
Appraisal Report

18.3 Acres Residential Land

Corner Highway 49 and Sutter Ione Rd
Sutter Creek, California 95685



Date of Report: April 1, 2024

Prepared for:

Cole | Huber Attorneys LLP
2281 Lava Ridge Ct, Suite 300
Roseville, CA 95661

Prepared by:

John T. Ashworth, MAI, SRA

Ashworth Appraisal Services

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April 1, 2024

Derek P. Cole, Partner
Cole | Huber Attorneys LLP
2281 Lava Ridge Ct, Suite 300
Roseville, CA 95661

RE: 18.3 Acres Residential Land
SE Corner Highway 49 and Sutter Ione Rd
Sutter Creek, California 95685

Dear Mr. Cole:

Ashworth Appraisal Services has prepared an Appraisal Report pertaining to the market value of the fee simple interest in the above property. This report is written in conformance with the requirements set forth under the Uniform Standards of Professional Appraisal Practice (USPAP).

The subject represents two contiguous parcels of real property in the city of Sutter Creek, California which are currently unimproved land. More details regarding physical and financial characteristics of the property are contained within the attached report.

As a result of my analyses, it is my opinion the as-is market value of the fee simple interest in the subject property as of February 23, 2024, in accordance with the assumptions and limiting conditions set forth on pages 10 through 12 of this report, is:

ONE MILLION TWO HUNDRED SIXTY-FIVE THOUSAND DOLLARS

\$1,265,000

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

This letter must remain attached to the report, which contains 46 pages, in order for the value opinion(s) contained in the report to be considered valid.

I hereby certify the property has been inspected and I have impartially considered all data collected in the investigation. Further, I have no past, present or anticipated future interest in the property.

Ashworth Appraisal Services

The appraiser certifies this appraisal assignment was not based on a requested minimum valuation, a specific valuation, a direction in value, or the approval of a loan or other future event.

This appraisal has been performed in accordance with the requirements of the Uniform Standards of Professional Appraisal Practice (USPAP) and the Code of Professional Ethics and Standards of Professional Appraisal Practice of the Appraisal Institute.

Sincerely,

A handwritten signature in black ink that reads "John T. Ashworth". The signature is written in a cursive style with a large initial "J" and "A".

John T. Ashworth, MAI, SRA
State Certification #AG001835
Expiration Date: August 18, 2024

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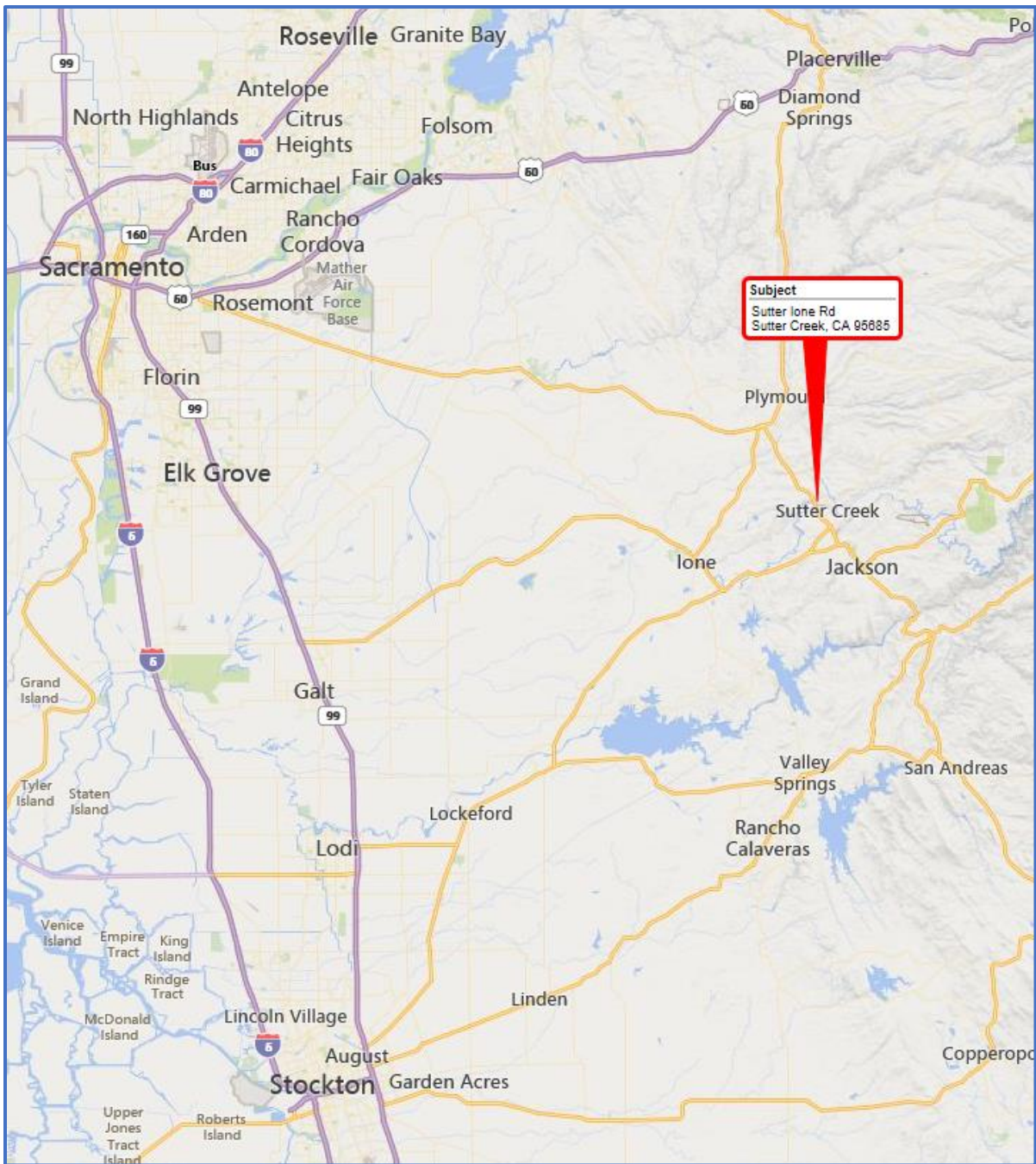
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SUMMARY OF IMPORTANT FACTS AND CONCLUSIONS

Appraised Property:	Residentially zoned land (unimproved)
Street Address:	SE corner Highway 49 and Sutter Ione Rd Sutter Creek, California 95685
Census Tract Number:	3.03
Assessor's Parcel Number:	018-020-031 and 018-020-032
Owner of Record:	Creekwood Capital LLC
Zoning:	R-L (Residential—Low Density)
Year Built:	(no structural improvements)
Site Area:	18.3 acres
Highest and Best Use As-Is:	Investigate Residential Development
Highest and Best Use If Vacant:	Investigate Residential Development
Exposure Time:	3-12 months
Date of Last Inspection:	February 23, 2024
Effective Date of Value:	February 23, 2024
Date of Report:	April 1, 2024
Property Rights Appraised:	Fee simple estate
Conclusion of Market Value:	\$1,265,000

The conclusion of value is subject to the *General and Extraordinary Assumptions, Limiting Conditions and Hypothetical Conditions* referenced on pages 10 through 12 of this report.



AREA MAP SHOWING LOCATION OF SUBJECT

Property Overview and History

The subject property consists two parcels of unimproved land zoned for medium-density residential development. There is no development other than some fencing. Current ownership is vested under *Creekwood Capital, LLC*, an entity which appears to have acquired the property in a foreclosure action in 2009, having previously provided construction loan funding, recorded in 2006. It does not appear that any physical construction was ever started on the property.

The property had previously been approximately 23 acres in size, however, after the foreclosure approximately five acres was taken in a condemnation action for the expansion of the adjacent highway, which became a new section of State Highway 49. The property was reduced to its current size of 18.3 acres. Current zoning is *RL* (Residential Low-Density). According to the current City Manager, the property retained the right to develop a maximum of 46 residential home sites on the property following completion of the Highway 49 project.

Location is within the city limits of Sutter Creek at the extreme northwesterly boundary. Sutter Creek is a small semi-rural city, though one of the larger ones in the region, and immediately adjacent to Jackson, the largest city in Amador County and its primary commercial hub. Sacramento, the state capital, is approximately an hour and a half away.

Type and Definition of Value

The purpose of this appraisal is to estimate the as-is market value of the subject property as of the effective date. Market value is defined as follows:

market value. The most probable price that 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, knowledgeably and assuming the price is not affected by undue stimulus. Implicit in this definition is the consummation of a sale as of a specified date and the passing of title from seller to buyer under conditions whereby:

- Buyer and seller are typically motivated;
- Both parties are well informed or well advised, and acting in what they consider their own best interest;
- A reasonable time is allowed for exposure in the open market;
- Payment is made in terms of cash in U. S. Dollars or in terms of financial arrangements comparable thereto; and
- 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.¹

Client, Intended User, and Intended Use of the Appraisal

The client in this appraisal assignment is the Cole | Huber Attorneys LLP, which is legal counsel for the city, functioning as the City Attorney. The intended use of the appraisal is to assist the client in matters of acquisition of the property via donation, including tax reporting for the donor. An additional potential intended user is the Internal Revenue Service. This report is intended for use by

¹ Federal Register, vol. 55, no. 163, August 22, 1990, 34228 and 34229.

the client and intended user(s) only; it is not valid, or to be relied upon, for any other intended use, user, or purpose.

Property Rights Appraised

The value estimate in this appraisal reflects the *fee simple estate* rights.

fee simple estate. Absolute ownership unencumbered by any other interest or estate, subject only to the limitations imposed by the governmental powers of taxation, eminent domain, police power, and escheat.²

The rights appraised are also subject to the *Extraordinary Assumptions, Hypothetical Conditions, General Assumptions and Limiting Conditions* contained in this report, as well as any exceptions, encroachments, easements and rights-of-way recorded.

Appraisal Report Format

This report is an Appraisal Report as defined by the Uniform Standards of Professional Appraisal Practice (USPAP), and is intended to comply with the reporting requirements set forth by USPAP.

