Policy Date;
   c. that result in no loss to You; or
   d. that first occur after the Policy Date—this does not limit the coverage described in Covered Risk 7, 8.e., 25, 26, 27 or 28.
5. Failure to pay value for Your Title.
6. Lack of a right:
   a. to any land outside the area specifically described and referred to in paragraph 3 of Schedule A; and
   b. in streets, alleys, or waterways that touch the Land.

   This Exclusion does not limit the coverage described in Covered Risk 11 or 21.
7. The transfer of the Title to You is invalid as a preferential transfer or as a fraudulent transfer or conveyance under federal bankruptcy, state insolvency, or similar creditors' rights laws.

LIMITATIONS ON COVERED RISKS

Your insurance for the following Covered Risks is limited on the Owner's Coverage Statement as follows:

- For Covered Risk 16, 18, 19, and 21 Your Deductible Amount and Our Maximum Dollar Limit of Liability shown in Schedule A.

The deductible amounts and maximum dollar limits shown on Schedule A are as follows:

	Your Deductible Amount	Our Maximum Dollar Limit of Liability
Covered Risk 16:	1% of Policy Amount Shown in Schedule A or $2,500.00 (whichever is less)	$10,000.00
Covered Risk 18:	1% of Policy Amount Shown in Schedule A or $5,000.00 (whichever is less)	$25,000.00
Covered Risk 19:	1% of Policy Amount Shown in Schedule A or $5,000.00 (whichever is less)	$25,000.00
Covered Risk 21:	1% of Policy Amount Shown in Schedule A or $2,500.00 (whichever is less)	$5,000.00

ATTACHMENT ONE
(CONTINUED)

ALTA EXPANDED COVERAGE RESIDENTIAL LOAN POLICY (10/13/01)
EXCLUSIONS FROM COVERAGE

The following matters are expressly excluded from the coverage of this policy and the Company will not pay loss or damage, costs, attorneys' fees or expenses which arise by reason of:

1. (a) Any law, ordinance or governmental regulation (including but not limited to zoning laws, ordinances, or regulations) restricting, regulating, prohibiting or relating to (i) the occupancy, use, or enjoyment of the Land; (ii) the character, dimensions or location of any improvements now or hereafter erected on the Land; (iii) a separation in ownership or a change in the dimensions or areas of the Land or any parcel of which the Land is or was a part; or (iv) environmental protection, or the effect of any violation of these laws, ordinances or governmental regulations, except to the extent that notice of the enforcement thereof or a notice of a defect, lien or encumbrance resulting from a violation or alleged violation affecting the Land has been recorded in the Public Records at Date of Policy. This exclusion does not limit the coverage provided under Covered Risks 12, 13, 14 and 16 of this policy.
   (b) Any governmental police power not excluded by (a) above, except to the extent that a notice of the exercise thereof or a notice of a defect, lien or encumbrance resulting from a violation or alleged violation affecting the Land has been recorded in the Public Records a Date of Policy. This exclusion does not limit the coverage provided under Covered Risks 12, 13, 14, and 16 of this policy.
2. Rights of eminent domain unless notice of the exercise thereof has been recorded in the Public Records at Date of Policy, but not excluding from coverage any taking which has occurred prior to Date of Policy which would be binding on the rights of a purchaser for value without Knowledge.
3. Defects, liens, encumbrances, adverse claims or other matters:
   (a) created, suffered, assumed or agreed to by the Insured Claimant;
   (b) not Known to the Company, not recorded in the Public Records at Date of Policy, but Known to the Insured Claimant and not disclosed in writing to the Company by the Insured Claimant prior to the date the Insured Claimant became an Insured under this policy;
   (c) resulting in no loss damage to the Insured Claimant;
   (d) attaching or created subsequent to Date of Policy (this paragraph does not limit the coverage provided under Covered Risks 8, 16, 18, 19, 20, 21, 22, 23, 24, 25 and 26); or
   (e) resulting in loss or damage which would not have been sustained if the Insured Claimant had paid value for the Insured Mortgage.
4. Unenforceability of the lien of the Insured Mortgage because of the inability or failure of the Insured at Date of Policy, or the inability or failure of any subsequent owner of the indebtedness, to comply with applicable doing business laws of the state in which the Land is situated.
5. Invalidity or unenforceability of the lien of the Insured Mortgage, or claim thereof, which arises out of the transaction evidenced by the Insured Mortgage and is based upon usury, except as provided in Covered Risk 27, or any consumer credit protection or truth-in-lending law.
6. Real property taxes or assessments of any governmental authority which become a lien on the Land subsequent to date of Policy. This exclusion does not limit the coverage provided under Covered Risks 7, 8(e) and 26.
7. Any claim of invalidity, unenforceability or lack of priority of the lien of the Insured Mortgage as to advances or modifications made after the Insured has Knowledge that the vestee shown in Schedule A is no longer the owner of the estate or interest covered by this policy. This exclusion does not limit the coverage provided in Covered Risk 8.
8. Lack of priority of the lien of the Insured Mortgage as to each and every advance made after Date of Policy, and all interest charged thereon, over liens, encumbrances and other matters affecting the title, the existence of which are Known to the Insured at:
   (a) The time of the advance; or
   (b) The time a modification is made to the terms of the Insured Mortgage which changes the rate of interest charged, if the rate of interest is greater as a result of the modification than it would have been before the modification. This exclusion does not limit the coverage provided in Covered Risk 8.
9. The failure of the residential structure, or any portion thereof to have been constructed before, on or after Date of Policy in accordance with applicable building codes. This exclusion does not apply to violations of building codes if notice of the violation appears in the Public Records at Date of Policy.

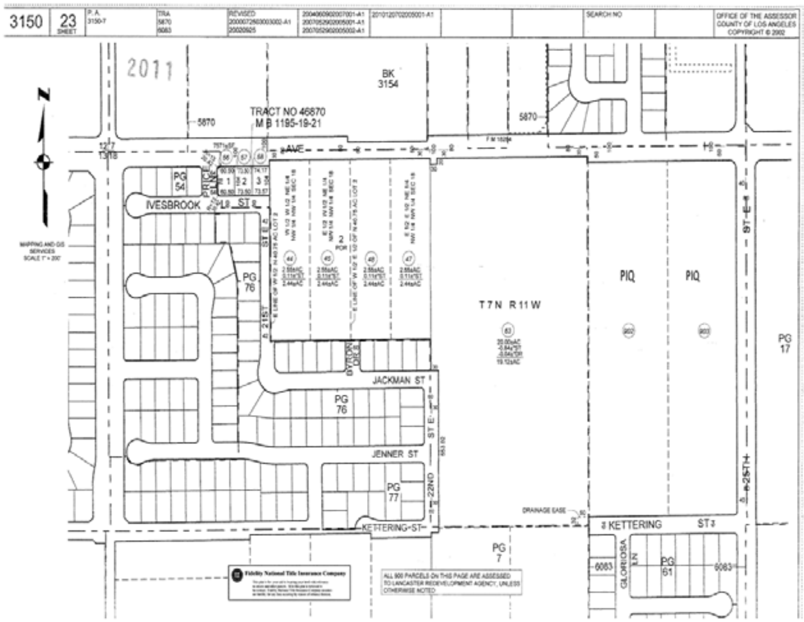
ATTACHMENT ONE
(CONTINUED)

ALTA EXPANDED COVERAGE RESIDENTIAL LOAN POLICY (07/26/10)

EXCLUSIONS FROM COVERAGE

The following matters are expressly excluded from the coverage of this policy and the Company will not pay loss or damage, costs, attorneys' fees or expenses which arise by reason of:

1. (a) Any law, ordinance, permit, or governmental regulation (including those relating to building and zoning) restricting, regulating, prohibiting or relating to
      (i) the occupancy, use, or enjoyment of the Land;
      (ii) the character, dimensions or location of any improvement erected on the Land;
      (iii) the subdivision of land; or
      (iv) environmental protection;
      or the effect of any violation of these laws, ordinances or governmental regulations. This Exclusion 1(a) does not modify or limit the coverage provided under Covered Risk 5, 6, 13(c), 13(d), 14 or 16.
   (b) Any governmental police power. This Exclusion 1(b) does not modify or limit the coverage provided under Covered Risk 5, 6, 13(c), 13(d), 14 or 16.
2. Rights of eminent domain. This Exclusion does not modify or limit the coverage provided under Covered Risk 7 or 8.
3. Defects, liens, encumbrances, adverse claims or other matters:
   (a) created, suffered, assumed or agreed to by the Insured Claimant;
   (b) not Known to the Company, not recorded in the Public Records at Date of Policy, but Known to the Insured Claimant and not disclosed in writing to the Company by the Insured Claimant prior to the date the Insured Claimant became an Insured under this policy;
   (c) resulting in no loss or damage to the Insured Claimant;
   (d) attaching or created subsequent to Date of Policy (however, this does not modify or limit the coverage provided under Covered Risk 11, 16, 17, 18, 19, 20, 21, 22, 23, 24, 27 or 28); or
   (e) resulting in loss or damage that would not have been sustained if the Insured Claimant had paid value for the Insured Mortgage.
4. Unenforceability of the lien of the Insured Mortgage because of the inability or failure of an Insured to comply with applicable doing-business laws of the state where the Land is situated.
5. Invalidity or unenforceability in whole or in part of the lien of the Insured Mortgage that arises out of the transaction evidenced by the Insured Mortgage and is based upon usury, or any consumer credit protection or truth-in-lending law. This Exclusion does not modify or limit the coverage provided in Covered Risk 26.
6. Any claim of invalidity, unenforceability or lack of priority of the lien of the Insured Mortgage as to Advances or modifications made after the Insured has Knowledge that the vestee shown in Schedule A is no longer the owner of the estate or interest covered by this policy. This Exclusion does not modify or limit the coverage provided in Covered Risk 11.
7. Any lien on the Title for real estate taxes or assessments imposed by governmental authority and created or attaching subsequent to Date of Policy. This Exclusion does not modify or limit the coverage provided in Covered Risk 11(b) or 25.
8. The failure of the residential structure, or any portion of it, to have been constructed before, on or after Date of Policy in accordance with applicable building codes. This Exclusion does not modify or limit the coverage provided in Covered Risk 5 or 6.
9. Any claim, by reason of the operation of federal bankruptcy, state insolvency, or similar creditors' rights laws, that the transaction creating the lien of the Insured Mortgage, is
   (a) a fraudulent conveyance or fraudulent transfer, or
   (b) a preferential transfer for any reason not stated in Covered Risk 27(b) of this policy.



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ASSESSORS RECORD INFORMATION (RealQuest)

Property Detail Report

For Property Located At :
,, CA

CoreLogic RealQuest Professional

Owner Information

Owner Name:	REDEVELOPMENT AGENCY OF LANCASTER CITY
Mailing Address:	44933 FERN AVE, LANCASTER CA 93534-2461 C017
Vesting Codes:	/ / CO

Location Information

Legal Description: W 1/2 OF E 1/2 OF N 1/2 EX OF STS OF LOT 1 IN NW 1/4 OF SEC 18 T7N R11W

County:	LOS ANGELES, CA	APN:	3150-023-902
Census Tract / Block:	9006.05 / 3	Alternate APN:	
Township-Range-Sect:	7N-11-18	Subdivision:	
Legal Book/Page:		Map Reference:	/
Legal Lot:	1	Tract #:	
Legal Block:		School District:	ANTELOPE VLY UN
Market Area:		School District Name:	
Neighbor Code:		Munic/Township:	

Owner Transfer Information

Recording/Sale Date:	02/02/2000 /	Deed Type:	DEED (REG)
Sale Price:		1st Mtg Document #:	
Document #:	163432		

Last Market Sale Information

Recording/Sale Date:	/	1st Mtg Amount/Type:	/
Sale Price:		1st Mtg Int. Rate/Type:	/
Sale Type:		1st Mtg Document #:	
Document #:		2nd Mtg Amount/Type:	/
Deed Type:		2nd Mtg Int. Rate/Type:	/
Transfer Document #:		Price Per SqFt:	
New Construction:		Multi/Split Sale:	
Title Company:			
Lender:			
Seller Name:			

Prior Sale Information

Prior Rec/Sale Date:	/	Prior Lender:	
Prior Sale Price:		Prior 1st Mtg Amt/Type:	/
Prior Doc Number:		Prior 1st Mtg Rate/Type:	/
Prior Deed Type:			

Property Characteristics

Gross Area:		Parking Type:		Construction:	
Living Area:		Garage Area:		Heat Type:	
Tot Adj Area:		Garage Capacity:		Exterior wall:	
Above Grade:		Parking Spaces:		Porch Type:	
Total Rooms:		Basement Area:		Patio Type:	
Bedrooms:		Finish Bsmnt Area:		Pool:	
Bath(F/H):	/	Basement Type:		Air Cond:	
Year Built / Eff:	/	Roof Type:		Style:	
Fireplace:	/	Foundation:		Quality:	
# of Stories:		Roof Material:		Condition:	
Other Improvements:					

Site Information

Zoning:	MHPLR*	Acres:	9.50	County Use:	MOBILE HOME PARK (0903)
Lot Area:	413,870	Lot Width/Depth:	x	State Use:	
Land Use:	MOBILE HOME PARK	Res/Comm Units:	/	Water Type:	
Site Influence:				Sewer Type:	

Tax Information

Total Value:	$377,243	Assessed Year:	2012	Property Tax:	
Land Value:	$377,243	Improved %:		Tax Area:	6083
Improvement Value:		Tax Year:		Tax Exemption:	
Total Taxable Value:	$377,243				

Property Detail Report

For Property Located At :
45111 25TH ST E, LANCASTER, CA 93535-2841

CoreLogic RealQuest Professional

Owner Information

Owner Name:	REDEVELOPMENT AGENCY OF LANCASTER CITY
Mailing Address:	44933 FERN AVE, LANCASTER CA 93534-2461 C017 C/O TERI L VILLANI
Vesting Codes:	/ / CO

Location Information

Legal Description: E 1/2 OF E 1/2 OF N 1/2 EX OF STS OF LOT 1 IN NW 1/4 OF SEC 18 T7N R11W

County:	LOS ANGELES, CA	APN:	3150-023-903
Census Tract / Block:	9006.05 / 3	Alternate APN:	
Township-Range-Sect:	7N-11-18	Subdivision:	
Legal Book/Page:		Map Reference:	/ 4016-E5
Legal Lot:	1	Tract #:	
Legal Block:		School District:	ANTELOPE VLY UN
Market Area:		School District Name:	
Neighbor Code:		Munic/Township:	

Owner Transfer Information

Recording/Sale Date:	02/02/2000 /	Deed Type:	DEED (REG)
Sale Price:		1st Mtg Document #:	
Document #:	163432		

Last Market Sale Information

Recording/Sale Date:	/	1st Mtg Amount/Type:	/
Sale Price:		1st Mtg Int. Rate/Type:	/
Sale Type:		1st Mtg Document #:	
Document #:		2nd Mtg Amount/Type:	/
Deed Type:		2nd Mtg Int. Rate/Type:	/
Transfer Document #:		Price Per SqFt:	
New Construction:		Multi/Split Sale:	
Title Company:			
Lender:			
Seller Name:			

Prior Sale Information

Prior Rec/Sale Date:	/	Prior Lender:	
Prior Sale Price:		Prior 1st Mtg Amt/Type:	/
Prior Doc Number:		Prior 1st Mtg Rate/Type:	/
Prior Deed Type:			

Property Characteristics

Gross Area:		Parking Type:		Construction:	
Living Area:		Garage Area:		Heat Type:	
Tot Adj Area:		Garage Capacity:		Exterior wall:	
Above Grade:		Parking Spaces:		Porch Type:	
Total Rooms:		Basement Area:		Patio Type:	
Bedrooms:		Finish Bsmnt Area:		Pool:	
Bath(F/H):	/	Basement Type:		Air Cond:	
Year Built / Eff:	1989 / 1989	Roof Type:		Style:	
Fireplace:	/	Foundation:		Quality:	
# of Stories:		Roof Material:		Condition:	
Other Improvements:					

Site Information

Zoning:	MHPLR*	Acres:	8.35	County Use:	MOBILE HOME PARK (0903)
Lot Area:	363,736	Lot Width/Depth:	x	State Use:	
Land Use:	MOBILE HOME PARK	Res/Comm Units:	123 /	Water Type:	
Site Influence:				Sewer Type:	

Tax Information

Total Value:	$515,003	Assessed Year:	2012	Property Tax:	
Land Value:	$515,003	Improved %:		Tax Area:	6083
Improvement Value:		Tax Year:		Tax Exemption:	
Total Taxable Value:	$515,003				

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FLOOD ZONE INFORMATION

Flood Map Report

For Property Located At

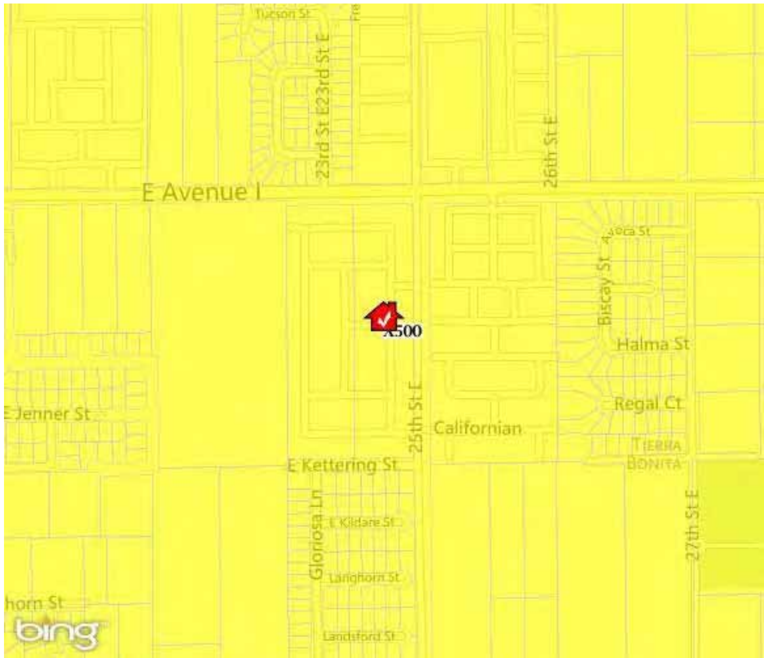
45111 25TH ST E, LANCASTER, CA 93535-2841

Report Date: **08/23/2013** County: **LOS ANGELES, CA**

Flood Zone Code	Flood Zone Panel	Panel Date
X500	060672 - 0450F	09/26/2008
Special Flood Hazard Area (SFHA)	**Within 250 ft. of multiple flood zones?**	**Community Name**
Out	No	LANCASTER

Flood Zone Description:

Zone X (500-year)-An area inundated by 500-year flooding; an area inundated by 100-year flooding with average depths of less than 1 foot or with drainage areas less than 1 square mile; or an area protected by levees from 100-year flooding.



PROVIDED RENT ROLL, INCOME AND EXPENSE RECORDS

Twelve Month Profit and Loss

(20DES) Lancaster Redevelopment Agency

For Year 2010

Account	Period End Jul 31, 2009	Period End Aug 31, 2009	Period End Sep 30, 2009	Period End Oct 31, 2009	Period End Nov 30, 2009	Period End Dec 31, 2009	Period End Jan 31, 2010	Period End Feb 28, 2010	Period End Mar 31, 2010	Period End Apr 30, 2010	Period End May 31, 2010	Period End Jun 30, 2010	Period End Year To Date
4000 INCOME STATEMENT													
4001 RENTAL INCOME													
4010 Gross potential rent	41,404.26	42,749.88	42,749.88	42,749.88	42,749.88	42,749.88	42,749.88	42,749.88	42,749.88	42,749.88	42,749.88	42,749.88	511,652.94
4020 Vacancy	(1,447.69)	(1,390.24)	(1,390.24)	(1,390.24)	(1,390.24)	(1,390.24)	(1,266.93)	(1,042.68)	(1,737.80)	(1,390.24)	(1,390.24)	(1,737.80)	(16,964.58)
4021 Concessions	(100.00)	0.00	0.00	(100.00)	(50.00)	0.00	(100.00)	(100.00)	0.00	(100.00)	(50.00)	(50.00)	(650.00)
4022 Bad debt - write off	0.00	0.00	0.00	0.00	0.00	(3,989.10)	0.00	(6,889.61)	0.00	0.00	0.00	(2,380.47)	(13,259.18)
4060 Utility income	(784.84)	(1,058.94)	(1,122.18)	(798.53)	(605.69)	(558.25)	(751.03)	(810.00)	(691.79)	(713.49)	(594.38)	(544.64)	(9,033.76)
4061 Electricity income	7,544.26	13,463.61	14,352.33	12,391.02	7,547.33	5,752.73	7,196.49	8,089.26	6,431.04	5,533.69	5,460.42	5,760.49	99,522.67
4062 Gas income	2,432.59	2,180.62	2,127.65	2,116.58	2,536.27	3,995.30	6,671.97	8,536.46	7,934.66	5,243.78	3,888.18	3,344.47	51,008.53
4063 Water usage income	2,876.32	2,983.75	3,049.63	2,961.34	2,671.74	2,498.50	2,294.44	2,305.75	2,222.42	2,114.31	2,358.28	2,490.40	30,826.88
4066 RV storage income	105.00	75.00	75.00	75.00	75.00	90.00	90.00	105.00	90.00	90.00	90.00	90.00	1,050.00
4075 Late charge fees	125.00	175.00	50.00	150.00	375.00	325.00	175.00	125.00	75.00	375.00	300.00	225.00	2,475.00
4076 Return check fees	25.00	0.00	0.00	0.00	50.00	25.00	0.00	0.00	0.00	25.00	0.00	0.00	125.00
4079 Cable TV income	1,467.47	0.00	0.00	0.00	1,386.18	0.00	0.00	0.00	0.00	580.13	619.80	0.00	4,053.58
4080 Other rental income	0.24	0.24	0.24	(99.76)	0.24	500.00	0.72	0.00	0.22	0.25	0.24	0.00	402.63
4085 Total revenue	**53,647.61**	**59,178.92**	**59,892.31**	**58,055.29**	**55,345.71**	**49,998.82**	**57,060.54**	**53,069.06**	**57,073.63**	**54,508.31**	**53,432.18**	**49,947.33**	**661,209.71**
5000 OPERATING EXPENSES													
5005 PAYROLL													
5010 Payroll - Manager	1,850.00	1,850.00	1,850.00	1,850.00	1,850.00	1,850.00	1,850.00	1,850.00	1,850.00	1,850.00	1,850.00	1,850.00	22,200.00
5040 Payroll - Maintenance	3,360.00	2,552.00	1,712.00	1,500.00	1,500.00	1,500.00	1,500.00	1,500.00	1,500.00	1,500.00	1,500.00	2,653.88	22,277.88
5070 Payroll taxes	515.74	403.01	285.83	256.26	256.26	256.26	518.20	518.20	518.20	421.70	260.37	420.38	4,630.41
5071 Insurance & other benefits	1,418.49	1,358.65	1,285.20	1,263.70	1,263.70	1,263.70	1,275.98	1,275.98	1,275.98	1,275.98	1,275.98	1,350.96	15,584.30
5072 Employee apartments	673.24	695.12	695.12	695.12	695.12	695.12	695.12	695.12	1,042.68	695.12	695.12	695.12	8,667.12
5075 Employee related expenses	171.48	112.39	262.65	433.04	175.95	114.09	24.60	136.23	98.47	103.22	454.42	24.60	2,111.14
5080 Total payroll	**7,988.95**	**6,971.17**	**6,090.80**	**5,998.12**	**5,741.03**	**5,679.17**	**5,863.90**	**5,975.53**	**6,285.33**	**5,846.02**	**6,035.89**	**6,994.94**	**75,470.85**
5090 UTILITIES													
5100 Electricity	8,983.15	30,990.84	15,028.94	0.00	14,932.41	7,543.10	0.00	7,724.98	6,929.00	6,434.36	5,238.84	13,964.81	117,770.43
5110 Water	0.00	5,952.96	6,762.07	0.00	5,312.22	0.00	4,034.36	0.00	3,445.20	0.00	4,377.29	0.00	29,884.10
5120 Gas	0.00	2,721.77	0.00	835.43	3,590.75	0.00	5,783.67	8,223.45	5,767.92	3,110.66	2,366.53	1,714.70	34,114.88
5130 Telephone/answering	366.93	516.23	432.66	552.13	378.90	429.23	440.96	373.86	404.24	407.97	850.02	631.12	5,784.25
5140 Rubbish removal	367.56	501.99	672.76	0.00	540.94	406.56	387.85	532.29	374.93	162.00	1,183.13	1,090.91	6,220.92
5145 Total utilities	**9,717.64**	**40,683.79**	**22,896.43**	**1,387.56**	**24,755.22**	**8,378.89**	**10,646.84**	**16,854.58**	**16,921.29**	**10,114.99**	**14,015.81**	**17,401.54**	**193,774.58**
5150 UTILITY MAINTENANCE													
5151 Electric system maintenance	0.00	0.00	0.00	0.00	418.86	0.00	190.00	0.00	482.50	0.00	0.00	0.00	1,091.36

Twelve Month Profit and Loss

(20DES) Lancaster Redevelopment Agency

For Year 2010

Account	Period End Jul 31, 2009	Period End Aug 31, 2009	Period End Sep 30, 2009	Period End Oct 31, 2009	Period End Nov 30, 2009	Period End Dec 31, 2009	Period End Jan 31, 2010	Period End Feb 28, 2010	Period End Mar 31, 2010	Period End Apr 30, 2010	Period End May 31, 2010	Period End Jun 30, 2010	Period End Year To Date
5160 Water system maintenance	0.00	130.00	0.00	0.00	582.94	0.00	0.00	0.00	0.00	0.00	1,604.00	185.00	2,501.94
5170 Gas system maintenance	0.00	705.00	1,175.00	0.00	370.35	0.00	0.00	0.00	542.47	0.00	0.00	0.00	2,792.82
5185 Sewer system maintenance	0.00	0.00	0.00	125.00	0.00	0.00	125.00	0.00	0.00	0.00	0.00	0.00	250.00
5190 Cable TV	0.00	0.00	0.00	0.00	(58.91)	0.00	0.00	0.00	0.00	0.00	0.00	0.00	(58.91)
5198 Total utility maintenance	**0.00**	**835.00**	**1,175.00**	**125.00**	**1,313.24**	**0.00**	**315.00**	**0.00**	**1,024.97**	**0.00**	**1,604.00**	**185.00**	**6,577.21**
5200 MAINTENANCE EXPENSE													
5210 Air conditioning & heating	0.00	300.00	200.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	3,495.00	0.00	3,995.00
5211 Appliances repairs	0.00	0.00	0.00	0.00	2,548.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	2,548.00
5212 Building structure	0.00	0.00	0.00	0.00	0.00	0.00	377.80	285.00	124.75	124.75	0.00	130.00	1,042.30
5213 Carpets maintenance	460.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	460.00
5214 Cleaning & cleaning supplies	250.00	250.00	571.71	250.00	250.00	265.37	0.00	927.89	250.00	250.00	250.00	678.09	4,193.06
5217 Maintenance supplies	398.56	150.40	(284.48)	171.90	39.36	115.84	396.36	75.85	143.31	166.09	31.57	808.55	2,213.31
5219 Furniture	0.00	87.39	0.00	0.00	0.00	252.38	0.00	0.00	0.00	0.00	0.00	0.00	339.77
5220 Other maintenance	426.46	0.00	0.00	(140.00)	0.00	0.00	0.00	0.00	0.00	150.00	0.00	0.00	436.46
5221 Landscape	947.07	3,057.59	234.03	423.72	52.69	10.00	98.99	837.74	766.50	976.77	453.87	2,570.59	10,429.56
5222 Painting	2,500.00	0.00	6,950.00	0.00	0.00	0.00	0.00	0.00	214.10	0.00	170.84	318.44	10,153.38
5223 Pest control	56.00	(31,860.25)	56.00	56.00	56.00	56.00	56.00	56.00	56.00	56.00	56.00	56.00	(31,244.25)
5224 Plumbing	58.82	0.00	0.00	0.00	0.00	925.00	0.00	0.00	0.00	0.00	0.00	0.00	983.82
5225 Pool & spa	601.41	618.16	437.84	1,063.27	74.22	50.00	180.58	421.50	169.17	50.00	292.86	2,352.74	6,311.75
5226 Sweeping service	0.00	285.00	290.00	575.00	290.00	290.00	290.00	290.00	290.00	290.00	290.00	290.00	3,470.00
5227 Tool purchase	283.71	0.00	184.63	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	85.77	554.11
5233 Rental & park homes repairs	205.89	16,440.71	732.31	445.41	211.81	200.21	0.00	598.06	0.00	167.31	0.00	0.00	19,001.71
5299 Total maintenance	**6,187.92**	**(10,671.00)**	**9,372.04**	**2,845.30**	**3,522.08**	**2,164.80**	**1,399.73**	**3,492.04**	**2,013.83**	**2,230.92**	**5,040.14**	**7,290.18**	**34,887.98**
5300 ADVERTISING & PROMOTIONS													
5310 Print & other media	189.94	94.97	94.97	31.20	189.94	0.00	103.47	103.47	103.47	136.22	103.47	103.47	1,254.59
5311 Signage	0.00	228.00	0.00	4.92	0.00	0.00	0.00	161.85	0.00	0.00	0.00	0.00	394.77
5312 Tenant promo - recreation	0.00	0.00	29.24	361.06	271.83	696.72	98.68	30.95	8.47	12.83	0.00	23.16	1,532.94
5315 Total advertising & promotions	**189.94**	**322.97**	**124.21**	**397.18**	**461.77**	**696.72**	**202.15**	**296.27**	**111.94**	**149.05**	**103.47**	**126.63**	**3,182.30**
5400 GENERAL & ADMINISTRATIVE													
5406 Credit checks	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	22.45	126.01	108.75	0.00	257.21
5409 Billing service	200.65	200.65	200.65	200.65	200.65	244.88	200.65	200.65	200.65	200.65	200.65	200.65	2,452.03
5410 Dues & subscriptions	600.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	650.00	0.00	1,250.00
5413 Miscellaneous	98.13	516.70	338.33	317.28	414.60	4.59	1,275.02	274.64	299.85	290.24	395.74	510.27	4,735.39
5414 Legal fees	25.00	2,500.00	0.00	3,990.00	0.00	4,170.00	0.00	0.00	5,450.00	0.00	0.00	0.00	16,135.00

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5415 Security service	675.00	0.00	1,200.00	600.00	600.00	600.00	0.00	1,200.00	600.00	600.00	600.00	600.00	7,275.00
5416 Supplies	98.73	214.87	414.57	96.84	103.64	131.51	194.73	336.73	270.26	159.66	341.12	275.62	2,638.28
5417 Temporary help	929.00	698.50	609.00	587.25	617.25	1,045.50	188.50	759.50	261.00	609.00	616.25	601.75	7,522.50
5418 Mileage expense	211.85	21.93	82.50	50.05	44.55	996.80	69.85	76.00	31.00	58.00	56.00	72.00	1,770.53
5419 Postage	0.00	260.25	81.16	115.56	119.01	116.87	171.72	126.18	62.26	136.86	47.50	143.97	1,381.34
5425 Education	0.00	800.00	0.00	100.00	0.00	0.00	0.00	0.00	469.00	0.00	0.00	(61.00)	1,308.00
5438 Computers hardware/software	100.00	100.00	100.00	164.16	100.00	611.40	100.00	100.00	100.00	275.58	100.00	100.00	1,951.14
5511 Other taxes	0.00	0.00	0.00	0.00	556.35	0.00	0.00	40.00	0.00	35.58	0.00	0.00	631.93
5512 License fees	0.00	297.00	0.00	0.00	0.00	0.00	0.00	838.00	0.00	0.00	0.00	0.00	1,135.00
5599 Total general & administrative	**2,938.36**	**5,609.90**	**3,026.21**	**6,221.79**	**2,756.05**	**7,921.55**	**2,200.47**	**3,951.70**	**7,766.47**	**2,491.58**	**3,116.01**	**2,443.26**	**50,443.35**
5600 PROP TAX, INS & MGMT FEES													
5610 Property taxes	0.00	0.00	0.00	0.00	0.00	488.28	0.00	0.00	0.00	0.00	0.00	0.00	488.28
5611 Insurance	436.72	713.72	0.00	436.72	436.72	436.72	436.72	436.72	436.72	0.00	0.00	7,530.00	11,300.76
5612 Management fees	2,000.00	2,000.00	2,000.00	2,000.00	2,000.00	2,000.00	2,000.00	2,000.00	2,000.00	2,000.00	2,000.00	2,000.00	24,000.00
5630 Total prop tax, ins & mgmt fee	**2,436.72**	**2,713.72**	**2,000.00**	**2,436.72**	**2,436.72**	**2,925.00**	**2,436.72**	**2,436.72**	**2,436.72**	**2,000.00**	**2,000.00**	**9,530.00**	**35,789.04**
5660 Total operating expenses	**29,459.53**	**46,465.55**	**44,684.69**	**19,411.67**	**40,986.11**	**27,766.13**	**23,064.81**	**33,006.84**	**36,560.55**	**22,832.56**	**31,915.32**	**43,971.55**	**400,125.31**
5665 Operating income	**24,188.08**	**12,713.37**	**15,207.62**	**38,643.62**	**14,359.60**	**22,232.69**	**33,995.73**	**20,062.22**	**20,513.08**	**31,675.75**	**21,516.86**	**5,975.78**	**261,084.40**
5790 DEBT SERVICE													
5800-A Debt service-Series A Bond	16,920.53	16,920.53	16,920.53	16,920.53	16,920.53	16,920.53	16,920.53	16,920.53	16,920.53	16,920.53	16,920.53	16,920.53	203,046.36
5800-B Debt service-Series B Bond	3,885.42	3,885.42	3,885.42	3,885.42	3,885.42	3,885.42	3,885.42	3,885.42	3,885.42	3,885.42	3,885.42	3,885.42	46,625.04
5815 Total debt service	**20,805.95**	**20,805.95**	**20,805.95**	**20,805.95**	**20,805.95**	**20,805.95**	**20,805.95**	**20,805.95**	**20,805.95**	**20,805.95**	**20,805.95**	**20,805.95**	**249,671.40**
5828 Operating cash flow	**3,382.13**	**(8,092.58)**	**(5,598.33)**	**17,837.67**	**(6,446.35)**	**1,426.74**	**13,189.78**	**(743.73)**	**(292.87)**	**10,869.80**	**710.91**	**(14,830.17)**	**11,413.00**
5830 OTHER (INCOME) EXPENSE													
5850 Fiscal Agent interest income	0.00	0.00	0.00	0.00	0.00	0.00	0.00	(5.65)	(51.20)	(60.34)	(65.64)	(63.21)	(246.04)
5860 Total other (income) expense	**0.00**	**0.00**	**0.00**	**0.00**	**0.00**	**0.00**	**0.00**	**(5.65)**	**(51.20)**	**(60.34)**	**(65.64)**	**(63.21)**	**(246.04)**
5910 NET INCOME ADJUSTMENTS													
5911-A Principal (Series A Bond)	(416.67)	(416.67)	(416.67)	(416.67)	(416.67)	(416.67)	(416.67)	(416.67)	(416.67)	(416.67)	(416.67)	(416.67)	(5,000.04)
5911-B Principal (Series B Bond)	(2,916.67)	(2,916.67)	(2,916.67)	(2,916.67)	(2,916.67)	(2,916.67)	(2,916.67)	(2,916.67)	(2,916.67)	(2,916.67)	(2,916.67)	(2,916.67)	(35,000.04)
5940 Total net income adjustments	**(3,333.34)**	**(3,333.34)**	**(3,333.34)**	**(3,333.34)**	**(3,333.34)**	**(3,333.34)**	**(3,333.34)**	**(3,333.34)**	**(3,333.34)**	**(3,333.34)**	**(3,333.34)**	**(3,333.34)**	**(40,000.08)**
5980 IMPROVEMENTS													

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8000 Net income (loss)	**6,715.47**	**(4,759.24)**	**(2,264.99)**	**21,171.01**	**(3,113.01)**	**4,760.08**	**16,523.12**	**2,595.26**	**3,091.67**	**14,263.48**	**4,109.89**	**(11,433.62)**	**51,659.12**

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4000 INCOME STATEMENT													
4001 RENTAL INCOME													
4010 Gross potential rent	42,754.88	43,364.88	43,364.88	43,364.88	43,364.88	43,364.88	43,364.88	43,364.88	43,364.88	43,364.88	43,364.88	43,364.88	519,768.56
4020 Vacancy	(1,390.24)	(1,762.80)	(1,410.24)	(1,410.24)	(1,410.24)	(1,410.24)	(1,762.80)	(1,410.24)	(1,410.24)	(1,410.24)	(1,410.24)	(1,410.24)	(17,608.00)
4021 Concessions	(50.00)	(50.00)	0.00	(100.00)	(50.00)	(50.00)	(50.00)	(100.00)	(50.00)	0.00	(100.00)	(50.00)	(650.00)
4022 Bad debt - write off	(373.95)	0.00	0.00	0.00	0.00	0.00	(441.12)	0.00	0.00	0.00	0.00	0.00	(815.07)
4060 Utility income	(321.92)	(625.23)	(387.02)	(457.37)	(300.20)	(226.52)	(397.13)	(395.19)	(312.05)	(261.46)	(297.30)	(295.89)	(4,277.28)
4061 Electricity income	8,186.23	13,886.98	13,514.20	10,795.71	8,082.12	5,102.35	7,080.57	8,598.13	6,992.44	5,037.82	6,292.99	5,774.76	99,344.30
4062 Gas income	2,861.51	2,187.46	2,214.59	2,238.13	2,525.22	3,312.74	6,141.13	8,113.38	6,820.00	5,280.83	5,123.46	3,682.46	50,500.91
4063 Water usage income	2,858.41	3,037.63	2,992.62	2,950.35	2,717.73	2,403.15	2,374.83	2,316.32	2,447.71	2,333.24	2,699.43	2,815.00	31,946.42
4066 RV storage income	90.00	105.00	120.00	105.00	105.00	105.00	105.00	105.00	120.00	105.00	105.00	105.00	1,275.00
4067 Maintenance call income	0.00	0.00	0.00	40.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	40.00
4075 Late charge fees	250.00	75.00	250.00	350.00	400.00	575.00	500.00	350.00	275.00	325.00	550.00	475.00	4,375.00
4076 Return check fees	0.00	0.00	25.00	25.00	25.00	0.00	25.00	0.00	0.00	0.00	25.00	0.00	125.00
4079 Cable TV income	0.00	682.17	0.00	0.00	620.46	0.00	0.00	0.00	570.24	0.00	0.00	620.36	2,493.23
4080 Other rental income	0.48	3,424.84	0.50	(0.01)	0.24	0.24	1,738.04	0.00	0.46	0.00	0.00	0.00	5,164.79
4085 Total revenue	**543, 5640**	**, 437256 7**	**, 03 84657**	**593 01645**	**5, 308621**	**5739, 6 0**	**583 98640**	**, 03 42628**	**583318644**	**5439956 09**	**5, 375762**	**5530816 77**	**, . 13 8268,**
5000 OPERATING EXPENSES													
5005 PAYROLL													
5010 Payroll - Manager	1,850.00	1,850.00	1,850.00	1,850.00	1,850.00	2,100.00	1,850.00	1,850.00	1,850.00	1,850.00	1,850.00	1,850.00	22,450.00
5040 Payroll - Maintenance	2,707.00	2,951.50	2,856.00	2,006.00	1,700.00	1,700.00	1,700.00	1,700.00	1,700.00	1,700.00	1,700.00	3,025.75	25,446.25
5070 Payroll taxes	428.17	457.00	435.99	311.47	266.64	285.77	550.42	550.42	550.42	399.04	270.47	462.39	4,968.20
5071 Insurance & other benefits	1,348.83	1,357.76	1,356.74	1,320.96	1,283.64	1,318.60	1,347.36	1,347.36	1,347.36	1,347.36	1,347.36	1,194.14	15,917.47
5072 Employee apartments	695.12	705.12	705.12	705.12	705.12	705.12	705.12	705.12	705.12	705.12	705.12	705.12	8,451.44
5075 Employee related expenses	200.15	1,950.89	21.00	731.70	182.28	24.60	24.60	279.91	108.96	108.97	24.60	191.27	3,848.93
5080 Total payroll	**9322. 629**	**. 329269**	**9322468 5**	**, 3 25625**	**53 896, 8**	**, 31746 0.**	**, 3199650**	**, 3472681**	**, 32, 168,**	**, 31106 4.**	**538. 9655**	**934286, 9**	**8130826 2.**
50. 0 UTILITIES													
5095 Cable TV	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	84.37	84.37
5100 Electricity	0.00	13,820.60	28,172.76	0.00	8,533.29	6,614.86	7,263.95	8,360.86	7,195.78	11,972.62	0.00	11,438.70	103,373.42
5110 Water	6,314.26	0.00	7,135.95	0.00	5,090.17	0.00	4,104.34	0.00	3,960.36	0.00	4,939.22	0.00	31,544.30
5120 Gas	1,406.89	2,867.00	0.00	52.08	899.17	2,207.77	5,895.69	0.00	12,493.95	3,988.40	2,694.49	2,106.56	34,612.00
5130 Telephone/answering	607.78	466.98	400.56	356.46	786.98	781.70	420.08	351.41	928.37	420.88	623.53	845.02	6,989.75
5140 Rubbish removal	388.74	450.17	418.37	1,095.57	429.64	398.92	443.06	0.00	407.26	1,465.46	1,255.85	0.00	6,753.04
5145 Total utilities	**839196, 9**	**193, 04695**	**7, 31296, 4**	**135046 11**	**1539 7. 625**	**1030076 25**	**18312968 12**	**8391262 9**	**243 8569 2**	**1938496 7,**	**. 35176 0.**	**1434946, 5**	**18737 5, 688**

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5150 UTILITY MAINTENANCE													
5151 Electric system maintenance	100.00	250.00	0.00	2,340.00	0.00	188.27	0.00	1,916.03	382.30	140.00	0.00	962.50	6,279.10
5160 Water system maintenance	0.00	0.00	130.00	0.00	7,926.86	0.00	0.00	368.52	0.00	1,677.00	0.00	1,715.00	11,817.38
5170 Gas system maintenance	200.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	400.00	0.00	0.00	600.00
5185 Sewer system maintenance	0.00	2,301.00	470.75	125.00	392.25	0.00	0.00	0.00	0.00	0.00	0.00	0.00	3,289.00
51. 8 Total utility maintenance	**70060**	**2355160**	**, 0095**	**234, 560**	**8371. 611**	**18829**	**0600**	**23284655**	**78270**	**23219600**	**0600**	**23, 99650**	**213 85648**
5200 MAINTENANCE EXPENSE													
5211 Appliances repairs	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	848.35	0.00	0.00	848.35
5212 Building structure	(144.48)	209.48	0.00	0.00	196.95	0.00	0.00	0.00	0.00	0.00	91.03	1,991.53	2,344.51
5214 Cleaning & cleaning supplies	0.00	250.00	250.00	250.00	250.00	250.00	250.00	652.65	250.00	0.00	250.00	200.00	2,852.65
5215 Drapes maintenance	250.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	250.00
5216 Electrical maintenance	(7.99)	7.99	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
5217 Maintenance supplies	5.90	355.67	21.50	347.03	37.26	113.95	205.89	0.00	182.96	29.76	61.64	521.20	1,882.76
5218 Equipment purchases & repairs	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	109.73	109.73
5219 Furniture	0.00	0.00	0.00	0.00	137.17	0.00	260.93	87.79	0.00	0.00	0.00	0.00	485.89
5220 Other maintenance	19.16	0.00	76.77	21.95	0.00	0.00	0.00	0.00	27.97	212.40	0.00	0.00	358.25
5221 Landscape	87.30	99.73	3,661.64	20.00	3,592.04	32.01	0.00	2,373.02	230.37	2,897.92	3,756.18	3,151.89	19,902.10
5222 Painting	(59.20)	159.09	0.00	199.77	24.63	0.00	0.00	297.16	448.80	56.07	437.73	86.76	1,650.81
5223 Pest control	63.51	151.00	56.00	56.00	56.00	56.00	56.00	56.00	56.00	56.00	56.00	56.00	774.51
5224 Plumbing	0.00	0.00	0.00	0.00	0.00	8.84	0.00	0.00	0.00	0.00	0.00	0.00	8.84
5225 Pool & spa	643.85	343.25	154.93	203.69	450.00	50.00	450.00	350.00	297.48	249.75	249.75	233.49	3,676.19
5226 Sweeping service	290.00	290.00	290.00	290.00	290.00	290.00	290.00	290.00	290.00	290.00	290.00	290.00	3,480.00
5227 Tool purchase	82.81	0.00	0.00	2.70	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	85.51
5232 Equipment rental	0.00	0.00	0.00	0.00	0.00	165.15	0.00	0.00	0.00	0.00	0.00	0.00	165.15
5233 Rental & park homes repairs	0.00	0.00	250.00	0.00	0.00	500.00	748.10	0.00	0.00	0.00	275.00	0.00	1,773.10
5234 Fences and walls maintenance	0.00	0.00	0.00	67.72	0.00	160.76	0.00	0.00	0.00	0.00	0.00	0.00	228.48
5236 Temp help	0.00	500.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	500.00
52. . Total maintenance	**132706,**	**237, , 621**	**439, 0684**	**1345866,**	**5307405**	**13, 2, 691**	**232, 06 2**	**4310, 6, 2**	**13987658**	**43, 40625**	**534, 9677**	**, 3, 406, 0**	**41379, 687**
5700 ADVERTISING & PROMOTIONS													
5310 Print & other media	103.47	103.47	239.69	0.00	103.47	151.66	115.47	115.47	115.47	149.22	115.47	115.47	1,428.33
5311 Signage	291.69	239.28	0.00	173.85	0.00	0.00	0.00	0.00	0.00	0.00	4.87	13.16	722.85
5312 Tenant promo - recreation	0.00	11.98	16.27	283.48	37.87	660.60	219.08	24.69	0.00	81.57	0.00	6.00	1,341.54
5715 Total advertising & promotions	**7. 561,**	**754697**	**2556 ,**	**459677**	**141674**	**81262,**	**774655**	**14061,**	**115649**	**27069.**	**120674**	**1746, 7**	**734. 2692**
5400 GENERAL & ADMINISTRATIVE													

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5406 Credit checks	74.34	23.06	69.03	0.00	17.25	103.55	0.00	0.00	34.51	0.29	17.25	86.29	425.57
5409 Billing service	200.65	200.65	202.20	202.20	202.20	202.20	202.20	202.20	202.20	202.20	202.20	202.20	2,423.30
5410 Dues & subscriptions	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	700.00	700.00
5413 Miscellaneous	274.18	262.58	490.29	208.65	264.60	86.95	1,238.07	274.56	275.64	235.50	172.13	180.44	3,963.59
5414 Legal fees	4,200.00	0.00	0.00	0.00	2,196.34	0.00	(1,500.00)	1,600.00	0.00	0.00	0.00	0.00	6,496.34
5415 Security service	675.00	0.00	1,200.00	600.00	600.00	600.00	600.00	600.00	600.00	600.00	600.00	600.00	7,275.00
5416 Supplies	162.00	147.49	4.94	359.24	195.22	159.40	358.44	236.37	127.76	283.74	110.46	206.89	2,351.95
5417 Temporary help	565.50	620.50	652.50	645.25	485.75	678.50	0.00	350.37	377.00	558.25	623.50	638.00	6,195.12
5418 Mileage expense	65.50	46.00	175.00	61.00	60.50	1,073.00	64.50	109.14	54.06	56.61	62.73	213.44	2,041.48
5419 Postage	35.33	121.80	140.53	18.60	61.40	61.20	224.68	89.48	42.60	105.78	54.00	152.63	1,108.03
5425 Education	0.00	800.00	0.00	0.00	0.00	0.00	160.00	0.00	179.00	0.00	0.00	0.00	1,139.00
5435 Bank service charge - expense	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	103.88	87.34	(0.21)	191.01
5438 Computers hardware/software	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	1,200.00
5511 Other taxes	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	36.19	0.00	0.00	36.19
5512 License fees	0.00	506.50	0.00	0.00	0.00	0.00	0.00	40.00	0.00	0.00	0.00	0.00	546.50
55. . Total general & administrative	**, 375260**	**23328658**	**7307464.**	**231. 46 4**	**4318762,**	**730, 4680**	**1344968.**	**73, 02612**	**13 . 2699**	**23282644**	**2302. 6, 1**	**7309. 6, 8**	**7, 30. 7608**
5, 00 PROP TAX3INS & MGMT FEES													
5611 Insurance	285.00	161.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	7,053.00	0.00	7,499.00
5612 Management fees	2,000.00	2,000.00	2,000.00	2,000.00	2,800.00	2,200.00	2,200.00	2,200.00	2,200.00	2,400.00	2,200.00	2,200.00	26,400.00
5, 70 Total prop tax3ins & mgmt fee	**2328560**	**231, 160**	**2300060**	**2300060**	**2380060**	**2320060**	**2320060**	**2320060**	**2320060**	**2340060**	**. 325760**	**2320060**	**7738. . 60**
5, , 0 Total operating expenses	**2, 35106,**	**79317864**	**54300467**	**1930056.**	**4232046, .**	**24302. 678**	**7035496 8**	**29349867**	**79392160**	**75392867**	**7232806 2**	**7, 3, 75697**	**401328, 628**
5, , 5 Operating income	**2837546 4**	**2931896.**	**, 3, 8060**	**4038. 56 ,**	**17389562**	**2. 314962**	**28317062**	**7734, 7695**	**2130. , 694**	**1. 304, 694**	**24309260**	**1834456, 0**	**2. 037. , 658**
59. 0 DEBT SERVICE													
5800-A Debt service-Series A Bond	16,920.53	16,920.53	16,920.53	16,920.53	16,920.53	16,920.53	0.00	0.00	0.00	0.00	0.00	0.00	101,523.18
5800-B Debt service-Series B Bond	3,885.42	3,885.42	3,885.42	3,885.42	3,885.42	3,885.42	0.00	0.00	0.00	0.00	0.00	0.00	23,312.52
5815 Total debt service	**2038056 5**	**2038056 5**	**2038056 5**	**2038056 5**	**2038056 5**	**2038056 5**	**0600**	**0600**	**0600**	**0600**	**0600**	**0600**	**124387560**
5828 Operating cash flow	**935486 .**	**, 378164**	**(1431256 5)**	**2030. 0601**	**(, 3 70647)**	**8374162**	**28317062**	**7734, 7695**	**2130. , 694**	**1. 304, 694**	**24309260**	**1834456, 0**	**1, 535, 0688**
5870 OTHER (INCOME) EXPENSE													
5850 Fiscal Agent interest income	(74.03)	(95.33)	(102.56)	(96.54)	(96.27)	(59.80)	(63.12)	(64.73)	(58.84)	(69.55)	(66.38)	(48.36)	(895.51)
58, 0 Total other (income) expense	**(94607)**	**(. 5677)**	**(10265,)**	**(. , 654)**	**(. , 629)**	**(5. 680)**	**(, 7612)**	**(, 4697)**	**(58684)**	**(, . 655)**	**(, , 678)**	**(4867,)**	**(8. 5651)**
5. 10 NET INCOME ADJUSTMENTS													

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5911-A Principal (Series A Bond)	(416.67)	(416.67)	(416.67)	(416.67)	(416.67)	(416.67)	0.00	0.00	0.00	0.00	0.00	0.00	(2,500.02)
5911-B Principal (Series B Bond)	(2,916.67)	(2,916.67)	(2,916.67)	(2,916.67)	(2,916.67)	(2,916.67)	0.00	0.00	0.00	0.00	0.00	0.00	(17,500.02)
5. 40 Total net income adjustments	**(7377674)**	**(7377674)**	**(7377674)**	**(7377674)**	**(7377674)**	**(7377674)**	**0600**	**0600**	**0600**	**0600**	**0600**	**0600**	**(2030006004)**
5. 80 IMPROVEMENTS													
8000 Net income (loss)	**103 5, 67,**	**. 3810611**	**(103. 0605)**	**27351. 68.**	**(7350068 2)**	**11397464 1**	**2831. 7654**	**7735286 48**	**21315565 8**	**1. 311, 62.**	**2431786, 8**	**1834. 76 ,**	**18, 345, 647**

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4000 INCOME STATEMENT													
4001 RENTAL INCOME													
4010 Gross potential rent	43,3745 .	43,62459.	43,62459.	43,62459.	43,62459.	43,62459.	43,62459.	43,62459.	43,62459.	43,62459.	43,62459.	43,632567	622,146524
4020 Vacancy	(1,410524)	(1,416544)	(1,416544)	(1,978530)	(1,978530)	(1,416544)	(1,416544)	(1,416544)	(1,978530)	(2,123517)	(2,123517)	(1,83. 514)	(18,8985 0)
4021 Concessions	(60500)	(60500)	(60500)	(60500)	0500	(100500)	0500	(100500)	0500	(60500)	0500	(60500)	(600500)
4022 Bad debt - write off	0500	0500	0500	(2,86. 588)	0500	0500	0500	(231546)	0500	(3,8025 0)	0500	0500	(9,083524)
4070 Utility income	(307579)	(436571)	(4. 8570)	(7065 0)	(392503)	(212513)	(391542)	(3. 1501)	(323501)	(378532)	(3485 6)	(612521)	(4,92. 577)
4071 Electricity income	7,3685 .	12,186508	13,293538	11,312512	9,4. 9549	6,678573	9,1. 05 2	. ,301533	7,904501	6,646578	6,429521	9,217502	87,692577
4072 Gas income	3,389563	2,926520	2,91. 537	2,4835 3	2,. 76590	4,04. 59.	7,4025 6	9,730574	6,93751.	4,431512	3,6805 7	2,268514	4. ,300518
4073 Water usage income	3,101517	3,21658.	3,363549	3,247573	2,. 9054.	2,6. 054.	2,383537	2,7775 2	2,772562	2,676568	2,92. 564	3,17054.	34,646561
4077 RV storage income	106500	106500	106500	106500	106500	106500	106500	106500	96500	80500	80500	80500	1,1. 6500
4096 Late charge fees	496500	200500	396500	126500	326500	100500	296500	300500	226500	196500	226500	260500	3,060500
4097 Return check fees	26500	0500	0500	0500	0500	0500	0500	0500	0500	0500	26500	0500	60500
4098 Cable TV income	2,619542	0500	70851.	0500	0500	0500	71. 5 2	0500	0500	0500	0500	0500	3,946542
40. 0 Other rental income	0500	0500	0500	0500	0500	0500	278500	0500	0500	0500	0500	10,184580	10,473580
4085 Total revenue	**57,578.96**	**60,065.00**	**62,004.14**	**55,423.27**	**55,037.10**	**54,201.10**	**58,982.77**	**60,400.67**	**56,835.18**	**49,886.90**	**53,138.38**	**64,202.75**	**687,756.22**
5000 OPERATING EXPENSES													
5005 PAYROLL													
6010 Payroll - Manager	1,. 60500	1,. 60500	1,. 60500	1,. 60500	1,. 60500	1,. 60500	1,. 60500	1,. 60500	2,626500	3,200500	3,700500	3,200500	29,326500
6040 Payroll - Maintenance	3,8095 .	3,678500	3,723500	2,072526	1,900500	1,800500	1,900500	1,900500	1,900500	2,2175 .	1,900500	4,03. 596	28,. 19597
6090 Payroll taxes	6. 9520	63. 524	64750.	320560	27. 517	2. 3547	62956.	629590	698534	648571	386527	7. 0579	6,. 035 0
6091 Insurance & other benefits	1,9. 2593	1,620523	1,622580	1,387569	1,39. 570	1,3. . 562	1,39. 570	1,39. 570	1,424532	1,60351.	1,6015 8	1,73854.	19,. 16572
6092 Employee apartments	906512	909592	909592	909592	909592	909592	909592	909592	909592	909592	909592	909592	. ,480504
6096 Employee related expenses	24570	1935 8	149523	1785 7	114523	9165 7	213567	24570	120596	732517	28. 58.	1405 6	2,997569
5080 Total payroll	**8,857.53**	**8,359.08**	**8,396.93**	**6,506.90**	**6,018.71**	**6,845.56**	**6,377.46**	**6,188.62**	**7,057.13**	**8,809.55**	**8,203.85**	**10,407.47**	**92,028.79**
5090 UTILITIES													
6100 Electricity	0500	26,. 40518	14,706532	. ,211590	0500	9,63. 599	16,800579	9,314506	7,0. 2570	6,0495 2	6,883530	0500	87,634542
6110 Water	7,9705 3	0500	9,93. 580	0500	6,414561	0500	4,183570	0500	4,67. 512	0500	6,9865 4	0500	34,4915 0
6120 Gas	2,614582	1,796593	1,687594	1,37. 548	1,638540	3,001530	7,374571	7,4. 2542	4,06. 530	2,978541	1,. 3. 513	. 675 0	34,077526
6130 Telephone/answering	414549	88152.	7385 3	732594	6. 0570	763592	479533	. 40504	471590	832512	867561	62. 518	. ,08. 563
6140 Rubbish removal	4875 7	398501	0500	3. 8520	381561	0500	48650.	421529	38657.	2,369571	971529	39057.	7,46. 519
5145 Total utilities	**10,187.08**	**28,886.21**	**24,580.79**	**10,602.13**	**7,926.02**	**11,193.79**	**27,421.29**	**15,057.78**	**15,566.40**	**11,106.96**	**15,345.05**	**1,755.67**	**179,629.17**
5150 UTILITY MAINTENANCE													
6161 Electric system maintenance	433529	0500	0500	33. 500	0500	0500	0500	0500	406500	1,670500	0500	0500	2,937529

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6170 Water system maintenance	0500	136500	0500	0500	0500	0500	32572	0500	1,00980	1,99000	1. 6500	0500	3,13062
6190 Gas system maintenance	0500	0500	0500	0500	0500	0500	0500	0500	0500	40000	0500	0500	40000
61. 6 Sewer system maintenance	0500	1,30000	0500	0500	0500	0500	126500	0500	0500	0500	0500	0500	1,42600
5198 Total utility maintenance	**433.27**	**1,435.00**	**0.00**	**338.00**	**0.00**	**0.00**	**157.62**	**0.00**	**1,412.90**	**3,730.00**	**185.00**	**0.00**	**7,691.79**
5200 MAINTENANCE EXPENSE													
6212 Building structure	3527	0500	0500	146500	0500	0500	0500	0500	0500	0500	120500	1,10047	1,37. 592
6214 Cleaning & cleaning supplies	300500	960500	260500	260500	260500	260500	9. . 533	0500	260500	260500	260500	260500	3,. 3. 533
6219 Maintenance supplies	0500	405 6	0500	42541	495 3	102513	2965 3	0500	0500	0500	16079	30. 546	87. 519
621. Equipment purchases & repairs	0500	0500	0500	0500	0500	0500	0500	0500	0500	0500	20668	0500	20668
6218 Furniture	0500	0500	1965.	0500	0500	0500	0500	0500	0500	0500	0500	37209	63976
6220 Other maintenance	0500	0500	0500	0500	0500	0500	0500	0500	163544	160500	0500	0500	303544
6221 Landscape	137511	3,4475.	3. 560	6365.	1,26274	102568	1635 0	0500	128587	16500	1,40227	69520	9,27872
6222 Painting	0500	942539	0500	0500	0500	0500	0500	0500	70592	0500	0500	30074	1,103593
6223 Pest control	67500	67500	67500	67500	67500	67500	67500	67500	237500	137500	137500	137500	1,08200
6224 Plumbing	0500	0500	42567	0500	0500	0500	0500	0500	0500	0500	0500	0500	42567
6226 Pool & spa	118527	674592	92593	273513	198519	162518	131567	213513	1,29. 518	202513	166540	9495.	4,098568
6227 Sweeping service	0500	6. 0500	280500	280500	280500	280500	280500	280500	280500	280500	280500	280500	3,4. 0500
6229 Tool purchase	0500	0500	190576	0500	0500	0500	359.	0500	0500	0500	0500	0500	194543
6232 Equipment rental	176516	0500	0500	0500	0500	0500	846500	0500	0500	0500	0500	0500	1,110516
6233 Rental & park homes repairs	0500	0500	0500	0500	0500	0500	2495.	1,0885.	0500	0500	3,20000	140500	4,7. 9507
6237 Temp help	716500	0500	0500	0500	0500	0500	0500	0500	0500	0500	0500	200500	. 16500
5299 Total maintenance	**1,394.78**	**6,180.02**	**1,096.02**	**1,582.02**	**2,075.64**	**952.91**	**2,891.58**	**1,658.91**	**2,398.31**	**1,043.13**	**5,909.92**	**3,892.80**	**31,076.04**
5300 ADVERTISING & PROMOTIONS													
6310 Print & other media	116549	240537	33596	116549	116549	116549	230584	0500	274578	0500	230584	0500	1,472567
6312 Tenant promo - recreation	0500	0500	. 540	333561	0500	478590	369510	16534	31586	0500	7596	905 9	1,283572
5315 Total advertising & promotions	**115.47**	**240.36**	**42.15**	**448.98**	**115.47**	**585.17**	**588.04**	**15.34**	**296.64**	**0.00**	**237.69**	**70.87**	**2,756.18**
5400 GENERAL & ADMINISTRATIVE													
6407 Credit checks	7. 519	234561	0500	0500	0500	0500	0500	0500	(70544)	38567	8. 581	0500	3. 0591
6408 Billing service	202520	202520	202520	202520	202520	202520	202520	202520	23. 580	202520	202520	202520	2,473510
6410 Dues & subscriptions	0500	0500	0500	0500	0500	0500	0500	0500	0500	0500	960500	0500	960500
6413 Miscellaneous	168581	32511	13584	0500	295 3	443593	10500	0500	97511	0500	0500	0500	973573
6414 Legal fees	0500	0500	1,100500	1,060500	0500	2,100500	0500	0500	2,400500	4,83. 500	300500	1,460500	13,33. 500
6416 Security service	7. 2560	700500	700500	700500	700500	700500	700500	700500	1,200500	0500	700500	700500	9,2. 2560
6417 Supplies	1065.	114531	2. 9500	160503	27. 528	176582	117548	37508	499527	160548	702598	627576	3,000570

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For Year 2012

Account	Period End Jul 31, 2011	Period End Aug 31, 2011	Period End Sep 30, 2011	Period End Oct 31, 2011	Period End Nov 30, 2011	Period End Dec 31, 2011	Period End Jan 31, 2012	Period End Feb 28, 2012	Period End Mar 31, 2012	Period End Apr 30, 2012	Period End May 31, 2012	Period End Jun 30, 2012	Period End Year To Date
6419 Temporary help	779500	794526	779500	926500	779500	0500	399500	0500	0500	0500	1,030596	9. . 500	6,687500
641. Mileage expense	391548	. 2514	0500	121567	0500	1,18. 5 0	1735.	34541	61507	67571	301500	745.	2,444573
6418 Postage	122532	118594	97562	168571	31500	130593	187503	675 0	8. 500	31514	96599	81520	1,1. . 5 7
6426 Education	. 00500	10500	0500	100500	170500	0500	0500	0500	478500	0500	0500	0500	1,638500
6436 Bank service charge - expense	187547	10. 526	1185 1	136510	127549	1175.	117566	1245 7	147584	771516	139548	169502	2,1495.
643. Computers hardware/software	100500	100500	100500	100500	100500	100500	460500	100500	98500	2. 75 .	. . 589	98500	1,7. 35 6
6611 Other taxes	0500	2,171568	0500	7005 4	0500	0500	0500	0500	0500	37521	0500	0500	2,98. 574
6612 License fees	0500	0500	0500	0500	3. 352.	0500	. 3. 500	40500	0500	398500	0500	0500	1,7405.
5599 Total general & administrative	**3,475.33**	**4,439.10**	**3,166.47**	**3,944.34**	**2,566.07**	**5,058.36**	**3,069.45**	**1,194.36**	**5,175.83**	**6,781.24**	**4,187.88**	**3,958.45**	**47,016.88**
5600 PROP TAX, INS & MGMT FEES													
6710 Property taxes	0500	0500	0500	0500	0500	347567	0500	0500	0500	347566	0500	0500	783511
6711 Insurance	0500	380500	0500	0500	0500	(7375 1)	(137500)	0500	0500	0500	7,. 96500	39500	7,628518
6712 Management fees	2,200500	2,200500	2,200500	2,200500	2,200500	2,200500	2,200500	2,200500	2,200500	2,200500	2,200500	2,200500	27,400500
5630 Total prop tax, ins & mgmt fee	**2,200.00**	**2,590.00**	**2,200.00**	**2,200.00**	**2,200.00**	**1,909.75**	**2,064.00**	**2,200.00**	**2,200.00**	**2,546.55**	**9,075.00**	**2,237.00**	**33,622.30**
5660 Total operating expenses	**26,663.46**	**52,129.77**	**39,482.36**	**25,622.37**	**20,901.91**	**26,545.54**	**42,569.44**	**26,315.01**	**34,107.21**	**34,017.43**	**43,144.39**	**22,322.26**	**393,821.15**
5665 Operating income	**30,915.50**	**7,935.23**	**22,521.78**	**29,800.90**	**34,135.19**	**27,655.56**	**16,413.33**	**34,085.66**	**22,727.97**	**15,869.47**	**9,993.99**	**41,880.49**	**293,935.07**
5790 DEBT SERVICE													
5828 Operating cash flow	**30,915.50**	**7,935.23**	**22,521.78**	**29,800.90**	**34,135.19**	**27,655.56**	**16,413.33**	**34,085.66**	**22,727.97**	**15,869.47**	**9,993.99**	**41,880.49**	**293,935.07**
5830 OTHER (INCOME) EXPENSE													
6. 60 Fiscal Agent interest income	(44511)	(40512)	(4. 5 1)	(4. 564)	(6457.)	(41571)	(4. 527)	(6650.)	(6. 546)	(795 9)	(74574)	(60547)	(722573)
5860 Total other (income) expense	**(44.11)**	**(40.12)**	**(48.81)**	**(48.54)**	**(54.68)**	**(41.61)**	**(48.26)**	**(55.08)**	**(58.45)**	**(67.87)**	**(64.64)**	**(50.46)**	**(622.63)**
5910 NET INCOME ADJUSTMENTS													
5980 IMPROVEMENTS													
8000 Net income (loss)	**30,959.61**	**7,975.35**	**22,570.59**	**29,849.44**	**34,189.87**	**27,697.17**	**16,461.59**	**34,140.74**	**22,786.42**	**15,937.34**	**10,058.63**	**41,930.95**	**294,557.70**

RENT CONTROL ORDINANCE

hapter 11.08 - MOBILEHOME PARK RENT STABILIZATION

Sections:

11.08.010 - Purpose.

It is the purpose of this chapter to protect homeowners in mobilehome parks from unreasonable rent increases by establishing a process to stabilize rents in mobilehome parks and to provide park owners a just and reasonable return on their investment.

(Ord. No. 927, § 1, 8-11-09; Ord. 881 § 1 (part), 2007)

11.08.020 - Definitions.

For the purpose of this chapter:

"Annual period" means that year commencing on the first day of October.

"Annual rental increase" means that rental increase established by the city council pursuant to Section 11.08.060, to be effective for the annual period which may be implemented by park owners unless the park owner is otherwise prohibited from doing so pursuant to this chapter.

"Camping trailer" means a vehicular portable unit mounted on wheels and constructed with collapsible partial sidewalls which fold for towing by another vehicle and unfold at the campsite and designed for human habitation for recreational or emergency occupancy.

"Commercial coach" means a structure transportable in one or more sections, designed and equipped for human occupancy for industrial, professional or commercial purposes, which is required to be moved under permit as defined in Section 18001.8 of the Health and Safety Code, and shall include a trailer coach as defined in Section 635 of the Vehicle Code.

"Director" means the director of housing and community revitalization or designee.

"Homeowner" means a person who has a tenancy in a mobilehome park under a rental agreement.

"Homeowner petition period" means that period of time of at least sixty (60) days commencing on the date of the receipt of the first written notice to homeowners of a park owner's intent to implement the annual rental increase and ending on the date on which the annual rental increase implemented by the park owner for the tenants' mobilehome park is effective.

"Homeowner rental adjustment" means that adjustment in implementation of the annual rental increase required pursuant to Section 11.08.080.

"Manufactured home" means a structure, as defined in Section 18007 of the Health and Safety Code as it currently exists and as may be amended, which is transportable in one or more sections, and which is built on a permanent chassis and designed to be used as a dwelling when connected to utilities; and includes the plumbing, heating, air conditioning and electrical systems contained therein.

"Mobilehome."

1. "Mobilehome" means a structure designed for human habitation and for being moved on a street or highway under permit pursuant to Section 35790 of the California Vehicle Code, as it currently exists and as may be amended. "Mobilehome" includes a manufactured home as further defined in Section 18007 of the Health and Safety Code and a mobilehome as defined in Section 18008 of the Health and Safety Code, as those sections currently exist or as they may be amended.
2. "Mobilehome" does not include a recreational vehicle or a commercial coach except as provided in subsection 3 of this definition.
3. "Mobilehome" also means trailers and other recreational vehicles of all types defined in Section 18010 of the Health and Safety Code, other than motor homes, truck campers and camping trailers, which are used for human habitation if:
   a. The trailer or recreational vehicle occupied a mobilehome space in a mobilehome park on November 15, 1992 under a rental agreement with a term of one month or longer and the trailer or recreational vehicle occupied a mobilehome space in the mobilehome park prior to January 1, 1992; or
   b. The trailer or recreational vehicle occupies a mobilehome space in a mobilehome park for at least nine continuous months commencing on or after November 15, 1992.
4. "Mobilehome" does not include a trailer or recreational vehicle located in a recreational vehicle park subject to Chapter 2.6 of the California Civil Code.

"Mobilehome park" means any area of land within the city of Lancaster where two or more mobilehome spaces are rented or held out for rent, to accommodate mobilehomes used for human habitation.

"Mobilehome space" means the site within a mobilehome park intended, designed or used for the location of a mobilehome.

"Motor home" means a vehicular unit built on, or permanently attached to, a self-propelled motor vehicle chassis, chassis cab or van, which becomes an integral part of the completed vehicle, designated for human habitation for recreational, emergency, or other occupancy.

"Park owner" means the owner of a mobilehome park or the park owner's designated agent.

"Park trailer" means a trailer coach, designed for human habitation for recreational or seasonal use only, which meets all of the following criteria:

1. It contains four hundred (400) square feet or less of gross floor area measured at the maximum horizontal projections. However, it may not exceed twelve (12) feet in width or forty (40) feet in length in the traveling mode.
2. It is built on a single chassis.
3. It may only be transported upon the public highways with a permit.
4. It is constructed in accordance with Standard No. A119.5 of the American National Standards Institute as it may be amended.

"Permissive rental adjustment" means that increase in rent permitted pursuant to Section 11.08.070.

"Recreational vehicle" means a motor home, slide-in camper, travel trailer, truck camper, park trailer or camping trailer, with or without motive power, designed for human habitation for recreational, emergency, or other occupancy as further defined in Section 799.24 of the Civil Code and Section 18010 of the Health and Safety Code as those Sections currently exist or as they may be amended.

"Rent" means the consideration paid by the homeowner to the park owner for a tenancy in a mobilehome park. If the park owner elects to bill the homeowner separately for utility service fees assessed by a utility for services provided to or for mobilehome spaces in a mobilehome park, such separately billed utility service fees shall not be deemed to be included in the rent charged for a tenancy in the mobilehome park; provided that, at the time of the initial separate billing of such utility service fees, the rent charged by the park owner for a tenancy in the mobilehome park is simultaneously reduced by an amount equal to the amount of the utility service fees separately billed; provided further, that the initial separate billing for such utility service fees shall be equal to the average amount charged to the park management for that utility service for that space during the twelve (12) months preceding notice of the commencement of the separate billing for that utility service; provided further, that the park owner may not initially bill any utility service fees separately until a rental agreement is either renewed, extended or initially executed. In a mobilehome park in which the utility service fee to be separately billed is billed to the park owner on the basis of a master meter or single bill encompassing all mobilehome spaces in the mobilehome park, such separate billing for the utility service fee shall be divided proportionately among all of the mobilehome spaces in the mobilehome park; provided that at the time such utility service fee is initially separately billed, the park owner shall post in a conspicuous location in the mobilehome park copies of the bills for the last twelve (12) months' utility service fee and the calculations done in establishing the initial separate billing. Whenever a park owner is the provider of the utility service to be separately billed, such park owner shall consider all relevant cost factors in establishing the initial separate billing, including, but not limited to, operations and maintenance expenses. To the extent any factors are not considered in the initial separate billing, such factors shall not be considered when adjusting the utility service fee billing in the future. The amount of the initial separate utility service fee billing shall be consistent with the determination of whether such fee is "reasonable" using the operating ratio method rate of return as adopted and utilized by the California Public Utilities Commission (PUC) in determining whether the utility service fee is reasonable. The park owner must itemize each cost factor associated with the utility service when first separately billing, and shall post in a conspicuous location in the mobilehome park the calculations done in establishing the initial separate billing.

"Rental agreement" means an agreement between the park owner and the homeowner establishing the terms and conditions of a tenancy. A lease is a rental agreement.

"Slide-in camper" means a portable unit, consisting of a roof, floor and sides, designed to be loaded onto and unloaded from a truck, and designed for human habitation for recreational or emergency occupancy. A "slide-in camper" means a truck camper.

"Tenancy" means the right of a homeowner to the use of a mobilehome space on which to locate, maintain and occupy a mobilehome, site improvements and accessory structures for human habitation including use of mobilehome park services and facilities.

"Trailer coach" means a vehicle, other than a motor vehicle, designed for human habitation or occupancy for industrial, professional or commercial purposes, for carrying property on its own structure, and for being drawn by a motor vehicle.

"Travel trailer" means a portable unit, mounted on wheels of such size and weight as not to require special highway movement permits when drawn by a motor vehicle and for human habitation for recreational or emergency occupancy.

"Utility service fees" means fees or charges assessed by utilities for natural gas or liquid propane gas, electricity, water, cable television, garbage or refuse service and sewer service to the extent that such services are separately metered or billable for each mobilehome space.

(Ord. No. 927, § 1, 8-11-09; Ord. 666 § 1, 1994; Ord. 642 § 1 (part), 1993: prior code § 11-2.2)

11.08.030 - Exemptions.

A.

Sections 11.08.060, 11.08.070, 11.08.080 and 11.08.090 of this chapter shall not apply to:

1.

Tenancies covered by a rental agreement in excess of twelve (12) months' duration in which the homeowner will use the mobilehome space as his personal and primary residence;

2.

Newly constructed mobilehome spaces initially held out for rent after January 1, 1990;

3.

Recreational vehicles and commercial coaches, provided the recreational vehicle or commercial coach is not otherwise defined as a mobilehome pursuant to Section 11.08.020

B.

Notwithstanding the above, all other portions of this chapter shall apply to all mobilehomes, mobilehome spaces and mobilehome parks within the city.

(Ord. No. 927, § 1, 8-11-09; Ord. 642 § 1 (part), 1993; prior code § 11-2.3)

11.08.040 - Reserved.

Editor's note—

Ord. No. 927, § 1, adopted August 11, 2009, amended the Code by repealing former § 11.08.040. Former § 11.08.040 pertained to the mobilehome park rent arbitration board, and derived from Ord. 642 of 1993, and prior code § 11-2.4.

11.08.050 - Registration.

A.

Within sixty (60) calendar days after the effective date of this chapter, park owners are required to register their mobilehome parks and mobilehome spaces within such mobilehome parks with the city.

B.

The initial registration and all subsequent quarterly updates shall include:

1.

The name(s), address(es), telephone number(s) of each person or legal entity possessing an ownership interest in the mobilehome park and the nature of such interest;

2.

The number of mobilehome spaces within the mobilehome park;

3.

Identification of all mobilehome spaces within the mobilehome park which are occupied by a recreational vehicle, commercial coach or other vehicle which are exempt from this chapter pursuant to Section 11.08.03;

4.

Identification of all newly constructed mobilehome spaces initially held out for rent after January 1, 1990 which are exempt from this chapter pursuant to Section 11.08.030

5.

A rent schedule reflecting rents within the mobilehome park on the effective date of this chapter and current rents;

6.

A listing of all other charges, including utilities, paid by homeowners within the mobilehome park and the approximate amount of each such charge;

7.

The name and address of each homeowner in the mobilehome park; and

8.

The term of the lease for each homeowner in the mobilehome park and the date on which each lease will terminate.

C.

To provide the city with current registration information, park owners shall be required on a quarterly basis, to report to the director the information required for registration pursuant to subsection B of this section, including all changes in the prior three months. Four quarterly registration update forms will be mailed to each park owner prior to January 1 of each year for submission to the director. Park owners shall return the forms to the director, postmarked no later than the due date printed on each form (March 31, June 30, September 30, December 31).

D.

Park owners shall not be entitled to an annual rental increase or to petition for a permissive rental adjustment pursuant to Sections 11.08.060 and 11.08.070, respectively, unless and until the park owner has filed current quarterly registration update forms with the city.

E.

A copy of the ordinance codified in this chapter shall be and shall remain posted in the office of every mobilehome park and in the recreation building or clubhouse of every mobilehome park and if no recreation building or clubhouse, placed in a conspicuous place in the park.

F.

Park owners shall pay a fee for initial registration of each mobilehome park as established by resolution of the city council to cover the costs incurred by the city associated with registration.

(Ord. No. 927, § 1, 8-11-09; Ord. 642 § 1 (part), 1993; prior code § 11-2.5)

11.08.060 - Annual rental increase.

A.

Beginning in 1993, and each year thereafter, the annual rental increase to be effective for the annual period commencing October 1 of each year which may be implemented by park owners pursuant to this section shall be established automatically. The annual rental increase shall be determined by multiplying the June, All Items Consumer Price Index for All Urban Consumers, Los Angeles Area as provided by the U.S. Department of Labor, Bureau of Labor Statistics for the preceding twelve-month period by sixty (60) percent. Park owners shall be advised of the annual rental increase amount by the city of Lancaster (for that annual period commencing on October 1, 1992, the city council has set the annual rental increase at 2.3 percent).

B.

Park owners shall be entitled to increase the rent for a mobilehome space once during each annual period by the annual rental increase for that annual period unless prohibited from increasing rent pursuant to Section 11.08.050.D, 11.08.120 or 11.08.080. The city shall advise those park owners who shall not be entitled to the annual rental increase or who shall not be entitled to petition for a permissive rental adjustment pursuant to Sections 11.08.050.D and 11.08.120, respectively.

C.

The annual rental increase for a mobilehome space may become effective at any time during the annual period provided that the annual rental increase for a mobilehome space in a mobilehome park shall not become effective until the rental agreement is either renewed, extended or initially executed.

(Ord. No. 927, § 1, 8-11-09; Ord. 666 §§ 2, 3, 1994: Ord. 642 § 1 (part), 1994: prior code § 11-2.6)

11.08.070 - Permissive rental adjustments—Park owner petition.

A.

Petition. A park owner who seeks an increase in rent for mobilehome spaces located in one mobilehome park in addition to the annual rental increase must petition the director for a permissive rental adjustment by submitting the application required by subsection B of this section to the city clerk. A filing fee in an amount established by resolution of the city council shall be charged to cover a portion of the costs of processing the requested adjustment. Applications shall be available at Lancaster City Hall.

Park owners shall be entitled to apply for one permissive rental adjustment during every annual period for all mobilehome spaces in a mobilehome park unless prohibited from increasing rent pursuant to Section 11.08.050.D or 11.08.120. The permissive rental adjustment shall apply to every mobilehome space in the mobilehome park which is the subject of the application, except for mobilehome spaces exempt from this section pursuant to Section 11.08.030.

B.

Contents of Application. The application shall specify:

1.

The address of the mobilehome park;

2.

The number of mobilehome spaces for which rent would be increased;

3.

The amount of the requested increase; and

4.

The reasons for the requested permissive rental adjustment.

C.

Completed Application. Within fifteen (15) days of receiving an application for a permissive rental adjustment, the director shall determine if the application is complete. If the application is not complete the director shall notify the applicant in writing that additional information is required to complete the application. Following receipt of a completed application and up to three days prior to the date of the hearing described in subsection E of this section, the director may request that the applicant produce relevant records, receipts and papers necessary for the director to rule on the petition.

D.

Notice of Petition to Homeowner(s). Within fifteen (15) days of determining that a completed application has been submitted, the director shall mail a notice to each homeowner residing at the mobilehome spaces designated in the application. The notice shall specify:

1.

That an application to increase the homeowner's rent has been submitted;

2.

The amount of the requested increase;

3.

A summary of the reasons given by the park owner for the requested increase;

4.

That the homeowner may inspect documents submitted by the park owner in support of his request;

5.

That the homeowners may submit to the director any papers, records or other written information relevant to the petition; and

6.

How to contact the director for further information.

E.

Permissive Rental Adjustment Hearing.

1.

Within sixty (60) days of receiving a completed application, the director shall conduct a hearing to rule upon the petition. At least ten (10) days prior to the hearing, notice of the time, date and location of the hearing shall be mailed to the park owner and affected homeowner(s) designated in the application. The director shall render a final decision no later than fifteen (15) days after the hearing.

2.

The director shall approve such rent increases to the extent that the director determines the rent increase to be fair, just and reasonable. In reviewing an application for a permissive rental adjustment, the director shall consider relevant factors that provide the park owner with a just and reasonable return on his investment, including but not limited to:

a.

Changes in property taxes or other taxes related to the mobilehome park;

b.

Changes in maintenance and operating expenses;

c.

The cost of any capital improvements to the mobilehome park as distinguished from ordinary repair, replacement and maintenance;

d.

The need for repairs, caused by circumstances other than ordinary wear and tear;

e.

Failure of the park owner to perform repairs and maintenance or to provide adequate mobilehome park services to affected homeowners designated in the application, or to comply with applicable mobilehome park laws, local housing and health and safety codes;

f.

The pattern of rent increases or decreases for the affected mobilehome space;

g.

The rent lawfully charged for comparable mobilehome spaces in the city;

h.

Changes in rent paid by the applicant for the lease of the land where the mobilehome park is located;

i.

Changes in the utility charges or utility service fees for the mobilehome park paid by the applicant to the extent that such charges have not already been excluded from the definition of "rent" pursuant to Section 11.08.020; and

j.

Existing written leases between the applicant and homeowners.

To the extent that these factors are not components of the Consumer Price Index, these factors shall be considered by the director to ensure that the park owner receives a just and reasonable return on his investment.

3.

At the hearing, the park owner and the affected homeowners may offer oral testimony relevant to the petition. Papers, records, and other documentation which were not submitted prior to the hearing shall not be offered unless good cause is shown why such documentation was not submitted prior to the hearing.

4.

If the director cannot conduct a hearing within sixty (60) days after receiving a completed application, the director may postpone the date for conducting the hearing by thirty (30) days. A hearing may be continued for fifteen (15) days based upon a finding of good cause made by the director.

5.

The decision of the director shall be appealable to the city council in accordance with the Uniform Appeals Procedure set forth in Chapter 2.44 of this Code. Notice of the director's determination shall be mailed to the park owner and to the homeowners designated in the application.

(Ord. No. 927, § 1, 8-11-09; Ord. 642 § 1 (part), 1993: prior code § 11-2.7)

11.08.080 - Homeowner rental adjustments—Homeowner petitions.

A.

Petition. Homeowners may petition the director to prohibit the implementation of the annual rental increase by their park owner. A majority of the homeowners who reside in mobilehome spaces in one mobilehome park may petition the director for a homeowner rental adjustment by submitting the application required by subsection B of this section to the city clerk. For purposes of this section, there shall exist one homeowner for each mobilehome space in the mobilehome park for which rent is collected and "homeowner" shall mean a homeowner with a rental agreement with a term of twelve (12) months or less in duration. A filing fee in an amount established by resolution of the city council shall be charged to cover a portion of the costs of processing the requested adjustment. Applications shall be available at Lancaster City Hall.

Homeowners shall be entitled to apply for one homeowner rental adjustment during every annual period provided that the application required by Subsection B of this section is submitted to the city clerk prior to the expiration of the homeowner petition period as set forth in Section 11.08.020.

B.

Contents of Application. The application shall specify: (1) the address of the mobilehome park; (2) the number of mobilehome spaces for which rent is collected; (3) the names, addresses and telephone numbers of all of the petitioners; (4) the reasons for the requested homeowner rental adjustment; and (5) the names of at least two spokespersons for the petitioners who shall thereafter be authorized by the petitioners to respond to any requests from the city for additional information. A petition requesting a homeowner rental adjustment shall be attached to the application; the petition must be signed by a majority of the homeowners who reside in mobile-home spaces for which rent is collected in the mobilehome park. All petition pages must clearly and uniformly state the reasons for the requested homeowner rental adjustment. Such language must match the language used on the application for mobilehome space rental decrease, which is completed and filed with the director along with the homeowner's petition page(s).

C.

Completed Application. Within fifteen (15) days of receiving an application for a homeowner rental adjustment, the director shall determine if the application is complete. If the application is not complete, the director shall notify the petitioning homeowners through the homeowners' spokespersons in writing that additional information is required to complete the application.

D.

Notice of Petition. Within fifteen (15) days of determining that a completed application has been submitted, the director shall notify the park owner and each homeowner by mail that:

1.

An application to prohibit the implementation of the annual rental adjustment has been submitted;

2.

A summary of the reasons given for the requested homeowner rental adjustment;

3.

The director shall presume that the homeowner rental adjustment is warranted;

4.

The park owner may submit to the director any papers, records or other written information relevant to rebut the presumption that the homeowner rental adjustment is warranted; and

5.

How to contact the director for further information.

E.

Presumption Favoring Homeowners. The director shall presume that the homeowner rental adjustment is warranted and in the absence of any further evidence shall so find. However, a park owner may rebut the presumption set forth in this subsection D of this section with any relevant information.

F.

Homeowner Rental Adjustment Hearing. The director shall conduct a hearing to rule upon the petition in the same manner that the director conducts permissive rental adjustment hearings pursuant to Section 11.08.070.E. For purposes of this subsection, "permissive rental adjustment" in Section 11.08.070.F shall mean homeowner rental adjustment. The director shall approve prohibitions in the implementation of the annual rental increase to the extent that the director determines the prohibition to be fair, just and reasonable.

G.

Implementation of Annual Rental Increase Prior to Hearing. In the event that the homeowner rental adjustment hearing is conducted after the expiration of the sixty (60) day notice period of the park owner's intent to implement the annual rental increase, a park owner may implement the annual rental increase. However, the director may order at the homeowner rental adjustment hearing that the park owner rebate to the homeowners that portion of the annual rental increase that the director determines that the park owner is prohibited from implementing pursuant to subsection F of this section.

(Ord. No. 927, § 1, 8-11-09; Ord. 660 § 1, 1994; Ord. 642 § 1 (part), 1993: prior code § 11-2.8)

11.08.090 - No vacancy increases.

When a mobilehome located upon that mobile-home space is sold, the park owner may not increase the rent for any such mobilehome space except in accordance with the provisions of this chapter or when the mobilehome is removed from the mobilehome space and that mobilehome space is vacant.

(Ord. No. 927, § 1, 8-11-09; Ord. 642 § 1 (part), 1993: prior code § 11-2.9)

11.08.100 Notice - of rent increase.

Park owners shall give homeowners written notice of any increase in their rent at least ninety (90) days prior to the effective date of the increase. A copy of all rent increase notices shall be forwarded to the director.

(Ord. No. 927, § 1, 8-11-09; Ord. 660 § 2, 1994: Ord. 642 § 1 (part), 1993: prior code § 11-2.10)

11.08.110 - Rental agreements in general.

