

LAGUNA REAL ESTATE APPRAISALS

File No.
Case No.

2/20/2007

DIAZ DEVELOPMENT
NATIONAL CITY
CA, 91960

File Number:

Dear

In accordance with your request, I have personally inspected and appraised the real property at:

IRON SPRINGS RD, JULIAN CA 92036
JULIAN, CA 91977

The purpose of this appraisal is to estimate the market value of the subject property, as improved. The property rights appraised are the fee simple interest in the site and improvements.

In my opinion, the estimated market value of the property as of 2/20/2007 is:\$ 150,000

ONE HUNDRED AND FIFTY THOUSAND DOLLARS

The attached report contains the description, analysis and supportive data for the conclusions, final estimate of value, descriptive photographs, limiting conditions and appropriate certifications.

Respectfully submitted,


Signature:FRANCISCO J. MARQUEZ
LAGUNA REAL ESTATE APPRAISALS
STATE LIC. APPRAISER #AL032819 EXP 01/08/08

LAGUNA REAL ESTATE APPRAISALS

LAND APPRAISAL REPORT

File No. Case No. 405-E37

Header information including Borrower (DELACRUZ), Property Address (IRON SPRINGS RD), City (JULIAN), County (SAN DIEGO), State (CA), Zip Code (92036), and Appraiser (FRANCISCO J MARQUEZ).

IDENTIFICATION section with tables for Location, Growth Rate, Property Values, and Present Land Use, along with various checkboxes for site characteristics.

Comments regarding housing within the immediate area ranges from tract built subdivisions of conforming quality to vacant land as well as custom built properties in the area as well as schools, shopping and other support facilities.

Dimensions and Zoning information: 13,825 SQFT, Zoning Classification VACANT RESIDENTIAL.

SITE section containing TOPO/SLOPE, OFF SITE IMPROVEMENTS, and SUBJECT PROPERTY details like PROpane, SEPTIC TANK, and San. Sewer.

Comments (favorable or unfavorable) including any appraisal or other adjustments, encroachments or other adverse conditions.

The indicated has yielded three recent sales of properties most similar and proximate to subject and has considered these in the market analysis.

MARKET DATA ANALYSIS table with columns for Property to Subject, Sales Price, Date of Sale, Location, and Indicated Value. Includes three comparable properties with their respective details.

Comments on Market Data: DUE DILIGENCE WAS CONDUCTED BY APPRAISER TO FIND 3 ADEQUATE COMPARABLES WITHIN A MILE OF SUBJECT.

Final Reconciliation: ALL COMPARABLES WERE CONSIDERED IN APPRAISERS OPINION OF VALUE.

RECONCILIATION section with signature of Francisco J Marquez, Date Report Signed (7/20/2007), and State License # (AL032819).

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DEFINITION OF MARKET VALUE: The most probable price which a property should bring in a competitive and open market under all conditions requisite to a fair sale, the buyer and seller, each acting prudently, knowledgeably and assuming the price is not affected by undue stimulus. Implicit in this definition is the consummation of a sale as of a specified date and the passing of title from seller to buyer under conditions whereby: (1) buyer and seller are typically motivated; (2) both parties are well informed or well advised, and each acting in what he considers his own best interest; (3) a reasonable time is allowed for exposure in 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.

*Adjustments to the comparables must be made for special or creative financing or sales concessions. No adjustments are necessary for those costs which are normally paid by sellers as a result of tradition or law in a market, these costs are readily identifiable since the seller pays these costs in virtually all sales transactions. Special or creative financing adjustments can be made to the comparable property by comparisons to financing terms offered by a third party institutional lender that is not already involved in the property or transaction. Any adjustment should not be calculated on a mechanical dollar for dollar cost of the financing or concession but the dollar amount of any adjustment should approximate the market's reaction to the financing or concessions based on the appraiser's judgment.

