

APPRAISAL REPORT

OF:

A; ONE-STORY; 5-UNIT; MULTI-
FAMILY RESIDENTIAL
BUILDING

LOCATED AT:

1065 OLIVE AVENUE
LONG BEACH
LOS ANGELES COUNTY, CA 90813

AS OF:

MARCH 4, 2024

PREPARED FOR:

MR. JAMES ESCUDERO
5600 W. CENTURY BOULEVARD, SUITE #201
LOS ANGELES, CALIFORNIA 90045

PREPARED BY:

A-CREDITED REALTY ADVISORS
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March 19, 2024

Mr. James Escudero
5600 W. Century Boulevard, Suite #201
Los Angeles, California 90045

Re: Valuation of A: 5-Unit Multi-Family Residential Building
Located at 1065 Olive Avenue
Pasadena, Los Angeles County, California 90813

Dear: Mr. Escudero:

In accordance with your request and authorization, we have completed an Appraisal Report on the above reference property located at 1065 Olive Avenue, City of Long Beach, Los Angeles County, California.

The purpose of this Appraisal Report was to estimate the **Leased Fee “As Is” Market Value** of the; 5-Unit Multi-Family Residential Complex as of **March 4, 2024**, subject to the definition of value, Assumptions and Limiting Conditions, and Certification contained in the attached appraisal report. The intended use of this report is for internal decision-making purposes. All of the units are individually metered and permitted by the City of Long Beach to operate an Airbnb business along with travelling nurses.

The following appraisal report is based on my inspection of the subject property. It contains descriptive data and analysis upon which I have based my opinion of value. A-Credited Realty Advisors has performed the subject appraisal based on our understanding of the requirements and policies of Title XI, Real Estate Appraisal Reform Amendments, of the Financial Institutions Reform, Recovery, and Enforcement Act of 1989 (FIRREA). This report has been prepared in conformance with the requirements of the Code of Professional Ethics and the Standards of Professional Practice of the Appraisal Institute, and the Uniform Standards of Professional Appraisal Practice (USPAP), of the Appraisal Foundation.

This is a Appraisal Report that is intended to comply with the reporting requirements set forth under Standard Rule 2-2(a) of the Uniform Standards of Professional Appraisal Practice for a Appraisal Report. As such, it presents summarized discussions of data, reasoning, and analysis 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 for the intended scope and use stated above. The appraiser is not responsible for the unauthorized use of this report. The intended users are Ms. James Escudero, and/or its designated representatives.

The descriptions of the properties appraised, together with explanations of the appraisal procedures used, are presented in the report. We have not investigated the title to or any liabilities against the property being appraised. As of the appraisal date above, the highest and best use of the property is deemed to be its current use as a 5-Unit multi-family residential building.

Based on the data and conclusions in our files, and, the attached Appraisal Report, it is our opinion that as of “As Is” **Leased Fee Market Value** of the subject property, as of **March 4, 2024**, is considered reasonable at:

SIX MILLION DOLLARS

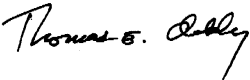
\$6,000,000

Descriptions of the property appraised, together with explanations of the appraisal procedures used, are contained in our files. A copy of this report and the field data from which it was prepared will be retained in our files for a period of five years and are available for review upon request.

We were furnished with a background and physical characteristics of the subject property. No surveys, leases, environmental, geological, or preliminary title reports for the property were supplied, thus only typical utility easements are known to exist on the subject site. To the best of our knowledge, no adverse deed restrictions, covenants, conditions, moratoriums, encroachments or easements other than those described are known to exist. Plat & aerial maps are included in the Addenda for visualization purposes only.

Respectfully submitted,

A-CREDITED REALTY ADVISORS



Thomas E. Oakley
Principal
Accredited Senior Appraiser (ASA), American Society of Appraisers; #115047

SUMMARY OF SALIENT FACTS AND CONCLUSIONS

PROPERTY APPRAISED: 1065 Olive Avenue
Long Beach, California 90813

CALIFORNIA THOMAS BROS. MAP #: Los Angeles County, 795-E6

CURRENT OWNER: Incan Project Development Group, Inc.

PROPERTY TYPE: One; 5-Unit Multi-Family Residential Complex

DATE OF VALUE: March 4, 2024

DATE OF INSPECTION: March 4, 2024

DATE OR REPORT: March 19, 2024

ASSESSOR PARCEL NUMBER(S): 7274-012-019

ZONING: LB-R4R

TOTAL GROSS LAND AREA: 6,517 SF or 0.15 Acre

TOTAL GROSS BUILDING AREA: 2,726 SF

AVERAGE UNIT SIZE: 545 SF

BUILDING(S) AGE: 1963; With two; ADU Permitted Units

MARKETING TIME: 3 to 6 Months

FLOOD ZONE: (See Addenda)

HIGHEST AND BEST USE: Continued Use as One; 5-Unit Multi-Family Residential Building

ASSESSED VALUE (2023-2023):

<u>APN</u>	<u>Land</u>	<u>Improvements</u>	<u>Total</u>
7274-012-019	\$575,250	\$309,750	\$885,000

VALUE CONCLUSION

“As Is” Market Value **\$6,000,000**

PURPOSE OF ANALYSIS

The purpose of this memorandum is to convey an estimate of market value of the identified interest in the above-referenced property. Market Value is defined by the federal financial institutions regulatory agencies as follows:

“Market Value means the most probable price which a property should bring in a competitive and open market under all conditions requisite to a fair sale, the buyer and seller, each acting prudently, knowledgeably and assuming the price is not affected by undue stimulus. Implicit in this definition is the consummation of a sale as of a specified date and the passing of title from seller to buyer under conditions whereby: (1) the buyer and seller are typically motivated; (2) both parties are well-informed or well-advised, and acting in what they consider to be their own best interests; (3) a reasonable time is allowed for exposure in the open market; (4) payment is made in terms of cash in United States dollars, or in terms of financial arrangements comparable thereto; and (5) the price represents the normal consideration for the property sold unaffected by special or creative financing or sales concessions granted by anyone associated with the sale.”

(Source: Office of the Comptroller of the Currency under 12 CFR, Part 34, subpart C-appraisals, 34.42 Definitions (g).)

PROPERTY RIGHTS APPRAISED

The property rights appraised in this report are Leased Fee Estate. A Leased Fee Estate is defined in The Appraisal of Real Estate, Tenth Edition, (Chicago: Appraisal Institute, 1992), as:

“An ownership interest held by a landlord with the right of use and occupancy conveyed by lease to others; the rights of lessor (the leased fee owner) and leased fee are specified by contract terms contained within the lease.

SCOPE, APPRAISAL DEVELOPMENT AND REPORTING PROCESS

This is a 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 (USPAP) for a Appraisal Report. As such, it presents summarized 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 for the intended use previously stated. The appraiser is not responsible for unauthorized use of this report.

As agreed upon with the client prior to the preparation of this appraisal, this report is the result of a summarized appraisal process in that certain allowable departures from specific guidelines of the USPAP were invoked. While there is no reason to believe this limitation adversely affects the

overall reliability of the conclusion(s) rendered, the intended user of this report is aware that the reliability of the conclusion(s) provided might be impacted to the degree there is departure from specific guidelines of USPAP. The appraisal process involved departures from Standard Rules 1-4.

The scope of this analysis included the following:

- reading of the request for appraisal services and related attachments.
- physical inspection of the subject, neighborhood, and sub-market.
- exterior inspection of the comparable properties.
- research public records or other sources deemed reliable, relative to the subject.
- research public records or other sources deemed reliable, for sales of comparable properties.
- presenting the results in this Appraisal Report.

