Vallejo & Vallejo

Real Estate Appraisers and Counselors

APPRAISAL REPORT
LOAN NO. / 80-00000495
LOAN NAME / Mora – Finca Valiente

PROPOSED PHASE I OF THE FINCA VALIENTE RESIDENTIAL SUBDIVISION
201 SINGLE FAMILY UNITS
PLUS A REMNANT PARCEL OF LAND

West of Kilometer 0.7 of PR-828
Piñas Ward, Toa Alta, Puerto Rico

<u>Prepared</u>

For	**:**	Mr. Enio Russe Garcia Appraisal Manager Doral Bank PO Box 70308 San Juan, Puerto Rico 00936-8308
By	**:**	Luis E. Vallejo, MAI Real Estate Appraiser General Certification No. 19 License No. 525
	:	Antonio J. Puras Real Estate Appraiser General Certification No. 233 License No. 798
As of	**:**	August 8, 2014
Prospective Date	**:**	August 8, 2017

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August 8, 2014

Mr. Enio Russe Garcia
Appraisal Manager
Doral Bank
PO Box 70308
San Juan, Puerto Rico 00936-8308

Re: Loan No./Borrower - 80-00000495/Mora-Finca Valiente

Dear Mr. Russe

As per your request, we have prepared an appraisal report of the fee simple interest in the 201 single family dwellings proposed to comprise phase I of the Finca Valiente Residential Subdivision to be built west of kilometer 0.7 of PR-828 in the Piñas Ward of the Toa Alta Municipality in Puerto Rico. In addition, you have also requested, that we form an opinion of the market value of a remnant parcel of land proposed to be the future site of phases II, III and IV, to be comprised by 269, 368 and 112 units, respectively. It should be mentioned, that the remnant parcel of land also includes a proposed commercial pad, wetland areas and land areas to be transferred to other third parties.

The following table summarizes the land areas of the overall Finca Valiente parcel which is comprised by 181.3188 cuerdas.

Section	Area in Cuerdas
Phase I – 201 units	39.0975
Phase II – 269 units	42.7079
Phase III – 368 units	65.4301
Phase IV – 112 units	8.9233
Lands to be transferred to the Toa Alta Municipality	10.0005
Lands to be transferred to the adjacent/bounding School	1.6507
Lands to be transferred to the PR Highway and Transportation Department	2.4376
Commercial Area	5.4277
Mitigation Area	3.9567
Wetland Area	1.6868
Total of all sections	**181.3188**

The proposed phase I subject dwellings will have approximately 1,225 square feet of gross living area (GLA) with a 3BR-2BA floor layout and will include a two car carport and a porch. Basic and/or minimum site areas will be of 334 square meters. Recreational facilities at the phase I subject project have still not yet been determined.

The purpose of this appraisal, as per your instructions, was to form an opinion of the proposed phase I subject project's aggregate of retail values and of the project's discounted value and/or its value to a single purchaser as of the prospective date of August 8, 2017, of the market value of the phase I subject project site and of a subject remnant parcel of land proposed to be the future site of phases II, III and IV, assuming the satisfactory completion of the proposed phase I subject project as per the plans and specifications submitted, subject to the assumptions, limiting conditions and certifications included in this appraisal report, as of the effective date of August 8, 2014.

Please note, that this appraisal report is based on the extraordinary assumption, that the proposed phase I subject project to be comprised by 201 single family residential units and the on and off site development work proposed for the overall Finca Valiente parcel will be satisfactorily completed as per the plans and specifications submitted, as of August 8, 2017.

The intended users of this valuation analysis is you, the Client (Doral Bank) and/or Blackpoint Management, and the intended use is for underwriting purposes in structuring the interim financing for the construction of the proposed phase I subject project.

After a personal inspection of the phase I subject project site and of the subject remnant parcel of land, of the plans and specifications submitted, and after a thorough investigation and analysis of the economic factors affecting values in competitive Island locations, the values in fee simple of the proposed phase I subject project, of the phase I subject project site and of the subject remnant parcel of land proposed to be the future site of phases II, III and IV, assuming the satisfactory completion of the proposed phase I subject project as per the plans and specifications submitted, were concluded to be of:-

201 Phase I Subject Units
Aggregate of Retail Values
As of the Prospective Date of August 8, 2017 : $34,300,000
(Thirty Four Million Three Hundred Thousand Dollars)

201 Phase I Subject Units Discounted Value
and/or Value to a Single Purchaser
As of the Prospective Date of August 8, 2017 : $19,325,000
(Nineteen Million Three Hundred Twenty Five Thousand Dollars)

Market Value of the Phase I Subject Project Site : $1,200,000
(One Million Two Hundred Thousand Dollars)

Market Value of the Subject Remnant Parcel of Land : $7,400,000
(Seven Million Four Hundred Thousand Dollars)

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The reported values are based on the preliminary development approval issued on 8/24/10 for Case No. 08DX2-CET02-03854 by the Regulations and Permits Administration (ARPE, as per its Spanish acronym), allowing for the development of a single family residential subdivision at the phase I subject project site, according to the plans and specifications submitted for the preparation this appraisal report. As such, any change would render the reported values null and void.

In addition, the availability of capacity and/or connection rights to any or all public utilities has not been determined by the appraisers. Thus, the reported values are also contingent upon and limited to said capacity and right of connection.

The supporting data and the results of our investigation and analysis upon which the foregoing values are based are contained in the accompanying appraisal report.

Very truly yours,

Luis Vallejo

LUIS E. VALLEJO, MAI
Real Estate Appraiser
EPA 525 / CG 19

ANTONIO J. PURAS
Real Estate Appraiser
EPA 798 / CG 233

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APPRAISAL REPORT
LOAN NO. / 80-00000495
LOAN NAME / Mora – Finca Valiente

PROPOSED PHASE I OF THE FINCA VALIENTE RESIDENTIAL SUBDIVISION
201 SINGLE FAMILY UNITS
PLUS A REMNANT PARCEL OF LAND

WEST OF KILOMETER 0.7 OF PR-828
PIÑAS WARD, TOA ALTA, PUERTO RICO

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Summary of Important Facts and Conclusions

Intended Users	Doral Bank and/or Blackpoint Management.
Sponsor/Developer	MORA Development.
Subject Property	The fee simple interest in the 201 single family dwellings proposed to comprise phase I of the Finca Valiente Residential Subdivision and a remnant parcel of land.
Location	West of kilometer 0.7 of PR-828 in the Piñas Ward of the Toa Alta Municipality in Puerto Rico.
Phase I Project Site Area	39.0975 cuerdas.
Subject Remnant Parcel Area	142.2213 cuerdas.
Property Zoning	R-I (Intermediate Residential) & UR (Developable Area)
Tax Map Code	112-000-002-93.
Extraordinary Assumption	This appraisal report is based on the extraordinary assumption, that the proposed phase I subject project to be comprised by 201 single family residential units and the on and off site development work proposed for the overall Finca Valiente parcel will be satisfactorily completed as per the plans and specifications submitted, as of January 22, 2016.
Special Assumptions	The values reported in this appraisal report are based on the preliminary development approval issued on 8/24/10 for Case No. 08DX2-CET02-03854 by the Regulations and Permits Administration (ARPE), allowing for a single family subdivision project at the phase I subject project site, according to the plans and specifications submitted for the preparation this appraisal report. As such, any change would render the reported values null and void.

In addition, the availability of capacity and/or connection rights to any or all public utilities has not been determined by the appraisers. Thus, the values reported in this appraisal report are also contingent upon and limited to said capacity and right of connection.

Effective Date	August 8, 2014.
Prospective Date	August 8, 2017.

PRPB (Puerto Rico) Planning Board Subject Identification Map

Ubicación		
Catastro	112-000-002-93	
Coordenadas Lambert (X, Y)	222364.3363, 258139.3518	Ver: Google | Yahoo
Area Aprox. (m.c.)	655141.739	
Municipio	Toa Alta	
Barrio	Ortiz	
Características Ambientales		
Zona Inundabilidad	X	(ver referencia)
Panel Inundabilidad	72000C0705J	
Floodway		
Suelo Geológico	LaC2 (56.7%), LaB (17.6%), YeE (12.6%), MxD (8.1%), DaD (3.9%), MxF (1.2%)	(ver referencia)
Calificación y Clasificación		
Clasificación		(ver referencia)
Calificación	NC (54%), R-I (46%)	(ver referencia)
Distrito Sobrepuesto	ZE (37%)	
Zona o Sitio Histórico		
Reglamento Aplicable	Reglamento Conjunto de Permisos para Obras de Construcción y Usos de Terrenos	
Vigencia de GeoDato de Calificación		
Oficializacion del geodato en proceso, favor de referirse al mapa de calificacion vigente.		

Coords:Nad83 x=225214.32, y=257199.31

Indications of Fee Simple Values

Phase I Subject Project's Value by the Income Capitalization Approach	**:**	**Not Applicable***
Phase I Subject Project's Value by the Cost Approach	**:**	**$34,300,000**
Phase I Subject Units Aggregate Retail Values by the Development (Sales Comparison) Approach As of the Prospective Date of August 8, 2017	**:**	**$34,300,000**
Phase I Subject Project's Discounted Value And/or Value to a Single Purchaser As of the Prospective Date of August 8, 2017	**:**	**$19,325,000**
Market Value of the Phase I Subject Project Site	**:**	**$1,200,000**
Market Value of the Subject Remnant Parcel	**:**	**$7,400,000**
Date of Value Opinions		
Effective Date	**:**	**August 8, 2014**
Prospective Date	**:**	**August 8, 2017**

*Note: The phase I subject project is proposed and is being appraised as a total sales package. Therefore, the traditional income capitalization approach is not applicable in its valuation analysis. The intention of the sponsor/developer of the phase I subject project is to sell the proposed phase I subject units. Therefore, the proposed phase I subject project has not been designed, nor will it be developed as an income producing property, nor are properties such as the phase I subject project typically developed as rental ventures in Puerto Rico. Consequently, the only income to be generated by the phase I subject project will be the receipts of the sales of the proposed phase I subject units which was considered in the development (sales comparison) approach.

SUBJECT PHOTOS

View of proposed entrance to the overall Finca Valiente Development.

View of the proposed site of the subject's commercial development.

View of PR-828.

View of site to be ceded to adjacent/bounding school.

Scope of Work

APPRAISAL DEVELOPMENT AND REPORTING PROCESS:

In preparing this appraisal report, the appraisers:

- inspected the general subject neighborhood, the phase I subject project site and the subject remnant parcel of land;

- gathered information on comparable and competitive vacant land transactions that were purchased for development of similar single family residential projects within competitive Island locations;

- gathered information on comparable and competitive residential units to the ones proposed at the phase I subject project site;

- confirmed and analyzed the market data gathered with at least one of the parties involved in the transactions and the public records at the Municipal Revenues Collection Center (CRIM, by its Spanish acronym) office in San Juan and/or their respective Property Registry offices, and applied the sales comparison approach method of valuation, in order to form the opinions of values in fee simple reported in this appraisal report for the subject property; and

- market information was also sought in order to develop the cost approach to value which was necessary to prove the proposed phase I subject project's feasibility.

EXPOSURE TIME

Standards Rule 1-2 (c) states, that when exposure time is a component of the definition for value opinion being developed, the appraisers must also develop an opinion of reasonable exposure time linked to the value opinion. Exposure time is defined 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 appraisal; a retrospective opinion based upon an analysis of past events assuming a competitive and open market[1].

Given the retrospective market conditions, the exposure time of the proposed phase I subject units would have been of approximately 4 to 5 years. In addition, the exposure time of the subject land components would have been of approximately 2 to 3 years.

[1] The Exposure Time definition was taken from Statement on Appraisal Standard No. 6 (SMT-6) of the Uniform Standards of Professional Appraisal Practice, (2014-15 Edition), published by the Appraisal Standards Board of The Appraisal Foundation.

MARKETING TIME[2]

Marketing time is defined as an opinion of the amount of time it might take to sell a real or personal property interest at the concluded market value level during the period immediately after the effective date of an appraisal. Marketing time differs from exposure time, which is always presumed to precede the effective date of an appraisal.

Given the prospective market conditions, the marketing time of the proposed phase I subject units under a market value scenario is estimated to be of approximately 4 to 5 years. In addition, the marketing time of the subject land components would have been of approximately 2 to 3 years

PURPOSE OF THE APPRAISAL

The purpose of this appraisal, as per your instructions, was to form an opinion of the proposed phase I subject project's aggregate of retail values and of the project's discounted value and/or its value to a single purchaser as of the prospective date of August 8, 2017, of the market value of the phase I subject project site and of a subject remnant parcel of land proposed to be the future site of phases II, III and IV, assuming the satisfactory completion of the proposed phase I subject project as per the plans and specifications submitted, subject to the assumptions, limiting conditions and certifications included in this appraisal report, as of the effective date of August 8, 2014.

INTENDED USE OF REPORT

The intended use of this appraisal report is for underwriting purposes in structuring the interim financing for the construction of the proposed phase I subject project.

INTENDED USER

The intended user is you, the Client(Doral Bank) and/or Blackpoint Management.

INTEREST VALUED

***Fee Simple Estate*[3]**

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

EXTRAORDINARY ASSUMPTION[4]

An extraordinary assumption is an assumption directly related to a specific assignment, which, if found to be false, could alter the appraiser's opinions or conclusions.

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[2]The Marketing Time definition was taken from Advisory Opinion No. 7 (AO-7) of the Uniform Standards of Professional Appraisal Practice (2014-15 Edition), published by the Appraisal Standards Board of The Appraisal Foundation.

[3] The Fee Simple Estate definition was taken from The Dictionary of Real Estate Appraisal, (5th Edition – 2010), published by the Appraisal Standards Board of The Appraisal Foundation.

[4] The Extraordinary Assumption definition was taken from the definitions section of the Uniform Standards of Professional Appraisal Practice (2014-15 Edition), published by the Appraisal Standards Board of The Appraisal Foundation.

As previously mentioned, this appraisal report is based on the extraordinary assumption, that the proposed phase I subject project to be comprised by 201 single family residential units and the on and off site development work proposed for the overall Finca Valiente parcel will be satisfactorily completed as per the plans and specifications submitted, as of January 22, 2016.

DEFINITIONS OF VALUE

Market Value[5] is the major focus of most real property appraisal assignments. Both economic and legal definitions of market value have been developed and refined. A current economic definition agreed upon by agencies that regulate Federal Financial Institutions in the United States of America is:

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 and 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 or she considers his or her own best interest;
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.

Aggregate of Retail Values[6]

This figure represents the total potential retail income that is expected to be generated from the sale of the 201 single family dwellings proposed at the phase I subject project site at their current individual values.

It is defined as the sum of the separate and distinct market value opinions for each of the units in a condominium, subdivision development, or portfolio of properties, as of the date of valuation. The aggregate of retail values does not represent an opinion of value; it is simply the total of multiple market value conclusions.

Discounted Value and/or Value to a Single Purchaser

This figure represents the price a single purchaser would pay for the proposed phase I subject project at the time of its physical completion and still be able to cover all of the remaining costs associated with achieving total sellout of the units with the venture producing a reasonable profit incentive.

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[5] The Market Value definition was taken from Advisory Opinion No. 22 (AO-22) of the Uniform Standards of Professional Appraisal Practice (2014-2015) Edition, published by the Appraisal Standards Board of The Appraisal Foundation.

[6] The Aggregate of Retail Values definition was taken from <u>The Dictionary of Real Estate Appraisal</u> (5th Edition - 2010), published by the Appraisal Institute.

History of the Property

Standard Rule 1-5 of the Uniform Standards of Professional Appraisal Practice, published by the Appraisal Foundation states, that in developing a real property appraisal, when the value opinion to be developed is market value, an appraiser must, if such information is available to the appraiser in the normal course of business, analyze all agreements of sale, options, or listings of the subject property current as of the effective date of the appraisal, and analyze all the sales of the subject property that occurred within the three (3) years prior to the effective date of the appraisal.

The overall Finca Valiente parcel was purchased more than three years ago. Nevertheless, and for the reader's benefit, the most salient facts of this transaction are as follows:

Grantor	:	The Arrieta Brothers and Sisters Trust and Mr. Alberto Arrieta Negrón.
Grantee	:	Mora Development Corporation, represented by Mr. Cleofé Rubí González.
Date of Sale	:	November 23, 2004
Site Areas	:	The Arrieta Brothers and Sisters Trust tract comprised 37.1819 cuerdas and/or 539,179.0127 square meters, and Mr. Alberto Arrieta Negrón (related party to the Arrieta B. & S. Trust) tract comprised 43.1599 cuerdas and/or 169,635.4422 square meters.
Sales Price	:	$6,210,118.50 and $2,070,039.50, respectively
Terms of Sale	:	As per Deed of Sale No. 17, referent to the larger tract of land, the transaction included a $375,000.00 deposit made on the 5/10/02 option date. The $5,835,118.50 balance was agreed to be paid in three (3) consecutive equal annual installments of $1,945,039.50 each, commencing on 11/23/05 and thereafter on the same day and month of each succeeding year until the final payment on 11/23/07. The purchaser executed and delivered the seller a mortgage note indicating the aforementioned payment conditions, which included a 7.5% accrued annual interest. In addition, Deed of Sale No. 16, referent to the smaller tract of land, indicated the transaction was an all cash to seller transaction, including a $125,000.00 deposit made on the 5/10/02 option date and the balance of $1,945,039.50 paid on the 11/23/04 closing date.
Data Source	:	Deeds of Sale No. 16 and 17, dated 11/23/04, before José Jiménez Del Valle, Esquire.

DESCRIPTION OF THE REAL ESTATE APPRAISED

Identification of the Property

The subject property consists of the fee simple interest in the 201 single family dwellings contemplated to comprise phase I of the Finca Valiente project and of the fee simple interest in a remnant parcel of land proposed to be the future site of phases II, III and IV, located west of kilometer 0.7 of PR-828 in the Piñas Ward of the Toa Alta Municipality in Puerto Rico.

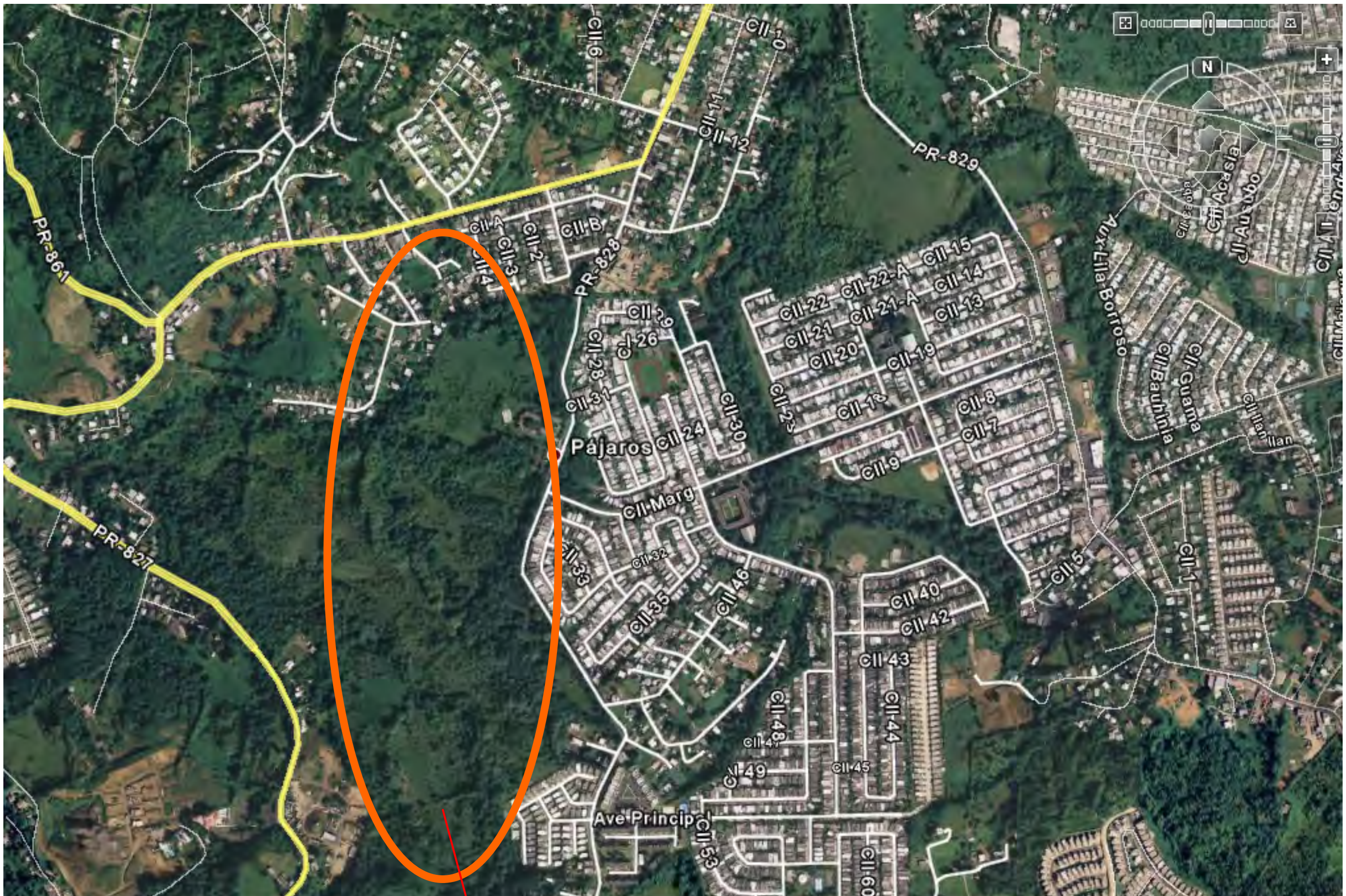
The following table summarizes the land areas of the overall Finca Valiente parcel which is comprised by 181.3188 cuerdas of land area.

Section	Area in Cuerdas
Phase I – 201 units	39.0975
Phase II – 269 units	42.7079
Phase III – 368 units	65.4301
Phase IV – 112 units	8.9233
Lands to be transferred to the Toa Alta Municipality	10.0005
Lands to be transferred to the adjacent/bounding School	1.6507
Lands to be transferred to the PR Highway and Transportation Department	2.4376
Commercial Area	5.4277
Mitigation Area	3.9567
Wetland Area	1.6868
Total of all sections	**181.3188**

The land area figures being used in this appraisal report were taken from a survey plan prepared by JAMA and furnished by the client/lender, as submitted by the project's sponsor/developer. As such, these land area figures were assumed to be correct and were used as basis of this appraisal report. Thus, no liability and/or responsibility is assumed by the appraisers in case of any future area discrepancies.

A square meter is equal to 1,550.00 square inches, 10.76391 square feet and/or 1.196 square yards, while a cuerda is a measurement of land area used in Puerto Rico which is equal to 3,930.395625 square meters, 42,306.78 square feet, 4700.75 square yards and/or 0.97123 acres.

LOCATION MAP



Overall Finca Valiente Site

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Island, Market Conditions,
Demand and Supply and Area Analysis

PUERTO RICO

Puerto Rico, the fourth largest of the Caribbean Islands, is 100 miles long and 35 miles wide, comprising a total area of about 3,500 square miles. In 1898 Spain ceded the Island to the United States in the aftermath of the Spanish American War. The United States granted Puerto Ricans US citizenship in 1917 and instituted Puerto Rico's current commonwealth status in 1952. Its close political relationship and heavy reliance on the United States for trade and finance have traditionally made the Island follow the economic cyclic behavior of the U.S. economy.

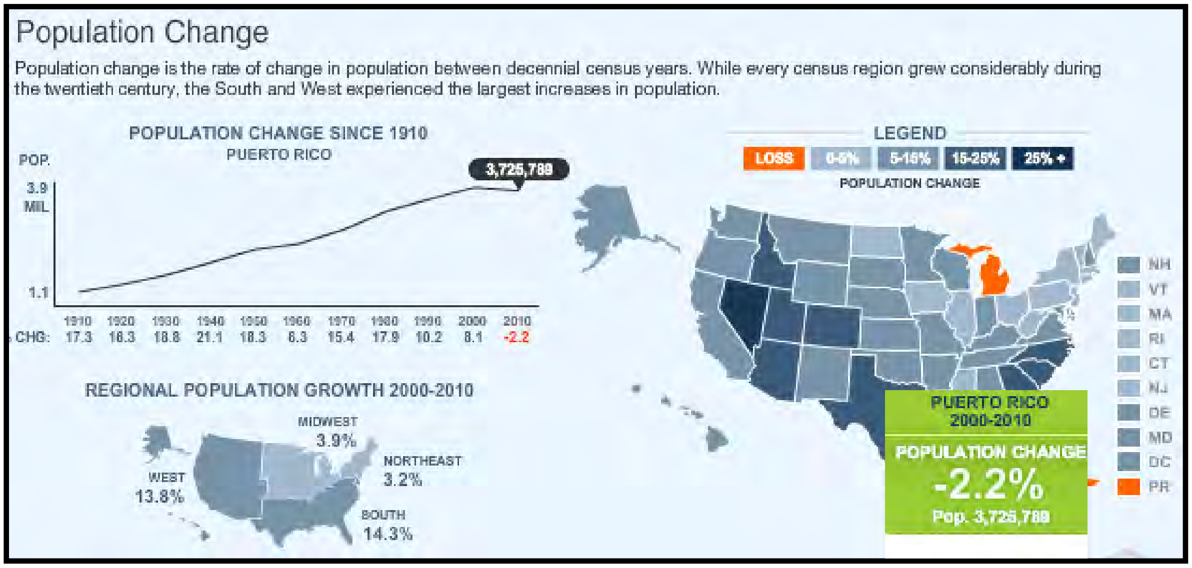
Puerto Rico had a population of 3,808,610 as per the 2000 Census, an increase of 8.1% over the 1990 Census count of 3,522,037 million. During the last years of the past decade, the Puerto Rico Planning Board had estimated the Island's population would reach the 4.0 million level by 2010. Yet, as per the 2010 Census data, the overall Puerto Rico population count was of 3,725,789 million, reflecting a decrease in population during a decade for the first time in over 100 years, which was of about -2.2%. Reportedly, after accounting for births and deaths, this population reduction is mainly attributable to migration.

In spite of the constant population growth during the past decades, except for the last one, the annual growth rate along the past four decades had been decreasing, reflecting an annual growth rate of 1.8% during the 1970-1980 period, of 0.9% during the 1980-1990 period, of 0.8% during the 1990-2000 period, and more recently, a negative rate of -2.2% during the 2000-2010 period, as summarized in the following table.

Puerto Rico Population Trend

Census*	Population	Annual Growth Rate
1970	2,712,033	-----
1980	3,196,520	1.8%
1990	3,522,037	1.0%
2000	3,808,610	0.8%
2010	3,725,789	-2.2%

*Source: US Census Bureau.



According to an article published on December 20, 2010, by the news agency Agencia EFE, and prepared by Jorge Duany, an Anthropology Professor in the University of Puerto Rico and an expert in demographics, the economic crisis in Puerto Rico induced the migration of about 300,000 persons born in Puerto Rico to the United States during the past decade, where more Island born people currently live than in the Island and whose total is estimated to be close to 4.4 million. The U.S. registered an overall population growth of 9.7%, with its individual states reflecting growth rates within the 0.4% to 35.1% range, except for Michigan, which registered a population decrease of -0.6%.

