

VACANT LAND PROPERTY APPRAISAL

**319 Hot Springs Rd
Santa Barbara, CA 93108-2009**

Before:



After:



Jennifer L Heath, SRA, AI-RRS

Real Estate Appraiser
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February 14, 2019

Thylan N. Nguyen
302 Pine Ave, 2nd Floor
Long Beach, CA 90802

Re: 319 Hot Springs Rd
Santa Barbara, CA 93108

I have prepared a valuation of the above referenced property. This is an Appraisal Report, which is intended to comply with the reporting requirements set forth under **Standards Rule 2-2(a)** of the Uniform Standards of Professional Appraisal Practice. As such, the client has requested that the report presents only summary discussions of the data, reasoning, and analyses that were used in the appraisal process to develop the appraiser's opinion of value. Supporting documentation concerning the data, reasoning, and analyses is retained in the appraiser's file. The depth of discussion contained in this report is specific to the needs of the client and a summary format has been requested. The appraiser is not responsible for unauthorized use of this report.

The intended use of this retrospective appraisal is to determine the "as is" fair market value of the real property that is the subject of this appraisal report, as of January 9, 2018, which is the date of death of James C. and Alice Mitchell and catastrophic disaster.

Based on an analysis of all the relevant data, it is the opinion of the appraiser that the Fee Simple Market Value of the subject property as a whole, subject to extraordinary assumptions, based upon market conditions and data prevailing as of January 9, 2018 (immediately after the disaster) is:

THREE HUNDRED FIFTEEN THOUSAND DOLLARS

\$315,000



Jennifer L. Heath, SRA, AI-RRS
CA Lic. #AR017399, expires 03/04/2021

DISCLAIMER

THE INFORMATION CONTAINED IN THIS REPORT IS BASED ONLY ON THE PERSONAL OBSERVATIONS OF THE APPRAISER AND ON STATEMENTS OF THE PERSONS INTERVIEWED WHO WERE AVAILABLE AT THE TIME OF INSPECTION. IT IS MY BELIEF THAT THIS REPORT IS RELIABLE AND ACCURATE. HOWEVER, THE FEE CHARGED DOES NOT INCLUDE, IN ANY WAY, CHARGES FOR ASSUMPTION OF LIABILITY FROM ANY COVERAGE WRITTEN BY COMPANY OR PERSONS REQUESTING THIS REPORT. SAID COMPANY OR PERSONS AGREES TO HOLD JENNIFER L. HEATH FREE AND HARMLESS FROM ANY CLAIMS OR LIABILITY FROM LOSS.

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SUMMARY OF SALIENT FACTS AND CONCLUSIONS

Location	319 Hot Springs Rd, Santa Barbara, CA 93108-2009
Assessor's Parcel Number	009-070-045
Gross Site Area/Net Site Area	Approx. 33,541 sf/28,850+/- sf
Topography	Basically Level
View Amenity	Garden Setting
Improvements	None. Destroyed in 01/09/2018 Debris Flow
Property Owner	Mitchell Family Trust 08/31/93 c/o Kelly Weimer
Highest & best Use	Residential – Single Family Residential
Date of Value	01/09/2018 (immediately after disaster)

VALUE CONCLUSIONS

VALUE CONCLUSION

Fee Simple Market Value of the subject's property as a whole, subject to extraordinary assumptions, based upon market conditions and data prevailing as of January 9, 2018, immediately after the death and catastrophic disaster is:	\$315,000
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IDENTIFICATION OF THE SUBJECT PROPERTY

The subject of this appraisal is 319 Hot Springs Rd, Santa Barbara, CA 93108-2009.

LEGAL DESCRIPTION

Not Available - Consult a Preliminary Title Report. APN: 009-070-045

SCOPE OF THE APPRAISAL:

The appraiser completed a site inspection on 02/12/2019. I researched and analyzed market data as of the effective date of this appraisal, and completed a Restricted-Use, Summary, Vacant Land Appraisal Report, to assist the client, in determining a Fair Market Value of a Fee Simple Estate as of January 9, 2018, which is the date of death of James C. & Alice L. Mitchell.

CLIENT AND INTENDED USER

The client and intended user for the appraisal is **W. Thylan N. Nguyen, Farmers & Merchants Trust Company**. Parties who receive a copy of an appraisal, appraisal review, or appraisal consulting report as a consequence of disclosure requirements applicable to an appraiser's client do not become intended users of the report unless they were specifically identified by the appraiser at the time of the assignment.

No additional Intended Users are identified by the appraiser. The appraiser has not identified any purchaser, lender, borrower or seller as an intended user of this appraisal and no such party should use or rely on this appraisal for any purpose. Such parties are advised to obtain an appraisal from an appraiser of their own choosing if they require an appraisal for their own use. This appraisal report should not serve as the basis for any purchaser, lender borrower for any property purchase decision or any appraisal contingency in a purchase agreement relating to the property. This appraisal report is only for the use of the Client and Intended User(s) and for their Intended Use.

PURPOSE OF APPRAISAL

This appraisal report is to estimate the fair market value of the real property that is the subject of this report, based on a quantitative Sales Comparison Approach Analysis to develop the following opinion of value:

Retrospective Fair Market Value of the subject property, "As Is" as of January 9, 2018, immediately following a disaster for a date of death appraisal, subject to the stated Scope of Work, purpose of the appraisal, reporting requirements of this appraisal report form, and definition of market value. The appraiser is aware of the requirements of such an appraisal to be submitted to the IRS in the client's tax return. No additional intended users are identified by the appraiser.

IRS DEFINITION OF MARKET VALUE

Fair market value (FMV) is the price that property would sell for on the open market. It is the price that would be agreed on between a willing buyer and a willing seller, with neither being required to act and both having reasonable knowledge of the relevant facts.

ENGAGEMENT LETTER:

The engagement letter terms are hereby incorporated into this appraisal.

INTERESTS AND PROPERTY RIGHTS BEING APPRAISED

The appraiser will estimate the following values:

The Fee Simple fair market value of the subject property.

Definition of A Fee Simple Estate: Absolute ownership unencumbered by any other interest or estate, subject to the limitations imposed by governmental powers of Taxation, Eminent Domain, Police Power and Escheat.

The value indication assumes that, as of the date of the appraisal report, adequate exposure to the marketplace has already occurred, and the value estimate is being based on market conditions, as of the date of the appraisal. Based on historical data obtained from sales data a reasonable Exposure Time for the subject's value indicator is estimated to be less than 3 months. The Marketing Time it would take to sell the Fee Simple Interest, after the date of value, is projected to be less than 3 months.

EFFECTIVE DATE OF THE APPRAISAL

The effective date of this appraisal report is January 9, 2018 (date of death of Alice L. & James C. Mitchell).

DATE OF PROPERTY INSPECTION

The property was inspected on 02/12/2019, which is more than 12 months post effective date. However, I did receive a few photo/images which were reportedly taken on 01/10/2018 and or near the effective date.

DATE OF APPRAISAL REPORT COMPLETION

This report was completed on February 16, 2019.

SALES & TRANSFER HISTORY OF THE SUBJECT

Per CRS Data, the subject property has not sold within the last 3 years. It appears that the last sale was in 1999. There have been no transfers within the last 3 years. According to the Santa Barbara Multiple Listing Service, the subject property has not been listed for sale within the last 12 months.

PREVIOUS VALUATION OF THE SUBJECT DISCLOSURE

I have performed NO services, as an appraiser or in any other capacity, regarding the property that is the subject of this report within the three-year period immediately preceding acceptance of this assignment, other than I am simultaneously completing a retrospective appraisal which has an effective date of 01/09/2018, immediately following the death/catastrophic disaster.

APPRAISER DECLARATION:

To the best of my knowledge and belief:

1. The statements of fact contained in this report are true and correct
2. The reported analyses, opinions and conclusions are limited only by the reported assumptions and limiting conditions.
3. I have no present or prospective interest in the property that is the subject of this report, and I have no personal interest with respect to the parties involved.
4. I have no bias with respect to the subject of this report or to the parties involved with this assignment.
5. I have made a personal inspection of the property that is the subject of this report.
6. My compensation is not contingent on an action or event resulting from the analyses, opinions or conclusions in, or the use of, this report.
7. The appraiser performs appraisals on a regular basis.
8. The appraiser is qualified to make appraisals of the subject property
9. The appraiser is not the property owner
10. The appraiser is not a person who was employed by the property owner.
11. The appraiser is not related to any of the foregoing persons under § 267(b) or married to a person who is in a relationship described in § 267(b) with any of the foregoing persons;
12. The appraiser is not an appraiser who was regularly used by the property owner, and

SCOPE OF THE APPRAISAL ASSIGNMENT

The scope of the work to be undertaken in the assignment will be as follows:

- 1) The appraiser gathered background information on the subject property from the family of the deceased; the client of this report; county of Santa Barbara.
- 2) The appraiser physically inspected the subject site 02/12/2019.
- 3) The physical, social, legal and economic orientation of the subject property and comparable market data, to their immediate and general surroundings was ascertained for the purpose of identifying the market forces at work in their specific locale.
- 4) The fieldwork included the following: Conversations with zoning and building officials, local planners and property assessors and local appraiser's; Inspection of permit data on file on the County's web site; discussions with real estate agents, property managers, family members, trust officers, developers, and buyers and sellers involved in real estate (market participants).
- 5) Based on the data and information gathered during the fieldwork phase, an estimate will be made of the Fee Simple Market Value of the subject property, in "as is" condition as a whole as of the effective date of the appraisal report. The highest and best use analysis will be presented in a summary format. The Sales Comparison Approach to value will be considered and completed as appropriate. The Cost and Income Approach does not apply to vacant land.
- 6) In cases where a participant to a transaction could not be located for confirmation, data sources such as CORT, MLS, CRS Data, County Recorder and County Assessor were consulted for confirmation.
- 7) The documentation of these analysis and value conclusion will be set forth in an electronic narrative summary appraisal report.

- 8) Maximum Time Frame for Legal Actions: Unless the time frame is shorter under applicable law, any legal action or claim relating to the appraisal or Appraiser's services shall be filed in court (or in the applicable arbitration tribunal, if the parties to the dispute have executed an arbitration agreement) within two (2) years from the date of delivery to Client of the appraisal report to which the claims or causes of action relate or, in the case of acts or conduct after delivery of the report, two (2) years from the date of the alleged acts or conduct. The time frame stated in this section shall not be extended by any delay in the discovery or accrual of the underlying claims, causes of action or damages. The time frame stated in this section shall apply to all noncriminal claims or causes of action of any type.
- 9) No Assignment of Claims: Legal claims or causes of action relating to the appraisal are not transferable or assignable to a third party, except: (i) as the result of a merger, consolidation, sale or purchase of a legal entity, (ii) with regard to the collection of a bona fide existing debt for services but then only to the extent of the total compensation for the appraisal plus reasonable interest.
- 10) My analyses, opinions and conclusions were developed, and this report has been prepared, in conformity with the applicable Internal Revenue Service Valuation Guidelines.
- 11) It is typical for adjustments to exceed 10% line, 15% net and 25% gross adjustments. Although I try to bracket the subject property in price, lot size, age, condition, bedrooms, baths and gross living area, it is sometimes not possible due to the lack of similar sales. The Sales Comparison Approach comments will give further explanation of my comparable selection and adjustments
- 12) All of the market data which is included in this report as well as in my files in addition to my experience in this area, will be utilized in the reconciliation and determining a final estimate of market value. Buyers pay a premium for view amenities, school district, landscaping, and to be in certain areas. My adjustments directly reflect the perception in market value for a certain amenity, in the marketplace for each specific property. Sensitivity analysis is a successful way to determine and support adjustments after adjustments which have already been tested and supported are applied. The adjustment which produces the smallest variance in indicated value is generally chosen. I will also try to extract adjustments from the grid using the most similar comparable sales; from prior somewhat similar appraisal reports which had more similar market data; extract adjustments from land sales if available; or from costs less estimated depreciation. I will typically use a combination of these approaches to support adjustments.
- 13) I verify all of my data with MLS, CRS Data, City Files, County Files, County Assessor, Brokers, Appraisers, owners, as well as my files of prior inspections. I then reconcile this data. I use my expertise of appraising in this area since 1993 and living in this area since 1979, research of schools, attendance to local economic trend seminars, interviews with local flood control managers, planning & development managers, builders; research through MLS, CORT and economic forecasts; and I read & listen to local news daily, to determine the current market conditions, what properties are comparable to one another and what this specific market will pay for certain amenities, which are reflected in my adjustments
- 14) Public data sources for this County, City and County Assessor's office are also frequently incorrect. Santa Barbara Multiple Listing Service is also not necessarily reliable for certain property data such as gross living area, condition, lot size etc. It is typical that these sources do not agree with one another. Actual improvement area is often times different from the data in our public sources. The assessed land & improvement values do not necessarily reflect

market value.

- 15) The effective date of this appraisal is immediately following a major disaster in which the subject site improvements were destroyed and the owners of the property were killed. Due to mandatory evacuations, clean up and recovery, no real estate transfers took place for several weeks post disaster. In fact, on June 7, 2018, new recovery mapping and rebuilding guidelines were adopted due to the disaster, which impacted real estate market appeal, marketability, and values. These items all need to be considered in the fair market value of the subject property. Even though it took some time to fully understand how the disaster impacted the real estate market, the effects of the disaster were immediate. Therefore, it is necessary to use and consider only properties which sold well after the effective date to determine a fair market value as of the effective date.
- 16) I research all of the closed sales in a particular neighborhood before selecting the best market data to include in this report. I will typically choose the most recent and most similar sales.
- 17) **The appraiser is not an expert on flood control, water evacuation, creeks, hydro-geology, elevations, building codes, rules and regulations, but I consulted Santa Barbara Flood Control and Santa Barbara Planning and Development.**

EXTRAORDINARY ASSUMPTIONS:

1. That the site and improvements immediately following the disaster on 01/09/2018, were the same as of the photographs/images supplied by the client and family members and utilities are on site and capped but operational.
2. The data contained in the Santa Barbara County Planning & Development Interactive Mapping and the Santa Barbara County Office of Emergency Management websites is correct. Data received from the client of this report is accurate. Data received from Flood Control, Planning and Building and the County of Santa Barbara is correct.
3. The appraiser has not employed any other hypothetical conditions, extraordinary assumptions, supplemental standards or jurisdictional exceptions in the development, analysis or reporting of this appraisal.
4. All readers of this appraisal report are cautioned that the use of hypothetical conditions and extraordinary assumptions in this appraisal report could have an effect on the results and conclusions of this assignment.

It is assumed, that the following data is correct per the P&D Interactive Map and SBCOEM map;

- a. **According to the SBCOEM map, the debris flow occurred on the entire subject property.**
- b. **The closest creek (Montecito Creek) is about 200 feet east of the subject site;**
- c. **The subject's residence was originally declared "Destroyed" with a red placard. It is currently posted as green because the unsafe conditions have been removed.**
- d. **The water surface elevation contours are on the subject site;**

- e. **The High Flood Hazard Area (Recovery map area FEMA 06/07/2018) layer is on the subject's entire site;**
- f. **The 100-year Flood Hazard Area (Special Flood Hazard Area, FEMA Nov. 2015) is on the subject's site;**
- g. **The nearest flood control basin is about 300 feet southeast of the subject property;**
- h. **According to the updated SBCOEM map dated 12/3/2018, the subject property is a parcel located in the debris flow Risk Area (Red Zone).**
- i. **The subject property is within the declared disaster zone;**
- j. **The subject property is located in the Montecito Community Plan Area;**
- k. **The majority of the subject property has depth grids layers on the site between 1.0 – 10 feet, although there is a small amount of 10+ feet. When depth grids are located on a site it may affect how a house can be rebuilt or improved.**
- l. **The subject property is within the water surface elevation grid layer (FEMA 06/07/2018);**
- m. **h. The subject property is within the NFHL (existing FEMA Adopted Flood Hazard Layer) zone AE, which is adjacent to the floodway zone AE'**
- n. **Access to and from the subject street was blocked by road closures, debris/boulders/mud for at least two weeks post debris flow.**

DESCRIPTION OF CATASTROPHIC DISASTER:

Destruction of the site improvements on the real estate, which is the subject of this report, occurred on January 9, 2018, due to the identifiable, unusual, extraordinary, sudden, swift and precipitous, unexpected natural disaster of a Debris Flow/Mud Slide/Flood event.

Since the subject's loss was January 9, 2018. Although the effective date is immediately after the disaster, the subject property and surrounding neighborhoods were under mandatory evacuation orders for everyone other than emergency personnel, for more than 2 weeks post disaster. During this time, no transactions could have occurred due to area recovery and assessment. Due to the expanse of this catastrophic disaster, it took multiple months to remove the debris/mud/rocks/boulders and for demolition and clean up the general area. It wasn't until June 7, 2018, when Santa Barbara County Flood Control, Planning & Development and FEMA, released new recovery mapping, rebuilding requirements and guidelines, which in some cases caused permanent loss in value for some property owners. Homeowners who sustained losses, remained in limbo for approximately 6 months post disaster.

Despite the actual date of the debris flow, it took about 6 months to fully understand the effects of the disaster. For these reasons, it is necessary to consider sales data, which occurred after January 9, 2018, in order to determine the subject's fair market value, immediately following the loss. Not only were the subject's site improvements destroyed, but the site suffered permanent loss in use, due to the disaster and damage triggering significant changes in future building restrictions and limitations that will have substantial impact on the property's market appeal, marketability and possibly highest and best use.