Dates of Inspection, Value and Report

An inspection of the subject property was completed on February 23, 2024, which is also the effective date (date of value) of the report. This appraisal report was completed on April 1, 2024.

Scope of Work

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

The only individual involved in the preparation of this appraisal was John T. Ashworth, MAI, SRA. Legal and physical aspects of the property researched and documented. A physical inspection of the property was completed and serves as the basis for the site and improvement descriptions contained in this report. The client provided some additional property details. I gathered and documented additional property characteristics via the Amador County government services website. Property tax information for the current tax year was obtained from the Amador County Tax Collector’s Office. No preliminary title report was made available.

The appraiser analyzed and documented data relating to the subject’s neighborhood and surrounding

² The Dictionary of Real Estate Appraisal, 6th ed. (Chicago: Appraisal Institute, 2015), 90.

market area and the City of Sutter Creek. This information was obtained through personal inspections of the market area and analyzing market data and trends; additional general market research may have included online articles and reports; business and real estate publications; real estate conferences; and interviews with various market participants, including some or all of the following: owners, sellers, property managers, brokers, developers and local government agencies.

The highest and best use of the subject property as though vacant and as improved, based on the four standard tests (legal permissibility, physical possibility, financial feasibility and maximum productivity) was determined. In addition, I estimated a reasonable exposure time associated with the market value estimate.

The valuation employed one of the three traditional approaches to values—the sales comparison approach—to estimate the market value of the subject property. Because the property is essentially unimproved, the cost approach was excluded from this appraisal. In addition, the income approach was not applicable, as unimproved residential land does not typically generate income. The sales comparison approach was the only applicable approach to value and was reliable. The approaches to value will be discussed in more detail in the *Valuation Methodology* section.

With respect to the physical inspection of the subject property, the scope of work was limited to a walking observation of portions of the site. The appraiser is not a property inspector, and does not guarantee any improvements at the property are free of defects. Inspections by appropriate professionals are recommended if there are further concerns, or if this level of analysis is desired.

The appraiser has not checked the land records for recorded easements, and has reported only readily apparent easements, encroachments and other apparent adverse conditions. The client should review a title report prepared by a title company for recorded easements and the most up to date items affecting title. The appraiser has not researched any public or private databases regarding registered sexual offenders reported to be living in the area. The appraiser has not performed any research regarding other criminal offenders or general crime statistics or reports in the area. The appraiser has not researched known or registered contaminated sites or hazardous waste facilities proximate to the subject. These specialized data are beyond the scope of this appraisal assignment, and the client is urged to obtain appropriate research and reports if there is concern in any of these areas, or if this level of market area analysis is desired.

Hazardous material, including mold, which may or may not be on the subject property, was not observed by the appraiser. However, the appraiser is not qualified to detect such substances. The presence of these materials may have an effect on the marketability of the subject property that would cause a loss in value. No responsibility is assumed for any such conditions, or for any expertise or engineering knowledge required to discover said hazardous materials. The client is urged to retain the

services of a qualified professional in the environmental field if there is any indication or concern of possible hazardous material, including mold, by any of the parties or professionals involved in this transaction.

The reader should be advised that appraisals are the result of an inexact science and that estimated market value is dependent upon conditions and perceptions of market value that are likely to change over time. This valuation represents an opinion estimate only and is not intended to be a guarantee or assurance of resale value.

EXTRAORDINARY ASSUMPTIONS AND HYPOTHETICAL CONDITIONS

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

Extraordinary Assumptions³

- 1. All necessary public utilities are reported to be available at or near the site. It is assumed that they are sufficient for development of the property to its maximum density. Such information is not fully knowable without detailed investigation, likely to include an application process for a specific development project; as such, it is beyond the scope of this appraisal. If ultimate investigation of a proposed project results in different determinations which limits the extent of development, or feasibility of development, to the maximum allowed by zoning, the value estimate in this appraisal may not be accurate.*
- 2. It is assumed that up to 46 residential lots could be developed at the subject, based on information provided by the City Planner and also reported in Costar commercial database.*

Hypothetical Conditions⁴

- 1. According to the client, the City of Sutter Creek likely intends to acquire approximately four to five acres of the subject in the near future in order to accommodate the needed expansion of its wastewater treatment plant, which is adjacent to the southwest corner of the subject. Although that probable project may not be widely known among the public, the subject is appraised as if the project did not exist, in order to exclude the need to consider how the project may impact the current value of the subject or the remainder of the property after the taking. This is appropriate (and required) methodology in a condemnation action, and is undertaken so the property owner is compensated fairly for the market value of the property without factoring in possible impacts on value due to anticipated changes and market perceptions. Although a condemnation action has not yet been needed, nor is this appraisal prepared for that purpose, it is appropriate to give full consideration of the subject property's value and marketability unimpacted by consideration of an anticipated future partial acquisition.*

³ An assumption, directly related to a specific assignment, which, if found to be false, could alter the appraiser's opinions or conclusions. Extraordinary assumptions presume as fact otherwise uncertain [or unknowable] information about physical, legal or economic characteristics of the subject property; or about conditions external to the property such as market conditions or trends; or about the integrity of data used in an analysis. Uniform Standards of Professional Appraisal Practice (USPAP), 2016-2017 ed.).

⁴That which is contrary to what exists but is supposed for purposes 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 about the integrity of data used in an analysis. The Dictionary of Real Estate Appraisal, 5th ed. (Chicago: Appraisal Institute, 2010), 97.

GENERAL ASSUMPTIONS AND LIMITING CONDITIONS

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

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

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

CERTIFICATION STATEMENT

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

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



JOHN T. ASHWORTH, MAI, SRA
State Certification No.: AG001835 (Expires: August 18, 2024)

DATE: April 1, 2024

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DESCRIPTION OF LOCAL MARKET AREA

The subject market area is in a generally rural location well outside of major metropolitan areas. Located almost an hour and a half southeast of the greater Sacramento area, and almost one hour from the large Stockton industrial market area to the southwest, Amador County covers just over 600 square miles and had a total population of 38,091 in the 2010 census. It is a heavily wooded region in the foothills of the western Sierra Nevada mountain range, and consists of several small towns and communities, the largest of which are Jackson and Ione, both of which had a population of just over 5,000 in the 2020 census. All other cities and communities have fewer than 5,000 residents. Outside of the small towns, development is extremely sparse (mostly forest lands and some residences on large acreage).

Amador County is particularly known for its Gold Rush beginnings and mining history. Growth was very moderate in the 1900s following the decline of mining in the early part of the century, though the area has always remained a popular area for tourism. Additionally, it has emerged as a premium wine-growing region in recent years. The natural beauty and the availability of outdoor recreational activities, along with a low cost of living, attracts retirees to the area as well. The size and populations of the county's incorporated cities and the unincorporated areas are as follows.

Population levels throughout Amador County (and in the adjacent and nearby rural counties as well) are projected to increase very moderately, or to decline slightly in some locales. Notably, many of the unincorporated areas have declined slightly between the 2010 and 2020 census. Countywide, population grew from 38,091 in the 2010 census to 40,474 in the 2020 census, a gain of 6.3% over the 10-year period. Sutter Creek grew by 5.6% during that time, from 2,501 to 2,646. Pine Grove grew by just over 30%, from 2,219 to 2,891. The population of Ione declined notably, and a slight decline has been experienced in some of the small communities and outlying areas. Low and negative growth rates are likely reflective of the broad socioeconomic trend toward urbanization and the preference for younger families especially in seeking lifestyles in the cities and suburbs. Anecdotally, the effects of population decline and slow income growth are observed in much of the subject market area. In the small towns, and especially in the more isolated and outlying areas, it is not uncommon to see closed or "dark" commercial uses, while much of the existing commercial properties reflect older design and signage, and small, independent users. Outside of some primary commercial corridors and shopping centers in the larger towns, primarily Sutter Creek and nearby Jackson, much of the commercial property inventory reflects older properties and little demand for new construction.

Sutter Creek

Sutter Creek is adjacent to Jackson, the primary commercial center in the county. Other nearby

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communities include Pioneer, Ione, Plymouth and Pine Grove. Demand for both tenants and customers of most commercial uses in Sutter Creek draws primarily from Sutter Creek and Jackson and also from some of the surrounding sparsely populated areas and more remote communities. With respect to investors or buyers of commercial property (including land suitable for subdivision) in Sutter Creek, and Amador County in general, most would be those with local interests.

