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Attorneys for the Receiver

IN THE SUPERIOR COURT OF THE STATE OF ARIZONA

IN AND FOR MARICOPA COUNTY

ARIZONA CORPORATION)	
COMMISSION,)	Cause No. CV2016-014142
)	
Plaintiff,)	RECEIVER'S RESPONSE TO PETITION
)	NO. 14
v.)	
DENSCO INVESTMENT)	(Assigned to the Honorable Lori Horn
CORPORATION, an Arizona)	Bustamante)
corporation,)	
)	
Defendant.)	
)	
)	
)	

On December 22, 2016, PAJ Fund I, LLC, an Arizona limited liability company ("PAJ"), filed Petition No. 14, titled *Motion for Relief from Receivership Injunctions* ("Petition"). The Petition seeks to lift the Receivership Court's stay¹ in order to permit PAJ to foreclose on a deed of trust it asserts is valid and superior to the secured interest of DenSco in a single family residence located at 1605 W. Winter Drive in Phoenix ("Property"). Not only does Petitioner fail to meet the standards for obtaining relief from the stay, but the

¹ The *Order Appointing Receiver* entered on August 18, 2016, contains a stay provision that enjoins all persons, including senior lienholders such as PAJ, from taking any action to enforce their claimed interests in assets of the receivership estate or adverse to the interests of the estate, without first obtaining leave of this Court. *See, Order Appointing Receiver* at page 5.

1 central tenet of its request, that the value of the Property is inadequate to protect its interest, is
2 not based on any reliable evidence. Moreover, the Petition ignores the fact that the Receiver
3 has offered to stipulate to a lift of the stay as long as the Receiver was given a reasonable
4 time to market and sell the Property.

5 **Winter Property History**

6 The Property was acquired in early 2008 by EZ Homes, Inc. at foreclosure sale and
7 then immediately conveyed to Scott Menaged (“Menaged”). PAJ does business under the
8 name EZ Homes² and its relationship and business dealings with Scott Menaged are the
9 subject of a continuing investigation by the Receiver. As the Receiver’s Status Reports
10 demonstrate³, following the Receiver’s appointment, the Receiver discovered that the DenSco
11 loan portfolio included 87 loans to Menaged and his relatives and companies (“Menaged
12 Loans”) totaling over \$43 million. Second Status Report, page 2. Even though DenSco was
13 required to make real estate loans secured in first position by real property, of the 87
14 Menaged Loans, 82 were completely unsecured and of the remaining five, only one was
15 secured in first position. The Receiver’s Second Status Report describes in detail some of the
16 frauds perpetrated by Menaged on DenSco. The Receiver is continuing his investigation of

17 ² Although PAJ and EZ Homes, Inc. are separate entities, because they use the same name it appears
18 that they are affiliated in some manner, the exact nature and extent of which is unknown to the
Receiver at this time.

19 ³ The Receiver’s first report was filed with the Court on September 16, 2016; *See, Petition No. 3* and
20 the *Preliminary Report of Peter S. Davis, Receiver* dated 09/16/16 attached thereto (hereafter “First
Status Report”). The Receiver’s second report was filed with the Court on December 23, 2016; *See,*
21 *Petition No. 15* and the *Status Report of Peter S. Davis, Receiver* dated 12/23/16 attached thereto
(hereafter “Second Status Report”). The First Status Report and Second Status Report are referred to
hereafter collectively as the “Receiver’s Status Reports.”

1 the frauds committed by Menaged and his associates and will be filing shortly an adversary
2 complaint in Scott Menaged's bankruptcy seeking a judgment against Menaged for DenSco's
3 losses and a denial of discharge of Menaged's debts to DenSco.

4 DenSco made two loans to Scott Menaged that are secured by the Property in which
5 PAJ claims a superior interest. DenSco loaned \$300,000 in 2012 ("300,000 Loan") and
6 another \$177,352.68 in 2014, both of which were secured by the Property under recorded
7 Deeds of Trust. Shortly after the Receiver was appointed he learned that, although the
8 \$300,000 Loan to Menaged should have been in first position, there appeared of record an
9 unreleased deed of trust originally issued to Arthur Koschubs ("Koschubs Loan"). Because
10 there was a recorded assignment of this deed of trust to PAJ, the Receiver's counsel wrote a
11 letter to PAJ on August 30, 2016 requesting the balance owed on the Koschubs Loan and
12 other information regarding the loan. (*See*, Exhibit E to the Petition). It was over two months
13 before the Receiver was provided with a response to this request. (*See* the email from counsel
14 for PAJ dated November 1, 2016, which is attached hereto as Exhibit "A"). Interestingly, in
15 its response, PAJ relied upon Zillow for its valuation of the Property at \$416,761 even though
16 now it wants to rely on the much lower assessed value of the Property (*See* the discussion
17 later in this response regarding the adequacy of protection afforded PAJ). Based on the
18 response from PAJ received in November, the Receiver concluded that the receivership estate
19 had equity in the Property and immediately directed his foreclosure counsel to commence
20 foreclosure of DenSco's \$300,000 loan. The foreclosure sale is currently set for February 21,
21 2017 at 10:00 A.M.

1 **SEC v. Universal Financial**

2 PAJ cites *SEC v. Universal Financial*, 760 F.2d 1034 (9th Cir 1985) for the three
3 factors that it believes should be considered by this Court in ruling on PAJ's request for relief
4 from the stay order. *Universal Financial* describes the test applied in the Ninth Circuit on
5 motions for stay relief in federal equity receiverships. The first factor is whether lifting the
6 stay will preserve the status quo without resulting in "substantial injury" to the moving party.
7 In *SEC v. Universal Financial*, the Ninth Circuit Court upheld the denial of the motion for
8 stay relief, noting as to the first factor, that lifting of the stay would not preserve the status
9 quo but instead would enable senior lienholders to foreclose the junior lien interests held by
10 the Receiver to the detriment of the receivership estate and its investor claimants. This is of
11 course the same harm that would result from lifting the stay in this case.

12 The second factor articulated in *Universal Financial* is the time or stage of the
13 receivership when the motion to lift the stay is made. In *Universal Financial* the motion at
14 issue was made more than four years after the Receiver's appointment and was nevertheless
15 denied. Here the motion to lift stay was filed a mere four months after the Receiver's
16 appointment. As the Receiver's Status Reports and various petitions demonstrate, the
17 Receiver has been consumed in the early months of this Receivership with a myriad of
18 significant and complicated issues to address, including but certainly not limited to
19 investigating and enforcing the loans held by DenSco, investigating Menaged's various fraud
20 schemes and recovering assets held by Menaged and his companies that rightfully belong to
21 DenSco, reconstructing the accounting transactions of DenSco, locating and securing the

1 receivership records, evaluating potential claims against DenSco's professionals, and
2 addressing issues regarding the Defined Benefit Plan. The status of the Property is just one
3 issue, and from the perspective of the DenSco investors who have suffered losses of over \$31
4 million,⁴ it is not the most urgent issue in need of resolution. That is not to say that PAJ's
5 claimed interest should be ignored, but as noted later in this response PAJ's interest is
6 adequately protected.

7 The third factor is the merits of the moving parties underlying claim. Although the
8 Receiver is investigating the validity and beneficial ownership of PAJ's claimed interest in
9 the Property, the Receiver is not in a position at this time to challenge the merits of PAJ's
10 claimed interest. It should be noted that having a meritorious claim does not result in the
11 moving party being entitled to stay relief. In fact, in *Universal Financial*, the SEC did not
12 challenge the merits of the moving party's claim but the Court nevertheless denied relief
13 because of the adverse impact on the receivership estate and on the defrauded investors. As
14 in *Universal Financial*, the investors in DenSco were led to believe that the loans made by
15 DenSco, such as the \$300,000 Loan, would be secured by real property in first position. Very
16 likely DenSco believed that its \$300,000 Loan to Menaged would be used to pay off the
17 Koschubs Loan and therefore enjoy first position. Was the failure to put DenSco in first
18 position just part of the fraud that Menaged perpetrated on DenSco? If so, one has to wonder
19 why Menaged continues to be actively involved in this loan even after filing his personal
20 bankruptcy. For example, when PAJ refused to provide to the Receiver copies of all of its

21 ⁴ Second Status Report at page 12.

1 documents on its claimed loan, the Receiver issued a subpoena for the documents. The
2 documents produced by PAJ⁵ show that indeed PAJ appears to have issued cashier's checks
3 to Koschubs for \$250,000 and \$6,771.05. Incredibly, PAJ paid these amounts without
4 obtaining any documents showing the payment history on the Koschubs Loan and without
5 obtaining any written representations or warranties from Koschubs as to the then current
6 balance of the loan. Shortly after these checks were obtained by PAJ (and presumably
7 delivered to Koschubs), on May 14, 2016, Menaged caused one of his companies, Furniture
8 & Electronic King, LLC ("Furniture King"), to issue to PAJ a check in the amount of
9 \$6,250.00. Furniture King was later placed in receivership and the Receiver of DenSco was
10 appointed by this Court as the receiver of Furniture King. It also appears that this transfer
11 from Furniture King to PAJ was a fraudulent transfer to the detriment of the creditors of
12 Furniture King, including DenSco.

13 Adding to suspicions regarding PAJ's claim of ownership of the Koschubs Loan, is
14 PAJ's sudden demands that the Receiver not look further into this matter and simply payoff
15 the Koschubs LReoan, which demands PAJ began making six months after it claims to have
16 acquired the Koschubs Loan during which period it had not taken any action to enforce its
17 purported lien and dragged its feet in providing payoff information to the Receiver or the
18 documents relating to its acquisition of the loan.

19
20
21

⁵ The response to the Receiver's subpoena was made on December 27, 2016, after the filing of the
Petition and a week after the return date in the Subpoena.

1 Finally, the Receiver is investigating the basis for a petition to limit PAJ's recovery
2 under the Koschubs note to the stated interest of 15% per annum rather than the default
3 interest of 30% per annum. This rate is manifestly inequitable in light of the massive losses
4 suffered by the investors in DenSco. *In re Boardwalk Partners*, 171 B.R. 87 ((Bankr.D.Az.
5 1994) (Oversecured creditor holding first lien was not entitled to recover default interest rate
6 of 26% where creditor failed to justify default interest rate as anything other than contractual
7 sledgehammer that would come directly out of hide of junior creditors).

8 **PAJ Claimed Interest in the Property is Adequately Protected**

9 Incredibly, after originally indicating that it was comfortable with the Zillow estimate
10 of value of the Property at \$416,761, PAJ in its Petition now asserts that the appropriate
11 evidence of the value of the Property is the assessed value of the Property by the County
12 Assessor. The Receiver has obtained an appraisal of the Property showing a fair market value
13 of \$425,000. Even after this appraisal was provided to PAJ it refused the Receiver's renewed
14 offer to stipulate to a lift of the stay provided the Receiver is provided a reasonable time to
15 market and sell the Property. PAJ has insisted on being paid off even though the Receiver
16 has a trustee's sale noticed for February and is in the process of listing the Property for sale.
17 A sale by the Receiver would result in PAJ being paid all the sums to which it is entitled
18 without the necessity of incurring the costs of noticing its own trustee sale and without
19 incurring the expense of litigating this unnecessary motion to lift stay.

20 There is adequate protection for the asserted interests of PAJ and accordingly the
21 Receiver requests that Petition No. 14 be denied, or alternatively, that it be granted with the

1 limitation that PAJ shall not hold a trustee sale on the Koschubs deed of trust prior to July 21,
2 2017, which date would afford the Receiver a reasonable opportunity to market and sell the
3 Property. Even if the Receiver was unsuccessful in selling the Property by that date, the total
4 owed under the Koschubs Loan, even at 30% per annum, would only be 80% of the value of
5 the Property. An 80% loan to value for a hard money loan is extraordinary and more than
6 adequate protection for the lender.

7 Respectfully submitted this 10th day of January, 2017.

8
9 GUTTILLA MURPHY ANDERSON, P.C.