DISASTER AREA DISCLOSURE STATEMENT:

The subject property is located within a portion of Santa Barbara County, which has been declared a disaster area per FEMA-5224-FM-CA Thomas Fire/Mudslide Major Disaster Declaration declared on December 5, 2017, as well as FEMA-4353-DR California Wildfires, Flooding, Mudflows, and Debris Flows (incident period December 04, 2017 - January 31, 2018. Major Disaster Declaration declared on January 02, 2018. The specific incident date for the Thomas Fire Mudslide/Debris Flow is January 9, 2018. Individual Assistance Applications Approved: 732, Total Individual & Household Program Dollars Approved: \$4,737,016.88. Total Public Assistance Grants Dollars Obligated: \$117,297,757.77. Designated Counties (Individual Assistance): Los Angeles, San Diego, Santa Barbara, Ventura.

The subject property is located just north of the Lower Village of Montecito, which is a neighborhood which suffered damage from the Montecito Debris flow and heavy rains of January 9, 2018. The subject property will have mandatory evacuations issued in anticipation of rain events over a certain threshold.

I included before and after photos of the subject property. According to both the SBCOEM map (dated 12/3/18) and the P & D Interactive map, the subject property is listed as a property which was destroyed in the Debris Flow event on 01/09/2018.

Description of the Incident and next few months:

On January 9, 2018, portions of Montecito sustained significant mudslides and debris flows as a result of the record breaking Thomas Fire on December 4, 2017 through January 9, 2018, which burned more than 281,800 acres spanning Santa Barbara and Ventura counties, destroyed approximately 1063 structures, and damaged 280 structures. The fire devastated vegetation on mountainsides in this area. According to Joe Holland, the Santa Barbara County Assessor, 53 properties were considered to be total losses due to fire in Santa Barbara County (from Carpinteria to Montecito).

In the pre-dawn hours of January 9, 2018, portions of Montecito and the Montecito watershed received as much as 0.54 inches of rain during a five minute period, with continuous heavy rainfall throughout the night. Although mandatory evacuation orders were in place for areas downhill of the Thomas Fire burn area, and uphill of Highway 192, the heavy rainfall combined with lack of vegetation, resulted in multiple devastating mudslides and debris flows that extended, from the mountains to the beach and affected approximately 30 square miles in the Montecito area. Water, mud, boulders and debris reportedly barreled down the mountains behind Montecito, which overflowed creeks, blocked bridges, and damaged/destroyed everything in its path, including trees, houses/structures, cars, people, infrastructure including streets, bridges, wells, utilities, etc. There were reports of homes being completely washed away or buried in mud up to their roofs, and the remains of large trees and giant boulders were spread throughout portions of Montecito affected by the incident. It is reported that creek banks overflowed by as much as 20 feet. The death toll is currently at 21 with 2 missing (including the owners of the subject property).

For more than 2 weeks after the Montecito disaster, most of Montecito was under mandatory evacuation, while the National Guard, U.S Army Corps of Engineers, firefighters, police/sheriff departments, Caltrans, FEMA, Santa Barbara County's Office of Emergency Management, contractors, heavy equipment owners, utility company repair crews and Santa Barbara County Search and Rescue (SBCSR), assisting with evacuations, recovery, repairs, debris removal, boulder removal, creek bed clearing/restoration, debris basin clearing, highway and arterial road reopening, hauling of debris and mud, bridge rebuilding, utility reconnection, and clean-up which is ongoing. About 2 weeks post disaster, repopulation for most of Montecito was completed, although it took considerably longer to repopulate the areas of Montecito which were heavily damaged. Public utilities including water, electricity, natural gas including sewer and septic systems were severely damaged but were restored to repopulated area.

Highway 101 was closed for 12 days causing delays in deliveries and creating an inability for crucial medical/school/city/county employees to get to work. Although train service was expanded, ferry service was established and there were alternate routes, which normally took 30-40 minutes from Ventura to Montecito/Santa Barbara took approx. 6-8 hours after the road closures.

According to the Montecito Journal, 477 structures in Montecito have been identified as damaged or destroyed by debris flow. Of these, 247 were red-tagged as destroyed, including 153 homes, 22 businesses, and 72 garages and guest houses. An additional 155 structures were yellow-tagged as heavily damaged, while 220 structures were identified as green-tagged or less damaged. However, according to the Santa Barbara County Assessor, 409 structures were destroyed.

According to the California Insurance Commissioner, Dave Jones, actual claims from the debris flow/mud slide include 1,415 partial residential losses, 107 total residential losses, 235 commercial partial and total losses, 388 auto and other claim losses. At one point 3000 homes were threatened. Many people were evacuated from inaccessible properties with the assistance of helicopters, ATV's and rescue teams. However, there are inconsistencies in data, depending on the source.

As a result of the disaster, some businesses and services in the community were negatively impacted due to road closures, evacuations, delivery delays, utility closures, and there was a significant decline in tourism through the area.

Ongoing recommended and mandatory evacuation orders are expected to continue for the next several years for properties in the debris flow risk zones when heavy rains over certain thresholds are expected.

According to the Santa Barbara County Assessor, the assessed value for more than 62 properties were reduced as much as 85% and a handful of properties were brought down to zero assessment, because some lots no longer buildable in the foreseeable future. Additionally, reductions ranging from 51% to 18% have been made on an additional 104 residential properties.

Assessments will continue to be analyzed on a case by case basis for damaged or destroyed properties.

Following the Thomas Fire and 1/9 Debris Flow, the Federal Emergency Management Agency (FEMA) developed Flood Recovery Maps for Montecito to supplement the areas of special flood hazards currently identified. The interim Santa Barbara Recovery Maps were developed for communities and property owners to make informed decisions about rebuilding and create awareness of risk. Recovery Maps are separate from the Flood Insurance Rate Map (FIRM) which are expected to change within the next 3-4 years. The updated recovery maps will guide development decisions such as whether to elevate or relocate a damaged or destroyed home, according to County officials. New construction must now be 2' above the new base flood plain. This may mean that some rebuilt homes will need to be elevated more than 10' if built in the same location, with breakaway walls in the event of future flooding.

The updated maps will reflect the 100-year (or 1%) chance per year, flood hazard conditions and the new elevations after the 1/9 Debris Flow.

As of May 15, 2018, the County Board of Supervisors approved proposed ordinance amendment that will accommodate the "Like-for-Like Ordinance" rebuilding of structures that were damaged or destroyed in the recent disasters. The proposed amendments to the ordinance will expedite rebuilding for property owners who choose not to make changes to the design of their original structure. The amendment approved by the Board will give homeowners additional flexibility to elevate rebuilt structures of the same design to a safer level, and relocate further away from flood plains, while still being considered a like-for-like rebuild. Elevations/topography have changed; locations of creeks and drainages have changed, and some lots have changed. However, new construction will have to meet new building codes, rules and regulations, which have changed due to the new Santa Barbara Recovery Mapping.

DESCRIPTION OF THE SUBJECT PROPERTY ON EFFECTIVE DATE:

On January 9, 2018, the Montecito Creek overflowed and fast flowing mud, debris, rocks, boulders, etc. and destroyed the subject's site improvements, and deposited mud, debris, rock and boulders on the site. The flow continued downhill towards the ocean. According to the P&D Interactive map debris flow covered the entire subject site. The total cost to clear the site was \$106,800 (see attached Ann Burgard bid & invoice).

IMMEDIATE NEIGHBORHOOD MARKET & ENVIRONS

The subject property is located within Santa Barbara County approximately 2850 sq. ft. north of Coast Village Rd, which is the closes Santa Barbara City limits, in an unincorporated area of Santa Barbara County known as Montecito. Montecito is known for its many large estate properties and has a strong appeal. There are older historic estates as well as newer estates with large differences in architectural appeal, locational appeal, view amenity, lot size, lot utility, overall quality of construction, gross living area and amenities. Landscaping amenities can range from basically natural ground cover to award winning or historically significant lush gardens. Below East Valley most properties have setting views although some have ocean, island, city and or mountain views. But above East Valley Road many properties can have average to excellent city, valley, mountain, and ocean views. Lot size and utility varies from site to site. Shopping, public transportation, freeway access and beaches are located within 3 miles of the subject. Single Family Residential closed sales over the last 12 months within the neighborhood boundaries, have ranged in sales price from \$916,125 to \$30,000,000, although there are other residences in the area which have an estimated value of more than \$50,000,000, but these are atypical. The median sales price over the last 12 months is \$3,200,000. Montecito is a suburban area which is built up over 75%.

MARKET CONDITIONS

Values for single family residential property on the South Coast of Santa Barbara County, were appreciating from 1997 through September 2005, with brief periods of stabilization. Median sales prices were stable from fall of 2005 through fall of 2008, then declined significantly from 2009 to 2012. The overall trend of median sales prices for 2013 - 2017 has been upward. The median sales price for 2013 was \$925,000; 2014 was \$1,123,000; 2015 was \$1,122,500, and 2016 was \$1,200,000.

End of year Stats for 2017: The Santa Barbara South Coast reflected total listings are down 7.9%. Properties which went into escrow is up 1.8%. Sold properties are up 5.7%. The median sales price is up 8.8% from \$1,149,000 in 2016 to \$1,250,000 in 2017. The median sales price of \$1,250,000 is equal to the median from the peak of values in 2005 and higher than every other year since 2000. The median sales price without Hope Ranch and Montecito is up 10.1% from

\$999,000 in 2016 to \$1,100,000 in 2017. Average sale prices without Hope Ranch and Montecito are up 9.9% from \$1,260,625 to \$1,385,453. December's median sale price was the highest all year. December's active listings are lowest all year at 262 (high of 418 in June). The average days on the market for the Santa Barbara South Coast closed sales is 52 days. At the end of 2017 the median sales price on the Santa Barbara South Coast is \$1,250,000 which is very close to the peak median prices of 2005 (\$1,240,000) and 2007 (\$1,250,800). According to the California Housing Market Outlook the median price for the state as of December 31, 2017 increased by 4.3% since this time last year, however, this will differ from local market conditions.

As of the effective date of this report and immediately following the disaster, most of Montecito was under mandatory evacuation, including the subject property, while first responders, governmental officials, utility companies, and the Army Corps of Engineers evaluated the post disaster area and search and rescue began. For about 2 weeks post disaster, the area remained under mandatory evacuation until major roads could be cleared and utilities could be restored.

There were a few sales following repopulation for market participants that needed to relocate or for buyers which were already in escrow prior to the disaster. There is evidence that some escrows in which the sale prices were renegotiated downward, while some sales occurred at full price and all cash for unaffected properties.

Post disaster in areas of Montecito which were damaged or are still affected by road closures, sales and median pricing has declined. There are some areas of Montecito which have little to no sales and agents are reporting no showings on their listings. However, there are scattered sales in most price points. Not all listings are being marketed in MLS and many of the closed sales were not listed in MLS, therefore it is difficult to provide trend data for this area. There are several recent sales in Montecito which sold below their last sales prices between 2005 -2015. Overall most properties in Montecito reflected a downward value trend post disaster, and this trend started in 2017 and was accelerated post disaster. However, since June 2018, values appear to have stabilized due to the release of new recovery mapping and a better understanding of new building codes, FEMA requirements, etc. MLS reflects 107 sales this year compared to 156 last year (down 31%) with a median sales price of \$2,825,000 compared to \$3,558,622 last year for the 93108 zip code. However, the 93108 zip code includes properties which are not located in the Montecito boundaries and it does not include the property which were not listed in MLS.

If looking at individual resales, the general Montecito market within the boundaries of the debris flow areas, had a 6% general decline in values post disaster.

According to the Santa Barbara Multiple Listing Service, there were 97 single family residential closed sales between 01/10/2018 and 12/31/2018, in Montecito, 93108 (not in Cleveland School District), ranging in price from \$800,000 to \$35,000,000. The median price was \$3,000,000. The same time frame and parameters from 01/10/2017 to 12/31/2017 there were 153 closed sales ranging in price from \$916,125 to \$15,925,000 with a median price of \$3,200,000. The quantity

of sales is significantly less post disaster and the median price is down about 6% overall. This decline in value is supported by some sales including:

Address	Recent Sale Date	Recent Sale Price	Prior Sale Price	Prior Sale Date
339 Santa Rosa Ln	11/01/2018	\$4,600,000	\$5,100,000	04/24/2015 (10% decline)
640 Stonehouse Ln	01/09/2019	\$5,579,500	\$5,900,000 \$5,740,000 \$5,400,000 \$5,300,000	12/03/2017 (6% decline) 03/10/2016 10/23/2014 06/07/2013
780 Rockbridge Rd	03/13/2018	3,955,000	N/A	Was in escrow for \$4,250,000 during debris flow 6% decline.
660 Oak Springs Ln	03/28/2018	3,850,000	N/A	Was in escrow for \$3,950,000 during debris flow 2.5% decline.

93108 Market Overview

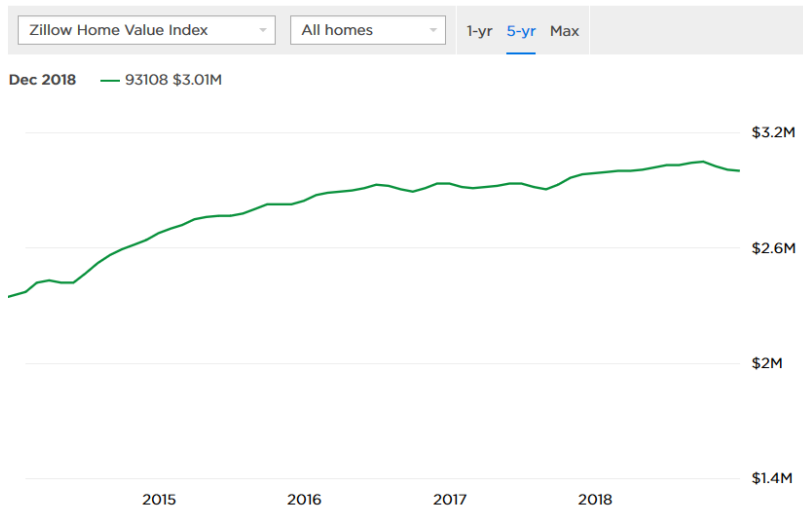
Data through Dec 31, 2018

\$3,011,900 ZHVI

0.5% 1-yr forecast (Dec 31, 2019)

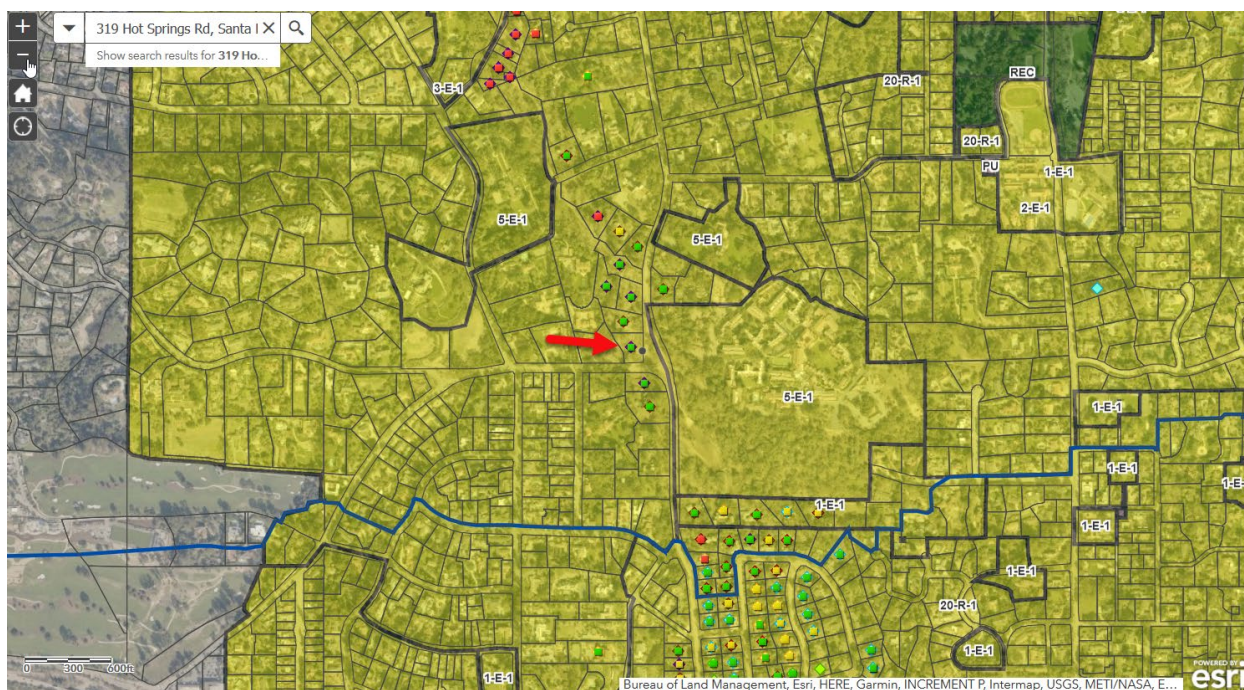
\$3,847,500 Median listing price

No data Median sale price



ZONING

The subject property is zoned **2-E-1**. This zoning allows for single family residential uses and requires a minimum lot size of 2 acres for any newly created site. The subject property is located within the Montecito Community Plan. The subject site is legal, non-conforming because it does not meet or exceed the minimum lot size.