Professor Duany's article indicates, that the main factor for said migration is the extended economic crisis in Puerto Rico that has now lasted for eight (8) plus years, while other factors that have contributed to said migration figure are the high unemployment rate, which has been over two digits in the past decades and at approximately around 14% in the recent past, the high poverty levels and the low per capita income levels in the Island when compared to those in the U.S., with the per capita income in the U.S. being over two and a half (2½) times the per capita income in Puerto Rico. Along these lines, the 2009 poverty level estimates in all U.S. states fell within the 8.5% to 21.9% range, with an average figure of 14.3%, while the poverty level in Puerto Rico was of 45%, or three (3) times the national average U.S. figure and/or two (2) times higher than the highest U.S. state, Mississippi.

However, according to the 2012 American Community Survey, Puerto Rico's population was estimated at 3.667 million, which is 1.58% less than the 3.725 million figure estimated in the 2010 Census. This continued decline in population is mainly due to the migration of thousands of persons, most of which are professionals and/or working adults, to the US mainland due to the on-going economic recession on the Island which started in May/April of 2006.

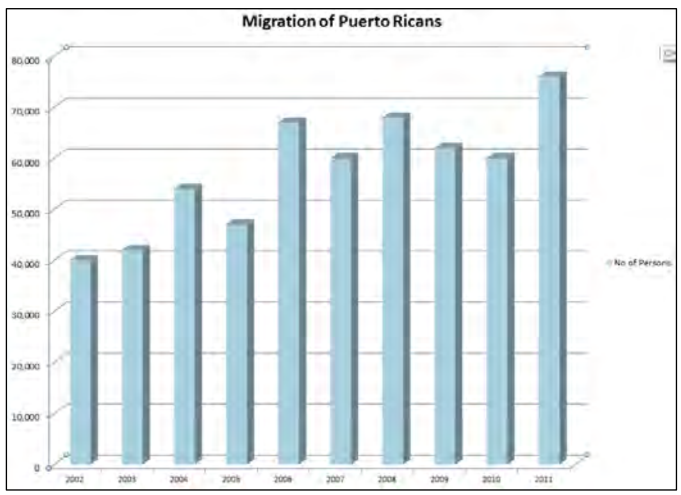
Another factor contributing to this decline in population is a falling local birth rate and a quickly aging population. The Island's birth rate fell from 12.4 births per 1,000 total population in 2006 to 10.6 births per 1,000 total population in 2012, according to preliminary estimates released by the federal Centers for Disease and Control & Prevention. Also, the fertility rate was 51.9% in 2012, down from 53.6% in 2011 and 57.2% in 2006. The fertility rate is the number of births per 1,000 women aged 15-44 years. Along these lines, the fertility rate for Puerto Rico, when compared to all US mainland states, is among the lowest, being only just slightly over that of Vermont and New Hampshire.

Reportedly, over 2,000 Puerto Ricans leave Puerto Rico every month to settle in the United States, a number that is supported by the recent Census data. The influx of Puerto Rican migration to the states has also been documented by the Pew Hispanic Center and other Census data.

As per the most recent population study dated December of 2013, the Island's population was estimated at 3.61 million, which is down from the 3.667 million persons estimated in 2012. If this same pace continues, the Island's population will fall to 3.5 million in 2014.

According to economist Vicente Feliciano, there is an incorrect perception that the persons emigrating are the professional and better educated ones, while the truth is that pretty much everyone is emigrating, or rather everyone young is emigrating, thus the reason the Puerto Rico population is getting older at a rate only seen in the likes of China and Japan.

In turn, this loss of human capital has been cited as a reason for the recent downgrade of Puerto Rico by Moody's Investors Service. Many commentators have expressed concern about the "brain drain" and the aging of Puerto Rico's population as young professionals choose to move to the US mainland.



Along these lines, among the most common opinions as to why people are leaving the Island, are the level of unemployment and the increasing problem of violence, mostly drug-related. A 2012 poll listed "better quality of life" as the main reason given by Puerto Ricans who were considering leaving the Island.

Based on the Community Survey prepared by the U.S. Census Bureau dated January 2013, the number of persons who have migrated from the Island from 2002 to 2011 is estimated at 576,000 persons, with 2011 being the highest year with 76,000 persons.

In this same study, it was reported, that the percentage of people who migrated which did not have a job decreased 5.4 points in only one year.

Along these lines, an analysis of the latest U.S. Census Bureau data points to a substantial increment in the pace of the exodus of young professionals from Puerto Rico to the U.S. mainland as the Island economy continues to lag.

This worrisome migration trend, combined with the arrival of older people, puts pressures on a range of segments, such as transportation, health care and housing for the elderly, negatively impacting the workforce, especially the trained professionals segment, which added to an aging population, further turns into fewer persons working, earning, investing, consuming and saving, and less demand for housing, cars and a wide range of products and services.

Finally, this continued decline in population severely puts in jeopardy the amount of federal funding that the Island receives yearly and puts increased pressure on the financially ailing public pension systems and a dramatically aging population with fewer financial resources.

MARKET CONDITIONS AND DEMAND AND SUPPLY ANALYSIS

The current economic and financial scenario of the Island suggests, that the recession experienced during the past eight years, deepened during last few years and that the economic activity continues to show signs of deterioration, an impact which has been noted in all major economic sectors of the Island, including the real estate industry.

The economic situation of the Island has been in decline since April/May 2006 and was greatly affected by the instability of the central government, rising prices in gasoline, food and basic services such as water and electric power, and the implementation of the sales and use tax (IVU, by its Spanish acronym) in late 2006. The job market has also been in decline as evidenced by the decreases in total employment, number of jobs and labor force. Given the recent increase in foreclosures and delinquencies in home mortgage loans in the Island and the U.S. mainland, banks have tightened their lending standards making it more difficult to qualify for residential mortgages. An increase in mortgage interest rates could worsen the situation, as many potential buyers would not qualify because of high mortgage payments.

Considering the fact that income and wages in the Island have remained stable for the past few years, and as such, the effective purchasing power has basically declined, it is unlikely that all the new, under construction and/or proposed residential units in the overall Island will be absorbed within their projected construction periods, resulting in an oversupply of units. Evidence of this are several projects under construction and/or proposed in prime locations or areas of typical high demand in the Island, which have been halted and/or postponed for future development, a move geared at reducing the inventory in order to prevent a greater impact to said oversupply.

As per the Construction and Sales Activity Report, Vol. 1, of December of 2012, the economic and consulting firm of Estudios Técnicos, Inc., informed that only 4,646 units of new construction were sold in Puerto Rico during 2009, a decrease of 52.2% when compared with the 9,718 new units sold during 2008. This decreasing trend was further noted during 2010, when only 3,667 new residential units or 979 units (21.1%) less were sold (closed/deeded) in the Island.

Also significant is the fact, that of the 4,646 units sold in 2009, 2,444 transactions reportedly included one or a combination of the subsidies offered by the government, in addition to the sales concessions being offered by the new projects' sponsor/developers. Although not available yet, a similar proportion of units sold during the past forty four (44) plus months, included subsidies and incentives from the central government, which started on September 1, 2010, in addition to the sales concessions being offered by the new project's sponsor/developers. As such, some increment in sales was noticed during 2011 with a total of 4,872 new units sold, reflecting a 32.9% increment from 2010.

In turn, the total number of new sold units during 2012 was of 3,575, or 26.6% less than 2011. In turn, during the 2013 period, 3,242 new units were sold in the Island evidencing a decrease of 4.2% from the previous 2012 period. Most worrisome is the fact that the 2013 period marks the lowest sales of new units registered during the past 10 year period. The following table and graph indicates the number of new residential units sold in the Island from 2004 to 2013.

Year	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Units Sold	13,419	12,143	13,417	10,910	9,718	4,646	3,667	4,872	3,575	3,242
% Change	-------	-9.5%	+10.5	-18.7%	-10.9%	- 51.2%	- 21.1%	+32.9%	-26.6	-4.2

*Figures up to third quarter 2013.

The following graph illustrates the number of new residential units sold by quarter during 2010 to 2013.

This information was obtained from Construction and Sales Activity Report published by Estudios Tecnicos, Inc.

The aforementioned government incentives refer to an $80 million stimulus package passed by the past government administration under Law No. 132 of September 2, 2010, identified as the Stimulus Plan for the Real Estate Industry, which in order to kick-start the stagnant economy had the housing market as the main target. This package was applicable to those qualified units that were purchased between September 1, 2010, and June 30, 2011, and its main objective was to help stimulate real estate sales on the Island by form of incentives and tax exemptions. However, given the state of the Island's housing economy which was still depressed and stagnant, the stimulus package was extended until October, 31, 2011. The main benefits of this stimulus package consisted of the following:

Benefits of Law No. 132
New Residential Properties*
- Zero charges for stamps and certificates in both purchase and mortgage deeds. - Zero property tax for 5 years after its purchase. - Zero capital gains tax in the resale of a new residential property purchased under this program.
Seller of Existing Residential and Commercial Properties*
- Zero charges for stamps and certifications in the cancellation of mortgage deeds. - Zero capital gains tax.
- $5,000 deduction from ordinary income for Capital Loss on sale of existing home for up to15 years.
Buyer of Existing Residential and Commercial Properties*
- 50% exemption on stamps and certificates in purchase and mortgage deeds. - 50% exemption on capital gains tax.
Residential Properties for Rent
- Zero income tax in residential rental income for 10 years.

*Applicable to new or existing qualified residential properties of all price levels and for existing commercial properties with sales prices up to $3 million.

Still, given the sluggish conditions of the housing market, the stimulus package was extended once more until 12/31/2012. This extension included a new benefit, which was an exemption from capital gain taxes, regardless of when the property was acquired. Then, on December 21, 2012, the Senate approved Law 303 which again partially extended the stimulus package from January 1, 2013 to June 30, 2013. It should be noted, that in July of 2013, the governor signed Law 68, which again extends this stimulus package up to August 31, 2015.

It could be said, that this stimulus package has had a somewhat positive impact on the Island's residential real estate market, as evidenced by the slight increasing sales trend during 2011, with sales averaging 1,197 units per quarter (4th quarter 2010 to 4th quarter 2011), representing an increase of 40% when compared to the 853 units per quarter average indication during the first three quarters of 2010. However, the 505 new units sold during the third quarter of 2013 tends to suggest, that the stimulus package is losing its effect.

Finally, close attention should be placed on the new federal lending rules which went into effect on January 10, 2014, that may result in a greater contraction in the overall real estate market as it will be more difficult to obtain loans on new homes and refinancing existing ones due to a new debt cap.

Puerto Rico Labor Force (Employment – Unemployment)

The most recent figures published by the U.S. Department of Labor, Bureau of Labor Statistics, reported that the unemployment rate has remained high and constant. During the period comprising calendar years 2005 through 2008, the unemployment rate fluctuated from a low of 10.6% to a high of 11.8%. However, during calendar years 2009, 2010, and 2011, the unemployment rates skyrocketed to unprecedented 15.4%, 16.4% and 16.0% figures, respectively. Then, in 2012, the Island's unemployment rate evidenced a slight decline to 14.4%, which is still high when compared to the unemployment rates evidenced during 2005 to 2008. During the first eleven months of 2013, the unemployment rate is evidencing a 14.1% average figure.

Please note, that the jobless rate in December of 2013 was of 15.4% which is 0.7% higher than that reported during the previous month. In addition, this 15.4% rate is a full percentage point year over year when compared to December 2012 indications. The latest figures indicate that there were 185,000 people unemployed in December 2013, which is 10,000 more than the 175,000 figure evidenced during the previous month (Nov. 2013).

The number of persons on nonfarm payrolls fell to 904,300 in December 2013, which is a decrease of 25,000 when compared to the same month last year. Six out the eight industry sectors lost jobs when compared to the same month a year ago, with only the transportation/utilities and tourism related sectors evidencing an increase in jobs.

It is interesting to note, that since 2006, the annual average labor force is the Island has been constantly decreasing which is currently at its lowest level during the past 9 years with 1,188,274 persons, or 231,095 persons less than that registered in 2006. The decline in the labor force figures could be a direct result of the Island's declining population during last decade.

The following table indicates the total labor force, employed-unemployed average annual figures plus the unemployment rate, as extracted from the most recent U.S. Department of Labor statistics.

Employment- Unemployment

Year	2005	2006	2007	2008	2009	2010	2011	2012	2013
Labor Force	1,380,137	1,419,369	1,386,751	1,344,608	1,302,243	1,269,030	1,229,428	1,213,425	1,188,274
Employed	1,224,478	1,269,360	1,232,118	1,186,279	1,102,073	1,061,373	1,032,838	1,038,153	1,019,680
Unemployed	155,658	150,009	154,633	158,330	200,170	207,656	196,590	175,272	168,594
Unemployment Rate	**11.3%**	**10.6%**	**11.1%**	**11.8%**	**15.4%**	**16.4%**	**16.0%**	**14.4%**	**14.1%**

Source: U.S. Department of Labor, Bureau of Labor Statistics.

Bankruptcies

The most recent figures reported by the Federal Bankruptcy Court in Puerto Rico, published by the Puerto Rico Statistics Institute (PRSI) indicate, that the number of bankruptcies have been constantly increasing at an abrupt pace since 2006, when the local Puerto Rican law was amended and when the bankruptcy figures fell dramatically from 2005 to 2006. However, since the law changed, the number of declared bankruptcies has remained nearly the double of 5,436 in 2006 to 11,293, 12,369, 11,263, 10,357 and 9,987 (Up to Nov.) in 2009, 2010, 2011, 2012 and 2013, respectively.

It should be noted, that bankruptcies during the 2012 period evidenced a decline of 906 cases, or 8%, when compared to the 11,263 bankruptcies registered during 2011. The following table indicates the total bankruptcies covering the period from calendar years 2003 thru 2013, as extracted from the PRSI reports.

Bankruptcies

Calendar Year	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Total	14,236	13,237	13,212	5,436	7,751	9,048	11,293	12,380	11,265	10,362	11,060
% Change		**-7.0%**	**-0.2%**	**-58.9%**	**42.6%**	**16.7%**	**24.8%**	**9.6%**	**-9.0%**	**-8.0%**	**6.7%**

However, as per the most recent statistics issued by the PRSI reports, the number of filed bankruptcies during 2013 was of 11,060, which is an increase of 6.7% when compared to the previously registered filed bankruptcies during the previous 2012 year period. In addition, during the first five months of 2014, there were 4,583 filled bankruptcies which is an increase of 1.4% over the same period last year.

Bankruptcy statistics are typically a trailing indicator, as there is a time delay between financial difficulties and a bankruptcy. In most cases, several months or even years pass between the financial problems and the start of bankruptcy proceedings. Legal, tax, and cultural issues may further distort bankruptcy figures. The insolvency numbers for private individuals also do not show the entire picture. Only a fraction of heavily indebted individuals/entities typically decide to file for insolvency. Two of the main reasons for this are the stigma of declaring themselves insolvent and the potential business disadvantage. As such, the above numbers are always lagging a pace behind the actual economy.

Car Sales

In light of their sales challenges and the Island's seven year plus old recession and skyrocketing business costs, local dealerships have been forced to become more creative and cost efficient. This has caused the closing of many small auto dealer facilities and the consolidation of several of the main dealers, affecting not only the auto sales, but also the leasing and values of these facilities. The following table summarizes the new auto unit sales for the last ten calendar years, according to the Puerto Rico Automobile Sales Report:

New Car Sales

Year	2004	2005	2006	2007	2008	2009	2010	2011	2012	2103
Units Sold	134,391	140,400	117,838	102,580	90,663	76,477	89,745	91,052	100,790	100,407
% Change	---	4.5%	-16.1%	-12.9%	-11.6%	-15.6%	17.3%	1.5%	10.7%	0.38%

Source: Caribbean Business.

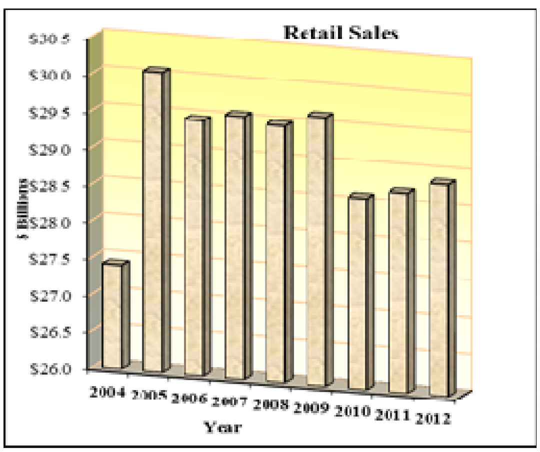
The reported historical automobile sales for the two calendar years covering the period from 2004 to 2005 evidenced a growing trend. However, the four years covering the period from 2006 to 2009, evidenced a dramatically decreasing trend. The reported historical automobile sales covering the period from 2005 thru 2009 evidenced an 11.4% average annual decreasing trend, with the highest percentage decrease evidenced from year 2005 to 2006 at a negative -16.1%. Yet, 2010 showed the first positive growth in the industry since 2005 in which 89,745 new cars were sold, followed by a slight increase of 1.46% in 2011, as 91,052 new cars were sold during this period.

Then in 2012, car sales evidenced a sharp increase in sales as 100,790 new cars were sold, which is a 10.7% increase when compared to 2011 figures. It is interesting to note, that this is the first time since 2007 in which new car sales in the Island surpassed the 100,000 unit mark. Then , in 2013, car sales in the Island evidenced a slight decrease of 0.38% when compared to previous year figures as 100,407 units were sold, which is 383 cars less than in 2012.

In regards to 2014, the three factors which will highly influence car sales will be the Island's credit rating, the health of the local economy and if car dealers will get partial or complete exemption from the new islandwide business tax on gross receipts law (Patente Nacional), implemented by the Island's treasury department (Hacienda).

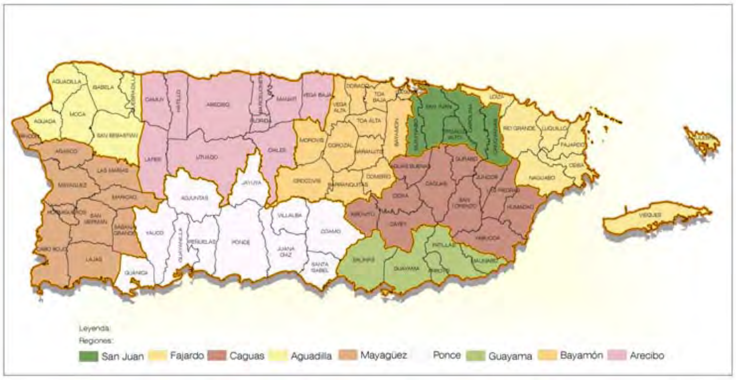
Retail Sales

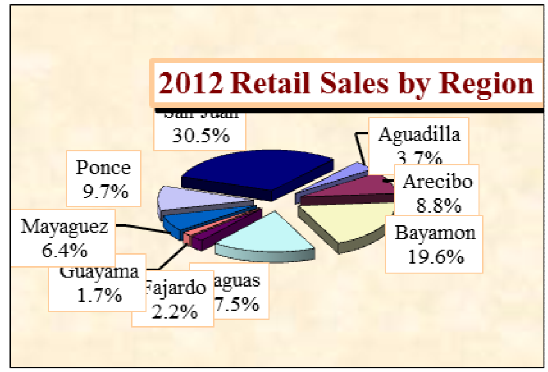
As per the most recent PR Commerce report, the following table and chart summarizes the retail sales (excluding new and used automobile sales and gasoline stations), covering nine calendar years from 2004 thru 2012



Year	Retail Sales	Change
2004	$27,416,063,718	---
2005	$30,077,044,177	9.71%
2006	$29,466,431,033	-2.03%
2007	$29,569,866,354	0.35%
2008	$29,485,702,681	-0.28%
2009	$29,650,293,324	0.56%
2010	$28,600,497,400	-3.54%
2011	$28,715,077,171	0.40%
2012	$28,878,391,571	0.57%

The reported historical retail sales for the eight full calendar years covering from 2004 to 2012, evidenced a slightly up and down trend from year to year. The highest increase was evidenced from year 2004 to 2005 at 9.7%. However, from year 2005 to 2006 a -2% decrease was evidenced. In fact, from year 2006 to 2007 a slight increase of 0.35% was evidenced, decreasing -0.28% from year 2007 to 2008, and again slightly increasing 0.56% from 2008 to 2009. Then, the 2010 numbers fell -3.54% below the 2009 retail sales numbers, which evidenced the highest decreasing indication in a year to year basis. This is consistent with the current recession which has been experienced in the Island for the past seven plus years.





On a positive note, slight increases of 0.40% and 0.57% were evidenced during 2011 and 2012, respectively.

Based on the 2012 full year most recent figures, the San Juan Region, including four other municipalities, was ranked 1st among nine Island regions, representing an average of 30.5% of the total retail sales, followed by the Bayamón and Caguas Regions, with 19.6% and 17.5%, respectively.

Moreover, the most recent retail sales figures available for last year 2013, covers the ten months period from January to October. The following table and chart summarizes and compares the retail sales (excluding new and used automobile sales and gasoline stations) covering the same 10 months period between years 2007 thru 2013, inclusive.

Year	Jan. thru Oct.	Change
2007	$23,784,607,698	---
2008	$23,955,882,351	0.72%
2009	$24,043,498,606	0.37%
2010	$23,258,400,752	-3.27%
2011	$23,328,884,882	0.30%
2012	$23,339,981,949	0.05%
2013	$23,146,018,881	-0.83%

The reported historical retail sales covering the 10 month periods (January thru October) over years 2007 thru 2013 evidenced a -2.68% total decrease. The highest decrease was evidenced from year 2009 to 2010 at -3.27%. However, subsequently, a low increasing trend of 0.3% and 0.05% was evidenced for the two following periods of 2011 and 2012. Still, if the inflation factor is considered in the analysis, a flat trend is basically evidenced. On the other hand, a -0.83% decrease was evidenced on the last 2013 period. Again, this is consistent with the current recession which has been experienced in the Island for the past few years.

Airport Passenger and Cargo Movement

Reported passenger movement at the Island's largest airport (Luis Muñoz Marin) peaked during year 2005 with 10.7 plus million passengers. However, passenger movement has been in a decreasing trend since then, forcing the main local airline carrier, American Airlines, to cancel more than 20 weekly flights mostly to the US mainland. Along this line, the 2011 period evidenced the lowest passenger movement during the past 13 years with just under 8 million passengers.

On a positive note, during 2012 an increase in passenger movement was evidenced as 8,448,172 passengers were registered which is an increase of 5.7% when compared to air passenger movement during the 2011 period which was of 7,993,381. Please note, that during the first six months of 2013, passenger movement was registered 4,282,289 which is 1.70% less than the 4,356,345 figure registered during the same months of the previous year (2012). The following table includes passenger movement at the LMM airport from 2001 to 2013 (up to June), as per the most recent available Puerto Rico Ports Authority's passenger statistics.

Year	Total Passengers	% Change
2001	9,453,564	-
2002	9,389,232	-0.7%
2003	9,716,687	3.5%
2004	10,568,986	8.8%
2005	10,768,698	1.9%
2006	10,506,118	-2.4%
2007	10,409,464	-0.9%
2008	9,378,924	-9.9%
2009	8,245,895	-12.1%
2010	8,491,257	3.0%
2011	7,993,381	-5.9%
2012	8,448,172	5.7%
2013	4,282,289*	

*Up to June 2013

Air cargo movement at the LMM International Airport from January to June of 2013 was of 1,77,204,240 pounds, which is down 3.76% when compared with the 184,133,354 pound figure registered during the same months of the previous year (2012).

Banking Sector

On April 30, 2010, the Federal Deposit Insurance Corporation (FDIC) shut down three troubled banks in the Island, which were consolidated with three other financial institutions through assisted transactions. Combined, these three institutions held about one-fifth of the Island's total bank assets, and were operating under cease-and-desist orders due to lack of capital. The three acquiring banks and the FDIC also agreed to enter into a combined $15.76 billion loss-sharing agreement.

The loss of wealth as a consequence of the drop in the prices of the local banks stock, combined with the reduction in the value of the real estate, was conservatively calculated at $45 billion, of which at least $30 billion, represented the loss of local residents and business.

Given the foregoing, the immediate future could experience a continued credit availability restriction, as the three acquiring institutions will need time to evaluate the assets and make the required adjustments in their portfolios. In addition, this scenario could potentially result in a further drop in the value of residential units, if the acquiring institutions decide to liquidate the inventory of unsold residential units at lower prices.

Along these lines, the outlook on the banking industry, as of September 30, 2013, was the following:

OCIF — Oficina del Comisionado de Instituciones Financieras — Estado Libre Asociado de Puerto Rico

Datos Estadísticos Financieros por Bancos

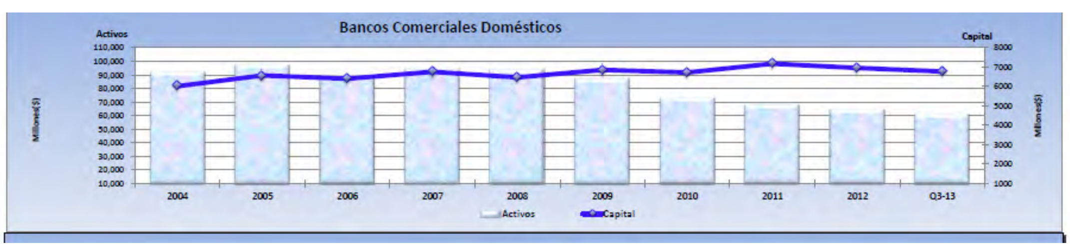
sept. 30, 2013	($,000)				Núm.
Bancos	Activos	Préstamos Netos	Depósitos	Capital	Sucursales
Bco. Popular PR	$ 25,305,000	$ 17,272,000	$ 19,539,000	$ 2,301,000	172
Scotiabank PR	5,622,498	4,378,882	3,547,293	878,852	37
Bco. Santander PR	6,707,100	5,346,670	5,730,026	823,349	55
Firstbank PR	9,619,602	7,689,377	7,410,158	1,406,242	47
Doral Bank PR	5,363,126	2,739,035	3,187,429	707,361	22
Orientalbank PR	7,399,621	5,128,822	5,625,808	609,707	56
Bco. Cooperativo PR	512,574	180,996	430,133	79,281	1
Citibank N.A	2,011,158	911,296	2,011,334	(8,415)	3
Nova Scotia PR	1,182,414	400,408	203,100	33,571	1
Banesco	23,313	22,269	24,885	(1,821)	1
Total	$ 63,746,406	$ 44,069,755	$ 47,709,166	$ 6,829,127	$ 395

1- Estos Informes incluye los bancos operando en Puerto Rico bajos las disposiciones la de la Ley Núm.55, de 1933 y el Banco Cooperativo bajo las disposiciones de la Ley Núm. 88 de 1966

2- Estos datos incluyen aquellas entidades bancarias internacionales organizadas como unidad del banco, de conformidad con las disposiciones de la Ley Núm. 52 de 1989

Source: Oficina del Comisionado de Instituciones Financieras (OCIF, by its Spanish acronym).