A homeowner shall be offered a rental agreement for (A) a term of twelve (12) months; or (B) a lesser period as the homeowner may request pursuant to the provisions of Civil Code Section 798.18; or (C) a longer period as mutually agreed upon by both the homeowner and the park owner. No such agreement shall contain any terms or conditions with respect to charges for rent, utilities or incidental reasonable service charges that would be different during the first twelve (12) months of the agreement from corresponding terms or conditions that would be offered to the homeowners on a month-to-month basis. All rental agreements shall comply in every respect with the requirements of the California Civil Code as they relate to rental of mobilehome spaces.

(Ord. No. 927, § 1, 8-11-09; Ord. 642 § 1 (part), 1993: prior code § 11-2.11)

11.08.120 Rent - disputes—homeowner complaints.

A.

A homeowner who desires to register a complaint with the city must submit the complaint form required by subsection B of this section to the city clerk. Complaint forms shall be available at Lancaster City Hall.

B.

The complaint form shall specify:

1.

The name and address of the mobilehome park;

2.

The name, address (including mobilehome space number) and telephone number of the person filing the complaint; and

3.

The nature of the complaint.

A copy of the lease agreement currently in effect for the mobilehome space which is the subject of the complaint must be attached to the complaint form in order for the city to process the complaint. The city may additionally request that the person filing the complaint submit other relevant documents in their possession to the city. Complaints will not be processed until all relevant documents have been submitted to the city.

C.

The city may request that park owners submit additional relevant documents. Park owners shall honor all reasonable city requests. Failure of a park owner to honor a reasonable request for submission of documents may be grounds for the city council's determination that a park owner shall not be permitted to implement the annual rental increase nor petition the director for a permissive rental adjustment pursuant to Section 11.08.070

(Ord. No. 927, § 1, 8-11-09; Ord. 642 § 1 (part), 1993: prior code § 11-2.12)

11.08.130 - Remedies.

A.

Civil. A park owner who demands or accepts payment of rent in violation of this chapter, shall be liable in a civil action to the homeowner from whom such payment is demanded or accepted for reasonable attorneys fees and costs, plus damages in an amount of five hundred dollars ($500.00) or three (3) times the amount of the payment demanded or accepted in excess of the rent which could be lawfully charged pursuant to this chapter, whichever is the greater.

B.

Criminal. Any park owner violating this chapter shall be guilty of a misdemeanor punishable by a fine of not more than five hundred dollars ($500.00) or by imprisonment for a period not exceeding six months, or both fine and imprisonment.

(Ord. No. 927, § 1, 8-11-09; Ord. 642 § 1 (part), 1993: prior code § 11-2.13)

11.08.140 - Amendments.

This chapter may be amended at any time, by ordinance, adopted by a majority vote of the city council after a duly noticed public hearing.

(Ord. No. 927, § 1, 8-11-09; Ord. 642 § 1 (part), 1993: prior code § 11-2.14)

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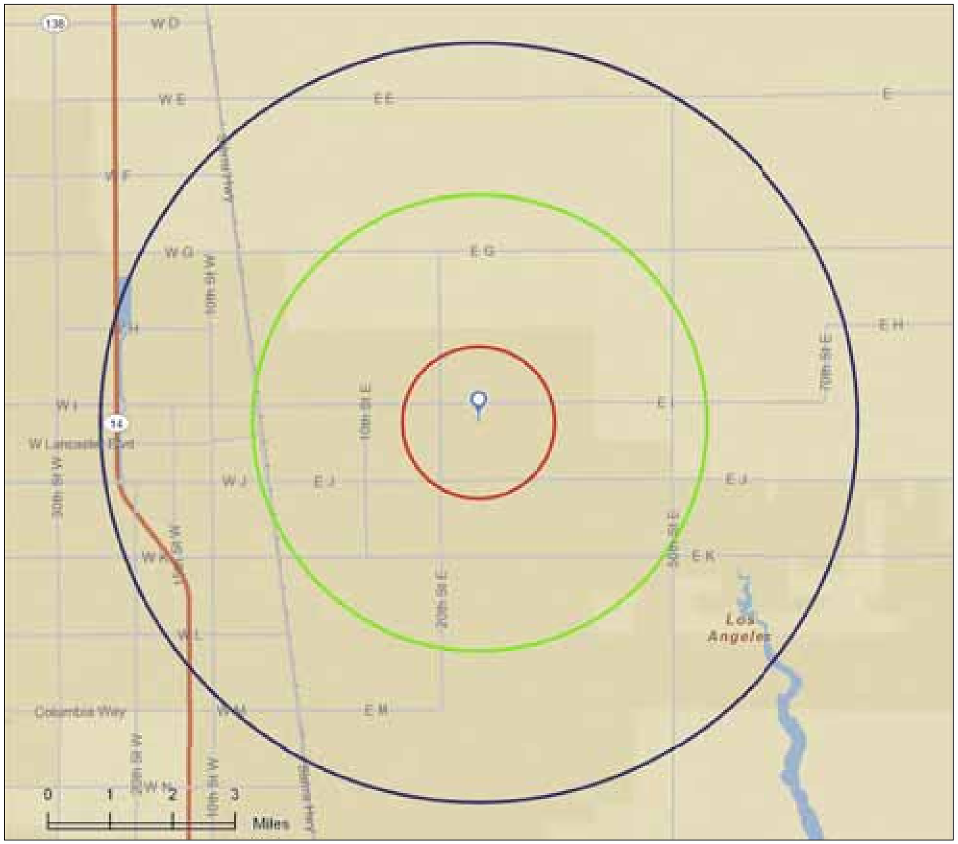
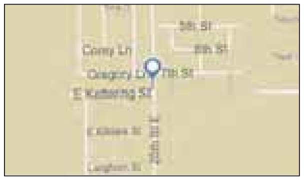
DEMOGRAPHIC DATA (STDB)

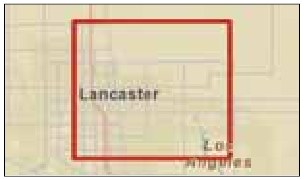
Site Map

45111 25th St E, Lancaster, CA, 93535
Ring: 1, 3, 5 Miles

Prepared by John Neet
Latitude: 34.70076
Longitude: -118.085979







August 09, 2013

Census 2010 Summary Profile

45111 25th St E, Lancaster, CA, 93535 — Prepared by John Neet
Ring: 1 mile radius — Latitude: 34.700760401
Longitude: -118.0859791

	2000	2010	2000-2010 Annual Rate
Population	8,297	12,121	3.86%
Households	2,603	3,471	2.92%
Housing Units	3,171	3,777	1.76%

Population by Race	Number	Percent
Total	12,121	100.0%
Population Reporting One Race	11,492	94.8%
White	5,411	44.6%
Black	2,319	19.1%
American Indian	107	0.9%
Asian	352	2.9%
Pacific Islander	33	0.3%
Some Other Race	3,270	27.0%
Population Reporting Two or More Races	629	5.2%
Total Hispanic Population	6,039	49.8%

Population by Sex		
Male	5,840	48.2%
Female	6,281	51.8%

Population by Age		
Total	12,120	100.0%
Age 0 - 4	1,134	9.4%
Age 5 - 9	1,113	9.2%
Age 10 - 14	1,207	10.0%
Age 15 - 19	1,223	10.1%
Age 20 - 24	888	7.3%
Age 25 - 29	879	7.3%
Age 30 - 34	843	7.0%
Age 35 - 39	848	7.0%
Age 40 - 44	755	6.2%
Age 45 - 49	753	6.2%
Age 50 - 54	714	5.9%
Age 55 - 59	520	4.3%
Age 60 - 64	399	3.3%
Age 65 - 69	289	2.4%
Age 70 - 74	238	2.0%
Age 75 - 79	155	1.3%
Age 80 - 84	100	0.8%
Age 85+	61	0.5%
Age 18+	7,918	65.3%
Age 65+	843	7.0%

Median Age by Sex and Race/Hispanic Origin	
Total Population	27.8
Male	26.2
Female	29.4
White Alone	32.3
Black Alone	24.6
American Indian Alone	36.5
Asian Alone	35.0
Pacific Islander Alone	26.9
Some Other Race Alone	24.4
Two or More Races	17.8
Hispanic Population	23.6

Data Note: Hispanic population can be of any race. Census 2010 medians are computed from reported data distributions.
Source: U.S. Census Bureau, Census 2010 Summary File 1. Esri converted Census 2000 data into 2010 geography.

August 09, 2013

Census 2010 Summary Profile

45111 25th St E, Lancaster, CA, 93535 — Prepared by John Neet
Ring: 1 mile radius — Latitude: 34.700760401
Longitude: -118.0859791

Households by Type		
Total	3,471	100.0%
Households with 1 Person	593	17.1%
Households with 2+ People	2,878	82.9%
Family Households	2,703	77.9%
Husband-wife Families	1,636	47.1%
With Own Children	963	27.7%
Other Family (No Spouse Present)	1,067	30.7%
With Own Children	641	18.5%
Nonfamily Households	175	5.0%
All Households with Children	1,860	53.6%
Multigenerational Households	346	10.0%
Unmarried Partner Households	279	8.0%
Male-female	247	7.1%
Same-sex	32	0.9%
Average Household Size	3.48	

Family Households by Size		
Total	2,703	100.0%
2 People	609	22.5%
3 People	584	21.6%
4 People	601	22.2%
5 People	434	16.1%
6 People	263	9.7%
7+ People	212	7.8%
Average Family Size	3.90	

Nonfamily Households by Size		
Total	768	100.0%
1 Person	593	77.2%
2 People	134	17.4%
3 People	29	3.8%
4 People	7	0.9%
5 People	3	0.4%
6 People	0	0.0%
7+ People	2	0.3%
Average Nonfamily Size	1.35	

Population by Relationship and Household Type		
Total	12,121	100.0%
In Households	12,063	99.5%
In Family Households	11,029	91.0%
Householder	2,766	22.8%
Spouse	1,667	13.8%
Child	5,164	42.6%
Other relative	950	7.8%
Nonrelative	480	4.0%
In Nonfamily Households	1,034	8.5%
In Group Quarters	58	0.5%
Institutionalized Population	0	0.0%
Noninstitutionalized Population	58	0.5%

Data Note: Households with children include any households with people under age 18, related or not. **Multigenerational households** are families with 3 or more parent-child relationships. **Unmarried partner households** are usually classified as nonfamily households unless there is another member of the household related to the householder. Multigenerational and unmarried partner households are reported only to the tract level. Esri estimated block group data, which is used to estimate polygons or non-standard geography. **Average family size** excludes nonrelatives.
Source: U.S. Census Bureau, Census 2010 Summary File 1.

August 09, 2013

Census 2010 Summary Profile

45111 25th St E, Lancaster, CA, 93535 — Prepared by John Neet
Ring: 1 mile radius — Latitude: 34.700760401
Longitude: -118.0859791

Family Households by Age of Householder		
Total	2,702	100.0%
Householder Age 15 - 44	1,446	53.5%
Householder Age 45 - 54	643	23.8%
Householder Age 55 - 64	333	12.3%
Householder Age 65 - 74	186	6.9%
Householder Age 75+	94	3.5%
Nonfamily Households by Age of Householder		
Total	769	100.0%
Householder Age 15 - 44	209	27.2%
Householder Age 45 - 54	153	19.9%
Householder Age 55 - 64	198	25.7%
Householder Age 65 - 74	117	15.2%
Householder Age 75+	92	12.0%
Households by Race of Householder		
Total	3,470	100.0%
Householder is White Alone	1,804	52.0%
Householder is Black Alone	657	18.9%
Householder is American Indian Alone	34	1.0%
Householder is Asian Alone	89	2.6%
Householder is Pacific Islander Alone	7	0.2%
Householder is Some Other Race Alone	759	21.9%
Householder is Two or More Races	120	3.5%
Households with Hispanic Householder	1,366	39.4%
Husband-wife Families by Race of Householder		
Total	1,636	100.0%
Householder is White Alone	831	50.8%
Householder is Black Alone	209	12.8%
Householder is American Indian Alone	11	0.7%
Householder is Asian Alone	51	3.1%
Householder is Pacific Islander Alone	5	0.3%
Householder is Some Other Race Alone	477	29.2%
Householder is Two or More Races	52	3.2%
Husband-wife Families with Hispanic Householder	831	50.8%
Other Families (No Spouse) by Race of Householder		
Total	1,067	100.0%
Householder is White Alone	463	43.4%
Householder is Black Alone	313	29.3%
Householder is American Indian Alone	11	1.0%
Householder is Asian Alone	19	1.8%
Householder is Pacific Islander Alone	1	0.1%
Householder is Some Other Race Alone	210	19.7%
Householder is Two or More Races	50	4.7%
Other Families with Hispanic Householder	399	37.4%
Nonfamily Households by Race of Householder		
Total	768	100.0%
Householder is White Alone	511	66.5%
Householder is Black Alone	135	17.6%
Householder is American Indian Alone	12	1.6%
Householder is Asian Alone	19	2.5%
Householder is Pacific Islander Alone	1	0.1%
Householder is Some Other Race Alone	72	9.4%
Householder is Two or More Races	18	2.3%
Nonfamily Households with Hispanic Householder	137	17.8%

Source: U.S. Census Bureau, Census 2010 Summary File 1.

August 09, 2013

Census 2010 Summary Profile

45111 25th St E, Lancaster, CA, 93535 — Prepared by John Neet
Ring: 1 mile radius — Latitude: 34.700760401
Longitude: -118.0859791

Total Housing Units by Occupancy		
Total	3,787	100.0%
Occupied Housing Units	3,471	91.7%
Vacant Housing Units		
For Rent	89	2.4%
Rented, not Occupied	3	0.1%
For Sale Only	116	3.1%
Sold, not Occupied	22	0.6%
For Seasonal/Recreational/Occasional Use	11	0.3%
For Migrant Workers	2	0.1%
Other Vacant	73	1.9%
Total Vacancy Rate	8.1%	
Households by Tenure and Mortgage Status		
Total	3,471	100.0%
Owner Occupied	2,419	69.7%
Owned with a Mortgage/Loan	1,718	49.5%
Owned Free and Clear	701	20.2%
Average Household Size	3.33	
Renter Occupied	1,052	30.3%
Average Household Size	3.80	
Owner-occupied Housing Units by Race of Householder		
Total	2,418	100.0%
Householder is White Alone	1,398	57.8%
Householder is Black Alone	330	13.6%
Householder is American Indian Alone	22	0.9%
Householder is Asian Alone	72	3.0%
Householder is Pacific Islander Alone	3	0.1%
Householder is Some Other Race Alone	519	21.5%
Householder is Two or More Races	74	3.1%
Owner-occupied Housing Units with Hispanic Householder	961	39.7%
Renter-occupied Housing Units by Race of Householder		
Total	1,052	100.0%
Householder is White Alone	407	38.7%
Householder is Black Alone	327	31.1%
Householder is American Indian Alone	11	1.0%
Householder is Asian Alone	17	1.6%
Householder is Pacific Islander Alone	4	0.4%
Householder is Some Other Race Alone	240	22.8%
Householder is Two or More Races	46	4.4%
Renter-occupied Housing Units with Hispanic Householder	405	38.5%
Average Household Size by Race/Hispanic Origin of Householder		
Householder is White Alone	3.07	
Householder is Black Alone	3.52	
Householder is American Indian Alone	2.85	
Householder is Asian Alone	3.56	
Householder is Pacific Islander Alone	5.43	
Householder is Some Other Race Alone	4.33	
Householder is Two or More Races	3.98	
Householder is Hispanic	4.26	

Source: U.S. Census Bureau, Census 2010 Summary File 1.

August 09, 2013

Census 2010 Summary Profile

45111 25th St E, Lancaster, CA, 93535 — Prepared by John Neet
Ring: 3 mile radius — Latitude: 34.700760401
Longitude: -118.0859791

	2000	2010	2000-2010 Annual Rate
Population	51,055	65,128	2.46%
Households	16,283	18,768	1.43%
Housing Units	17,988	20,707	1.42%

Population by Race	Number	Percent
Total	65,128	100.0%
Population Reporting One Race	61,597	94.6%
White	29,291	45.0%
Black	14,851	22.8%
American Indian	639	1.0%
Asian	1,967	3.0%
Pacific Islander	157	0.2%
Some Other Race	14,692	22.6%
Population Reporting Two or More Races	3,531	5.4%
Total Hispanic Population	29,017	44.6%

Population by Sex		
Male	31,286	48.0%
Female	33,842	52.0%

Population by Age		
Total	65,125	100.0%
Age 0 - 4	5,927	9.1%
Age 5 - 9	5,889	9.0%
Age 10 - 14	6,121	9.4%
Age 15 - 19	6,687	10.3%
Age 20 - 24	5,319	8.2%
Age 25 - 29	4,501	6.9%
Age 30 - 34	4,222	6.5%
Age 35 - 39	4,138	6.4%
Age 40 - 44	4,202	6.5%
Age 45 - 49	4,292	6.6%
Age 50 - 54	4,029	6.2%
Age 55 - 59	2,956	4.5%
Age 60 - 64	2,294	3.5%
Age 65 - 69	1,539	2.4%
Age 70 - 74	1,158	1.8%
Age 75 - 79	894	1.4%
Age 80 - 84	532	0.8%
Age 85+	427	0.7%
Age 18+	43,186	66.3%
Age 65+	4,550	7.0%

Median Age by Sex and Race/Hispanic Origin	
Total Population	27.9
Male	26.5
Female	29.3
White Alone	33.1
Black Alone	23.9
American Indian Alone	31.3
Asian Alone	37.2
Pacific Islander Alone	31.9
Some Other Race Alone	24.0
Two or More Races	18.2
Hispanic Population	23.6

Data Note: Hispanic population can be of any race. Census 2010 medians are computed from reported data distributions.
Source: U.S. Census Bureau, Census 2010 Summary File 1. Esri converted Census 2000 data into 2010 geography.

August 09, 2013

Census 2010 Summary Profile

45111 25th St E, Lancaster, CA, 93535 — Prepared by John Neet
Ring: 3 mile radius — Latitude: 34.700760401
Longitude: -118.0859791

Households by Type		
Total	18,768	100.0%
Households with 1 Person	3,039	16.2%
Households with 2+ People	15,729	83.8%
Family Households	14,714	78.4%
Husband-wife Families	8,614	45.9%
With Own Children	4,795	25.5%
Other Family (No Spouse Present)	6,100	32.5%
With Own Children	3,654	19.5%
Nonfamily Households	1,015	5.4%
All Households with Children	9,850	52.5%
Multigenerational Households	1,936	10.3%
Unmarried Partner Households	1,622	8.6%
Male-female	1,461	7.8%
Same-sex	161	0.9%
Average Household Size	3.42	

Family Households by Size		
Total	14,714	100.0%
2 People	3,573	24.3%
3 People	3,172	21.6%
4 People	3,154	21.4%
5 People	2,297	15.6%
6 People	1,281	8.7%
7+ People	1,237	8.4%
Average Family Size	3.79	

Nonfamily Households by Size		
Total	4,054	100.0%
1 Person	3,039	75.0%
2 People	732	18.1%
3 People	169	4.2%
4 People	61	1.5%
5 People	29	0.7%
6 People	8	0.2%
7+ People	16	0.4%
Average Nonfamily Size	1.38	

Population by Relationship and Household Type		
Total	65,128	100.0%
In Households	64,179	98.5%
In Family Households	58,580	89.9%
Householder	14,761	22.7%
Spouse	8,642	13.3%
Child	27,481	42.2%
Other relative	4,913	7.5%
Nonrelative	2,784	4.3%
In Nonfamily Households	5,599	8.6%
In Group Quarters	949	1.5%
Institutionalized Population	64	0.1%
Noninstitutionalized Population	885	1.4%

Data Note: Households with children include any households with people under age 18, related or not. **Multigenerational households** are families with 3 or more parent-child relationships. **Unmarried partner households** are usually classified as nonfamily households unless there is another member of the household related to the householder. Multigenerational and unmarried partner households are reported only to the tract level. Esri estimated block group data, which is used to estimate polygons or non-standard geography. **Average family size** excludes nonrelatives.
Source: U.S. Census Bureau, Census 2010 Summary File 1.

August 09, 2013

Census 2010 Summary Profile

45111 25th St E, Lancaster, CA, 93535 — Prepared by John Neet
Ring: 3 mile radius — Latitude: 34.700760401
Longitude: -118.0859791

Family Households by Age of Householder		
Total	14,714	100.0%
Householder Age 15 - 44	7,424	50.5%
Householder Age 45 - 54	3,600	24.5%
Householder Age 55 - 64	2,061	14.0%
Householder Age 65 - 74	1,011	6.9%
Householder Age 75+	618	4.2%
Nonfamily Households by Age of Householder		
Total	4,054	100.0%
Householder Age 15 - 44	1,148	28.3%
Householder Age 45 - 54	926	22.8%
Householder Age 55 - 64	919	22.7%
Householder Age 65 - 74	572	14.1%
Householder Age 75+	489	12.1%
Households by Race of Householder		
Total	18,768	100.0%
Householder is White Alone	9,635	51.3%
Householder is Black Alone	4,290	22.9%
Householder is American Indian Alone	202	1.1%
Householder is Asian Alone	530	2.8%
Householder is Pacific Islander Alone	40	0.2%
Householder is Some Other Race Alone	3,356	17.9%
Householder is Two or More Races	715	3.8%
Households with Hispanic Householder	6,594	35.1%
Husband-wife Families by Race of Householder		
Total	8,614	100.0%
Householder is White Alone	4,670	54.2%
Householder is Black Alone	1,208	14.0%
Householder is American Indian Alone	81	0.9%
Householder is Asian Alone	328	3.8%
Householder is Pacific Islander Alone	25	0.3%
Householder is Some Other Race Alone	2,011	23.3%
Householder is Two or More Races	291	3.4%
Husband-wife Families with Hispanic Householder	3,930	45.6%
Other Families (No Spouse) by Race of Householder		
Total	6,100	100.0%
Householder is White Alone	2,393	39.2%
Householder is Black Alone	2,223	36.4%
Householder is American Indian Alone	69	1.1%
Householder is Asian Alone	102	1.7%
Householder is Pacific Islander Alone	9	0.1%
Householder is Some Other Race Alone	993	16.3%
Householder is Two or More Races	311	5.1%
Other Families with Hispanic Householder	1,951	32.0%
Nonfamily Households by Race of Householder		
Total	4,054	100.0%
Householder is White Alone	2,572	63.4%
Householder is Black Alone	859	21.2%
Householder is American Indian Alone	52	1.3%
Householder is Asian Alone	101	2.5%
Householder is Pacific Islander Alone	5	0.1%
Householder is Some Other Race Alone	352	8.7%
Householder is Two or More Races	113	2.8%
Nonfamily Households with Hispanic Householder	713	17.6%

Source: U.S. Census Bureau, Census 2010 Summary File 1.

August 09, 2013

Census 2010 Summary Profile

45111 25th St E, Lancaster, CA, 93535 — Prepared by John Neet
Ring: 3 mile radius — Latitude: 34.700760401
Longitude: -118.0859791

Total Housing Units by Occupancy		
Total	20,724	100.0%
Occupied Housing Units	18,768	90.6%
Vacant Housing Units		
For Rent	679	3.3%
Rented, not Occupied	27	0.1%
For Sale Only	551	2.7%
Sold, not Occupied	99	0.5%
For Seasonal/Recreational/Occasional Use	74	0.4%
For Migrant Workers	2	0.0%
Other Vacant	524	2.5%
Total Vacancy Rate	9.4%	
Households by Tenure and Mortgage Status		
Total	18,768	100.0%
Owner Occupied	11,784	62.8%
Owned with a Mortgage/Loan	9,074	48.3%
Owned Free and Clear	2,710	14.4%
Average Household Size	3.29	
Renter Occupied	6,984	37.2%
Average Household Size	3.64	
Owner-occupied Housing Units by Race of Householder		
Total	11,784	100.0%
Householder is White Alone	6,992	59.3%
Householder is Black Alone	1,741	14.8%
Householder is American Indian Alone	112	1.0%
Householder is Asian Alone	402	3.4%
Householder is Pacific Islander Alone	20	0.2%
Householder is Some Other Race Alone	2,116	18.0%
Householder is Two or More Races	401	3.4%
Owner-occupied Housing Units with Hispanic Householder	4,292	36.4%
Renter-occupied Housing Units by Race of Householder		
Total	6,983	100.0%
Householder is White Alone	2,643	37.8%
Householder is Black Alone	2,548	36.5%
Householder is American Indian Alone	90	1.3%
Householder is Asian Alone	128	1.8%
Householder is Pacific Islander Alone	20	0.3%
Householder is Some Other Race Alone	1,240	17.8%
Householder is Two or More Races	314	4.5%
Renter-occupied Housing Units with Hispanic Householder	2,302	33.0%
Average Household Size by Race/Hispanic Origin of Householder		
Householder is White Alone	3.05	
Householder is Black Alone	3.43	
Householder is American Indian Alone	3.34	
Householder is Asian Alone	3.34	
Householder is Pacific Islander Alone	4.03	
Householder is Some Other Race Alone	4.41	
Householder is Two or More Races	3.75	
Householder is Hispanic	4.22	

Source: U.S. Census Bureau, Census 2010 Summary File 1.

August 09, 2013

Census 2010 Summary Profile

45111 25th St E, Lancaster, CA, 93535
Ring: 5 mile radius

Prepared by John Neet
Latitude: 34.700760401
Longitude: -118.0859791

	2000	2010	2000-2010 Annual Rate
Population	85,530	104,572	2.03%
Households	28,931	32,717	1.24%
Housing Units	31,981	36,635	1.37%

Population by Race	Number	Percent
Total	104,572	100.0%
Population Reporting One Race	98,855	94.5%
White	49,226	47.1%
Black	23,216	22.2%
American Indian	1,099	1.1%
Asian	3,455	3.3%
Pacific Islander	228	0.2%
Some Other Race	21,631	20.7%
Population Reporting Two or More Races	5,717	5.5%
Total Hispanic Population	43,183	41.3%

Population by Sex		
Male	50,017	47.8%
Female	54,555	52.2%

Population by Age		
Total	104,571	100.0%
Age 0 - 4	9,293	8.9%
Age 5 - 9	8,858	8.5%
Age 10 - 14	9,085	8.7%
Age 15 - 19	9,883	9.5%
Age 20 - 24	8,890	8.5%
Age 25 - 29	7,674	7.3%
Age 30 - 34	6,678	6.4%
Age 35 - 39	6,391	6.1%
Age 40 - 44	6,494	6.2%
Age 45 - 49	6,939	6.6%
Age 50 - 54	6,524	6.2%
Age 55 - 59	4,903	4.7%
Age 60 - 64	3,890	3.7%
Age 65 - 69	2,748	2.6%
Age 70 - 74	2,179	2.1%
Age 75 - 79	1,701	1.6%
Age 80 - 84	1,262	1.2%
Age 85+	1,179	1.1%
Age 18+	71,468	68.3%
Age 65+	9,069	8.7%

Median Age by Sex and Race/Hispanic Origin	
Total Population	29.1
Male	27.8
Female	30.4
White Alone	34.7
Black Alone	24.9
American Indian Alone	31.1
Asian Alone	38.2
Pacific Islander Alone	30.8
Some Other Race Alone	24.3
Two or More Races	18.5
Hispanic Population	23.9

Data Note: Hispanic population can be of any race. Census 2010 medians are computed from reported data distributions.
Source: U.S. Census Bureau, Census 2010 Summary File 1. Esri converted Census 2000 data into 2010 geography.

August 09, 2013

Census 2010 Summary Profile

45111 25th St E, Lancaster, CA, 93535
Ring: 5 mile radius

Prepared by John Neet
Latitude: 34.700760401
Longitude: -118.0859791

Households by Type		
Total	32,717	100.0%
Households with 1 Person	7,134	21.8%
Households with 2+ People	25,583	78.2%
Family Households	23,536	71.9%
Husband-wife Families	13,642	41.7%
With Own Children	7,278	22.2%
Other Family (No Spouse Present)	9,894	30.2%
With Own Children	5,881	18.0%
Nonfamily Households	2,047	6.3%
All Households with Children	15,270	46.7%
Multigenerational Households	2,856	8.7%
Unmarried Partner Households	2,868	8.8%
Male-female	2,591	7.9%
Same-sex	277	0.8%
Average Household Size	3.14	

Family Households by Size		
Total	23,535	100.0%
2 People	6,348	27.0%
3 People	5,207	22.1%
4 People	4,941	21.0%
5 People	3,420	14.5%
6 People	1,860	7.9%
7+ People	1,759	7.5%
Average Family Size	3.66	

Nonfamily Households by Size		
Total	9,180	100.0%
1 Person	7,134	77.7%
2 People	1,532	16.7%
3 People	305	3.3%
4 People	117	1.3%
5 People	52	0.6%
6 People	17	0.2%
7+ People	23	0.3%
Average Nonfamily Size	1.32	

Population by Relationship and Household Type		
Total	104,572	100.0%
In Households	102,706	98.2%
In Family Households	90,571	86.6%
Householder	23,562	22.5%
Spouse	13,663	13.1%
Child	41,555	39.7%
Other relative	7,370	7.0%
Nonrelative	4,421	4.2%
In Nonfamily Households	12,135	11.6%
In Group Quarters	1,866	1.8%
Institutionalized Population	571	0.5%
Noninstitutionalized Population	1,295	1.2%

Data Note: Households with children include any households with people under age 18, related or not. **Multigenerational households** are families with 3 or more parent-child relationships. **Unmarried partner households** are usually classified as nonfamily households unless there is another member of the household related to the householder. Multigenerational and unmarried partner households are reported only to the tract level. Esri estimated block group data, which is used to estimate polygons or non-standard geography. **Average family size** excludes nonrelatives.
Source: U.S. Census Bureau, Census 2010 Summary File 1.

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Census 2010 Summary Profile

45111 25th St E, Lancaster, CA, 93535 | Prepared by John Neet
Ring: 5 mile radius | Latitude: 34.700760401
Longitude: -118.0859791

Family Households by Age of Householder		
Total	23,535	100.0%
Householder Age 15 - 44	11,875	50.5%
Householder Age 45 - 54	5,605	23.8%
Householder Age 55 - 64	3,234	13.7%
Householder Age 65 - 74	1,676	7.1%
Householder Age 75+	1,145	4.9%
Nonfamily Households by Age of Householder		
Total	9,180	100.0%
Householder Age 15 - 44	2,748	29.9%
Householder Age 45 - 54	1,815	19.8%
Householder Age 55 - 64	1,911	20.8%
Householder Age 65 - 74	1,349	14.7%
Householder Age 75+	1,357	14.8%
Households by Race of Householder		
Total	32,717	100.0%
Householder is White Alone	17,478	53.4%
Householder is Black Alone	7,320	22.4%
Householder is American Indian Alone	361	1.1%
Householder is Asian Alone	1,058	3.2%
Householder is Pacific Islander Alone	66	0.2%
Householder is Some Other Race Alone	5,197	15.9%
Householder is Two or More Races	1,237	3.8%
Households with Hispanic Householder	10,265	31.4%
Husband-wife Families by Race of Householder		
Total	13,642	100.0%
Householder is White Alone	7,636	56.0%
Householder is Black Alone	1,866	13.7%
Householder is American Indian Alone	142	1.0%
Householder is Asian Alone	578	4.2%
Householder is Pacific Islander Alone	31	0.2%
Householder is Some Other Race Alone	2,918	21.4%
Householder is Two or More Races	471	3.5%
Husband-wife Families with Hispanic Householder	5,709	41.8%
Other Families (No Spouse) by Race of Householder		
Total	9,893	100.0%
Householder is White Alone	4,059	41.0%
Householder is Black Alone	3,466	35.0%
Householder is American Indian Alone	112	1.1%
Householder is Asian Alone	192	1.9%
Householder is Pacific Islander Alone	16	0.2%
Householder is Some Other Race Alone	1,572	15.9%
Householder is Two or More Races	476	4.8%
Other Families with Hispanic Householder	3,069	31.0%
Nonfamily Households by Race of Householder		
Total	9,180	100.0%
Householder is White Alone	5,783	63.0%
Householder is Black Alone	1,987	21.6%
Householder is American Indian Alone	107	1.2%
Householder is Asian Alone	287	3.1%
Householder is Pacific Islander Alone	19	0.2%
Householder is Some Other Race Alone	707	7.7%
Householder is Two or More Races	290	3.2%
Nonfamily Households with Hispanic Householder	1,486	16.2%

Source: U.S. Census Bureau, Census 2010 Summary File 1.

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Census 2010 Summary Profile

45111 25th St E, Lancaster, CA, 93535 | Prepared by John Neet
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Longitude: -118.0859791

Total Housing Units by Occupancy		
Total	36,629	100.0%
Occupied Housing Units	32,717	89.3%
Vacant Housing Units		
For Rent	1,753	4.8%
Rented, not Occupied	78	0.2%
For Sale Only	797	2.2%
Sold, not Occupied	142	0.4%
For Seasonal/Recreational/Occasional Use	145	0.4%
For Migrant Workers	2	0.0%
Other Vacant	995	2.7%
Total Vacancy Rate	10.7%	
Households by Tenure and Mortgage Status		
Total	32,717	100.0%
Owner Occupied	17,440	53.3%
Owned with a Mortgage/Loan	13,506	41.3%
Owned Free and Clear	3,935	12.0%
Average Household Size	3.19	
Renter Occupied	15,277	46.7%
Average Household Size	3.08	
Owner-occupied Housing Units by Race of Householder		
Total	17,440	100.0%
Householder is White Alone	10,864	62.3%
Householder is Black Alone	2,304	13.2%
Householder is American Indian Alone	177	1.0%
Householder is Asian Alone	629	3.6%
Householder is Pacific Islander Alone	27	0.2%
Householder is Some Other Race Alone	2,857	16.4%
Householder is Two or More Races	582	3.3%
Owner-occupied Housing Units with Hispanic Householder	5,879	33.7%
Renter-occupied Housing Units by Race of Householder		
Total	15,276	100.0%
Householder is White Alone	6,614	43.3%
Householder is Black Alone	5,016	32.8%
Householder is American Indian Alone	184	1.2%
Householder is Asian Alone	428	2.8%
Householder is Pacific Islander Alone	39	0.3%
Householder is Some Other Race Alone	2,341	15.3%
Householder is Two or More Races	654	4.3%
Renter-occupied Housing Units with Hispanic Householder	4,385	28.7%
Average Household Size by Race/Hispanic Origin of Householder		
Householder is White Alone	2.80	
Householder is Black Alone	3.14	
Householder is American Indian Alone	3.18	
Householder is Asian Alone	3.02	
Householder is Pacific Islander Alone	3.33	
Householder is Some Other Race Alone	4.20	
Householder is Two or More Races	3.47	
Householder is Hispanic	4.02	

Source: U.S. Census Bureau, Census 2010 Summary File 1.

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Executive Summary

45111 25th St E, Lancaster, CA, 93535
Ring: 1 mile radius

Prepared by John Neet
Latitude: 34.700760401
Longitude: -118.0859791

	1 mile	3 miles	5 miles
Population			
2000 Population	8,297	51,055	85,530
2010 Population	12,121	65,128	104,572
2012 Population	12,122	66,118	106,282
2017 Population	12,131	67,943	109,252
2000-2010 Annual Rate	3.86%	2.46%	2.03%
2010-2012 Annual Rate	0.00%	0.67%	0.72%
2012-2017 Annual Rate	0.01%	0.55%	0.55%
2012 Male Population	48.3%	48.1%	47.9%
2012 Female Population	51.7%	51.9%	52.1%
2012 Median Age	28.0	28.2	29.4

In the identified area, the current year population is 106,282. In 2010, the Census count in the area was 104,572. The rate of change since 2010 was 0.72% annually. The five-year projection for the population in the area is 109,252 representing a change of 0.55% annually from 2012 to 2017. Currently, the population is 47.9% male and 52.1% female.

Median Age

The median age in this area is 29.4, compared to U.S. median age of 37.3.

	1 mile	3 miles	5 miles
Race and Ethnicity			
2012 White Alone	44.1%	44.6%	46.7%
2012 Black Alone	18.8%	22.3%	21.8%
2012 American Indian/Alaska Native Alone	0.9%	1.0%	1.1%
2012 Asian Alone	2.9%	3.1%	3.4%
2012 Pacific Islander Alone	0.3%	0.2%	0.2%
2012 Other Race	27.6%	23.2%	21.3%
2012 Two or More Races	5.3%	5.6%	5.6%
2012 Hispanic Origin (Any Race)	51.0%	45.7%	42.4%

Persons of Hispanic origin represent 42.4% of the population in the identified area compared to 16.9% of the U.S. population. Persons of Hispanic Origin may be of any race. The Diversity Index, which measures the probability that two people from the same area will be from different race/ethnic groups, is 86.4 in the identified area, compared to 61.4 for the U.S. as a whole.

	1 mile	3 miles	5 miles
Households			
2000 Households	2,603	16,283	28,931
2010 Households	3,471	18,768	32,717
2012 Total Households	3,447	18,912	33,117
2017 Total Households	3,429	19,341	34,022
2000-2010 Annual Rate	2.92%	1.43%	1.24%
2010-2012 Annual Rate	-0.31%	0.34%	0.54%
2012-2017 Annual Rate	-0.10%	0.45%	0.54%
2012 Average Household Size	3.50	3.45	3.15

The household count in this area has changed from 32,717 in 2010 to 33,117 in the current year, a change of 0.54% annually. The five-year projection of households is 34,022, a change of 0.54% annually from the current year total. Average household size is currently 3.15, compared to 3.14 in the year 2010. The number of families in the current year is 23,622 in the specified area.

Data Note: Income is expressed in current dollars
Source: U.S. Census Bureau, Census 2010 Summary File 1. Esri forecasts for 2012 and 2017. Esri converted Census 2000 data into 2010 geography.

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Executive Summary

45111 25th St E, Lancaster, CA, 93535
Ring: 5 mile radius

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Latitude: 34.700760401
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	1 mile	3 miles	5 miles
Median Household Income			
2012 Median Household Income	$41,079	$43,163	$40,373
2017 Median Household Income	$47,552	$50,491	$47,027
2012-2017 Annual Rate	2.97%	3.19%	3.10%
Average Household Income			
2012 Average Household Income	$55,651	$55,817	$54,530
2017 Average Household Income	$63,737	$63,532	$62,357
2012-2017 Annual Rate	2.75%	2.62%	2.72%
Per Capita Income			
2012 Per Capita Income	$16,387	$16,489	$17,579
2017 Per Capita Income	$18,645	$18,619	$20,009
2012-2017 Annual Rate	2.62%	2.46%	2.62%

Households by Income

Current median household income is $40,373 in the area, compared to $50,157 for all U.S. households. Median household income is projected to be $47,027 in five years, compared to $56,895 for all U.S. households

Current average household income is $54,530 in this area, compared to $68,162 for all U.S households. Average household income is projected to be $62,357 in five years, compared to $77,137 for all U.S. households

Current per capita income is $17,579 in the area, compared to the U.S. per capita income of $26,409. The per capita income is projected to be $20,009 in five years, compared to $29,882 for all U.S. households

	1 mile	3 miles	5 miles
Housing			
2000 Total Housing Units	3,171	17,988	31,981
2000 Owner Occupied Housing Units	1,960	10,917	16,410
2000 Owner Occupied Housing Units	643	5,366	12,522
2000 Vacant Housing Units	568	1,705	3,049
2010 Total Housing Units	3,777	20,707	36,635
2010 Owner Occupied Housing Units	2,419	11,784	17,440
2010 Renter Occupied Housing Units	1,052	6,984	15,277
2010 Vacant Housing Units	306	1,939	3,918
2012 Total Housing Units	3,748	20,854	36,942
2012 Owner Occupied Housing Units	2,326	11,511	17,008
2012 Renter Occupied Housing Units	1,121	7,401	16,109
2012 Vacant Housing Units	301	1,942	3,825
2017 Total Housing Units	3,727	21,236	37,700
2017 Owner Occupied Housing Units	2,336	12,037	17,807
2017 Renter Occupied Housing Units	1,094	7,305	16,215
2017 Vacant Housing Units	298	1,895	3,678

Currently, 46.0% of the 36,942 housing units in the area are owner occupied; 43.6%, renter occupied; and 10.4% are vacant. Currently, in the U.S., 56.5% of the housing units in the area are owner occupied; 32.1% are renter occupied; and 11.4% are vacant. In 2010, there were 36,635 housing units in the area - 47.6% owner occupied, 41.7% renter occupied, and 10.7% vacant. The annual rate of change in housing units since 2010 is 0.37%. Median home value in the area is $170,721, compared to a median home value of $167,749 for the U.S. In five years, median value is projected to change by 1.24% annually to $181,601.

Data Note: Income is expressed in current dollars
Source: U.S. Census Bureau, Census 2010 Summary File 1. Esri forecasts for 2012 and 2017. Esri converted Census 2000 data into 2010 geography.

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Demographic and Income Profile - Appraisal Version

45111 25th St E, Lancaster, CA, 93535
Ring: 1 mile radius

Prepared by John Neet
Latitude: 34.700760401
Longitude: -118.0859791

Summary	Census 2010		2012		2017
Population	12,121		12,122		12,131
Households	3,471		3,447		3,429
Families	2,703		2,670		2,675
Average Household Size	3.48		3.50		3.52
Owner Occupied Housing Units	2,419		2,326		2,336
Renter Occupied Housing Units	1,052		1,121		1,094
Median Age	27.8		28.0		28.5
Trends: 2012 - 2017 Annual Rate	**Area**		**State**		**National**
Population	0.01%		0.67%		0.68%
Households	-0.10%		0.66%		0.74%
Families	0.04%		0.81%		0.72%
Owner HHs	0.09%		1.03%		0.91%
Median Household Income	2.97%		3.35%		2.55%

	2012		2017	
Households by Income	Number	Percent	Number	Percent
<$15,000	440	12.8%	421	12.3%
$15,000 - $24,999	523	15.2%	427	12.5%
$25,000 - $34,999	440	12.8%	382	11.1%
$35,000 - $49,999	646	18.7%	553	16.1%
$50,000 - $74,999	612	17.8%	592	17.3%
$75,000 - $99,999	334	9.7%	478	13.9%
$100,000 - $149,999	323	9.4%	410	12.0%
$150,000 - $199,999	71	2.1%	99	2.9%
$200,000+	58	1.7%	67	2.0%
Median Household Income	$41,079		$47,552	
Average Household Income	$55,651		$63,737	
Per Capita Income	$16,387		$18,645	

	Census 2010		2012		2017	
Population by Age	Number	Percent	Number	Percent	Number	Percent
0 - 4	1,134	9.4%	1,135	9.4%	1,144	9.4%
5 - 9	1,113	9.2%	1,112	9.2%	1,115	9.2%
10 - 14	1,207	10.0%	1,196	9.9%	1,215	10.0%
15 - 19	1,223	10.1%	1,172	9.7%	1,126	9.3%
20 - 24	888	7.3%	908	7.5%	843	6.9%
25 - 34	1,722	14.2%	1,758	14.5%	1,784	14.7%
35 - 44	1,603	13.2%	1,568	12.9%	1,552	12.8%
45 - 54	1,467	12.1%	1,427	11.8%	1,331	11.0%
55 - 64	919	7.6%	962	7.9%	1,008	8.3%
65 - 74	527	4.3%	563	4.6%	675	5.6%
75 - 84	255	2.1%	256	2.1%	267	2.2%
85+	61	0.5%	66	0.5%	70	0.6%

Data Note: Income is expressed in current dollars.
Source: U.S. Census Bureau, Census 2010 Summary File 1. Esri forecasts for 2012 and 2017.

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Demographic and Income Profile - Appraisal Version

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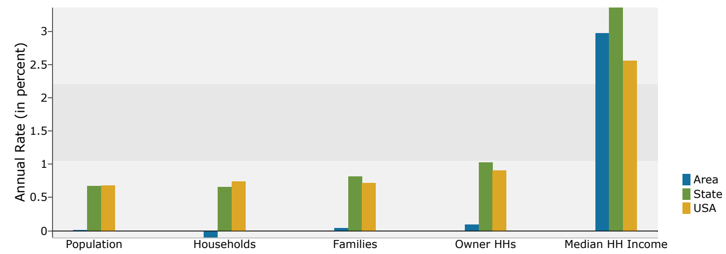
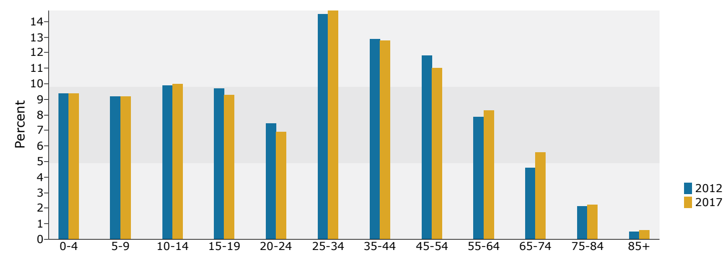
Ring: 1 mile radius

Prepared by John Neet
Latitude: 34.700760401
Longitude: -118.0859791

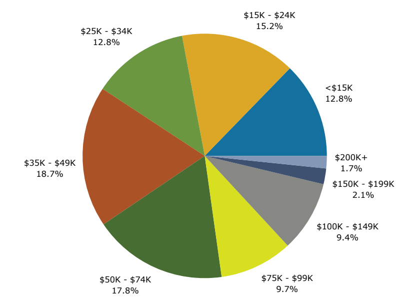
Trends 2012-2017



Population by Age



2012 Household Income



Source: U.S. Census Bureau, Census 2010 Summary File 1. Esri forecasts for 2012 and 2017.

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Demographic and Income Profile - Appraisal Version

45111 25th St E, Lancaster, CA, 93535 — Prepared by John Neet
Ring: 3 mile radius — Latitude: 34.700760401
Longitude: -118.0859791

Summary	Census 2010	2012	2017
Population	65,128	66,118	67,943
Households	18,768	18,912	19,341
Families	14,714	14,747	15,186
Average Household Size	3.42	3.45	3.46
Owner Occupied Housing Units	11,784	11,511	12,037
Renter Occupied Housing Units	6,984	7,401	7,305
Median Age	27.9	28.2	28.7
Trends: 2012 - 2017 Annual Rate	**Area**	**State**	**National**
Population	0.55%	0.67%	0.68%
Households	0.45%	0.66%	0.74%
Families	0.59%	0.81%	0.72%
Owner HHs	0.90%	1.03%	0.91%
Median Household Income	3.19%	3.35%	2.55%

	2012		2017	
Households by Income	Number	Percent	Number	Percent
<$15,000	2,780	14.7%	2,737	14.2%
$15,000 - $24,999	2,449	12.9%	2,028	10.5%
$25,000 - $34,999	2,210	11.7%	1,836	9.5%
$35,000 - $49,999	3,217	17.0%	2,947	15.2%
$50,000 - $74,999	3,966	21.0%	3,982	20.6%
$75,000 - $99,999	1,849	9.8%	2,666	13.8%
$100,000 - $149,999	1,752	9.3%	2,233	11.5%
$150,000 - $199,999	409	2.2%	563	2.9%
$200,000+	281	1.5%	349	1.8%
Median Household Income	$43,163		$50,491	
Average Household Income	$55,817		$63,532	
Per Capita Income	$16,489		$18,619	

	Census 2010		2012		2017	
Population by Age	Number	Percent	Number	Percent	Number	Percent
0 - 4	5,927	9.1%	6,024	9.1%	6,233	9.2%
5 - 9	5,889	9.0%	5,971	9.0%	6,166	9.1%
10 - 14	6,121	9.4%	6,133	9.3%	6,395	9.4%
15 - 19	6,687	10.3%	6,502	9.8%	6,425	9.5%
20 - 24	5,319	8.2%	5,498	8.3%	5,243	7.7%
25 - 34	8,723	13.4%	9,039	13.7%	9,433	13.9%
35 - 44	8,340	12.8%	8,274	12.5%	8,385	12.3%
45 - 54	8,321	12.8%	8,227	12.4%	7,885	11.6%
55 - 64	5,250	8.1%	5,598	8.5%	6,054	8.9%
65 - 74	2,697	4.1%	2,937	4.4%	3,635	5.4%
75 - 84	1,426	2.2%	1,454	2.2%	1,581	2.3%
85+	427	0.7%	463	0.7%	508	0.7%

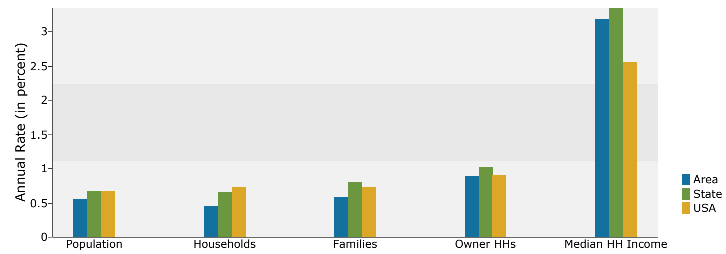
Data Note: Income is expressed in current dollars.
Source: U.S. Census Bureau, Census 2010 Summary File 1. Esri forecasts for 2012 and 2017.

August 09, 2013

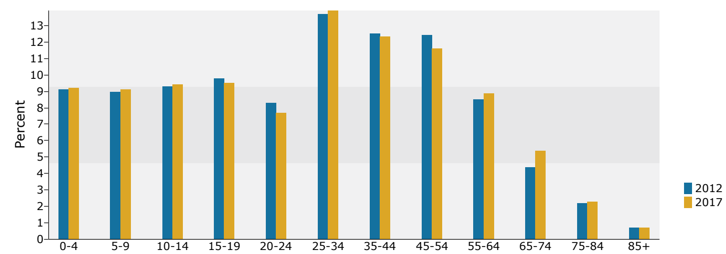
Demographic and Income Profile - Appraisal Version

45111 25th St E, Lancaster, CA, 93535 — Prepared by John Neet
Ring: 3 mile radius — Latitude: 34.700760401
Longitude: -118.0859791

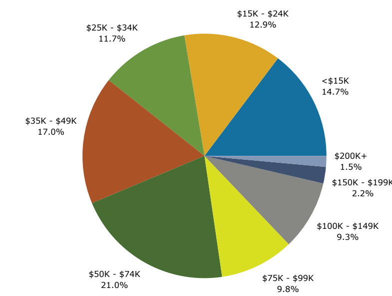
Trends 2012-2017



Population by Age



2012 Household Income



Source: U.S. Census Bureau, Census 2010 Summary File 1. Esri forecasts for 2012 and 2017.

August 09, 2013

Demographic and Income Profile - Appraisal Version

45111 25th St E, Lancaster, CA, 93535
Ring: 5 mile radius

Prepared by John Neet
Latitude: 34.700760401
Longitude: -118.0859791

Summary	Census 2010		2012		2017	
Population	104,572		106,282		109,252	
Households	32,717		33,117		34,022	
Families	23,536		23,622		24,411	
Average Household Size	3.14		3.15		3.16	
Owner Occupied Housing Units	17,440		17,008		17,807	
Renter Occupied Housing Units	15,277		16,109		16,215	
Median Age	29.1		29.4		29.8	
Trends: 2012 - 2017 Annual Rate	**Area**		**State**		**National**	
Population	0.55%		0.67%		0.68%	
Households	0.54%		0.66%		0.74%	
Families	0.66%		0.81%		0.72%	
Owner HHs	0.92%		1.03%		0.91%	
Median Household Income	3.10%		3.35%		2.55%	
			2012		**2017**	
Households by Income			Number	Percent	Number	Percent
<$15,000			5,380	16.2%	5,392	15.8%
$15,000 - $24,999			4,737	14.3%	3,971	11.7%
$25,000 - $34,999			4,122	12.4%	3,475	10.2%
$35,000 - $49,999			5,271	15.9%	4,929	14.5%
$50,000 - $74,999			6,475	19.6%	6,576	19.3%
$75,000 - $99,999			3,076	9.3%	4,437	13.0%
$100,000 - $149,999			2,775	8.4%	3,572	10.5%
$150,000 - $199,999			626	1.9%	879	2.6%
$200,000+			655	2.0%	789	2.3%
Median Household Income			$40,373		$47,027	
Average Household Income			$54,530		$62,357	
Per Capita Income			$17,579		$20,009	
	Census 2010		**2012**		**2017**	
Population by Age	Number	Percent	Number	Percent	Number	Percent
0 - 4	9,293	8.9%	9,434	8.9%	9,754	8.9%
5 - 9	8,858	8.5%	8,968	8.4%	9,237	8.5%
10 - 14	9,085	8.7%	9,098	8.6%	9,473	8.7%
15 - 19	9,883	9.5%	9,600	9.0%	9,463	8.7%
20 - 24	8,890	8.5%	9,205	8.7%	8,780	8.0%
25 - 34	14,352	13.7%	14,857	14.0%	15,487	14.2%
35 - 44	12,885	12.3%	12,783	12.0%	12,932	11.8%
45 - 54	13,463	12.9%	13,319	12.5%	12,755	11.7%
55 - 64	8,793	8.4%	9,380	8.8%	10,135	9.3%
65 - 74	4,927	4.7%	5,370	5.1%	6,639	6.1%
75 - 84	2,963	2.8%	3,016	2.8%	3,250	3.0%
85+	1,179	1.1%	1,254	1.2%	1,348	1.2%

Data Note: Income is expressed in current dollars.
Source: U.S. Census Bureau, Census 2010 Summary File 1. Esri forecasts for 2012 and 2017.

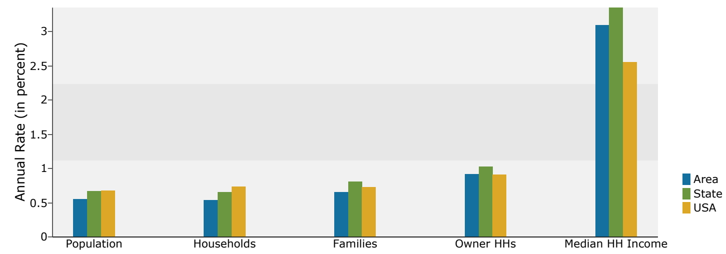
August 09, 2013

Demographic and Income Profile - Appraisal Version

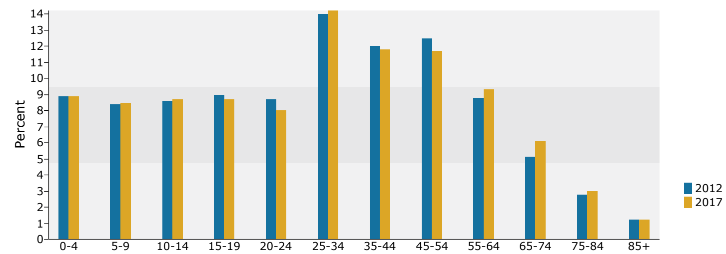
45111 25th St E, Lancaster, CA, 93535
Ring: 5 mile radius

Prepared by John Neet
Latitude: 34.700760401
Longitude: -118.0859791

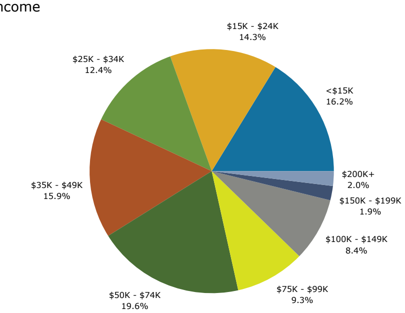
Trends 2012-2017



Population by Age



2012 Household Income



Source: U.S. Census Bureau, Census 2010 Summary File 1. Esri forecasts for 2012 and 2017.

August 09, 2013

Market Profile - Appraisal Version

45111 25th St E, Lancaster, CA, 93535 — Prepared by John Neet
Rings: 1, 3, 5 mile radii — Latitude: 34.700760401
Longitude: -118.0859791

	1 mile	3 miles	5 miles
Population Summary			
2000 Total Population	8,297	51,055	85,530
2010 Total Population	12,121	65,128	104,572
2012 Total Population	12,122	66,118	106,282
2012 Group Quarters	58	949	1,866
2017 Total Population	12,131	67,943	109,252
2012-2017 Annual Rate	0.01%	0.55%	0.55%
Household Summary			
2000 Households	2,603	16,283	28,931
2000 Average Household Size	3.18	3.11	2.89
2010 Households	3,471	18,768	32,717
2010 Average Household Size	3.48	3.42	3.14
2012 Households	3,447	18,912	33,117
2012 Average Household Size	3.50	3.45	3.15
2017 Households	3,429	19,341	34,022
2017 Average Household Size	3.52	3.46	3.16
2012-2017 Annual Rate	-0.10%	0.45%	0.54%
2010 Families	2,703	14,714	23,536
2010 Average Family Size	3.90	3.79	3.66
2012 Families	2,670	14,747	23,622
2012 Average Family Size	3.93	3.82	3.68
2017 Families	2,675	15,186	24,411
2017 Average Family Size	3.95	3.83	3.68
2012-2017 Annual Rate	0.04%	0.59%	0.66%
Housing Unit Summary			
2000 Housing Units	3,171	17,988	31,981
Owner Occupied Housing Units	61.8%	60.7%	51.3%
Renter Occupied Housing Units	20.3%	29.8%	39.2%
Vacant Housing Units	17.9%	9.5%	9.5%
2010 Housing Units	3,777	20,707	36,635
Owner Occupied Housing Units	64.0%	56.9%	47.6%
Renter Occupied Housing Units	27.9%	33.7%	41.7%
Vacant Housing Units	8.1%	9.4%	10.7%
2012 Housing Units	3,748	20,854	36,942
Owner Occupied Housing Units	62.1%	55.2%	46.0%
Renter Occupied Housing Units	29.9%	35.5%	43.6%
Vacant Housing Units	8.0%	9.3%	10.4%
2017 Housing Units	3,727	21,236	37,700
Owner Occupied Housing Units	62.7%	56.7%	47.2%
Renter Occupied Housing Units	29.4%	34.4%	43.0%
Vacant Housing Units	8.0%	8.9%	9.8%
Median Household Income			
2012	$41,079	$43,163	$40,373
2017	$47,552	$50,491	$47,027
Median Home Value			
2012	$181,080	$173,993	$170,721
2017	$187,492	$183,584	$181,601
Per Capita Income			
2012	$16,387	$16,489	$17,579
2017	$18,645	$18,619	$20,009
Median Age			
2010	27.8	27.9	29.1
2012	28.0	28.2	29.4
2017	28.5	28.7	29.8

Data Note: Household population includes persons not residing in group quarters. Average Household Size is the household population divided by total households. Persons in families include the householder and persons related to the householder by birth, marriage, or adoption. Per Capita Income represents the income received by all persons aged 15 years and over divided by the total population.
Source: U.S. Census Bureau, Census 2010 Summary File 1. Esri forecasts for 2012 and 2017. Esri converted Census 2000 data into 2010 geography.

August 09, 2013

Market Profile - Appraisal Version

45111 25th St E, Lancaster, CA, 93535 — Prepared by John Neet
Rings: 1, 3, 5 mile radii — Latitude: 34.700760401
Longitude: -118.0859791

	1 mile	3 miles	5 miles
2012 Households by Income			
Household Income Base	3,447	18,912	33,117
<$15,000	12.8%	14.7%	16.2%
$15,000 - $24,999	15.2%	12.9%	14.3%
$25,000 - $34,999	12.8%	11.7%	12.4%
$35,000 - $49,999	18.7%	17.0%	15.9%
$50,000 - $74,999	17.8%	21.0%	19.6%
$75,000 - $99,999	9.7%	9.8%	9.3%
$100,000 - $149,999	9.4%	9.3%	8.4%
$150,000 - $199,999	2.1%	2.2%	1.9%
$200,000+	1.7%	1.5%	2.0%
Average Household Income	$55,651	$55,817	$54,530
2017 Households by Income			
Household Income Base	3,429	19,341	34,022
<$15,000	12.3%	14.2%	15.8%
$15,000 - $24,999	12.5%	10.5%	11.7%
$25,000 - $34,999	11.1%	9.5%	10.2%
$35,000 - $49,999	16.1%	15.2%	14.5%
$50,000 - $74,999	17.3%	20.6%	19.3%
$75,000 - $99,999	13.9%	13.8%	13.0%
$100,000 - $149,999	12.0%	11.5%	10.5%
$150,000 - $199,999	2.9%	2.9%	2.6%
$200,000+	2.0%	1.8%	2.3%
Average Household Income	$63,737	$63,532	$62,357
2012 Owner Occupied Housing Units by Value			
Total	2,326	11,511	17,004
<$50,000	0.3%	1.5%	1.9%
$50,000 - $99,999	5.3%	10.7%	12.6%
$100,000 - $149,999	23.3%	23.6%	24.0%
$150,000 - $199,999	33.9%	29.5%	27.7%
$200,000 - $249,999	25.1%	21.3%	20.1%
$250,000 - $299,999	8.5%	8.8%	8.7%
$300,000 - $399,999	3.4%	3.5%	3.6%
$400,000 - $499,999	0.1%	0.6%	0.8%
$500,000 - $749,999	0.0%	0.3%	0.4%
$750,000 - $999,999	0.0%	0.1%	0.1%
$1,000,000 +	0.0%	0.0%	0.0%
Average Home Value	$185,389	$179,426	$177,772
2017 Owner Occupied Housing Units by Value			
Total	2,336	12,037	17,802
<$50,000	0.2%	1.1%	1.4%
$50,000 - $99,999	3.6%	7.6%	9.1%
$100,000 - $149,999	16.5%	17.3%	18.1%
$150,000 - $199,999	39.7%	35.6%	33.8%
$200,000 - $249,999	28.2%	24.5%	23.1%
$250,000 - $299,999	7.7%	8.1%	8.0%
$300,000 - $399,999	3.7%	3.9%	4.0%
$400,000 - $499,999	0.3%	1.2%	1.5%
$500,000 - $749,999	0.1%	0.6%	0.8%
$750,000 - $999,999	0.0%	0.1%	0.2%
$1,000,000 +	0.0%	0.0%	0.1%
Average Home Value	$192,821	$190,518	$190,504

Data Note: Income represents the preceding year, expressed in current dollars. Household income includes wage and salary earnings, interest dividends, net rents, pensions, SSI and welfare payments, child support, and alimony.
Source: U.S. Census Bureau, Census 2010 Summary File 1. Esri forecasts for 2012 and 2017. Esri converted Census 2000 data into 2010 geography.

August 09, 2013

Market Profile - Appraisal Version

45111 25th St E, Lancaster, CA, 93535 — Prepared by John Neet
Rings: 1, 3, 5 mile radii — Latitude: 34.700760401
Longitude: -118.0859791

	1 mile	3 miles	5 miles
2010 Population by Age			
Total	12,120	65,125	104,571
0 - 4	9.4%	9.1%	8.9%
5 - 9	9.2%	9.0%	8.5%
10 - 14	10.0%	9.4%	8.7%
15 - 24	17.4%	18.4%	18.0%
25 - 34	14.2%	13.4%	13.7%
35 - 44	13.2%	12.8%	12.3%
45 - 54	12.1%	12.8%	12.9%
55 - 64	7.6%	8.1%	8.4%
65 - 74	4.3%	4.1%	4.7%
75 - 84	2.1%	2.2%	2.8%
85 +	0.5%	0.7%	1.1%
18 +	65.3%	66.3%	68.3%
2012 Population by Age			
Total	12,123	66,120	106,284
0 - 4	9.4%	9.1%	8.9%
5 - 9	9.2%	9.0%	8.4%
10 - 14	9.9%	9.3%	8.6%
15 - 24	17.2%	18.1%	17.7%
25 - 34	14.5%	13.7%	14.0%
35 - 44	12.9%	12.5%	12.0%
45 - 54	11.8%	12.4%	12.5%
55 - 64	7.9%	8.5%	8.8%
65 - 74	4.6%	4.4%	5.1%
75 - 84	2.1%	2.2%	2.8%
85 +	0.5%	0.7%	1.2%
18 +	65.7%	66.7%	68.8%
2017 Population by Age			
Total	12,130	67,943	109,253
0 - 4	9.4%	9.2%	8.9%
5 - 9	9.2%	9.1%	8.5%
10 - 14	10.0%	9.4%	8.7%
15 - 24	16.2%	17.2%	16.7%
25 - 34	14.7%	13.9%	14.2%
35 - 44	12.8%	12.3%	11.8%
45 - 54	11.0%	11.6%	11.7%
55 - 64	8.3%	8.9%	9.3%
65 - 74	5.6%	5.4%	6.1%
75 - 84	2.2%	2.3%	3.0%
85 +	0.6%	0.7%	1.2%
18 +	65.7%	66.7%	68.8%
2010 Population by Sex			
Males	5,840	31,286	50,017
Females	6,281	33,842	54,555
2012 Population by Sex			
Males	5,854	31,820	50,930
Females	6,268	34,299	55,353
2017 Population by Sex			
Males	5,858	32,707	52,365
Females	6,273	35,236	56,887

Source: U.S. Census Bureau, Census 2010 Summary File 1. Esri forecasts for 2012 and 2017. Esri converted Census 2000 data into 2010 geography.

August 09, 2013

Market Profile - Appraisal Version

45111 25th St E, Lancaster, CA, 93535 — Prepared by John Neet
Rings: 1, 3, 5 mile radii — Latitude: 34.700760401
Longitude: -118.0859791

	1 mile	3 miles	5 miles
2010 Population by Relationship and Household Type			
Total	12,121	65,128	104,572
In Households	99.5%	98.5%	98.2%
In Family Households	91.0%	89.9%	86.6%
Householder	22.8%	22.7%	22.5%
Spouse	13.8%	13.3%	13.1%
Child	42.6%	42.2%	39.7%
Other relative	7.8%	7.5%	7.0%
Nonrelative	4.0%	4.3%	4.2%
In Nonfamily Households	8.5%	8.6%	11.6%
In Group Quarters	0.5%	1.5%	1.8%
Institutionalized Population	0.0%	0.1%	0.5%
Noninstitutionalized Population	0.5%	1.4%	1.2%
2010 Households by Type			
Total	3,471	18,768	32,717
Households with 1 Person	17.1%	16.2%	21.8%
Households with 2+ People	82.9%	83.8%	78.2%
Family Households	77.9%	78.4%	71.9%
Husband-wife Families	47.1%	45.9%	41.7%
With Related Children	30.5%	28.3%	24.5%
Other Family (No Spouse Present)	30.7%	32.5%	30.2%
Other Family with Male Householder	8.5%	8.3%	7.7%
With Related Children	5.8%	5.4%	5.0%
Other Family with Female Householder	22.2%	24.2%	22.5%
With Related Children	16.5%	17.9%	16.4%
Nonfamily Households	5.0%	5.4%	6.3%
All Households with Children	53.6%	52.5%	46.7%
Multigenerational Households	10.0%	10.3%	8.7%
Unmarried Partner Households	8.0%	8.6%	8.8%
Male-female	7.1%	7.8%	7.9%
Same-sex	0.9%	0.9%	0.8%
2010 Households by Size			
Total	3,471	18,768	32,715
1 Person Household	17.1%	16.2%	21.8%
2 Person Household	21.4%	22.9%	24.1%
3 Person Household	17.7%	17.8%	16.8%
4 Person Household	17.5%	17.1%	15.5%
5 Person Household	12.6%	12.4%	10.6%
6 Person Household	7.6%	6.9%	5.7%
7 + Person Household	6.2%	6.7%	5.4%
2010 Households by Tenure and Mortgage Status			
Total	3,471	18,768	32,717
Owner Occupied	69.7%	62.8%	53.3%
Owned with a Mortgage/Loan	49.5%	48.3%	41.3%
Owned Free and Clear	20.2%	14.4%	12.0%
Renter Occupied	30.3%	37.2%	46.7%

Data Note: Households with children include any households with people under age 18, related or not. Multigenerational households are families with 3 or more parent-child relationships. Unmarried partner households are usually classified as nonfamily households unless there is another member of the household related to the householder. Multigenerational and unmarried partner households are reported only to the tract level. Esri estimated block group data, which is used to estimate polygons or non-standard geography.
Source: U.S. Census Bureau, Census 2010 Summary File 1. Esri forecasts for 2012 and 2017. Esri converted Census 2000 data into 2010 geography.

August 09, 2013

AUTHORIZATION

JOHN P. NEET, MAI

APPRAISAL & CONSULTING SERVICES FOR MANUFACTURED HOUSING COMMUNITIES AND RV PARKS

August 7, 2013

Mr. John Woolley, Chief Operating Officer
Caritas Corporation
5520 Trabuco Road
Irvine, CA 92620

Re: Desert Sands Estates, 45111 25th Street East, Lancaster, CA 93535

Mr. Woolley:

I am pleased to submit a proposal to provide the following appraisal services regarding the captioned property:

Scope of Services:	To provide an appraisal in conformance with the attached "scope" statement. Report to be in a "Summary" report appraisal based on USPAP and municipal bond underwriting requirements.
Timing:	Within 15 working days of receiving requested information (see below).
Appraisal Fee:	$4,400.00 to be paid upon completion. Client agrees that unpaid amounts more than 30 days past due will be charged interest at the maximum rate permitted by applicable law.

Requested Information:

a) Preliminary Title Report (if available, contact us if title report is not available).
b) Current Rent Roll.
c) Comprehensive Income and Expense Statements covering the past 3 years and the current year to date. Income statements to show individual line items for each submetered/pass-through utility income and expense (water, sewer, gas, electricity, trash, CATV, etc.).
d) Access to any site and building plans, engineering reports, or environmental reports on the property that you have in your possession.
e) Complete information regarding any sale of the property, any offers to sell or purchase, or the listing of the property during the last 3 years.
f) Name and phone number of contact person at property.
g) Current County tax bill showing rate and direct assessments.
h) Any information that you believe should be considered in the appraisal.

Please call if any of the above requested information is not readily available. If you have any questions, please call me at 951-461-7755. A signed copy of this agreement may be faxed to me at 951-346-3558 to initiate file set up. I look forward to working with you in this appraisal assignment.

Sincerely,

John P. Neet

CARITAS CORPORATION

John P. Neet, MAI
Accepted by: John Woolley Date 8-8-13
Chief Operating Officer

26845 JEFFERSON AVENUE, SUITE A
MURRIETA, CA 92562
(951) 461-7755 FAX (951) 346-3558
jneet@johnneet.com

PROFESSIONAL QUALIFICATIONS/CURRICULUM VITAE

PROFESSIONAL QUALIFICATIONS
JOHN P. NEET, MAI

LICENSES AND MEMBERSHIPS:

Appraisal Institute
Member-Designation No. 7728; currently certified under the Appraisal Institute's mandatory continuing education requirements
Licensed Real Estate Appraiser
California Certified General Appraiser No. AG003494, Certified through 3/14/2014
Arizona Certified General Appraiser No. 31052, Certified through 4/30/2015
Nevada Certified General Appraiser No. 04661, Certified through 5/31/2015
Oregon Certified General Appraiser No. C001020, Certified through 3/31/2014
Washington Certified General Appraiser No. 1102053. Certified through 3/12/2014
Idaho Certified General Appraiser No. CGA-3435, Certified through 3/14/2014
Temporary Certifications Obtained in Texas, New Mexico, Minnesota, Utah, Colorado, South Dakota, Wisconsin
Licensed Real Estate Broker
Texas Brokers License No. 322708 (Inactive)

EXPERIENCE:

1988-Present
John P. Neet, MAI, Real Estate Appraiser & Consultant
Owner of firm specializing in valuation and consultation with a primary concentration on manufactured housing communities, mobile home parks, and RV parks, leasehold and quasi-leasehold valuations, public acquisition valuations, valuations for rated and un-rated bond issues and resident conversions, MHC & RVP subdivisions, expert testimony, and appraisal review. Non-appraisal experience includes cash flow projections, rent control financial analysis and consultancy, market studies and analysis, and financial performance analysis for manufactured housing communities and RV parks. Qualified as an expert in United States District Court, in state courts in Orange, Riverside, San Diego, and San Bernardino Counties in California and Federal Bankruptcy Courts in California, Texas, and Nevada.

1981-1987
Terrence F. Wood & Co. Corpus Christi, Texas
Appraisal and review of all property typies; special emphasis on income producing, development, and resort properties; expert testimony in bankruptcy and foreclosure proceedings. Qualified as expert in district courts and Federal Bankruptcy Courts.

1978-1980
Home Savings and Loan Los Angeles, California
Chief Appraiser, Conventional Loans-Manager in charge of training and review of appraisal staff.
Staff Appraiser-valuation of single and multi-family properties.

EDUCATION:

CALIFORNIA STATE UNIVERSITY AT NORTHRIDGE
Business Administration
APPRAISAL INSTITUTE
Courses 101, 102, and 201 (SREA)
Courses 1-A, 1-B, 2-1, 2-2, 2-3 (AIREA)
Courses 410, 420, 700 (AI)
INTERNATIONAL RIGHT OF WAY ASSOCIATION
Easement Valuation

RECENT SEMINARS:

USPAP Updates, FIRREA Requirements, Standards of Professional Practice Updates, Litigation Practices, Apartment Valuation, Appraiser Licensing and Certification, HP12-C Seminar, Land Regulations, Easement Valuations, Retail Market, Limited Appraisals and Report Writing, Annual Regional Economic Forecast Workshops & Seminars, Manufactured Housing Community Law Seminars and Operations seminars, Regression Analysis, Condominium Conversions, Highest & Best Use Analysis.

STATE OF CALIFORNIA

Business, Transportation & Housing Agency

OFFICE OF REAL ESTATE APPRAISERS

REAL ESTATE APPRAISER LICENSE

JOHN P. NEET

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

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

OREA APPRAISER IDENTIFICATION NUMBER AG003494

Date Issued: March 15, 2012

Date Expires: March 14, 2014

Bob Clark

Director, OREA

Audit No. 138224

REAL ESTATE APPRAISAL REPORT

Aztec Mobile Home Park
7425 Church Street
Yucca Valley, CA
as of September 26, 2013

Prepared For:
Caritas Corporation

JOHN P. NEET, MAI

John P. Neet, MAI

Appraisal & Consulting Services for Manufactured Housing Communities and RV Parks

October 14, 2013

Mr. John Woolley, Chief Operating Officer
Caritas Corporation
5520 Trabuco Road
Irvine, CA 92620

Re: Aztec Mobile Home Park, 7425 Church Street, Yucca Valley, CA 92284

Mr. Woolley:

As requested and authorized by the letter of engagement dated August 22, 2013, I have appraised the captioned property for the purposes of expressing my opinion of its market value as defined herein. The interests appraised are those of the **Fee Simple** estate. This appraisal is being prepared in conjunction with the obtaining of financing using the subject as collateral for the issuance of municipal bonds. As a part of the sale transaction for which financing is being sought, the following significant contract terms are present and affect the appraisal to a significant degree:

- The seller has agreed to increase rents by $35 per month prior to the close of escrow.
- The seller has agreed to execute a lot split to remove the undeveloped land from the parcels reported herein.

The appraisal has considered these items as completed and as a result these specific assumptions, this appraisal presents the hypothetical market value of the property, and all uses of the term "market value" in this report refer to the hypothetical market value. Please refer to the memorandum describing the purchase as reproduced in the Addenda.

As a result of my investigation and analysis, it is my conclusion that the market value of the subject property, as of September 26, 2013, and subject to the assumptions, certification, and limiting conditions stated herein, was

TEN MILLION SEVEN HUNDRED THOUSAND DOLLARS
$10,700,000

This appraisal and report is intended to comply with the following standards and agreements:

- The Scope of Work agreement between the appraiser and the client
- The Standards of Professional Practice and Code of Ethics of the Appraisal Institute
- The Uniform Standards of Professional Appraisal Practice (USPAP)

This appraisal has not been commissioned to comply with any appraisal contingency clause that may be a part of a sale agreement. The client is the person to whom the appraisal report is addressed, and the use of this appraisal to meet the requirements of an appraisal contingency clause is not an intended use of the appraisal.

26845 Jefferson Avenue, Suite A
(951) 461-7755-Voice
(951) 346-3558-Fax
Murrieta, CA 92562
www.johnneet.com
appraisals@johnneet.com

This letter is part of the attached ***summary report*** which contains descriptions of the subject property, factual data, and my analysis of that data upon which the value conclusion is predicated in line with the scope of work agreed to. A summary of the scope of work is included on Page 4. Please refer to the limiting conditions, certification, and assumptions contained on Pages 7 through 11.

The purpose, function, and intended use of this appraisal are described on Page 4.

Respectfully submitted,

John P. Neet, MAI
California General Appraisal Certificate No. AG003494; Certified through 3/14/2014

Table of Contents

Summary of Facts & Conclusions

LOCATION AND FEATURES		
LOCATION:	7425 Church Street, Yucca Valley San Bernardino County, CA	
CENSUS TRACT:	104.13	
ASSESSORS PARCEL IDENTIFICATION:	0587-081-79-0000 0587-074-10-0000	0587-081-80-0000
RECORD DATES:	Effective Date of Appraisal-	September 26, 2013
	Prospective Future Value Date-	January 0, 1900
	Date of Inspection-	September 26, 2013
	Date of Report-	October 14, 2013
SITE AREA:	17.4	Acres (per Assessor)
	759,686	SF (per Assessor)
ZONING:	RM 10	
FLOOD HAZARD ZONE (FEMA):	X	
SEISMIC HAZARD ZONE (USGS):	4	
PRINCIPAL IMPROVEMENTS:	Number of Units (Total)-	164
	Year Built-	1971
	Amenities and Service-	Recreation Center with assembly room, service kitchen, poker room, restrooms w/showers, billiards room, exercise room, indoor spa, pool, sauna, changing rooms, indoor storage area, dog park.
	Other Facilities-	Laundry, Maintenance, Storage (old shuffleboard room)
	Quality Rating-	Good
	Overall Condition Rating-	Good
	Effective Age-	35
AGE RESTRICTION:	Senior (55+)	
INTEREST CONSIDERED:	Fee Simple	

ASSUMPTIONS AND CONCLUSIONS:		
HIGHEST AND BEST USE	As Though Vacant:	Development. See text for specifics.
	As Is:	Continue present use
EST. EXPOSURE TIME:	6 months or less	
EST. MARKETING TIME:	6 months or less	
SPECIAL CONSIDERATIONS:	See Pages 3-9. Reference made to interest appraised, approaches to value considered reliable, information not available to appraiser, assumptions made in analysis.	

VALUE CONCLUSIONS	As-Is (Current Conditions)	
INCOME & RATES:		
MH Sites Market Rental Rate (/Unit/Mo.)	$470.00	
MH Sites Avg. Contract Rental Rate (/Unit/Mo.)	$455.16	
MH Sites Projected Avg. Rental Rate (/Unit/Mo.)	$489.44	
Potential Gross Income:	$1,201,718	
Effective Gross Income:	$1,163,189	
Operating Expenses:	$470,881	
NOI:	$692,308	
Overall Capitalization Rate (Applied):	6.50%	
Overall Capitalization Rate (Implied):	6.47%	
INDICATED VALUES:	-	-
Cost Approach	Not Considered	
Income Approach (Direct Capitalization)	$10,700,000	
Sales Comparison Approach	$10,500,000	
ESTIMATED MARKET VALUE:	**$10,700,000**	
REPLACEMENT COST NEW OF BUILDINGS:	$783,169	
INSURABLE VALUE:	$926,000	
CONTRIBUTORY VALUE OF NON REALTY ITEMS:	$10,000	

Property Identification

The property that is the subject of this report is a mobile home park located at **7425 Church Street, Yucca Valley, San Bernardino County, CA.** A precise legal description is included in the Addenda. Refer to the preliminary title report.

Purpose of the Appraisal

The purpose of this appraisal is to estimate the market value of the subject property as defined on the Definitions page below.

Property Rights Appraised

The purpose of this appraisal is to estimate the market value, as defined herein, of the **Fee Simple** interest in the subject property subject to the current rental contracts.

In defining the relationship between space tenant and park owner, it should be noted that manufactured housing communities typically combine features of both fee simple and leased fee interests. While rental agreements between the homeowner and park owner are often made on a month–to-month basis, tenancies commonly last for many years making the relationship between lessor and lessee long term in nature. State laws and local ordinances also formalize the relationship beyond the month-to-month term. In addition, investors typically rely on contract rent as the basis for valuation. As a result, while this valuation is based on the fee simple interest, elements of the analysis of leased fee interests also affect the valuation.

Function of the Appraisal

It is my understanding that the appraisal is to be used to determine the adequacy of collateral for loan underwriting purposes. The use of this appraisal is invalid for any other purpose.

Client and Intended Users

This report is intended for use only by Caritas Corporation, its bond counsel and underwriters. Use of the report by others not named above is not intended by the appraiser or the client.

Scope of Work

The scope of this appraisal assignment involved the inspection of the subject property by Allison Nickell and John P. Neet, MAI, interviews with the property owner and responsible parties, the collection and analysis of pertinent market data and other information, and the completion of the valuation analysis contained herein. Allison Nickell and John P. Neet, MAI collected factual data utilized herein. John P. Neet, MAI, completed the appraisal analysis and the opinions stated herein are solely those of John P. Neet, MAI. The data collected and considered as well as the process of my reasoning is described throughout the report. This appraisal meets the requirements of USPAP Standard No. 1, and the report complies with the requirements of USPAP Standard No. 2. This appraisal is intended to be a **Complete Appraisal** under generally accepted standards of appraisal, although this is not a USPAP defined term. The scope of work agreement between the appraiser and client is included in the Addenda.

As an additional part of the scope of work, I have formed an opinion of the use value to a specific market participant, a non-profit 501[c]3 corporation.

The written appraisal is intended to be a **Summary Report** under USPAP Standard 2. Any limitations on the scope of work or reporting are found on Page 8.

Unit Type Conventions Used In Report

The subject, like a number of properties of this type, has income producing **units** that are comprised of a variety of types. These may include **mobile/manufactured home sites**, **recreational vehicle sites**, **site-built units** (apartments, detached residences), or **commercial units**. Analysis of these various types of units requires the units to sometimes be analyzed as individual components and sometimes as the total number of units. In this report, the term **units** speaks to the aggregate number, while descriptions or analysis of the individual unit types considers only the number of units included in the specific category. In the subject property, there are 165 mobile home sites.

By industry convention, other income producing land divisions (such as campsites or vehicle storage spaces) are not included in the total number of units as described above.

Appraisal Record Dates

The appraisal record dates are stated in the Summary of Facts and Conclusions on Page 3.

Property Ownership

According to documents available to the appraiser, as of the date of the appraisal, the owner of the subject property was Shamrock Millco-Aztec LLC, a Delaware limited liability company. See Preliminary Title Report for full vesting information.

Recent Property History

The existing primary improvements were reportedly constructed in 1971, according to the property manager.

The subject is in escrow under a current contract of sale. According to the information available, the buyer is Caritas Acquisitions I, LLC and the purchase price is $10,200,000. The seller will carry back a tax free bond of $330,000 at 5% for 30. This sale is analyzed in the Final Reconciliation.

The property was listed for sale for a short period of time in March 2012. Reportedly, the property was offered for a 30 day period at an offering price of $9,900,000. No offers were reported.

No other transactions regarding the subject property are known.

Real Estate Taxes

Current real estate taxes for the subject are reported as follows:

Assessor's Parcel No.	Assessed Value	Tax Rate Area	Tax Rate	Ad Valorem Taxes	Direct Assessments	Total Taxes
0587-081-79-0000	$3,222,743	000023000	1.00000%	$32,227.43	$8,890.73	$41,118.16
0587-081-80-0000	$2,859,395	000023000	1.00000%	$28,593.95	$8,178.30	$36,772.25
0587-074-10-0000	$54,401	000023000	1.00000%	$544.01	$211.73	$755.74
Totals	$6,136,539			$61,365.39	$17,280.76	$78,646.15

Under California law, the property will be reassessed to current market value upon sale. The estimated tax expense used in the Income Approach is based upon the presumed reassessment to the value estimated in the Income Approach.

Exposure Time

Exposure time is defined as that period of time that the subject is offered for sale prior to sale at the value estimated in this appraisal. Exposure time, by definition, predates the appraisal date stated above. A reasonable projection requires the assumption that the property is properly priced and positions, professionally marketed, and has transferrable title. The following information is considered in the projection of exposure time

- A review of the mobile home park sales contained within my sales database that sold within the past 3 years indicates that the vast majority of mobile home parks sell within 180 days. Less than 3% of the sales within the database report marketing times of more than 180 days, and a significant majority report marketing times of less than 120 days.
- Interviews with industry specific brokers indicate projections of 30-120 days if the property is appropriately priced and widely marketed. However, it is common for more attractive properties to be narrowly marketed to a target group, with time limits on offers and limited time frames for due diligence prior to the offer. These types of marketing generally result in an accepted offer within 30 days or less. Completion of the sale typically takes 30-60 days beyond the contract date, according to brokers.
- The marketing time for the properties used as sales comparables in this appraisal are reported in the Sales Comparison Approach. These are the most similar properties to the subject and are weighted heavily in the projection.

The market value estimated herein is based on an exposure time of 6 months or less, which appears to be a reasonable conclusion based on the data considered.

Marketing Time

Marketing time differs from exposure time, in that this is the period of time following the appraisal date that the property might take to sell if offered for sale at approximately the level of the market value estimated. The same data considered in the exposure time analysis is considered here, but it must be realized that events in the future may change and alter the estimated marketing period from that currently expected. However, it appears that the condition of the market in the next several months will not change significantly.

A marketing time of 6 months or less is considered a well-supported conclusion based on current market conditions.

Personal Property

Personal property necessary to achieve the net income projected for the subject includes maintenance and office equipment, recreation center furnishings and other minor items. Specifically, this does not include community owned homes, if any, which are outside of the scope of the valuation. The contributory value of this personal property to the whole is considered nominal in light of the estimated market value of the property. A rough estimate the contributory value of this personal property to the market value estimated herein is noted in the Summary of Facts and Conclusions on Page 3. This is based on the salvage value of the items.

According to information provided, there are 7 community owned mobile/manufactured homes in the park. These are not considered in the appraisal.

Appraiser Qualifications and Competence

The principal appraiser holds general appraiser certificates in this and other states, and is the holder of the MAI designation, indicating the base qualifications needed to appraise properties of this level of complexity. As pertaining to this property type, the principal appraiser has performed valuation and counseling assignments involving over 4,000 manufactured housing communities, mobile home parks and RV parks, and as a result of this experience is qualified to complete this valuation assignment. Please refer to the appraiser's qualification statement in the Addenda.

Assumptions & Limiting Conditions

The Code of Professional Ethics and Standards of Professional Practice of the Appraisal Institute requires the appraiser to "clearly and unequivocally set forth all facts, assumptions, and conditions upon which the appraisal is based." In compliance with this requirement, and to assist the reader in interpreting this report, the general assumptions and limiting conditions are set forth as follows:

1. The date to which the conclusions and opinions expressed in the report apply is set forth in the body of this report. Further, the dollar amount of any opinion herein rendered is based upon the purchasing power of the American dollar as of that date.
2. The information furnished by others is believed to be reliable, however, no warranty is given for its accuracy. Any income and expense records relating to the subject property that has been provided is assumed to be accurate as presented.
3. I reserve the right to make such adjustments to the analyses, opinions, and conclusions set forth in this report as may be required by consideration of additional data or more reliable data that may become available.
4. No opinion as to the validity of the title is rendered. Title is assumed to be marketable, free and clear of all liens and encumbrances, easements and restrictions, except those specifically discussed in the report.
5. The property is appraised assuming that is under responsible ownership and competent management.
6. All engineering is assumed to be correct. The illustrative material in this report is included only to assist the reader in visualizing the property.
7. It is assumed that there are no hidden or unapparent conditions of the property, the subsoil, or structures that render it more or less valuable. No responsibility is assumed for such conditions or for arranging the engineering studies that may be required to discover such conditions.
8. It is assumed that there is full compliance with all applicable federal, state, and local environmental regulations and laws unless non-compliance is stated, defined, and considered in the appraisal report.