2018-2019 TAX ASSESSMENT AND TAX DATA

Parcel Number	009-070-045
Assessment Year	2018-2019
Assessed Land	\$144,661
Assessed Improvements	\$0.00
Gross Total	144,661
Property Taxes	\$1,461.28

2017-2018 ASSESSMENT AND TAX DATA

Parcel Number	009-070-045
Assessment Year	2017-2018
Assessed Land	\$945,558
Assessed Improvements	\$803,723
Gross Total	\$1,749,281
Property Taxes	\$19,470.66

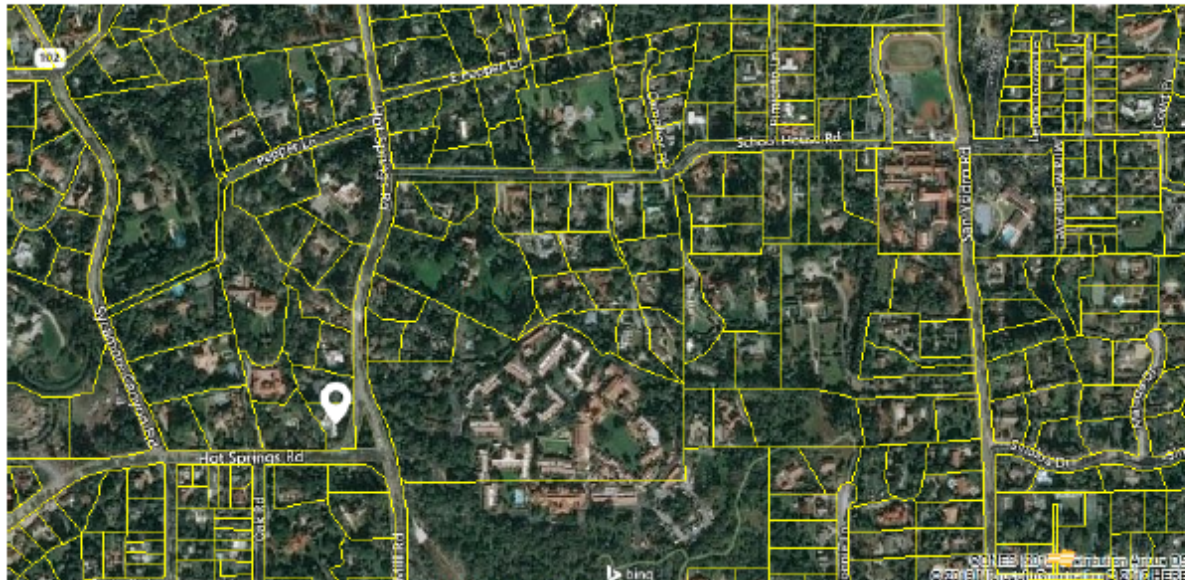
Historically, real estate in California was assessed at approximately 25% of actual market value. A tax rate was then applied to compute annual taxes. In June 1978, Proposition 13 (State Initiative) was passed; setting a limit to the taxes of 1% of full market value plus bonded indebtedness and 2% per annum maximum for inflation was allotted. Property values under Proposition 13 provisions were established as follows:

1. If a parcel has not been further improved or sold or transferred since lien date of 1975, the Assessor established 1975 value as the base value plus 2% per annum inflation rate.
2. If a parcel has sold since March 1, 1975, base value was sale value plus 2% per annum since time of sale.
3. If a new deed recorded since March 1, 1975, its value at the time of transfer was established as base value plus 2% per annum.
4. If a major improvement or new construction occurred, value was determined at time of completion plus 2% per annum.

Conclusion:

Considering that most properties in the State of California are valued and taxed under the same system, there is no special effect on the subject property, based on a typical sale to a buyer, which

does not have a special exemption, such as a school or utility company. However, please note the changes in value pre and post disaster. The prior year has an assessed value for the improvements to be \$803,723 and an assessed land value at \$945,558 for a total of \$1,749,281. The current year has a total assessed value of \$144,661 for the land only and no contributory value for the improvements. The Assessor reported that as of the last assessment period, properties which were not damaged or had mud on site did not have assessment adjustments post disaster. Properties which were damaged, destroyed or had mud on the site, were assessed on an individual basis to determine if an overall market change is supported. This will be done each year to determine if changes have occurred. The subject property had a **91.5%+/- decline** in assessed value post disaster.



LOCATION

Property Address	319 Hot Springs Rd Santa Barbara, CA 93108-2009
Subdivision	
County	Santa Barbara County, CA

GENERAL PARCEL INFORMATION

APN/Tax ID	009-070-045
Alt. APN	
Account Number	
Tax Area	78-012
2010 Census Trct/Blk	7/4
Assessor Roll Year	2018

PROPERTY SUMMARY

Property Type	Residential
Land Use	Residential Vacant Land
Improvement Type	
Square Feet	

CURRENT OWNER

Name	Mitchell Family Trust 8/31/93 C/O Kelly Weiner
Mailing Address	Po Box 110370 Campbell, CA 95011-0370

SALES HISTORY THROUGH 02/08/2019

Date	Date Recorded	Amount	Buyer/Owners	Seller	Instrument	No. Parcels	Book/Page Or Document#
3/6/2003	3/24/2003		Mitchell James C & Mitchell Alice L	Mitchell James C & Mitchell Alice L	Intrafamily Transfer & Dissolution		2003-0035367
3/19/2003	3/21/2003		Mitchell James C & Mitchell Alice L	Mitchell James C & Mitchell Alice L	Intrafamily Transfer & Dissolution		2003-0034748
3/20/2003	3/21/2003		Mitchell James C & Mitchell Alice L	Mitchell James C & Mitchell Alice L	Correction Deed		2003-0034747
9/26/2002	12/11/2002		Mitchell James C & Mitchell Alice L	Mitchell James C & Mitchell Alice L	Intrafamily Transfer & Dissolution		2002-0128539
9/25/2002	10/10/2002		Mitchell James C & Mitchell Alice L	Mitchell James C & Mitchell Alice L	Intrafamily Transfer & Dissolution		2002-0101628

Property Report for 319 HOT SPRINGS RD. cont.

6/17/2002	7/3/2002	Mitchell James C & Mitchell Alice L	Mitchell James C & Mitchell Alice L	Intrafamily Transfer & Dissolution	2002-0064508
9/9/1998	9/11/1998	Mitchell James C & Mitchell Alice L	Mc Dermid L David	Grant Deed	98-089815

TAX ASSESSMENT

Tax Assessment	2018	Change (%)	2017	Change (%)	2016
Assessed Land	\$144,661.00	-\$800,897.00 (-84.7%)	\$945,558.00	\$18,540.00 (2.0%)	\$927,018.00
Assessed Improvements		-\$803,723.00 (-100.0%)	\$803,723.00	\$15,759.00 (2.0%)	\$787,964.00
Total Assessment	\$144,661.00	-\$1,604,620.00 (-91.7%)	\$1,749,281.00	\$34,299.00 (2.0%)	\$1,714,982.00
Exempt Reason	Homeowners Exemption				
% Improved	0%				

TAXES

Tax Year	City Taxes	County Taxes	Total Taxes
2017			\$19,470.66
2016			\$18,871.72
2015			\$18,443.16
2014			\$18,161.40
2013			\$18,086.82

MORTGAGE HISTORY

Date	Loan Amount	Borrower	Lender	Book/Page or Document#
11/30/2010	\$719,000	Mitchell Mitchell Alice L	Wells Fargo	2010-0099595
08/04/2004	\$263,287	Mitchell Mitchell Alice L	Bank Of America	2004-0090015
03/19/2003	\$905,500	Mitchell James C Mitchell Alice L	Wells Fargo Home Mortgage	2003-0034749
09/25/2002	\$910,000	Mitchell James C Mitchell Alice L	Greenpoint Mortgage	2002-0101627
07/03/2002	\$297,000	Mitchell Mitchell Alice L	Bank Of America	2002-0064508
06/17/2002	\$910,000	Mitchell James C Mitchell Alice L	Bank Of America	2002-0064507
05/11/1999	\$971,250	Mitchell Mitchell Alice L	Washington Mutual	99-037928
08/03/1998	\$885,000	McDermid	First Bank	98-058562

PROPERTY CHARACTERISTICS: BUILDING

No Buildings were found for this parcel.

PROPERTY CHARACTERISTICS: LOT

Land Use	Residential Vacant Land	Lot Dimensions	
Block/Lot		Lot Square Feet	33,541
Latitude/Longitude	34.429218°/-119.641619°	Acreage	0.77

LEGAL DESCRIPTION

Subdivision		Plat Book/Page	
Block/Lot		Tax Area	78-012
Description			

FLOOD ZONE INFORMATION

Property Report for 319 HOT SPRINGS RD., cont.

Zone Code	Flood Risk	BFE	Description	FIRM Panel ID	FIRM Panel Eff. Date
AE	High		Areas subject to inundation by the 1-percent-annual-chance flood event determined by detailed methods. Base Flood Elevations (BFEs) are shown. Mandatory flood insurance purchase requirements and floodplain management standards apply.	06083C1392H	09/28/2018
X	Minimal		Area of minimal flood hazard, usually depicted on FIRMs as above the 500-year flood level.	06083C1392H	09/28/2018

SITE DESCRIPTION

Address	319 Hot Springs Rd, Santa Barbara, CA 93108-2009
Gross Site Area	33,541 sf gross
Net Site Area	28,850+/- sf
Location Influence	Residential, Flood Zone AE
Topography	Basically Level
View Amenity	Neutral, Garden Setting
Landscaping	None

SITE COMMENTS

There are no adverse encroachments for the subject site. However, Hot Springs Rd cuts through the southeastern corner of the subject property and is assumed to be an easement. This easement reduces usable lot area to approximately 28,850 sq. ft. Typical utility easements are presumed to exist. No value is given to the area under or past Hot Springs Road.

As of the effective date of this appraisal, the subject site was covered with mud, debris, rocks, boulders and remnants of the subject's driveway, pool & foundation. The remaining improvements were destroyed and washed away in the debris flow. Two or three large mature trees survived the debris flow along the perimeter of the site.

The subject property is located just north of the Lower Village in a neighborhood which has a good appeal. However, it is located on the corner of Hot Springs Rd and Olive Mill Rd, both of which are main thoroughfares in Montecito, therefore the subject property suffers external obsolescence from traffic exposure, which negatively effects market appeal and marketability.

As of the effective date, there are neutral, residential views from the site and improvement due to the lack of vegetation.

SANTA BARBARA COUNTY PERMIT HISTORY:

Permit History for Parcel 009-070-045

Parcel Information

Reference Address	319 HOT SPRINGS RD, SANTA BARBARA
Legal Description	Not Available
Acreage	0.77
Supervisory District	1
Zoning	2-E-1

Parcel Holds/Notices

NO HOLDS

Parcel Geographical Data

BAR Jurisdiction	All or portion within Montecito BAR
Comprehensive Plan	SRR-0.5
Critical Habitat	Check Critical Habitat Overlays - May Apply
FEMA Recovery Map	All or part in FEMA Recovery Map High Hazard Area
High Fire Hazard Area	Check Fire Hazard Maps
Personal Value	0.00
Tax Rate Area	078012
Use Code	0000
Flood Hazard	Check Flood Hazard Overlay - May Apply
HMA	All or portion within the South Coast HMA
Home Exemption Value	7000.00
Latitude	34.429218
Longitude	-119.641619
Plan Area	All or portion Within Montecito Community Plan
Rural Region	All or portion within South Coast Rural Region
Trails	Trail Corridor Likely, Check Trail Layers
Urban	All or portion within Urban Area
Year Built	1970

Seismic Safety Warning:

Buildings on this parcel may have been built prior to 1970. Pre-1970 buildings may have structural deficiencies that can cause considerable damage during a strong earthquake event. Please visit our website at: <http://www.sbcountyplanning.org/building> to learn more about earthquake vulnerability and potential retrofit solutions for your home.

Special Districts and Other Information of Interest (*derived from Tax Rate Area no.*)

MONTECITO UNION ELEM. SCHOOL

SANTA BARBARA COMM. COLLEGE

SANTA BARBARA COASTAL MOSQ & VECTOR CONTRL

CO-ORIGINAL AREA FLOOD CONTROL

CO-SOUTH COAST ZONE NO. 02 FLOOD CONTROL

MONTECITO FIRE PROTECTION

MONTECITO SANITARY

AREA NO. 32 COUNTY SERVICE

SANTA BARBARA METROPOLITAN TRANSIT

SANTA BARBARA COUNTY WATER AGENCY

MONTECITO COUNTY WATER

CACHUMA JT(15,40,42) RESOURCE CONSV.

SANTA BARBARA (SB1537) UNIFIED SCHOOL

Permit History

Case Number	Dept*	Filed	Planner	Project Name or Description	Status
04CNP-00000-00305	B	04/13/2004		HOME FURNACE 319 HOT SPRINGS RD	Closed
04EXE-00000-00193	P	08/03/2004	DN	MITCHELL A/C UNIT REPLACEMENT	Closed
04MEC-00000-00060	B	08/03/2004		MITCHELL A/C UNIT	Closed
06CNP-00000-00094	B	02/16/2006	JS	MITCHELL RE-ROOF 7.5 SQ	Expired
13ELE-00000-00180	B	06/14/2013	PO	MITCHELL - ROOF MOUNTED PV SYSTEM	Closed
14CNP-00000-00126	B	02/12/2014	AH	MITCHELL REROOF	Closed
16CNP-00000-00533	B	06/01/2016	PO	MITCHELL - SFD RE-PLUMB INT. SEWER LINE	Closed
18ATC-00387	E	01/22/2018	BC		Open
18BDP-00000-01132	B	10/29/2018	MM	MITCHELL TRUST DEMO SFD	Closed
18DIS-00208	P	01/23/2018	NH	Montecito Mudslide - January 2018	In Review

*Dept Code: B=Building, E=Enforcement, P=Planning, R=pRoject, U=Unknown

Accela Land Use Management System is used by P&D to track (B)uilding, (P)lanning and (E)nforcement activity by parcel number.

Building Cases

No LIX Building Cases for this Parcel

Planning Cases

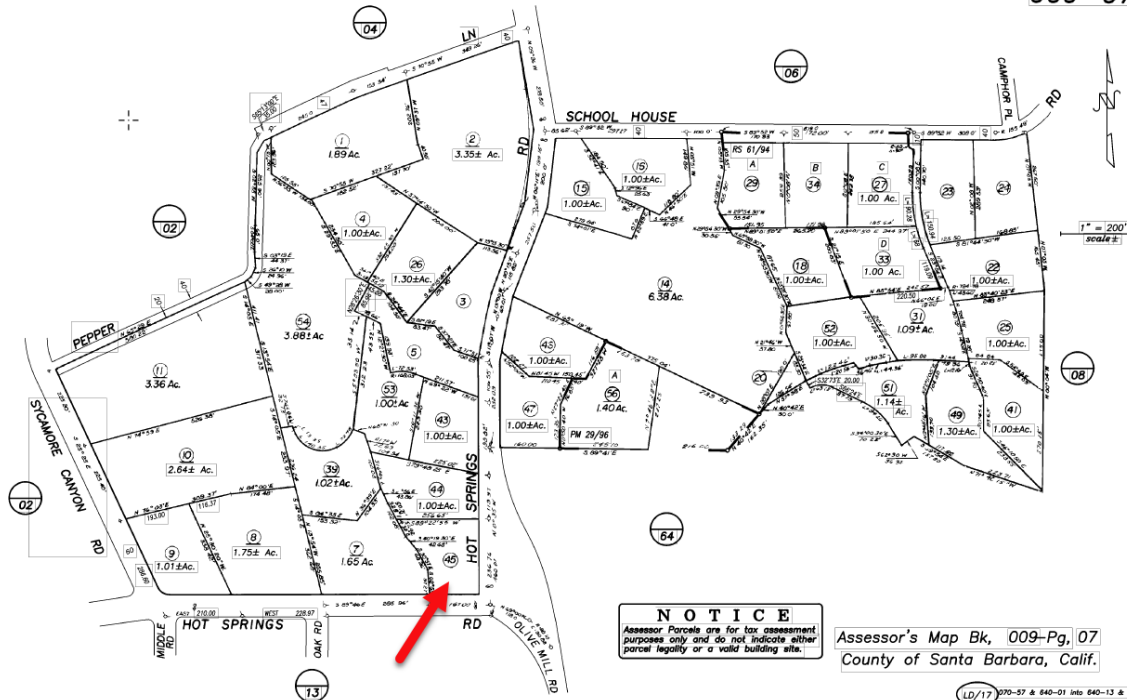
Application Number	Description	Submittal Date	Action Date	Status	Planner
68-AB-158		11/11/11	00/00/00		

Planning Cases from LIX, the previous P&D Land Use Management System.

This version of the Permit History by Parcel is not an exhaustive list of all permits associated

POR. PUEBLO LANDS

009-07



NOTICE
 Assessor Parcels are for tax assessment purposes only and do not indicate either parcel legality or a valid building site.

Assessor's Map Bk, 009-Pg, 07
 County of Santa Barbara, Calif.

LD/17 070-57 & 640-01 Ints 640-13 & 14


According to FEMA, the subject property is mostly located in a FEMA Special Flood Hazard Area. FEMA map 06083C1392H, Zone AE, dated 09/28/2019. It is also adjacent to Floodway zone AE, which is along the Montecito Creek.