When comparing the total banking industry assets on a year to year basis, it is interesting to note the downward trend in purse value. The peak of the sample is year 2005, which shows the total assets of the banking industry being at $101,478,871,000, and the lowest point in the sample is the third quarter of 2013, which reports the assets being $63,746,406,000. This difference represents a 37.2% value reduction during the past ten year period. Coincidentally, the on-going recession is now entering its eighth year.



Along these lines, on February 2011, First BanCorp, the parent company of FirstBank Puerto Rico, sold $516.7 million in toxic loans at a 46.6% discount and/or a purchase price of $275.9 million. The purchaser was PRLP Ventures, comprised of Goldman, Sachs & Co. and Caribbean Property Group. FirstBank partially funded the transaction with a $138 million loan and retained a 35% equity interest.

Similarly, on September 29, 2011, Popular Inc., the parent company of Banco Popular de Puerto Rico sold a non-performing loans portfolio for $172.6 million or 45.3% of the unpaid principal balance as of March of 2011 totaling $381 million. Popular retained 24.9% ownership of the joint venture, which is controlled by a limited liability company. The purchaser (entities members) included Goldman Sachs, Caribbean Property Group LLC and East Rock Capital LLC. Moreover, on March 1, 2013, Popular Inc., announced the sale of a non-performing loans portfolio for $568 million or 55.6% of the unpaid principal balance and /or the appraised value of the foreclosed asset totaling $1,022 million. Popular received $112 million in cash, a $203 million note and a 24.9% stake of the joint venture, which is controlled by a limited liability company. The purchaser (entities members) included funds affiliated to Perella Weinberg Partners' Asset Value Strategy and Caribbean Property Group LLC.

In addition, Banco Popular announced the sale of a delinquent mortgage loan portfolio having a book value of $438 million.

Furthermore, on June 28, 2012, Oriental Financial Group, the parent company of Oriental Bank, informed the U.S. Securities and Exchange Commission, their agreement for the acquisition of BBVA Puerto Rico assets for $500 million, paying a prime of 3% over the 65% of book value median paid for transactions within the $200 and $6,000 million range within the US. As reported by the press, this transaction was closed on December of 2012, positioning Oriental as the second largest bank on the Island in terms of assets with $11,344 million and third in deposits with $5,687 million.

Finally, FirstBank entered into three new separate agreements to sell a total of $532 million bad commercial loans with a book value of $315 million, for $201 million, or 38% of the unpaid principal balance. The bank will take a pre-tax loss of about $65 million in reserves. However, upon closing the deal, FirstBank will reduce its nonperforming assets by approximately 23 percent or $282 million.

On March 28, 2013 FirstBank completed the sale to Lone Star Funds of a portfolio of non-performing and classified commercial real estate loans, construction loans, and commercial loans, with an unpaid principal balance of $378 million and a book value of $216 million. The transaction will result in a pre-tax loss, net of reserves, of approximately $60 million, including estimated transaction expenses. The purchase price for the assets is equal to 31.8 percent of the unpaid principal balance of the loans, or $120 million in an all cash transaction.

In addition, on June of 2013, FirstBank completed the sale of nonperforming residential mortgage loans with an unpaid balance of $236.6 million as well as other real estate owned (OREO) properties with an appraised value of $22.3 million.

The combined sales price for the two transactions under agreement is $81 million, or 52 percent of unpaid principal balance. These transactions will result in a pre-tax loss net of reserves of approximately $5 million, as per the bank.

Furthermore, on May 30, 2014, Doral Financial Corp. sold $242.1 million in loans to First Bank which had been previously been sold as collateral as part of a credit agreement between the parties in May 25, 2006. First Bank is still determining the accounting impact of this transaction whether or not it results in a loss.

Most of the Puerto Rican banks are losing money, but there are signs of improvement. Past due and non-accruing loans (Puerto Rico/Virgin Islands) were a median 11.69% of total loans in the fourth quarter of 2014, compared with 14.69% in 2012, according to the Federal Deposit Insurance Corp. Since the 1970's, Puerto Rico has lost 30 banks chartered on the Island.

Big banks including Wells Fargo & Co., JPMorgan Chase and Royal Bank of Canada have sold their operations. Citigroup is the only big U.S. bank left, but it sold its retail operations to Popular and kept some commercial business. In addition, the banking industry net income shows an even sharper drop in values, consistent with the eventual closing of the banks on April of 2010, with a slight recovery reported in 2011 and 2012.

A new historical scenario in the local banking industry is still in process and its impact is yet to be known. However, among other consequences, one expected to be felt in the short term is a further restriction of the available credit and drop in sales prices of residential units and a vacancy increase in commercial and office space due to expected liquidations in the inventory of unsold units, now further increased by the three banks, due to their office / commercial space consolidation. Another risk is the potential increment in interest rates and the rate of inflation given the magnitude of the US debt.

In fact, given the recent increase in foreclosures and delinquencies in home and commercial mortgage loans in the Island and the US mainland, banks have tightened their lending standards making it more difficult to qualify for middle to high-end priced residential properties as well commercial properties in general. An increase in mortgage interest rates could worsen the situation as many potential buyers would not qualify because of high mortgage payments. On the positive side, but on the long term, a stronger banking system is to be expected with the surviving banking institutions well positioned to finance the Island's economic activity.

Conclusion

The overall Puerto Rican economy worsened in the past few years, as evidenced by the statistics presented in this analysis. In addition, most local economists agree, that the turbulent pattern of the economy has not hit bottom yet, and that a substantial positive growth is not in the near future.

In addition, due to the oversupply of residential units that currently exist, the supply of development land has moved ahead of demand, which added to other struggles that have been facing the real estate market, such as higher costs of construction, labor and fuel, a difficult scenario is being defined for this segment of the market. Finally, a stoppage in the general real estate activity could lead to a domino effect reaching all income levels and economic segments of the Island.

The current market is evidencing a lot of uncertainty, fueling concerns that widespread asset devaluation may occur, especially with the elimination of jobs being experienced. Investors anticipate risk, and as such, values are exposed to some degree of risk of decline.

It is extremely hard to predict, or trying to predict, how long it will take to correct the housing and credit markets. As such, appraisers are facing a great challenge in their everyday work, with no past history to prepare them for this challenge, as there is no reliable guidance from the immediate past which only offers few transactions as true benchmarks with some, under some form of duress. On the other hand, if the only buyers available are looking for bargains, then that might be the market.

Another factor that comes into play is the lack of credit, as most people cannot buy properties due to lack of financing. In other words, there is a total disconnect between the present economy and the one that existed before the on-going recession started. However, since markets tend to overact, appraisers must be very careful with the mentality of the market which may result in more pessimism being expressed than what would be logical.

In addition, the new federal lending rules which went into effect on January 10, 2014, may result in a greater contraction in the overall real estate market as it will be more difficult to obtain loans on new homes and refinancing existing ones due to a new debt cap.

Furthermore, Puerto Rico's government is monitoring the market for its long-term debt, whose interest rates have soared above 10 percent, threatening planned bond issues. U.S. Municipal Securities Rulemaking Board, or MSRB figures showed, that Autoridad de Edificios Publicos, or AEP bonds, considered a proxy for Puerto Rican government securities, were drawing bids at 10.02 percent interest rates in early September 2013.

The soaring interest rates reflect growing concern among investors about the solvency of Puerto Rico, whose public finances are being compared to those of Detroit, which filed for bankruptcy in July of 2013. Since January 31, 2013, Puerto Rico's mutual funds, with big investments in government bonds, have lost $1.648 billion in value, totaling $9.191 billion as of August 31, 2013, according to OCIF.

Then, on 2/4/14 Standard & Poor's downgraded the Island's credit rating from BBB to BB, which is now in junk bond status. Then, three days later on 2/7/14, Moody's also followed suit in downgrading the Island's debt to junk. Furthermore, on 2/11/14, Fitch Ratings also cut Puerto Rico's credit rating to junk. This is mainly due to the Island's heavy pension obligations and weak economy. This downgrade could have serious consequences for the Puerto Rico bond market and the overall economy. The commonwealth and its government agencies have a $70 billion debt according to the GDP.

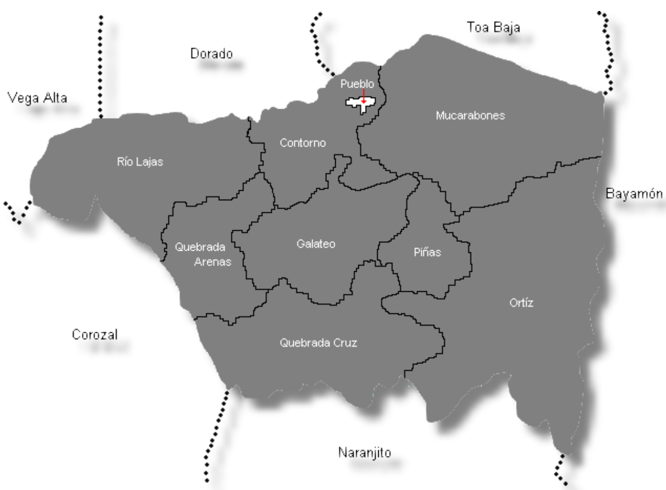
It should be noted, that Moody's has also placed on review for downgrade certain ratings of three major banks on the Island. The banks on review are Santander, Banco Popular and First Bank. As stated by Moody's, although the bank's deposit flows have remained steady during this period of heightened volatility, they will assess each bank's contingency funding plans in light of further prolonged market uncertainties.

Furthermore, the government of Puerto Rico recently sold $3.5 billion in general obligation bonds, which is the first since the three largest Wall Street ratings agencies cut its credit score to junk. The bonds were being sold at a minimum price of $100,000, luring mostly hedge fund investors in a sale handled by Barclays, Morgan Stanley and RBC Capital Markets. The bond issue had been initially set for $3 billion, but was increased to $3.5 billion due to greater demand and was price with an approximate yield of 8.727%.

On a positive note, since 2012 several billionaires have been moving to Island to take advantage of Law 22 (Law to encourage the transfer of individual investors to Puerto Rico) which was implemented in 2012. Reportedly, there are currently about 200 individuals who have moved to the Island and 75 more persons have applied and are awaiting approval by the government of Puerto Rico. This law basically allows individuals to pay no local and/or federal taxes on capital gains for persons who become residents and invest capital in the Island. Mr. John Paulsen is one of the individuals who moved to the Island and has been active in purchasing local large scale real estate properties, including the Bahia Beach Resort and Golf Club in Loiza and the Condado Vanderbilt and La Concha Hotels in Condado. Mr. Paulsen has also purchased several vacant sites within the Condado Sector and an empty lot with a steel structure within the Puerto Rico Convention Center District.

TOA ALTA MUNICIPALITY

The phase I subject project site and the subject remnant parcel of land lie near the main artery that connects the Bayamón and the Toa Alta Municipalities southern wards. As such, it is equally affected by the economics of both municipalities, mainly for its geographic location as well as for the social-economic forces of the general neighborhood.



The Toa Alta Municipality bounds on the north with the Dorado and Toa Baja Municipalities, on the east with the Bayamón Municipality, on the south with the Naranjito Municipality and on the west with the Corozal and Vega Alta Municipalities.

Three (3) main rivers systems pass through the Toa Alta Municipality including the La Plata, Bucarabones and Lajas Rivers. Other points of interest in Vega Alta include the *Cerro Gordo Public Beach*, the *Carmelita Sugar Mill*, the *Vega Alta Forest Reserve*, the *Casa Alcaldía* and the *Casa Cultural y Turismo,* to name a few.

The Toa Alta Municipality is comprised of nine (9) wards which are Ortíz, Mucarabones, Galateo, Quebrada Arenas, Río Lajas, Contorno, Mucarabones, Pueblo and the Subject Piñas Wards.

The Toa Alta Municipality covers an area of 27 square miles and as of the last official Census of Population and Housing published by the U.S. Department of Commerce (Bureau of the Census) dated 2010, had a population of 74,066 inhabitants, which is 10,137 persons more than in 2000.

The following table lists the Toa Alta Municipality's population from 1960 to 2010.

YEAR	1960	1970	1980	1990	2000	2010
Population	15,711	18,964	31,910	44,101	63,929	74,066
% Change	N/A	20.71%	68.27%	38.20%	44.96%	15.86%

From 1970 to 2010, Toa Alta's Municipality's population evidenced a strong consistent growth rate of about 7% per year. The largest increase in terms of persons was evidenced during the 1990 to 2000 period with 19,828 new inhabitants registered. However, during the past decade, population levels within Toa Alta Municipality grew at about less than half the amount of the previous decade, or at 15.86%.

In terms of housing units, the Toa Alta Municipality evidenced an increase of 28.14% from 21,075 units in 2000 to 27,006 units in 2010, or 5,931 units more. This figure is slightly less than the increase of housing units in the Toa Alta Municipality during the 1990 to 2000 period which grew from 13,376 to 21,075, or 7,699 units more. It should be mentioned, that out of the 27,006 total housing units in the Toa Alta Municipality, 24,515 units were occupied and 2,491 units were vacant.

The two main thoroughfares that provide access to the Toa Alta Municipality are PR-165 and PR-165-R, both running parallel in a southern direction from their respective intersections with PR-2 and PR-22 (the José De Diego Expressway), which run parallel in an east to west direction from the San Juan Metropolitan Area (SJMA) to the northwestern sectors and municipalities of the Island, providing good linkages with other main arteries that lead to other interior parts of the Island.

The phase I subject project site and the subject remnant parcel of land lie in an interior urban location on the southeastern outskirts of the Toa Alta Municipality, approximately 0.25 miles south from the intersection of PR-861 with PR-828. PR-861 runs in an east to west direction from its intersection with PR-839 in the Bayamón Municipality, ending at its intersection with PR-824 and PR-8861, the latter leading north to its intersection with PR-165, Toa Alta Municipality's main artery. From the subject's, PR-828 continues south to its intersection with PR-167, a main artery that runs from its north at the Toa Baja Municipality, passes across the Bayamón, Toa Alta, Naranjito and Comerío Municipalities, where it ends at its southernmost section.

PR-861 is a two (2) lane artery, which until recently was considered a tertiary rural road. Its interior location (2 miles south from PR-2) from main arteries and the existing and recent past residential and commercial developments have created heavy traffic at all times of the day along this route. However, alternate routes that connect to secondary arteries like PR-199 (Las Cumbres Avenue) are possible through Los Dominicos and Castilglioni Avenues, respectively, both within short driving distances north and east from the subject. In addition, PR-167 can be accessed just a short distance south from the subject through PR-828. Both PR-199 and PR-167 are main area arteries that connect to their north with PR-2 and PR-22.

Alternate routes of access to PR-2 from the subject is a short car ride north to the PR-828 intersection with PR-861, turning west towards the intersection with PR-819 and then north to the intersection with PR-863, finally turning northwest to the intersection with PR-2.

The immediate subject neighborhood includes several established residential developments such as the Toa Linda, Colinas del Plata and Toa Alta Heights Residential Subdivisions, which are low to low middle income developments having sales prices in the general $90,000 to $130,000 range. The Campos del Toa and Paseos del Plata Residential Subdivisions are also located within the subject immediate neighborhood and have higher sales prices in the general $130,000 to $170,000 range.

Commerical uses within the subject immediate neighborhood are mainly located along PR-828 and PR-861 and include restaurants, car shops, bars, small retail stores, gas stations, etc. Other complimentary uses include religious facilities and schools.

In general terms, the subject neighborhood is served by public utilities that are typical, such as potable water, electricity, telephone, sanitary and storm sewer systems. Other typical services such as police protection, fire fighting, street clean-up, garbage collection and postal services, are rendered by the commonwealth, municipal and federal governments. Public transportation is typical and is available by "*publicos*" at reasonable fares. Public and private educational facilities, hospitals, churches and employment centers, are also available within convenient driving distances from the subject Toa Alta Municipality.

Finally, it should be mentioned, that there are several residential projects located within the subject Toa Alta Municipality and the neighboring Bayamon, Vega Alta and Toa Baja Municipalities that were previously foreclosed on by their sponsored banks and later sold to private investors which are currently selling units at significantly reduced prices from their original sales prices. This has inherently affected property values in all market levels of the subject general area and is a trend that is expected to continue until and demand and supply factors balance out sometime in the future.

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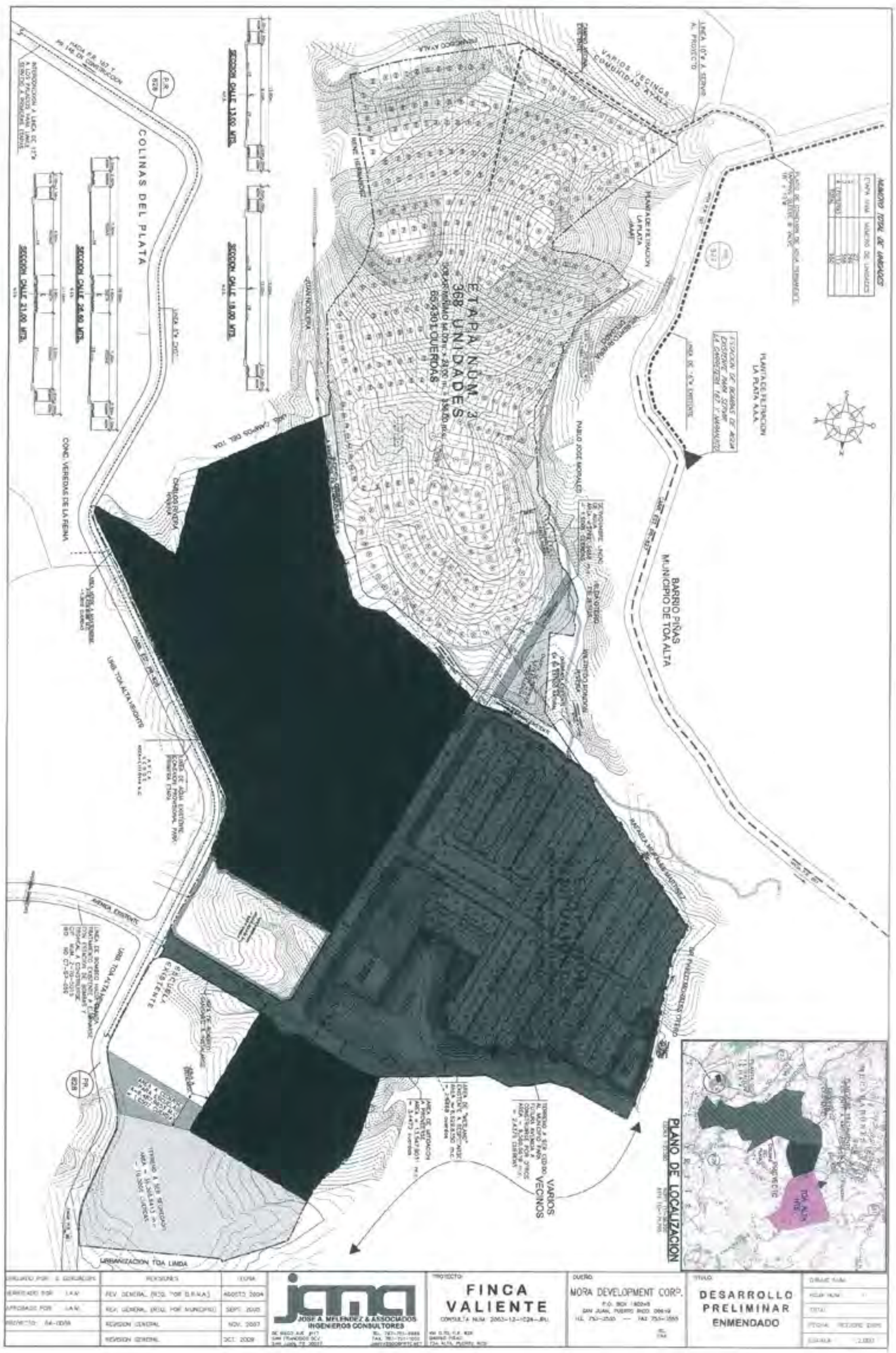
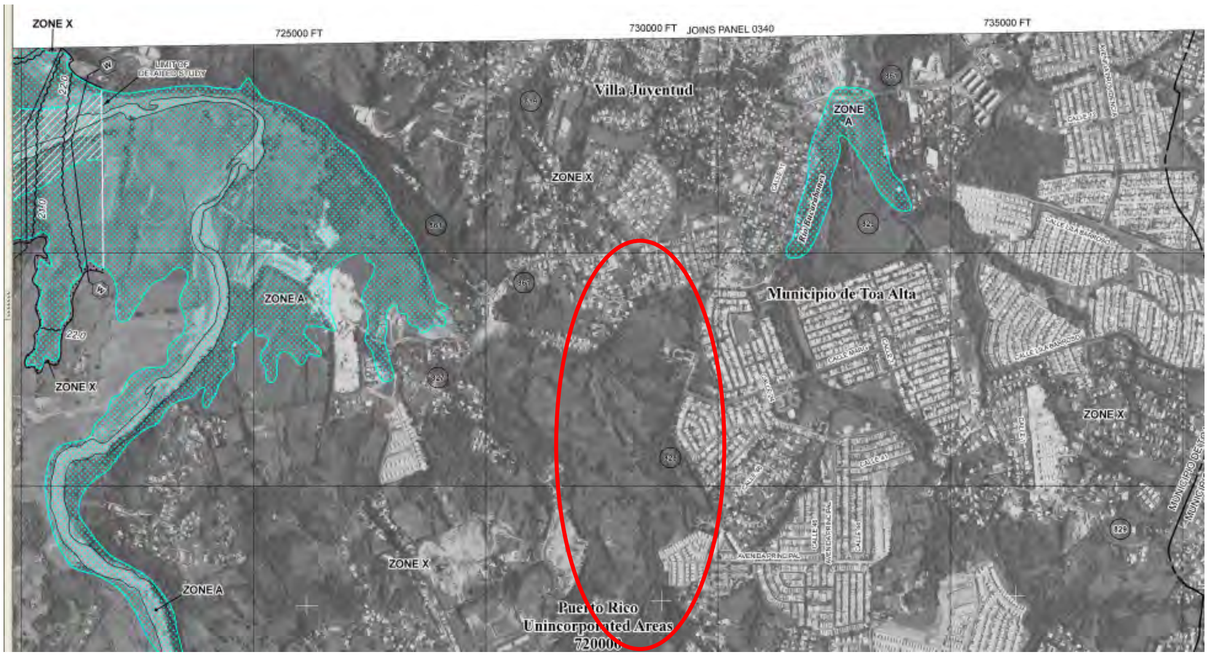
Site Data and Analysis

SITE DESCRIPTION	
Phase I Subject Project Site	39.0975 Cuerdas
Remnant Parcel of Land	142.2213 Cuerdas
Overall Finca Valiente Site	181.3188 Cuerdas
Street frontage	The overall Finca Valiente parcel has frontage to PR-828 in part of its eastern section.
Shape	The phase I subject project site and the subject remnant parcel of land have an irregular configuration, but with adequate width to depth relationship for their contemplated future residential and commercial developments.
Boundary Limits (Overall Finca Valiente Site)	**North:** Various owners and the Toa Linda Residential Development. **South:** Various owners. **East:** PR-828 the Campos del Toa Residential Development. **West:** Various owners and the La Plata Filtration Plant (AAA).
Topography	Level to gently sloping.
Zoning District	R-I (Intermediate Residential) & UR (Developable Area) as per the Toa Alta Municipality zoning map in force since 9/5/12.
Soil Conditions	Assumed stable.
Flood Panel No. **Map Revised** **Flood Zone**	72000C-0705-J. November 18, 2009. Zone X.
Soil Conditions	The appraisers have not performed, nor have they examined any subsoil studies prepared for the phase I subject project site and/or the subject remnant parcel of land. For purposes of this appraisal, the phase I subject project site and the subject remnant parcel of land are assumed to be adaptable for normal usage without abnormal expenditures.
Easements, Encroachments and Expropriations	The overall Finca Valiente parcel has a conservation easement for a creek that runs along the middle section of the property. However, other than this conservation easement and the typical utility easements, the appraisers assume, that the lands subject of this appraisal report are free of easements, encroachments and contemplated expropriations.
Services	The phase I subject project site and the subject remnant parcel of land are located within a urban area, which has been improved with the services necessary for the existing uses, including electricity, sanitary and storm sewer system, telephone and potable water. However, the availability of capacity and/or connection rights to any or all other public utilities have not been determined by the appraisers.
Environmental Impact	No environmental and/or hazardous materials impact studies were made in conjunction with this appraisal report. The value opinions contained herein could be impacted by subsequent impact studies, research, investigations and resulting governmental actions.
Property Taxes	The value opinions reported in this appraisal report disregards any existing tax liability that might be pending and no liability is assumed by the appraisers in this respect.
Hazardous Materials	No potential signs of hazardous materials, that could have a significant negative impact, were noted on the phase I subject project site and/or the subject remnant parcel of land, after visually inspecting them and their surroundings. Nevertheless, the appraisers are not qualified to detect any such substances. Therefore, the values reported in this appraisal report are predicated on the assumption, that there are no such materials affecting the phase I subject project site and/or the subject remnant parcel of land.
ARPE Preliminary Development Permit	Case No. 08DX2-CET02-03854, approved on 8/23/10 and issued on 8/24/10.

SITE MAP


COLINAS DEL PLATA
BARRIO PIÑAS
MUNICIPIO DE TOA ALTA
VARIOS VECINOS
PLANO DE LOCALIZACION
FINCA
VALIENTE
MORA DEVELOPMENT CORP.
DESARROLLO
PRELIMINAR
ENMENDADO
URBANIZACION TOA LINDA

FLOOD MAP


ZONE X
725000 FT
730000 FT
JOINS PANEL 0340
735000 FT
Villa Juventud
ZONE A
ZONE X
ZONE A
Municipio de Toa Alta
ZONE X
ZONE X
ZONE X
ZONE A
Puerto Rico
Unincorporated Areas

Improvement Analysis

The proposed subject project is being appraised as per the plans and specifications furnished by the client/lender, as submitted by the project's sponsor/developer and prepared by A.C.C. Architects, PSC. However, as per the effective date of this report, some of the project's specifications have not been formally finalized. Consequently, the values reported in this appraisal report assume no significant changes to the plans and specifications submitted.

General Project Description:

No. of Units	201	**Car Storage**	2 Car Carport	**Year Built / Condition**	Proposed / New
No. of Stories	1 Story	**Ceiling Heights**	8'-6"	**Quality**	Ave.
Room Count	3BR-2BA	**Gross Living Area**	1,225 sq. ft.	**No. of End Corner Locations**	45
Basic Site Area	334 m^2	**Gross Construction Area**	1,665 sq. ft.	**Recreational/ Communal Facilities**	Not Yet Determined

The proposed phase I subject project will be built on a 39.0975 cuerda site and will be comprised by 201 one story single family dwellings. The proposed subject dwellings will have approximately 1,225 square feet of gross living area (GLA) with a 3BR-2BA floor layout and will include a two car carport and a small porch. Basic and/or minimum site areas will be of 334 square meters.