10 /s/Patrick M. Murphy
11 Patrick M. Murphy
12 Attorneys for the Receiver

13 Original of the foregoing was e-filed
14 This 10th day of January, 2016 with:

15 Clerk of the Maricopa County Superior Court
16 201 West Jefferson
17 Phoenix, Arizona 85003

18 Copies of the foregoing were mailed/
19 emailed to all persons on the
20 attached Master Service List this 10th day
21 of January, 2017.

Re

By: Cynthia M. Ambrozic

2359-001(272527)

MASTER SERVICE LIST

Arizona Corporation Commission v. DenSco Investment Corporation
IN THE SUPERIOR COURT OF THE STATE OF ARIZONA
CV2016-014142
(Revised January 10, 2017)

The Honorable Lori Bustamante
Maricopa County Superior Court
East Court Building
101 West Jefferson, Room 811
Phoenix, Arizona 85003

Wendy L. Coy
Arizona Corporation Commission
1300 West Washington
Phoenix, AZ 85007-2929
Attorney for Plaintiffs

Peter S. Davis, Receiver
Densco Receivership
Simon Consulting, LLC
The Great American Tower
3200 North Central, Suite 2460
Phoenix, Arizona 85012

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and Densco Investment Corporation

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Trustee Jill H. Ford

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Tucson, Arizona 85701
Attorney for Claimants

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Arboleda Brechner
4545 East Shea Boulevard, Suite 120
Phoenix, Arizona 85028
Attorney for PAJ Fund, I, LLC

Cody J. Jess
Tyler J. Grim
Schian Walker, P.L.C.
1850 North Central Avenue
Suite 900
Phoenix, Arizona 85004-4531
Attorneys for Yomtov "Scott" Menaged

Pat Murphy

From: Carlos M. Arboleda <carboleda@abfirm.com>
Sent: Tuesday, November 01, 2016 10:36 AM
To: Pat Murphy
Subject: Fwd: Winter payoff
Attachments: 1605 W Winter Dr, Phoenix, AZ 85021.pdf

Pat

Attached is the payoff. Note that this figure does not include attorneys fees, which currently are about \$1500. According to Zillow the fair market value for this property is \$416,761. So, there may be some equity here. The Creditor is glad to cooperate with the receiver, but we want to begin the foreclosure process so that there are no delays if the property does not sell in a reasonable time. Let me know what you decide and whether I need to make an appearance in the receivership case

cma

Carlos M. Arboleda
ARBOLEDA BRECHNER, attorneys
4545 E. Shea Blvd., Ste. 120
Phoenix, AZ 85028
Tel. 602/482-0123
Fax. 602/482-4068

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----- Forwarded message -----

From: Jeff Bottorff <Jeff@phxloans.com>
Date: Mon, Oct 24, 2016 at 10:57 AM
Subject: Winter payoff
To: "Carlos M. Arboleda" <carboleda@abfirm.com>

Carlos, Attached is the payoff for 1605 W Winter Drive

Thank You,

Jeff Bottorff

Phoenix Loans

PAJ Enterprises, LLC

11010 N Tatum Blvd Ste D-100

Phoenix, AZ 85028

jeff@phxloans.com

1-844-355-5363 toll free

602-875-0075 Office

602-875-0073 Direct

602-432-0511 Cell



PAJ Fund I, LLC
Your Capital Partner
11010 N Tatum Blvd STE D-100
Phoenix, AZ 85028
(602) 432-0511

10/24/2016

Yomtov Scott Menaged
2200 E Camelback Rd ste 216
Phoenix, AZ 85016
Account: 0000002828
1605 W Winter Dr, Phoenix, AZ 85021

BENEFICIARY'S DEMAND FOR PAYOFF

Dear Yomtov Scott Menaged

You are authorized to use the following amounts to payoff the above-mentioned loan. All necessary legal documents will be forwarded for Full Reconveyance upon receipt of payment in full.

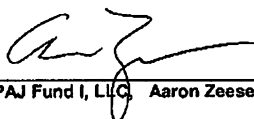
Payoff Date	10/31/2016
Maturity Date	11/6/2016
Next Payment Due	6/1/2016
Interest Paid-To Date	5/6/2016
Principal Balance	\$250,000.00
Unpaid Interest	\$521.05
Accrued Interest From 5/6/2016 To 10/31/2016	\$37,083.33
Unpaid Late Charges	\$0.00
Accrued Late Charges	\$1,562.50
Additional Charges (Insurance, 1 st month interest, et. al.)	\$0.00
Prepayment Penalty	\$0.00
Other Fees	\$75.00
*For additional details see itemization attachedTrust Balance	\$0.00
Payoff Amount	\$289,241.88

Please add \$208.33 for each additional day past 10/31/2016.

We reserve the right to amend this demand should any changes occur that would increase the total amount for payoff. **Please note that this demand expires on 12/1/2016**, at which time you are instructed to contact this office for additional instructions.

Please Wire Funds To: PAJ Fund I, LLC

Sincerely,



Beneficiary: PAJ Fund I, LLC, Aaron Zeese

Wiring Instructions:

1st Bank
Account Title: PAJ Fund I, LLC
Routing Number: 107005047
Account Number: 2931204623
PLEASE INCLUDE PROPERTY ADDRESS
AND BORROWER NAME IN WIRE

ITEMIZATION OF OTHER FEES	
Description	Amount
Demand Fee	\$0.00
Reconveyance Fee	\$75.00
Recording Fee	\$0.00
Forwarding Fee	\$0.00
Total	\$75.00



1641 E. Osborn Rd., Ste 8
Phoenix, Arizona 85016
602-955-4050 (phone)
602-955-4701 (fax)
Orders@jaginc.net (email)
www.jaginc.net (website)

File No. 16120102

APPRAISAL OF



LOCATED AT:

1605 W Winter Dr
Phoenix, AZ 85021

CLIENT:

Guttilla Murphy Anderson
5415 E High Street #200
Phoenix, AZ 85054

AS OF:

December 6, 2016

BY:

JAY JOSEPHS

WWW.JAGINC.NET

Residential Appraisal Report

File No. 16120102

PURPOSE

The purpose of this appraisal report is to provide the client with a credible opinion of the defined value of the subject property, given the intended use of the appraisal.

Client Name/Intended User

Guttilla Murphy Anderson

E-mail

cschmidt@gamlaw.com

Client Address

5415 E High Street #200

City

Phoenix

State

AZ

Zip

85054

Additional Intended User(s)

Second lien holder of subject property

Intended Use

Assistance in a potential foreclosure decision

SUBJECT

Property Address

1605 W Winter Dr

City

Phoenix

State

AZ

Zip

85021

Owner of Public Record

Yom T S Menaged

County

Maricopa

Legal Description

Lot 9 Courtyards At Northern MCR 721-31

Assessor's Parcel #

157-03-088

Tax Year

2016

R.E. Taxes \$

4,955.00

Neighborhood Name

COURTYARDS AT NORTHERN

Map Reference

T2N R3E SEC 6

Census Tract

1061.00

Property Rights Appraised

☒ Fee Simple

☐ Leasehold

☐ Other (describe)

SALES HISTORY

My research

☐ did

☐ did not reveal any prior sales or transfers of the subject property for the three years prior to the effective date of this appraisal.

Prior Sale/Transfer:

Date

Price

Source(s)

IMAPP

Analysis of prior sale or transfer history of the subject property (and comparable sales, if applicable)

No three year sales history noted. ARMLS 5371239. Listed 12/08/2015 at \$449900. Reduced to \$429900 12/09/2015 and to \$399900 01/02/2016. Expired 06/30/2016. It appears that home was pending for portion of this listing history. 141 total days on market.

Offerings, options and contracts as of the effective date of the appraisal

Not currently under contract per client.

NEIGHBORHOOD

Neighborhood Characteristics				One-Unit Housing Trends			One-Unit Housing		Present Land Use %		
Location	<input type="checkbox"/> Urban	<input checked="" type="checkbox"/> Suburban	<input type="checkbox"/> Rural	Property Values	<input type="checkbox"/> Increasing	<input checked="" type="checkbox"/> Stable	<input type="checkbox"/> Declining	PRICE	AGE	One-Unit	75 %
Built-Up	<input checked="" type="checkbox"/> Over 75%	<input type="checkbox"/> 25-75%	<input type="checkbox"/> Under 25%	Demand/Supply	<input type="checkbox"/> Shortage	<input checked="" type="checkbox"/> In Balance	<input type="checkbox"/> Over Supply	\$(000)	(yrs)	2-4 Unit	0 %
Growth	<input type="checkbox"/> Rapid	<input checked="" type="checkbox"/> Stable	<input type="checkbox"/> Slow	Marketing Time	<input type="checkbox"/> Under 3 mths	<input checked="" type="checkbox"/> 3-6 mths	<input type="checkbox"/> Over 6 mths	301 Low	0	Multi-Family	5 %
Neighborhood Boundaries	Peoria Avenue to the north, Glendale Avenue to the south, 7th Street to the east, highway 17 to the West.							2,000 High	112	Commercial	10 %
Neighborhood Description	See attached addendum							650 Pred.	10	Other VAC.	10 %
Market Conditions (including support for the above conclusions)											
See attached addendum - For purposes of this report, exposure time estimated to be same as marketing time - up to 6 months.											

SITE

Dimensions

See attached plat map

Area

8879 sf

Shape

Rectangular

View

N;Res;

Specific Zoning Classification

R1-10

Zoning Description

Single Family Residence (Density Range Of 3 To 3.5 Or 4.5 W/Bonus)

Zoning Compliance

☒ Legal

☐ Legal Nonconforming (Grandfathered Use)

☐ No Zoning

☐ Illegal (describe)

See attached addendum

Is the highest and best use of the subject property as improved (or as proposed per plans and specifications) the present use?

☒ Yes

☐ No

If No, describe.

Utilities	Public	Other (describe)	Public	Other (describe)	Off-site Improvements—Type	Public	Private
Electricity	<input checked="" type="checkbox"/>	<input type="checkbox"/>	Water	<input type="checkbox"/>	Street	Asphalt/Maint. by HOA	<input type="checkbox"/> <input checked="" type="checkbox"/>
Gas	<input checked="" type="checkbox"/>	<input type="checkbox"/>	Sanitary Sewer	<input checked="" type="checkbox"/>	Alley	None	<input type="checkbox"/> <input type="checkbox"/>

Site Comments

Subject is located within gated subdivision. HOA dues per ARMLS listing - \$175/month.