FLOOD INFORMATION

Community: SANTA BARBARA COUNTY
 Property is in a FEMA Special Flood Hazard Area - High Risk
 Map Number: 06083C1392H
 Panel: 1392H
 Zone: AE
 Map Date: 09-28-2018
 FIPS: 06083
 Source: FEMA DFIRM

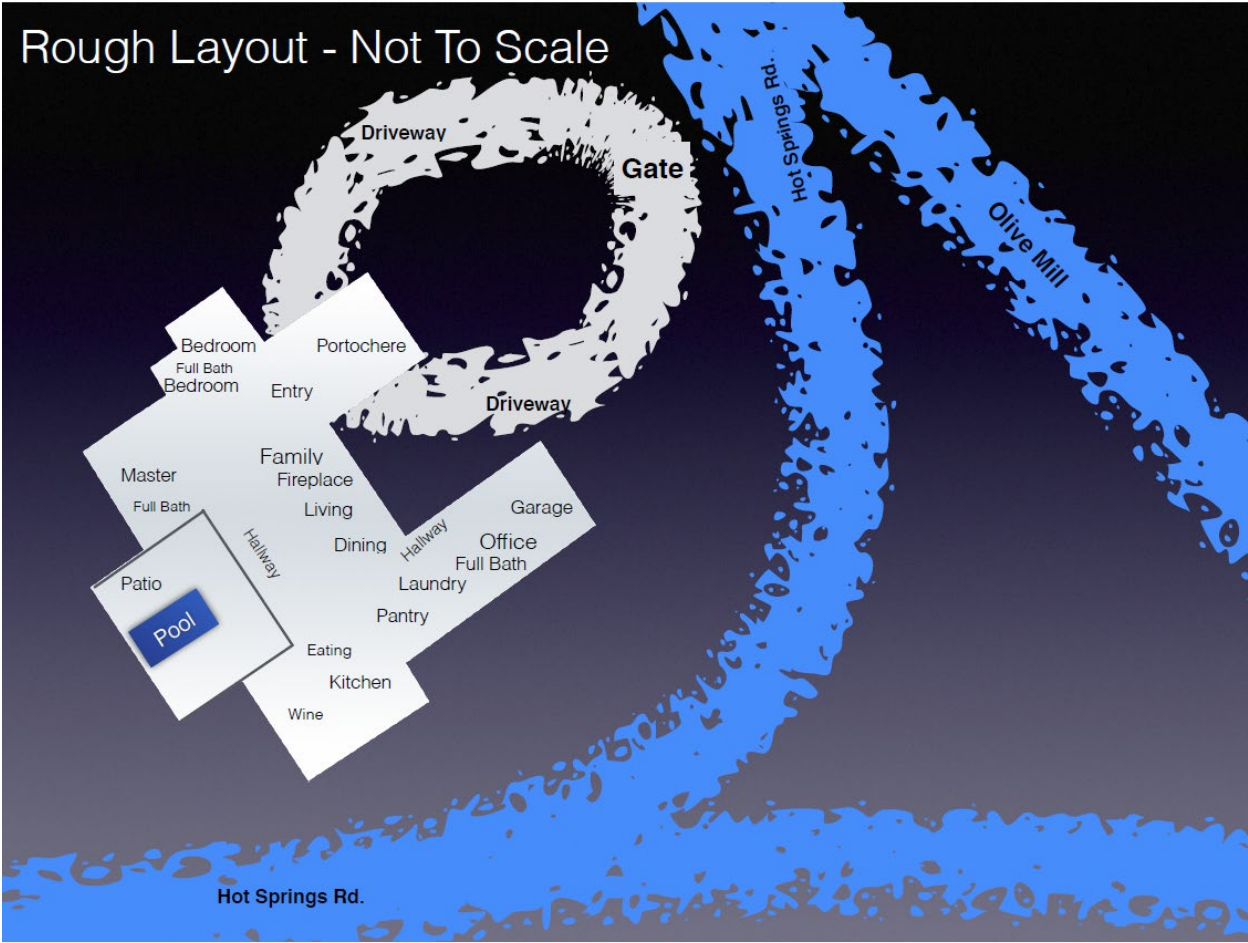
LEGEND

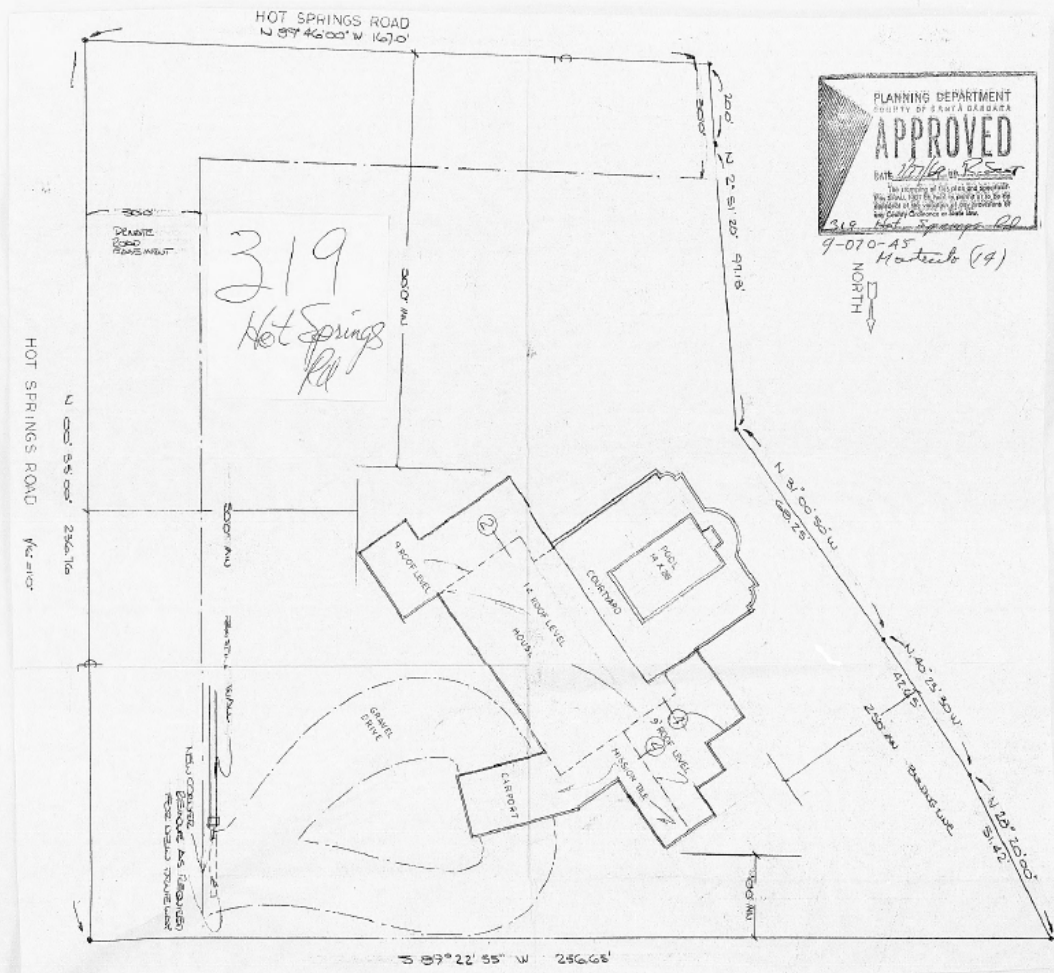
-  = FEMA Special Flood Hazard Area – High Risk
-  = Moderate and Minimal Risk Areas
- Road View:
 -  = Forest
 -  = Water

Sky Flood™

No representations or warranties to any party concerning the content, accuracy or completeness of this flood report, including any warranty of merchantability or fitness for a particular purpose is implied or provided. Visual scaling factors differ between map layers and are separate from flood zone information at marker location. No liability is accepted to any third party for any use or misuse of this flood map or its data.

IMPROVEMENTS DESTROYED ON 01/09/2018:





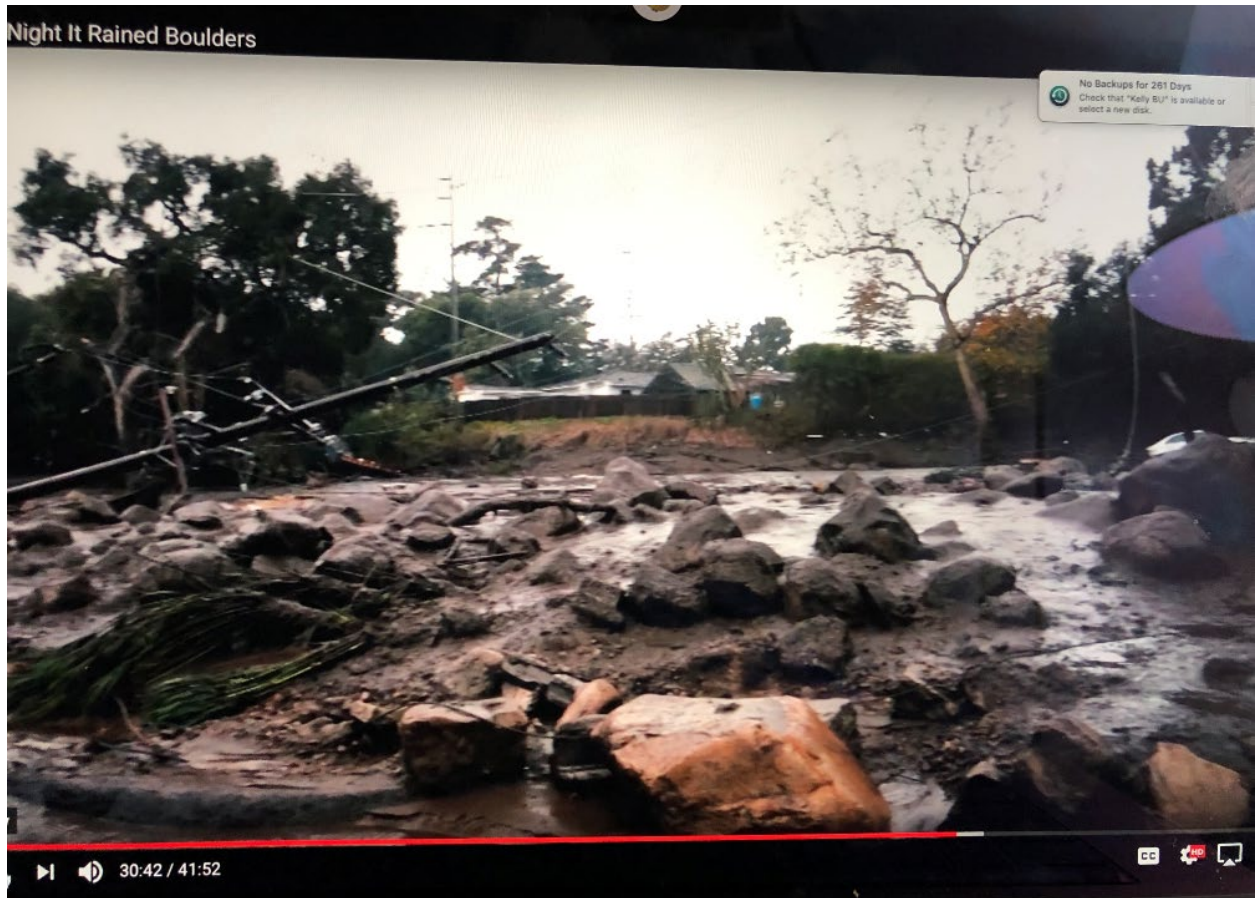
Before:





After:





@KEYTNC3JohnP, it doesn't look good for 319 Hot Springs. This appears to be looking at 287 Hot Springs through where 319 was (321 on the right). I'm so sorry Kelly. I hope I'm wrong.





SKYMAP7

MONTECITO MUDSLIDE

EYEWITNESS NEWS

- / Hot Springs Rd.
NEAR 319 Hot Springs Rd. Santa Barbara-Montecito CA / Santa Barbara County





HIGHEST AND BEST USE

Highest and Best Use is defined as:

1. The reasonable and probable use that supports the highest present value of vacant land or improved property, as defined, as of the date of the appraisal.
2. The reasonably and legal use of land or sites as though vacant, found to be physically possible, appropriately supported, financially feasible, and that results in the highest present land value.
3. The most profitable use.¹

In determining the Highest and Best Use of the subject property, careful consideration was given to the economic, legal and social factors, which motivate investors to develop, manage, own, buy and sell, and lease real estate. Implied in these definitions is the determination that highest and best use takes into account the goals of the community, as well as the individual property owner. In certain situations, the highest and best use of land may be for parks, conservation, greenbelt, and wildlife habitats.

In estimating the Highest and Best Use, there are essentially four stages of analysis. First the land as if vacant is considered with respect to the four stages, and then the site as improved is considered using the four stages for analysis:

1. *Permissible Use (legal)* - what uses are permitted by zoning and deed restrictions on the site or improved property in question? Are the improvements legal?
2. *Possible Use* - what uses of the site in question are physically possible? Can the existing improvements be physically altered to produce a superior use?
3. *Feasibly Economic Use* -, which possible and permissible uses will produce a net return to the owner of the site? Should the existing improvements be removed, replaced, or possibly expanded?
4. *Maximally Productive* - among the feasible uses, which will produce the highest net return or the highest present worth to the site and/or improvements? Which additional improvements or rehabilitation of the existing improvements will produce the maximum benefits or income to the property?

¹ *The Appraisal of Real Estate*, Tenth Edition, Copyright by the Appraisal Institute, an Illinois Not for Profit Corporation, 1992, 875 North Michigan Avenue, Chicago, Illinois Dictionary of Real Estate Appraisal, First Edition, 1984, American Institute of Real Estate Appraisers, page 152

Also inherent in this analysis is the consideration as to the highest and best use of a property as it currently exists. In some cases, it may be deemed appropriate to value the improvements as an *interim use*, which is a temporary use to which a site or improved property is put until it is ready to be put to its highest and best use.

The highest and best use of the land as if vacant will be considered first. Land as if vacant assumes that a parcel of land is vacant or can be made vacant by demolishing any improvements. This is a tool for measuring the lands contribution to the property and can also be used to determine how the land might be used if it were not currently vacant. Once the land contribution is determined, the improvement's possible contribution can be analyzed with respect to the property as a whole.

A full feasibility study is outside the scope of this appraisal assignment. A detailed Highest and Best Use analysis is not deemed necessary by the client for the subject valuation problem. This Highest & Best Use analysis will be presented in a summary format.

The subject site is zoned 2-E-1 (Residential – 2 acre minimum. This zoning requires a minimum of 2 acres for newly created sites. The subject site is approximately 33,541 sq. ft. which is less than the current minimum requirement. Therefore, the subject site is considered to be legal, non-conforming. It is assumed that the destroyed improvements can be rebuilt, under the like-for-like provision of the building code, subject to FEMA standards for construction within a flood plain, which could also require elevation changes, location changes on the site, etc.

The Highest & Best Use of the subject site “as if vacant” is to develop the site with a single family residential use that conforms to the neighborhood and could contain a guest house, and/or pool, spa, cabana, etc.

APPRAISAL PROBLEM AND VALUATION PROCESS

VALUATION PROCESSES

In the valuation of real estate, appraisers may utilize one or more of the three classical appraisal techniques to develop a reasonable opinion of value. Essentially, the three approaches adapt the principle of substitution, which is that a reasonable and prudent purchaser will not pay more for a property than the cost of acquiring a substitute property or developing an alternative property or receiving a return on equity on the property or other benefits which are substantially less than other alternative investments. The three techniques are as follows:

Cost Approach

The total market value of the land or site, as vacant plus any site improvements. Depreciation from three sources -- physical deterioration, functional obsolescence, and economic obsolescence -- is deducted from the current cost of replacing an improvement to arrive at the estimate of depreciated replacement cost.

Income Approach

The measure of the present worth of the future anticipated benefits (income and property reversion) derived from the property. This conversion of anticipated benefits is accomplished by discounting the net operating income cash flows for a specific holding period and the reversion, at a specified discount rate. In certain cases, the capitalization of a single year's net income expectancy, or an annual average of several years' net income expectancies, by a market derived capitalization rate will be deemed appropriate. Under certain circumstances this single year's capitalization of net income is considered to be a unit of comparison, and therefore best reflects the Sales Comparison Approach to value.

Sales Comparison Approach

The subject property is compared to similar properties that have been sold recently or are in escrow. By applying appropriate units of comparison and making adjustments based on the elements of comparison to the sale prices of the comparable sales, a determination of value can be ascertained directly from the market data.

The application of the Sales Comparison to value will only be considered in order to determine the Market Value of the subject property, as of the effective date of this report. The Cost Approach and Income Approach generally do not apply to vacant residential land.

RECONCILIATION IN THE VALUATION PROCESS

The Sales Comparison Approach is considered to be the only approach in determining the value of the subject property as a whole. CORT and the Santa Barbara Multiple Listing Service were used for locating comparable market data.

A reconciliation to determine the relevancy, accuracy, consistency, quantity of the evidence, and logic leading to the value indicators, must be reviewed and resolved for any differences and inconsistencies.

Other important aspects to the reconciliation process includes examining the conditions imposed, objectives of the appraisal, value definitions applied, and property interests, in order to ascertain that the methods and techniques for these items are addressed properly with respect to the one approach to value.

The final value estimate must be consistent with market thinking, reflecting the quality and quantity of available data, which corresponds to the market's perception of the relevancy of the data to the appraisal problem.

All of the aforementioned considerations will be used to determine the final indication of value of the subject property. The final value estimate will reflect a reasoned conclusion based on an analysis of all the relevant evidence.