Individual Room Distribution: The unit will include an entry porch, a living room, a dining room, a kitchen with a laundry room, three bedrooms with the master bedroom having a walking closet, two full baths and a two car carport.

Construction Areas in Square Feet:

Gross Living Area	Carport Area	Porch	Gross Construction Area per Unit	No. of Units	Cumulative Roofed Area
1,225	420	20	1,665	201	334,665

Finishes and Specifications:

FOUNDATION	Reinforced concrete slab on compacted fill.
FRAME (EXTERIOR WALLS)	Reinforced concrete and concrete blocks with masonry, cement plastered and painted.
INTERIOR WALLS	Reinforced concrete, concrete blocks, smooth cement plastered and painted.
CEILINGS	Cement plastered and painted.
FLOORS	**Living areas:** Ceramic tiles. **Bathrooms:** Ceramic tiles. **Entrance Porch**:. Smooth cement finish **Two Car Carport**: Smooth cement finish.
DOORS	**Main Entrance Door**: Aluminum and glass. **Kitchen Exit Door Towards Carport:** Solid wood core. **Interior Rooms**: Semi-solid wood core. **Bedroom Closets:** Glass mirrored aluminum frame doors.
WINDOWS	Aluminum Jalousies Windows.
KITCHEN	**Provides space for:** refrigerator, double sink and range/oven* **Cabinets:** Details on kitchen cabinets were not provided.
LAUNDRY	Utility sink, rough-ins for built-in washer/dryer machines and water heater*.
BATHROOMS	**Bathroom:** Will include a bathtub, a toilet and a lavatory basin.
OTHERS	All rooms and/or areas will have an adequate number of electric outlets or receptacles and outlets for lighting fixtures, typical with market standards.

*With the exception of the sinks and the electric water heater, none of the electrical appliances will be included.

ADA Compliance: Reportedly, all accessibility measures have already been taken into consideration to comply with ADA regulations. Consequently, it is assumed, that the overall phase I Finca Valiente Residential Subdivision project's design complies with the minimum requirements of the American with Disabilities Act (ADA) of 1990.

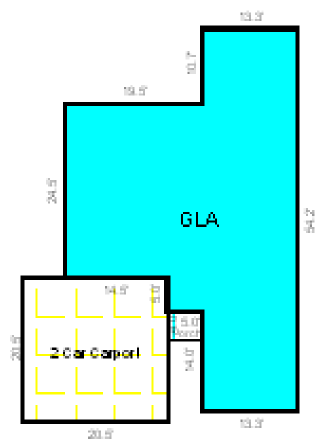
SKETCH/AREA TABLE ADDENDUM

File No. Fincavaliente

SUBJECT

Property Address	Model Unit Phase I the Finca Valiente Dev.
City	Toa Alta
State	PR
Zip	
Borrower	
Lender/Client	Doral Bank
Appraiser Name	Vallejo & Vallejo

IMPROVEMENTS SKETCH



AREA CALCULATIONS

AREA CALCULATIONS SUMMARY

Code	Description	Net Size	Net Totals
GLA1	First Floor	1225.4	1225.4
P/P	Porch	20.0	20.0
GAR	Carport	420.2	420.2
Net LIVABLE Area		(Rounded)	1225

LIVING AREA BREAKDOWN

Breakdown	Subtotals
First Floor	
5.0 x 29.5	147.5
14.5 x 24.5	355.3
13.3 x 54.2	722.6
3 Items (Rounded)	1225

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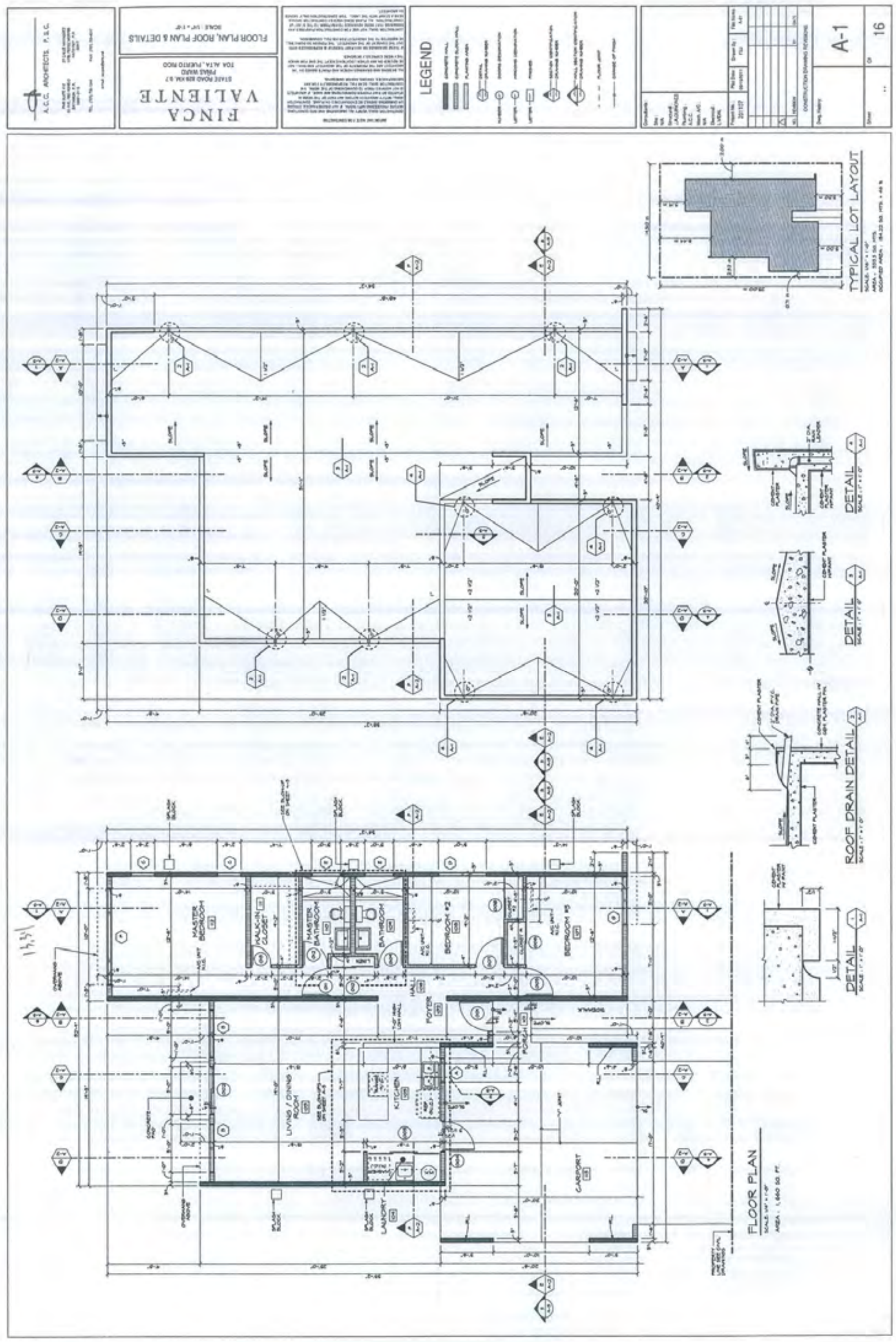

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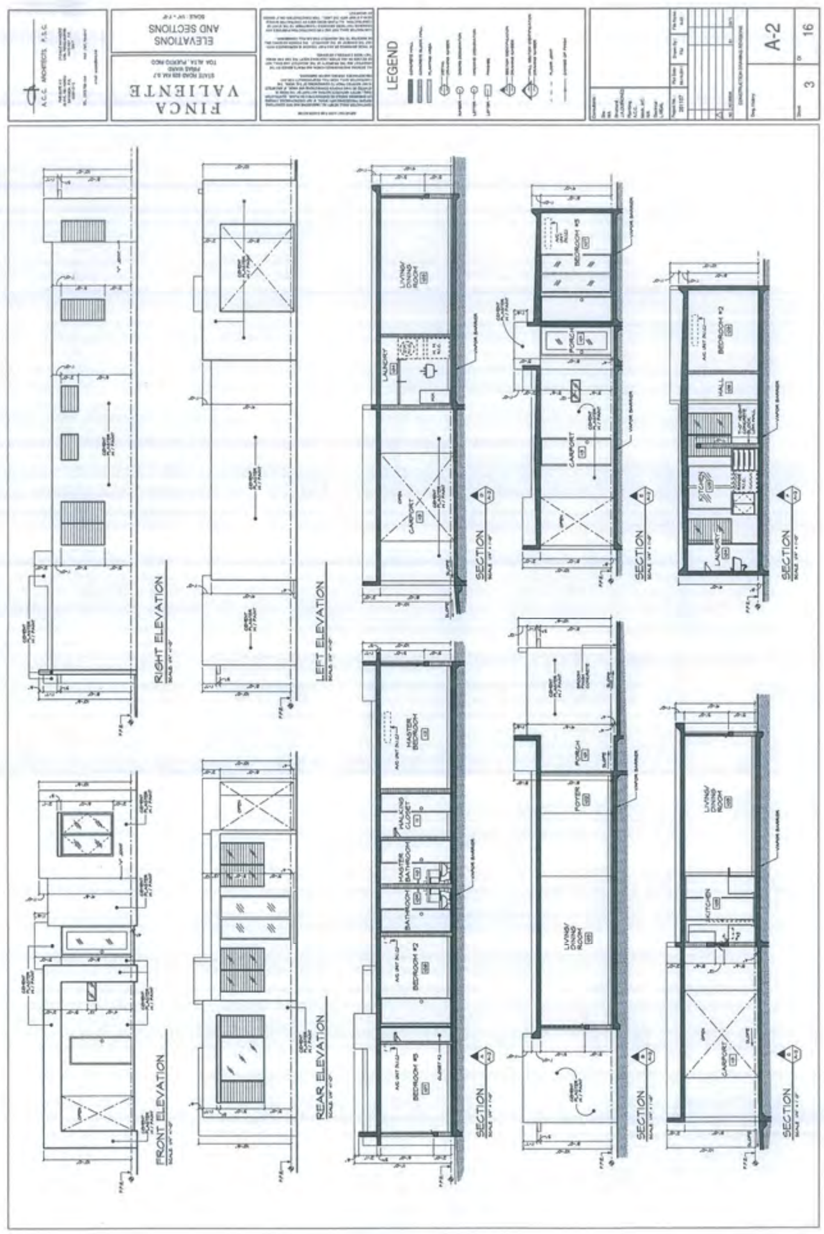
FINCA
VALIENTE
ELEVATIONS
AND SECTIONS
LEGEND
A-2
RIGHT ELEVATION
LEFT ELEVATION
FRONT ELEVATION
REAR ELEVATION
SECTION
SECTION
SECTION
SECTION
SECTION
SECTION

Highest and Best Use Analysis

Highest and best use is defined in the Dictionary of Real Estate Appraisal (5th Edition-2010) published by the Appraisal Institute, as "**the reasonably probable and legal use of vacant land or an improved property, which is physically possible, appropriately supported, financially feasible, and that results in the highest value. The four criteria the highest and best use must meet are legal permissibility, physical possibility, financial feasibility, and maximum productivity**. **Alternatively, the probable use of land or improved property, specific with respect to the user and timing of the use, that is adequately supported and results in the highest present value."**

Typically, in estimating the highest and best use of a property, the highest and best use of the land is first considered as if vacant and available for use, and then the highest and best use of the improved property as a whole is considered. Since the phase I subject project site and the subject remnant parcel of land consists of vacant land, only one analysis is required in this appraisal report.

The theory of highest and best use requires the appraisers to distinguish from among all possible uses, that use which would represent the highest property value as of the effective date of appraisal.

There are four major types of urban land uses, namely residential, commercial, industrial and public. The distinguishing factor in the development of land value is its immobility. Therefore, its location is the concept which determines its use and potential productivity.

As previously mentioned, the phase I subject project site and the subject remnant parcel of land are located in an urban area of the Toa Alta Municipality, within a very close distance to the adjacent/bounding Bayamon Municipality, enjoying adequate routes of access. The phase I subject project site and the subject remnant parcel of land have a level to gently sloping topography and an irregular shape, but with an adequate width to depth relationship for their contemplated future residential and commercial developments. In addition, typical utilities including water, electricity, sanitary and storm sewer system and telephone are readily available in the immediate vicinity.

Usually, land has to be used in conformity with the uses established by the Planning Board and/or the zoning maps that govern the area where a given site/parcel is located. The main reason for this, is to limit the conversion to uses not in conformity with the neighborhood. In essence, the zoning of a given site/parcel represents the aspect of the concept of highest and best use, since it regulates the uses that said site/parcel can be potentially dedicated to.

The phase I subject project site is currently zoned R-I (Intermediate Residential) & UR (Developable Area), as per the Toa Alta Municipality zoning map in force 9/5/12. Based on this zoning restriction, the 201 single family residential dwellings proposed at the phase I subject project site are legally permissible.

In addition, on 8/24/10, ARPE issued a preliminary development approval for Case No. 08DX2-CET02-03854, allowing for the development of a single family residential subdivision at the phase I subject project site, according to the plans and specifications submitted for the preparation this appraisal report.

Consequently, the foregoing facts tend to indicate, that the highest and best use of the phase I subject project site, is its proposed residential subdivision development as approved. Said use would be typical of, and in harmony with, recent past general and immediate neighborhood uses and past development trends.

A residential subdivision project will be typically of, an in conformity with, general and immediate area uses, in addition to being legally permissible, and physically possible. Moreover, in the past, this use proved to be financially feasible within comparable and competitive Island locations, with units in a lower price range, and would result in maximum profitability.

The subject remnant parcel of land is comprised by 142.2213 cuerdas and is the future site of the phases II, III and IV, to be comprised by 269, 368 and 112 units, respectively. It should be mentioned, that the remnant parcel of land also includes a proposed commercial pad, wetland areas and land areas to be transferred to other third parties. Please note, that for purposes of this analysis, the area of the lands to be transferred to other third parties, which add up to 14.0888 cuerdas, will be excluded and will not be valued. Thus, the subject remnant parcel of land to be valued consists of 128.1325 cuerdas.

Of these 128.1325 cuerdas of remnant area to be valued, 122.489 cuerdas consists of developable area and 5.6435 cuerdas consists of wetland and mitigation areas.

Based on current market conditions, and considering the four year absorption period being estimated for the phase I subject units, the highest and best use of the subject remnant parcel's residential component is to hold for future development. As for the commercial pad, its viability is heavily dependent on the final completion of the overall Finca Valiente project to be comprised by 950 units. Thus, the highest and best use of the subject remnant's commercial component is to hold for future development until most of the overall Finca Valiente project has been completed.

Finally, it is evident that the highest and best of the wetland and mitigation area is for conservation.

The Valuation Process

Typically, there are three (3) basic approaches that may be used by appraisers in forming an opinion of market value, which provide data from the market from three (3) different areas when all are available. They are the cost approach, the sales comparison approach and the income capitalization approach.

The cost approach has as its premise, the valuation of the site of the property under appraisal, as if vacant, by comparison with other competitive vacant sites that have sold in the recent past, making market extracted and/or driven adjustments, if any, for differences to indicate a site value. To this site value, the estimated cost to reproduce or replace the improvements of the property being appraised is added, less any loss in value (depreciation) that might have transpired or taken place. This approach to value is mainly based on the economic principle of substitution.

The sales comparison approach has as its premise, a comparison of the property being appraised, with other competitive properties of similar design, utility and use, that have sold in the recent past. To indicate a value for the property under appraisal, market extracted and/or driven adjustments, if any, are made to the comparable sales in order to account for differences with the property being appraised. This approach to value is also mainly based on the economic principle of substitution.

The income capitalization approach, as used for investment properties, has as its premise, the estimation of the amount of the net income the property under appraisal is generating, or could potentially generate, which when capitalized in a manner that is commensurate with the risk and life expectancy of the improvements, will indicate the present value of the income stream. This approach to value is mainly based on the economic principle of anticipation.

Normally, these (3) three approaches will each indicate a different value. After all the factors in each of the approaches have been carefully weighed, the indications of value derived from each of the approaches are reconciled to arrive at a final value conclusion.

The proposed phase I subject project under appraisal is proposed and is being appraised as a total sales package. Therefore, the traditional income capitalization approach is not applicable in its valuation analysis. The intention of the sponsor/developer of the phase I subject project is to sell the proposed phase I subject units. Consequently, the only income to be generated by the phase I subject project will be the receipts from the sales of the proposed phase I subject units, which will be considered in the development (sales comparison) approach.

This appraisal reports two project values. First, the value resulting from the sum total of the sellout of the proposed individual phase I subject units or the project's aggregate of retail values, and second, the project's discounted value and/or its value to a single purchaser, after deductions for the associated carrying costs, sales and legal expenses, and profit. In addition, the market values of the phase I subject project site and the subject remnant parcel of land are also reported.

Therefore, the valuation of the proposed phase I subject project is best measured by the development (sales comparison) approach, which reflects recent past market activity of similar residential projects, combined with present date supply/demand relationships and immediate future expectations. In appraising units in residential projects, the sales comparison approach is typically, not only the best value indicator appraisers have, but also usually the only reliable one.

Consequently, this is the approach to value that will be used in arriving at the individual market values of the proposed phase I subject units, in order to arrive at the aggregate of retail values of the proposed phase I subject project and then, at its discounted value and/or value to a single purchaser.

The cost approach was developed. However, it is not an aggregate method in delineating a conclusion of value in appraising a total residential project. Nevertheless, it is of utmost importance in determining the feasibility of a proposed project, as the income from sales should exceed the development cost by a sufficient profit amount.

The Cost Approach

Typically, there are six valuation procedures and/or techniques that may be used by appraisers to delineate land market value. These six procedures and/or techniques are sales comparison, allocation, extraction, subdivision development, land residual and ground rent capitalization. All these procedures and/or techniques are derived from the three basic approaches to value, which are the previously covered cost approach, sales comparison approach and income capitalization approach.

In the valuation of vacant land, such as the phase I subject project site and the subject remnant parcel of land, the most applicable approach and the one that typically tends to give the most reliable indication of value is the sales comparison approach, considering that a number of comparable and competitive transactions are available. Therefore, this is the approach that will be used to arrive at the indications of value for the phase I subject project site and the subject remnant parcel of land.

Consequently, for the purpose of arriving at an indication of the fee simple market values of the phase I subject project site and the subject remnant parcel of land by the sales comparison approach, and considering their highest and best uses, the most recent transactions of vacant sites purchased for single family residential projects, commercial pads and for conservation uses within competitive locations of the Island were gathered.

The different areas were visited and a visual inspection of the properties involved in the transactions was made. The data pertaining to the listed sales was verified with at least one of the parties involved in the transactions and the public records at the respective Property Registry offices and/or the CRIM office in San Juan. The transactions gathered are summarized in the following table and their detailed descriptions have been kept in our office files.

Phase I Subject Project Site

SUMMARY OF RESIDETNIAL COMPARABLE LAND SALES

Sale	Project Name / Location	Date of Sale	Area In Cuerdas	No. of Units	Density	Sales Price	Price per Cuerda (Rd)	Price per Unit (Rd)
1	Villas del Este Remnant / Gurabo	4/11	27.11	147	5.4	$1,900,000	$70,000	$13,000
2	Maria del Valle / Morovis	6/11	39.91	248	6.2	$1,460,553	$36,500	$6,000
3	Los Arboles / Añasco	2/12	8.34	55	6.6	$400,000	$48,000	$7,500
4	West of PR-153 and North of PR-53 / Santa Isabel	2/12	12.79	103	8.1	$600,000	$47,000	$5,800
5	Estancias de los Artesanos / Las Piedras	3/13	74.21	450	6.0	$3,825,000	$51,500	$8,500

The appraisers have listed five closed/deeded sales of parcels of land purchased for the development of single family residential subdivision projects lying within competitive locations of the Island. These transactions took place from early 2011 to early 2013 and will be used to derive the market value in fee simple of the subject residential components by the sales comparison approach. The transactions gathered vary in size from 8.34 to 74.21 cuerdas and the properties sold within a $36,500 to $70,000 per cuerda range and/or $5,800 to $13,000 per unit range. In addition, their densities range from a low of 5.4 to a high of 8.1 units per cuerda.

Conventional appraisal methodology within the development of the sales comparison approach for the valuation of vacant parcels of land typically requires appraisers to fully describe each of the comparable sales in order to weigh their characteristics (superior, similar or inferior) against those of the property under appraisal, making adjustments to quantify for any differences.

However, the subject residential land components have a few unique characteristics, such as their specific location, their topography, their size, their shape, their current zoning restrictions, the approved development density and their highest and best uses. Consideration of all these factors makes subject residential land components different in specific terms to all the land transactions gathered, which in theory means, that the market data available is not truly, ideally comparable.

By the same token, each of the listed transactions has its own unique characteristics. As a matter of fact, after pairing the transactions to one another, no specific and/or clear trends can be extracted for differences in passage of time, locations, sizes, topographies, number of units and densities.

This situation reflects the typical imperfect nature of real estate markets, meaning that the market data available is not perfect enough, or sufficient enough, to derive specific adjustments between the specific characteristics of the transactions gathered and those of the subjects of appraisal and consequently, requires the appraisers to interpret the available market data in a broad logical manner.

In viewing the market data from a general standpoint, the reader can visualize, that the unitary prices per cuerda of the listed transactions range from a low of $36,500 to a high of $70,000, while the prices per unit on a density basis, range from a low of $5,800 to a high of $13,000.

However, because of the differences in densities among the market data, it is most logical and reasonable, that the valuation analysis be developed on the price per unit indications, rather than on the price per cuerda indications.

A statistical analysis of the foregoing sales results in a mean of $8,160 per unit, a mid-point of $9,400 per unit and a median of $7,500 per unit, initially pointing towards a rounded figure of $8,000 per unit. However, based on current market conditions, in which property values within the subject general area have evidenced a steady decline during the past few years, and taking into account the proposed project's feasibility, a figure near the lower end of the range, say of $6,000 per unit, is comfortably concluded, which provides for the following market value figure for the phase I subject project site: $6,000 per unit x 201 units = $1,200,000 (Rd).

Subject Remnant Parcel of Land

The subject remnant parcel of land is comprised by 142.2213 cuerdas and is contemplated as the future site of phases II, III and IV to be comprised by 269, 368 and 112 units, respectively. It should be mentioned, that the remnant parcel of land also includes a proposed commercial pad, wetland areas and land areas to be transferred to other third parties. Please note, that for purposes of this analysis, the area of the lands to be transferred to other third parties, which add up to 14.0888 cuerdas, will be excluded and will not be valued. Thus, the subject remnant parcel of land to be valued consists of 128.1325 cuerdas. However, for logical reasons, the residential, the commercial and the wetland/mitigation components of the subject remnant parcel of land will be valued separately.

Residential Component

The residential component of the subject remnant parcel of land is proposed to be the future site of phases II, III and IV, to be comprised by 269, 368 and 112 units, respectively, for a total of 749 units.

As previously mentioned, most of the on and off site development work which will benefit the overall Finca Valiente parcel, including the phase I subject site and the subject remnant parcel of land, will be performed during the construction of the phase I subject project. As such, and as per your request, the valuation of the subject remnant parcel will assume that the proposed site work will be performed. Thus, this valuation analysis is based on the extraordinary assumption, that all of the on and off site development work proposed for the overall Finca Valiente parcel has been performed as per the plans and specifications submitted.

Based on the foregoing, a figure in the upper end of the per unit range, say a figure of $13,000 per unit, is comfortably concluded, which provides for the following market value figure: $13,000 per unit x 749 units = $9,740,000 (Rd).

However, given that the development of this remnant parcel will most probably take place when most of the phase I subject units have been absorbed, or 4 years from now, some discounting must be considered. As such, it will be assumed, that the development of the subject remnant parcel could start 3 years from now.

As per the most recent PWC Real Estate Investor Survey (formerly known as Korpacz) dated second quarter 2014, discount rates (IRR – rate on unleveraged, all-cash transactions) for the national development land market segment are as follows:

PWC Real Estate Investor Survey Discount Rates (IRR's) Including Developer's Profit	
Second Quarter 2014	
Range	10.00% - 25.00%
Average	18.15%

The foregoing discount rates refer to vacant but improved land with entitlements and infrastructure, to be subsequently sold to individual builders, which carry a higher level of risk than vacant raw land parcels of land with no entitlements, and in turn, a higher discount rate. Thus, considering that the subject's remnant residential component is being considered as a partially improved parcel of land with preliminary entitlements three years from now, a figure near the average of the range, say of 20%, is comfortably concluded. In summary,

Market Value of the Subject Remnant Parcel's Residential Component	Discounting Period	Present Worth Factor at 20%	Market Value (Rd)
$9,740,0000	3 years	0.578704	$5,635,000

Commercial Component

The commercial component of the subject remnant parcel of land is comprised by 5.4277 cuerdas and/or 21,332.98 square meters and has good frontage to PR-828 to its east. This commercial component also bounds with the proposed Finca Valiente entrance road to the north and west and the proposed phase II future project to the south.

In order to estimate the market value of subject's remnant commercial component, the appraisers have listed several comparable sales of sites which were purchased for similar type commercial developments within competitive locations of the Island. In summary,

SUMMARY OF SITES OR PARCELS TRANSACTIONS

Sale No.	Location	Date of Sale	Sales Price	Zoning	Parcel Area in SM	Price per SM
1	PR-2, marginal street, Pueblo ward, Hatillo	May 2012	$3,000,000	AG	34,587	$87
2	Kilometer 4.8 of PR-169, Balcones de Guaynabo Dev., Guaynabo	June 2013	$1,000,000	C-2	5,549	$180
3	Pablo Aguilar Avenue, Pueblo Ward, Hatillo	January 2013	$550,000	C-1	5,895	$93
4	PR-3 corner of PR-923, Rio Abajo Ward, Humacao	September 2013	$6,000,000	C-C	52,212	$115
5	Corner of PR-861 and PR-862, Bayamon	January 2014	$885,070	I-L	40,770	$22

The five (5) listed transactions vary in size from 5,549 to 40,770 sq. mts and sold within an unitary price range of $22 to $115 per square meter. They enjoy good commercial exposure to traffic and adequate access capabilities provided by main arteries of their vicinities.

Following is a brief description of the listed comparable transactions gathered.

Sale 1 refers to a 34,587.43 square meter site located at the marginal street to PR-2 in the Pueblo Ward of the Hatillo Municipality. This property's adjacent parcel is improved with an Amigo supermarket operated on a land lease contract. It was sold to a confidential buyer by the US Marshalls for $3,000,000, providing for a $87 per square meter indication.

This site enjoys development permits under a C-2 zoning, an irregular shape and a level topography. It also enjoys a more urban, superior location to that of the subject's in terms of its denser Hatillo-Arecibo retail location, suggesting some negative considerations. Yet, it carries certain inherent traits of a distress sale and represents a larger size, suggesting positive considerations, which are considered to more than offset any negative considerations. As such, its $87 per square meter indication is considered to set a general value level for the subject commercial component.

