

APPRAISAL REPORT

CARRIAGE HILLS

3615 Palmer Drive and 4021-41 Loma Drive
Cameron Park, California

Date of Appraisal: June 18, 2008
Effective Date of Valuation: June 13, 2008

Prepared for:

CA Cameron Park LP
P.O. Box 9890
Rancho Santa Fe, California 92067

Prepared by:

Christopher P. Ferguson
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ferguson & Associates, Inc.

June 18, 2008

CA Cameron Park LP
P.O. Box 9890
Rancho Santa Fe, California 92067

Re: Carriage Hills
3615 Palmer Drive and 4021-41 Loma Drive
Cameron Park, California

To Whom It May Concern:

In accordance with your request, we have conducted a "Summary Appraisal Report" of the above referenced property. The depth of the discussion contained in this report is specific to the needs of the client and for the intended use stated later in this report. The appraiser is not responsible for unauthorized use of this report.). This report is intended to comply with the report requirements of: the *Uniform Standards of Professional Appraisal Practice (USPAP)* as adopted by the Appraisal Foundation and the Appraisal Institute, pursuant to the *FIRREA (Federal Institutions Reforms, Recovery and Enforcement Act)*, as revised 1990; *Regulation 12 CFR Part 34* of the OCC (Office of the Comptroller of the Currency), FDIC (Federal Deposit Insurance Corporation), OTS (Office of Thrift Supervision), titled *Real Estate Appraisals*.

As a general overview, the subject property consists of 107 high density residential tentatively mapped lots within a sub-division development known as Carriage Hills, in the an unincorporated portion of the El Dorado County. The site is described in this report. A zoning change and subdivision map was filed in April 2007 and have not yet been approved. According to the developer, the cost spent to bring the site to its current status has been \$671,734. According to the developer, the approval of the tentative map/zoning change should take nine months and additional \$150,000 of development expenses plus \$10,000 per month in interest. The "As-Is" Valuation is estimated by deducting the costs to achieve the tentative map and zoning change from the Prospective Market Value. Based upon an investigation and analysis of available information, the fee simple Market Values as of June 13, 2008, are:

Prospective Market Value	\$3,750,000
"As-Is" Market Value	\$3,320,000

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f08-159

It is an **extraordinary assumption** that the prospective market value is a hypothetical condition in that the tentative map and zoning change have not been completed. The market conditions reflect the current expectations and perceptions of market participants along with available factual data.

It is a **limiting condition** that the market value opinion was made and the appraiser cannot be held responsible for unforeseeable events that alter market conditions that occur subsequent to the date of the preparation of the report, but prior to the effective date of the appraisal.

The Market Values of the subject property are base on the contrary-to-fact **hypothetical condition** that the tentative map and zoning change will be approved.

The appraisal service was performed in such a manner that the results of the analysis, opinions, or conclusion are those of a disinterested third party. This valuation is subject to the conditions and comments presented in this report. This appraisal report is intended for use as an aid in proper underwriting, loan classification, and/or disposition of the asset. The analysis has been prepared by the undersigned.

Sincerely,

Ferguson & Associates, Inc.

A handwritten signature in black ink, consisting of a large, stylized initial 'C' followed by a horizontal line extending to the right.

Christopher P. Ferguson
Certified General Real Estate Appraiser
State of California License #AG00844

Doc. I.D. #f08-159

Ferguson & Associates, Inc.

f08-159

TABLE OF CONTENTS

	Page
Letter of Transmittal	2
<u>INTRODUCTION</u>	
Executive Summary	5
Assumptions and Limiting Conditions	13
<u>FACTUAL DATA</u>	
Subject Property Photographs	16
Regional Map	19
Neighborhood Map	20
Area Description	21
Site Description	27
Plat Map	30
Market Analysis	31
Highest and Best Use	37
<u>ANALYSIS AND CONCLUSIONS</u>	
Valuation Methods	39
Prospective Lot Valuation	40
Lot Sales Table and Map	43
Extraction Analysis	50
"As-Is" Market Value	52
CERTIFICATE OF APPRAISAL	53
<u>EXHIBITS AND ADDENDA</u>	
i) Property Profiles	
ii) Qualifications	

EXECUTIVE SUMMARY

Project: CARRIAGE HILLS

Address: Palmer Drive and 4021-41 Loma Drive, Cameron Park, California

Location: 107 high density residential tentatively mapped lots situated on Palmer Drive and Loma Drive, Cameron Park, California

Thomas Brothers Map Grid: Page 239; A-3

Assessor's Parcel Numbers (El Dorado County) /Site Size—

	APN	Address	Site Size (SF)
1	070-261-77	3615 Palmer Drive	218,235
2	070-261-79	4021 Loma Drive	218,366
3	070-261-80	4041 Loma Drive	220,413
4	070-261-81	N/A	218,671
Total Site Size			875,685

Census Tract: 0312.00

Overview/Values Estimates: 107 high density residential tentatively mapped lots that require the zoning change and map approved (TM071443). The "As-Is" Valuation is estimated by deducting the costs to achieve the tentative map and zoning change from the Prospective Market Value.

Neighborhood: The Cameron Park neighborhood is located in a developing desirable commercial neighborhood with good access to major area highways as well as residential and shopping facilities. Properties in the area are relatively new and of good quality construction. The current upward trend is anticipated to continue due to continued population growth, the area's proximity to services and the aesthetic appeal of the area.

Zoning: RE-5 (Residential Estate), County of El Dorado. This zoning is for residential development with a minimum of five area sites. The subject is proposed for R2-PD – Limited, Multifamily Residential with Planned Development. The current tentative map appears to be in conformity with the proposed zoning standards.

Flood Plain: Zone "C", Areas of determined to be outside the 100- and 500-year flood plain. FEMA community panel 060040 0725C and dated December 4, 1986. Flood insurance is available, but not required.

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EXECUTIVE SUMMARY (Continued)

Wetlands/Open Space: There does not appear to be seasonal flooding on the subject property. No information was provided regarding existing wetlands. This value assumes there are no wetlands that would negatively affect the concluded value. **Please refer to the Assumptions and Limiting Conditions.**

Project Size/Status: Carriage Hills subdivision, of which the subject consists of 107 high density residential tentatively mapped lots. The zoning change and subdivision map were filed in April 2007 and have not yet been approved. According to the developer, the cost spent to bring the site to it's current status has been \$671,734. According to the developer, the approval of the tentative map/zoning change should take nine months and additional \$150,000 of development expenses plus \$10,000 per month in interest.

Highest and Best Use: Single family residential subdivision.

Valuation:

Prospective Market Value	\$3,750,000
"As-Is" Market Value	\$3,320,000

The following information was not provided for review:

- 1) A Phase I environmental assessment;
- 2) Soil and environmental study; and
- 3) Construction costs.

Date of Valuation: June 18, 2008
Ferguson & Associates, Inc. File Number: f08-159

Report Organization

This report is designed to inform the reader of all factors influencing the property's value in a clear and concise manner. This report presents the prospective value of the subject. The Sales Comparison Approach presents this value. The *Executive Summary* section provides an overview of the property and general information related to this report. The *Description* section briefly describes general area information and presents detailed description of the site and the proposed improvements. The *Highest and Best Use* section establishes the premise on which the value estimate of the property is based. The *Valuation* section describes the appraisal methods used to estimate the value of the property, application of market information to the subject and valuation analysis. The "As-Is" Valuation is estimated by deducting the costs to achieve the tentative map and zoning change from the Prospective Market Value.

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EXECUTIVE SUMMARY (Continued)

Intended Use

This appraisal report is intended for use as an aid in proper decision making purposes.

Intended User

This report is intended for the use by CA Cameron Park LP. It is not intended for any other use or user.

Purpose and Function of Appraisal

The purpose of this appraisal is to estimate the Market Value of the subject property. This appraisal is to be used by the client for decision making purposes. The interest that is being appraised is essentially the Fee Simple interest. This report is not intended for any other use.

Definitions of Value

The following definition of market value is from the 2007 Edition of the Uniform Standards of Professional Appraisal Practice (USPAP) and has been adopted by the Appraisal Standards Board of The Appraisal Foundation and the Appraisal Institute.

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

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

This definition is also in compliance with the OCC (Office of the Comptroller of the Currency), FDIC (Federal Deposit Insurance Corporation), OTS (Office of Thrift Supervision), and *FIRREA* (*Federal Institutions Reforms, Recovery and Enforcement Act*).

EXECUTIVE SUMMARY (Continued)

"As-Is" Market Value

"As-Is Market Value on the appraisal date is an estimate of the market value of a property in the condition observed upon inspection and as it physically and legally exists without hypothetical conditions, assumptions, or qualifications as of the date the appraisal is prepared. This valuation of the subject addresses the valuation of the subject property in its current condition and reflecting its current occupancy."

107 high density residential tentatively mapped lots that require the zoning change and map approved. The "As-Is" Valuation is estimated by deducting the costs to achieve the tentative map and zoning change from the Prospective Market Value.

Property Rights Appraised

The property rights appraised constitute the fee simple interest of all present and future benefits, which may be derived from the property's present or possible use.

Fee Simple Estate Definition: Absolute ownership unencumbered by any other interest or estate; subject only to the four powers of government.²

Prospective Value Estimate Definition: A forecast of value expected to occur at a specified future date. A prospective value estimate is frequently utilized in connection with real estate projects that are proposed, under construction, under conversion to a new use, or that have otherwise not achieved sellout or a stabilized level of long-term occupancy at the time the appraisal report is written.³

Extraordinary Assumption Definition: An assumption, directly related to a specific assignment, which, if found to be false, could alter the appraiser's opinion or conclusion.⁴

Hypothetical Condition Definition: That which is contrary to what exists but is supposed for the purpose of analysis. Hypothetical conditions assume conditions contrary to known facts about physical, legal, or economic characteristics of the subject property; or about conditions external to the property, such as market conditions or trends; or about the integrity of data used in an analysis. A hypothetical condition may be used in an assignment only if:

- o Use of the hypothetical condition is clearly required for legal purposes, for purposes of reasonable analysis, or for purposes of comparison;
- o Use of the hypothetical condition results in a credible analysis; and

¹ *Uniform Standards of Professional Appraisal Practice, 2007 Edition, Appraisal Standards Board of The Appraisal Foundation.*

² *The Dictionary of Real Estate Appraisal, 4th Edition, 2002, page 120*

³ *The Dictionary of Real Estate Appraisal, 4th Edition, 2002, page 283.*

⁴ *Standard of Professional Appraisal Practice of the Appraisal Institute, Appraisal Institute, 2004 Edition, page 2.*

EXECUTIVE SUMMARY (Continued)

o The appraiser complies with the disclosure requirements set forth in USPAP for hypothetical conditions. (USPAP, 2002 ed.)⁵

Sales History and Ownership

According to the property profile, the subject properties are currently vested in CA Cameron Park GP, LLC. The property last transferred in November 2, 2005, for a total consideration of \$2,600,000. A zoning change and subdivision map was filed in April 2007 and have not yet been approved. According to the developer, the cost spent to bring the site to its current status has been \$671,734. According to the developer, the approval of the tentative map/zoning change should take nine months and additional \$150,000 of development expenses plus \$10,000 per month in interest. The subject is currently listed for sale at \$4,817,953 by Kelly Rivett of Grubb and Ellis. No transfers of ownership have occurred for the past three years.

Assessment and Tax Information

Assessment and Tax Information (2007/08)				
APN	Land	Improvements	Total	Taxes
070-261-77	\$663,000	\$0	\$663,000	\$6,691.84
070-261-79	\$634,491	\$28,509	\$663,000	\$6,802.98
070-261-80	\$24,261	\$0	\$663,000	\$6,691.84
070-261-81	\$24,261	\$0	\$663,000	\$6,691.84
Total Real Estate Taxes and Direct Levies				\$26,878.50

The 2007/08 tax rate is \$1.014 (Taxes/\$100 of value), which includes special assessments and direct levies. With the passage of Proposition 13 in July of 1978, reassessments of properties occur at the sale of a property or when significant new construction has occurred. If these two conditions have not occurred during the tax year, properties are limited to a maximum increase in assessed value of 2% per year. Taxes are based upon 1% of full cash value plus any amounts necessary to satisfy general obligation bonds or other indebtedness approved by voters prior to July 1, 1978.

Legal Description

The land referred to in this report is situated in the State of California, El Dorado County, in an unincorporated area of Cameron Park. A preliminary title report was provided and property profiles are located in the addenda of this report.

Inspection

Date: June 13, 2008
Ferguson & Associates, Inc. Representative: Christopher P. Ferguson

⁵ *The Dictionary of Real Estate Appraisal, 4th Edition, 2002, page 141*

EXECUTIVE SUMMARY (Continued)

Use of Report

Without prior written approval from the author, the use of this report is limited to decision making. Any other uses are expressly prohibited. Reliance of this report by anyone other than the client for a purpose not set forth above, is prohibited. The author's responsibility is limited to the client.

Scope of Assignment

The scope of this appraisal required collecting primary and secondary data relative to the subject property. The depth of the analysis was intended to be appropriate in relation to the significance of the appraisal problem. This data has been analyzed and confirmed, leading to the value conclusions set forth in this report. A physical inspection of the subject property and an inspection of the comparables were made.

This appraisal followed generally accepted appraisal procedures and methodology. The Prospective Market Value of the tentatively mapped lots was determined by the Sales Comparison Approach. The following sources were contacted to obtain relevant market information: 1) selling agents with the various subdivisions; 2) representatives of the El Dorado County Assessors Office; 3) representatives of the County of El Dorado Planning and Building Departments; and 4) developers of comparable subdivisions.

The "As-Is" Valuation is estimated by deducting the costs to achieve the tentative map and zoning change from the Prospective Market Value.

Scope of Work

The scope of the appraisal process involved the following:

- a) Inspection of the subject property and surrounding neighborhood and review of aerial photographs.
- b) Obtaining information from the City and County of Planning Department and other local governments on information relating to zoning and land use issues.
- c) Analysis leading to a conclusion of highest and best use for the subject property.
- d) Research into applicable market data, including comparable sales. Sources of information included all or some of the following: public records, published sales data from CoStar Comps Inc., Metrolist (Multiple Listing Service), NDC Data, and local real estate brokers and appraisers.
- e) Analysis of data into indications of market value for the subject, using the Sales Comparison Approach to value.

This appraisal has been prepared in compliance with the Uniform Standards of Professional Appraisal Practice (USPAP).

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EXECUTIVE SUMMARY (Continued)

Exposure/Marketing Time

Exposure Time--Exposure time is defined as "the estimated length of time the property interest being appraised would have been on the market prior to the hypothetical consummation of a sale at market value on the effective date of appraisal."⁶

Residential land with tentative maps on file has various marketing times depending on the motivations of the sellers and the demand of the market. The sale comparables were actually marketed from six months to two years. Discussions with brokers indicate that with competitive pricing and aggressive exposure a tentatively mapped site will sell in six months. The following is a table of marketing times that were available for 14 land and lot sales in the greater Sacramento area.

EXPOSURE TIMES		
LOCATION	# OF LOTS/UNITS	TIME ON MARKET
Sacramento	58	24 Months
Carmichael	10	2 Months
Carmichael	22	12 Months
El Dorado Hills	6	6 Months
Fair Oaks	1	6 Months
Fair Oaks	1	2 Months
Fair Oaks	72	36 Months
Fair Oaks	89	24 Months
Florin	3	5 Months
Greenhaven	25	12 Months
Laguna	1	12 Months
Laguna	72	12 Months
N. Highlands	55	4 Months
Orangevale	1	1 Month

The table reflects a range of exposure times for similar properties that range from 1 to 36 months. The average marketing time of all 14 sales is 11 months. All but three of the sales were sold within 12 months. Based upon these factors and the value estimates within this report, a marketing period is concluded at approximately 12 months.