STATEMENT OF LIMITING CONDITIONS

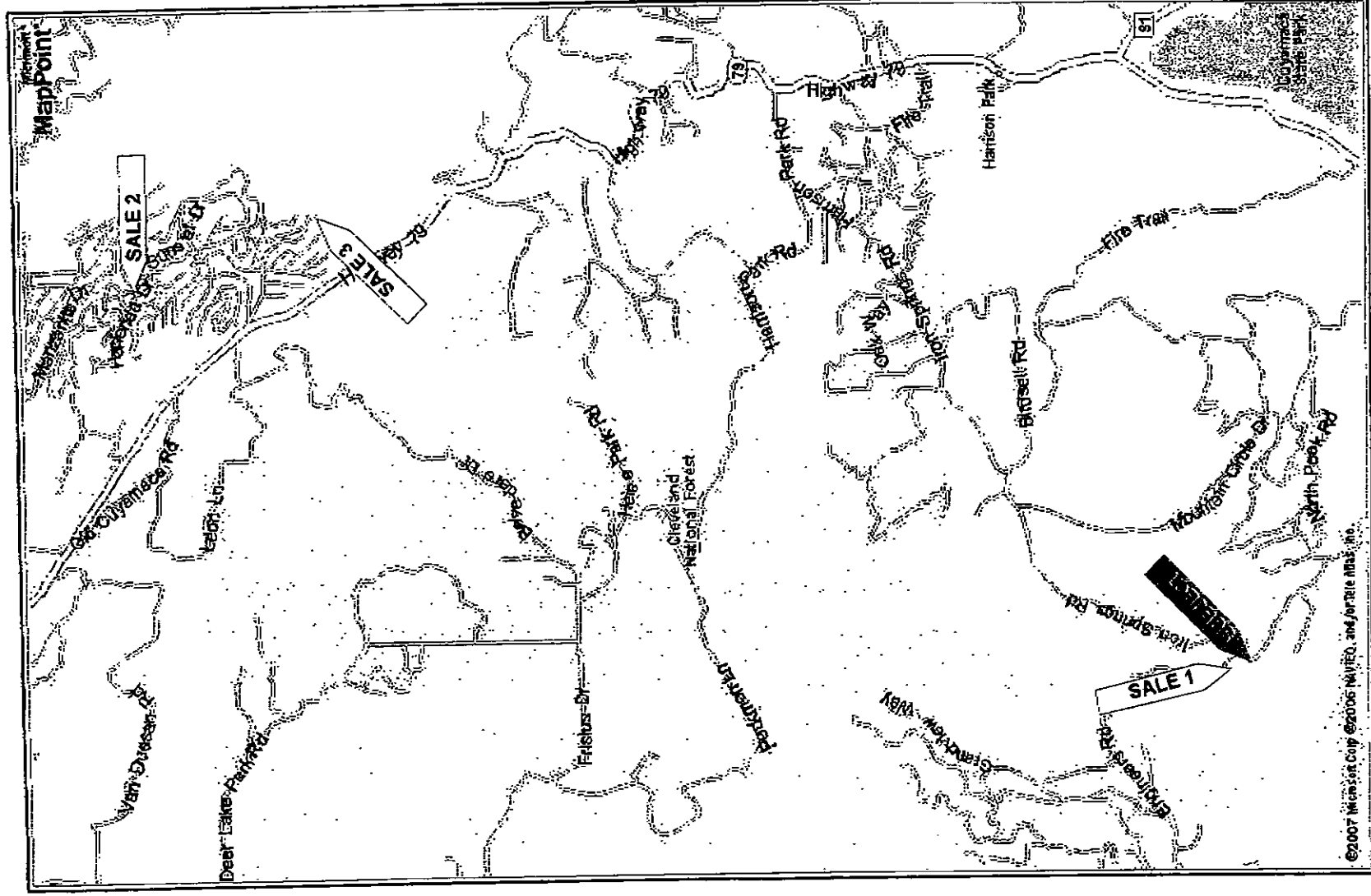
CONTINGENT AND LIMITING CONDITIONS: The appraiser's certification that appears in the appraisal report is subject to the following conditions:

1. The appraiser will not be responsible for matters of a legal nature that affect either the property being appraised or the title to it. The appraiser assumes that the title is good and marketable and, therefore, will not render any opinions about the title. The property is appraised on the basis of it being under responsible ownership.
2. The appraiser has provided a sketch in the appraisal report to show approximate dimensions of the improvements and the sketch is included only to assist the reader of the report in visualizing the property and understanding the appraiser's determination of its size.
3. The appraiser has examined the available flood maps that are provided by the Federal Emergency Management Agency (or other data sources) and has noted in the appraisal report whether the subject site is located in an Identified Special Flood Hazard Area. Because the appraiser is not a surveyor, he or she makes no guarantees, express or implied, regarding this determination.
4. The appraiser will not give testimony or appear in court because he or she made an appraisal of the property in question, unless specific arrangements to do so have been made beforehand.
5. The appraiser has estimated the value of the land in the cost approach at its highest and best use and the improvements at their contributory value. These separate valuations of the land and improvements must not be used in conjunction with any other appraisal and are invalid if they are so used.
6. The appraiser has noted in the appraisal report any adverse conditions (such as, needed repairs, depreciation, the presence of hazard wastes, toxic substances, etc.) observed during the inspection of the subject property or that he or she became aware of during the normal research involved in performing the appraisal. Unless otherwise stated in the appraisal report, the appraiser has no knowledge of any hidden or unapparent conditions of the property or adverse environmental conditions (including the presence of hazardous wastes, toxic substances, etc.) that would make the property more or less valuable, and has assumed that there are no such conditions and makes no guarantees or warranties, express or implied, regarding the condition of the property. The appraiser will not be responsible for any such conditions that do exist or for any engineering or testing that might be required to discover whether such conditions exist. Because the appraiser is not an expert in the field of environmental hazards, the appraisal report must not be considered as an environmental assessment of the property.
7. The appraiser obtained the information, estimates, and opinions that were expressed in the appraisal report from sources that he or she considers to be reliable and believes them to be true and correct. The appraiser does not assume responsibility for the accuracy of such items that were furnished by other parties.
8. The appraiser will not disclose the contents of the appraisal report except as provided for in the Uniform Standards of Professional Appraisal Practice.
9. The appraiser has based his or her appraisal report and valuation conclusion for an appraisal that is subject to satisfactory completion, repairs, or alterations on the assumption that completion of the improvements will be performed in a workmanlike manner.
10. The appraiser must provide his or her prior written consent before the lender/client specified in the appraisal report can distribute the appraisal report (including conclusions about the property value, the appraiser's identity and professional designations, and references to any professional appraisal organizations or the firm with which the appraiser is associated) to anyone other than the borrower; the mortgage or its successors and assigns; the mortgage insurer, consultants; professional appraisal organizations; any state or federally approved financial institution; or any department, agency, or instrumentality of the United States or any state or the District of Columbia; except that the lender/client may distribute the property description section of the report only to data collection or reporting service(s) without having to obtain the appraiser's prior written consent. The appraiser's written consent and approval must also be obtained before the appraisal can be conveyed by anyone to the public through advertising, public relations, news, sales, or other media.

LAGUNA REAL ESTATE APPRAISALS
LOCATION MAP ADDENDUM

File No.
Case No.

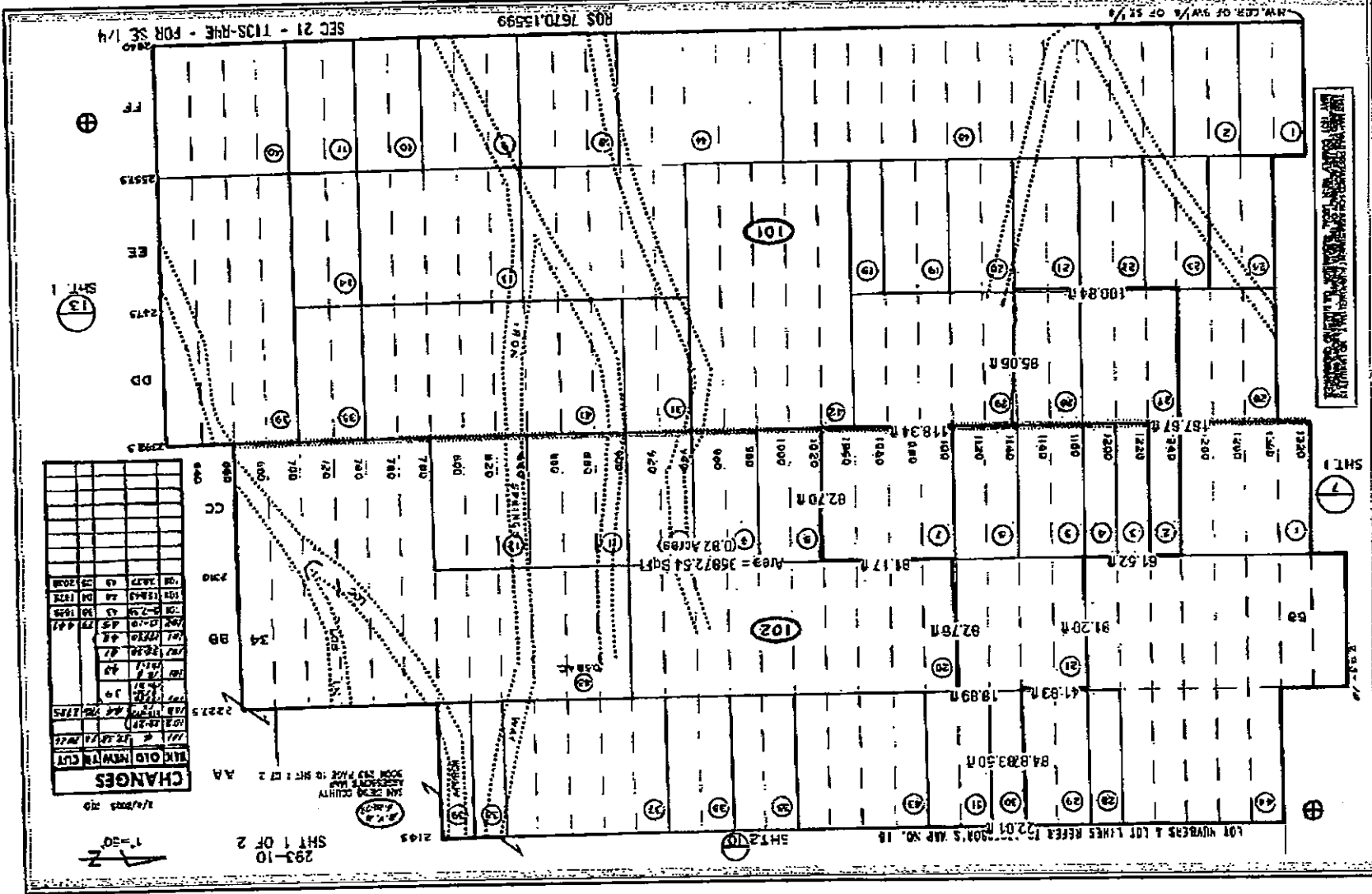
Borrower	DEACRUZ	State	CA	Zip Code	91977
Property Address	IRON SPRINGS RD, JULIAN CA 92036				
City	JULIAN	County	SAN DIEGO		
Lender/Client	DIAZ DEVELOPMENT				
Address	NATIONAL CITY, CA 91950				