IMPROVEMENTS

GENERAL DESCRIPTION		FOUNDATION		EXTERIOR DESCRIPTION		INTERIOR	
	materials				materials		
Units	<input checked="" type="checkbox"/> One <input type="checkbox"/> One w/Acc. unit <input type="checkbox"/>	<input checked="" type="checkbox"/> Concrete Slab <input type="checkbox"/> Crawl Space		Foundation Walls	Concrete/average	Floors	Tile,crpt/avg
# of Stories	2	<input type="checkbox"/> Full Basement <input type="checkbox"/> Partial Basement		Exterior Walls	Stucco/avg	Walls	Drywall/avg
Type	<input checked="" type="checkbox"/> Det. <input type="checkbox"/> Att. <input type="checkbox"/> S-Det./End Unit	Basement Area	0.0000 sq. ft.	Roof Surface	Tile/avg	Trim/Finish	Wd/pnt/avg
<input checked="" type="checkbox"/> Existing <input type="checkbox"/> Proposed <input type="checkbox"/> Under Const.		Basement Finish	0 %	Gutters & Downspouts	Overhang/avg	Bath Floor	Tile/avg
Design (Style)	Spanish	<input type="checkbox"/> Outside Entry/Exit <input type="checkbox"/> Sump Pump		Window Type	Dual pane/avg	Bath Wainscot	Cmarble/avg
Year Built	2006			Storm Sash/Insulated	None	Car Storage	<input type="checkbox"/> None
Effective Age (Yrs)	8			Screens	Screens/avg	<input checked="" type="checkbox"/> Driveway	# of Cars 2
Attic	<input type="checkbox"/> None	Heating	<input checked="" type="checkbox"/> FWA <input type="checkbox"/> HW <input type="checkbox"/> Radiant	Amenities	<input type="checkbox"/> WoodStove(s) #0	Driveway Surface	Concrete
<input type="checkbox"/> Drop Stair	<input type="checkbox"/> Stairs	<input type="checkbox"/> Other	Fuel Gas	<input type="checkbox"/> Fireplace(s) # 0	<input checked="" type="checkbox"/> Fence Block	<input checked="" type="checkbox"/> Garage	# of Cars 2
<input type="checkbox"/> Floor	<input checked="" type="checkbox"/> Scuttle	Cooling	<input checked="" type="checkbox"/> Central Air Conditioning	<input checked="" type="checkbox"/> Patio/Deck Cvd	<input checked="" type="checkbox"/> Porch Entry	<input type="checkbox"/> Carport	# of Cars 0
<input type="checkbox"/> Finished	<input type="checkbox"/> Heated	<input type="checkbox"/> Individual <input type="checkbox"/> Other		<input type="checkbox"/> Pool None	<input type="checkbox"/> Other None	<input checked="" type="checkbox"/> Att.	<input type="checkbox"/> Det. <input type="checkbox"/> Built-in
Appliances	<input type="checkbox"/> Refrigerator <input checked="" type="checkbox"/> Range/Oven <input checked="" type="checkbox"/> Dishwasher <input checked="" type="checkbox"/> Disposal <input checked="" type="checkbox"/> Microwave <input type="checkbox"/> Washer/Dryer <input checked="" type="checkbox"/> Other (describe)	Fan hood					
Finished area above grade contains:		8 Rooms	3 Bedrooms	2.1 Bath(s)	3,440 Square Feet of Gross Living Area Above Grade		
Additional Features		See attached addendum					
Comments on the Improvements							
See text addendum							

WWW.JAGINC.NET
Residential Appraisal Report

File No. 16120102

SALES COMPARISON APPROACH

FEATURE	SUBJECT			COMPARABLE SALE NO. 1				COMPARABLE SALE NO. 2				COMPARABLE SALE NO. 3			
1605 W Winter Dr Address Phoenix, AZ 85021				7813 N 16th Dr Phoenix, AZ 85021				7920 N 16th Dr Phoenix, AZ 85021				1518 W Orangewood Ave Phoenix, AZ 85021			
Proximity to Subject				0.03 miles NW				0.11 miles NW				0.38 miles SE			
Sale Price	\$ N/A					\$ 389,500				\$ 440,000				\$ 582,000	
Sale Price/Gross Liv. Area	\$ 0.00 sq. ft.			\$ 113.23 sq. ft.				\$ 177.20 sq. ft.				\$ 191.13 sq. ft.			
Data Source(s)				ARMLS#5315935;DOM 28				ARMLS#5349859;DOM 15				ARMLS#5508895;DOM 2			
Verification Source(s)				157-03-087 / D#20160080244				157-03-099 / D#20150888293				157-06-056J / D#20160802421			
VALUE ADJUSTMENTS	DESCRIPTION			DESCRIPTION		+(-) \$ Adjustment		DESCRIPTION		+(-) \$ Adjustment		DESCRIPTION		+(-) \$ Adjustment	
Sale or Financing Concessions				ArmLth FHA;0				ArmLth Conv;5000		0		ArmLth Conv;0			
Date of Sale/Time				s02/16;c08/15				s12/15;c11/15				s10/16;c10/16			
Location	Gated			Gated				Gated				Not gated		10,000	
Leasehold/Fee Simple	Fee Simple			Fee Simple				Fee Simple				Fee Simple			
Site	8879 sf			8682 sf		0		8496 sf		0		12571 sf		-11,000	
View	Residential			Residential				Sides arterial		20,000		Residential			
Design (Style)	Spanish/2lvl			Spanish/2lvl				Spanish/1lvl		-20,000		Spanish/1lvl		-20,000	
Quality of Construction	Average			Average				Average				Super.custom		-50,000	
Actual Age	10			10				0		-20,000		24		28,000	
Condition	Average			Average				Good/New		-50,000		Remodeled		-40,000	
Above Grade	Total	Bdrms.	Baths	Total	Bdrms.	Baths		Total	Bdrms.	Baths	-5,000	Total	Bdrms.	Baths	-2,500
Room Count	8	3	2.1	8	3	2.1		7	3	3.1	0	8	3	3.0	0
Gross Living Area 75.00	3,440 sq. ft.			3,440 sq. ft.				2,483 sq. ft.		71,800		3,045 sq. ft.		29,600	
Basement & Finished Rooms Below Grade	0sf			0sf model match				0sf				0sf 400sf guest house		-25,000	
Functional Utility	Average			Average				Average				Average			
Heating/Cooling	FAU/Rfrg			FAU/Rfrg				FAU/Rfrg				FAU/Rfrg			
Energy Efficient Items	None noted			None noted				None noted				None noted			
Garage/Carport	2 Car Garage			2 Car Garage				2 Car Garage				2 Car Garage			
Porch/Patio/Deck	Patio;Covered			Patio;Covered				Patio;Covered				Patio;Covered			
Fireplace	No Fireplace			No Fireplace				No Fireplace				1 Fireplace		-3,000	
Pool/spa	No Pool/None			No Pool/None				No Pool/None				Pool/Spa		-15,000	
LANDSCAPING	Minimal rear			Typical		-10,000		Minimal rear				Typical		-10,000	
Net Adjustment (Total)				<input type="checkbox"/> + <input checked="" type="checkbox"/> -	\$ 10,000		<input type="checkbox"/> + <input checked="" type="checkbox"/> -	\$ 3,200		<input type="checkbox"/> + <input checked="" type="checkbox"/> -	\$ 108,900		<input type="checkbox"/> + <input checked="" type="checkbox"/> -	\$ 108,900	
Adjusted Sale Price of Comparables				Net Adj.	-2.6%			Net Adj.	-0.7%			Net Adj.	-18.7%		
				Gross Adj.	2.6%	\$ 379,500		Gross Adj.	42.5%	\$ 436,800		Gross Adj.	41.9%	\$ 473,100	

Summary of Sales Comparison Approach See Attached Addendum

COST APPROACH

COST APPROACH TO VALUE				
Site Value Comments No relevant land sales were noted. Cost approach not completed or considered relevant with tract housing.				
ESTIMATED <input checked="" type="checkbox"/> REPRODUCTION OR <input type="checkbox"/> REPLACEMENT COST NEW		OPINION OF SITE VALUE = \$		
Source of cost data APR.FILES - PREVIOUS BUILDER CNVRSTNS		Dwelling 3,440 Sq. Ft. @ \$ = \$	0
Quality rating from cost service AVG Effective date of cost data QRTLY		Sq. Ft. @ \$ = \$	
Comments on Cost Approach (gross living area calculations, depreciation, etc.)				
		Garage/Carport 489 Sq. Ft. @ \$ = \$	0
		Total Estimate of Cost-New		0
		Less Physical Functional External		
		Depreciation		= \$ (0)
		Depreciated Cost of Improvements		= \$ 0
		"As-is" Value of Site Improvements = \$		
		INDICATED VALUE BY COST APPROACH = \$ 0		

INCOME

INCOME APPROACH TO VALUE			
Estimated Monthly Market Rent \$	X Gross Rent Multiplier	= \$	Indicated Value by Income Approach
Summary of Income Approach (including support for market rent and GRM) Income approach just not considered relevant in appraising most single family residences - income streams not a significant concern to typical buyer. Lack of available GRM information.			

RECONCILIATION

Indicated Value by: Sales Comparison Approach \$425,000	Cost Approach (if developed) \$ 0	Income Approach (if developed) \$
Sales comparison approach considered most relevant approach to value. Income approach just not considered relevant with valuation of residential dwellings as even most investors are not making purchase decisions based on income streams. If cost approach completed, it was included as additional reference only. Most purchase decisions are not based on reproduction or replacement costs.		
This appraisal is made <input checked="" type="checkbox"/> "as is," <input type="checkbox"/> subject to completion per plans and specifications on the basis of a hypothetical condition that the improvements have been completed, <input type="checkbox"/> subject to the following repairs or alterations on the basis of a hypothetical condition that the repairs or alterations have been completed <input type="checkbox"/> subject to the following:		
Appraisal bound and secured with digital signatures.		
Based on the scope of work, assumptions, limiting conditions and appraiser's certification, my (our) opinion of the defined value of the real property that is the subject of this report is \$ 425,000 as of 12/06/2016, which is the effective date of this appraisal.		

SALES COMPARISON APPROACH

SALES COMPARISON APPROACH

Summary of Sales Comparison Approach

Scope of Work, Assumptions and Limiting Conditions

Scope of work is defined in the Uniform Standards of Professional Appraisal Practice as " the type and extent of research and analyses in an assignment." In short, scope of work is simply what the appraiser did and did not do during the course of the assignment. It includes, but is not limited to: the extent to which the property is identified and inspected, the type and extent of data researched, the type and extent of analyses applied to arrive at opinions or conclusions.

The scope of this appraisal and ensuing discussion in this report are specific to the needs of the client, other identified intended users and to the intended use of the report. This report was prepared for the sole and exclusive use of the client and other identified intended users for the identified intended use and its use by any other parties is prohibited. The appraiser is not responsible for unauthorized use of the report.

The appraiser's certification appearing in this appraisal report is subject to the following conditions and to such other specific conditions as are set forth by the appraiser in the report. All extraordinary assumptions and hypothetical conditions are stated in the report and might have affected the assignment results.

1. The appraiser assumes no responsibility for matters of a legal nature affecting the property appraised or title thereto, nor does the appraiser render any opinion as to the title, which is assumed to be good and marketable. The property is appraised as though under responsible ownership.
2. Any sketch in this report may show approximate dimensions and is included only to assist the reader in visualizing the property. The appraiser has made no survey of the property.
3. The appraiser is not required to give testimony or appear in court because of having made the appraisal with reference to the property in question, unless arrangements have been previously made thereto.
4. Neither all, nor any part of the content of this report, copy or other media thereof (including conclusions as to the property value, the identity of the appraiser, professional designations, or the firm with which the appraiser is connected), shall be used for any purposes by anyone but the client and other intended users as identified in this report, nor shall it be conveyed by anyone to the public through advertising, public relations, news, sales, or other media, without the written consent of the appraiser.
5. The appraiser will not disclose the contents of this appraisal report unless required by applicable law or as specified in the Uniform Standards of Professional Appraisal Practice.
6. 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, no responsibility for accuracy of such items furnished to the appraiser is assumed by the appraiser.
7. The appraiser assumes that there are no hidden or unapparent conditions of the property, subsoil, or structures, which would render it more or less valuable. The appraiser assumes no responsibility for such conditions, or for engineering or testing, which might be required to discover such factors. This appraisal is not an environmental assessment of the property and should not be considered as such.
8. The appraiser specializes in the valuation of real property and is not a home inspector, building contractor, structural engineer, or similar expert, unless otherwise noted. The appraiser did not conduct the intensive type of field observations of the kind intended to seek and discover property defects. The viewing of the property and any improvements is for purposes of developing an opinion of the defined value of the property, given the intended use of this assignment. Statements regarding condition are based on surface observations only. The appraiser claims no special expertise regarding issues including, but not limited to: foundation settlement, basement moisture problems, wood destroying (or other) insects, pest infestation, radon gas, lead based paint, mold or environmental issues. Unless otherwise indicated, mechanical systems were not activated or tested.

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Unless otherwise noted, the appraiser assumes the components that constitute the subject property improvement(s) are fundamentally sound and in working order.

Any viewing of the property by the appraiser was limited to readily observable areas. Unless otherwise noted, attics and crawl space areas were not accessed. The appraiser did not move furniture, floor coverings or other items that may restrict the viewing of the property.