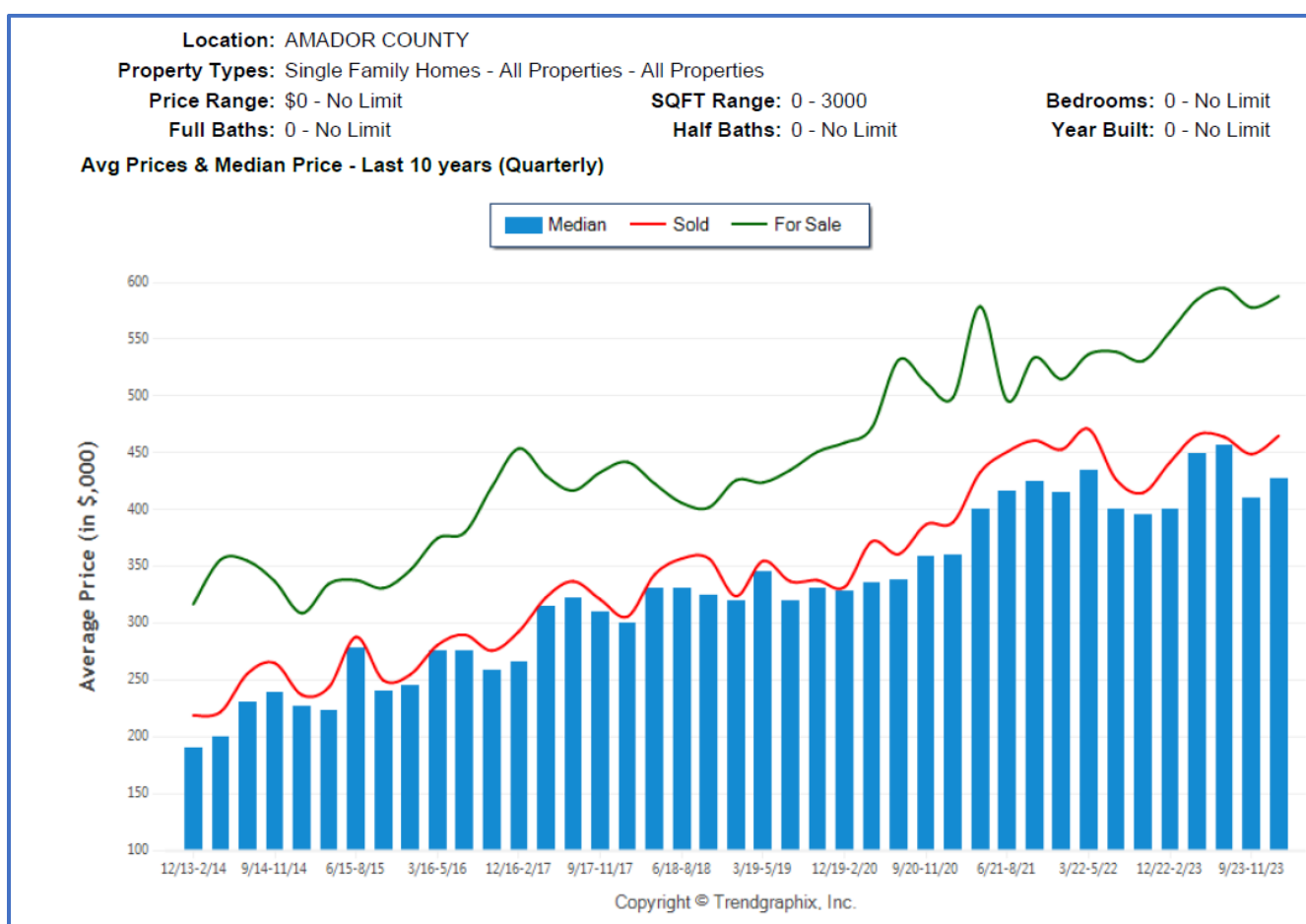
Summary

The subject's market is a rural county over an hour away from the greater Sacramento area and from the port city of Stockton. All the towns in the region are very small, most with a population under 3,000. Growth is expected to be minimal in most communities, with some submarkets projected to have no growth or negative growth. The more built-up town centers along the Highway 49 corridor (Sutter Creek and Jackson) reflect some newer commercial uses, however, the rural areas have only small pockets of commercial uses, and most of these are older. Demand for users (customers) of commercial space in Sutter Creek would be primarily from Sutter Creek and Jackson, and secondarily from surrounding smaller communities and outlying areas. The mostly likely buyer for commercial properties or development project would be one with local interests, though a regional builder may consider the subject if it could achieve close to maximum allowable density.

RESIDENTIAL MARKET OVERVIEW

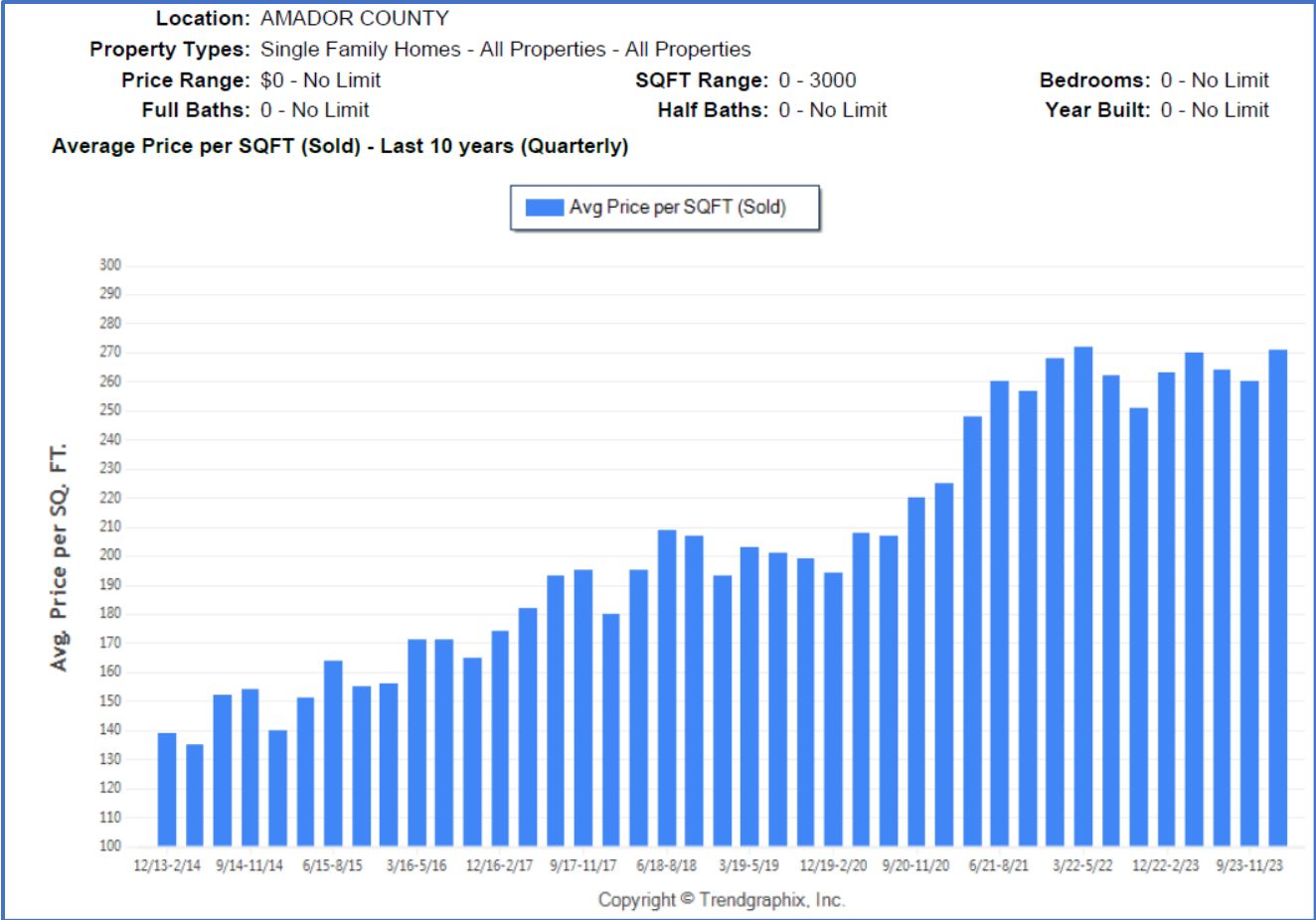
The primary focus of market analysis will be on the residential market, as that is the driver of land suitable for subdivision. Values and trends in the market for single-family residences (SFRs) influence the demand for properties such as the subject. The following graphs and analyses reflect the market for all SFRs in Amador County up to 3,000 SF in size. This broader look at the market was necessary because Sutter Creek alone is such a small market that data sets would be insufficient for meaningful analyses, particularly for trend analysis.

The square footage cap was 3,000 because this covers over 90% of SFR sales, and is most useful for discerning meaningful trends. Notably, Sutter Creek has averaged 5 to 15 SFR sales per quarter (about 2 to 5 per month) every quarter except one over the last 10 years. Amador County has averaged 30 to 50 sales per month, which allows for reliable trends analysis, and which should be reliable for application to Sutter Creek.



RESIDENTIAL SALE PRICES IN AMADOR COUNTY

The graph above shows average and median value trends over the last 10 years. Values rose steadily until early 2020, began increasing more sharply following the onset of the COVID pandemic, then dropped slightly and leveled off in late 2022. Since 2023 values have been increasingly slightly overall.



RESIDENTIAL SALE PRICE PER SQUARE FOOT (\$/SF) IN AMADOR COUNTY

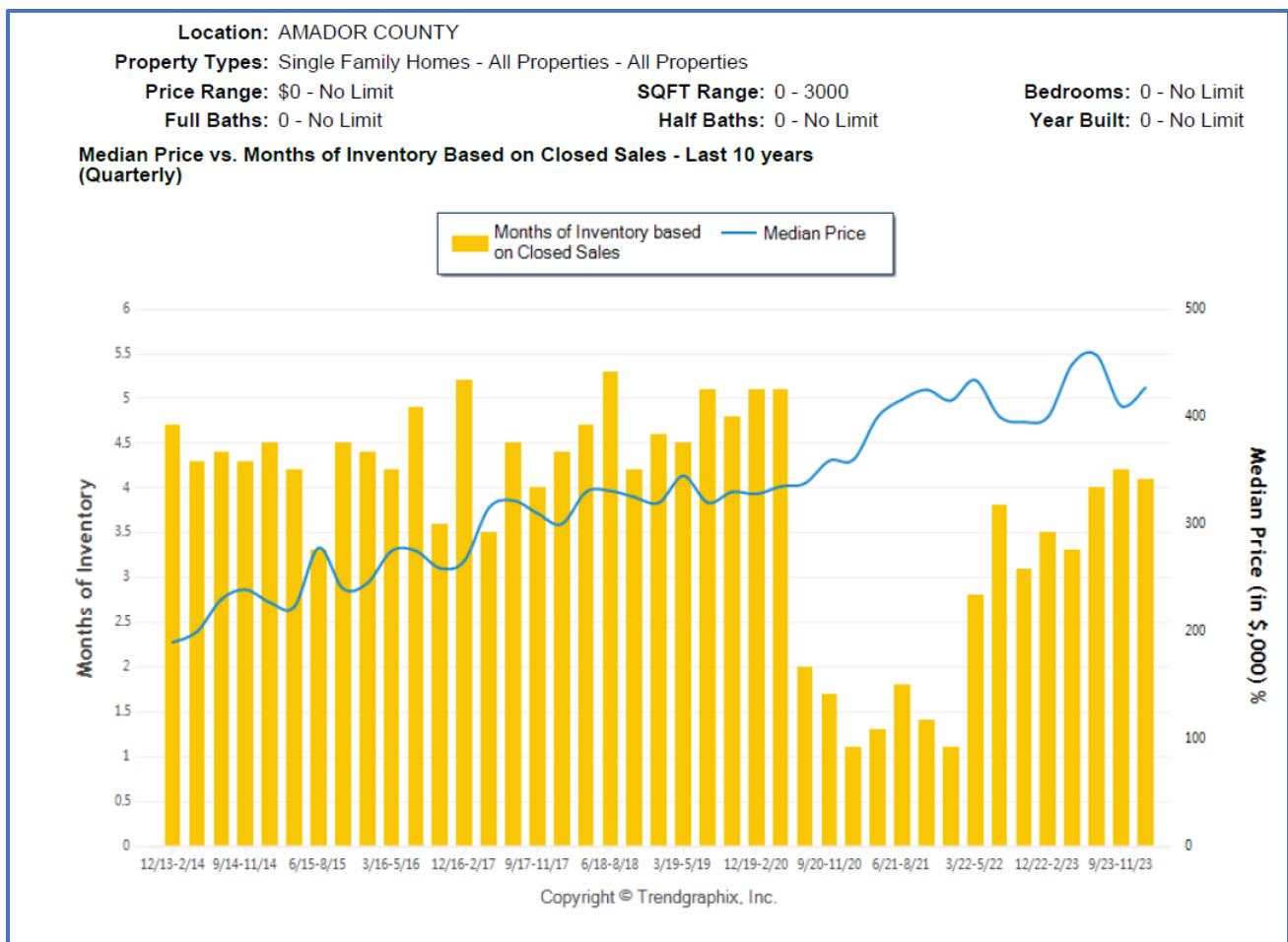
The graph above shows the average price per square foot (\$/SF) for sales of SFRs over the same period. It shows that sales prices have reflected a generally flat, or stable, price per square foot over the 10-year period.