SALES COMPARISON APPROACH

DETERMINING THE VALUE OF THE SUBJECT PROPERTY, AS A WHOLE

The Sales Comparison Approach is a method of estimating market value in which the subject property is compared to similar properties, which exhibit common characteristics as the subject, and have sold recently. This approach to value supports the premise that the market will determine a price for the subject property in the same manner that it determines the prices of comparable, competitive properties. The Sales Comparison Approach is essentially a systematic procedure for carrying out comparative shopping. Another way of looking at this approach is the principle of substitution, which when applied to real estate valuation, tends to support the value of a property that is replaceable in the market by the cost of acquiring an equally desirable substitute property.

PROCEDURE

In applying the Sales Comparison Approach, the appraiser must research the market to obtain information on comparable properties, verifying information and legitimate arm's length transactions.

Once the comparable sales are located, the relevant units of comparison (components into which a property may be divided for comparison purposes) must be determined and applied to the comparable sales. Typical units of comparison for land are price per square foot of land and price per usable square foot of land. The units of comparison must be selected in terms of their relevance to the appraisal problem. Once the selection has been made, an analysis of property differences can then be applied.

The identification of property differences can help in further analyzing the comparable sales units of comparison, which are characteristics of properties and transactions that cause prices to vary. These differences are known as elements of comparison, and consist of neighborhood, location, view, utilities, entitlements, time, financing terms, physical characteristics, conditions of sale and other various characteristics.

Once the elements of comparison are identified, adjustments can be applied to a comparable property in two ways- percentages or dollars. All sales are adjusted based on the current market conditions, and when available, adjustments will be extracted from the actual sales and then compared directly to the subject property.

By making elements of comparison adjustments, this type of analysis best reflects markets perception of determining a value indicator for a vacant residential land.

	ITEM	SUBJECT	COMPARABLE NO. 1		COMPARABLE NO. 2		COMPARABLE NO. 3	
MARKET DATA ANALYSIS	Address	319 Hot Springs Rd Santa Barbara, CA 93108-2009	1221 E Valley Rd Santa Barbara, CA 93108-2007		768 Winding Creek Ln Santa Barbara, CA 93108-1539		1800 E Mountain Dr Santa Barbara, CA 93108-1319	
	Proximity to subject							
	Sales Price	\$	\$ 390,000		\$ 800,000		\$ 450,000	
	Price \$ / Usable SF	0	38.93		16.25		7.33	
	Data Source		#051197 12/04/18 -40%		Agent #49289 11/20/18 -40%		#36187 08/24/18 -40% Appraiser	
	Date of Sale and Time Adjustment	DESCRIPTION	DESCRIPTION	+(-) Adjust.	DESCRIPTION	+(-) Adjust.	DESCRIPTION	+(-) Adjust.
	Location	Flood Zone/Traffic	AdjFldWay/Traffic	0	s11/18;c10/18	-320,000	s08/18;cUnk	-180,000
	Site/View	33541 sf/28,850 sf	10018 sf/10018 sf	250,000	1.13 ac/20,500 sf	100,000	1.41 ac/5172 sf	400,000
	View	Garden Setting	Garden Setting	0	Average Mountain	-50,000	Garden Setting	0
	Neighborhood	Lower Village N	Montecito Central	0	Adj Golden QdmgI E	0	Golden Quadrangle	-350,000
	Damage to SFR	Destroyed	Destroyed	0	SFR will need demo	0	Dmg2830sfr+450Std	-100,000
	Site Condition	Sgnfct Debris/Mud/Rocks	Site was cleared	-125,000	Mud Removed/SFR existing	-100,000	Sgnfct Debris/Mud/Rocks	0
	Sales or Financing Concessions		Cash	0	Cash	0	Cash	0
	Net Adj. (Total)		<input type="checkbox"/> + <input checked="" type="checkbox"/> -	\$ 31,000	<input type="checkbox"/> + <input checked="" type="checkbox"/> -	\$ 470,000	<input type="checkbox"/> + <input checked="" type="checkbox"/> -	\$ 130,000
Indicated Value of Subject		Net Adj. 7.9%		Net Adj. 58.8%		Net Adj. 28.9%		
		Gross Adj. 136.2%	\$ 359,000	Gross Adj. 83.8%	\$ 330,000	Gross Adj. 251.1%	\$ 320,000	
DATA ANALYSIS	Address	319 Hot Springs Rd Santa Barbara, CA 93108-2009	1779 Glen Oaks Dr Santa Barbara, CA 93108-2111		180 Santo Tomas Ln Santa Barbara, CA 93108-2517			
	Proximity to subject							
	Sales Price	\$	\$ 1,209,500		\$ 1,175,000			
	Price \$ / Usable SF	0	27.77		67.44			
	Data Source		Agent/Seller #37196 08/30/18 -40%		#32072 07/31/18 -40% Apprsr High			
	Date of Sale and Time Adjustment	DESCRIPTION	DESCRIPTION	+(-) Adjust.	DESCRIPTION	+(-) Adjust.		
	Location	Flood Zone/Traffic	FloodWay	0	Flood Zone	-100,000		
	Site/View	33541 sf/28,850 sf	1.0ac/32,000 ac	-50,000	17,424/17,424	150,000		
	View	Garden Setting	Garden Setting	0	Garden Setting	0		
	Neighborhood	Lower Village N	Montecito Central	0	Lower Village SE	0		
	Damage to SFR	Destroyed	Destroyed	0	1929 sfr - Mud Filled	-289,500		
	Site Condition	Sgnfct Debris/Mud/Rocks	SiteCleared/Improvement Demo	-375,000	3-4' Mud \$150k	-150,000		
	Sales or Financing Concessions		Cash	0	Cash	0		
	Net Adj. (Total)		<input type="checkbox"/> + <input checked="" type="checkbox"/> -	\$ 909,000	<input type="checkbox"/> + <input checked="" type="checkbox"/> -	\$ 859,500		
Indicated Value of Subject		Net Adj. 75.2%		Net Adj. 73.10%				
		Gross Adj. 75.2%	\$ 300,500	Gross Adj. 98.7%	\$ 315,500			

RESIDENTIAL SALE #1



Location	1221 E Valley Rd, Santa Barbara, C A 93108-2007
Assessor Parcel Number	009-030-004
Sales Price / Date / Doc. #	\$390,000 / 12/04/2018 / #51197
Location	Montecito - Central
Lot Size/Usable Lot Area	10,018 sf/10,018 sf
View Amenity	Garden Setting
Tax Assessment Land	\$129,282
Tax Assessment Improvement	\$ 0.00
Improvements:	1283 Sq. Ft. built in 1983 3 br/2 ba, Uncovered parking
Site Improvements:	Average landscaping
Terms	Cash
Grantor	Spencer & Cassie Neumann
Grantee	Mary Elizabeth Myers
Confirmation	CRS Data, CORT

RESIDENTIAL SALE #2



Location	768 Winding Creek Ln, Santa Barbara, CA 93108-1539
Assessor Parcel Number	155-050-046
Sales Price / Date / Doc. #	\$800,000 / 11/20/2018 / #49289
Location	Golden Quadrangle Eastern Periphery
Lot Size/Usable Lot Area	1.13 ac Gross/ 20,500 sf Net
View Amenity	Average Mountain (limited)
Tax Assessment Land	\$29,253
Tax Assessment Improvement	\$ 0.00
Improvements:	2658 sf SFR built in 1976 4 br/3.1 ba, 2 Car Garage
Site Improvements:	Covered in Mud/Debris, house likely needs demo
Terms	Cash
Grantor	Alan Racalbuto and Joseph F Bleckel Trust
Grantee	Bry Richman
Confirmation	CRS Data, CORT

RESIDENTIAL SALE #3



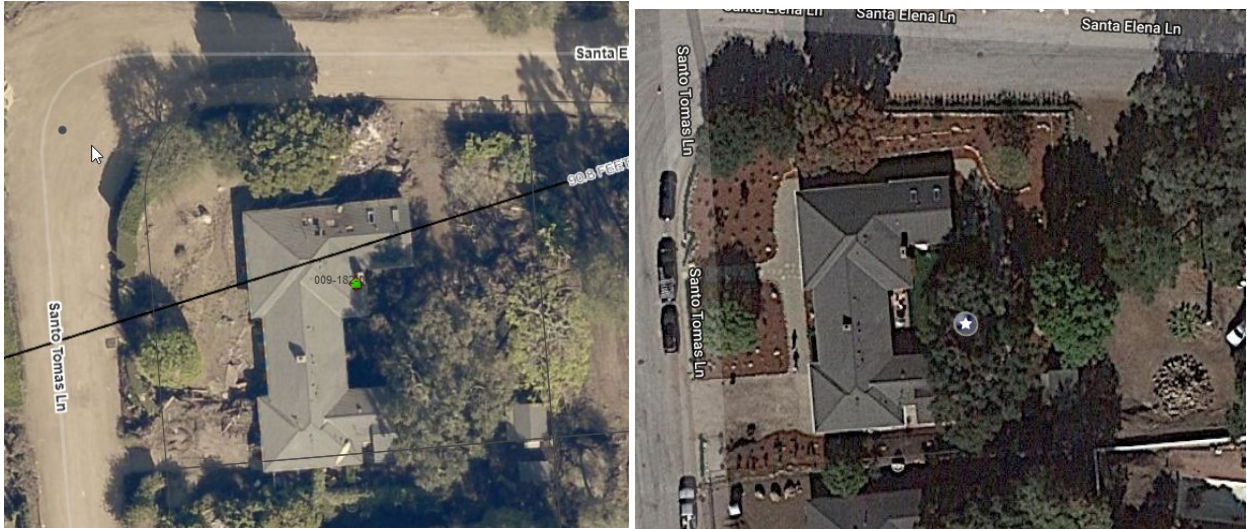
Location	1800 E Mountain Dr, Santa Barbara, CA 93108-1319
Assessor Parcel Number	007-050-027
Sales Price / Date / Doc. #	\$450,000 / 08/24/2018 / #36187 and 2nd sale: 10/29/18 \$795,000
Location	Golden Quadrangle
Lot Size/Usable Lot Area	1.41 ac/5,172 sf + hiking trail splits usable Lot/Util Esmnts
View Amenity	Garden Setting
Tax Assessment Land	\$272,515
Tax Assessment Improvement	\$ 0.00
Improvements:	2830 sf SFR, detached garage with upper level studio
Site Improvements:	Covered in Mud/Debris, house likely needs demo
Terms	Cash
Grantor	Sherry Melchoiree and The Shelley Melchoiree Trust
Grantee	Charles Otto Puth
Confirmation	CRS Data, CORT, Buyers

RESIDENTIAL SALE #4



Location	1779 Glen Oaks Dr, Santa Barbara, CA 93108-2111
Assessor Parcel Number	007-190-006
Sales Price / Date / Doc. #	\$1,209,500 / 08/30/2018 / #37196
Location	Golden Quadrangle South
Lot Size/Usable Lot Area	1.0 Ac/36,000 Ac driveway easement to 1781 Glen Oaks
View Amenity	Garden Setting
Tax Assessment Land	\$ 318,634
Tax Assessment Improvement	\$ 0.00
Improvements:	2585 sf SFR, 3br3ba & 1br1baGuest, 2 Gar, 2 Carports
Site Improvements:	Filled with Mud/Debris. House was Demolished. In Floodway
Terms	Cash
Grantor	Teresa Drenick & Robert F Riskin
Grantee	Mehrdad Noorani
Confirmation	CRS Data, CORT, Grantor Robert Riskin

RESIDENTIAL SALE #5



Location	180 Santo Tomas Ln, Santa Barbara, CA 93108
Assessor Parcel Number	009-182-004
Sales Price / Date / Doc. #	\$1,175,000 / 07/31/2018 / #32072
Location	Lower Village East
Lot Size/Usable Lot Area	17,424 sf/17,424 sf
View Amenity	Garden Setting
Tax Assessment Land	\$ 735,650 / Supplemental 7/1/18-6/30/19 \$1,000,000
Tax Assessment Improvement	\$ 0.00 / Supplemental \$175,000
Improvements:	1929 sf SFR, 3br3ba 2 Car Garage
Site Improvements:	Filled with Mud/Debris. House was repaired Flood Zone AE
Terms	Cash
Grantor	Glen H & Maricela M Mitchel III
Grantee	Chase James
Confirmation	CRS Data, CORT

ANALYSIS OF THE COMPARABLE SALES

The comparable sales used in this analysis are the most recent and best available market data for determining the market value of the subject property as of the effective date of this appraisal report. However, each of the comparable sales closed after the effective date. It was necessary to use sales of property which had the most similar amount of damage from the debris flow. However, due to the area being a declared disaster zone as of the effective date and for several months following, there were no sales until July of 2018. The comparable sales included are the most recent, most similar and best available market data to determine an opinion of fair market value for the subject. Since the effective date of this appraisal is immediately following the date of death, which occurred during the disaster event, it is necessary to not only consider the sales which occurred in the following months, but also to derive a discount rate because a potential buyer would expect a discount for buying a property which was destroyed and prior to clearing of debris, demolition of any remaining improvements and prior to knowing if, when and how a new residence could be rebuilt.

If looking at case studies from other areas of major disaster, damaged or destroyed properties are negatively impacted immediately following a flood/mudflow property values decrease because the utility that can be derived from that parcel of land is reduced, and therefore it is necessary to use a discount when valuing a property destroyed by disaster. The discounts tend to be the highest closer to the actual disaster, but as time passes, and recovery and clean up progress, the discount rate tends to lessen.

Since the subject's debris flow was caused due to a burned watershed (Thomas Fire), Santa Barbara County has issued mandatory evacuation orders for properties located in the red zone, Extreme Risk for debris flow prior to anticipated heavy rain events. Mandatory evacuation orders are expected to decline in time as the watershed recovers over the next 5-7 years post fire. But in the meantime, buyers pay less for homes in the red zone (the subject). Buyers also pay less if a property is located in a flood zone or back to a creek. The subject property is located in a flood zone. It is also expected for a property to sell for less if it was destroyed in a disaster which could reoccur. The risk associated with the subject property is also considered in the discount rate.

Since there are 5 closed sales of destroyed and/or significantly damaged properties which are somewhat similar compared to the subject, the only discounts needed will be a discount rate as of the effective date (date of disaster) until the date that the sales were sold. The sales included in this report, already include discounts for being damaged and for being in areas which are at a higher risk and they already include the overall market decline post disaster.

This discount rate does include being located in an area which is a declared disaster zone, has significant damage, road closures, significant dust in the air, significant dirt on the roads,

ongoing road/bridge/creek work and is located in the High Risk Area for a potential future debris flow.

After reviewing case studies from Randall Bell's, Real Estate Damages, Third Edition book, and speaking with multiple agents, other appraisers, investors, and other market participants, an adjustment of 40% was made, which reflects the likely discount that buyers would place on a property as of the effective date/immediately following the disaster. According to case studies, proximity to debris flow/mudslide/flood does negatively affect value, market appeal and marketability with the steepest loss typically immediately following the disaster. A typical range of discount rates for damaged properties is from 7.7% to as much as 80% depending on severity of the problem and value of the property. However, these adjustments range from pre-damage/pre-disaster value. This adjustment is not the decline in value of the subject property from before the disaster; but is the estimated additional time discount for a damaged property based on the effective date compared to the market conditions as of the sale dates of the comparable sales.

An across the board adjustment of 40% was extracted for the difference in market conditions between the effective date of this appraisal and the sale date. After June 2018, overall market values stabilized, therefore it is the same adjustment for each of the comparable sales whether it sold in July 2018 or in December 2018.

1221 E Valley Rd is inferior compared to the subject property overall, but it sold nearly a year post disaster and effective date of this appraisal, and after values stabilized. This property has a similar neighborhood boundary, location and view, but it is inferior in usable lot area. The improvements were destroyed, and an occupant died at this address from the debris flow. This property sold for \$390,000, after it was cleared. The estimate to clear the site is \$125,000.

768 Winding Creek Ln is slightly superior compared to the subject property overall, but it sold 10 months post disaster and effective date of this appraisal, and after values stabilized. This property has a similar overall neighborhood appeal. The rear yard slopes and the unusable portion of the site is floodway and flood zone AE, but the improvement is not in a flood zone and there is no traffic, so the location is superior compared to the subject. This property has an inferior usable lot area, but slightly superior views. The property was cleared of mud when it sold, although the residence was standing. The listing agent reported that the improvement would likely need to be demolished, but they were not sure yet. No value was given to the existing SFR and it is estimated that \$100,000 was spent on mud/debris removal.

1800 E Mountain Dr is inferior compared to the subject property overall, but it sold 8 months post disaster and effective date of this appraisal, and after values stabilized. This property is more centrally located within the Golden Quadrangle, which has a superior neighborhood appeal, however, the creek shifted during the debris flow further onto this property. The floodway is over about 50% of the site. There is a public hiking trail which splits the remaining 50% of the site and there is a trail along the northern portion of the site. According to the appraiser the effective new building envelopes are about 5172 sq. ft. and the site remains a high risk site and has lack of privacy due to the established hiking trails. The 2830+/- sq. ft. residence and 450+/-

sq. ft. studio were damaged in the debris flow but are reportedly repairable. The buyers cleared the debris/mud and completed some infrastructure work on the site then resold it for \$795,000 on 10/29/2018.