Sale 2 refers to the site of the on-going Balcones de Guaynabo residential and commercial development located at kilometer 4.8 of PR-169. The overall site area of this development is comprised by 24,362 square meters of which 12,493 square meters are for the residential component and 5,549 square meters are for the commercial component. The remaining 6,320 square meter area is for public uses. The overall site area was purchased on June 20, 2012 for $3,200,000 by FGB Development Corporation. As per the lot size rectification, segregation, public use delineation and purchase deed, the owner/buyer attributed a land value of $1,000,000 to the commercial lot (Lot A-2) and the remaining $2,200,000 value to the residential lot (Lot A-1). As such, the unitary value of the commercial component is of $180 per square meter. Reportedly, this commercial lot will include two adjacent/bounding structures to be dedicated to restaurant uses.

Based on its superior location and its small size area, this sale $180 per square meter indication sets an upper limit of value for the subject commercial component.

Sale 3 refers to two adjacent/bounding vacant lots totaling 5,895 square meters and located along PR-130, also known as Pablo Aguilar Avenue in the Pueblo Ward of the Hatillo Municipality, close to PR-2. This site was purchased on January of 2013 for $550,000 or $93 per square meter, by Dr. Edrick Ramirez for the development of a health care clinic and medical offices. Thus sale's location is considered similar to that of the subject. However, based on its smaller size, this sale's $93 per square meter indication sets an upper limit of value for the subject commercial componet.

Sale 4 refers to a site which was optioned in May of 2011 and closed in September of 2013. This commercial (C-C) zoned vacant raw land parcel comprises 13.28 cuerdas and/or 52,212 square meters and is located at the corner of PR-3 and PR-923 in the Rio Abajo Ward of the Humacao Municipality, across PR-923 from the Plaza Palma Real regional shopping center. The property is the proposed site of a Home Depot big-box store. It was purchased on September of 2013 for $6,000,000 or $115 per square meter.

This parcel has ample frontage to both PR-3 and PR-923 arteries. Still, it lies below grade level in respect to PR-3. The tract enjoys a semi-level topography, a rectangular configuration and was historically used for cattle grazing pasture.

This property neighborhood characteristic, frontage to PR-3 and PR-923, mostly level topography and specific location next to a major retail center of the area, are considered competitive to that of the subject. In spite of this parcel slightly larger size, its superior utility and buyer (Home Depot) business considerations suggest some negative considerations. Thus, its $115 per square meter indication is considered to provide an upper limit of value for the subject commercial component.

Sale 5 refers to a 40,771 square meter site located at the corner of PR-861 and PR-862 in the Bayamon Municipality, just at the boundary with the Toa Alta Municipality. This property was purchased on January 2014 by The Sembler Company for $885,070 or $22 per square meter.

The seller was Banco Popular de Puerto Rico who repossessed this property several months earlier. Please note, that the new buyers are currently performing site work at this site which reportedly will be for a small retail center. Although PR-861 and PR-862 are interior roads, they are highly transited arteries connecting Bayamon and the Toa Alta Municipalities. Overall, this site has a similar commercial exposure to that of the subject.

Thus, given this sale's larger size and the fact that it was a resale of a foreclosure, this $22 per square meter figure sets a lower limit of value for the subject commercial component.

Value Conclusion

Overall, the listed transactions enjoy competitive economics for commercial development and good locations near primary routes. They delineate unadjusted unitary prices ranging from $22 to $180 per square meter, with the resulting range evidencing the differences among the comparable sales, with the most significant being size, specific location and commercial approvals.

The following table presents a summary of the relative comparison analysis just performed for the subject, with the listed transactions re-arranged in a decreasing manner.

Transaction	Value per Square Meter	Value Level
2	$180	Upper Limit
4	$115	Upper Limit
3	$93	Upper Limit
1	$87	General Value
Subject	-----	------
5	$22	Lower Limit

This relative comparison analysis suggests, that the value of the subject commercial component should lie near the $87 per square meter indication provided by Sale 3. However, taking into consideration, that this sale took place approximately two years ago under superior economic conditions and considering the subject's highest and best use of holding for future development, a slightly lower figure of $80 per square meter figure is comfortably concluded for the subject commercial component, which provides for the following market value indication: $80 per square meter x 21,332.98 square meters = $1,700,000 (Rd).

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Wetland and Mitigation Component

As previously mentioned, the subject remnant parcel of land includes 5.6435 cuerdas of wetland and mitigation areas. Thus, in order to estimate the market value of these wetland and mitigation areas, the appraisers have gathered and analyzed ten sales of comparable tracts of land lying in environmentally sensitive areas of the Island, having similar physical/legal characteristics to those of these subject wetland and mitigation areas.

The listed transactions are located within the competitive Arecibo, Camuy, Carolina, Ciales, Florida, Guayama, Río Grande and Vega Baja Municipalities. These sales represent "all cash to seller" transactions requiring no adjustments for financing concessions. The unit of comparison typically employed in this type of land valuation is price per cuerda, which will be the unit of comparison utilized in the following analysis. The following table presents a summary of the most relevant data regarding these sales:

SUMMARY OF COMPARABLE LAND SALES

SALE	BUYER	PROJECT NAME / LOCATION	DATE OF SALE	AREA IN CUERDAS	ZONING	SALES PRICE	PRICE PER CUERDA (RD)
1*	Caribbean Links	East & Int. of Villa Carolina Residential Subdivision, Hoyo Mulas Ward, Carolina	2001	196.00	CR-2/ SREP	$1,200,000	$6,000
2*	Myr-Za SE	Myr-za, S.E., Picuas Sector, Zarzal Ward, Rio Grande	2004	25.01	B-2/CR	$250,000	$10,000
3*	RA Holdings	RA Holdings, Yeguada Ward, Vega Baja	2006	107.86	LT-B2/ SREP	$300,217	$3,000
4	PRCT	North and Int. of PR-146, Fronton Wd., Ciales	2008	98.25	B-1	$245,618	$2,500
5	CDK	Dominguito Ward, Arecibo	2009	30.40	B-1	$233,000	$7,500
6	PRDNER	Tanama Ward, Arecibo	2009	68.90	B-1	$425,000	$6,000
7	PRCT	South & Int. of PR-631, Florida	2010	129.07	A-4/B-1	$336,800	$2,500
8	PRCT	North and Int. of PR-146, Fronton Wd., Ciales	2010	75.52	B-1	$519,000	$7,000
9	Mr. Jose Latorre	Int. of PR-857 & PR-853, Carolina	2010	5.17	B-1	$60,000	$11,500
10	PRDNER	Part of the Tres Picachos Forest, Toro Negro Ward, Ciales	2010	364.65	B-1	$1,723,000	$4,500
11*	Mr. Robert Hatton	South PR-3, Algarrobos Ward, Guayama	2011	82.59	RG, CR & R-1	$600,000	$7,500
12	PRDNER	Estate of Nolla Morell, North of PR-485, Puente, Membrillo and Pueblo Wards, Camuy	2011	97.05	PR, CR, RT-I & PP	$1,153,000	$12,000
13	PRCT	South of PR-631, Florida Adentro Ward, Florida	2012	179.00	B-1	$950,000	$5,500
Subject		**N/A**	**N/A**	**7.9465**	**UR**	**N/A**	**N/A**

*Sales 1, 2, 3 & 11 included wetland components.

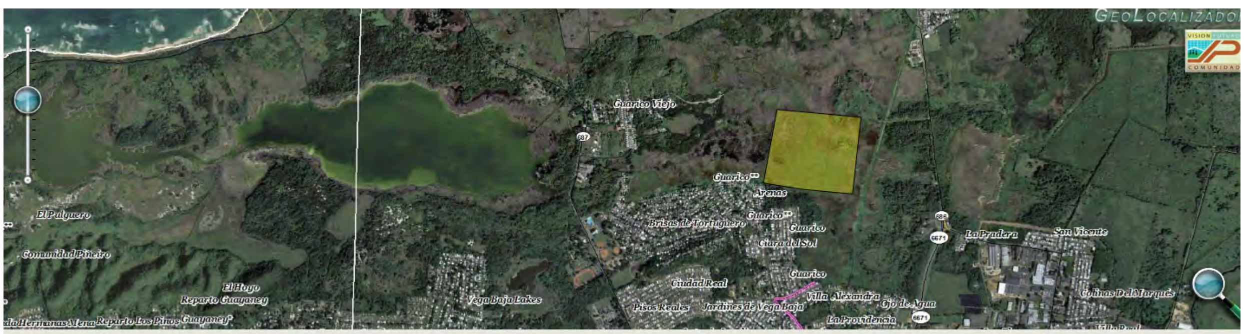
Sale 1


GeoLocalizador
Ubicación
Catastro 064-000-005-01
Coordenadas Lambert (X, Y) 251586.3065, 265525.3371 Ver: Google | Yahoo
Area Aprox. (m.c.) 1317635.6483
Municipio Carolina [Carolina (99.0%), Loíza (1.0%)]
Barrio Buena Vista [Buena Vista (99.0%), Torrecilla Baja (1.0%)]
Características Ambientales
Zona Inundabilidad AE (ver referencia)
Panel Inundabilidad 72000C0395J, 72000C0390J
Floodway FLOODWAY
Suelo Geológico Bc (73.6%), Sm (18.1%), Ts (6.3%), Fo (1.9%), Cs (0.2%) (ver referencia)
Calificación y Clasificación
Clasificación SREP (99%) (ver referencia)
Calificación CR-2 (67%), CR-1 (24%), CR-H (4%), B-2 (5%) (ver referencia)
Distrito Sobrepuesto
Zona o Sitio Histórico
Reglamento Aplicable Reglamento POT Carolina | Plan de Manejo para el Area de Planificación Especial de Piñones
Vigencia de GeoDato de Calificación
Oficialización del geodato en proceso, favor de referirse al mapa de calificación vigente

Sale 2


GeoLocalizador
Ubicación
Catastro
Coordenadas Lambert (X, Y) 00000, 00000 Ver: Google | Yahoo
Area Aprox. (m.c.) 0
Municipio
Barrio
Características Ambientales
Zona Inundabilidad (ver referencia)
Panel Inundabilidad
Floodway
Suelo Geológico (ver referencia)
Calificación y Clasificación
Clasificación (ver referencia)
Calificación (ver referencia)
Distrito Sobrepuesto
Zona o Sitio Histórico
Reglamento Aplicable
Vigencia de GeoDato de Calificación
Oficialización del geodato en proceso, favor de referirse al mapa de calificación vigente

Solar 3



Ubicación		
Catastro	035-000-003-06	
Coordenadas Lambert (X, Y)	203067.9872, 269579.1533	Ver: Google | Yahoo
Area Aprox. (m.c.)	442958.3769	
Municipio	Vega Baja	
Barrio	Algarrobo [Algarrobo (99.8%), Puerto Nuevo (0.2%)]	
Características Ambientales		
Zona Inundabilidad	AE	(ver referencia)
Panel Inundabilidad	72000C0285J	
Floodway	FLOODWAY	
Suelo Geológico	Tb (99.1%), ArC (0.9%)	(ver referencia)
Calificación y Clasificación		
Clasificación		(ver referencia)
Calificación	R-I	(ver referencia)
Distrito Sobrepuesto		
Zona o Sitio Histórico		
Reglamento Aplicable	Reglamento Conjunto de Permisos para Obras de Construcción y Usos de Terrenos	
Vigencia de GeoDato de Calificación		
Oficializacion del geodato en proceso, favor de referirse al mapa de calificacion vigente.		

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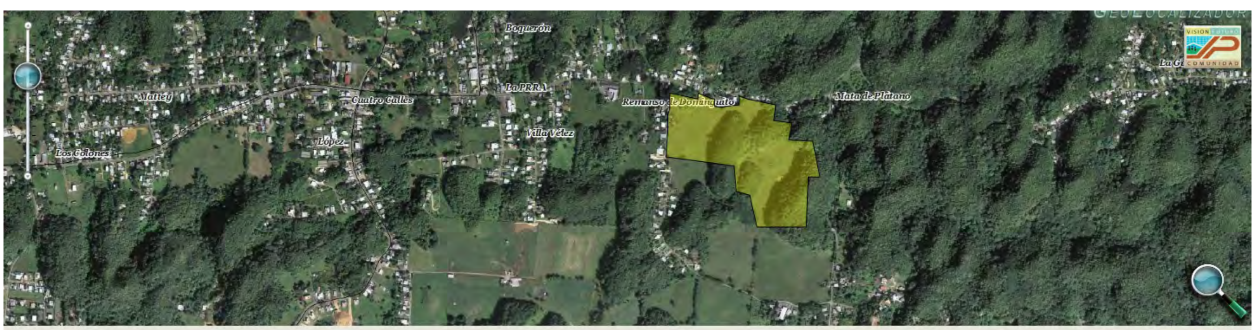
Sale 4

Ubicación		
Catastro	136-000-001-18	
Coordenadas Lambert (X, Y)	186391.1087, 255037.7170	Ver: Google | Yahoo
Area Aprox. (m.c.)	399220.783	
Municipio	Ciales	
Barrio	Frontón	
Características Ambientales		
Zona Inundabilidad	X	(ver referencia)
Panel Inundabilidad	72000C0630H, 72000C0635H	
Floodway		
Suelo Geológico	RtF	(ver referencia)
Calificación y Clasificación		
Clasificación	SREP	(ver referencia)
Calificación	CR	(ver referencia)
Distrito Sobrepuesto		
Zona o Sitio Histórico		
Reglamento Aplicable	Reglamento Conjunto de Permisos para Obras de Construcción y Usos de Terrenos	
Vigencia de GeoDato de Calificación		

Oficializacion del geodato en proceso, favor de referirse al mapa de calificacion vigente.

Sale 5



Ubicación		
Catastro	052-000-007-32	
Coordenadas Lambert (X, Y)	168023.1409, 264864.0167	Ver: Google | Yahoo
Area Aprox. (m.c.)	127072.4081	
Municipio	Arecibo	
Barrio	Dominguito	
Características Ambientales		
Zona Inundabilidad	X	(ver referencia)
Panel Inundabilidad	72000C0240H	
Floodway		
Suelo Geológico	RtF (54.9%), BsC (24.6%), ByB (20.5%)	(ver referencia)
Calificación y Clasificación		
Clasificación		(ver referencia)
Calificación	NC	(ver referencia)
Distrito Sobrepuesto		
Zona o Sitio Histórico		
Reglamento Aplicable	Reglamento Conjunto de Permisos para Obras de Construcción y Usos de Terrenos	
Vigencia de GeoDato de Calificación		

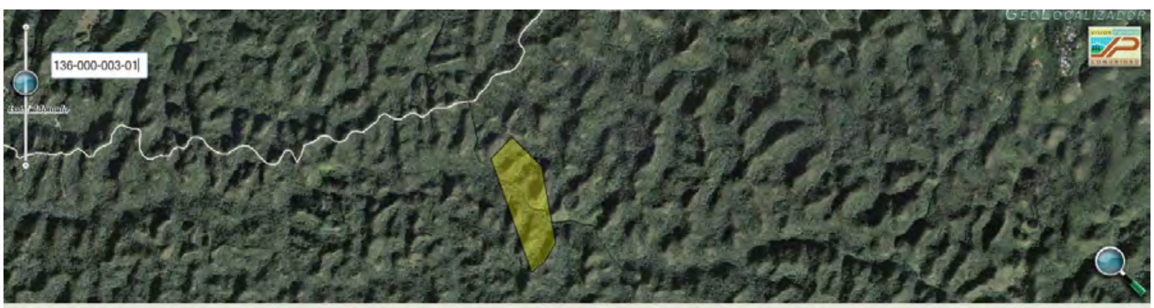
Oficializacion del geodato en proceso, favor de referirse al mapa de calificacion vigente.

Sale 6

Ubicación		
Catastro	075-000-004-12	
Coordenadas Lambert (X, Y)	164740.3565, 261455.9970	Ver: Google | Yahoo
Area Aprox. (m.c.)	173419.1077	
Municipio	Arecibo [Arecibo (60.9%), Hatillo (39.1%)]	
Barrio	Esperanza [Esperanza (60.9%), Aibonito (39.1%)]	
Características Ambientales		
Zona Inundabilidad	X	(ver referencia)
Panel Inundabilidad	72000C0220H	
Floodway		
Suelo Geológico	SmF (85.9%), VcB (6.9%), AnC (6.6%), RtF (0.6%)	(ver referencia)
Calificación y Clasificación		
Clasificación	SREP (39%)	(ver referencia)
Calificación	NC (61%), CR (39%)	(ver referencia)
Distrito Sobrepuesto		
Zona o Sitio Histórico		
Reglamento Aplicable	Reglamento Conjunto de Permisos para Obras de Construcción y Usos de Terrenos	
Vigencia de GeoDato de Calificación		

Oficializacion del geodato en proceso, favor de referirse al mapa de calificacion vigente.

Sale 7



Ubicación		
Catastro	136-000-003-01	
Coordenadas Lambert (X, Y)	189172.5604, 255860.1757	Ver: Google | Yahoo
Area Aprox. (m.c.)	226655.3045	
Municipio	Ciales	
Barrio	Hato Viejo	
Características Ambientales		
Zona Inundabilidad	X	(ver referencia)
Panel Inundabilidad	72000C0635H	
Floodway		
Suelo Geológico	RIF (99.0%), EcB (1.0%)	(ver referencia)
Calificación y Clasificación		
Clasificación	SREP	(ver referencia)
Calificación	CR	(ver referencia)
Distrito Sobrepuesto		
Zona o Sitio Histórico		
Reglamento Aplicable	Reglamento Conjunto de Permisos para Obras de Construcción y Usos de Terrenos	
Vigencia de GeoDato de Calificación		

Oficializacion del geodato en proceso, favor de referirse al mapa de calificacion vigente

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Ubicación		
Catastro	136-000-003-17	
Coordenadas Lambert (X, Y)	189658.9457, 254874.5401	Ver: Google | Yahoo
Area Aprox. (m.c.)	76052.3027	
Municipio	Ciales	
Barrio	Hato Viejo	
Características Ambientales		
Zona Inundabilidad	X	(ver referencia)
Panel Inundabilidad	72000C0635H	
Floodway		
Suelo Geológico	RtF	(ver referencia)
Calificación y Clasificación		
Clasificación	SREP	(ver referencia)
Calificación	CR	(ver referencia)
Distrito Sobrepuesto		
Zona o Sitio Histórico		
Reglamento Aplicable	Reglamento Conjunto de Permisos para Obras de Construcción y Usos de Terrenos	
Vigencia de GeoDato de Calificación		

Oficializacion del geodato en proceso, favor de referirse al mapa de calificacion vigente.

Ubicación		
Catastro	107-000-006-23	
Coordenadas Lambert (X, Y)	187310.1215, 257403.2464	Ver: Google | Yahoo
Area Aprox. (m.c.)	215240.3533	
Municipio	Florida	
Barrio	Florida Adentro	
Características Ambientales		
Zona Inundabilidad	X	(ver referencia)
Panel Inundabilidad	72000C0635H	
Floodway		
Suelo Geológico	RtF (84.3%), EcB (15.7%)	(ver referencia)
Calificación y Clasificación		
Clasificación		(ver referencia)
Calificación	NC (97%), UR (3%)	(ver referencia)
Distrito Sobrepuesto		
Zona o Sitio Histórico		
Reglamento Aplicable	Reglamento Conjunto de Permisos para Obras de Construcción y Usos de Terrenos	
Vigencia de GeoDato de Calificación		

Oficializacion del geodato en proceso, favor de referirse al mapa de calificacion vigente.

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Sale 8

Ubicación		
Catastro	136-000-006-14	
Coordenadas Lambert (X, Y)	187048.8170, 253201.1044	Ver: Google | Yahoo
Area Aprox. (m.c.)	127449.9264	
Municipio	Ciales	
Barrio	Frontón [Frontón (94.1%), Hato Viejo (5.9%)]	
Características Ambientales		
Zona Inundabilidad	X	(ver referencia)
Panel Inundabilidad	72000C0635H, 72000C0645H	
Floodway		
Suelo Geológico	RtF (93.5%), Cn (5.1%), AnC (1.4%)	(ver referencia)
Calificación y Clasificación		
Clasificación	SREP	(ver referencia)
Calificación	CR	(ver referencia)
Distrito Sobrepuesto		
Zona o Sitio Histórico		
Reglamento Aplicable	Reglamento Conjunto de Permisos para Obras de Construcción y Usos de Terrenos	
Vigencia de GeoDato de Calificación		

Oficializacion del geodato en proceso, favor de referirse al mapa de calificacion vigente.

Ubicación		
Catastro	136-000-006-14	
Coordenadas Lambert (X, Y)	187355.3337, 253390.7906	Ver: Google | Yahoo
Area Aprox. (m.c.)	39303.726	
Municipio	Ciales	
Barrio	Hato Viejo [Hato Viejo (83.2%), Frontón (16.8%)]	
Características Ambientales		
Zona Inundabilidad	X	(ver referencia)
Panel Inundabilidad	72000C0635H	
Floodway		
Suelo Geológico	RtF (62.1%), Cn (37.9%)	(ver referencia)
Calificación y Clasificación		
Clasificación	SREP	(ver referencia)
Calificación	CR	(ver referencia)
Distrito Sobrepuesto		
Zona o Sitio Histórico		
Reglamento Aplicable	Reglamento Conjunto de Permisos para Obras de Construcción y Usos de Terrenos	
Vigencia de GeoDato de Calificación		

Oficializacion del geodato en proceso, favor de referirse al mapa de calificacion vigente.

Ubicación		
Catastro	136-000-006-07	
Coordenadas Lambert (X, Y)	186787.7833, 253086.0431	Ver: Google | Yahoo
Area Aprox. (m.c.)	59402.6042	
Municipio	Ciales	
Barrio	Frontón	
Características Ambientales		
Zona Inundabilidad	X	(ver referencia)
Panel Inundabilidad	72000C0635H, 72000C0645H	
Floodway		
Suelo Geológico	RtF (59.3%), AnC (40.7%)	(ver referencia)
Calificación y Clasificación		
Clasificación	SREP	(ver referencia)
Calificación	CR	(ver referencia)
Distrito Sobrepuesto		
Zona o Sitio Histórico		
Reglamento Aplicable	Reglamento Conjunto de Permisos para Obras de Construcción y Usos de Terrenos	
Vigencia de GeoDato de Calificación		

Oficializacion del geodato en proceso, favor de referirse al mapa de calificacion vigente.

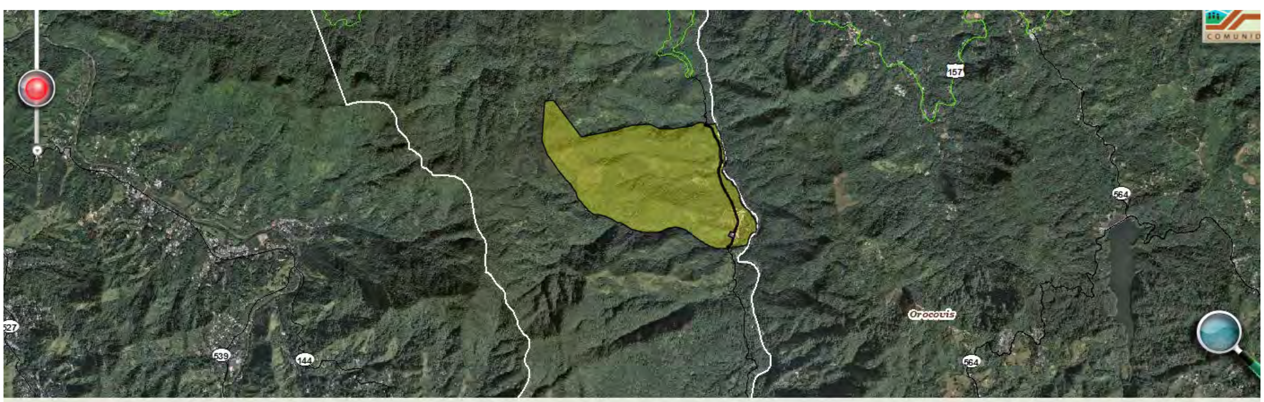
Ubicación		
Catastro	136-000-006-13	
Coordenadas Lambert (X, Y)	186881.4596, 253129.5114	Ver: Google | Yahoo
Area Aprox. (m.c.)	89383.6684	
Municipio	Ciales	
Barrio	Frontón	
Características Ambientales		
Zona Inundabilidad	X	(ver referencia)
Panel Inundabilidad	72000C0645H, 72000C0635H	
Floodway		
Suelo Geológico	RtF (68.1%), AnC (31.9%)	(ver referencia)
Calificación y Clasificación		
Clasificación	SREP	(ver referencia)
Calificación	CR	(ver referencia)
Distrito Sobrepuesto		
Zona o Sitio Histórico		
Reglamento Aplicable	Reglamento Conjunto de Permisos para Obras de Construcción y Usos de Terrenos	
Vigencia de GeoDato de Calificación		

Oficializacion del geodato en proceso, favor de referirse al mapa de calificacion vigente.

Sale 9

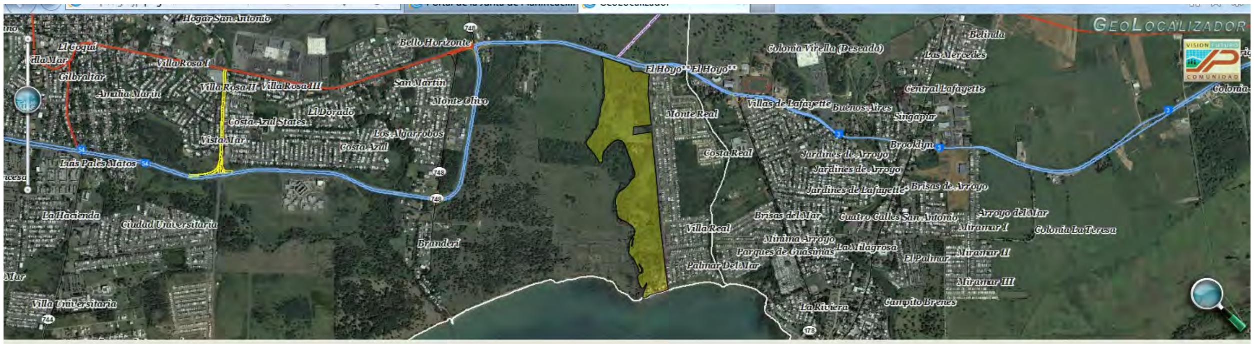
Ubicación		
Catastro	146-021-281-07	
Coordenadas Lambert (X, Y)	252761.5537, 255424.6371 Ver: Google | Yahoo	
Area Aprox. (m.c.)	30558.4256	
Municipio	Carolina	
Barrio	Barrazas	
Características Ambientales		
Zona Inundabilidad	X	(ver referencia)
Panel Inundabilidad	72000C0760J	
Floodway		
Suelo Geológico	Rs (71.4%), CbF2 (28.6%)	(ver referencia)
Calificación y Clasificación		
Clasificación	SRC	(ver referencia)
Calificación	B-1	(ver referencia)
Distrito Sobrepuesto		
Zona o Sitio Histórico		
Reglamento Aplicable	Reglamento POT Carolina	
Vigencia de GeoDato de Calificación		
Oficialización del geodato en proceso, favor de referirse al mapa de calificación vigente.		