9. It is assumed that all zoning and use regulations and restrictions have been complied with, unless non-conformity is stated, defined, and considered in the appraisal report.
10. It is assumed that all licenses, certificates of occupancy, consents or other legislative or administrative authority from any national, state, or local government or private entity or organization have been or can be obtained for any use upon which the value estimate contained in this report is based.
11. It is assumed that the utilization of land and improvements is within the boundaries or property lines of the land described and that there is no trespass or encroachment except as noted in the report.
12. No opinion is expressed as to the value of the subsurface oil, gas, or mineral rights or whether the property is subject to surface entry for the exploration or removal of such materials, except as expressly stated.
13. No opinion is expressed for matters that require legal, engineering, or other specialized knowledge beyond that customarily employed by real estate appraisers.
14. No responsibility is assumed for determining the effect of possible natural disasters or other such occurrences upon the individual property.
15. The distribution, if any, of the total valuation in this report between land and improvements applies only under the stated program of utilization. The separate allocations for land and buildings must not be used in conjunction with any other appraisal and are invalid if so used.
16. I am not required to give further consultation, testimony, or to be in attendance in court with reference to the property in question unless arrangements have been previously made. The client is notified that any such further consultation, testimony, or attendance in court will be at my discretion and will be predicated upon the payment of an additional fee.
17. No testing or inquiry was made regarding the existence of lead based paint, asbestos containing materials, or termite infestation or damage. These areas are beyond the appraiser's expertise. Consultation with appropriate experts is recommended.
18. No consideration has been given to the value of any personal property located upon the subject property, except as otherwise stated in the report.
19. The plans and specifications, upon which this valuation is predicated, are assumed to show the intent of the builder, but I assume no responsibility for the correctness, or for any undisclosed modifications.
20. The issue of compliance with the ADA (Americans with Disabilities Act) is beyond the scope of this appraisal. It is my recommendation that the client retain the services of a qualified expert in the field of ADA compliance to determine if the property conforms to the requirements of the ADA, and to determine the impact of noncompliance upon the use and utility of the subject improvements. The appraiser assumes the compliance of the subject property to the ADA, as such knowledge is beyond my knowledge and expertise.
21. **ENVIRONMENTAL HAZARDS DISCLAIMER-**The following disclaimer is made in accordance with Guide Note 8 adopted by the Governing Council of the American Institute of Real Estate Appraisers on May 3, 1989 and Advisory Opinion G-9 issued by the Appraisal Standards Board of the Appraisal Foundation on December 8, 1992; and is intended to provide notice to the client of my lack of knowledge and expertise in the area of environmental hazards.

    Unless otherwise stated in this report, the existence of hazardous substances, including without limitation asbestos, polychlorinated biphenyl's, petroleum leakage, or agricultural chemicals, which may or may not be present on the property, or other environmental conditions, were not called to the attention of nor did I become aware of such during the inspection. I have no knowledge of the existence of such materials on or in the property unless otherwise stated. I am not qualified to test such substances or conditions. It is recommended that the client consult with an environmental hazard expert before making any decision regarding this property. The value estimated is predicated upon the assumption that there is no such condition on or in the property or in such proximity thereto that would cause a loss in value. No responsibility is assumed for any such conditions, nor for any expertise of knowledge required to discover them.

The appraiser is not an expert in the field of hazardous materials. This appraisal does not constitute an expert inspection of the property for environmental or health hazards. The only way to be certain as to the condition of the property with respect to "environmental hazards" is to have an expert in the field inspect the property. **This appraisal should not be relied upon as to whether environmental hazards exist on or near the property. It is the appraiser's recommendation that a Phase 1 Environmental Assessment be obtained on this or any other property prior to making any monetary decision involving the property to determine the potential for environmental hazards.**

Specific Assumptions & Notices

1. The site valuation has not been included in the appraisal due to the limited market data available concerning sales of sites zoned for mobile home park usage or purchased for mobile home park development and the limited development of mobile home parks over the past decade in the state of California.
2. The Cost Approach has not been included for several reasons including general unreliability in the valuation of mobile home parks, the age of the improvements, lack of market use, and other factors, which are discussed in the appropriate section of the appraisal report.
3. In defining the relationship between space tenant and park owner, it should be noted that manufactured housing communities typically combine features of both fee simple and leased fee interests. While rental agreements between the homeowner and park owner are often made on a month–to-month basis, tenancies commonly last for many years making the relationship between lessor and lessee long term in nature. State laws and local ordinances also formalize the relationship beyond the month-to-month term. In addition, investors typically rely on contract rent as the basis for valuation. As a result, while this valuation is based on the fee simple interest, elements of the analysis of leased fee interests also affect the valuation.
4. The subject is under a current contract of sale, described elsewhere. This appraisal is being completed for a lender client who is considering an extension of credit using the subject property as collateral. The buyer and seller are not clients of the appraiser, and this appraisal was not commissioned to meet any appraisal contingency clause that may be part of the agreements between the buyer and the seller.
5. Waste collection and disposal service is provided by a on-site septic system. Any determination of the adequacy and condition of this system is beyond the scope of the appraisal and the expertise of the appraiser. The appraisal assumes that the system is adequate and in good working order. Inspection by a qualified professional is recommended to ascertain the adequacy and condition of the system.
6. Information regarding zoning, entitlements, land use issues, non-conformities, local rebuilding policies, and other legal restrictions is obtained from public records or by short interviews with municipal representatives. The scope of this appraisal does not include an in-depth document search or review. The future ability of the property to continue to be utilized for the purposes outlined in the appraisal or to be rebuilt to its current use and specification may be affected by changes in governmental policy or regulation, or by interpretations of existing rules. For greater clarity and understanding of the municipal policies and regulations that affect the subject property, or for assurances as to the future ability of the property to be used for any particular purpose, consultation with legal professionals is recommended.
7. The appraisal has been prepared using a variety of available software, including Microsoft Word, Microsoft Excel, Adobe Acrobat, and Argus by Realm. The reader should be aware that the calculating conventions regarding rounding iterations used by Excel and Argus differ from that of other software and handheld calculators. As a result, attempts to verify the mathematical

calculations using other devices and software may yield slightly different results than stated herein.

Definitions[1]

Market Value[2]- The most probable price which a property should bring in a competitive and open market under all conditions requisite to a fair sale, the buyer and seller each acting prudently and knowledgeably, and assuming the price is not affected by undue stimulus. Implicit in this definition is the consummation of a sale as of a specified date and the passing of title from seller to buyer under conditions whereby:

- Buyer and seller are typically motivated;
- Both parties are well informed or well advised, and acting in what they considers their best interests;
- A reasonable time is allowed for exposure in the open market;
- Payment is made in cash in United States dollars or in terms of financial arrangements comparable thereto; and
- The price represents a normal consideration for the property sold unaffected by special or creative financing or sales concessions granted by anyone associated with the sale.

Market Value As-Is-Estimate of market value in the condition observed upon inspection and as it physically and legally exists without hypothetical conditions, assumptions, or qualifications as of the appraisal date.

Fee Simple- An absolute fee; a fee without limitations to any particular class of heirs, or restrictions, but subject to the limitations of eminent domain, escheat, police power, and taxation; an inheritable estate.

Leased Fee- An ownership interest, held by a landlord, with the right of use and occupancy conveyed by lease to others; usually consists of the right to receive rent and the right to possession of the property following the expiration of the lease.

Leasehold- A property held under the tenure of a lease. The right of use and occupancy of real property by virtue of a lease agreement; the right of a lessee to use and enjoy real estate for a stated term and upon certain conditions, such as payment of rent.

Transfer Rental Rate-Rental rate charged to new tenant purchasing existing manufactured home in park.

New Move-In Rate-Rental rate charged for space that is vacant or for new unit being moved in to park.

Manufactured Home-Factory built home, constructed since 1974 in compliance with regulations promulgated by the United States Department of Housing and Urban Development (HUD); also known as a HUD code home.

Mobile Home-Factory built home, constructed prior to the 1974 HUD code requirement.

RV (Recreational Vehicle)-One of several alternative units designed for vacation use; includes Class A RV's (bus chassis), Class C RV's (van chassis), trailers (designed to be pulled behind powered vehicle), and park model RV's (see below).

Park Model RV-RV unit designed for permanent or semi-permanent placement; resembles a HUD code home in appearance, but is less than 400 SF in size, and is not in compliance with HUD code. Also known as Park Model Trailer.

Community Owned Home (COH)-A manufactured, mobile, or trailer owned by the owner of the property that is either held for rental purposes or is offered for sale. Alternative term: POC (Park-Owned Coach).

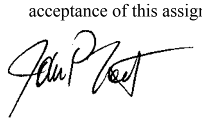
Use Value-The value a specific property has for a specific use. In estimating use value, the appraiser focuses on the value the real estate contributes to the enterprise of which it is a part, without regard to the highest and best use of the property or the monetary amount that might be realized from its sale. In the MHP/MHC context, Use Value is based upon the amount of debt that the property could support under 501C3 corporation management and ownership.

1 Definitions from the Appraisal of Real Estate, 13th Edition published by the Appraisal Institute and paraphrased and other sources.
2 Source: Office of Controller of the Currency (OCC) , 12 CFR, Part 34, Subpart C-Appraisals, 34.42 Def. (g); FIRREA Title XI, Section 34.42 (f) ; and Federal Deposit Insurance Corporation (FDIC) Final Rules, 12, CFR Part 323.2(f))

Certification

I certify 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 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 a 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 requirements of the Code of Professional Ethics and the Standards of Professional Practice of the Appraisal Institute, the Uniform Standards of Appraisal Practice (USPAP), and if applicable, the requirements of Title XI of FIRREA (Federal Financial Institutions Reform, Recovery, and Enforcement Act of 1989).
- I have made a personal inspection of the property that is the subject of this report.
- No one provided significant real property appraisal assistance to the person signing this certification. As reported in the Scope of the Appraisal, Allison Nickell assisted in the collection and verification of factual data, but did not participate in the analysis or the forming of the real property appraisal opinions stated herein
- The use of this report is subject to the requirements of the Appraisal Institute relating to review by its duly authorized representatives.
- As of the date of this report I, have completed continuing education program of the Appraisal Institute.
- As required by Title XI, 34.44 (a)(10), the following statement is included: The appraisal assignment was not based on a requested minimum valuation, a specific valuation, or the approval of a loan.
- The requirements of the competency provision of USPAP have been met for the purposes of this appraisal assignment.
- I have performed valuation related services as an appraiser or in other capacity regarding the property that is the subject of this report within the three year period immediately preceding acceptance of this assignment.



John P. Neet, MAI
California General Appraisal Certificate No. AG003494; Certified through 3/14/2014

General Regional Economic Conditions

The following excerpt from the Federal Reserve Board "Beige Book[3]" provides a current overview of the overall economic condition of the western United States:

> Economic activity in the Twelfth District expanded at a modest pace during the reporting period of early July through late August. Price inflation was subdued for most final goods and services, and upward wage pressures were very modest. Retail sales rose on net, while demand for business and consumer services was more mixed. District manufacturing activity edged up. Agricultural production and sales expanded. Demand for housing strengthened, and commercial real estate activity firmed. Reports from financial institutions indicated that loan demand increased slightly.
>
> **Prices and Wages**
> Price inflation was subdued for most final goods and services. Reports indicated stable prices for steel and scrap metal products. Technology industry contacts reported that prices were slightly lower than had been anticipated for some business software and for computer hardware inputs. Hospitality sector contacts noted large price declines for linens, versus persistent price increases for a variety of food products.
>
> Upward wage pressures were very modest overall. Slack in the labor market held back wage gains in most sectors, occupations, and regions. Reports indicated that overall wages at technology firms have been mostly stable or modestly increasing. However, firms in various industries continued to compete vigorously for a limited pool of qualified workers to fill certain technical positions, spurring significant wage growth in these slots.
>
> **Retail Trade and Services**
> Retail sales rose on net, and most contacts' outlooks for future consumer spending improved slightly since the prior reporting period. Technology companies reported increased sales overall, with growth on the business side outpacing gains in consumer demand. However, grocery and apparel retailers noted soft sales. These contacts pointed to evidence of households taking advantage of attractive financing opportunities and devoting their budgets to big-ticket items, such as housing and autos. Large inventories at many dealerships fueled a robust pace for new and used automobile sales, especially light truck sales. Contacts indicated strong demand for hobby game products, as the core customers tend to work in relatively high-wage math and science professions.
>
> Demand for business and consumer services varied across sectors. Reports indicated that many service providers increased capital expenditures in anticipation of stronger demand. However, contacts noted that recent demand has been tepid for elective health-care and other discretionary services, including restaurant dining. Contacts also noted soft demand and downward pressure on fees for legal services. Travel and tourism activity in Hawaii maintained its solid pace of growth, and after slipping earlier in the year, tourist activity in Southern California picked up during the summer months. Contacts noted strong convention attendance in Las Vegas but some weakness in leisure travel.
>
> **Manufacturing**
> District manufacturing activity edged up during the reporting period of early July through late August. Demand for semiconductors increased, as indicated by modest growth in new orders and sales. Although capacity utilization for electronic components in general held steady, contacts noted that demand was somewhat subdued. Demand for commercial aircraft remained solid. Defense manufacturers noted more muted demand due to the ongoing effects of the federal

[3] Prepared at the Federal Reserve Bank based on information collected before September 4, 2013. This document summarizes comments received from businesses and other contacts outside the Federal Reserve and is not a representation of the views of Federal Reserve officials.

sequester. Biotech drug manufacturing increased modestly. Shipments of steel products used primarily in nonresidential construction continued to increase, and steel producers reported that overall capacity utilization ticked up a bit further. In particular, reports indicated that capacity utilization for steel manufacturing was stronger for automobile and aircraft-related inputs than for nonresidential construction inputs. Many contacts expect manufacturing industry conditions to improve slightly in the second half of the year relative to the first half.

Agriculture and Resource-related Industries
Sales of agricultural items and resource-related production activity expanded in the District. Demand was generally strong for most crop and livestock products. However, relatively light traffic at fast-food restaurants limited sales of some vegetables. In addition, some grain producers expect slightly lower profits due to price declines. Despite a modest decline in demand for various oil products, contacts expect overall sales to increase in the medium term. Refinery utilization rates and gasoline production increased. Utility providers reported that energy sales to aerospace and housing-related firms were robust.

Real Estate and Construction
Demand for housing strengthened further, and commercial real estate activity was stable or improved. Although levels remained significantly lower than in the pre-recession period, both home sales and house prices climbed further relative to the prior reporting period in many District cities. In some areas, demand for new homes substantially exceeded the supply, and shortages of construction workers held back the pace of new home construction activity. Multifamily residential construction projects increased. Rental rates for commercial real estate edged up as occupancies climbed. Contacts in some major metropolitan areas noted declining commercial real estate inventories and expressed near-term concerns about capacity constraints.

Financial Institutions
Financial institution reports indicated that loan demand increased slightly on net. Most contacts reported increased lending relative to a year earlier, but some reported a slight downtick more recently. Contacts noted that mortgage origination levels were mostly stable despite the increase in mortgage interest rates, although the number of new applications has dropped a bit in some areas. Some contacts expect the pace of refinancing activity to slow as well. Reports highlighted ample bank liquidity and substantial competition for high-quality commercial borrowers. In the District's Internet and digital media sectors, mergers and acquisitions activity and venture capital activity grew in terms of both deal value and volume. However, the pace of initial public offerings remained weak, and private equity activity was flat.

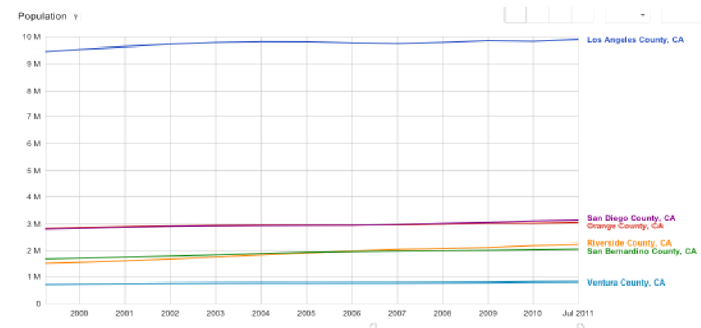
Southern California Region

Location and Climate

The Southern California market area, which includes Los Angeles, Orange, Ventura, San Bernardino, San Diego, and Riverside Counties, is located in the southwestern portion of the state. This economic region encompasses much of Southern California, with the exception of Imperial County located on the Arizona/Mexico border, and includes an area with an interdependent economy that stretches from the Pacific Ocean to the Arizona border.

Population Trends

Long term population trends in each of the Southern California counties are shown in the following graphic.



Population growth within most of the Southern California region has been fairly flat for the past decade, with the fastest growing counties including Los Angeles, San Diego, and Riverside, and growth for Ventura, Orange, and San Bernardino have been flatter.

Year over year growth is shown in the following table.

	Total Population		Percent
Geographic Unit	**1/1/2011**	**1/1/2012**	**Change**
California	37,427,946	37,678,563	0.70%
Southern California	21,072,592	21,208,319	0.64%
Los Angeles	9,847,712	9,884,632	0.40%
Orange	3,028,846	3,055,792	0.90%
Riverside	2,205,731	2,227,577	1.00%
San Bernardino	2,046,619	2,063,919	0.80%
San Diego	3,115,810	3,143,429	0.90%
Ventura	827,874	832,970	0.60%

Department of Finance, Demographic Research Unit

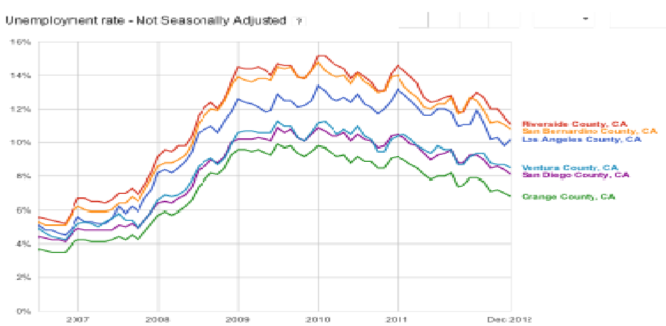
Economic Base

Both the Los Angeles (including L.A., Orange, Riverside, and San Bernardino Counties) and San Diego regions have become highly diversified postindustrial economic centers. While there is still a great deal of rivalry and competition between the two metro areas, it has become increasingly apparent that the economies are becoming more intertwined. Recent growth in southern Orange and Riverside Counties and in northern San Diego County has had a blurring effect on many of the differences.

Predominant industries in the area include business and financial services, tourism, aerospace, telecommunications, medical technology, wholesale trade and distribution, health services, international trade, entertainment, the garment industry, and construction. The local economy was considered a mirror reflection of the national economy in terms of diversification, and has been historically thought to be highly resistant to downturns.

Employment

Unemployment rates have fallen from the peak in 2010 in all of the Counties in Southern California, as shown in the following graphic, but are still higher than pre-recession levels.



Economic Trends-The Inland Empire (Riverside and San Bernardino Counties)

The Los Angeles Economic Development Corporation (LAEDC) publishes periodic assessments of the local economy. The following is taken from the 2013-2014 Economic Forecast and Industry Outlook[4] report.

Outlook for the Inland Empire

Economic growth in the Inland Empire demonstrated consistent strength throughout 2012 as a result of encouraging job growth, particularly over the second half of the year. The outlook for the regional economy has improved due to gains in the labor market along with renewed optimism in housing, construction, and manufacturing. This is all positive news for Riverside and San Bernardino counties as they have had to overcome a long and deep recession and a very slow recovery over the past four years. The worst days of record setting numbers of foreclosures, plummeting home values and soaring joblessness are gone. Better days are ahead for the Inland Empire.

Employment

The Inland Empire has witnessed an improvement in the labor market over the past year, with nearly 16,000 nonfarm jobs added in 2012 and roughly 20,000 jobs added over the past two years. In fact, the region outperformed the state in job growth for most of 2012. Additionally, the region has experienced seven consecutive monthly declines in the unemployment rate. The unemployment rate, which hit a high of 14.6% in January 2010, fell three percentage points from 13.9% in August 2011 to 10.9% in December 2012. This was the first time the unemployment rate fell below 11% since December 2008. The biggest industry job gains in the Inland Empire occurred last year in administrative and support services, healthcare, wholesale trade, leisure and hospitality, and transportation. Government went through yet another year of job losses while education, retail trade and other services also reduced payrolls.

Real Estate and Goods Movement

In 2012, defaults and foreclosures pressured home values to a lesser degree as foreclosures slowed down over the year. In fact, the region witnessed a minor housing market recovery due to an improved labor market, low inventories of properties for sale, and higher demand for lower priced homes that could be used as rentals. The median price of a home in Riverside County reached $231,000 in 2012, while the price of a home in San Bernardino County was $180,000 in 2012. This represents an increase of roughly 20% when compared to 2011. While Inland Empire median prices are now 30% higher than the cyclical low in 2009, they are still well below the peak levels of the mid-2000s. Housing affordability continues to be much greater than just before the recession. Going forward over the forecast period and beyond, housing in the area will remain affordable relative to earlier years and to the rest of Southern California.

The industrial vacancy rate in the Inland Empire has improved substantially over the past four years – falling from 12.4% in 2009 to roughly 6.4% in 2012. The rate witnessed three consecutive quarters of decline from Q1 2012 to Q3 2012 before settling at 6.4% in Q4 2012. Office vacancy rates did not really improve over the course of 2012 and are still very high at over 21%, especially when compared to the rest of Southern California. They will continue to be a concern in 2013 and 2014.

The construction industry is expected to experience the most significant growth in 2013 due to supply constraints in the industrial market. Construction employment is expected to grow by nearly 6% in 2013 mainly due to additional demand for warehouse space (where the vacancy rate is below 5%). However, it will still be nowhere near its 2006 peak. Trade volumes at the combined local ports barely increased in 2012. However, cargo volumes are expected to grow over the next two years as the U.S. economy

[4] http://laedc.org/reports/2013-14EconomicForecastandIndustryOutlook.pdf

improves and the overall global economy experiences a stronger growth trajectory. The increase in activity along with substantial growth in e-commerce will positively impact the Inland Empire warehouse and distribution system network.

Conclusion

Nonfarm employment is expected to increase by 2.0% in 2013 and to increase further by 2.9% in 2014. The Inland Empire will witness improvements in almost all areas in 2013 and 2014. Given the significant presence of the logistics industry, the regional economy is somewhat more dependent upon the U.S. and

global economies compared with other Southern California counties. In addition, the other three main drivers of the Inland Empire economy are housing, construction, and manufacturing. All of these industries will ultimately determine the strength of the region's economy over the short term and more importantly, the long term. In the coming years, the key advantages for the Inland Empire will once again be the affordability of housing, population growth and available low-cost land for additional warehouse construction.

Community Description

Community Location- The Town of Yucca Valley is located within a large desert valley bounded on the north by USMC Air-Ground Combat Center and by Joshua Tree National Park on the south. This location is in the southern part of the area known as the High Desert. The nearest significant urbanized area is located in the Coachella Valley (Palm Springs, Palm Desert, Indio, etc.), an approximate 30-minute drive to the south. Within this area, there are two incorporated cities (Yucca Valley and Twentynine Palms) as well as several unincorporated communities (Morongo Valley, Pioneer Town, Landers, and Joshua Tree). The Town of Yucca Valley is located 72 miles east of the City of San Bernardino.

Community Population-The current population of Yucca Valley is 20,700. This represents a 23% increase from the 2000-reported population of 16,865 and a 26% increase from the 1990 reported population of 16,403. The future trend of population growth is expected to be rising with the influx of retirees to the area.

Transportation-Access to the regional transportation system is provided by the Twenty Nine Palms Highway (SH 62), which passes through the city and provide for good commuter and industry transportation.

Economic Base and Trends- The city has a relatively small economic base, mainly consisting of providing services to the residents of the community, combined with some influence from the military bases. There is very little industry and a moderately large proportion of retirees in the community. Retirees are drawn to the community by a combination of lower housing costs and more moderate climatic conditions by comparison to the Coachella Valley, while still providing a dry desert climate.

Residential Development Trends-Reported building permit totals for the community are reported as follows.

REPORTED BUILDING PERMIT ACTIVITY

Yucca Valley, CA	2011			2012		
Classification	Units Permitted	Construction Cost	Average Const. Cost	Units Permitted	Construction Cost	Average Const. Cost
Single Family	15	$1,862,175	$124,145	0	$0	
Two Family						
3-4 Family						
Five Units or More						
Total	15	$1,862,175	$124,145	0	$0	

Source: U.S. Census Bureau

In 2012 there was no current building activity and year to date 2013 building figures are not available. There is vacant land available for future development.

Neighborhood Description

Neighborhood Location-- The subject property is located in Yucca Valley, approximately 1.5 miles east of the central business district. Neighborhood boundaries are generally fluid in this part of the city. Mobile home parks competitive to the subject are found in other neighborhoods and market areas.

Transportation- The neighborhood is served by the State Highway 62, which is located 3 blocks north of the subject. Major surface streets in the neighborhood include State Highway 62 (east & west) and Church Street (north & south). The nearest access to rail based transportation is approximately 17 miles south of the subject in Palm Springs, which has a little to no impact on the neighborhood. Scheduled bus service is available in the immediate neighborhood of the subject.

Neighborhood Land Uses-This is predominantly a residential use neighborhood, with other land uses consisting of single and multi family residential, mobile home parks, schools, religious facilities and small retail/commercial centers.

Trends- No new development was noted at the time of inspection. There is land available within the subject neighborhood for future development.

Neighborhood Demographics-According to information provided by the Census Bureau, this is a moderate-income neighborhood. The specific demographic data are shown in the following charts:

Neighborhood Income Characteristics	
Income Level Rating	Moderate
Neighborhood Median Family Income	$48,096
MSA Median Family Income	$62,600
Neighborhood/MSA Income Comparison (%)	77%
Households Below Poverty Line	15%

Source: U.S. Census Bureau, FFIEC

Neighborhood Housing Supply-The characteristics of the neighborhood housing supply are shown in the following chart, based on data from the U.S. Census Bureau.

Neighborhood Housing Characteristics	
Total Housing Units	2,897
1-4 Family Units	2,805
Median Age of Housing (Years)	36
Owner Occupied Units	1,533
Renter Occupied Units	1,052
Percentage Owner Occupied	53%

Source: U.S. Census Bureau, FFIEC

Housing Prices-Public information sources report the following housing price trends for apartments and single family residences in the subject market area:

Apartment Rental Rate Ranges			
Size	Rate Range		
1 Bedroom	N/A	to	N/A
2 Bedroom	$750	to	$1,050
3 Bedroom	$900	to	$1,200
Source:	http://www.apartments.com		

Median Housing Prices			
Aug-13	$126,000		
Aug-12	$103,000	Change:	22%
Source:	Dataquick/Zillow		

Adjacent Land Uses-The subject is surrounded by a variety of land uses, including:

- North- Retail/commercial center, government building and multi family residential
- South- Vacant land, single family residences and a church
- East- Single family residences, multi family residences and vacant land
- West- Single family residences

The surrounding development appears compatible with the present use of the subject.

MHC Market Overview and Analysis ©[5]

Manufactured Home Trends-Shipments of new manufactured homes are not a significant consideration in the valuation of mobile home parks. Investors rely on cash flow from existing tenants, not sales of new homes, to determine investment desirability and price. Sales of new manufactured homes do tend to show directional trends over the long term, and for this reason provide some level of insight into future industry-wide trends.

Shipments of new manufactured homes have fallen in California over the past 7 years, but it must be noted that the following table reflects all shipments of all manufactured homes, not just placements on leased homesites.

New Mfg. Home Shipments	2006	2007	2008	2009	2010	2011	2012
California	8,281	4,769	2,856	1,569	1,420	1,380	1,442
United States	117,373	95,752	81,907	49,717	50,046	51,618	51,401

Manufactured homes remain a less costly alternative to site-built homes. According to the National Association of Home Builders, the average cost of a manufactured home (sited and set-up) was $138,126 as compared to the average site built price of $204,553. This explains the continued popularity of manufactured homes as an alternative to site built homes where cost is a significant issue. However, the cost saving benefits for the consumer disappear when manufactured homes are sited on leased land, and the interest rate differentials between conventional, real estate mortgages and chattel mortgages take up the difference, and the savings in construction costs are not able to be passed along to the consumer in the form of lower housing payments.

These trends are not a significant consideration in the investment market being considered in this appraisal. While it may seem counter-intuitive to outsiders, investors also recognize that while new homes improve the physical appearance of the park, they also increase risk by a modest amount since newer homes tend to have higher monthly mortgage payments (limiting the tenants ability to pay higher site rents) and introduce a somewhat greater risk of foreclosure by the lender, potentially resulting in added capital expenditures to purchase the home to keep it from being removed from the park.

California MHC/MHP Investment Market Overview-Typically, the best of these properties are in high demand relative to other investments for a variety of reasons. The most salient of those reasons includes the stable nature of the investment, the predictability of future cash flows, and strong demand for affordable housing throughout the western United States. Mobile Home Parks and Manufactured Housing Communities are widely perceived to have limited downside risk. Possible negative issues include the potential for rent control in any community in California, aging infrastructure in many parks, and price competition with other forms of housing that make the filling of vacancies and the sale of existing homes more difficult. However, mobile home parks have remained a more stable investment property than other forms of investment real estate since the major market disruptions in the fall of 2008, and have remained attractive investment vehicles for a variety of large and small investors. Many investors see this property type as a defensive hedge in the current economic downturn.

Interviews with investors, brokers, lenders, and other market participants indicate that there are a substantial number of investors active in the market. Investors are tending to place significant reliance on current occupancy and historically proven income, and the practice of projecting upside into the price willing to be paid has become very limited as of late.

This trend has begun to change in the latter part of 2011 as commercial interest rates fell and as more lenders began to enter the market.

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- Since 2008, the most stable, well-located, and well-occupied mobile home parks have been able to be financed with FNMA financing, which lacked flexibility compared to the conduit loans of the 2005-2007 era, but offered far lower interest rates for parks that would qualify. This financing option continues to be the most attractive for parks that quality, but recently, competition from life insurance companies re-entering the market has been noted for low leverage loans. The investment market impact has been nominal, with the lesser amounts of available leverage adding 50 to 100 basis points to the overall capitalization rates for these high-end parks.
- Secondary level parks (high singlewide count, location in troubled residential market areas, older parks, etc.) saw all sources of financing dry up, from the CMBS conduit loans to the local and regional banks that targeted this property type. Recently, the door has opened slightly, with commercial banks and CMBS conduits re-entering the market and offering financing to parks that will not qualify for FNMA due to high singlewide counts, community owned rental homes, or locations in secondary markets.
- Tertiary level parks (old travel trailer parks, parks with high vacancy and/or many park owned mobile home rentals, parks with deferred maintenance, fair to poor quality parks) have been most affected. The few lenders that aggressively pursued this market in the 2004-2007 eras have long exited this market, and those who have begun to return are looking more to the secondary level parks for loan collateral. This may be a segment that may have to return to the financing tools of the past (pre-2000) including seller financing and all cash purchases. Most of the troubled loans and foreclosures that have occurred in the mobile home park universe have fallen into this category.

Investors continue to project income on a fairly conservative basis, except perhaps at the top end of the property desirability list, where upside is still a discussion point. In properties where vacancy exists in any significant amount, investors are prone to capitalize income at current occupancy levels, recognizing that current residential market conditions and the costs associated with the placement of homes on vacant sites to be rented or sold are all limiting factors in increasing occupancy levels in the short term.

Historically, potential conversion (to more intensive land uses) value has been of limited importance to investors in California. The demand for affordable housing and the willingness of local governments to respond to the demands of tenants wishing to maintain "affordable" housing limits the potential for conversion to other uses.

Conversion of parks to subdivided individual ownership has become a recognizable trend, but is not yet impacting the investment market in a manner similar to way in which the apartment market was driven by condominium conversion. In 2013, California enacted legislation that gives local agencies a veto power over conversions that are not approved by the majority of residents, which will likely have a significant chilling effect on conversions to resident ownership. At this time, the resident conversion market is stalled due to a combination of limited financing for purchases of properties to be converted, limited willingness of existing mortgage lenders to allow partial releases when units are sold, and residential market conditions which make financing of individual home/site combinations difficult for park residents. This trend is likely to be moribund until the single family residential market recovers, which may take several years in many market areas. Even then, the recent changes will tend to discourage most park owners from pursuing subdivision maps.

The size of the market and the motivation of participants have seen significant changes over the past several years. Resident owner groups, non-profit organizations, and in some cases municipal agencies have all competed with typical investors for the purchase of many parks in California, and all have made successful purchases. There has been a modest expansion beyond California. The stalling of the subdivision trend has reignited interest in 501C3 purchases and resident co-op ownership. Municipal agencies have become less a factor (and the few that own parks are tending to divest their mobile home park investments. In the current financing environment, 501C3 corporations are have greater ability to compete than in the previous market, especially for parks that will not easily qualify for GSE financing.

Market Velocity-California has noted the following trend of sales over the past several years.

Year	2004	2005	2006	2007	2008	2009	2010	2011	2012
No. Transactions	85	81	64	51	40	22	24	30	55

The market is expected to pick up in the near future, as the capital markets continue to improve access to funds, and properties that have been held off the market by potential sellers are placed on the market to sell. In fact, the last quarter of 2012 saw a flurry of buyer activity in California.

Investment Parameters-By comparison to alternative investments (apartments, office, retail), mobile home parks tend to offer more stable and predictable income streams over time, with lower risk but lesser potential for spectacular income growth.

While there is substantial variance from transaction to transaction, the linear trend line indicates a shallow roller coaster trend in which troughs were created in early 2009 (a period in which there were a number of "trophy" properties brought to market in California) and early 2011 (the re-entry and subsequent exit of CMBS lenders). The trend line shows the beginnings of another downward trend in the last quarter of 2011, contributed to by a number of factors, including

- Greater availability of financing, as CMBS lenders and life insurance companies began to aggressively compete with FNMA for top properties, and commercial banks, savings banks, and other regulated lenders began to compete with FNMA for second tier properties.
- Declining interest rates, caused both by competitive market conditions and the maintenance of low rates by lenders and the Fed.
- Greater recognition of a need for affordable housing with low entry level pricing to serve the large number of families who have lost income and credit ratings as a result of the recent recession.

The prospects for this investment class for the next several years appear to be good in relation to other investment property classes. Investment performance is likely to be stable at worst, with little potential for significant declines in income collected from operations, modest potential for increases in operating expenses, and limited potential for changes in the perception of this asset class as an investment relative to other forms of investment real estate. Potential enhancements in value are possible as a result of a subdivision conversion trend.

Infrastructure Issues-A significant issue in many parks going forward, especially those built in the 1970's and before, is the adequacy and condition of the utility service systems where these are community owned. Prudent investors are tending to take a harsh look at the condition and adequacy of utility infrastructure, and some brokers report that that investors are looking more carefully at parks with septic systems and/or water wells to determine the suitability of those systems for long term usage.

Community Ownership of Homes (COH)-The holding of park owned homes for rental purposes has been a minor trend for a number of years, owing to necessity (purchase of homes from departing tenants to keep homes from being removed from the park, limited financing for tenant purchases), rent control strategies in California (sites may be subject to rent controls, homes are generally not), and generation of additional income for the ownership. In the past two years, operators in some markets have embarked on a strategy of having both tenant owned and tenant rented homes in parks. The newer trend is the result of more recent influences, including increasing demand from potential residents who perceive rental apartments as a competitive choice (instead of single family residences), a severely constricted market for third party financing of mobile and manufactured homes, and concerns among park owners regarding the manner in which banking reform laws (primarily Dodd-Frank and SAFE Act) restricts the ability of the park owner to act as lender of purchase money funds for mobile homes.

This trend originated with owners who are largely financed by private equity (due to lesser restrictions on usage of borrowed or invested capital), but has extended to well-capitalized individual owners. Owners with limited equity and cash find it difficult to follow this trend due to the amount of capital tied up.

There are two significant challenges to this trend. First, the ownership of rental homes ties up capital that cannot be financed conventionally and second, lenders tend to look negatively at parks with more than a very few park owned rentals. This is beginning to change to some degree, as some lenders are beginning to understand that the flexibility of this practice helps to improve the financial performance in well managed communities. Lenders fear that in future disputes with the borrower, borrower control over a significant number of homes in the community will result in lender concessions to the borrower downstream that would not otherwise be agreed to. At this time, lenders and the MHC industry are trying to find ways to alleviate these concerns, generally by the use of some yet-to-be-devised security agreement.

Market conditions will continue to encourage this trend in situations where it provides strong, positive income generation in spite of the concern of lenders. Some unregulated lenders (primarily conduits and private equity) are beginning to recognize this as a legitimate market trend, but combinations of real and personal property, release issues, and difficulty in adapting underwriting standards to this practice will continue to restrict this process, as well as the inability of owners to recognize the positive factors in this trend.

Overview Conclusion Investment market conditions will continue to be strongly and directly influenced by the availability of debt capital. Many traditional sources of mortgage capital (regional and national banks, securitized conduits, and thrifts) have tentatively returned to the market, while a few others (local lenders, GSE's) are continuing to offer financing. The number of transactions slowed substantially, but there is no indication of a wholesale decline in property values as indicated by significantly higher overall rates or lower prices per unit, except at the lower ends of the pricing spectrum where financing has become very scarce. For mid-range parks, the key has been whether or not financing can be found; and values have tended to hold for mid-range properties that meet GSE guidelines (or can obtain waivers of specific guidelines). For upper tier investment communities, buyers have been aggressive, and multiple offers or simultaneous negotiations are common.

In 2013, it is widely anticipated that market conditions will improve for properties that are not in the top tier. More conventional lenders are entering or re-entering the market, and the acceptance of CMBS bond sales in 2012 sends encouraging notes to the market. At this point, CMBS lenders have been inconsistent in funds availability, but are starting to become more consistent as the CMBS auctions have been more consistent in meeting the expectations of the originators.

Rent Controls in California-Rent controls affecting manufactured housing communities are common in the state of California and are found in more than 100 different jurisdictions in the state. Each ordinance is unique. Characteristics of rent control ordinances generally address the following areas of operations:

- Annual rent increases are often limited to no more than 50% to 100% of the change in the local CPI index, but in some jurisdictions, park owners are required to seek approval through a public hearing process for any increase. Alternatively, there are a few ordinances that do not limit increases but allow tenants to challenge proposed increases in rent. Both state and federal courts have allowed cities and counties wide latitude in these limitations.
- Increases in rent upon a change in tenancy are allowed under some, limited under a few, and forbidden under many ordinances. Some ordinances allow the park more leeway in increasing rents when spaces become physically vacant. In high housing cost areas, the ability to transfer rent control advantages to a successor tenant has allowed departing residents to sell mobile/manufactured homes for prices reflecting the creation of a quasi-leasehold interest[6]. Both

[6] This is usually noted in the sales prices of new manufactured homes and used mobile homes. New manufactured homes rarely cost a consumer more than $60,000 (single section home) to $100,000 (high-end two section home) delivered and set-up. When sales prices of older mobile homes are reported at near this level or above, or when new manufactured homes are reported to sell for prices far above the retail price range noted above, it becomes apparent that an additional interest has been created.

California and federal courts have upheld ordinances that allow full or partial vacancy or transfer control of rental rates.

- Long-term leases are generally exempt from rent controls under state law. Spaces constructed after 1990 are generally exempt from rent controls as well.
- Most ordinances have a process for park owners to request increases based on the need to make capital improvements, the cost of unexpected and major repairs, and inadequate return on investment. Park owners report varying results when utilizing these appeal processes.

There are other controls that are subtler than actual ordinances, but impact the ability to increase rents as well. In some cities, park owners have reached agreements with local authorities to voluntarily limit increases in rent in exchange for the city's promise not to impose a rent control ordinance. In some regions of the state, rent controls are nearly universal, and many park owners in cities that are surrounded by other cities with controls will often moderate increases to limit the potential for an ordinance to be imposed. It is not uncommon to find rental rates in cities without rent controls to be similar to adjacent cities with rent controls due to this chilling effect caused by the threat of rent control.

A consensus of investor attitudes towards rent controls are stated as generally negative, but based on reviews of sales, impacts on overall capitalization rates and other projected rates of return are limited. There are several reasons for this, including:

- Submarket rents and the creation of quasi-leasehold interest limit the potential for vacancy and collection loss, resulting in slightly lesser downside investment risk.
- Submarket rents create upside potential. The ordinance may not allow that potential to be achieved at this time, but future court and/or political decisions may result in significant potential increases. Some owners become experts in working within the ordinance (usually by purchasing homes from departing tenants) to bring rents to market levels.
- Sales prices of mobile home parks are negatively impacted to the degree that rents are restricted. In many instances this reduces asking prices to levels that appear to be a relative bargain in comparison to perceived pricing relationships.

Analyzing the impact of rent controls within the appraisal context presents some valuation issues. Market participants generally rely on contract rather than market rents, but do consider upside potential. Estimating true market rent, defined as the rent that would result in an open negotiation between landlord and tenant, becomes effectively impossible if there are no transactions that meet this definition.

Rent controls are likely to remain a contentious issue in this market for the foreseeable future, and will have a continuing impact on the market as the potential for rent controls exists in virtually any part of the state.

The City of Yucca Valley does not have a currently enacted rent control ordinance.

Local Market Characteristics-According to public records, there are 8 mobile home parks and manufactured housing communities containing 751 spaces located in the City of Yucca Valley. According to the 2010 Census, there are 7972 housing units in this city, indicating that mobile homes comprise 9.4% of the total number of housing units, a moderate percentage.

Local Market Summary	
Spaces Surveyed:	669
Vacant Spaces:	22
Occupancy Rate:	97%
High Rent:	$495.00
Low Rent:	$315.00
Median Rent	$453.00

The rent survey conducted for this appraisal reveals that local market conditions are stable. Reported vacancies are relatively low, indicating stable demand for affordable housing in this market. The parks surveyed report a moderate range of rental rates. This range is the result of differences in quality and amenities in each of the properties. The trend of rental rates is considered to be stable, based on reports from managers that rents are not being increased on an annual basis.

Alternative Housing Costs-As a part of the residential market, manufactured housing communities do compete with other housing. The following grid compares housing prices and housing costs for the several alternatives available in this market:

Alternative Housing Cost Comparison

	Median Priced Detached Home	Used Mfg/Mobile. Home in Park	New Mfg. Home in Park (Chattel Financing)	Two Bedroom Apt.	Three Bedroom Apt.
Purchase Price	$126,000	$20,000	$60,000		
Loan Amount	$119,700	$16,000	$54,000		
Interest Rate	5.00%	12.00%	9.00%		
Amortization (Months)	360	180	360		
Monthly P&I Cost	$642.58	$192.03	$434.50		
Rent (Land/Apt.)		$453	$453	$900	$1,050
Monthly Cost (1)	$643	$645	$887	$900	$1,050
Down Payment	$6,300	$4,000	$6,000	$0	$0
Required Income (2)	$30,844	$30,961	$42,600	$43,200	$50,400
Med. H'hold Inc.			$48,096		

(1) Monthly Equivalent Housing Cost does not include taxes, insurance, utilities, maintenance.

(2) Based on 25% maximum housing cost as a percentage of total household income.

Market Positioning of Subject-The mobile home park market does not exist in a vacuum, and potential residents will choose from alternative housing types (detached residences, rental apartments) as well. Most residents select mobile home parks as an option due to affordability. In general, living in a mobile home park must be more affordable than living in an owned detached residence and cost competitive to apartments of similar size and utility in order for sufficient demand to exist. In this market area, the relationship involving the purchase of a new manufactured home or older mobile home suggests the following:

- The typical household will find the purchase of a detached residence to be generally affordable. This price/income relationship determines the manner in which market participants will perceive the alternatives of apartment or land lease housing.
- New manufactured homes on leased land have a similar monthly housing cost relative to detached residences. Generally, a significant price advantage is necessary to support strong demand for new manufactured housing on leased homesites. In this market, the difference is not significant. This indicates that there will likely be only modest demand for new manufactured homes on rented sites.
- Typically priced used mobile homes have a similar monthly housing cost as compared to detached residences and a lower monthly housing cost relative to apartment rentals. This indicates that demand for used mobile homes should be moderate to good.

These relationships suggest that there is likely to be modest demand for new manufactured homes and moderate to good demand for older mobile homes on rented or leased home sites, a finding that is confirmed by interviews with local managers conducted during the local market survey.

Development Trends-There has been very limited development of mobile home parks throughout California, Washington, Oregon, Arizona, and Nevada since 1990, following a flurry of development activity (mostly in outlying suburban and small community areas) in the late 1980's. In urbanized areas where manufactured housing in land lease communities offers competitive price advantages to other housing, there has been virtually no development activity since the early 1980's, owing to high land

prices and the availability of more alternative development plans that are perceived to be more profitable. Even during the recession, there was a sufficient level of demand for housing to maintain site price levels above the levels at which mobile home park development was feasible. As there is very little vacant land that is actually zoned for mobile home park use exclusively, there are usually more profitable developments available as alternatives.

The desire of cities to promote affordable housing by encouraging manufactured housing community development is tempered by the policies of the same communities to encourage "upscale" developments and to pass along the costs of growth to new developments. Architectural requirements to limit density and improve appearance of communities and to cover the cost of growth push space rents and manufactured housing unit placement costs to a level at which the alternative becomes less attractive to home purchasers owing to the typically higher interest costs associated with mortgages on homes located on leased land. Development of manufactured housing communities have also been limited by the fees imposed on new developments. While apartment and detached residential developments are able to spread these fees across the land and improvements, manufactured housing communities have a much lower base over which to spread the costs, since the costs are imposed prior to the placement of manufactured housing units.

Successful new developments of manufactured housing communities have been responses to specific localized demand generators, not general market trends for the reasons noted above. The most active development markets in the west have been in Arizona, where new developments have been constructed in rural and border areas with immediate demand for affordable housing and senior restricted enclaves for winter residents.

According to the Planning Department of Yucca Valley, there are no manufactured housing communities currently planned or formally proposed to be located in the community.

Site Description

SITE FEATURES			
Location-	The subject is located on the east side of Church Street, south of Twentynine Palms Highway.		
Street Frontage-	Approximately 45 feet along Church Street and 320 feet along Palm Avenue.		
Size-	17.44 Acres	Source:	Assessors Records
	759,686 SF		

Note: Site size is approximate at assumes lot split will remove 4.5 acres from total of 21.94 acres shown in Assessors Records of San Bernardino County.

Dimensions-	Refer to Assessors Plat Map in Addenda		
Shape-	Irregular		
Topography/Drainage-	The subject property has a slight slope from south to north. Drainage appeared to be adequate at the time of inspection.		
Utilities/Providers-	Available	Connected	Provider/Source
Electricity-	Yes	Yes	So Cal Edison
Natural Gas-	Yes	Yes	The Gas Company
Water-	Yes	Yes	Hi Desert Water District
Sewer-	No	No	Septic System
Comments:	The utility service is presumed to be adequate to serve the highest and best use of the site.		
Street Access-	Street access is provided by Church Street and Palm Ave.		
Flood Hazard Zone-	X		
Seismic Zone Designation (USGS)-	4		
Easements/Restrictions-	A review of the Preliminary Title Report indicates that there are the following easements and restrictions on the property: 1) Access and/or utility easements were noted. The location of these easements could not be determined from the available information. The existing development indicates that these easements are not substantially restrictive. 2) CCR's or other restrictions are recorded. These have not been reviewed and are assumed not to affect the develop ability of the property.		
Functional Utility-	Adequate size, developable shape and topography noted. Site appears to have adequate to good functional utility for many uses.		

ZONING, LAND USE RESTRICTIONS	
Current Zoning Designation	RM 10
Permitted Uses Under Zoning:	Multiple Residential District
Intended Use Policy Under Zoning:	The specific purposes of the Multiple Residential District regulations are to: 1. Provide appropriately located areas for multiple family dwellings that are consistent with the General Plan and the standards of public health and safety established by the Yucca Valley Municipal Code. 2. Provide adequate light, air, privacy, and open space for each dwelling unit and protect residents from the harmful effect of excessive noise, population density, traffic congestions and other adverse environmental impacts. 3. Provide sites for public and semipublic land uses needed to complement residential development or requiring a residential environment and 4. Insure the provisions of public services and facilities needed to accommodate planned population densities.
Conformity of Current Use:	A mobile home park is a permitted use with a CUP
Allowable Density Under Zoning:	10 du/acre
Current Zoning Designation	R-S-5 (APN 0587-074-10-000 only)

Permitted Uses Under Zoning:	Single Residential District
Intended Use Policy Under Zoning:	The specific purposes of the Single Residential District regulations are to 1. Provide appropriately located areas for single family dwellings that are consistent with the General Plan and the standards of public health and safety established by the Yucca Valley Municipal Code 2. Provide adequate light air privacy and open space for each dwelling unit and protect residents from the harmful effects of excessive noise population density traffic congestion and other adverse environmental impacts 3. Provide sites for public and semipublic land uses needed to complement residential development or requiring a residential environment and 4. Insure the provisions ofpublic services and facilities needed to accommodate planned population densities
Conformity of Current Use:	A mobile home park is a permitted use with a CUP
Allowable Density Under Zoning:	5 du/acre
Non Conforming Use Rebuild Policy	The provisions of this Section shall not prevent the reconstruction, repairing, or rebuilding and continued use of any nonconforming building or buildings damaged by any natural or man-made catastrophe subsequent to the effective date of this Code, wherein the cost of such reconstruction, repairing, or rebuilding does not exceed 75% of the reasonable value of such building or buildings constituting a single enterprise at the time such damage occurred. (Note: The preceding information is obtained through public information sources and is not a substitute for a "rebuild letter" from appropriate municipal authorities. Refer to Specific Assumptions and Notices of the Appraisal.)

Description of Improvements

Overview	
Project Type:	Mobile Home Park
Total Number of Sites:	164
Number of Other Dwelling Units:	0
Total Number of Units:	164
Density (du/acre):	9.40
Year Constructed:	1971
Overall Quality:	Good
Amenities:	Recreation Center with assembly room, service kitchen, poker room, restrooms w/showers, billiards room, exercise room, indoor spa, pool, sauna, changing rooms, indoor storage area, dog park.
Perimeter Fencing Materials:	Concrete Block and Chain Link
Security Gates:	None
Interior Street Surface:	Asphalt
Curbing:	Tenant Installed
Laundry Facilities:	1
No. of Washers:	3
No. of Dryers:	3

Utility Metering	
Electricity:	Submetered
Natural Gas:	Submetered
Water:	Submetered
Sewer:	Not Metered
Cable TV:	Direct Metered
Comments:	The subject property uses a septic system with 9 tanks dispursed throughout the park.

Mobile/Manufactured Home Sites	
Typical Widths:	30' to 45'
Typical Depths:	60' to 75'
Singlewide Sites	0
Multisection Sites:	165
Note:	Placement restrictions per park management. Typically, a 38' wide site is needed to accommodate a modern, 24' wide multisection manufactured home in a conventional arrangement. However, smaller multisection units (18-20' wide) and rearrangement of parking will often allow a narrower site to accommodate a modern multisection manufactured home.
Total	165

Mobile/Manufactured Homes and RV's	
Vacant Sites	3
Travel Trailers/RV's	0
Park Model RV Units	0
Single Section Units	60
Multi-Section Units	101
MH Age Range, Predominant:	24 to 38, 30 years
Typical Price of Used MH:	$20,000
Typical Price of New MH:	$60,000

Buildings	
Clubhouse	Clubhouse, Office, Storage
GBA:	5,300
Laundry, Maintenance, Storage (old shuffleboard room)	Laundry, Maintenance Room, Storage (old shuffleboard room)
GBA:	3,440

Parking	
Spaces on Individual Sites:	2
Conforms to Code Requirement:	Conforming
Guest Parking Spaces	27
Conforms to Code Requirement:	Conforming
Vehicle Storage Spaces:	12
Storage Type:	Paved, Unsecured
Conforms to Code Requirement:	Non-Conforming, code requires a ratio of 1:10 units
No. Stg. Spaces Currently Occupied:	12

Physical and Functional Ratings	
Physical Condition Rating:	Good
Comments:	The property is maintained in good condition with no major indications of deferred maintenance. The street are in average to good condition, having been resurfaced in the past 2 years. At the time of inspection, the gate across one of the Palm Ave entrances was damaged and awaiting replacement. The manager stated that the replacement had been ordered. A cost to cure is unknown.
Functional Utility:	Good
Age Restrictions:	Senior (55+)
Rules Enforcement:	Good. No significant deferred maintenance or other negative issues noted on individual homesites.
Effective Age (Years):	35
Total Economic Life:	75
Remaining Economic Life:	40

Replacement Cost & Insurable Value

REPLACEMENT COST NEW, INSURABLE VALUE					
Clubhouse	5,300	SF @	$ 108.74	/SF =	$576,322
Laundry, Maintenance, Storage (old shuffleboard room)	3,440	SF @	$ 60.13	/SF =	$206,847
Total Replacement Cost of Buildings (RCN)					$783,169
Infrastructure, Paving, Fencing, Etc.	164	Units @	$ 10,000	/Sp. =	$1,640,000
Gas, Electric, Water Distribution System Allowance	164	Units @	$ 1,500	/Sp. =	$246,000
Other Improvements, Recreational Amenities (Allowance)					$100,000
Replacement Cost New					$2,769,169
Insurable Value Of Improvements					$926,000

INSURABLE VALUE CALCULATIONS

Item	Gas, Electric, Water Distribution System Allowance	Clubhouse	Laundry, Maintenance, Storage (old shuffleboard room)
Replacement Cost New of Improvements	$246,000	$576,322	$206,847
Add: Furniture, Fixtures, Equipment	$0	$0	$0
Approximate Coverage Requirement	90%	90%	90%
Estimated Insurable Value	$221,400	$518,690	$186,162
Rounded	**$221,000**	**$519,000**	**$186,000**

Surplus / Excess Land

Surplus or Excess Land As Currently Developed	
Nature of land:	Surplus or Excess (Choose 1)
Note:	Both surplus and excess land are undeveloped areas of the site that are not used by the existing improvements or required by existing laws or agreements to remain undeveloped. Surplus land is land that can be used for legal purposes, but not sold outright in its current state, usually because it is not a separate legal parcel. Excess land is similar, but is able to be sold or transfered in its current state. Usually, the difference between the two involves the status of the land as either on a separate parcel (excess) or as part of the larger parcel containing the development (surplus).
Land Area included (Approx. or Platted)(Ac.):	4.50

See Specific Assumptions regarding hypothetical conditions upon which value conclusion is based.

Highest And Best Use

As Vacant-Legally permissible uses of the site include a variety of residential uses under the current zoning and general plan. The second filter of physically possible uses does not further narrow the list of uses. In determining financial feasibility, I have considered that there is virtually no development trend in this community at the present time. Under these circumstances, the financially feasible uses are limited to holding uses. The maximally productive use is considered to be to hold the site for future development, which is concluded to be the highest and best use as though vacant.

As Improved-The existing use of the site meets the requirements for legal permissibility and physical possibility. In estimating the financial feasibility of a change in use, I have considered that the existing improvements do not suffer from substantial physical or functional obsolescence based on market standards for the submarket in which this property competes.

While it is physically possible for the subject to be converted to vacant land for some other form of development, the cost to do so would likely entail the mandatory payment of substantial relocation benefits and subsidies to the existing tenants, which would drive the cost of conversion to vacant land up substantially, and would also extend the time needed for the conversion. For this reason, this market rarely purchases mobile home parks on the basis of a proposed change in use. Since the subject does not meet this description, it is doubtful that potential land value would drive a transaction for this property. In most cases, the market will find easier properties to develop or convert.

This indicates that the maximally productive use of the site is to continue the present use. Accordingly, the highest and best use of the subject property is to continue the present use for the foreseeable future.

Valuation Process

In this appraisal, the Cost Approach has not been considered. This does not significantly affect the reliability of the appraisal, as the Cost Approach is not considered to be a reliable indicator of value for this type of property for several reasons including lack of market use, issues revolving the highest and best use of the site as though vacant, and issues of accrued depreciation. The Income and Direct Sales Comparison Approaches are considered in the appraisal, as follows.

Income Approach

Market Rental Survey

The following chart summarizes the findings of the rental survey. Quantitative adjustments are made for the differences in the provision of utilities and other services, while differences in quality, appeal, amenities, and other qualitative differences are discussed following.

RENTAL DATA NO.	1 (Subject)	2	3	4	5	6
PARK NAME	Aztec Mobile Home Park	Gates of Spain	Country Club MHE	Apache Mobile Park	Royal Crest MHP	Fairway Mobile Estates
ADDRESS, CITY	7425 Church Street, Yucca Valley	7501 Palm Ave, Yucca Valley	54999 Martinez Trail, Yucca Valley	56254 29 Palms Hwy, Yucca Valley	7484 Kickapoo Trail, Yucca Valley	55524 Yucca Trail, Yucca Valley
NO. SPACES	164	130	110	136	47	82
APPROX. AGE	42	37	40	50	52	unk
AGE RESTRICTION	Senior (55+)	Senior (55+)	Senior (55+)	Senior (55+)	Senior (55+)	Senior (55+)
SINGLEWIDE SPACES (%)	0%	0%	10%	25%	60%	95%
SINGLEWIDE UNITS (%)	36%	2%	10%	25%	60%	95%
OCCUPANCY	98%	100%	97%	96%	100%	88%
FEATURES & AMENITIES	Pool, Spa, Sauna, Clubhouse	Clubhouse, Spa, Billiards	Laundry, Storage, Indoor Spa, Pool, Clubhouse	Pool, Indoor Spa, Clubhouse, Laundry, Shuffleboard	Pool	Pool, Recreation Facility
VEHICLE STORAGE FEE	$7.50	$13.00	$50.00	$20.00	N/A	N/A
RENTAL RATES:						
RENT RANGE-LOW	$430.00	$465.00	$453.00	$315.00	$400.00	
RENT RANGE-HIGH	$495.00	$480.00	$453.00	$315.00	$400.00	
APPROX. AVG. RENT	$455.16	$470.00	$453.00	$315.00	$400.00	
TRANSFER RATE-LOW	$470.00	$465.00	$453.00	$315.00	$400.00	$360.00
TRANSFER RATE-HIGH	$470.00	$480.00	$453.00	$315.00	$400.00	$360.00
NEW MOVE-IN RATE-LOW	$470.00	$465.00	$453.00	$315.00	$400.00	$360.00
NEW MOVE-IN RATE-HIGH	$470.00	$480.00	$453.00	$315.00	$400.00	$360.00
LESSOR PAID SERVICES	Sewer	Sewer, Trash	Sewer, Trash	None	None	Sewer
ADJUSTMENT	$0.00	-$15.00	-$15.00	$15.00	$15.00	$0.00
SERVICE ADJUSTED RATES:						
RENT RANGE-LOW	$430.00	$450.00	$438.00	$330.00	$415.00	
RENT RANGE-HIGH	$495.00	$465.00	$438.00	$330.00	$415.00	
APPROX. AVG. RENT	$455.16	$455.00	$438.00	$330.00	$415.00	
TRANSFER RATE-LOW	$470.00	$450.00	$438.00	$330.00	$415.00	$360.00
TRANSFER RATE-HIGH	$470.00	$465.00	$438.00	$330.00	$415.00	$360.00
NEW MOVE-IN RATE-LOW	$470.00	$450.00	$438.00	$330.00	$415.00	$360.00
NEW MOVE-IN RATE-HIGH	$470.00	$465.00	$438.00	$330.00	$415.00	$360.00
RENTAL AGREEMENT	MtM	1 Yr	1 Yr, MtM	MtM	1 Yr	MtM
INCREASES	$15 Jan 2012	Last Inc 4/2013	No recent increase	No inc in 7 yrs	Last Inc 2012	unk
RENT CONTROL	No	No	No	No	No	No
QUALITY	Good	Good	Good	Average-Good	Average	Average
CONDITION	Good	Good	Good	Average-Good	Average	Fair
COMMENTS	Planned $35 increase Jan 2014			Resident owned park with half the spaces are rentals	All spaces @ $400	Manager not available, rental info from 3rd party source

Source of Data-The data reported above was obtained from telephonic or in-person interviews with park management personnel during the month of October, 2013**.**

Comments on Data- Current rental data was obtained from a number of senior restricted mobile home parks in the City of Yucca Valley. A wide range of offerings is available in this market area, which leads to a fairly wide range of reported actual and offered rental rates.

Qualitative Considerations-Data No. 2 and 3 are the most similar to the subject in terms of quality, condition, overall appeal and amenities offered. Due to the similarity to the subject, Data No 2 and 3 were weighted more heavily in determining market rent for the subject. Data No 3-5 are all considered to be inferior to the subject in terms of quality, condition, and overall appeal.

The comparable rental data suggests a market rental rate in the range of $440 to $470.

Recent Rental Transactions in Subject-The most recent rental transactions that have been reported in the subject include the following:

Space No.	Date of Transaction	Reported Rental Rate
9	3/2013	470.00
18	3/2013	470.00
35	2/2013	470.00
133	10/2012	470.00
156	2/2013	470.00

These transactions appear to represent negotiated market rental transactions and are considered as strong evidence of market rent.

The market data gleaned from the most recent transaction in the subject provides an indication of market rent in the range of $470.

Conclusion of Market Rental Rates-Based on this market data and analysis, I have concluded that a market rental rate opinion of $470.00 per month is appropriate for the subject. See Projected Base Rental Income below.

Rental Agreements--According to information provided, there are all tenants are occupying spaces on month-to-month rental agreements. The terms of the offered agreements are summarized below

Short Term (Month-to-Month) Rental Agreement Synopsis

Type of Agreement:	Month to Month Rental Agreement
Term of Typical Agreement:	30 days, automatically renewing.
Permitted Rent Increases:	Not Stated
Rent Control Exclusion:	No
Utilities Included in Rent:	None
Utilities Paid By Tenant:	Sewer, Trash, Natural Gas, Electricity, Cable TV.
Transferability:	Incoming tenant to sign new agreement.
Additional Charges:	Use of all common area amenities and facilities except RV storage included in monthly charge.

Projected Base Rental Income

In the valuation of manufactured housing communities, the participants in the market typically base purchase and sale decisions on contract or actual rent as rent control, long term rental agreements and the financial condition of the tenants generally limit the ability of the park to increase submarket rents to market levels in a short period of time. Alternatively, park management is generally unwilling to reduce rents if market rent levels have fallen below contract rents, as the reduced rents will be more difficult to raise towards market levels when that becomes possible. There is a strong influence of inertia in the existing rents in the community, and rental rates are typically less responsive to short term fluctuations in market conditions than are other residential properties (such as apartments) due to the tenant ownership of the home that is occupying the rented site. The inertia is created because the park owner cannot raise rents without consideration of the economic condition of the tenants, and the tenants cannot express dissatisfaction by moving out of the community.

Consideration of significant upside potential in the projection of space rental income is usually limited to parks where rents are significantly below market and there are no structural, legal, or contractual impediments to increasing rents. Consideration of downside risk to above-market rents is also tempered by the inertia factor. Demand levels among existing tenants tend to be relatively inelastic.

Rent increases that have been noticed and have a confirmed starting date are generally considered in the projection of rents for existing tenants, considered appropriate due to the inertial factors.

For the subject, the following considerations lead to the current rental PGI.

- For occupied sites, the rent is incorporated at contract rent levels.
- For vacant sites, rent is projected at average market levels. Note that there may be some fluctuations in "market" rent for each site based on size, location within the property, or other factors. For appraisal purposes, the average market rent provided a sufficient level of precision.
- For sites improved with community owned homes (COH), market space rent is also projected as the contribution of the site portion of the total rental amount (if it is a rental COH). If the COH is inventory held for sale, potential rent is projected at market levels.

Rent Changes in the Forecast Year

Market participants do tend to consider the normal increases that occur as a result of annual rent increases, projected turnover, and other factors. One measure of the probable increase is a comparison of the reported change in rental income over the past several years.

Based on the information able to be obtained from the operator of the subject, the following trends are noted:

Income	2010	Trend	2011	Trend	T12 11/11-10/12	Trend	T12 7/12-6/13
MH Space Rental Income	$825,887	1%	$831,455	4%	$862,120	0%	$863,130

Additional considerations in projecting the probable space rental income over the projection year include the following:

- Inflation over the next year is expected to be minimal, limiting upward pressure on rents.
- The current relationship between contract and market rents indicates that there is minimal upside in the current rent profile.
- The sale is contingent on the seller increasing rent by $35 per month prior to the close of escrow. This increase is considered in the appraisal based on the hypothetical condition.

Based on a review of all available information, projected space rental income is likely to increase by $35 as compared to the collections reported in the utilized rent roll.

RENT ROLL SUMMARY

	Rent Roll Reported by Owner (1)	Site Rentals Only (2)		Reconciled Current Site Rent (3)	Projected Site Rent in Forecast Year (4)
High Rent	$495.00	$495.00		$495.00	
Low Rent	$430.00	$430.00		$430.00	
Average Rent	$455.16	$455.16		$455.52	$489.44
Monthly PGI	$72,825	$72,825		$74,705	$80,268
Annual PGI	$873,900	$873,900		$896,460	$963,218
Spaces Reported	160	160		164	164
Current Physical Occupancy:					161
Occupancy Rate:	Physical-	98.17%		Revenue Producing-	97.56%
No. of Community Owned Homes		7		Percent of Total-	4.27%
Projected Rental Income Growth (See Text):					7.447%
Current Market Rent (See Text):					$470
Date of Provided Rent Roll:					8/1/2013

Notes: (1) Actual rent roll provided. See Addenda for copy (2) Park owned rental homes & vacant sites, if any, not included (3) Contract rent for rented homesites, market rent for vacant sites & sites occupied by park owned rental homes (4) Incorporates foreseen changes to rent in projection year, Space Rental PGI.

The concluded rents are summarized in the above chart. The provided and adjusted rent rolls upon which this summary is based are included as Appendix 1.

Summary of Historic Financial Records

The following is a summary of historic income and expenses, based on information provided by the park owner and restated to common income and expense categories. Common adjustments to the provided income and expense amounts include the following.

- Income items not specifically derived from the operation of the property are excluded. Included in this category are such items as interest income, mobile home sale or rental income, or one time refunds or adjustments.
- Payroll expenses have been apportioned between On-Site Management and Maintenance/Repairs based on information provided or concluded from analysis of available information.
- To the extent that such items are able to be discerned, significant capital expenditures are either eliminated or further analyzed to determine if inclusion is appropriate.
- Also, dependent on the level of detail in the provided financial statements, expenses related to the ownership (as opposed to park operations) are not considered. Included in this category are such items as LLC registration fees, attorneys and accountants fees for the ownership (trust advice or setup, partnership or corporate tax preparations, educational seminars, dues and publications, or similar items that benefit the owner of the property, not specifically the park.

The ability to discern such items in the provided financial statements is necessary for such analysis to be made. Poorly detailed books and records are not able to be analyzed to the same extents as more detailed or professional prepared statements.

Income	2010		Trend	2011		Trend	T12 11/11-10/12		Trend	T12 7/12-6/13	
MH Space Rental Income	$825,887		1%	$831,455		4%	$862,120		0%	$863,130	
Per Unit/Portion of EGI	$5,035.90	79%		$5,069.85	78%		$5,256.83	80%		$5,262.99	79%
Submetered Electricity Inc.	$85,064		-3%	$82,798		10%	$91,091		-5%	$86,476	
Per Unit/Portion of EGI	$518.68	8%		$504.87	8%		$555.43	8%		$527.29	8%
Submetered Gas Inc.	$75,517		-1%	$74,419		-30%	$52,041		32%	$68,799	
Per Unit/Portion of EGI	$460.47	7%		$453.77	7%		$317.32	5%		$419.51	6%
Submetered Water Inc.	$33,409		39%	$46,552		5%	$48,765		-1%	$48,158	
Per Unit/Portion of EGI	$203.71	3%		$283.85	4%		$297.35	5%		$293.65	4%
Trash Pass Through Inc.	$17,531		1%	$17,634		0%	$17,641		0%	$17,587	
Per Unit/Portion of EGI	$106.90	2%		$107.52	2%		$107.57	2%		$107.24	2%
Storage Income	$615		7%	$660		-40%	$396		-9%	$360	
Per Unit/Portion of EGI	$3.75	0%		$4.02	0%		$2.41	0%		$2.20	0%
Laundry Income	$1,044		-34%	$694		-31%	$480		-22%	$373	
Per Unit/Portion of EGI	$6.37	0%		$4.23	0%		$2.93	0%		$2.27	0%
Other Income	$5,805		50%	$8,715		15%	$10,025		12%	$11,254	
Per Unit/Portion of EGI	$35.40	1%		$53.14	1%		$61.13	1%		$68.62	1%
Collected Income	**$1,044,872**		**2%**	**$1,062,927**		**2%**	**$1,082,559**		**1%**	**$1,096,137**	
Per Unit/Portion of EGI	$6,371.17	100%		$6,481.26	100%		$6,600.97	100%		$6,683.76	100%

Expenses	2010		Trend	2011		Trend	T12 11/11-10/12		Trend	T12 7/12-6/13	
Taxes	$48,888		55%	$75,601		3%	$78,008		1%	$78,646	
Per Unit/Portion of EGI	$298.10	5%		$460.98	7%		$475.66	7%		$479.55	7%
Prof. Mgmt.	$41,777		2%	$42,537		3%	$43,763		1%	$44,093	
Per Unit/Portion of EGI	$254.74	4%		$259.37	4%		$266.85	4%		$268.86	4%
On-Site Mgmt.	$26,879		-6%	$25,350		8%	$27,480		0%	$27,399	
Per Unit/Portion of EGI	$163.90	3%		$154.57	2%		$167.56	3%		$167.07	2%
Insurance	$9,415		6%	$9,979		4%	$10,353		0%	$10,377	
Per Unit/Portion of EGI	$57.41	1%		$60.85	1%		$63.13	1%		$63.27	1%
Electricity Expense	$82,579		-5%	$78,808		8%	$85,336		-1%	$84,200	
Per Unit/Portion of EGI	$503.53	8%		$480.54	7%		$520.34	8%		$513.41	8%
Natural Gas Expense	$62,838		-6%	$59,284		-40%	$35,309		53%	$53,872	
Per Unit/Portion of EGI	$383.16	6%		$361.49	6%		$215.30	3%		$328.49	5%
Water Expense	$48,649		28%	$62,378		-3%	$60,531		4%	$62,830	
Per Unit/Portion of EGI	$296.64	5%		$380.35	6%		$369.09	6%		$383.11	6%
Trash Expense	$23,815		11%	$26,462		-27%	$19,225		6%	$20,376	
Per Unit/Portion of EGI	$145.21	2%		$161.35	2%		$117.23	2%		$124.24	2%
Repairs/Maintenance	$34,701		-3%	$33,751		6%	$35,926		-11%	$32,124	
Per Unit/Portion of EGI	$211.59	3%		$205.80	3%		$219.06	3%		$195.88	3%
Administrative/Misc.	$10,150		14%	$11,577		8%	$12,478		-8%	$11,493	
Per Unit/Portion of EGI	$61.89	1%		$70.59	1%		$76.09	1%		$70.08	1%
Reserves	$0			$0			$0			$0	
Per Unit/Portion of EGI	$0.00	0%		$0.00	0%		$0.00	0%		$0.00	0%
Total Expenses	**$389,691**		9%	**$425,726**		-4%	**$408,408**		4%	**$425,410**	
Per Unit/Portion of EGI	$2,376.16	37%		$2,595.89	40%		$2,490.29	38%		$2,593.96	39%
NOI	**$655,181**		-3%	**$637,201**		6%	**$674,151**		-1%	**$670,727**	
Per Unit/Portion of EGI	$3,995.01	63%		$3,885.37	60%		$4,110.68	62%		$4,089.80	61%

Other Income Sources

Utility Income-Payments for utilities provided to the tenants are made by one of three methods.

1. Utilities are purchased from the provider and submetered to the tenants. The price that the park can charge for the utilities is usually determined by state or local regulatory authorities, and there is usually little opportunity for the park operator to vary from historic reported income.
2. The utilities are metered directly from the utility provider.
3. Utilities are included as a part of the rent payment. It is not uncommon for water, sewer, and/or trash pickup to be included in the rent although the current trend is to meter water use and to pass through sewer and trash collection expense.

Income to the park for utilities is only available under the first alternative. There has been a trend towards the elimination of utilities provided under the first and third option noted above in favor of direct service

from the providing utility, but this is a costly conversion for many parks and it is not currently a significant trend. Generally, there is little incentive to complete such a conversion as the utilities will not generally accept a utility system "donation" unless the system has been certified to meet current codes.

The rates charged both to and by the park for submetered utilities may be subject to regulation by the California Public Utilities Commission (for investor owned suppliers such as PGE, SCE or Sempra) or by the individual utilities (for government owned suppliers). Generally, this applies to submetered electricity, natural gas, and occasionally water. If the specific utility is not regulated by the CPUC or the local government agency with oversight responsibilities, the general rule is that the rates charged by the park are similar to the rates charged for residential users in the same geographic area. Most parks retain the services of a billing contractor who determines the appropriate rate as part of the tenant billing services. The appraisal assumes that the park management is in compliance with all applicable laws regarding billing, and that the historic operating statements reflect compliance.

It is common for the CPUC or the utility to allow a moderate to significant margin to the park owner to allow the owner to recoup the costs of system maintenance. This margin is often sufficient to cover common area expenses as well as to provide income to the park, and in some instances the margin is significant. Because these margins are generally determined by an outside authority, sustainability is assumed by market participants where the billing is completed by competent 3rd party providers.

In the projection of income, consideration is given to the historic trends and amounts received, as well as the historic relationship between income and expenses, as are able to be determined from the historic income and expense reports provided. Expense comparable data is not considered in the projection of income from utilities as experience has shown this income to be highly variable based on economic and financial factors specific to a location, climate, and government policies. The following chart summarizes historic income from these sources and concludes a projection of future income.

Submetered Electricity Inc.	2010	2011	T12 11/11-10/12	T12 7/12-6/13	Projection
Annual	$85,064	$82,798	$91,091	$86,476	**$90,000**
Per Unit	$518.68	$504.87	$555.43	$527.29	
Margin over (under) expense	3%	5%	6%	3%	6%

Comment/Analysis: State authority regulates income from this source. The trend of income has been consistent over the period reported. Stabilized annual income is estimated based on a projection of the trend shown.

Submetered Gas Inc.	2010	2011	T12 11/11-10/12	T12 7/12-6/13	Projection
Annual	$75,517	$74,419	$52,041	$68,799	**$70,000**
Per Unit	$460.47	$453.77	$317.32	$419.51	
Margin over (under) expense	17%	20%	32%	22%	29%

Comment/Analysis: State authority regulates income from this source. The trend of income has been consistent over the period reported. Stabilized annual income is estimated based on a projection of the trend shown.

Submetered Water Inc.	2010	2011	T12 11/11-10/12	T12 7/12-6/13	Projection
Annual	$33,409	$46,552	$48,765	$48,158	**$50,000**
Per Unit	$203.71	$283.85	$297.35	$293.65	
Margin over (under) expense	-46%	-34%	-24%	-30%	-26%
Current Monthly Charge:		$0.00	**Annual PGI:**	$0	

Comment/Analysis: Depending on the provider, this utility may or may not be regulated by state authorities. The trend of income has been consistent over the period reported. Stabilized annual income is estimated based on a projection of the trend shown.

Trash Pass Through Inc.	2010	2011	T12 11/11-10/12	T12 7/12-6/13	Projection
Annual	$17,531	$17,634	$17,641	$17,587	$17,500
Per Unit	$106.90	$107.52	$107.57	$107.24	
Margin over (under) expense	-36%	-50%	-9%	-16%	-14%
Current Monthly Charge:		$9.37	Annual PGI:	$18,440	

Comment/Analysis: The current monthly charge provides an estimate that is reasonable relative to the historic collections. Stabilized annual income is estimated based on a projection of the trend shown and considers the current charge adjusted for vacancy and collection loss.

These items are included as income to the park, and the cost of utilities is considered under expenses. The reader should be aware that the market value estimated in this appraisal is based upon the assumption that the current utilities arrangement will continue, and that the sale of the utilities to the provider may change the income estimate and the value estimate.

Additional Income-The following sources of additional income have been identified:

Storage Income	2010	2011	T12 11/11-10/12	T12 7/12-6/13	Projection
Annual	$615	$660	$396	$360	$500
Per Unit	$3.75	$4.02	$2.41	$2.20	
Current Monthly Charge:		$7.50	Annual PGI:	$1,080	
No. Spaces Occupied:		12	Annual EGI:	$1,080	

Comment/Analysis: Projected income is based on based on a projection of the trend shown.

Laundry Income	2010	2011	T12 11/11-10/12	T12 7/12-6/13	Projection
Annual	$1,044	$694	$480	$373	$500
Per Unit	$6.37	$4.23	$2.93	$2.27	

Comment/Analysis: Projected income is based on the trend reported. Income is consistent over time, and falls into the same range as other developments in this market area.

Other Income	2010	2011	T12 11/11-10/12	T12 7/12-6/13	Projection
Annual	$5,805	$8,715	$10,025	$11,254	$10,000
Per Unit	$35.40	$53.14	$61.13	$68.62	
Current Monthly Charge(S):		$0.00	Annual PGI:	$0	

Comment/Analysis: Included are minor and recurring charges to tenants (late fees, nsf charges, service fees). Projected income is based on the reported trend.

Market participants typically rely most heavily on past experience as the basis for the projection of future income from these sources unless there is some reason to expect future income to be substantially different. No reason to expect substantially different income levels in the future was apparent. The projections are based on a trending of past income reports, except as noted above.

Vacancy and Collection Loss

In most stabilized MHC/MHP properties, vacancy and collection loss tends to be minimal. Vacancy losses are limited due to the cost of removing a home from the park and the limited amount of alternative spaces for the homes to move into. Most parks maintain some restrictions on the age of move-ins, limiting the spaces available for the placement of older homes. Transfer and rebuilding costs can also be substantial, and for many older homes, approach or exceed the market value. Predominantly, mobile and manufactured homes will tend to remain in the park until such time as the unit reaches the end of its economic lifetime. However, occasional vacancies occur as the result of several causes, including actions taken by the homeowner/tenant (removal for placement on fee owned land) or the owner of the community (forced removal due to age or condition). A less beneficial trend for the individual community is the sale of the home from the tenant to an outsider (owner of a different MHC/MHP or a dealer). The outsider will remove the home for placement elsewhere, leaving a vacant site. Park owners have become

more proactive in the purchase of homes from departing tenants in order to limit vacant sites that are difficult or expensive to fill.

Collection loss is also limited due to the ability of the park owner to place a lien against the home for unpaid rent. This cushion against loss has become thinner in communities where the homes are older and have limited appeal, or in communities where the home prices have fallen below the level of existing liens. However, it is still a level of protection that is not afforded owners of other investment properties, especially apartments, and generally can restrict or eliminate losses from tenants who depart the property with unpaid debt.

Vacancy and collection loss has increased slightly in the past several years in selected markets that are characterized by lesser levels of demand, which generally result from pricing disparities and the inability to obtain competitively price financing for manufactured or mobile homes on rented or leased homesites.

Local Market Summary	
Spaces Surveyed:	669
Vacant Spaces:	22
Occupancy Rate:	97%

At the present time, the physical vacancy in the subject amounts to 2%, but the economic vacancy is slightly higher at 2.5% owing to the vacant community owned rental homes. This approximates the reported level over the past year. By comparison to the neighborhood occupancy rate reported in the rental survey, it appears that the subject is performing in concert with the local market.

Other potential influences on future vacancy and collection loss include the following:

- In the medium to long term, the need to replace the aging mobile homes in the subject will lead to greater vacancy loss as units are replaced. While some residents will choose to replace their own unit (limiting or eliminating lost income during the transition), there is likely to be some depreciated units abandoned which will have to be replaced by the park owner.
- Community acquisition of homes for resale (or removal and replacement) will lead to short term losses during the period of community ownership. This has become a more common source of short term losses, as park owners have become more proactive and have tended to purchase homes that might otherwise be purchased by owners of other communities and removed from the park.
- Reliance on income from community owned rental units will lead to higher levels of vacancy and collection loss for the units rented, similar to the experience of apartment rentals.
- Top of the market rents generally result in a slightly higher vacancy rate.

Based on this analysis, a vacancy and collection loss rate of 4% is well supported for the subject on a going forward basis. This allowance is applied against income from space rents only, as the other income items are estimated based on historic receipts, which equate to effective gross income.

Effective Gross Income

The projected EGI is compared to the historic report in the following table:

	2010	2011	T12 11/11-10/12	T12 7/12-6/13	Projection
Annual	$1,044,872	$1,062,927	$1,082,559	$1,096,137	$1,163,189
Per Unit	$6,371	$6,481	$6,601	$6,684	$7,093
Change Rate		1.73%	1.85%	1.25%	6.12%

The projection is significantly higher than the historic trend. This is due to the following reasons:

- The projection incorporates a $35 monthly rent increase as specified in the sale agreements. This comprises the total difference between the most recent year and the projection.

Operating Expense Analysis

The estimate of expenses is derived from a variety of sources, including a review of expense statements from comparable projects, historical data maintained in my files, and historical information provided to the appraisers by the subject's management.[7] Much of the comparison made with other sources of data is based on a cost per unit analysis, as compared to a percentage of collected income basis. The latter is not considered as reliable as the former for several reasons: 1) Operating expenses are predominantly fixed and not subject to fluctuation based on rental income, and properties with higher rents typically have lower costs as a percentage of income; 2) operating expenses are not significantly affected by occupancy levels; and 3) market participants have a strong tendency not to utilize percentage based comparisons. Likewise, total expense ratios have limited applicability for these reasons as well as the complicating factors of submetered or provided utilities, which distorts the total ratio due to the significant cost of utilities and the high level of reimbursements where applicable.

The following table provides expense comparable data from 10 mobile home parks from 2011 and 2012, the most recent years for which a full year of data is available. This data is unfiltered, that is it has not been adjusted to delete items that are not considered in my projections for the subject (expensed capital expenditures, higher than typical payroll expenses, use or lack of use of professional management services, etc.). The data does demonstrate the significant variability from project to project, and indicates the need to rely on multiple sources of data and analysis to support projections of future expense for the subject.

No. Units	30	161	289	227	54	94	125	185	208	237
					2011					
Taxes	$665	$37	$314	$1,406	$701	$327	$158	$968	$375	$808
Prof. Mgmt.		$211	$228	$413	$391	$383	$274	$518	$440	$773
On-Site Mgmt.	$478	$182	$363	$268	$297	$460	$325	$338	$211	$235
Insurance	$98	$61	$78	$107	$66	$127	$73	$100	$233	$85
Repairs/Maint.	$709	$384	$402	$348	$575	$416	$273	$387	$827	$379
Admin./Misc.	$137	$128	$167	$131	$168	$276	$125	$307	$338	$145
					2012					
Taxes	$677	$170	$335	$1,085	$716	$357	$318	$900	$388	$824
Prof. Mgmt.		$214	$95	$432	$409	$383	$324	$578	$394	$791
On-Site Mgmt.	$552	$211	$350	$256	$479	$495	$551	$337	$258	$267
Insurance	$103	$59	$88	$138	$66	$126	$76	$140	$275	$95
Repairs/Maint.	$735	$433	$352	$269	$588	$416	$568	$457	$692	$409
Admin./Misc.	$129	$127	$219	$83	$161	$276	$215	$341	$642	$111
					2 Year Average					
Taxes	$671	$104	$325	$1,246	$709	$342	$238	$934	$382	$816
Prof. Mgmt.		$213	$162	$423	$400	$383	$299	$548	$417	$782
On-Site Mgmt.	$515	$197	$357	$262	$388	$478	$438	$338	$235	$251
Insurance	$101	$60	$83	$123	$66	$127	$75	$120	$254	$90
Repairs/Maint.	$722	$409	$377	$309	$582	$416	$421	$422	$760	$394
Admin./Misc.	$133	$128	$193	$107	$165	$276	$170	$324	$490	$128

Analysis of Sample-2 Year Average

	Low Value	High Value	Mean	Median	Mean-80% Conf.
Taxes	$104	$1,246	$576	$526	$552
Prof. Mgmt.	$162	$782	$403	$400	$383
On-Site Mgmt.	$197	$515	$346	$347	$343
Insurance	$60	$254	$110	$95	$98
Repairs/Maint.	$309	$760	$481	$418	$468
Admin./Misc.	$107	$490	$211	$167	$190

[7] The reader should be aware that there are no reliable institutional data sources that report statistics on operating expenses for this property type such as exist for other, more commonly held investment properties, such as BOMA for office properties and similar source for other property types.

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Expense Projections

The data considered is summarized in the following spreadsheets, which report the data from the subject (filtered), the comparable data (unfiltered), and explanatory comments as to the projections made.

Taxes	**2010**	**2011**	**T12 11/11-10/12**	**T12 7/12-6/13**	**Comparable Data ($/U) Low**	**High**	**Mean**	**Projection**	
Annual	$48,888	$75,601	$78,008	$78,646				**$758**	/U
Per Unit	$298.10	$460.98	$475.66	$479.55	$104	$1,246	$552		
Current Taxes/Assessments-				**$78,646**					

Comment/Analysis: The taxes estimated in the expense statement have been calculated to assume a sale of the subject property within a reasonable range of the value estimated herein, and using the current tax rates as specified elsewhere in the report. Direct Assessments are added to the tax estimated. Historic real estate tax expenses are considered irrelevant to the projection due to the requirements of Proposition 13.

Prof. Mgmt.	**2010**	**2011**	**T12 11/11-10/12**	**T12 7/12-6/13**	**Comparable Data ($/U) Low**	**High**	**Mean**	**Projection**	
Annual	$41,777	$42,537	$43,763	$44,093				**$169**	/U
Per Unit	$254.74	$259.37	$266.85	$268.86	$162	$782	$383		
Concluded Prof. Mgmt Charge as percentage of Eff. Gr. Rental Income:					***3.0%***			$27,741	

Comment/Analysis: This expense includes general and administrative costs, supervision of on-site personnel, preparation of reports, overseeing of investment. It is typically reported on a percentage basis and applied to effective gross rental income (not to ancillary income such as reimbursements or laundry income). The subject is managed by an entity related to the ownership of the park. For this reason, the reported expense is not considered indicative of a third party management contract. Professional management charges are estimated as a means of separating the value of the real estate from the value of the owner's investment of time and management expertise. Typically, this expense ranges from 3% to 6% of collected rents, with minimum charges typically in the $6,000 per year range (for a minimal package of services in a smaller property), and totals generally in the $12,000 to $60,000 range (for medium to large properties with sufficient income to support the expense). The reported expense rarely falls below 3% of effective gross site rental income.

On-Site Mgmt.	**2010**	**2011**	**T12 11/11-10/12**	**T12 7/12-6/13**	**Comparable Data ($/U) Low**	**High**	**Mean**	**Projection**	
Annual	$26,879	$25,350	$27,480	$27,399				**$175**	/U
Per Unit	$163.90	$154.57	$167.56	$167.07	$197	$515	$343		
Share of Reported Payroll Cost	50%	50%	50%	50%					

Note: Share of Reported Payroll Cost based on percentage allocations reported by property manager.

Comment/Analysis: On-site management consists of all payroll related expenses for the on-site management personnel, and includes salary, rent rebates, payroll taxes, workman's compensation, and fringe benefits. In the projection, on-site management payroll is not allocated between salary and rent, and the projected amount represents a cost that may be allocated between salary and rent rebates in any manner. The historic expense is reasonable in light of available market data. The projection is sufficient to provide for 1 full time management employee, considered sufficient for a property of this size and complexity.