Lastly, the graph on the following page show inventory levels for SFRs in the market. Inventory reflects the number of houses listed and available for sale. It is measure in terms of how many months of demand can be satisfied, based on how have been selling in recent month. For example, if 30 homes sold in the last quarter, the average is 10 home sales per month. If there are currently 40 homes listed for sale and available, that reflects in inventory level of four months (4 months times 10 sales per month).

Inventory levels of less than three months are considered to reflect a possible shortage, especially when down to two months or less. This is also known as a seller’s market because sellers have more leverage, and will eventually lead to upward pressure on prices. Levels of three to six months, or

possibly nine months, are typically considered to reflect balance, adequate for the volume of anticipated sales. Supplies greater than six to nine months move the market into an oversupply condition. There are more than enough properties to satisfy demand, and this ultimately results downward pressure on prices.

Inventory of SFRs in the county were lightly increasing in the years leading up to the pandemic, then dropped sharply when the pandemic began. There was a shortage of supply for mid-2020 until around mid-2022. However, they began increasing again notably in mid-2022 and have continue to rise steadily since late 2023. The inventory level is currently around four months, suggesting balance, not so little as to continue driving prices up, but not too much that properties languish due to too few buyers. Current inventory levels are reflective of a fairly healthy market and stable values.



RESIDENTIAL INVENTORY LEVELS IN AMADOR COUNTY

Summarizing, price levels for SFRs in Amador County generally stable since mid-2022. Average and median pricing may reflect some slightly upward pressure, though price per square foot remains very stable. This is supported by the fact that inventory levels continue to grow. The market is healthy, without notable downward or upward pressure.

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COMMERCIAL MARKET OVERVIEW

As a large and very rural area, there are no market studies that specifically cover Amador County or the region in general. It is a distinct and separate market, isolated relative to the urban and suburban markets in an around Sacramento. Generally, commercial uses in the county and in Sutter Creek reflect average construction quality, and development and design from the early- to mid-1900s (and some from the 1800s in the historic downtown area). Users tend to be a mix of independent, smaller businesses. Most commercial properties in the market are smaller and serve primarily local customers and some tourist traffic and visitors. The mix of uses appears to be average in terms of compatibility.

Most income property investors in the region would only selectively consider Sutter Creek and similar communities due to their outlying locations and small size, which creates inefficiencies in management. As such, most local commercial properties tend to be owned and occupied by those with local interests, often full or partial owner-users.

Data sets for commercial property at the local level are so small, even when gathered countywide, and consist of transactions of such varied small-town properties, that they are typically insufficient for detailed trend analysis. However, a study of annual commercial activity exhibits that non-residential property values have been generally increasing over time, though activity has been a fairly steady half a dozen to a dozen sales per year for properties up to a \$1M sale price.

YEAR	SALES	HIGH	AVG	MEDIAN	DAYS ON MKT
2013	8	\$900,000	\$244,250	\$147,500	315
2014	11	\$875,000	\$340,263	\$250,000	92
2015	12	\$800,000	\$395,208	\$370,000	243
2016	12	\$715,000	\$298,850	\$272,500	146
2017	3	\$550,000	\$224,833	\$75,000	674
2018	5	\$840,000	\$380,000	\$320,000	517
2019	9	\$999,000	\$389,667	\$281,000	146
2020	6	\$880,000	\$550,000	\$527,500	186
2021	12	\$835,000	\$416,417	\$355,000	65
2022	5	\$980,000	\$476,000	\$400,000	58
2023	5	\$910,000	\$502,560	\$562,800	128
(Active Listings)	12	\$975,000	\$548,992	\$472,000	114

COMMERCIAL SALE TRANSACTIONS IN AMADOR COUNTY IN LOCAL MLS

The above data represent all non-residential properties in Amador County that sold or are currently listed in the local MLS database, including industrial and special purpose uses, but with a cap of

\$1M asking or sale prices. The price cap eliminates large and dissimilar properties, sales of which are infrequent (0 to 2 per year), resulting in more meaningful statistics. Although the data naturally represent diverse properties, it is sufficient to conclude that values are stable to slightly increasing. Of note is that a major wildfire burned over 70,000 acres, and hundreds of homes and businesses, in adjacent Calaveras County in September of 2017, canceling most sales in progress and eliminating most sales activity in late 2017 and early 2018 in Calaveras and Amador counties.

Some very general indicators regarding commercial property was available in surrounding outlying areas. These also tend to indicate a stable to slightly positive metrics, reflecting a healthy market.

Retail: Outer Sacramento County

Average \$/SF sale price	\$257
Sale price trend	increasing
Vacancy	2.4%
Vacancy trend	increasing

Retail: Outer San Joaquin County

Average \$/SF sale price	\$203
Sale price trend	increasing
Vacancy	1.8%
Vacancy trend	decreasing

Industrial: Outer Sacramento County

Average \$/SF sale price	\$131
Sale price trend	decreasing
Vacancy	3.5%
Vacancy trend	increasing

Industrial: Outer San Joaquin County

Average \$/SF sale price	\$104
Sale price trend	increasing
Vacancy	2.9%
Vacancy trend	increasing

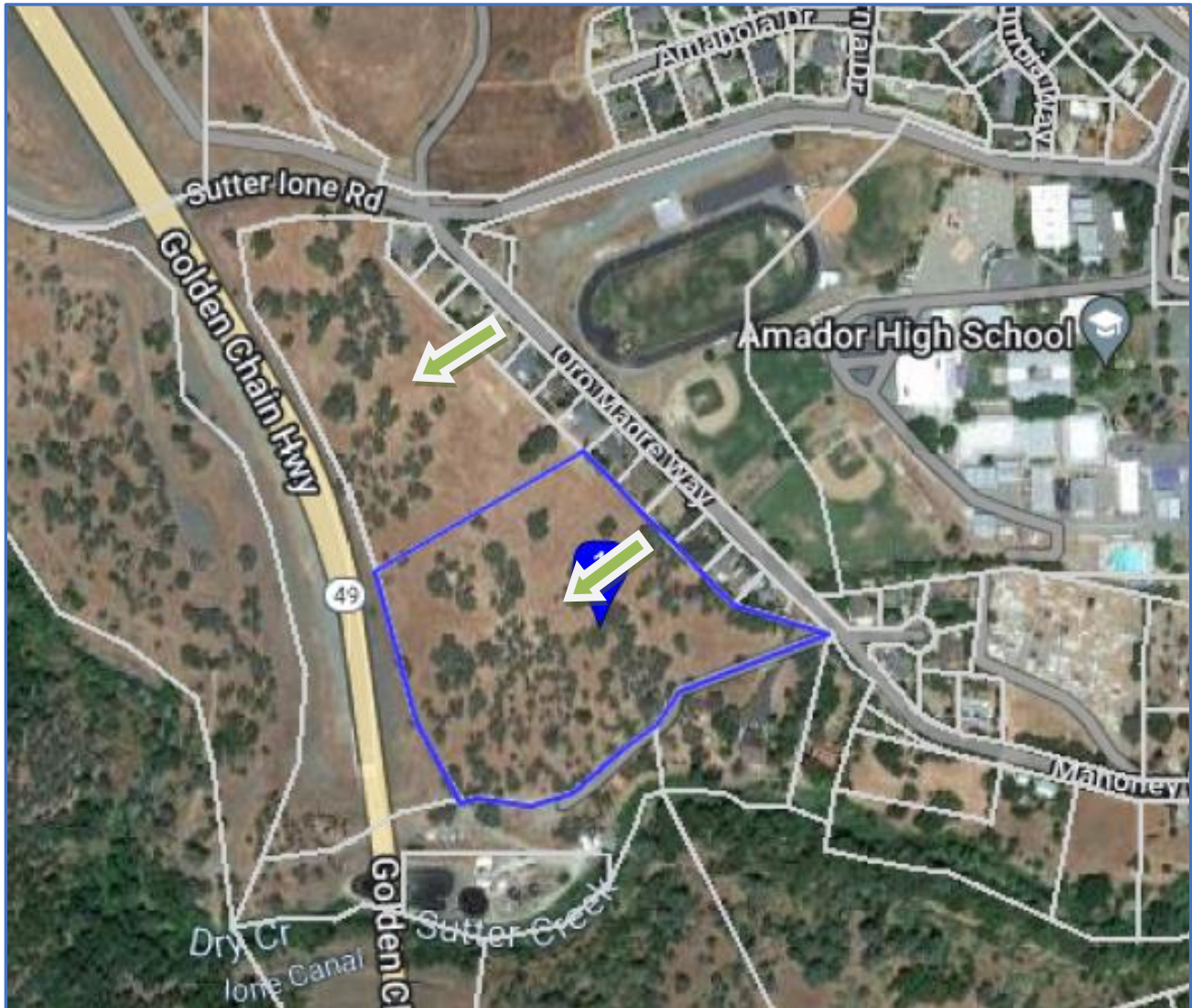
Summary

Although regional and even local commercial real estate markets appear fairly healthy (if not strong in some sectors), Amador County in general is a very tertiary market. Except for a few franchise and large operations, most commercial real estate has appeal only to local interests or those motivated more by price point than location. Sutter Creek, and most Amador County communities, reflect isolated markets with very small populations and demand base, and will tend to reflect rents, vacancy levels, and (if applicable) capitalization rates similar or inferior to broader secondary markets. The subject market area (Amador County) has few commercial property transactions, usually no more than a dozen a year. Most are in the larger towns, primarily Jackson. With the exception of some newer shopping centers in the larger towns, income property owners in the region tend to be owner-users as opposed to investors.