Sale 10



Ubicación		
Catastro		
Coordenadas Lambert (X, Y)	00000, 00000	
Area Aprox. (m.c.)	0	
Municipio		
Barrio		
Características Ambientales		
Zona Inundabilidad		(ver referencia)
Panel Inundabilidad		
Floodway		
Suelo Geológico		(ver referencia)
Calificación y Clasificación de Suelo		

Sale 11



Ubicación		
Catastro	420-000-009-12	
Coordenadas Lambert (X, Y)	237892.6881, 215541.7487	Ver: Google | Yahoo
Area Aprox. (m.c.)	361318.7629	
Municipio	Guayama	
Barrio	Algarrobo	
Características Ambientales		
Zona Inundabilidad	X (65.3%), A (25.0%), AE (6.3%), VE (3.5%)	(ver referencia)
Panel Inundabilidad	72000C2130J	
Floodway		
Suelo Geológico	McA (57.4%), Gm (32.3%), VvB (9.0%), VvA (1.3%)	(ver referencia)
Calificación y Clasificación		
Clasificación	SUNP (56%), SREP (22%), SU (11%), SUP (10%)	(ver referencia)
Calificación	R-G (56%), CR (22%), R-I (22%)	(ver referencia)
Distrito Sobrepuesto		
Zona o Sitio Histórico		
Reglamento Aplicable	Reglamento Conjunto de Permisos para Obras de Construcción y Usos de Terrenos | Plan de Ensanche 1 Guayama	
Vigencia de GeoDato de Calificación		

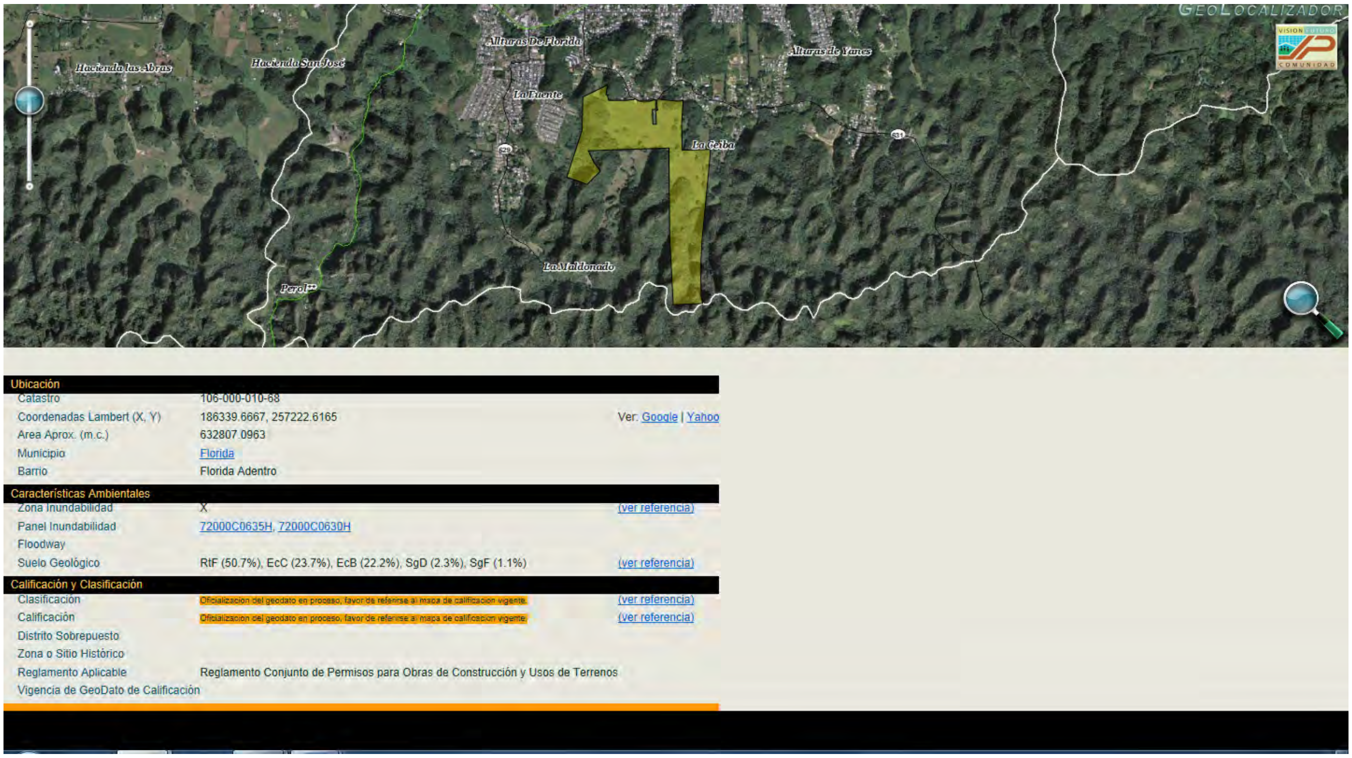
Oficializacion del geodato en proceso, favor de referirse al mapa de calificacion vigente.

Sale 12

PUT móvil

Ubicación		
Catastro	010-000-003-01	
Coordenadas Lambert (X, Y)	156035.0357, 272619.1554 (Lat: 18.488986, Lon: -66.84963)	Ver: Google | Yahoo
Area Aprox. (m.c.)	449252.0412	
Municipio	Camuy	
Barrio	Puente [Puente (65.1%), Barrio Pueblo (33.0%), Membrillo (1.9%)]	
Características Ambientales		
Zona Inundabilidad	AE (83.9%), VE (13.8%), X (2.4%)	(ver referencia)
Panel Inundabilidad	72000C0205J	
Floodway	FLOODWAY	
Suelo Geológico	Hs (37.2%), Tp (25.4%), HD (17.6%), Cf (6.3%), R1C (5.6%), Cg (2.1%)	(ver referencia)
Calificación y Clasificación de Suelo		

Sale 13



The foregoing listed sales range in size from 5.17 to 364.65 cuerdas, took place from 2001 to 2012, and provide a price per cuerda range from $2,500 to $12,000 per cuerda. Thus, considering the small size of the subject wetland and mitigation areas, a figure towards the upper end of the range, say of $10,000 per cuerda, is comfortably concluded, resulting in a rounded market value figure of $55,000 (5.6435 cdas. x $10,000 per cda. = $56,435).

This $10,000 per cuerda value conclusion is further supported by the property (Sale () with the most similar size (5.17 cuerdas) which sold for $11,500 per cuerda.

Conclusion

In summary, the market value of the subject remnant parcel of land comprised by a residential, a commercial and a wetland and mitigation components is as follows:

Section	Market Value
Residential Component	$5,635,000
Commercial Component	$1,700,000
Wetland and Mitigation Component	+ $55,000
Total	**$7,390,000**
Rounded to	**$7,400,000**

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Thus, in view of the preceding information and analysis, and with no evidence to the contrary, the market values in fee simple of the phase I subject project site and of the subject remnant parcel, as of August 8, 2014, were concluded to be of:

Market Value of the Phase I Subject Project Site : $1,200,000
(One Million Two Hundred Thousand Dollars)

Market Value of the Subject Remnant Parcel of Land : $7,400,000
(Seven Million Four Hundred Thousand Dollars)

The $1,200,000 market value conclusion for the phase I subject project site is one of the sponsor/developer factors of production required to develop the proposed phase I subject project. Thus, the feasibility of the proposed phase I subject project will be further proof, that the market value figure concluded is reasonable for the proposed phase I subject venture.

Estimation of the Reproduction Cost New of the Proposed Subject Improvements

After establishing the market value of the phase I subject project site, the next step in the development of the cost approach is the estimation of the reproduction cost new (RCN) of the proposed phase I subject improvements. Estimation of the reproduction cost new (RCN) of improvements is usually done by the use of cost manuals or by information supplied by local builders and contractors.

For the estimated RCN of the proposed phase I subject improvements, the appraisers will use the calculator cost method of the Marshall Valuation Service, published by the Marshall and Swift Publication Company. The resulting figure will be reconciled with the proposed phase I subject project's cash flow analysis furnished by the client/lender, as submitted by the project's sponsor/developer.

In section 12, page 30, of the Marshall Valuation Service, Tropical Housing is described for fair, average and good type residential units in Class C. The general type of construction of the proposed subject units is considered to be best described by the specifications of the average type units, whose base cost factor is of $89.82 per square foot. Consequently, this figure of $89.82 per square foot figure will be used as the base square foot cost for the proposed phase I subject units.

Included in the following page of this report is a calculator cost form, where the reproduction cost of the phase I subject model type unit will be calculated using the Marshall Valuation Service calculator cost method. A number of adjustments will be made to the base cost factors selected in order to take into account those items present or absent at the proposed phase I subject model type unit, which differ from the ones described for the improvements in the cost valuation service.

The resulting reproduction cost figure will be the final cost to the project's sponsor/developer and will include average architect's and engineer's fees. These in turn will include plans, plan check, building permits and survey to establish building lines and grades. In addition, included will be the normal interests on building funds during the period of construction and processing fee or service charges. Also included will be the sales taxes on material, normal site preparation including finish, grading and excavation for foundation and backfill, utilities from structure to line figured for typical setback and contractor's overhead and profit, including job supervision, workmen's compensation, fire and liability insurance, unemployment insurance, etc.

Other improvements and/or costs, such as yard improvements, security facilities, landscaping, paving, walls, yard lighting and some off-site costs, including utilities, jurisdictional hook-up, tap-in, impact or entitlement fees and assessments, are estimated at approximately $5,000 per unit and will be considered accordingly. Discounts and bonuses paid for financing, legal fees, appraisal fees, real estate taxes on the land, and other miscellaneous indirect (soft) costs, are not included in the service costs. These are estimated to represent approximately an additional 10% of the reported construction costs obtained from the Marshall Valuation Service and will also be considered accordingly.

MVS Cost Estimate

	SECTION I	SECTION II	SECTION III	SECTION IV
4. Occupancy	First Floor	Carport/Porch		
5. Building class an quality	Cls. C Qual. Ave.	Cls. C Qual. Ave.		
6. Exterior wall	Reinf. Concrete	Reinf. Concrete		
7. No. of stories & height per story	No. 1 Ht. 8'-6"	No. 1 Ht. 8'-6"		
8. Average floor area	1,225 Sq. Ft.	440 Sq. Ft..		
9. Average perimeter	Slightly Irregular	Square		
10. Age and condition	Age 0 Cond. New	Age 0 Cond. New		

11. Region: Western____ Central____ Eastern__X

12. Climate: Mild______ Moderate__X__Extreme

	SECTION I	SECTION II	SECTION III	SECTION IV
13. Base Square Foot Cost	$89.82	-----	-----	
SQUARE FOOT REFINEMENTS				
14. Heating, cooling, ventilation	-0-	-----	-----	
15. Elevator deduction	-0-	-----	-----	
16. Miscellaneous	-0-	-----	-----	
17. Total lines 13 through 16	$89.82	-----	-----	
HEIGHT AND SIZE REFINEMENTS				
18. Number of stories-multiplier	1.000	-----	-----	
19. Height per story-multiplier (see Line 7)	1.015	-----	-----	
20. Floor area-shape multiplier (Lines 8 and 9)	1.027	-----	-----	
21. Combined height and size multiplier (Lines 18 x 19 x 20)	1.042	-----	-----	

FINAL CALCULATIONS

	SECTION I	SECTION II	SECTION III	SECTION IV
22. Refined square foot cost (Line 17 x 21)	$93.59	-----		
23. Current cost multiplier (Sect. 99 p. 3)	1.07	-----		
24. Local multiplier (Sect. 99 p. 5 thru 10)	0.93	-----		
25. Final sq. ft. cost (Line 22 x Line 23 x Line 24)	$93.13	$41.91*		
26. Area in Square Feet.	1,225 Sq. Ft.	440 Sq. Ft.		
27. Line 25 x Line 26	$114,085.98	$18,439.74		
28. Site Improvements	$5,000.00	-----		
29. Sub-Total (Line 27 + Line 28)	$119,085.98	$18,439.74		
30. Indirect (Soft) Costs (10%)	$11,908.60	$1,843.97		
31. Total Reproduction Cost New	$130,994.58	$20,283.71		
32. Rounded to	$131,000.00	$20,300.00		

*.45 fraction of the dwelling's final sq. ft. cost

TOTAL OF ALL SECTIONS = $151,300

SUMMARY OF THE MARSHALL VALUATION SERVICE RCN

201 Model Units	x	$151,300	=	$30,411,300
Rounded to				**$30,410,000**

The total Marshall Valuation Service Reproduction Cost New figure of $30,410,000, results in a $90.87 per square foot unitary cost if divided by the project's total gross enclosed (roofed) construction area of approximately 334,665 square feet.

In addition, the cash flow analysis prepared for the proposed phase I subject project by the project's sponsor/developer, which has been furnished by the client/lender, is included in the next two pages of the report and is summarized as follows:

Site Improvements		$ 8,032,946
Dwellings Construction		$15,024,750
Direct Hard Costs		$23,057,696
Indirect (Soft) Costs (19.8% of Hard Costs)	+	$ 7,652,662
Total		$30,710,358
Rounded to		**$30,710,000**

This $30,710,000 construction cost estimate figure, results in an indication of $91.76 per square feet, excluding land cost, which is just $0.89 per square feet, or 0.97% above the $90.87 per square foot Marshall Valuation Service indication.

Consequently, both the $90.87 and the $91.76 per square foot indications provided by the Marshall Valuation Service RCN and the sponsor/developer construction cost figures, respectively, comfortably support each other. As such, a mid-point figure of $91.32 per square foot is concluded. Thus, 334,665 square feet times $91.32 square feet equals $30,561,607, say $30,560,000.

The sole remaining consideration to complete the RCN analysis is the entrepreneurial incentive (profit motive). General profit expectancies for similar type projects within the Island have recently ranged from 8% to 15%. As such, considering the fact that profit margins have significantly decreased based on current economic conditions, an entrepreneurial profit in the lower end of the range is suggested. Thus, an entrepreneurial incentive of 8% will be considered and will be applied to the proposed phase I subject project's total estimated development costs.

SUMMARY OF THE COST APPROACH

Reproduction Cost New	$30,560,000
Add: Project Site Value	$1,200,000
Subtotal	$31,760,000
Add: Entrepreneurial Profit (8.0%)	$2,540,800
Total	$34,300,800
Rounded to	**$34,300,000**

(Thirty Four Million Three Hundred Thousand Dollars)

FINCA VALIENTE

Update file 20-Jun-11

LOAN CASH DISBURSEMENT ANALYSIS

ADVANCES:		COST P/UNIT	COST	EQUITY	BUDGET
LAND		10,000	2,000,000	0	2,000,000
SITE IMPROVEMENT			0	0	0
Earthwork		11,438	**2,287,635**	(114,382)	2,173,253
Sanitary Lift Station		2,597	**519,479**	(25,974)	493,505
Electrical Offsite		1,000	**200,000**	(10,000)	190,000
Site Work		22,672	**4,534,433**	(226,722)	4,307,711
Guard House		150	**30,000**	(1,500)	28,500
Recreational Facilities		1,750	**350,000**	(17,500)	332,500
Mitigacion		557	**111,399**	(5,570)	105,829
HOUSE CONSTRUCTION		74,750	**14,950,000**	(747,500)	14,202,500
ARPE FEES		239	47,793	0	47,793
ARCHITECTURAL & ENG		3,428	685,670	0	685,670
INSURANCE		1,000	200,000	0	200,000
ADMINISTRATIVE		5,100	1,020,000	0	1,020,000
LEGAL FEES		865	173,000	0	173,000
SALES OFFICE		3,484	696,728	0	696,728
HOMEOWNERS ASSOC.		1,221	260,000	0	260,000
CONTINGENCIES		3,738	747,500	0	747,500
AGENCY FEES-AC		1,000	200,000	0	200,000
AGENCY FEES-AAA		1,085	217,000	0	217,000
MUNICIPAL PATENT-SALES		557	111,332	0	111,332
MUNICIPAL TAXES		5,567	1,113,329	0	1,113,329
CRIM		100	20,000	0	20,000
DACO BONDS		324	74,800	0	74,800
CIAPR & RENTAS INTERNAS		578	133,599	0	133,599
BANK COMMISSION 1%		1,375	275,000	0	275,000
INTEREST RESERVE	6.50%	4,854	970,786	0	970,786
INTEREST ON BRIDGE LN PHASE	5.00%	3,531	706,125	0	706,125
TOTAL ADVANCES:					
TOTAL :		162,959	32,635,607	1,149,147	31,486,460

ADVANCES:	CLOSING	2	3	4	5	6	7	8	9
BALANCE-BEGINNING OF MONTH:	0	2,883,834	3,357,267	3,503,962	3,755,946	4,009,296	5,205,294	6,391,668	7,762,021
LAND	2,000,000	0	0	0	0	0	0	0	0
SITE IMPROVEMENT		0	0	0	0	0	0	0	0
Earthwork		118,000	46,000	125,578	125,578	125,578	125,578	125,578	125,578
Sanitary Lift Station						123,376	123,376	123,376	123,376
Electrical Offsite						63,333	63,333	63,333	
Site Work						538,464	538,464	538,464	538,464
Guard House								14,250	14,250
Recreational Facilities								83,125	83,125
Mitigacion								8,819	8,819
HOUSE CONSTRUCTION	0	0	0	0	0	90,000	180,000	270,000	360,000
ARPE FEES	20,000	0	0	0	0	0	20,000	0	0
ARCHITECTURAL & ENG	300,000	11,343	11,343	11,343	11,343	11,343	11,343	11,343	11,343
INSURANCE	66,667	0	0	0	0	0	0	0	0
ADMINISTRATIVE	0	30,000	30,000	30,000	30,000	30,000	30,000	30,000	30,000
LEGAL FEES	173,000	0	0	0	0	0	0	0	0
SALES OFFICE	20,492	20,492	20,492	20,492	20,492	20,492	20,492	20,492	20,492
HOMEOWNERS ASSOC.									
CONTINGENCIES	0	0	0	24,917	24,917	24,917	24,917	24,917	24,917
AGENCY FEES-AC	0	0	0	0	0	0	0	0	0
AGENCY FEES-AAA	500	500	500	500	500	500	500	500	500
MUNICIPAL PATENT-SALES	0	0	0	0	0	0	0	0	0
MUNICIPAL TAXES	0	123,703	0	0	0	123,703	0	0	0
CRIM	8,000	0	0	0	0	2,400	0	0	0
DACO BONDS								1,360	2,720
CIAPR & RENTAS INTERNAS	0	133,599		0					
BANK COMMISSION 1%	275,000	0	0	0	0	0	0	0	0
INTEREST RESERVE	0	15,621	18,185	18,980	20,345	21,717	28,195	34,622	42,044
INTEREST ON BRIDGE LN PHASE	20,175	20,175	20,175	20,175	20,175	20,175	20,175	20,175	20,175
TOTAL ADVANCES:	2,883,834	473,433	146,695	251,984	253,349	1,195,998	1,186,373	1,370,354	1,405,803
TOTAL :	2,883,834	3,357,267	3,503,962	3,755,946	4,009,296	5,205,294	6,391,668	7,762,021	9,167,825

ADVANCES:	10	11	12	13	14	15	16	17	18
BALANCE-BEGINNING OF MONTH:	9,167,825	10,665,319	10,722,576	10,773,077	10,746,192	10,303,601	9,734,109	9,160,733	8,583,450
LAND	0	0	0	0	0	0	0	0	0
SITE IMPROVEMENT	0	0	0	0	0	0	0	0	0
Earthwork	125,578	125,578	125,578	125,578	125,578	125,578	125,578	125,578	125,578
Sanitary Lift Station									
Electrical Offsite									
Site Work	538,464	538,464	538,464	538,464					
Guard House									
Recreational Facilities	83,125	83,125							
Mitigacion	8,819	8,819	8,819	8,819	8,819	8,819	8,819	8,819	8,819
HOUSE CONSTRUCTION	450,000	514,100	514,100	514,100	514,100	514,100	514,100	514,100	514,100
ARPE FEES	0	0	7,793	0	0	0	0	0	0
ARCHITECTURAL & ENG	11,343	11,343	11,343	11,343	11,343	11,343	11,343	11,343	11,343
INSURANCE	0	0	66,667	0	0	0	0	0	0
ADMINISTRATIVE	30,000	30,000	30,000	30,000	30,000	30,000	30,000	30,000	30,000
LEGAL FEES	0	0	0	0	0	0	0	0	0
SALES OFFICE	20,492	20,492	20,492	20,492	20,492	20,492	20,492	20,492	20,492
HOMEOWNERS ASSOC.		20,000	19,200	18,400	17,600	16,800	16,000	15,200	14,400
CONTINGENCIES	24,917	24,917	24,917	24,917	24,917	24,917	24,917	24,917	24,917
AGENCY FEES-AC	0	8,000	8,000	8,000	8,000	8,000	8,000	8,000	8,000
AGENCY FEES-AAA	8,500	8,500	8,500	8,500	8,500	8,500	8,500	8,500	8,500
MUNICIPAL PATENT-SALES	0	4,453	4,453	4,453	4,453	4,453	4,453	4,453	4,453
MUNICIPAL TAXES	123,703	0	0	0	123,703	0	0	0	123,703
CRIM	0	0	2,400	0	0	0	0	0	2,400
DACO BONDS	2,720	2,720	2,720	2,720	2,720	2,720	2,720	2,720	2,720
CIAPR & RENTAS INTERNAS									
BANK COMMISSION 1%	0	0	0	0	0	0	0	0	0
INTEREST RESERVE	49,659	57,770	58,081	58,354	58,209	55,811	52,726	49,621	46,494
INTEREST ON BRIDGE LN PHASE	20,175	20,175	20,175	20,175	20,175	20,175	20,175	20,175	20,175
TOTAL ADVANCES:	1,497,495	1,478,456	1,471,701	1,394,315	978,609	851,708	847,823	843,918	966,094
TOTAL :	10,665,319	12,143,776	12,194,277	12,167,392	11,724,801	11,155,309	10,581,933	10,004,650	9,549,544
		(1,421,200.00)	(1,421,200.00)	(1,421,200.00)	(1,421,200.00)	(1,421,200.00)	(1,421,200.00)	(1,421,200.00)	(1,421,200.00)
		8	8	8	8	8	8	8	8

PRICE ($)	# OF UNITS	GROSS INCOME
187,000	200	37,400,000
	0	0
	0	0
	0	0
	200	37,400,000

GROSS INCOME	(37,400,000)	
LOAN	31,486,460	
EQUITY	1,149,147	
PROFIT	(4,764,393)	12.74%
PROFIT PER UNIT ( )	(23,822)	12.74%
ROE = PROFIT / EQUITY =	414.60%	
COST / VALUE =	87.26%	
LOAN / VALUE =	84.19%	
LOAN/COST =	96.48%	

CUMULATIVE:

LESS:
CLOSING COST -

	CLOSING	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18
NET REPAYMENT 95%		0	0	0	0	0	0	0	0	0	(1,421,200)	(1,421,200)	(1,421,200)	(1,421,200)	(1,421,200)	(1,421,200)	(1,421,200)	(1,421,200)
BALANCE- END OF MONTH:	2,883,834	3,357,267	3,503,962	3,755,946	4,009,296	5,205,294	6,391,668	7,762,021	9,167,825	10,665,319	10,722,576	10,773,077	10,746,192	10,303,601	9,734,109	9,160,733	8,583,450	8,128,344
4,158,000.00 / 5.00% / 415,800.00	17,325.00	17,325.00	17,325.00	17,325.00	17,325.00	17,325.00	17,325.00	17,325.00	17,325.00	17,325.00	17,325.00	17,325.00	17,325.00	17,325.00	17,325.00	17,325.00	17,325.00	17,325.00

Interest on Bridge Loan of Phase2
4,842,000.00 5.00% 209 Units

Bridge Loan
11,000,000.00
(2,000,000.00)
9,000,000.00

Interest on Bridge Loan
9,000,000.00
(4,842,000.00)
4,158,000.00 5.00% 415,800.00

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19	20	21	22	23	24	25	26	27	28	29	30	31	32	33	34	35	36	37	38	39	40	41	TOTAL	DIFERENCE
8,128,344	7,543,872	6,821,034	6,093,481	5,484,891	4,748,500	4,076,388	3,330,768	2,704,012	1,949,359	1,189,818	425,362	(217,931)	(990,431)	(1,763,731)	(2,537,831)	(3,213,945)	(4,043,540)	(4,043,540)	(4,043,540)	(4,043,540)	(4,043,540)	(4,043,540)		
=	=	=	=	=	=	=	=	=	=	=	=	=	=	=	=	=	=	=	=	=	=	=	=	=
0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	2,000,000	0
0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
125,580	0	0	0	0	0	0	0	0	0	0	0	0											2,173,253	(0)
																							493,505	(0)
																							190,000	0
																							4,307,711	0
																							28,500	0
																							332,500	0
8,819																							105,829	0
514,100	514,100	514,100	514,100	514,100	514,100	514,100	514,100	514,100	514,100	514,100	514,100	514,100	514,100	514,100	514,100	514,100			0	0	0	0	14,202,500	0
0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0						47,793	0
11,343	11,343	11,343	11,343	11,343	11,343	11,343	11,343	11,343	11,343	11,343	11,343	11,343	11,343	11,343	11,343	11,357	0	0	0	0	0	0	685,670	0
0	0	0	0	0	66,667	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	200,000	0
30,000	30,000	30,000	30,000	30,000	30,000	30,000	30,000	30,000	30,000	30,000	30,000	30,000	30,000	30,000	30,000	30,000	0		0	0	0	0	1,020,000	0
0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	173,000	0
20,492	20,492	20,492	20,492	20,492	20,492	20,492	20,492	20,492	20,492	20,492	20,492	20,492	20,492	20,492	20,492	0	0	0	0	0	0	0	696,728	0
13,600	12,800	12,000	11,200	10,400	9,600	8,800	8,000	7,200	6,400	5,600	4,800	4,000	3,200	2,400	1,600	800	0	0					260,000	0
24,917	24,917	24,917	24,917	24,917	24,917	24,917	24,917	24,917	24,917	24,917	24,917	24,917	24,917	24,917	0	0	0			0	0	0	747,500	0
8,000	8,000	8,000	8,000	8,000	8,000	8,000	8,000	8,000	8,000	8,000	8,000	8,000	8,000	8,000	8,000	8,000	0	0	0	0	0	0	200,000	0
8,500	8,500	8,500	8,500	8,500	8,500	8,500	8,500	8,500	8,500	8,500	8,500	8,500	8,500	8,500	8,500	0	0	0	0	0	0	0	217,000	0
4,453	4,453	4,453	4,453	4,453	4,453	4,453	4,453	4,453	4,453	4,453	4,453	4,453	4,453	4,453	4,453	4,453	0	0	0	0	0	0	111,332	0
0	0	0	123,703	0	0	0	123,703	0	0	0	123,703	0	0	0	123,703	0	0	0	0	0	0	0	1,113,329	(0)
0	0	0	0	0	2,400	0	0	0	0	0	2,400	0	0	0	0	0	0	0	0	0	0	0	20,000	0
2,720	2,720	2,720	2,720	2,720	2,720	2,720	2,720	2,720	2,720	2,720	2,720	2,720	2,720	2,720	2,720	2,720	0	0					74,800	0
																							133,599	0
0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	275,000	0
44,029	40,863	36,947	33,006	29,710	25,721	22,080	18,042	14,647	10,559	6,445	2,304	0	0	0	0	0	0	0	0	0	0	0	970,786	0
20,175	20,175	20,175	20,175	20,175	20,175	20,175	20,175	20,175	20,175	20,175	20,175	20,175	20,175	20,175	20,175	20,175	0	0					796,125	0
836,728	698,362	693,647	812,609	684,810	749,087	675,580	794,445	666,547	661,659	656,745	777,907	646,700	647,900	647,100	745,086	591,605	0	0	0	0	0	0	31,486,460	0
-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
8,965,072	8,242,234	7,514,681	6,906,091	6,169,700	5,497,588	4,751,968	4,125,212	3,370,559	2,611,018	1,846,562	1,203,269	430,769	(342,531)	(1,116,631)	(1,792,745)	(2,822,340)	(4,043,540)	(4,043,540)	(4,043,540)	(4,043,540)	(4,043,540)	(4,043,540)	31,486,460	
=	=	=	=	=	=	=	=	=	=	=	=	=	=	=	=	=	=	=	=	=	=	=	=	=
(1,421,200.00)	(1,421,200.00)	(1,421,200.00)	(1,421,200.00)	(1,421,200.00)	(1,421,200.00)	(1,421,200.00)	(1,421,200.00)	(1,421,200.00)	(1,421,200.00)	(1,421,200.00)	(1,421,200.00)	(1,421,200.00)	(1,421,200.00)	(1,421,200.00)	(1,421,200.00)	(1,421,200.00)	0.00	0.00	0.00	0.00	0.00	0.00	(35,530,000.00)	(177,650.00)
8	8	8	8	8	8	8	8	8	8	8	8	8	8	8	8	8	0	0	0	0	0	0	0	200
																							0	
(1,421,200)	(1,421,200)	(1,421,200)	(1,421,200)	(1,421,200)	(1,421,200)	(1,421,200)	(1,421,200)	(1,421,200)	(1,421,200)	(1,421,200)	(1,421,200)	(1,421,200)	(1,421,200)	(1,421,200)	(1,421,200)	(1,421,200)	0	0	0	0	0	0	(35,530,000)	
7,543,872	6,821,034	6,093,481	5,484,891	4,748,500	4,076,388	3,330,768	2,704,012	1,949,359	1,189,818	425,362	(217,931)	(990,431)	(1,763,731)	(2,537,831)	(3,213,945)	(4,043,540)	(4,043,540)	(4,043,540)	(4,043,540)	(4,043,540)	(4,043,540)	(4,043,540)	(4,043,540)	
17,325.00	17,325.00	17,325.00	17,325.00	17,325.00	17,325.00																		415,800.00	

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In addition, the availability of capacity and/or connection rights to any or all public utilities has not been determined by the appraisers. Thus, the reported value is also contingent upon and limited to said capacity and right of connection.