The appraisers used only the most applicable approach(s) to value. In this instance both the Sales Comparison and Income Capitalization Approaches are the methods of valuation most often utilized by potential purchasers in the marketplace for residential units like the subject according to numerous brokers active within the area. By researching recent sales of properties similar to the subject and analyzing them for their similarities and differences, an indication of the subject's value can be derived via the Sales Comparison Approach. The Cost Approach to value has been excluded in this assignment, as this approach is not readily utilized for the valuation of multi-family residential units.

INTENDED USE/USERS OF APPRAISAL

The intended use of this appraisal is solely for internal decision-making purposes. The intended users of this appraisal are Mr. James Escudero; and/or its designated representatives.

LEGAL DESCRIPTION

The land referred to in this report is situated in the State of California, County of Los Angeles, City of Long Beach, and can be legally described as: ***STRAIN AND LEWIS SUB OF VILLA BLOCKS 13, 14, 15, & 16 LONG BEACH LOT 18 BLOCK 2.***

EXPOSURE TIME ANALYSIS

Exposure Time is defined by the Uniform Standards of Professional Appraisal Practice as “the estimated length of time the property interest being appraised would have been offered on the market prior to the hypothetical consummation of a sale at market value on the effective date of the appraisal; a retrospective opinion based upon an analysis of past events assuming a competitive and open market.” Exposure time is always presumed to occur prior to the effective date of the appraisal.

Our firm has conducted a study of exposure times for various property types located throughout the Los Angeles County area. Based on the survey, the average exposure time for multi-family residential units within Los Angeles County was estimated from 3 to 6 months. This figure is utilized only as a guide. In addition to the aforementioned survey, real estate brokers familiar with the Subject's marketing area were consulted regarding reasonable exposure times for residential units located within the Subject's marketing area. The data from brokers indicated exposure times on sold properties ranging from 3 to 9 months, with overall trends and economic conditions continuing to be strong for units with good location and in average to good overall condition. Four of the four comparable sales utilized within this report indicated marketing times of 147-days; 160-days; 105-Days; and 47-Days. Therefore, based upon our findings and discussions with brokers active in the subject's market area, an exposure time of 3 to 6 months is considered reasonable and appropriate.

ESTIMATED EXPOSURE TIME:

3 TO 6 MONTHS

MARKETING TIME ANALYSIS

Marketing Time differs from Exposure Time in that Marketing Time occurs during the period of time immediately after the effective date of an appraisal. In my opinion, it is likely that the Marketing Time of the Subject would be no longer than the estimated exposure range provided due to the somewhat stalled economic conditions for real estate in general within the subject's market area. Therefore, it is my opinion that the estimated Marketing Time, or period of time required to sell the property at the estimated value derived in this report, would also be from 3 to 6 months.

ESTIMATED MARKETING TIME:

3 TO 6 MONTHS

HISTORY OF THE SUBJECT PROPERTY

In accordance with standard rule 1-5 (a-b), of the Uniform Standards of Professional Appraisal Practice, an appraiser must:

- (a) analyze any current Agreement of Sale, option, or listing of the property, if such information is available to the appraiser in the normal course of business;
- (b) analyze any prior sales of the property that occurred within the past three years;

Based on a review of Public Records, the Subject Property has transferred ownership within the past three (3) years. According to public records the subject property last transferred ownership on December 7, 2021, via a Grant Deed. The grantee or buyer was reportedly Incan Project Development Group, Inc; and the grantor or seller was reportedly LeBlane, Kimberly. The indicated transfer amount was reportedly \$518,000. The document number was: (21-0000812201). The subject property is currently not in escrow, nor available for sale according to the client.

HIGHEST AND BEST USE SUMMARY

Highest and Best Use is briefly defined as that use which results in the highest present value of the land after considering all legally permissible, physically possible, and economically feasible uses. As if vacant, the estimated Highest and Best Use of the subject is for the development of a newer multi-family residential use. As improved, the building improvements do contribute above and beyond the value of the vacant land, and therefore do represent Highest and Best Use.

VALUATION PROCEDURES/ANALYSIS

METHODOLOGY

The valuation of improved real estate is made possible by the application of a systematic problem-solving process. The first step, defining the problem, relates to the nature of the assignment, as previously described. The succeeding steps are selecting alternate methods of solving the problem; gathering and analyzing the necessary market data and applying the various methods; and the reconciliation of the results of the alternate methods into a final conclusion.

The primary methods used to estimate the value of real estate are the Cost, Sales Comparison and Income Approaches. From the indications of these separate analyses and the weight accorded each, an opinion of value is reached. It is based upon the quantity and quality of the factual data considered tempered by the judgment and experience of the appraiser who is utilizing commonly accepted methods and techniques within the appraisal process. The three approaches and their applicability to the property are discussed in the following paragraphs.

COST APPROACH

This approach to value is devoted to an analysis of the physical value of the property. It is the current market value of the land, assuming it to be vacant, to which is added the depreciated value of the existing subject improvements. The latter is derived from the current estimated cost to replace the improvements, from which accrued depreciation is deducted for any physical deterioration, functional obsolescence and/or external obsolescence that is found to be present.

The Cost Approach is most applicable to new and/or special purpose type properties. The reason for this is that often in the case of older properties depreciation estimates can become quite difficult and subjective.

SALES COMPARISON APPROACH

This approach to value is based upon the principle of substitution. That is, when a property is replaceable in the market its value tends to be set at the cost of acquiring an equally desirable substitute property, assuming no costly delay in making the substitution. The traditional appraisal technique used to estimate value through substitution involves the collection and analysis of sales data on various properties having as many similar characteristics to the property being appraised as possible. The validity of this approach is very much dependent upon the availability, quantity and quality of this data.

INCOME APPROACH

Investment properties are normally valued in proportion to their ability to produce income. Analysis of the property in terms of its ability to provide a sufficient net annual return on investment capital is an important means of valuing these types of real estate assets. Estimates of value can be derived by utilizing comparative gross income multipliers or by capitalizing the net income at a rate commensurate with the investment risk inherent in the ownership of the property. Such a conversion of income considers competitive returns offered by alternative investment opportunities.

APPLICATION

In this assignment, we will utilize two of the three Approaches.

Excluding one or two of the three traditional approaches to value would be a departure from Standards Rule 1.4 if the appraiser feels that the omitted approaches would be relevant when estimating a value for the subject. Analysis of the specific characteristics of the subject property indicated that the Sales Comparison and Income Capitalization approaches to value were the only applicable and relevant approaches to value for the Subject Property. The "Departure Rule" specifically states that "a specific requirement is not applicable when it addresses analysis that would not provide meaningful results in the given assignment, which is clearly the case in this assignment.

In this case, limited recent land sales were found. The lack of recent similar land sales decreases the reliability of any attempt to determine the land value for the Subject. Also, the Subject Improvements are not new (61)-years with two; recently built adu units), thus making the process of estimating physical depreciation subjective, and further limiting the reliability of the Cost Approach. Lastly, market participants interested in properties such as the Subject are generally most interested in the income potential of the property or the value on a price per square unit. Market participants would typically give no consideration to the Cost Approach in making their purchasing decisions.

In conclusion, it is my opinion that the exclusion of the Cost Approach is justified in this assignment, and the rationale presented above is sufficient to comply with "USPAP". "As such, the Departure Provision of "USPAP" is not exercised. The remaining two approaches provide two different ways of analyzing market phenomena and are described on the following page.