PROPERTY IDENTIFICATION AND LEGAL DATA

Location

The subject property is located on the southeast corner of the intersection of Highway 49 and Sutter Ione Rd near the northwesterly boundary of Sutter Creek; it consists of both parcels identified below.



Street Address

(no address assigned as the property has no structures)
Sutter Creek, California 95685

Census Tract Number

3.03

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Assessor's Parcel Number

018-020-031 and 018-020-032

Owner(s) of Record

Creekwood Capital LLC

Legal Description

40M46 ADJ PAR 1 SEC6 T6N R11E

40M46 ADJ PAR 2 SEC6 T6N R11E

Please consult a title report for a complete and verified legal description.

Property Taxes

The property tax system in California was amended in 1978 by Article XIII to the State Constitution, commonly referred to as Proposition 13. It provides for a limitation on property taxes and for a procedure to establish the current taxable value of real property by reference to a base year value, which is then modified annually to reflect inflation (if any). Annual increases cannot exceed 2% per year. Taxes totaled \$10,428 for tax year 2023-2024, however, for appraisal purposes they will be appropriately calculated based on the estimated market value.

The subject is located in tax rate area 4005. The assessed value of the property in 2023 was \$1,023,377 (total of both parcels), which is not necessarily reflective of market value due to the property tax system in California, as discussed above. The tax rate applicable to properties in tax rate area 4005 is 1.019% of assessed value.

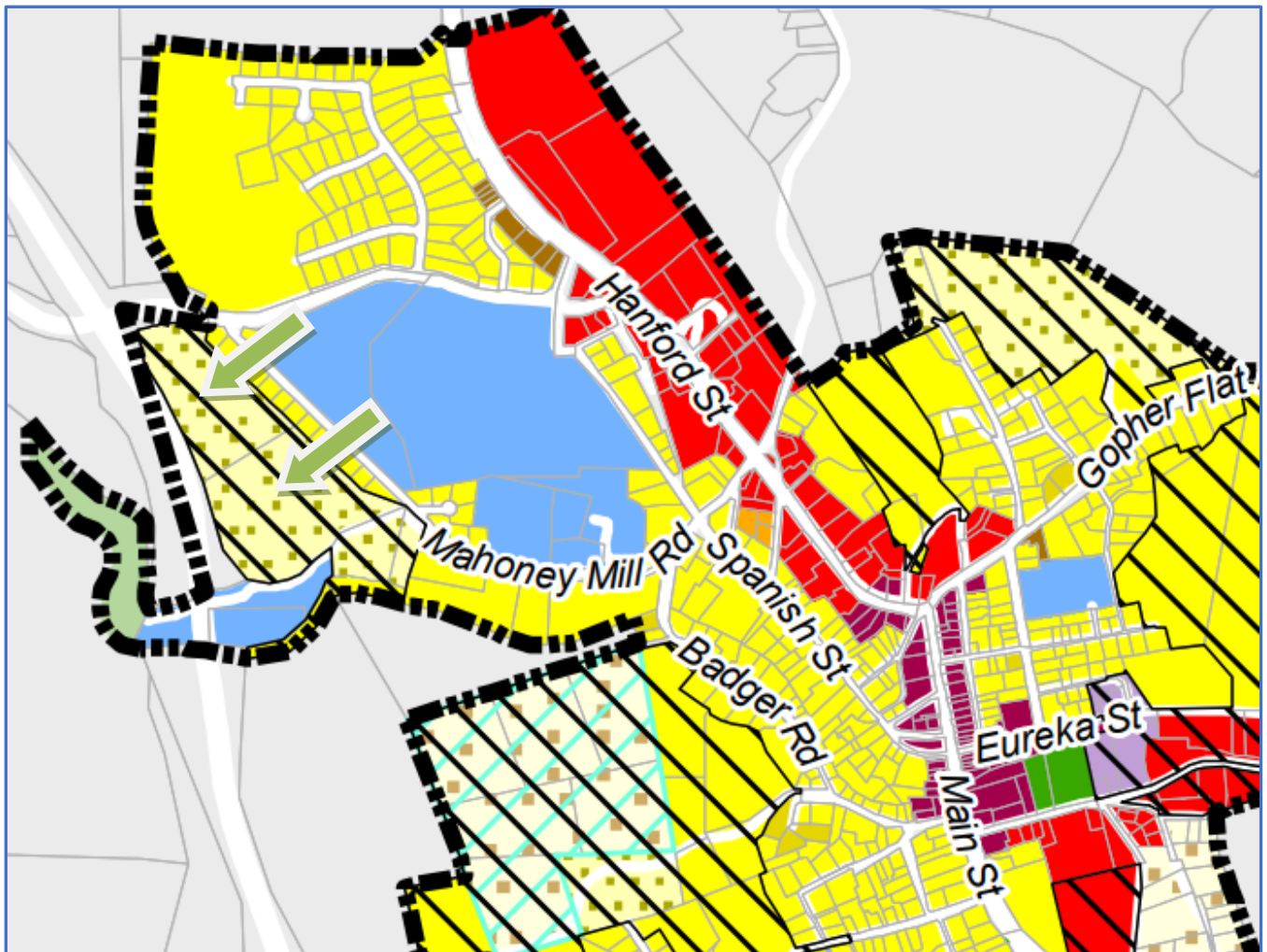
With respect to valuing real estate, property is re-assessed upon a sale based on the sale price (with the assumption that the sale is reflective of market value). Therefore, the tax burden used in this appraisal is calculated based on the appraised market value, which would become the new assessed value for the property if sold at market value as of the effective date (a premise of an appraisal). The formula to be applied to calculate the tax amount for appraisal purposes is as follows.

$$\text{Appraised (market) value} \times 1.0190\%$$

The resulting figure would be the tax burden to a new owner at market value. This would also be the appropriate figure to include as an expense item when analyzing the subject's performance if using an income approach to value.

Zoning

The subject is zoned *R-L* in the City of Sutter Creek. Denoted *Residential—Low Density* according to the city’s zoning ordinance, this zone “is designated for detached one-family dwellings on lots characterized by a suburban setting.” The zone requires a minimum lot size of 20,000 SF, common in Sutter Creek city limits but relatively small relative to the broader semi-rural and rural Amador County market. Notably, the city manager reported that the subject property was recognized as having 46 potential allowable lots following the city’s acquiring the four to five acres via condemnation for building the new section of Highway. However, the 20,000 SF-minimum lot size requirement would allow only 39, based on the subject’s 18.3 acres. Further, a property profile provided by Costar’s commercial property database also indicates the property as having a maximum number of potential units via subdivision as 46. This figure will be used going forward in the report (see *Extraordinary Assumptions* on page 10).



ZONING MAP

The P-D (Planned Development) combining zone is intended for flexibility in development to approve or even encourage additional uses beyond those permitted by the underlying zoning “to promote and encourage development...where appropriate in location and character.” The City Manager noted that a commercial component could be considered at the subject as part of a proposed residential development project.

Conditions of Title

No preliminary title report was made available for the subject property for this appraisal report. The appraiser assumes no negative title restrictions impact the subject property. The appraiser accepts no responsibility for matters pertaining to title or vesting. If information becomes available at some future point regarding item(s) of title that may specifically impact the value or marketability of the subject, the appraiser reserves the right to update the report and amend the opinion(s) of value if necessary.

Easements

It appears the subject contains easements for roadways and public utilities; however, these easements are typical for the area and are not considered to adversely affect the value or marketability of the subject property.

The appraiser is not a surveyor nor qualified to determine the exact location of any easements. It is assumed any easements do not have an impact on the opinion(s) of value set forth in this report. If, at some future date, any easements are determined to have a detrimental impact on value, the appraiser reserves the right to amend the opinion(s) of value contained herein.

Flood Zone

The property is located in a non-flood zone, Zone X, on FEMA Map Panel 06005C0340F dated May 20, 2010.

DESCRIPTIONS OF SUBJECT PROPERTY

The property consists of two parcels of land zoned for potential residential subdivision; they are being valued as if combined into one assembled property. Location in the city's *P-D: Planned Development* overlay zone could also allow for approval of other uses such as commercial/retail. The property is essentially undeveloped except for some fencing. Attributes and features noted include the following.