1779 Glen Oaks Dr is superior compared to the subject property. This property sold 8 months post disaster and effective date of this appraisal, and after values stabilized. This property has a similar overall neighborhood appeal. The debris flow destroyed the residence and one of the homeowners died as a result of the debris flow. As a result of the debris flow, approximately 2/3 of this site is now in the floodway. \$375,000 was spent prior to close of escrow, to clear the mud/debris from the site and demolish the improvements. The property sold to the neighbor whose house was also destroyed. They plan to rebuild their home and to use this property as a guest house site and extra land. Any future improvements on this site will need to be elevated and engineered to have breakaway walls to not prevent or redirect water flow, so developing this site would have extra cost and take more time and have more risk. The lot utility is reduced due to a shared driveway easement to the property to the south, but the lot utility is superior compared to the subject.

180 Santo Tomas Ln is superior compared to the subject property. This property sold 7 months post disaster and effective date of this appraisal, and after values stabilized. This property has a similar neighborhood appeal, but superior location. Although it is in a flood zone, it is not adjacent to the creek. The site is inferior in size. This property had 3-4' of mud/debris on the site, and some mud in the residence. It was purchased by a contractor who spent about \$150,000 to clear the mud from the site, but felt the residence had a contributory value of \$289,500 which was repaired.

Location adjustments reflect differences in traffic, driveways, easements, being in a flood zone, or floodway, and proximity to creeks.

Buyers focus more on usable lot area, rather than actual lot size.

Buyers pay a premium for beneficial views.

Buyers pay a premium for being centrally located in the Golden Quadrangle of Montecito. The Lower Village, Central Montecito (below the Golden Quadrangle) and adjacent area of Montecito have a similar neighborhood appeal.

Each of the properties have similar entitlements and each had significant damage from the debris flow.

The [unadjusted range of sales prices](#) of the closed market data is from \$390,000 to \$1,209,500. Overall sale #1 is inferior and sales #2, #4 and #5 are superior overall if not including the market condition/time adjustment.

The [adjusted range of sales prices](#) of the closed market data is from \$300,500 to \$359,000.

Taking into consideration the effective date of the appraisal as being immediately following a major catastrophic disaster in which destroyed the subject properties improvements, caused the death of the occupants, combined with the mud/debris on the site, inability to access the Montecito area due to mandatory evacuation orders, and the amount of overall damage to the general area, a value towards the low middle end of this range was chosen.

Based upon the available market data, an indicated value of **\$315,000** is supported as the market value of the subject property **as a whole**, as of January 9, 2018 (immediately following the disaster and assumed time of death).



RECONCILIATION OF SALES COMPARISON APPROACH

Indicated Value by:

Sales Comparison Approach to Value: \$315,000

Final Reconciliation

The Sales Comparison Approach to Value supports an indicated value of \$315,000. The Cost Approach and the Income Approach do not apply to residentially zoned vacant land, because the market participants do not use income to determine value for this type of property.

In determining a final estimate of value for the subject property, the Sales Comparison Approach was given most consideration and my opinion of value is estimated at \$315,000 as of 01/09/2018, which is the effective date.

Based on the scope of work, assumptions, limiting conditions and appraiser's certification, my opinion of the defined value of the real property that is the subject of this report as of 01/09/2018 is:

THREE HUNDRED FIFTEEN THOUSAND DOLLARS

\$315,000

EXPOSURE & MARKETING TIME ANALYSIS

EXPOSURE TIME:

Exposure time is always presumed to precede the effective date of the appraisal. It is the estimated length of time the property would have been offered on the market prior to the hypothetical sale at the value of the effective date of the appraisal report. It is a retrospective estimate based upon an analysis of past events assuming a competitive and open market. This includes not only adequate, sufficient and reasonable time but adequate, sufficient and reasonable effort. It is often expressed as a range and is based on the following:

1. Statistical information about days on the market, most commonly obtained from the local Multiple Listing Service.
2. Information gathered through sales verification.
3. Interviews with market participants.

These sources yield further data including typical buyers and sellers, typical equity levels and conventional financing terms.

In evaluating the comparable sales, none of the properties were listed in MLS prior to selling. This is fairly common for properties which were significantly damaged or destroyed post disaster. Based on the current market conditions **as of the effective date**, if the subject property were brought on the market at a reasonable price, it would most likely sell within 3-6 months. The exposure time for the subject property is therefore estimated to be 3-6 months.

Reasonable exposure time for the subject property under current market conditions is 3-6 months. This is based on the analyses of current market trends (as of the effective date) in the general area and takes into account the size, condition, and price range of the subject and the surrounding properties and it presupposes that a listing price would be at or near the appraised value. It also assumes aggressive, professional marketing by reputable local real estate offices. (Statement on Appraisal Standards No. 6; S M T - 6; Appraisal Standards Board of the Appraisal Foundation).

ASSUMPTIONS AND LIMITING CONDITIONS

This report is made expressly subject to the conditions and stipulations following:

1. As agreed upon with the client prior to the preparation of this appraisal, this is an Appraisal report.
2. This Appraisal report is intended to comply with the reporting requirements set forth under **Standards Rule 2-2(a)** of the 2014 Uniform standards of Professional Appraisal practice, and the client has requested the analysis in a Summary Format, as such it includes full discussions of the data, reasoning and analyses that were used in the appraisal process to develop the appraiser's opinion of value. Additional supporting documentation concerning the data, reasoning and analyses is retained in the appraiser's file. The information contained in this report is specific to the needs of the client and for the intended use stated in this report. The appraiser is not responsible for unauthorized use of this report.
3. No responsibility is assumed by us for matters, which are legal in nature. No opinion of title is rendered, and the property is appraised as though free of all encumbrances and the title marketable. The appraisal covers the property described only.
4. No survey of the boundaries of the property has been made. All areas and dimensions furnished are assumed to be correct. No engineering study of the land was provided. This report assumes that a typical easement exists for the benefit of the subject sites.
5. Sources of information are believed to be correct and, where feasible, have been verified.
6. By reason of this appraisal, we are not required to give testimony or to be in attendance in court or at any governmental or other hearing with reference to the property without prior arrangements having been made relative to such additional employment.
7. Disclosure of the contents of this appraisal report is governed by the Bylaws and Regulations of the Appraisal Institute.
8. Neither all nor any part of the contents of this report (especially any conclusions as to value, the identity of the appraisers, or the firm with which they are connected, or any reference to the Appraisal Institute, shall be disseminated to the public through advertising media, public relations media, news media, sales media or any other public means of communication without the prior written consent and approval of the authors.
9. The Appraiser assumes that there are no hidden or unapparent conditions of the property, subsoil, which would render it more or less valuable. The Appraiser assumes no responsibility for such condition, which might be required to discover such factors.

10. Information, estimates and opinions furnished to the Appraiser, and contained in the report, were obtained from sources considered reliable and believed to be true and correct. However, the Appraiser can assume no responsibility for accuracy of such items furnished the Appraiser.
11. The appraiser assumes all underground utilities to the subject site are in good working order regardless of its age.
12. The existence of potentially hazardous materials may or may not be present on the subject property; however, the appraiser does not have any knowledge of the existence of such materials on or in the subject property and is not qualified to detect such substances. The existence of urea-formaldehyde insulation, radon gas or other potentially hazardous waste materials may have a negative effect on the market value of the subject property. If the existence of such potentially hazardous materials is suspected, the client is advised to retain an expert in this field. In the event that it is determined that the subject property is affected by hazardous materials or environmental issues, which are generated from the subject site or neighboring properties, the appraiser reserves the right to adjust the subject's estimated value accordingly.
13. All contingent and limiting conditions are contained herein (imposed by the terms of the assignment or by the undersigned affecting the analyses, opinions, and conclusions contained in the report).
14. All conclusions and opinions concerning the real estate that are set forth in the appraisal report were prepared by the Appraiser whose signature appears on the appraisal report. No change of any item in the appraisal report shall be made by anyone other than the Appraiser, and the Appraiser shall have no responsibility for any such unauthorized change.
15. Mineral and petroleum rights and interests have not been considered in preparing this appraisal.
16. It is assumed that there exist no undisclosed restrictions or prohibitions concerning the possible use or development of the property for any purpose.
17. Only the real estate has been included in this appraisal. Unless specified, no consideration has been given to chattels and personal property.
18. A preliminary title report was not reviewed, and the appraiser reserves the right to make any changes in the appraisal should information regarding easements, covenants, and restrictions unknown to the appraiser become a material fact. It assumes that there are no private deed restrictions, limiting the use of the property in any way. Should the client require that the appraiser to assess the impact of unusual or atypical encumbrances, easements and/or restrictions, the appraiser reserves the right to renegotiate fees and make substantial changes in the appraisal report, if necessary.
19. A detailed Highest and Best Use analysis supports a single family home on the subject site.
20. The appraisal assignment was not based on a requested minimum valuation, a specific valuation, or the approval of the loan.
21. As of the date of this report, I, Jennifer L. Heath, SRA, AI-RRS have completed the Standards and Ethics Education Requirement of the Appraisal Institute for Designated Members. This report is intended to comply with USPAP as of January 1, 2018 through December 31, 2019.
22. Maximum Time Frame for Legal Actions: Unless the time frame is shorter under applicable law, any legal action or claim relating to the appraisal or Appraiser's services

shall be filed in court (or in the applicable arbitration tribunal, if the parties to the dispute have executed an arbitration agreement) within two (2) years from the date of delivery to Client of the appraisal report to which the claims or causes of action relate or, in the case of acts or conduct after delivery of the report, two (2) years from the date of the alleged acts or conduct. The time frame stated in this section shall not be extended by any delay in the discovery or accrual of the underlying claims, causes of action or damages. The time frame stated in this section shall apply to all noncriminal claims or causes of action of any type.

23. Unless otherwise stated in this Agreement, Client agrees that Appraiser's assignment pursuant to this Agreement shall not include the Appraiser's participation in or preparation for, whether voluntarily or pursuant to subpoena, any oral or written discovery, sworn testimony in a judicial, arbitration or administrative proceeding, or attendance at any judicial, arbitration, or administrative proceeding relating to this assignment.
24. As a Restricted Appraisal Report the opinions and conclusions set forth may not be understood properly by anyone except the client.
25. Appraiser cannot agree to provide a value opinion that is contingent on a predetermined amount. Appraiser cannot guarantee the outcome of the assignment in advance. Appraiser cannot insure that the opinion of value developed as a result of this Assignment will serve to facilitate any specific objective by Client or others or advance any particular cause. Appraiser's opinion of value will be developed competently and with independence, impartiality and objectivity
26. Neither party shall under any circumstances be liable to the other party for special, exemplary, punitive or consequential damages, including, without limitation, loss of profits or damages proximately caused by loss of use of any property, whether arising from either party's negligence, breach of the Agreement or otherwise, whether or not a party was advised, or knew, of the possibility of such damages, or such possibility was foreseeable by that party. In no event shall Appraiser be liable to Client for any amounts that exceed the fees and costs paid by Client to Appraiser pursuant to this Agreement.

USPAP CERTIFICATION

The undersigned certify that, to the best of their knowledge and belief:

1. The statements of fact contained in this report are true and correct.
2. 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.
3. I have no present or prospective interest in the property that is the subject of this report and I have no personal interest with respect to the properties involved.
4. I have no bias with respect to the property that is the subject of this report or to the parties involved in this assignment.
5. The engagement in this assignment was not contingent upon developing or reporting predetermined results.
6. The 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.
7. The reported analyses, opinions, and conclusions were developed, and this report has been prepared in conformity with the requirements of the Code of Professional Appraisal Practice of the Appraisal Institute, which include the *Uniform Standards of Professional Appraisal Practice*.
8. I physically inspected the subject site and exterior of the subject's improvements.
9. Use of this report is subject to the requirements of the Appraisal Institute relating to review by its duly authorized representatives.
10. I do not authorize the out-of-context quoting from or partial reprinting of this appraisal report. Further, neither all, nor any part of this report shall be disseminated to the general public by the use of media for public communication without the prior written consent of the undersigned.
11. I have never valued the subject property in the past.



Jennifer L Heath, SRA, AI-RRS
CA Lic. #AR017399, expires 3-04-2021



QUALIFICATIONS OF THE APPRAISER

JENNIFER L. HEATH, SRA, AI-RRS

5662 Calle Real, PNB #103 Goleta, CA 93117

(805) 689-9809 * (805) 563-3112 Fax

Jennifer@SBAppraiser.com www.SBAppraiser.com

PROFESSIONAL EXPERIENCE

Actively engaged as a Certified Licensed Appraiser, on a full time basis on the South Coast of Santa Barbara County.

Owner of Jennifer Heath, LLC, Certified Residential Appraiser- December 1999 to present
David Marx, MAI, SRA, David Marx & Associates - March of 1993 to December of 1999

PROFESSIONAL AFFILIATIONS:

State of California, Real Estate Appraiser Certified Licence, AR017399, Exp. 3/4/21
(originally Licensed 5/1994; originally Certified 06/1995)

Appraisal Institute, Southern California Chapter, SRA Designation 07/2014

Appraisal Institute, Southern California Chapter AI-RRS (Residential Review) Designation 08/2016

Association of Santa Barbara Appraisers, ASBA – Founder 05/2018

SCOPE OF APPRAISAL EXPERIENCE

I appraise single family residential property, condominiums/PUD, residential ranches, complex properties, vacant land, luxury estates, beach front properties and urban/suburban or rural properties the following purposes: Proposed construction loans, mortgage lending, estate planning, divorce settlement, tax/IRS, trust management, dispute resolution, date of death, relocation, litigation, mediation, casualty loss, expert witness, REO and foreclosure. I also perform field and desk reviews. FHA approved.

GEOGRAPHIC AREA OF EXPERTISE

Santa Barbara's South Coast including: Montecito, Santa Barbara, Goleta, Carpinteria, Hope Ranch, Isla Vista and Summerland.

ADDITIONAL EMPLOYMENT HISTORY

Merrill Lynch Realty/Prudential California Realty – Actively Licensed Real Estate Agent
1989-1993 (Licensed through 2000).

Santa Barbara Bank & Trust – 1986 - 1989

Carpinteria - Installment Loan Specialist

Santa Barbara Main Branch – Vault Teller, Teller, Assistant to Branch Manager

Bank of America 1984 to 1986, Teller & Statement processor

RECENT ATTENDANCE /SUCCESSFUL COMPLETION OF COURSES AND CONTINUING EDUCATION:

Valuation Expo	10/2018
Liability Insurance Administrators: Hot Topics & Myths in Appraiser Liability	06/2018
Appraisal Institute: SCCAI 2018 Residential Symposium	04/2018
Appraisal Institute: 7-Hour USPAP	04/2018
Appraisal Institute: Real Estate Damages with Randall Bell	04/2018
Appraisal Institute: Santa Barbara/Ventura County 2018 Market Trend Seminar	02/2018
Appraisal Institute: Santa Barbara/Ventura County 2017 Market Trend Seminar	02/2017
Appraisal Institute: Business Practices & Ethics	09/2016
Complex Residential Appraisals & Rural Residential Properties	06/2016
Appraisal Institute: 7-Hour USPAP:	03/2016
Appraisal Institute: Review Theory	08/2015
Appraisal Institute: Using Spreadsheet Programs in Real Estate Appraisals – The Basics	05/2015
Appraisal Institute: Unraveling the Mystery of Fannie Mae Appraisal Guidelines	03/2015
Appraisal Institute: Real Estate Finance Statistics & Valuation Modeling	05/2014
Appraisal Institute: Residential Market Analysis & Highest & Best Use	04/2014
Appraisal Institute: Residential Equivalency Exam	03/2014
Appraisal Institute 7-Hour National USPSP	03/2014
Appraisal Institute: Federal and California Statutory & Regulatory Law Course	02/2014
Appraisal Institute: Liability Issues for Appraisers Performing Litigation	07/2013
Laws and Regulations for California Appraisers	02/2013
Appraisal Institute: Advanced Residential Applications & Case Studies, Pt. 1	10/2012
Appraisal Institute: Advanced Residential Report Writing, Pt. 2	10/2012
Appraisal Institute: USPAP Hypothetical Conditions & Extraordinary Assumptions	05/2012
Appraisal Institute: UAD After effects	04/2012
USPAP 7 Hr. 2012-2013	12/2011
Appraisal Institute: Understanding the impact of Interagency Appraisal & Evaluation Guidelines For appraisers & Lenders	10/2011
The Uniform Appraisal Dataset from Fannie Mae & Freddie Mac	09/2011

Appraisal Institute: 17 th Annual Summer Conference -Residential Session	07/2011
Appraisal Institute: The appraiser as an Expert Witness: Preparation & Testimony	04/2011
Appraisal Institute: Business Practices and Ethics	03/2011
Appraising FHA Today	02/2010
USPAP	02/2010
USPAP	01/2009
Federal & State Laws and Regulations	11/2008
Relocation Appraisal is Different	01/2009
Even Odder – More Oddball Appraisal	11/2008
The Dirty Dozen	11/2008
Residential Report Writing & Case Study	12/2006
Studies & Analyses	12/2006
USPAP	11/2006
USPAP	07/2003
ADA & Fair Housing	06/2000
National Basic Real Estate Finance	08/2000
Methods of Residential Finance	08/2000
Pricing Property to Sell	09/2000
Real Estate Math	09/2000
Tax Advantages of Home Ownership	12/2000
Tax Free Exchanges	01/2000
Standards & Ethics	01/2001
ADA & Fair Housing	06/2000
Ethics a Practical Discussion	06/1997
Fair Housing a Practical Discussion	06/1997
How to Write a Legally Binding Contract	06/1997
EDI Computer Training	08/1996
Condo's & Small Units	08/1996
FHA 203k Appraisals	08/1996
ADA – Fair Housing	11/1996
Pricing a Property to Sell	11/1996
Federal & State Laws & Regulations	11/1996
USPAP	11/1996
Loss Prevention Program	11/1996
Home Inspection	11/1996
Stats, Cap, Partial Interest & Reports	03/1995
Federal & State Laws and Regulations Workshop	05/1995
Appraising the tough ones	05/1994
The State of the Art of Appraisal	10/1993
Standards & Practice	10/1992
Residential Real Estate Appraisal	10/1992
Legal Considerations in Appraisal	10/1992
Math and Regulations for Appraisals	11/1992
Appraiser License Course	1992-1993

Santa Barbara, California

93101, 93102, 93103, 93105, 93108, 93109, 93110, 93111

Montecito, California

93108

Goleta, California

93117

Carpinteria, California

93013

Summerland, California

93067

Data Sources:

Santa Barbara Multiple Listing Service, Realist, CORT, county assessor, real estate agents/brokers, buyers/sellers, local appraisers, internet applications, mapping applications, city & county permit files, local economists, local news, local contractors/builders, various continuing education seminars/trade shows, as well as hosting the Association of Santa Barbara Appraisers (ASBA education events).