Insurance	**2010**	**2011**	**T12 11/11-10/12**	**T12 7/12-6/13**	**Comparable Data ($/U) Low**	**High**	**Mean**	**Projection**	
Annual	$9,415	$9,979	$10,353	$10,377				**$65**	/U
Per Unit	$57.41	$60.85	$63.13	$63.27	$60	$254	$98		
Current Reported Premium:	$10,368	/year	Per Unit:	$63.22					

Comment/Analysis: Insurance expense covers fire, all risk property damage, and public liability. The historic costs are reasonable in relation to the expense comparable data and the current premium. The projection is based on the current premium.

Electricity Expense	2010	2011	T12 11/11-10/12	T12 7/12-6/13	Comparable Data ($/U) Low	High	Mean	Projection	
Annual	$82,579	$78,808	$85,336	$84,200				$85,000	
Per Unit	$503.53	$480.54	$520.34	$513.41		See Comments			
Income margin	3%	5%	6%	3%				6%	

Comment/Analysis: This expense includes submetered tenant use and park area expenses. Projected expense is based on the trend indicated by the historic expense, as market participants tend to look at actual experience in the projection of all utility expenses.

Natural Gas Expense	2010	2011	T12 11/11-10/12	T12 7/12-6/13	Comparable Data ($/U) Low	High	Mean	Projection	
Annual	$62,838	$59,284	$35,309	$53,872				$50,000	
Per Unit	$383.16	$361.49	$215.30	$328.49		See Comments			
Income margin	17%	20%	32%	22%				29%	

Comment/Analysis: This expense includes submetered tenant use and park area expenses. Projected expense is based on the trend indicated by the historic expense, as market participants tend to look at actual experience in the projection of all utility expenses.

Water Expense	2010	2011	T12 11/11-10/12	T12 7/12-6/13	Comparable Data ($/U) Low	High	Mean	Projection	
Annual	$48,649	$62,378	$60,531	$62,830				$63,000	
Per Unit	$296.64	$380.35	$369.09	$383.11		See Comments			
Income margin	-46%	-34%	-24%	-30%				-26%	

Comment/Analysis: This expense includes submetered tenant use and park area expenses. Lesser weight is given to the partial year report due to seasonal influences. Projected expense is based on the trend indicated by the historic expense, as market participants tend to look at actual experience in the projection of all utility expenses.

Trash Expense	2010	2011	T12 11/11-10/12	T12 7/12-6/13	Comparable Data ($/U) Low	High	Mean	Projection	
Annual	$23,815	$26,462	$19,225	$20,376				$20,000	
Per Unit	$145.21	$161.35	$117.23	$124.24		See Comments			
Income margin	-36%	-50%	-9%	-16%				-14%	

Comment/Analysis: This expense includes reimbursed tenant use and park area expenses. Projected expense is based on the trend indicated by the historic expense, as market participants tend to look at actual experience in the projection of all utility expenses.

Repairs/Maintenance	2010	2011	T12 11/11-10/12	T12 7/12-6/13	Comparable Data ($/U) Low	High	Mean	Projection	
Annual	$34,701	$33,751	$35,926	$32,124				$250	/U
Per Unit	$211.59	$205.80	$219.06	$195.88	$309	$760	$468		
Share of Reported Payroll Cost	50%	50%	50%	50%	Projected R/M payroll costs based on projection of current payroll practices:				
Payroll Cost Allocated to R/M	$26,879	$25,350	$27,480	$27,399				$27,000	

Note: Share of Reported Payroll Cost based on percentage allocations reported by property manager. Operational practices vary between properties, with some developments utilizing employees and some utilizing contractors for routine maintenance and repairs. The allocated payroll is included with maintenance/repairs to allow comparison between properties using different practices. Projected maintenance/repair expenses do not differentiate between payroll and non-payroll expenses, and is based on market expectations for the total expense.

Comment/Analysis: This expense category covers such items as private street and parking area clean-up and repair, periodic clean-up of common areas. Non-recurring expenses are not considered in projecting future expenses. The projection is made on the basis of a typical annual expense, and actual annual expenses will tend to fluctuate significantly about this estimate due to the inclusion of capital expenditures in this category. Based on comparisons with the expense comparables, the annual report from the subject is somewhat lower than typical. Greatest consideration is given to both historic and market trends.

Administrative/Misc.	2010	2011	T12 11/11-10/12	T12 7/12-6/13	Comparable Data ($/U) Low	High	Mean	Projection	
Annual	$10,150	$11,577	$12,478	$11,493				$75	/U
Per Unit	$61.89	$70.59	$76.09	$70.08	$107	$490	$190		

Comment/Analysis: Included in this category are minor and recurring costs such as business license taxes, municipal operating permit expenses, directory listings, legal and accounting expenses, office supplies, and other similar expenditures. Typically, this is a nominal expense. The major expense fluctuation is in local permit fees, which can vary considerably from city to city; and in legal fees for parks that have significant eviction activity or rent control challenges. For the subject, greatest consideration is given to the historic trend due to its reasonableness in light of market standards, although it is at the lower end of the range.

Reserves	2010	2011	T12 11/11-10/12	T12 7/12-6/13	Comparable Data ($/U) Low	High	Mean	Projection	
Annual	$0	$0	$0	$0				$50	/U
Per Unit	$0.00	$0.00	$0.00	$0.00		See Comments			

Comment/Analysis: An allowance for reserves is included to provide for the replacement of these items that have an economic life of shorter duration than the improvements as a whole. Typically, these items include street paving and short lived items in the buildings and amenities. Few property owners typically include this expense item, and the historic Repair/Maintenance expenses likely include replacement costs for some items for which reserves are projected.

Market Derived Overall Rate Analysis and Selection

In this market, the most widely used method of converting the estimated net operating income to an indication of value is direct capitalization by market derived overall rate. Market participants rely heavily upon this method.

Overall capitalization rates are derived from the sale of similar properties. The rate is extracted from the sale data by dividing the net income from the sale property by its sales price. The overall rates extracted from the sales described in the Sales Comparison Approach are briefly outlined below:

OVERALL CAPITALIZATION RATE ANALYSIS

SALE #	SUBJECT	1	2	3	4	5
PROPERTY	Aztec Mobile Home Park	Rancho Calimesa Mobile Home Ranch	Pines Mobile Estates	La Maria MHP	Rancho San Miguel	Patrician Park Estates
ADDRESS	7425 Church Street, Yucca Valley	10320 Calimesa Boulevard, Calimesa	6706 Tam O'Shanter Dr., Stockton	1701 S. Thornburg Street, Santa Maria	2665 Hardies Lane, Santa Rosa	34480 County Line Road, Yucaipa
COUNTY	San Bernardino County, CA	Riverside County, CA	San Joaquin, CA	Santa Barbara, CA	Santa Rosa, CA	San Bernardino, CA
DATE SOLD	May 8, 2012	May-13	Aug-13	Jun-13	Apr-12	Nov-12
SALES PRICE	$10,200,000	$8,850,000	$8,100,000	$11,256,000	$13,250,000	$4,812,500
$/UNIT	$62,195	$42,548	$53,741	$71,241	$82,298	$35,128
NO. UNITS	164	208	147	158	161	137
OAR		6.00%	5.35%	6.18%	5.75%	6.18%

In comparing the above sales to the subject property, consideration is given to certain influencing factors including financing, the level of reported rents relative to economic rents, and physical comparability. The analysis of these factors, and how these factors compare to the subject property, is analyzed in the Sales Comparison Approach. Briefly,

Sale No. 1 is the receent sale of a large, good quality age restricted community in a secondary location in Southern California. The community includes a number of completed and partially completed vacant sites (incomplete sites not included in total show in table) with excess land upon which additional phases could be developed. There is not a significant market at this time to absorb the future sites, and vacancy has remained constant at the present level for over one year. The seller was an estate and the buyer was a knowledgeable investor who concluded that short term upside existed as a result of the vacant sites and community owned homes. An owner's residence (no income projected) is located within the park, and may be subdivided into apartments if allowed.

Sale No. 2 is the recent sale of a very good quality, well maintained senior park in Stockton, CA. The OAR was broker reported, and actual income and expenses were not available for review. Based on typical income and expense proforma, the indicated OAR would have exceeded 6%.

Sale No. 3 represents the sale of a good quality, well maintained and age restricted community in Santa Barbara County. There is no rent control in this Santa Maria, and the park was stabilized at market level rents. Demand from retiring seniors remains strong and the buyer believed that there was good upside from increased demand as retiring seniors in northwestern Los Angeles suburbs are able to sell their homes and move to the Central Coast.

Sale No. 4 Is the recent sale of a senior restricted mobile home park in Santa Rosa, a city with a moderate rent control ordinance. Rent upside is limited due to the ordinance.

Sale No. 5 is the recent sale of a good quality, well maintained community in Yucaipa, CA, a city with an onerous rent control ordinance. The property was stabilized at sale (5 vacancies), which provides for some upside potential.

The subject would be considered a moderately attractive property to the investment market. Positive features include its strong occupancy history, the strong occupancy of the other communities in this market, and good competitive position of this property in comparison with the alternatives in the neighborhood. Negative features affecting the perception of the property as an investment include relatively small size of the local population base and the weakness in the local economy. These issues doe not have a significant effect on age restricted properties.

Based on my analysis of the above data and its relation to the income stream and the physical characteristics of the subject, an appropriate capitalization rate of --.--% is estimated.

The Reconstructed Operating Statement and Capitalization of the subjects estimated net operating income is shown below.

Reconstructed Operating Statement and Capitalization of Income

Gross Potential Income:					
MH Space Rental Income	$489	Per Space Per Mo.	100.0%	$963,218	
Income Subject to Vacancy/Collection Loss Allowance:					**$963,218**
Less Vacancy/Collection Loss:		4.00%			**$38,529**
Effective Gross Income (Subtotal):					**$924,689**
Effective Gross Income Projections:					
Utility/Service Income					
Submetered Electricity Inc.	$549	Per Unit (Total)	9.3%	$90,000	
Submetered Gas Inc.	$427	Per Unit (Total)	7.3%	$70,000	
Submetered Water Inc.	$305	Per Unit (Total)	5.2%	$50,000	
Trash Pass Through Inc.	$107	Per Unit (Total)	1.8%	$17,500	
Storage Income	$3	Per Unit (Total)	0.1%	$500	
Laundry Income	$3	Per Unit (Total)	0.1%	$500	
Other Income	$61	Per Unit (Total)	1.0%	$10,000	
Subtotal:					**$238,500**
Effective Gross Income (All Sources):					**$1,163,189**
Projected Expenses:					
Taxes		$652.44	Per Unit	$107,000	
Direct Assessments		$105.37	Per Unit	$17,281	
Professional Management		3.00%	of Rent EGI	$27,741	
On-Site Mgmt./Service Payroll		$175.00	Per Unit	$28,700	
Insurance		$65.00	Per Unit	$10,660	
Utilities Expense					
Electricity Expense	$518	Per Unit	$85,000		
Natural Gas Expense	$305	Per Unit	$50,000		
Water Expense	$384	Per Unit	$63,000		
Trash Expense	$122	Per Unit	$20,000		
Total Utility Expenses	$1,329	Per Unit		$218,000	
Repairs/Maintenance		$250	Per Unit	$41,000	
Administrative/Misc.		$75	Per Unit	$12,300	
Reserves		$50	Per Unit	$8,200	
Total Expenses:	$2,871	Per Unit	$1,542	/U W/O Utilities	**$470,881**
Net Operating Income:					**$692,308**
Overall Capitalization Rate:					**6.50%**
Indicated Value:		**$10,650,885**	**rounded to**		**$10,700,000**
Indicated Value Per Unit:					**$65,244**

Sales Comparison Approach

SALE #	SUBJECT	1	2	3	4	5
PROPERTY	Aztec Mobile Home Park	Rancho Calimesa Mobile Home Ranch	Pines Mobile Estates	La Maria MHP	Rancho San Miguel	Patrician Park Estates
ADDRESS	7425 Church Street, Yucca Valley	10320 Calimesa Boulevard, Calimesa	6706 Tam O'Shanter Dr., Stockton	1701 S. Thornburg Street, Santa Maria	2665 Hardies Lane, Santa Rosa	34480 County Line Road, Yucaipa
COUNTY	San Bernardino County, CA	Riverside County, CA	San Joaquin, CA	Santa Barbara, CA	Santa Rosa, CA	San Bernardino, CA
APN	0587-081-79-0000	413-270-001	094-150-95	117-330-063	148-110-023	0319-233-61
DATE SOLD	May 8, 2012	May-13	Aug-13	Jun-13	Apr-12	Nov-12
GRANTOR	Shamrock Millco-Aztec LLC	Stearns Properties LP	Pines Mobile Estates Ltd	Mancinelli	Rancho San Miguel LLC	Eric Markrud & Co.
GRANTEE	Caritas Acquisitions I, LLC	AVMGH Three Golden Palms, LP	Brad Downey Trust	Palos Verdes Medical Center LLC	Rancho San Miguel 1 LLC	CA Patrician MHC LLC
SOURCE	Files, Documents	J. Stearns (Seller), Lender Files, Closing Documents	J. Grant (Bkr)	T. Wynne (Buyer)	E. Biggs (Seller)	H. Keith (Buyer Rep), Marcus/Millichap (Bkr)
DOCUMENT NO.		2233770	87716	40846	40488	469995
PRICE	$10,200,000	$8,850,000	$8,100,000	$11,256,000	$13,250,000	$4,812,500
TERMS	To be financed with municipal bonds.	All cash to the seller. Sales price includes 14 Community Owned Homes, given nominal value in the sale.	Cash. Sale included 10 COH (vacant) that were valued at $200,000 by broker. Price deducted for cash equivalent, real property sale.	Cash to seller. Buyer obtained new 1st TD of $8,050,000 at market rate and terms.	Cash to seller. Buyer obtained new FNMA financing.	$1,950,000 down to seller note of $2,862,500 at 4%, interest only for 10 years.
CASH EQUIV.	$10,200,000	$8,850,000	$7,900,000	$11,256,000	$13,250,000	$4,812,500
$/UNIT	$62,195	$42,548	$53,741	$71,241	$82,298	$35,128
AGE	42	45	31	41	40	45
QUALITY	Good	Good	Very Good	Good	Good	Good
CONDITION	Good	Average to Good	Very Good	Good	Average-Good	Average
SITE AREA (ac)	17.44	40.24	23.55	19.20	23.62	11.90
NO. UNITS	164	208	147	158	161	137
DENSITY	9.40	5.17	6.24	8.23	6.82	11.51
AVG. RENT	$489.44	$405.67	$485.00	$546.04	$711.50	$303.89
POT. GR. INC.	$1,201,718	$1,347,892	$855,540	$1,092,669	$1,382,713	$734,676
EFF. GR. INC.	$1,163,189	$1,224,809	$795,652	$1,068,055	$1,313,517	$714,692
EXPENSES	$470,881	$693,811	$373,002	$372,905	$551,703	$417,336
NOI	$692,308	$530,998	$422,650	$695,150	$761,814	$297,356
NOI/UNIT	$4,221	$2,553	$2,875	$4,400	$4,732	$2,170
OAR	6.79%	6.00%	5.35%	6.18%	5.75%	6.18%
MARKET TIME	Off Market	Closed Auction	Limited Exposure	Off Market Sale	Off Market Sale	>90days
COMMENTS		7% physical vacancy at time of sale, 15% of spaces non-performing. Highly amenitized senior park, located in area with strong rent controls. Included excess land for future development.	Very good quality senior community with tentative map. 10 non-performing sites at sale. Gas & Electricity direct billed from provider.	Negotiated transaction. Age Restricted. 98% occupancy at sale. No Rent Control. Attractive park in healthy senior market.	Senior park. 141 MH sites, 20 RV sites. Tenants pay all utilities and services. Rent control.	Rent control limits increases to 80% of CPI change, no decontrol on vacancy or transfer. Rents substantially below market, but upside limited due to ordinance. Some upside from rental of 5 vacant sites.

Income Based Comparisons

Several income-based comparison tools are available for the analysis of the comparable sales and the manner in which relative rental, gross, and net income measures influence value. These include

- **Effective Gross Income Multiplier (EGIM)**-The multiplier expresses the relationship between Effective Gross Income (Potential Gross Income less Vacancy and Collection Loss) and price or value. This measure tends to be most well supported when the income profile for the comparable properties are similar. This is complicated by a varying level of pass through and direct reimbursements in this property class, as well as income/expense ratios that do not generally vary directly with income.
- **Space Rent Multiplier**-This is a simple analysis in which based on a monthly contract space rent multiplier. This method is not widely used by market participants, but has been shown to be fairly reliable based on a consistent pattern shown in a large number of test examples. Space rent is typically the largest contributor to the income for the property, and this simple analysis avoids the complications of a gross income analysis that includes the other sources of income and is complicated by the various ways in which utility income is reported in different parks. It also avoids issues associated with expense estimates, providing a value indication that is not dependent upon the data and analysis utilized in the Income Approach. As such, this method may be considered oversimplified, but is considered to be a good check against the NOI based analyses below, which rely on a more complex estimate of operating expenses to be reliable. The most significant correlations are occupancy levels, the relationship between contract and market rents for the particular comparable, and the absolute rent.
- **Net Operating Income Per Unit**-The NOI per unit is compared in a bracketing analysis, based on the expectation that there is a direct relationship between the level of NOI and price/value.
- **Income Disparity Analysis-** This analysis is made by comparing the ratio between the net operating income of the subject and of each of the comparables sales in an NOI Disparity Analysis. The ratio that is derived by the subjects NOI divided by each of the comparables NOI (both expressed on a per space basis) is multiplied by the sales price per space of each of the comparables to derive an indicated value per space of the subject. It should be noted that there is some controversy over this method, as it may be correctly pointed out that this is a restatement of the Direct Capitalization, broken down to the unit level of comparison. While this is a valid characterization, the strength of this analysis is that it allows investment oriented properties to be compared on a basis that reflects the reasons for the ownership of this type of property, which is its ability to provide net income to the ownership position. This analysis is not given primary importance in this approach; as to do so would render the Sales Comparison Approach as a restatement of the Income Approach. It is included in this approach primarily as a check on the other analyses utilized.

Each of these analyses provide insight into the varying relationships between price and income based on a more nuanced comparison than available in the Direct Capitalization formulation of the Income Approach by isolating the various comparisons.

These relationships are analyzed in the following spreadsheets.

EFFECTIVE GROSS INCOME (EGI) MULTIPLIER						
SALE #	**SUBJECT**	**1**	**2**	**3**	**4**	**5**
EFF. GR. INC.	$1,163,189	$1,224,809	$795,652	$1,068,055	$1,313,517	$714,692
OCCUPANCY	98%	88%	93%	98%	95%	97%
EGIM	8.8	7.2	9.9	10.5	10.1	6.7
EXPENSE RATIO	40%	57%	47%	35%	42%	58%
INDICATED VALUE	$10,200,000	$8,404,756	$11,549,258	$12,258,591	$11,733,578	$7,832,530
IND. VALUE/UNIT	$62,195	$51,249	$70,422	$74,748	$71,546	$47,759
RANGE OF INDICATIONS:		**$47,759**	**to**	**$74,748**	**Avg./Mean:**	**$56,522**

AVERAGE SPACE RENT MULTIPLIER						
SALE #	**SUBJECT**	**1**	**2**	**3**	**4**	**5**
AVG. RENT	$489.44	$405.67	$485.00	$546.04	$711.50	$303.89
OCCUPANCY	98%	88%	93%	98%	95%	97%
MULTIPLIER	127.1	104.9	110.8	130.5	115.7	115.6
EXPENSE RATIO	40%	57%	47%	35%	42%	58%
INDIC. VALUE	$62,195	$51,334	$54,233	$63,856	$56,613	$56,576
RANGE OF INDICATIONS:		**$51,334**	**to**	**$63,856**	**Avg./Mean:**	**$56,522**

NOI PER UNIT BRACKETING COMPARISON						
SALE #	**SUBJECT**	**1**	**2**	**3**	**4**	**5**
NOI/UNIT	$4,221	$2,553	$2,875	$4,400	$4,732	$2,170
$/UNIT	$62,195	$42,548	$53,741	$71,241	$82,298	$35,128
RANGE OF INDICATIONS:		**$53,741**	**to**	**$71,241**		

COMMENTS: The comparable sales with the most similar levels of NOI on a per space basis as compared to the subject are Sale Nos. 2 and 3, which bracket the subject.

NOI PER UNIT DISPARITY ANALYSIS						
SALE #	**SUBJECT**	**1**	**2**	**3**	**4**	**5**
NOI/UNIT	$4,221	$2,553	$2,875	$4,400	$4,732	$2,170
NOI/U RATIO	1.00	1.65	1.47	0.96	0.89	1.94
IND. VALUE/UNIT	$62,195	$70,357	$78,904	$68,353	$73,421	$68,320
RANGE OF INDICATIONS:		**$68,320**	**to**	**$78,904**	**Avg./Mean:**	**$71,871**

JOHN P. NEET, MAI

Physical Comparisons

SALES COMPARISON ADJUSTMENT GRID						
SALE #	**SUBJECT**	**1**	**2**	**3**	**4**	**5**
PROPERTY	Aztec Mobile Home Park	Rancho Calimesa Mobile Home Ranch	Pines Mobile Estates	La Maria MHP	Rancho San Miguel	Patrician Park Estates
ADDRESS	7425 Church Street, Yucca Valley	10320 Calimesa Boulevard, Calimesa	6706 Tam O'Shanter Dr., Stockton	1701 S. Thornburg Street, Santa Maria	2665 Hardies Lane, Santa Rosa	34480 County Line Road, Yucaipa
COUNTY	San Bernardino County, CA	Riverside County, CA	San Joaquin, CA	Santa Barbara, CA	Santa Rosa, CA	San Bernardino, CA
$/UNIT	$62,195	$42,548	$53,741	$71,241	$82,298	$35,128
AVG. RENT	$489	$406	$485	$546	$712	$304
RATIO	127	105	111	130	116	116
COMPARISONS:						
Property Rights	Fee	Fee	Fee	Fee	Fee	Fee
Comparison		Similar	Similar	Similar	Similar	Similar
Adjustment-		0%	0%	0%	0%	0%
Conditions of Sale	Market	Market	Market	Market	Market	Market
Comparison:		Similar	Similar	Similar	Similar	Similar
Adjustment-		0%	0%	0%	0%	0%
Market Conditions	Current	May-13	Aug-13	Jun-13	Apr-12	Nov-12
Comparison		Similar	Similar	Similar	Similar	Similar
Adjustment-		0%	0%	0%	0%	0%
Supply/Demand	Balance	Balance	Balance	Balance	Balance	Balance
Comparison		Similar	Similar	Similar	Similar	Similar
Adjustment-		0%	0%	0%	0%	0%
Local Housing Cost	$126,000	$168,000	$150,000	$255,000	$360,000	$210,000
Location Comparison		Similar	Similar	Superior	Superior	Superior
Adjustment-		0%	0%	-5%	-10%	-3%
Density (du/ac)	9.40	5.17	6.24	8.23	6.82	11.51
Comparison		Superior	Superior	Similar	Superior	Inferior
Adjustment-		-3%	-3%	0%	-3%	3%
Design/Quality/Appeal	Good	Good	Very Good	Good	Good	Good
Comparison		Similar	Superior	Similar	Similar	Similar
Adjustment-		0%	-4%	0%	0%	0%
Amenities	Pool, Spa, Sauna, Clubhouse	Pool, Spa, Clubhouse, Shuffleboard	Recreation Center, Pool, Spa	Pool, Spa, Recreation Center	Clubhouse, Pool, Spa	Clubhouse, Pool, Spa
Comparison		Similar	Similar	Similar	Similar	Similar
Adjustment-		0%	0%	0%	0%	0%
Occupancy	98%	93%	93%	98%	95%	97%
Comparison		Inferior	Inferior	Similar	Inferior	Similar
Adjustment-		3%	3%	0%	2%	0%
Single/RV Spaces Mix	0%	0%	0%	0%	21%	25%
Comparison		Similar	Similar	Similar	Inferior	Inferior
Adjustment-		0%	0%	0%	5%	5%
Physical Condition	Good	Average to Good	Very Good	Good	Average-Good	Average
Comparison		Inferior	Superior	Similar	Inferior	Inferior
Adjustment-		2%	-4%	0%	2%	4%
Rent Control	No	Yes	No	No	Yes	Yes
Adjustment-		25%	0%	0%	10%	25%
Note: Rent control adj. based on impact on reported rents; i.e.: the difference between reported and market rents for the comparable relative to the impact on the subject where affected.						
Cumulative Adj.		**27%**	**-8%**	**-5%**	**6%**	**34%**
Indicated Value/Unit		**$54,036**	**$49,442**	**$67,678**	**$87,236**	**$47,071**
CONCLUDED RANGE OF INDICATIONS:		**$47,071**	**to**	**$87,236**	**Avg./Mean:**	**$61,093**

The use of dollar or percentage adjustments in an adjustment grid format is not considered a significantly reliable method of comparison for properties that are typically purchased by the investor market. This type of analysis is considered to be an ill-supported analysis that does not reflect the actions of the marketplace. This method has significant weakness', including the fact that individual adjustments for physical differences are seldom supportable by "matched pair comparison" or other means to eliminate the arbitrary nature of most adjustments. The breakdown of the subject and comparable properties into individual components for an adjustment grid analysis also denies the compounding effect of various combinations of physical features, in which certain combinations of positive or negative features create value adjustments in excess of the contributory value that might be added for the individual feature. In addition, the application of specific adjustments to this process of comparison creates the impression of extreme levels of precision or accuracy in valuation, a situation that simply does not exist in the marketplace. Most importantly, participants in the market do not employ this method of valuation. However unreliable, an adjustment grid is an expectation of many readers of appraisal reports, and was included for this reason.

Reconciliation

The comparisons utilized provide the following ranges of indicated values:

SUMMARY OF COMPARISONS-PER UNIT BASIS			
	Low Indication	Mean	High Indication
AVG. SP. RENT MULT.	$51,334	$56,522	$63,856
EFF. GR. INC. MULT.	$47,759	$56,522	$74,748
NOI/UNIT COMPARISON	$53,741		$71,241
INCOME DISPARITY	$68,320	$71,871	$78,904
PHYSICAL COMPARISON	$47,071	$61,093	$87,236
ABS. VALUE RANGE/UNIT	$47,071		$87,236
AVG. VALUE RANGE/UNIT	$53,645	$61,502	$75,197
IND. VALUE RANGE/UNIT	**$60,000**	**to**	**$70,000**
VALUE RANGE	**$9,840,000**	**$10,090,000**	**$11,480,000**
CONCLUDED VALUE		**$10,500,000**	

Appraisal theory, and current interpretations of USPAP, recognizes that the income-based comparisons are less independent indicators than the physical feature based comparison due to the linking of the income based comparisons to the methodology employed and its basis in the Income Approach. For this reason, strong reliance in this approach is placed upon the value range indicated by the bracketing methodology involving physical features is reported above[8]. In general, the income based comparisons generally support the value indications provided by the physical bracketing comparison.

The area of convergence between the disparate indicators is shown in the table above. This is concluded to provide an appropriate range of indications for the subject using this approach.

[8] This is not to say that the physical feature based comparisons provide a more reliable indication of value, only one that is independent of the analysis contained in a different approach. The relative reliability of the two approaches is analyzed in the Final Reconciliation.

Reconciliation of Value Indications

Three approaches to value are typically considered in the appraisal process.

The Cost Approach was not considered to have sufficient support to be included as a reliable approach to value for this property type.

The Income Approach is considered to be a reliable indicator of value for properties that are typically investor owned and leased. The subject is in this category. Five rental comparables were analyzed to estimate the economic income levels for the subject. Contract income is considered in the projection of income due to market preferences for capitalizing proven income. Expense data was felt to be reliable. In the Direct Capitalization, five sales of similar properties were analyzed to provide a market derived overall capitalization rate. The indication of value is well supported by the comparable sales. Overall, the data used in the Income Approach was considered to be reliable and applicable to the subject property.

The Sales Comparison Approach is considered to represent a reliable method of valuation when the physical descriptions and the characteristics of the income streams of the comparable sales and the subject property are similar. The subject and the comparable sales are somewhat varied as to location, physical description, income earning potential, and expense characteristics. This approach is useful as an indication of the prices that the market has been willing to pay for manufactured housing communities, but due to the limited reliance placed by this market on physical features as a determinant of value, the Sales Comparison Approach is limited to a supporting role in the valuation of manufactured housing communities. The income-based comparisons provide the best indications of value from within this approach, but since there is crossover between these analyses and the Income Approach, the independence of the most reliable comparisons is limited.

In summary, I have placed the greatest level of reliance on the Income Approach, with secondary support from the Sales Comparison Approach.

The following conclusions are considered well supported as the market value indication the subject property.

Reconciliation of Approaches

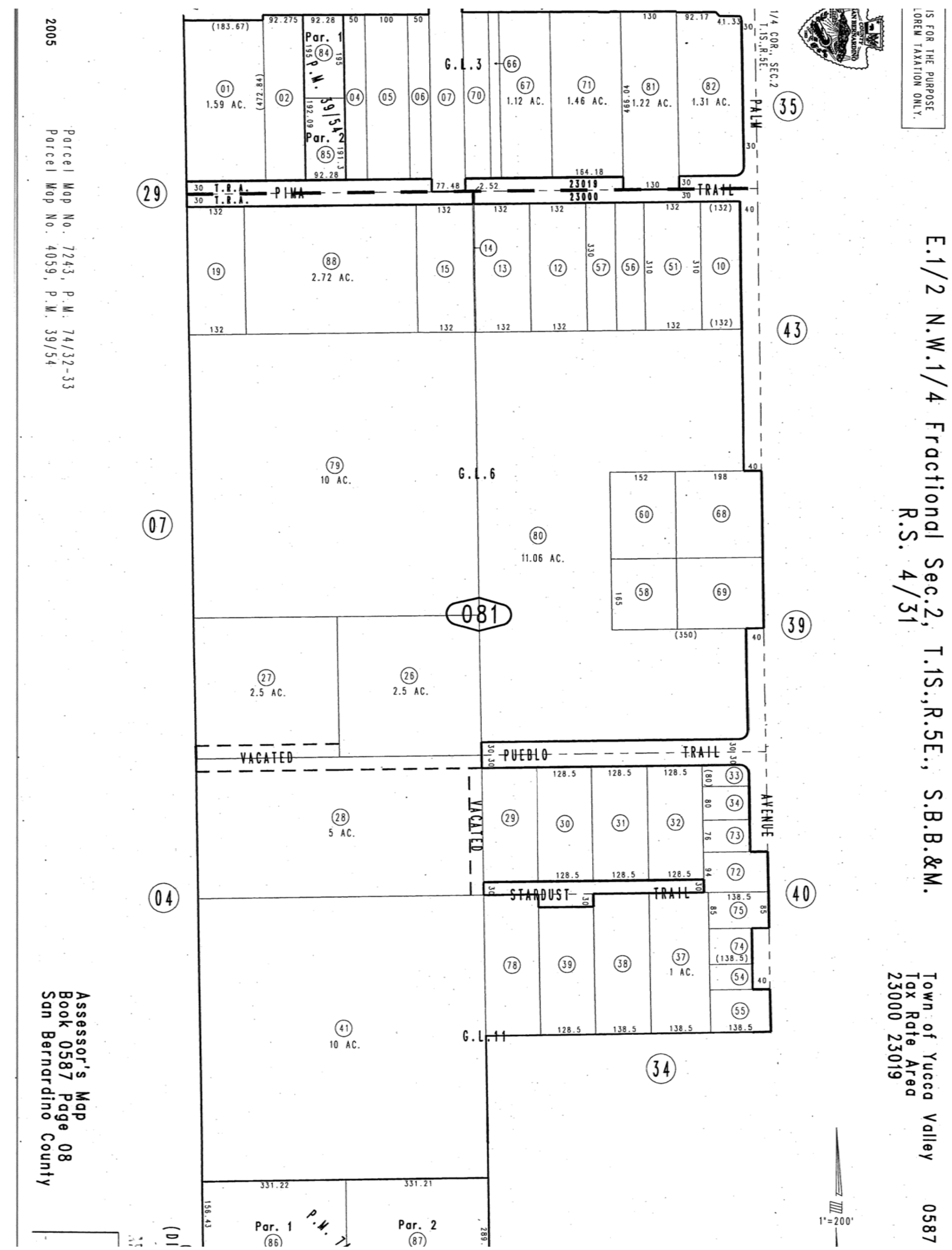
Cost Approach	**Not Considered**
Income Approach	**$10,700,000**
Sales Comparison Approach	**$10,500,000**
Estimated Market Value	**$10,700,000**
Effective Date of Appraisal	**September 26, 2013**

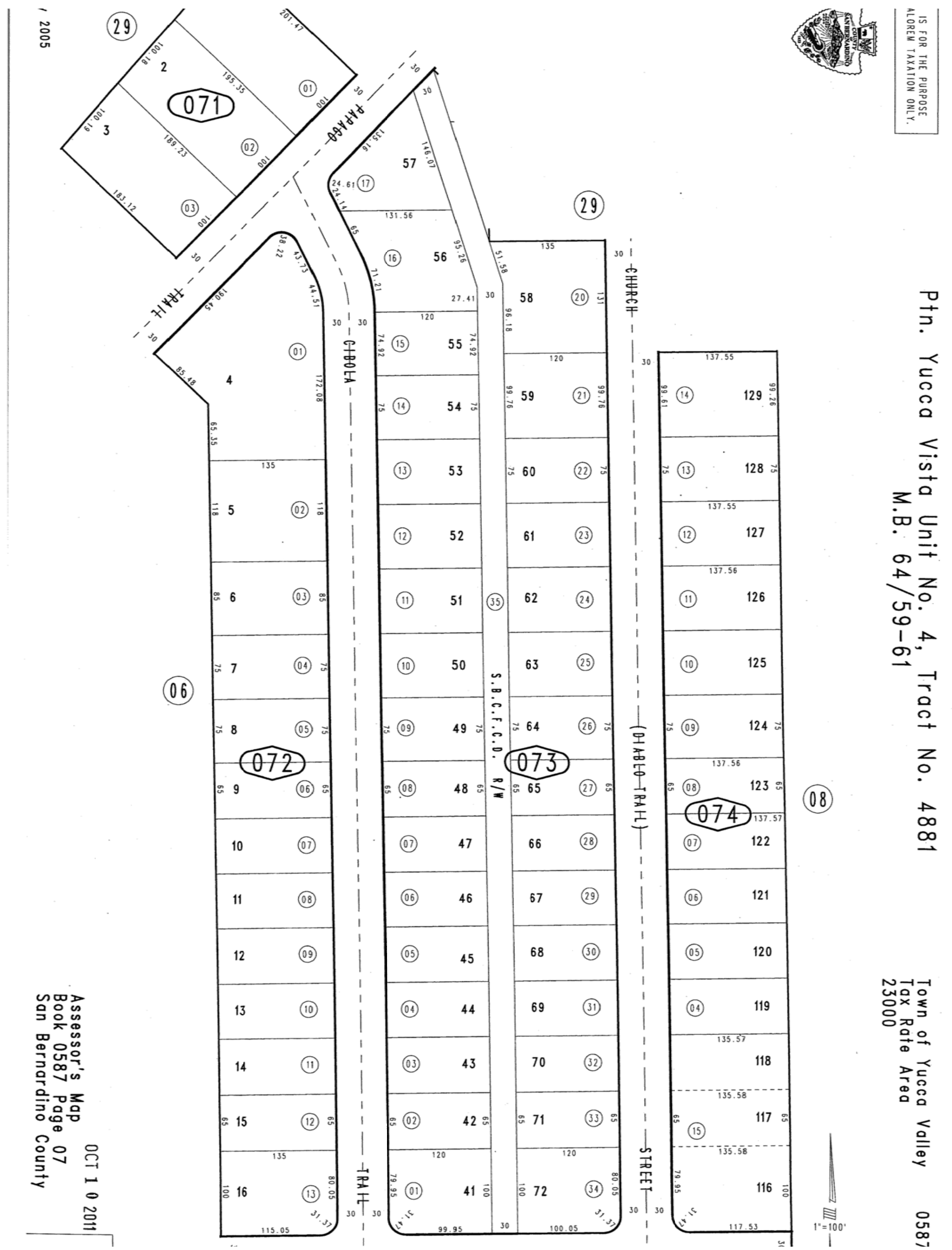
ADDENDA

REGIONAL MAP

NEIGHBORHOOD MAP

PARCEL MAP


E.1/2 N.W.1/4 Fractional Sec.2, T.1S.,R.5E., S.B.B.&M.
R.S. 4/31
Town of Yucca Valley
Tax Rate Area
23000 23019
0587
THIS MAP IS FOR THE PURPOSE OF AD VALOREM TAXATION ONLY.
PIMA TRAIL
PUEBLO TRAIL
STARDUST TRAIL
PALM AVENUE
VACATED
Assessor's Map
Book 0587 Page 08
San Bernardino County
Parcel Map No. 7243, P.M. 74/32-33
Parcel Map No. 4059, P.M. 39/54
2005
1"=200'



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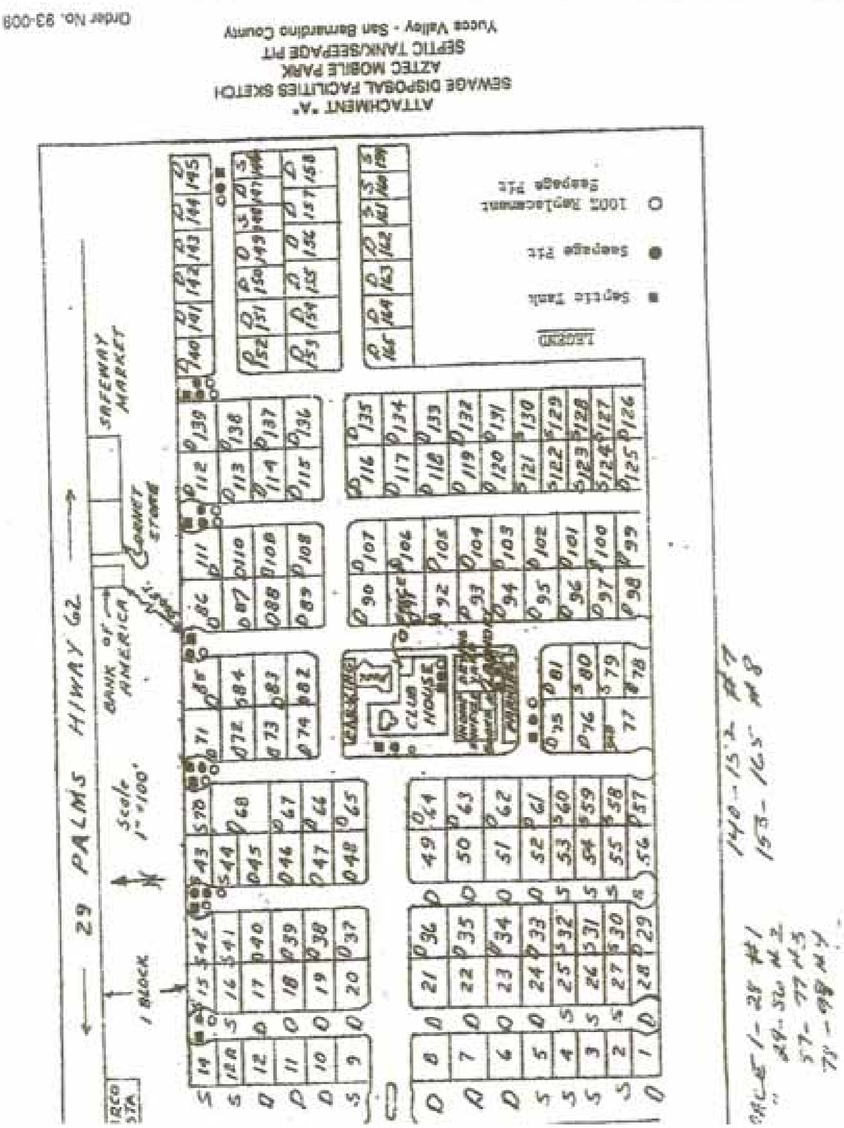
SITE PLAN



ATTACHMENT "A"
SEWAGE DISPOSAL FACILITIES SKETCH
AZTEC MOBILE PARK
SEPTIC TANK/SEEPAGE PIT
Yucca Valley - San Bernardino County
Order No. 93-008
LEGEND
Septic Tank
Seepage Pit
100% Replacement Seepage Pit
29 PALMS HIWAY 62
SAFEWAY MARKET
BANK of AMERICA
CLUB HOUSE
PARKING
Scale 1"=100'
1 BLOCK

LOCATION MAPS & PHOTOGRAPHS

SATELLITE MAP OF NEIGHBORHOOD

SATELLITE MAP OF SUBJECT

ENTRANCE TO SUBJECT FROM CHURCH STREET (1 OF 3)

ASSEMBLY

RECREATION CENTER

LOUNGE AREA


BILLIARDS


SERVICE KITCHEN


POKER/GAME ROOM


EXERCISE ROOM

POOL

INDOOR SPA

LAUNDRY/MAINTENANCE/STORAGE BUILDING

INSIDE LAUNDRY

DOG PARK

TYPICAL STREET SCENE IN COMMUNITY

RV STORAGE

TYPICAL STREET SCENE IN COMMUNITY

TYPICAL STREET SCENE IN COMMUNITY

STREET VIEW SOUTH ON CHURCH STREET, SUBJECT TO LEFT

STREET VIEW NORTH ON CHURCH STREET, SUBJECT TO RIGHT

RENTAL COMPARABLES

COMPARABLE RENTAL DATA LOCATION MAP

RENTAL 2-GATES OF SPAIN

RENTAL 3-COUNTRY CLUB MHE

RENTAL 4-APACHE MOBILE PARK

RENTAL 5-ROYAL CREST MHP

RENTAL 6-FAIRWAY MOBILE ESTATES

SALE COMPARABLES

COMPARABLE SALES DATA LOCATION MAP

SALE 1- RANCHO CALIMESA MOBILE HOME RANCH

SALE 2- PINES MOBILE ESTATES

SALE 3- LA MARIA MHP

SALE 4- RANCHO SAN MIGUEL

SALE 5- PATRICIAN PARK ESTATES

EXCERPTS FROM PRELIMINARY TITLE REPORT

Fidelity National Title Company

PRELIMINARY REPORT

In response to the application for a policy of title insurance referenced herein, ***Fidelity National Title Company*** *hereby reports that it is prepared to issue, or cause to be issued, as of the date hereof, a policy or policies of title insurance describing the land and the estate or interest therein hereinafter set forth, insuring against loss which may be sustained by reason of any defect, lien or encumbrance not shown or referred to as an exception herein or not excluded from coverage pursuant to the printed Schedules, Conditions and Stipulations or Conditions of said policy forms.*

The printed Exceptions and Exclusions from the coverage and Limitations on Covered Risks of said policy or policies are set forth in Attachment One. The policy to be issued may contain an arbitration clause. When the Amount of Insurance is less than that set forth in the arbitration clause, all arbitrable matters shall be arbitrated at the option of either the Company or the Insured as the exclusive remedy of the parties. Limitations on Covered Risks applicable to the CLTA and ALTA Homeowner's Policies of Title Insurance which establish a Deductible Amount and a Maximum Dollar Limit of Liability for certain coverages are also set forth in Attachment One. Copies of the policy forms should be read. They are available from the office which issued this report.

This report (and any supplements or amendments hereto) is issued solely for the purpose of facilitating the issuance of a policy of title insurance and no liability is assumed hereby. If it is desired that liability be assumed prior to the issuance of a policy of title insurance, a Binder or Commitment should be requested.

The policy(s) of title insurance to be issued hereunder will be policy(s) of Fidelity National Title Insurance Company, a California Corporation.

Please read the exceptions shown or referred to herein and the exceptions and exclusions set forth in Attachment One of this report carefully. The exceptions and exclusions are meant to provide you with notice of matters which are not covered under the terms of the title insurance policy and should be carefully considered.

It is important to note that this preliminary report is not a written representation as to the condition of title and may not list all liens, defects and encumbrances affecting title to the land.

Countersigned by:

Authorized Signature

SEAL

BY President

ATTEST Secretary

Authorized Signature

Fidelity National Title Company
1300 Dove Street, Suite 310, Newport Beach, CA 92660
Phone: (949) 622-5000• Fax: (949) 477-6813

PRELIMINARY REPORT

Title Officer: David James (MA) Order No.: 010-**23011289**-DJ1

TO:

The Caritas Corporation
5520 Trabuco
Irvine, CA 92620

ATTN: .**Peter Inman**
YOUR REFERENCE:

PROPERTY ADDRESS: 7425 Church Street, Yucca Valley, CA

EFFECTIVE DATE: July 3, 2012 at 7:30 a.m.

The form of policy or policies of title insurance contemplated by this report is:

CLTA Std. Owner's

1. THE ESTATE OR INTEREST IN THE LAND HEREINAFTER DESCRIBED OR REFERRED TO COVERED BY THIS REPORT IS:

   A FEE

2. TITLE TO SAID ESTATE OR INTEREST AT THE DATE HEREOF IS VESTED IN:

   SHAMROCK MILLCO-AZTEC LLC, A DELAWARE LIMITED LIABILITY

3. THE LAND REFERRED TO IN THIS REPORT IS DESCRIBED AS FOLLOWS:

   See Exhibit A attached hereto and made a part hereof.

tv/sk2 07/19/12

LEGAL DESCRIPTION

EXHIBIT “A”

THE LAND REFERRED TO HEREIN BELOW IS SITUATED IN THE CITY OF YUCCA VALLEY, COUNTY OF SAN BERNARDINO, STATE OF CALIFORNIA, AND IS DESCRIBED AS FOLLOWS:

PARCEL 1:

GOVERNMENT LOT 6 OF THE NORTHWEST QUARTER OF SECTION 2, TOWNSHIP 1 SOUTH, RANGE 5 EAST, SAN BERNARDINO BASE AND MERIDIAN, IN THE TOWN OF YUCCA VALLEY, COUNTY OF SAN BERNARDINO, STATE OF CALIFORNIA, ACCORDING TO THE OFFICIAL PLAT THEREOF.

EXCEPT THE NORTH HALF OF THE NORTH HALF OF SAID GOVERNMENT LOT 6.

ALSO EXCEPT THE SOUTH HALF OF THE SOUTHWEST QUARTER OF SAID GOVERNMENT LOT 6.

ALSO EXCEPT THEREFROM THAT PORTION DESCRIBED AS FOLLOWS:

BEGINNING AT THE NORTHEAST CORNER OF THE SOUTHEAST QUARTER OF SAID GOVERNMENT LOT 6;
THENCE WEST ALONG THE NORTH LINE OF SAID SOUTHEAST QUARTER TO A LINE WHICH IS PARALLEL WITH AND 310 FEET EAST OF THE WEST LINE OF SAID SOUTHEAST QUARTER; THENCE SOUTH ALONG SAID PARALLEL LINE TO A LINE WHICH IS PARALLEL WITH AND 291.31 FEET NORTH OF THE SOUTH LINE OF SAID SOUTHEAST QUARTER; THENCE EAST ALONG THE LAST MENTIONED PARALLEL LINE TO THE EAST LINE OF SAID SOUTHEAST QUARTER; THENCE NORTH ALONG SAID EAST LINE TO THE POINT OF BEGINNING.

APN: 0587-081-79-0-000 AND 0587-081-80-0-000

PARCEL 2:

LOT 125 OF TRACT NO. 4881, IN THE TOWN OF YUCCA VALLEY, COUNTY OF SAN BERNARDINO, STATE OF CALIFORNIA, AS PER MAP RECORDED IN BOOK 64, PAGE 59 TO 61, INCLUSIVE OF MAPS, IN THE OFFICE OF THE COUNTY RECORDER OF SAID COUNTY.

APN: 0587-074-10-0-000

AT THE DATE HEREOF, ITEMS TO BE CONSIDERED AND EXCEPTIONS TO COVERAGE IN ADDITION TO THE PRINTED EXCEPTIONS AND EXCLUSIONS IN SAID POLICY FORM WOULD BE AS FOLLOWS:

1. Property taxes, which are a lien not yet due and payable, including any assessments collected with taxes to be levied for the fiscal year 2012-2013.

2. Said property has been declared tax defaulted for non-payment of delinquent taxes for the fiscal year 2010.

   Default No. 0587-081-79-0-000

   Amounts to redeem for the above-stated fiscal year (and subsequent years if any) are:

   Amount: $136,469.48, by July 31, 2012
   Amount: $138,167.60, by August 31, 2012

   Affects: Parcel A

   Said property has been declared tax defaulted for non-payment of delinquent taxes for the fiscal year 2010.

   Default No. 0587-081-80-0-000

   Amounts to redeem for the above-stated fiscal year (and subsequent years if any) are:

   Amount: $75,809.75, by July 31, 2012
   Amount: $76,752.77, by August 31, 2012

   Affects: Parcel A

   Said property has been declared tax defaulted for non-payment of delinquent taxes for the fiscal year 2010.

   Default No. 0587-074-10-0-000

   Amounts to redeem for the above-stated fiscal year (and subsequent years if any) are:

   Amount: $2,591.18, by July 31, 2012
   Amount: $2,622.77, by August 31, 2012

   Affects: Parcel B

3. The lien of supplemental taxes, if any, assessed pursuant to the provisions of Chapter 3.5 (Commencing with Section 75) of the Revenue and Taxation Code of the State of California.

4. Water rights, claims or title to water, whether or not disclosed by the public records.

5. Easement(s) in favor of the public over any existing roads lying within said Land.

6. Easement(s) for the purpose(s) shown below and rights incidental thereto as set forth in a document:

   In favor of: Martin Fuller, et al
   Purpose: Road and incidental purposes
   Recording Date: October 08, 1943
   Recording No: In Book 1639, Page 9 of Official Records
   Affects: The route thereof affects a portion of said land and is more fully described in said document

   and Recording Date: January 03, 1944
   and Recording No: In Book 1660, Page 62 of Official Records

7. Easement(s) for the purpose(s) shown below and rights incidental thereto as set forth in a document:

   In favor of: California Electric Power Company
   Purpose: Public utilities, ingress, egress
   Recording Date: December 11, 1947
   Recording No: In Book 2173, Page 518 of Official Records
   Affects: The route thereof affects a portion of said land and is more fully described in said document

8. Easement(s) for the purpose(s) shown below and rights incidental thereto as set forth in a document:

   In favor of: California Electric Power Company
   Purpose: Public utilities, ingress, egress
   Recording Date: December 11, 1947
   Recording No: In Book 2173, Page 480 of Official Records
   Affects: The route thereof affects a portion of said land and is more fully described in said document

9. Easement(s) for the purpose(s) shown below and rights incidental thereto as set forth in a document:

   In favor of: California Electric Power Company
   Purpose: Public utilities, ingress, egress
   Recording Date: October 19, 1949
   Recording No: In Book 2476, Page 180 of Official Records
   Affects: Parcel A, The route thereof affects a portion of said land and is more fully described in said document

10. Easement(s) for the purpose(s) shown below and rights incidental thereto as delineated or as offered for dedication, on the map of said tract/plat;

   Purpose: Public utilities
   Affects: The East 10 feet of Parcel B
   Recording No: Tract 4881, in Book 64, Page 59, 60 and 61 of Maps

11. Covenants, conditions and restrictions but omitting any covenants or restrictions, if any, including but not limited to those based upon race, color, religion, sex, sexual orientation, familial status, marital status, disability, handicap, national origin, ancestry, source of income, gender, gender identity, gender expression, medical condition or genetic information, as set forth in applicable state or federal laws, except to the extent that said covenant or restriction is permitted by applicable law, as set forth in the document

   Recording Date: September 14, 1956
   Recording No: In Book 4037, Page 325 of Official Records

   Said covenants, conditions and restrictions provide that a violation thereof shall not defeat the lien of any mortgage or deed of trust made in good faith and for value.

12. Easement(s) for the purpose(s) shown below and rights incidental thereto as set forth in a document:

In favor of:	California Electric Power Company
Purpose:	Public utilities, ingress, egress
Recording Date:	October 30, 1956
Recording No:	In Book 4076, Page 500 of Official Records
Affects:	Parcel B, The route thereof affects a portion of said land and is more fully described in said document

13. An offer for dedication for Public road and /or highway

Offered to:	County of San Bernardino
Recording Date:	July 07, 1971
Recording No.:	In Book 7704, Page 778 of Official Records
Affects:	The route thereof affects a portion of said land and is more fully described in said document

Said offer was accepted by resolution, a certified copy of which was recorded December 05, 1989, 89-471705, Official Records .

14. An offer for dedication for Public road/or highway

Offered to:	County of San Bernardino
Recording Date:	September 21, 1971
Recording No.:	In Book 7757, Page 751 of Official Records
Affects:	Parcel A, The route thereof affects a portion of said land and is more fully described in said document

Said offer was accepted by resolution, a certified copy of which was recorded March 29, 1990, 90-120815, Official Records.

15. Easement(s) for the purpose(s) shown below and rights incidental thereto as set forth in a document:

In favor of:	Southern California Edison Company
Purpose:	Public utilities
Recording Date:	October 26, 1971
Recording No:	In Book 7782, Page 241 of Official Records
Affects:	Parcel A, The route thereof affects a portion of said land and is more fully described in said document

16. A deed of trust to secure an indebtedness in the amount shown below,

Amount:	$6,700,000.00
Dated:	June 06, 2007
Trustor/Grantor	Shamrock Millco-Aztec LLC, a Delaware Limited Liability Company
Trustee:	American Securities Company
Beneficiary:	Mortgage Electronic registration Systems, Inc., a Delaware corporation as nominee for Wells Fargo Bank, National Association
Loan No.:	31-0906675
Recording Date:	June 07, 2007
Recording No:	2007-0341181, Official Records

17. A financing statement as follows:

Debtor:	Shamrock Millco-Aztec LLC
Secured Party:	Mortgage Electronic Registration Systems, Inc., as nominee for Wells Fargo Bank, National Association
Recording Date:	June 07, 2007
Recording No:	2007-0341182, Official Records

18. Any easements not disclosed by the public records as to matters affecting title to real property, whether or not said easements are visible and apparent.

19. Any rights of the parties in possession of a portion of, or all of, said Land, which rights are not disclosed by the public records.

The Company will require, for review, a full and complete copy of any unrecorded agreement, contract, license and/or lease, together with all supplements, assignments and amendments thereto, before issuing any policy of title insurance without excepting this item from coverage.

The Company reserves the right to except additional items and/or make additional requirements after reviewing said documents.

20. The Company will require the following documents for review prior to the issuance of any title assurance predicated upon a conveyance or encumbrance from the entity named below:

Limited Liability Company: Shamrock Millco-Aztec, LLC

a) A copy of its operating agreement, if any, and any and all amendments, supplements and/or modifications thereto, certified by the appropriate manager or member

b) If a domestic Limited Liability Company, a copy of its Articles of Organization and all amendments thereto with the appropriate filing stamps

c) If the Limited Liability Company is member-managed, a full and complete current list of members certified by the appropriate manager or member

d) If the Limited Liability Company was formed in a foreign jurisdiction, evidence, satisfactory to the Company, that it was validly formed, is in good standing and authorized to do business in the state of origin

e) If less than all members, or managers, as appropriate, will be executing the closing documents, furnish evidence of the authority of those signing.

The Company reserves the right to add additional items or make further requirements after review of the requested documentation.

END OF ITEMS

NOTES

WIRING INSTRUCTIONS

TO:	**FNT - Major Accounts - Title Department** **1300 Dove Street, Suite 310** **Newport Beach, CA 92660**
BANK:	**Wells Fargo Bank** **420 Montgomery** **San Francisco, CA 94104**
ROUTING NO:	**121000248**
ACCOUNT NO:	**4123812034**

PLEASE REFER TO OUR ORDER NO.: 010-**23011289**-DJ1

ESCROW OFFICER:	**Valerie Rapp**
TITLE ORDER NO.**:**	**23011289-DJ**

Note: Property taxes for the fiscal year shown below are PAID. For proration purposes the amounts were:

Tax Identification No.:	0587-081-79-0-000
Fiscal Year:	2011-2012
1st Installment:	$20,155.78
2nd Installment:	$20,155.74
Exemption:	$0.00
Land:	$1,026,854.00
Improvements:	$2,195,889.00
Personal Property:	$0.00
Code Area:	023-000
Bill No.:	110470688

Affects: Parcel A

Note: Property taxes for the fiscal year shown below are PAID. For proration purposes the amounts were:

Tax Identification No.:	0587-081-80-0-000
Fiscal Year:	2011-2012
1st Installment:	$18,037.29
2nd Installment:	$18,037.26
Exemption:	$0.00
Land:	$1,184,832.00
Improvements:	$1,674,563.00
Personal Property:	$0.00
Code Area:	023-000
Bill No.:	110470758

Affects: Parcel A

Note: Property taxes for the fiscal year shown below are PAID. For proration purposes the amounts were:

Tax Identification No.:	0587-074-10-0-000
Fiscal Year:	2011-2012
1st Installment:	$357.21
2nd Installment:	$357.19
Exemption:	$0.00
Land:	$52,288.00
Improvements:	$0.00
Personal Property:	$0.00
Code Area:	023-000
Bill No.:	110470640

Affects: Parcel B

Escaped taxes for the year 2010

Bill No.:	100995200
Total Tax:	$31,656.81
1st Installment:	$15,828.42
Must be paid by:	June 29, 2011
2nd Installment:	$15,828.39
Must be paid by:	June 29, 2011

Affects: Parcel A

Escaped taxes for the year 2010

Bill No.:	100995201
Total Tax:	$24,946.70
1st Installment:	$12,473.37
Must be paid by:	June 29, 2011
2nd Installment:	$12,473.33
Must be paid by:	June 29, 2011

Affects: Parcel A

Escaped taxes for the year 2010

Bill No.:	10995203
Total Tax:	$18,795.56
1st Installment:	$9,397.80
Must be paid by:	June 29, 2011
2nd Installment:	$9,397.76
Must be paid by:	June 29, 2011

Affects: Parcel A

Escaped taxes for the year 2010

Bill No.:	100995204
Total Tax:	$12,637.93
1st Installment:	$631.90
Must be paid by:	June 29, 2011
2nd Installment:	$641.90
Must be paid by:	June 29, 2011

Affects: Parcel A

Escaped taxes for the year 2010

Bill No.:	100995197
Total Tax:	$521.94
1st Installment:	$260.98
Must be paid by:	June 29, 2011
2nd Installment:	$260.96
Must be paid by:	June 29, 2011

Affects: Parcel B

Escaped taxes for the year 2010

Bill No.:	100995198
Total Tax:	$530.41
1st Installment:	$265.23
Must be paid by:	June 29, 2011
2nd Installment:	$265.18
Must be paid by:	June 29, 2011

Affects: Parcel B

The Amounts shown above have not been paid, said amounts are included in the tax default, items shown in schedule B.

END OF NOTES

OWNER'S DECLARATION

The undersigned hereby declares as follows:

1. (Fill in the applicable paragraph and strike the other)

   a. Declarant ("Owner") is the owner or lessee, as the case may be, of certain premises located at ____, further described as follows: See Preliminary Report/Commitment No. 010-**23011289**-DJ1 for full legal description (the "Land").

   b. Declarant is the ___________________________ of ____________________________________ ("Owner"), which is the owner or lessee, as the case may be, of certain premises located at ____, further described as follows: See Preliminary Report/Commitment No. 010-**23011289**-DJ1 for full legal description (the "Land").

2. (Fill in the applicable paragraph and strike the other)

   a. During the period of six months immediately preceding the date of this declaration no work has been done, no surveys or architectural or engineering plans have been prepared, and no materials have been furnished in connection with the erection, equipment, repair, protection or removal of any building or other structure on the Land or in connection with the improvement of the Land in any manner whatsoever.

   b. During the period of six months immediately preceding the date of this declaration certain work has been done and materials furnished in connection with ____ upon the Land in the approximate total sum of $__________, but no work whatever remains to be done and no materials remain to be furnished to complete the construction in full compliance with the plans and specifications, nor are there any unpaid bills incurred for labor and materials used in making such improvements or repairs upon the Land, or for the services of architects, surveyors or engineers, except as follows: ____. Owner, by the undersigned Declarant, agrees to and does hereby indemnify and hold harmless Fidelity National Title Insurance Company against any and all claims arising therefrom.

3. Owner has not previously conveyed the Land; is not a debtor in bankruptcy (and if a partnership, the general partner thereof is not a debtor in bankruptcy); and has not received notice of any pending court action affecting the title to the Land.

4. Except as shown in the above-referenced Preliminary Report/Commitment, there are no unpaid or unsatisfied mortgages, deeds of trust, Uniform Commercial Code financing statements, claims of lien, special assessments, or taxes that constitute a lien against the Land or that affect the Land but have not been recorded in the public records.

5. The Land is currently in use as ____________________; ________________________occupy/occupies the Land; and the following are all of the leases or other occupancy rights affecting the Land:

   ____

6. There are no other persons or entities that assert an ownership interest in the Land, nor are there unrecorded easements, claims of easement, or boundary disputes that affect the Land.

7. There are no outstanding options to purchase or rights of first refusal affecting the Land.

This declaration is made with the intention that Fidelity National Title Insurance Company (the "Company") and its policy issuing agents will rely upon it in issuing their title insurance policies and endorsements. Owner, by the undersigned Declarant, agrees to indemnify the Company against loss or damage (including attorneys fees, expenses, and costs) incurred by the Company as a result of any untrue statement made herein.

I declare under penalty of perjury that the foregoing is true and correct and that this declaration was executed on ____ at ______________________.

Signature: ___________________________

Fidelity National Financial, Inc.
Privacy Statement

Fidelity National Financial, Inc. and its subsidiaries ("FNF") respect the privacy and security of your non-public personal information ("Personal Information") and protecting your Personal Information is one of our top priorities. This Privacy Statement explains FNF's privacy practices, including how we use the Personal Information we receive from you and from other specified sources, and to whom it may be disclosed. FNF follows the privacy practices described in this Privacy Statement and, depending on the business performed, FNF companies may share information as described herein.

Personal Information Collected
We may collect Personal Information about you from the following sources:

- Information we receive from you on applications or other forms, such as your name, address, social security number, tax identification number, asset information, and income information;
- Information we receive from you through our Internet websites, such as your name, address, email address, Internet Protocol address, the website links you used to get to our websites, and your activity while using or reviewing our websites;
- Information about your transactions with or services performed by us, our affiliates, or others, such as information concerning your policy, premiums, payment history, information about your home or other real property, information from lenders and other third parties involved in such transaction, account balances, and credit card information; and
- Information we receive from consumer or other reporting agencies and publicly recorded documents.

Disclosure of Personal Information
We may provide your Personal Information (excluding information we receive from consumer or other credit reporting agencies) to various individuals and companies, as permitted by law, without obtaining your prior authorization. Such laws do not allow consumers to restrict these disclosures. Disclosures may include, without limitation, the following:

- To insurance agents, brokers, representatives, support organizations, or others to provide you with services you have requested, and to enable us to detect or prevent criminal activity, fraud, material misrepresentation, or nondisclosure in connection with an insurance transaction;
- To third-party contractors or service providers for the purpose of determining your eligibility for an insurance benefit or payment and/or providing you with services you have requested;
- To an insurance regulatory authority, or a law enforcement or other governmental authority, in a civil action, in connection with a subpoena or a governmental investigation;
- To companies that perform marketing services on our behalf or to other financial institutions with which we have joint marketing agreements and/or
- To lenders, lien holders, judgment creditors, or other parties claiming an encumbrance or an interest in title whose claim or interest must be determined, settled, paid or released prior to a title or escrow closing.

We may also disclose your Personal Information to others when we believe, in good faith, that such disclosure is reasonably necessary to comply with the law or to protect the safety of our customers, employees, or property and/or to comply with a judicial proceeding, court order or legal process.

<u>Disclosure to Affiliated Companies</u> – We are permitted by law to share your name, address and facts about your transaction with other FNF companies, such as insurance companies, agents, and other real estate service providers to provide you with services you have requested, for marketing or product development research, or to market products or services to you. We do not, however, disclose information we collect from consumer or credit reporting agencies with our affiliates or others without your consent, in conformity with applicable law, unless such disclosure is otherwise permitted by law.

<u>Disclosure to Nonaffiliated Third Parties</u> – We do not disclose Personal Information about our customers or former customers to nonaffiliated third parties, except as outlined herein or as otherwise permitted by law.

Confidentiality and Security of Personal Information
We restrict access to Personal Information about you to those employees who need to know that information to provide products or services to you. We maintain physical, electronic, and procedural safeguards that comply with federal regulations to guard Personal Information.

Access to Personal Information/Requests for Correction, Amendment, or Deletion of Personal Information
As required by applicable law, we will afford you the right to access your Personal Information, under certain circumstances to find out to whom your Personal Information has been disclosed, and request correction or deletion of your Personal Information. However, <u>FNF's current policy is to maintain customers' Personal Information for no less than your state's required record retention requirements for the purpose of handling future coverage claims</u>.

For your protection, <u>all requests made under this section must be in writing and must include your notarized signature to establish your identity</u>. Where permitted by law, we may charge a reasonable fee to cover the costs incurred in responding to such requests. Please send requests to:

Chief Privacy Officer
Fidelity National Financial, Inc.
601 Riverside Avenue
Jacksonville, FL 32204

Changes to this Privacy Statement
This Privacy Statement may be amended from time to time consistent with applicable privacy laws. When we amend this Privacy Statement, we will post a notice of such changes on our website. The effective date of this Privacy Statement, as stated above, indicates the last time this Privacy Statement was revised or materially changed.

Notice of Available Discounts

Pursuant to Section 2355.3 in Title 10 of the California Code of Regulations Fidelity National Financial, Inc. and its subsidiaries ("FNF") must deliver a notice of each discount available under our current rate filing along with the delivery of escrow instructions, a preliminary report or commitment. Please be aware that the provision of this notice does not constitute a waiver of the consumer's right to be charged the field rate. As such, your transaction may not qualify for the below discounts.

You are encouraged to discuss the applicability of one or more of the below discounts with a Company representative. These discounts are generally described below; consult the rate manual for a full description of the terms, conditions and requirements for each discount. These discounts only apply to transaction involving services rendered by the FNF Family of Companies. This notice only applies to transactions involving property improved with a one-to-four family residential dwelling.

<u>FNF Underwritten Title Company</u>	**<u>FNF Underwriter</u>**
FNTC - Fidelity National Title Company	FNTIC - Fidelity National Title Insurance Company
FNTCCA –Fidelity National Title Company of California	

<u>Available Discounts</u>
CREDIT FOR PRELIMINARY REPORTS AND/OR COMMITMENTS ON SUBSEQUENT POLICIES (FNTIC)
Where no major change in the title has occurred since the issuance of the original report or commitment, the order may be reopened within 12 or 36 months and all or a portion of the charge previously paid for the report or commitment may be credited on a subsequent policy charge.

FEE REDUCTION SETTLEMENT PROGRAM (FNTC, FNTCCA and FNTIC)
Eligible customers shall receive $20.00 reduction in their title and/or escrow fees charged by the Company for each eligible transaction in accordance with the terms of the Final Judgments entered in *The People of the State of California et al. v. Fidelity National Title Insurance Company et al., Sacramento Superior Court Case No. 99AS02793, and related cases*.

DISASTER LOANS (FNTIC)
The charge for a lender's Policy (Standard or Extended coverage) covering the financing or refinancing by an owner of record, within 24 months of the date of a declaration of a disaster area by the government of the United States or the State of California on any land located in said area, which was partially or totally destroyed in the disaster, will be 50% of the appropriate title insurance rate.

CHURCHES OR CHARITABLE NON-PROFIT ORGANIZATIONS (FNTIC)
On properties used as a church or for charitable purposes within the scope of the normal activities of such entities, provided said charge is normally the church's obligation the charge for an owner's policy shall be 50% to 70% of the appropriate title insurance rate, depending on the type of coverage selected. The charge for a lender's policy shall be 40% to 50% of the appropriate title insurance rate, depending on the type of coverage selected.

Notice

You may be entitled to receive a $20.00 discount on escrow services if you purchased, sold or refinanced residential property in California between May 19,1995 and November 1, 2002. If you had more than one qualifying transaction, you may be entitled to multiple discounts.

If your previous transaction involved the same property that is the subject of your current transaction, you do not have to do anything; the Company will provide the discount, provided you are paying for escrow or title services in this transaction.

If your previous transaction involved property different from the property that is the subject of your current transaction, you must inform the Company of the earlier transaction, provide the address of the property involved in the previous transaction, and the date or approximate date that the escrow closed to be eligible for the discount.

Unless you inform the Company of the prior transaction on property that is not the subject of this transaction, the Company has no obligation to conduct an investigation to determine if you qualify for a discount. If you provided the Company information concerning a prior transaction, the Company is required to determine if you qualify for a discount.

Effective through November 1, 2014

ATTACHMENT ONE

AMERICAN LAND TITLE ASSOCIATION
RESIDENTIAL TITLE INSURANCE POLICY (6-1-87) EXCLUSIONS

In addition to the Exceptions in Schedule B, you are not insured against loss, costs, attorneys' fees, and expenses resulting from:

1. Governmental police power, and the existence or violation of any law or government regulation. This includes building and zoning ordinances and also laws and regulations concerning:
   - land use
   - improvements on the land
   - land division
   - environmental protection

   This exclusion does not apply to violations or the enforcement of these matters which appear in the public records at Policy Date.
   This exclusion does not limit the zoning coverage described in Items 12 and 13 of Covered Title Risks.
2. The right to take the land by condemning it, unless:
   - a notice of exercising the right appears in the public records on the Policy Date
   - the taking happened prior to the Policy Date and is binding on you if you bought the land without knowing of the taking.
3. Title Risks:
   - that are created, allowed, or agreed to by you
   - that are known to you, but not to us, on the Policy Date—unless they appeared in the public records
   - that result in no loss to you
   - that first affect your title after the Policy Date—this does not limit the labor and material lien coverage in Item 8 of Covered Title Risks
4. Failure to pay value for your title.
5. Lack of a right:
   - to any land outside the area specifically described and referred to in Item 3 of Schedule A

   OR
   - in streets, alleys, or waterways that touch your land

This exclusion does not limit the access coverage in Item 5 of Covered Title Risks

In addition to the Exclusions, you are not insured against loss, costs, attorneys' fees, and the expenses resulting from:

1. Any rights, interests, or claims of parties in possession of the land not shown by the public records.
2. Any easements or liens not shown by the public records. This does not limit the lien coverage in Item 8 of Covered Title Risks.
3. Any facts about the land which a correct survey would disclose and which are not shown by the public records. This does not limit the forced removal coverage in Item 12 of Covered Title Risks.
4. Any water rights or claims or title to water in or under the land, whether or not shown by the public records.

ATTACHMENT ONE
(Continued)

CALIFORNIA LAND TITLE ASSOCIATION STANDARD COVERAGE POLICY - 1990
EXCLUSIONS FROM COVERAGE

The following matters are expressly excluded from the coverage of this policy and the Company will not pay loss or damage, costs, attorneys' fees or expenses which arise by reason of:

1. (a) Any law, ordinance or governmental regulation (including but not limited to building and zoning laws, ordinances, or regulations) restricting, regulating, prohibiting or relating to (i) the occupancy, use, or enjoyment of the land; (ii) the character, dimensions or location of any improvement now or hereafter erected on the land; (iii) a separation in ownership or a change in the dimensions or area of the land or any parcel of which the land is or was a part; or (iv) environmental protection, or the effect of any violation of these laws, ordinances or governmental regulations, except to the extent that a notice of the enforcement thereof or a notice of a defect, lien or encumbrance resulting from a violation or alleged violation affecting the land has been recorded in the public records at Date of Policy.
   (b) Any governmental police power not excluded by (a) above, except to the extent that a notice of the exercise thereof or a notice of a defect, lien or encumbrance resulting from a violation or alleged violation affecting the land has been recorded in the public records at Date of Policy.
2. Rights of eminent domain unless notice of the exercise thereof has been recorded in the public records at Date of Policy, but not excluding from coverage any taking which has occurred prior to Date of Policy which would be binding on the rights of a purchaser for value without knowledge.
3. Defects, liens, encumbrances, adverse claims or other matters:
   (a) created, suffered, assumed or agreed to by the insured claimant;
   (b) not known to the Company, not recorded in the public records at Date of Policy, but known to the insured claimant and not disclosed in writing to the Company by the insured claimant prior to the date the insured claimant became an insured under this policy;
   (c) resulting in no loss or damage to the insured claimant;
   (d) attaching or created subsequent to Date of Policy (except to the extent that this policy insures the priority of the lien of the insured mortgage over any statutory lien for services, labor or material or to the extent insurance is afforded herein as to assessments for street improvements under construction or completed at Date of Policy); or
   (e) resulting in loss or damage which would not have been sustained if the insured claimant had paid value for the insured mortgage.
4. Unenforceability of the lien of the insured mortgage because of the inability or failure of the insured at Date of Policy, or the inability or failure of any subsequent owner of the indebtedness, to comply with applicable doing business laws of the state in which the land is situated.
5. Invalidity or unenforceability of the lien of the insured mortgage, or claim thereof, which arises out of the transaction evidenced by the insured mortgage and is based upon usury or any consumer credit protection or truth in lending law.
6. Any claim, which arises out of the transaction vesting in the insured the estate or interest insured by this policy or the transaction creating the interest of the insured lender, by reason of the operation of federal bankruptcy, state insolvency or similar creditors' rights laws.

SCHEDULE B, PART I
EXCEPTIONS FROM COVERAGE

This policy does not insure against loss or damage (and the Company will not pay costs, attorneys' fees or expenses) which arise by reason of:

PART I

1. Taxes or assessments which are not shown as existing liens by the records of any taxing authority that levies taxes or assessments on real property or by the public records. Proceedings by a public agency which may result in taxes or assessments, or notices of such proceedings, whether or not shown by the records of such agency or by the public records.
2. Any facts, rights, interests or claims which are not shown by the public records but which could be ascertained by an inspection of the land or which may be asserted by persons in possession thereof.
3. Easements, liens or encumbrances, or claims thereof, not shown by the public records.
4. Discrepancies, conflicts in boundary lines, shortage in area, encroachments, or any other facts which a correct survey would disclose, and which are not shown by the public records.
5. (a) Unpatented mining claims; (b) reservations or exceptions in patents or in Acts authorizing the issuance thereof; (c) water rights, claims or title to water, whether or not the matters excepted under (a), (b) or (c) are shown by the public records.
6. Any lien or right to a lien for services, labor or material not shown by the Public Records.

FORMERLY AMERICAN LAND TITLE ASSOCIATION LOAN POLICY (10-17-92)
WITH A.L.T.A. ENDORSEMENT–FORM 1 COVERAGE
EXCLUSIONS FROM COVERAGE

The following matters are expressly excluded from the coverage of this policy and the Company will not pay loss or damage, costs, attorneys' fees or expenses which arise by reason of:

1. (a) Any law, ordinance or governmental regulation (including but not limited to building and zoning laws, ordinances, or regulations) restricting, regulating, prohibiting or relating to (i) the occupancy, use, or enjoyment of the land; (ii) the character, dimensions or location of any improvement now or hereafter erected on the land; (iii) a separation in ownership or a change in the dimensions or area of the land or any parcel of which the land is or was a part; or (iv) environmental protection, or the effect of any violation of these laws, ordinances or governmental regulations, except to the extent that a notice of the enforcement thereof or a notice of a defect, lien or encumbrance resulting from a violation or alleged violation affecting the land has been recorded in the public records at Date of Policy.
   (b) Any governmental police power not excluded by (a) above, except to the extent that a notice of the exercise thereof or a notice of a defect, lien or encumbrance resulting from a violation or alleged violation affecting the land has been recorded in the public records at Date of Policy.
2. Rights of eminent domain unless notice of the exercise thereof has been recorded in the public records at Date of Policy, but not excluding from coverage any taking which has occurred prior to Date of Policy which would be binding on the rights of a purchaser for value without knowledge.
3. Defects, liens, encumbrances, adverse claims or other matters:
   (a) created, suffered, assumed or agreed to by the insured claimant;
   (b) not known to the Company, not recorded in the public records at Date of Policy, but known to the insured claimant and not disclosed in writing to the Company by the insured claimant prior to the date the insured claimant became an insured under this policy;
   (c) resulting in no loss or damage to the insured claimant;
   (d) attaching or created subsequent to Date of Policy (except to the extent that this policy insures the priority of the lien of the insured mortgage over any statutory lien for services, labor or material or to the extent insurance is afforded herein as to assessments for street improvements under construction or completed at Date of Policy); or
   (e) resulting in loss or damage which would not have been sustained if the insured claimant had paid value for the insured mortgage.
4. Unenforceability of the lien of the insured mortgage because of the inability or failure of the insured at Date of Policy, or the inability or failure of any subsequent owner of the indebtedness, to comply with applicable doing business laws of the state in which the land is situated.
5. Invalidity or unenforceability of the lien of the insured mortgage, or claim thereof, which arises out of the transaction evidenced by the insured mortgage and is based upon usury or any consumer credit protection or truth in lending law.
6. Any statutory lien for services, labor or materials (or the claim of priority of any statutory lien for services, labor or materials over the lien of the insured mortgage) arising from an improvement or work related to the land which is contracted for and commenced subsequent to Date of Policy and is not financed in whole or in part by proceeds of the indebtedness secured by the insured mortgage which at Date of Policy the insured has advanced or is obligated to advance.
7. Any claim, which arises out of the transaction creating the interest of the mortgagee insured by this policy, by reason of the operation of federal bankruptcy, state insolvency, or similar creditors' rights laws, that is based on:
   (i) the transaction creating the interest of the insured mortgagee being deemed a fraudulent conveyance or fraudulent transfer; or
   (ii) the subordination of the interest of the insured mortgagee as a result of the application of the doctrine or equitable subordination; or
   (iii) the transaction creating the interest of the insured mortgagee being deemed a preferential transfer except where the preferential transfer results from the failure:
      (a) to timely record the instrument of transfer; or
      (b) of such recordation to impart notice to a purchaser for value or a judgment or lien creditor.

The above policy form may be issued to afford either Standard Coverage or Extended Coverage. In addition to the above Exclusions from Coverage, the Exceptions from Coverage in a Standard Coverage policy will also include the following Exceptions from Coverage:

EXCEPTIONS FROM COVERAGE

This policy does not insure against loss or damage (and the Company will not pay costs, attorneys' fees or expenses) which arise by reason of:

1. Taxes or assessments which are not shown as existing liens by the records of any taxing authority that levies taxes or assessments on real property or by the public records. Proceedings by a public agency which may result in taxes or assessments, or notices of such proceedings, whether or not shown by the records of such agency or by the public records.
2. Any facts, rights, interests or claims which are not shown by the public records but which could be ascertained by an inspection of the land or which may be asserted by persons in possession thereof.
3. Easements, liens or encumbrances, or claims thereof, not shown by the public records.
4. Discrepancies, conflicts in boundary lines, shortage in area, encroachments, or any other facts which a correct survey would disclose, and which are not shown by the public records.

5. (a) Unpatented mining claims; (b) reservations or exceptions in patents or in Acts authorizing the issuance thereof; (c) water rights, claims or title to water, whether or not the matters excepted under (a), (b) or (c) are shown by the public records.
6. Any lien or right to a lien for services, labor or material not shown by the Public Records.

ATTACHMENT ONE
(CONTINUED)

2006 AMERICAN LAND TITLE ASSOCIATION LOAN POLICY (06-17-06)
EXCLUSIONS FROM COVERAGE

The following matters are expressly excluded from the coverage of this policy, and the Company will not pay loss or damage, costs, attorneys' fees, or expenses that arise by reason of:

1. (a) Any law, ordinance, permit, or governmental regulation (including those relating to building and zoning) restricting, regulating, prohibiting, or relating to
   (i) the occupancy, use, or enjoyment of the Land;
   (ii) the character, dimensions, or location of any improvement erected on the Land;
   (iii) the subdivision of land; or
   (iv) environmental protection;
   or the effect of any violation of these laws, ordinances, or governmental regulations. This Exclusion 1(a) does not modify or limit the coverage provided under Covered Risk 5.
   (b) Any governmental police power. This Exclusion 1(b) does not modify or limit the coverage provided under Covered Risk 6.
2. Rights of eminent domain. This Exclusion does not modify or limit the coverage provided under Covered Risk 7 or 8.
3. Defects, liens, encumbrances, adverse claims, or other matters
   (a) created, suffered, assumed, or agreed to by the Insured Claimant;
   (b) not Known to the Company, not recorded in the Public Records at Date of Policy, but Known to the Insured Claimant and not disclosed in writing to the Company by the Insured Claimant prior to the date the Insured Claimant became an Insured under this policy;
   (c) resulting in no loss or damage to the Insured Claimant;
   (d) attaching or created subsequent to Date of Policy (however, this does not modify or limit the coverage provided under Covered Risk 11, 13 or 14); or
   (e) resulting in loss or damage that would not have been sustained if the Insured Claimant had paid value for the Insured Mortgage.
4. Unenforceability of the lien of the Insured Mortgage because of the inability or failure of an Insured to comply with applicable doing-business laws of the state where the Land is situated.
5. Invalidity or unenforceability in whole or in part of the lien of the Insured Mortgage that arises out of the transaction evidenced by the Insured Mortgage and is based upon usury or any consumer credit protection or truth-in-lending law.
6. Any claim, by reason of the operation of federal bankruptcy, state insolvency, or similar creditors' rights laws, that the transaction creating the lien of the Insured Mortgage, is
   (a) a fraudulent conveyance or fraudulent transfer, or
   (b) a preferential transfer for any reason not stated in Covered Risk 13(b) of this policy.
7. Any lien on the Title for real estate taxes or assessments imposed by governmental authority and created or attaching between Date of Policy and the date of recording of the Insured Mortgage in the Public Records. This Exclusion does not modify or limit the coverage provided under Covered Risk 11(b).

The above policy form may be issued to afford either Standard Coverage or Extended Coverage. In addition to the above Exclusions from Coverage, the Exceptions from Coverage in a Standard Coverage policy will also include the following Exceptions from Coverage:

EXCEPTIONS FROM COVERAGE

This policy does not insure against loss or damage (and the Company will not pay costs, attorneys' fees or expenses) that arise by reason of:

1. (a) Taxes or assessments that are not shown as existing liens by the records of any taxing authority that levies taxes or assessments on real property or by the Public Records; (b) proceedings by a public agency that may result in taxes or assessments, or notices of such proceedings, whether or not shown by the records of such agency or by the Public Records.
2. Any facts, rights, interests, or claims that are not shown by the Public Records but that could be ascertained by an inspection of the Land or that may be asserted by persons in possession of the Land.
3. Easements, liens or encumbrances, or claims thereof, not shown by the Public Records.
4. Any encroachment, encumbrance, violation, variation, or adverse circumstance affecting the Title that would be disclosed by an accurate and complete land survey of the Land and not shown by the Public Records.
5. (a) Unpatented mining claims; (b) reservations or exceptions in patents or in Acts authorizing the issuance thereof; (c) water rights, claims or title to water, whether or not the matters excepted under (a), (b), or (c) are shown by the Public Records.
6. Any lien or right to a lien for services, labor or material not shown by the Public Records.

FORMERLY AMERICAN LAND TITLE ASSOCIATION OWNER'S POLICY (10-17-92)
EXCLUSIONS FROM COVERAGE

The following matters are expressly excluded from the coverage of this policy and the Company will not pay loss or damage, costs, attorneys' fees or expenses which arise by reason of:

1. (a) Any law, ordinance or governmental regulation (including but not limited to building and zoning laws, ordinances, or regulations) restricting, regulating, prohibiting or relating to (i) the occupancy, use, or enjoyment of the land; (ii) the character, dimensions or location of any improvement now or hereafter erected on the land; (iii) a separation in ownership or a change in the dimensions or area of the land or any parcel of which the land is or was a part; or (iv) environmental protection, or the effect of any violation of these laws, ordinances or governmental regulations, except to the extent that a notice of the enforcement thereof or a notice of a defect, lien or encumbrance resulting from a violation or alleged violation affecting the land has been recorded in the public records at Date of Policy.
   (b) Any governmental police power not excluded by (a) above, except to the extent that a notice of the exercise thereof or a notice of a defect, lien or encumbrance resulting from a violation or alleged violation affecting the land has been recorded in the public records at Date of Policy.
2. Rights of eminent domain unless notice of the exercise thereof has been recorded in the public records at Date of Policy, but not excluding from coverage any taking which has occurred prior to Date of Policy which would be binding on the rights of a purchaser for value without knowledge.
3. Defects, liens, encumbrances, adverse claims or other matters:
   (a) created, suffered, assumed or agreed to by the insured claimant;
   (b) not known to the Company, not recorded in the public records at Date of Policy, but known to the insured claimant and not disclosed in writing to the Company by the insured claimant prior to the date the insured claimant became an insured under this policy;
   (c) resulting in no loss or damage to the insured claimant;
   (d) attaching or created subsequent to Date of Policy; or
   (e) resulting in loss or damage which would not have been sustained if the insured claimant had paid value for the estate or interest insured by this policy.
4. Any claim, which arises out of the transaction vesting in the insured the estate or interest insured by this policy, by reason of the operation of federal bankruptcy, state insolvency, or similar creditors' rights laws, that is based on:
   (i) the transaction creating the estate or interest insured by this policy being deemed a fraudulent conveyance or fraudulent transfer; or
   (ii) the transaction creating the estate or interest insured by this policy being deemed a preferential transfer except where the preferential transfer results from the failure:
      (a) to timely record the instrument of transfer; or
      (b) of such recordation to impart notice to a purchaser for value or a judgment or lien creditor.

The above policy form may be issued to afford either Standard Coverage or Extended Coverage. In addition to the above Exclusions from Coverage, the Exceptions from Coverage in a Standard Coverage Policy will also include the following Exceptions from Coverage:

EXCEPTIONS FROM COVERAGE

This policy does not insure against loss or damage (and the Company will not pay costs, attorneys' fees or expenses) which arise by reason of:

1. Taxes or assessments which are not shown as existing liens by the records of any taxing authority that levies taxes or assessments on real property or by the public records. Proceedings by a public agency which may result in taxes or assessments, or notices of such proceedings, whether or not shown by the records of such agency or by the public records.
2. Any facts, rights, interests or claims which are not shown by the public records but which could be ascertained by an inspection of the land or which may be asserted by persons in possession thereof.
3. Easements, liens or encumbrances, or claims thereof, which are not shown by the public records.
4. Discrepancies, conflicts in boundary lines, shortage in area, encroachments, or any other facts which a correct survey would disclose, and which are not shown by the public records.
5. (a) Unpatented mining claims; (b) reservations or exceptions in patents or in Acts authorizing the issuance thereof; (c) water rights, claims or title to water, whether or not the matters excepted under (a), (b) or (c) are shown by the public records.
6. Any lien or right to a lien for services, labor or material not shown by the Public Records.