SALES COMPARISON APPROACH

Multi-Family Apartment Buildings:

In order to estimate the potential value of the property under the Sales Comparison Approach, we sought information on sales of similar multi-family residential properties within the city of Long Beach, within 1 mile of the subject. A total of four; closed sales were deemed appropriate for comparison with the subject. The comparable sales selected were confirmed by the following sources: CoStar Group, Loop Net, Real Quest Professional, public records/title companies, and the parties involved in the transactions (when possible). Several sales were analyzed and from those sales, four were selected as being the best indicators of the subject's current market value. The Sales Comparables and or Listings selected are summarized on the pages that follow.

In order to make an estimate of the market value under this approach, it is imperative to use a unit(s) of comparison commonly accepted by buyers and sellers actively engaged in trading this particular type of real estate. Accordingly, we will apply the **price per apartment unit** as the unit of comparison.

Comparable Sale No. 1



Name	5-Unit Multi-Family Apartment	
Address	1491 Atlantic Avenue, Long Beach, CA 90813	
Year Built	2022	
APN	APN#: 7269-031-017	
Gross Building Area SF	6,845 SF	
Lot SF	6,970 SF or 0.16 Acre	
Quality, Condition, Location	Average Class "D" Frame & Stucco Building, Superior Age/Condition	
Other Info		
Sale Information	Sale Date	03/07/23
	Sale Price	\$2,550,000
	Sale Price / SF	\$372.53 Per Square foot of Building area
	Sale Price / Unit	\$510,000 Per Unit
	Terms/Condition of Sale	\$1,200,000 or 47.1% downpayment; \$1,465,000 loan obtained from Luther Burbank Savings
	Grantor (Seller)	1491 Atlantic Partners, LLC
	Grantee (Buyer)	Unlimited Properties, LLC
	Days on Market	147-Days
	Cap. Rate/NOI	5.29% / N/A

Description or Comments:

The property consists of a total of 5-units. The building consists of (1) studio unit; (1) 2-bedroom; 2-bathroom unit; and (3) 5-bedroom, 3-bathroom units. The property is located approximately 0.5 miles northwest of the subject property along Atlantic Avenue, within the city of Long Beach. The property is in generally superior overall condition as compared to subject property. Overall, a downward adjustment was considered necessary to this comparable for its superior age/condition. The average unit size is 1,370 SF.

Comparable Sale No. 2



Name	6-Unit Multi-Family Apartment	
Address	1527-1535 E. 3 rd Street, Long Beach, CA 90802	
Year Built	1926	
APN	APN#: 7275-008-014, 015	
Gross Building Area SF	6,384 SF	
Lot SF	8,542 SF or 0.20 Acre	
Quality, Condition, Location	Average Class "D" Frame & Stucco Building, Inferior Age/Condition	
Other Info		
Sale Information	Sale Date	10/26/22
	Sale Price	\$2,825,000
	Sale Price / SF	\$443.90 Per Square foot of Building area
	Sale Price / Unit	\$470,833 Per Unit
	Terms/Condition of Sale	\$1,100,000 or 38.9% downpayment; Loan of \$1,725,000 loan obtained from First Republic Bank
	Grantor (Seller)	John J. Angel Jr. Living Trust
	Grantee (Buyer)	Terrand Partners II; Regal Sword, LLC; R&S Real Estate Holdings, LLC; Castlepeak Interests, LLC
	Days on Market	160-Days
	Cap. Rate/NOI	3.85% / N/A

Description or Comments:

The property consists of a total of 6-Units: The building consists of (6) 2-bedroom; 1-bathroom units. The property is located approximately 1 mile southeast of the subject property along E. 3rd Street, within the city of Long Beach. The property is in generally inferior overall condition as compared to subject property. Overall, upward adjustments for its inferior age/condition were considered necessary. The average unit size is 1,060 SF.

Comparable Sale No. 3



Name	8-Unit Multi-Family Apartment	
Address	1009-1017 E. 2 nd Street, Long Beach, CA 90802	
Year Built	1987	
APN	APN#: 7265-002-023	
Gross Building Area SF	7,376 SF	
Lot SF	7,405 SF or 0.17 Acre	
Quality, Condition, Location	Average Class "D" Frame & Stucco Building, Similar Age/Condition	
Other Info		
Sale Information	Sale Date	07/08/22
	Sale Price	\$3,580,000
	Sale Price / SF	\$485.36 Per Square foot of Building area
	Sale Price / Unit	\$447,500 Per Unit
	Terms/Condition of Sale	\$2,500,000 or 69.8% downpayment; \$1,00,000 loan obtained from JP Morgan Chase Bank; 5.10%
	Grantor (Seller)	VMG Holdings V, LLC
	Grantee (Buyer)	Bebo Coco, Inc.
	Days on Market	105-Days
	Cap. Rate/NOI	3.91% / N/A

Description or Comments:

This property consists of a total of 8-Units. The building consists of (5) 1-bedroom; 1-bathroom units; (2) 2-bedroom; 2-bathroom units; and (1) 2-bedroom; 2.5 bathroom units. The property is located approximately 0.8 mile southeast of the subject property along E. 2nd Street, within the city of Long Beach. The property is in generally similar overall condition as compared to subject property. Overall, a downward adjustment was considered necessary to this comparable for its superior age/condition. The average unit size is 922 SF.

Comparable Sale No. 4



Name	4-Unit Multi-Family Apartment	
Address	517 Linden Avenue, Long Beach, CA 90802	
Year Built	1924 ~ Renovated 2018	
APN	APN#: 7281-002-026	
Gross Building Area SF	3,200 SF	
Lot SF	4,356 SF or 0.10 Acre	
Quality, Condition, Location	Average Class "D" Frame & Stucco Building, Similar Age/Condition	
Other Info		
Sale Information	Sale Date	09/22/23
	Sale Price	\$1,910,000
	Sale Price / SF	\$596.88 Per Square foot of Building area
	Sale Price / Unit	\$477,500 Per Unit
	Terms/Condition of Sale	Not Disclosed
	Grantor (Seller)	East Village Suites, LLC
	Grantee (Buyer)	Chao Jenn Shan
	Days on Market	143-Days
	Cap. Rate/NOI	4.00% / NA