For the purposes of this report an exposure time of six months to one year is considered appropriate. Based on an analysis of comparable subdivisions, a sell-out period of 12 months is projected. The reasonable exposure time assumes the property will be actively exposed and aggressively marketed to potential purchasers through marketing channels commonly used by sellers of similar type properties at a price reflecting a typical mark-up over market value.

Marketing time--Marketing time is defined as "an estimate of the amount of time it might take to sell an interest in real property at its estimated market value during the period immediately after the effective date of the appraisal."⁷

⁶The Dictionary of Real Estate Appraisal, Third Edition, 1993, Page 126.

⁷The Dictionary of Real Estate Appraisal, Third Edition, 1993, Page 220.

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EXECUTIVE SUMMARY (Continued)

Marketing time is impacted by generally the same factors that affect exposure time, including availability and cost of financing, demand for residential development, and the effectiveness of marketing efforts. General comments from brokers specializing in residential sales in Northern California indicate marketing times less than twelve months. The subject property is an average to good quality residential development that would be expected to be in high demand if on the market. Based upon these factors, our appraised value estimates a marketing period similar to the exposure time, or approximately 12 months.

Personal Property, Fixtures and Intangible Items

None.

Unavailability/Availability of Information

A preliminary title report, Phase I environmental assessment, soil study, and development costs, were not provided for review.

Disclosure of Competency

I am aware of the competency provision of USPAP and the authors of this report meet the standards. Christopher P. Ferguson, Real Estate Analyst, inspected the subject property and comparables, researched pertinent information, and wrote the report. Christopher P. Ferguson has been involved in the valuation of numerous residential developments in recent years.

ASSUMPTIONS AND LIMITING CONDITIONS

This appraisal is subject to the following limiting conditions:

The legal description provided has not been compared with the assessor's records. The analysis assumes that this description accurately represents the subject property. A survey has not been provided to the appraiser. If further verification is required, a survey by a registered surveyor is advised.

We assume no responsibility for matters legal in character, nor do we render any opinion as to title, which is assumed to be marketable. All existing liens, encumbrances, and assessments have been disregarded, unless otherwise noted, and the property is appraised as though free and clear, under responsible ownership, and competent management.

The exhibits in this report are included to assist the reader in visualizing the property. We have made no survey of the property and assume no responsibility in connection with such matters.

Unless otherwise noted herein, it is assumed that there are no encroachments, zoning, or restrictive violations existing in the subject property.

The appraisers assume no responsibility for determining if the property requires environmental approval by the appropriate governing agencies, nor if it is in violation thereof, unless otherwise noted herein.

Information presented in this report has been obtained from reliable sources, and it is assumed that the information is accurate.

This report shall be used for its intended purpose only, and the parties to whom address it. Possession of this report does not include the right of publication.

The appraisers may not be required to give testimony or to appear in court by reason of this appraisal, with reference to the property in question, unless prior arrangements have been made therefore.

The description of the total valuation of this report between land and improvements applies only under the existing program of utilization. The separate valuations for land and improvements must not be used in conjunction with any other appraisal and are invalid if so used.

The statements of value and all conclusions shall apply as of the dates shown herein.

The appraisers have no present or contemplated future interest in the property, which is not specifically disclosed in this report.

Neither all nor any part of the contents of this report shall be conveyed to the public through advertising, public relations, news, sales, or other media without the written consent or approval of the author. This applies particularly to value conclusions and to the identity of the appraiser and the

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ASSUMPTIONS AND LIMITING CONDITIONS (Continued)

firm with which he or she is connected.

This report must be used in its entirety. Reliance on any portion of the report independent of others, may lead the reader to erroneous conclusions regarding the property values. No portion of the report stands alone without approval from the authors.

The valuation stated herein assumes professional management and operation of the buildings throughout the lifetime of the improvements, with an adequate maintenance and repair program.

The liability of Ferguson & Associates, Inc. and employees is limited to the client only and only up to the amount of the fee actually received for the assignment. Further, there is no accountability, obligation, or liability to any third party. If this report is placed in the hands of anyone other than the client, the client shall make such party aware of all limiting conditions and assumptions of the assignment and related discussions. The appraisers are in no way responsible for any costs incurred to discover or correct any deficiency in the property. The appraiser assumes that there are no hidden or unapparent conditions of the property, subsoil, or structures, which would render it more or less valuable.

The appraiser is not qualified to detect the presence of toxic or hazardous substances or materials which may influence or be associated with the property or any adjacent properties, has made no investigation or analysis as to the presence of such materials, and expressly disclaims any duty to note the degree of fault. Ferguson & Associates, Inc. and its principals, agents, employees, shall not be liable for any costs, expenses, assessments, or penalties, or diminution in value, property damage, or personal injury (including death) resulting from or otherwise attributable to toxic or hazardous substances or materials, including, without limitation, hazardous waste, asbestos material, formaldehyde, or any smoke, vapors, soot, fumes, acids, alkalis, toxic chemicals, liquids, solids or gasses, waste materials or other irritants, contaminants or pollutants.

The appraisers assume no responsibility for determining if the subject property complies with the Americans with Disabilities Act (ADA). Ferguson & Associates, Inc., its principals, agents, and employees, shall not be liable for any costs, expenses, assessments, penalties or diminution in value resulting from non-compliance. This appraisal assumes that the subject meets an acceptable level of compliance with ADA standards; if the subject is not in compliance, the eventual renovation costs and/or penalties would negatively impact the present value of the subject. If the magnitude and time of the cost were known today, they would be reduced from the reported value conclusion.

The Department of Health Services Toxic Program has indicated that the subject site is not located on or near a known hazardous waste site according to the Super Fund and Cortese lists. We assume that the information provided us is accurate. No visual evidence of hazardous waste material was observed upon inspection. It is an **extraordinary assumption** that the prospective market value is a hypothetical condition in that the tentative map and zoning change have not been completed. The market conditions reflect the current expectations and perceptions of market participants along with available factual data.

It is a **limiting condition** that the market value opinion was made and the appraiser cannot be held responsible for unforeseeable events that alter market conditions that occur subsequent to the date

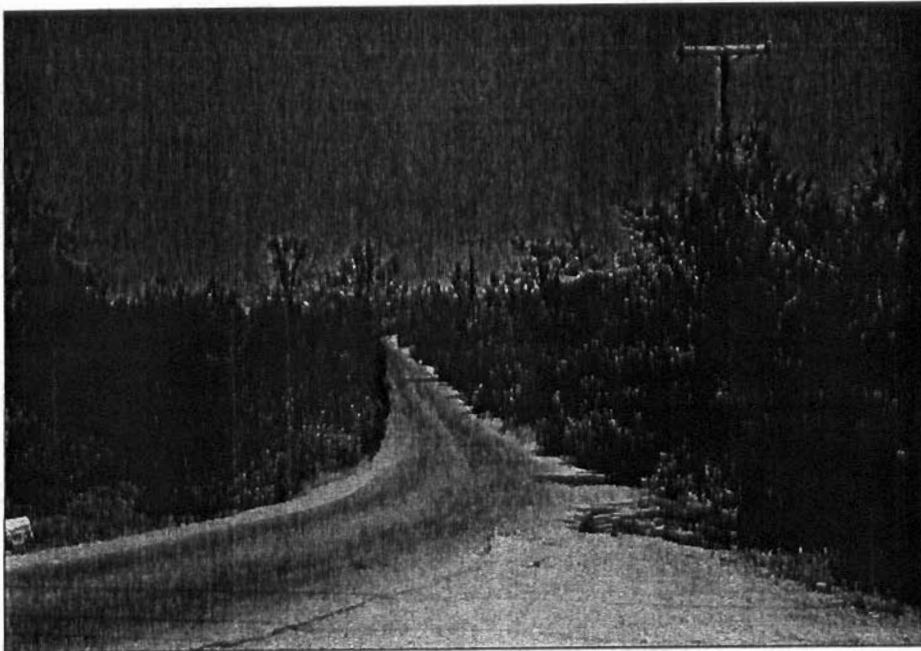
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ASSUMPTIONS AND LIMITING CONDITIONS (Continued)

of the preparation of the report, but prior to the effective date of the appraisal.

The Market Values of the subject property are base on the contrary-to-fact **hypothetical condition** that the tentative map and zoning change will be approved.

SUBJECT PROPERTY PHOTOGRAPHS

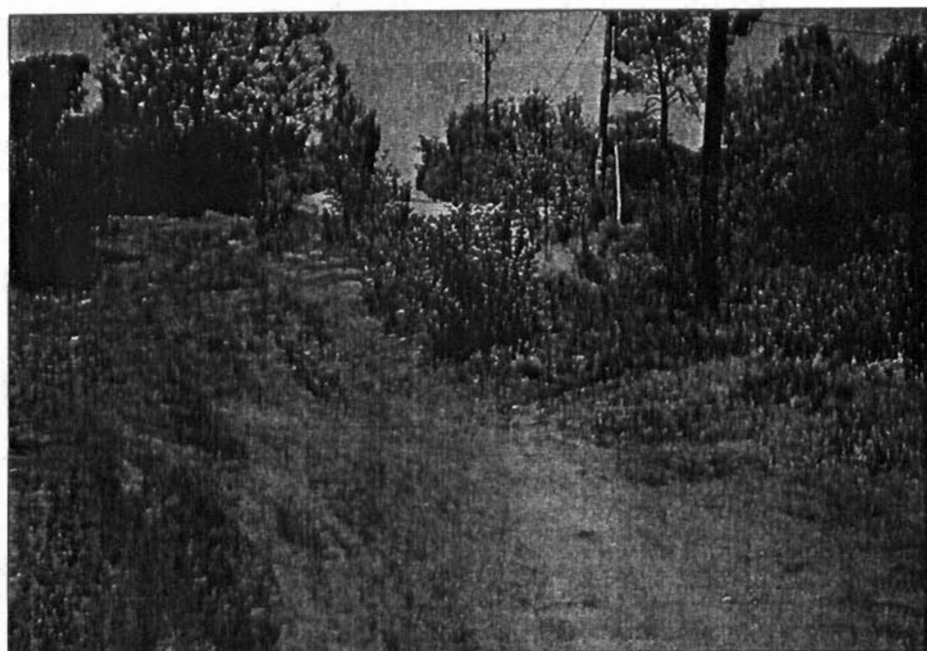


Street Scene: North along Loma Drive



Street Scene: West along Palmer Drive

SUBJECT PROPERTY PHOTOGRAPHS (Continued)



Typical Subject View

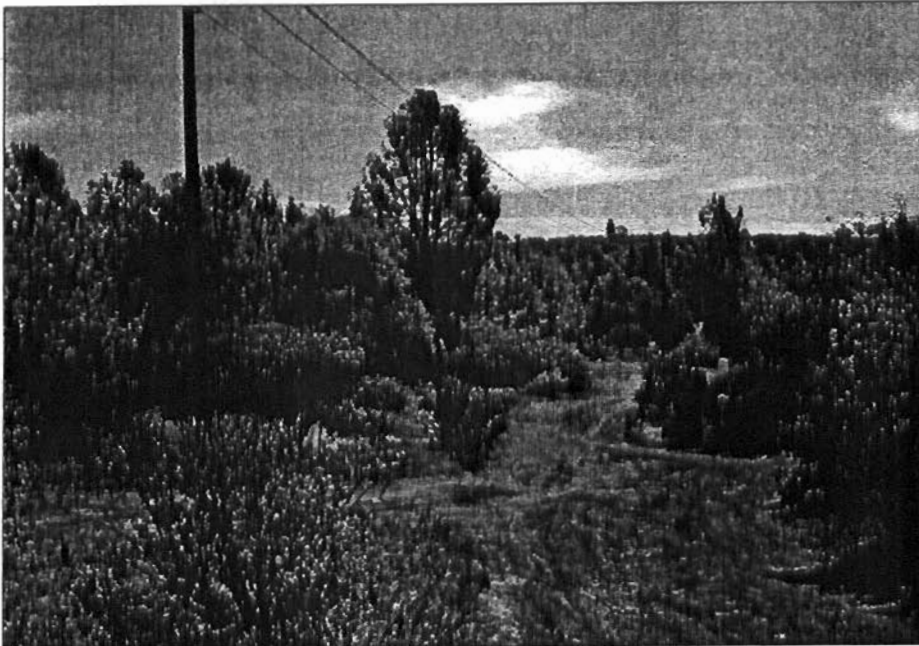


Typical Subject View

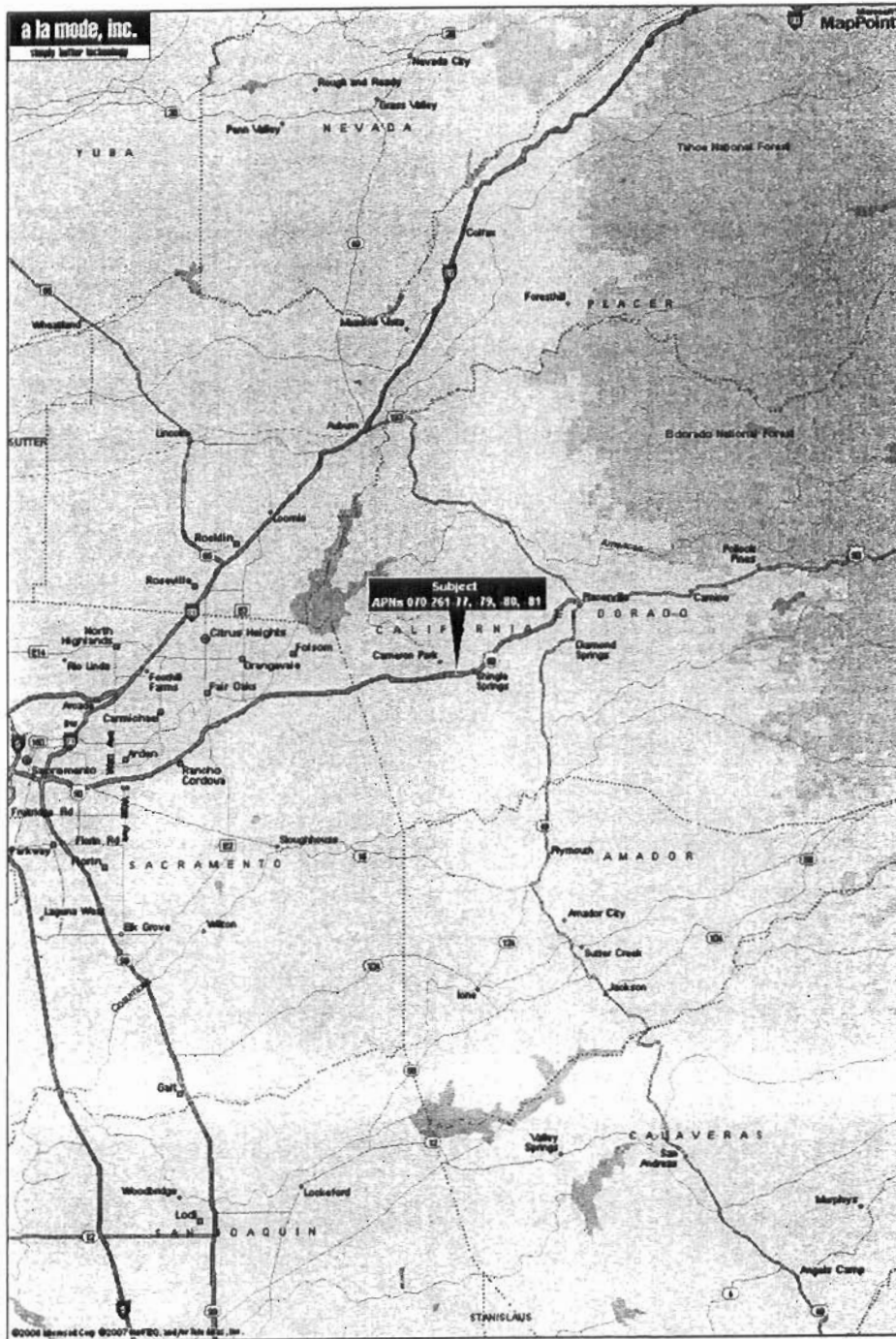
SUBJECT PROPERTY PHOTOGRAPHS (Continued)