2006 AMERICAN LAND TITLE ASSOCIATION OWNER'S POLICY (06-17-06)
EXCLUSIONS FROM COVERAGE

The following matters are expressly excluded from the coverage of this policy, and the Company will not pay loss or damage, costs, attorneys' fees, or expenses that arise by reason of:

1. (a) Any law, ordinance, permit, or governmental regulation (including those relating to building and zoning) restricting, regulating, prohibiting, or relating to
      (i) the occupancy, use, or enjoyment of the Land;
      (ii) the character, dimensions, or location of any improvement erected on the Land;
      (iii) the subdivision of land; or
      (iv) environmental protection;

   or the effect of any violation of these laws, ordinances, or governmental regulations. This Exclusion 1(a) does not modify or limit the coverage provided under Covered Risk 5.
   (b) Any governmental police power. This Exclusion 1(b) does not modify or limit the coverage provided under Covered Risk 6.
2. Rights of eminent domain. This Exclusion does not modify or limit the coverage provided under Covered Risk 7 or 8.
3. Defects, liens, encumbrances, adverse claims, or other matters
   (a) created, suffered, assumed, or agreed to by the Insured Claimant;
   (b) not Known to the Company, not recorded in the Public Records at Date of Policy, but Known to the Insured Claimant and not disclosed in writing to the Company by the Insured Claimant prior to the date the Insured Claimant became an Insured under this policy;
   (c) resulting in no loss or damage to the Insured Claimant;
   (d) attaching or created subsequent to Date of Policy (however, this does not modify or limit the coverage provided under Covered Risk 9 and 10); or
   (e) resulting in loss or damage that would not have been sustained if the Insured Claimant had paid value for the Title.
4. Any claim, by reason of the operation of federal bankruptcy, state insolvency, or similar creditors' rights laws, that the transaction vesting the Title as shown in Schedule A, is
   (a) a fraudulent conveyance or fraudulent transfer; or
   (b) a preferential transfer for any reason not stated in Covered Risk 9 of this policy.
5. Any lien on the Title for real estate taxes or assessments imposed by governmental authority and created or attaching between Date of Policy and the date of recording of the deed or other instrument of transfer in the Public Records that vests Title as shown in Schedule A.

The above policy form may be issued to afford either Standard Coverage or Extended Coverage. In addition to the above Exclusions from Coverage, the Exceptions from Coverage in a Standard Coverage policy will also include the following Exceptions from Coverage:

EXCEPTIONS FROM COVERAGE

This policy does not insure against loss or damage (and the Company will not pay costs, attorneys' fees or expenses) that arise by reason of:

1. (a) Taxes or assessments that are not shown as existing liens by the records of any taxing authority that levies taxes or assessments on real property or by the Public Records; (b) proceedings by a public agency that may result in taxes or assessments, or notices of such proceedings, whether or not shown by the records of such agency or by the Public Records.
2. Any facts, rights, interests, or claims that are not shown in the Public Records but that could be ascertained by an inspection of the Land or that may be asserted by persons in possession of the Land.
3. Easements, liens or encumbrances, or claims thereof, not shown by the Public Records.
4. Any encroachment, encumbrance, violation, variation, or adverse circumstance affecting the Title that would be disclosed by an accurate and complete land survey of the Land and that are not shown by the Public Records.
5. (a) Unpatented mining claims; (b) reservations or exceptions in patents or in Acts authorizing the issuance thereof; (c) water rights, claims or title to water, whether or not the matters excepted under (a), (b), or (c) are shown by the Public Records.
6. Any lien or right to a lien for services, labor or material not shown by the Public Records.

ATTACHMENT ONE
(CONTINUED)

CLTA HOMEOWNER'S POLICY OF TITLE INSURANCE (10-22-03)
ALTA HOMEOWNER'S POLICY OF TITLE INSURANCE (10-22-03)
EXCLUSIONS

In addition to the Exceptions in Schedule B, You are not insured against loss, costs, attorneys' fees, and expenses resulting from:

1. Governmental police power, and the existence or violation of any law or government regulation. This includes ordinances, laws and regulations concerning:
   a. building
   b. zoning
   c. Land use
   d. improvements on Land
   e. land division
   f. environmental protection

This Exclusion does not apply to violations or the enforcement of these matters if notice of the violation or enforcement appears in the Public Records at the Policy Date.
This Exclusion does not limit the coverage described in Covered Risk 14, 15, 16, 17 or 24.

2. The failure of Your existing structures, or any part of them, to be constructed in accordance with applicable building codes. This Exclusion does not apply to violations of building codes if notice of the violation appears in the Public Records at the Policy Date.
3. The right to take the Land by condemning it, unless:
   a. notice of exercising the right appears in the Public Records at the Policy Date; or
   b. the taking happened before the Policy Date and is binding on You if You bought the Land without Knowing of the taking.
4. Risks:
   a. that are created, allowed, or agreed to by You, whether or not they appear in the Public Records.
   b. that are Known to You at the Policy Date, but not to Us, unless they appear in the Public Records at the Policy Date;
   c. that result in no loss to You; or
   d. that first occur after the Policy Date—this does not limit the coverage described in Covered Risk 7, 8.d., 22, 23, 24 or 25.
5. Failure to pay value for Your Title.
6. Lack of a right:
   a. to any Land outside the area specifically described and referred to in paragraph 3 of Schedule A; and
   b. in streets, alleys, or waterways that touch the Land.

This Exclusion does not limit the coverage described in Covered Risk 11 or 18.

LIMITATIONS ON COVERED RISKS

Your insurance for the following Covered Risks is limited on the Owner's Coverage Statement as follows:

- For Covered Risk 14, 15, 16, and 18, Your Deductible Amount and Our Maximum Dollar Limit of Liability shown in Schedule A.

The deductible amounts and maximum dollar limits shown on Schedule A are as follows:

	Your Deductible Amount	Our Maximum Dollar Limit of Liability
Covered Risk 14:	1% of Policy Amount or $2,500.00 (whichever is less)	$10,000.00
Covered Risk 15:	1% of Policy Amount or $5,000.00 (whichever is less)	$25,000.00
Covered Risk 16:	1% of Policy Amount or $5,000.00 (whichever is less)	$25,000.00
Covered Risk 18:	1% of Policy Amount or $2,500.00 (whichever is less)	$5,000.00

ATTACHMENT ONE
(CONTINUED)

CLTA HOMEOWNER'S POLICY OF TITLE INSURANCE (02-03-10)
ALTA HOMEOWNER'S POLICY OF TITLE INSURANCE (02-03-10)
EXCLUSIONS

In addition to the Exceptions in Schedule B, You are not insured against loss, costs, attorneys' fees, and expenses resulting from:

1. Governmental police power, and the existence or violation of those portions of any law or government regulation concerning:
   a. building;
   b. zoning;
   c. land use;
   d. improvements on the Land;
   e. land division; and
   f. environmental protection.

This Exclusion does not limit the coverage described in Covered Risk 8.a., 14, 15, 16, 18, 19, 20, 23 or 27.

2. The failure of Your existing structures, or any part of them, to be constructed in accordance with applicable building codes. This Exclusion does not limit the coverage described in Covered Risk 14 or 15.
3. The right to take the Land by condemning it. This Exclusion does not limit the coverage described in Covered Risk 17.
4. Risks:
   a. that are created, allowed, or agreed to by You, whether or not they are recorded in the Public Records;
   b. that are Known to You at the Policy Date, but not to Us, unless they are recorded in the Public Records at the Policy Date;
   c. that result in no loss to You; or
   d. that first occur after the Policy Date—this does not limit the coverage described in Covered Risk 7, 8.e., 25, 26, 27 or 28.
5. Failure to pay value for Your Title.
6. Lack of a right:
   a. to any land outside the area specifically described and referred to in paragraph 3 of Schedule A; and
   b. in streets, alleys, or waterways that touch the Land.

   This Exclusion does not limit the coverage described in Covered Risk 11 or 21.
7. The transfer of the Title to You is invalid as a preferential transfer or as a fraudulent transfer or conveyance under federal bankruptcy, state insolvency, or similar creditors' rights laws.

LIMITATIONS ON COVERED RISKS

Your insurance for the following Covered Risks is limited on the Owner's Coverage Statement as follows:

- For Covered Risk 16, 18, 19, and 21 Your Deductible Amount and Our Maximum Dollar Limit of Liability shown in Schedule A.

The deductible amounts and maximum dollar limits shown on Schedule A are as follows:

	Your Deductible Amount	Our Maximum Dollar Limit of Liability
Covered Risk 16:	1% of Policy Amount Shown in Schedule A or $2,500.00 (whichever is less)	$10,000.00
Covered Risk 18:	1% of Policy Amount Shown in Schedule A or $5,000.00 (whichever is less)	$25,000.00
Covered Risk 19:	1% of Policy Amount Shown in Schedule A or $5,000.00 (whichever is less)	$25,000.00
Covered Risk 21:	1% of Policy Amount Shown in Schedule A or $2,500.00 (whichever is less)	$5,000.00

ATTACHMENT ONE
(CONTINUED)

ALTA EXPANDED COVERAGE RESIDENTIAL LOAN POLICY (10/13/01)
EXCLUSIONS FROM COVERAGE

The following matters are expressly excluded from the coverage of this policy and the Company will not pay loss or damage, costs, attorneys' fees or expenses which arise by reason of:

1. (a) Any law, ordinance or governmental regulation (including but not limited to zoning laws, ordinances, or regulations) restricting, regulating, prohibiting or relating to (i) the occupancy, use, or enjoyment of the Land; (ii) the character, dimensions or location of any improvements now or hereafter erected on the Land; (iii) a separation in ownership or a change in the dimensions or areas of the Land or any parcel of which the Land is or was a part; or (iv) environmental protection, or the effect of any violation of these laws, ordinances or governmental regulations, except to the extent that notice of the enforcement thereof or a notice of a defect, lien or encumbrance resulting from a violation or alleged violation affecting the Land has been recorded in the Public Records at Date of Policy. This exclusion does not limit the coverage provided under Covered Risks 12, 13, 14 and 16 of this policy.
   (b) Any governmental police power not excluded by (a) above, except to the extent that a notice of the exercise thereof or a notice of a defect, lien or encumbrance resulting from a violation or alleged violation affecting the Land has been recorded in the Public Records a Date of Policy. This exclusion does not limit the coverage provided under Covered Risks 12, 13, 14, and 16 of this policy.
2. Rights of eminent domain unless notice of the exercise thereof has been recorded in the Public Records at Date of Policy, but not excluding from coverage any taking which has occurred prior to Date of Policy which would be binding on the rights of a purchaser for value without Knowledge.
3. Defects, liens, encumbrances, adverse claims or other matters:
   (a) created, suffered, assumed or agreed to by the Insured Claimant;
   (b) not Known to the Company, not recorded in the Public Records at Date of Policy, but Known to the Insured Claimant and not disclosed in writing to the Company by the Insured Claimant prior to the date the Insured Claimant became an Insured under this policy;
   (c) resulting in no loss damage to the Insured Claimant;
   (d) attaching or created subsequent to Date of Policy (this paragraph does not limit the coverage provided under Covered Risks 8, 16, 18, 19, 20, 21, 22, 23, 24, 25 and 26); or
   (e) resulting in loss or damage which would not have been sustained if the Insured Claimant had paid value for the Insured Mortgage.
4. Unenforceability of the lien of the Insured Mortgage because of the inability or failure of the Insured at Date of Policy, or the inability or failure of any subsequent owner of the indebtedness, to comply with applicable doing business laws of the state in which the Land is situated.
5. Invalidity or unenforceability of the lien of the Insured Mortgage, or claim thereof, which arises out of the transaction evidenced by the Insured Mortgage and is based upon usury, except as provided in Covered Risk 27, or any consumer credit protection or truth-in-lending law.
6. Real property taxes or assessments of any governmental authority which become a lien on the Land subsequent to date of Policy. This exclusion does not limit the coverage provided under Covered Risks 7, 8(e) and 26.
7. Any claim of invalidity, unenforceability or lack of priority of the lien of the Insured Mortgage as to advances or modifications made after the Insured has Knowledge that the vestee shown in Schedule A is no longer the owner of the estate or interest covered by this policy. This exclusion does not limit the coverage provided in Covered Risk 8.
8. Lack of priority of the lien of the Insured Mortgage as to each and every advance made after Date of Policy, and all interest charged thereon, over liens, encumbrances and other matters affecting the title, the existence of which are Known to the Insured at:
   (a) The time of the advance; or
   (b) The time a modification is made to the terms of the Insured Mortgage which changes the rate of interest charged, if the rate of interest is greater as a result of the modification than it would have been before the modification. This exclusion does not limit the coverage provided in Covered Risk 8.
9. The failure of the residential structure, or any portion thereof to have been constructed before, on or after Date of Policy in accordance with applicable building codes. This exclusion does not apply to violations of building codes if notice of the violation appears in the Public Records at Date of Policy.

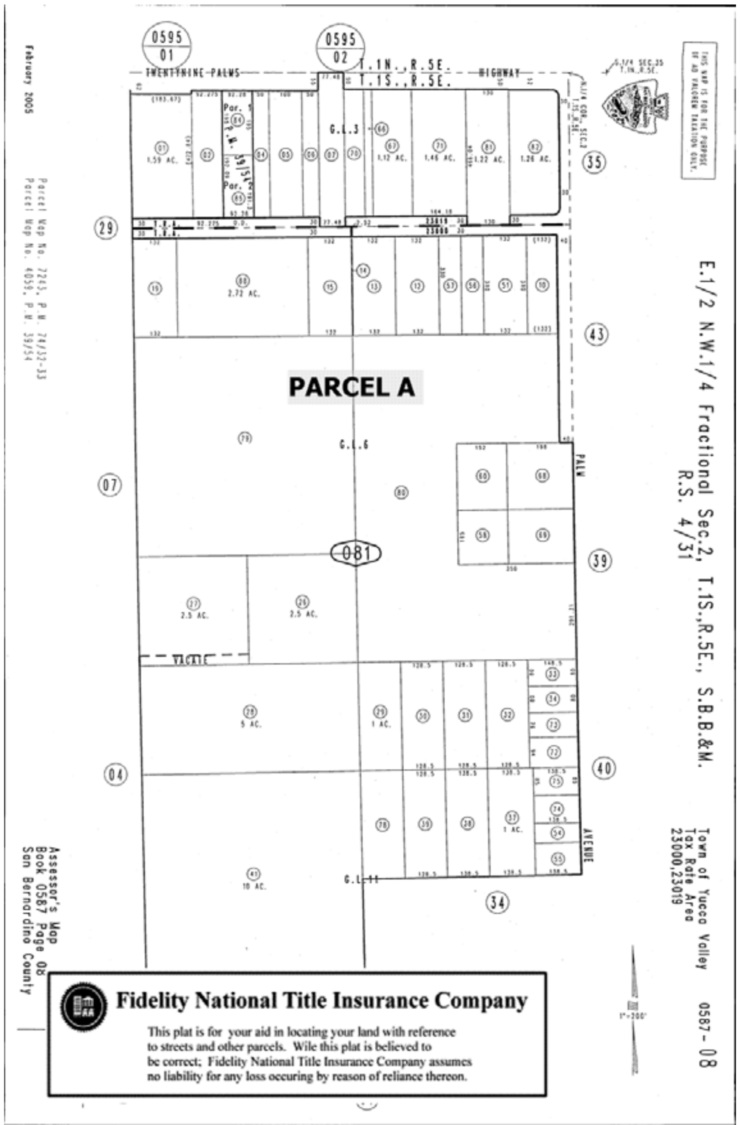
ATTACHMENT ONE
(CONTINUED)

ALTA EXPANDED COVERAGE RESIDENTIAL LOAN POLICY (07/26/10)

EXCLUSIONS FROM COVERAGE

The following matters are expressly excluded from the coverage of this policy and the Company will not pay loss or damage, costs, attorneys' fees or expenses which arise by reason of:

1. (a) Any law, ordinance, permit, or governmental regulation (including those relating to building and zoning) restricting, regulating, prohibiting or relating to
      (i) the occupancy, use, or enjoyment of the Land;
      (ii) the character, dimensions or location of any improvement erected on the Land;
      (iii) the subdivision of land; or
      (iv) environmental protection;
   or the effect of any violation of these laws, ordinances or governmental regulations. This Exclusion 1(a) does not modify or limit the coverage provided under Covered Risk 5, 6, 13(c), 13(d), 14 or 16.
   (b) Any governmental police power. This Exclusion 1(b) does not modify or limit the coverage provided under Covered Risk 5, 6, 13(c), 13(d), 14 or 16.
2. Rights of eminent domain. This Exclusion does not modify or limit the coverage provided under Covered Risk 7 or 8.
3. Defects, liens, encumbrances, adverse claims or other matters:
   (a) created, suffered, assumed or agreed to by the Insured Claimant;
   (b) not Known to the Company, not recorded in the Public Records at Date of Policy, but Known to the Insured Claimant and not disclosed in writing to the Company by the Insured Claimant prior to the date the Insured Claimant became an Insured under this policy;
   (c) resulting in no loss or damage to the Insured Claimant;
   (d) attaching or created subsequent to Date of Policy (however, this does not modify or limit the coverage provided under Covered Risk 11, 16, 17, 18, 19, 20, 21, 22, 23, 24, 27 or 28); or
   (e) resulting in loss or damage that would not have been sustained if the Insured Claimant had paid value for the Insured Mortgage.
4. Unenforceability of the lien of the Insured Mortgage because of the inability or failure of an Insured to comply with applicable doing-business laws of the state where the Land is situated.
5. Invalidity or unenforceability in whole or in part of the lien of the Insured Mortgage that arises out of the transaction evidenced by the Insured Mortgage and is based upon usury, or any consumer credit protection or truth-in-lending law. This Exclusion does not modify or limit the coverage provided in Covered Risk 26.
6. Any claim of invalidity, unenforceability or lack of priority of the lien of the Insured Mortgage as to Advances or modifications made after the Insured has Knowledge that the vestee shown in Schedule A is no longer the owner of the estate or interest covered by this policy. This Exclusion does not modify or limit the coverage provided in Covered Risk 11.
7. Any lien on the Title for real estate taxes or assessments imposed by governmental authority and created or attaching subsequent to Date of Policy. This Exclusion does not modify or limit the coverage provided in Covered Risk 11(b) or 25.
8. The failure of the residential structure, or any portion of it, to have been constructed before, on or after Date of Policy in accordance with applicable building codes. This Exclusion does not modify or limit the coverage provided in Covered Risk 5 or 6.
9. Any claim, by reason of the operation of federal bankruptcy, state insolvency, or similar creditors' rights laws, that the transaction creating the lien of the Insured Mortgage, is
   (a) a fraudulent conveyance or fraudulent transfer, or
   (b) a preferential transfer for any reason not stated in Covered Risk 27(b) of this policy.



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ASSESSORS RECORD INFORMATION (RealQuest)

Property Detail Report

For Property Located At :
7425 CHURCH ST, YUCCA VALLEY, CA 92284-3257

CoreLogic RealQuest Professional

Owner Information

Owner Name:	SHAMROCK MILLCO-AZTEC LLC
Mailing Address:	7425 CHURCH ST, YUCCA VALLEY CA 92284-3257 C008
Vesting Codes:	/ / CO

Location Information

Legal Description:	TRACT 4881 LOT 125 TR NO 4881 YUCCA V1STA NO 4 LOT 125		
County:	SAN BERNARDINO, CA	APN:	0587-074-10-0000
Census Tract / Block:	104.13 / 3	Alternate APN:	
Township-Range-Sect:		Subdivision:	
Legal Book/Page:	0587-074	Map Reference:	177-D1 / 4957-G3
Legal Lot:	125	Tract #:	4881
Legal Block:		School District:	MORONGO
Market Area:		School District Name:	
Neighbor Code:	201	Munic/Township:	YUCCA VALLEY

Owner Transfer Information

Recording/Sale Date:	07/05/2013 / 06/24/2013	Deed Type:	GRANT DEED
Sale Price:		1st Mtg Document #:	296605
Document #:	296603		

Last Market Sale Information

Recording/Sale Date:	06/07/2007 / 05/31/2007	1st Mtg Amount/Type:	$6,700,000 / CONV
Sale Price:		1st Mtg Int. Rate/Type:	/
Sale Type:	N	1st Mtg Document #:	341181
Document #:	341180	2nd Mtg Amount/Type:	/
Deed Type:	GRANT DEED	2nd Mtg Int. Rate/Type:	/
Transfer Document #:		Price Per SqFt:	
New Construction:		Multi/Split Sale:	MULTI
Title Company:	CHICAGO TITLE CO.		
Lender:	WELLS FARGO BK NA		
Seller Name:	AZTEC LLC		

Prior Sale Information

Prior Rec/Sale Date:	07/17/1984 /	Prior Lender:	
Prior Sale Price:	$321,700	Prior 1st Mtg Amt/Type:	/
Prior Doc Number:		Prior 1st Mtg Rate/Type:	/
Prior Deed Type:	DEED (REG)		

Property Characteristics

Year Built / Eff:	/	Total Rooms/Offices		Garage Area:	
Gross Area:		Total Restrooms:		Garage Capacity:	
Building Area:		Roof Type:		Parking Spaces:	
Tot Adj Area:		Roof Material:		Heat Type:	
Above Grade:		Construction:		Air Cond:	
# of Stories:		Foundation:		Pool:	
Other Improvements:		Exterior wall:		Quality:	
		Basement Area:		Condition:	

Site Information

Zoning:	92/6	Acres:	0.21	County Use:	VACANT LAND (0000)
Lot Area:	8,941	Lot Width/Depth:	x	State Use:	
Land Use:	VACANT LAND (NEC)	Commercial Units:		Water Type:	PUBLIC
Site Influence:		Sewer Type:	NONE	Building Class:	

Tax Information

Total Value:	$53,334	Assessed Year:	2012	Property Tax:	$745.68
Land Value:	$53,334	Improved %:		Tax Area:	23000
Improvement Value:		Tax Year:	2012	Tax Exemption:	
Total Taxable Value:	$53,334				

Property Detail Report

For Property Located At :
7425 CHURCH ST, YUCCA VALLEY, CA 92284-3257

CoreLogic RealQuest Professional

Owner Information

Owner Name:	SHAMROCK MILLCO-AZTEC LLC
Mailing Address:	8137 N 68TH ST, PARADISE VALLEY AZ 85253-2636 C022
Vesting Codes:	/ / SO

Location Information

Legal Description:	S 1/2 NW 1/4 GOV LOT 6 AND N 1/2 SW 1/4 GOV LOT 6 NW 1/4 SEC 2 TP 1S R 5E 10 AC		
County:	SAN BERNARDINO, CA	APN:	0587-081-79-0000
Census Tract / Block:	104.13 / 3	Alternate APN:	
Township-Range-Sect:		Subdivision:	
Legal Book/Page:	0587-081	Map Reference:	177-D2 / 4957-G3
Legal Lot:	6	Tract #:	
Legal Block:		School District:	MORONGO
Market Area:		School District Name:	
Neighbor Code:	201	Munic/Township:	YUCCA VALLEY

Owner Transfer Information

Recording/Sale Date:	/	Deed Type:	
Sale Price:		1st Mtg Document #:	
Document #:			

Last Market Sale Information

Recording/Sale Date:	06/07/2007 / 05/31/2007	1st Mtg Amount/Type:	$6,700,000 / CONV
Sale Price:		1st Mtg Int. Rate/Type:	/
Sale Type:	N	1st Mtg Document #:	341181
Document #:	341180	2nd Mtg Amount/Type:	/
Deed Type:	GRANT DEED	2nd Mtg Int. Rate/Type:	/
Transfer Document #:		Price Per SqFt:	
New Construction:		Multi/Split Sale:	MULTIPLE
Title Company:	CHICAGO TITLE CO.		
Lender:	WELLS FARGO BK NA		
Seller Name:	AZTEC LLC		

Prior Sale Information

Prior Rec/Sale Date:	07/17/1984 /	Prior Lender:	
Prior Sale Price:	$321,700	Prior 1st Mtg Amt/Type:	/
Prior Doc Number:		Prior 1st Mtg Rate/Type:	/
Prior Deed Type:	DEED (REG)		

Property Characteristics

Gross Area:		Parking Type:		Construction:	
Living Area:		Garage Area:		Heat Type:	
Tot Adj Area:		Garage Capacity:		Exterior wall:	
Above Grade:		Parking Spaces:		Porch Type:	
Total Rooms:		Basement Area:		Patio Type:	
Bedrooms:		Finish Bsmnt Area:		Pool:	
Bath(F/H):	/	Basement Type:		Air Cond:	
Year Built / Eff:	/	Roof Type:		Style:	
Fireplace:	/	Foundation:		Quality:	
# of Stories:		Roof Material:		Condition:	
Other Improvements:					

Site Information

Zoning:		Acres:	10.00	County Use:	MOBILE HOME PARK (0650)
Lot Area:	435,600	Lot Width/Depth:	12 x 60	State Use:	
Land Use:	MOBILE HOME PARK	Res/Comm Units:	164 / 6	Water Type:	PUBLIC
Site Influence:				Sewer Type:	NONE

Tax Information

Total Value:	$3,222,743	Assessed Year:	2012	Property Tax:	$41,382.43
Land Value:	$1,026,854	Improved %:	68%	Tax Area:	23000
Improvement Value:	$2,195,889	Tax Year:	2012	Tax Exemption:	
Total Taxable Value:	$3,222,743				

Property Detail Report

For Property Located At :
7425 CHURCH ST, YUCCA VALLEY, CA 92284-3257

CoreLogic RealQuest Professional

Owner Information

Owner Name:	SHAMROCK MILLCO-AZTEC VACANT P
Mailing Address:	8137 N 68TH ST, PARADISE VALLEY AZ 85253-2636 C022
Vesting Codes:	/ / CO

Location Information

Legal Description:	S 1/2 NE 1/4 GOV LOT 6 NW 1/4 SEC 2 TP 1S R 5E AND W 310 FT SE 1/4 SD LOT 6 AND S 291.31 FT SE 1/4 SD LOT 6 EX CO RD 3/14/85 #85-059173		
County:	SAN BERNARDINO, CA	APN:	0587-081-80-0000
Census Tract / Block:	104.13 / 3	Alternate APN:	
Township-Range-Sect:		Subdivision:	YUCCA VLY
Legal Book/Page:	0587-081	Map Reference:	177-D2 / 4957-G3
Legal Lot:	6	Tract #:	
Legal Block:		School District:	MORONGO
Market Area:		School District Name:	
Neighbor Code:	201	Munic/Township:	YUCCA VALLEY

Owner Transfer Information

Recording/Sale Date:	07/05/2013 / 06/24/2013	Deed Type:	GRANT DEED
Sale Price:		1st Mtg Document #:	
Document #:	296604		

Last Market Sale Information

Recording/Sale Date:	06/07/2007 / 05/31/2007	1st Mtg Amount/Type:	$6,700,000 / CONV
Sale Price:		1st Mtg Int. Rate/Type:	/
Sale Type:	N	1st Mtg Document #:	341181
Document #:	341180	2nd Mtg Amount/Type:	/
Deed Type:	GRANT DEED	2nd Mtg Int. Rate/Type:	/
Transfer Document #:		Price Per SqFt:	
New Construction:		Multi/Split Sale:	MULTI
Title Company:	CHICAGO TITLE CO.		
Lender:	WELLS FARGO BK NA		
Seller Name:	AZTEC LLC		

Prior Sale Information

Prior Rec/Sale Date:	07/17/1984 /	Prior Lender:	
Prior Sale Price:	$321,700	Prior 1st Mtg Amt/Type:	/
Prior Doc Number:		Prior 1st Mtg Rate/Type:	/
Prior Deed Type:	DEED (REG)		

Property Characteristics

Gross Area:	31,600	Parking Type:		Construction:	WOOD
Living Area:	31,600	Garage Area:		Heat Type:	
Tot Adj Area:		Garage Capacity:		Exterior wall:	
Above Grade:		Parking Spaces:		Porch Type:	
Total Rooms:		Basement Area:		Patio Type:	
Bedrooms:		Finish Bsmnt Area:		Pool:	
Bath(F/H):	/	Basement Type:		Air Cond:	
Year Built / Eff:	1975 / 1975	Roof Type:		Style:	
Fireplace:	/	Foundation:		Quality:	AVERAGE
# of Stories:		Roof Material:		Condition:	
Other Improvements:					

Site Information

Zoning:		Acres:	11.73	County Use:	MOBILE HOME PARK (0650)
Lot Area:	510,958	Lot Width/Depth:	x	State Use:	
Land Use:	MOBILE HOME PARK	Res/Comm Units:	164 / 6	Water Type:	PUBLIC
Site Influence:				Sewer Type:	NONE

Tax Information

Total Value:	$2,859,395	Assessed Year:	2012	Property Tax:	$37,006.72
Land Value:	$1,184,832	Improved %:	59%	Tax Area:	23000
Improvement Value:	$1,674,563	Tax Year:	2012	Tax Exemption:	
Total Taxable Value:	$2,859,395				

FLOOD ZONE INFORMATION

Flood Map Report

For Property Located At

CoreLogic RealQuest Professional

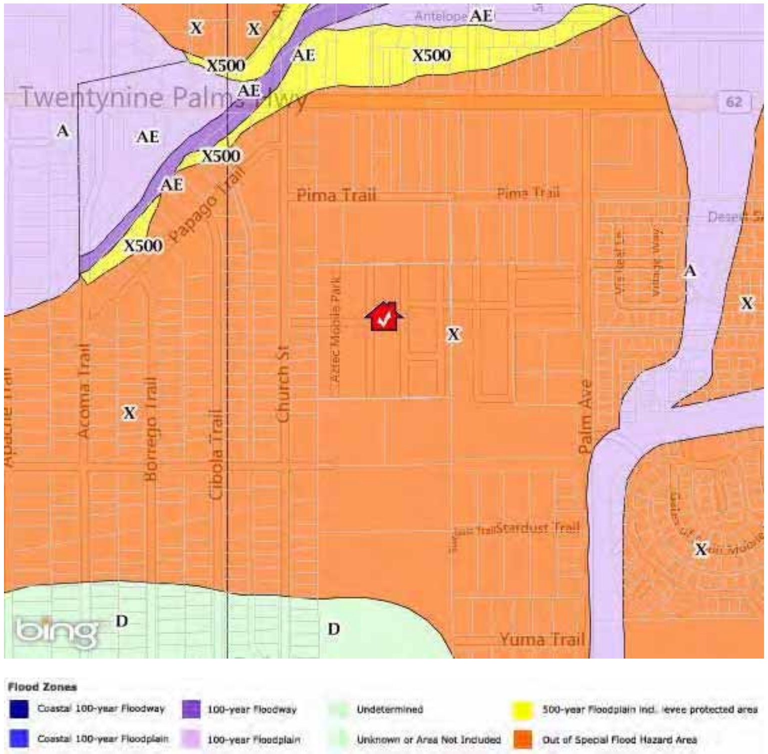
7425 CHURCH ST, YUCCA VALLEY, CA 92284-3257

Report Date: **10/03/2013** County: **SAN BERNARDINO, CA**

Flood Zone Code	Flood Zone Panel	Panel Date
X	060750 - 8860H	08/28/2008
Special Flood Hazard Area (SFHA)	**Within 250 ft. of multiple flood zones?**	**Community Name**
Out	No	YUCCA VALLEY

Flood Zone Description:

Zone X-An area that is determined to be outside the 100- and 500-year floodplains.



PROVIDED RENT ROLL, INCOME AND EXPENSE RECORDS

2:45 PM
01/17/13
Accrual Basis

SHAMROCK MILLCO-AZTEC LLC
Profit & Loss by Month
January through December 2012

	Jan 12	Feb 12	Mar 12	Apr 12	May 12
Ordinary Income/Expense					
Income					
Monthly Base Rent	74,065.00	74,105.00	74,105.00	74,145.00	74,185.00
Home Rent	530.00	530.00	380.00	480.00	580.00
RE Tax Pass-through	0.00	0.00	0.00	0.00	0.00
Water	3,159.99	3,489.88	3,988.43	3,739.16	3,322.96
Gas	11,085.49	8,599.42	6,327.90	4,267.81	3,370.86
Electric	6,080.09	5,472.48	6,254.26	4,788.42	7,174.70
Trash	1,471.09	1,461.72	1,442.98	1,452.35	1,480.46
Storage	37.50	37.50	37.50	37.50	30.00
Late Charge	750.00	600.00	650.00	600.00	600.00
NSF Fee	0.00	50.00	0.00	0.00	0.00
Credit Checks Income	0.00	0.00	35.00	175.00	140.00
Laundry Room Income	0.00	138.13	0.00	94.83	0.00
Miscellaneous Income	0.00	0.00	0.00	0.00	0.00
Rent Concessions	0.00	0.00	0.00	0.00	0.00
Vacancies	-2,350.00	-2,820.00	-3,760.00	-3,290.00	-1,880.00
Total Income	94,829.16	91,664.13	89,461.07	86,490.07	89,003.98
Expense					
Auto & Travel	0.00	112.01	113.38	153.72	185.00
Bank Charges	34.00	20.75	22.80	8.80	36.25
Cleaning & Janitorial	0.00	0.00	89.80	0.00	25.03
Contract Labor	0.00	0.00	0.00	0.00	0.00
Credit Checks	0.00	20.00	0.00	160.00	60.00
Dues & Subscriptions	0.00	0.00	0.00	0.00	0.00
Employee Health Insurance	156.47	156.47	156.47	156.47	156.47
Equipment Rentals	0.00	0.00	0.00	0.00	0.00
Fees,Licenses & Permits	474.35	504.30	474.36	459.05	474.36
Insurance	873.59	817.22	873.60	845.41	873.58
Landscaping & Pest Control	0.00	0.00	0.00	0.00	0.00
Legal Expenses	250.00	0.00	0.00	0.00	0.00
Management Fee	3,793.17	3,850.28	3,578.44	3,455.60	3,560.16
Meals & Entertainment	0.00	0.00	0.00	0.00	0.00
Miscellaneous	0.00	0.00	0.00	0.00	0.00
Office, Printing & Postage	68.66	68.45	233.42	191.02	6.00
Payroll	3,806.93	3,806.93	3,806.93	3,806.93	3,806.93
Payroll Taxes	378.30	378.30	378.30	375.70	341.70
PEO Expense	0.00	0.00	0.00	0.00	0.00
Resident Promotions	0.00	0.00	0.00	0.00	0.00
Workers Comp Insurance	268.16	250.85	268.16	259.51	268.16
Pool Maintenance	273.94	195.00	763.46	750.82	195.00
Real Estate/Property Tax	6,530.37	6,109.05	6,530.37	6,319.71	6,530.37
Personal Property Tax	130.20	121.80	130.19	126.00	130.20
Repairs & Maintenance	382.62	192.87	416.30	340.03	165.25
Telephone	519.31	425.30	400.42	338.10	219.29

SHAMROCK MILLCO-AZTEC LLC
Profit & Loss by Month
January through December 2012

	Jan 12	Feb 12	Mar 12	Apr 12	May 12
Water Expense	4,469.26	4,103.65	4,322.27	3,937.39	4,911.32
Gas Expense	9,626.26	7,348.02	5,019.80	3,880.79	-765.67
Electric Expense	6,082.31	5,498.20	5,293.01	5,009.79	11,612.03
Trash Service	1,547.66	1,547.66	1,547.66	1,547.66	1,547.66
Total Expense	39,665.56	35,527.11	34,419.14	32,122.50	34,339.09
Net Ordinary Income	55,163.60	56,137.02	55,041.93	54,367.57	54,664.89

SHAMROCK MILLCO-AZTEC LLC
Profit & Loss by Month
January through December 2012

	Jun 12	Jul 12	Aug 12	Sep 12	Oct 12
Ordinary Income/Expense					
Income					
Monthly Base Rent	74,225.00	74,345.00	74,345.00	74,425.00	74,425.00
Home Rent	530.00	530.00	530.00	530.00	530.00
RE Tax Pass-through	0.00	0.00	0.00	0.00	0.00
Water	4,672.85	4,990.94	4,990.94	3,555.12	4,727.54
Gas	2,031.15	2,060.61	2,060.61	1,604.60	1,959.07
Electric	8,093.83	8,601.09	8,601.09	15,058.15	5,785.62
Trash	1,471.09	1,480.46	1,480.46	1,480.46	1,480.46
Storage	30.00	30.00	30.00	30.00	30.00
Late Charge	800.00	550.00	900.00	1,000.00	1,100.00
NSF Fee	50.00	0.00	50.00	0.00	0.00
Credit Checks Income	0.00	70.00	70.00	70.00	70.00
Laundry Room Income	84.88	0.00	0.00	82.26	0.00
Miscellaneous Income	0.00	24.81	0.00	0.00	0.00
Rent Concessions	0.00	0.00	0.00	0.00	0.00
Vacancies	-2,350.00	-1,880.00	-1,880.00	-1,880.00	-1,880.00
Total Income	89,638.80	90,802.91	91,178.10	95,955.59	88,227.69
Expense					
Auto & Travel	88.28	141.10	137.55	85.00	100.35
Bank Charges	46.25	22.35	48.80	21.35	28.80
Cleaning & Janitorial	0.00	0.00	0.00	0.00	0.00
Contract Labor	0.00	0.00	0.00	0.00	0.00
Credit Checks	0.00	20.00	60.00	40.00	40.00
Dues & Subscriptions	0.00	0.00	0.00	0.00	0.00
Employee Health Insurance	160.72	160.72	160.72	160.72	152.22
Equipment Rentals	0.00	0.00	0.00	0.00	0.00
Fees,Licenses & Permits	457.76	481.20	479.80	464.30	481.17
Insurance	851.05	880.57	880.57	852.16	880.57
Landscaping & Pest Control	0.00	0.00	0.00	0.00	0.00
Legal Expenses	250.00	0.00	0.00	0.00	0.00
Management Fee	3,585.55	3,632.12	3,647.12	3,838.22	3,529.11
Meals & Entertainment	0.00	0.00	0.00	0.00	0.00
Miscellaneous	0.00	0.00	0.00	0.00	100.27
Office, Printing & Postage	63.78	43.65	65.91	148.43	28.32
Payroll	3,806.93	3,806.93	3,806.93	3,806.93	3,806.93
Payroll Taxes	273.70	226.10	198.90	198.90	198.90
PEO Expense	0.00	0.00	0.00	0.00	0.00
Resident Promotions	0.00	0.00	0.00	0.00	0.00
Workers Comp Insurance	266.42	276.74	276.73	793.80	276.74
Pool Maintenance	645.79	547.72	374.99	305.00	251.28
Real Estate/Property Tax	6,319.71	6,743.56	6,743.56	6,459.19	6,721.04
Personal Property Tax	126.00	131.65	146.44	134.56	139.05
Repairs & Maintenance	273.15	343.41	269.41	235.18	118.02
Telephone	273.75	264.28	288.59	312.78	285.45

SHAMROCK MILLCO-AZTEC LLC
Profit & Loss by Month
January through December 2012

	Jun 12	Jul 12	Aug 12	Sep 12	Oct 12
Water Expense	5,461.99	6,901.53	6,003.65	5,033.08	5,298.54
Gas Expense	927.30	852.93	833.66	823.67	877.87
Electric Expense	1,714.22	9,833.12	10,240.29	9,923.59	5,907.18
Trash Service	1,547.66	1,558.88	1,558.88	1,912.34	1,705.14
Total Expense	27,140.01	36,868.56	36,222.50	35,549.20	30,926.95
Net Ordinary Income	62,498.79	53,934.35	54,955.60	60,406.39	57,300.74

SHAMROCK MILLCO-AZTEC LLC
Profit & Loss by Month
January through December 2012

	Nov 12	Dec 12	TOTAL
Ordinary Income/Expense			
Income			
Monthly Base Rent	74,505.00	74,585.00	891,460.00
Home Rent	430.00	330.00	5,910.00
RE Tax Pass-through	0.00	0.00	0.00
Water	3,112.21	3,789.66	47,539.68
Gas	7,962.27	12,680.64	64,010.43
Electric	5,958.15	8,807.61	90,675.49
Trash	1,471.09	1,433.61	17,606.23
Storage	30.00	30.00	390.00
Late Charge	750.00	650.00	8,950.00
NSF Fee	0.00	25.00	175.00
Credit Checks Income	35.00	70.00	735.00
Laundry Room Income	52.10	0.00	452.20
Miscellaneous Income	0.00	0.00	24.81
Rent Concessions	0.00	0.00	0.00
Vacancies	-2,350.00	-4,230.00	-30,550.00
Total Income	91,955.82	98,171.52	1,097,378.84
Expense			
Auto & Travel	90.35	80.33	1,287.07
Bank Charges	34.35	15.80	340.30
Cleaning & Janitorial	0.00	0.00	114.83
Contract Labor	0.00	0.00	0.00
Credit Checks	40.00	20.00	460.00
Dues & Subscriptions	0.00	0.00	0.00
Employee Health Insurance	160.72	160.72	1,898.89
Equipment Rentals	0.00	0.00	0.00
Fees,Licenses & Permits	464.66	480.14	5,695.45
Insurance	852.17	880.57	10,361.06
Landscaping & Pest Control	0.00	0.00	0.00
Legal Expenses	0.00	0.00	500.00
Management Fee	3,678.23	3,926.86	44,074.86
Meals & Entertainment	69.34	0.00	69.34
Miscellaneous	0.00	0.00	100.27
Office, Printing & Postage	61.25	10.99	989.88
Payroll	3,806.93	3,806.93	45,683.16
Payroll Taxes	198.90	198.90	3,346.60
PEO Expense	0.00	0.00	0.00
Resident Promotions	0.00	176.98	176.98
Workers Comp Insurance	267.80	276.74	3,749.81
Pool Maintenance	272.59	151.93	4,727.52
Real Estate/Property Tax	6,499.78	6,721.04	78,227.75
Personal Property Tax	139.03	139.03	1,594.15
Repairs & Maintenance	53.68	52.13	2,842.05
Telephone	278.06	103.28	3,708.61

SHAMROCK MILLCO-AZTEC LLC

Profit & Loss by Month

January through December 2012

	Nov 12	Dec 12	TOTAL
Water Expense	4,637.86	4,757.00	59,837.54
Gas Expense	5,760.04	11,888.58	47,073.25
Electric Expense	5,109.48	6,012.68	82,235.90
Trash Service	1,705.14	1,705.14	19,431.48
Total Expense	34,180.36	41,565.77	418,526.75
Net Ordinary Income	57,775.46	56,605.75	678,852.09

SHAMROCK MILLCO-AZTEC LLC

Profit & Loss by Month

January through December 2012

	Jan 12	Feb 12	Mar 12	Apr 12	May 12
Ordinary Income/Expense					
Income					
Monthly Base Rent	74,065.00	74,105.00	74,105.00	74,145.00	74,185.00
Home Rent	530.00	530.00	380.00	480.00	580.00
RE Tax Pass-through	0.00	0.00	0.00	0.00	0.00
Water	3,159.99	3,489.88	3,988.43	3,739.16	3,322.96
Gas	11,085.49	8,599.42	6,327.90	4,267.81	3,370.86
Electric	6,080.09	5,472.48	6,254.26	4,788.42	7,174.70
Trash	1,471.09	1,461.72	1,442.98	1,452.35	1,480.46
Storage	37.50	37.50	37.50	37.50	30.00
Late Charge	750.00	600.00	650.00	600.00	600.00
NSF Fee	0.00	50.00	0.00	0.00	0.00
Credit Checks Income	0.00	0.00	35.00	175.00	140.00
Laundry Room Income	0.00	138.13	0.00	94.83	0.00
Miscellaneous Income	0.00	0.00	0.00	0.00	0.00
Rent Concessions	0.00	0.00	0.00	0.00	0.00
Vacancies	-2,350.00	-2,820.00	-3,760.00	-3,290.00	-1,880.00
Total Income	94,829.16	91,664.13	89,461.07	86,490.07	89,003.98
Expense					
Auto & Travel	0.00	112.01	113.38	153.72	185.00
Bank Charges	34.00	20.75	22.80	8.80	36.25
Cleaning & Janitorial	0.00	0.00	89.80	0.00	25.03
Contract Labor	0.00	0.00	0.00	0.00	0.00
Credit Checks	0.00	20.00	0.00	160.00	60.00
Dues & Subscriptions	0.00	0.00	0.00	0.00	0.00
Employee Health Insurance	156.47	156.47	156.47	156.47	156.47
Equipment Rentals	0.00	0.00	0.00	0.00	0.00
Fees,Licenses & Permits	474.35	504.30	474.36	459.05	474.36
Insurance	873.59	817.22	873.60	845.41	873.58
Landscaping & Pest Control	0.00	0.00	0.00	0.00	0.00
Legal Expenses	250.00	0.00	0.00	0.00	0.00
Management Fee	3,793.17	3,850.28	3,578.44	3,455.60	3,560.16
Meals & Entertainment	0.00	0.00	0.00	0.00	0.00
Miscellaneous	0.00	0.00	0.00	0.00	0.00
Office, Printing & Postage	68.66	68.45	233.42	191.02	6.00
Payroll	3,806.93	3,806.93	3,806.93	3,806.93	3,806.93
Payroll Taxes	378.30	378.30	378.30	375.70	341.70
PEO Expense	0.00	0.00	0.00	0.00	0.00
Resident Promotions	0.00	0.00	0.00	0.00	0.00
Workers Comp Insurance	268.16	250.85	268.16	259.51	268.16
Pool Maintenance	273.94	195.00	763.46	750.82	195.00
Real Estate/Property Tax	6,530.37	6,109.05	6,530.37	6,319.71	6,530.37
Personal Property Tax	130.20	121.80	130.19	126.00	130.20
Repairs & Maintenance	382.62	192.87	416.30	340.03	165.25
Telephone	519.31	425.30	400.42	338.10	219.29

SHAMROCK MILLCO-AZTEC LLC

Profit & Loss by Month

January through December 2012

	Jan 12	Feb 12	Mar 12	Apr 12	May 12
Water Expense	4,469.26	4,103.65	4,322.27	3,937.39	4,911.32
Gas Expense	9,626.26	7,348.02	5,019.80	3,880.79	-765.67
Electric Expense	6,082.31	5,498.20	5,293.01	5,009.79	11,612.03
Trash Service	1,547.66	1,547.66	1,547.66	1,547.66	1,547.66
Total Expense	39,665.56	35,527.11	34,419.14	32,122.50	34,339.09
Net Ordinary Income	55,163.60	56,137.02	55,041.93	54,367.57	54,664.89

SHAMROCK MILLCO-AZTEC LLC

Profit & Loss by Month

January through December 2012

	Jun 12	Jul 12	Aug 12	Sep 12	Oct 12
Ordinary Income/Expense					
Income					
Monthly Base Rent	74,225.00	74,345.00	74,345.00	74,425.00	74,425.00
Home Rent	530.00	530.00	530.00	530.00	530.00
RE Tax Pass-through	0.00	0.00	0.00	0.00	0.00
Water	4,672.85	4,990.94	4,990.94	3,555.12	4,727.54
Gas	2,031.15	2,060.61	2,060.61	1,604.60	1,959.07
Electric	8,093.83	8,601.09	8,601.09	15,058.15	5,785.62
Trash	1,471.09	1,480.46	1,480.46	1,480.46	1,480.46
Storage	30.00	30.00	30.00	30.00	30.00
Late Charge	800.00	550.00	900.00	1,000.00	1,100.00
NSF Fee	50.00	0.00	50.00	0.00	0.00
Credit Checks Income	0.00	70.00	70.00	70.00	70.00
Laundry Room Income	84.88	0.00	0.00	82.26	0.00
Miscellaneous Income	0.00	24.81	0.00	0.00	0.00
Rent Concessions	0.00	0.00	0.00	0.00	0.00
Vacancies	-2,350.00	-1,880.00	-1,880.00	-1,880.00	-1,880.00
Total Income	89,638.80	90,802.91	91,178.10	95,955.59	88,227.69
Expense					
Auto & Travel	88.28	141.10	137.55	85.00	100.35
Bank Charges	46.25	22.35	48.80	21.35	28.80
Cleaning & Janitorial	0.00	0.00	0.00	0.00	0.00
Contract Labor	0.00	0.00	0.00	0.00	0.00
Credit Checks	0.00	20.00	60.00	40.00	40.00
Dues & Subscriptions	0.00	0.00	0.00	0.00	0.00
Employee Health Insurance	160.72	160.72	160.72	160.72	152.22
Equipment Rentals	0.00	0.00	0.00	0.00	0.00
Fees,Licenses & Permits	457.76	481.20	479.80	464.30	481.17
Insurance	851.05	880.57	880.57	852.16	880.57
Landscaping & Pest Control	0.00	0.00	0.00	0.00	0.00
Legal Expenses	250.00	0.00	0.00	0.00	0.00
Management Fee	3,585.55	3,632.12	3,647.12	3,838.22	3,529.11
Meals & Entertainment	0.00	0.00	0.00	0.00	0.00
Miscellaneous	0.00	0.00	0.00	0.00	100.27
Office, Printing & Postage	63.78	43.65	65.91	148.43	28.32
Payroll	3,806.93	3,806.93	3,806.93	3,806.93	3,806.93
Payroll Taxes	273.70	226.10	198.90	198.90	198.90
PEO Expense	0.00	0.00	0.00	0.00	0.00
Resident Promotions	0.00	0.00	0.00	0.00	0.00
Workers Comp Insurance	266.42	276.74	276.73	793.80	276.74
Pool Maintenance	645.79	547.72	374.99	305.00	251.28
Real Estate/Property Tax	6,319.71	6,743.56	6,743.56	6,459.19	6,721.04
Personal Property Tax	126.00	131.65	146.44	134.56	139.05
Repairs & Maintenance	273.15	343.41	269.41	235.18	118.02
Telephone	273.75	264.28	288.59	312.78	285.45

SHAMROCK MILLCO-AZTEC LLC

Profit & Loss by Month

January through December 2012

	Jun 12	Jul 12	Aug 12	Sep 12	Oct 12
Water Expense	5,461.99	6,901.53	6,003.65	5,033.08	5,298.54
Gas Expense	927.30	852.93	833.66	823.67	877.87
Electric Expense	1,714.22	9,833.12	10,240.29	9,923.59	5,907.18
Trash Service	1,547.66	1,558.88	1,558.88	1,912.34	1,705.14
Total Expense	27,140.01	36,868.56	36,222.50	35,549.20	30,926.95
Net Ordinary Income	62,498.79	53,934.35	54,955.60	60,406.39	57,300.74

SHAMROCK MILLCO-AZTEC LLC

Profit & Loss by Month

January through December 2012

	Nov 12	Dec 12	TOTAL
Ordinary Income/Expense			
Income			
Monthly Base Rent	74,505.00	74,585.00	891,460.00
Home Rent	430.00	330.00	5,910.00
RE Tax Pass-through	0.00	0.00	0.00
Water	3,112.21	3,789.66	47,539.68
Gas	7,962.27	12,680.64	64,010.43
Electric	5,958.15	8,807.61	90,675.49
Trash	1,471.09	1,433.61	17,606.23
Storage	30.00	30.00	390.00
Late Charge	750.00	650.00	8,950.00
NSF Fee	0.00	25.00	175.00
Credit Checks Income	35.00	70.00	735.00
Laundry Room Income	52.10	0.00	452.20
Miscellaneous Income	0.00	0.00	24.81
Rent Concessions	0.00	0.00	0.00
Vacancies	-2,350.00	-4,230.00	-30,550.00
Total Income	91,955.82	98,171.52	1,097,378.84
Expense			
Auto & Travel	90.35	80.33	1,287.07
Bank Charges	34.35	15.80	340.30
Cleaning & Janitorial	0.00	0.00	114.83
Contract Labor	0.00	0.00	0.00
Credit Checks	40.00	20.00	460.00
Dues & Subscriptions	0.00	0.00	0.00
Employee Health Insurance	160.72	160.72	1,898.89
Equipment Rentals	0.00	0.00	0.00
Fees,Licenses & Permits	464.66	480.14	5,695.45
Insurance	852.17	880.57	10,361.06
Landscaping & Pest Control	0.00	0.00	0.00
Legal Expenses	0.00	0.00	500.00
Management Fee	3,678.23	3,926.86	44,074.86
Meals & Entertainment	69.34	0.00	69.34
Miscellaneous	0.00	0.00	100.27
Office, Printing & Postage	61.25	10.99	989.88
Payroll	3,806.93	3,806.93	45,683.16
Payroll Taxes	198.90	198.90	3,346.60
PEO Expense	0.00	0.00	0.00
Resident Promotions	0.00	176.98	176.98
Workers Comp Insurance	267.80	276.74	3,749.81
Pool Maintenance	272.59	151.93	4,727.52
Real Estate/Property Tax	6,499.78	6,721.04	78,227.75
Personal Property Tax	139.03	139.03	1,594.15
Repairs & Maintenance	53.68	52.13	2,842.05
Telephone	278.06	103.28	3,708.61

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Accrual Basis

SHAMROCK MILLCO-AZTEC LLC

Profit & Loss by Month

January through December 2012

	Nov 12	Dec 12	TOTAL
Water Expense	4,637.86	4,757.00	59,837.54
Gas Expense	5,760.04	11,888.58	47,073.25
Electric Expense	5,109.48	6,012.68	82,235.90
Trash Service	1,705.14	1,705.14	19,431.48
Total Expense	34,180.36	41,565.77	418,526.75
Net Ordinary Income	57,775.46	56,605.75	678,852.09

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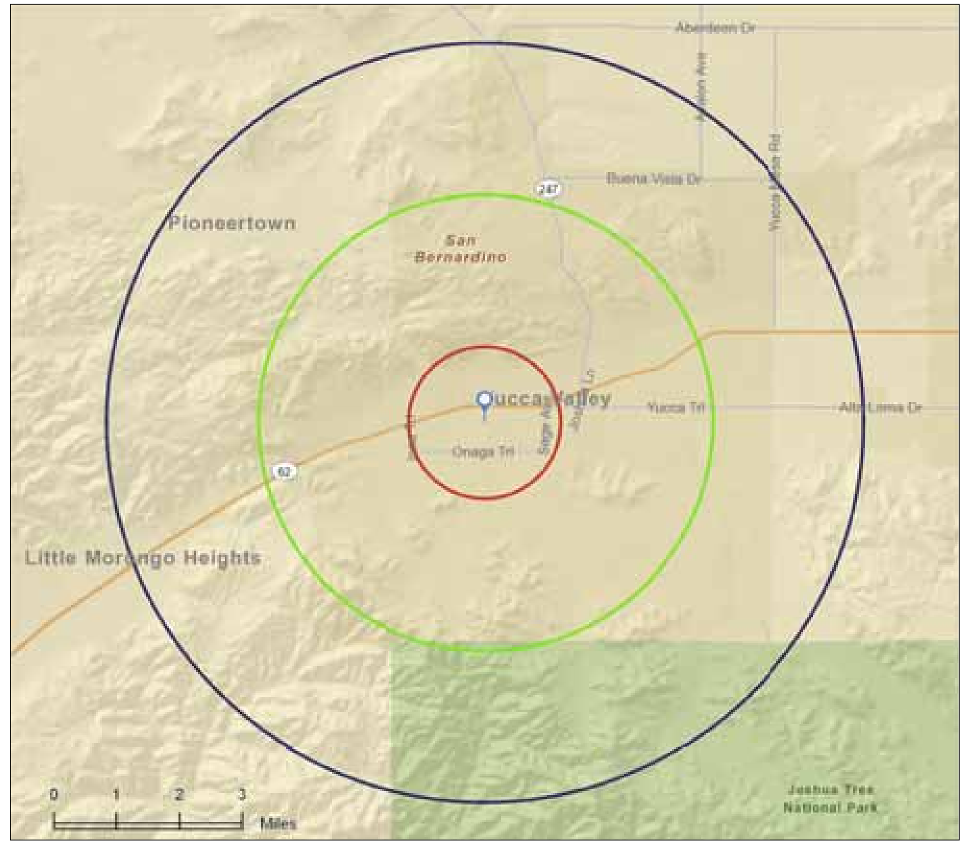
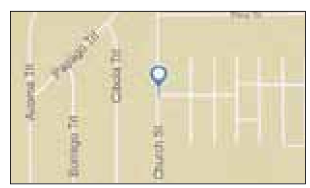
DEMOGRAPHIC DATA (STDB)

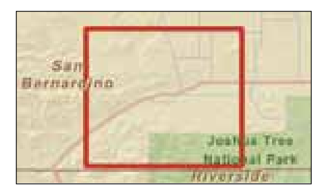
Site Map

7425 Church St, Yucca Valley, CA, 92284
Ring: 1, 3, 5 Miles

Prepared by John Neet
Latitude: 34.117631
Longitude: -116.43656







August 23, 2013

Census 2010 Summary Profile

7425 Church St, Yucca Valley, CA, 92284
Ring: 1 mile radius

Prepared by John Neet
Latitude: 34.117630621
Longitude: -116.4365595

	2000	2010	2000-2010 Annual Rate
Population	4,811	5,405	1.17%
Households	2,148	2,332	0.83%
Housing Units	2,453	2,683	0.90%

Population by Race	**Number**	**Percent**
Total	5,406	100.0%
Population Reporting One Race	5,134	95.0%
White	4,349	80.4%
Black	183	3.4%
American Indian	82	1.5%
Asian	110	2.0%
Pacific Islander	15	0.3%
Some Other Race	395	7.3%
Population Reporting Two or More Races	272	5.0%
Total Hispanic Population	1,151	21.3%

Population by Sex		
Male	2,572	47.6%
Female	2,833	52.4%

Population by Age		
Total	5,406	100.0%
Age 0 - 4	402	7.4%
Age 5 - 9	330	6.1%
Age 10 - 14	322	6.0%
Age 15 - 19	364	6.7%
Age 20 - 24	371	6.9%
Age 25 - 29	332	6.1%
Age 30 - 34	313	5.8%
Age 35 - 39	261	4.8%
Age 40 - 44	283	5.2%
Age 45 - 49	328	6.1%
Age 50 - 54	365	6.8%
Age 55 - 59	330	6.1%
Age 60 - 64	323	6.0%
Age 65 - 69	263	4.9%
Age 70 - 74	243	4.5%
Age 75 - 79	207	3.8%
Age 80 - 84	187	3.5%
Age 85+	182	3.4%
Age 18+	4,122	76.3%
Age 65+	1,082	20.0%

Median Age by Sex and Race/Hispanic Origin	
Total Population	40.1
Male	37.1
Female	43.1
White Alone	44.2
Black Alone	31.7
American Indian Alone	37.0
Asian Alone	41.9
Pacific Islander Alone	32.5
Some Other Race Alone	26.7
Two or More Races	18.3
Hispanic Population	22.9

Data Note: Hispanic population can be of any race. Census 2010 medians are computed from reported data distributions.
Source: U.S. Census Bureau, Census 2010 Summary File 1. Esri converted Census 2000 data into 2010 geography.

Census 2010 Summary Profile

7425 Church St, Yucca Valley, CA, 92284
Ring: 1 mile radius

Prepared by John Neet
Latitude: 34.117630621
Longitude: -116.4365595

Households by Type		
Total	2,333	100.0%
Households with 1 Person	841	36.0%
Households with 2+ People	1,492	64.0%
Family Households	1,299	55.7%
Husband-wife Families	780	33.4%
With Own Children	286	12.3%
Other Family (No Spouse Present)	518	22.2%
With Own Children	292	12.5%
Nonfamily Households	193	8.3%
All Households with Children	667	28.6%
Multigenerational Households	99	4.2%
Unmarried Partner Households	214	9.2%
Male-female	187	8.0%
Same-sex	27	1.2%
Average Household Size	2.29	

Family Households by Size		
Total	1,298	100.0%
2 People	575	44.3%
3 People	296	22.8%
4 People	199	15.3%
5 People	131	10.1%
6 People	55	4.2%
7+ People	42	3.2%
Average Family Size	2.97	

Nonfamily Households by Size		
Total	1,034	100.0%
1 Person	841	81.3%
2 People	155	15.0%
3 People	26	2.5%
4 People	8	0.8%
5 People	1	0.1%
6 People	1	0.1%
7+ People	2	0.2%
Average Nonfamily Size	1.22	

Population by Relationship and Household Type		
Total	5,405	100.0%
In Households	5,351	99.0%
In Family Households	4,087	75.6%
Householder	1,278	23.6%
Spouse	768	14.2%
Child	1,573	29.1%
Other relative	243	4.5%
Nonrelative	225	4.2%
In Nonfamily Households	1,264	23.4%
In Group Quarters	54	1.0%
Institutionalized Population	9	0.2%
Noninstitutionalized Population	44	0.8%

Data Note: Households with children include any households with people under age 18, related or not. **Multigenerational households** are families with 3 or more parent-child relationships. **Unmarried partner households** are usually classified as nonfamily households unless there is another member of the household related to the householder. Multigenerational and unmarried partner households are reported only to the tract level. Esri estimated block group data, which is used to estimate polygons or non-standard geography. **Average family size** excludes nonrelatives.
Source: U.S. Census Bureau, Census 2010 Summary File 1.

7425 Church St, Yucca Valley, CA, 92284
Ring: 1 mile radius

Prepared by John Neet
Latitude: 34.117630621
Longitude: -116.4365595

Family Households by Age of Householder		
Total	1,299	100.0%
Householder Age 15 - 44	565	43.5%
Householder Age 45 - 54	238	18.3%
Householder Age 55 - 64	209	16.1%
Householder Age 65 - 74	139	10.7%
Householder Age 75+	148	11.4%
Nonfamily Households by Age of Householder		
Total	1,034	100.0%
Householder Age 15 - 44	168	16.2%
Householder Age 45 - 54	165	16.0%
Householder Age 55 - 64	216	20.9%
Householder Age 65 - 74	212	20.5%
Householder Age 75+	273	26.4%
Households by Race of Householder		
Total	2,332	100.0%
Householder is White Alone	1,981	84.9%
Householder is Black Alone	81	3.5%
Householder is American Indian Alone	33	1.4%
Householder is Asian Alone	36	1.5%
Householder is Pacific Islander Alone	7	0.3%
Householder is Some Other Race Alone	123	5.3%
Householder is Two or More Races	71	3.0%
Households with Hispanic Householder	318	13.6%
Husband-wife Families by Race of Householder		
Total	780	100.0%
Householder is White Alone	659	84.5%
Householder is Black Alone	19	2.4%
Householder is American Indian Alone	10	1.3%
Householder is Asian Alone	15	1.9%
Householder is Pacific Islander Alone	2	0.3%
Householder is Some Other Race Alone	54	6.9%
Householder is Two or More Races	21	2.7%
Husband-wife Families with Hispanic Householder	131	16.8%
Other Families (No Spouse) by Race of Householder		
Total	518	100.0%
Householder is White Alone	408	78.8%
Householder is Black Alone	22	4.2%
Householder is American Indian Alone	12	2.3%
Householder is Asian Alone	12	2.3%
Householder is Pacific Islander Alone	4	0.8%
Householder is Some Other Race Alone	43	8.3%
Householder is Two or More Races	17	3.3%
Other Families with Hispanic Householder	109	21.0%
Nonfamily Households by Race of Householder		
Total	1,033	100.0%
Householder is White Alone	913	88.4%
Householder is Black Alone	40	3.9%
Householder is American Indian Alone	12	1.2%
Householder is Asian Alone	9	0.9%
Householder is Pacific Islander Alone	1	0.1%
Householder is Some Other Race Alone	25	2.4%
Householder is Two or More Races	33	3.2%
Nonfamily Households with Hispanic Householder	79	7.6%

Source: U.S. Census Bureau, Census 2010 Summary File 1.

August 23, 2013

7425 Church St, Yucca Valley, CA, 92284
Ring: 1 mile radius

Prepared by John Neet
Latitude: 34.117630621
Longitude: -116.4365595

Total Housing Units by Occupancy		
Total	2,694	100.0%
Occupied Housing Units	2,332	86.6%
Vacant Housing Units		
For Rent	119	4.4%
Rented, not Occupied	6	0.2%
For Sale Only	78	2.9%
Sold, not Occupied	7	0.3%
For Seasonal/Recreational/Occasional Use	47	1.7%
For Migrant Workers	0	0.0%
Other Vacant	105	3.9%
Total Vacancy Rate	13.1%	
Households by Tenure and Mortgage Status		
Total	2,332	100.0%
Owner Occupied	1,291	55.4%
Owned with a Mortgage/Loan	732	31.4%
Owned Free and Clear	560	24.0%
Average Household Size	2.10	
Renter Occupied	1,041	44.6%
Average Household Size	2.53	
Owner-occupied Housing Units by Race of Householder		
Total	1,291	100.0%
Householder is White Alone	1,157	89.6%
Householder is Black Alone	25	1.9%
Householder is American Indian Alone	9	0.7%
Householder is Asian Alone	20	1.5%
Householder is Pacific Islander Alone	1	0.1%
Householder is Some Other Race Alone	52	4.0%
Householder is Two or More Races	27	2.1%
Owner-occupied Housing Units with Hispanic Householder	131	10.1%
Renter-occupied Housing Units by Race of Householder		
Total	1,040	100.0%
Householder is White Alone	824	79.2%
Householder is Black Alone	55	5.3%
Householder is American Indian Alone	24	2.3%
Householder is Asian Alone	16	1.5%
Householder is Pacific Islander Alone	6	0.6%
Householder is Some Other Race Alone	71	6.8%
Householder is Two or More Races	44	4.2%
Renter-occupied Housing Units with Hispanic Householder	187	18.0%
Average Household Size by Race/Hispanic Origin of Householder		
Householder is White Alone	2.20	
Householder is Black Alone	2.30	
Householder is American Indian Alone	2.61	
Householder is Asian Alone	3.00	
Householder is Pacific Islander Alone	3.00	
Householder is Some Other Race Alone	3.37	
Householder is Two or More Races	2.38	
Householder is Hispanic	3.14	

Source: U.S. Census Bureau, Census 2010 Summary File 1.

August 23, 2013

Census 2010 Summary Profile

7425 Church St, Yucca Valley, CA, 92284
Ring: 3 mile radius

Prepared by John Neet
Latitude: 34.117630621
Longitude: -116.4365595

	2000	2010	2000-2010 Annual Rate
Population	14,135	17,178	1.97%
Households	5,918	6,953	1.63%
Housing Units	6,725	7,994	1.74%

Population by Race	**Number**	**Percent**
Total	17,178	100.0%
Population Reporting One Race	16,474	95.9%
White	14,302	83.3%
Black	521	3.0%
American Indian	209	1.2%
Asian	401	2.3%
Pacific Islander	40	0.2%
Some Other Race	1,001	5.8%
Population Reporting Two or More Races	704	4.1%
Total Hispanic Population	3,091	18.0%
Population by Sex		
Male	8,308	48.4%
Female	8,870	51.6%
Population by Age		
Total	17,178	100.0%
Age 0 - 4	1,110	6.5%
Age 5 - 9	1,083	6.3%
Age 10 - 14	1,103	6.4%
Age 15 - 19	1,158	6.7%
Age 20 - 24	1,049	6.1%
Age 25 - 29	977	5.7%
Age 30 - 34	991	5.8%
Age 35 - 39	888	5.2%
Age 40 - 44	978	5.7%
Age 45 - 49	1,150	6.7%
Age 50 - 54	1,258	7.3%
Age 55 - 59	1,115	6.5%
Age 60 - 64	1,048	6.1%
Age 65 - 69	829	4.8%
Age 70 - 74	751	4.4%
Age 75 - 79	650	3.8%
Age 80 - 84	519	3.0%
Age 85+	521	3.0%
Age 18+	13,153	76.6%
Age 65+	3,270	19.0%
Median Age by Sex and Race/Hispanic Origin		
Total Population	41.2	
Male	39.2	
Female	43.2	
White Alone	44.2	
Black Alone	31.4	
American Indian Alone	37.3	
Asian Alone	38.7	
Pacific Islander Alone	39.2	
Some Other Race Alone	27.9	
Two or More Races	20.2	
Hispanic Population	24.9	

Data Note: Hispanic population can be of any race. Census 2010 medians are computed from reported data distributions.
Source: U.S. Census Bureau, Census 2010 Summary File 1. Esri converted Census 2000 data into 2010 geography.

August 23, 2013

Census 2010 Summary Profile

7425 Church St, Yucca Valley, CA, 92284
Ring: 3 mile radius

Prepared by John Neet
Latitude: 34.117630621
Longitude: -116.4365595

Households by Type		
Total	6,953	100.0%
Households with 1 Person	2,082	29.9%
Households with 2+ People	4,871	70.1%
Family Households	4,331	62.3%
Husband-wife Families	2,985	42.9%
With Own Children	1,082	15.6%
Other Family (No Spouse Present)	1,346	19.4%
With Own Children	727	10.5%
Nonfamily Households	540	7.8%
All Households with Children	2,072	29.8%
Multigenerational Households	303	4.4%
Unmarried Partner Households	582	8.4%
Male-female	513	7.4%
Same-sex	69	1.0%
Average Household Size	2.44	
Family Households by Size		
Total	4,331	100.0%
2 People	1,971	45.5%
3 People	927	21.4%
4 People	722	16.7%
5 People	401	9.3%
6 People	193	4.5%
7+ People	117	2.7%
Average Family Size	3.02	
Nonfamily Households by Size		
Total	2,622	100.0%
1 Person	2,082	79.4%
2 People	442	16.9%
3 People	65	2.5%
4 People	22	0.8%
5 People	6	0.2%
6 People	3	0.1%
7+ People	2	0.1%
Average Nonfamily Size	1.26	
Population by Relationship and Household Type		
Total	17,178	100.0%
In Households	16,968	98.8%
In Family Households	13,664	79.5%
Householder	4,328	25.2%
Spouse	2,985	17.4%
Child	5,050	29.4%
Other relative	716	4.2%
Nonrelative	582	3.4%
In Nonfamily Households	3,304	19.2%
In Group Quarters	210	1.2%
Institutionalized Population	53	0.3%
Noninstitutionalized Population	157	0.9%

Data Note: Households with children include any households with people under age 18, related or not. **Multigenerational households** are families with 3 or more parent-child relationships. **Unmarried partner households** are usually classified as nonfamily households unless there is another member of the household related to the householder. Multigenerational and unmarried partner households are reported only to the tract level. Esri estimated block group data, which is used to estimate polygons or non-standard geography. **Average family size** excludes nonrelatives.
Source: U.S. Census Bureau, Census 2010 Summary File 1.

August 23, 2013

Census 2010 Summary Profile

7425 Church St, Yucca Valley, CA, 92284 — Prepared by John Neet
Ring: 3 mile radius — Latitude: 34.117630621
Longitude: -116.4365595

Family Households by Age of Householder		
Total	4,331	100.0%
Householder Age 15 - 44	1,704	39.3%
Householder Age 45 - 54	902	20.8%
Householder Age 55 - 64	748	17.3%
Householder Age 65 - 74	495	11.4%
Householder Age 75+	482	11.1%
Nonfamily Households by Age of Householder		
Total	2,621	100.0%
Householder Age 15 - 44	470	17.9%
Householder Age 45 - 54	431	16.4%
Householder Age 55 - 64	568	21.7%
Householder Age 65 - 74	516	19.7%
Householder Age 75+	636	24.3%
Households by Race of Householder		
Total	6,952	100.0%
Householder is White Alone	6,056	87.1%
Householder is Black Alone	196	2.8%
Householder is American Indian Alone	82	1.2%
Householder is Asian Alone	125	1.8%
Householder is Pacific Islander Alone	16	0.2%
Householder is Some Other Race Alone	295	4.2%
Householder is Two or More Races	182	2.6%
Households with Hispanic Householder	843	12.1%
Husband-wife Families by Race of Householder		
Total	2,986	100.0%
Householder is White Alone	2,600	87.1%
Householder is Black Alone	66	2.2%
Householder is American Indian Alone	28	0.9%
Householder is Asian Alone	73	2.4%
Householder is Pacific Islander Alone	5	0.2%
Householder is Some Other Race Alone	145	4.9%
Householder is Two or More Races	69	2.3%
Husband-wife Families with Hispanic Householder	388	13.0%
Other Families (No Spouse) by Race of Householder		
Total	1,346	100.0%
Householder is White Alone	1,102	81.9%
Householder is Black Alone	55	4.1%
Householder is American Indian Alone	22	1.6%
Householder is Asian Alone	28	2.1%
Householder is Pacific Islander Alone	9	0.7%
Householder is Some Other Race Alone	85	6.3%
Householder is Two or More Races	45	3.3%
Other Families with Hispanic Householder	249	18.5%
Nonfamily Households by Race of Householder		
Total	2,621	100.0%
Householder is White Alone	2,354	89.8%
Householder is Black Alone	75	2.9%
Householder is American Indian Alone	32	1.2%
Householder is Asian Alone	24	0.9%
Householder is Pacific Islander Alone	2	0.1%
Householder is Some Other Race Alone	65	2.5%
Householder is Two or More Races	69	2.6%
Nonfamily Households with Hispanic Householder	206	7.9%

Source: U.S. Census Bureau, Census 2010 Summary File 1.

August 23, 2013

Census 2010 Summary Profile

7425 Church St, Yucca Valley, CA, 92284 — Prepared by John Neet
Ring: 3 mile radius — Latitude: 34.117630621
Longitude: -116.4365595

Total Housing Units by Occupancy		
Total	8,041	100.0%
Occupied Housing Units	6,953	86.5%
Vacant Housing Units		
For Rent	274	3.4%
Rented, not Occupied	11	0.1%
For Sale Only	219	2.7%
Sold, not Occupied	37	0.5%
For Seasonal/Recreational/Occasional Use	228	2.8%
For Migrant Workers	0	0.0%
Other Vacant	319	4.0%
Total Vacancy Rate	13.0%	
Households by Tenure and Mortgage Status		
Total	6,953	100.0%
Owner Occupied	4,405	63.4%
Owned with a Mortgage/Loan	2,924	42.1%
Owned Free and Clear	1,481	21.3%
Average Household Size	2.30	
Renter Occupied	2,548	36.6%
Average Household Size	2.67	
Owner-occupied Housing Units by Race of Householder		
Total	4,405	100.0%
Householder is White Alone	3,995	90.7%
Householder is Black Alone	72	1.6%
Householder is American Indian Alone	33	0.7%
Householder is Asian Alone	84	1.9%
Householder is Pacific Islander Alone	6	0.1%
Householder is Some Other Race Alone	136	3.1%
Householder is Two or More Races	79	1.8%
Owner-occupied Housing Units with Hispanic Householder	401	9.1%
Renter-occupied Housing Units by Race of Householder		
Total	2,549	100.0%
Householder is White Alone	2,061	80.9%
Householder is Black Alone	125	4.9%
Householder is American Indian Alone	49	1.9%
Householder is Asian Alone	41	1.6%
Householder is Pacific Islander Alone	10	0.4%
Householder is Some Other Race Alone	159	6.2%
Householder is Two or More Races	104	4.1%
Renter-occupied Housing Units with Hispanic Householder	442	17.3%
Average Household Size by Race/Hispanic Origin of Householder		
Householder is White Alone	2.36	
Householder is Black Alone	2.62	
Householder is American Indian Alone	2.62	
Householder is Asian Alone	3.09	
Householder is Pacific Islander Alone	3.38	
Householder is Some Other Race Alone	3.43	
Householder is Two or More Races	2.63	
Householder is Hispanic	3.18	

Source: U.S. Census Bureau, Census 2010 Summary File 1.

August 23, 2013

Census 2010 Summary Profile

7425 Church St, Yucca Valley, CA, 92284
Ring: 5 mile radius

Prepared by John Neet
Latitude: 34.117630621
Longitude: -116.4365595

	2000	2010	2000-2010 Annual Rate
Population	17,911	21,941	2.05%
Households	7,383	8,803	1.78%
Housing Units	8,478	10,225	1.89%

Population by Race	Number	Percent
Total	21,942	100.0%
Population Reporting One Race	21,065	96.0%
White	18,355	83.7%
Black	688	3.1%
American Indian	260	1.2%
Asian	480	2.2%
Pacific Islander	46	0.2%
Some Other Race	1,236	5.6%
Population Reporting Two or More Races	877	4.0%
Total Hispanic Population	3,869	17.6%

Population by Sex		
Male	10,695	48.7%
Female	11,246	51.3%

Population by Age		
Total	21,943	100.0%
Age 0 - 4	1,414	6.4%
Age 5 - 9	1,415	6.4%
Age 10 - 14	1,437	6.5%
Age 15 - 19	1,483	6.8%
Age 20 - 24	1,326	6.0%
Age 25 - 29	1,265	5.8%
Age 30 - 34	1,277	5.8%
Age 35 - 39	1,157	5.3%
Age 40 - 44	1,251	5.7%
Age 45 - 49	1,467	6.7%
Age 50 - 54	1,644	7.5%
Age 55 - 59	1,453	6.6%
Age 60 - 64	1,348	6.1%
Age 65 - 69	1,039	4.7%
Age 70 - 74	936	4.3%
Age 75 - 79	795	3.6%
Age 80 - 84	623	2.8%
Age 85+	611	2.8%
Age 18+	16,739	76.3%
Age 65+	4,004	18.2%

Median Age by Sex and Race/Hispanic Origin	
Total Population	40.8
Male	39.0
Female	42.5
White Alone	43.7
Black Alone	29.8
American Indian Alone	37.5
Asian Alone	39.4
Pacific Islander Alone	40.0
Some Other Race Alone	27.9
Two or More Races	20.3
Hispanic Population	25.0

Data Note: Hispanic population can be of any race. Census 2010 medians are computed from reported data distributions.
Source: U.S. Census Bureau, Census 2010 Summary File 1. Esri converted Census 2000 data into 2010 geography.

August 23, 2013

Census 2010 Summary Profile

7425 Church St, Yucca Valley, CA, 92284
Ring: 5 mile radius

Prepared by John Neet
Latitude: 34.117630621
Longitude: -116.4365595

Households by Type		
Total	8,804	100.0%
Households with 1 Person	2,549	29.0%
Households with 2+ People	6,255	71.0%
Family Households	5,570	63.3%
Husband-wife Families	3,882	44.1%
With Own Children	1,400	15.9%
Other Family (No Spouse Present)	1,687	19.2%
With Own Children	920	10.5%
Nonfamily Households	685	7.8%
All Households with Children	2,653	30.1%
Multigenerational Households	387	4.4%
Unmarried Partner Households	739	8.4%
Male-female	650	7.4%
Same-sex	89	1.0%
Average Household Size	2.47	

Family Households by Size		
Total	5,569	100.0%
2 People	2,538	45.6%
3 People	1,177	21.1%
4 People	931	16.7%
5 People	520	9.3%
6 People	251	4.5%
7+ People	152	2.7%
Average Family Size	3.03	

Nonfamily Households by Size		
Total	3,233	100.0%
1 Person	2,549	78.8%
2 People	562	17.4%
3 People	81	2.5%
4 People	27	0.8%
5 People	8	0.2%
6 People	4	0.1%
7+ People	2	0.1%
Average Nonfamily Size	1.27	

Population by Relationship and Household Type		
Total	21,941	100.0%
In Households	21,720	99.0%
In Family Households	17,611	80.3%
Householder	5,568	25.4%
Spouse	3,882	17.7%
Child	6,499	29.6%
Other relative	907	4.1%
Nonrelative	755	3.4%
In Nonfamily Households	4,109	18.7%
In Group Quarters	221	1.0%
Institutionalized Population	53	0.2%
Noninstitutionalized Population	168	0.8%

Data Note: Households with children include any households with people under age 18, related or not. **Multigenerational households** are families with 3 or more parent-child relationships. **Unmarried partner households** are usually classified as nonfamily households unless there is another member of the household related to the householder. Multigenerational and unmarried partner households are reported only to the tract level. Esri estimated block group data, which is used to estimate polygons or non-standard geography. **Average family size** excludes nonrelatives.
Source: U.S. Census Bureau, Census 2010 Summary File 1.

August 23, 2013

Family Households by Age of Householder		
Total	5,569	100.0%
Householder Age 15 - 44	2,183	39.2%
Householder Age 45 - 54	1,165	20.9%
Householder Age 55 - 64	991	17.8%
Householder Age 65 - 74	632	11.3%
Householder Age 75+	598	10.7%

Nonfamily Households by Age of Householder		
Total	3,232	100.0%
Householder Age 15 - 44	602	18.6%
Householder Age 45 - 54	550	17.0%
Householder Age 55 - 64	709	21.9%
Householder Age 65 - 74	625	19.3%
Householder Age 75+	746	23.1%

Households by Race of Householder		
Total	8,804	100.0%
Householder is White Alone	7,706	87.5%
Householder is Black Alone	242	2.7%
Householder is American Indian Alone	99	1.1%
Householder is Asian Alone	151	1.7%
Householder is Pacific Islander Alone	18	0.2%
Householder is Some Other Race Alone	361	4.1%
Householder is Two or More Races	227	2.6%
Households with Hispanic Householder	1,047	11.9%

Husband-wife Families by Race of Householder		
Total	3,882	100.0%
Householder is White Alone	3,403	87.7%
Householder is Black Alone	85	2.2%
Householder is American Indian Alone	35	0.9%
Householder is Asian Alone	88	2.3%
Householder is Pacific Islander Alone	5	0.1%
Householder is Some Other Race Alone	180	4.6%
Householder is Two or More Races	86	2.2%
Husband-wife Families with Hispanic Householder	483	12.4%

Other Families (No Spouse) by Race of Householder		
Total	1,687	100.0%
Householder is White Alone	1,384	82.0%
Householder is Black Alone	72	4.3%
Householder is American Indian Alone	27	1.6%
Householder is Asian Alone	32	1.9%
Householder is Pacific Islander Alone	9	0.5%
Householder is Some Other Race Alone	104	6.2%
Householder is Two or More Races	59	3.5%
Other Families with Hispanic Householder	311	18.4%

Nonfamily Households by Race of Householder		
Total	3,233	100.0%
Householder is White Alone	2,919	90.3%
Householder is Black Alone	85	2.6%
Householder is American Indian Alone	36	1.1%
Householder is Asian Alone	31	1.0%
Householder is Pacific Islander Alone	3	0.1%
Householder is Some Other Race Alone	77	2.4%
Householder is Two or More Races	82	2.5%
Nonfamily Households with Hispanic Householder	253	7.8%

Source: U.S. Census Bureau, Census 2010 Summary File 1.

August 23, 2013

Total Housing Units by Occupancy		
Total	10,299	100.0%
Occupied Housing Units	8,803	85.5%
Vacant Housing Units		
For Rent	335	3.3%
Rented, not Occupied	14	0.1%
For Sale Only	269	2.6%
Sold, not Occupied	53	0.5%
For Seasonal/Recreational/Occasional Use	369	3.6%
For Migrant Workers	0	0.0%
Other Vacant	456	4.4%
Total Vacancy Rate	13.9%	

Households by Tenure and Mortgage Status		
Total	8,803	100.0%
Owner Occupied	5,657	64.3%
Owned with a Mortgage/Loan	3,805	43.2%
Owned Free and Clear	1,853	21.1%
Average Household Size	2.32	
Renter Occupied	3,146	35.7%
Average Household Size	2.73	

Owner-occupied Housing Units by Race of Householder		
Total	5,659	100.0%
Householder is White Alone	5,151	91.0%
Householder is Black Alone	88	1.6%
Householder is American Indian Alone	40	0.7%
Householder is Asian Alone	102	1.8%
Householder is Pacific Islander Alone	8	0.1%
Householder is Some Other Race Alone	169	3.0%
Householder is Two or More Races	101	1.8%
Owner-occupied Housing Units with Hispanic Householder	508	9.0%

Renter-occupied Housing Units by Race of Householder		
Total	3,146	100.0%
Householder is White Alone	2,555	81.2%
Householder is Black Alone	154	4.9%
Householder is American Indian Alone	59	1.9%
Householder is Asian Alone	50	1.6%
Householder is Pacific Islander Alone	10	0.3%
Householder is Some Other Race Alone	192	6.1%
Householder is Two or More Races	126	4.0%
Renter-occupied Housing Units with Hispanic Householder	539	17.1%

Average Household Size by Race/Hispanic Origin of Householder	
Householder is White Alone	2.39
Householder is Black Alone	2.73
Householder is American Indian Alone	2.73
Householder is Asian Alone	3.09
Householder is Pacific Islander Alone	3.17
Householder is Some Other Race Alone	3.43
Householder is Two or More Races	2.65
Householder is Hispanic	3.21

Source: U.S. Census Bureau, Census 2010 Summary File 1.

August 23, 2013

Executive Summary

7425 Church St, Yucca Valley, CA, 92284 — Prepared by John Neet
Ring: 1 mile radius — Latitude: 34.117630621
Longitude: -116.4365595

	1 mile	3 miles	5 miles
Population			
2000 Population	4,811	14,135	17,911
2010 Population	5,405	17,178	21,941
2012 Population	5,559	17,381	22,110
2017 Population	5,883	17,984	22,750
2000-2010 Annual Rate	1.17%	1.97%	2.05%
2010-2012 Annual Rate	1.25%	0.52%	0.34%
2012-2017 Annual Rate	1.14%	0.69%	0.57%
2012 Male Population	47.5%	48.4%	48.8%
2012 Female Population	52.5%	51.5%	51.2%
2012 Median Age	41.0	41.8	41.4

In the identified area, the current year population is 22,110. In 2010, the Census count in the area was 21,941. The rate of change since 2010 was 0.34% annually. The five-year projection for the population in the area is 22,750 representing a change of 0.57% annually from 2012 to 2017. Currently, the population is 48.8% male and 51.2% female.

Median Age

The median age in this area is 41.4, compared to U.S. median age of 37.3.

	1 mile	3 miles	5 miles
Race and Ethnicity			
2012 White Alone	79.3%	82.2%	82.6%
2012 Black Alone	3.5%	3.1%	3.2%
2012 American Indian/Alaska Native Alone	1.5%	1.3%	1.2%
2012 Asian Alone	2.2%	2.5%	2.4%
2012 Pacific Islander Alone	0.3%	0.2%	0.2%
2012 Other Race	7.8%	6.2%	6.0%
2012 Two or More Races	5.5%	4.5%	4.4%
2012 Hispanic Origin (Any Race)	22.6%	19.2%	18.8%

Persons of Hispanic origin represent 18.8% of the population in the identified area compared to 16.9% of the U.S. population. Persons of Hispanic Origin may be of any race. The Diversity Index, which measures the probability that two people from the same area will be from different race/ethnic groups, is 52.5 in the identified area, compared to 61.4 for the U.S. as a whole.

	1 mile	3 miles	5 miles
Households			
2000 Households	2,148	5,918	7,383
2010 Households	2,332	6,953	8,803
2012 Total Households	2,417	7,084	8,938
2017 Total Households	2,539	7,275	9,127
2000-2010 Annual Rate	0.82%	1.63%	1.77%
2010-2012 Annual Rate	1.60%	0.84%	0.68%
2012-2017 Annual Rate	0.99%	0.53%	0.42%
2012 Average Household Size	2.28	2.42	2.45

The household count in this area has changed from 8,803 in 2010 to 8,938 in the current year, a change of 0.68% annually. The five-year projection of households is 9,127, a change of 0.42% annually from the current year total. Average household size is currently 2.45, compared to 2.47 in the year 2010. The number of families in the current year is 5,600 in the specified area.

Data Note: Income is expressed in current dollars
Source: U.S. Census Bureau, Census 2010 Summary File 1. Esri forecasts for 2012 and 2017. Esri converted Census 2000 data into 2010 geography.