9. Appraisals involving hypothetical conditions related to completion of new construction, repairs or alteration are based on the assumption that such completion, alteration or repairs will be competently performed.
10. Unless the intended use of this appraisal specifically includes issues of property insurance coverage, this appraisal should not be used for such purposes. Reproduction or Replacement cost figures used in the cost approach are for valuation purposes only, given the intended use of the assignment. The Definition of Value used in this assignment is unlikely to be consistent with the definition of Insurable Value for property insurance coverage/use.
11. The ACI General Purpose Appraisal Report (GPAR™) is not intended for use in transactions that require a Fannie Mae 1004/Freddie Mac 70 form, also known as the Uniform Residential Appraisal Report (URAR).

Additional Comments Related To Scope Of Work, Assumptions and Limiting Conditions

Appraiser's Certification

The appraiser(s) certifies that, to the best of the appraiser's 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 are the appraiser's personal, impartial, and unbiased professional analyses, opinions, and conclusions.
3. Unless otherwise stated, the appraiser has no present or prospective interest in the property that is the subject of this report and has no personal interest with respect to the parties involved.
4. The appraiser has no bias with respect to the property that is the subject of this report or to the parties involved with this assignment.
5. The appraiser's engagement in this assignment was not contingent upon developing or reporting predetermined results.
6. The appraiser's 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 appraiser's analyses, opinions, and conclusions were developed, and this report has been prepared, in conformity with the Uniform Standards of Professional Appraisal Practice.
8. Unless otherwise noted, the appraiser has made a personal inspection of the property that is the subject of this report.
9. Unless noted below, no one provided significant real property appraisal assistance to the appraiser signing this certification. Significant real property appraisal assistance provided by:

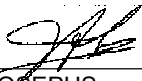
Additional Certifications:

Definition of Value: ☒ Market Value ☐ Other Value: _____
Source of Definition: PER USPAP

Market value or fair market value is the most probable price that a property will sell for 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) buyer and seller are typically motivated; (2) both parties are well informed or well advised; (3) a reasonable time is allowed for exposure to the open market; (4) payment is made in terms of cash in U.S. 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.

ADDRESS OF THE PROPERTY APPRAISED:
1605 W Winter Dr
Phoenix, AZ 85054
EFFECTIVE DATE OF THE APPRAISAL: 12/06/2016
APPRAISED VALUE OF THE SUBJECT PROPERTY \$ 425,000

APPRAISER

Signature: 
Name: JAY JOSEPHS
State Certification # 20573
or License # _____
or Other (describe): _____ State #: _____
State: AZ
Expiration Date of Certification or License: 12/31/2018
Date of Signature and Report: 01/06/2017
Date of Property Viewing: _____
Degree of property viewing:
☒ Interior and Exterior ☐ Exterior Only ☐ Did not personally view

SUPERVISORY APPRAISER

Signature: _____
Name: _____
State Certification # _____
or License # _____
State: _____
Expiration Date of Certification or License: _____
Date of Signature: _____
Date of Property Viewing: _____
Degree of property viewing:
☐ Interior and Exterior ☐ Exterior Only ☐ Did not personally view

ADDENDUM

Client: Guttilla Murphy Anderson	File No.: 16120102
Property Address: 1605 W Winter Dr	Case No.:
City: Phoenix	State: AZ Zip: 85021

I certify, as the appraiser, that I have completed all aspects of the valuation including reconciling my opinion of value, free of influence from the client, client's representatives, borrower, or any other party to the transaction.

I have not performed any services as an appraiser or in any other capacity on the subject property within the three year period immediately preceding acceptance of this assignment. Another appraiser in same firm (no longer at appraisal firm) did complete previous appraisal on subject property.

Exposure time is the estimated length of time that a 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. Exposure time is a retrospective opinion based on an analysis of past events assuming a competitive and open market. For purposes of this report, reasonable exposure time for a residential dwelling equals the stated marketing time.

The subject property and site are free and clear from damage associated with the FEMA flood disaster recently declared on November 5th, 2014 in Maricopa County.

Neighborhood Description

Subject is located in a small gated residential community, within reasonable distance of all support facilities. Subject reflects suburban location. The subject is in the Courtyards At Northern addition of Phoenix, Arizona. The area is primarily composed of ranch, spanish, santa fe, and two story style homes in the 0 to 112 year age range, and considered to be of average to good quality construction. Homes in the area are typically well maintained with few exceptions. Employment, schools, and most standard support facilities are located within a convenient distance. Commercial property is located along major through streets and highway access is average. The area has good market appeal. The subject's market area has been impacted by increased foreclosures in the past.

Per Monsoon the subject's subdivision of Courtyards At Northern is made up of 20 improved lots.

PREDOMINANT PRICE: The Predominant Price indicated on Page 1 of the URAR is based on all sales that occurred within the past year from within the subject's entire market area and reflects the mode (that which occurs most often). My opinion of value of the subject property is lower than the predominant price of the subject's market area. This will not affect the use, value, enjoyment, or marketability, of the subject as it is well within the lower limit of the area's range (extremes omitted).

Neighborhood Market Conditions

Summary of market conditions since 2004:

The general Phoenix real estate market has had several significant trends over the previous three to four years. During 2004 and most of 2005, property values were increasing at rates above historic levels, with listing inventories under 8,000 listings. The market appeared to slow later September and early October of 2005, with significant increases in active listing inventories and marketing times. While in the first three quarters of 2005 some segments of market experienced three percent monthly appreciation, these conditions became less prevalent as the year went along. Areas with greatest concentration of investor purchases in earlier 2005 became areas of greater listing inventories later. First portion of 2006 appeared to reflect downward pressure on pricing with increasing listing inventories in many areas. While core communities and high demand locations appeared to maintain property values, some of the outlying areas experienced a market correction. 2006 reflected first real signs of weakness in the housing sector. As adjustable rate mortgages started to adjust upwards, there were increasing late payments - the first warning that foreclosure rates would soon rise. Especially in the outlying areas, listing inventories began to increase significantly. These increases made it more difficult for typical seller to sell their home. Those that "needed" to sell were forced to either decrease their listing price, or turn their home back to the bank. All early warning signs of a more significant problem.

2007 and 2008 nationally were two of the worst years within the housing and lending industry. Often referred to as the "Subprime Mortgage Crisis," the significant increases in foreclosures crippled the lending industry. Dramatic shifts in lending programs were noted as secondary market money diminished. Increasing foreclosure rates, reduced lender liquidity, tumbling property values forced many lenders to close or restrict their lending practices. General economic downturn followed, with increased layoffs in the job sector. Unemployment surged to alarming levels. Unemployment figures do have impact on real estate market - higher unemployment does reduce demand for housing as there are fewer families in position to purchase homes. Increased unemployment often equates to increased foreclosure activity.

Arizona, and more specifically, Maricopa and Pinal Counties in general were not immune to these adverse factors. While the numbers vary based on the quoted index - in general, it is believed that overall property values in the Phoenix Metropolitan area were down 12-15% during 2007, with even greater declines during 2008 in most areas. While Phoenix experienced some of the most significant property value increases over past five years, this sector is now labeled one of the most significantly impacted areas. Listing inventories increased to over 55,000 active and active with contingencies listings during later 2007, into 2008. 2009 has showed a decline in listing inventories - closer to 30,000-35,000 current active listings. Additional concerns noted with pending foreclosures and the "shadow inventory" - bank inventory being held back from market to better manage supply.

MLS transactions reduced from over 10,000 in March of 2005, to 7,500+- in March of 2006, to 5,900 in March of 2007. Early 2008 transactions were in the 2,900 to 3,500 per month. Later 2008, and into 2009, transactional numbers increased, however majority of transactions were at lower price points. Bank owned properties reflected large percentage of overall transactions. The traditional private party sale marketed above liquidation price levels have increased marketing times. 2010 showed minor increases in listing inventories and varied monthly transaction figures due to government assistance programs.

It should be noted that these numbers are somewhat deficient in that they paint with a very broad stroke. While some areas are down 20%+ over previous year, other market segments have experienced lesser declines, although virtually no areas have been immune to some pricing corrections. In general, the areas hit hardest by the current market are those areas with greatest concentration of subprime loans originated two to three years ago. Outlying communities, with significant new

ADDENDUM

Client: Guttilla Murphy Anderson	File No.: 16120102
Property Address: 1605 W Winter Dr	Case No.:
City: Phoenix	State: AZ Zip: 85021

construction, with lower level price points have been hit the hardest over past three years, however later showed some of the strongest signs of recovery. Areas such as Queen Creek, Surprise, Buckeye, Casa Grande and the Town of Maricopa still have some of the greatest concentration of foreclosures, highest listing inventories and the deepest overall declines. These declines however have presented new opportunities for investors. Signs of recovery in these segments are present - with absorption rates often below four months - sales activity is burning through existing listing inventories at a significant rate. Investor activity and incentives set by the current administration did create increased demand.

2010 generally was a period of declines to a lesser degree relative to 2008 and 2009. The government tax credit that expired in approximately June 2010 did serve to hold steady property values in most conforming price points by increasing demand. It does appear however that, while sales activity increased during second quarter of 2010 as a result of this credit, once credit expired, there was another slow down in sales. Several sales office interviewed by this appraiser reported rather significant drop in sales in third quarter. Foreclosure activity is still prevelant, showing additional market weaknesses.

2011-2012 was a period of increased stability. Most zip codes showed much smaller drops in average sales prices, with significant number of zip codes actually showing increases in sales prices. Lower inventories, declining days on market reflected signs of market recovery. While bank owned/short sale transactions were still prevalent, it appeared that banks showed resistance to "giving properties away."

2013 started with continued appreciation, with most zip codes posting significant appreciation during the first quarter. The second quarter appeared to show signs of market slow down. Interest rates increased slightly. Listing inventories began to increase and monthly sales figures started to level and even decline. The second half of 2013 showed more mixed trending signs. While average sales prices still increased in majority of zip codes, listing inventories continued to increase, and marketing times began to increase as well. Signs of equilibrium pricing noted as year progressed.

2014 reflected a year with more mixed trend patterns. A number of zip codes in Maricopa County showed modest declines in average sales prices, while others showed generally stable pricing. Sales figures generally declined and marketing times increased during year. Most market segments showed more stability than trend, however appraiser did note some segments warranting downward time adjustments. For this appraisal, appraiser considered market patterns within the defined segment.

For purposes of this appraisal, market assessment is taken case by case. For subject area, this appraiser reviewed ARMLS quarterly reports, and devised a fairly broad search to complete the 1004 mc form. Both were utilized in making a determination about market conditions in subject sector. It should be noted that, pertaining to the 1004mc form upper section - boxes checked along left column show healthy trend, along center shows stable trend, and along right side shows declining trend. To look at just one segment (i.e. - average sales price), would not be appropriate. Regarding the ARMLS quarterly report -while average sales price change is not necessarily a perfect indicator of average value decline, it is helpful in determining trend. Recently, the average sales price figure has been skewed by higher frequency of entry level bank owned sales. Again - appraiser considered multiple factors when rating trend within subject community.

Per ARMLS Economic and Market Watch for the 3rd quarter 2016 the subject's zip code 85021 has experienced a 10.3% decline in the average sales price for properties for the twelve months prior to 09/30/2016.

Zoning Compliance

Subject appears to be located in an average lot area. The subject property conforms to current zoning.

Additional Features

The subject property is a Spanish style home with 3 bedrooms, a den, and 2 1/2 bathrooms. Features include tile flooring, ceiling fans, niches, raised ceilings, slab granite kitchen counters, stainless steel appliances and additional features. There is minimal rear landscaping. Front door is in need of surface treatment. Home is at low end of average condition rating for this area and vintage.

Comments on Sales Comparison

Subject is a difficult home to appraiser. Home is within a small infill project with limited transactional data. Typical homes in area are built prior to 1960, so relevant data was limited.

Comparables one and two are most relevant subdivision sales. Comparable seven is only current subdivision listing.

Comparables three, four, five and six are custom homes included due to lack of better data. Appraiser was forced to include sales over three months old, over one mile from subject and requiring excessive line, net and gross adjustments. No better data found.

Single level sales received superior adjustments to reflect additional appeal in this market segment.

Comparable seven adjusted for negotiations.