- Irregular site shape
- Total site size is 18.3 acres
- Vast majority of site is lightly sloping to gently rolling
- There are many trees scattered throughout the site but not densely
- There are a few areas of some relatively large boulders
- Site has been used for horse grazing in the recent past
- Some overhead power or telephone lines near easterly boundary behind houses
- Roughly 1,500' of frontage along Highway 49
- Only about 300' of usable frontage due to highway guardrail along the majority
- The 300' of accessible frontage is below the intersection at Sutter Ione Rd
- This corner has steeply mounded dirt and fill over one story high (see photos)
- Most of the frontage along Sutter Ione Rd steeply upsloped
- Access to the property is via a manual gate at the northeast corner of the site
- The easterly boundary mostly backs approximately 14 homes on Oro Madre Way
- The southerly boundary is along Mahoney Rd, which is mostly gravel and private
- Mahoney Rd terminates at the city's wastewater treatment plant
- The subject is mostly moderately to steeply sloped along Mahoney Rd
- Currently there is no access from Mahoney Rd
- No sidewalks, curbs, gutters or street lights
- Much wire fencing at boundaries along the two secondary streets
- Public utilities assumed to be available at the street nor near the site but not connected, based on the fact that they serve the nearby houses and a large parcel suitable for subdivision across Sutter Ione Rd is being marketed as having all utilities available
- Some average local, pastoral views
- Sutter High School is on the opposite of Oro Madre Way less than 100 yards from subject
- The long frontage on Highway 49 presents some traffic noise
- The wastewater treatment plant is across from the southwest corner of the subject

SUBJECT PHOTOGRAPHS



Frontage of Subject along Highway 49



Frontage from Highway 49 Near SW corner



Frontage Near Corner of Hwy 49 and Sutter Ione Rd



Corner of Highway 49 and Sutter Ione Rd



Sutter Ione Rd (Subject on Left)



Frontage Along Mahoney Hill Rd



Entry to Subject from Sutter Ione Rd



Subject Site



Subject Site



Subject Site



Hwy 49 Guardrail at Westerly Boundary of Site



Subject Site Backing Homes on Oro Madre Rd



AERIAL PHOTOGRAPH OF SUBJECT

clockwise from top, arrows indicate approximate boundaries of subject: Sutter Ione Rd; houses on the southwest side of Oro Madre Rd (with Amador High School directly across that street); private Mahoney Hill Rd (which terminates at the city's wastewater treatment plant across from the southwest corner of the subject); the wastewater treatment plant itself; and Highway 49 to the west



AERIAL PHOTOGRAPH OF REGION

Subject near extreme northwesterly boundary of Sutter Creek

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HIGHEST AND BEST USE ANALYSIS

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

The reasonably probable use of property that results in the highest value. The four criteria that the highest and best use must meet legal permissibility, physical possibility, financial feasibility and maximum productivity.⁵

Two analyses are typically required for highest and best use, highest and best use of the subject property *as though vacant* and highest and best use of the property *as currently improved*. In this case, the subject is essentially vacant, and the two conclusions would be identical.

Possible Legal Uses

The property is zoned *R-L*, which allows for medium density SFR development. Location in the *P-D* combining zone indicates that other, non-residential uses could be considered as part of a residential development project if it was concluded by the city to be appropriate for the project and location, and in keeping with the character of the city and its goals.

Physically Possible Uses

There are some limitations to development at the perimeters of the property. A highway guardrail along roughly 80% of the Highway 49 precludes access. Very sharp slope and large embankments at the corner of Highway 49 and Sutter Ione Rd preclude or substantially impact the possibility or feasibility of development; this is also true on much of the frontage along Sutter Ione Rd. The southerly boundary is a road which is mostly gravel and private, also with a moderate to steep slope at the subject, though not as much as at Highway 49 and Sutter Ione Rd.

The interior of the site is mostly rolling to gently sloping and appears suitable for development. Current access is somewhat limited, as it is only from one point on Sutter Ione Rd though it is almost level at that point. Creating any additional access point would be relatively expensive and may not be feasible or even possible and the Highway 49 intersection. There are no apparent or known soil or drainage issues. There are a few trees and boulders which may have to be dealt with, or worked around, but this is not uncommon in the region.

Feasible Uses and Maximally Productive Use

1. As if vacant, residential development would need to be the primary (if not only) component of any proposed development project. A commercial / non-residential component could be

⁵ The Dictionary of Real Estate Appraisal, 6th ed. (Chicago: Appraisal Institute, 2015), 109.

allowed at the discretion of the city. Research of commercial sale data in Sutter Creek and the broader market (including some communities in adjacent Calaveras County) indicate that top-tier commercial locations—those in core developed downtown area, and adjacent to or near prominent or newer building or prime locations with current trade traffic—tend to sell for roughly \$100,000/acre up to more than \$200,000/acre. Properties in second-tier commercial locations sell for well under \$100,000/acre, with outlying locations going for as low as \$15,000/acre. The subject, though located on Highway 49, is a decidedly second-tier location for commercial development, and has additional impairments of limited access on the highway and its large and steeply sloped embankments on the frontages. There would be the need to move dozens of truckloads of material to prepare a commercial site. Even if permissible, this would certainly negatively impact the price point of the land necessary for feasibility. A commercial project could be included at the interior of the site but it would lose much visibility and beneficial access, again rendering the value of such underlying land lower, in addition to the land lost to development because of the steep slope and large embankments. Because there is uncertainty if even a second-tier commercial component could be allowed or feasible, **it is concluded that residential development is the only potentially allowable and feasible development at the subject and should be investigated.**

2. As currently improved, the subject has only some perimeter fencing to consider. Some or all of this may only be useful in the interim and would have to be removed or replaced in a future development. As such, the property is effectively unimproved and considered simply to be vacant and available for development. Therefore, **the highest and best use of the property as currently improved is identical to the conclusion of its highest and best use as if vacant, above.**

Concluding, the highest and best use of the subject property both as if vacant and available for development, and as currently improved, is to investigate residential subdivision. Notably, there is little support that there is strong market demand for a project the size of the subject. Much investigation would be necessary to determine feasibility, which could alter the price point at which the land is feasible for development. It may turn out that holding it for future development potential is the highest and best use, or that the exploration of other subdivision scenarios may be more expedient (e.g., subdivision into a fewer number of larger “estate” sized lots. Holding the property for a future increase in underlying land values increase (residential and/or commercial) may be the most optimal—the “path or progress” motivation. For valuation purposes, it is most appropriate and straightforward to consider development to maximum density to be the highest and best use of the subject. The following sections in the report develop an estimate of market value for the property.

VALUATION METHODOLOGY

The valuation process is a systematic procedure employed to provide the answer to a client's question about the value of real property. This process involves the investigation, organization and analysis of pertinent market data and other related factors that affect the market value of real estate. The market data is analyzed in terms of any one or all of the three traditional approaches to estimating real estate value. These are the cost, sales comparison, and income approaches. Each approach to value is briefly discussed and defined as follows:

Cost Approach

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

cost approach. A set of procedures through which a value indication is derived for the fee simple estate by estimating the current cost to construct a reproduction of (or replacement for) the existing structure, including an entrepreneurial incentive or profit; deducting depreciation from the total cost; and adding the estimated land value. Adjustments may then be made to the indicated value of the fee simple estate in the subject property to reflect the value of the property interest being appraised.⁶

Sales Comparison Approach

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

sales comparison approach. The process of deriving a value indication for the subject property by comparing sales of similar properties to the property being

⁶ The Dictionary of Real Estate Appraisal, 6th ed. (Chicago: Appraisal Institute, 2015), 54.

appraised, identifying appropriate units of comparison, and making adjustments to the sales prices (or unit prices, as appropriate) of the comparable properties based relevant, market-derived elements of comparison. The sales comparison approach may be used to value improved properties, vacant land, or land being considered as though vacant when an adequate supply of comparable sales is available.⁷

Income Approach

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

Conclusion: Subject Valuation

The valuation will employ one of the three traditional approaches to values—the sales comparison approach—to estimate the market value of the subject property. Because the property is only minimally improved, the cost approach was excluded from this appraisal; it was not necessary for credible appraisal results. The income approach is also not applicable.

The sales comparison approach was the only approach which was reliable and necessary. It is the approach relied on for almost all buyers and sellers of commercial land including land suitable for subdivision or holding for future subdivision.⁸ The subject will be valued as land suitable for investigation of its subdivision potential based on its underlying zoning; subdivision may or may not be currently feasible, but that does not eliminate or preclude a speculative component of value due to possible future subdivision potential.

⁷ *The Dictionary of Real Estate Appraisal*, 6th ed. (Chicago: Appraisal Institute, 2015), 207.

⁸ An income approach can be performed for a largely approved subdivision but is not appropriate for transitional land, or land not yet investigated for subdivision or feasibility, such as the subject. Some level of entitlements or tentative approval are needed, along with a specific proposed project, in order to begin the complex methodology of subdivision appraisal based on projected revenue and expenses (i.e., an income approach)

SALES COMPARISON APPROACH

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

This approach is based on the economic principle of substitution. According to *The Appraisal of Real Estate*, 14th Edition (Chicago: Appraisal Institute, 2013), “*The principle of substitution states that when several similar or commensurate commodities, goods, or services are available, the one with the lowest price attracts the greatest demand and widest distribution...[and that] a buyer will not pay more for one property than for another that is equally desirable.*”

In order to arrive at indications of value of the subject, which is land zoned for residential subdivision, several sets of sale data of residential land will be analyzed. These analyses will help form value indications for both individual lots—land already subdivided into homesite-ready parcels—and for land not yet subdivided but with some subdivision potential. The four land data sets are as follows.

- Sale data of individual lot sales in the local market
- Sale data of land with subdivision potential but without approvals in the local market
- Sale data of land with subdivision potential but without approvals in Greater Sacramento
- Sale data of land with some level of approvals, entitlements, or advancements of subdivision

The first analysis, individual home sites, informs generally the value of the end-product of subdivision, a created lot ready for development of a single-family residence. Sale data for existing ready-to-build homesites are useful to understand the maximum potential value of the subject should subdivision be completed. The second and third analyses involved land marketed for its potential as subdividable land but with no substantial steps taken in a development process. These analyses would reflect properties most similar to the subject. The latter analysis would reflect sale data of properties which include some advancement in the subdivision process; these advancements could range from some preliminary investigations or reports, to some substantial investigations and possibly tentative approval of a project, to a fully approved subdivision map. Sale prices will reflect the value of such land to potential buyers, including the premium for the future value which could be created from the land. This premium could be zero or negligible if the market perceived demand was insufficient for a volume of new homes sites or homes, if development or approval was believed to be unlikely, or if the time horizon was too long to motivate waiting or speculation. The premium could be significant if an area prime for redevelopment or when value has been newly created due to a recent or anticipated zone change; these scenarios are more often seen in suburban and urban areas.