August 23, 2013

Executive Summary

7425 Church St, Yucca Valley, CA, 92284 — Prepared by John Neet
Ring: 5 mile radius — Latitude: 34.117630621
Longitude: -116.4365595

	1 mile	3 miles	5 miles
Median Household Income			
2012 Median Household Income	$27,835	$37,368	$38,125
2017 Median Household Income	$30,442	$43,147	$44,174
2012-2017 Annual Rate	1.81%	2.92%	2.99%
Average Household Income			
2012 Average Household Income	$40,216	$52,325	$52,944
2017 Average Household Income	$45,990	$60,016	$60,713
2012-2017 Annual Rate	2.72%	2.78%	2.78%
Per Capita Income			
2012 Per Capita Income	$17,522	$21,715	$21,742
2017 Per Capita Income	$19,847	$24,664	$24,705
2012-2017 Annual Rate	2.52%	2.58%	2.59%

Households by Income

Current median household income is $38,125 in the area, compared to $50,157 for all U.S. households. Median household income is projected to be $44,174 in five years, compared to $56,895 for all U.S. households

Current average household income is $52,944 in this area, compared to $68,162 for all U.S households. Average household income is projected to be $60,713 in five years, compared to $77,137 for all U.S. households

Current per capita income is $21,742 in the area, compared to the U.S. per capita income of $26,409. The per capita income is projected to be $24,705 in five years, compared to $29,882 for all U.S. households

	1 mile	3 miles	5 miles
Housing			
2000 Total Housing Units	2,453	6,725	8,478
2000 Owner Occupied Housing Units	1,396	4,021	5,073
2000 Owner Occupied Housing Units	752	1,897	2,311
2000 Vacant Housing Units	305	807	1,094
2010 Total Housing Units	2,683	7,994	10,225
2010 Owner Occupied Housing Units	1,291	4,405	5,657
2010 Renter Occupied Housing Units	1,041	2,548	3,146
2010 Vacant Housing Units	351	1,041	1,422
2012 Total Housing Units	2,766	8,124	10,357
2012 Owner Occupied Housing Units	1,295	4,351	5,567
2012 Renter Occupied Housing Units	1,122	2,733	3,371
2012 Vacant Housing Units	349	1,040	1,419
2017 Total Housing Units	2,906	8,380	10,633
2017 Owner Occupied Housing Units	1,411	4,577	5,812
2017 Renter Occupied Housing Units	1,128	2,698	3,314
2017 Vacant Housing Units	367	1,105	1,506

Currently, 53.8% of the 10,357 housing units in the area are owner occupied; 32.5%, renter occupied; and 13.7% are vacant. Currently, in the U.S., 56.5% of the housing units in the area are owner occupied; 32.1% are renter occupied; and 11.4% are vacant. In 2010, there were 10,225 housing units in the area - 55.3% owner occupied, 30.8% renter occupied, and 13.9% vacant. The annual rate of change in housing units since 2010 is 0.57%. Median home value in the area is $116,722, compared to a median home value of $167,749 for the U.S. In five years, median value is projected to change by 2.29% annually to $130,713.

Data Note: Income is expressed in current dollars
Source: U.S. Census Bureau, Census 2010 Summary File 1. Esri forecasts for 2012 and 2017. Esri converted Census 2000 data into 2010 geography.

August 23, 2013

Demographic and Income Profile - Appraisal Version

7425 Church St, Yucca Valley, CA, 92284
Ring: 1 mile radius

Prepared by John Neet
Latitude: 34.117630621
Longitude: -116.4365595

Summary	**Census 2010**	**2012**	**2017**
Population	5,405	5,559	5,883
Households	2,332	2,417	2,539
Families	1,299	1,332	1,415
Average Household Size	2.29	2.28	2.30
Owner Occupied Housing Units	1,291	1,295	1,411
Renter Occupied Housing Units	1,041	1,122	1,128
Median Age	40.1	41.0	42.6
Trends: 2012 - 2017 Annual Rate	**Area**	**State**	**National**
Population	1.14%	0.67%	0.68%
Households	0.99%	0.66%	0.74%
Families	1.22%	0.81%	0.72%
Owner HHs	1.73%	1.03%	0.91%
Median Household Income	1.81%	3.35%	2.55%

	2012		**2017**	
Households by Income	Number	Percent	Number	Percent
<$15,000	674	27.9%	718	28.3%
$15,000 - $24,999	400	16.5%	356	14.0%
$25,000 - $34,999	378	15.6%	318	12.5%
$35,000 - $49,999	396	16.4%	387	15.2%
$50,000 - $74,999	206	8.5%	223	8.8%
$75,000 - $99,999	176	7.3%	278	10.9%
$100,000 - $149,999	143	5.9%	197	7.8%
$150,000 - $199,999	25	1.0%	38	1.5%
$200,000+	19	0.8%	24	0.9%
Median Household Income	$27,835		$30,442	
Average Household Income	$40,216		$45,990	
Per Capita Income	$17,522		$19,847	

	Census 2010		**2012**		**2017**	
Population by Age	Number	Percent	Number	Percent	Number	Percent
0 - 4	402	7.4%	407	7.3%	420	7.1%
5 - 9	330	6.1%	334	6.0%	346	5.9%
10 - 14	322	6.0%	321	5.8%	336	5.7%
15 - 19	364	6.7%	352	6.3%	350	5.9%
20 - 24	371	6.9%	385	6.9%	368	6.3%
25 - 34	645	11.9%	670	12.1%	704	12.0%
35 - 44	544	10.1%	539	9.7%	549	9.3%
45 - 54	693	12.8%	687	12.4%	665	11.3%
55 - 64	653	12.1%	703	12.6%	772	13.1%
65 - 74	506	9.4%	555	10.0%	702	11.9%
75 - 84	394	7.3%	407	7.3%	451	7.7%
85+	182	3.4%	199	3.6%	222	3.8%

Data Note: Income is expressed in current dollars.
Source: U.S. Census Bureau, Census 2010 Summary File 1. Esri forecasts for 2012 and 2017.

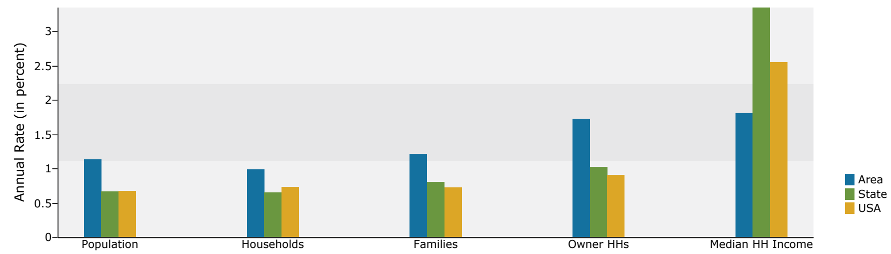
August 23, 2013

Demographic and Income Profile - Appraisal Version

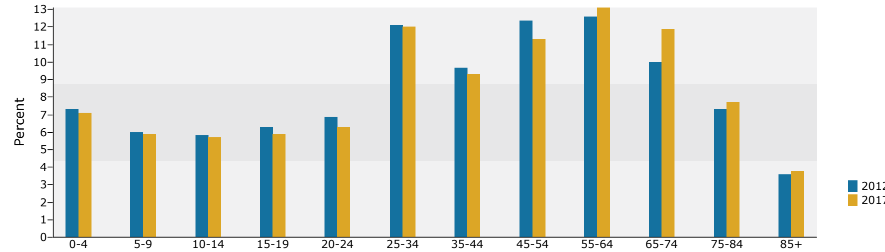
7425 Church St, Yucca Valley, CA, 92284
Ring: 1 mile radius

Prepared by John Neet
Latitude: 34.117630621
Longitude: -116.4365595

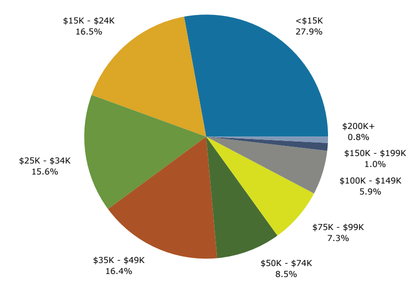
Trends 2012-2017



Population by Age



2012 Household Income



Source: U.S. Census Bureau, Census 2010 Summary File 1. Esri forecasts for 2012 and 2017.

August 23, 2013

Demographic and Income Profile - Appraisal Version

7425 Church St, Yucca Valley, CA, 92284
Ring: 3 mile radius

Prepared by John Neet
Latitude: 34.117630621
Longitude: -116.4365595

Summary	Census 2010	2012	2017
Population	17,178	17,381	17,984
Households	6,953	7,084	7,275
Families	4,331	4,371	4,531
Average Household Size	2.44	2.42	2.44
Owner Occupied Housing Units	4,405	4,351	4,577
Renter Occupied Housing Units	2,548	2,733	2,698
Median Age	41.2	41.8	43.0
Trends: 2012 - 2017 Annual Rate	**Area**	**State**	**National**
Population	0.68%	0.67%	0.68%
Households	0.53%	0.66%	0.74%
Families	0.72%	0.81%	0.72%
Owner HHs	1.02%	1.03%	0.91%
Median Household Income	2.92%	3.35%	2.55%

	2012		2017	
Households by Income	Number	Percent	Number	Percent
<$15,000	1,416	20.0%	1,435	19.7%
$15,000 - $24,999	881	12.4%	747	10.3%
$25,000 - $34,999	996	14.1%	789	10.8%
$35,000 - $49,999	1,175	16.6%	1,073	14.7%
$50,000 - $74,999	1,068	15.1%	1,092	15.0%
$75,000 - $99,999	725	10.2%	1,067	14.7%
$100,000 - $149,999	511	7.2%	658	9.0%
$150,000 - $199,999	197	2.8%	281	3.9%
$200,000+	116	1.6%	133	1.8%
Median Household Income	$37,368		$43,147	
Average Household Income	$52,325		$60,016	
Per Capita Income	$21,715		$24,664	

	Census 2010		2012		2017	
Population by Age	Number	Percent	Number	Percent	Number	Percent
0 - 4	1,110	6.5%	1,111	6.4%	1,129	6.3%
5 - 9	1,083	6.3%	1,083	6.2%	1,103	6.1%
10 - 14	1,103	6.4%	1,090	6.3%	1,126	6.3%
15 - 19	1,158	6.7%	1,110	6.4%	1,085	6.0%
20 - 24	1,049	6.1%	1,074	6.2%	1,010	5.6%
25 - 34	1,968	11.5%	2,015	11.6%	2,073	11.5%
35 - 44	1,866	10.9%	1,829	10.5%	1,826	10.2%
45 - 54	2,408	14.0%	2,356	13.6%	2,231	12.4%
55 - 64	2,163	12.6%	2,281	13.1%	2,448	13.6%
65 - 74	1,580	9.2%	1,701	9.8%	2,091	11.6%
75 - 84	1,169	6.8%	1,175	6.8%	1,262	7.0%
85+	521	3.0%	557	3.2%	600	3.3%

Data Note: Income is expressed in current dollars.
Source: U.S. Census Bureau, Census 2010 Summary File 1. Esri forecasts for 2012 and 2017.

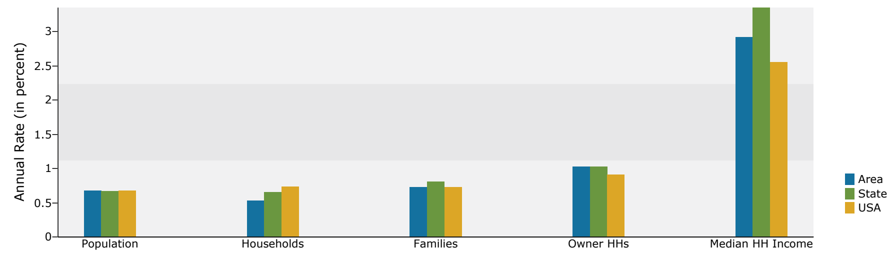
August 23, 2013

Demographic and Income Profile - Appraisal Version

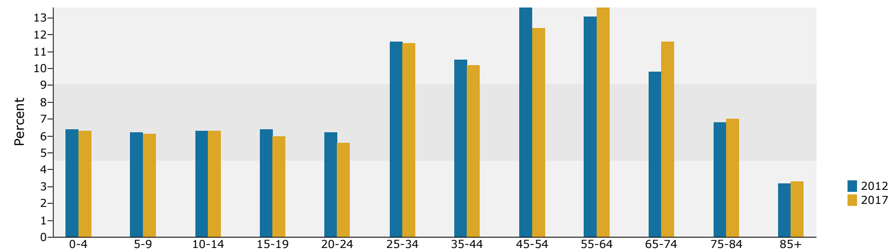
7425 Church St, Yucca Valley, CA, 92284
Ring: 3 mile radius

Prepared by John Neet
Latitude: 34.117630621
Longitude: -116.4365595

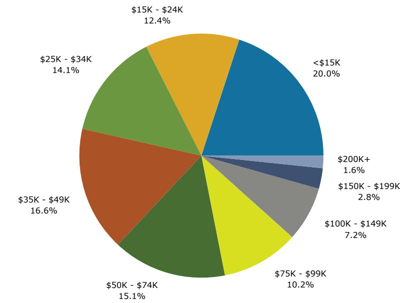
Trends 2012-2017



Population by Age



2012 Household Income



Source: U.S. Census Bureau, Census 2010 Summary File 1. Esri forecasts for 2012 and 2017.

August 23, 2013

7425 Church St, Yucca Valley, CA, 92284
Ring: 5 mile radius

Prepared by John Neet
Latitude: 34.117630621
Longitude: -116.4365595

Summary	Census 2010	2012	2017
Population	21,941	22,110	22,750
Households	8,803	8,938	9,127
Families	5,570	5,600	5,768
Average Household Size	2.47	2.45	2.47
Owner Occupied Housing Units	5,657	5,567	5,812
Renter Occupied Housing Units	3,146	3,371	3,314
Median Age	40.8	41.4	42.5
Trends: 2012 - 2017 Annual Rate	**Area**	**State**	**National**
Population	0.57%	0.67%	0.68%
Households	0.42%	0.66%	0.74%
Families	0.59%	0.81%	0.72%
Owner HHs	0.87%	1.03%	0.91%
Median Household Income	2.99%	3.35%	2.55%

	2012		2017	
Households by Income	Number	Percent	Number	Percent
<$15,000	1,695	19.0%	1,703	18.7%
$15,000 - $24,999	1,110	12.4%	932	10.2%
$25,000 - $34,999	1,248	14.0%	992	10.9%
$35,000 - $49,999	1,513	16.9%	1,368	15.0%
$50,000 - $74,999	1,404	15.7%	1,424	15.6%
$75,000 - $99,999	910	10.2%	1,332	14.6%
$100,000 - $149,999	626	7.0%	801	8.8%
$150,000 - $199,999	303	3.4%	426	4.7%
$200,000+	128	1.4%	149	1.6%
Median Household Income	$38,125		$44,174	
Average Household Income	$52,944		$60,713	
Per Capita Income	$21,742		$24,705	

	Census 2010		2012		2017	
Population by Age	Number	Percent	Number	Percent	Number	Percent
0 - 4	1,414	6.4%	1,410	6.4%	1,426	6.3%
5 - 9	1,415	6.4%	1,408	6.4%	1,424	6.3%
10 - 14	1,437	6.5%	1,416	6.4%	1,455	6.4%
15 - 19	1,483	6.8%	1,415	6.4%	1,375	6.0%
20 - 24	1,326	6.0%	1,352	6.1%	1,267	5.6%
25 - 34	2,542	11.6%	2,592	11.7%	2,654	11.7%
35 - 44	2,408	11.0%	2,351	10.6%	2,337	10.3%
45 - 54	3,111	14.2%	3,033	13.7%	2,858	12.6%
55 - 64	2,801	12.8%	2,942	13.3%	3,142	13.8%
65 - 74	1,975	9.0%	2,117	9.6%	2,592	11.4%
75 - 84	1,418	6.5%	1,422	6.4%	1,520	6.7%
85+	611	2.8%	652	2.9%	701	3.1%

Data Note: Income is expressed in current dollars.
Source: U.S. Census Bureau, Census 2010 Summary File 1. Esri forecasts for 2012 and 2017.

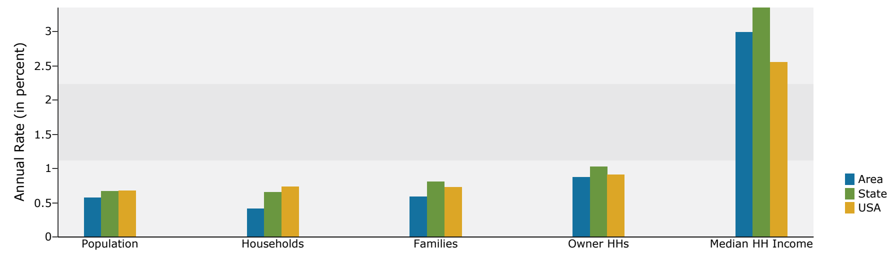
August 23, 2013

Demographic and Income Profile - Appraisal Version

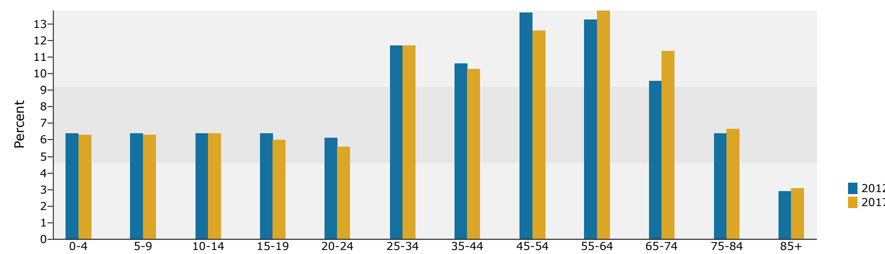
7425 Church St, Yucca Valley, CA, 92284
Ring: 5 mile radius

Prepared by John Neet
Latitude: 34.117630621
Longitude: -116.4365595

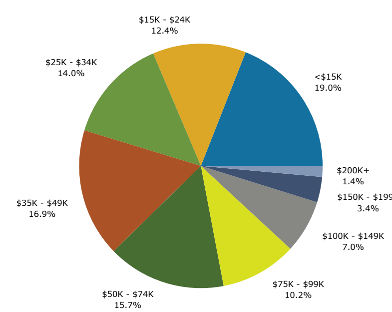
Trends 2012-2017



Population by Age



2012 Household Income



Source: U.S. Census Bureau, Census 2010 Summary File 1. Esri forecasts for 2012 and 2017.

August 23, 2013

Market Profile - Appraisal Version

7425 Church St, Yucca Valley, CA, 92284 — Prepared by John Neet
Rings: 1, 3, 5 mile radii — Latitude: 34.117630621
Longitude: -116.4365595

	1 mile	3 miles	5 miles
Population Summary			
2000 Total Population	4,811	14,135	17,911
2010 Total Population	5,405	17,178	21,941
2012 Total Population	5,559	17,381	22,110
2012 Group Quarters	54	210	221
2017 Total Population	5,883	17,984	22,750
2012-2017 Annual Rate	1.14%	0.69%	0.57%
Household Summary			
2000 Households	2,148	5,918	7,383
2000 Average Household Size	2.19	2.34	2.38
2010 Households	2,332	6,953	8,803
2010 Average Household Size	2.29	2.44	2.47
2012 Households	2,417	7,084	8,938
2012 Average Household Size	2.28	2.42	2.45
2017 Households	2,539	7,275	9,127
2017 Average Household Size	2.30	2.44	2.47
2012-2017 Annual Rate	0.99%	0.53%	0.42%
2010 Families	1,299	4,331	5,570
2010 Average Family Size	2.97	3.02	3.03
2012 Families	1,332	4,371	5,600
2012 Average Family Size	2.95	3.00	3.01
2017 Families	1,415	4,531	5,768
2017 Average Family Size	2.97	3.02	3.03
2012-2017 Annual Rate	1.22%	0.72%	0.59%
Housing Unit Summary			
2000 Housing Units	2,453	6,725	8,478
Owner Occupied Housing Units	56.9%	59.8%	59.8%
Renter Occupied Housing Units	30.7%	28.2%	27.3%
Vacant Housing Units	12.4%	12.0%	12.9%
2010 Housing Units	2,683	7,994	10,225
Owner Occupied Housing Units	48.1%	55.1%	55.3%
Renter Occupied Housing Units	38.8%	31.9%	30.8%
Vacant Housing Units	13.1%	13.0%	13.9%
2012 Housing Units	2,766	8,124	10,357
Owner Occupied Housing Units	46.8%	53.6%	53.8%
Renter Occupied Housing Units	40.6%	33.6%	32.5%
Vacant Housing Units	12.6%	12.8%	13.7%
2017 Housing Units	2,906	8,380	10,633
Owner Occupied Housing Units	48.6%	54.6%	54.7%
Renter Occupied Housing Units	38.8%	32.2%	31.2%
Vacant Housing Units	12.6%	13.2%	14.2%
Median Household Income			
2012	$27,835	$37,368	$38,125
2017	$30,442	$43,147	$44,174
Median Home Value			
2012	$92,335	$117,005	$116,722
2017	$99,368	$131,050	$130,713
Per Capita Income			
2012	$17,522	$21,715	$21,742
2017	$19,847	$24,664	$24,705
Median Age			
2010	40.1	41.2	40.8
2012	41.0	41.8	41.4
2017	42.6	43.0	42.5

Data Note: Household population includes persons not residing in group quarters. Average Household Size is the household population divided by total households. Persons in families include the householder and persons related to the householder by birth, marriage, or adoption. Per Capita Income represents the income received by all persons aged 15 years and over divided by the total population.
Source: U.S. Census Bureau, Census 2010 Summary File 1. Esri forecasts for 2012 and 2017. Esri converted Census 2000 data into 2010 geography.

August 23, 2013

Market Profile - Appraisal Version

7425 Church St, Yucca Valley, CA, 92284 — Prepared by John Neet
Rings: 1, 3, 5 mile radii — Latitude: 34.117630621
Longitude: -116.4365595

	1 mile	3 miles	5 miles
2012 Households by Income			
Household Income Base	2,417	7,084	8,938
<$15,000	27.9%	20.0%	19.0%
$15,000 - $24,999	16.5%	12.4%	12.4%
$25,000 - $34,999	15.6%	14.1%	14.0%
$35,000 - $49,999	16.4%	16.6%	16.9%
$50,000 - $74,999	8.5%	15.1%	15.7%
$75,000 - $99,999	7.3%	10.2%	10.2%
$100,000 - $149,999	5.9%	7.2%	7.0%
$150,000 - $199,999	1.0%	2.8%	3.4%
$200,000+	0.8%	1.6%	1.4%
Average Household Income	$40,216	$52,325	$52,944
2017 Households by Income			
Household Income Base	2,539	7,275	9,127
<$15,000	28.3%	19.7%	18.7%
$15,000 - $24,999	14.0%	10.3%	10.2%
$25,000 - $34,999	12.5%	10.8%	10.9%
$35,000 - $49,999	15.2%	14.7%	15.0%
$50,000 - $74,999	8.8%	15.0%	15.6%
$75,000 - $99,999	10.9%	14.7%	14.6%
$100,000 - $149,999	7.8%	9.0%	8.8%
$150,000 - $199,999	1.5%	3.9%	4.7%
$200,000+	0.9%	1.8%	1.6%
Average Household Income	$45,990	$60,016	$60,713
2012 Owner Occupied Housing Units by Value			
Total	1,295	4,351	5,567
<$50,000	11.0%	6.4%	6.7%
$50,000 - $99,999	46.0%	32.8%	32.9%
$100,000 - $149,999	25.4%	31.7%	31.3%
$150,000 - $199,999	9.7%	16.5%	16.2%
$200,000 - $249,999	4.1%	7.0%	7.0%
$250,000 - $299,999	1.5%	2.5%	2.6%
$300,000 - $399,999	1.5%	2.0%	2.2%
$400,000 - $499,999	0.3%	0.5%	0.6%
$500,000 - $749,999	0.1%	0.2%	0.3%
$750,000 - $999,999	0.5%	0.3%	0.3%
$1,000,000 +	0.0%	0.0%	0.0%
Average Home Value	$110,128	$130,952	$131,397
2017 Owner Occupied Housing Units by Value			
Total	1,411	4,577	5,812
<$50,000	10.1%	5.7%	5.9%
$50,000 - $99,999	40.5%	27.6%	27.7%
$100,000 - $149,999	23.2%	26.9%	26.6%
$150,000 - $199,999	14.2%	23.0%	22.5%
$200,000 - $249,999	6.0%	9.2%	9.2%
$250,000 - $299,999	1.8%	2.7%	2.7%
$300,000 - $399,999	1.9%	2.5%	2.7%
$400,000 - $499,999	0.7%	1.2%	1.4%
$500,000 - $749,999	0.1%	0.4%	0.5%
$750,000 - $999,999	1.3%	0.9%	0.8%
$1,000,000 +	0.0%	0.0%	0.0%
Average Home Value	$127,990	$148,402	$148,578

Data Note: Income represents the preceding year, expressed in current dollars. Household income includes wage and salary earnings, interest dividends, net rents, pensions, SSI and welfare payments, child support, and alimony.
Source: U.S. Census Bureau, Census 2010 Summary File 1. Esri forecasts for 2012 and 2017. Esri converted Census 2000 data into 2010 geography.

August 23, 2013

	1 mile	3 miles	5 miles
2010 Population by Age			
Total	5,406	17,178	21,943
0 - 4	7.4%	6.5%	6.4%
5 - 9	6.1%	6.3%	6.4%
10 - 14	6.0%	6.4%	6.5%
15 - 24	13.6%	12.8%	12.8%
25 - 34	11.9%	11.5%	11.6%
35 - 44	10.1%	10.9%	11.0%
45 - 54	12.8%	14.0%	14.2%
55 - 64	12.1%	12.6%	12.8%
65 - 74	9.4%	9.2%	9.0%
75 - 84	7.3%	6.8%	6.5%
85 +	3.4%	3.0%	2.8%
18 +	76.2%	76.6%	76.3%
2012 Population by Age			
Total	5,559	17,382	22,110
0 - 4	7.3%	6.4%	6.4%
5 - 9	6.0%	6.2%	6.4%
10 - 14	5.8%	6.3%	6.4%
15 - 24	13.3%	12.6%	12.5%
25 - 34	12.1%	11.6%	11.7%
35 - 44	9.7%	10.5%	10.6%
45 - 54	12.4%	13.6%	13.7%
55 - 64	12.6%	13.1%	13.3%
65 - 74	10.0%	9.8%	9.6%
75 - 84	7.3%	6.8%	6.4%
85 +	3.6%	3.2%	2.9%
18 +	76.9%	77.1%	76.8%
2017 Population by Age			
Total	5,885	17,984	22,751
0 - 4	7.1%	6.3%	6.3%
5 - 9	5.9%	6.1%	6.3%
10 - 14	5.7%	6.3%	6.4%
15 - 24	12.2%	11.6%	11.6%
25 - 34	12.0%	11.5%	11.7%
35 - 44	9.3%	10.2%	10.3%
45 - 54	11.3%	12.4%	12.6%
55 - 64	13.1%	13.6%	13.8%
65 - 74	11.9%	11.6%	11.4%
75 - 84	7.7%	7.0%	6.7%
85 +	3.8%	3.3%	3.1%
18 +	77.5%	77.5%	77.3%
2010 Population by Sex			
Males	2,572	8,308	10,695
Females	2,833	8,870	11,246
2012 Population by Sex			
Males	2,643	8,421	10,800
Females	2,916	8,959	11,311
2017 Population by Sex			
Males	2,784	8,708	11,111
Females	3,099	9,277	11,640

Source: U.S. Census Bureau, Census 2010 Summary File 1. Esri forecasts for 2012 and 2017. Esri converted Census 2000 data into 2010 geography.

August 23, 2013

	1 mile	3 miles	5 miles
2010 Population by Relationship and Household Type			
Total	5,405	17,178	21,941
In Households	99.0%	98.8%	99.0%
In Family Households	75.6%	79.5%	80.3%
Householder	23.6%	25.2%	25.4%
Spouse	14.2%	17.4%	17.7%
Child	29.1%	29.4%	29.6%
Other relative	4.5%	4.2%	4.1%
Nonrelative	4.2%	3.4%	3.4%
In Nonfamily Households	23.4%	19.2%	18.7%
In Group Quarters	1.0%	1.2%	1.0%
Institutionalized Population	0.2%	0.3%	0.2%
Noninstitutionalized Population	0.8%	0.9%	0.8%
2010 Households by Type			
Total	2,333	6,953	8,804
Households with 1 Person	36.0%	29.9%	29.0%
Households with 2+ People	64.0%	70.1%	71.0%
Family Households	55.7%	62.3%	63.3%
Husband-wife Families	33.4%	42.9%	44.1%
With Related Children	13.4%	16.9%	17.3%
Other Family (No Spouse Present)	22.2%	19.4%	19.2%
Other Family with Male Householder	6.6%	5.8%	5.7%
With Related Children	3.9%	3.4%	3.4%
Other Family with Female Householder	15.6%	13.6%	13.4%
With Related Children	10.6%	8.8%	8.8%
Nonfamily Households	8.3%	7.8%	7.8%
All Households with Children	28.6%	29.8%	30.1%
Multigenerational Households	4.2%	4.4%	4.4%
Unmarried Partner Households	9.2%	8.4%	8.4%
Male-female	8.0%	7.4%	7.4%
Same-sex	1.2%	1.0%	1.0%
2010 Households by Size			
Total	2,332	6,953	8,802
1 Person Household	36.1%	29.9%	29.0%
2 Person Household	31.3%	34.7%	35.2%
3 Person Household	13.8%	14.3%	14.3%
4 Person Household	8.9%	10.7%	10.9%
5 Person Household	5.7%	5.9%	6.0%
6 Person Household	2.4%	2.8%	2.9%
7 + Person Household	1.9%	1.7%	1.7%
2010 Households by Tenure and Mortgage Status			
Total	2,332	6,953	8,803
Owner Occupied	55.4%	63.4%	64.3%
Owned with a Mortgage/Loan	31.4%	42.1%	43.2%
Owned Free and Clear	24.0%	21.3%	21.0%
Renter Occupied	44.6%	36.6%	35.7%

Data Note: Households with children include any households with people under age 18, related or not. Multigenerational households are families with 3 or more parent-child relationships. Unmarried partner households are usually classified as nonfamily households unless there is another member of the household related to the householder. Multigenerational and unmarried partner households are reported only to the tract level. Esri estimated block group data, which is used to estimate polygons or non-standard geography.
Source: U.S. Census Bureau, Census 2010 Summary File 1. Esri forecasts for 2012 and 2017. Esri converted Census 2000 data into 2010 geography.

August 23, 2013

AUTHORIZATION

JOHN P. NEET, MAI

APPRAISAL & CONSULTING SERVICES FOR MANUFACTURED HOUSING COMMUNITIES AND RV PARKS

August 21, 2013

Mr. John Woolley, Chief Operating Officer
Caritas Corporation
5520 Trabuco Road
Irvine, CA 92620

Re: Aztec Mobile Park, 7425 Church St.., Yucca Valley, CA 92284

Mr. Woolley:

I am pleased to submit a proposal to provide the following appraisal services regarding the captioned property:

Scope of Services:	To provide an appraisal in conformance with the attached "scope" statement. Report to be in a "Summary" report appraisal based on USPAP and municipal bond underwriting requirements.
Timing:	Within 15 working days of receiving requested information (see below).
Appraisal Fee:	$4,400.00 to be paid upon completion. Client agrees that unpaid amounts more than 30 days past due will be charged interest at the maximum rate permitted by applicable law.

Requested Information:
a) Preliminary Title Report (if available, contact us if title report is not available).
b) Current Rent Roll.
c) Comprehensive Income and Expense Statements covering the past 3 years and the current year to date. Income statements to show individual line items for each submetered/pass-through utility income and expense (water, sewer, gas, electricity, trash, CATV, etc.).
d) Access to any site and building plans, engineering reports, or environmental reports on the property that you have in your possession.
e) Complete information regarding any sale of the property, any offers to sell or purchase, or the listing of the property during the last 3 years.
f) Name and phone number of contact person at property.
g) Current County tax bill showing rate and direct assessments.
h) Any information that you believe should be considered in the appraisal.

Please call if any of the above requested information is not readily available. If you have any questions, please call me at 951-461-7755. A signed copy of this agreement may be faxed to me at 951-346-3558 to initiate file set up. I look forward to working with you in this appraisal assignment.

Sincerely,

John P. Neet, MAI

CARITAS CORPORATION
Accepted by: ______________________ Date 8-22-13
Chief Operating Officer

26845 JEFFERSON AVENUE, SUITE A
MURRIETA, CA 92562
(951) 461-7755 FAX (951) 346-3558
jneet@johnneet.com

PROFESSIONAL QUALIFICATIONS/CURRICULUM VITAE

PROFESSIONAL QUALIFICATIONS
JOHN P. NEET, MAI

LICENSES AND MEMBERSHIPS:

Appraisal Institute
Member-Designation No. 7728; currently certified under the Appraisal Institute's mandatory continuing education requirements
Licensed Real Estate Appraiser
California Certified General Appraiser No. AG003494, Certified through 3/14/2014
Arizona Certified General Appraiser No. 31052, Certified through 4/30/2015
Nevada Certified General Appraiser No. 04661, Certified through 5/31/2015
Oregon Certified General Appraiser No. C001020, Certified through 3/31/2014
Washington Certified General Appraiser No. 1102053. Certified through 3/12/2014
Idaho Certified General Appraiser No. CGA-3435, Certified through 3/14/2014
Temporary Certifications Obtained in Texas, New Mexico, Minnesota, Utah, Colorado, South Dakota, Wisconsin
Licensed Real Estate Broker
Texas Brokers License No. 322708 (Inactive)

EXPERIENCE:

1988-Present
John P. Neet, MAI, Real Estate Appraiser & Consultant
Owner of firm specializing in valuation and consultation with a primary concentration on manufactured housing communities, mobile home parks, and RV parks, leasehold and quasi-leasehold valuations, public acquisition valuations, valuations for rated and un-rated bond issues and resident conversions, MHC & RVP subdivisions, expert testimony, and appraisal review. Non-appraisal experience includes cash flow projections, rent control financial analysis and consultancy, market studies and analysis, and financial performance analysis for manufactured housing communities and RV parks. Qualified as an expert in United States District Court, in state courts in Orange, Riverside, San Diego, and San Bernardino Counties in California and Federal Bankruptcy Courts in California, Texas, and Nevada.

1981-1987
Terrence F. Wood & Co. Corpus Christi, Texas
Appraisal and review of all property typies; special emphasis on income producing, development, and resort properties; expert testimony in bankruptcy and foreclosure proceedings. Qualified as expert in district courts and Federal Bankruptcy Courts.

1978-1980
Home Savings and Loan Los Angeles, California
Chief Appraiser, Conventional Loans-Manager in charge of training and review of appraisal staff.
Staff Appraiser-valuation of single and multi-family properties.

EDUCATION:

CALIFORNIA STATE UNIVERSITY AT NORTHRIDGE
Business Administration
APPRAISAL INSTITUTE
Courses 101, 102, and 201 (SREA)
Courses 1-A, 1-B, 2-1, 2-2, 2-3 (AIREA)
Courses 410, 420, 700 (AI)
INTERNATIONAL RIGHT OF WAY ASSOCIATION
Easement Valuation

RECENT SEMINARS:

USPAP Updates, FIRREA Requirements, Standards of Professional Practice Updates, Litigation Practices, Apartment Valuation, Appraiser Licensing and Certification, HP12-C Seminar, Land Regulations, Easement Valuations, Retail Market, Limited Appraisals and Report Writing, Annual Regional Economic Forecast Workshops & Seminars, Manufactured Housing Community Law Seminars and Operations seminars, Regression Analysis, Condominium Conversions, Highest & Best Use Analysis.

STATE OF CALIFORNIA

Business, Transportation & Housing Agency

OFFICE OF REAL ESTATE APPRAISERS

REAL ESTATE APPRAISER LICENSE

JOHN P. NEET

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

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

OREA APPRAISER IDENTIFICATION NUMBER AG003494

Date Issued: March 15, 2012

Date Expires: March 14, 2014

Bob Clark

Director, OREA

Audit No. 138224

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

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APPENDIX D

SUMMARY OF PRINCIPAL LEGAL DOCUMENTS

Certain provisions of the Indenture, the Loan Agreement and the Regulatory Agreements (the "Principal Legal Documents") not previously discussed in this Official Statement, are summarized below. These summaries do not purport to be complete or definitive and are qualified in their entirety by reference to the full terms of the documents.

CERTAIN DEFINITIONS

The following are definitions of certain of the terms defined in the Principal Legal Documents, which have not already been defined in the Official Statement. The following definitions are equally applicable to both the singular and plural forms of the terms defined herein. Capitalized terms not otherwise defined herein will have the meaning assigned to such terms in the Principal Legal Documents, as applicable. Reference is made to the entire documents for the definitions of all terms used in such documents.

"2003 Prior Bonds" means the 2003 Senior Bonds and the 2003 Subordinate Bonds.

"2003 Senior Bonds" means the Independent Cities Lease Finance Authority Senior Lien Mobile Home Park Revenue Bonds (Caritas Affordable Housing, Inc. Project) Series 2003A in the original aggregate principal amount of $29,750,000.

"2003 Subordinate Bonds" means the Independent Cities Lease Finance Authority Subordinate Lien Mobile Home Park Revenue Bonds (Caritas Affordable Housing, Inc. Project) Series 2003A in the original aggregate principal amount of $6,350,000.

"2005 Prior Bonds" means the 2005 Senior Bonds and the 2005 Second-Subordinate Bonds.

"2005 Senior Bonds" means the Independent Cities Lease Finance Authority Senior Lien Mobile Home Park Revenue Bonds (Caritas Affordable Housing, Inc., Project), Series 2005A in the original aggregate principal amount of $22,025,000.

"2005 Second Subordinate Bonds" means the Independent Cities Lease Finance Authority Second-Subordinate Lien Mobile Home Park Revenue Bonds (Caritas Affordable Housing, Inc., Project), Series 2005C in the original aggregate principal amount of $5,370,000 and Taxable Series 2005C-T in the original aggregate principal amount of $1,245,000.

"2014 Agreement" means the Loan Agreement dated as of June 1, 2014 between the Authority and the Borrower, as the same may be amended or supplemented.

"2014 Projects" means the Projects described in Appendix A of the 2014 Agreement.

"Accountant's Certificate" means a certificate signed by an independent certified public accountant of recognized national standing, or a firm of independent certified public accountants of recognized national standing, selected by the Borrower.

"Act" means, collectively the JPA Act and the Housing Act.

"Additional Bonds" means any Bond issued pursuant to the Indenture, and meeting the conditions for the issuance of Additional Bonds thereunder.

"Additional Payments" means the "additional payments" to be made by the Borrower to the Authority or the Trustee in accordance with any Agreement, including the 2014 Agreement.

"Adjusted Income" means income calculated in the manner prescribed pursuant to Section 8 of the United States Housing Act of 1937, or, if said Section 8 is terminated, as prescribed pursuant to said Section 8 immediately prior to its termination or as otherwise required under Section 142 of the Code and the Housing Act.

"Administrator" means the Authority or any substitute administrator or program monitor appointed by the Authority to administer a Regulatory Agreement, and any successor administrator appointed by the Authority.

"Affiliate" means (a) a person whose relationship with the Borrower would result in a disallowance of losses under Section 267 or 707(b) of the Code, or (b) a Person who together with the Borrower are members of the same controlled group of corporations (as defined in Section 1563(a) of the Code, except that "more than 50 percent" shall be substituted for "at least 80 percent" each place it appears therein), (c) a partnership and each of its partners (and their spouses and minor children) whose relationship with the Borrower would result in a disallowance of losses under Section 267 or 707(b) of the Code and (d) an S corporation and each of its shareholders (and their spouses and minor children) whose relationship with the Borrower would result in a disallowance of losses under Section 267 or 707(b) of the Code.

"Agreement" or "Loan Agreement" means any Loan Agreement between the Authority and the Borrower and relating to the loan of the proceeds of the Bonds, as originally executed or as it may from time to time be supplemented or amended.

"Area Median Gross Income" means the median gross income for the area in which the Project is located as determined under Section 8 (or, if such program is terminated, under such program as in effect immediately before such termination).

"Approved Institutional Buyer" means (1) a "qualified institutional buyer" as defined in Rule 144A promulgated under the Securities Act of 1933, as in effect on the date of the Indenture (the "Securities Act"); (2) an "accredited investor" as defined in Sections 501(a)(1) through (3) of Regulation D promulgated under the Securities Act; (3) an entity that is directly or indirectly wholly owned or controlled by the Bondholder (so long as the Bondholder is a financial institution described in (1) above); (4) an entity all of the investors in which are described in (1), (2) or (3) above; or (5) a custodian or trustee for a party described in (1), (2) or (3) above.

"Asset Manager" means The Caritas Corporation, a California nonprofit corporation, or any successor asset manager responsible for the management of the Borrower's assets.

"Asset Management Fee" means an annual fee equal to $250,000 with respect to the calendar year 2014 commencing June 1, 2014, and with respect to each year thereafter, an amount equal to the greater of (a) eighty percent (80%) of the sum of the Asset Management Fee for the prior year and the amounts released to the Borrower during such prior year pursuant to the Indenture or (b) $250,000, payable to the Asset Manager in equal monthly installments for management of the Projects on or before the 20th day of each month, commencing January 20, 2015.

"Authority" means the California Municipal Finance Authority, or its successors and assigns, a joint exercise of powers authority formed by a Joint Exercise of Powers Agreement, dated as of January 1, 2004 by and among certain California cities, counties and special districts, as may be amended from time to time (the "Joint Powers Agreement") pursuant to the provisions of the JPA Act.

"Authority Annual Fee" means (1) for the first year the Bonds are outstanding, five (5) basis points times the original aggregate principal amount of the Bonds and (2) thereafter, the greater of (i) five (5) basis points times the then currently outstanding principal amount of the Bonds on the first day of the month in which the anniversary of the issuance date occurs or (ii) Four Thousand Dollars.

"Authority Issuance Fee" means $[__,___.__/18.75 basis points] with respect to the Bonds, and with respect to any additional series of Bonds, such fee set forth in the Supplemental Indenture relating thereto.

“Authority Representative” or “Authorized Officer” means with respect to the Authority, any member of the Board of Directors of the Authority (the “Board”), or any other person designated as an Authority Representative by a certificate signed by a member of the Board and filed with the Trustee.

“Authorized Borrower Representative” or “Authorized Representative” means any person who at the time and from time to time may be designated, by written certificate furnished to the Authority and the Trustee, as a person authorized to act on behalf of the Borrower. Such certificate shall contain the specimen signature of such person, shall be signed on behalf of the Borrower by any officer of the Borrower and may designate an alternate or alternates.

“Authorized Denomination” means for Bonds rated “BBB-” or equivalent, or higher, $5,000 or any integral multiple thereof, and for Bonds rated below “BBB-” or equivalent or unrated, $250,000 or any multiple of $5,000 in excess of $250,000, unless otherwise forth in a Supplemental Indenture. With respect to any rating required by this definition, if the rating system of the applicable rating agency shall have changed, the equivalent or substitute rating of such rating agency, as determined by the Authority, shall be deemed to be the rating so required.

“Bond Counsel” means any attorney at law or firm of attorneys, of nationally recognized standing in matters pertaining to the validity of, and exclusion from gross income for federal tax purposes of interest on, bonds issued by states and political subdivisions and duly admitted to practice law before the highest court of any state of the United States and acceptable to the Authority.

“Bond Documents” means the Bonds, the Indenture, the Agreement, the Regulatory Agreement and the Tax Agreement.

“Book-Entry Bonds” means any Bonds which are then held in book-entry form by a Securities Depository as provided in the Indenture.

“Bond Fund” means the fund by that name established pursuant to the Indenture.

“Bondholder” or “Holder” means the registered owner of any Bond.

“Bonds” means the Series 2014 Bonds and any or all, as the case may be, of the Authority’s Revenue Bonds authorized under and secured by the Indenture, and any bonds issued in exchange or replacement thereof in accordance with the Indenture.

“Bond Year” means, with respect to the Series 2014 Bonds, the period from each June 1 to and including the following May 31 while the Series 2014 Bonds are Outstanding, and with respect to an additional series of Bonds, the period specified in a Supplemental Indenture with respect to such Bonds.

“Borrower” means the Borrower as defined in, and a party to, a Loan Agreement and its successors or assigns. As of the date of the Indenture, the Borrower is Caritas Affordable Housing, Inc.

“Borrower Documents” means the 2014 Agreement, the Mortgage, the Regulatory Agreement, the Tax Agreement, and the Continuing Disclosure Agreement, together with all other documents or instruments executed by the Borrower with respect to such documents that evidence or secure the Borrower’s obligations under the 2014 Agreement, all as amended or supplemented from time to time.

“Budget” means the annual operating budget required to be delivered by the Borrower pursuant to an Agreement.

“Business Day” means any day other than a Saturday or a Sunday and any day on which banks located in California, New York and the cities in which the Principal Office of the Trustee is located, is not required or authorized to be closed and on which the New York Stock Exchange is not closed.

"Capital Plan" means a rolling three-year capital expenditure plan prepared by the Borrower pursuant to an Agreement.

"Certificate of Continuing Program Compliance" means the Certificate to be filed by the Borrower with the Administrator, on behalf of the Authority, pursuant to the Regulatory Agreement, which shall be substantially in the form attached as Exhibit D thereto or in such other comparable form as may be provided by the Authority to the Borrower, or as otherwise approved by the Authority.

"Certificate of the Authority," "Consent of the Authority," "Order of the Authority" or "Request of the Authority" mean, respectively, a written certificate, consent, order or request of the Authority signed by or on behalf of the Authority by an Authority Representative.

"Certificate of the Borrower," "Request of the Borrower," "Requisition of the Borrower" or "Statement of the Borrower" mean, respectively, a written certificate, request, requisition or statement of the respective Borrower executed by an Authorized Borrower Representative.

"Closing Date" means June [___], 2014, being the date of original issuance and delivery of the Series 2014 Bonds.

"Code" means the Internal Revenue Code of 1986, as amended, and all Treasury Regulations relevant thereto.

"Continuing Disclosure Agreement" means that certain Continuing Disclosure Agreement between the Borrower and the Trustee, as dissemination agent, dated as of the date of delivery of a Series of Bonds, as originally executed and as it may be amended from time to time in accordance with the terms thereof.

"Control Agreement" means the Deposit Account Control Agreement, dated as of June 1, 2014, by and between the Borrower, the depository bank named therein, and the Trustee, as originally executed and as it may be amended from time to time in accordance with its terms.

"Costs" means, with respect to the Project, the sum of the items, or any such item, of the cost of the acquisition, construction, installation, improvement, renovation, remodeling, replacement, furnishing and equipping of the Project authorized to be paid with Bond proceeds pursuant to the provisions of the Act, (including the refinancing of obligations issued to pay such costs), and the reimbursement to the Borrower of amounts expended for such costs, to the extent permitted by the Tax Agreement, but shall not include any Costs of Issuance.

"Costs of Issuance" means all items of expense directly or indirectly payable by or reimbursable to the Authority or the Borrower and related to the authorization, issuance, sale and delivery of Bonds, including but not limited to costs of preparation and reproduction of documents, printing expenses, filing and recording fees, initial fees and charges of the Trustee, legal fees and charges, fees and disbursements of consultants and professionals, Rating Agency fees, fees and charges for preparation, execution and safekeeping of the Bonds and any other cost, charge or fee in connection with the original issuance of the Bonds which constitutes a "cost of issuance" within the meaning of Section 147(g) of the Code.

"Costs of Issuance Fund" means the fund by that name established pursuant to the Indenture.

"Coverage Certificate" means the certificate, required to be delivered under the Indenture in connection with the release of moneys from the Surplus Fund.

"Debt Service Coverage Ratio" means, for any period, the ratio of (A) Net Revenues and amounts, if any, on deposit in the Subordinate Debt Service Fund, Second Subordinate Debt Service Fund and the Surplus Fund to (B) the Debt Service Requirement for such period for (1) the Senior Bonds and any parity Obligations or (2) the Bonds and any parity Obligations, as the case may be, in each case expressed as a percentage.

“Debt Service Requirement” means, for a specified period with respect to a Series of Bonds or parity Obligations (a) amounts needed to pay scheduled payments of principal and/or mandatory sinking fund payments for such Bonds or parity Obligations during such period; and (b) amounts needed to pay interest on such Bonds payable during such period.

“Determination of Taxability” means any final determination, decision, decree or advisement by the Commissioner of Internal Revenue, or any District Director of Internal Revenue or any court of competent jurisdiction, or an opinion of Bond Counsel obtained by the Authority, with the result that interest on the Tax-Exempt Bonds is or becomes includable in the gross income (as defined in Code Section 61) of the Holders.

“Dissemination Agent” means Wells Fargo Bank, National Association, or any successor thereto appointed pursuant to the Continuing Disclosure Agreement.

“DTC” means The Depository Trust Company and its successors and assigns, or any other depository selected as set forth in the Indenture that agrees to follow the procedures required to be followed by such depository in connection with the Bonds.

“DTC Participants” means those broker-dealers, banks and other financial institutions from time to time for which DTC holds Bonds as securities depository.

“Electronic Notice” means notice through telecopy, telegraph, telex, facsimile transmission, internet, e-mail or other electronic means of communication.

“Environmental Regulation” means any federal, state or local law, statute, code, ordinance, regulation, requirement or rule relating to dangerous, toxic or hazardous pollutants, Hazardous Substances, chemical waste, materials or substances.

“Event of Default” means with respect to this Loan and this Loan Agreement any occurrence or event specified as such in the Indenture or an Agreement, respectively.

“Exempt Person” means a state or local governmental unit or an organization exempt from federal income taxation under section 501(a) of the Code by reason of being described in section 501(c)(3) of the Code.

“Extraordinary Trustee Fees and Expenses” means all fees, expenses and disbursements earned or incurred by the Trustee under the Indenture to which the Trustee is entitled under the Indenture, in excess of Ordinary Trustee Fees and Expenses.

“Fees Fund” means fund by that name established pursuant to the Indenture.

“Fiscal Year” means the period beginning on January 1 of each year and ending on the next succeeding December 31, or any other twelve month period designated by the Authorized Borrower Representative, except that the first Fiscal Year shall begin on the Closing Date and end on December 31, 2014.

“Fitch” means Fitch Ratings, or its successors and assigns.

“GAAP” means generally accepted accounting principles set forth in the opinions and pronouncements of the Accounting Principles Board of the American Institute of Certified Public Accountants and statements and pronouncements of the Financial Accounting Standards Board or in such other statements by such other entity as may be approved by a significant segment of the accounting profession, that are applicable to the circumstances as of the date of determination.

“Government Obligations” means bonds, notes, certificates of indebtedness, treasury bills or other securities constituting direct obligations of, or obligations the full and timely payment of which is guaranteed by, the

United States of America, or securities evidencing ownership interests in such obligations or in specified portions thereof (which may consist of specific portions of the principal of or interest on such obligations).

"Gross Revenues" means (excluding the proceeds of refunding bonds or other refinancing proceeds) all receipts, revenues, income, rent and other money received by or on behalf of the Borrower or the Authority (other than tenant security deposits not yet forfeited by the payors thereof) from or in connection with the Projects, including but not limited to investment earnings on amounts held under the Indenture (except amounts in the Rebate Fund or any Reserve Fund) and amounts realized by the Trustee pursuant to the exercise of remedies under the related Mortgage, rentals paid by tenants, any commercial receipts derived from commercial operations of the Projects (including, without limitation, vending and laundry operations) and all rights to receive the same whether in the form of accounts receivable, contract rights, chattel paper, instruments, general intangibles or other rights and the proceeds thereof, and any insurance thereon, whether now existing or hereafter coming into existence and whether now owned or held or hereafter acquired by or on behalf of the Borrower.

"Hazardous Substances" means (a) any oil, flammable substance, explosives, radioactive materials, hazardous wastes or substances, toxic wastes or substances or any other wastes, materials or pollutants which (i) pose a hazard to the Project or to persons on or about the Project or (ii) cause the Project to be in violation of any Environmental Regulation; (b) asbestos in any form which is or could become friable, urea formaldehyde foam insulation, transformers or other equipment which contain dielectric fluid containing levels of polychlorinated biphenyls, or radon gas; (c) any chemical, material or substance defined as or included in the definition of "waste," "hazardous substances," "hazardous wastes," "hazardous materials," extremely hazardous waste," "restricted hazardous waste," or "toxic substances" or words of similar import under any Environmental Regulation including, but not limited to, the Comprehensive Environmental Response, Compensation and Liability Act ("CERCLA"), 42 USC §§ 9601 et seq.; the Resource Conservation and Recovery Act ("RCRA"), 42 USC §§ 6901 et seq.; the Hazardous Materials Transportation Act, 49 USC §§ 1801 et seq.; the Federal Water Pollution Control Act, 33 USC §§ 1251 et seq.; the California Hazardous Waste Control Law ("HWCL"), Cal. Health & Safety §§ 25100 et seq.; the Hazardous Substance Account Act ("HSAA"), Cal. Health & Safety Code §§ 25300 et seq.; the Underground Storage of Hazardous Substances Act, Cal. Health & Safety §§ 25280 et seq.; the Porter-Cologne Water Quality Control Act (the "Porter-Cologne Act"), Cal. Water Code §§ 13000 et seq., the Safe Drinking Water and Toxic Enforcement Act of 1986 (Proposition 65); and Title 22 of the California Code of Regulations, Division 4, Chapter 30; (d) any other chemical, material or substance, exposure to which is prohibited, limited or regulated by any governmental authority or agency or may or could pose a hazard to the health and safety of the occupants of the Project or the owners and/or occupants of property adjacent to or surrounding the Project, or any other person coming upon the Project or adjacent property; or (e) any other chemical, materials or substance which may or could pose a hazard to the environment.

"Housing Act" means Chapter 8 of Part 5 of Division 31 of the California Health and Safety Code, as the same may be amended from time to time.

"Housing Law" means the United States Housing Act of 1937, as amended, or its successor.

"Impound Fund" means the Impound Fund established pursuant to the Indenture.

"Indenture" means the Indenture of Trust, as originally executed or as it may from time to time be supplemented, modified or amended by any Supplemental Indenture entered into pursuant to the provisions of the Indenture.

"Information Services" means Financial Information, Inc.'s "Financial 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 10006; Moody's "Mergent/FIS, Inc.," 5250 77 Center Drive, Suite 150, Charlotte, North Carolina 28217, Attention: Called Bond Department; the Municipal Securities Rulemaking Board, CDI Pilot, 1640 King Street, Suite 300, Alexandria, Virginia 22314; and Standard & Poor's "Called Bond Record," 25 Broadway, 3rd Floor, New York, New York 10004; or, in accordance with then-current guidelines of the Securities and Exchange Commission, such other addresses and/or such other services providing information with respect to called bonds, as the Borrower may designate in a Certificate of the Borrower delivered to the Trustee.

"Interest Payment Date" means, with respect to the Series 2014 Bonds, February 15 and August 15 of each year, commencing August 15, 2014, and with respect to any Additional Bonds issued under the Indenture, the Interest Payment Date set forth in a Supplemental Indenture.

"JPA Act" means the Joint Exercise of Powers Act, comprising Articles 1, 2, 3 and 4 of Chapter 5 of Division 7 of Title 1 (commencing with Section 6500) of the Government Code of the State of California.

"Loan" means the loan of proceeds of Bonds by the Authority to the Borrower under the Agreement.

"Loan Payments" means the "loan payments" required to be made by the Borrower to the Trustee for the account of the Authority in accordance with an Agreement for the payment of the debt service on the Bonds, including pursuant to the 2014 Agreement.

"Management Agreement" means a property management agreement entered into by the Borrower with a Manager for a Project or Projects or any substitute agreement providing for the management, maintenance and operation of a Project, in each case, in compliance with the Tax Agreement and the Regulatory Agreement.

"Management Fee" means the annual fee payable to each manager pursuant to the applicable Management Agreement, payable monthly for the period during which such Management Agreement remains in effect.

"Manager" means the professional property manager or management company selected by the Borrower pursuant to a Management Agreement, and qualified to manage a Project or Projects pursuant to the Regulatory Agreement. Birtcher Anderson, Realty Management, Inc., a California corporation doing business as Birtcher Anderson Properties ("BAP") shall be the initial Manager.

"Maximum Annual Debt Service" means the largest of the sums obtained during any Bond Year for a series of Bonds after totaling the following for each such year:

A. The principal amount of all Outstanding Bonds of such series maturing in such year, including any mandatory sinking fund payment in that year; and

B. The interest coming due during such year on the aggregate principal amount of all Outstanding Bonds of such series.

"Member" means any member or associate member of the Authority in whose jurisdiction a Project is located.

"Monthly Operating Expense Amount" means an amount equal to 1/12th of the annual budgeted amount for the Operating Expenses of the Projects, or such other amount as may be specified or determined in the Budget.

"Moody's" means Moody's Investors Service, Inc., a corporation organized and existing under the laws of the State of Delaware, or its successors and assigns.

"Mortgage" means, collectively, each Deed of Trust, Security Agreement, Assignment of Leases and Rents and Fixture Filing executed by the Borrower with respect to each Project, as from time to time amended or supplemented in accordance with the provision of an Agreement, which secure, on a pro rata and parity basis, the payment of principal, premium, if any, and interest on a Series of Bonds.

“Net Proceeds” means the proceeds from insurance or from actual or threatened condemnation or eminent domain actions with respect to any portion of a Project, less any costs reasonably expended by the Borrower to receive such proceeds.

“Net Proceeds Fund” means the fund by that name established pursuant to the Indenture.

“Net Revenues” means Gross Revenues less the sum of Operating Expenses and Management Fees. Net Revenues shall be deposited with the Trustee during the term of an Agreement on a monthly basis in an amount equal to all Gross Revenues collected during such month less the portion of the Operating Expenses and the Management Fee paid for such month.

“Nominee” means Cede & Co., as nominee of DTC, the initial Securities Depository for the Bonds, and any successor nominee of DTC and, if another Securities Depository replaces DTC as Securities Depository under the Indenture, any nominee of such substitute Securities Depository.

“Notice by Mail” or “notice” of any action or condition “by Mail” shall mean a written notice meeting the requirements of the Indenture mailed by first class mail, postage prepaid.

“Obligations” means obligations with respect to borrowed money and includes bonds, notes or other evidences of indebtedness, installment purchase payments under any contract, lease payments under any financing or capital lease (determined to be such in accordance with Generally Accepted Accounting Principles), obligations of the Borrower under any reimbursement agreement entered into in connection with a letter of credit or surety bond, or the obligations of the Borrower to pay to any swap counterparty any amounts pursuant to a swap agreement, including termination payments thereunder.

“Operating Expenses” means all expenses incurred in the operation and maintenance of the Projects payable by the Borrower, including, but not limited to, administrative costs, utilities and routine maintenance costs for any period, expenses paid in connection with the operation and maintenance of the Projects (determined on a cash basis) during such period, including payments into operational (but not capital) reserves for liabilities or cash flow, but excluding (i) Debt Service Requirements, (ii) any loss or expense resulting from or related to any extraordinary and nonrecurring items, (iii) any losses or expenses related to the sale of assets, the proceeds of which sale are not included in Gross Revenues, (iv) expenses paid from the Repair and Replacement Fund, (v) property taxes and insurance premiums paid from the Impound Fund, and (vi) depreciation, amortization and other non-cash items.

“Opinion of Bond Counsel” means an Opinion of Counsel which is a Bond Counsel.

“Opinion of Counsel” means a written opinion of counsel (which may be counsel for the Authority) addressed to the Authority and the Borrower.

“Ordinary Trustee Fees and Expenses” means the annual amount to be paid to the Trustee for customary services provided with respect to the Bonds, which shall be payable in equal semiannual installments, in advance, on each Interest Payment Date, commencing August 15, 2014.

“Outstanding,” when used as of any particular time with reference to Bonds, (subject to the provisions of the Indenture) means all Bonds theretofore authenticated and delivered by the Trustee under the Indenture except, (a) Bonds theretofore cancelled by the Trustee or surrendered to the Trustee for cancellation; (b) Bonds in lieu of or in substitution for which other Bonds shall have been authenticated and delivered by the Trustee pursuant to the Indenture; and (c) Bonds with respect to which all liability of the Authority has been discharged to the extent provided in, and pursuant to the requirements of, the Indenture.

“Oversight Agent” means a professional firm with experience in oversight of income and rent restricted mobile home park projects and qualified to provide the services set forth for the Oversight Agent in the Indenture and the Regulatory Agreement, appointed by the Borrower and acceptable to the Authority. The initial Oversight Agent shall be Wolf & Company Inc.

"Oversight Agent Fee" means the amount payable to the Oversight Agent pursuant to the Oversight Agreement.

"Oversight Agreement" means the Oversight Agreement, dated as of June 1, 2014 between the Oversight Agent and the Borrower.

"Participant" means each DTC Participant and if there is a Securities Depository for the Bonds other than DTC, each broker-dealer, bank and other financial institution from time to time for which such substitute Securities Depository holds Bonds as securities depository.

"Permitted Encumbrances" means, as of any particular time (i) liens, charges and encumbrances, if any, on the Property as of the date of issuance of the Bonds; (ii) liens for ad valorem taxes and special assessments not then delinquent; (iii) any Agreement, the Indenture, any loan agreements, indentures or deeds of trust or other collateral, security or other agreements then outstanding, and any financing statements naming the Authority or the Borrower as the debtor and naming the Authority or the Trustee as the secured party filed to perfect the security interest granted or to be granted in connection with any of the foregoing; (iv) utility, access and other easements and rights of way, restrictions and exceptions that will not materially interfere with or impair the operations being conducted in connection with any Project (or, if no operations are being conducted therein, the operations for which such Project was designed or last modified); (v) such minor defects, irregularities, encumbrances, easements, rights of way and clouds on title as normally exist with respect to properties similar in character to the Project and as do not in the aggregate materially impair the property affected thereby for the purpose for which it was acquired or is held; (vi) zoning laws and similar restrictions and liens arising in connection with worker's compensation, unemployment insurance, taxes, assessments, statutory obligations or liens, social security legislation, undetermined liens and charges incidental to construction, or other similar charges arising in the ordinary course of operation and not overdue or, if overdue, being contested in good faith and such other liens and charges at the time required by law as a condition precedent to the transactions or the activities of the Borrower or the exercise of any privileges or licenses necessary to the Borrower; (vii) any lien arising by reason of deposits with, or the giving of any form of security to, any governmental agency or any body created or approved by law or governmental regulation for any purpose at any time as required by law or governmental regulation as a condition to the transaction of any business or the exercise of any privilege or license, or to enable the Borrower to maintain self-insurance or to participate in any funds established to cover any insurance risks or in connection with worker's compensation, unemployment insurance, pension or profit-sharing plans or other social security, or to share in the privileges or benefits required for entities such as the Borrower participating in such arrangements; (viii) rights reserved to or vested in any municipality or public authority by the terms of any right, power, franchise, grant, license, permit or provision of law, affecting any property; (ix) any liens on any property for taxes, assessments, levies, fees, water and sewer rents, and other governmental and similar charges and any liens of mechanics. materialmen, laborers, suppliers or vendors for work or services performed or materials furnished in connection with such property, which in each such case are not due and payable or are not delinquent, or the amount or validity of which in each such case is being contested and execution thereon is stayed or, with respect to liens of materialmen, laborers, suppliers or vendors have been due less than 120 days or the payment of which has been provided for by the posting of a bond; (x) any lien on property acquired after the delivery date of the Bonds; (xi) liens on property received by the Borrower through gifts, grants or bequests such liens being due to restrictions on such gifts, grants or bequests of property or the income thereon: (xii) liens consisting of purchase money security interests and lessors' interest in capitalized leases; (xiii) regulatory agreements required to be recorded in connection with the refinancing of the Bonds or other Obligations of the Borrower, so long as such agreements are subordinate to the Mortgage; (xiv) deeds of trust, so long as such liens are subordinate to the Mortgage; and (xv) liens, encumbrances and other matters affecting title to the Projects as set forth in the policies of title insurance insuring the Mortgage.

"Permitted Investments" means any of the following obligations as and to the extent that such obligations are at the time legal investments under the Act for moneys held under the Indenture and then proposed to be invested therein:

(1) Government Obligations;

(2) bonds, debentures, notes or other evidence of indebtedness issued or guaranteed by any of the following federal agencies, provided that such obligations are backed by the full faith and credit of the United States of America (stripped securities shall constitute Permitted Investments only if they have been stripped by the agency itself); Farmers Home Administration (certificates of beneficial ownership), U.S. Maritime Administration (guaranteed Title XI financing), U.S. Department of Housing and Urban Development (project notes, local authority bonds, new communities debentures-U.S. government guaranteed debentures, U.S. public housing notes and bonds-U.S. government guaranteed public housing notes and bonds), Government National Mortgage Association (GNMA-guaranteed mortgage-backed bonds, GNMA-guaranteed pass-through obligations), and Federal Housing Administration Debentures;

(3) bonds, debentures, notes, or other evidence of indebtedness issued or guaranteed by any of the following non-full faith and credit U.S. government agencies (stripped securities shall constitute Permitted Investments only if they have been stripped by the agency itself): Federal Home Loan Bank System (Senior debt obligations)), Federal Home Loan Mortgage Corporation ("FHLMC") (Participation Certificates, Senior debt obligations), Federal National Mortgage Association ("FNMA") (Mortgage-backed securities and senior debt obligations), Student Loan Marketing Association (Senior debt obligations), Resolution Funding Corp. (obligations) or Farm Credit System (Consolidated system wide bonds and notes);

(4) bonds or notes issued by any state or municipality which are rated by S&P and Moody's in one of the two highest rating categories assigned by such agencies;

(5) repurchase agreements with either a primary dealer on the reporting dealer list of the Federal Reserve or any bank, which, in either case, is rated "A" or better by S&P and Moody's, provided that (a) the Trustee or third party acting solely as agent for the Trustee has possession of the collateral, (b) the collateral is valued weekly and the market value of the collateral is maintained at an amount equal to at least 104% (or, if the collateral consists of obligations of FHLMC or FNMA, 105%) of the amount of cash transferred by the Trustee to the dealer bank or securities firm under the repurchase agreement plus interest, (c) failure to maintain the requisite collateral levels will require the Trustee to liquidate the collateral immediately, (d) the repurchase securities are either obligations of, or fully guaranteed as to principal and interest by, the United States or any federal agency backed by the full faith and credit of the United States; (e) the repurchase securities are free and clear of any third-party lien or claim; and (f) there shall have been delivered to the Trustee, the Authority and the Borrower an Opinion of Counsel to the effect that such repurchase agreement meets all guidelines under State law for legal investment of public funds;

(6) investment agreements, including guaranteed investment contracts ("GICs"), forward purchase agreements ("FPAs"), and reserve fund put agreements with a domestic or foreign bank, corporation or insurance company, the long-term debt of which, or claims paying ability, or, in the case of a guaranteed corporation the long-term debt, or, in the case of a monoline financial guaranty insurance company, claims paying ability, of the guarantor, is rated at least "A" by S&P, or in investment agreements approved in writing by S&P;

(7) money market funds registered under the Federal Investment Company Act of 1940, whose shares are registered under the Federal Securities Act of 1933, and having a rating by S&P of AAAm-G; AAA-m; or AA-m and if rated by Moody's rated Aaa, Aal or Aa2;

(8) certificates of deposit secured at all times by collateral described in (1) and/or (2) above, which are fully insured by FDIC, issued by commercial banks, savings and loan associations or

mutual savings banks relating to collateral held by a third party, and in which collateral the Trustee on behalf of the Bondholders has a perfected first security interest;

(9) certificates of deposit, savings accounts, deposit accounts or money market deposits which are fully insured by FDIC, including BIF and SAIF;

(10) commercial paper rated, at the time of purchase, "Prime-1" by Moody's and "A-1" or better by S&P;

(11) federal funds or bankers acceptances with a maximum term of one year of any bank which has an unsecured, uninsured and unguaranteed obligation rating of "Prime-1" or "A-3" or, better by Moody's and "A-1" or "A" or better by S&P;

(12) obligations of a bank or other financial institution rated at least "AA-" by the Rating Agency; and

(13) any other investments for which each Rating Agency then rating the Bonds confirms that such investment will not adversely affect its ratings of the Bonds.

"Person" means an individual, corporation, firm, association, limited liability company, corporation, partnership, trust, or other legal entity or group of entities, including a governmental entity or any agency or political subdivision thereof.

"Principal Office" means the corporate trust office of the Trustee at which, at any particular time, its corporate trust business shall be administered, designated in writing to the Authority, which initially shall be located in Los Angeles, California at the address set forth in the Indenture; provided, however, for transfer, registration, exchange, payment and surrender of Bonds, means the office or agency of the Trustee in Minneapolis, Minnesota, or such other office designated by the Trustee from time to time.

"Project" or "Projects" shall have the meaning ascribed thereto in an Agreement.

"Project Costs", "Cost", "Costs" or "Costs of the Project" means with respect to the Project, the costs chargeable to the Project in accordance with generally accepted accounting principles including without limitation, the cost of acquisition, rehabilitation, construction, restoration, repair, alteration, improvement and extension of any building, structure, facility or other improvement; stored materials for construction work in progress; the cost of machinery and equipment; the cost of the real property on which the Project is constructed, rights-in-lands, easements, privileges, agreements franchises, utility extensions, disposal facilities, access roads and site development necessary or useful and convenient for the Project or in connection therewith; financing costs, including, but not limited to, costs of issuance of the Bonds, engineering and inspection costs; fees paid to the developer of the Project; organization, administrative, insurance, legal, operating, letter of credit and other expenses of the Authority or the Borrower actually incurred prior to and during acquisition, construction or rehabilitation; and all such other expenses as may be necessary or incidental to the financing, acquisition, construction, rehabilitation, or completion of the Project, including, but not limited to, interest expense incurred prior to completion of the Project, insurance premiums payable by the Borrower, taxes and other governmental charges levied on the Project.

"Project Fund" means the fund by that name established pursuant to the Indenture.

"Qualified Newspaper" means The Wall Street Journal or The Bond Buyer or any other newspaper or journal containing financial news, printed in the English language and customarily published on each Business Day, of general circulation in New York, New York, and selected by the Borrower and designated to the Trustee.

"Qualified Project Costs" means the costs paid with respect to the Project that meet each of the following requirements: (i) the Costs are properly chargeable to capital account (or would be so chargeable with a proper election by the Borrower or but for a proper election by the Borrower to deduct such Costs) in accordance with general Federal income tax principles and in accordance with United States Treasury Regulations §1.103-8(a)(1), provided, however, that only such portion of interest accrued during rehabilitation or construction of the Project (in the case of rehabilitation, with respect to vacated Spaces only) shall be eligible to be a Qualified Project Cost as bears the same ratio to all such interest as the Qualified Project Costs bear to all Project Costs; and provided further that interest accruing after the date of completion of the Project shall not be a Qualified Project Cost; and provided still further that if any portion of the Project is being constructed or rehabilitated by an Affiliate (whether as a general contractor or a subcontractor), Qualified Project Costs shall include only (A) the actual out-of-pocket Costs incurred by such Affiliate in constructing or rehabilitating the Project (or any portion thereof), (B) any reasonable fees for supervisory services actually rendered by the Affiliate, and (C) any overhead expenses incurred by the Affiliate which are directly attributable to the work performed on the Project, and shall not include, for example, intercompany profits resulting from members of an affiliated group (within the meaning of Section 1504 of the Code) participating in the rehabilitation or construction of the Project or payments received by such Affiliate due to early completion of the Project (or any portion thereof); (ii) the Costs are paid with respect to a qualified residential rental project or projects within the meaning of Section 142(d) of the Code, (iii) the Costs are paid after the earlier of sixty (60) days prior to the date of a declaration of "official intent" to reimburse costs paid with respect to the Project (within the meaning of §1.150-2 of the United States Treasury Regulations) or the date of issue of the Bonds, and (iv) if the Project Costs were previously paid and are to be reimbursed with proceeds of the Bonds such costs were (A) costs of issuance of the Bonds, (B) preliminary capital expenditures (within the meaning of United States Treasury Regulations §1.150-2(f)(2)) with respect to the Project (such as architectural, engineering and soil testing services) incurred before commencement of acquisition, construction or rehabilitation of the Project that do not exceed twenty percent (20%) of the issue price of the Bonds (as defined in United States Treasury Regulations §1.148-1), or (C) were capital expenditures with respect to the Project that are reimbursed no later than eighteen (18) months after the later of the date the expenditure was paid or the date the Project is placed in service (but no later than three (3) years after the expenditure is paid).

"Qualified Project Period" shall mean the period commencing on the first day on which at least 10% of the residential units in the Project are first occupied after the Project has been placed in service by the Borrower (or, if later, the date on which the Bonds are issued) and ending on the latest of the following: (i) the date that is 15 years after the date on which at least 50% of the residential units in the Project are first occupied; (ii) the first day on which no tax-exempt private activity bond issued with respect to the Project is outstanding; (iii) the date on which any assistance provided with respect to the Project under Section 8 terminates; and (iv) the date that is 30 years from the date of execution of the Regulatory Agreement. At least 50% of the Spaces are occupied as of the Closing Date.

"Rating Agency" means Moody's and S&P to the extent each is then providing or maintaining a rating on the Bonds at the request of the Borrower, or in the event that either Moody's or S&P no longer maintains such a rating on the Bonds, Fitch or, if approved by the Authority, any other nationally recognized rating agency, in each case then providing or maintaining a rating on the Bonds at the request of the Borrower.

"Rating Agency Fee" means the annual surveillance fee payable to the Rating Agency, which amount shall be payable to the Trustee for remittance to the Rating Agency each July, commencing July 1, 2014.

"Rebate Fund" means the fund by that name established pursuant to the Indenture.

"Record Date" means, with respect to any Interest Payment Date for the Series 2014 Bonds, whether or not a Business Day, the first day of the calendar month immediately preceding such Interest Payment Date and with respect to any additional Series of Bonds the Record Date set forth in the Supplemental Indenture executed in connection with respect to such Additional Bonds.

"Regulations" means the Income Tax Regulations of the Department of the Treasury applicable under the Code from time to time.

"Regulatory Agreement" means each Regulatory Agreement and Declaration of Restrictive Covenants entered into by the Borrower with respect to a Project, as such Regulatory Agreement may from time to time be supplemented or amended.

"Rental Assurance Reserve Account" means the account of that name which may be established pursuant to a Supplemental Indenture entered into in connection with Additional Bonds.

"Rental Assurance Reserve Agreement" means an agreement which may be entered into by the Borrower establishing a rental assurance reserve with respect to an issue of Additional Bonds.

"Rental Payments" means the monthly rental payments paid by the occupant of a Space, excluding any supplemental rental assistance to the occupant from the State, the federal government, or any other public agency, but including any mandatory fees or charges imposed on the occupant by the Borrower as a condition of occupancy of the Space.

"Repair and Replacement Fund" means the fund by that name established pursuant to the Indenture.

"Repair and Replacement Requirement" means, collectively, an amount equal to $152.00 per Space within each Project per year or such greater amount as required by provisions of the 2014 Agreement requiring a rolling three-year capital expenditure plan prepared by the Borrower.

"Reportable Event" means a reportable event as defined in Section 4043(b) of ERISA (other than a reportable event for which the notice required thereunder has been waived).

"Requisition" means a written request for funds executed by an Authorized Representative of the Borrower in substantially the forms attached to its Agreement.

"Reserve Fund" means any fund by that name established with respect to one or more Series of Bonds pursuant to the Indenture or to a Supplemental Indenture establishing the terms and provisions of such Series of Bonds or established with respect to Obligations issued on a parity therewith.

"Reserve Requirement" means with respect to each Reserve Fund established pursuant to the Indenture, or a Supplemental Indenture, as of any date of calculation, an amount equal to the least of (i) 125% of the average annual debt service on each Series of Bonds Outstanding as of such date secured by such Reserve Fund, (ii) Maximum Annual Debt Service on each Series of Bonds Outstanding as of such date secured by such Reserve Fund, or (iii) 10% of the principal amount of each Series of Bonds Outstanding as of such date secured by such Reserve Fund and, with respect to any additional series of Bonds, as set forth in the Supplemental Indenture establishing the terms and provisions of such series of Bonds. The initial Reserve Requirement for the Series 2014A Bonds shall be $[_,____,____.00]. The initial Reserve Requirement for the Series 2014B Bonds shall be $[____,____.00].

"Responsible Officer" of the Trustee means and includes the chairman of the board of directors, the president, every vice president, every assistant vice president, every trust officer, and every officer and assistant officer of the Trustee other than those specifically above mentioned, to whom any corporate trust matter is referred because of his or her knowledge of, and familiarity with, a particular subject.

"Reserved Rights" means the Authority's rights to: indemnification, amounts payable to the Authority for certain fees and expenses of the Authority under the Agreement, Additional Payments payable to the Authority, consent to certain actions of the Borrower, enforce venue, and receipt of notices under an Agreement.

"Revenues" means all payments received by the Authority or the Trustee pursuant or with respect to an Agreement (except Additional Payments, any amounts paid by the Borrower pursuant to the indemnification provisions of any Agreement and amounts received for or on deposit in the Rebate Fund), including, without limiting the generality of the foregoing, Loan Payments (including both timely and delinquent payments), prepayments and all income derived from the investment of any money in any fund or account established pursuant to the Indenture (other than the Rebate Fund).

"S&P" means Standard & Poor's Ratings Services, or its successors and assigns.

"Second Subordinate Bonds" means the Series 2014C Bonds and any other bonds or parity obligations issued under the Indenture which are secured on a basis subordinate to the Senior Bonds and the Subordinate Bonds.

"Second Subordinate Bonds Trust Estate" shall mean all proceeds, the Funds and Accounts created or established pursuant to the Indenture (other than the Rebate Fund) for the benefit of the Second Subordinate Bonds, Second Subordinate Residual Revenues, Second Subordinate Residual Net Proceeds, Second Subordinate Residual Prepayments, rights, interests, collections, and other property pledged to the payment of any Second Subordinate Bond, but expressly excluding, however, Reserved Rights.

"Second Subordinate Debt Service Fund" means the fund by that name established pursuant to the Indenture.

"Second Subordinate Mortgage" means, collectively, each Mortgage securing the Second Subordinate Bonds, and which may be the same instrument which by its terms secures the Senior Bonds and the Subordinate Bonds on a basis senior to the Second Subordinate Bonds.

"Second Subordinate Residual Net Proceeds" shall mean, on and after the date on which the Senior Bonds and the Subordinate Bonds are no longer Outstanding, all Net Proceeds that would have been available for the redemption of Senior Bonds or Subordinate Bonds.

"Second Subordinate Residual Prepayments" shall mean, on and after the date on which the Senior Bonds and the Subordinate Bonds are no longer Outstanding; all Prepayments which would have been available for the redemption of Senior Bonds or Subordinate Bonds.

"Second Subordinate Residual Revenues" shall mean (i) so long as the Senior Bonds and the Subordinate Bonds shall remain Outstanding, such Revenues as are deposited in the Second Subordinate Bonds Debt Service Fund; and (ii) on and after the date the Senior Bonds and the Subordinate Bonds are no longer Outstanding, all Gross Revenues which would have been available for the payment of principal of and interest on the Senior Bonds or the Subordinate Bonds.

"Section 8" shall mean Section 8 of the United States Housing Act of 1937, as amended.

"Securities Depository" means The Depository Trust Company, 55 Water Street, 50th Floor, New York, New York 10041-0099, Attn – Call Notification Department, Fax (212) 855-7232; or to such other addresses and/or such other securities depositories as the Authority may designate to the Trustee in writing.

"Senior Bonds" means the Series 2014A Bonds and any other Bonds issued pursuant to the Indenture on a parity therewith, or any Obligations issued on a parity therewith.

"Senior Bonds Trust Estate" shall mean all proceeds, Funds and Accounts (other than the Rebate Fund), Revenues, the Loan, the Agreement (other than the Reserved Rights), the Senior Mortgage, rights, interests, collections, and other property pledged to the payment of any Senior Bond under the Indenture.

"Senior Mortgage" means, collectively, each Mortgage securing the Senior Bonds, and which may be the same instrument which, by its terms, secures Bonds subordinate to the Senior Bonds.

"Series" means any series of Bonds issued pursuant to the Indenture.

"Series 2014 Bonds" means the Series 2014A Bonds, the Series 2014B Bonds, and the Series 2014C Bonds.

"Series 2014 Projects" means the Projects listed in Exhibit A to the 2014 Agreement.

"Series 2014A Bond Account" means the account by that name established pursuant to the Indenture.

"Series 2014A Bonds" means the $[__,___,000.00] aggregate principal amount of the Authority's Mobile Home Park Senior Revenue Bonds, Series 2014A (Caritas Affordable Housing, Inc. Projects), issued under and secured by the sources specified under the Indenture.

"Series 2014A Reserve Fund" means the fund by that name established pursuant to the Indenture.

"Series 2014B Bond Account" means the account by that name established pursuant to the Indenture.

"Series 2014B Bonds" means the $[__,___,000.00] aggregate principal amount of the Authority's Mobile Home Park Subordinate Revenue Bonds, Series 2014B (Caritas Affordable Housing, Inc. Projects), issued under and secured by the sources specified under the Indenture on a subordinate basis to the Series 2014A Bonds and any other Senior Bonds.

"Series 2014B Reserve Fund" means the fund by that name established pursuant to the Indenture.

"Series 2014C Bonds" means the $330,000 aggregate principal amount of the Authority's Mobile Home Park Second Subordinate Revenue Bonds, Series 2014C (Caritas Affordable Housing, Inc. Projects), and the $500,000 aggregate principal amount of the Authority's Mobile Home Park Second Subordinate Revenue Bonds, Series 2014C-T (Taxable), both issued under and secured by the sources specified under the Indenture on a second subordinate basis to the Series 2014A Bonds and Series 2014B Bonds and any other Senior Bonds or Subordinate Bonds.

"Space" means a mobile home space within a Project upon which a mobile home may be placed.

"Special Record Date" means the date established by the Trustee pursuant to the Indenture as a record date for the payment of defaulted interest on Bonds.

"State" means the State of California.

"Subordinate Bonds" means the Series 2014B Bonds and any other Bonds issued under the Indenture on a parity therewith, or any Obligations issued on a parity therewith.

"Subordinate Bonds Trust Estate" shall mean all proceeds, the Funds and Accounts created or established pursuant to the Indenture (other than the Rebate Fund) for the benefit of the Subordinate Bonds, Subordinate Residual Revenues, Subordinate Residual Net Proceeds, Subordinate Residual Prepayments, rights, interests, collections, and other property pledged to the payment of any Subordinate Bond under the Indenture, but expressly excluding, however, Reserved Rights.

"Subordinate Debt Service Fund" means the fund by that name established pursuant to the Indenture.

"Subordinate Mortgage" means, collectively, each Mortgage securing the Subordinate Bonds, and which may be the same instrument which, by its terms, secures the Senior Bonds and any Bonds subordinate to the Senior Bonds and the Subordinate Bonds.

"Subordinate Residual Net Proceeds" shall mean, on and after the date on which the Senior Bonds are no longer Outstanding, all Net Proceeds that would have been available for the redemption of Senior Bonds.

"Subordinate Residual Prepayments" shall mean, on and after the date on which the Senior Bonds are no longer Outstanding; all Prepayments which would have been available for the redemption of Senior Bonds.

"Subordinate Residual Revenues" shall mean (i) so long as the Senior Bonds shall remain Outstanding, such Revenues as are deposited in the Subordinate Bonds Debt Service Fund; and (ii) on and after the date the Senior Bonds are no longer Outstanding, all Gross Revenues which would have been available for the payment of principal of and interest on the Senior Bonds.

"Supplemental Indenture" or "indenture supplemental to the Indenture" means any indenture hereafter duly authorized and entered into between the Authority and the Trustee in accordance with the provisions of the Indenture.

"Surplus Fund" means the fund by that name established pursuant to the Indenture.

"Tax Agreement" means a Tax Compliance Certificate and Agreement of the Authority and the Borrower dated the date of issuance of any series of Bonds, as the same may be amended or supplemented in accordance with its respective terms.

"Tax-Exempt" means with respect to interest on any obligations of a state or local government, including the Bonds, that such interest is excluded from gross income for federal income tax purposes; provided, however, that such interest may be includable as an item of tax preference or otherwise includable directly or indirectly for purposes of calculating other tax liabilities, including any alternative minimum tax or environmental tax, under the Code.

"Term" means the term of a Loan Agreement a specified therein.

"Title Insurance Policies" means the policies of title insurance insuring the Mortgage.

"Transfer" means the conveyance, assignment, sale or other disposition of all or any portion of the Project; and shall also include, without limitation to the foregoing, the following: (1) an installment sales agreement wherein Borrower agrees to sell the Project or any part thereof for a price to be paid in installments; and (2) an agreement by the Borrower leasing all or a substantial part of the Project to one or more persons or entities pursuant to a single or related transactions, but not leasing of the Spaces to residents.

"Trigger Event" means the occurrence and continuance of (i) an event of default described in an Agreement, or (ii) a breach of the covenants set forth in an Agreement.

"Trustee" means Wells Fargo Bank, National Association, a national banking association organized under the laws of the United States of America, and its successors and assigns or any successor trustee appointed pursuant to the Indenture.

"Trust Estate" means the property rights, money, securities and other amounts pledged and assigned to the Trustee pursuant to the Indenture.

"Treasury Regulations" shall mean the Income Tax Regulations from time to time promulgated or proposed by the Department of the Treasury pursuant to the Code or any predecessor or successor thereto.

"Verification of Income" means a Verification of Income in the form attached as Exhibit B to the Regulatory Agreement or in such other comparable form as may be provided by the Authority to the Borrower, or as otherwise approved by the Authority.

"Very Low Income Residents" means individuals or families whose income does not exceed 50% of the Area Median Gross Income; provided, however, that if all the occupants of a Space are students (as defined in

Section 152(f)(2) of the Code) who fail to be described in Section 42(i)(3)(D) of the Code, the occupants of that Space shall in no event be deemed to be "Very Low Income Residents." The income of individuals and Area Median Gross Income shall be determined by the Secretary of the Treasury in a manner consistent with determinations of lower income families and Area Median Gross Income under Section 8 (or, if such program is terminated, under such program in effect immediately before such termination). Determinations under the preceding sentence shall include adjustments for family size as prescribed under Section 8.

"Very Low Income Spaces" means the Spaces in the Project designated for occupancy by Very Low Income Residents pursuant to the Regulatory Agreement.

THE INDENTURE

The Indenture provides for, among other things, the issuance, execution and delivery of the Bonds and sets forth the terms thereof, the creation of certain of the funds and accounts for the Bonds, certain covenants of the Authority, defines events of default and the remedies available therefor, and sets forth the rights and responsibilities of the Trustee. Certain provisions of the Indenture setting forth the terms of the Bonds, the redemption provisions thereof and the use of the proceeds of the Bonds are set forth elsewhere in the front part of this Official Statement, including under the headings "ESTIMATED SOURCES AND USES OF FUNDS," "THE SERIES [A/B] BONDS" and "SECURITY FOR THE SERIES [A/B] BONDS."

Pledge and Assignment

The Authority transfers in trust, grants a security interest in, and assigns to the Trustee, for the benefit of the Holders from time to time of the Senior Bonds, all of the Gross Revenues and other amounts pledged in the Indenture as described in paragraph (a) under this subheading and all of the right, title and interest of the Authority in any Agreement (except for Additional Payments and Reserved Rights).

The Authority transfers in trust, grants a security interest in, and assigns to the Trustee, for the benefit of the Holders from time to time of the Subordinate Bonds, all of the Subordinate Residual Revenues, Subordinate Residual Net Proceeds and Subordinate Residual Prepayments, and other amounts pledged in the Indenture as described in paragraph (b) under this subheading and, on a basis subordinate to the security interest of the Senior Bonds, all of the right, title and interest of the Authority in any Agreement (except for Additional Payments and Reserved Rights).

The Authority transfers in trust, grants a security interest in, and assigns to the Trustee, for the benefit of the Holders from time to time of the Second Subordinate Bonds, all of the Second Subordinate Residual Revenues, Second Subordinate Residual Net Proceeds and Second Subordinate Residual Prepayments, and other amounts pledged in the Indenture as described in paragraph (c) of this subheading and, on a basis subordinate to the security interest of the Senior Bonds and the Subordinate Bonds, all of the right, title and interest of the Authority in any Agreement (except for Additional Payments and Reserved Rights). The Trustee shall be entitled to and shall collect and receive all of the Net Revenues, and any Net Revenues collected or received by the Authority shall be deemed to be held, and to have been collected or received, by the Authority as the agent of the Trustee and shall forthwith be paid by the Authority to the Trustee. The Trustee also shall be entitled to and shall (subject to the provisions of the Indenture) take all steps, actions and proceedings following any Event of Default reasonably necessary in its judgment to enforce, either jointly with the Authority or separately, all of the rights of the Authority assigned to the Trustee and all of the obligations of the Borrower under any Agreement.