Custom homes received superior adjustments as it does appear that this area discounts tract housing.

Condition adjustments applied only after review of all MLS photographs and commentaries. Appraiser reviewed all MLS photographs and commentaries prior to making adjustments.

It is acknowledged here that the adjusted sales price range is much larger than preferred. Comparable one is only model match sale, however does appear to reflect a below market transaction based on days on market and based on comparison against other sales prices/adjusted sales prices. Opinion of value does assign increased consideration to comparable one, however does not ignore the other data in grid. Again, appraiser has no other relevant data warranting inclusion herein.

Opinion of value - \$425,000. Value is below all three weighted average figures below. Additional consideration assigned to subject listing history, detailed herein.

ADDENDUM

Client: Guttilla Murphy Anderson	File No.: 16120102
Property Address: 1605 W Winter Dr	Case No.:
City: Phoenix	State: AZ Zip: 85021

The Indicated Value by Sales Comparison Approach, 476,000, is calculated using the following weights:
16.5% - 7813 N 16th Dr; Sale Price \$389500; Adjusted Value \$379500; Gross Adj: 2.6%
13.3% - 7920 N 16th Dr; Sale Price \$440000; Adjusted Value \$436800; Gross Adj: 42.5%
13.3% - 1518 W Orangewood Ave; Sale Price \$582000; Adjusted Value \$473100; Gross Adj: 41.9%
13.8% - 1536 W Winter Dr; Sale Price \$520000; Adjusted Value \$478000; Gross Adj: 35.4%
14.2% - 1505 W Orangewood Ave; Sale Price \$685000; Adjusted Value \$538800; Gross Adj: 30.9%
14.3% - 8440 N 15th Ave; Sale Price \$692000; Adjusted Value \$528300; Gross Adj: 29.4%
14.6% - 1621 W Winter Dr; Sale Price \$675000; Adjusted Value \$507600; Gross Adj: 26.1%

Weighted average without comparable seven, the listing:

The Indicated Value by Sales Comparison Approach, 470,000, is calculated using the following weights:
19.7% - 7813 N 16th Dr; Sale Price \$389500; Adjusted Value \$379500; Gross Adj: 2.6%
15.3% - 7920 N 16th Dr; Sale Price \$440000; Adjusted Value \$436800; Gross Adj: 42.5%
15.4% - 1518 W Orangewood Ave; Sale Price \$582000; Adjusted Value \$473100; Gross Adj: 41.9%
16.1% - 1536 W Winter Dr; Sale Price \$520000; Adjusted Value \$478000; Gross Adj: 35.4%
16.6% - 1505 W Orangewood Ave; Sale Price \$685000; Adjusted Value \$538800; Gross Adj: 30.9%
16.8% - 8440 N 15th Ave; Sale Price \$692000; Adjusted Value \$528300; Gross Adj: 29.4%

Weighted average with only comparables one through four:

The Indicated Value by Sales Comparison Approach, 436,000, is calculated using the following weights:
32.6% - 7813 N 16th Dr; Sale Price \$389500; Adjusted Value \$379500; Gross Adj: 2.6%
21.8% - 7920 N 16th Dr; Sale Price \$440000; Adjusted Value \$436800; Gross Adj: 42.5%
21.9% - 1518 W Orangewood Ave; Sale Price \$582000; Adjusted Value \$473100; Gross Adj: 41.9%
23.7% - 1536 W Winter Dr; Sale Price \$520000; Adjusted Value \$478000; Gross Adj: 35.4%

Extra Comments
Measured living area figure considered most reliable for valuation purposes.

Financing concessions of three percent or less not considered excessive or atypical. Adjustments applied based on estimated market reaction in this community.

Scope of Work, Assumptions and Limiting Conditions

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7. The appraiser assumes that there are no hidden or unapparent conditions of the property, subsoil, or structures, which would render it more or less valuable. The appraiser assumes no responsibility for such conditions, or for engineering or testing, which might be required to discover such factors. This appraisal is not an environmental assessment of the property and should not be considered as such.
8. The appraiser specializes in the valuation of real property and is not a home inspector, building contractor, structural engineer, or similar expert, unless otherwise noted. The appraiser did not conduct the intensive type of field observations of the kind intended to seek and discover property defects. The viewing of the property and any improvements is for purposes of developing an opinion of the defined value of the property, given the intended use of this assignment. Statements regarding condition are based on surface observations only. The appraiser claims no special expertise regarding issues including, but not limited to: foundation settlement, basement moisture problems, wood destroying (or other) insects, pest infestation, radon gas, lead based paint, mold or environmental issues. Unless otherwise indicated, mechanical systems were not activated or tested.

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Additional Comments Related To Scope Of Work, Assumptions and Limiting Conditions

Appraiser's Certification

The appraiser(s) certifies that, to the best of the appraiser's 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 are the appraiser's personal, impartial, and unbiased professional analyses, opinions, and conclusions.
- 3. Unless otherwise stated, the appraiser has no present or prospective interest in the property that is the subject of this report and has no personal interest with respect to the parties involved.
- 4. The appraiser has no bias with respect to the property that is the subject of this report or to the parties involved with this assignment.
- 5. The appraiser's engagement in this assignment was not contingent upon developing or reporting predetermined results.
- 6. The appraiser's 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 appraiser's analyses, opinions, and conclusions were developed, and this report has been prepared, in conformity with the Uniform Standards of Professional Appraisal Practice.
- 8. Unless otherwise noted, the appraiser has made a personal inspection of the property that is the subject of this report.
- 9. Unless noted below, no one provided significant real property appraisal assistance to the appraiser signing this certification. Significant real property appraisal assistance provided by:

Additional Certifications:
The appraisal is based on the information gathered from public records, other sources identified clearly in this report, inspection of the subject property and neighborhood, and the selection of comparable sales, listings, or rentals within the subject market area. The original source of the comparables is shown in the Data Source section of the grid along with the source of the confirmation if available. The sources and the data are considered to be reliable. When conflicting information was presented the source deemed most reliable has been used. Data believed to be unreliable was not included nor was it given consideration in the final estimate of value. The extent of analysis applied to this assignment may be further imparted within the report body, the Appraiser's Certification, and any other Statement of Limiting Conditions, assignment conditions, or affirmations utilized within the appraisal form.

Definition of Value: ☒ Market Value ☐ Other Value: _____
Source of Definition: DEFINITION ON 1004 APPRAISAL FORM
Estimated most probable sales price under current market conditions, with typical exposure time. Valuation assumes that seller is not under duress and buyer is educated and informed on current market conditions.

ADDRESS OF THE PROPERTY APPRAISED:
1605 W. Winter Dr.
Phoenix, AZ 85054
EFFECTIVE DATE OF THE APPRAISAL: December 6, 2016
APPRAISED VALUE OF THE SUBJECT PROPERTY \$ 425,000

APPRAISER

Signature: 
Name: JAY JOSEPHS
Company Name: JOSEPHS APPRAISAL GROUP
Company Address: 1641 East Osborn Road Suite 8

Telephone Number: 602-955-4050
Email Address: IN@JAGINC.NET
State Certification # 20573
or License # _____
or Other (describe): _____ State #: _____
State: AZ
Expiration Date of Certification or License: 12/31/2016
Date of Signature and Report: 01/06/2017
Date of Property Viewing: 12/06/2016
Degree of property viewing:
☒ Interior and Exterior ☐ Exterior Only ☐ Did not personally view

SUPERVISORY APPRAISER

Signature: _____
Name: _____
Company Name: _____
Company Address: _____

Telephone Number: _____
Email Address: _____
State Certification # _____
or License # _____
State: _____
Expiration Date of Certification or License: _____
Date of Signature: _____
Date of Property Viewing: _____
Degree of property viewing:
☐ Interior and Exterior ☐ Exterior Only ☐ Did not personally view

Market Conditions Addendum to the Appraisal Report

File No. 16120102

MARKET RESEARCH & ANALYSIS

The purpose of this addendum is to provide the lender/client with a clear and accurate understanding of the market trends and conditions prevalent in the subject neighborhood. This is a required addendum for all appraisal reports with an effective date on or after April 1, 2009.

Property Address 1605 W Winter Dr City Phoenix State AZ Zip Code 85021
Borrower Guttilla Murphy Anderson

Instructions: The appraiser must use the information required on this form as the basis for his/her conclusions, and must provide support for those conclusions, regarding housing trends and overall market conditions as reported in the Neighborhood section of the appraisal report form. The appraiser must fill in all the information to the extent it is available and reliable and must provide analysis as indicated below. If any required data is unavailable or is considered unreliable, the appraiser must provide an explanation. It is recognized that not all data sources will be able to provide data for the shaded areas below; if it is available, however, the appraiser must include the data in the analysis. If data sources provide the required information as an average instead of the median, the appraiser should report the available figure and identify it as an average. Sales and listings must be properties that compete with the subject property, determined by applying the criteria that would be used by a prospective buyer of the subject property. The appraiser must explain any anomalies in the data, such as seasonal markets, new construction, foreclosures, etc.

Inventory Analysis	Prior 7-12 Months	Prior 4-6 Months	Current - 3 Months	Overall Trend		
Total # of Comparable Sales (Settled)	14	7	9	<input checked="" type="checkbox"/> Increasing	<input type="checkbox"/> Stable	<input type="checkbox"/> Declining
Absorption Rate (Total Sales/Months)	2.33	2.33	3.00	<input checked="" type="checkbox"/> Increasing	<input type="checkbox"/> Stable	<input type="checkbox"/> Declining
Total # of Comparable Active Listings	12	12	16	<input type="checkbox"/> Declining	<input type="checkbox"/> Stable	<input checked="" type="checkbox"/> Increasing
Months of Housing Supply (Total Listings/Ab.Rate)	5.14	5.14	5.33	<input type="checkbox"/> Declining	<input checked="" type="checkbox"/> Stable	<input type="checkbox"/> Increasing
Median Sale & List Price, DOM, Sale/List %	Prior 7-12 Months	Prior 4-6 Months	Current - 3 Months	Overall Trend		
Median Comparable Sale Price	421,500	549,500	590,000	<input checked="" type="checkbox"/> Increasing	<input type="checkbox"/> Stable	<input type="checkbox"/> Declining
Median Comparable Sales Days on Market	109	48	56	<input type="checkbox"/> Declining	<input checked="" type="checkbox"/> Stable	<input type="checkbox"/> Increasing
Median Comparable List Price	509,000	687,450	704,950	<input checked="" type="checkbox"/> Increasing	<input type="checkbox"/> Stable	<input type="checkbox"/> Declining
Median Comparable Listings Days on Market	189	171	103	<input checked="" type="checkbox"/> Declining	<input type="checkbox"/> Stable	<input type="checkbox"/> Increasing
Median Sale Price as % of List Price	97.05%	100.00%	96.65%	<input type="checkbox"/> Increasing	<input type="checkbox"/> Stable	<input checked="" type="checkbox"/> Declining
Seller-(developer, builder, etc.)paid financial assistance prevalent?	<input checked="" type="checkbox"/> Yes	<input type="checkbox"/> No		<input type="checkbox"/> Declining	<input checked="" type="checkbox"/> Stable	<input type="checkbox"/> Increasing

Explain in detail the seller concessions trends for the past 12 months (e.g., seller contributions increased from 3% to 5%, increasing use of buydowns, closing costs, condo fees, options, etc.).
The ARMLS MLS indicates there were 30 closed sales during the past 12 months and 1 of those sales contained seller concessions which is 3% of the total transactions in this market area. Prior Months 7-12: 14 Sales; 0 with concessions; 0% of sales for this period. 4-6: 7 Sales; 1 with concessions; 14% of sales for this period. 0-3: 9 Sales; 0 with concessions; 0% of sales for this period. The concessions ranged between 2,100 and 2,100. The median concession amount is \$2,100.

Are foreclosure sales (REO sales) a factor in the market? ☐ Yes ☒ No If yes, explain (including the trends in listings and sales of foreclosed properties).
The data used in the grid above does not indicate there were any REO/Short sales or other distressed properties associated with the reported transactions. However, this is not a mandatory reporting field for agents and there may be some distressed sales that were not reported. It is beyond the scope of this assignment to confirm each sale used in the Market Conditions Report.