Each analysis will result arrive at a conclusion regarding value, followed by a reconciliation of the four into a conclusion of value for the subject.

Individual Lot Sales in Sutter Creek

The following are sales of individual, ready-to-develop home sites in Sutter Creek. Utilities at each are readily available except as noted.

255 Spanish St 0.37 acres \$69,000 02/03/24 (pending sale)
near subject neighborhood; light slope; backs cemetery

Bryson Dr 0.19 acres \$45,000 02/16/23
Average neighborhood with mobile home park nearby; very light slope

Lot 27 Herrington Ct 0.71 acres \$78,400 08/23/22
Established neighborhood outside of town; level, prepared site; some views

237 Manor Ct 0.55 acres \$155,000 08/05/22
Established neighborhood out of town; very light slope; some views

135 Patricia Ln 0.31 acres \$105,000 05/18/22
Above average neighborhood; allows SFR or up to 4 units; light slope

267 California Dr 0.32 acres \$120,000 04/26/22
Near subject but in a neighborhood of above-average newer homes; light slope; views

90 Dennis St 0.24 acres \$150,000 Active Listing
Above average neighborhood; near downtown; light to moderate slope

SUBJECT 0.40 acre; average location; rolling to light slopes; some views

Conclusion: The first sale on Spanish St is proximate to the subject and is very recent but backs directly to a cemetery, a decidedly substantial negative factor to the majority of potential buyers. The Bryson Drive lot was much smaller, roughly half the estimated average size of the subject's potential lots. Most lots were fairly similar in size, though Herrington Ct was notably larger. The subject's overall location is average, due to its proximity to Highway 49 traffic noise, the High School, and the wastewater treatment plant. Conversely, most of the subject's sites would have views and the location would ultimately be in a neighborhood of newer homes, premium to many neighborhoods, as Sutter Creek does not have a large inventory of newer homes. **It is estimated that finished lots at**

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the subject, largely ready to build and connect to existing utilities, would have a value on the order of \$100,000.

Land with Subdivision Potential and No Approvals in Amador County

There have been almost no closed sales of land marketed for subdivision potential in Amador County in the last few years of land anywhere close to the size of the subject in terms of the number of allowable lots. A few have been marketed and some are currently listed for sale and available, but only two have closed and were not very similar to the subject and may not have even been purchased with the intention of subdivision. The value conclusions for these properties are based on the *sale price per lot* or the *sale price per acre*.

Valley Vista Ct, Pine Grove 26.1 acres \$139,750 05/03/22 **\$34,938/lot**
Rural; not overly comparable; marketed as potential for 4-lots and with a tentative map available; not a useful value indicator

21484 Homestead, Pine Grove 33.1 acres \$230,000 07/08/21 **\$38,333/lot**
Rural; zone 5-acre minimum, allowing 6 potential lots; uncertain if subdivision has been pursued

Following are some of the listings in the area marketed as land zoned for subdivision potential.

11285 Sutter Ione Rd, Sutter Creek 20.4 acres \$1,800,000 Listing **\$36,000/lot**
This is likely the most useful of all data considered in the report. It is almost directly across the street from the subject, its access being across from the subject's access gate. It is virtually the same size and marketed as zoned for development of up to 50 lots. It also includes an older existing SFR and large shop on a separate 0.76-acre lot. The listing agent, John Kaufman at Cushman & Wakefield, could not be reached for additional information. Some sources state the listing was recently taken off the market, though prominent signage was on site as of the inspection date. The property was also previously listed four years ago by a local Keller Williams office but the price was unavailable.

Bell Rd, Plymouth 38.8 acres \$500,000 Listing **\$12,887/acre**
This is in a rural area over three miles outside of the small community of Plymouth. Its R1 zoning suggests potential for many lots, but has been on the market for approximately 10 months at the same asking price; price of only \$500,000 indicates lack of interest for subdivision; may be more suitable as an individual rural homesite. Further, there are two more nearly identical and adjacent listings of almost the same size, at \$450,000 and \$475,000 (same agent and seller).

Carson Dr, Pioneer 8.9 acres \$150,000 Listing **\$16,949/acre**
This is also in a very rural area with R1 zoning, and is marketed as having lot-split potential, and

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with an additional 25 acres available “for a larger build out.”

SUBJECT 46-lot potential; rolling to light slopes; some views, some negative externals

Conclusion: Of all the above data, the only one with much usefulness is the very similar property across the street from the subject marketed at \$1,800,000 but not sold. Other data do not reflect similar properties or development potential. This listing at 11285 Sutter Ione Rd, which may have just been taken off the market, had a listing price of \$36,000 per potential lot at maximum allowable density. The subject is inferior to this property in terms of general locational appeal because the subject is adjacent to the wastewater treatment plant and has slightly greater traffic noise from Highway 49. The competing property has slightly superior terrain and better access. It also includes the old house with large shop, though it is uncertain if that would contribute to value, as it may well be razed in some development plans (it is located almost in the center of the site, would not conform to the rest of the future new homes, and would probably create two additional new home sites if the structures were removed and the land incorporated into the subdivision project). Conversely, the subject has slightly superior zoning, in that the P-D combining zone allows flexibility in development in that other uses could be considered secondary to a primary residential component. It could prove useful, particularly in the future, if commercial land becomes more valuable on Highway 49 in this area. It must be remembered that this data represents a listing that did not sell with good market exposure (and good signage on site). It had been listed four years before as well, though the price is not known. It is concluded that the **indicated value for the subject is less than \$36,000 per lot, probably significantly less.**

Land with Subdivision Potential and No Approvals in Greater Sacramento

The search for these land sale data encompassed the entire Greater Sacramento region. It will necessarily include suburban markets which will tend to sell at higher price levels because price point for SFRs in general are higher in most of these markets relative to Amador County. Suburban areas tend to have strong pricing power for new home products. Many of these transactions reflect superior properties, but are still useful for informing appropriate conclusions regarding the value of the subject.

820 Brown Gables Rd, Auburn 21.6 acres \$1,100,000 01/30/24 pend **\$100,000/lot ***

This property had 4 acres of industrially zoned land, with the balance being zoned for residential development with a 2.3acre minimum site size requirement. The value of the industrial land component was roughly estimated at \$100,000/acre, for a total of \$400,000, leaving \$700,000 for the residential component, which could be subdivided into 7 lots. * The estimate of the industrial land value is generally supportable because the same seller has adjacent residential land listed for sale at \$1,275,000 for 11 potential lots. This equals \$115,909/lot. This is only a listing, not yet sold or

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contracted. The \$100,000/lot conclusion for 820 Brown Gables Rd is a reasonable conclusion based on the other listing. This land reflects larger lots in a neighborhood close to a larger town and is overall superior to the subject.

7901 Stevenson Ave, Sacramento 6.5 acres \$2,500,000 11/15/21 pend **\$78,125/lot**

This lot is zoned RD-5, which allows development up to a maximum of 5 units/acre. 6.5 acres could accommodate 32 lots. This sale has been pending for almost two and a half years, possibly as a result of the process of obtaining complete approvals (it is not uncommon to create an arrangement with the seller to effectively partner with the buyer through the final approval state; this reduces risk for the buyer, though they would be responsible for the time and expenses of the process, and usually is part of negotiation in which the seller has been sufficiently incentivized to wait for the sale to close). This property reflects level, buildable land adjacent to the city of Elk Grove, a primary center of suburban development and growth.

7767 Florencia Ln, Sacramento 18.2 acres \$1,981,450 05/25/23 **\$21,774/lot**

The acreage is in a zone with *potential* to have been rezoned to RD5 in Sacramento County. This would allow 5 units/acre for a total potential development of 91 lots. The property is in the South Sacramento area immediately adjacent to established SFR development. Price points in this area are lower than the more premium suburban areas. In addition, these resulting lot sizes would be roughly half the size of the subject's lots if subdivided. The lower price is also reflective of the fact that the lot's potential required achieving a rezoning. It appears to have been achieved because the prior zoning did not allow for any subdivision.

Country Hill Dr, Elk Grove 40.0 acres \$2,000,000 08/31/21 **\$100,000/lot**

Semi-rural land near Elk Grove zoned AR-2, allowing 2-acre estate homesites. Much residential development had been occurring (and still is) in that area. The price per lot reflects strong growth and demand in this area, and large lot sizes in this case.

2440 Bean Rd, Auburn 25.1 acres \$600,000 04/20/21 **\$26,087/lot**

The previous approval of a subdivision with 23 homes was used to arrive at the price per lot. This property is in a suburban location near services and shopping in the city of Auburn. Notably, it is uncertain if the subdivision was the motivation for the purchase because that price level could simply be reflective of a parcel that size suitable for an estate homesite. A less intensive subdivision could also be feasible at that price point, as a level, in-town lot of this size could command a figure such as this.