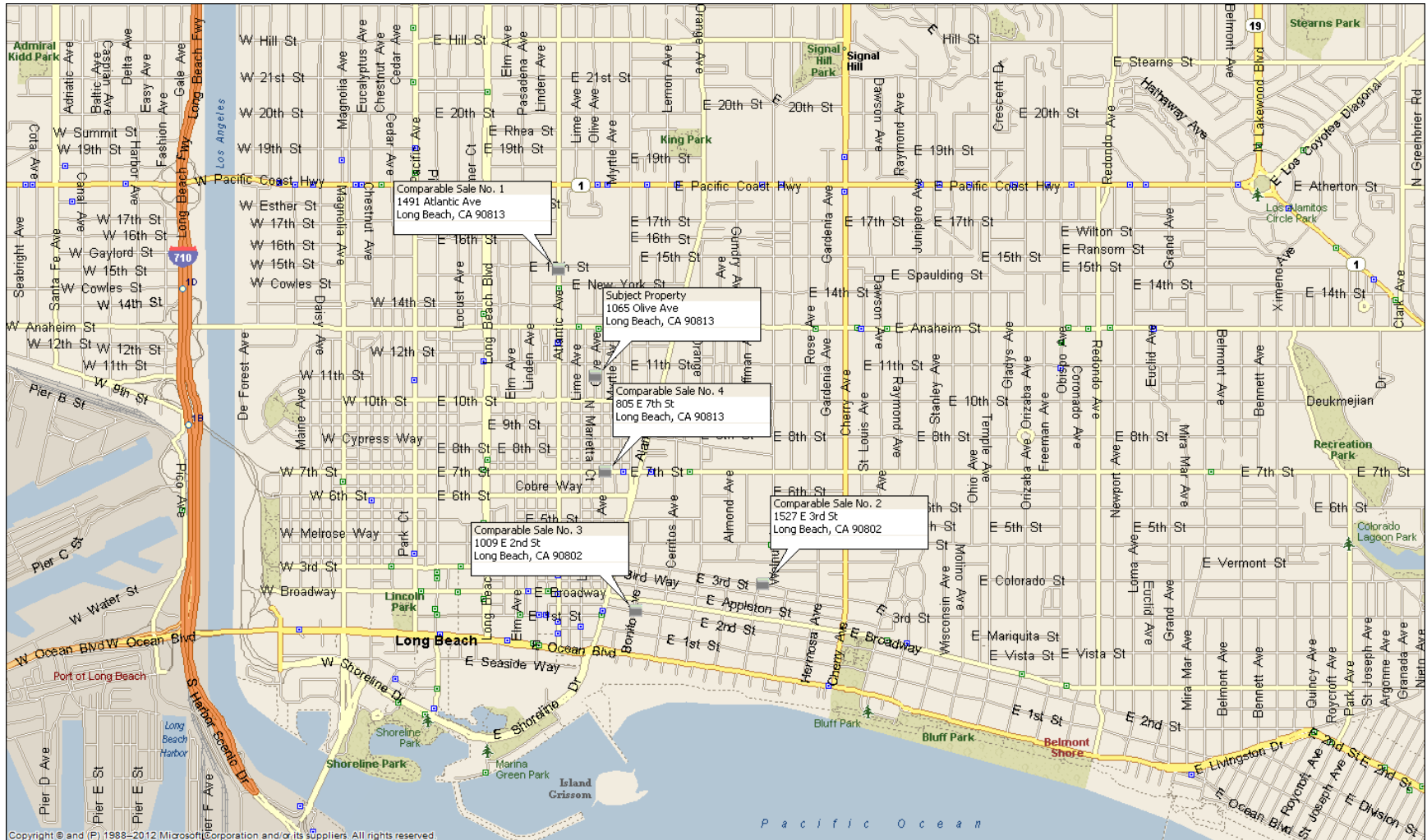
Description or Comments:

The property consists of a total of 4-Units. The building consists of (4) 1-bedroom; 1-bathroom units. The property is located approximately 0.75 mile southeast of the subject property along Linden Avenue, within the city of Long Beach. The property is in generally similar overall condition as compared to subject property. Overall, no adjustments were considered necessary to this comparable. The average unit size is 800 SF.

SALES COMPS ADJUSTMENT GRID

	Comp 1	Comp 2	Comp 3	Comp 4
Sale Price/Per Unit	\$510,000	\$470,833	\$447,500	\$477,500
Property Rights	0%	0%	0%	0%
Price After Adjustment	\$510,000	\$470,833	\$447,500	\$477,500
Financing Terms	0%	0%	0%	0%
Price After Adjustment	\$510,000	\$470,833	\$447,500	\$477,500
Condition of Sale	0%	0%	0%	0%
Price After Adjustment	\$510,000	\$470,833	\$447,500	\$477,500
Market Conditions	0%	0%	0%	0%
Price After Adjustment	\$510,000	\$470,833	\$447,500	\$477,500
Other Adjustments				
Location	0%	0%	0%	0%
Age/Condition	0%	0%	0%	0%
Size	-5%	-3%	-3%	0%
Quality/Appeal	<u>0%</u>	<u>0%</u>	<u>0%</u>	<u>0%</u>
Total Other Adjustments	-5%	-3%	-3%	-5%
Sale Price After Adjustments	\$484,500	\$456,708	\$434,075	\$477,500

Comparable Sales Map



CONCLUSION

The four Comparable Sales are located within 1 mile from the subject property, and are all located within the City of Long Beach. The unadjusted price per unit for the sales comparable sales range from \$447,500 to \$477,500 per unit. After adjustments for location, age/condition, size, and quality/appeal, and or other adjustments, the adjusted price per unit values range from \$434,075 to \$477,500 per unit with a mean or average of \$463,196.

Based on the adjusted price range per units for all comparables, we have concluded that the subject should command a unit value at the lower end of range of the Comparable Sales. Therefore, the concluded value for the Direct Sales Comparison Approach is 5-Units @ \$465,000/unit or \$2,325,000 or \$2,325,000 rounded:

5-Units @ \$465,000/unit = \$2,325,000 or \$2,325,000 (rounded)

TWO MILLION TWO HUNDRED FIFTY THOUSAND DOLLARS

\$2,250,000

INCOME APPROACH

In the traditional income approach, the estimated net income is capitalized into an indication of value by utilizing the appropriate capitalization rate. The various steps in the income approach will be discussed in the paragraphs that follow.

Summary of Methodology:

To determine a leased fee value for the subject property using an Income Approach, we have performed the following:

1. Analyzed the subject's recent income as stated by the owner and compared it to competitive facilities.
2. Surveyed those properties most competitive with the subject to determine the market rental rate.
3. Compared the subject's operating history to available data for other properties.
4. Determined a stabilized pro forma income and expense for the subject property; and,
5. Derived an overall market capitalization rate used to convert the subject's stabilized net income into an opinion of value by means of the Income Approach.

Rental Survey Summary:

Considering the similarities between the subject and comparables, the subject's actual rents are considered reasonable to house Airbnb and traveling nurses and have thus the forecasted rents have been utilized to forecast the subject's gross potential annual rent as summarized in the next section of this report.

Projection of Revenue:

Below is a chart/grid outlining the subject’s bedroom/bathroom count; unit’s sizes; current rent and forecasted or concluded rent. Based on the foregoing data, we have projected the following Gross Scheduled Income for the subject’s apartment units based upon a current rent-roll received from the client. For any unoccupied or vacant unit at the time of this analysis we have utilized a market rental rate: The subject at the time of this appraisal had one vacant unit.

RENT SCHEDULE

Unit	Expires	Unit Area	Current Rent	Actual Rate	Forecasted Rate	Concluded Rent
#1065	Mo/Mo	572 SF	\$10,200.00	\$17.83 SF	\$17.83 SF	\$10,200.00
#1065 ½	Mo/Mo	612 SF	\$4,950.00	\$8.09 SF	\$8.09 SF	\$4,950.00
#1065 A	Mo/Mo	204 SF	\$4,050.00	\$19.85 SF	\$19.85 SF	\$4,050.00
#1067	Mo/Mo	386 SF	\$3,900.00	\$2.33 SF	\$2.33 SF	\$3,900.00
#1069	Mo/Mo	952 SF	\$7,800.00	\$8.19 SF	\$8.19 SF	\$7,800.00
Total	N/A	2,726 SF	\$29,850.00	N/A	N/A	\$29,850.00

As stated above the gross monthly projected rents including laundry total **\$29,850.00 per month x 12 months = \$358,200 per year.**

Vacancy and Collection Loss Allowance:

Vacancy and collection loss is an allowance for not receiving the total potential gross annual income. The subject property has an average location with improvements that have been maintained at a level common to competing properties in the neighborhood. Results of the Rental Survey indicate a market vacancy level in area apartments of 7% to 15%. Given this, a vacancy and collection loss factor of 10.0% for the subject property is deemed appropriate in arriving at the effective gross annual income projection.