All Revenues shall be held in trust for the benefit of the Holders from time to time of the Bonds but shall nevertheless be disbursed, allocated and applied solely for the uses and purposes hereinafter described, as set forth in the Indenture:

(a) to secure the payment of the principal of and premium, if any, and interest on the Senior Bonds, in accordance with their terms and the provisions of the Indenture: (i) all of the Gross Revenues (including proceeds of the sale of Senior Bonds, but excluding Additional Payments paid by the Borrower pursuant to the Agreement and any amounts paid by the Borrower pursuant to the indemnification provisions of the Agreement); (ii) all right, title and interest of the Authority in and to the Agreement (except for the Reserved Rights), including the Gross Revenues and any interest, profits and other income derived thereon from the investment thereof, the applicable Mortgage and the Projects; and (iii) any and all other rights and interests in property, whether tangible or intangible from time to time hereafter, by delivery or by writing of any kind, conveyed, mortgaged, pledged, assigned or transferred as and for additional security for the Senior Bonds, by the Authority or by anyone on its behalf or with its written consent to the Trustee, which is authorized to receive any and all such property at any and all times and to hold and apply the same subject to the terms of the Indenture; subject, however, as to the property conveyed and mortgaged, to Permitted Encumbrances. Said pledge shall constitute a lien on and security interest in such assets and shall attach, be perfected and be valid and binding from and after delivery of the Bonds, without any physical delivery thereof or further act.

(b) to secure the payment of the principal of and premium, if any, and interest on the Subordinate Bonds, in accordance with their terms and the provisions of the Indenture: (i) Subordinate Residual Revenues, (ii) Subordinate Residual Net Proceeds and Subordinate Residual Prepayments, and (iii) on a basis expressly subordinate (both in terms of priority of payment and in terms of rights to exercise the remedies granted under the Indenture and under the Agreement) to the Senior Bonds until all such Senior Bonds shall have been retired or such amounts have been provided to effect redemption of such Senior Bonds, all right, title and interest of the Authority in and to the Agreement (except for the Reserved Rights), including the Revenues and any interest, profits and other income derived thereon from the investment thereof, the applicable Mortgage and the Projects; and (iv) on a basis expressly subordinate (both in terms of priority of payment and in terms of rights to exercise the remedies granted under the Indenture and under the Agreement) to the Senior Bonds until all such Senior Bonds shall have been retired or such amounts have been provided to effect redemption of such Senior Bonds, any and all other rights and interests in property, whether tangible or intangible from time to time hereafter, by delivery or by writing of any kind, conveyed, mortgaged, pledged, assigned or transferred as and for additional security for the Subordinate Bonds, by the Authority or by anyone on its behalf or with its written consent to the Trustee, which is authorized to receive any and all such property at any and all times and to hold and apply the same subject to the terms of the Indenture; subject, however, as to the property conveyed and mortgaged, to Permitted Encumbrances. Said pledge shall constitute a lien on and security interest in such assets and shall attach, be perfected and be valid and binding from and after delivery of the Bonds, without any physical delivery thereof or further act.

(c) to secure the payment of the principal of and premium, if any, and interest on any Second Subordinate Bonds, in accordance with their terms and the provisions of the Indenture: (i) Second Subordinate Residual Revenues, (ii) Subordinate Residual Net Proceeds and Second Subordinate Residual Prepayments, and (iii) on a basis expressly subordinate (both in terms of priority of payment and in terms of rights to exercise the remedies granted under the Indenture and under the Agreement) to the Senior Bonds until all such Senior Bonds shall have been retired or such amounts have been provided to effect redemption of such Senior Bonds, and to the Subordinate Bonds until all such Subordinate Bonds shall have been retired or such amounts have been provided to effect redemption of such Subordinate Bonds, all right, title and interest of the Authority in and to the Agreement (except for the Reserved Rights), including the Revenues and any interest, profits and other income derived thereon from the investment thereof, the applicable Mortgage and the Projects; and (iv) on a basis expressly subordinate (both in terms of priority of payment and in terms of rights to exercise the remedies granted under the Indenture and under the Agreement) to the Senior Bonds until all such Senior Bonds shall have been retired or such amounts have been provided to effect redemption of such Senior Bonds, and to the Subordinate Bonds until all such Subordinate Bonds shall have been retired or such amounts have been provided to effect redemption of such Subordinate Bonds, any and all other rights and interests in property, whether tangible or intangible from time to time hereafter, by delivery or by writing of any kind, conveyed, mortgaged, pledged, assigned or transferred as and for additional security for the Second Subordinate Bonds, by the Authority or by anyone on its behalf or with its written consent to the Trustee, which is authorized to receive any and all such property at any and all times and to hold and apply the same subject to the terms of the Indenture; subject, however, as to the property conveyed and mortgaged, to Permitted Encumbrances. Said pledge shall constitute a lien on and security interest in such assets and shall attach, be perfected and be valid and binding from and after delivery of the Bonds, without any physical delivery thereof or further act.

If the Trustee has not received any payment required to be made by the Borrower under any Agreement to pay principal, or redemption price of or interest on the Bonds by the due date, the Trustee shall immediately notify the Borrower and the Authority of such insufficiency by telephone, telecopy or telegram and confirm such notification by written notice. In such event, the Trustee shall apply moneys in the applicable Reserve Fund or accounts therein to make such payments in accordance with the Indenture. Failure by the Trustee to give notice pursuant to this paragraph, or the insufficiency of any such notice, shall not affect the payment obligations of the Borrower under any Agreement, including without limitation the timing thereof.

The Bonds shall not constitute a debt or liability, or a pledge of the faith and credit, of the State or of any political subdivision thereof, other than the Authority, which shall only be obligated to pay the Bonds solely from the Revenues and funds provided therefor in the Indenture. The issuance of Bonds shall not directly or indirectly or contingently obligate the State or any political subdivision thereof to levy or to pledge any form of taxation whatever therefor or to make any appropriation for their payment.

Funds and Accounts

In addition to the Funds and Accounts described under "Creation of Funds and Accounts" in the front part of this Official Statement, the following Funds and Accounts are to be held by the Trustee under the Indenture:

Rebate Fund. The Trustee shall establish and maintain a fund separate from any other fund established and maintained under the Indenture designated as the Rebate Fund. Within the Rebate Fund, the Trustee shall maintain the accounts required by the Tax Agreement, including a Series 2014 Rebate Account, if so directed in writing by the Authority or the Borrower. Subject to the transfer provisions described in paragraph (e) below, all money at any time deposited in the Rebate Fund shall be held by the Trustee in trust, to the extent required to satisfy the applicable Rebate Requirement (as defined in the Tax Agreement), for payment to the federal government of the United States of America. Neither the Authority, the Borrower nor the Holder of any Bonds shall have any rights in or claim to such money. All amounts deposited into or on deposit in the Rebate Fund shall be governed by the Indenture and by the Tax Agreement (which is incorporated in the Indenture by reference). The Trustee is not a party to the Tax Agreement and its only responsibility with respect to the Tax Agreement is to follow the written directions of the Authority or the Borrower. The Trustee shall have no liability or responsibility to enforce compliance by the Authority or the Borrower with the terms of the Tax Agreement.

Upon receipt of and pursuant to a Request of the Borrower, an amount shall be deposited to the Rebate Fund by the Trustee from deposits by the Borrower or from available investment earnings on amounts held in the Bond Fund and the Subordinate Bond Fund, if and to the extent required, so that the balance of the Rebate Fund after such deposit shall equal the applicable Rebate Requirement (as that term is defined in the Tax Agreement). Computations of the applicable Rebate Requirement shall be furnished by or on behalf of the Borrower and the Authority in accordance with the Tax Agreement. The Trustee may rely conclusively upon the determination, calculations and certifications required by the Indenture, as described under this subheading. The Trustee shall have no responsibility to independently make any calculation or determination or to review such calculations.

The Trustee shall have no obligation to rebate any amounts required to be rebated pursuant to the Indenture, as described under this subheading, other than from moneys held in the Rebate Fund or from other moneys provided to it by the Borrower.

The Trustee shall invest all amounts held in the Rebate Fund in Permitted Investments pursuant to the Request of the Borrower.

Upon receipt of a Request of the Borrower, the Trustee shall remit part or all of the balances in the Rebate Fund to the United States, as so directed. In addition, if the Borrower so directs, the Trustee will deposit moneys into or transfer moneys out of the accounts within the Rebate Fund from or into such accounts or funds as directed in a Request of the Borrower. Any funds remaining in an account held within the Rebate Fund after redemption and payment of all of the corresponding Bonds and payment and satisfaction of any corresponding Rebate Requirement, or provision made therefor, and payment of all fees and expenses of the Trustee shall be withdrawn and remitted to the Borrower.

Notwithstanding any other provision of the Indenture, the obligation to remit any Rebate Requirement to the United States and to comply with all other requirements of the Indenture, as described under this subheading, and the corresponding Tax Agreement shall survive the defeasance or payment in full of the corresponding Bonds.

Without limiting the generality of the foregoing, the Authority agrees that there shall be paid from time to time all amounts required to be rebated to the United States pursuant to Section 148(f) of the Code and any temporary, proposed or final Treasury Regulations as may be applicable to the Bonds from time to time. This covenant shall survive payment in full or defeasance of the applicable Bonds. The Authority specifically covenants to pay, or cause to be paid, the Rebate Requirement to the United States at the times and in the amounts determined above, as described in the Tax Agreement, provided that the Authority's covenant with respect to the foregoing is made in reliance on the covenants and agreements of the Borrower in the Agreement and the Tax Agreement with respect thereto, and the Authority's obligation to make payments under the Indenture is limited solely to available under the Indenture or received from the Borrower under the Agreement. The Trustee agrees to comply with all written instructions of the Authority or the Borrower which such party states in writing are given in accordance with the Tax Agreement.

Notwithstanding any provision of the Indenture, if the Borrower shall provide to the Authority and the Trustee an Opinion of Bond Counsel to the effect that any action required under the Indenture, as described under this subheading, or the Tax Agreement is no longer required, or to the effect that some further action is required, to maintain the exclusion from gross income of the interest on the Bonds pursuant to Section 103 of the Code, the Authority and the Trustee may rely conclusively on such opinion in complying with the provisions of the Indenture, and the covenants under the Indenture shall be deemed to be modified to that extent.

Costs of Issuance Fund. The Trustee shall establish, maintain and hold in trust a separate fund designated as the "Series 2014 Costs of Issuance Fund," and therein, the "Series 2014A Account," the "Series 2014B Account," and the "Borrower Account." Moneys deposited in said fund shall be used to pay Costs of Issuance with respect to the Series 2014 Bonds. Each such Requisition of the Borrower shall be sufficient evidence to the Trustee of the facts stated therein, and the Trustee shall have no duty to confirm the accuracy of such facts. At the end of six months from the date of issuance of the Series 2014 Bonds, or upon earlier receipt of a Statement of the Borrower stating that amounts in such fund are no longer required for the payment of Costs of Issuance, such fund shall be closed and any amounts then remaining in the Series 2014A Account shall be transferred to the Interest Account of the Bond Fund, amounts remaining in the Series 2014B Account shall be transferred to the Subordinate Debt Fund, and amounts remaining in the Borrower Account shall be returned to the Borrower.

Project Fund. The Trustee shall establish, maintain and hold in trust a separate fund designated as the "Project Fund," including therein the "Series 2014A Account" and the "Series 2014B Account." Moneys deposited to the Project Fund shall be disbursed to pay Costs of the Project financed with proceeds of the Bonds.

Upon the completion of the acquisition, improvement and equipping of the Projects, or Borrower's written determination that, because of a failure to complete the acquisition of any of the Projects, there are excess amounts in the Project Fund, and upon the payment in full of the 2003 Prior Bonds, but in no event later than the third anniversary of the Closing Date, the Trustee shall be furnished with a Certificate of the Borrower, stating the date of such completion or determination of the Borrower (the "Completion Date") and that (i) as applicable, the acquisition, improvement, and equipping, or refinancing, as the case may be, of the Projects, have been completed, or the Borrower has determined that, because of a failure to complete the acquisition of any of the Projects, there are excess amounts in the Project Fund, (ii) payment, or provision therefor, of the Costs of the Project has been made except for any costs not then due and payable or the liability for payment of which is being contested or disputed by the Borrower, and (iii) no Event of Default exists under the Agreement, and the Trustee shall transfer any remaining balance in the Series 2014A Account into the Series 2014 Bond Account of the Bond Fund, and to the Subordinate Debt Fund, to the extent of amounts remaining in the Series 2014B Account. The moneys so transferred shall be used and applied, at the Request of the Borrower (unless some other application of such moneys is requested by the Borrower and would not, in the Opinion of Bond Counsel, cause interest on the applicable Series of Bonds to become no longer excludable from gross income for federal income tax purposes under the Code), to payment of the principal, premium (if any) or interest of the applicable Series of Bonds when due or the purchase for cancellation or redemption of the applicable Series of Bonds as designated in a Certificate of the Borrower, to the maximum degree permissible, and at any time from or after the earliest dates at which such Series 2014 Bonds can be purchased or redeemed pursuant to the Indenture. The moneys transferred to the Bond Fund or the Subordinate Debt Fund, as applicable, at the direction of the Borrower pursuant to the Indenture, shall be invested at the Request of the Borrower in Permitted Investments at a yield no higher than the yield on the applicable Series of Bonds (unless in the Opinion of Bond Counsel investment at a higher yield would not cause interest such Bonds to become no longer excludable from gross income for federal income tax purposes under the Code), and all such investment income shall be deposited in the Bond Fund or the Subordinate Debt Fund, as applicable, and expended or reinvested as provided above.

There shall be deposited into the Project Fund the proceeds of Additional Bonds in such amounts as set forth in the Supplemental Indenture related thereto and any other amounts deposited and directed by the Borrower to be so deposited. The Trustee is authorized to create subaccounts within the Project Fund with respect to each Series of Bonds or source of deposit. Moneys on deposit in the Project Fund shall be disbursed only to pay Costs of the Project, or to prepay the obligations of the Borrower, upon receipt by the Trustee of one or more Requisitions of the Borrower or at the written direction of the Borrower in connection with the issuance of a Series of Bonds.

Money Held in Trust. All money required to be deposited with or paid to the Trustee or any paying agent for deposit into any Fund or Account (other than the Rebate Fund) and all money withdrawn from the Bond Fund or the Subordinate Debt Fund and held by the Trustee or any paying agent shall be held by the Trustee or any paying agent, as the case may be, in trust, and such money (other than money held in the Rebate Fund) shall, while so held, constitute part of the Trust Estate and be subject to the lien of the Indenture.

Payment to the Borrower. After the right, title and interest of the Trustee in and to the Trust Estate and all covenants, agreements and other obligations of the Authority to the Owners shall have ceased, terminated and become void and shall have been satisfied and discharged in accordance with the Indenture, and all fees, expenses and other amounts payable to any paying agent and the Trustee, the Authority and the Oversight Agent pursuant to any provision of the Indenture shall have been paid in full, any money remaining in the Funds and Accounts under the Indenture shall be paid or transferred to the Borrower upon its written request, provided that amounts on deposit in the Rebate Fund shall be retained therein to the extent required by the Indenture.

Application of Bond Fund and Subordinate Debt Service Fund.

(a) The Trustee shall disburse and apply amounts in the Series 2014A Bond Account of the Bond Fund only as authorized by the Indenture as hereinafter in this paragraph (a) described:

(i) On each Interest Payment Date, the Trustee shall apply moneys in the Series 2014A Bond Account to pay the interest on the Series 2014A Bonds and on any Additional Bonds issued on a parity with the Series 2014A Bonds as such shall become due and payable (including accrued interest on any Series 2014A Bonds and on any Additional Bonds issued on a parity with the Series 2014A Bonds purchased or redeemed prior to maturity pursuant to the Indenture).

(ii) The Trustee shall apply moneys in the Series 2014A Bond Account to pay the principal of the Series 2014A Bonds as such principal becomes due and payable.

(iii) The Trustee shall apply moneys in the Series 2014A Bond Account to the redemption of (A) Series 2014A Bonds in the principal amounts and on the mandatory sinking fund payment dates set forth in the Indenture, and (B) to the redemption of any Additional Bonds that are secured on a parity with the Series 2014A Bonds pursuant to any mandatory sinking fund payments for such Additional Bonds as specified in the Supplemental Indenture for such Additional Bonds.

Any moneys which have been deposited in the Series 2014A Bond Account for application to any of the foregoing mandatory sinking fund payments pursuant to the Indenture, and which are not needed for the payment of interest on the Series 2014A Bonds, shall be applied by the Trustee, if the Trustee is directed to do so in a Request of the Borrower received prior to the selection of Series 2014A Bonds for redemption, to the purchase of the applicable Series 2014A Bonds as and when and at such prices (including brokerage and other charges but excluding accrued interest) as the Borrower may in its discretion determine, except that the purchase price (excluding accrued interest) shall not exceed the par value of such Series 2014A Bonds. Any Series 2014A Bonds so purchased with moneys designated for a mandatory sinking fund payment shall be applied, to the extent of the full principal amount thereof, to reduce said mandatory sinking fund payment. All Series 2014A Bonds so purchased shall be cancelled by the Trustee and destroyed.

If the Borrower shall deposit Series 2014A Bonds of the applicable maturity with the Trustee at least sixty (60) days before any mandatory sinking fund payment date with respect to Series 2014A Bonds of such maturity, together with instructions to the Trustee to apply the principal amount of such Series 2014A Bonds so delivered to the mandatory sinking fund payment due on that date with respect to Series 2014A Bonds of that maturity, such Series 2014A Bonds shall be applied, to the extent of the full principal amount thereof, to reduce said mandatory sinking fund payment. All Series 2014A Bonds deposited pursuant to the provisions of the Indenture as described in this paragraph shall be cancelled by the Trustee and destroyed.

(b) In the event that the Borrower makes an optional prepayment pursuant to the Loan Agreement, such prepayment shall be forthwith deposited in the Series 2014A Optional Redemption Account within the Bond Fund which the Trustee shall establish and maintain pursuant to the Indenture and shall be applied thereafter to the redemption of Series 2014A Bonds as promptly as practicable in accordance with the provisions of the Indenture. In the event of an optional redemption pursuant to the Indenture, the Borrower shall provide to the Trustee, on behalf of the Authority, a revised sinking fund schedule giving effect to the optional redemption so completed.

(c) The Trustee shall disburse and apply amounts in the Series 2014B Bond Account of the Subordinate Debt Service Fund only as authorized in the Indenture as hereinafter in this paragraph (d) described:

(i) On each Interest Payment Date, the Trustee shall apply moneys in the Series 2014B Bond Account to pay the interest on the Series 2014B Bonds and on any Additional Bonds issued on a parity with the Series 2014B Bonds as such shall become due and payable (including accrued interest on any Series 2014B Bonds and on any Additional Bonds issued on a parity with the Series 2014B Bonds purchased or redeemed prior to maturity pursuant to the Indenture).

(ii) The Trustee shall apply moneys in the Series 2014B Bond Account to pay the principal of the Series 2014B Bonds as such principal becomes due and payable.

(iii) The Trustee shall apply moneys in the Series 2014B Bond Account to the redemption of (A) Series 2014B Bonds in the principal amounts and on the mandatory sinking fund payment dates set forth in the Indenture, and (B) to the redemption of any Additional Bonds that are secured on a parity with the Series 2014B Bonds pursuant to any mandatory sinking fund payments for such Additional Bonds as specified in the Supplemental Indenture for such Additional Bonds.

Any moneys which have been deposited in the Series 2014B Bond Account for application to any of the foregoing mandatory sinking fund payments, and which are not needed for the payment of interest on the Series

2014B Bonds, shall be applied by the Trustee, if the Trustee is directed to do so in a Request of the Borrower received prior to the selection of Series 2014B Bonds for redemption, to the purchase of the applicable Series 2014B Bonds as and when and at such prices (including brokerage and other charges but excluding accrued interest) as the related Borrower may in its discretion determine, except that the purchase price (excluding accrued interest) shall not exceed the par value of such Series 2014B Bonds. Any Series 2014B Bonds so purchased with moneys designated for a mandatory sinking fund payment shall be applied, to the extent of the full principal amount thereof, to reduce said mandatory sinking fund payment. All Series 2014B Bonds purchased pursuant to the provisions of the Indenture as described in this paragraph shall be cancelled by the Trustee and destroyed.

If the Borrower shall deposit Series 2014B Bonds of the applicable maturity with the Trustee at least sixty (60) days before any mandatory sinking fund payment date with respect to Series 2014B Bonds of such maturity, together with instructions to the Trustee to apply the principal amount of such Series 2014B Bonds so delivered to the mandatory sinking fund payment due on that date with respect to Series 2014B Bonds of that maturity, such Series 2014B Bonds shall be applied, to the extent of the full principal amount thereof, to reduce said mandatory sinking fund payment. All Series 2014B Bonds deposited pursuant to the provisions of this paragraph shall be cancelled by the Trustee and destroyed.

(d) In the event that the Borrower makes an optional prepayment pursuant to the Loan Agreement, such prepayment shall be forthwith deposited in the Series 2014B Optional Redemption Account within the Bond Fund which the Trustee shall establish and maintain pursuant to the Indenture and shall be applied thereafter to the redemption of Series 2014B Bonds as promptly as practicable in accordance with the provisions of the Indenture. In the event of an optional redemption pursuant to the Indenture, the Borrower shall provide to the Trustee, on behalf of the Authority, a revised sinking fund schedule giving effect to the optional redemption so completed.

(e) The Trustee shall disburse and apply moneys, if any, in the Series 2014C Bond Account of the Second Subordinate Debt Service Fund only as authorized in the Indenture, as described in this subparagraph:

(1) On each Interest Payment Date, the Trustee shall apply moneys in the Series 2014C Bond Account to pay interest on the Series 2014C Bonds, including accrued and unpaid interest, on a pro rata basis among the Series 2014C and Series 2014C-T Bonds.

(2) The Trustee shall apply moneys in the Series 2014C Bond Account to pay principal of the Series 2014C Bonds as such principal becomes due and payable.

(3) The Trustee shall apply any remaining moneys in the Series 2014C Bond Account to the optional redemption of Series 2014C Bonds but only at the written direction of the Borrower on a pro rata basis among the Series 2014C and Series 2014C-T Bonds.

Investment of Moneys in Funds

Except as otherwise provided in the Indenture, any moneys in any of the funds and accounts established by the Trustee pursuant to the Indenture shall be invested by the Trustee solely in such Permitted Investments as are specified in a Request of the Borrower. If the Borrower does not file such a Request with the Trustee, the Trustee shall invest in the Wells Fargo Funds, Prime Investment Money Market Fund or a successor fund offered by the Trustee. Investments (except investment agreements or repurchase agreements) purchased with funds on deposit in any fund shall have a term to maturity of not greater than six months. The Trustee agrees to notify the Rating Agency of any change in any provider of an investment agreement for any investment.

Except as otherwise provided in written instructions of the Borrower, and which the Borrower states in writing are given in accordance with the applicable Tax Agreement, all interest, profits and other income received from the investment of moneys (aside from amounts on deposit in any Reserve Fund, which shall remain on deposit in the applicable accounts within any Reserve Fund, and the Rebate Fund which shall remain on deposit in the applicable accounts within the Rebate Fund except as set forth in the Indenture) shall be deposited in the corresponding accounts within the Project Fund, if any, until all moneys in that fund have been expended or released in accordance with the Indenture, and thereafter shall be deposited in the corresponding accounts within the Bond Fund.

Subject to provisions of the Indenture pertaining to the payment of the Bonds after discharge of the Indenture, investments in any and all funds and accounts established pursuant to the Indenture (other than the Rebate Fund) may be commingled for purposes of making, holding and disposing of investments, notwithstanding provisions in the Indenture for transfer to or holding in a particular fund amounts received or held by the Trustee under the Indenture, provided that the Trustee shall at all times account for such investments strictly in accordance with the particular funds and accounts to which they are credited and otherwise as provided in the Indenture. The Trustee may act as principal or agent in the making or disposing of any investment. The Trustee may sell or present for redemption, any securities so purchased 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 securities are credited, and the Trustee shall not be liable or responsible for any loss resulting from such investment.

The Authority (and the Borrower by its execution of the Agreement) acknowledges that to the extent regulations of the Comptroller of the Currency or other applicable regulatory entity grant the Authority or the Borrower the right to receive from the Trustee brokerage confirmations of security transactions as they occur, the Authority and the Borrower specifically waive receipt of such confirmations to the extent permitted by law. The Trustee will furnish the Authority and the Borrower periodic cash transaction statements which include detail for all investment transactions made by the Trustee under the Indenture.

The Trustee or any of its affiliates may act as sponsor, advisor or manager in connection with any investments made by the Trustee under the Indenture.

Additional Bonds

Issuance of Additional Series of Bonds. In addition to the Series 2014 Bonds, the Authority may, by Supplemental Indenture, establish one or more series of Bonds of equal rank and parity with the Series 2014A Bonds, or the Series 2014B Bonds, as applicable, and a series of Second Subordinate Bonds of equal rank and parity with the Series 2014C Bonds if requested by the Borrower, and the Authority may issue, and the Trustee may authenticate and deliver to or upon the Order of the Authority, Bonds of any series so established, in such principal amount as shall be determined by the Authority, but only upon compliance by the Authority with the provisions of the Indenture, and subject to the following specific conditions, which are made conditions precedent to the issuance of any such additional series of Bonds:

Such additional series of Bonds shall have been issued to provide for the acquisition, construction or installation of housing facilities which qualify for financing within the provisions of the Act (herein called a "Project") and for which financing has been requested from the Authority. For the purposes of the Indenture, the refunding of any Obligations of the Borrower shall be included in the definition of "Project," to the extent that the proceeds of such Obligations were used to provide housing facilities which qualify for financing under the Act.

No default or Event of Default shall have occurred under the Indenture and be continuing, and no default or Event of Default under the Indenture will occur as a result of the issuance of such series of Bonds or the application of the proceeds thereof in accordance with such Supplemental Indenture.

The Supplemental Indenture authorizing the issuance of such additional series of Bonds shall require that the proceeds of the sale of such additional series shall be applied to the financing of Costs of the Project and other expenses incidental thereto, including Costs of Issuance, fees and expenses of the Trustee which may include fees and expenses of outside counsel and internal counsel to the Trustee, and similar expenses. Such Supplemental Indenture may also provide that a portion of such proceeds shall be applied to the payment of interest due or to become due on such additional series of Bonds during the period of actual construction of the corresponding Project, and for a further period not exceeding one year after such period of construction. Such Supplemental Indenture shall require the establishment of a bond reserve fund meeting the Reserve Requirement forthwith upon the receipt of the proceeds of the sale of such additional series of Bonds. Such deposit may be made from such proceeds or by the Borrower or from both such sources, as provided in such Supplemental Indenture. Such Supplemental Indenture may provide for the establishment of separate funds and accounts for such additional series of Bonds, including but not limited to a separate rebate account for such additional series of Bonds.

The Borrower and the Authority shall have executed amendments or supplements to the related Agreement or a supplemental loan agreement with respect to the Project to be financed by such additional series of Bonds which requires payments by the Borrower at such times and in such manner as may be necessary to provide for full payment of the principal, interest, and premium, if any, on such additional series of Bonds as such payments become due.

The additional series of Bonds may bear interest at fixed or variable interest rates and shall be payable as to principal and interest and shall have such provisions for redemption as are specified therein.

The issuance of additional series of Bonds under the Indenture shall be in addition to, and in no way a limitation on, the Borrower's ability to enter into and incur Obligations of any kind or character to any lender or counterparty, whether as secured Obligations or Obligations subordinate to any Bonds or other Obligations of the Borrower; provided, however, that such Obligations do not cause the Borrower to be in violation of any provision of the Indenture and meet the provisions of any applicable limitation on additional indebtedness pursuant to any Agreement. Any such Obligation may be deemed of equal rank and parity with the Series 2014A Bonds or the Series 2014B Bonds so long as such Obligations meet the requirements of the Indenture as described under this subheading and the subheading "Proceedings for Issuance of Additional Series of Bonds," below.

Nothing in the Indenture shall prevent or be construed to prevent the Supplemental Indenture providing for the issuance of Additional Bonds from pledging or otherwise providing, in addition to the security given or intended to be given by the Indenture, additional security for the benefit of all Bonds, such additional series of Bonds, or any portion of such additional series of Bonds.

Proceedings for Issuance of Additional Series of Bonds.

Whenever the Authority shall determine to issue an additional series of Bonds pursuant to the Indenture, the Authority shall by resolution authorize the execution and delivery of a Supplemental Indenture prescribing the terms and conditions of such additional series of Bonds. The Authority shall then execute such Supplemental Indenture and deliver the same to the Trustee, together with a certified copy of such resolution. Such Supplemental Indenture shall prescribe the forms of Bonds of such additional series and shall provide for the distinctive designation, denominations, methods of numbering, redemption provisions, interest rates, maturities and places of payment of principal of and interest on such Bonds.

Upon the execution and delivery to the Trustee of such Supplemental Indenture, the following documents shall be filed with the Trustee and the Authority:

(a) An Opinion of Bond Counsel stating that (A) such counsel has examined the Supplemental Indenture and such Supplemental Indenture is permitted or authorized by the terms of the Indenture; (B) the execution and delivery of the additional series of Bonds have been sufficiently and duly authorized by the Authority; (C) the Bonds of such additional series, when duly executed by the Authority and authenticated and delivered by the Trustee, will be valid and binding limited obligations of the Authority; and (D) the issuance of the additional series of Bonds will not cause the interest on any previously Outstanding Bonds, including the Series 2014 Bonds, to be includable in the gross income of Holders pursuant to Code Section 103(a) for Federal income tax purposes.

(b) A Certificate of the Borrower certifying that the requirements of any covenant regarding the issuance of Additional Bonds set forth in an Agreement have been met and that for each of the two Fiscal Years succeeding the completion or acquisition of the Project to be financed or refinanced (in the case of a refunding), the Debt Service Coverage Ratio with respect to all Senior Bonds or parity Obligations to be outstanding after the issuance of such Additional Bonds or parity Obligations will not be less than 1.35 to 1, and the Debt Service Coverage Ratio with respect to all Senior Bonds, parity Obligations and Subordinate Bonds to be outstanding immediately after the issuance of such Additional Bonds or additional parity Obligations will not be less than 1.10 to 1, based upon and supported by audited financial statements.

(c) Original executed counterparts or certified copies, as applicable, of an Agreement and a Mortgage, or any amendments to the Agreement and the Mortgage, as necessary to provide for the payment of and security for such Additional Bonds; and

(d) A written order of the Authority to the Trustee to authenticate and deliver such Additional Bonds to the purchasers identified therein upon payment to the Trustee on behalf of the Authority of the purchase price specified in such written order;

Upon delivery to the Trustee and the Authority of the foregoing documents, the Trustee shall authenticate and deliver Bonds of such series, in the aggregate principal amount specified in such Supplemental Indenture, to, or upon the Order of the Authority, when such additional series of Bonds shall have been presented to it for that purpose.

The Trustee shall provide written notice of the issuance of such Additional Bonds to each Rating Agency.

Certain Covenants

Extension or Funding of Claims for Interest. In order to prevent any accumulation of claims for interest after maturity, the Authority shall not, directly or indirectly, extend or assent 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 or approve any such arrangement by purchasing or funding such claims 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 Authority, such claim for interest so extended or funded shall not be entitled, in case of default under the Indenture, to the benefits of the Indenture, 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.

Accounting Records and Financial Statements. The Trustee shall at all times keep, or cause to be kept, proper books of record and account, prepared in accordance with the Trustee's accounting practices for books of record and account relating to similar trust accounts and in accordance with the customary standards of the industry for such books of record and account, in which complete and accurate entries shall be made of all transactions made by it relating to the proceeds of Bonds, the Revenues, the Agreement and all funds and accounts established pursuant to the Indenture. Such books of record and account shall be available for inspection by the Authority and the Borrower, or their respective agents or representatives duly authorized in writing, at reasonable hours, upon reasonable notice and under reasonable circumstances.

The Trustee shall file and furnish to the Authority and the Borrower quarterly statements from its trust accounting system covering receipts, disbursements, allocation and application of Revenues and any other moneys (including proceeds of the Bonds) in any of the funds and accounts pursuant to the Indenture for the preceding quarter.

Arbitrage Covenants. The Authority covenants that it shall not take any action, or knowingly fail to take any action, if such action or failure to take such action would result in the interest on the Bonds not being excluded from gross income for federal income tax purposes under Section 103 of the Code. Without limiting the generality of the foregoing, the Authority covenants that it will comply with the requirements of the Tax Agreement, which is incorporated in the Indenture as if fully set forth in the Indenture. This covenant shall survive the payment in full or the defeasance of the Bonds.

In the event that at any time the Authority is of the opinion that for purposes of the Indenture, as described under this subheading, it is necessary or helpful to restrict or limit the yield on the investment of any moneys held by the Trustee under the Indenture, the Authority shall so instruct the Trustee in a Request of the Authority accompanied by a supporting Opinion of Bond Counsel, and the Trustee shall take such action as may be directed in accordance with such instructions.

Notwithstanding any provisions of the Indenture as described under this subheading, if the Authority shall provide to the Trustee an Opinion of Bond Counsel to the effect that any specified action required under the Indenture as described under this subheading is no longer required or that some further or different action is required to maintain the exclusion from federal income tax of interest on the Bonds, the Authority and the Trustee may conclusively rely on such opinion in complying with the requirements of the Indenture as described in this subheading and the Tax Agreement, and the covenants under the Indenture shall be deemed to be modified to that extent.

In making the agreements described under this subheading relating to arbitrage, the Authority is relying solely on the covenants and representations of the Borrower in the Agreement, the Regulatory Agreement and the Tax Agreement with respect thereto and a default by the Borrower with respect thereto shall not be considered a default of the Authority under the Indenture.

Other Covenants; Amendment of the Agreements. Subject to the provisions of the Indenture, the Trustee shall promptly collect all amounts due from the Borrower pursuant to the Agreement and enforce and take all steps, actions and proceedings reasonably necessary for the enforcement of all of the rights of the Authority under any Agreement and assigned to it pursuant to the Indenture. The Authority covenants for the benefit of the owners of the Bonds to enforce the terms and provisions of the Agreement or the Regulatory Agreement upon receipt of actual notice of any violation thereof by the Borrower or any successor in interest to the Borrower.

The Authority shall not amend, modify or terminate any of the terms of any Agreement, or consent to any such amendment, modification or termination, without the prior written consent of the Trustee. The Trustee shall give such written consent if but only if (1) it has received a written representation from the Authority to the effect that such amendment or modification will not materially and adversely affect the interests of the Holders of the Bonds (which written representation may be based on representations of other parties in accordance with the provisions of the Indenture); provided that, if an Event of Default has occurred and is continuing, the Trustee shall receive and may conclusively rely on written representations of financial consultants or advisors or the opinion or advice of counsel that such amendment or modification will not materially and adversely affect the interests of the Holders of the Bonds, or (2) the Holders of (i) a majority in aggregate principal amount of the Bonds then Outstanding and (ii) a majority in aggregate principal amount of the Senior Bonds then Outstanding consent in writing to such amendment, modification or termination, provided that no such amendment, modification or termination shall reduce the amount of Loan Payments to be made to the Authority or the Trustee by the Borrower pursuant to any Agreement, or extend the time for making such payments, without the written consent of all of the Holders of the Bonds then Outstanding.

Waiver of Laws. The Authority shall not at any time insist upon or plead in any manner whatsoever, or claim or take the benefit or advantage of, any stay or extension of law now or at any time hereafter in force that may affect the covenants and agreements contained in the Indenture or in the Bonds, and all benefit or advantage of any such law or laws is expressly waived by the Authority to the extent permitted by law.

Continuing Disclosure. Pursuant to the Loan Agreement, the Borrower has undertaken all responsibility for compliance with continuing disclosure requirements pursuant to Securities and Exchange Commission Rule 15c2-12(b)(5), and the Authority shall have no liability to the Holders of the Bonds or any other person with respect to Securities and Exchange Commission Rule 15c2-12. Notwithstanding any other provision of this Indenture, failure of the Borrower to comply with the Continuing Disclosure Agreement shall not be considered an Event of Default.

Events of Default

Senior Bonds Event of Default. Each of the following events is declared a "Senior Bonds Event of Default":

(a) the Authority shall fail to make payment of the principal or Redemption Price of, or Sinking Fund Installment on, any Senior Bond from the Senior Bond Trust Estate after the same shall become due, whether at maturity or upon call for redemption, or otherwise; or

(b) the Authority shall fail to make payment of interest on any Senior Bond from the Senior Bond Trust Estate when and as the same shall become due; or

(c) the Authority shall default in the performance or observance of any other of the covenants, agreements or conditions on its part in the Indenture, any Supplemental Indenture, or in the Senior Bonds, and such default shall continue for a period of ninety (90) days after written notice thereof by the Trustee or the Owners of not less than five percent (5%) in Principal Amount of the Outstanding Senior Bonds.

The occurrence of a Subordinate Bonds Event of Default or a Second Subordinate Bonds Event of Default shall constitute an event of default only with respect to the Subordinate Bonds or Second Subordinate Bonds, respectively.

Subordinate Bonds Events of Default. Each of the following events is declared a "Subordinate Bonds Event of Default":

(a) Subordinate Residual Revenues are not applied to the payment of the principal of, or redemption price of, any Subordinate Bonds after the same shall become due, whether at maturity or upon call for redemption or otherwise, to the extent of such Subordinate Residual Revenues available; or

(b) Subordinate Residual Revenues are not applied to the payment of interest on any Subordinate Bonds when and as the same shall become due to the extent of such Subordinate Residual Revenues available; or

(c) the Authority shall default in the performance or observance of any other of the covenants, agreements, or conditions on its part in the Subordinate Bonds, and such default shall continue for a period of ninety (90) days after written notice thereof by the Trustee or the Holders of not less than twenty-five percent (25%) in Principal Amount of the Outstanding Subordinate Bonds; or

(d) the Authority shall fail to pay the principal of or interest on the Subordinate Bonds on the final maturity date thereof, to the extent funds are available therefor in the Subordinate Bonds Trust Estate.

The occurrence of a Senior Bonds Event of Default or Second Subordinate Bonds Event of Default shall constitute an event of default only with respect to the Senior Bonds or Second Subordinate Bonds, respectively.

Second Subordinate Bonds Events of Default. Each of the following events is declared a "Second Subordinate Bonds Event of Default":

(a) Second Subordinate Residual Revenues are not applied to the payment of the principal of, or redemption price of, any Second Subordinate Bonds after the same shall become due, whether at maturity or upon call for redemption or otherwise, to the extent such Second Subordinate Residual Revenues are available; or

(b) Second Subordinate Residual Revenues are not applied to the payment of interest on any Second Subordinate Bonds when and as the same shall become due to the extent such Second Subordinate Residual Revenues are available; or

(c) the Authority shall default in the performance or observance of any other of the covenants, agreements, or conditions on its part in the Second Subordinate Bonds, and such default shall continue for a period of ninety (90) days after written notice thereof by the Trustee or the Holders of not less than twenty-five percent (25%) in Principal Amount of the Outstanding Second Subordinate Bonds; or

(d) the Authority shall fail to pay the principal of or interest on the Second Subordinate Bonds on the final maturity date thereof to the extent funds are available therefor in the Second Subordinate Bonds Trust Estate.

The occurrence of a Senior Bonds Event of Default or Subordinate Bonds Event of Default shall constitute an event of default only with respect to the Senior Bonds or the Subordinate Bonds, respectively.

Remedies

Upon the happening and continuance of any Senior Bonds Event of Default specified in the Indenture, then the Trustee may proceed, and upon the written request of the Owners of not less than a majority in Principal Amount of the Outstanding Senior Bonds shall, proceed in its own name to protect and enforce its rights and the rights of the Bondowners of such series by such of the following remedies as the Trustee shall deem most effectual to protect and enforce such rights:

(a) by suit, action or proceeding, enforce all rights of the Bondowners under the Indenture, including the right to require the Borrower to receive and collect Gross Revenues adequate to carry out the covenants and agreements as to, and pledge of, such Gross Revenues, and to require the Borrower to carry out any other covenant or agreement with Bondowners and to perform its duties under the Loan Agreement;

(b) by bringing suit upon the Bonds;

(c) by action or suit, require the Borrower to account as if the Borrower were the trustee of an express trust for the Owners of the Bonds; or

(d) by action or suit, enjoin any acts or things which may be unlawful or in violation of the rights of the Owners of the Bonds under the Indenture;

provided, however, so long as the Senior Bonds are Outstanding, the Trustee in so acting under the Indenture as described under this subheading shall act solely for the benefit of the Senior Bondholders and the Subordinate Bondholders shall have no interest in or right to direct remedies with respect thereto.

Upon the happening and continuance of any Senior Bonds Event of Default specified in paragraph (a) or (b) described under the heading "Senior Bonds Event of Default", then, and in each such case, the Trustee may, and upon the written request of the Owners of not less than a majority in Principal Amount of the Outstanding Senior Bonds, shall declare all Senior Bonds due and payable, and if all defaults shall be made good, then, with the written consent of the Owners of not less than a majority in Principal Amount of the Outstanding Senior Bonds, annul such declaration and its consequences.

In the enforcement of any remedy under the Indenture, the Trustee shall be entitled to sue for, enforce payment on and receive any and all amounts then or during any default becoming, and any time remaining, due from the defaulting Borrower for principal, redemption price, interest or otherwise, under any provision of the Indenture, the Agreement or of the Bonds, and unpaid, with interest on overdue payments at the rate or rates of interest specified in the Bonds, together with any and all costs and expenses of collection and of all proceedings under the Indenture and under the Bonds, including reasonable attorneys' fees.

If any Senior Bonds are then Outstanding, then in the event of a Subordinate Bonds Event of Default, the Bondholders of the Subordinate Bonds shall have no right to declare an event of default under the Indenture or direct any remedies under the Indenture.

If the Senior Bonds are no longer Outstanding, the Trustee may, and upon the written request of the Owners of not less than a majority in Principal Amount of the Outstanding Subordinate Bonds, shall declare all Subordinate Bonds due and payable, and if all defaults shall be made good, then with the written consent of the Owners of not less than a majority in Principal Amount of the Outstanding Subordinate Bonds, annul such declaration and its consequences.

If the Senior Bonds and the Subordinate Bonds are no longer Outstanding, the Trustee may, and upon the written request of the Owners of not less than a majority in Principal Amount of the Outstanding Second Subordinate Bonds, shall declare all Second Subordinate Bonds due and payable, and if all defaults shall be made good, then with the written consent of the Owners of not less than a majority in Principal Amount of the Outstanding Second Subordinate Bonds, annul such declaration and its consequences.

Priority of Payments after Senior Bonds Event of Default. In the event that the funds held by the Trustee or any paying agents shall be insufficient for the payment of principal or Redemption Price of and interest then due on the Senior Bonds, such funds (other than funds held for the payment or redemption of particular Senior Bonds which have theretofore become due at maturity or by call for redemption) and any other moneys received or collected by the Trustee acting pursuant to the provisions of the Indenture pertaining to an Event of Default, after making provision for the payment of any expenses necessary, in the opinion of the Trustee or the Authority to protect the interests of the Owners of the Senior Bonds, and for the payment of the fees, charges and expenses and liabilities incurred and advances made by the Trustee or the Authority in the performance of their duties under the Indenture, including reasonable attorney fees, shall be applied as follows (provided that moneys in the Bond Fund and any Reserve Fund shall not be applied to make payments with respect to the Subordinate Bonds, and provided further that moneys in the Subordinate Bonds Debt Service Fund and any Reserve Fund shall also be applied to make payments with respect to the Senior Bonds):

(a) Unless the principal of all the Senior Bonds shall not have become or have been declared due and payable,

> **First:** To the payment to the persons entitled thereto of all installments of interest then due on the Senior Bonds in the order of the maturity of such installments, and, if the amount available shall not be sufficient to pay in full any installment, then to the payment thereof ratably, according to the amounts due on such installment, to the persons entitled thereto, without any discrimination or preference; and
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> **Second:** To the payment to the persons entitled thereto of the unpaid Principal Amounts or Redemption Price of any Senior Bonds which shall have become due, whether at maturity or by call for redemption, in the order of their due dates and, if the amounts available shall not be sufficient to pay in full all the Senior Bonds due on any date, then to the payment thereof ratably, according to the amounts of Principal Amounts or Redemption Price due on such date, to the persons entitled thereto, without any discrimination or preference; and
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> **Third:** To the payment to the persons entitled thereto of the unpaid Principal Amounts or Redemption Price of any Subordinate Bonds which shall become due, whether at maturity or by call for redemption, in the order of their due dates and, if the amounts available shall not be sufficient to pay in full all the Subordinate Bonds due on any date, then to the payment thereof ratably, according to the amounts of Principal Amounts or Redemption Price due on such date, to the persons entitled without any discrimination or preference.

If the principal of all of the Senior Bonds shall have become or have been declared due and payable, to the payment of the principal of and interest then due and unpaid upon the Senior Bonds without preference or priority of principal over interest or of interest over principal, or of any installment of interest over any other installment of interest, or of any Senior Bond over any other Senior Bond, ratably, according to the amounts due respectively for principal and interest, to the persons entitled thereto without any discrimination or preference except as to any difference in the respective rates of interest specified in the Senior Bonds. Moneys remaining after satisfying the payments on the Senior Bonds as described in this paragraph shall be applied proportionately to the payment of the principal of and interest then due and unpaid upon the Subordinate Bonds without preference or priority of principal, or of any installment of interest over any other installment of interest, ratably, according to the amounts due respectively for principal and interest, to the persons entitled thereto without any discrimination or preference. Moneys remaining after satisfying the payments on the Senior Bonds and the Subordinate Bonds as provided in this paragraph shall be applied proportionately to the payment of the principal of and interest then due and unpaid upon the Second Subordinate Bonds without preference or priority of principal, or of any installment of interest over any other installment of interest, ratably, according to the amounts due respectively for principal and interest, to the persons entitled thereto without any discrimination or preference.

Whenever moneys are to be applied by the Trustee pursuant to the provisions of the Indenture, as described under this subheading, such moneys shall be applied by the Trustee at such times, and from time to time, as the Trustee in its sole discretion shall determine, having due regard to the amount of such moneys available for application and the likelihood of additional money becoming available for such application in the future; the deposit of such moneys with any paying agents, or otherwise setting aside such moneys in trust for the proper purpose, shall constitute proper application by the Trustee and the Trustee shall incur no liability whatsoever to the Authority, to any Bondowner or to any other person for any delay in applying any such moneys, so long as the Trustee acts with reasonable diligence, having due regard for the circumstances, and ultimately applies the same in accordance with such provisions of the Indenture as may be applicable at the time of application by the Trustee. Whenever the Trustee shall exercise such discretion in applying such moneys, it shall fix the date (which shall be an Interest Payment Date unless the Trustee shall deem another date more suitable) upon which such application is to be made and upon such date interest on the amounts of principal to be paid on such date shall cease to accrue. The Trustee shall give such notice as it may deem appropriate for the fixing of any such date. The Trustee shall not be required to make payment to the Owner of any unpaid Bond unless such Bond shall be presented to the Trustee for appropriate endorsement or for cancellation if fully paid.

Priority of Payments after Subordinate Bonds Event of Default. In the event that the funds held by the Trustee or any paying agents shall be insufficient for the payment of principal or Redemption Price of and interest then due on the Subordinate Bonds, such funds derived from actions taken in connection under a Subordinate Bonds Event of Default only, and any other moneys received or collected by the Trustee and the Authority acting pursuant to provisions of the Indenture pertaining to an Event of Default, after making provision for the payment of any expenses necessary in the opinion of the Trustee and the Authority to protect the interests of the Holders of the Bonds, and for the payment of the fees, charges and expenses and liabilities incurred and advances made by the Trustee or the Authority in the performance of their duties under the Indenture, including reasonable attorney fees, shall be applied as follows:

Unless the principal of all the Subordinate Bonds shall not have become or have been declared due and payable,

First: To the payment to the persons entitled thereto of all installments of interest then due on the Subordinate Bonds in the order of the maturity of such installments, and, if the amount available shall not be sufficient to pay in full any installment, then to the payment thereof ratably, according to the amounts due on such installment, to the persons entitled thereto, without any discrimination or preference; and

Second: To the payment to the persons entitled thereto of the unpaid Principal Amounts or Redemption Price of any Subordinate Bonds which shall have become due, whether at maturity or by call for redemption, in the order of their due dates and, if the amounts available shall not be sufficient to pay in full all the Subordinate Bonds due on any date, then to the payment thereof ratably, according to the amounts of

Principal Amounts or Redemption Price due on such date, to the persons entitled thereto, without any discrimination or preference.

Third: To the payment to the persons entitled thereto of the unpaid Principal Amounts or Redemption Price of any Second Subordinate Bonds which shall become due, whether at maturity or by call for redemption, in the order of their due dates and, if the amounts available shall not be sufficient to pay in full all the Second Subordinate Bonds due on any date, then to the payment thereof ratably, according to the amounts of Principal Amounts or Redemption Price due on such date, to the persons entitled without any discrimination or preference.

If the principal of all of the Subordinate Bonds shall have become or have been declared due and payable, to the payment of the principal of and interest then due and unpaid upon the Subordinate Bonds without preference or priority of principal over interest or of interest over principal, or of any installment of interest over any other installment of interest, or of any Subordinate Bond over any other Subordinate Bond, ratably, according to the amounts due respectively for principal and interest, to the persons entitled thereto without any discrimination or preference except as to any difference in the respective rates of interest specified in the Subordinate Bonds. Moneys remaining after satisfying the payments on the Senior Bonds as provided in the Indenture as described in this paragraph shall be applied proportionately to the payment of the principal of and interest then due and unpaid upon the Subordinate Bonds without preference or priority of principal, or of any installment of interest over any other installment of interest, ratably, according to the amounts due respectively for principal and interest, to the persons entitled thereto without any discrimination or preference. Moneys remaining after satisfying the payments on the Senior Bonds and the Subordinate Bonds as provided in the Indenture as described in this paragraph shall be applied proportionately to the payment of the principal of and interest then due and unpaid upon the Second Subordinate Bonds without preference or priority of principal, or of any installment of interest over any other installment of interest, ratably, according to the amounts due respectively for principal and interest, to the persons entitled thereto without any discrimination or preference.

Whenever moneys are to be applied by the Trustee pursuant to the provisions of the Indenture, as described under this subheading, such moneys shall be applied by the Trustee at such times, and from time to time, as the Trustee in its sole discretion shall determine, having due regard to the amount of such moneys available for application and the likelihood of additional money becoming available for such application in the future; the deposit of such moneys with any paying agents, or otherwise setting aside such moneys in trust for the proper purpose, shall constitute proper application by the Trustee and the Trustee shall incur no liability whatsoever to the Authority, to any Bondholder or to any other person for any delay in applying any such moneys, so long as the Trustee acts with reasonable diligence, having due regard for the circumstances, and ultimately applies the same in accordance with such provisions of the Indenture as may be applicable at the time of application by the Trustee. Whenever the Trustee shall exercise such discretion in applying such moneys, it shall fix the date (which shall be an Interest Payment Date unless the Trustee shall deem another date more suitable) upon which such application is to be made and upon such date interest on the amounts of principal to be paid on such date shall cease to accrue. The Trustee shall give such notice as it may deem appropriate for the fixing of any such date. The Trustee shall not be required to make payment to the Holder of any unpaid Bond unless such Bond shall be presented to the Trustee for appropriate endorsement or for cancellation if fully paid.

Notwithstanding the provisions of the Indenture, the Subordinate Bonds are subject to cancellation as a result of a deemed redemption pursuant to the Indenture.

Subject to provisions of the Indenture pertaining to the Rebate Fund, whenever all principal of, premium, if any, and interest on all Bonds have been paid under the provisions of the Indenture, as described under this subheading, and all fees, expenses and amounts owed to the Trustee and the Authority, (including without limitation attorney fees and expenses), and any payments required pursuant to the indemnification provisions of any Agreement), and the Rebate Requirement (as defined in the Tax Agreement) shall have been paid, any balance remaining in the funds and accounts under the Indenture shall be paid to the Borrower.

Effect of Delay or Omission to Pursue Remedy. No delay or omission of the Trustee or of any Holder of Bonds to exercise any right or power arising from any default shall impair any such right or power or shall be construed to be a waiver of any such default or acquiescence therein, and every power and remedy given by the Indenture to the Trustee or to the Holders of Bonds may be exercised from time to time, and as often as shall be deemed expedient. In case the Trustee shall have proceeded to enforce any right under the Indenture, and such proceedings shall have been discontinued or abandoned because of waiver or for any other reason, or shall have been determined adversely to the Trustee, then and in every such case the Authority and the Trustee, and the Holders of the Bonds, severally and respectively, shall be restored to their former positions and rights under the Indenture in respect to the trust estate; and all remedies, rights and powers of the Authority, the Trustee and the Holders of the Bonds shall continue as though no such proceedings had been taken.

Remedies Cumulative. No remedy provided in the Indenture conferred upon or reserved to the Trustee or to any Holder of the Bonds is intended to be exclusive of any other remedy, but each and every such remedy shall be cumulative and shall be in addition to every other remedy given under the Indenture or now or hereafter existing at law or in equity.

Covenant to Pay Bonds in Event of Default. The Authority covenants that, upon the happening of any Event of Default, the Authority will pay, but only out of Revenues, to the Trustee, upon demand, for the benefit of the Holders of the Bonds, the whole amount then due and payable thereon (by declaration or otherwise) for interest, principal and premium, if any, as the case may be, and all other sums which may be due under the Indenture or secured by the Indenture, including reasonable compensation to the Trustee and its agents and counsel and any expenses or liabilities incurred by the Trustee under the Indenture and, its agents and counsel. In case the Authority shall fail to pay the same forthwith upon such demand, the Trustee, in its own name and as trustee of an express trust, shall be entitled to institute proceedings at law or in equity in any court of competent jurisdiction to recover judgment for the whole amount due and unpaid, together with costs and reasonable attorneys' fees, subject, however, to the condition that such judgment, if any, shall be limited to, and payable solely out of, Revenues, as provided in the Indenture and not otherwise. The Trustee shall be entitled to recover such judgment as aforesaid, either before or after or during the pendency of any proceedings for the enforcement of the Indenture, and the right of the Trustee to recover such judgment shall not be affected by the exercise of any other right, power or remedy for the enforcement of the provisions of the Indenture.

Trustee Appointed Agent for Bondholders. The Trustee is appointed the agent and attorney-in-fact of the Holders of all Bonds Outstanding under the Indenture for the purpose of filing any claims relating to the Bonds.

Power of Trustee to Control Proceedings. In the event that the Trustee, upon the happening of an Event of Default, shall have taken some action, by judicial proceedings or otherwise, pursuant to its duties under the Indenture, whether upon its own discretion or upon the request of the Holders of a majority in aggregate principal amount of the Bonds then Outstanding, it shall have full power, in the exercise of its discretion for the best interests of the Holders of the Bonds, with respect to the continuance, discontinuance, withdrawal, compromise, settlement or other disposal of such action; provided, however, that the Trustee shall not, unless there no longer continues an Event of Default under the Indenture, discontinue, withdraw, compromise or settle, or otherwise dispose of any litigation pending at law or in equity, if at the time there has been filed with it a written request signed by the Holders of at least a majority in aggregate principal amount of the Bonds Outstanding under the Indenture opposing such discontinuance, withdrawal, compromise, settlement or other disposal of such litigation.

Limitation on Bondholders' Right to Sue. Except as provided in the provisions of the Indenture as described in the next paragraph, no Holder of any Bond issued under the Indenture shall have the right to institute any suit, action or proceeding at law or in equity, for any remedy under or upon the Indenture, unless (1) such Holder shall have previously given to the Trustee written notice of the occurrence of an Event of Default under the Indenture; (2) the Holders of at least a majority in aggregate principal amount of all the Bonds then Outstanding shall have made written request upon the Trustee to exercise the powers granted under the Indenture or to institute such action, suit or proceeding in its own name; (3) said Holders shall have tendered to the Trustee indemnity reasonably satisfactory to the Trustee against the costs, expenses and liabilities to be incurred in compliance with such request; (4) the Trustee shall have refused or omitted to comply with such request for a period of sixty (60) days after such written request shall have been received by, and said tender of indemnity shall have been made to, the Trustee; and (5) no direction inconsistent with such written request has been given to the Trustee during such sixty (60) day period by the Holders of a majority in aggregate principal amount of all the Bonds then Outstanding.

Such notification, request, tender of indemnity and refusal or omission are declared, in every case, to be conditions precedent to the exercise by any Holder of Bonds of any remedy under the Indenture; it being understood and intended that no one or more Holders of Bonds shall have any right in any manner whatever by his or their action to enforce any right under the Indenture, except in the manner provided in the Indenture, and that all proceedings at law or in equity to enforce any provision of the Indenture shall be instituted, had and maintained in the manner provided in the Indenture and for the equal benefit of all Holders of the Outstanding Bonds.

The right of any Holder of any Bond to receive payment of the principal of and premium, if any, and interest on such Bond out of Revenues and the funds pledged under the Indenture, as provided in the Indenture, on and after the respective due dates expressed in such Bond, or to institute suit for the enforcement of any such payment on or after such respective dates, shall not be impaired or affected without the consent of such Holder, notwithstanding any other provision of the Indenture.

Trustee

Acceptance of Duties, Duties, Immunities and Liabilities of Trustee.

Wells Fargo Bank National Association is appointed as Trustee under the Indenture. Under the Indenture, the Trustee accepts and agrees to execute the trusts created by the Indenture, but only upon the additional terms set forth in the Indenture, to all of which the Authority agrees and the respective Owners of the Bonds agree by their acceptance of delivery of any of the Bonds. The Trustee has all necessary power and authority to enter into and perform its duties under the Indenture. The Trustee shall be deemed to have accepted such trusts with respect to all the Bonds hereafter to be issued, but only, however, upon the terms and conditions set forth in the Indenture. The Trustee may execute any of the trusts or powers set forth in the Indenture and perform the duties required of it or imposed on it under the Indenture by or through attorneys, agents or receivers, and shall be entitled to advice of counsel concerning all matters of trusts and its duties in the Indenture.

The Trustee shall, prior to an Event of Default under the Indenture, and after the curing or waiving of all Events of Default under the Indenture which may have occurred, perform such duties and only such duties as are specifically set forth in the Indenture. The Trustee shall, during the existence of any Event of Default under the Indenture (which has not been cured or waived), exercise such of the rights and powers vested in it by the Indenture, and use the same degree of care and skill in their exercise, as prudent persons would exercise or use under the circumstances in the conduct of their own affairs.

No provision of the Indenture shall be construed to relieve the Trustee from liability for its own negligent action or its own negligent failure to act or its own willful misconduct, except for the following:

(i) Prior to the occurrence of any Event of Default under the Indenture and after the curing or waiving of all Events of Default which may have occurred, the duties and obligations of the Trustee shall at all times be determined solely by the express provisions of the Indenture; the Trustee shall not be liable except for the performance of such duties and obligations as are specifically set forth in the Indenture; and no covenants or obligations shall be implied into the Indenture.

(ii) At all times, regardless of whether or not any Event of Default shall exist,

(1) the Trustee shall not be liable for any error of judgment made in good faith by a Responsible Officer or Officers of the Trustee unless it shall be proved that the Trustee was negligent in ascertaining the pertinent facts; and

(2) the Trustee shall not be personally liable with respect to any action taken, permitted or omitted by it in good faith in accordance with the direction of the Holders of not less than a majority, or such other percentage as may be required under the Indenture, in aggregate principal amount of the Bonds Outstanding relating to the time, method and place of conducting any proceeding for any remedy available to the Trustee, or exercising any trust or power conferred upon the Trustee under the Indenture; and

(3) in the absence of bad faith on the part of the Trustee, the Trustee may conclusively rely, as to the truth of the statements and the correctness of the opinions expressed therein, upon any certificate or opinion furnished to the Trustee conforming to the requirements of the Indenture.

(iii) The Trustee may execute any of the trusts or powers of the Indenture and perform the duties required of it under the Indenture by or through attorneys, agents or receivers, and shall be entitled to advice of counsel concerning all matters of trust and concerning its duties under the Indenture and the Trustee shall not be responsible for any misconduct or negligence on the part of any attorney or agent appointed with due care by it under the Indenture.

None of the provisions contained in the Indenture shall require the Trustee to expend or risk its own funds or otherwise incur individual financial liability in the performance of any of its duties or in the exercise of any of its rights or powers. The permissive right of the Trustee to perform acts enumerated in the Indenture or the Agreement shall not be construed as a duty or obligation under the Indenture.

Compensation and Indemnification of Trustee. The Trustee shall be entitled to reasonable compensation for all services rendered by the Trustee in the execution of the trusts created and in the exercise and performance of any of the powers and duties under the Indenture of the Trustee, which compensation shall not be limited by any provision of law in regard to the compensation of a trustee of an express trust, and the Agreement requires the Borrower to pay or reimburse the Trustee, upon its request, for all reasonable expenses, disbursements and advances incurred or made by the Trustee in accordance with any of the provisions of the Indenture (including the reasonable compensation and the expenses and disbursements of its counsel and of all persons not regularly in its employ) except any such expense, disbursement or advance as may arise from its negligence or willful misconduct. If any property, other than cash, shall at any time be held by the Trustee subject to the Indenture as security for the Bonds, the Trustee, if and to the extent authorized by a receivership, bankruptcy or other court of competent jurisdiction or by the instrument subjecting such property to the provisions of the Indenture as such security for the Bonds, shall be entitled (but not required) to make advances for the purpose of preserving such property or of discharging tax liens or other prior liens or encumbrances thereon. The Agreement requires the Borrower to provide certain indemnification to the Trustee. Notwithstanding the foregoing, prior to seeking indemnity the Trustee shall make timely payments of principal of and interest on the Bonds with moneys on deposit in the Bond Fund as provided in the Indenture, and shall effect the redemption of Bonds and accelerate the payment of principal on the Bonds without seeking indemnification from the Borrower or any Bondholder.

When the Trustee incurs expenses or renders services in connection with an Event of Default relating to the appointment of a receiver or institution of a bankruptcy by the Borrower as specified in the Loan Agreement and the Indenture, such expenses (including the reasonable charges and expenses of its counsel and agents) and the compensation for such services are intended to constitute expenses of administration under any applicable federal or state bankruptcy, insolvency or other similar law. The provisions described under this subheading shall survive the termination of the Indenture and the resignation or removal of the Trustee.

Qualifications of Trustee. There shall at all times be a trustee under the Indenture which shall be a corporation or banking association organized and doing business under the laws of the United States or of a state thereof, authorized under such laws to exercise corporate trust powers, having a combined capital and surplus of at least fifty million dollars ($50,000,000), subject to supervision or examination by federal or state authority. If such a corporation or banking association publishes reports of condition at least annually, pursuant to law or to the requirements of any supervising or examining authority above referred to, then for the purposes of this paragraph the combined capital and surplus of such corporation or banking association shall be deemed to be their combined capital and surplus as set forth in its most recent reports of conditions so published. In case at any time the Trustee shall cease to be eligible in accordance with the provisions of this paragraph, the Trustee shall resign immediately in the manner and with the effect specified in the Indenture.

Resignation and Removal of Trustee and Appointment of Successor Trustee. The Trustee may at any time resign by giving thirty (30) days written notice to the Authority and the Borrower, and by giving to the Bondholders notice of such resignation, which notice shall be Notice by Mail. The Trustee shall also mail a copy of any such notice of resignation to each Rating Agency. Upon receiving such notice of resignation, the Authority, with the advice and consent of the Borrower shall promptly appoint a successor Trustee by an instrument in writing. If no successor trustee shall have been so appointed and have accepted appointment within forty-five (45) days after the giving of such notice of resignation by the resigning Trustee, the resigning Trustee may petition any court of competent jurisdiction for the appointment of a successor Trustee, or any Bondholder who has been a bona fide Holder for at least six (6) months may, on behalf of himself and others similarly situated, petition any such court for the appointment of a successor Trustee. Such court may thereupon, after such notice, if any, as it may deem proper and may prescribe, appoint a successor Trustee.

In case at any time either of the following shall occur:

(a) the Trustee shall cease to be eligible in accordance with the provisions of the Indenture and shall fail to resign after written request therefor by the Authority or by any Bondholder who has been a bona fide Holder for at least six (6) months, or

(b) the Trustee shall become incapable of acting, or shall be adjudged a bankrupt or insolvent, or a receiver of the Trustee or of its property shall be appointed, or any public officer shall take charge or control of the Trustee or of its property or affairs for the purpose of rehabilitation, conservation or liquidation, then, in any such case, the Authority may remove the Trustee and, with the advice and consent of the Borrower, appoint a successor Trustee by an instrument in writing, or any Bondholder who has been a bona fide Holder for at least six (6) months may, on behalf of himself and others similarly situated, petition any court of competent jurisdiction for the removal of the Trustee, and the appointment of a successor Trustee. Such court may thereupon, after such notice, if any, as it may deem proper and may prescribe, remove the Trustee, and appoint a successor Trustee. Upon any removal of the Trustee, any outstanding fees and expenses of such former Trustee shall be paid in accordance with the Indenture.

The Authority, in the absence of an Event of Default, or the Holders of a majority in aggregate principal amount of the Bonds at the time Outstanding may at any time remove the Trustee and appoint a successor Trustee, by an instrument or concurrent instruments in writing signed by the Authority or such Bondholders, as the case may be.

Any resignation or removal of the Trustee, and appointment of a successor Trustee, pursuant to any of the provisions of this paragraph shall become effective only upon acceptance of appointment by the successor Trustee as provided in the Indenture.

Acceptance of Trust by Successor Trustee. Any successor Trustee appointed as provided in the Indenture shall execute, acknowledge and deliver to the Authority, the Borrower and to its predecessor Trustee an instrument accepting such appointment under the Indenture, and thereupon the resignation or removal of the predecessor Trustee shall become effective and such successor Trustee, without any further act, deed or conveyance, shall become vested with all the rights, powers, trusts, duties and obligations of its predecessor in the trusts under the Indenture, with like effect as if originally named as Trustee in the Indenture; but, nevertheless, on the Written Request of the Authority or the request of the successor Trustee, the Trustee ceasing to act shall execute and deliver an instrument transferring to such successor Trustee, upon the trusts expressed in the Indenture, all the rights, powers and trusts of the Trustee so ceasing to act. Upon request of any such successor Trustee, the Authority shall execute any and all instruments in writing necessary or desirable for more fully and certainly vesting in and confirming to such successor Trustee all such rights, powers and duties. Any Trustee ceasing to act shall, nevertheless, retain a lien upon all property or funds held or collected by such Trustee to secure the amounts due it as compensation, reimbursement, expenses and indemnity afforded to it by the Indenture.

No successor Trustee shall accept appointment as described in the paragraph above unless at the time of such acceptance such successor trustee shall be eligible under the provisions of the Indenture.

Upon acceptance of appointment by a successor Trustee as provided in the Indenture as described under this subheading, the successor Trustee shall give the Bondholders and the Rating Agency notice of the succession of such Trustee to the trusts under the Indenture in the manner prescribed in the Indenture for the giving of notice of resignation of the predecessor Trustee.

Merger or Consolidation of Trustee. Any corporation or banking association into which the Trustee may be merged or with which it may be consolidated, or any corporation or banking association resulting from any merger or consolidation to which the Trustee shall be a party, or any corporation or banking association succeeding to all or substantially all of the corporate trust business of the Trustee shall be the successor of the Trustee under the Indenture without the execution or filing of any paper or any further act on the part of any of the parties to the Indenture, anything in the Indenture to the contrary notwithstanding, provided that such successor Trustee shall be eligible under the provisions of the Indenture.

Tax Agreement. The Trustee covenants and agrees that it will comply with all written instructions of the Borrower given in accordance with the Tax Agreement and will take any such action as directed in accordance with such written instructions. With respect to the Tax Agreement, the Trustee is not required to act without written direction from the Borrower. The Trustee acknowledges receipt of the Tax Agreement and acknowledges that the provisions of the Tax Agreement are incorporated in the Indenture by reference as provided in the Indenture. Without limiting the duties of the Trustee expressly set forth herein, the Trustee shall have no obligation or responsibility whatsoever in connection with (i) any federal or state tax-exempt status of the Bonds or the interest thereon; (ii) the consequences of the investment or noninvestment of any funds or accounts relating to the Bonds or the use of proceeds of the Bonds under Section 148 of the Code; (iii) the calculation of any amount required to be rebated to the United States under Section 148 of the Code; or (iv) compliance by the Authority or the Borrower with the Tax Agreement.

Appointment of Co-Trustee. In the event the Trustee deems that by reason of any present or future law of any jurisdiction it may not exercise any of the powers, rights or remedies granted to the Trustee under the Indenture or hold title to the properties, in trust, as granted in the Indenture, or take any other action which may be desirable or necessary in connection therewith, it may be necessary that the Trustee appoint an additional institution as a separate trustee or co-trustee. In the absence of an Event of Default under the Indenture, the appointment of any such separate trustee or co-trustee shall be subject to the approval of the Authority and the Borrower. The following provisions of the Indenture as described under this subheading are adapted to these ends.

In the event that the Trustee appoints an additional institution as a separate trustee or co-trustee, each and every remedy, power, right, claim, demand, cause of action, immunity, estate, interest or lien expressed or intended by the Indenture to be exercised by or vested in or conveyed to the Trustee with respect thereto shall be exercisable by and vest in such separate trustee or co-trustee but only to the extent necessary to enable such separate trustee or co-trustee to exercise such powers, rights and remedies, and every covenant and obligation necessary to the exercise thereof by such separate trustee or co-trustee shall run to and be enforceable by either of them. Such co-trustee may be removed by the Trustee at any time, with or without cause.

Should any instrument in writing from the Authority be required by the separate trustee or co-trustee so appointed by the Trustee for more fully and certainly vesting in and confirming to it such properties, rights, powers, trusts, duties and obligations, any and all such instruments in writing shall, on request, be executed, acknowledged and delivered by the Authority. In case any separate trustee or co-trustee, or a successor to either, shall become incapable of acting, resign or be removed, all the estates, properties, rights, powers, trusts, duties and obligations of such separate trustee or co-trustee, so far as permitted by law, shall vest in and be exercised by the Trustee until the appointment of a successor to such separate trustee or co-trustee.

Amendment of Indenture

Modification Without Consent of Bondholders. Subject to the conditions and restrictions in the Indenture contained, the Authority and the Trustee, from time to time and at any time, may enter into an Indenture or Supplemental Indentures, which indenture or indentures thereafter shall form a part of the Indenture, including, without limitation, for one or more of the following purposes, provided that the Authority and the Trustee shall have received the written consent of the Borrower and an Opinion of Bond Counsel to the effect that such amendment or modification is authorized or permitted by the Indenture, the Act and other applicable law and complies with their respective terms, will not cause interest on the Bonds to be included in the gross income of the Holder thereof for federal income tax purposes and that such amendment or modification will not materially and adversely affect the interests of the Holders of the Bonds:

(a) to add to the covenants and agreements of the Authority in the Indenture contained, other covenants and agreements thereafter to be observed, or to assign or pledge additional security for the Bonds, or to surrender any right or power reserved to or conferred upon the Authority;

(b) to make such provisions for the purpose of curing any ambiguity, inconsistency or omission, or of curing, correcting or supplementing any defective provision, contained in the Indenture, or in regard to such matters or questions arising under the Indenture as the Authority may deem necessary or desirable and not inconsistent with the Indenture;

(c) to modify, amend or supplement the Indenture or any Supplemental Indenture in such manner as to permit the qualification of the Indenture or thereof under the Trust Indenture Act of 1939, as amended, or any similar federal statute hereafter in effect, and, if they so determine, to add to the Indenture or any Supplemental Indenture such other terms, conditions and provisions as may be permitted by said Trust Indenture Act of 1939, as amended, or similar federal statute;

(d) to authorize the issuance of an additional series of Bonds, and to provide the terms and conditions under which such Bonds may be issued, subject to and in accordance with the provisions of the Indenture;

(e) in connection with an amendment of an Agreement permitted under the Indenture for the purpose of conforming the terms, conditions and covenants of the Indenture to the corresponding or related provisions of such amended Agreement; or

(f) any other purpose, other than those purposes set forth in the Indenture as described under the subheading "Modification with Consent of Bondholders," below.

Any Supplemental Indenture authorized by the provisions of the Indenture described under this Subheading may be executed by the Authority and the Trustee without the consent of the Holders of any of the Bonds at the time Outstanding, notwithstanding any of the provisions of the Indenture as described under the subheading "Modification with Consent of Bondholders" below, but the Trustee shall not be obligated to enter into any such Supplemental Indenture which affects the Trustee's own rights, duties or immunities under the Indenture or otherwise.

The Trustee shall mail an executed copy of a Supplemental Indenture authorized as described above to the Borrower and each Rating Agency then rating the Bonds promptly after execution by the Authority and the Trustee.

Modification with Consent of Bondholders. With the written consent of the Borrower or the Holders of not less than a majority in aggregate principal amount of the Bonds at the time Outstanding, the Authority and the Trustee may from time to time and at any time, with an Opinion of Bond Counsel to the effect that such amendment or modification will not cause interest on the Bonds to be included in the gross income of the Holder thereof for federal income tax purposes, enter into an Indenture or Supplemental Indentures for the purpose of adding any provisions to or changing in any manner or eliminating any of the provisions of the Indenture or of any Supplemental Indenture; provided, however, that no such Supplemental Indenture shall (1) extend the fixed maturity of any Bonds or reduce the rate of interest thereon or extend the time of payment of interest, or reduce the amount of the principal thereof, or reduce any premium payable on the redemption thereof or (2) reduce the aforesaid percentage of Holders of Bonds whose consent is required for the execution of such Supplemental Indentures or extend the time of payment or permit the creation of any lien on the Revenues or the funds pledged in the Indenture prior to or on a parity with the lien of the Indenture or deprive the Holders of the Bonds of the lien created by the Indenture upon the Revenues or the funds pledged in the Indenture, without the consent of the Borrower and the Holders of all the Bonds then Outstanding. Upon receipt by the Trustee of a Certificate of the Authority authorizing the execution of any such Supplemental Indenture, and upon the filing with the Trustee of evidence of the consent of the Borrower or the Bondholders, as aforesaid, the Trustee shall join with the Authority in the execution of such Supplemental Indenture unless such Supplemental Indenture affects the Trustee's own rights, duties or immunities under the Indenture or otherwise, in which case the Trustee may in its discretion, but shall not be obligated to, enter into such Supplemental Indenture.

It shall not be necessary for the consent of the Borrower or the Bondholders under the provisions of the Indenture described under this subheading to approve the particular form of any proposed Supplemental Indenture, but it shall be sufficient if such consent shall approve the substance thereof.

Promptly after the execution by the Authority and the Trustee of any Supplemental Indenture pursuant to the provisions of the Indenture described under this subheading, the Trustee shall mail a notice, setting forth in general terms the substance of such Supplemental Indenture, to the Borrower and the Bondholders at the addresses shown on the Bond registration books maintained by the Trustee. Any failure of the Trustee to give such notice, or any defect therein, shall not, however, in any way impair or affect the validity of any such Supplemental Indenture.

The Trustee shall mail an executed copy of such Supplemental Indenture and any amendment of an Agreement to the Borrower and each Rating Agency then rating the Bonds promptly after execution by the Authority, the Trustee, and in the case of an Agreement, the related Borrower.

Discharge of Indenture. If the entire indebtedness on all Bonds shall be paid and discharged in any one or more of the following ways:

(a) by the payment of the principal of, and premium, if any, and interest on all Bonds, as and when the same become due and payable; or

(b) by the delivery to the Trustee, for cancellation by it, of all Bonds; or

(c) by providing for the payment or redemption thereof as provided in the Indenture and described under the subheading "Discharge of Liability of Particular Bonds," above;

and if all other sums payable under the Indenture, including Additional Payments shall be paid and discharged, then thereupon the Indenture shall cease, terminate and become null and void, all liability of the Authority and the Borrower in respect of the Bonds shall cease, terminate and be completely discharged, except: (i) that the Authority shall remain liable for such payment but only from, and the Bondholders shall thereafter be entitled only to payment (without interest accrued thereon after such redemption date or maturity date) out of, the money and Government Obligations deposited with the Trustee as aforesaid for their payment, subject, however, to the provisions of the Indenture and (ii) that in the case of Bonds (or portions thereof) for which provision for the payment or redemption thereof has been made in accordance with the provisions described under the subheading "Discharge of Liability of Particular Bonds", the provisions of the Indenture relating to the transfer and exchange of such Bonds (or portions thereof) and, if so reserved by the Borrower, the right to call the Bonds for optional redemption prior to maturity shall continue to apply to such Bonds (or portions thereof). Thereupon the Trustee shall, upon Written Request of the Authority, and upon receipt by the Trustee and the Authority of an Opinion of Bond Counsel, stating that in the opinion of the signer all conditions precedent to the satisfaction and discharge of the Indenture have been complied with, forthwith execute proper instruments acknowledging satisfaction of and discharging the Indenture. The Trustee shall mail written notice of such payment and discharge to each Rating Agency. The satisfaction and discharge of the Indenture shall be without prejudice to the rights of the Trustee and the Authority to charge and be reimbursed by the Borrower for any expenditures which they may thereafter incur in connection with the Indenture.

Discharge of Liability of Particular Bonds. Any Bond, or any portion thereof such that the portion that is not considered paid in accordance with the provisions of the Indenture described under this subheading shall be in an authorized denomination, shall be deemed to be paid within the meaning of, and with the effect set forth in, the provisions of the Indenture described under the subheading "Discharge of Indenture," above, when, whether upon or prior to the maturity or redemption date, as applicable, (a) payment of the principal of and premium, if any, on such Bond or such portion thereof, plus interest thereon to the due date thereof (whether such due date is by reason of maturity or upon redemption), either (i) shall have been made in accordance with the terms thereof, or (ii) shall have been provided for by irrevocably depositing with the Trustee in trust and irrevocably setting aside exclusively for such payment (1) lawful money of the United States of America sufficient to make such payment or (2) nonprepayable, noncallable Government Obligations maturing as to principal and interest in such amounts and at such times as will insure, without reinvestment, the availability of sufficient moneys, to make such payment, (b) if such Bond (or portion thereof) is to be redeemed prior to the maturity thereof, notice of such redemption shall have been given as provided in the Indenture or provision satisfactory to the Trustee shall have been made for giving such notice; (c) all necessary and proper fees, compensation and expenses of the Trustee and the Authority pertaining to any such deposit shall have been paid or the payment thereof provided for to the satisfaction of the Trustee and the Authority; (d) the Trustee shall have been irrevocably instructed (by the terms of the Indenture or a Written Request of the Authority) to apply such moneys and/or Government Obligations to the payment of the principal of, premium, if any, and interest on the Bond (or portion thereof) to be discharged; (e) the Authority and the Trustee shall have received an Opinion of Bond Counsel with respect to such deposit of money and/or Government Obligations to the effect that, in the opinion of the signer, all conditions precedent to the discharge of such Bond (or portion thereof) have been complied with; and (f) the Authority and the Trustee shall have received an Accountant's Certificate verifying that the moneys and Government Obligations so deposited, together with the interest earnings thereon (without reinvestment) will be sufficient to pay when due the principal of, premium, if any, and interest on the Bond (or portion thereof) to be discharged to and including the earlier of its maturity or redemption date. The Trustee shall not be responsible for verifying the sufficiency of funds or Government Obligations provided to effect the defeasance of Bonds pursuant to the Indenture.

The Authority and the Borrower may at any time surrender to the Trustee for cancellation by it any Bonds previously authenticated and delivered which the Authority and the Borrower lawfully may have acquired in any manner whatsoever, and such Bonds, upon such surrender and cancellation, shall be deemed to be paid and retired.

Payment of Bonds after Discharge. Notwithstanding any provisions of the Indenture to the contrary, and subject to applicable laws of the State, any moneys deposited with the Trustee, in trust for the payment of the principal of, or interest or premium on, any Bond remaining unclaimed for two (2) years after such payment has become due and payable (whether on an Interest Payment Date, at maturity, upon call for redemption or by declaration as provided in the Indenture), then such moneys shall be repaid to the Borrower upon its written request, and the Holder of such Bond shall thereafter be entitled to look only to the Borrower for payment thereof, and all liability of the Authority and the Trustee with respect to such moneys shall thereupon cease; provided, however, that before the repayment of such moneys to the Borrower as aforesaid, the Trustee shall (at the expense of the Borrower) first publish at least once in a Qualified Newspaper a notice, in such form as may be deemed appropriate by the Borrower, the Authority and the Trustee, in respect of the amount so payable with respect to such Bond and in respect of the provisions relating to the repayment to the Borrower of the moneys held for the payment thereof. In the event of the repayment of any such moneys to the Borrower as aforesaid, the Holder of the Bond in respect of which such moneys were deposited shall thereafter be deemed to be an unsecured creditor of the Borrower for amounts equivalent to the respective amounts deposited for the payment of the amount so payable with respect to such Bond and so repaid to the Borrower (without interest thereon).

Miscellaneous

Limitation of Rights to Parties and Bondholders. Nothing in the Indenture or in the Bonds expressed or implied is intended or shall be construed to give to any person other than the Authority, the Trustee, the Borrower, and the Holders of the Bonds any legal or equitable right, remedy or claim under or in respect of the Indenture or any covenant, condition or provision contained therein or in the Indenture; and all such covenants, conditions and provisions are and shall be held to be for the sole and exclusive benefit of the Authority, the Trustee, the Borrower and the Holders of the Bonds.

Evidence of Action by Bondholders. Any request, consent or other instrument required or permitted by the Indenture to be executed by Bondholders may be in any number of concurrent writings of substantially similar tenor and shall be signed or executed by such Bondholders in person or by agent or agents duly appointed in writing. Proof of the execution of any such request, consent or other instrument or of a writing appointing any such agent, shall be sufficient for any purpose of the Indenture and shall be conclusive in favor of the Trustee and the Authority if made in the manner provided in this Section.

The fact and date of the execution by any person of any such request, consent or other instrument or writing may be proved by the affidavit of a witness of such execution or by the certificate of any notary public or other officer of any jurisdiction, authorized by the laws thereof to take acknowledgments of deeds, certifying that the person signing such request, consent or other instrument or writing acknowledged to him or her the execution thereof. The fact and the date of execution of any request, consent or other instrument may also be proved in any other manner which the Trustee may deem sufficient. The Trustee may nevertheless, in its discretion, require further proof in cases where it may deem further proof desirable.

The ownership of Bonds shall be proved by the Bond Register.

Any request, consent, or other instrument or writing of the Holder of any Bond shall bind every future Holder of the same Bond and the Holder of every Bond issued in exchange therefor or in lieu thereof, in respect of anything done or suffered to be done by the Trustee or the Authority in accordance therewith or reliance thereon.

In lieu of obtaining any demand, request, direction, consent or waiver in writing, the Trustee may call and hold a meeting of the Bondholders upon such notice and in accordance with such rules and regulations, including the right of the Bondholders to be represented and vote by proxy, as the Trustee considers fair and reasonable for the purpose of obtaining any such action.

Governing Law; Venue. The Indenture shall be construed in accordance with and governed by the Constitution and the laws of the State of California. The Indenture shall be enforceable in the State of California, and any action arising out of the Indenture shall be filed and maintained in San Diego County, California unless the Authority waives this requirement.

THE LOAN AGREEMENT

The 2014 Agreement sets forth certain covenants and obligations of the Authority and the Borrower with respect to the issuance of the Series 2014 Bonds and the loan of proceeds thereof to the Borrower. As used in this summary of the Loan Agreement, "the Loan Agreement" means the 2014 Agreement.

The Loan.

The Authority agrees, upon the terms and conditions specified in the Loan Agreement, to loan to the Borrower the proceeds received by the Authority from the sale of the Series 2014 Bonds, excluding any accrued interest, by causing such proceeds to be deposited with the Trustee for disposition as provided in the Loan Agreement and in the Indenture. The obligation of the Authority to make the Loan shall be deemed fully discharged upon the deposit of the proceeds of the Series 2014 Bonds with the Trustee.

Loan Payments.

All Net Revenues shall be deposited with the Trustee by the Borrower or, at the direction of the Borrower, by a Manager, not later than the fifteenth Business Day of the month following receipt thereof. The Net Revenues shall be used to pay, throughout the Term, among other things, the following amounts (which collectively constitute the "Loan Payments"):

(a) until such time as the principal of and the premium, if any, and interest, the Series 2014 Bonds shall have been paid in full, or provisions made for such full payment in accordance with the provisions of the Indenture, an amount equal to the aggregate amount of interest payable by the Authority on the then Outstanding Series 2014 Bonds, at the applicable interest rates per Series, on the next succeeding Interest Payment Date (subject to pro rata adjustment for payments prior to the first Interest Payment Date);

(b) on or before the maturity of the Series 2014 Bonds, an amount equal to the principal amount or mandatory sinking payments with respect to the Series 2014 Bonds; and

(c) on or before any redemption date, such amounts as shall, together-with any other money available therefor, be sufficient to pay all amounts, if any, required to redeem the Series 2014 Bonds pursuant to the provisions of Article IV of the Indenture, including any related redemption premium.

The Borrower shall pay, or cause to be paid, the Loan Payments from Net Revenues or other funds of the Borrower without any further notice thereof except as may be specifically required by the Loan Agreement. The monthly installments of Loan Payments payable by the Borrower from Net Revenues under the Loan Agreement are expected to equal in the aggregate an amount which, together with other funds in the Bond Fund then available for the payment of principal and interest on the Series 2014 Bonds, shall be sufficient to provide for the payment in full of the interest on, premium, if any, and principal on the Series 2014 Bonds as they become due and payable. Nothing provided in the Loan Agreement shall require the Borrower to make Loan Payments with respect to the Series 2014C Bonds except from the Second Subordinate Residual Revenues to the extent available from time to time. In the event the Borrower shall fail to deposit, or fail to cause to be deposited, with the Trustee any Net Revenues as required by the Loan Agreement, the Loan Payments or other payments required under the Loan Agreement not paid from such Net Revenues or other funds of the Borrower shall continue as an obligation under the Loan Agreement of the Borrower until the amount in default shall have been fully paid.

In the event the Net Revenues deposited with the Trustee in any six consecutive month period are less than 90% of the amount set forth in Budget described in the Loan Agreement, the Borrower shall, concurrently with its transfer of the amount to the Trustee in such seventh consecutive month, provide a written notice of explanation for the variance to the Oversight Agent and, upon written request of the Oversight Agent, the Borrower shall submit a written report within thirty (30) days of such request with recommendations to the Oversight Agent with respect to its recommendations as to how it will satisfy the amounts contemplated in the final annual budget. The Oversight Agent shall review the Borrower's written recommendations and submit comments to the Borrower. The Oversight Agent shall notify the Authority in the event the Borrower shall not comply substantially with the recommendations submitted by the Borrower (and as commented on by the Oversight Agent). In such event, the Authority, based on such advice as it may deem appropriate, may direct the Borrower to remove the Manager of a Project and approve a new Manager acceptable to the Authority.

Additional Payments.