Cite data sources for above information. The ARMLS MLS was the data source used to complete the Market Conditions Addendum.

Summarize the above information as support for your conclusions in the Neighborhood section of the appraisal report form. If you used any additional information, such as an analysis of pending sales and/or expired and withdrawn listings, to formulate your conclusions, provide both an explanation and support for your conclusions.
Above data shows more mixed trend patterns. Form is laid out so that left hand column shows an improving indicator, with center column stable and right column showing a sign of market weakness. In this case, the signs are mixed, without clear pattern in one direction. No time adjustments applied as segment appears more stable.

CONDO/CO-OP PROJECTS


If the subject is a unit in a condominium or cooperative project, complete the following:				Project Name:		
Subject Project Data	Prior 7-12 Months	Prior 4-6 Months	Current - 3 Months	Overall Trend		
Total # of Comparable Sales (Settled)				<input type="checkbox"/> Increasing	<input type="checkbox"/> Stable	<input type="checkbox"/> Declining
Absorption Rate (Total Sales/Months)				<input type="checkbox"/> Increasing	<input type="checkbox"/> Stable	<input type="checkbox"/> Declining
Total # of Active Comparable Listings				<input type="checkbox"/> Declining	<input type="checkbox"/> Stable	<input type="checkbox"/> Increasing
Months of Unit Supply (Total Listings/Ab. Rate)				<input type="checkbox"/> Declining	<input type="checkbox"/> Stable	<input type="checkbox"/> Increasing

Are foreclosure sales (REO sales) a factor in the project? ☐ Yes ☐ No If yes, indicate the number of REO listings and explain the trends in listings and sales of foreclosed properties.

Summarize the above trends and address the impact on the subject unit and project.

APPRAISER

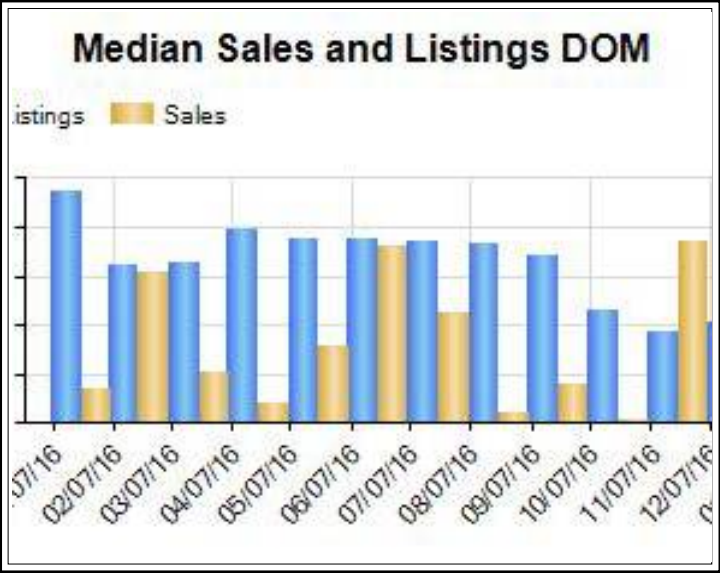
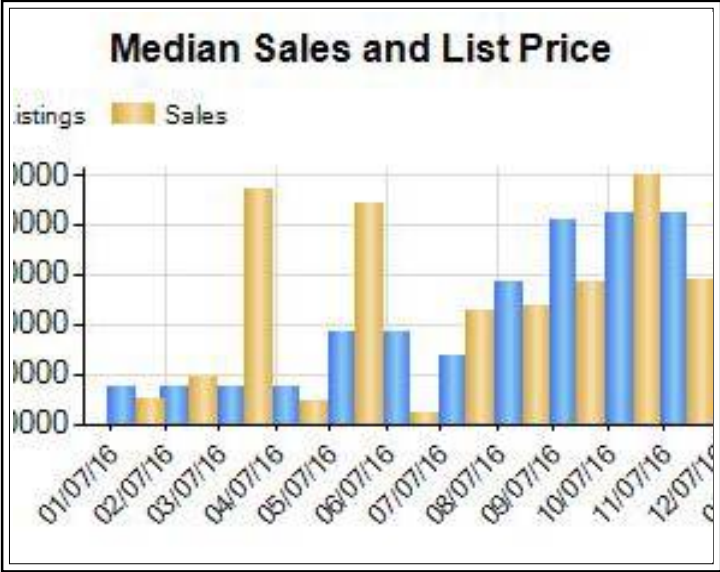
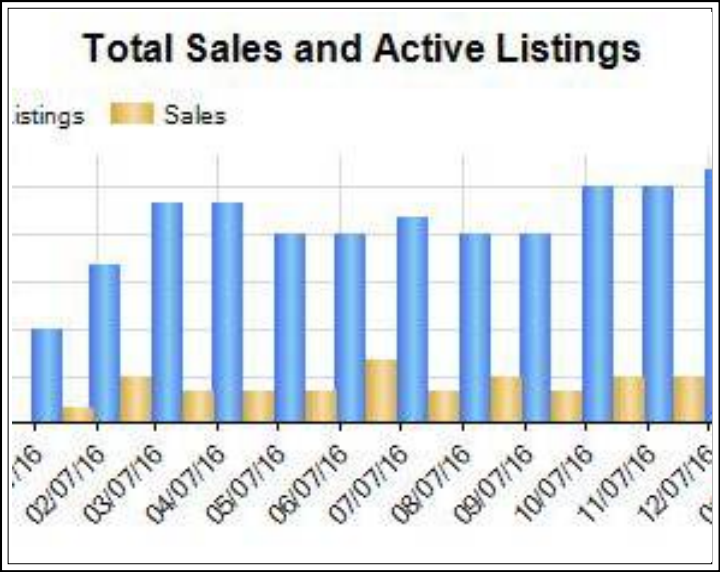
APPRAISER

Signature 
Name JAY JOSEPHS
Company Name JOSEPHS APPRAISAL GROUP
Company Address 1641 East Osborn Road Suite 8
State License/Certification # 20573 State AZ
Email Address IN@JAGINC.NET

SUPERVISORY APPRAISER (ONLY IF REQUIRED)

Signature _____
Name _____
Company Name _____
Company Address _____
State License/Certification # _____ State _____
Email Address _____

Client: Guttilla Murphy Anderson	File No.: 16120102
Property Address: 1605 W Winter Dr	Case No.:
City: Phoenix	State: AZ Zip: 85021



SUBJECT PROPERTY PHOTO ADDENDUM

Client: Guttilla Murphy Anderson	File No.: 16120102
Property Address: 1605 W Winter Dr	Case No.:
City: Phoenix	State: AZ Zip: 85021



FRONT VIEW OF
SUBJECT PROPERTY

Appraised Date: December 6, 2016
Appraised Value: \$ 425,000



REAR VIEW OF
SUBJECT PROPERTY



STREET SCENE

COMPARABLE PROPERTY PHOTO ADDENDUM

Client: Guttilla Murphy Anderson	File No.: 16120102
Property Address: 1605 W Winter Dr	Case No.:
City: Phoenix	State: AZ Zip: 85021



COMPARABLE SALE #1

7813 N 16th Drive
Phoenix, AZ 85021
Sale Date: s02/16;c08/15
Sale Price: \$ 389,500



COMPARABLE SALE #2

7920 N 16th Drive
Phoenix, AZ 85021
Sale Date: s12/15;c11/15
Sale Price: \$ 440,000



COMPARABLE SALE #3

1518 W Orangewood Avenue
Phoenix, AZ 85021
Sale Date: s10/16;c10/16
Sale Price: \$ 582,000

COMPARABLE PROPERTY PHOTO ADDENDUM

Client: Guttilla Murphy Anderson	File No.: 16120102
Property Address: 1605 W Winter Dr	Case No.:
City: Phoenix	State: AZ Zip: 85021



COMPARABLE SALE #4

1536 W Winter Drive
Phoenix, AZ 85021
Sale Date: s11/16;c10/16
Sale Price: \$ 520,000



COMPARABLE SALE #5

1505 W Orangewood Avenue
Phoenix, AZ 85021
Sale Date: s08/16;c06/16
Sale Price: \$ 685,000



COMPARABLE SALE #6

8440 N 15th Avenue
Phoenix, AZ 85021
Sale Date: s05/16;c04/16
Sale Price: \$ 692,000

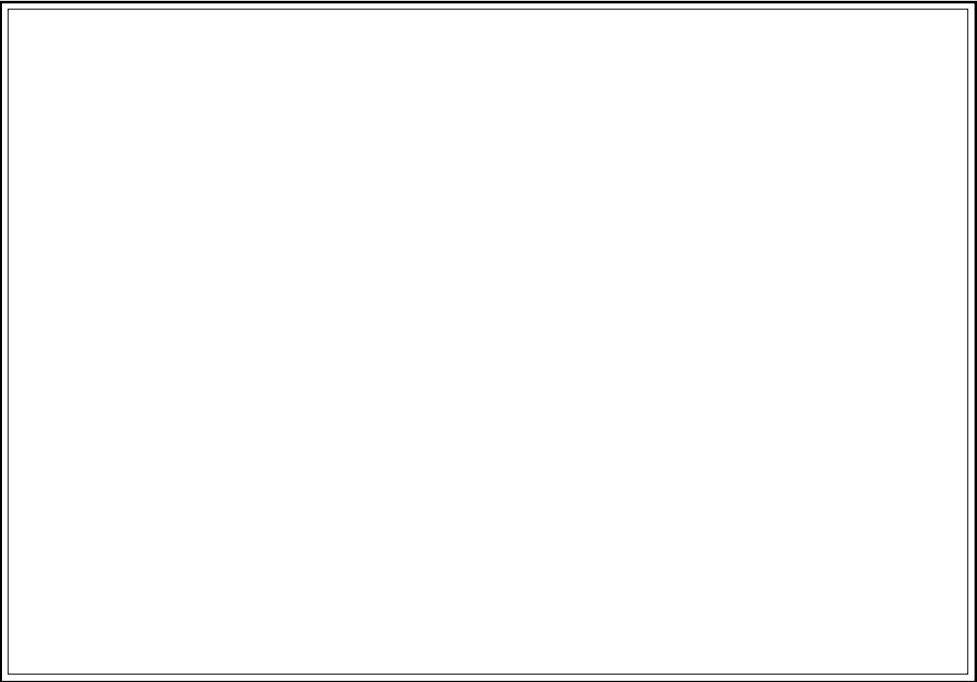
COMPARABLE PROPERTY PHOTO ADDENDUM

Client: Guttilla Murphy Anderson	File No.: 16120102
Property Address: 1605 W Winter Dr	Case No.:
City: Phoenix	State: AZ Zip: 85021