Expense Ratios of Comparable Sales:

Comparable expense ratios for apartment buildings similar to the subject range from 28% to 48% of effective gross income. Typically, for properties such as the subject, the expenses are based on a modified gross basis in which the owner pays for insurance, property taxes, utilities, maintenance/repair, management, replacement/reserves as well as miscellaneous and professional expenses that may be incurred by the subject property. Based upon our analysis, we have projected total operating expenses at \$80,599 or 25.00% of effective gross income, or \$29.57 per square foot of gross building area.

Capitalization Rate:

The following table summarizes multi-family residential buildings within the surrounding City of Long Beach area that have sold with their respective capitalization rates.

No.	Description of Property	Sales Date Sales Price	Building Area Year Built	O.A.R.
1	5-Unit Multi-Family Residential 1491 Atlantic Avenue Long Beach, California	03/07/23 \$2,550,000	6,845 Sq.Ft. 2002	5.29%
2	6-Unit Multi-Family Residential 1527-1535 E. 3 rd Street Long Beach, California	10/26/22 \$2,826,000	6,364 Sq.Ft. 1926	3.85%
3	8-Unit Multi-Family Residential 1495 Henderson Avenue Long Beach, California	For Sale \$1,050,000	4,132 Sq.Ft. 1925	2.90%
4	7-Unit Multi-Family Residential 1310 W. 14th Street Long Beach, California	12/28/23 \$3,150,000	4,584 Sq.Ft. 1912	4.22%
5	8-Unit Multi-Family Residential 1161 E. 3 rd Street Long Beach, California	03/22/23 \$2,925,000	7,900 Sq.Ft. 1927	3.75%

Based on this analysis, with emphasis placed on the rates extracted from the local market and considering the location and property characteristics specific to the Subject Property, an overall rate of 4.00% is considered appropriate for the subject. Following is our pro forma.

Income Approach Summary - Direct Capitalization Technique:

The foregoing has been summarized into an indication of value for the property as shown on the following Income Approach Summary. This represents an estimate of the stabilized value for the subject property by means of the Income Approach as of March 4, 2024, subject to the stated limiting conditions, assumptions, certification and definition of value.

Stabilized Rental Income		\$358,200
Less Vacancy & Collection Allowance @	10.00%	(\$35,820)
EFFECTIVE GROSS INCOME		\$322,380
LESS OPERATING EXPENSES	25.00%	(\$80,959)
NET OPERATING INCOME		\$241,421
Total Net Operating Income		
Divided by		
Capitalization Rate & Property Value	4.00%	\$6,035,525
INDICATED VALUE		\$6,035,525
INDICATED VALUE - INCOME APPROACH (Rounded)		\$6,000,000

RECONCILIATION & FINAL VALUE CONCLUSION

Cost Approach	N/A
Sales Comparison Approach	\$2,325,000
Income Approach	\$6,000,000

Each approach to value may be given weighted consideration depending on the nature of the subject property, the strength and reliability of the data, and the type of valuation assignment. In an assignment such as the valuation for the pending sale of the subject property,

The Sales Comparison Approach is based on the principle of substitution. That is, an informed buyer would typically not pay more for a property than the cost of acquiring an equally desirable substitute. In this case we analyzed four apartment building sales located within 1 mile of the subject and compared them to the subject in order to form a value estimate.

This approach was considered reliable because of the variability of the inputs. The subject was well-supported by unadjusted values in the sales survey, and after performing qualitative and quantitative adjustments for differences noted in the selected comparables, a more correlated value range resulted.

The Income Approach in this assignment is an equally reliable indicator to value. Properties such as the subject site are traded on their ability to produce a competitive income based on managerial ability. We were supplied with a projected proforma for the subject from which a credible operating statement could be constructed and value was arrived at through the direct capitalization method. Therefore, the voracity of the data applied in this approach was reliable and will be weighted accordingly.

On balance I have considered both the Income and Sales Comparison Approaches as valid indicators of market value for the subject, however, the overwhelming weight in determining the Final Value Estimate is given to the Income Capitalization Approach due to the air b n b and traveling nurses projected availabilities and projected unit rates.

Based on the preceding data and based on all stated limiting conditions, assumptions, certification, and definition of value, it is my opinion that, as of **March 4, 2024**, the subject property located at 1065 Olive Avenue, Long Beach, California had a **Leased Fee “As Is” Market Value** as follows:

SIX MILLION DOLLARS

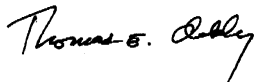
\$6,000,000

APPRAISER CERTIFICATION

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

- The statements of fact in this report are true and correct.
- The reported analyses, opinions, and conclusions are limited only by the reported assumptions and limiting conditions and are my personal, unbiased professional analyses, opinions, and conclusions.
- I have no present or prospective interest in the property that is the subject of this report, and I have no personal interest or bias with respect to the parties involved.
- My compensation is not contingent on the reporting of a predetermined value (loan amount) or direction in value that favors the cause of the client, the amount of the value estimate, the attainment of a stipulated result, or the occurrence of a subsequent event.
- To the best of my knowledge and belief, the reported analyses, opinions, and conclusions were developed and this report was prepared in conformity with the Uniform Standards of Professional Appraisal Practice of the Appraisal Foundation, the Code of Professional Ethics, and the Standards of Professional Practice of the Appraisal Institute.
- The use of this report is subject to the requirements of the Appraisal Institute relating to review by its duly authorized representatives.
- I have made an exterior inspection of the property that is the subject of this report.
- Administrative assistance was provided by no other than Thomas E. Oakley to the person signing this report.

A-CREDITED REALTY ADVISORS



Thomas E. Oakley

Principal

Accredited Senior Appraiser (ASA), American Society of Appraisers; #115047

The analyses and opinions set forth in this report are subject to the following assumptions and limiting conditions appropriate to the appraisal of real property assets appraised herein (land, buildings and improvements).

The dollar amount of any value opinion herein rendered is based upon the purchasing power of the United States dollar existing at the date of value.

The subject assets appraised were inspected by A-Credited Realty Advisors, unless otherwise stated herein. When the date of inspection differs from the effective date of the appraised value, we have assumed no material change in the condition of the assets, unless otherwise noted in the report.

The assets have been appraised assuming that they are in operational condition and that they are regularly serviced and maintained by management. If the subject asset(s) are buildings, responsible ownership and competent property management is assumed.

The analyses and market value estimate may, in part, be based on estimates and assumptions which are inherently subject to uncertainty and variation, depending on evolving events. Some assumptions, however, inevitably will not materialize, and unanticipated events and circumstances may occur; therefore, actual results achieved during the period covered by our analyses may vary from our estimates, and the variations may be material.

This report may contain prospective financial estimates or opinions that represent expectations at a particular point in time. Such information, estimates or opinions are not offered as predictions or as assurances that a particular level of income or profit will be achieved, that events will occur, or that a particular price will be offered or accepted.

This appraisal is based on market conditions existing as of the date of this appraisal. We assume no hidden or unexpected conditions of the assets exist which would adversely affect value.

It is assumed that there is full compliance with all federal, state, and local environmental regulations and laws unless noncompliance is stated, defined, and considered in the appraisal report.