ADDENDUM



FEMA Recovery Mapping
Released June 11, 2018
Adopted by County of Santa Barbara
Board of Supervisors on
June 19, 2018

High hazard map depicting areas that may be impacted by a 1% annual chance rainfall and runoff due to burned areas.

- Legend**
- Water Surface Elevation
 - 2-foot Contours
 - High Hazard Area
 - Area of Inundation
 - Stream
 - Post 2018 Debris Flow LIDAR 2-foot Contours

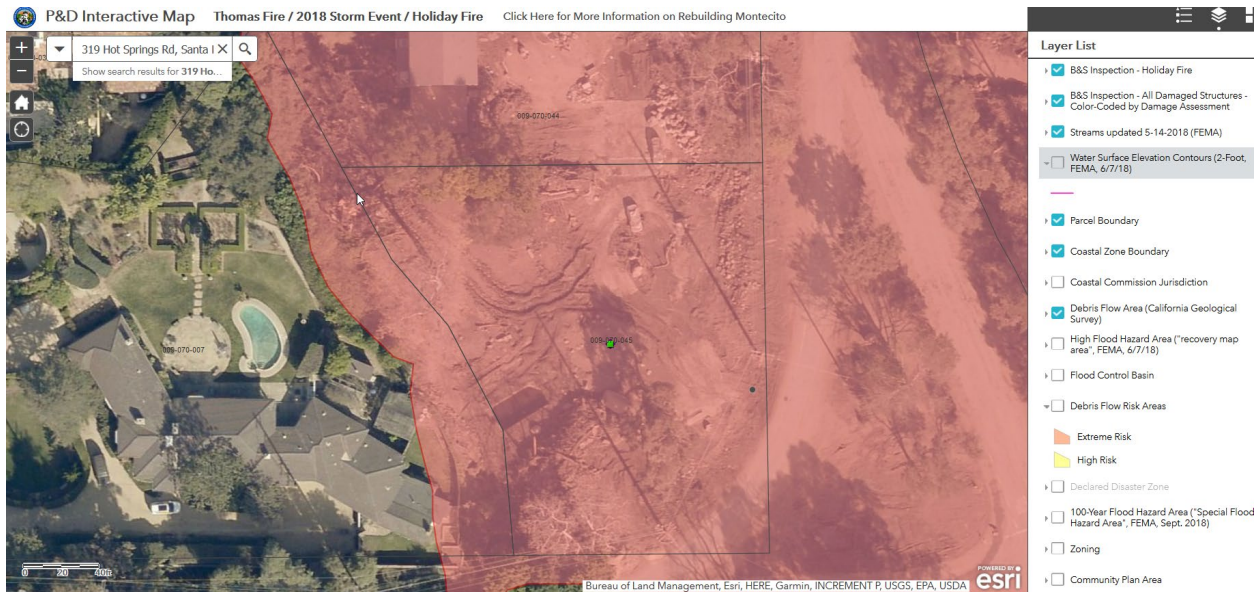
This map is for reference only. Although every effort has been made to ensure the accuracy of information, errors and conditions originating from physical sources used to develop the database may be reflected on this map. Santa Barbara County shall not be liable for any errors, omissions, or damages that result from inappropriate use of this document. No level of accuracy is claimed for the boundary lines shown herein and lines should not be used to obtain coordinate values, bearings or distances.

County of Santa Barbara
Unincorporated Areas

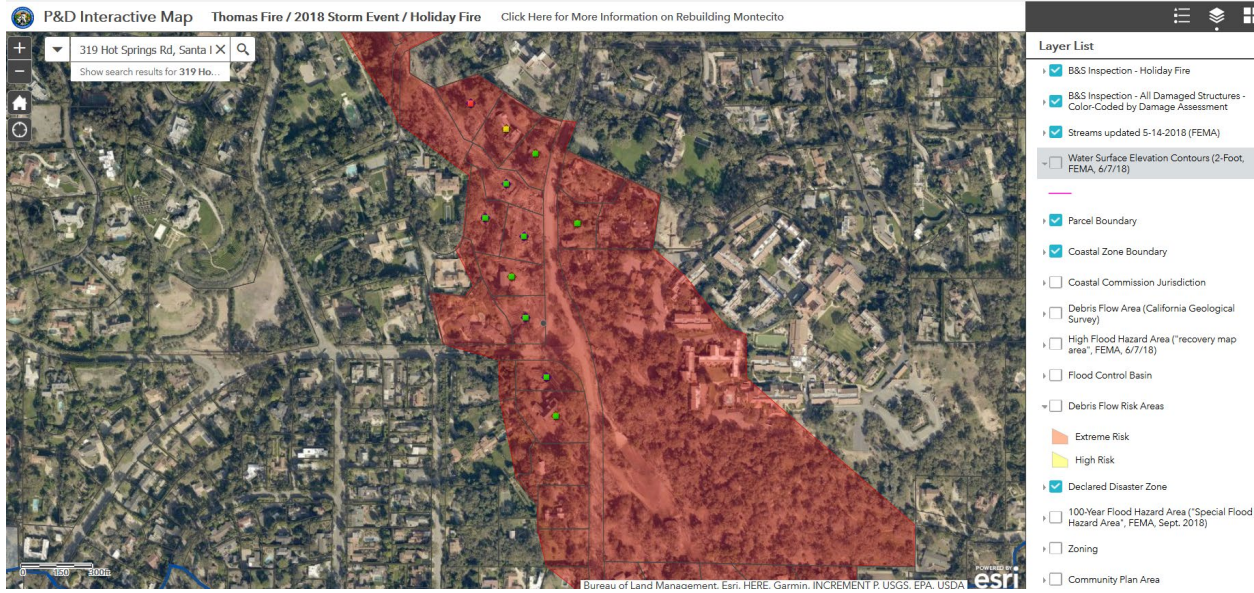
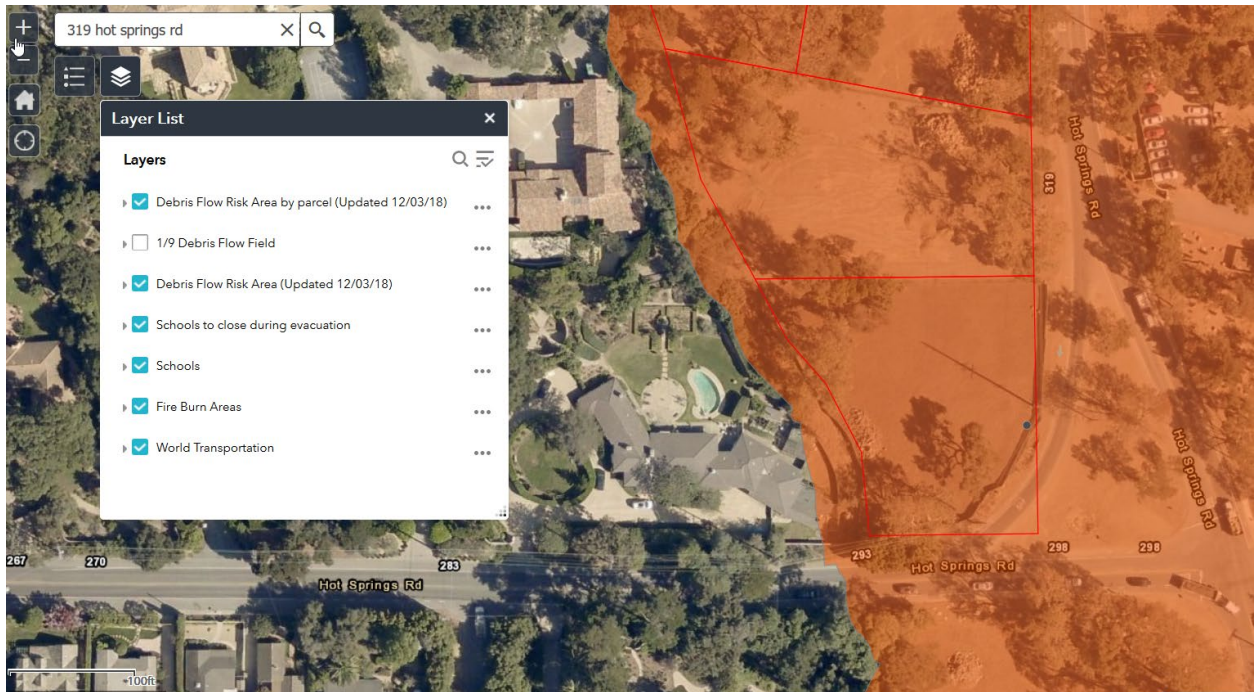
This map was prepared using the Recovery Mapping data available from the Federal Emergency Management Agency.

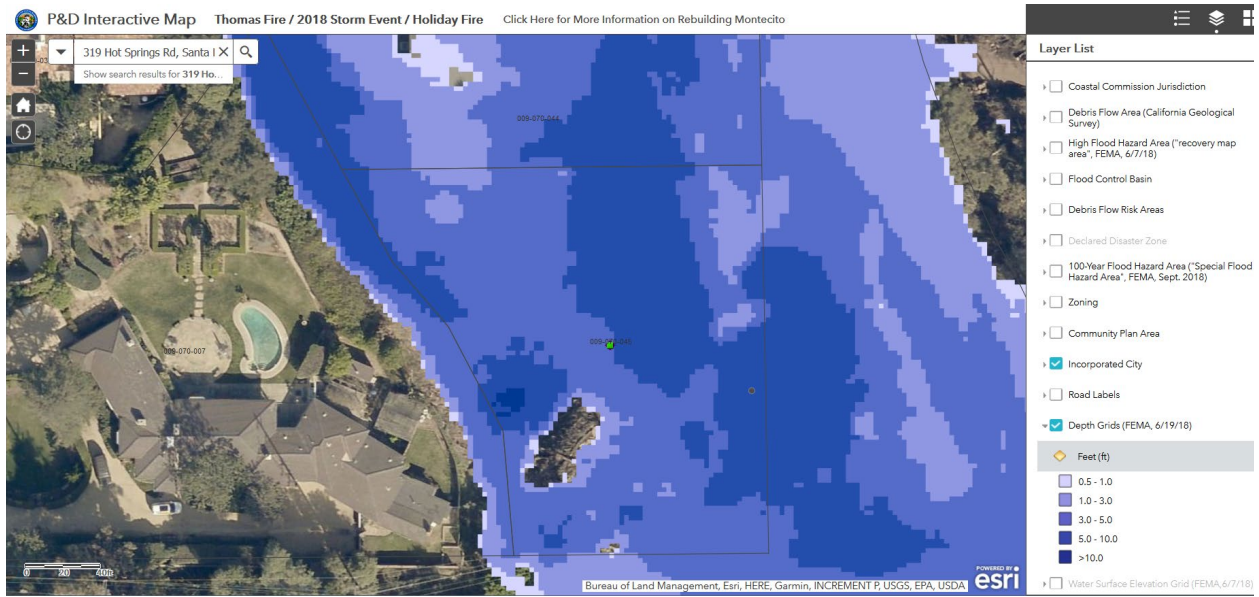
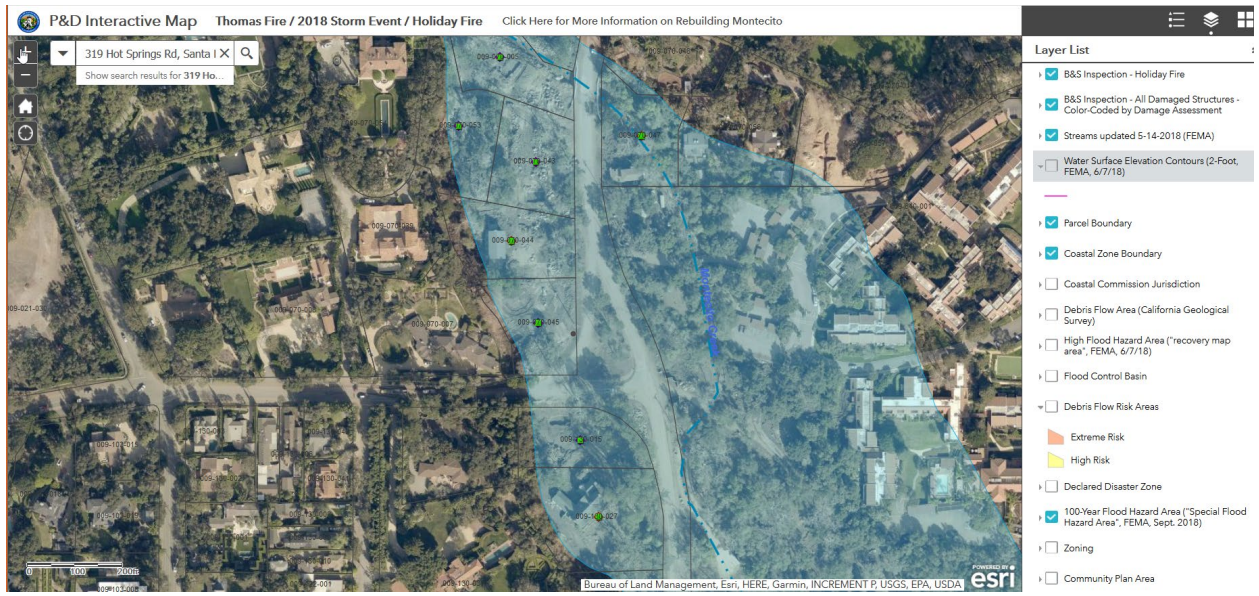
Scale: 0 10 20 40 80 Feet

Coordinates System: State Plane California Zone V NAD 83
Elevations shown are based on North American Vertical Datum of 1988