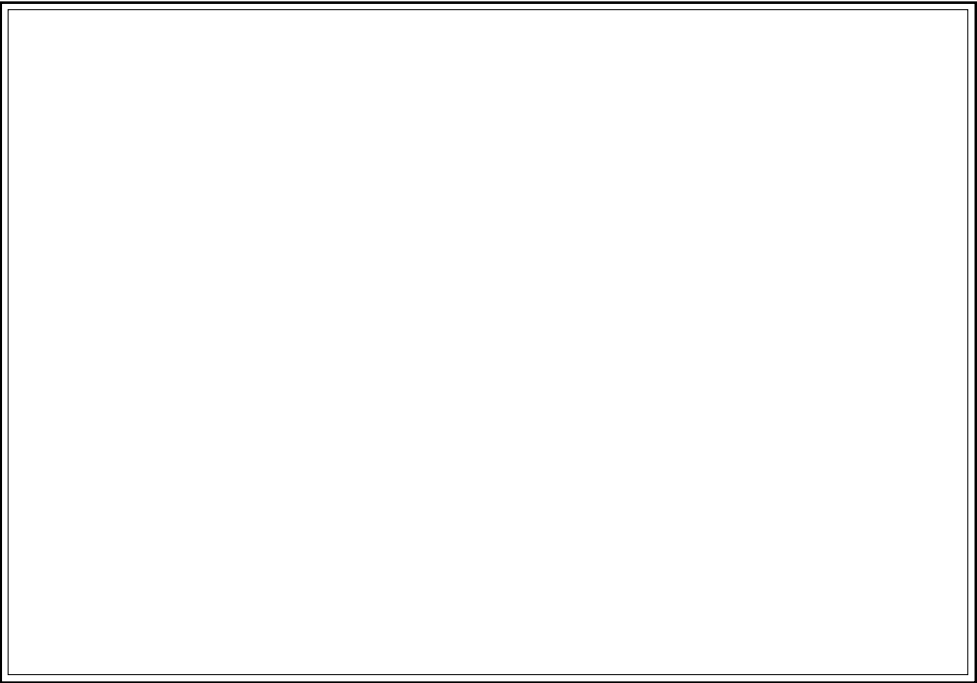
COMPARABLE SALE #7

1621 W Winter Drive
Phoenix, AZ 85021
Sale Date: Active
Sale Price: \$ 675,000



COMPARABLE SALE #8

Sale Date:
Sale Price: \$



COMPARABLE SALE #9

Sale Date:
Sale Price: \$





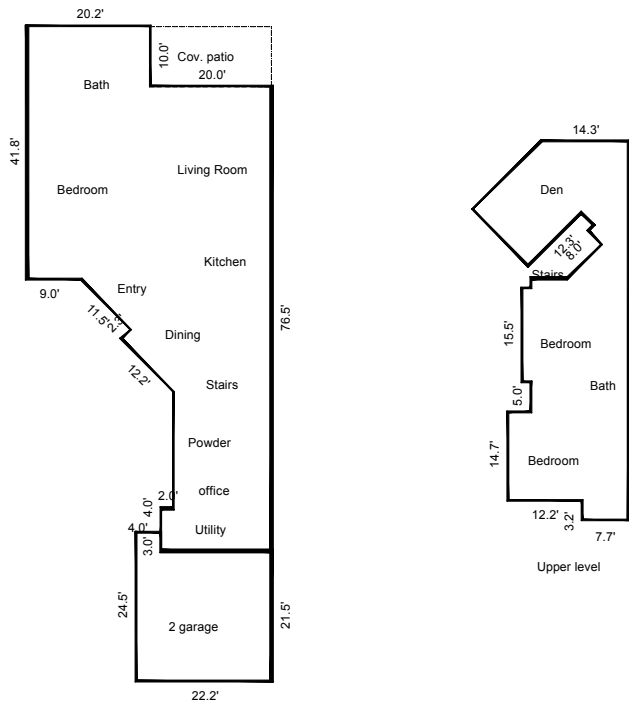






FLOORPLAN SKETCH

Client: Guttilla Murphy Anderson	File No.: 16120102
Property Address: 1605 W Winter Dr	Case No.:
City: Phoenix	State: AZ Zip: 85021



Sketch by Apex IV™

Comments:

AREA CALCULATIONS SUMMARY			
Code	Description	Net Size	Net Totals
GLA1	First Floor	2358.7	2358.7
GLA2	Second Floor	1081.8	1081.8
P/P	cov. patio	200.5	200.5
GAR	Garage	489.3	489.3
Net LIVABLE Area		(Rounded)	3440

LIVING AREA BREAKDOWN			
Breakdown			Subtotals
First Floor			
	10.0	x 20.2	202.0
	31.3	x 31.8	995.3
	16.2	x 26.3	426.1
	16.2	x 18.3	297.3
0.5 x	7.0	x 14.0	49.0
0.5 x	2.3	x 2.3	2.6
	2.3	x 9.9	22.8
0.5 x	1.1	x 1.1	0.6
0.5 x	9.9	x 9.9	49.0
	1.5	x 9.9	15.3
	2.0	x 7.0	14.0
	9.0	x 31.8	284.6
Second Floor			
	1.5	x 15.5	23.3
	10.1	x 36.7	370.7
	3.2	x 7.7	24.6
0.5 x	14.3	x 14.3	102.9
0.5 x	0.0	x 6.0	0.0
	3.7	x 6.0	22.2
	1.3	x 3.0	3.9
	3.7	x 13.0	48.1
0.5 x	8.3	x 8.3	34.3
5 Items Not Listed			451.8
26 Items			(Rounded) 3440

DIMENSION LIST ADDENDUM

Client: Guttilla Murphy Anderson	File No.: 16120102
Property Address: 1605 W Winter Dr	Case No.:
City: Phoenix	State: AZ Zip: 85021

GROSS BUILDING AREA (GBA)		<u>3,440</u>
GROSS LIVING AREA (GLA)		<u>3,440</u>
Area(s)	Area	% of GLA % of GBA
Living	<u>3,440</u>	<u>100.00</u>
Level 1	<u>2,359</u>	<u>68.58</u>
Level 2	<u>1,082</u>	<u>31.45</u>
Level 3	<u>0</u>	<u>0.00</u>
Other	<u>201</u>	<u>5.84</u>
Basement	<u>0</u>	<u> </u>
Garage	<u>489</u>	<u> </u>
	<u> </u>	<u> </u>

[illegible]

Client: Guttilla Murphy Anderson	File No.: 16120102
Property Address: 1605 W Winter Dr	Case No.:
City: Phoenix	State: AZ Zip: 85021