The possession of this report, or copy thereof, does not carry with it the right of publication. The distribution, if any, of the total valuation in this report between land and improvements applies only under the stated program of utilization. The separate allocations for land and buildings (if supplied by request) must not be used in conjunction with any other appraisal, and are invalid if so used. Any value estimates provided in the report for buildings apply to the entire property, and any proration of the total into fractional interests will invalidate the value estimate, unless such proration or division of interests has been set forth in the report.

Any reference to a stabilized market value is based on the assumption that the subject has achieved, or will achieve, a stabilized occupancy level. The costs associated with achieving a stabilized occupancy have not been deducted. These costs would include, but would not be

limited to, marketing and/or advertising costs, interest reserves, operating capital, and income lost due to rate discounting and occupancy build-up.

When improvements are labeled proposed or where development type properties are concerned, the property has been appraised subject to certain assumptions as to the quality and nature of the completed buildings, tenant improvements, land improvements or infrastructure. The basis for these assumptions were provided by the client, his representative, or government officials. Any deviation from these specifications will render the conclusions, which are based on those assumptions, useless and void.

The property has been appraised assuming that all required licenses, certificates of occupancy, consents, or other legislative or administrative authority from any local, state or national government or private entity or organization have been or can be obtained or renewed for any use on which the value estimate contained in this report is based, unless otherwise stated.

A-Credited Realty Advisors, assumes no responsibility for economic or physical factors which may affect the opinions herein stated which may occur at some date after the date of this appraisal report. Forecasts of future events which influence the valuation process are predicated on the continuation of historical and current trends in the market as identified in the report.

A-Credited Realty Advisors, reserves the right to make such adjustments to the analyses, opinions and conclusions set forth in this report as may be required by consideration of additional data or more reliable data that may become available.

The subject assets or properties are appraised free and clear of any or all liens or encumbrances, unless otherwise stated.

No investigation of legal title was made and no responsibility is assumed for the legal description or for matters including legal or title considerations. No opinion of title is rendered and the property is appraised as though free of all liens, encumbrances, easements and restrictions; the title is assumed to be marketable; and we assume the property does not exist in violation of any applicable codes, ordinances, statutes, or other governmental regulations.

The subject assets or properties are appraised free and clear of any or all liens or encumbrances, unless otherwise stated.

We assume no responsibility for any financial reporting judgments which are appropriately those of management. Management accepts the responsibility for any related financial reporting with respect to the assets or properties encompassed by this appraisal.

No survey of the boundaries of the property was undertaken. All areas and dimensions furnished are presumed to be correct. It is further assumed that no encroachments to the realty exist.

Maps, plats, and exhibits included herein are for illustration only, as an aid in visualizing matters discussed within the appraisal. They should not be considered as surveys nor relied upon for any other purpose, nor should they be removed from, reproduced, or used apart from this report.

Information contained in this appraisal has been gathered from sources which are believed to be reliable, and where feasible, have been verified. No responsibility is assumed for the accuracy of information supplied by others.

No soils report was uncovered in the investigation. For the purposes of this appraisal, it is assumed that the soil conditions will permit development of the property to the uses set forth; however, no representations are made as to these matters. Any purchaser of the site may uncover potential environmental problems associated with development which we have not considered in this analysis but may exist.

There are typically appliances and mechanical systems that are an integral part of the operation of the subject property and/or premises where the subject assets are located. This appraisal assumes that these appliances and mechanical systems are in working order.

No opinion is intended to be expressed on matters which require legal expertise or specialized investigation or knowledge beyond that customarily employed by real or personal property appraisers.

A-Credited Realty Advisors, is not qualified to personally inspect the structural components of the improvements or beneath the soil. Therefore, no representation is made as to these matters unless specifically considered in the appraisal.

The property has been personally inspected by the appraiser so designated in the Certification and have found no obvious evidence of structural deficiencies except as stated in the report; however, no responsibility for hidden defects or conformity to specific governmental requirements such as fire, building and safety, earthquake, or occupancy codes can be assumed without provision of specific professional or governmental inspections.

No termite inspection report was made available to the appraiser. No obvious evidence of infestation or damage was observed; however, no responsibility for hidden defects can be assumed.

Since earthquakes are not uncommon in the area, no responsibility is assumed due to their possible effect on individual properties, unless detailed geological reports are made available and referenced in the report.

No opinion is expressed as to the value of subsurface oil, gas, or mineral rights, or whether the property is subject to surface entry for the exploration or removal of such materials, except as expressly stated.

No engineering survey has been made by the appraiser. Except as specifically stated, data relative to size and area were taken from sources considered reliable, and no encroachment of real property improvements is assumed to exist.

A-Credited Realty Advisors, shall not be required, by reason of this appraisal, to give testimony or be in attendance in court or any governmental or other hearing with reference to the property without prior arrangements having first been made relative to such additional employment.

All appraisal services, pursuant to this report, shall be deemed to be contracted for and rendered in the county of A-Credited Realty Advisors, office contracted to perform the services, and any arbitration or judicial proceedings shall take place in that county.

Unless otherwise stated in this report, the existence of hazardous material, which may or may not be present on the property, was not observed by the appraiser. The appraiser has no knowledge of the existence of such materials on or in the property. Furthermore, the appraiser is not qualified to detect such substances and expresses no opinion with regard to the possible impact on value. However, the presence of substances such as asbestos, urea-formaldehyde from insulation, or other potentially hazardous materials may affect the value of the property.

The value estimate is predicated on the assumption that there is no such hazardous material on or in the property that would cause a loss in value. No responsibility is assumed for any such condition, or for any expertise or engineering knowledge required to discover them. The client is urged to retain an expert in this field, if desired. If the client is aware or becomes aware of any such conditions, the appraiser should be consulted immediately to assess an impact, if any, upon the market value.

Except as hereinafter provided, the party for whom the appraisal report was prepared may not distribute copies of the appraisal report without the written consent of the signatory of this appraisal report.

Under the terms of the engagement authorizing this report, we will have no obligation to revise this report to reflect events or conditions which occur subsequent to the date of the appraisal. However, we will be available to discuss the necessity for revision resulting from changes in economic or market factors affecting the subject.

The appraisal was made in accordance with, and subject to, the requirements of the Code of Ethics under USPAP, and Standards of Professional Practice of the Appraisal Institute; however, no warranties, guarantees, or assurances of any kind are expressed or implied, and we assume no liability in connection with this assignment.

Information pertaining to maintenance policies and utilization obtained from management are assumed to be accurate.

Any plat maps, floor plans and equipment layouts which were supplied to us by management and which may be contained within this report are assumed to be accurate.

Information pertaining to service contracts, market share, competition, company history and plant data which may have been supplied to us by management are assumed to be accurate.

We assume that any information supplied to us during our inspection with respect to any leased computers, phone systems, or any other equipment is accurate. We have not conducted an inventory and did not include any assets identified as leased assets in our analysis. It is the clients' responsibility to differentiate all equipment which is leased and not owned.

The use of all or part of this report in connection with real estate tax shelters, syndication of interests in real estate, the offering of securities, shares or partnership interests in real estate or any other public or private offering without the specific written consent of the appraiser is not authorized. Neither the whole, nor any part of this report, nor any reference thereto may be included in any document, statement, appraisal or circular without the prior written approval from A-Credited Realty Advisors, as to of the form and context in which it is to appear. The appraiser is under no obligation to select the most appropriate premise of value for the circumstances. The value premises as defined herein have been requested by management and accepted as appropriate to their needs.