Typical Subject View



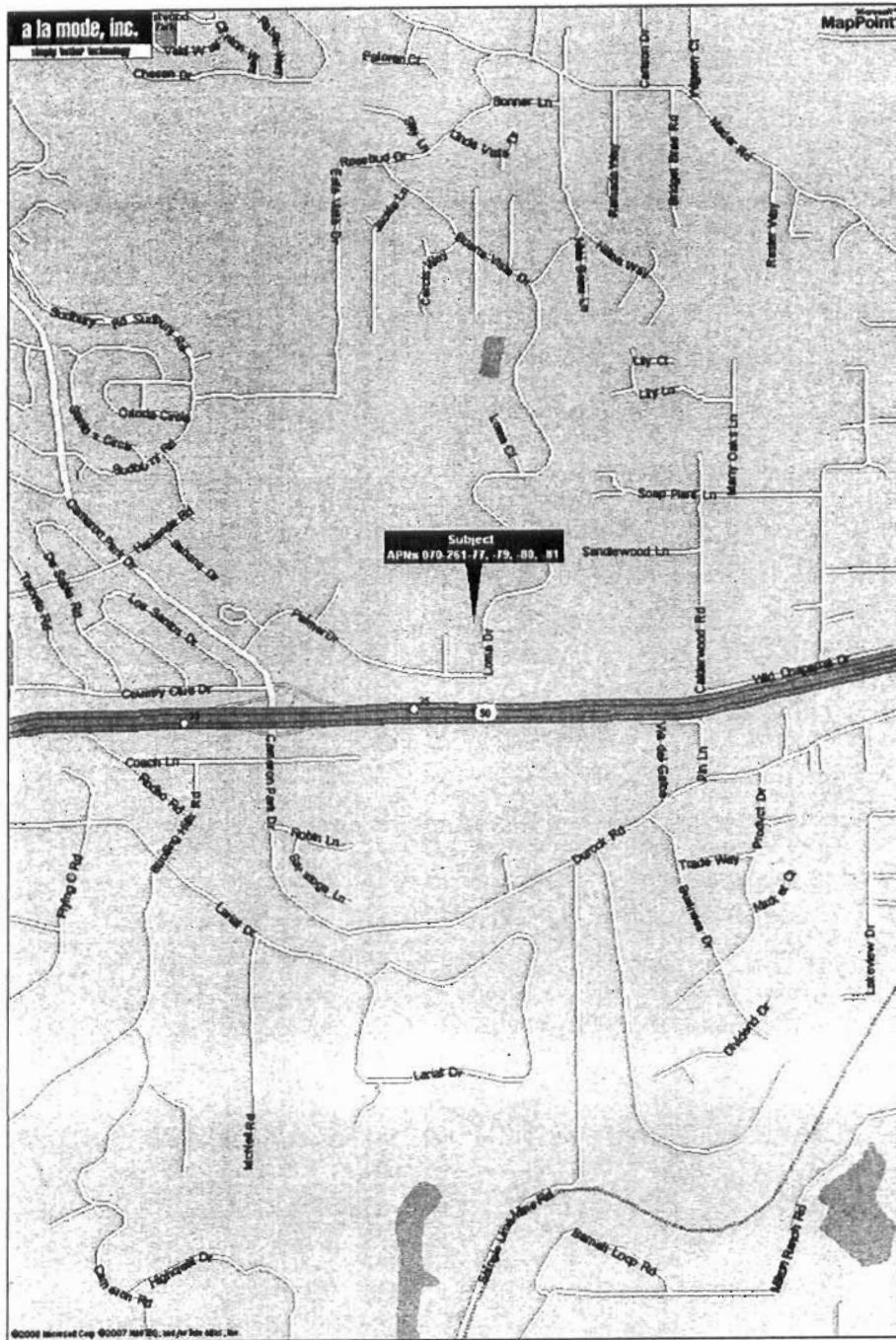
Typical Subject View



REGIONAL MAP

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AREA DESCRIPTION (Continued)



NEIGHBORHOOD MAP

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AREA DESCRIPTION (Continued)

AREA DESCRIPTION

Area Profile

With its western border touching California's Central Valley, and its eastern boundary meeting Nevada high in the Sierra Nevada mountains overlooking Lake Tahoe, El Dorado County stretches across 90 miles of foothills, valleys and mountain peaks. There are two incorporated cities within the county boundaries. Placerville, the county seat, is located 44 miles east of the state capitol of Sacramento, and 146 miles northeast of San Francisco. South Lake Tahoe, 60 miles east of Placerville, is the hub of the world renowned Lake Tahoe recreation area.

Geography/Climate

The county contains 1,805 square miles, over half of which is in public ownership in the form of national forests and various parks and recreation areas. In addition, there are a variety of privately owned timberlands, parks, campgrounds and recreational facilities that add to the feeling of freedom and open space for which the county is known. Elevations range from 200 feet at the western border in the Central Valley of California to 10,881 feet at the highest peak in the majestic Sierra Nevada Mountains. Climate varies with the elevation - from warm, dry summers and mild winters in El Dorado Hills and Placerville to the cool summers and snowy winters that have made South Lake Tahoe a world class resort.

Transportation

Two major highways, U.S. 50 and State Route 49, intersect the county while State Route 88 establishes the county's southern border with Amador and Alpine Counties. Interstate 5 and Interstate 80 are within 25 minutes of El Dorado Hills. This central west coast location offers one day automobile access to a variety of cities, including San Francisco (2.5 hours), San Jose (3.0 hours), Los Angeles (8.0 hours), Portland (8.0 hours), and Reno (1.5 hours).

Population

Since the early 1980's, El Dorado County has been included in the Sacramento Metropolitan Statistical area. Over 78% of the county residents live in unincorporated areas outside of city limits. Major residential Communities (El Dorado Hills, Cameron Park and Shingle Springs) in the western part of the county serve as suburban areas to the booming Sacramento metropolitan region. El Dorado County's quality of life and proximity to Sacramento have resulted in rapid growth over the past 20 years.

Between 1996 and 2006, population increased 17 percent in El Dorado County. The quality of life in the Sierra Nevada Foothills is luring people away from Sacramento. In fact, El Dorado County, with home prices slightly lower than the neighboring Sacramento County, has seen its population grow from 123,900 in 1990 to 156,300 in 2000. That is an increase of over 20 percent in ten years. This population surge is driven by the desire for a higher quality of life and the convenience of

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AREA DESCRIPTION (Continued)

close proximity to Sacramento.

El Dorado County is currently home to over 176,200 people, with a projected population of almost 218,200 by 2015. This projection is supported by the fact that population increase has been steady for the last ten years, with an average annual increase of almost 2 percent.

Between 1996 and 2006, the total population increased 17 percent in the county. This steady increase is due to a greater number of births than deaths in the area and a steady growth in employment opportunities

Of the two incorporated cities in El Dorado County, the city of South Lake Tahoe was the most populous, with 23,594 people in 2006. However, the city of Placerville was the fastest growing incorporated city in the county, with an annual average population increase of 1.3 percent between 1996 and 2006. South Lake Tahoe follows, with an annual average increase of 0.14 percent during the same time. This is probably due to an increase in available housing in from 2001 to 2004

In 2005, there was a net migration of 3,091 people to El Dorado County. There were 1,906 births and 1,192 deaths in the county in the same year, resulting in a natural increase of 714 people. The figures below present the components of population change in El Dorado County since 1990.

El Dorado County's total land area is 1,710.8 square miles. Because population has increased while land area has remained constant, El Dorado County's population density has steadily risen over time. As of 2006, the population density in the county was 103 residents per square mile, putting it well below the statewide average population density of 239.5 people per square mile. It is projected that by 2015 the population density in El Dorado County will reach 129.6 people per square mile.

Economy

Considered one of the most diversified recreational areas in California, the El Dorado National Forest is one of the most heavily used wilderness areas in the nation. The Sierra Nevada Mountains, north fork of the American River and Lake Tahoe are just some of the county's natural attractions. Not surprisingly, the county's economy is dependent on recreation and tourism.

While much of El Dorado is known for recreation and tourism, the western slope of the county is emerging as an information technology center. The combination of healthy market conditions and the county's quality of life are attracting businesses involved in computer billing, software consulting, and research and development to El Dorado. These trends should continue, as growth is projected in all major industries.

Current Employment by Industry	
Industry	Number of Employees
Agriculture	400
Construction & Mining	4,000
Manufacturing	2,500
Transportation & Public Utilities	1,200
Trade	10,800
Retail	9,800

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AREA DESCRIPTION (Continued)

Current Employment by Industry	
Industry	Number of Employees
Wholesale	1,000
Finance, Insurance and Real Estate	1,600
Services	15,000
Government	9,000

• *Employment Development Department*

The average unemployment rate in El Dorado County from 1990 to 2006 was 5.6 percent. Tracking monthly unemployment trends during that time revealed seasonal changes in the level of employment. In El Dorado County there have been, on average, significant declines in unemployment (increases in employment) from August through October. During this period, unemployment dropped, on average, from 5.6 percent to 5 percent, before it began to rise again. This may be largely driven by seasonal tourism and recreation-related jobs in the area. There are approximately 10,410 travel-generated jobs in the area (12 percent of total employment), and it is a common trend for some of these jobs to disappear as the peak travel seasons of spring and summer begin to slow. The unemployment rate is likely stabilized by the large amount of winter recreation in the area. However, to assume that all of the gains during these periods are exclusive to recreation and tourism would be inaccurate. As people begin receiving income, they typically spend it on unrelated goods and services within their communities. As the demand increases for these goods and services, employment levels are expected to rise to meet the demand. In addition, timber and agriculture-related jobs are other factors relevant to employment trends.

In 2006, 91,800 residents, or 52 percent of El Dorado County's population, were members of the labor force, compared to 48 percent in California. The labor force has increased steadily over the last twenty years, with a 0.1 percent growth in 2006. This steady increase indicates a thriving economy and a perpetual increase in available employment and business growth.

The city of South Lake Tahoe boasted the strongest labor force in El Dorado County, with 15,100 members in 2006 and a 30 percent growth between 1990 and 2006. During the same time, the city of Placerville also saw a 30 percent increase in the labor force.

As of 2006, 88,300 members, or 96 percent of El Dorado County's labor force, were employed, an 0.8 percent increase from the preceding year. In comparison, 95 percent of California's total labor force was employed in the same year. Total employment has experienced steady growth the past fifteen years, and this steady growth indicates an increase in spending power for the average worker in El Dorado County and ultimately means greater economic strength for the county in the years to come.

In the city of South Lake Tahoe, 14,300 members of the labor force were employed as of 2006, the highest number in any city in El Dorado County. This total is followed by 5,000 employed residents in the city of Placerville.

In 2006, 3,500 members of El Dorado County's labor force were unemployed, making up nearly 4 percent of the labor force. El Dorado County's unemployment rate has been consistently lower than the California average since 1990. For example, when statewide unemployment swelled to 9.5

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AREA DESCRIPTION (Continued)

percent in 1993, El Dorado County's unemployment rate was at 8.7 percent. This number steadily decreased through 2001 before beginning to rise again until 2004. In 2006, the county unemployment rate reached its lowest figure in over fifteen years.

The following table presents ten of the largest employers in El Dorado County.

Major Employers		
Employer	Location	Industry
Barton Memorial Hospital	South Lake Tahoe	Hospitals
Blue Cross & Blue Shield	El Dorado Hills	Insurance agents/brokers
County of El Dorado	Multiple	Government
DST Innovis	El Dorado Hills	Credit reporting & collecting
El Dorado Union School District	Placerville	School system
Embassy Suites Resort	South Lake Tahoe	Hotels and Motels
End Wave	El Dorado Hills	Retail Stores
Fortune 800	El Dorado Hills	Business services
Heavenly Ski Resort	South Lake Tahoe	Hotels and Motels
Lake Tahoe Community College	South Lake Tahoe	Education

Major manufacturing employers in the county include CableData Corp., International Billings Systems, Michigan-California Lumber, Wetsel-Oviatt, Pacific Western Plastics and Pacific Southeast Forest Products. Wood products manufacturing accounts for nearly 50% of all manufacturing employment. A significant number of western El Dorado County residents work in downtown Sacramento, and major employment centers, including the state capital, are located within a 30 to 45 minute commute. The proximity to major employment centers in the Sacramento area is a significant factor in the western county's population growth.

NEIGHBORHOOD DESCRIPTION

Cameron Park is a census-designated place (CDP) in El Dorado County, California, United States. It is part of the Sacramento–Arden-Arcade–Roseville Metropolitan Statistical Area. The population was 14,549 at the 2000 census. Cameron Park is a relatively new community situated in the Northern California Gold Country of the Sierra Nevada foothills, approximately 30 miles (50 km) east of Sacramento and 70 miles (110 km) west of South Lake Tahoe.

The original inhabitants of the area surrounding Cameron Park were the Niesnan branch of the Maidu Indians. Grinding rocks and burial mounds serve as glimpses of the past and are still visible in various locations around Cameron Park.

Major development began in the area when Larry Cameron purchased 5000 foothill acres in the 1950s for ranching purposes. In the years since then, the land has slowly been divided into lots of varying sizes, including ranch-sized properties and medium and high density residential neighborhoods. Today, Cameron Park contains a mix of large ranches, single family homes, apartments and businesses.

According to the United States Census Bureau, the CDP has a total area of 7.4 square miles

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AREA DESCRIPTION (Continued)

(19.2 km²), of which, 7.4 square miles (19.1 km²) of it is land and 0.1 square miles (0.2 km²) of it (0.94%) is water.

Thick shrubbery and trees cover the hills in and around Cameron Park. Typical vegetation includes an abundance of redbud trees, manzanita bushes, gray pines, and oak trees. The elevation of Cameron Park varies between approximately 1200-1400 feet above sea level, typically just slightly above the fog line and below the snow line.

Summers are generally hot and dry, with average daytime temperatures in the 90s, but often reaching 100 and sometimes 110 or more. Nights, however, tend to cool off more so than in the Sacramento Valley below. Autumns tend to be an "extended summer" throughout California and Cameron Park is no exception. Winters are generally cold and rainy with highs averaging in the 40s to 50s and nights occasionally dropping below freezing. Cameron Park typically receives a dusting of snow every few years.

The soil in Cameron Park is reddish and clay-like and not conducive to many types of vegetation.

As of the census^[1] of 2000, there were 14,549 people, 5,537 households, and 4,147 families residing in the CDP. The population density was 1,975.8 people per square mile (763.2/km²). There were 5,703 housing units at an average density of 774.5/sq mi (299.2/km²). There were 5,537 households out of which 37.4% had children under the age of 18 living with them, 59.9% were married couples living together, 10.9% had a female householder with no husband present, and 25.1% were non-families. 19.2% of all households were made up of individuals and 7.0% had someone living alone who was 65 years of age or older. The average household size was 2.63 and the average family size was 3.00.