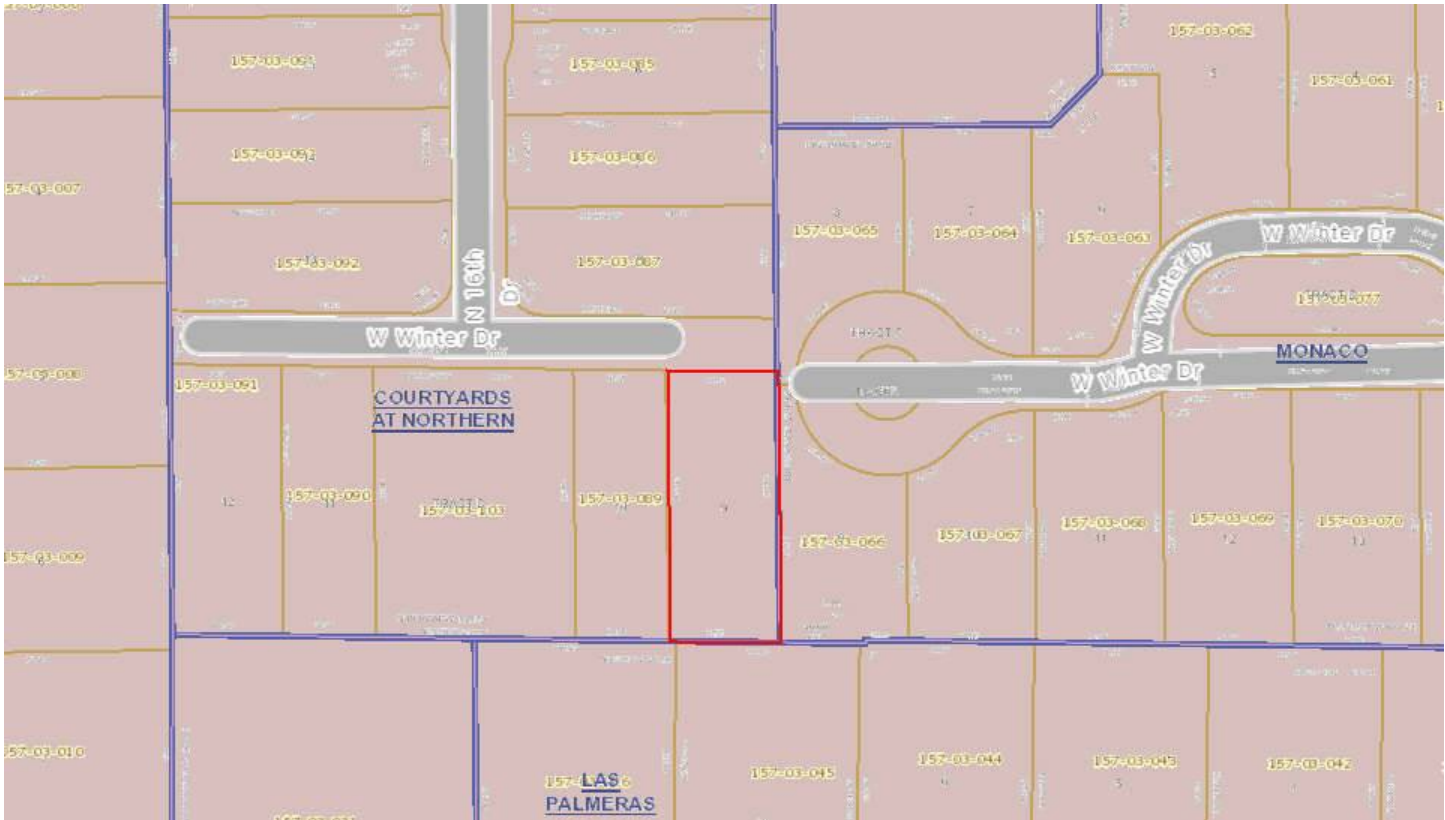


Exhibit B

LOCATION MAP

Client: Guttilla Murphy Anderson

Property Address: 1605 W Winter Dr

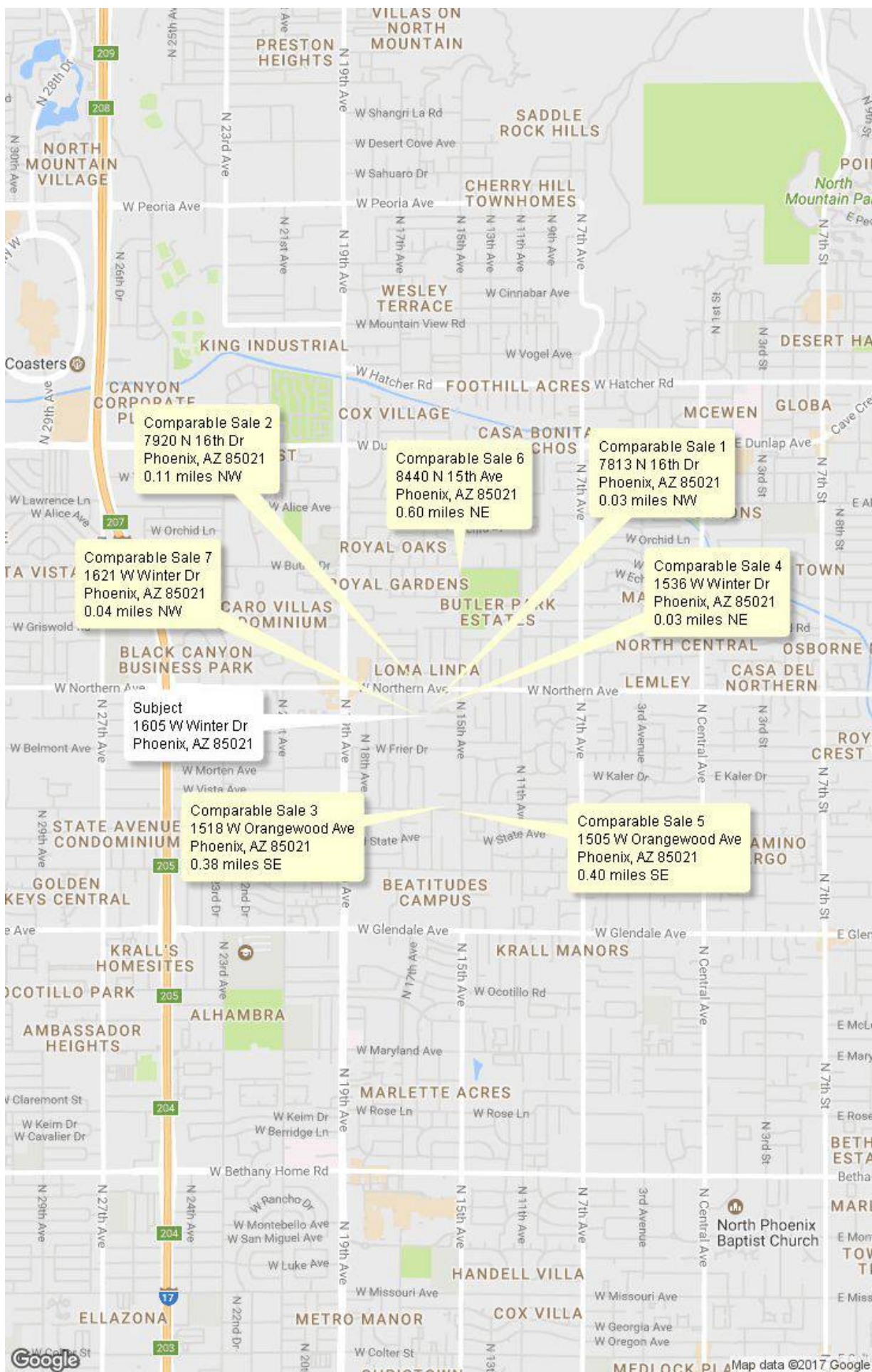
City: Phoenix

File No.: 16120102

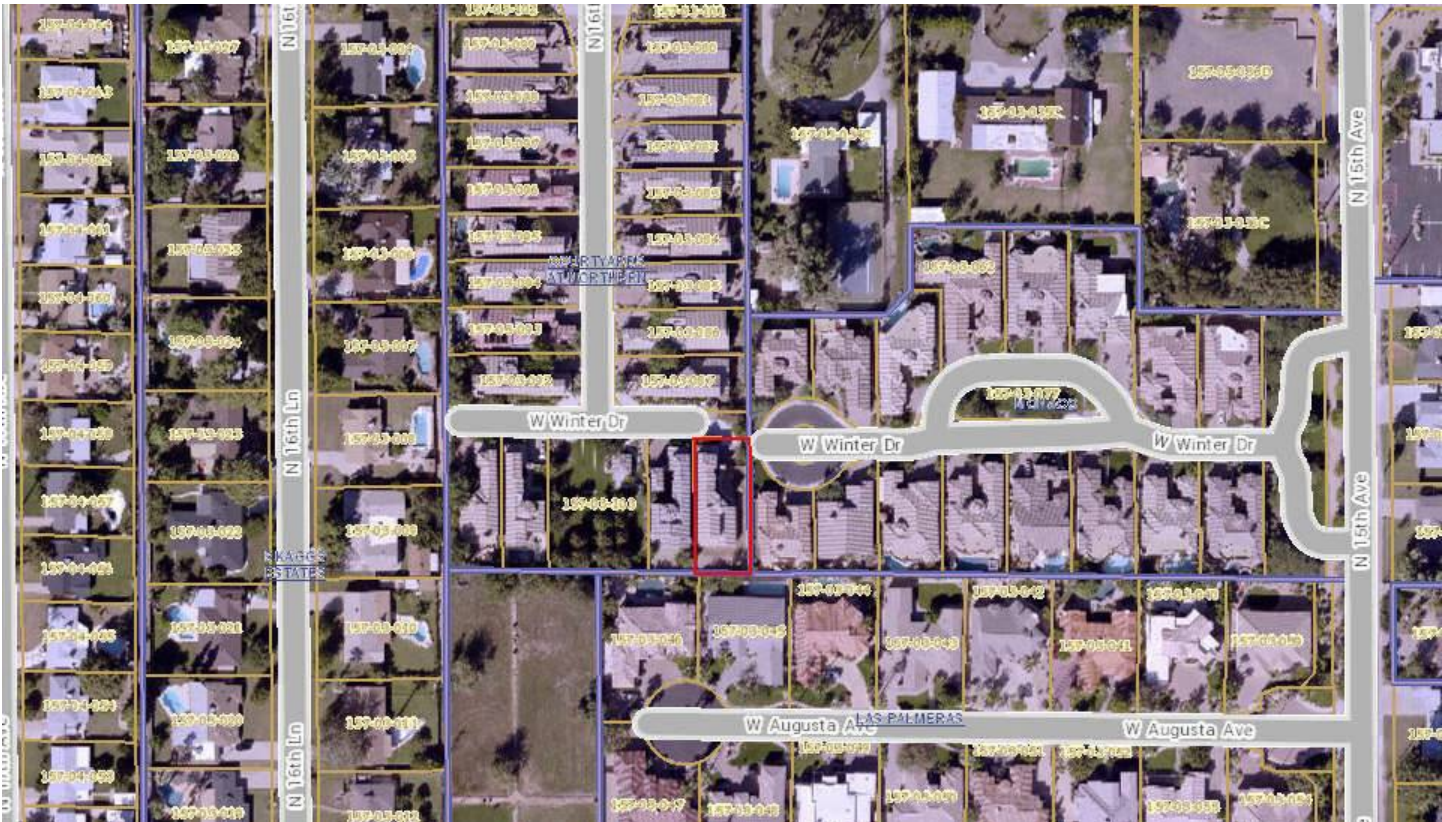
Case No.:

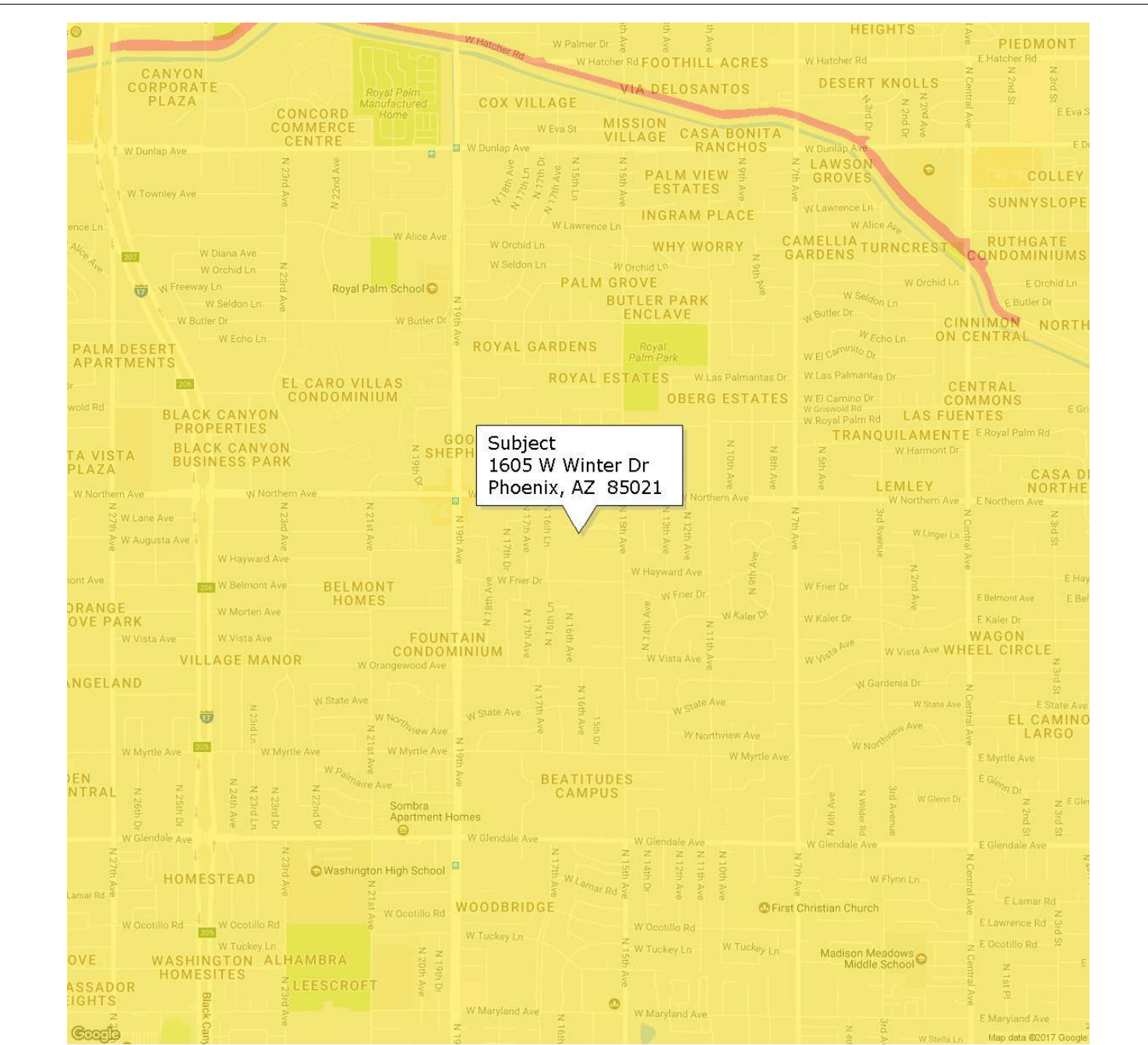
State: AZ

Zip: 85021



1641 E. Osborn Rd., Ste 8
Phoenix, Arizona 85016
602-955-4050 (phone)
602-955-4701 (fax)
Orders@jaginc.net (email)
www.jaginc.net (website)





FLOOD INFORMATION

Community: CITY OF PHOENIX
Property is NOT in a FEMA Special Flood Hazard Area
Map Number: 04013C1740L
Panel: 1740L
Zone: X
Map Date: 10-16-2013
FIPS: 04013
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.

USPAP ADDENDUM

File No. 16120102

Borrower: Guttilla Murphy Anderson			
Property Address: 1605 W. Winter Dr.			
City: Phoenix	County: Maricopa	State: AZ	Zip Code: 85054
Lender: Guttilla Murphy Anderson			

APPRAISAL AND REPORT IDENTIFICATION

This report was prepared under the following USPAP reporting option:

☒ Appraisal Report A written report prepared under Standards Rule 2-2(a).

☐ Restricted Appraisal Report A written report prepared under Standards Rule 2-2(b).

Reasonable Exposure Time
My opinion of a reasonable exposure time for the subject property at the market value stated in this report is: 3-6 months


Exposure time is the estimated length of time that a 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. Exposure time is a retrospective opinion based on an analysis of past events assuming a competitive and open market. For purposes of this report, reasonable exposure time for a residential dwelling equals the stated marketing time.

Additional Certifications

☒ 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.

☐ I **HAVE** performed services, as an appraiser or in another capacity, regarding the property that is the subject of this report within the three-year period immediately preceding acceptance of this assignment. Those services are described in the comments below.

Additional Comments

APPRAISER:	SUPERVISORY APPRAISER (only if required):
Signature: 	Signature: _____
Name: JAY JOSEPHS	Name: _____
Date Signed: 01/06/2017	Date Signed: _____
State Certification #: 20573	State Certification #: _____
or State License #: _____	or State License #: _____
or Other (describe): _____ State #: _____	State: _____
State: AZ	Expiration Date of Certification or License: _____
Expiration Date of Certification or License: 12/31/2016	Supervisory Appraiser inspection of Subject Property:
Effective Date of Appraisal: December 6, 2016	<input type="checkbox"/> Did Not <input type="checkbox"/> Exterior-only from street <input type="checkbox"/> Interior and Exterior

Client: Guttilla Murphy Anderson	File No.: 16120102
Property Address: 1605 W Winter Dr	Case No.:
City: Phoenix	State: AZ Zip: 85021

STATE OF ARIZONA

Department of Financial Institutions

Real Estate Appraisal Division

BE IT KNOWN THAT

JAY A. JOSEPHS

HAS MET ALL THE REQUIREMENTS AS A

Certified Residential Real Estate Appraiser

This certificate shall remain evidence thereof unless or until the same is suspended, revoked or expires in accordance with provisions of law.

CERTIFICATE NUMBER

20573

EXPIRATION DATE

December 31, 2018

In witness whereof the Real Estate Appraisal Division of the Department of Financial Institutions caused to be signed by the Division Manager on behalf of the Superintendent on the 19th day of December, 2016.

Debra Rudd
Debra Rudd