LAGUNA REAL ESTATE APPRAISALS
PLAT MAP

File No.
CRSG No.

Borrower: **DEACRUZ** City: **SAN DIEGO** State: **CA** Zip Code: **91877**
 Property Address: **IRON SPRINGS RD, JULIAN CA 92036**
 City: **JULIAN** County: **SAN DIEGO** Address: **NATIONAL CITY, CA, 91860**
 Lender/Client: **DIAZ DEVELOPMENT**



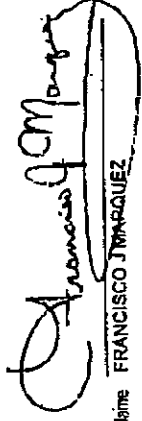
LAGUNA REAL ESTATE APPRAISALS
COMMENT ADDENDUM

File No.
CASE NO.

Borrower DELACRUZ
 Property Address IRON SPRINGS RD, JULIAN CA 92036
 City JULIAN County SAN DIEGO State CA Zip Code 91977
 Lender/Client DIAZ DEVELOPMENT Address NATIONAL CITY, CA, 91950

LEGAL DESCRIPTION:

- 1 293-102-30-00/ N 20 OF S 1140 FT OF W 82.5 FT OF SEQ SEC 21-13-4E // 9.22 TAXES
- 2 293-101-27-00 N 80 OF S 1240 FT OF W 82.5 OF E 2475 FT OF SEQ SEC 21-13-4E // 10.06 TAXES
- 3 293-101-29-00 / N 40 OF S 1180 FT OF W 82.5 OF E 2475 FT OF SEQ SEC 21-13-4E // 14.60 TAXES
- 4 293-102-02-00 //N 20 OF S 1240 FT OF W 82.5 OF E 2392.5 FT OF SEQ SEC 21-13-4E // 9.22 TAXES
- 5 293-102-03-00 //N 20 OF S 1220 FT OF W 82.5 OF E 2392.5 FT OF SEQ SEC 21-13-4E// 9.22 TAXES
- 6 293-102-04-00 // N 20 OF S 1200 FT OF W 82.5 OF E 2392.5 FT OF SEQ SEC 21-13-4E// 9.22 TAXES
- 7 293-102-05-00 / N 40 OF S 1180 FT OF W 82.5 OF E 2392.5 FT OF SEQ SEC 21-13-4E// 14.56 TAXES
- 8 293-102-06-00 / N 40 OF S 1140 FT OF W 82.5 OF E 2392.5 FT OF SEQ SEC 21-13-4E// 14.56 TAXES
- 9 293-102-07-00 / N 80 OF S 1100 FT OF W 82.6 OF E 2392.5 FT OF SEQ SEC 21-13-4E// 24.08 TAXES
- 10 293-102-21-00 / N 80 OF S 1180 FT OF W 82.5 OF E 2310 FT OF SEQ SEC 21-13-4E// 24.06 TAXES



Appraiser Name

FRANCISCO J. MARQUEZ

Supervisor Name