In the CDP the population was spread out with 27.1% under the age of 18, 7.3% from 18 to 24, 29.1% from 25 to 44, 24.3% from 45 to 64, and 12.3% who were 65 years of age or older. The median age was 38 years. For every 100 females there were 95.4 males. For every 100 females age 18 and over, there were 91.7 males.

The median income for a household in the CDP was \$59,678, and the median income for a family was \$66,279. Males had a median income of \$51,002 versus \$34,897 for females. The per capita income for the CDP was \$26,677. About 3.7% of families and 5.0% of the population were below the poverty line, including 7.5% of those under age 18 and 1.3% of those age 65 or over.

Cameron Park has several shopping areas, a championship golf course and country club, a recreational lake and the Cameron Airpark Estates.

The unique Airpark Estates provide an opportunity for residents who are pilots to commute from home to destination without leaving their airplane. Wide streets double as taxiways leading from the homes to the adjacent airport. Aircraft hangers (over sized garages) house personal airplanes. The adjoining airport (O61) is a public airport and vital to the surrounding region.

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AREA DESCRIPTION (Continued)

Cameron Park was once known as the home of "Sam's Town" where many travelers stopped on their way to and from Lake Tahoe. This restaurant and amusement complex was torn down in 2002 and is now a Food 4 Less shopping center.

Parts of the Skinner Vineyard and Winery from 1865 can be seen at the intersection of Green Valley Road and Cameron Park Drive. All that is left of Skinner's ranch is a portion of the cellar (integrated into the Cameron Park Nursery on the north-east corner of the intersection), a tiny remnant of the distillery wall (behind mobile homes in the mobile home park near the south-east corner of the intersection), and the Skinner cemetery (near the south-west corner of the intersection). The cemetery itself contains the graves of James and Jessie Skinner (nee Bernard) and three of their sons. The cemetery is located on a small hill just southeast of the intersection behind the facade of Round Table Pizza. Unfortunately, only remnants of a few headstones remain due to the elements and vandalism.

Conclusion

El Dorado County is within the Sacramento region which has experiencing increases in population although is anticipated not to not increase as significantly as in past years. Similarly, overall employment growth continues, but at a slower rate as compared to prior years. Consolidation of government agencies due to federal and state budgetary cutbacks, and downsizing businesses are contributing to the slower job growth. However, new businesses continue to relocate to the area, which has lessened the economic impact of the employment loss. It is anticipated that employment and economic growth will continue to improve as the national and state economies improve. The region's future prosperity will remain dependent on the availability of developable land and affordability of housing.

SITE DESCRIPTION

Hazardous Waste: This report assumes that hazardous materials do not impact the site. Refer to the Assumptions and Limiting Conditions section of the report for a full disclaimer.

Project Name: Carriage Hills.

Assessor's Parcel Numbers (El Dorado County) /Site Size—

	APN	Address	Site Size (SF)
1	070-261-77	3615 Palmer Drive	218,235
2	070-261-79	4021 Loma Drive	218,366
3	070-261-80	4041 Loma Drive	220,413
4	070-261-81	N/A	218,671
Total Site Size			875,685

Topography: Level to slightly sloping.

Access: The subject has good access to US Highway 50. Green Valley Road is a primary east/west arterial with Cameron Park Drive and North Shingle Springs Road providing north/south arterials. Palmer Drive serves as a neighborhood collector and intersects Cameron Park Drive immediately west of the subject. Palmer Drive transitions into Loma Drive at the subject intersection. Local community and commercial facilities supporting residential development in the area are located on or near the noted major thoroughfares.

Utilities: Public water, sewer, natural gas, and electric power are all available.

Site Improvements: Palmer Drive and Loma Drive are two-lane roads that are asphalt paved.

Exposure: Average.

Easements: A preliminary title report was provided for review. A visual inspection of the site did not indicate any evidence of adverse easements or encroachments. However, this firm is not qualified to render an opinion regarding the impact of any easement or encroachment, known or unknown, on the utility of the subject property. If questions arise, qualified professional assistance is recommended.

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SITE DESCRIPTION (Continued)

- Flood Plain: Zone "C", Areas of determined to be outside the 100- and 500-year flood plain. FEMA community panel 060040 0725C and dated December 4, 1986. Flood insurance is available, but not required.
- Zoning: RE-5 (Residential Estate), County of El Dorado. This zoning is for residential development with a minimum of five area sites. The subject is proposed for R2-PD – Limited, Multifamily Residential with Planned Development. General Plan allows up to 24 units per acre. The current tentative map appears to be in conformity with the proposed zoning standards.
- Seismic Information: The subject property does not lie within a Fault-Rupture Hazard Zone as defined in Special Publication 42, 1994, issued by the California Department of Conservation, Division of Mines and Geology. No active faults are located on or near the property; however, strong earthquakes generated along any of the active California faults may affect the site, depending on the characteristics of the quake and the location of the epicenter. In general, the effects can be minimized by adequate design and construction procedures.
- Soils Condition: No geotechnical engineering or other reports addressing this issue were provided. It is assumed that soil and geological conditions are typical of the region, and therefore capable of supporting construction similar to that in the adjacent area. The subject's soil and sub-soil conditions are assumed to be suitable based upon a visual inspection and the development of adjacent properties. There was no evidence of excessive settling or unstable soils. This appraisal assumes that the soil and sub-soil conditions are suitable for residential development as proposed by the developer. However, no certification is made regarding the stability or suitability of the soil or sub-soil conditions.
- Toxic Hazards: No report of toxic conditions was provided to the appraisers. There are no known or suspected toxic or environmental hazards or nuisances affecting the property. Please refer to the Assumptions and Limiting Conditions.
- Wetland Issues: No engineering surveys or reports addressing this issue have been furnished. No information was provided regarding existing wetlands. This value assumes there are no wetlands that would negatively affect the concluded value. **Please refer to the Assumptions and Limiting Conditions.**

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SITE DESCRIPTION (Continued)

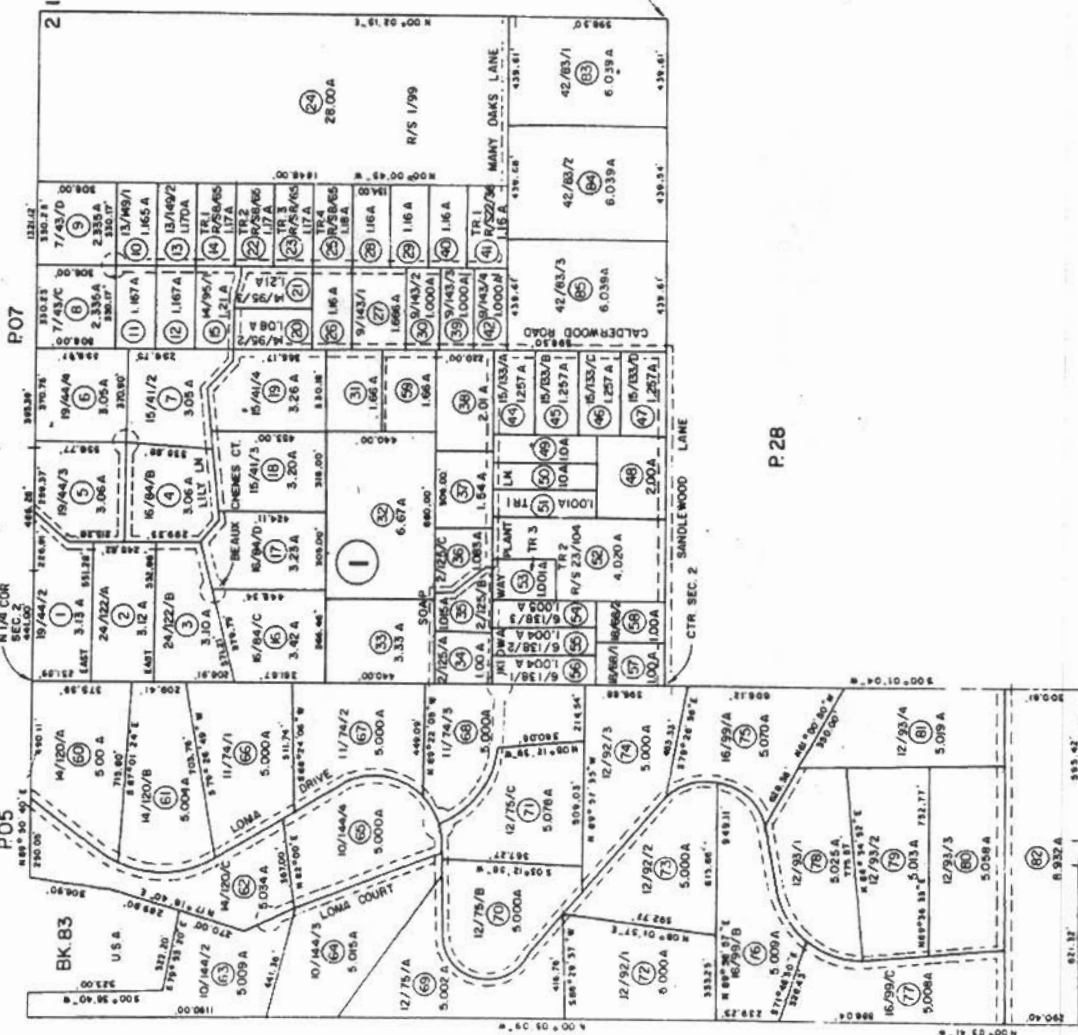
- Site Rating: Overall, the subject site is considered average compared to other subdivision sites in the general area based on its access and exposure. The subject lots are at street grade and are level.
- Proposed Property Description: No improvements have been completed. A tentative map has been filed, but not approved. The proposed subdivision will have a good overall design with landscaping around the perimeter. There will be 4 cul-de-sac courts, the streets will be elbow shaped, and there will be dead end streets with no turning radii. Also, there will be open space around the creek which totals 5.77 acres. The proposed lots will have rectangular and irregular shapes with varying width and depths. The lots will range from 3,600 SF to 17,564 SF, averaging 4,900 SF.
- Conclusion: The subject's size, shape, topography, utilities, and offsite improvements are adequate to support single- or multi-family improvements. The subject's location, access, and environment tend to limit its use to residential, and the physical characteristics of the site are generally similar to those of other residential sites. The site has no known unmitigated nuisances, hazards, or easements that could have a deleterious effect on value. On this basis we conclude that the appraised property has the requisite physical and functional characteristics to support the highest and best use estimate.

70:26

Tax Area Code



POR. SEC. 2, T.9N., R.9E., M.D.M.



PLAT MAP

Assessor's Map Bk. 70 - Pg. 26
County of El Dorado, California

NOTE - Assessor's Block Numbers Shown in Figures
Assessor's Parcel Numbers Shown in Circles

THIS MAP IS NOT A SURVEY. It is prepared by the El Dorado Co.
Assessor's office for assessment purposes only.

BK. 83

MARKET ANALYSIS

In this section, market conditions which influence the subject property will be considered. The major factors requiring consideration are subject market area buyer profiles and the supply and demand conditions which influence the competing position of new homes in the subject's market area.

General Market Trends

The big question remains: Have we reached the bottom of the housing crisis. If not, when are we likely to and what needs to happen, nationally, to encourage stability and ultimately the move toward trending upward. In spite of reports from the news media at the very beginning of the quarter suggesting that positive numbers from the first of the year may have indicated the bottom had been reached, there are some financial analysts that suggest that we still have a ways to go. As the quarter has progressed, national numbers suggest that more and more economists are beginning to label the current economic environment a recession. The federal reserve chairman, Ben Bernanke, has suggested that the national economy is experiencing, "one of the most severe episodes of the post War era" (NY Times, April 10, 2008). The evidence suggests that the nation is continuing to feel the full effects of the credit crisis and the devastating fall-out from the housing bust that began a year ago. The auto industry, a bellwether with regard to the health of the national economy, recently came out with statistics that show that seventeen percent of those who hold an automobile loan are unable to make the payments. So, what are some of the significant economic conditions that are likely to present some idea of what is happening now and what may happen, and when, in the future. First off, mortgage delinquencies continue to rise accompanied by an increase in the number of foreclosures. Nationally, one-third of the subprime loans originating in 2005-2006 have been defaulted on and there are estimates that suggest that over \$400 billion dollars in ARMs are scheduled to reset during 2008. In addition to first mortgages, Americans owe \$1.1 trillion on home equity loans and the cumulative effect of using their homes as ATMs means that American homeowners, for the first time in over sixty years, have seen their percentage of equity fall below fifty percent.

Given these sobering statistics, there are some analysts who believe that the market may be getting toward the end of the first stage of the downturn. If that is the case, it is likely that the current environment will continue for the foreseeable future, with slight fluctuations, before positive signs begin to emerge from the market. In this scenario, it is believed that defaults, foreclosures and home auctions have just started to gain traction and may not reach their peak until 2009. Given the evidence and the wide divergence of new home sales and pricing from historical trend lines as well as income levels, these projections seem sober and realistic.

At the national level, new home sales will almost certainly continue to decrease. The tightening in lending standards has diminished the pool of qualified buyers and the large number of fairly-new homes flooding the resale market, in addition to aggressively-priced foreclosures, has created more choice and opportunity for the qualified buyer. Pricing during the First Quarter, 2008 continues to decline and is likely to do so at least through the first half of 2009. Buyers have grasped the essential fact that it is a buyer's market and many are waiting on the sidelines for exactly the right deal. That wait time is likely to be dictated by how quickly the market does find the bottom. For those buyers, an increase in pricing is a good indicator that the market has recovered and real estate is once again a prudent investment.

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MARKET OVERVIEW (Continued)

In the State of California, the foreclosure rate is twice that of the national average and in some of the more distressed areas, such as Riverside County, the rate is six times the national average.

The first wave of foreclosures consisted primarily of subprime borrowers who could no longer afford the rates once they reset. These loans began resetting in 2006-2007, initiating the foreclosure spike and the loans were characterized by a two-year teaser rate before the rate reset to a higher rate. It is anticipated that the next wave of foreclosures may be made up of buyers whose credit is good, who put little down on their purchase but whose homes have depreciated. For these buyers, as they watch their home value significantly decrease, it may appear that walking away from the loan may make more sense than continuing to invest in a home whose value may not rebound for several years. What this means, then, is that the already elevated levels of foreclosures throughout the state will likely stay elevated as the new wave of foreclosures works its way through. At the same time, it is unlikely that we will see a significant increase in the number of foreclosures when compared to today's numbers. In spite of the caution coming from most analysts, real estate remains a regional phenomenon. Clearly, the markets that are likely to take the longest time to recover are those that were heavily overvalued during the build-up. And, in fact, we are seeing those markets come in with the top foreclosure rates nationwide. Additionally, although many builders are seeing sixteen cents on the dollar for recent land sales, land acquisition is taking place and there are deals being made that suggest that a foundation for recovery is being established. The real challenge for builders will be the ability to wait out the cycle.

The significant involvement of the financial and credit markets locally, nationwide, and globally have put a slightly new spin on the cyclical nature of the business. It remains to be seen at what speed the creative financing consequences will work themselves through the financial markets and what the overall effect of that process will ultimately be on the general economies. The enormity of the process may well take the industry into 2010 before the dust finally settles and the market secures enough stability to support forward momentum. It appears that we are still going to have a period of stabilization while the credit situation solidifies and the fall-out from the mortgage industry works its way through the financial markets. So, the train has entered the tunnel and although the engine is not near the mouth of the tunnel there is light ahead. It is difficult to say exactly how long the tunnel will be, but it seems clear that the track ahead is fairly straightforward.