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The Development (Sales Comparison) Approach

The best criteria for delineating the value of a residential unit is based on the principle of substitution, upon which the sales comparison approach is based.

The principle of substitution states, that a prudent purchaser would pay no more for a property, than the cost of acquiring an equally desirable substitute in the open market. In addition, it presumes that the purchaser will consider the alternatives available for the decision. Finally, substitution may assume the form of the purchase of an existing property. In other words, this principle states, that when several similar or commensurate commodities, goods or services are available, the one with the lowest price will attract the greatest demand.

The next step in the analysis concerns the price at which the proposed phase I subject units will find acceptance in the market. This total figure should exceed development cost by an amount sufficient enough, to reward the sponsor/developer for his or her risk and expenses in creating the project, while remaining competitive in the market. Success in marketing is largely a matter of meeting competition. This includes physical characteristics, accessibility to employment centers and vital services, environmental and recreational facilities, and basic construction quality and standards.

In order to estimate the market value for the proposed phase I subject model house unit, the appraisers performed a quantitative sales comparison analysis presented in a grid format of 3 somewhat recent transactions of residential units lying within the immediate vicinity of the subject neighborhood. In summary,

	3BR-2BA + 2CP Model Unit	**Sale No. 1**		**Sale No. 2**		**Sale No. 3**	
		M-8, Guanajibo St., Palacio del Rio Dev., Toa Alta		**E-10, Gaviota St. Mansiones de Montecasino II, Toa Alta**		**F-7, Palacios del Monte Dev., Toa Alta**	
Sales Price			$181,500		$180,000		$172,700
Date of Sale	N/A	2/2014		8/2013		1/2012	
Location	Average	Superior – 10%	-18,000	Similar		Superior– 10%	-$17,000
Site	334 sm	349 sm		325 sm		330 sm	
GLA	1,225 sf	1,278 sf		1,190 sf		1,247 sf	
Room Count	3BR-2BA	3BR-2BA		3BR-2BA		3BR-2BA	
Garage	2 Car Carport	Similar		Similar		Similar	
Age/Effective	0/0	10/5		15/5		7/5	
Condition	New / Good	Ave–Inf 5.0%	$9,000	Ave– Inf 5.0%	$9,000	Ave– Inf 5.0%	$8,500
Additional Features	Porch	Superior	-$5,000	Superior	-15,000	Similar	
Net Adjustment			**-$14,000**		**$6,000**		**-$8,500**
Adjusted Sales Price			**$167,500**		**$174,000**		**$163,500**

1) Site Differences were adjusted at $75 per square meter.
2) GLA Differences were adjusted at $60 per square foot.
3) A 5.0% adjustment was applied to all three sales in order to account for age and condition.
4) Contributory values of the improvements were adjusted accordingly.

The adjusted sales prices for the phase I subject model house unit range from $163,500 to $174,000, providing for a mean of $168,333 a median of $167,500 and a mid-point of $168,750, pointing towards a rounded sales price figure of $168,000.

Additional or extra site areas in similar/competitive projects in the immediate area and the general area municipalities, typically average around $75 per square meter for level terrain. However, considering that most of the 12,927.02 additional and/or extra saleable square meters at the phase I subject project include some form of slope areas, which typically average from $10 to $20 per square meter, a figure say of $30 per square meter, is considered more appropriate and will be applied accordingly.

Finally, the phase I subject project will have 45 units with corner and/or cul de sac locations in which a premium of $3,000 will be applied, as extracted by market indications in other similar/competitive projects.

Therefore, the total aggregate of retail values of the 201 units proposed to comprise the phase I subject project is concluded as follows:

201 Model Type Units x $168,000	=	$33,768,000
45 CornerLocations @ $3,000	=	$ 135,000
12,927.02 square meters at $30.00 per square meter	=	+ $ 387,811
Total	=	$34,290,811
Rounded to	**=**	**$34,300,000**

(Thirty Four Million Three Hundred Thousand Dollars)

The reported value is based on the preliminary development approval issued on 8/24/10 for Case No. 08DX2-CET02-03854 by the Regulations and Permits Administration (ARPE), allowing for the development of a single family residential subdivision at the phase I subject project site, according to the plans and specifications submitted for the preparation this appraisal report. As such, any change would render the reported value null and void.

In addition, the availability of capacity and/or connection rights to any or all public utilities has not been determined by the appraisers. Thus, the reported value is also contingent upon and limited to said capacity and right of connection.

Reconciliation and Final Value Conclusion

Cost Approach	**:**	**$34,300,000**
Development Sales Comparison Approach (Cumulative or Gross Sellout)	**:**	**$34,300,000**

The traditional income capitalization approach, as stated before, is not applicable in the appraisal of the phase I subject project, since the proposed phase I subject project has not been designed, nor will it be developed as an income producing property, nor are properties such as the subject, typically developed as rental ventures in Puerto Rico.

The cost approach results in an excellent guide to the value when buildings are new or proposed, and the improvements reflect the highest and best use of the land. However, purchasers of units in a residential project are more concerned with the amenities of the units and the project, and the location, than with the project's reproduction cost.

The cost approach, although a classic approach to value for other properties, falters when applied to a residential project. Any projection of one unit alone is unrealistic. Consequently, the cost approach is not an aggregate method for arriving at a conclusion of value in appraising a total residential project. Therefore, in this appraisal report, the cost approach is used as guide to the final indication of value and is assigned the least weight in the final value conclusion.

However, the cost approach to value is of utmost importance when determining the feasibility of a proposed residential project, as the income from sales should exceed the development cost by a sufficient amount acceptable to a sponsor/developer, for his or her risk and expenses in creating said project. Consequently, the fact that the indications of value resulting from the two (2) approaches to value developed happened to coincide, provides for a degree of comfort as to the feasibility of the proposed phase I subject project, specially, when both approaches to value developed contemplate profit incentives.

Nevertheless, because one of the purposes of this appraisal report is to arrive at the value represented by the sum total of the sellout of the proposed individual phase I subject units, greatest weight has to be given to the development (sales comparison) approach, which is the reflection of the recent past history in the market place, combined with the current supply/demand relationship and immediate future expectations.

In summary, the market data gathered and analyzed within the appraisal report, suggests the proposed phase I subject project to be a feasible venture, as has been the case of other similar priced type single family residential projects within the subject Toa Alta Municipality and the adjacent/bounding Bayamon Municipality.

In conclusion, the aggregate of retail values of the proposed phase I subject project, as of the prospective date of August 8, 2017, assuming the satisfactory completion of the improvements, was concluded to be of:

$34,300,000
(Thirty Four Million Three Hundred Thousand Dollars)

The reported value is based on the preliminary development approval issued on 8/24/10 for Case No. 08DX2-CET02-03854 by the Regulations and Permits Administration (ARPE), allowing for the development of a single family residential subdivision at the phase I subject project site, according to the plans and specifications submitted for the preparation this appraisal report. As such, any change would render the reported value null and void.

In addition, the availability of capacity and/or connection rights to any or all public utilities has not been determined by the appraisers. Thus, the reported value is also contingent upon and limited to said capacity and right of connection.

Discounted Value or Value to a Single Purchaser

In order to arrive at the value to a single purchaser of a property such as the proposed phase I subject project, an adjustment to the aggregate of retail values is typically made in order to account for marketing, overhead, supervision, entrepreneurial incentive, commissions, maintenance, closing costs, etc.

The definition of market value is based on several specific conditions, one of them being "a reasonable time is allowed for exposure in the open market." This condition is probably the most important reason, that the aggregate of retail values of several properties sold individually, is usually not equal to the value of all the properties sold combined. Typically, the reasonable time required to find a purchaser for one (1) residential unit is not the same, as the reasonable time required to find a purchaser for a large number of residential units combined. The reason being, that the dollar amount involved in the sale of all the residential units combined is higher than the dollar amount involved in the sale of only one (1) residential unit, and a higher sales price usually reduces the potential buyers for the property and consequently, an extended marketing period is expected.

In addition, and most important, the motivation behind the purchase of a single residential unit is not the same, as the motivation involved in the purchase of a large number of residential units combined.

When one considers a single purchaser for several properties combined, and that an extended marketing period is expected, the effect of receiving a specific amount at a later date, in addition to the holding costs during the extended period, must be considered. These items would therefore, have the effect of reducing the figure determined as the aggregate of retail values of all of the properties sold individually, in order to reflect the discounted value of all of the properties sold combined to a single purchaser.

Discounting, or bringing to a present worth, has the effect of reducing the value of a certain amount, to take into account the fact that said amount is to be received in the future. Discounting is based on the concept of time preference. This means that money now is worth more than money later and conversely, money later is worth less today. This is because the typical investor is foregoing alternative income opportunities or alternative uses of the money, while it is committed to the investment in question.

Two items must be established before discounting can be carried out. First, the time period over which the money is to be received and second, the rate at which the discounting is to take place.

The amount of time necessary to expose the proposed phase I subject units in the open market in order to achieve their sale, requires the properties to be actively exposed and aggressively marketed to potential purchasers, through marketing channels commonly used by sellers of similar type properties.

In regard to the time period, this would refer to the reasonable time required for finding a single purchaser for all of the proposed phase I subject units versus the time required to find a purchaser for each of the proposed phase I subject units individually. This time difference should be based on information gathered from the market.

Comparable residential projects to that of the phase I subject project in competitive Island locations with units in a similar price level are averaging around 2 to 4 units per month. Thus, considering the project's location and average target price range of $170,647, an absorption pace in the higher range of 4.0 units per month is comfortably concluded for the phase I subject project, resulting in a total project sellout of 50 months (201 units ÷ 4 units per month = 50.25 months), or 4.2 years, which is 14 months more than the project's projected construction period of 36 months.

The first step in the discounting procedure is to define the discount rate. The discount rate is the rate of return on the investment. Every discount rate must incorporate four elements of compensation which every investor is seeking. A rate of return must be paid to compensate the investor for overcoming time preference, giving up liquidity, assuming investment management burdens and assuming the risks of investments and ownership.

The discount rate is based principally on what other alternative opportunities exist for the investor, and these opportunities are weighted against the relative risks which ownership of those opportunities involve. The higher the risk, the higher the discount rate should be, for the typical investor would expect a greater return on an investment where there is a higher possibility of loss.

The most recent Realty Rates Survey Report, referent to the second quarter of 2014, discount rates for Subdivisions and Puds property types, which apply to the Florida/Caribbean Region market area, covering Florida, Puerto Rico and the Virgin Islands, range from 24.50% to 52.63% with an average of 37.02%, including profit and financing. Thus, based on the foregoing information and the $170,647 average target price range for the proposed phase I subject units, a discount rate in the lower end of the range, say a rounded 25%, is comfortably concluded and will be applied to the sales proceeds during the 50 month and/or 17 quarter absorption period being considered for the 201 proposed phase I subject units.

Discounting

I. Income

This represents the income that could be expected to be generated from the sale of the 201 proposed phase I subject units within the 50 month and/or 4.17 year marketing period. This amount has been previously calculated at $34,300,000, or $170,647 per unit.

II. <u>Expenses</u>

<u>Sales Expenses</u>

These will be estimated at 3.5% of the total sales volume being considered, and account for sales commissions and advertising experiences.

<u>Legal Expenses</u>

Legal expenses will be calculated at 1.5% of the income generated during the 4.17 year marketing period.

<u>Overhead, Miscellaneous and Unforeseen Expenses</u>

These will be estimated at 2.5% of the total sales volume and include real estate taxes, communal charges, insurance premium, etc.

In summary, the discounted value of the phase I subject project based on a pro forma cash flow analysis is as follows:

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Phase I Finca Valiente -201 Units																		
Appraisal Notes:																		
Prospective date: August 8, 2017.																		
The property consists of 201 proposed units.																		
Appraisal Values	* Gross	$34,300,000		* Sales Expenses = 3.5%														
	* Discounted	$19,325,000		* Legal Expenses = 1.5%		* Discount Rate at 25.0%												
				* Overhead and Other Expenses = 2.5%														
Absortion: 4 units per month.																		
Absortion per quarter: 12																		
Quarter		1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17
Total units Sold		12	12	12	12	12	12	12	12	12	12	12	12	12	12	12	12	9
Unsold Unit	201	189	177	165	153	141	129	117	105	93	81	69	57	45	33	21	9	0
Gross Sales		$2,047,761	$2,047,761	$2,047,761	$2,047,761	$2,047,761	$2,047,761	$2,047,761	$2,047,761	$2,047,761	$2,047,761	$2,047,761	$2,047,761	$2,047,761	$2,047,761	$2,047,761	$2,047,761	$1,535,821
Sales Concessions	0%	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
Net Sales		$2,047,761	$2,047,761	$2,047,761	$2,047,761	$2,047,761	$2,047,761	$2,047,761	$2,047,761	$2,047,761	$2,047,761	$2,047,761	$2,047,761	$2,047,761	$2,047,761	$2,047,761	$2,047,761	$1,535,821
Expenses:																		
Cost to Complete		$0																
Sales Expences	3.5%	$71,672	$71,672	$71,672	$71,672	$71,672	$71,672	$71,672	$71,672	$71,672	$71,672	$71,672	$71,672	$71,672	$71,672	$71,672	$71,672	$53,754
Marketing - O/H	2.5%	$51,194	$51,194	$51,194	$51,194	$51,194	$51,194	$51,194	$51,194	$51,194	$51,194	$51,194	$51,194	$51,194	$51,194	$51,194	$51,194	$38,396
Miscellaneous	1.5%	$30,716	$30,716	$30,716	$30,716	$30,716	$30,716	$30,716	$30,716	$30,716	$30,716	$30,716	$30,716	$30,716	$30,716	$30,716	$30,716	$23,037
Total Expenses		$153,582	$153,582	$153,582	$153,582	$153,582	$153,582	$153,582	$153,582	$153,582	$153,582	$153,582	$153,582	$153,582	$153,582	$153,582	$153,582	$115,187
Net Sales - Expenses		$1,894,179	$1,894,179	$1,894,179	$1,894,179	$1,894,179	$1,894,179	$1,894,179	$1,894,179	$1,894,179	$1,894,179	$1,894,179	$1,894,179	$1,894,179	$1,894,179	$1,894,179	$1,894,179	$1,420,634
		0.9412	0.8858	0.8337	0.7847	0.7385	0.6951	0.6542	0.6157	0.5795	0.5454	0.5133	0.4831	0.4547	0.4280	0.4028	0.3791	0.3568
Present Value		$1,782,757	$1,677,889	$1,579,189	$1,486,296	$1,398,867	$1,316,580	$1,239,135	$1,166,244	$1,097,642	$1,033,075	$972,305	$915,111	$861,281	$810,617	$762,934	$718,056	$506,863
Value to a Single Purchaser		$19,324,840																
Rounded to		**$19,325,000**																

Gross Sellout	$34,300,000
Total units	201
Absortion per Quarter	12
Average Price	$170,647
Discount Rate	25.00%
Sales Concessions	0%
Sales Expences	3.5%
Marketing - O/H	2.5%
Miscellaneous	1.5%

In conclusion, the discounted value and/or its value to a single purchaser of the proposed phase I subject project, as of the prospective date of August 8, 2017, assuming the satisfactory completion of the improvements, was concluded to be of:

$19,325,000
(Nineteen Million Three Hundred Twenty Five Thousand Dollars)

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Certification

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

- The statements of fact contained in this report are true and correct.

- The reported analyses, opinions, and conclusions are limited only by the reported assumptions and limiting conditions, and are my personal, impartial, and unbiased professional analyses, opinions, and conclusions.

- I have no present or prospective interest in the properties that are the subject of this report, and no personal interest with respect to the parties involved.

- I have no bias with respect to the properties that are the subject of this report or to the parties involved with this assignment.

- On 12/5/05, 8/6/07, 10/25/07, 11/20/08, 8/1/11 and 1/22/13, I appraised the subject property for you the client and/or Doral Bank under different valuation scenarios. Pease note, that I have now appraised a proposed residential development and its remnant parcels which is similar to what was previously appraised on 8/1/11 and 1/22/13.

- My engagement in this assignment was not contingent upon developing or reporting predetermined results.

- My compensation for completing this assignment is not contingent upon the development or reporting of predetermined values or direction in values that favors the cause of the client, the amount of the value opinions, the attainment of stipulated results, or the occurrence of a subsequent event directly related to the intended use of this appraisal.

- The reported, analyses, opinions, and conclusions were developed, and this report has been prepared, in conformity with the requirements of the Code of Professional Ethics and Standards of Professional Appraisal Practice of the Appraisal Institute, which include the Uniform Standards of Professional Appraisal Practice.

- This appraisal report was prepared in accordance with the requirements of Title XI of the Financial Institutions Reform, Recovery and Enforcement Act of 1989, as amended (12U.S.C 3331 et seg.) and any implementing regulations.

- The use of this report is subject to the requirements of the Appraisal Institute relating to review by its duty authorized representatives.

- I have made a limited exterior inspection of the properties that are the subject of this report.

- No one provided significant real property appraisal assistance to the person signing this certification.

- As of the date of this report, I have completed the continuing education program of the Appraisal Institute.

LUIS E. VALLEJO, MAI
Real Estate Appraiser
General Certification No. 19 / License No. 525

PO Box 11922, San Juan, PR 00922-1922
E-Mail: levallejo@vallejopr.com

Certification

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

- The statements of fact contained in this report are true and correct.

- The reported analyses, opinions, and conclusions are limited only by the reported assumptions and limiting conditions, and are my personal, impartial, and unbiased professional analyses, opinions, and conclusions.

- I have no present or prospective interest in the properties that are the subject of this report, and no personal interest with respect to the parties involved.

- On 8/1/11 and 1/22/13, I performed appraisal reports of the subject property, which included a proposed residential development and a remnant parcel, similar to the valuation scenario appraised now.

- I have no bias with respect to the properties that are the subject of this report or to the parties involved with this assignment.

- My engagement in this assignment was not contingent upon developing or reporting predetermined results.

- My compensation for completing this assignment is not contingent upon the development or reporting of predetermined values or direction in values that favors the cause of the client, the amount of the value opinions, the attainment of stipulated results, or the occurrence of a subsequent event directly related to the intended use of this appraisal.

- The reported analyses, opinions, and conclusions were developed, and this report has been prepared, in conformity with the requirements of the Code of Professional Ethics and Standards of Professional Appraisal Practice of the Appraisal Institute, which include the Uniform Standards of Professional Appraisal Practice.

- This appraisal report was prepared in accordance with the requirements of Title XI of the Financial Institutions Reform, Recovery and Enforcement Act of 1989, as amended (12U.S.C 3331 et seg.) and any implementing regulations.

- I have made a limited exterior inspection of the properties that are the subject of this report.

ANTONIO J. PURAS
Real Estate Appraiser
General Certification No. 233 / License No. 798

General Limiting Conditions

The appraisers will not be required to give testimony or appear in court because of having made this appraisal, with reference to the property in question, unless arrangements have been previously made thereof.

Any cause of action resulting between the appraisers and the client in conjunction with this appraisal, either directly or indirectly, will be limited in damages to the amount of the appraisal fee received for the assignment. Furthermore, it is agreed that you will indemnify Vallejo & Vallejo for any damages, costs, expense, and attorney's fees resulting from any cause of action by any interested party, other than the client, concerning the appraisal report.

Possession of this report, or a copy thereof, does not carry with it the right of publication. It may not be used for any purpose by any person other than the party to whom it is addressed without the written consent of the appraisers, and in any event, only with the proper written qualification and only in its entirety.

In the case where an improvement is considered, the distribution of the total valuation between land and improvements applies only under the reported highest and best use of the property. The allocations of value for land and improvements must not be used in conjunction with any other appraisal and are invalid if so used.

Disclosure of the contents of this report is governed by the By-Laws and Regulations of the Appraisal Institute. Neither all nor any part of the contents of this report, or copy thereof, shall be conveyed to the public through advertising, public relations, news, sales or any other media, without written consent and approval of the appraisers. Nor shall the appraisers, firm or professional organization of which the appraisers are members, be identified without prior written consent of the appraisers.

The physical condition of the improvements described herein is based on visual inspection only. No liability is assumed for the soundness of structural members, including roof (wear and leakage), foundation (settling or leakage), footings, exterior and interior walls, partitions, floors, or any other part of the structure, since no engineering tests were made of same and no termite inspection was conducted. Furthermore, we accept no legal responsibility for the efficiency of the plumbing and electrical systems, air conditioning equipment, or any major appliances. Unless otherwise noted, all of these items appeared adequate and operational.

In this appraisal assignment, the existence of potentially hazardous material used in the construction or maintenance of the building, such as the presence of urea formaldehyde foam insulation or asbestos, and/or existence or toxic waste, which may be or may not be present on the property, has not been considered. The appraisers are not qualified to detect such substances. We urge the client to retain an expert in this field if desired.

General Assumptions

This appraisal report has been made with the following general assumptions:

1) No responsibility is assumed for the legal description or matters including legal or title considerations. Titles to the properties are assumed to be good and marketable unless otherwise stated.

2) The properties are appraised free and clear of any or all liens or encumbrances unless otherwise stated. All taxes are assumed to be current. In specific cases, at the request of the client, the appraisers may present data on past due ad valorem taxes. However, this data is not certified and is only a verbal confirmation by the tax authority. This data should not be relied upon by the client and has no effect on the final value conclusion(s).

3) The properties are appraised as though under responsible, adequately capitalized ownership and competent property management.

4) The information furnished by others is believed to be reliable. However, no warranty is given for its accuracy.

5) All engineering is assumed to be correct. The plot plans and illustrative material in this report are included only to assist the reader in visualizing the property.

6) It is assumed that there are no hidden or unapparent conditions of the property, subsoil, or structures that render it more or less valuable. No responsibility is assumed for such conditions or for arranging for engineering studies that may be required to discover them.

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

8) It is assumed that all applicable zoning and use regulations and restrictions have been complied with, unless a nonconformity has been stated, defined, and considered in the appraisal report.

9) It is assumed 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 contained in this report is based.

10) It is assumed that the utilization of the land and improvements is within the boundaries or property lines of the property described and that there is no encroachment or trespass unless noted in the report.

11) The availability of capacity and/or connection rights to any or all public utilities had not been determined by the appraisers. The value(s) reported herein is (are) contingent upon and limited to said capacity and right of connection.