The Americans with Disabilities Act (ADA) became effective January 6, 1992. We have not made a specific compliance survey and analysis of this property to determine whether or not it is in conformity with the various detailed requirements of the ADA. It is possible that a compliance survey of the property together with a detailed analysis of the requirements of the ADA could reveal that the property is not in compliance with one or more of the requirements of the act. If so, this fact could have a negative effect upon the value of the property. Since we have no direct evidence relating to this issue, we did not consider possible non-compliance with the requirements of ADA in estimating the value of the property unless specifically mentioned in the report.

The liability of A-Credited Realty Advisors, and its employees and associates is limited to the client only and to the amount of the fee actually received by A-Credited Realty Advisors. There is no accountability, obligation, or liability to any third party. If the appraisal report or any part thereof is disseminated to anyone other than the client, the client shall make such party or parties aware of all limiting conditions and assumptions affecting the appraisal assignment. Neither the appraisers nor A-Credited Realty Advisors is in any way responsible for any costs incurred to discover or correct any physical, financial, and/or legal deficiencies of any type present in the subject property. In the case of limited partnerships or syndication offerings or stock offerings in real estate, the client agrees that in the event of a law suit brought by a lender, a partner or part owner in any form of ownership, a tenant or any other party, the client will indemnify and hold the appraiser(s) and A-Credited Realty Advisors completely harmless in such action with respect to any and all awards or settlements of any type, such as fines, penalties, or financial losses resulting from actions taken by tax authorities, including but not limited to the Internal Revenue Service, when such fines, penalties, or losses are not due to fraud or gross negligence on the part of
A-Credited Realty Advisors.

THOMAS E. OAKLEY (ASA)
155 S. Orange Grove Boulevard, #B
Long Beach, CA 91105
(626) 590-2691 (phone)

PROFILE

Assignments as a Real Estate Appraiser include single-family residence valuations, site valuations, income property valuations, and market data research. Other experience consists of appraising and consulting projects consisting of investment-quality office buildings, shopping centers, apartment and condominium projects, vacant land, automobile dealerships, proposed or existing restaurants and churches, mobile home parks, commercial retail/office buildings, and industrial/business parks throughout the Southern California area.

EXPERIENCE

A-CREDETID REALTY ADVISORS, Pasadena, California
Principle 12/99 - Present

JMK, Los Angeles, California
Associate Appraiser 7/01 – 7/04

DAWSON APPRAISAL, Huntington Beach, California
Associate Appraiser 9/00 – 9/03

NORTH BY NORTHWEST, Pasadena, California
Associate Appraiser 02/01 - 09/05

GRIBIN, KAPADIA & ASSOCIATES, Woodland Hills, California
Associate Appraiser 10/96 - 12/99

JUSTMANN & ASSOCIATES, Long Beach, California
Associate Appraiser 08/92 – 10/96

EDUCATION

Associate Arts Degree Pasadena City College
General Education Pasadena City College - Graduated June 1988
Emphasis: Pre-Business

Bachelor of Science California State Polytechnic University
Business Administration Pomona - Graduated March 1990
Emphasis: Marketing Management

DESIGNATION-ACCREDITATION

American Society of Appraisers (ASA); A-Credited Senior Appraiser

APPRAISAL INSTITUTE CLASSES PASSED

1A1 -Real Estate Appraisal Principles
1A2 -Basic Valuation Procedures
1BA -Capitalization Theory and Techniques, Part A
1BB -Capitalization Theory and Techniques, Part B
2-3A -Standards of Professional Practice, Part A
2-3B -Standards of Professional Practice, Part B