SACRAMENTO REGION

Building Permits

There were a total of 1,030 building permits, for the six county region, issued during the First Quarter of 2008, reflecting a 68.3% decrease when compared to the number of building permits issued, for the six county region, during First Quarter, 2007 (3,250). A total of 774 single-family permits were issued First Quarter, 2008 as opposed to 2,675 permits issued during First Quarter, 2007 (a 71.1% decrease). The number of multi-family permits also decreased this quarter, from 575 permits issued during First Quarter, 2007 to 256 permits issued for the current quarter (a decrease of 55.5%).

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MARKET OVERVIEW (Continued)

Should current trends continue, it is estimated that there will be a total of 4,120 building permits issued during 2008, reflecting a decrease of 54.3% from the 9,022 total permits issued during 2007. In addition, single-family permits are expected to decrease by 60.3% for a total of 3,096 permits for 2008 (as compared to the 7,800 permits issued during 2007). Multi-family building permits will top out at 1,024 for 2008, a decrease of 16.2% when compared to last year's 1,222 permits issued.

Employment

The total number of jobs in the six county Sacramento Region decreased by 0.8% during March, 2008 when compared to the employment numbers for the six counties during March, 2007 resulting in a loss of 7,900 jobs. Construction posts a decrease and lost jobs during March, 2008 demonstrating a decrease of 8,400 construction jobs when compared to March, 2007 (down 11.2%). Manufacturing posts a decline, losing 8,600 jobs this March as compared to March, 2007 (down 17.0%) but Services increased 2.5% when comparing March, 2007 (553,000) to March, 2008 (554,400). Government posts a gain of 2.9% (7,200 jobs) when comparing the 246,200 jobs for March, 2007 to the 253,400 jobs during March, 2008. The unemployment rate has risen when comparing March, 2007 (5.3%) to March, 2008 (6.7%).

New-Home Sales

Altogether, there were 1,304 new homes sold in the Sacramento Region during the First Quarter of 2008. This represents a decrease of 51.6% when compared with sales figures for First Quarter, 2007 (2,695 for the six counties), and a decrease of 1.2% when compared to sales for the previous quarter (1,320 for the six county region). The quarterly weekly sales rate during the First Quarter is 0.34 units per week, and the total weekly sales rate is 0.51 units per week. Sacramento County posts 593 sales for the quarter, a decrease of 52.6% from First Quarter, 2007 when there were 1,251 sales, while Placer County recorded 395 sales, down 44.8% from the 715 new homes that sold during First Quarter, 2007. Yolo County sold 217 homes during the First Quarter, a decrease of 9.2% from the 239 new homes sold in the First Quarter of 2007, and El Dorado County had 28 new home sales, representing a decrease of 81.5% when compared to the previous year's quarterly sales of 88. Sutter County posts 12 sales, which is a decrease of 90.6% when compared to First Quarter, 2007 sales of 127 new homes, and Yuba County had 59 new home sales for First Quarter, 2008, representing a decrease of 72.2% from the First Quarter, 2007 sales of 212 new homes.

By community, Roseville assumes the lead in number of sales for First Quarter, 2008, posting 197 new-home sales, while Rancho Cordova moves to second in sales with 160 sales for the quarter. Following Rancho Cordova, Woodland posts 147 sales for the quarter, and Natomas posts 132 sales while Elk Grove posts 114. Roseville captures 15.1% of the market, while Rancho Cordova comes in with 12.3%, Woodland at 11.3% and Elk Grove captures at 8.7%. The Elk Grove/Laguna area posts 15.1% of market share, while the tri-city Placer County area (cities of Rocklin, Roseville, and Lincoln) accounts for 30.4% of the market share for the First Quarter. The Sutter/Yuba area posts 71 sales for the quarter and within this area, Linda led with 30 sales, while Plumas Lake came in with 19 sales. The Sutter/Yuba area captured 5.4% of the Sacramento Region market share.

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MARKET OVERVIEW (Continued)

New-Home Pricing

The average price of a new home in the 6-County Sacramento Region for First Quarter, 2008 is \$404,144 down 13.1% from First Quarter, 2007 (six county average sales price \$465,149), and down 5.3% from the previous quarter (six county \$426,710). The median price for a new home in the Sacramento Region is \$359,000, which represents a decrease of 15.3% from First Quarter, 2007 (\$423,990), and a decrease of 7.5% when compared to the median price for the previous quarter (\$387,950). El Dorado County posts an average price of \$657,435 during the quarter, down 19.2% from First Quarter, 2007, and decreasing 3.5% from the previous quarter. Placer County reached \$461,474, representing a decrease of 12.0% from First Quarter, 2007 and down 7.2% from the previous quarter. Sacramento County reports \$375,796, down 12.7% from the same time period during 2007 and down 4.6% from the previous quarter. Yolo County posts an average price of \$376,359, down 23.1% from the same time period during 2007, and decreasing 8.4% from Fourth Quarter, 2007. Sutter County posts an average price of \$298,633, a decrease of 11.7% when compared to a year earlier, and a decrease of 6.5% when compared to the previous quarter. Yuba County posts an average price of \$291,772, a decrease of 15.6% when compared to First Quarter, 2007 and a decrease of 4.2% when compared to the previous quarter. The average incentive, for projects offering an incentive, during Fourth Quarter, 2007 was \$19,389 and that has decreased to \$13,009 for First Quarter, 2008. The maximum incentive reached \$160,000 last quarter and this quarter, the maximum incentive is \$220,000.

New-Home Inventory

During the First Quarter, 2008, unsold inventory for the six county region decreased 24.4% from a year ago (six counties) and decreased 1.0% from the previous quarter (six county). Total unsold inventory stands at 3,226 units (down from the six county 4,268 during First Quarter, 2007). Given current absorption rates, this results in twenty-one weeks of available inventory, an increase from the previous quarter's nineteen weeks of available inventory. New home inventory in El Dorado County has increased to forty-three weeks of inventory, while Placer inventory has increased to twenty weeks. Sacramento County has increased to twenty-three weeks of available inventory for the current quarter. Yolo County has decreased to eleven weeks of available inventory. Sutter County has increased to seventeen weeks of available inventory and Yuba County has increased to eighteen weeks for First Quarter, 2008.

CAMERON PARK

As described previously, the subject property is proposed for single-family residential development, which is consistent with the General Plan designation for the property. The size, shape and topography of the sites are considered adequate for residential development. Surrounding land uses include single-family residential subdivisions and commercial development. The property has good linkages to transportation networks, employment centers, commercial services and community facilities, including public schools and police/fire protection. All necessary utilities are available to the subject's lots. Overall, new housing has received steady acceptance in the surrounding area and the location is judged to be good for residential use.

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MARKET OVERVIEW (Continued)

The following chart indicates the new home trends for El Dorado County.

	1st Qtr	1st Qtr	1st Qtr	1st Qtr
TOTAL HOMES	2005	2006	2007	2008
Average Price	\$651,600	\$729,943	\$813,705	\$657,435
Average Size	3,190	3,424	3,736	3,158
Average Price/Sq Ft	\$208.33	\$220.33	\$222.48	\$217.38
Quarter Sales	235	109	151	28
Quarter WSR	1.13	0.47	0.77	0.13
YTD Sold	235	109	151	28
Total WSR	1.65	0.81	0.57	0.35
Average Lot Size	10,903	12,480	14,755	10,740
Number of Projects	16	18	15	16
Total Inventory	795	730	464	639
Unsold Inventory	48	218	122	239
Weeks of Inventory	2	15	14	43

As of the 1st Quarter of 2008, there are 15 new home subdivisions within El Dorado County. They average in home size from 831 to 5,800 SF and ranging from \$189,000 to \$1,229,500.

As of the 1st Quarter of 2008, there is only one subdivision offering homes in the Cameron Park area, which is summarized in the following table:

Project/Developer	Home Size/Average	Base Price/Average Sales Price	Room Count	Average Lot Size
Merry Chase Town homes/Providence Realty Group	1,044 SF	\$185,304	2/2.5	N/A (Attached)

The Merrychase Town homes opened in March 2006 with 20 units planned and 8 units have been sold, which indicates an overall absorption of 0.33 per month. The absorption for 2007 has been 0.16 per month and in 2006 there was absorption of 0.50 per month. Incentives are currently \$3,696. Base prices have dropped an average of 1.13% per month. This project is an apartment/town home conversion has not had great market acceptance.

Lessarra, the other attached project in El Dorado Hills opened in May 2007 with 160 planned units and has sold 20 units, indicating an absorption of 1.42 per month. Incentives are currently \$5,000 and the prices range from \$220,000 to 330,400.

Within the 15 developments in El Dorado County have absorption rates of -0.20 to 6.00 units per month, averaging 0.62 per month.

MARKET OVERVIEW (Continued)

Conclusion

Increasing foreclosure rates, uncertain financial markets and unremitting inventory levels are the new norms and all indications point to more of the same during the next eighteen to twenty-four months. The impact of the credit environment is significant and has worldwide economic repercussions that are just now beginning to be felt by financial markets across the globe. It is unlikely that these issues will be resolved any time soon.

In the Sacramento Region, overall employment remains positive and there is no decrease in the demand for new housing. In response to the market, however, developers are increasingly seeking to find alternative configurations and densities that will allow for a more flexible menu of products. The emphasis now is on affordability and finding a way to backtrack to neighborhoods that can be built and sold for less than the current median price of a home, \$399,990. Smaller floor plans are being added to existing projects in an effort to capitalize on affordability and appeal to the increasingly diminished number of qualified buyers. This region still has a long way to go, though, in terms of pricing returning to a level that provides home buying opportunity to a larger segment of buyers.

In attempting to estimate the exposure time that would be required for the disposition of homes, we have considered both the historical and recent absorption rates for active projects in the area, as well as current and projected market conditions. Considering the absorption being achieved at similar projects and the subject development, along with the moderation occurring in the residential housing market in the overall region, a projected absorption of 0.5 sales per month is concluded for the subject property in the first year, and 1 sale per month thereafter. It is noted that the amount of entitled residential land that is near-ready for development in the subject's market area is limited. In addition, the residential market is not anticipated to remain in the current state of moderation over the long-terms.

HIGHEST AND BEST USE ANALYSIS

The term "Highest and Best Use," as used in this report is "The reasonably probable and legal use of vacant land or an improved property, which is physically possible, appropriately supported, financially feasible, and that results in the highest value."⁸

The highest and best use, or most probable use, must be legal, physically (and locationally) possible, marketable, and maximally productive.

The highest and best use concept is based upon traditional appraisal theory and reflects the attitudes of typical buyers and sellers who recognize that value is predicated on future benefits. This theory is based upon the wealth maximization of the owner, with consideration given to community goals. A use which does not meet the needs of the public will not meet the above highest and best use criteria.

Legal Considerations

The legal factors influencing the highest and best use of the subject property are primarily government regulations such as zoning and building codes. The subject is presently zoned RE-5 (single family residential) by the County of Placer. The subject is proposed for R2-PD – Limited, Multifamily Residential with Planned Development. General Plan allows up to 24 units per acre. The plan specifically provides for resident, i.e., ownership housing. Commercial or industrial uses are not permitted under this plan. The legal considerations are, therefore, considered to support only a residential subdivision.

Physical and Locational Considerations

The physical and locational characteristics of the property were discussed earlier. Factors influencing the use of the property include: 1) location; 2) lot size and shape; 3) soils; 4) abutting uses, 5) construction quality, and 6) amenities.

In all respects, the subject's site location is adequately suited for a residential subdivision. Residential development is compatible with the surrounding area, which is almost exclusively comprised of single-family homes, recreation and employment centers. As noted previously in the Market Analysis section, the subject's competitive position is good in comparison to the competing inventory. The subject will offer homes at the low end of the price range. As indicated by the absorption analysis, the projects with the lower prices appear to be achieving the highest absorption.

The location, design, quality of construction and appeal are also considered average. The availability of various model types will offer adequate buyer choices, and is compatible with buyers' demands in terms of style, quality, and most importantly, price. Based on the above considerations, physical and locational factors support a residential subdivision.

⁸*American Institute of Real Estate Appraisers, The Appraisal of Real Estate*

HIGHEST AND BEST USE ANALYSIS (Continued)

Marketability

The major factor requiring consideration relates to the supply and demand conditions which influence the competitive position of the subject property. Supply and demand factors and the subject's competitive position have been previously discussed in the Market Analysis section of the report. With the increase in the housing units' subject neighborhood not keeping pace with the population increases, there will continue to be demand.

Adequate marketability was concluded for the proposed single-family subdivision development. Based on these conclusions and the support presented in the Market Analysis section of this report, a subdivision site is concluded to be marketable.

Financial Feasibility

To be financially feasible a development needs to provide a sufficient return to satisfy all development costs and provide some residual return to the land. Since a number of other subdivision projects have been successfully developed in the immediate area and the demand for new units has been consistent over the last couple of years, it is generally concluded that a single-family subdivision is financially feasible. This is particularly true since the inventory does not appear to be excessive.

Maximally Productive Use

A single-or multi-family subdivision is considered to be the maximally productive use since it is the only reasonable use of the subject property based on legal, locational, physical, and market considerations.

Conclusion

Legal, locational, physical and market considerations have been analyzed to evaluate the highest and best uses of the property. This analysis is presented to evaluate the type of use which will generate the greatest level of future benefits possible from the property. From the preceding analysis, there is adequate support to conclude the subject's Highest and Best Use "As Vacant" is a residential subdivision site.

VALUATION METHODS

The appraisal process is designed to evaluate all factors which influence value. Regional and neighborhood information has been presented to inform the reader of general outside influences which may affect value. In addition, the site has been described in detail. The Market Analysis and Highest and Best Use sections have detailed current market conditions and described the effect of legal, physical, financial, and market considerations, which determine the most probable use of the property.

The next portion of the appraisal process deals directly with the valuation of the property. The process for each value estimated is briefly described as follows.

Prospective Market Value of 107 Tentatively mapped lots - The prospective value of 107 tentatively mapped lots, as sold to one purchaser in one sale, is estimated by a Sales Comparison Analysis. An Extraction Analysis will also be used as a supportive method for the Sales Comparison Approach. Land value is estimated by subtracting the estimated value of improvements from the known sales price of the property. This procedure is frequently used when the value of the improvements is relatively low or easily estimated because of accurate costs.

"As-Is" Market Value - The "As-Is" Valuation is estimated by deducting the costs to achieve the tentative map and zoning change from the Prospective Market Value.

Cash Equivalency

This report presents the cash value of the property. This requires that all comparables utilized must be cash transactions or adjusted to "cash" if advantageous seller financing was involved. In this appraisal, the cash equivalency adjustment is applied prior to any other adjustments in keeping with generally accepted appraisal principles and practices.

PROSPECTIVE LOT VALUATION

The bulk lot value is estimated by the Sales Comparison Analysis. It is the value of all 107 tentatively mapped lots sold to a single purchaser in a single transaction. This portion of the analysis is based on a Sales Comparison Analysis of similar bulk purchases. The subject lots are directly compared to bulk lot sales that are as similar as were available for this analysis.

Comparison Selection

A survey of the market was conducted to obtain sales of residential lots with similar characteristics. The parameters of the survey were, in order of preference, proximity to the subject, date of sale, average lot size, and bulk purchase size. Six sales located in the subject's general area were selected for this analysis. Comparisons to the subject are based on location, lot size, size of the purchase, and other factors affecting site value. There have been limited recent sales of entitled, single-family residential properties in the subject's market area. Therefore, included and analyzed are sale comparables from other submarkets that are deemed similar to the subject with respect to location. The comparables selected are considered the most similar and applicable market data that was available for this assignment. Lot size and density were important factors.

Adjustments

The limited number of comparable sales in the subject's immediate area and lack of uniformity within this market prevents the direct extraction of adjustments from the marketplace. General or qualitative analysis reflecting market behavior is utilized to determine which comparable sales are superior or inferior to the subject. This analysis establishes value parameters for the subject, allowing for a final value conclusion.