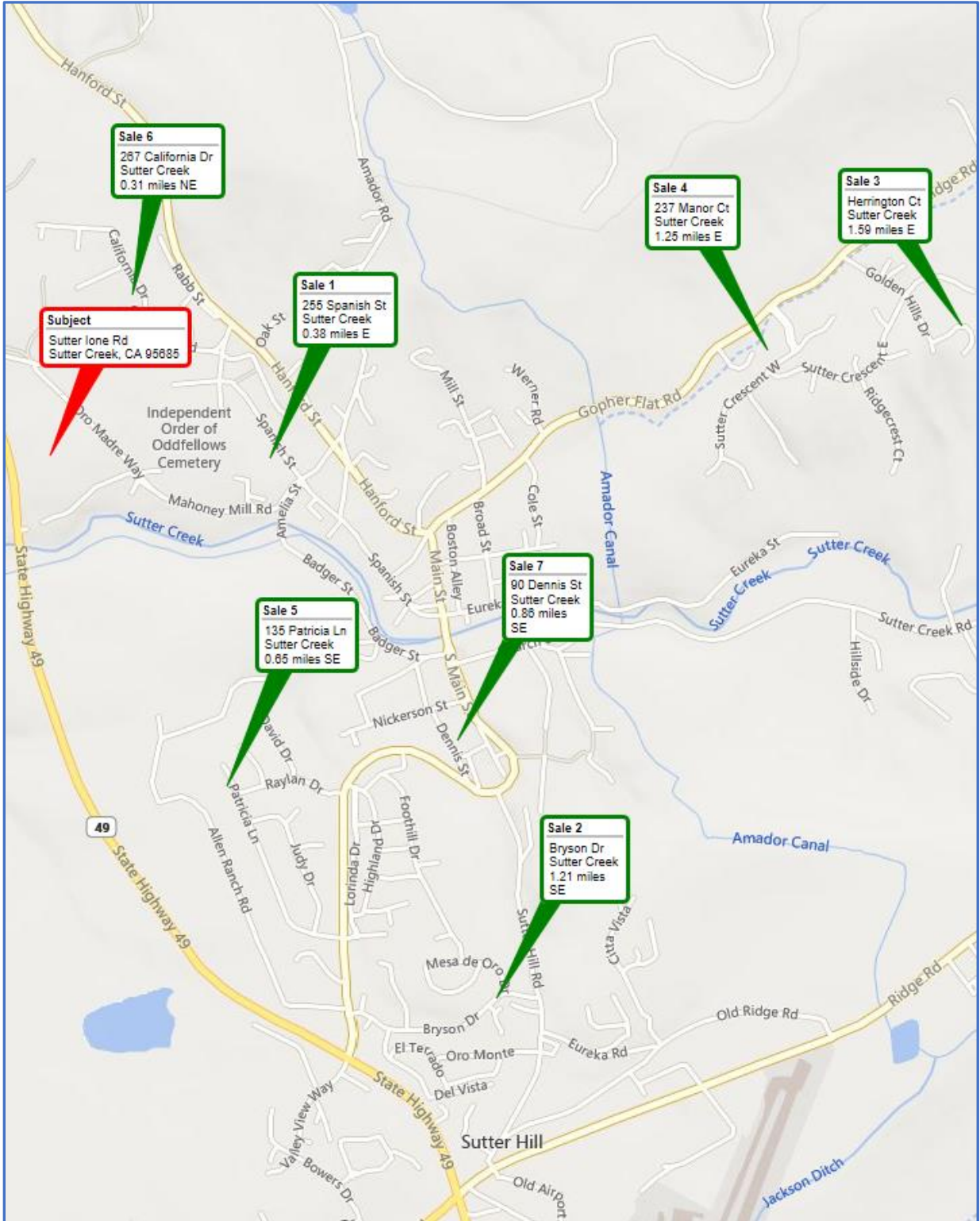
Conclusion: These indicators ranged greatly. All but the one on Florencia Ln in Sacramento are in a generally superior market area. The higher indicators are for larger lots and worth more, except that the property on Stevenson likely reflects a seller waiting to achieve final approval and being

compensated accordingly. The Florencia Ln property is likely the best indicator from this group of data. The subject should be worth more than this comparable sale because, all else being equal, including price points potentially, the subject should be worth more on a price per lot basis. It is therefore **concluded that the subject should have a value on the order of \$25,000 per lot.**

Land with Some Level of Approvals, Entitlements or Steps Advancing Development

Additional research in the Greater Sacramento region resulted in some sale data similar to properties above except that some level of approval had been completed, including tentative maps or, in one case, an approved final map. These sales ranged greatly, from approximately \$30,000/lot to over \$100,000/lot. Some were higher and a few were even lower. Of course, when a tentative map is issued, the requirements of the proposed subdivision have become fully know. Risk has been eliminated but in many cases the costs are prohibitive, even precluding development on occasion, or, if still feasible, land price can become negatively impacted because the project is more expensive than anticipated.

Despite the wide range of indicators, the useful conclusion is that the subject's value would at best be toward the low end of the range of indicated values. Therefore, following analyses of the final land sale data, it is **concluded that the value of the subject should be no greater than \$30,000/lot.**



LOCATION MAP SHOWING SUBJECT AND COMPARABLE INDIVIDUAL LOT SALES

Conclusion of Value by Sales Comparison Approach

The analyses of the four sets of land sale data resulted in the following conclusions regarding value regarding the subject.

- Completed new lots ready for building could command on the order of \$100,000
- Based largely on the adjacent listing, subject currently worth substantially <\$36,000/lot
- Based on greater Sacramento data, subject value currently on the order of \$25,000/lot
- Based on sale data of some projects with partial approvals, subject value is <\$30,000/lot

Of note is that there is little support that there is strong demand for a residential subdivision project the size of the subject. Local data tend to have particularly long marketing times for land marketed for its subdivision potential. See the detailed discussion in the *Highest and Best Use* section.

Considering the preceding data and analyses, a **value conclusion of \$27,500 per potential lot is reasonable and supportable**. With its maximum 46-lot potential subdivision, the value of the subject is calculated below.

$$\text{\$ 27,500/lot} \quad \times \quad 46 \text{ lots} \quad = \quad \text{\$1,265,000}$$

Therefore, **the conclusion of value of the subject using the sales comparison approach is \$1,265,000.**

RECONCILIATION AND CONCLUSION OF MARKET VALUE

The purpose of this appraisal has been to estimate the market value of the fee simple interest in the subject property, which represents land which would allow up to 46 potential residential lots via subdivision. There was sufficient market data available to complete the sales comparison approach in a credible manner, and the conclusion of the fee simple market value is believed to be accurate and reliable. The income approach and the cost approach were not applicable and were not needed for credible results. Few if any potential buyers would rely on an income approach. The value conclusions derived from the various analyses in the approaches to value are summarized as follows:

Cost Approach	\$ N/A
Income Approach	\$ N/A
Sales Comparison Approach	\$ 1,265,000
Indicated Value	\$ 1,265,000

The sales comparison approach was reliable, as there was sufficient sale data to arrive at a reliable and supportable conclusion of value. The indicated value was \$1,265,000 for the subject. Therefore, as a result of my analyses, and in accordance with the assumptions and limiting conditions contained on pages 10 through 12 of this report, it is my opinion the market value of the fee simple interest in the subject property, as of February 23, 2024, is:

ONE MILLION TWO HUNDRED SIXTY-FIVE THOUSAND DOLLARS

\$1,265,000.

EXPOSURE TIME

Exposure time is the period a property interest would have been offered on the market prior to the hypothetical consummation of a sale at market value on the effective date of the appraisal (i.e., a sale at the estimated value on the effective date of the report). Of the data accumulated in research during the appraisal process the following marketing times were reported among the comparable sale data.

11285 Sutter Ione Rd, Sutter Creek	Listed/Active	4 years on and off mkt
21484 Homestead Dr, Pine Grove	sold Jul 2021	547 days on market
Brown Gables Rd, Auburn	Pending	132 days on market
7767 Florencia Ln, Sacramento	sold May 2023	336 days on market
Country Hill Dr, Elk Grove	sold Aug 2021	74 days on market
2440 Bean Rd, Auburn	sold Apr 2021	152 days on market
5110 Filbert Ave, Orangevale	Pending	119 days on market

Marketing times ranged broadly from about less than three months to almost two years, and with the largest local indicator remaining unsold after approximately four years on and off the market. The subject is a potentially very large and ambitious project for the area. It may take an extended period to locate a buyer positive development in demand and market conditions. Considering the preceding data, and assuming effective marketing efforts and appropriate pricing, **an exposure time of 6 to 24 months is considered reasonable for the subject property.**

ADDENDA

John T. Ashworth, MAI, SRA

LICENSING

CA Certified General Appraiser #AG001835

EXPERIENCE

Owner Ashworth Appraisal Services
Auburn, CA 95603
530-888-9803
john@realestatevalue.com
Commercial Appraisal: Multifamily, Industrial, Land, Retail, Office, Agricultural
Residential appraisal and appraisal review.
Greater Sacramento; North Shore Tahoe/Truckee; other areas.
Qualified as an Expert Witness.
1991 to present.

Appraiser Ashworth and Associates, Inc.
St. Thomas, United States Virgin Islands 00802
Residential appraisals; some commercial exposure
Construction draw inspections.
1990 - 1991

EDUCATION

Appraisal Institute Courses (partial list of most recent courses)
Standards of Professional Practice, Parts A and B
Real Estate Finance, Statistics and Valuation Modeling
Residential Highest and Best Use
General [Commercial] Highest and Best Use
General [Commercial] Sales Comparison Approach
General [Commercial] Cost Approach and Site Valuation
Income Capitalization Part I
Income Capitalization Part II

Appraisal Seminars Completed (partial list of most recent)
Rates and Ratios
The Appraiser as an Expert Witness
Appraising Green Residential Buildings (Certification)
Review Appraising
Appraising from Plans and Specifications
Residential Construction Basics
Technology and the Future of the Appraisal Industry
Appraising the Top Dollar SFR Market
Appraising After the Earthquake
Residential Appraisal Forum
Appraising Small Residential Income Properties
Environmental Screening in Real Estate Transactions

College Degree
B. A. in Economics, 1981, Wabash College, Crawfordsville, Indiana

PROFESSIONAL MEMBERSHIPS

Appraisal Institute, MAI and SRA Designations
Appraisal Institute, President, Sacramento-Sierra Chapter, 2015
Appraisal Institute, Vice-President, Sacramento-Sierra Chapter, 2014
Appraisal Institute, Sect.-Treasurer, Sacramento-Sierra Chapter, 2013
Appraisal Institute, Board of Directors, Sacramento-Sierra Chapter, 2008-2010
Appraisal Institute, Board of Directors, Central Coast Chapter, 2001
Appraisal Institute, Board of Directors, Ventura Chapter, 1998

WEB SITE

See www.realestatevalue.com for more information

Ashworth Appraisal Services