ADDENDA

Subject Photos



Front View of Subject Property



View of Subject Property ~ Backyard

Subject Photos



Rear View of Subject Property



View of Subject Property ~ Alley

Subject Photos



View of Subject Property



View of Subject Property

Subject Photos



View of Subject Property



View of Subject Property

Subject Photos



View of Subject Property



Interior View of Subject Property ~ Living/Dining Room

Subject Photos



Interior View of Subject Property ~ Bedroom #1

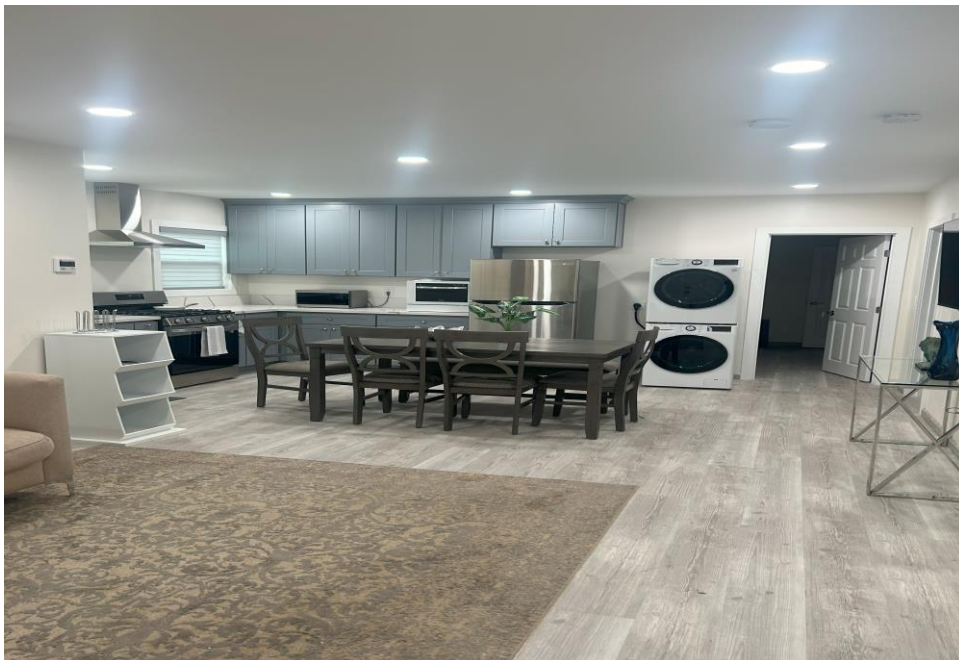


Interior View of Subject Property ~ Bedroom # 2

Subject Photos



Interior View of Subject Property ~ Bedroom # 3



Interior View of Subject Property ~ Entryway

Subject Photos



Street Scene of Olive Avenue looking South

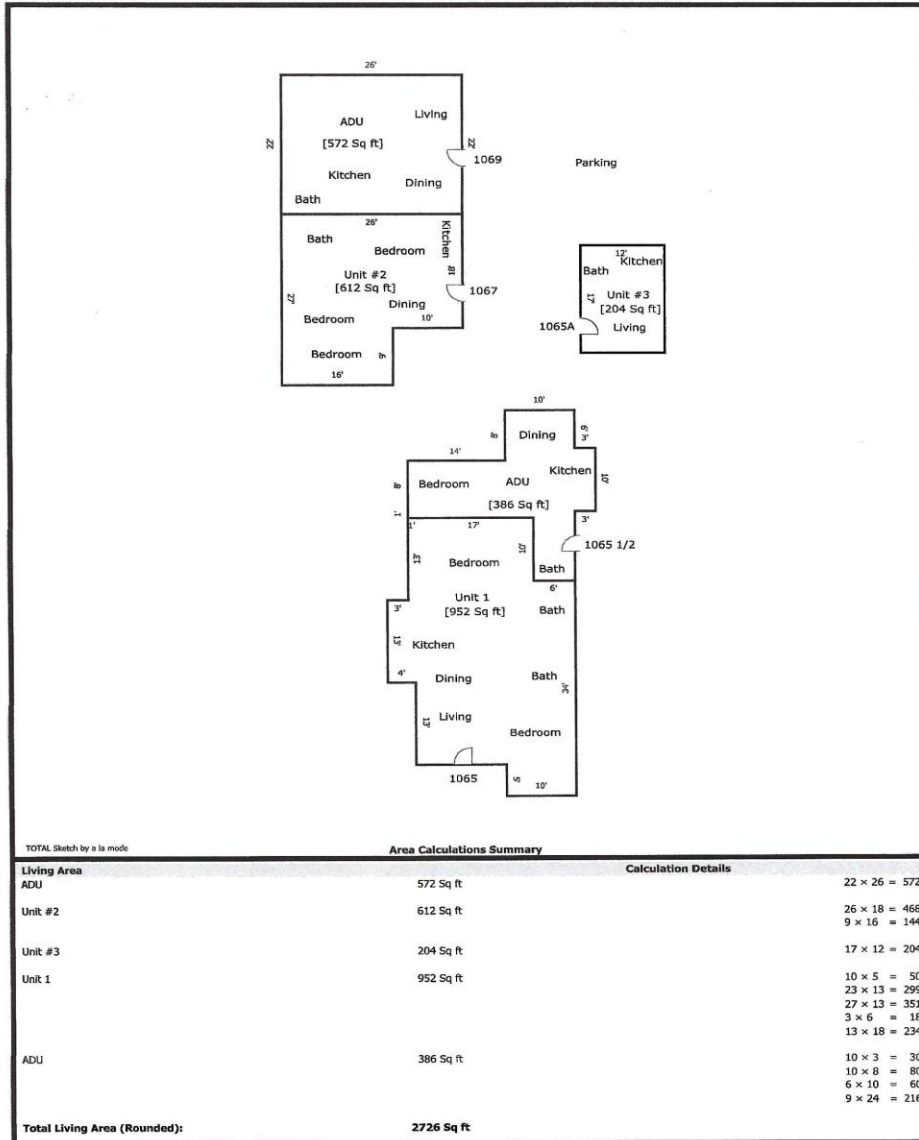


Street Scene of Olive Avenue looking North

Subject Building Sketch

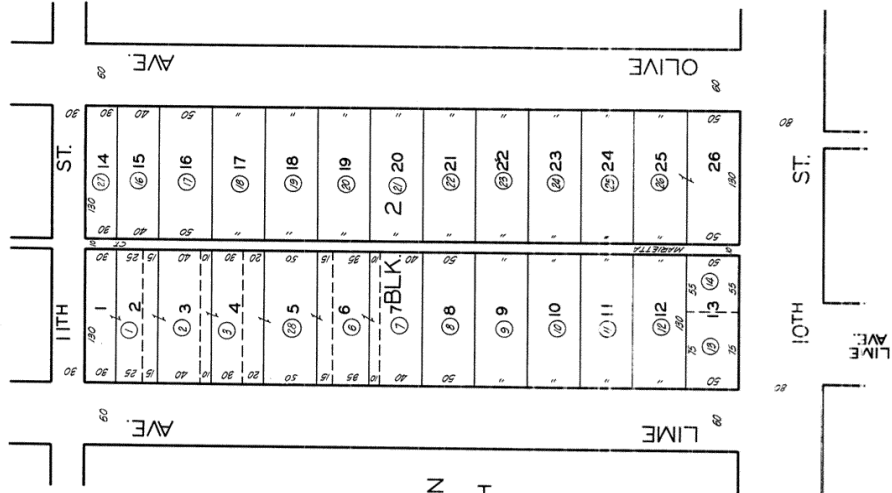
Building Sketch

Borrower/Client			
Property Address	1065 Olive Ave		
City	Long Beach	County	State CA Zip Code 90813
Lender			



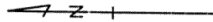
Subject Plat Map

64-1043 REVISED
 7/27/2018
 91122233202027-00



STRAIN & LEWIS' SUBDIVISION
 OF BLOCKS 13, 14, 15 AND 16
 TO THE TOWN OF LONG BEACH

M. R. 28-91



7274 12
 SCALE 1" = 80'

1992


CODE
 5500

FOR PREV. ASSMT. SEE: 133-17

ASSESSOR'S MAP
 COUNTY OF LOS ANGELES, CALIF.

Flood Map

Flood Data

Flood Zone: **X** 
In SFHA: **NO**
NFIP Community Name: **City of Long Beach**
Participation Status: **TRUE**
Panel Number: **06037C1968G**
Panel Date: **2021-04-21**
Community Number: **060136**
Census Block: **060375763023**

Flood Map

Flood Zones

-  Zone A
-  Zone B
-  Zone D
-  Zone V

Zones C and X are transparent

Subject Aerial Map



CITY OF
LONG BEACH

SHORT-TERM RENTAL REGISTRATION: NRP23-01318

Property Address: 1065 Olive Ave, Long Beach, CA 90813
Unit Number: 1065
Maximum Occupancy: 8
Registration Issued To: INCAN PROJECT DEVELOPMENT GROUP INC
Registration Approved: Jan 08, 2024
Registration Expiration Date: Jan 08, 2025

This registration certificate is issued to assist the registrant comply with the City's short-term rental ordinance and for informational purposes only.

Certificate of Occupancy



City of Long Beach
Community Development Department
Building and Safety Bureau

This certificate is issued pursuant to the requirements of Chapter 18.08 of the Long Beach Municipal Code (L.B.M.C.) certifying that at the time of issuance this building or structure, or portion thereof, was in compliance with the provisions of Title 18 of the L.B.M.C. other ordinances of the City or laws and statutes of the State regulating building construction or use for the following:

Permit No.: BRMD257738
Permit Address: 1065 1/2 OLIVE AVE
Name of Owner: JAMES ESCUDERO
Address of Owner: 1300 E main st #109A
Alhambra, CA 91801

Portion of Building:
Work Description: JADU: Convert portion of single family dwelling, 458sf, in to Junior Accessory Dwelling Unit with (1) bedroom kitchen, living, and 3/4 bathroom. New tankless water heater

Use: SFD/JADU
Type of Construction: VB
Sprinkler Required: NO
Any special stipulations or conditions: NONE
Occupancy Type: R3
Max. Occupancy Load: -
Edition of the Code: 2019 CRC

Building Official

09/23/2021

Date Permit Issued

01/12/2024

Date Certificate Issued

POST IN A CONSPICUOUS AT OR NEAR THE BUILDING ENTRANCE

Issuance of a Certificate of Occupancy shall not be construed as an approval of a violation of the provision of this title, municipal code or other ordinance of the City or laws and statutes of the State.

American Society of Appraisers

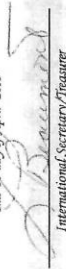


The Society's Board of Examiners Certifies That

Thomas E. Oakley

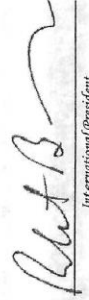
Is hereby awarded the designation
Accredited Senior Appraiser
Real Property / Real Property (All Property Types)
and is entitled to use the designation in accordance with
the society's bylaws and administration rules.

Signed, Sealed and Attested
This 10 day of April, 2019


International Secretary/Treasurer

This certificate is the property of the American Society of Appraisers and
must be returned to the International Office upon membership termination.




International President