Improvement Costs – All adjustments to the comparables are made on a qualitative basis.

Bonds and Special Assessments – All adjustments to the comparables are made on a qualitative basis.

Permits and Fees - As discussed previously, the government fees for building permits vary in different locations. All adjustments to the comparables are made on a qualitative basis.

Purchase Size - In comparing smaller purchases with larger purchases, it is generally proven in the market that smaller purchases typically sell for a greater price per lot, all other factors being similar, due to the cost and risk of holding lots until they are resold. All adjustments to the comparables are made on a qualitative basis.

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

PROSPECTIVE LOT VALUATION (Continued)

In evaluating market conditions, changes between the sale dates and the effective date of this appraisal may warrant adjustment; however, if market conditions have not changed, then no adjustment is required. Market conditions in the subject's market area have steadily improved over the past several years, but the residential sector is moderating in the current market environment.

In an effort to attract prospective homebuyers, many homebuilders are offering incentives such as cash contributions toward down payments and closing costs, swimming pools, home upgrades, cars and vacations. These incentives have been initiated to generate interest during the period moderating demand. Thus, in addition to decreases in overall base prices, incentives and concessions have increased during the same time period, effectively reducing base prices further. This is especially the case for the active projects in the subject's submarket, which have been giving incentives from \$100,000 per home. Additionally, current absorption rates are significantly lower compared to a year ago. To reflect the moderation and/or contraction in the residential market, all of the comparables are adjusted downward.

The contraction of the residential real estate market can be shown using a paired sales analysis between the October 2006 and March 2006 sale of Carmichael Promenade. These sales represent the same property selling at two different periods in 2006, with the only difference being that the March 2006 sale sold with an element of buyer motivation. After factoring out the buyer motivation, the price paid represents an approximate 14% decrease that equates to approximately -2% per month. This is further supported by the sale of Marquee at Fair Oaks; the sale price for this comparable was renegotiated in August 2006 due to moderating market conditions. The adjusted price amounted to a 14% decrease from March 2005 to August 2006, or approximately -1% per month over 16 months. However, the -1.00% per month is understated, as market conditions were improving from First Quarter 2005 to Fourth Quarter 2005. Considering the aforementioned paired sales analyses, a downward adjustment factor of 1.00% per month is considered reasonable.

Location Characteristics—Location has been adjusted 20%. These adjustments are based upon analysis of the sales and conversations with real estate professionals knowledgeable of the area's market.

Physical Characteristics—

Lot Size: The subject lots are typically 4,900 SF and the comparables range from 2,832 SF to 7,012 SF. Typically, premiums are paid for larger lots. Lot premiums have ranged from \$5 to \$10/SF depending on the size and location of the subdivision. A \$5/SF adjustment has been made.

Permits and Fees: The subject's permits and fees are \$55,000 per lot with the comparables ranging from \$14,000 to \$56,350 per lot. A direct comparison has been made between the subject and the comparable, with a dollar-for-dollar adjustment made.

Cost to Finish: The subject's cost to finish is approximately \$68,500 according to the developer. The comparables range from \$38,824 to \$90,686 per lot. A direct comparison has been made between the subject and the comparable, with a dollar-for-dollar adjustment made.

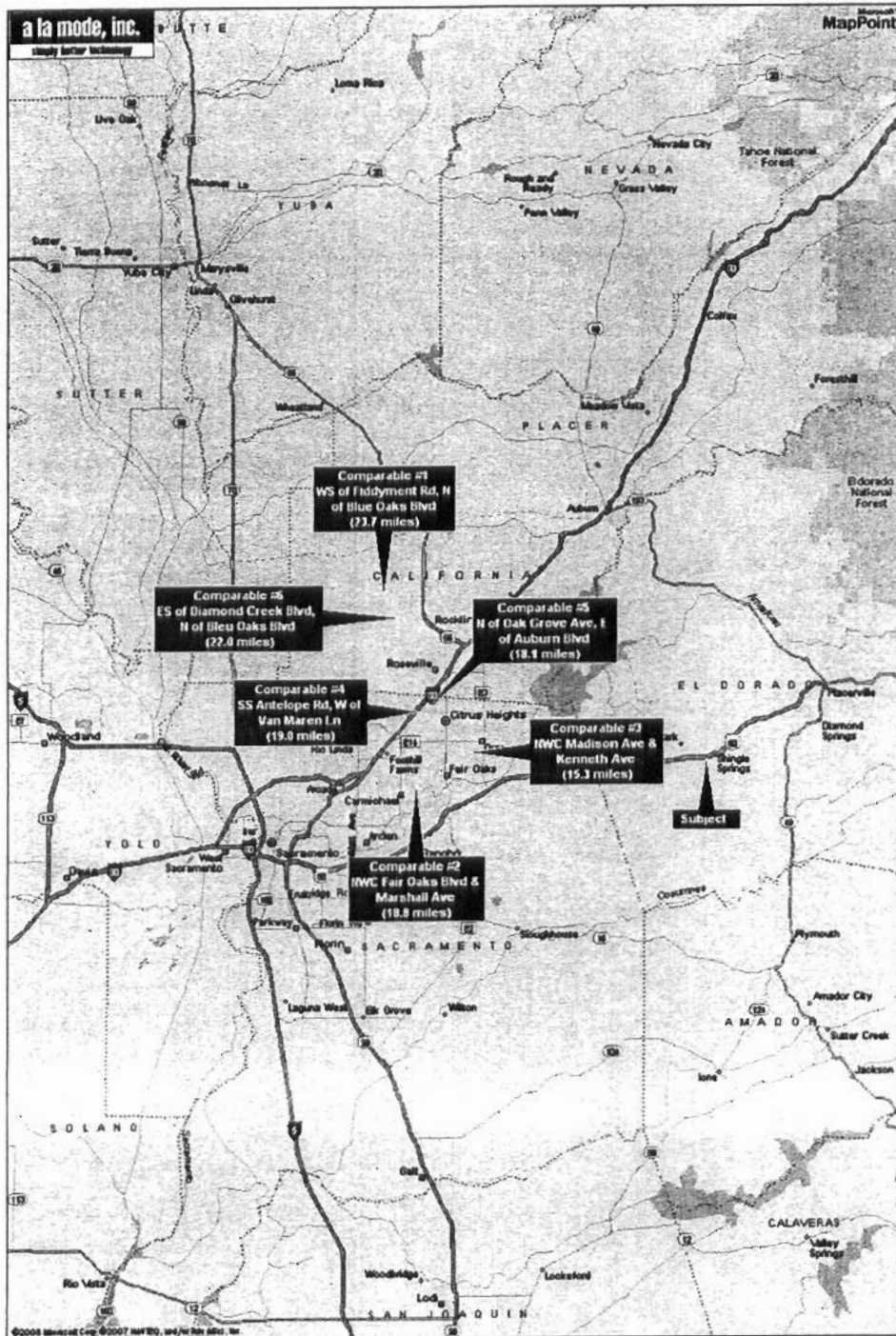
PROSPECTIVE LOT VALUATION (Continued)

Presentation

The following Sales Table and Location Map summarize the sales data. Following the Sales Table and Location Map is a discussion of each comparable considered in this analysis.

BULK PAPER LOT SALES TABLE 3 - GRID										
LOCATION	SUBJECT	COMP. NO. 1	COMP. NO. 2	COMP. NO. 3	COMP. NO. 4	COMP. NO. 5	COMP. NO. 6			
Type of Sale: Street Address/Location: City, State: APN: County	Carriage Hills Subdivision 3615 Palmar Drive and 4021-41 Luma Drive Cameron Park 070-261-77, 79, 80 and 81 El Dorado County	Highland Ranch, Villages 1-10A WS of Fladymont Rd, N of Blue Oaks 017-115-001 (portion) Placer	NWC Fair Oaks Blvd & Marshall Ave 245-0040-008, -009, -014, -026, -028 Sacramento	MVC Madison/Kenneth Ave Fair Oaks, CA 249-0030-006 Sacramento	SS Anahole Rd, W of Van Maren Ln Citrus Heights, CA 204-0193-002 and 003 Sacramento	N of Oak Grove Estates Oak Grove Estates ES of Diamond Creek Blvd, N of Blue Oaks Blvd 017-115-002 (portion) Placer	Parcel BC31 Diamond Creek Partners, Ltd Centex Homes 34462 September-05			
SALE INFORMATION		Tim Lewis Communities Signature Properties March-07 \$9,215,000 \$95,000 \$35,307 \$130,307 N/A \$3,774 \$65,350 N/A \$190,431 Fee Simple Paper Lot N/A N/A n/a	Scophana Investments LLC Hidden Oaks Holdings LLC October-06 \$4,780,000 \$95,000 \$39,500 \$124,500 N/A \$3,950 \$21,600 \$146,100 Fee Simple Unimproved Lots Conventional Arms length n/a	MBK Homes of Northern CA City View Gum Ranch LLC March-07 \$11,730,000 \$115,000 \$99,229 \$174,229 \$0 \$3,862 \$22,242 \$197,471 Fee Simple Unimproved Lots N/A Arms length n/a	Truvel Properties, LLC GSJ Co LLC January-07 \$4,500,000 \$97,626 \$36,824 \$136,660 \$9,059 \$21,000 \$152,636 Fee Simple Unimproved Lots Conventional Arms length n/a	SMTD Ventures LLC Grg Gosschink October-06 \$1,120,000 \$60,000 \$90,696 \$170,696 \$9,059 \$22,000 \$192,696 Fee Simple Unimproved Lots N/A, All Cash Arms length n/a	Diamond Creek Partners, Ltd Centex Homes 34462 September-05			
PHYSICAL CHARACTERISTICS	Size (SF) Size (Acres) No. of Lots Density (Units/Acre) Typical Lot Size: Shape Topography Views Utilities	934,788 21.46 97 4.52 6,060 Rectangular Level None All to site	283,140 22.00 56 2.56 2,942 Irregular Level None All to site	726,145 16.67 102 6.12 4,700 Rectangular Level None All to site	401,623 9.22 46 4.99 5,777 Rectangular Level None All to site	130,680 3.00 14 4.67 7,012 Irregular Level Open space All to site	283,140 6.50 131 20.15 2,830 Irregular Level None All to site			
Adjustment for Market Conditions Adjusted Rent		-\$33,550 \$75,650	-\$14,450 \$78,550	-\$18,400 \$96,600	-\$13,563 \$78,361	-\$16,860 \$63,200	-\$22,822 \$78,896			
Adjustment for Location		0%	20%	20%	20%	20%	20%			
Lot Size Adjustment Permits and Fees Cost Finish		-8%	15%	1%	-6%	-17%	-13%			
Total Physical Characteristics		-4%	-47%	-10%	-38%	-52%	-28%			
Economic Characteristics Use Non-ready Compensate Total Adjustment		-8%	-24%	-41%	-47%	-34%	-20%			
Adjusted Price Per Lot		\$37,593 \$37,485	\$38,688 \$32,158	\$59,318 \$37,251	\$52,483 \$34,832	\$34,614 \$25,186	\$39,811 \$29,488			

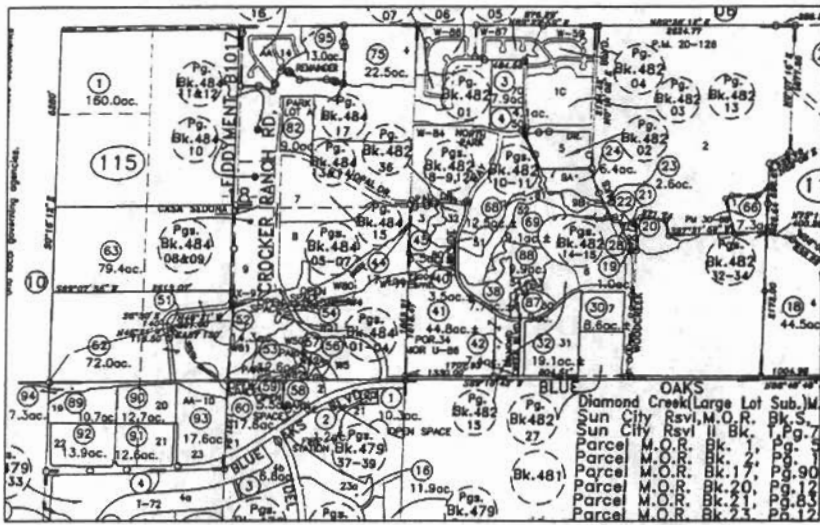
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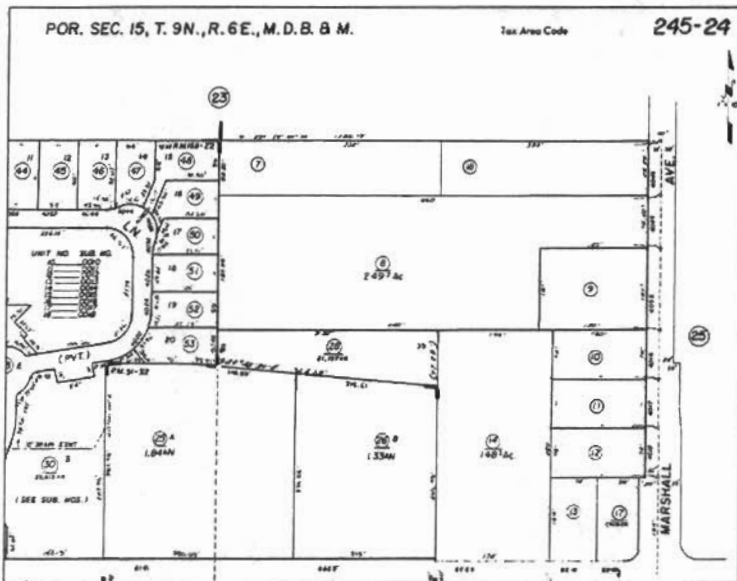
LAND SALES COMPARABLE MAP

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LAND SALE COMPARABLE PLAT MAPS



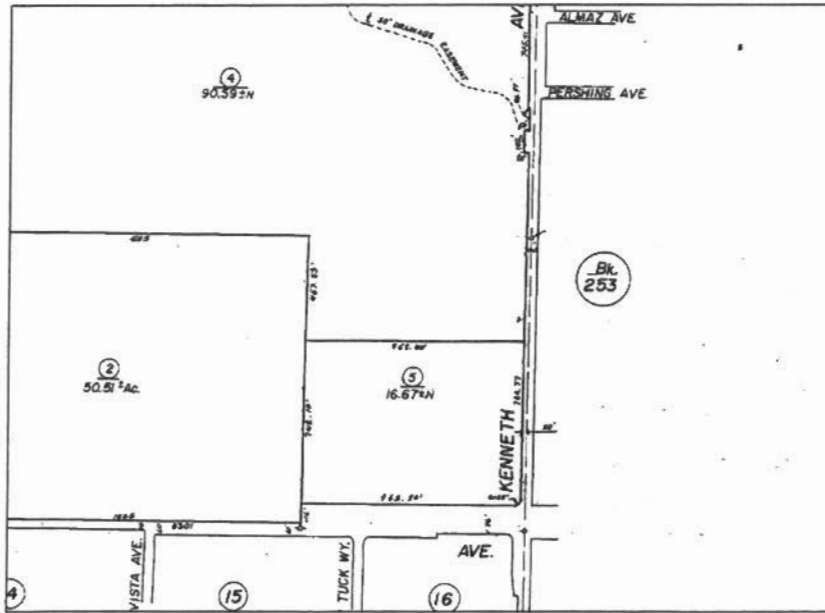
Land Sale Comparable 1: APN 017-115-001 (portion)