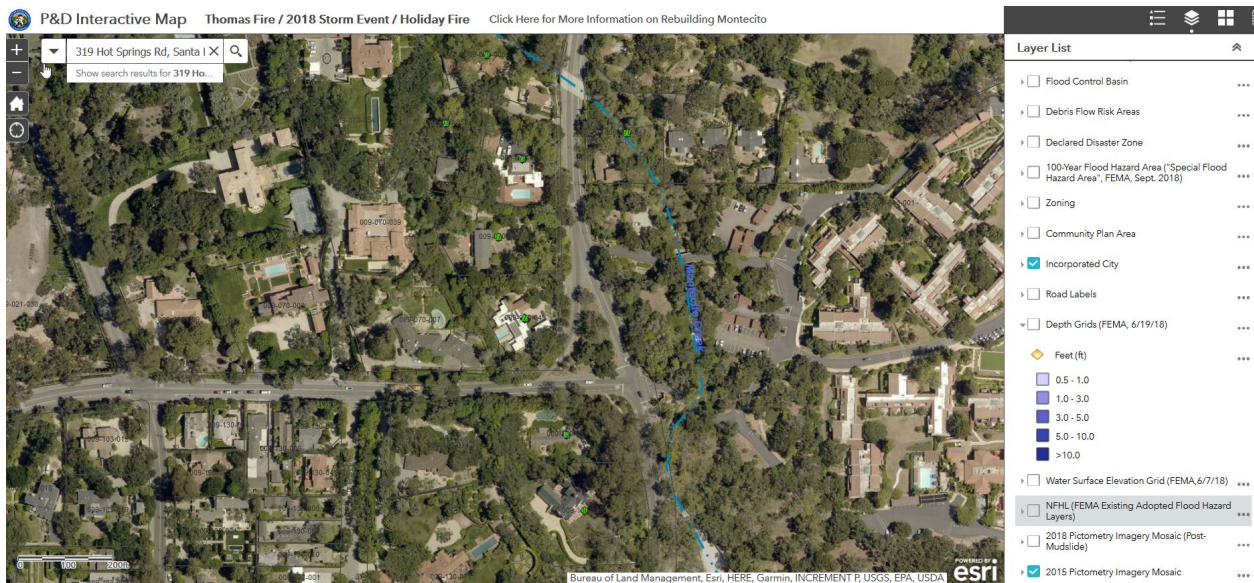


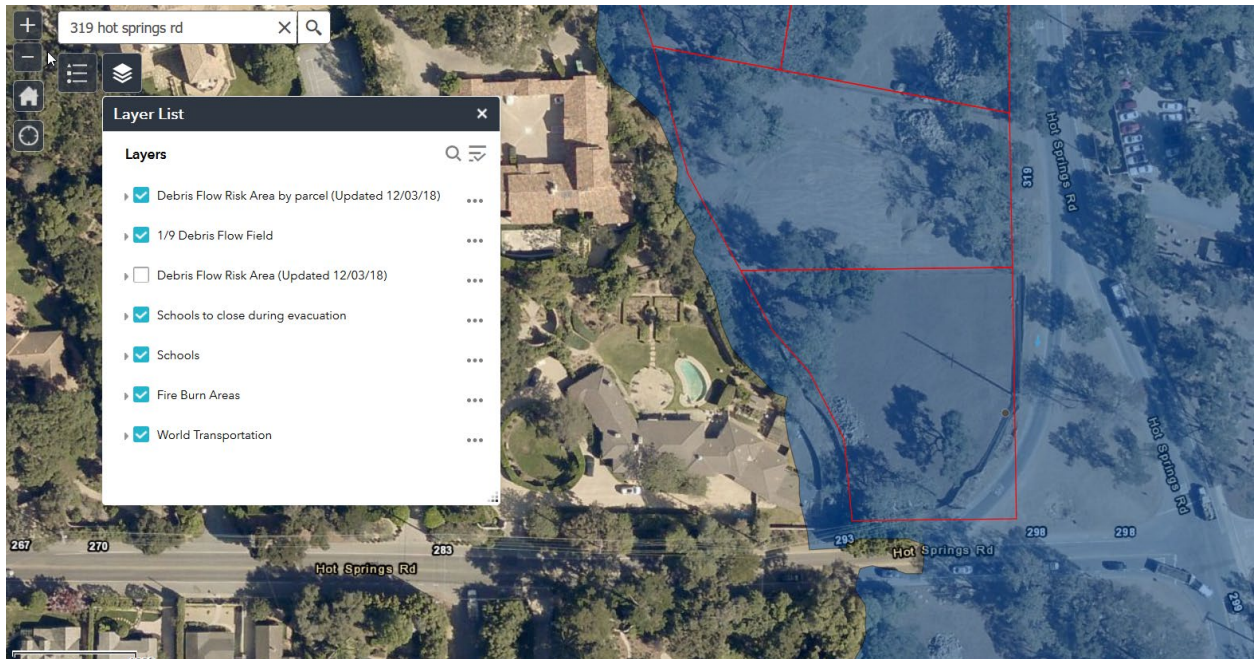
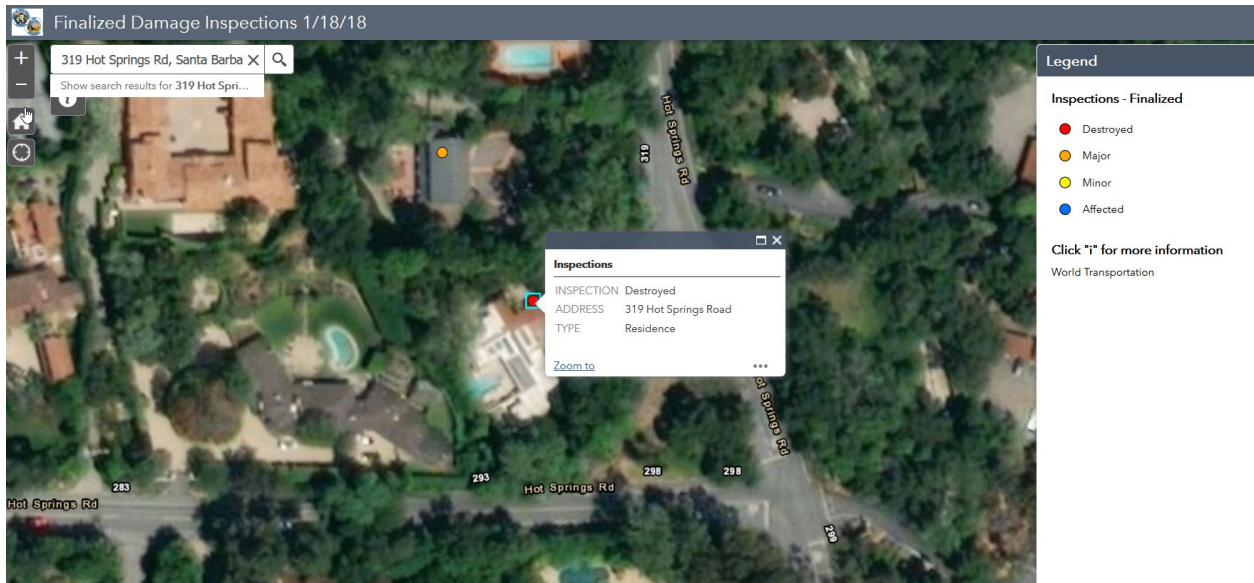














Business, Consumer Services & Housing Agency
BUREAU OF REAL ESTATE APPRAISERS
REAL ESTATE APPRAISER LICENSE

Jennifer L. Heath

has successfully met the requirements for a license as a residential real estate appraiser in the State of California and is, therefore, entitled to use the title:

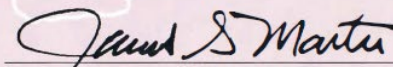
“Certified Residential Real Estate Appraiser”

This license has been issued in accordance with the provisions of the Real Estate Appraisers' Licensing and Certification Law.

BREA APPRAISER IDENTIFICATION NUMBER: AR 017399

Effective Date: March 5, 2017

Date Expires: March 4, 2019


Jim Martin, Bureau Chief, BREA

3029823

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



Business, Consumer Services & Housing Agency
BUREAU OF REAL ESTATE APPRAISERS
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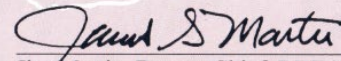
“Certified Residential Real Estate Appraiser”

This license has been issued in accordance with the provisions of the Real Estate Appraisers' Licensing and Certification Law.

BREA APPRAISER IDENTIFICATION NUMBER: AR 017399

Effective Date: March 5, 2019

Date Expires: March 4, 2021



Jim Martin, Bureau Chief, BRE A

3043007

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



Summary of Loss

Named Insured: MITCHELL, JAMES C & ALICE L
 Claim Number: 75-2621-B21

Coverage A - Dwelling	Limit of Liability: \$	1,158,948.00
Coverage A - Dwelling Extension	Limit of Liability: \$	115,895.00
Description		Amount
Dwelling Extension		\$ 261,741.42
Dwelling Coverage		\$ 948,360.74
Total Coverage A: \$		<u>1,210,102.16</u>

Coverage B - Personal Property	Limit of Liability: \$	869,211.00
Description		Amount
Personal Property 30% Advance		\$ 260,763.30
Total Coverage B: \$		<u>260,763.30</u>

Coverage C - Loss of Use	Limit of Liability: \$	Actual
Total Coverage C: \$		<u>0.00</u>

Other Coverages (if applicable)

Description	Limit of Liability	Amount
Landscape Coverage (5% of COV A)	\$ 57,947.40	\$ 57,947.40
Option OL - Building Ordinance or Law (10% of COV A)	\$ 115,894.80	\$ 11,180.22
Additional Debris Coverage 5% of DE limit	\$ 5,794.75	\$ 5,794.75
Option ID 10% Applied to Dwelling Extension*	\$ 2,719.32	\$ 2,719.32

Total Other Coverages (if applicable): \$ 77,641.69

Payments Made

Date	Amount	Description
3/16/2018	\$ 250,000.00	NFIP FLOOD POLICY SETTLEMENT

Comments / Supplements

Coverage A Initial Settlement.

Trees, Shrubs and Landscape damages likely in excess of this amount but just wrote to policy limit.

Coverage B Advance on Personal Property.

Deductible was applied to the amounts over Dwelling

Coverage A+B+C Total: \$	<u>1,470,865.46</u>
Other Coverages (if applicable): \$	<u>77,641.69</u>
Total All Coverages: \$	<u>1,548,507.15</u>
Subtotal: \$	<u>1,548,507.15</u>
Less Deductible: \$	<u>0.00</u>
Less Amounts Over Limit(s): \$	<u>145,846.42</u>
Total Payable: \$	<u>1,402,660.73</u>

Extension limit.

Less Total Payments Made: \$ 250,000.00

Thank you for being a State Farm Customer!

Net Payment: \$ 1,152,660.73

Dennis P Fryer

3/23/2018

Signature

Date

** Your policy may provide for additional payments on a replacement cost basis for the Recoverable Depreciation listed above for Cov. A and Cov. B. for your Building and Personal Property. Please refer to your policy for specific time limits and additional settlement provisions. Please contact your claim representative if you have any questions.*

MITCHELL, JAMES

State Farm

75-2621-B21

Debris Removal

0.00 SF Walls	0.00 SF Ceiling	0.00 SF Walls & Ceiling
0.00 SF Floor	0.00 SF Short Wall	0.00 LF Floor Perimeter
0.00 SF Long Wall		0.00 LF Ceil. Perimeter

<u>DESCRIPTION</u>	<u>QUANTITY</u>	<u>UNIT PRICE</u>	<u>TAX</u>	<u>GCO&P</u>	<u>RCV</u>
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Debris Removal - Main Dwelling

1. Backhoe loader and operator	48.00 HR	107.50	0.00	1,032.00	6,192.00
6 Eight hour days					
2. Trackhoe/excavator and operator	48.00 HR	160.00	0.00	1,536.00	9,216.00
6 eight hour days					
3. General Demolition - per hour	96.00 HR	41.17	0.00	790.46	4,742.78
4. Dump truck and operator - 10 ton	45.12 HR	95.00	0.00	857.28	5,143.68

2 trucks working i tandem for six days. State farm is paying a percentage of debris haul off that is estimated to reflect the covered debris being moved less the non covered debris that is mixed in.

5. Water Truck	1.00 EA	3,100.00	36.04	627.20	3,763.24
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Allowance for watering down the fire debris during the removal process. Includes cost of water material at \$360 for 4,000 gallons, delivery, and labor cost of \$120 per hour to spray affected materials in conjunction with the skid steer loader time.

6. Landfill fees - (per ton)	484.00 EA	50.00 *N	0.00	0.00	24,200.00
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Land fill fees that State Farm is incurring is for covered debris but not dirt. Landfill fees have been adjusted to reflect the difference of landfill fees of \$95 dollars for disaster debris less the amount to \$45 to dump clean dirt. Adjusted rate is \$50.00

Footprint of the dwelling, garage and porte cochere is estimated at 4889 SF. This footprint has 2 feet of covered property debris mixed with dirt. 4889 SF x 2'feet high of debris = 9778 CF of debris. 9778 CF = 363 CY. 363 CY into the dump truck estimating capacity of 9 CY of debris weighing 12 tons = 484 tons estimated

Debris Removal - Dwelling Extension

7. Trackhoe/excavator and operator	56.00 HR	160.00	0.00	1,792.00	10,752.00
seven eight hour days					
8. Skid steer loader and operator	56.00 HR	97.50	0.00	1,092.00	6,552.00
seven eight hour days					

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State Farm

MITCHELL, JAMES

75-2621-B21

CONTINUED - Debris Removal

DESCRIPTION	QUANTITY	UNIT PRICE	TAX	GCO&P	RCV
9. Dump truck and operator - 10 ton	52.64 HR	95.00	0.00	1,000.16	6,000.96
2 trucks working in tandem for seven days. State farm is paying a percentage of debris haul off that is estimated to reflect the covered debris being moved less the non covered debris that is mixed in.					
10. General Demolition - per hour	112.00 HR	41.17	0.00	922.20	5,533.24
11. Water Truck	1.00 EA	3,100.00	36.04	627.20	3,763.24
Allowance for watering down the fire debris during the removal process. Includes cost of water material at \$360 for 4,000 gallons, delivery, and labor cost of \$120 per hour to spray affected materials in conjunction with the skid steer loader time.					
12. Landfill fees - (per ton)	639.00 EA	50.00 *N	0.00	0.00	31,950.00
Land fill fees that State Farm is incurring is for covered debris but not dirt. Landfill fees have been adjusted to reflect the difference of landfill fees of \$95 dollars for disaster debris less the amount to \$45 to dump clean dirt.					
Estimated of driveways, walkways, patios and extensive fencing.					
13. General Demolition - per hour	112.00 HR	41.17	0.00	922.20	5,533.24
Excavate Pool					
Totals: Debris Removal			72.08	11,198.70	123,342.38

General Conditions/Temp Items

0.00 SF Walls	0.00 SF Ceiling	0.00 SF Walls & Ceiling
0.00 SF Floor	0.00 SF Short Wall	0.00 LF Floor Perimeter
0.00 SF Long Wall		0.00 LF Ceil. Perimeter

DESCRIPTION	QUANTITY	UNIT PRICE	TAX	GCO&P	RCV
General					
14. Temporary toilet (per month)	8.00 MO	145.00	0.00	232.00	1,392.00
15. Temporary power usage (per month)	8.00 MO	174.19	108.00	300.30	1,801.82
16. R&R Temporary fencing	893.00 LF	6.58	0.00	1,175.20	7,051.14

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MITCHELL, JAMES

State Farm

75-2621-B21

Debris Removal

0.00 SF Walls	0.00 SF Ceiling	0.00 SF Walls & Ceiling
0.00 SF Floor	0.00 SF Short Wall	0.00 LF Floor Perimeter
0.00 SF Long Wall		0.00 LF Ceil. Perimeter

DESCRIPTION	QUANTITY	UNIT PRICE	TAX	GCO&P	RCV
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Debris Removal - Main Dwelling

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6 Eight hour days

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6 eight hour days

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4. Dump truck and operator - 10 ton	45.12 HR	95.00	0.00	857.28	5,143.68
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Debris Removal - Dwelling Extension

7. Trackhoe/excavator and operator	56.00 HR	160.00	0.00	1,792.00	10,752.00
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seven eight hour days

8. Skid steer loader and operator	56.00 HR	97.50	0.00	1,092.00	6,552.00
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seven eight hour days

Date: 3/31/2018 7:34 PM

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Ann Burgard Building & Finishing

General Contractor License No. 708333

Bonded and Insured

3354 Cliff Dr., Santa Barbara, CA 93109

805-705-2729

Date: 7/1/2018
Document: Estimate Revised
Owners: Kelly Weimer/Del Rudeen
Phone: 805 570-5938
Mailing Address:
Job Location: 319 Olive Mill Rd
Job Description: Property Care and Demolition

Included in this Estimate is the labor and material to complete the following:

1. Obtain Necessary Permits – Public Works, Building and Safety Demolition
2. Portable restroom for duration of this contract
3. Mark and cap utilities
4. Measures mandated by the county roads department such as erosion control, dust control, and if needed silt control fencing will be upheld during the duration of this contract.
5. Job site safety as per OSHA guidelines will be upheld during the duration of this contract.
6. The contractor will be responsible and is insured for all equipment as well as it's personal and the construction company items. A fence (see below) will be set up to maintain a best practice secure perimeter during the duration of this contract.
7. Separate and save personal items and return to family members
8. Remove and dispose of debris and green waste
9. Save soil and boulders on property.
10. Excavate, demolish, and dispose of home foundation and pool
11. Flat grade property

Total Job Cost: \$106,800

In addition, Ann Burgard will arrange for items 1. And 2. below. The owners and or representatives will be billed directly. Ann Burgard is not responsible for any fees or invoices for these services. A contractor fee will not be added.

1. Property line Survey and Staking – I will be happy to set this up. Billing will be separate. No contractor fee will be added.

2. Temporary Fence around perimeter of property – initial set up and monthly rental will be billed separately. No contractor fee will be added – Marborg in Santa Barbara will be contacted for this service unless another company is requested by the owners prior to installation.

This estimate is based on equipment, trucking, and disposal fees available, at this time. This estimate is valid until 7/28/2018. Once this estimate is signed and returned, I will set a schedule and send a contract which will include job and payment schedule. I estimate the work will take approx. 4-6 weeks from start date.

Owner or Owner's Legal Representative Contractor

Ann Burgard Building & Finishing

General Contractor License No. 708333

Bonded and Insured

3354 Cliff Dr., Santa Barbara, CA 93109

805-705-2729

Date: September 6th,2018
Document: FINAL INVOICE
Owners: Kelly Weimer and Farmers & Merchants Trust Co. as Co-Trustees of the Mitchell Family Trust
Phone: 805 570-5938
Mailing Address:
Job Location: 319 Hot Springs
Job Description: Property Care and Demolition

Job Total		\$106,800
Marborg Fence Rental		<u>\$ 2,250</u>
	Sub Total	<u>\$109,050</u>

Payment 1 and 2	Pmt Received July 19, 2018	\$ 19,000
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Balance	Due	\$ 90,050
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Please send payment to: Ann Burgard Building
3354 Cliff Dr
Santa Barbara, CA 93109

Thank you,

Ann

Dodson Land Surveying, Inc.
P.O. Box 3720
Santa Barbara, CA 93130-3720

Invoice
Invoice Number:
4894

Invoice Date:
Jan 31, 2019

Voice: 805 681-1615
Fax: 805 681-1614

Customer: Ann Burgard
3354 Cliff Dr.
Santa Barbara, CA 93109

Customer ID: BUR10

Sales Order	Payment Terms	Due Date
3338	Net 10 Days	2/10/19

Quantity	Item	Description	Unit Price	Extension
9.00	Field - 1 man	319 Hot Springs Rd. 1/9 & 1/10 - Recover and survey in monuments, field calculations, set control, topo lot as requested	190.00	1,710.00
10.00	Office	Research, boundary calculations, data processing, mapping, plots, map check.	140.00	1,400.00

Total Invoice amount: 3110.00
Total Payments to date:
Total Amount due: 3110.00

A finance charge of 1 1/2% per month (Annual Rate of 18%) will be charged on past due balances over 30 days.