The Net Revenues shall from time to time also be used to pay the following costs and expenses (which collectively constitute the Additional Payments), to the extent such costs and expenses are not paid from the proceeds of the sale of the Series 2014 Bonds:

(a) Ordinary Trustee Fees and Expenses and Extraordinary Trustee Fees and Expenses, payable to the Trustee for services or indemnity under the Indenture and the Borrower Documents (including services in connection with the administration and enforcement thereof and compliance therewith), and the fees and other costs, including reasonable counsel fees, incurred for services of any banking institution designated as an additional Paying Agent;

(b) all fees and other costs of the Authority, including without limitation the Authority Issuance Fee and the Authority Annual Fee, reasonable fees and expenses of counsel to the Authority, not otherwise paid under the Loan Agreement or the Indenture, related to the issuance of the Series 2014 Bonds and by reason of its acquisition of the 2014 Projects, or in connection with its administration and enforcement of, and compliance with, the Bond Documents, the Borrower Documents, or otherwise in connection with the 2014 Projects;

(c) all fees and other costs incurred for services of such attorneys, independent consultants and independent accountants as are employed by the Authority or the Trustee, with notice to the Borrower, to perform services required pursuant to the Loan Agreement or the Indenture;

(d) all fees and expenses of the Rating Agency and the Rebate Analyst and, if a deposit is required to be made to the Rebate Fund as a result of any calculation made pursuant to the Indenture, the amount of such deposit, which shall be deposited in the Rebate Fund not later than the tenth day of the calendar month immediately following the date on which such calculation was made pursuant to the Indenture;

(e) amounts sufficient to maintain balances in the Repair and Replacement Fund, and the Series 2014A Reserve Fund and the Series 2014B Reserve Fund equal to the Repair and Replacement Fund Requirement, and the applicable Reserve Requirement, respectively;

(f) amounts sufficient to pay all required payments of property taxes assessments or payments in lieu of property taxes, if any, plus all premiums required to maintain the insurance coverage required pursuant to the Loan Agreement;

(g) all fees and expenses of the Oversight Agent incurred for services provided pursuant to the Loan Agreement, the Indenture or the Regulatory Agreements;

(h) all amounts advanced by the Authority or the Trustee under authority of the Loan Agreement or the Indenture that the Borrower is obligated to repay; and

(i) the Asset Management Fee.

All such payments shall be made by the Borrower from Net Revenues or other funds of the Borrower for payment to the Person or Persons entitled to such payments or for deposit to the appropriate fund or account held by the Trustee under the Indenture in the order specified in the Indenture.

The Authority Issuance Fee and the initial Authority Annual Fee shall be paid to the Authority by the Borrower on the Closing Date. Thereafter, the Authority Annual Fee shall be due and payable by the Borrower in advance on June 1 of each year commencing with the first such date following the Closing Date. The Trustee shall invoice the Borrower for the Authority Annual Fee, and the Borrower shall pay that amount directly to the Trustee as an additional payment in accordance with the Loan Agreement as described under this subheading such that the Trustee shall remit from those additional payments the Authority Annual Fee to the Authority when due. Borrower's obligation to pay the Authority Issuance Fee and the Authority Annual Fee shall in no way limit amounts payable by the Borrower to the Authority under the Financing Documents, including for the enforcement thereof, but the Authority does agree to apply the Authority Annual Fee to the payment of any third party administrator appointed by it to administer the Regulatory Agreements to the extent of its fees for ordinary duties as administrator thereunder.

The Borrower agrees to make payments sufficient to restore the Series 2014A Reserve Fund and the Series 2014B Reserve Fund as provided in paragraph (e) above to its respective Reserve Requirement (a) in twelve (12) consecutive equal monthly installments beginning in the month following any withdrawal from the Series 2014A Reserve Fund or the Series 2014B Reserve Fund which causes the amount therein to be less than the Reserve Requirement for the applicable Reserve Fund, or (b) in four consecutive equal monthly installments following any calculation of the value of the Series 2014A Reserve Fund or the Series 2014B Reserve Fund at an amount less than the applicable Reserve Requirement; provided, however, that the Borrower shall direct the Trustee to apply such amounts first to the Series 2014A Reserve Fund, and second to the Series 2014B Reserve Fund.

Gross Revenue Fund.

The Borrower agrees that, as long as any of the Bonds remain Outstanding or any Additional Payments remain unpaid, all of the Gross Revenues shall be deposited as soon as practicable upon receipt thereof in a fund or funds designated as the "Gross Revenue Fund" which the Borrower has established and maintains, and shall continue to maintain, subject to the provisions of the Loan Agreement, in an account or accounts at such banking institution or institutions acceptable to the Authority, as the Borrower shall from time to time designate in writing to the Trustee for such purpose (herein each called a "Depository Bank") pursuant to a Control Agreement. Subject to the provisions of the Loan Agreement permitting the application thereof for the purposes and on the terms and conditions set forth in the Loan Agreement, the Borrower pledges, and to the extent permitted by law, grants a security interest to the Trustee, as assignee of the Authority (for the benefit of the Holders), in the Gross Revenue Fund and all of the Gross Revenues to secure the payment of the Loan Payments and Additional Payments and the performance by the Borrower of its other obligations under the Loan Agreement. The Borrower shall (i) cause to be filed Uniform Commercial Code financing statements; (ii) enter into the Control Agreement with the Trustee and each Depository Bank, and (iii) execute and deliver such other documents (including, but not limited to, control agreements and continuation statements) as may be necessary or reasonably requested by the Trustee or the Authority in order to perfect or maintain as perfected such security interest. The Trustee shall cause to be filed appropriate continuation statements during the period ninety (90) days preceding each thirtieth anniversary of the initial delivery of the Bonds unless the Borrower provides to the Trustee, not later than the fifth day next preceding each such fifth anniversary, an opinion of counsel acceptable to the Authority to the effect that no continuation statements need be filed in order to maintain the perfection of such security interest until the next succeeding fifth anniversary of the initial delivery of the Bonds. The Trustee shall not be responsible for any initial filings of any financing statements or the information contained therein (including the exhibits thereto), the perfection of any such security interest, or the accuracy or sufficiency of any description of collateral in such initial filings or for filing any modifications or amendments to the initial filings required by any amendments to Article 9 of the Uniform Commercial Code. In addition, unless the Trustee shall have been notified in writing by the Authority that any such initial filing or description of collateral was or has become defective, the Trustee shall be fully protected in (i) relying on such initial filing and descriptions in filing any financing or continuation statements or modifications thereto pursuant to the Loan Agreement as described under this subheading and (ii) filing any continuation statements in the same filing offices as the initial filings were made. The Trustee shall cause to be filed a continuation statement with respect to each Uniform Commercial Code financing statement relating to the Bonds which was filed at the time of the issuance thereof, in such manner and in such places as the initial filings were made, provided that a copy of the filed original financing statement is timely delivered to the Trustee. The Borrower shall be responsible for the costs incurred by the Trustee in the preparation and filing of all continuation statements under the Loan Agreement as described under this subheading.

Obligations of Borrower Unconditional.

The Borrower shall pay to or upon the order of the Authority, at or before the time when payable by the Authority, all costs and liabilities incurred by the Authority, including without limitation fees and expenses of counsel to the Authority, in connection with the issuance of the Bonds and the making of the loan to the Borrower in the Loan Agreement, or otherwise as a result of the transactions contemplated by the Borrower Documents or the Indenture.

The obligations of the Borrower to make the payments as required in the Loan Agreement as described under this subheading, and to perform and observe any and all of the other covenants and agreements on its part contained in the Loan Agreement, shall be absolute and unconditional irrespective of any defense or any rights of setoff, recoupment, or counterclaim which the Borrower may otherwise have against the Authority. The Borrower shall not: (1) suspend, discontinue, or abate any payment required by the Loan Agreement (except as provided in the Loan Agreement as described under this subheading); (2) fail to observe any of its other covenants or agreements in the Loan Agreement; or, (3) terminate the Loan Agreement for any cause whatsoever (except as provided in the Loan Agreement as described under the subheading "Option to Terminate"), including without limiting the generality of the foregoing, failure of the Borrower or any other Person to occupy and use, or to continue to occupy and use, the 2014 Projects as contemplated by the Loan Agreement, or otherwise; any defect in the title, design, operation, merchantability, fitness or condition of the 2014 Projects or in the suitability of the 2014 Projects for the purposes or needs of the Borrower, or any other Person; failure of consideration; destruction of or damage to the 2014 Projects or any part thereof; commercial frustration of purpose; the taking by condemnation of title to or the use of all or any part of the 2014 Projects; any change in the taxation or other laws of the United States of America or of the State or any political subdivision of either, any declaration or finding that the Bonds, the Indenture, or any portion of the Loan Agreement are invalid or unenforceable, and, any failure of the Authority to perform and observe any agreement, whether expressed or implied, or any duty, liability, or obligation arising out of or in connection with the Loan Agreement or otherwise.

Notwithstanding anything in the Loan Agreement to the contrary, the liability of the Borrower under the Loan Agreement to any person or entity, including, but not limited to, the Trustee or the Authority and their successors and assigns, is limited to the Gross Revenues, the Borrower's interest in the 2014 Projects, the Trust Estate and the amounts held in the funds and accounts created under the Indenture, or any rights of the Borrower under any guarantees relating to the 2014 Projects, and such persons and entities shall look exclusively thereto, or to such other security as may from time to time be given for the payment of obligations arising out of the Loan Agreement or any other agreement securing the obligations of the Borrower with respect to the Loan or the Series 2014 Bonds.

Security for Loan; Mortgage.

As security for the Loan, the, Borrower shall execute and deliver to the Authority the Mortgage on each of the 2014 Projects. The Borrower acknowledges that the Authority shall assign its interests in the Mortgage to the Trustee for the benefit of the Bondholders pursuant to the terms of the Indenture.

Certain Covenants.

Management of the Project. The Borrower shall cause each 2014 Project to be managed and operated at all times during the term of the Loan Agreement by a Manager under the terms of a Management Agreement.

The Oversight Agent shall have the right to direct the Borrower to remove a Manager and replace such Manager with a successor Manager acceptable to the Oversight Agent and the Authority upon (i) the occurrence of an Event of Default under the Loan Agreement or under any other Borrower Document, which has not been cured after any permitted cure period; (ii) the Manager's failure to maintain an occupancy rate of at least 95% within each of the corresponding Project(s) or the Manager's failure to maintain (1) a Debt Service Coverage Ratio with respect to the Senior Bonds of at least 1.25 to 1 for any twelve consecutive month period, and (2) a Debt Service Coverage Ratio with respect to the Bonds of at least 1.10 to 1 for any twelve consecutive month period; (iii) the Manager's failure to implement or to cooperate with the implementation of the Capital Plan; (iv) the occurrence of a material default (after applicable notice and cure periods) under a Management Agreement; or (v) material breach of the Regulatory Agreement(s) relating to such Project(s).

The Borrower shall also retain the Asset Manager to supervise the operation of the 2014 Projects and to provide the certificate of the Asset Manager pursuant to the Indenture regarding application of funds to pay Second Subordinate Bonds, if any.

Inspection of Project Books; Right of Access. The Authority, the Oversight Agent, and the Trustee shall have the right, but no obligation, upon reasonable notice, during business hours, to examine and audit any and all of the Borrower's records or accounts pertaining to the 2014 Projects, the Gross Revenues, the Regulatory Agreements, the Mortgages, the Indenture and the Loan Agreement.

Borrower agrees that during the term of the Loan Agreement, the Authority, the Oversight Agent, the Trustee, and the duly authorized agents of any of them shall have the right at all reasonable times during normal business hours to enter upon the sites of the 2014 Projects to examine and inspect the 2014 Projects; provided, however, that (i) this right is subject to (A) federal and State laws and regulations applicable to the 2014 Projects and (B) the rights of the tenants at the 2014 Projects, and (ii) the Borrower shall have the right to have a representative present during any such inspection.

Upon written notice to the Borrower delivered at least five Business Days in advance of an inquiry, the Borrower shall make its management personnel available for periodic inquiries from the Authority, the Trustee and the Oversight Agent; provided that the Borrower shall not be obligated to incur any material out-of-pocket costs in connection with such meetings or inquiries.

Reports and Information. At the request of the Authority, the Oversight Agent, or the Trustee, their agents, employees or attorneys, the Borrower shall furnish to the Authority, the Oversight Agent, and the Trustee, such information as may be reasonably requested in writing from time to time relative to compliance by the Borrower with the provisions of the Loan Agreement, including, without limitation, 2014 Project financial statements and rent rolls, and the Regulatory Agreements.

Assignment, Sale or Transfer; Disposition of Assets. Except with respect to the Mortgages, other liens evidenced by the Permitted Encumbrances, and leases executed in the ordinary course of Borrower's business, no assignment, sale, conveyance, transfer, lease, mortgage, pledge, encumbrance, or other disposition of any 2014 Project or of the Borrower's interest in any 2014 Project, or any portion thereof, shall be made without complying with the Loan Agreement as described under this subheading and the transfer provisions of the applicable Mortgage and Regulatory Agreement.

The Borrower shall not, without the prior written consent of the Authority, dissolve or otherwise dispose of all or substantially all of its assets, consolidate or merge into another corporation, partnership, or other entity, or permit one or more other corporations, partnerships, or entities to merge into the Borrower unless the surviving, resulting or transferee legal entity, as the case may be, (i) is authorized to do business in the State, (ii) is a legal entity organized under the laws of one of the states of the United States of America, (iii) assumes in writing all of the obligations of the Borrower under the Loan Agreement and the other Borrower Documents, as applicable, (iv) has an aggregate net worth (after giving effect to such consolidation, merger or transfer) at least equal to that of the Borrower immediately prior to such consolidation, merger or transfer, (v) such consolidation, merger, or transfer would not, in the opinion of Bond Counsel, adversely affect the validity of the Bonds or the exemption from the Bondholders' gross income for federal income tax purposes of the interest payable on the Tax-Exempt Bonds; and (vi) the surviving, resulting, or transferee partnership, corporation or other entity will not, after giving effect to such consolidation, merger, or transfer, be in default under the Loan Agreement or any other Borrower Document, as evidenced by a written certificate of such entity to such effect. The Borrower shall provide written notice of any such sale or disposition pursuant to the Loan Agreement to the Rating Agency.

Payment of Operating Expenses. Provided that no Event of Default exists under the Loan Agreement, the Borrower shall pay from Gross Revenues, prior to the transfer of amounts to the Trustee as provided in the Loan Agreement as described under the subheading "Deposit of Net Revenues," all Operating Expenses of the 2014 Projects and the Management Fee.

Utility, Taxes and Other Charges. The Borrower agrees to pay or cause to be paid during the term of the Loan Agreement all utility and other charges incurred in the operation, maintenance, use, occupancy and upkeep of the Projects and all assessments and charges lawfully made by any governmental body for public improvements that may be secured by a lien on the Projects, provided that, with respect to special assessments or other governmental charges that may lawfully be paid in installments over a period of years, the Borrower shall be obligated to pay only such installments as are required to be paid during the term of the Loan Agreement. The Borrower may, at the Borrower's expense and in the Borrower's name, in good faith contest any such taxes, assessments and other charges, and, in the event of any such contest, may permit the taxes, assessments or other charges so contested to remain unpaid during that period of such contest and any appeal therefrom, provided that the Borrower is diligently and in good faith contesting the validity, amount, or application of the asserted tax or assessment, unless by such nonpayment a Project or any part thereof-will be subject to loss or forfeiture. The Borrower agrees to pursue the contest diligently and in good faith.

Insurance.

(a) *Insurance Coverage*. The Borrower shall, at all times during the Term, keep and maintain the Projects adequately insured, including, without limitation, maintaining such insurance against such risks, and in such amounts, as may be required by law and as is customary for facilities of like size and type, operated for the same purpose as the Projects are being operated, such insurance to include, but not necessarily to be limited to, the following unless modified in accordance with the provisions of the Loan Agreement:

(1) comprehensive commercial general liability insurance covering claims for bodily injury, death and property damage, with underlying and umbrella coverage totaling not less than $4,000,000 and in any event not less than those amounts customarily maintained by owners of property substantially similar to the Projects; and

(2) hazard insurance, including equipment breakdown insurance, insuring against loss by fire and all other hazards covered by extended coverage and special extended coverage endorsements (including but not limited to loss by windstorm, hail, tornado, explosion, riot, aircraft, smoke, vandalism, and malicious mischief and vehicle damage) all such insurance to be issued in such form, with such deductible provision, and for such amount (which, in any event, is to be at least equal to the full replacement value of the Projects and the personal property located on or used in connection with the Projects), and to be in form and amount sufficient to avoid any co-insurance penalty; and

(3) if a Project is within an area designated as a "special flood hazard area" (as defined in the Flood Disaster Protection Act of 1973), a Standard Flood Insurance Policy on such Project as required by such Act, except that such requirement has been waived for the Sterling Shores Estates Mobile Home Park on the grounds that such insurance is not reasonable or customary under the circumstances; and

(4) statutory workmen's compensation insurance and employer s liability insurance for all persons working in or about the Projects; and

(5) business interruption or loss of rental insurance in an amount not less than one year's gross rentals (assuming 100% occupancy).

(b) *Insurers and Policies*. Each insurance policy required shall: (1) be issued by a financially responsible insurer (or insurers), of recognized standing, legally authorized to provide the respective insurance in the State, having a rating of 'Excellent (A or A-)' or better from A.M. Best and a rating of not less than 'BBB-' from the Rating Agency; (2) be in such form and contain such provisions (including, without limitation, the loss payable clause, the waiver of subrogation clause and the designation of the named insured parties) as are generally considered standard provisions for the type of insurance involved; and (3) prohibit cancellation or modification by the insurer without at least 30 calendar days' prior written notice to the Borrower and the Trustee. As of the expiration of any such policy, the Borrower shall furnish or cause to be furnished to the Oversight Agent evidence in writing that such policy has been renewed or replaced, or is no longer required by the Loan Agreement. Without limiting the generality of the foregoing, all insurance policies carried pursuant to paragraphs (1), (2), (3) and (5) of paragraph (a) under this subheading, shall name the Borrower and the Trustee as insured thereunder as the respective interest of each of such parties may appear, and each policy shall provide that losses thereunder shall be adjusted by the Borrower with the insurer on behalf of the insured parties. The policies of insurance required by paragraphs (1), (2) and (5) of paragraph

(a) under this subheading shall include standard mortgagee clauses in favor of the Trustee (as mortgagee/loss payee) as the respective interest of each of such parties may appear, requiring that all Net Proceeds of insurance resulting from any claim for loss or damage covered thereby shall be paid to the Trustee or its order.

(c) *Notice of Insurance*. At Closing and thereafter on or before November 30 of each calendar year, commencing November 30, 2014, the Borrower shall furnish to the Trustee a certificate of an Authorized Representative of the Borrower stating that all policies required by the Loan Agreement to be in force and effect at that time are in full force and effect, and that such policies and the insurance evidenced thereby comply with the requirements of the Loan Agreement. The Borrower shall provide written notice to the Trustee within ten days of an event of condemnation proceedings or the filing of any insurance claim with respect to any Project.

Notice and Certificates. The Borrower agrees to provide to the Trustee, the Oversight Agent, and, with respect to the last paragraph under this subheading only, the Authority the following:

Within 120 days of the end of the Borrower's Fiscal Year, a certificate of an Authorized Representative of the Borrower to the effect that all payments have been made under the Loan Agreement and that all payments required under the Loan Agreement have been paid and there exists no Event of Default or event which with the passage of time or giving of notice, or both, would become an Event of Default (either presently or which has occurred within the past year);

On the first day of each fiscal quarter, a certificate of an Authorized Representative of the Borrower to the effect that the requirements of the Loan Agreement as described under the subheading "Operation of Projects; Regulatory Agreement" have been satisfied, as evidenced by the calculations thereof prepared on a quarterly and year-to-date basis, which shall be attached to the certificate; and

Upon obtaining knowledge of an Event of Default under any Borrower Document or the Indenture (and as such term is defined in the respective document), notice of such Event of Default (such notice to include a description of the nature of such event and what steps are being taken to remedy such Event of Default).

Reports and Budgets.

(a) The Borrower shall cause to be prepared audited financial statements of the operation of the Projects to be prepared by an independent certified public accountant within 200 days after the conclusion of each Fiscal Year until the Bonds are fully paid and shall cause a copy of the same to be mailed to the Trustee and the Oversight Agent.

(b) The Borrower shall, within 45 days after the end of each quarter, provide to the Oversight Agent a copy of its unaudited quarterly financial statements (including a current rent roll).

(c) At the times required in the Loan Agreement, the Borrower shall file a Coverage Certificate with the Trustee and the Oversight Agent, verifying the Debt Service Coverage Ratio and the vacancy factor within the Projects (all as required by the Loan Agreement) with respect to such Fiscal Year, to which Certificate copies of the Borrower's financial statements shall be attached confirming such calculations, as required by the Loan Agreement.

(d) On or before December 15 of each year for the annual period commencing on the following January 1, the Borrower shall prepare, or cause to be prepared, a Budget of anticipated Gross Revenues and Operating Expenses for the succeeding Fiscal Year, and shall submit a copy of such Budget to the Oversight Agent. Such Budget shall show that there is sufficient income to achieve the Debt Service Coverage Ratio required by the Loan Agreement.

The Budget shall be prepared on a cash basis and provide a proposed budget for the next Fiscal Year in sufficient detail, including income and expenses, deposits to the Repair and Replacement Fund and any other required funds, if any, and payments of principal and interest on the Bonds. The Budget shall report income on a 30-day lag period and shall not assume any prepayment on the Bonds. The Budget shall demonstrate sufficient cash flow to pay all required expenses, payments of scheduled interest and principal on the Bonds and the funding of any reserves as required in the flow of funds in the Indenture. The Budget shall be certified as true and correct by the Borrower.

The Budget may be amended from time to time during the course of the Fiscal Year; provided that any such amendment that reflects an increase of more than 10% of the approved Budget shall require the approval of the Oversight Agent, and any such amendments shall be certified and submitted in the same manner as the Budget. In the event that such amendments are not disapproved within 15 days of submittal to the Oversight Agent, such amendments shall be deemed to have been approved. Notwithstanding anything to the contrary contained in the Loan Agreement, amendments to the Budget that are due to expenses beyond the reasonable control of the Borrower shall be deemed to have been automatically approved by the Oversight Agent.

In the event the Budget as adopted does not provide for the Debt Service Coverage Ratio as required by the Loan Agreement, then in the case of a failure to meet the coverage requirement set forth therein, the Holders of a majority of the Outstanding Senior Bonds shall have the right, in addition to all other rights provided under the Loan Agreement and the Indenture, to direct the Borrower in writing, with a copy to the Oversight Agent and the Authority, to remove the Manager and appoint a Manager acceptable to the Authority and such Owners.

(e) Each Budget shall include provision for payment by the Borrower of the costs, fees and expenses payable or incurred under the Loan Agreement and the Indenture including, without limitation, the costs of maintaining the insurance coverage required pursuant to the Loan Agreement and all applicable ad valorem taxes, if any, assessed against the Projects payable by the Borrower, all compensation for and expenses of the Trustee, including those provided in the Indenture and any paying agents and the expenses of the Authority and the Oversight Agent.

(f) The Trustee shall have no duty to review, verify, or analyze any financial statements or information delivered to it under the Loan Agreement and shall hold such financial statements and information solely as a repository for the benefit of the Owners. The Trustee shall not be deemed to have notice of any information contained therein or Event of Default which may be disclosed therein in any manner.

Operation of Projects; Regulatory Agreement. The Borrower agrees:

(a) to operate the 2014 Projects consistent with the purposes set forth in the Loan Agreement;

(b) to use commercially reasonable efforts to fix, charge and collect, or cause to be fixed charged and collected, to the extent permitted by law, rents, fees and charges in connection with the operation and maintenance of the 2014 Projects, such that for each Fiscal Year, (i) the Debt Service Coverage Ratio with respect to the Borrower's Senior Bonds will be not less than 1.25 to 1, and (ii) the Debt Service Coverage Ratio with respect to the Borrower's Senior Bonds and the Borrower's Subordinate Bonds will not be less than 1.10 to 1, each determined as of the end of each such Fiscal Year, compliance with which covenant shall be demonstrated by the filing, by the Borrower, with the Oversight Agent, the Trustee and S&P (if S&P is then rating the Bonds), of a Coverage Certificate demonstrating compliance with the Loan Agreement as described in this paragraph: (i) within 60 days of the last day of the first six months of each Fiscal Year based on unaudited financial statements, and (ii) within 150 days of the last day of each Fiscal Year based upon audited financial statements;

(c) to use commercially reasonable efforts to rent the Spaces in each Project to low-income tenants such that not less than 60% of the Spaces in each Project are eligible for real property tax abatement, or such lesser amount as will satisfy the debt service coverage requirements described in paragraph (b) of this subheading, provided that the income and rent restrictions imposed under the respective Regulatory Agreement and Permitted Encumbrances for such Project shall be counted towards meeting this requirement; and

(d) to use commercially reasonable efforts such that at no time shall the vacancy factor of each Project be greater than 5% during any consecutive twelve-month period, which factor shall be calculated as the actual number of vacant spaces within the 2014 Projects as of the first day of the month divided by total number of spaces within such Projects.

At any time that the Borrower fails to satisfy the foregoing covenants, the Borrower shall promptly (but in no event more than 45 days after such failure has been determined) request the Oversight Agent to submit a written report and recommendations with respect to improvements and/or changes that may be made in the operations and management of the 2014 Projects in order to meet the foregoing covenants consistent with the terms of the Regulatory Agreements and the Permitted Encumbrances, which report shall be provided as soon as practicable but in no event later than 60 days after its request from the Oversight Agent. The Borrower shall comply with the recommendations of the Oversight Agent to the full extent permitted by law and, if directed by Oversight Agent or the Authority, shall replace the Manager of the 2014 Project(s) that fail to satisfy the covenants set forth in the Loan Agreement as described under this subheading (such right to request such replacement being in addition to any right of the Authority under the Loan Agreement). So long as the Borrower continuously complies with the recommendations of the Oversight Agent as required above, failure to satisfy the covenants of the Loan Agreement as described under this subheading shall not constitute an Event of Default under the Loan Agreement, provided that the Debt Service Coverage Ratio for the Senior and Subordinate Bonds and any parity Obligations is not less than 1.0 to 1.

The Borrower further agrees that it shall, concurrently with or before the execution and delivery of the Bonds, execute and deliver the Regulatory Agreements, and shall cause the appropriate Regulatory Agreement to be recorded in the official records of each county in which a Project is located. The Borrower shall comply with the Regulatory Agreements, and the Borrower acknowledges that in the event of a default under any Regulatory Agreement, which is not cured within any applicable cure period, the Loan may be accelerated. The Borrower agrees to cause any amendment to a Regulatory Agreement to be recorded in the appropriate official records. The books and records of the Borrower pertaining to the incomes of and rents charged to Very Low Income Tenants (as defined in the Regulatory Agreements) residing in the Projects shall, upon reasonable notice, be open to inspection at the Borrower's designated management office by any authorized representative of the Authority.

Nothing in the Loan Agreement shall be construed to require the Authority at any time to operate, manage or oversee the 2014 Projects.

Maintenance of the Project and Payment of Operating Expenses.

Throughout the Term, the Borrower shall, at its own expense, place, keep, and maintain the 2014 Projects, or cause the 2014 Projects to be placed, kept, and maintained, in good condition repair and working order (ordinary wear and tear excepted), making, or causing to be made, all repairs and replacements thereto (whether ordinary or extraordinary, structural or nonstructural or foreseen or unforeseen), and operate the 2014 Projects, or cause the 2014 Projects to be operated, in a sound and economic manner.

The Borrower agrees to pay when due all Operating Expenses of the 2014 Projects. The Borrower agrees to review and approve invoices for such Operating Expenses on a timely basis.

The Borrower agrees to submit to the Oversight Agent and the Trustee on January 15 of each year beginning January 15, 2015, a rolling three-year capital expenditure plan (the "Capital Plan") prepared by the Borrower including, at the option of the Borrower, by an independent third party consultant. The Capital Plan shall (i) detail the planned major capital expenditures for the 2014 Projects for the succeeding three-year period and (ii) estimate the annual contribution to the Repair and Replacement Fund necessary to fund such expenditures. If the estimate exceeds the Repair and Replacement Fund Requirement, the Repair and Replacement Fund Requirement shall be increased to satisfy such determination. Disbursements from the Repair and Replacement Fund shall be made upon the written request of the Borrower and approved in writing by the Oversight Agent. The initial deposit to the Repair and Replacement Fund in connection with the Series 2014 Bonds shall be $[_____].

The Oversight Agent shall have the right to direct an accounting at the Borrower's expense with respect to the 2014 Projects, and the Borrower's or the Manager's failure to comply with any such written direction within 30 days after receipt thereof shall be deemed a default under the Loan Agreement.

Modification of the 2014 Projects. Except as otherwise provided in the Loan Agreement and to the extent such additions, renewals, replacements, or improvements to the 2014 Projects would not constitute a default or event of default pursuant to the Borrower Documents, the Borrower at its own cost and expense, may make, or may permit any other Person to make, such additions renewals, replacements, or improvements to or alterations of the 2014 Projects, or may construct or place on the 2014 Projects, or permit any other Person to construct or place on the 2014 Projects, such additional or renewal or replacement facilities, furnishings, machinery, or equipment as the Borrower may deem desirable to attain the purposes contemplated in the Loan Agreement, provided that such additions, renewals, replacements, improvements, alterations, facilities, furnishings, machinery, or equipment shall not impair the market value, structural soundness, or usefulness for the purposes contemplated in the Loan Agreement, of the 2014 Projects, or violate any provision of, or constitute a default under the Borrower Documents, or of any document executed by the Borrower in connection with the Loan Agreement; and, provided, further, that such additions, replacements, alterations or improvements shall not cause the Debt Service Coverage Ratio to fall below the required coverage for the Series 2014 Bonds.

Improvements as Part of the 2014 Projects. All buildings, structures improvements, furnishings, machinery, equipment, and other Property which shall be constructed, placed, or installed in or upon the 2014 Projects, by any Person as an addition to, or as a substitute for, or in renewal or replacement of, any buildings, structures, improvements furnishings, machinery, equipment, or other property constituting part of the 2014 Projects, shall become a part of the 2014 Projects.

Tax Covenants. It is the intention of the Authority and the Borrower that interest on the Tax-Exempt Bonds shall be and remain excluded from the gross income of the Owners thereof for federal income tax purposes, and to that end the covenants and agreements of the Borrower in the Loan Agreement as described under this subheading and in the Tax Agreement are for the benefit of the Trustee on behalf of and for each and every owner of Tax-Exempt Bonds.

The Borrower covenants and agrees that it will not use or permit the use of any of the funds provided by the Authority under the Loan Agreement or any other funds of the Borrower, directly or indirectly, or direct the Trustee to invest any funds held by it under the Loan Agreement or under the Indenture, in such manner as would, or enter into, or allow any "related person" (as defined in Section 147(a)(2) of the Code) to enter into, any arrangement, formal or informal, for the purchase of the Tax-Exempt Bonds that would, or take or omit to take any other action that would cause any Bond to be an "arbitrage bond" within the meaning of Section 148 of the Code or "federally guaranteed" within the meaning of Section 149(b) of the Code and applicable regulations promulgated from time to time thereunder.

In the event that at any time the Borrower is of the opinion or becomes otherwise aware that for purposes of the Loan Agreement or the Indenture it is necessary to restrict or to limit the yield on the investment of any moneys held by the Trustee under the Indenture, the Borrower shall determine the limitations and so instruct the Trustee in writing and cause the Trustee to comply with those limitations under the Indenture. The Borrower will take such action or actions as may be reasonably necessary in the opinion of Bond Counsel, or of which it otherwise becomes aware, to comply fully with Section 148 of the Code.

The Borrower shall not, pursuant to an arrangement, formal or informal purchase Bonds in an amount related to the amount of the Loan, except as otherwise permitted under the Indenture.

In order to maintain the exclusion of interest on the Tax-Exempt Bonds from the gross income of the owners thereof for federal income purposes and to assure compliance with the laws of the State, the Borrower agrees that it shall, concurrently with or before the execution and delivery of the Bonds, execute and deliver the Tax Agreement, and shall comply with every term of the Tax Agreement. The Borrower covenants with the Authority for and on behalf of the Owners of the Tax-Exempt Bonds from time to time outstanding, that so long as any Tax-Exempt Bonds remain outstanding, moneys on deposit in any fund, or account in connection with the Tax-Exempt Bonds, whether or not such moneys were derived from the proceeds of the sale of the Tax-Exempt Bonds or from any other sources, and moneys pledged directly or indirectly to the payment or for the securing of the Tax-Exempt Bonds, will not be used by or for Borrower in a manner that will cause the Tax-Exempt Bonds to be "arbitrage bonds" within the meaning of Section 148 of the Code. The Borrower expressly recognizes that to the extent required by Section 148 of the Code, "proceeds" of the Tax-Exempt Bonds (including investment proceeds and "replacement" proceeds) may be required to be invested at a yield not exceeding the yield on the Tax-Exempt Bonds in order to comply with the Loan Agreement as described under this subheading. In furtherance of the covenant described in this subheading, the Borrower agrees that it will not direct any investments or reinvestments that would contravene either the investment representations made by the Authority in the Tax Agreement or any investment directions provided by the Authority and deemed reasonably necessary in the opinion of Bond Counsel to preserve the exclusion from gross income of interest on the Tax-Exempt Bonds for federal income tax purposes.

The Authority or the Borrower, as applicable, shall promptly provide the Trustee with written notice of a Determination of Taxability.

Additional Indebtedness.

Other than Additional Bonds as permitted pursuant to the Indenture and the Subordinate Bonds and other indebtedness evidenced by the Permitted Encumbrances, the Borrower will not incur additional indebtedness, other than the indebtedness permitted under the Indenture, and trade debt incurred in the ordinary course of business in connection with owning, operating, maintaining and managing the 2014 Projects, which trade debt will be paid within 120 days after it is incurred.

Events of Default.

Any one of the following which occurs and continues shall constitute an Event of Default under the Loan Agreement:

(a) failure by the Borrower to pay or cause to be paid when due the Loan Payments, or

(b) failure by the Borrower to pay or cause to be paid when due any other amounts required to be paid under the Loan Agreement and continuation of such failure to pay for ten (10) Business Days following written notice thereof; or

(c) failure of the Borrower to observe and perform any covenant, condition or agreement on its part to be observed or performed under the Loan Agreement (other than failure by the Borrower to pay the amounts required to be paid under the Loan Agreement, as referred to in paragraphs (a) or (b) above, and other than as described in paragraph (d) below) after the Borrower shall have been given 30 days written notice specifying such default and requesting it be remedied; provided that such failure shall not constitute an Event of Default if the Borrower shall have commenced cure and be diligently pursuing cure in good faith, to completion within 90 days; or

(d) voluntary initiation by the Borrower of any proceeding under any federal or state law relating to bankruptcy, insolvency, arrangement, reorganization, readjustment of debt or any other form of debtor relief, or the initiation against the Borrower of any such proceeding that shall remain undismissed for 60 calendar days, or failure by the Borrower to promptly have discharged any execution, garnishment or attachment of such consequence as would impair the ability of the Borrower to carry on its operations at the 2014 Projects, or assignment by the Borrower for the benefit of creditors, or the entry by the Borrower into an agreement of composition with creditors or the failure generally by the Borrower to pay its debts as they become due;

(e) occurrence and continuance of an "Event of Default" under the Indenture or any of the Borrower Documents, provided, however, that an Event of Default under the Indenture arising solely from the actions or inactions of the Authority or the Trustee shall not be an Event of Default under the Loan Agreement;

(f) any representation or warranty made in the Loan Agreement or any statement or representation made by the Borrower in any certificate, report, opinion, financial statement or other instrument furnished in connection with the Loan or any of the Borrower Documents proves to be incorrect in any material respect when made.

Remedies.

(a) Upon the occurrence of an Event of Default pursuant to the Loan Agreement and at any time thereafter during the continuance of such Event of Default, the Trustee may, and shall, at the written direction a majority of the owners of the Bonds Outstanding, take one or more or any combination of the following remedial steps:

(i) By written notice to the Borrower, declare the unpaid indebtedness on the Bonds and all amounts then due and payable under the Loan Agreement, whether by acceleration of maturity or otherwise, to be immediately due and payable, whereupon the same shall become immediately due and payable;

(ii) Take whatever action at law or in equity may appear necessary or desirable to collect the amounts then due and thereafter to become due under the Loan Agreement, or to enforce performance and observance of any obligation, agreement or covenant of the Borrower under the Loan Agreement, the Bonds or any other Borrower Document; and

(iii) Foreclose the Mortgage.

Any amounts collected pursuant to action taken by the Trustee under the Loan Agreement as described under this subheading shall be applied in accordance with provisions of the Indenture. Notwithstanding anything in the Loan Agreement to the contrary, the indebtedness of the Borrower under the Loan Agreement may be separately and independently accelerated with or without an acceleration of the Series 2014 Bonds.

(b) If the Trustee shall have proceeded to enforce the rights of the Authority under the Loan Agreement and such proceedings shall have been discontinued or abandoned for any reason or shall have been determined adversely to the Trustee or the Authority then the Borrower, the Trustee and the Authority shall be restored respectively to their several positions and rights under the Loan Agreement, and all rights, remedies and powers of the Borrower, the Authority and the Trustee shall continue as though no such proceedings had taken place.

In addition to the above remedies, if an Event of Default occurs under the Loan Agreement, the Authority and the Trustee shall have the right and remedy, without posting bond or other security, to have the provisions of the Loan Agreement specifically enforced by any court having equity jurisdiction, it being acknowledged and agreed that any such breach will cause irreparable injury to the Trustee or the Authority and that money damages will not provide an adequate remedy thereto.

No remedy conferred upon or reserved to the Authority in the Loan Agreement is intended to be exclusive of any other available remedy or remedies, but each and every such remedy shall be cumulative and shall be in addition to every other remedy given under the Loan Agreement or now or hereafter existing at law or in equity or by statute. No delay or omission to exercise any right or power accruing upon any default shall impair any such right or power or shall be construed to be a waiver thereof, but any such right and power may be exercised from time to time and as often as may be deemed expedient. In order to entitle the Trustee or the Authority to exercise any remedy reserved to it in the Loan Agreement, it shall not be necessary to give notice, other than such notice as may be required in the Loan Agreement. Such rights and remedies as are given the Authority under the Loan Agreement shall also extend to Trustee on behalf of the Owners of the Bonds, who shall be entitled to the benefit of all covenants and agreements contained in the Loan Agreement.

Prepayment; Damage, Destruction and Condemnation

Option To Terminate. The Borrower shall have, and is granted the option to terminate the Loan Agreement at any time prior to full payment of the Bonds by paying or causing to be paid to Trustee an amount which, when added to the amounts on deposit under the Indenture and available for such purpose, will be sufficient to pay, retire and redeem all the Outstanding Bonds in accordance with the provisions of the Indenture (including, without limiting the generality of the foregoing, principal of and interest to maturity or applicable redemption date, as the case may be, and premium, if any, expenses of redemption and the Trustee's and the Paying Agent's fees and expenses), and, in case of redemption, by making arrangements satisfactory to the Trustee for the giving of the required notice of redemption. Such termination shall become effective only upon compliance with all provisions of the Indenture.

Option To Prepay Loan. The Borrower shall have and is granted the option to prepay all amounts due under the Loan Agreement, after providing notice to the Trustee, in whole or in part, but only if such prepayment is made in a manner which results in the Trustee having sufficient funds to redeem a corresponding principal amount of the Bonds, including premium, if any, and provided the Bonds are then subject to optional redemption under the Indenture or optional prepayment under the terms of the Series 2014C Bonds. Any such prepayment, except (i) from the proceeds of refunding Obligations or (ii) with respect to the Series 2014C Bonds, shall be conditioned upon the opinion of counsel experienced in bankruptcy matters to the effect that such prepayment will not constitute a voidable preference in the event of the filing of a petition in bankruptcy (or other commencement of a bankruptcy or similar proceeding) by or against the Borrower or the Authority or any affiliate of either under any applicable bankruptcy, insolvency, reorganization or similar law now or hereafter in effect.

Extraordinary Prepayment of Loan. The Borrower shall prepay the Loan in the event that any Project or any portion thereof is damaged or destroyed and the Borrower elects to apply Net Proceeds as provided in Alternative B under the Loan Agreement as described under the subheading "Application of Net Proceeds."

Damage, Destruction and Condemnation. If prior to full payment of the Bonds (or prior to provision for payment thereof having been made in accordance with the provisions of the Indenture) (a) a 2014 Project or any portion thereof is destroyed (in whole or in part) or is damaged by fire or other casualty or (b) title to or any interest in, or the temporary use of, any 2014 Project or any part thereof shall be taken under the exercise of the power of eminent domain by any governmental body or by any Person, firm or corporation acting under governmental authority, or conveyed to a governmental authority by condemnation or other taking, the Borrower shall be obligated to continue to pay the amounts required under the Loan Agreement. Additionally, within 10 days of its occurrence, the Borrower shall notify the Oversight Agent and Trustee in writing of any damage, destruction or condemnation to the 2014 Projects.

Application of Net Proceeds. If, as a result of fire or other casualty, a 2014 Project, or any part thereof, is damaged or destroyed, or a 2014 Project, or any part thereof, shall be condemned or acquired for public use, the Borrower shall, within 30 days after receiving actual notice of such damage, destruction or condemnation and, after written notice to the Oversight Agent and the Trustee, elect to follow one of the two courses of action as set forth below:

Alternative A: Repair and Restoration. If, in the reasonable opinion of the Borrower, the 2014 Project can be repaired or restored to substantially the same condition as it existed prior to the event causing such damage or destruction, and in a manner that is economical and can be completed prior to the expiration of any rental loss insurance, or the effect of the condemnation can be relieved so that the status of such Project will be restored to substantially the same status as it existed prior to the event causing such condemnation, without, in either case, jeopardizing repayment of the principal of and interest on the Bonds, all in accordance with the opinion of an expert or experts selected as referred to below, then the Borrower may so repair and restore such Project and the Borrower shall deposit the Net Proceeds in the Net Proceeds Fund, and upon receipt of written instructions from the Borrower, the Trustee shall, in accordance with the requirements of the Indenture, apply the Net Proceeds to the payment or reimbursement of the costs of such repair or restoration as so instructed. The Borrower may rely on the advice of architects, engineers, accountants, financial consultants, attorneys or other experts reasonably selected by it in the foregoing matters. Any Net Proceeds in excess of the amount required to repair and restore such Project under this Alternative A, shall be deposited into the Bond Fund and applied to the redemption of the Bonds in accordance with the Indenture.

Alternative B: Prepayment of Loan; Redemption of Bonds. If Alternative A above is not followed, the Borrower shall apply, or cause to be applied, the Net Proceeds relating to such damage, destruction or condemnation to the redemption of the Bonds in accordance with the Indenture.

Insufficiency of Net Proceeds. If, in accordance with the Loan Agreement, the Borrower elects to repair or restore a 2014 Project or any portion thereof and the Net Proceeds are insufficient to pay in full the cost of any repair, restoration, modification or improvement, the Borrower will nonetheless complete the work and will pay any cost in excess of the amount of the Net Proceeds held by the Trustee; provided that the Borrower may use amounts on deposit in the Repair and Replacement Fund for the repair or restoration of such Project in the event of any insufficiency in the Net Proceeds. Except as set forth in the preceding sentence, the Borrower agrees that if, by reason of any such insufficiency of the Net Proceeds, the Borrower shall make any payments pursuant to the provisions of the Loan Agreement as described under this subheading, the Borrower shall not be entitled to any reimbursement therefor from the Authority, the Trustee or the Owners, nor shall the Borrower be entitled to any diminution of the amounts payable under the Loan Agreement as described under the subheadings "The Loan;" "Loan Payments;" or "Additional Payments."

THE REGULATORY AGREEMENTS

Requirements of the Code

Pursuant to the requirements of the Code, the Borrower represents, warrants and covenants as follows:

(a) During the Qualified Project Period, no less than twenty percent (20%) of the total number of completed Spaces in the Project shall at all times be Very Low Income Spaces. For the purposes of this paragraph (a), a vacant Space that was most recently a Very Low Income Space is treated as a Very Low Income Space until reoccupied, other than for a temporary period of not more than thirty-one (31) days, at which time the character of such Space shall be redetermined.

(b) No tenant qualifying as a Very Low Income Resident upon initial occupancy shall be denied continued occupancy of a Space in the Project because, after admission, the aggregate Adjusted Income of all residents in the Space occupied by such Very Low Income Resident increases to exceed the qualifying limit for a Very Low Income Space. However, should the aggregate Adjusted Income of residents in a Very Low Income Space, as of the most recent determination thereof, exceed one hundred forty percent (140%) of the applicable income limit for a Very Low Income Space occupied by the same number of residents, the next available Space of comparable or smaller size must be rented to (or held vacant and available for immediate occupancy by) Very Low Income Resident(s). The Space occupied by such residents whose aggregate Adjusted Income exceeds such applicable income limit shall continue to be treated as a Very Low Income Space for purposes of the 20% requirement described in paragraph (a) under this subheading unless and until a Space of comparable or smaller size is rented to persons other than Very Low Income Residents.

(c) For the Qualified Project Period, the Borrower will obtain, complete and maintain on file Verifications of Income for each Very Low Income Resident, including (i) a Verification of Income in the form attached to the Regulatory Agreement as Exhibit B dated immediately prior to the initial occupancy of such Very Low Income Resident in the Space (or, in the case of Space, and (ii) thereafter, an annual Verification of Income in the form attached to the Regulatory Agreement as Exhibit B with respect to each Very Low Income Resident. In lieu of obtaining an annual Verification of Income, the Borrower may, with respect to any particular twelve-month period ending July 1 of each year, deliver to the Administrator no later than fifteen (15) days after such date, a certification that as of July 1, no residential Space in the Project was occupied within the preceding twelve (12) months by a new resident whose income exceeded the limit applicable to Very Low Income Residents upon admission to the Project. The Administrator may at any time and in its sole and absolute discretion notify the Borrower in writing that it will no longer accept certifications of the Borrower made pursuant to the preceding sentence and that the Borrower will thereafter be required to obtain annual Income Certifications for tenants. The Borrower also will provide such additional information as may be required in the future by the Code, the State or the Authority, as the same may be amended from time to time, or in such other form and manner as may be required by applicable rules, rulings, policies, procedures, Regulations or other official statements now or hereafter promulgated, proposed or made by the Department of the Treasury or the Internal Revenue Service with respect to Tax-Exempt obligations. Upon request of the Administrator or the Authority, copies of Verification of Income for Very Low Income Residents commencing or continuing occupation of a Very Low Income Space shall be submitted to the Administrator or the Authority, as requested.

(d) The Borrower shall make a good faith effort to verify that the income information provided by an applicant in a Verification of Income is accurate by taking one or more of the following steps as a part of the verification process: (1) obtain pay stubs for the three most recent pay periods, (2) obtain an income tax return for the most recent tax year, (3) obtain a credit report or conduct a similar type credit search, (4) obtain an income verification from the applicant's current employer, (5) obtain an income verification from the Social Security Administration and/or the California Department of Social Services if the applicant receives assistance from either of such agencies, or (6) if the applicant is unemployed and does not have an income tax return, obtain another form of independent verification reasonably acceptable to the Authority.

(e) The Borrower will maintain complete and accurate records pertaining to the Very Low Income Spaces, and will permit any duly authorized representative of the Authority, the Department of the Treasury or the Internal Revenue Service to inspect the books and records of the Borrower pertaining to the Project, including those records pertaining to the occupancy of the Very Low Income Spaces.

(f) The Borrower will prepare and submit to the Administrator, on behalf of the Authority, and to the Oversight Agent, annually, on or before February 1 of each year, a Certificate of Continuing Program Compliance executed by the Borrower in substantially the form attached to the Regulatory Agreement as Exhibit D; provided, however, at the direction of the Authority or the Oversight Agent, the Borrower will prepare and submit to the Administrator, on behalf of the Authority, and the Oversight Agent, quarterly, on or before January 1, May 1, July 1 and October 1 of each year, a Certificate of Continuing Program Compliance executed by the Borrower in substantially the form attached to the Regulatory Agreement as Exhibit D. During the Qualified Project Period, the Borrower shall submit such annual certification as required by the Code with respect to the Project, if any.

(g) For the Qualified Project Period, all tenant leases or rental agreements shall be subordinate to the Regulatory Agreement and the Mortgage. All leases pertaining to Very Low Income Spaces shall contain clauses, among others, wherein each tenant who occupies a Very Low Income Space: (i) certifies the accuracy of the statements made by such tenant in the Verification of Income; (ii) agrees that the family income and other eligibility requirements shall be deemed substantial and material obligations of the tenancy of such tenant, that such tenant will comply promptly with all requests for information with respect thereto from the Borrower the Authority or the Administrator on behalf of the Authority, and that the failure to provide accurate information in the Verification of Income or refusal to comply with a request for information with respect thereto shall be deemed a violation of a substantial obligation of the tenancy of such tenant; (iii) acknowledges that the Borrower has relied on the statements made by such tenant in the Verification of Income and supporting information supplied by the Very Low Income Resident in determining qualification for occupancy of a Very Low Income Space, and that any material misstatement in such certification (whether or not intentional) will be cause for immediate termination of such lease or rental agreement; and (iv) agrees that the tenant's income is subject to annual certification as described above and that if, upon any such certification the aggregate Adjusted Income of tenants in such Space exceeds the applicable income limit described above with respect to a Very Low Income Space, the Space occupied by such tenant may cease to qualify as a Very Low Income Space and such Space's rent may be subject to increase.

For the purposes of the Regulatory Agreement as described under this subheading, no Space occupied by a residential manager shall be treated as a rental Space during the time of such occupancy.

Requirements of the Housing Act

In addition to the other requirements set forth in the Regulatory Agreement, the Borrower agrees that it shall comply with each of the requirements of Section 52100 et seq. of the Housing Act, including the following:

(a) Not less than twenty percent (20%) of the total number of Spaces in the Project shall be for occupancy on a priority basis by lower income households, as defined in the Housing Act, which requirement shall be satisfied during the Qualified Project Period by reserving such Spaces for Very Low Income Residents pursuant to the Regulatory Agreement as described under the subheading "Requirements of the Code," and not less than one-half of the Spaces required for occupancy on a priority basis by lower income households shall be for occupancy on a priority basis for Very Low Income Residents, as follows:

(i) where a Very Low Income Resident is both the registered and legal owner of the mobile home and is not making mortgage payments for the purchase of that mobile home, the total rental charge for occupancy of the Space (excluding a reasonable allowance for other related housing costs determined at the time of acquisition of the Project by the Borrower and excluding any supplemental rental assistance from the State, the federal government, or any other public agency to the Very Low Income Resident or on behalf of the Space and the mobile home) shall not exceed one-twelfth of 30 percent of 50 percent of Area Median Gross Income, adjusted for household size in the manner set forth in (iv) below;

(ii) where a Very Low Income Resident is the registered owner of the mobile home and is making mortgage payments for the purchase of that mobile home, the total rental charge for occupancy of the Space (excluding any charges for utilities and storage and excluding any supplemental rental assistance from the State, the federal government, or any other public agency to the Very Low Income Resident or on behalf of the Space and mobile home), shall not exceed one-twelfth of 15 percent of 50 percent of Area Median Gross Income, as adjusted for household size in the manner set forth in (iv) below;

(iii) where a Very Low Income Resident rents both the mobile home and the Space occupied by the mobile home, the total rental payments paid by the Very Low Income Resident on the mobile home and the Space occupied by the mobile home (excluding any supplemental rental assistance from the State, the federal government, or any other public agency to that Very Low Resident or on behalf of that Space and mobile home) shall not exceed one-twelfth of 30 percent of 50 percent of Area Median Gross Income adjusted for household size in the manner set forth in (iv) below;

(iv) in adjusting rents for household size, one person will be assumed to occupy a recreational vehicle, two persons to occupy a single-wide mobilehome, and three persons to occupy a multisectional mobile home.

(b) Except as set forth in the Regulatory Agreement, the covenants and conditions of the Regulatory Agreement shall be binding upon successors in interest of the Borrower.

(c) The Regulatory Agreement shall be recorded in the office of the County recorder, and shall be recorded in the grantor-grantee index under the name of the Borrower as grantor and under the name of the Authority as grantee.

Sale or Transfer of the Project

Except as otherwise provided in the Regulatory Agreement, for the Qualified Project Period, the Borrower shall not Transfer the Project, in whole or in part, without the prior written consent of the Authority, which consent shall not be unreasonably withheld or delayed if the following conditions are satisfied: (A) the receipt by the

Authority of evidence acceptable to the Authority that (1) the Borrower shall not be in default under the Regulatory Agreement or under the Loan Agreement, if in effect (which may be evidenced by a Certificate of Continuing Program Compliance), or the transferee undertakes to cure any defaults of the Borrower to the reasonable satisfaction of the Authority; (2) the continued operation of the Project shall comply with the provisions of the Regulatory Agreement; (3) either (a) the transferee or its Manager has at least three years' experience in the ownership, operation and management of similar size rental housing projects, and at least one year's experience in the ownership, operation and management of rental housing projects containing below-market-rate Spaces, without any record of material violations of discrimination restrictions or other state or federal laws or regulations or local governmental requirements applicable to such projects, or (b) the transferee agrees to retain a Manager with the experience and record described in subclause (a) above, or (c) the transferring Borrower or its management company will continue to manage the Project, or another management company reasonably acceptable to the Authority will manage, for at least one year following such Transfer and, if applicable, during such period the transferring Borrower or its management company will provide training to the transferee and its manager in the responsibilities relating to the Very Low Income Spaces; and (4) the person or entity that is to acquire the Project does not have pending against it, and does not have a history of significant and material building code violations or complaints concerning the maintenance, upkeep, operation, and regulatory agreement compliance of any of its projects as identified by any local, state or federal regulatory agencies; (B) the execution by the transferee of any document reasonably requested by the Authority with respect to the assumption of the Borrower's obligations under the Regulatory Agreement and the Loan Agreement (if then in effect), including without limitation an instrument of assumption of the Regulatory Agreement and thereof, and delivery to the Authority of an opinion of such transferee's counsel to the effect that each such document and the Regulatory Agreement are valid, binding and enforceable obligations of such transferee, subject to bankruptcy and other standard limitations affecting creditor's rights; (C) receipt by the Authority of an opinion of Bond Counsel to the effect that any such Transfer will not adversely affect the Tax-Exempt status of interest on the Bonds; and (D) receipt by the Authority of all fees and/or expenses then currently due and payable to the Authority by the Borrower; provided that, in the case of Transfer of the Project to an entity controlled by, or under common control with, the Borrower, the consent of the Authority will not be required so long as the requirements of the Regulatory Agreement described in this paragraph are met.

It is expressly stipulated and agreed that any Transfer of the Project in violation of the Regulatory Agreement as described under this subheading shall be null, void and without effect, shall cause a reversion of title to the Borrower, and shall be ineffective to relieve the Borrower of its obligations under the Regulatory Agreement. The written consent of the Authority to any Transfer of the Project shall constitute conclusive evidence that the Transfer is not in violation of the Regulatory Agreement as described under this subheading. Upon any Transfer that complies with the Regulatory Agreement, the Borrower shall be fully released from its obligations under the Regulatory Agreement to the extent such obligations have been fully assumed in writing by the transferee of the Project.

Notwithstanding anything contrary contained elsewhere in the Regulatory Agreement, the Project may be transferred pursuant to a foreclosure, exercise of power of sale or deed in lieu of foreclosure or comparable conversion under the Mortgage without the consent of the Authority or compliance with the provisions of the Regulatory Agreement as described under this subheading.

Subject to the foregoing, for the Qualified Project Period, the Borrower shall not: (1) encumber any of the Project, grant commercial leases of any part thereof, or permit the conveyance, transfer or encumbrance of any part of the Project, except for (A) Permitted Encumbrances, or (B) a Transfer in accordance with the terms of the Regulatory Agreement, in each case upon receipt by the Authority of an opinion of Bond Counsel to the effect that such action will not adversely affect the Tax-Exempt status of interest on the Bonds (provided that such opinion will not be required with respect to any encumbrance, lease or transfer relating to a commercial operation or ancillary facility that will be available for tenant use and is customary to the operation of multifamily housing developments similar to the Project); (2) demolish any part of the Project or substantially subtract from any real or personal property of the Project, except to the extent that what is demolished or removed is replaced with comparable property or such demolition or removal is otherwise permitted by the Loan Agreement or the Mortgage; or (3) permit the use of the dwelling accommodations of the Project for any purpose except rental residences.

Notwithstanding anything contrary contained elsewhere in the Regulatory Agreement, the Borrower shall also have the right from time to time to Transfer a portion of the Project and to release such portion from the lien of the Regulatory Agreement, whether upon the sale, refinancing or other disposition of such part of the Project, with the prior written consent of the Authority, which consent shall not be unreasonably withheld or delayed so long as the following conditions are satisfied: (a) the Borrower shall not be in default under the Regulatory Agreement or under the Loan Agreement, if in effect (which may be evidenced by a Certificate of Continuing Program Compliance), or the transferee undertakes to cure any defaults of the Borrower to the reasonable satisfaction of the Authority; (b) such Transfer shall not cause a reduction in the number of Spaces, and the continued operation of the Project following such Transfer shall comply in all material respects with the income and rent restrictions set forth in the Regulatory Agreement as described under the subheading "Requirements of the Housing Act," above; and (c) such transfer is permitted by the Mortgage, if then in effect.

Term

The Regulatory Agreement and all and several of the terms of the Regulatory Agreement shall become effective upon its execution and delivery, and shall remain in full force and effect for the period provided in the Regulatory Agreement and shall terminate as to any provision not otherwise provided with a specific termination date and shall terminate in its entirety at the end of the Qualified Project Period, it being expressly agreed and understood that the provisions of the Regulatory Agreement are intended to survive the retirement of the Bonds and discharge of the Indenture and the Loan Agreement.

The other terms of the Regulatory Agreement to the contrary notwithstanding, the Regulatory Agreement shall terminate and be of no further force and effect in the event of (a) involuntary noncompliance with the provisions of the Regulatory Agreement caused by fire or other casualty, seizure, requisition, condemnation, change in a federal law or an action of a federal agency or a similar event after the Closing Date, which prevents the Authority from enforcing such provisions, or (b) foreclosure or deed in lieu of foreclosure or a similar event, but only if, within a reasonable period after any such event, either the Bonds are retired or amounts received as a consequence of such event are used to provide a project that meets the requirements of the Regulatory Agreement; provided, however, that the preceding provisions of this sentence shall cease to apply and the restrictions contained in the Regulatory Agreement shall be reinstated if, at any time subsequent to the termination of such provisions as the result of the foreclosure or the delivery of a deed in lieu of foreclosure or a similar event, the Borrower or any related person (within the meaning of Section 1.103-10(e) of the Regulations) obtains an ownership interest in the Project for federal income tax purposes. The Borrower agrees that, following any foreclosure, transfer of title by deed in lieu of foreclosure or similar event, neither the Borrower nor any such related person as described above will obtain an ownership interest in the Project for federal tax purposes. Notwithstanding any other provision of the Regulatory Agreement, the Regulatory Agreement may be terminated upon agreement by the Authority and the Borrower upon receipt by the Authority of an opinion of Bond Counsel to the effect that such termination will not adversely affect the exclusion from gross income of interest on the Bonds for federal income tax purposes. Upon the termination of the terms of the Regulatory Agreement, the parties thereto agree to execute, deliver and record appropriate instruments of release and discharge of the terms of the Regulatory Agreement; provided, however, that the execution and delivery of such instruments shall not be necessary or a prerequisite to the termination of the Regulatory Agreement in accordance with its terms.

Default; Enforcement

If the Borrower defaults in the performance or observance of any covenant, agreement or obligation of the Borrower set forth in the Regulatory Agreement, and if such default remains uncured for a period of sixty (60) days after notice thereof shall have been given by the Authority, the Holder or the Agent to the Borrower, or for a period of sixty (60) days from the date the Borrower should, with reasonable diligence, have discovered such default, then the Authority shall declare an "Event of Default" to have occurred thereunder; provided, however, that if the default is of such a nature that it cannot be corrected within sixty (60) days, such default shall not constitute an Event of Default under the Regulatory Agreement so long as (i) the Borrower institutes corrective action within said sixty (60) days and diligently pursues such action until the default is corrected, and (ii) in the opinion of Bond

Counsel, the failure to cure said default within sixty (60) days will not adversely affect the Tax-Exempt status of interest on the Bonds. The Authority shall have the right to enforce the obligations of the Borrower under the Regulatory Agreement within shorter periods of time than are otherwise provided in the Regulatory Agreement if necessary to insure compliance with the Housing Law or the Code.

Following the declaration of an Event of Default under the Regulatory Agreement, the Authority, subject to the terms of the Indenture and the Loan Agreement, may take any one or more of the following steps, in addition to all other remedies provided by law or equity:

(i) by mandamus or other suit, action or proceeding at law or in equity, including injunctive relief, require the Borrower to perform its obligations and covenants under the Regulatory Agreement or enjoin any acts or things that may be unlawful or in violation of the rights of the Authority under the Regulatory Agreement;

(ii) have access to and inspect, examine and make copies of all of the books and records of the Borrower pertaining to the Project;

(iii) order and direct the Borrower in writing to terminate the Manager and to select a replacement Manager meeting the requirements of the Regulatory Agreement within 60 days of such written direction, and to notify the Authority in writing of the identity of the replacement Manager and that certify that such replacement Manager satisfies the requirements of the Regulatory Agreement; and

(iv) take such other action at law or in equity as may appear necessary or desirable to enforce the obligations, covenants and agreements of the Borrower under the Regulatory Agreement.

The Borrower agrees that specific enforcement of the Borrower's agreements contained in the Regulatory Agreement is the only means by which the Authority may fully obtain the benefits of the Regulatory Agreement made by the Borrower in the Regulatory Agreement, and the Borrower, therefore, agrees to the imposition of the remedy of specific performance against it in the case of any Event of Default by the Borrower under the Regulatory Agreement.

All reasonable fees, costs and expenses (including reasonable attorney's fees) of the Authority incurred in taking any action pursuant to the Regulatory Agreement shall be the sole responsibility of the Borrower.

Each political subdivision (Town, City or County, in the case of a Project located in an unincorporated area) in which the Project is located is intended to be and shall each be a third party beneficiary of the Regulatory Agreement. Such political subdivision shall have the right (but not the obligation) to enforce, separately or jointly with the Authority or to cause the Authority to enforce, the terms of the Regulatory Agreement and to pursue an action for specific performance or other available remedy at law or in equity in accordance with the Regulatory Agreement; provided that any such action or remedy shall not materially adversely affect the interests and rights of the Holders of the Bonds. Pursuant to Section 52104 of the Housing Act, the provisions of the Regulatory Agreement as described under the subheading "Requirements of the Housing Act" may be enforced either in law or in equity by any resident, local agency, entity, or by any other person adversely affected by the Borrower's failure to comply with those provisions.

APPENDIX E

FORM OF FINAL OPINION OF BOND COUNSEL

June [__], 2014

California Municipal Finance Authority
Carlsbad, California

$[_______]
California Municipal Finance Authority
Mobile Home Park Senior Revenue Bonds
(Caritas Affordable Housing, Inc. Projects), Series 2014A

Ladies and Gentlemen:

We have acted as Bond Counsel to our client the California Municipal Finance Authority (the "Issuer") in connection with issuance by the Issuer of $[_______] aggregate principal amount of its Mobile Home Park Senior Revenue Bonds (Caritas Affordable Housing, Inc. Projects), Series 2014A (the "Series 2014A Bonds"), dated the date hereof.

The Series 2014A Bonds are issued pursuant to the provisions of the Joint Exercise of Powers Act, comprising Chapter 5 of Division 7 of Title 1 (commencing with Section 6500) of the California Government Code (the "JPA Act"), Chapter 7 of Part 5 of Division 31 of the Health and Safety Code of the State of California (the "Housing Act," and collectively with the JPA Act, the "Act"), Resolution No. 13-123 adopted by the Board of Directors of the Issuer on December 13, 2013 (the "Resolution"), and the Indenture, dated as of June 1, 2014 (the "Indenture"), by between the Issuer and Wells Fargo Bank, National Association, as trustee (the "Trustee"). The Indenture provides that the Series 2014A Bonds are being issued for the purpose of making a loan of the proceeds thereof to Caritas Affordable Housing, Inc., a California nonprofit public benefit corporation (the "Borrower"), pursuant to the Loan Agreement, dated as of June 1, 2014 (the "Loan Agreement"), by and between the Issuer and the Borrower. Capitalized terms not otherwise defined herein shall have the meanings ascribed thereto in the Indenture.

In our capacity as Bond Counsel, we have examined the transcript of proceedings relating to the issuance of the Series 2014A Bonds; a copy of the signed and authenticated Bond of the first maturity; the Indenture; the Loan Agreement; the Tax Certificate and Agreement, dated the date hereof (the "Tax Agreement"), of the Issuer and the Borrower; the Regulatory Agreement and Declaration of Restrictive Covenants with respect to each of the Projects, each dated as of June 1, 2014 (collectively, the "Regulatory Agreements"); and such other documents, opinions and law as we deem necessary to render the opinions set forth in this letter

Based on that examination and subject to the limitations stated below, we are of the opinion that under existing law:

1. The Series 2014A Bonds, the Indenture and the Loan Agreement are valid and binding limited obligations of the Issuer, enforceable in accordance with their respective terms.

2. The Series 2014A Bonds constitute limited obligations of the Issuer, and the principal of, and interest and any premium on (collectively, "debt service") the Series 2014A Bonds are payable solely from the revenues and other money assigned by the Indenture to pay debt service. Those revenues and other money include the payments required to be made by the Borrower under Loan Agreement. Neither the State of California nor any political subdivision thereof (other than the Issuer to the extent provided in the Indenture) shall be obligated to pay the Series 2014A Bonds, and neither the faith and credit nor taxing power of the State of California or any political subdivision thereof is pledged to the payment of the Series 2014A Bonds.

3. Interest on the Series 2014A Bonds is excluded from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986, as amended (the "Code") and is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals and corporations; however, portions of the interest on the Bonds earned by certain corporations may be subject to a corporate alternative minimum tax.

4. Interest on the Series 2014A Bonds is exempt from State of California personal income taxes.

We express no opinion as to any other tax consequences regarding the Series 2014A Bonds.

The opinions stated above are based on an analysis of existing laws, regulations, rulings and court decisions and cover certain matters not directly addressed by such authorities. In rendering all such opinions, we assume, without independent verification, and rely upon (i) the accuracy of the factual matters represented, warranted or certified in the proceedings and documents we have examined, (ii) the due and legal authorization, execution and delivery of those documents by, and the valid, binding and enforceable nature of those documents upon, any parties other than the Issuer, and (iii) the correctness of the legal conclusions contained in the legal opinion letter of counsel to the Borrower delivered in connection with this matter.

In rendering those opinions with respect to the treatment of the interest on the Series 2014A Bonds under the federal tax laws, we further assume and rely upon compliance with the covenants in the proceedings and documents we have examined, including those of the Issuer and the Borrower. Failure to comply with certain of those covenants subsequent to issuance of the Series 2014A Bonds may cause interest on the Series 2014A Bonds to be included in gross income for federal income tax purposes retroactively to their date of issuance.

We also assume the correctness of, and rely upon the accuracy of, representations of the Borrower concerning the use of the facilities financed with the Series 2014A Bonds in activities that are considered "unrelated trade or business" activities of the Borrower, as defined in Section 513(a) of the Code. Neither we nor counsel to the Borrower has given any opinion or assurance concerning Section 513(a) of the Code or the effect of any future activities of the Issuer or the Borrower. Failure of the Borrower to maintain its qualification as an organization described in Section 501(c)(3) of the Code, or to use the facilities financed by the Series 2014A Bonds in a manner that is substantially related to the Borrower's charitable purpose under Section 513(a) of the Code, may cause interest on the Series 2014A Bonds to be included in gross income retroactively to the date of the issuance of the Series 2014A Bonds.

The rights of the owners of the Series 2014A Bonds and the enforceability of the Series 2014A Bonds, the Indenture and the Loan Agreement are subject to bankruptcy, insolvency, arrangement, fraudulent conveyance or transfer, reorganization, moratorium and other laws relating to or affecting creditors' rights, to the application of equitable principles, to the exercise of judicial discretion, and to limitations on legal remedies against public entities.

We express no opinion with respect to any indemnification, contribution, penalty, choice of law, choice of forum, choice of venue, waiver or severability provisions contained in the Series 2014A Bonds, the Indenture or the Loan Agreement. Furthermore, we express no opinion with respect to the status or quality of title to, or interest in, any of the real, personal or intangible property and other assets described in, or subject to, the pledge or lien granted in the Indenture and the Mortgage, or the accuracy or sufficiency of the description contained therein of, or the priority of, or the remedies available to enforce, any pledge or lien on any such assets.

The opinions rendered in this letter are stated only as of this date, and no other opinion shall be implied or inferred as a result of anything contained in or omitted from this letter. Our engagement as bond counsel with respect to the Series 2014A Bonds has concluded on this date.

Respectfully submitted,

APPENDIX F

FORM OF CONTINUING DISCLOSURE AGREEMENT

This CONTINUING DISCLOSURE AGREEMENT (the "Disclosure Agreement") is executed and delivered as of June 1, 2014, by and between CARITAS AFFORDABLE HOUSING, INC., a California nonprofit, public benefit (the "Borrower"), and WELLS FARGO BANK, NATIONAL ASSOCIATION (the "Dissemination Agent"), in connection with the issuance of $75,045,000* California Municipal Finance Authority Mobile Home Park Senior Revenue Bonds (Caritas Affordable Housing, Inc. Projects), Series 2014A (the "Series A Bonds"), and $14,675,000* California Municipal Finance Authority Mobile Home Park Subordinate Revenue Bonds (Caritas Affordable Housing, Inc. Projects), Series 2014B (the "Series B Bonds" and, with the Series A Bonds, the "Bonds"). The Bonds are being issued pursuant to an Indenture of Trust, dated as of June 1, 2014 (the "Indenture"), by and between the California Municipal Finance Authority (the "Authority") and Wells Fargo Bank, National Association, as trustee (the ''Trustee'').

The Borrower and the Dissemination Agent covenant and agree as follows:

Section 1. <u>Definitions</u>. In addition to the definitions set forth in the Indenture, which apply to any capitalized term used in this Disclosure Agreement unless otherwise defined in this Section 1, the following capitalized terms shall have the following meanings:

"*Annual Report*" shall mean any Annual Report provided by the Borrower pursuant to, and as described in, Sections 3 and 4 of this Disclosure Agreement.

"*Beneficial Owner*" shall mean any person which (a) has the power, directly or indirectly, to vote or consent with respect to, or to dispose of ownership of, any Bonds (including persons holding Bonds through nominees, depositories or other intermediaries), or (b) is treated as the owner of any Bonds for federal income tax purposes.

"*Borrower*" shall mean Caritas Affordable Housing, Inc., a California nonprofit, public benefit and its successors, or any other Person responsible for repaying the loan made under the Loan Agreement.

"*Disclosure Representative of the Borrower*" shall mean the President of the Borrower or his or her designee, or such other Person as the Borrower shall designate in writing to the Dissemination Agent and the Authority from time to time.

"*Dissemination Agent*" shall mean Wells Fargo Bank, National Association, or any successor Dissemination Agent designated in writing by the Borrower and which has filed with the Borrower and the Authority a written acceptance of such designation. In the absence of such a designation, the Borrower shall act as the Dissemination Agent.

"*EMMA*" or "*Electronic Municipal Market Access*" means the centralized on-line repository for documents filed with the MSRB, such as official statements and disclosure information relating to municipal bonds, notes and other securities as issued by state and local governments.

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* Preliminary, subject to change.

"*Fiscal Year*" shall mean the Fiscal Year of the Borrower, as identified to the Authority, the Trustee and the Dissemination Agent by the Borrower in writing.

"*Listed Events*" shall mean any of the events listed in Section 5(a) of this Disclosure Agreement.

"*Loan Agreement*" shall mean the Loan Agreement, dated as of June 1, 2014, between the Authority and the Borrower.

"*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, or any other repository of disclosure information which may be designated by the Securities and Exchange Commission as such for purposes of the Rule in the future.

"*Official Statement*" means, collectively, the two Official Statements relating to the Series A Bonds and the Series B Bonds, respectively.

"*Participating Underwriter*" shall mean the original underwriter of the Bonds required to comply with the Rule in connection with offering of the Bonds.

"*Rule*" shall mean Rule 15c2-12(b)(5) adopted by the Securities and Exchange Commission under the Securities Exchange Act of 1934, as the same may be amended from time to time.

Section 2. Purpose of the Disclosure Agreement. This Disclosure Agreement is being executed and delivered by the Borrower and the Dissemination Agent for the benefit of the owners and Beneficial Owners of the Bonds and in order to assist the Participating Underwriter in complying with the Rule. The Borrower and the Dissemination Agent acknowledge that the Authority has undertaken no responsibility with respect to any reports, notices or disclosures provided or required under this Disclosure Agreement, and has no liability to any Person, including the Participating Underwriter and any owner or Beneficial Owner of the Bonds, with respect· to the Rule.

Section 3. Provision of Annual Reports.

(a) *Delivery of Annual Report*. The Borrower shall, or shall upon written direction to the Dissemination Agent and the furnishing of the Annual Report to the Dissemination Agent, cause the Dissemination Agent to, not later than 210 days after the end of the Borrower's fiscal year (which currently ends December 31), commencing with the fiscal year ended December 31, 2013, provide to the Participating Underwriter and to file with EMMA, in a readable PDF or other electronic format as prescribed by the MSRB, an Annual Report that is consistent with the requirements of Section 4 of this Disclosure Agreement. The Annual Report may be submitted as a single document or as separate documents comprising a package, and may cross-reference other information as provided in Section 4 of this Disclosure Agreement; provided that the audited financial statements of the Borrower may be submitted separately from the balance of the Annual Report and later than the date required above for the filing of the Annual Report if they are not available by that date.

(b) *Change of Fiscal Year*. If the Borrower's Fiscal Year changes, the Borrower shall give notice of such change in the same manner as for a Listed Event under Section 5(c), and subsequent Annual Report filings shall be made no later than 210 days after the end of each such new Fiscal Year.

(c) *Delivery of Annual Report to Dissemination Agent*. Not later than fifteen (15) Business Days prior to the date specified in subsection (a) for providing the Annual Report to EMMA, the Borrower shall provide the Annual Report to the Dissemination Agent (if other than the Borrower). If by such date, the Dissemination Agent has not received a copy of the Annual Report, the Dissemination Agent shall notify the Borrower.

(d) *Report of Non-Compliance*. If the Borrower is unable to provide an Annual Report by the date required in subsection (a), the Dissemination Agent shall send a notice to EMMA in substantially the form attached as Exhibit A.

(e) *Annual Compliance Certification*. The Dissemination Agent shall, if the Dissemination Agent is other than the Borrower, file a report with the Borrower certifying that the Annual Report has been filed with EMMA pursuant to Section 3 of this Disclosure Agreement, stating the date it was so provided and filed.

Section 4. Content of Annual Reports. The Annual Report shall contain or incorporate by reference the following:

(a) (i) The audited financial statements of the Borrower (or, if consolidated statements are prepared for the Borrower and related entities, such consolidated financial statements) for the prior Fiscal Year, prepared in accordance with generally accepted accounting principles. If the Borrower's audited financial statements are not available by the time the Annual Report is required to be filed pursuant to Section 3(a) of this Disclosure Agreement, 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.

(ii) Individual financial statements prepared by the Borrower for the Projects for the most recent Fiscal Year, in similar format to the financial statements included in Appendix B to the Official Statement.

(iii) A description of any default which has occurred and is then continuing under the Loan Agreement or the Regulatory Agreements.

(iv) Calculation of the Debt Service Coverage Ratio for the Series A Bonds and for the Bonds for the most recent Fiscal Year, based on the audited financial statements of the Borrower for such Fiscal Year.

(v) The average occupancy rate for the Projects for the most recent calendar year.

(vi) The average monthly rent paid by the Projects' tenants during the most recent calendar year.

(viii) A summary of each regulatory filing made by the Borrower, or by the Borrower on behalf of the Borrower, during the most recent calendar year.

(b) Any or all of the items described in (a) above may be included by specific reference to other documents, including official statements of debt issues, which are available to the public on the MSRB's Internet web site. the Borrower shall clearly identify each such other document so included by reference. If the document included by reference is a final official statement, it must be available from EMMA.

(c) In addition to any of the information expressly required to be provided under Section 4(a), the Borrower shall provide (i) to any Bondholder, upon written request to the Borrower, a copy of any actual regulatory filing referred to in Section (a)(viii) above, and (ii) 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.

Section 5. Reporting of Events.

(a) *Listed Events*. The Borrower shall, or shall cause the Dissemination Agent (if not the Borrower) to, give notice of the occurrence of any of the following events with respect to the Bonds:

(1) Principal and interest payment delinquencies.

(2) Unscheduled draws on debt service reserves reflecting financial difficulties.

(3) Unscheduled draws on credit enhancements reflecting financial difficulties.

(4) Substitution of credit or liquidity providers, or their failure to perform.

(5) Defeasances.

(6) Rating changes.

(7) Tender offers.

(8) Bankruptcy, insolvency, receivership or similar event of the obligated person.

(9) 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 security, or other material events affecting the tax status of the security.

Note: For the purposes of the event identified in subparagraph (8), the event is considered to occur when any of the following occur: the appointment of a receiver, fiscal agent or similar officer for an obligated person in a proceeding under the U.S. 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 obligated person, or if such jurisdiction has been assumed by leaving the existing governmental 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 obligated person.

(b) *Material Events*. The Borrower shall give, or cause to be given, notice of the occurrence of any of the following events with respect to the Bonds, if material:

(1) Non-payment related defaults.

(2) Modifications to rights of security holders.

(3) Bond calls.

(4) The release, substitution, or sale of property securing repayment of the securities.

(5) The consummation of a merger, consolidation, or acquisition involving an obligated person or the sale of all or substantially all of the assets of the obligated person, 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.

(6) Appointment of a successor or additional fiscal agent or trustee, or the change of name of a fiscal agent or trustee.

(c) *Time to Disclose*. The Borrower shall, or shall cause the Dissemination Agent (if not the Borrower) to, file a notice of such occurrence with EMMA, in an electronic format as prescribed by the MSRB, in a timely manner not in excess of 10 Business Days after the occurrence of any Listed Event. Notwithstanding the foregoing, notice of Listed Events described in subsections (a)(5) and (b)(3) above need not be given under this subsection any earlier than the notice (if any) of the underlying event is given to owners of affected Bonds under the Indenture.

Section 6. Identifying Information for Filings with EMMA. All documents provided to EMMA under this Disclosure Agreement shall be accompanied by identifying information as prescribed by the MSRB.

Section 7. Termination of Reporting Obligation. The Borrower's obligations under this Disclosure Agreement shall terminate upon the 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 Borrower shall give notice of such termination in the same manner as for a Listed Event under Section 5(c).

Section 8. Dissemination Agent.

(a) *Appointment of Dissemination Agent*. The Borrower 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. If the Dissemination Agent is not the Borrower, the Dissemination Agent shall not be responsible in any manner for the content of any notice or report prepared by the Borrower pursuant to this Disclosure Agreement. It is understood and agreed that any information that the Dissemination Agent may be instructed to file with EMMA shall be prepared and provided to it by the Borrower. The Dissemination Agent has undertaken no responsibility with respect to the content of any reports, notices or disclosures provided to it under this Disclosure Certificate and has no liability to any person, including any Bondowner, with respect to any such reports, notices or disclosures. The fact that the Dissemination Agent or any affiliate thereof may have any fiduciary or banking relationship with the Borrower shall not be construed to mean that the Dissemination Agent has actual knowledge of any event or condition, except as may be provided by written notice from the Borrower.

(b) *Compensation of Dissemination Agent*. The Dissemination Agent shall be paid compensation by the Borrower (or, if for any reason the Borrower does not pay, by the Borrower) for its services provided hereunder in accordance with its schedule of fees as agreed to between the Dissemination Agent and the Borrower from time to time and all expenses, legal fees and advances made or incurred by the Dissemination Agent in the performance of its duties hereunder. The Dissemination Agent shall not be deemed to be acting in any fiduciary capacity for the Borrower, Holders or Beneficial Owners, or any other party. The Dissemination Agent may rely and shall be protected in acting or refraining from acting upon any direction from the Borrower or an opinion of nationally recognized bond counsel. The Dissemination Agent may at any time resign by giving written notice of such resignation to the Borrower.

Section 9. Amendment; Waiver. Notwithstanding any other provision of this Disclosure Agreement, the Borrower may amend this Disclosure Agreement (and the Dissemination Agent shall agree to any amendment so requested by the Borrower that does not impose any greater duties or risk of liability on the Dissemination Agent), and any provision of this Disclosure Agreement may be waived, provided that the following conditions are satisfied:

(a) *Change in Circumstances*. If the amendment or waiver relates to the provisions of Sections 3(a), 4 or 5(a) or (b), 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 the type of business conducted;

(b) *Compliance as of Issue Date*. The undertaking, as amended or taking into account such waiver, would, in the opinion of a nationally recognized bond counsel, have complied with the requirements of the Rule at the time of the original issuance of the Bonds, after taking into account any amendments or interpretations of the Rule, as well as any change in circumstances; and

(c) *Consent of Holders; Non-impairment Opinion*. The amendment or waiver either (i) is approved by the Bondholders in the same manner as provided in the Indenture for amendments to the Indenture with the consent of Bondholders, or (ii) does not, in the opinion of nationally recognized bond counsel, materially impair the interests of the Bondholders or Beneficial Owners.

If this Disclosure Agreement is amended or any provision of this Disclosure Agreement is waived, the Borrower shall describe such amendment or waiver in the next following Annual Report and shall include, as applicable, a narrative explanation of the reason for the amendment or waiver and its impact on the type (or in the case of a change of accounting principles, on the presentation) of financial information or operating data of the Borrower being presented by the Borrower. In addition, if the amendment relates to the accounting principles to be followed in preparing financial statements, (i) notice of such change shall be given in the same manner as for a Listed Event under Section 5(a), and (ii) the Annual Report for the year in which the change is made should present a comparison (in narrative form and also, if feasible, in quantitative form) between the financial statements as prepared on the basis of the new accounting principles and those prepared on the basis of the former accounting principles.

Section 10. Additional Information. Nothing in this Disclosure Agreement shall be deemed to prevent the Borrower 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 Borrower 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 Borrower 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 Borrower to comply with any provision of this Disclosure Agreement, any Bondholder or Beneficial Owner may take such actions as may be necessary and appropriate, including seeking mandate or specific performance by court order, to cause the Borrower to comply with its obligations under this Disclosure Agreement. The sole remedy under this Disclosure Agreement in the event of any failure of the Borrower 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 Borrower 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 obligations of the Borrower under this Section 12 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 Borrower, 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 an original and all of which shall constitute but one and the same instrument.

Section 15. Severability. No provision of this Disclosure Agreement that is held to be inoperative, unenforceable or invalid shall affect the remaining provisions, and to this end all provisions hereof are hereby declared to be severable.

Section 16. Binding Effect; Successors. This Disclosure Agreement shall be binding· upon and shall inure to the benefit of the parties hereto and their successors and assigns. Reference to any party herein shall be deemed to include such party's successors and assigns, and all covenants and agreements contained in this Disclosure Agreement by or on behalf of any party hereto shall bind and inure to the benefits of such party's successors and assigns whether so expressed or not.

Section 17. Entire Agreement. This Disclosure Agreement constitutes the entire agreement between the parties hereto and supersedes all prior agreements and understandings relating to the subject matter hereof.

Section 18. Governing Law. This Disclosure Agreement shall be governed according to the laws of the State of California applicable to contracts made and performed in California.

Section 19. Non-Assignment; Assumption of the Borrower's Obligations. No party hereto may assign its rights and benefits hereunder or delegate its duties hereunder to any other Person, except as may be provided herein.

IN WITNESS WHEREOF, the parties hereto have executed this Continuing Disclosure Agreement as of the date first above written.

CARITAS AFFORDABLE HOUSING, INC., a
California nonprofit public benefit corporation

By ____________________________________
Name __________________________________
Title ___________________________________

WELLS FARGO BANK, NATIONAL
ASSOCIATION, as Dissemination Agent

By ____________________________________
Authorized Officer

EXHIBIT A

NOTICE TO EMMA OF FAILURE TO FILE ANNUAL REPORT

Name of Issuer:	California Municipal Finance Authority
Name of Obligor:	Caritas Affordable Housing, Inc., a California nonprofit, public benefit corporation
Name of Bond Issues:	California Municipal Finance Authority Mobile Home Park Senior Revenue Bonds (Caritas Affordable Housing, Inc. Projects), Series 2014A California Municipal Finance Authority Mobile Home Park Subordinate Revenue Bonds (Caritas Affordable Housing, Inc. Projects), Series 2014B
Date of Issuance:	[Closing Date]

NOTICE IS HEREBY GIVEN that Obligor has not provided an Annual Report with respect to the above-named Bond Issues as required by the Continuing Disclosure Agreement dated as of June 1, 2014, furnished by the Obligor in connection with the Bond Issues. The Obligor anticipates that the Annual Report will be filed by _______________.

Dated: __________________________

WELLS FARGO BANK, NATIONAL ASSOCIATION, as Dissemination Agent

By ___________________________________

Title __________________________________

cc: Trustee

APPENDIX G

BOOK-ENTRY ONLY SYSTEM

THE INFORMATION PROVIDED IN THIS APPENDIX G HAS BEEN PROVIDED BY DTC. NO REPRESENTATION IS MADE BY THE AUTHORITY, THE BORROWER, THE TRUSTEE OR THE UNDERWRITER AS TO THE ACCURACY OR ADEQUACY OF SUCH INFORMATION PROVIDED BY DTC OR AS TO THE ABSENCE OF MATERIAL ADVERSE CHANGES IN SUCH INFORMATION SUBSEQUENT TO THE DATE OF THIS OFFICIAL STATEMENT.

The Depository Trust Company, New York, New York, will act as securities depository for the Series A Bonds. The Series A Bonds 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 Series A Bond certificate will be issued for each maturity of the Series A Bonds, each in the aggregate principal amount of such maturity, and will be deposited with DTC.

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 set forth on such website is not incorporated herein by reference.

Purchases of Series A Bonds 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 Series A Bond ("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 Series A Bonds, except in the event that use of the book-entry system for the Securities is discontinued.

To facilitate subsequent transfers, all Series A Bonds 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 Series A Bonds 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 Series A Bonds; DTC's records reflect only the identity of the Direct Participants to whose accounts such Series A Bonds 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.

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 Series A Bonds may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the Series A Bonds, such as redemptions, defaults, and proposed amendments to the Indenture. For example, Beneficial Owners of Series A Bonds may wish to ascertain that the nominee holding the Series A Bonds 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.

Redemption notices shall be sent to DTC. If less than all of the Series A Bonds 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.

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to Series A Bonds unless authorized by a Direct Participant in accordance with DTC's Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to an 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 Series A Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Payments of principal, interest and redemption prices, respectively, on the Series A Bonds 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 the Trustee or the Borrower, on a 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 nor its nominee, the Authority, the Trustee or the Borrower, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of principal, interest and redemption prices to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the Borrower or the Trustee, 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.

DTC may discontinue providing its services as depository with respect to the Series A Bonds at any time by giving reasonable notice to the Borrower or the Trustee. Under such circumstances, in the event that a successor depository is not obtained, Series A Bond certificates are required to be printed and delivered.

The Borrower may decide to discontinue use of the system of book entry transfers through DTC (or a successor securities depository). In that event, Series A Bond certificates will be printed and delivered.