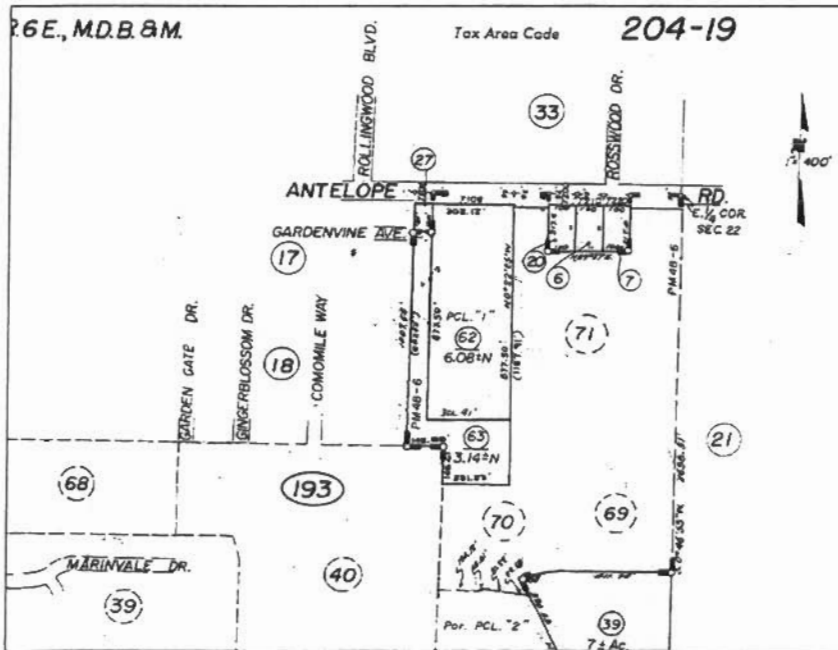
Land Sale Comparable 2: APN 045-0240-008, 009, 014, 026, 028

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LAND SALE COMPARABLE PLAT MAPS (Continued)



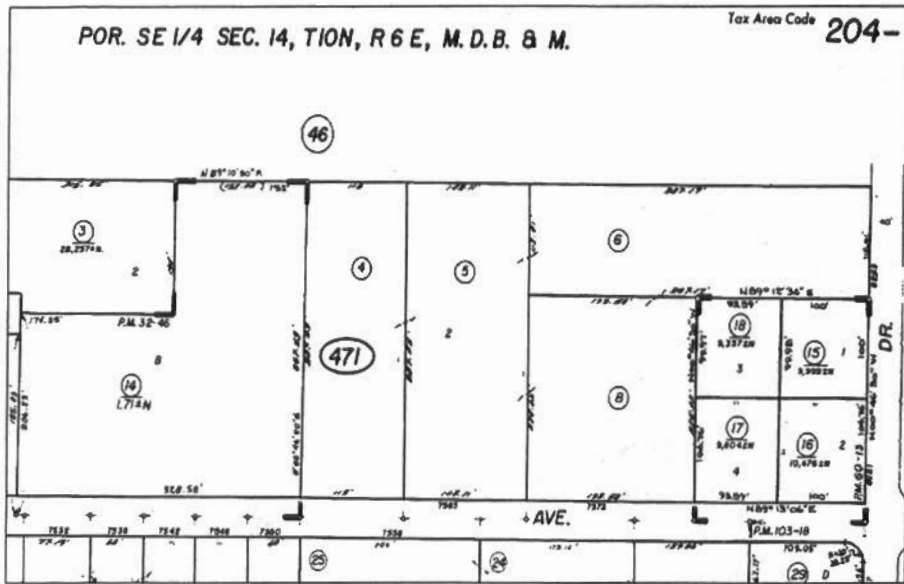
Land Sale Comparable 3: APN 249-0020-005



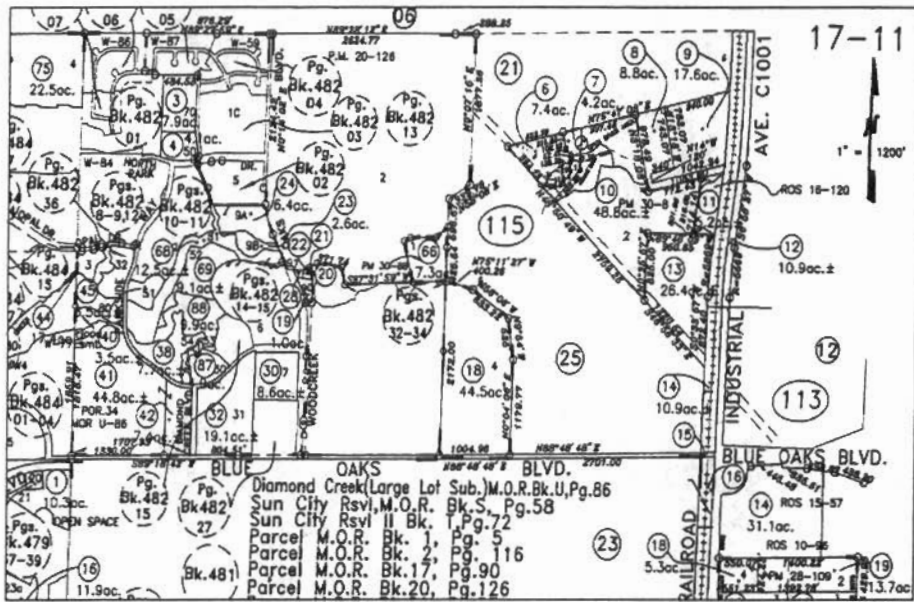
Land Sale Comparable 4: APN 204-0193-062, -063

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LAND SALE COMPARABLE PLAT MAPS (Continued)



Land Sale Comparable 5: APN 204-0471-004, 014



Land Sale Comparable 6: APN 017-115-032 (portion)

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PROSPECTIVE MARKET VALUE OF TENTATIVELY MAPPED LOTS (Continued)

Comparable 1 (\$37,457/lot) - is located in the Roseville. This sale was originally in contract for a purchase price of \$9,215,000. This contract was negotiated in March 2007 and is scheduled to close in May 2007. The lots sold in blue top condition and the estimated remaining site development costs were \$35,307 per lot. The buyer intends to develop the property with one community containing four floor plans.

Comparable 2 (\$32,550/lot) - is located in Carmichael. This comparable includes 47 cluster lots (2,235 square foot average lot size) and nine traditional lots (5,530 square foot typical lot size). The developer intends to build six floor plans ranging in size from 1,391 to 2,100 square feet.

Comparable 3 (\$37,251/lot) - is located in Fair Oaks. This comparable includes 102 lots (4,700 square foot average lot size). The developer intends to build three floor plans.

Comparable 4 (\$25,852/lot) - is located within the Citrus Heights area of Sacramento. This sale closed in January 2007, and represents an infill project containing 46 lots. The property is proposed for the development of three floor plans, ranging in size from 1,629 to 2,182 square feet.

Comparable 5 (\$29,186/lot) - is located in the Citrus Heights. This comparable represents the contract of 14 unimproved lots located in an infill area of Citrus Heights. The property fell-out of escrow for unknown reasons. A medium density single-family subdivision is located to the north, while rural single-family residences are located to the east, south and west. Mature commercial development is located 1/4 mile to the west

Comparable 6 (\$39,055/lot) - is located in the Roseville. This comparable represents a portion of the Diamond Creek development, which is proposed for the development of eight townhouse lots and a 6.52-acre site planned for the construction of multi-story, mixed-use commercial and residential buildings with ground level retail/office space and 352 residential condominium units (including 50 affordable housing units) situated above the commercial space. The 131 lots comprising the single-family component went into contract in September 2006 to Centex Homes. The purchase price was based on a static residual analysis, and the contract had a clause that the final price could be adjusted upward if market conditions improved prior to the scheduled close date of April 2007.

Value Conclusion

The following table summarizes the above analysis and the adjusted per lot values:

SUMMARY OF COMPARABLE SALE		
Comp. No.	Adjusted Price Per Lot	Indicator
6	\$39,055	High
1	\$37,457	High
3	\$37,251	High
Subject	-----	---
2	\$32,550	Low
5	\$29,186	Low
4	\$25,852	Low

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PROSPECTIVE MARKET VALUE OF TENTATIVELY MAPPED LOTS (Continued)

The previous comparable sales indicate a wide range of lot prices from \$25,278 per lot (Comparable 4) to \$39,055 per lot (Comparable 6). Based on the previous analysis, the subject property is best represented by Comparables 2 (\$32,550/lot) and 3 (\$37,251/lot). Overall, the subject is anticipated to be \$35,000/lot.

This value reflects the current expectations and perceptions of market participants along with available factual data. After considering all factors relevant to the valuation of the subject property, the opinion of Prospective Market Value of the bulk tentatively mapped lots, as of June 13, 2008 is estimated at \$3,745,000 (107 Lots x \$35,000), rounded to:

THREE MILLION SEVEN HUNDRED FIFTY THOUSAND DOLLARS

\$3,750,000

EXTRACTION ANALYSIS

Extraction is a variant of the allocation method in which land value is extracted from the sale price of an improved property by deducting the value contribution of the improvements, which is estimated from their depreciated costs. The remaining value represents the value of the land.

A search of sales of similar sized homes within the Cameron Park and Shingle Springs area resulted in the following comparables.

Address	Sale Date	Price	SF	Site SF	Rm Ct	Yr. Blt.	Price/SF	
2181 Winterhaven Circle	5/15/2008	\$249,000	1,200	2,352	3/2.5	2001	\$207.50	
2566 Chesapeake Bay Circle	3/10/2008	\$291,900	1,423	3,223	3/2	2005	\$205.13	
2533 Chesapeake Bay Circle	5/16/2008	\$299,950	1,423	2,962	3/2.5	2003	\$210.79	
8027 Marigold Drive	4/2/2008	\$409,000	1,833	9,540	3/2	2003	\$223.13	
4117 Torrazzo Way	3/13/2008	\$449,000	1,752	9,017	3/2	2003	\$256.28	
2561 Chesapeake Bay Circle	4/14/2008	\$289,000	1,197	2,570	3/3	2005	\$241.44	
2609 Chesapeake Bay Circle	5/26/2008	\$319,000	1,358	3,180	3/3	2005	\$234.90	
3537 Chesapeake Bay Circle	5/15/2008	\$319,999	1,358	2,657	3/3	2003	\$235.64	
2165 Winterhaven Circle	11/29/2007	\$305,000	1,229	3,572	3/2	2000	\$248.17	
2409 Cold Harbor Way	10/4/2007	\$299,500	1,197	2,570	3/3	2003	\$250.21	
Homes within 5 mile radius, sold 10/1/07 to present, 1,000 to 2,000 SF, lots < 10,000 SF, and 2000 to present year built.							Average	\$231.32
							Median	\$235.27
							Minimum	\$205.13
							Maximum	\$256.28

According to the developer, the average home size within the subject's development would be 1,750 SF. Based upon the previous information, it is estimated that a 1,750 SF home would sell for \$235/SF, or \$411,250.

Costs at sale include sale commission, model and sales office, project marketing and advertising. Direct Costs are based upon \$70/SF which was reported to be the costs by the developer and is supported by Marshall Valuation (Section 12, Page 20). Fees are for building plan check and permit fees which total \$55,000. Indirect Costs combined capitalized land and site interest, capitalized construction interest, common costs, field overhead, wrap insurance, warranty, and general administration. The Site Improvements are reported to be \$68,500. A contingency factor equivalent to 10% of direct and indirect costs has been used. Furthermore, a 15% profit has been deducted from the net sales price.

The following chart indicates a value of \$34,480/lot, which supports the concluded lot value of \$35,000.

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EXTRACTION ANALYSIS (Continued)

CARRIAGE HILLS		
Unit Size (SF)		1,750
Price Per SF		\$235
Base Sales Price		\$411,250
(less) Costs of Sale	4.0%	-\$16,450
Net Sales Proceeds		\$394,800
(less) Direct Costs/SF	\$70	-\$122,500
(less) Permits and Fees		-\$55,000
(less) Indirect Costs as a % of Direct	31.8%	-\$38,955
Subtotal		\$178,345
(less) On and Offsite Improvements		-\$68,500
(less) Contingency at 10% of Direct and Indirect Costs	10.0%	-\$16,146
(less) Profit as a % of Net Sale	15.0%	-\$59,220
Residual Paper Lot Value		\$34,480

"AS-IS" MARKET VALUE

These costs are deducted from the Prospective Market value at stabilized occupancy to arrive at the "As-Is" Market Value.

The "As-Is" Market Value on the appraisal date is an estimate of the market value of a property in the condition observed upon inspection and as it physically and legally exists without hypothetical conditions, assumptions, or qualifications as of the date the appraisal is prepared.

Entitlement Costs--A zoning change and subdivision map was filed in April 2007 and have not yet been approved. According to the developer, the cost spent to bring the site to its current status has been \$671,734. According to the developer, the approval of the tentative map/zoning change should take nine months and additional \$150,000 of development expenses plus \$10,000 per month in interest which is anticipated to be 9 months, or \$90,000. This equates to approximately \$240,000.

Entrepreneurial Incentive--This item is intended to estimate the necessary compensation to an investor for the risk of purchasing the property. It is unlikely that a purchaser would proceed with buying the property and building it out unless adequate profit is available to justify the effort. Entrepreneurial profit generally ranges between 5% to 30% of the Prospective Market Value, depending upon project size, location, and marketability. This has been estimated at 5%, or \$187,500 (=5% x \$3,750,000) rounded to \$190,000.

These costs are deducted from the Prospective Market value at stabilized occupancy to arrive at the "As-Is" Market Value.

"AS-IS" MARKET VALUE	
PROSPECTIVE MARKET VALUE	\$3,750,000
(less) Entitlement Costs	(\$240,000)
(less) Entrepreneurial Incentive @ 5%	(\$190,000)
"AS-IS" MARKET VALUE	\$3,320,000

CERTIFICATE OF APPRAISAL

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

- The statements of fact contained in this report are true and correct.
- The reported analyses, opinions, and conclusions are limited only by the reported assumptions and limiting conditions, and is 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 the client, the amount of the value opinion, the attainment of a stipulated result, or the occurrence of a subsequent event directly related to the intended use of this appraisal.
- My analyses, opinions, and conclusions were developed, and this report has been prepared, in conformity with the Uniform Standards of Professional Appraisal Practice.
- Christopher P. Ferguson has made a personal inspection of the property that is the subject of this report.
- No one provided significant professional assistance to the persons signing this report.
- As directed in the USPAP changes effective March 31, 1999 this appraiser is providing an opinion of value, not an estimate. This appraiser is impartial and has no bias concerning this property or the loan involved herein. My engagement in this assignment was not contingent upon developing or reporting a predetermined result. This report was performed for **CA Cameron Park LP** and their assignees.

This use of this report is subject to the requirements of the Appraisal Institute relating to review by its duly authorized representatives.



Christopher P. Ferguson
Certified General Real Estate Appraiser
State of California License #AG008447

Ferguson & Associates, Inc.

ADDENDA

- i) PROPERTY PROFILE
- ii) QUALIFICATIONS AND RESUMES

i) PROPERTY PROFILES

Property Location		Last Updated: 6/12/2008			
Address:	3615 PALMER DR	City:	SHINGLE SPRING	Zip:	0
APN#:	070-261-77	Use Code:	Vacant Miscellaneous	County:	El Dorado
	Tract: 0	Census Tract:	308.03	Zone:	RE10
Map Page/Grid:	/	Legal Desc:	PAR C P/M 16-99		
Appraisal Tax Information					
Total Assessed Value:	663,000.00	Tax Amount:	6,691.84		
Percent Improvement:	0	Tax Year:	2007		
Current Owner Information					
Current Owner:	CA CAMERON PARK	Owner Address:	PO BOX 9890		
City, State:	RANCHO SANTA FE CA	Zip:	92067		
Last Transaction:	03/06/2008	Deed Type:	quitclaim/deed of trust		
Amount:	0	Document:	0000010399		
Last Sale Information					
Transferred From:	NICOLOS C O & E L TRUST	Seller Address:			
Sale Date:	11/02/2005	Prior Sale Date:			
Most Recent Sale Price:	650,000.00	Prior Sale Price:	0		
Document Number:	92204	Prior Document No.:			
Document Type:	grant deed/deed of trust	Prior Document Type:			
Lender Information					
Lender:	TEMECULA VALLEY BANK NA	Full/Partial:	F		
Loan Amount / 2nd Trust Deed:	1,700,000.00 / 0	Loan Type:	conventional variable		
Physical Information					
Building Area:	0	# of Bedrooms:	0	Lot Size:	218235

Property Location		Last Updated: 6/12/2008			
Address:	4021 LOMA DR	City:	SHINGLE SPRING	Zip:	95682
APN#:	070-261-79	Use Code:	Mobile Home	County:	El Dorado
		Tract	0	Census Tract	308.03
Map Page/Grid:	/	Legal Desc:	PAR 2 P/M 12-93		
Appraisal Tax Information					
Total Assessed Value:	663,000.00	Tax Amount:	6,802.98		
Percent Improvement:	4.30	Tax Year:	2007		
Current Owner Information					
Current Owner:	CA CAMERON PARK	Owner Address:	PO BOX 9890		
City, State:	RANCHO SANTA FE CA	Zip:	92067		
Last Transaction:	03/06/2008	Deed Type:	quitclaim/deed of trust		
Amount:	0	Document	0000010399		
Last Sale Information					
Transferred From:	BROWN, KENNETH & HEIDI	Seller Address:			
Sale Date:	11/02/2005	Prior Sale Date:			
Most Recent Sale Price:	1,300,000.00	Prior Sale Price:	0		
Document Number:	92202	Prior Document No.:			
Document Type:	grant deed/deed of trust	Prior Document Type:			
Lender Information					
Lender:		Full/Partial:	F		
Loan Amount / 2nd Trust Deed:	0 / 0	Loan Type:	conventional		
Physical Information					
Building Area:	800	# of Bedrooms:	3	Lot Size:	218366

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Property Location		Last Updated: 6/12/2008				
Address:	4041 LOMA DR	City:	SHINGLE SPRING	Zip:	95682	
APN#:	070-261-80	Use Code:	Vacant Miscellaneous	County:	El Dorado	
	Tract	0	Census Tract	308.03	Zone:	RE10
Map Page/Grid:	/	Legal Desc:	PAR 3 P/M 12-93			
Appraisal Tax Information						
Total Assessed Value:	663,000.00	Tax Amount:	6,691.84			
Percent Improvement:	0	Tax Year:	2007			
Current Owner Information						
Current Owner:	CA CAMERON PARK	Owner Address:	PO BOX 9890			
City, State:	RANCHO SANTA FE CA	Zip:	92067			
Last Transaction:	03/06/2008	Deed Type:	quitclaim/deed of trust			
Amount:	0	Document	0000010399			
Last Sale Information						
Transferred From:	BROWN, KENNETH & HEIDI	Seller Address:				
Sale Date:	11/02/2005	Prior Sale Date:				
Most Recent Sale Price:	1,300,000.00	Prior Sale Price:	0			
Document Number:	92202	Prior Document No.:				
Document Type:	grant deed/deed of trust	Prior Document Type:				
Lender Information						
Lender:		Full/Partial:	F			
Loan Amount / 2nd Trust Deed:	0 / 0	Loan Type:	conventional			
Physical Information						
Building Area:	0	# of Bedrooms:	0	Lot Size:	220413	

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Property Location		Last Updated: 6/12/2008					
Address:		City:	PLACERVILLE	Zip:	95667		
APN#:	070-261-81	Use Code:	Vacant Miscellaneous		County:	El Dorado	
		Tract:	0	Census Tract:	312.00	Zone:	RE10
Map Page/Grid:	/	Legal Desc:	PAR 4 P/M 12-93				
Appraisal Tax Information							
Total Assessed Value:	663,000.00		Tax Amount:	6,691.84			
Percent Improvement:	0		Tax Year:	2007			
Current Owner Information							
Current Owner:	CA CAMERON PARK		Owner Address:	PO BOX 9890			
City, State:	RANCHO SANTA FE CA		Zip:	92067			
Last Transaction:	03/06/2008		Deed Type:	quitclaim/deed of trust			
Amount:	0		Document:	0000010399			
Last Sale Information							
Transferred From:	OLIVER, BASEL M & ARBLETTA S		Seller Address:				
Sale Date:	11/02/2005		Prior Sale Date:				
Most Recent Sale Price:	650,000.00		Prior Sale Price:	0			
Document Number:	92201		Prior Document No.:				
Document Type:	grant deed/deed of trust		Prior Document Type:				
Lender Information							
Lender:			Full/Partial:	F			
Loan Amount / 2nd Trust Deed:	0 / 0		Loan Type:	conventional			
Physical Information							
Building Area:	0	# of Bedrooms:	0	Lot Size:	218671		

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ii) QUALIFICATIONS AND RESUMES

f08-159

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60

Resume of
CHRISTOPHER P. FERGUSON
Real Estate Analyst

Christopher P. Ferguson was born in Cambridge, Ontario, Canada in 1960. He attended Ridley College Preparatory School where he lettered in football and crew. He received a Bachelor's Degree from the University of California, Berkeley in 1983 and attended the University of Alberta, Edmonton in 1984, completing a year of graduate work in economics. He has extensive real estate appraisal experience in California, Nevada, Wyoming, Arizona, and New Mexico.

Professional Education

University of California, Berkeley, California
Bachelor of Science Degree in Resource Economics

Appraisal Institute Courses

Real Estate Appraisal Principles
Basic Valuation Procedures
Capitalization Theory and Techniques - Part A - B
Standards of Professional Appraisal Practices - Part A - B
Valuation Analysis and Report Writing
California Laws and Regulations
Limited Appraisals
Electronic Data Interchange
Commercial Leasing/Contemporary Issues
Appraisal Review
Complex Residential Appraisals
Advanced Issues in Appraising
Modern Principles of Real Estate Appraising

Related College Courses

Finance
Econometrics
Land Economics
Accounting

Real Estate Experience

Real Estate Analyst - Ferguson & Associates, Inc. - Sacramento, California
Real Estate Analyst - Palmer, Groth & Pietka, Inc. - Sacramento, California
Commercial Appraiser - First Nationwide Bank - San Francisco, California

Licenses and Certifications

Certified General Appraiser - State of California - License #AG008447

Professional Organizations

Associate Member - Appraisal Institute
Sacramento Water Polo Club Board of Directors

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QUALIFICATIONS OF FERGUSON & ASSOCIATES

My primary goal is to serve my clients in an effective and timely manner by preparing appraisal and feasibility reports which can be relied upon for decision-making purposes by our clients. My reports utilize current analytical tools and recognized appraisal methods. The members of my firm adhere to the Code of Ethics and strive to maintain a high level of professional integrity.

Professional Services

My firm offers a wide range of services in the evaluation of real estate:

- 1) Valuation estimates on all types of properties, including residential, commercial and industrial.
- 2) Consultation regarding the most profitable utilization of real property assets. Feasibility and absorption studies of housing and commercial developments.
- 3) Analysis of real estate regarding values, site development potential, market standard versus competitive edge amenities, market conditions, etc.

ASSIGNMENTS COMPLETED BY CHRISTOPHER P. FERGUSON

MULTI-FAMILY PROJECTS

North Bridge Apartments	North Highlands, California	Salishan West Apartments	Fairfield, California
Vacant Residential Land	Orangevale, California	West Sacramento Apartments	West Sacramento, California
Willow Glen Apartments	Sacramento, California	North Bridge Apartments	North Highlands, California
Innsbrook Village Apartments	Sparks, Nevada	Vacant Apartment Land	Vacaville, California
Lakeside Apartments	Turlock, California	River Front I & II Condos	Reno, Nevada
Parkside Apartments	Sacramento, California	LeGrande Apartments	Sacramento, California
Shady Oaks Apartments	Carmichael, California	Fairview Court	Sacramento, California
Manchester House Apartments	Stockton, California	Shadowbrook Apartments	Yuba City, California
Camellia Court	Sacramento, California	Sutter Terrace	Cameron Park, California
Woodfield Apartments	North Highlands, California	Mariposa Avenue	Citrus Heights, California
Twin Pines	Groveland, California	Renwick Square	Elk Grove, California
Town & Country	Sacramento, California	Northridge Townhomes	Carmichael, California

MOBILE HOME PARKS

Pacifica Mobile Home Estates	Pacifica, California	Palomar Mobile Estates	San Marcos, California
Rancho San Miguel MHP	Santa Rosa, California	Santa Paula West MHP	Santa Paula, California
Marine World Estates	Vallejo, California	The Tropics	Union City, California
Trailer Corral	Santa Rosa, California	Spanish Ranch #2 MHP	Hayward, California
World Marine Mobile Home Park	Vallejo, California	Lamplighter MHP	Salinas, California
Lees Mobile Home Park	Vacaville, California		

SUBDIVISIONS

23-Lot Subdivision	El Dorado Hills, California	Juniper Ridge	Mammoth Lakes, California
Sheldon Passage	Sacramento, California	Laguna Park II and III	Sacramento, California
Laguna Creek Village II	Sacramento, California	Astikos Ranch	Sacramento, California
Brickyard	Pittsburg, California	Lakeside Village 3	Laguna, California
Pacific Sunset	Rocklin, California	Phoenix Field	Sacramento, California
Natoma Shores	Folsom, California	Vineyard Estates	Elk Grove, California

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SPECIAL PROJECTS

Airbase Self Storage
Heavenly Condos (Timeshare)
Point West Rent Survey
Bear Country Veterinary
Bank Branch Rent Arbitration
Proposed Liberty Motors
Victor Learning Center
Gold Creek Golf Resort
Quick Food Mini-Mart

North Highlands, California
South Lake Tahoe, California
Sacramento, California
Stockton
Sacramento, California
Grass Valley, California
Stockton
Camino, California
Modesto, California

Tower Park Marina
Galaxy Theater
Upper Valley Disposal Service
Pension K (Live/Work Space)
Sylvan Corners Veterinary
Proposed Dow Lewis Motors
Taylor Street Mini Storage
Greeley Hills Market
FOE Eagle Lodge

Lodi, California
Fairfield, California
St. Helena, California
Sacramento, California
Citrus Heights, California
Yuba City, California
Sacramento, California
Greeley Hills, California
Woodland, California

OFFICE PROJECTS

400 "R" Street
Bank Branch Building
Office Building
South Bradshaw Office Building
Proposed DMV Buildings
Esquire Theater Office Building
Sherwood Executive Office Center
Prospect Green II
Elvas Medical Plaza
Proposed North Natomas Office
Howe Avenue Office
Fox Office Building
K Street Office
1215 ICrows Landing Road
CARES Building
9121 Folsom Boulevard
3433-3437 Arden Way
800 Sunrise Boulevard
Lake Forest Tech Center

Sacramento, California
Sacramento, California
Albuquerque, New Mexico
Sacramento, California
Hanford and Turlock, California
Sacramento, California
Stockton, California
Rancho Cordova, California
Sacramento
Sacramento, California
Sacramento, California
Davis, California
Sacramento, California
Sacramento, California
Sacramento, California
Sacramento, California
Sacramento, California
Cameron Park, California
Folsom, California

Office Building
Virginia Lake Office Building
500 Capitol Mall Office Building
Proposed DMV Buildings
Pacific Bell Office Building
Robinhood Drive Office Building
Coyle Medical Building
Sunset Avenue
Office Building (Review
Tully Road/Woodrow Avenue Office
San Mateo Office
Grass Valley Office
555 Capitol Mall
1017 25th Street
Mercy Health Care
424 Vernon Street
910 2nd Street
21st and K Streets

Marysville, California
Reno, Nevada
Sacramento, California
Temecula/Napa, California
Sacramento, California
Stockton, California
Carmichael, California
Fair Oaks, California
Reno, Nevada
Stockton, California
San Mateo, California
Grass Valley, California
Sacramento, California
Sacramento, California
Sacramento, California
Cameron Park, California
Sacramento, California
Sacramento, California

RETAIL PROJECTS

Promenade Shopping Center
Home Base
Hollywood Video (Review)
Standard Brands
Sunriver Village II
DeJack's Country Store
Annandel Shops Phase II
Staples
1901 J Street
Lani Shops
Bobby McGees
Country West Center
Bob's Cheaper
McCready's Gas

Modesto, California
Sacramento, California
Redding, California
Sacramento, California
Rancho Cordova
Isleton, California
Santa Rosa, California
Sacramento, California
Sacramento, California
Sacramento, California
Sacramento, California
Sacramento, California
West Sacramento, California
Cameron Park, California
San Andreas, California

Jefferson Square Safeway
River Bend Shopping Center
Greenback Oaks Shopping Center
East Parkway Center
Hair Salon
Auburn Crossing
Placer Center Plaza
Block Buster Video
Waterfront Restaurant
Fords Burgers
4440 Marconi Avenue
Chevron
Carmichael Oaks
Payless Gas

Napa, California
W. Sacramento, California
Orangevale, California
Sacramento, California
Woodland, California
Auburn, California
Cameron Park, California
Fair Oaks, California
San Francisco, California
Sacramento, California
Sacramento, California
Davis, California
Carmichael, California
Redding, California

INDUSTRIAL PROJECTS

Alpine Business Park
Hofmann Industrial Portfolio
Railroad Drive Industrial Building
Komag, Inc. R & D Building
Ringwood Industrial Property
Weyand Avenue
Seaway Semiconductor
Central Sheet Metal
Amy's Kitchen

Sacramento, California
Suisun City, California
Sacramento, California
Milpitas, California
San Jose, California
Sacramento, California
Livermore, California
Sacramento, California
Santa Rosa, California

Ramona Business Park
Light Industrial Land
Schneider Industrial Building
North Highlands Industrial
Gayle Manufacturing Buildings
Orme Circle
Main Street Industrial
Auburn Boulevard
Ramona Industrial

Sacramento, California
Richmond, California
Benicia, California
North Highlands, CA
Woodland, California
Sacramento, California
Woodland, California
Sacramento, California
Sacramento, California

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INDUSTRIAL PROJECTS (continued)

Stage Coach Road
Fruitridge Industrial
Enterprise Boulevard
USA Products/Fashion Magic
North Point Drive
J & W Scientific
Pacific Neon
Perryman Electrical
Sacramento Vintage Ford

Stockton, California
Sacramento, California
West Sacramento, California
Lodi, California
West Sacramento, California
Folsom, California
Sacramento, California
West Sacramento, California
Sacramento, California

A & J Glass
Frank West Circle
J.L. Haley
BioTrends
Kelton Way
Wilbur Way
BENCO
Western Wines

Benica, California
Stockton, California
Sacramento, California
W. Sacramento, California
Sacramento, California
Sacramento, California
Elk Grove, California
AmericanCanyon, CA

HOTEL/MOTEL PROJECTS

Comfort Inn
Ormsby House Hotel and Casino
Holiday Inn Express

West Corvina, California
Carson City, Nevada
Weed, California

Best Western
Montgomery Inn

Oakdale, California
So Lake Tahoe, California