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Addendum

Engagement Letter

ARPE Preliminary Development Approval

Qualification Data – Luis E. Vallejo

Qualification Data – Antonio J. Puras

PO Box 11922, San Juan, PR 00922-1922
E-Mail: levallejo@vallejopr.com

ENGAGEMENT LETTER

doralbank PO Box 70308 San Juan PR 00936-

REQUEST FOR PROPOSAL – APPRAISAL SERVICES

Client	Doral Bank
Intended Users	Doral Bank and Blackpoint Management as asset manager/consultant to Doral Bank.
Appraisal Firm	Vallejo and Vallejo
Appraiser Email	Levallejo@vallejopr.com
Appraiser Phone	787-723-2121
Doral Bank Approved Appraiser Status	Approved

SECTION BELOW TO BE INCLUDED ON COVER AND TRANSMITTAL LETTER	
Doral File No.	80-00000495
Loan/Borrower Name	Mora - Finca Valiente
Property Name	Finca Valiente
Property Location	WEST OF KILOMETER 0.7 OF PR-828 PIÑAS WARD, TOA ALTA, PUERTO RICO
Project/Land/Commercial	Proposed Phase 1 and remnant lands
Description of Property	Proposed Phase 1 and remnant lands
Report format	Narrative

ASSIGNMENT AND SCOPE OF SERVICES	
Purpose/Function of the Appraisal	Market Value/Internal Decision Making, Compliance
Value – As Is	Required for all appraisals
Upon Completion (if applicable)	Required for proposed or under construction
Upon Stabilization (if applicable)	Required for proposed or under construction except non rental residential
Gross Sell Out Value (if applicable)	Required on for residential projects
Other (specify)	
Scope of Services	Narrative- Subdivision Analysis (As Is), Gross Sellout, Sales Comparison, Market Analysis
Terms of Agreement	See Attachment

SECTION BELOW TO BE COMPLETED BY APPRAISER		
Prior Appraisal or involvement with property (specify)	January 2013	
	Price	Delivery Date(s)
Self-Contained Report	$10,000	July 8, 2014

Authorizations:
Vendor [signature] Date: 5/28/14
Doral Bank ____________ Date: ____________

PLEASE RETURN ALL 4 PAGES OF ENGAGEMENT LETTER

APPRAISAL SERVICES - TERMS OF AGREEMENT

Miembro FDIC

Compliance: All reports must be prepared by vendor (the Appraiser) in compliance with current USPAP standards and FIRREA guidelines and shall be performed in accordance with customarily professional standards with the level of detail and support necessary to adequately support the value and conclusions reported.
Initial Draft and Review Process: Appraiser shall first submit a draft of the appraisal to Blackpoint Management, as authorized agent of Doral Bank, for its preliminary review and prior to finalizing the report. The report should have a watermark or stamp clearly denoting it as a DRAFT. Upon receipt, Blackpoint Management and/or a third party reviewer will review the report for USPAP compliance, and will in turn submit any comments and or corrections of the report to the Appraiser. Thereafter, the Appraiser shall address the reviewer's comments and provide the final version of the report within one (1) week from the date any corrections and/or comments that were provided to the Appraiser.
Indemnification: Appraiser agrees to indemnify, defend and hold Doral Bank, its officers, directors, agents, employees and other related parties (collectively referred to as Indemnitees) harmless from and against any and all liabilities, damages, losses, expenses, claims, demands, suits, fines, or judgments that include reasonable attorneys' fees, costs and expenses, incidental thereto, which may be suffered by, accrued against, charges to or recoverable from any Indemnitee, by reason of any claim arising out of or relating to any act or error or omission, or misconduct of Appraiser, its officers, directors, agents, employees or subcontractors.
Termination: Doral Bank reserves its right to terminate this Agreement at any time, provided written notice of termination (Notice of termination) from effective date is provided at least two business days in advance (notice might be executed through electronic communication or facsimile notice) to the Appraiser. In the event of termination, Doral Bank shall compensate the Appraiser for any unpaid invoice and supported fees (ie: percentage of completion done in accordance with specified scope of services and terms herein) for services rendered to the point of the effective date of the Notice of Termination.
Confidentiality: All communications pursuant to this Agreement, whether verbally or written, by and between the Appraiser and any authorized representative for Doral Bank or its agents shall be kept and maintained as confidential. Each party agrees that it will treat as confidential all information which may be disclosed to it by the other under this Agreement. Each party agrees to exert its best efforts not to disclose confidential information to third parties, and agrees to make no use thereof except as necessary for the proper performance of this Agreement. The parties' obligations hereunder shall not extend to information which (a) is publicly available; (b) can be shown by the receiving party to have been known by it prior to the time of disclosure; or (c) is received by the receiving party from a third party without breach of a duty to the disclosing party. The parties' obligations under this Section shall continue throughout the term of this Agreement and for one (1) years thereafter.
Conflict of Interest. The Appraiser affirms that to the best of his knowledge, there exists no actual or potential conflict between the Appraiser's family, business, or financial interests (including services provided to another client) and the services provided under this Agreement, and that in the event of a change in either the private interests or services under this Agreement, any questions regarding the possible conflict of interest that may arise as a result of this change shall be disclosed in writing to Doral Bank and/or Blackpoint Management. The Appraiser shall not be in a reporting relationship to a Doral Bank and/or

Blackpoint Management employee who is a near relative, nor shall the near relative be in a decision making position with respect to the Appraiser.

Scope of Services: The reports are to be prepared in compliance with USPAP guidelines. Unless stated otherwise, the valuation is to be made based on Market Value as defined within USPAP and should not assume a distressed property or liquidation sale unless requested. Depending on the property type, appropriate valuation methodology and approaches to value are to be employed as noted below in accordance with such guidelines:

- Vacant Land – no near term use planned: Sales Comparison Approach; comparables with similar highest and best use and similar characteristics.
- Remnant Land or Proposed Development ("Project"): If land has an immediate or near term development concept with available specs, plans, and budget costs, should employ the following: Sales Comparison analysis reflecting "as is" condition. If land has infrastructure in place, comparable bulk site developed lot sales should be used. A discounted cash flow analysis/development approach should be employed including appropriate market analysis required to ascertain end unit price/gross sell out value and absorption. Discount rates and profit must be market supported, along with all other relevant assumptions.
- Commercial: Use Cost Approach, Sales Comparison, and Income Approach as relevant for property under appraisal. The exclusion of any approach must be supported. A property which is underutilized due to deferred maintenance or ineffective management should assume the property is operated to highest and best use.
- Highest and Best Use: Regardless of the property type, the highest and best use analysis must consider the physically possible, legally permissible, financially feasible, and maximally productive use of the property. For example, if the developer has elected to reduce the size of a proposed development, the appraiser should confirm through the analysis of steps outlined above that said use provides the maximum return to the land. If a property is partially constructed and the maximum value of the property would be realized through repairing/completing improvements, such analysis should be included.

Independent Contractor. The Appraiser, its employees and agents are independent contractors. Neither the Appraiser nor the Appraiser's employees and agents are or shall be deemed for any purpose to be employees of Doral Bank and/or Blackpoint Management.

Taxes. The Appraiser agrees to pay the amount of any sales, use, excise or similar taxes applicable to the performance of the Services, if any. Doral Bank and/or Blackpoint Management may request the Appraiser to provide a certificate or any other evidence related to the compliance with federal, state or municipal tax laws.

Governing Law. This Agreement and the rights and obligations of the parties hereunder are to be governed by and construed and interpreted in accordance with the laws of the Commonwealth of Puerto Rico applicable to contracts made and to be performed wholly within Puerto Rico, without regard to choice or conflict of laws rules.

Entire Agreement. This Agreement supersedes all prior agreements and understandings between the parties for performance of the Services specified herein, and constitute the complete agreement and understanding between the parties.

Amendment and Modification. No amendment, modification, supplement, termination, consent or waiver of any provision of this Agreement, nor consent to any departure

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E-Mail: levallejo@vallejopr.com

therefrom, will in any event be effective unless the same is signed by the party against whom enforcement of the same is sought.

Third-Party Beneficiary. This Agreement is solely for the benefit of the parties and their respective successors, and no other person has any right, benefit, priority or interest under, or because of the existence of, this Agreement. The respective rights and obligations of the parties hereunder shall indefinitely survive the termination of this Agreement to the extent necessary for the intended preservation of such rights and obligations.

Severability. Any provision of this Agreement that is declared invalid or unenforceable by a court of competent jurisdiction shall be ineffective to the extent of such invalidity or unenforceability without invalidating or rendering unenforceable the remaining provisions hereof.

No Waiver. Failure on the Doral Bank and/or Blackpoint Management to complain of any action or non-action on the part of the Appraiser, no matter how long the same may continue, shall never to be deemed to be a waiver by the Appraiser of any rights hereunder.

Section Headings. The section headings in this Agreement are for reference purposes only and shall not affect the interpretation of this Agreement.

ARPE PRELIMINARY DEVELOPMENT APPROVAL

ESTADO LIBRE ASOCIADO DE PUERTO RICO
ADMINISTRACION DE REGLAMENTOS Y PERMISOS
CENTRO EXPRESO DE TRAMITE

APROBACION PARA DESARROLLO PRELIMINAR

FINCA VALIENTE -- ALTERNO POR AUMENTO EN EL NUMERO DE UNIDADES EN LA FASE I A 229, SE ELIMINAN LAS CASAS EN HILERAS, SE DISMINUYEN LA UNIDADES DE FASE IV A 39 Y MANTIENE 21,188.2600 MC PARA USO COMERCIAL.

Número de Catastro :
12-112-000-003-03-000

Número de Radicación : **08DX2-CET02-03854**

De conformidad con las disposiciones contenidas en las Leyes y los Reglamentos de Planificación vigentes, se expide la presente Aprobacion para Desarrollo Preliminar, Certificado / Residencial / Privado, para el desarrollo de terreno relacionados con un predio de terreno ubicado en :

CARR 828, KM 0.7
BO. PIÑAS
TOA ALTA, PR

Dueño(s)
1 MORA DEVELOPMENT CORP. (Primario)

Casos de Referencia :
Caso de Ubicación : 03-12-1024-JPU

Proponente / Contacto
1 Proyectista - . Maria . Villalonga De Dios - MORA DEVELOPMENT CORP.

Zonificación
Zonificación 1 : R-1
% Topografía accidentada : 100%
Fecha de Vigencia (Inund) : 16/ABR./05.
Fecha de Vigencia (Zonif) : 11/MAYO/00.
Número Hoja Mapa Inundables : 72000C0705H
Número Hoja Mapa Zonif : 19

Certificado por
1. Ing. Jose A. Melendez , Lic. No. 2954 - JOSE A MELENDEZ & ASSOCITES

Cabida
Cabida Escritura : 181.3139 cuerdas
Cabida Mensura : 181.3139 cuerdas

Descripción Legal
NORTE: COREANO VAZQUEZ Y OTROS
SUR: GERMAN AYALA
ESTE: VICTOR L. CRUZ
OESTE: PABLO MORALES

Folio / Tomo / Finca : 137 - 28 - 1380

Coordenadas Lambert X / Y: 174700 / 58200

Atributos / Caracteristicas
Alumbrado Soterrado

ARPE
Administración de Reglamentos y Permisos

ESTADO LIBRE ASOCIADO DE PUERTO RICO
ADMINISTRACION DE REGLAMENTOS Y PERMISOS
CENTRO DE SERVICIOS TECNICOS
APROBADO

>>> Ver siguiente(s) página(s) para Anejo y/o Condiciones <<<

Ing. Jorge L Garcia Faneytt
ADMINISTRADOR

Autorizado por : Ing. Héctor Rodríguez Echevarria
Gerente
CENTRO EXPRESO DE TRAMITE

Fecha de Aprobación : 08-23-2010

Fecha Expedido : AUG 2 4 2010

Este documento no es válido sin el/los sello(s)

Página 1 de 5

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E-Mail: levallejo@vallejopr.com

QUALIFICATION DATA – LUIS E. VALLEJO

Office Address

1610 Ponce De León Avenue
Santa Ana Building
Santurce, Puerto Rico 00909
Tel. (787) 723-2121
Fax. (787) 724-3949
E-Mail: levallejo@vallejopr.com

Mailing Address

Vallejo & Vallejo
P.O. Box 11922
San Juan, P.R. 00922-1922

Designations

MAI
SRA
SRPA
SREA

Education

Bachelor of Science Degree
Major in Business Administration
Babson College, Babson Park, Wellesley, MA 02457-0310

Currently certified under the Continuing Education Program of the Appraisal Institute for the period through 12/31/2015.

Licenses

Authorized Professional Real Estate Appraiser - Certificate No. 525, Commonwealth of Puerto Rico.

Certified General Real Estate Appraiser for Federally Related Transactions - Certificate No. 19, Commonwealth of P.R.

Certified General Real Estate Appraiser for Federally Related Transactions - Certificate No. 1151, State of Georgia, USA.

Offices Held

Commonwealth of Puerto Rico

Appointed by the Governor of P.R. to the Puerto Rico Real Estate Appraisers Board of Examiners (1994 thru 2000)
President of the Board of Examiners (1999-2000)

Appraisal Institute - National

Appraisers Liability Insurance Program President (2014)
Appraisers Liability Insurance Program Vice-President (2013)
Appraisers Liability Insurance Program Board of Directors Member (2011-16)
Appraisers Liability Insurance Program Audit Committee Member (2013)
Appraisal Institute Ambassador to South America (2011)
Board of Directors Member (1997 thru 1999)
Ex-Officio Member of Board of Directors (2000)
Audit Committee Member (1999-2000)
International Relations Committee Chair (2004 thru 2007)
International Relations Committee Member (1991 thru 2007)
Strategic Planning Committee Member (2005 thru 2007)
Representative to Pan American Union of Appraisal Associations (UPAV) (1993)
Representative to SOITAVE (1994 thru 2009)
International Instructors Advisory Group Member (2004)
Educational Programs and Publications Committee Member (2004)
Public Affairs Committee Member (2004)
Minority Relations Committee Member (1994 thru 1996)
Puerto Rico State Legislation and Regulation Subcommittee Member (1991-1992)
Puerto Rico Government Relations Subcommittee Chair (1993 thru 1997)

Appraisal Institute - Region X

Region Director (1997 thru 1999)
Region Vice Chair (1998)
Region Chair (1999)
Ethics and Counseling Panel Member (1995)
Speakers Panel Member (1995)
Nominating Committee Chair (2000)

Puerto Rico Chapter of the Appraisal Institute

Board of Directors Member (1991 thru 1994)
Professional Practice Committee Chair (1991 thru 1993)
Admissions Committee Chair (1993)
Representative to Region X (1993)

Society of Real Estate Appraisers - P.R. Chapter no. 171

Chapter President (1986-1987)
Board of Directors Member (1982 thru 1985 / 1987 thru 1990)
Board of Directors Secretary (1978-1979 / 1985-1986)
Admissions Committee Chair (1983 thru 1989)
Professional Practice Committee Chair (1983 thru 1990)

Pan American Union of Appraisal Associations (UPAV)

Secretary of Board of Directors (1996 thru1998)
Board of Directors Member (1996 thru 2000)

Instructor Approved Instructor for Courses and Seminars by the Society of Real Estate Appraisers and the Appraisal Institute from 1982 thru 1992.

Professional Recognition Chosen by the Puerto Rico Association of Realtors as the 1994 Distinguished Professional in the Real Estate Appraisal field.

Member National Association of Realtors - San Juan Board of Realtors.

Appraisal Courses, Seminars and/or Examinations

Institution/Organization	Course / Seminar Name	Year
Appraisal Institute	National Uniform Standard Professional Appraisal Practice (USPAP) Course	2014
	Business Practices and Ethics	2013
	Uniform Appraisal Standards for Federal Land Acquisitions	2013
	Fundamentals of Separating Real Property, Personal Property and Intangible Business Assets	2013
	Real Estate Finance, Statistics, and Valuation Modeling	2012
	Appraising the Appraisal: Appraisal Review-Residential	2012
	National USPAP Update Course	2012
	Analyzing Tenant Credit Risk and Commercial Lease Analysis	2011
	Residential Applications: Using technology To Measure and Support Agreement Results	2011
	The Uniform Appraisal Dataset From Fannie Mae & Freddie Mac	2011
	Case Studies Appraising Green Residential Buildings	2011
	Introduction to Green Buildings: Principles and Concepts	2011
	The Lending World in Crisis-What Clients need their appraisers to know today	2011
	Laws and Regulations of the Appraisal Profession in PR	2011
	Appraisal Curriculum Overview	2010
	Appraising Distressed Commercial Real Estate	2010
	National USPAP Update Course	2010
	Business Practices and Ethics	2010
	FHA Appraisal Training	2010
	Effective Appraisal Writing	2010
	Commercial Appraisal Engagement and Review Seminar for Bankers and Appraisers	2009
	National Uniform Standards of Professional	

Institution/Organization	Course /Seminar Name	Year
Appraisal Institute, Cont.	Appraisal Practice (USPAP) Course	2009
	Business Practices and Ethics	2009
	Appraisal Curriculum Overview	2009
	Quality Assurance in Res. Appraisals	2008
	Laws and Regulations of the Appraisal Profession in PR	2008
	National Uniform Standards of Professional Appraisal Practice Course	2007
	Advance Applications	2007
	The Professional's Guide to the Uniform Residential Appraisal Report	2005
	National Uniform Standards of Professional Appraisal Practice - Course 400	2005
	Business Practices and Ethics - Course 420	2005
	National Uniform Standards of Professional Appraisal Practice - Course 410	2003
	Apartment Appraisal	2002
	Condemnation Appraising: Advanced Topics And Applications	2002
	Condemnation Appraising: Basic Principles And Applications	2002
	Standards of Professional Appraisal Practice -Part C	2002
	Litigation Appraising: Specialized Topics and Application	2002
	The Appraiser as an Expert Witness	2002
	Standards of Professional Appraisal Practice-Part C	2000
	The FHA and the Appraisal Process	1999
	Valuation of Detrimental Conditions in Real Estate	1998
	The Internet and Appraising	1998
	Understanding and Using DCF Software	1998
	Accrued Depreciation	1997
	New Industrial Valuation	1997
	International Appraisal Methods, Standards and Opportunities	1996
	Large Scope Appraisal Projects	1996
	The Appraiser's Complete Review	1996
	How to Appraise FHA Properties	1995
	Faculty Workshop	1995
	EDI and The Appraisal Profession	1995
	Standards of Prof. Appraisal Practice-Part A	1995
	Standards of Prof. Appraisal Practice-Part B	1995
	Technology Trends for the New Appraisal Office: EDI, GIS and Digital Imaging	1995
	Loss Prevention for Real Estate Appraisers	1995
	Subdivision Analysis	1994
	Appraisal Review - Residential Properties	1994

Institution/Organization	Course /Seminar Name	Year
Appraisal Institute, Cont.	Appraisal Review - Residential Properties	1994
	Appraisal Review - Commercial Properties	1994
	Understanding Limited Appraisals and Appraisal Reported Options: General	1994
	Evaluation Guidelines	1994
	Analyst Symposium	1994
	Feasibility Analysis and Highest & Best Use / Non-Residential Properties	1993
	Discounted Cash Flow Analysis	1993
	Real Estate Risk Analysis	1993
	The New Uniform Residential Appraisal Report Form	1993
	Analyst Symposium	1993
	Residential Case Study	1993
	Capitalization Theory and Techniques - Part B	1992
	Comprehensive Examination	1992

Institution/Organization	Course / Seminar Name	Year
Society of Real Estate Appraisers	Appraisal Regulations of the Federal Banking Agencies	1992
	Appraisal Theory Review	1991
	Capitalization Theory and Techniques - Part A	1991
	Applied Residential Property Valuation	1991
	Principles of Income Property Appraising	1990
	Appraiser Certification / State Certified General Appraiser	1990
	Analyst Symposium	1990
	Condemnation: Legal Rules and Appraisal Practice	1990
	Writing Skills for Appraisers	1990
	Income Property Valuation for the 1990's	1989
	Appraising Condominium Properties	1989
	Applied Residential Property Valuation	1988
	Professional Practice	1988
	Appraiser's Guide to URAR Update on R41-C	1987
	Recent Development in Income Property Valuation	1986
	Instructor's Clinic: Course 101-An Introduction to Appraising Real Property	1986
	Introduction to Income Capitalization	1986
	Principles of Income Property Appraising	1985
	R-41 B and the Appraiser	1985
	Depreciation Analysis	1985
	Real Estate Investments: Introduction to Cash Flow and Risk Analysis	1984
	Financing Adjustments: Creative Financing and Cash Equivalence	1981
	Basic Money Market and Economic Analysis	1981
	Narrative Report Writing	1980
	R-2 Examination	1980

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Institution/Organization	Course / Seminar Name	Year
Society of Real Estate Appraisers	Evaluation and Impact of Financial Data on Appraisal Problems	1980
	Condominium Appraising	1979
	Marketability and Market Analysis	1979
	Investment Feasibility Analysis	1977
	The Valuation of Leases and Leasehold Interest	1976
	Math-Stat-Finance Review for Appraisers	1975
	Principles of Income Property Appraising	1973
	An Introduction to Appraising Property	1973

Institution/Organization	Course /Seminar Name	Year
American Institute of Real Estate Appraisers	Practical Application of Discounted Cash Flow Analysis	1988
	Highest and Best Use Analysis	1986
	Evaluating Residential Construction	1986
	Valuation of Leased Fee & Leasehold Estates	1986
	Hotel and Motel Valuation	1986
	Fundamentals of Real Estate Appraisal Review	1986
	Real Estate Risk Analysis	1986
	Residential Valuation - Course VIII	1985
	Business Valuation	1984
	Standards of Professional Practice	1983
	Valuation Analysis and Report Writing	1983
	Rates: Discount and Capitalization "Their Components and How to Find Them"	1981
	Income Capitalization Workshop	1978
The Appraisal Foundation	Uniform Standards of Professional Appraisal Practice Update for Regulators	2000
	Uniform Standards of Professional Appraisal Practice	1999
	Uniform Standards of Professional Appraisal Practice Instructors Training	1999
PR Institute of Realtors	Sustainable Green Communities	2009
	Housing in Puerto Rico	2009
	Economics & Development Quadrennial – The Code of Ethics	2009
Pan American Union of Appraisal Associations	UPAV Congress	2000
	UPAV Congress	1998
	UPAV Congress	1996
	UPAV Congress	1994
	UPAV Congress	1992

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Institution/Organization	Course / Seminar Name	Year
Benémerita Universidad Autónoma de Puebla (Mexico)	International Appraisal Colloquium	1997
Instituto de Tasaciones Dominicanos, Inc.	Specialized Analysis of Investment Properties	1996
Sociedad de Ingeniería de Tasación de Venezuela	SOITAVE Congress	1996
	SOITAVE Congress	2000
	SOITAVE Congress	2005

Institution/Organization	**Course / Seminar Name**	**Year**
Caribbean/Latin American Action	Business and Investment in a Free & Democratic Cuba	1995
Puerto Rico Housing Finance Corporation	Financing Affordable Housing Today	1995
Housing and Urban Development	Appraisal Seminar	2007
HUD & MBA of PR	FHA Appraisal Reform Training	2006
Whitmer Seminars, Inc.	Comprehensive Appraisal Workshop	1992
Federal Emergency Management Agency	National Flood Insurance Program Workshop	1988
Puerto Rico Institute of Evaluators	Condemnation Symposium	1983
Marshall & Swift Publication Company	Cost Valuation Method	1981

Types of Appraisals Performed

Single family residential	Residential subdivisions
Condominium units	Condominium projects
Apartment houses	Income producing properties
Shopping centers	Office buildings
Bank branches	Special purpose properties
Hotels	Vacant parcels of land
Industrial properties	(residential, commercial,
Hospitals	industrial, mixed-uses), etc.

Major Clients Served

Banco Popular de Puerto Rico
Banco Santander-Puerto Rico
Citibank, N.A.
Doral Bank
First Bank
JP Morgan – Chase Bank
Key Bank, N.A.
Oriental Bank and Trust
Royal Bank of Canada
Scotiabank de Puerto Rico
Doral Mortgage
First Mortgage
Popular Mortgage
Santander Mortgage
Scotia Mortgage

ACHA Trading Corporation
A. H. Development Corp.
ADI, Inc.
Advisors Investment Group
AIREKO Construction
Albors Housing
Alcon Laboratories
Allied Management Group, Inc.
Artickar
Associates Relocation
Atlantic Pipe Corp.
AT&T of PR
Autoridad para el Financiamiento de la Vivienda (Proyecto Rehabilitación de Santurce)
Autoridad de Acueductos y Alcantarillados
Auxilio Mutuo Hospital
B. Fernández & Hnos., Inc.
Bacardí Corporation
Banco De Desarrollo Para PR
Bayamón Municipality
Bayview Financial, LLC
Beauty Concepts, Inc.
BeeWee Properties
BioPharma
BL Investments
Blackstone
Block Drug Company
BlokBuilders, Inc.

Caguas Commercial, Inc.
Calvary Evangelistic Mission, Inc.
Canóvanas Urban Development, Inc.
Caparra Country Club
Carhil Developers, Inc.
Caribbean Associates, SE
Caribbean Cinemas
Caribbean Project Management
Caribe Physicians Plaza, Corp.
Carlos M. Benitez Insurance
Carolina Building Materials, Inc.
Cartus Relocation
Casa Suarez
CB Richard Ellis
Cendant Mobility – Stars
Centro Clínico Del Este
Centro Internacional de Mercadeo
Century Parking Corp.
C.S.W. Associates, Inc.
Cervantes Hotel
Cervecería India, Inc.
Charlie Car Rental
Chesterton Blumenauer Binswanger
Christiansen & Portela
Cinemas Management of PR, Inc.
Ciudad Centro, Inc.
Clínica Las Américas
Coamo Municipality
Cobian's Plaza
Coca - Cola
Coco Beach Resort
Comisionado de Seguros de P.R.
Condado Royal Palm
Convention Center District Authority
CooPACA Mortgage
Corval, SE
Cutler-Hammer De P.R. (Eaton Corp.)
D & D Creative Solutions, Inc.
D Group Equities
Damas Hospital
Davis & Geck, Limited
Desarrolladora Capital Center, Inc.
Desarrolladora Parklane, SE
Desarrolladora Piloto, SE
Desarrollos Insulares, Inc.
Desarrollos Isleños, Inc.
Designers Unlimited

DH Distributors
Eastdil Secured
Economic Development Bank for PR
EJE Sociedad Publicitaria
El Nuevo Día
Empresas Díaz
Empresas Fonalledas
Empresas Lebrón
Empresas Sadurní/Loyola
Empresas Rojo
ERTEC
Fairmont Hotels and Resorts
Fannie Mae
Federal Deposit Insurance Corp.
Federal Express
Fidelity Valuation Services
Fiedler & Frías
Finanxial Business Center
First Pennsylvania Bank
Flexitank
Fontaineblue Plaza, SE
Fuller Brush-PR
Gasolinas Caribe
General Electric Capital
Glaxo Smith Kline
GM Group
Golden Mile Development, SE
Government Development Bank for PR.
Goya de PR
Gramas Lindas, SE
Grupo Carmelo
Grupo Ferré – Rangel
Hampton-Inn (Edenton)
HERA Development, SE
Hewlett – Packard
High Tech Auto Care
Hospital de la Concepción
Hotel & Club Associates, Inc.
Hotel & Leisure Consultants, Inc.
Hunter Del Caribe
IDI Holdings PR, Inc.
Iguina-Oharriz, PSC
Integra Realty Resources
Intel Corp.
Interlink Group, Inc.
International Hospitality Enterprises, Inc.
Interservice Group, Inc.
Interstate General Co., L.P.
J. M. Blanco, Inc.
John Hancock Insurance Co
J. Pica & Cía.
Katz Development Corp.
Kodak Caribbean, LTD.
KTR, Inc.
La Rosa Development, Inc.
Lema Developers & Assoc.
Lincoln Appraisal and Settlement Services
Los Cidrines
Lender's Service, Inc. (LSI)
LXR Luxury Resorts
MAC Development
Madeco, Inc.
Marina Puerto Chico, Inc.
Matcor, Inc.
Maxxam Properties, Inc.
McCann-Erickson Corp.
McConnel-Valdés Consulting, Inc.
MCO Industries, Inc.
Mega Development, Inc.
Merrill Lynch Credit Corp.
Millenium Properties
Mora Development Corp.
Moyba Reality, Inc.
National Church Residences
Nations Bank
Nefrólogos Asociados de Santurce
Nestor Reyes, Inc.
NEVA Development Group, Inc.
Northwest Security Management, Inc.
Ocean Drive Development, Inc.
OFW, Inc.
P.R. Employee Retirement System
P.R. Industrial Development Co.
P.R. Ports Authority
P.R. Telephone Company
Packers Provisions, Inc.
Palmas Del Mar Properties, Inc.
Palmas Del Mar Realty
Paramount Construction Management Corp.
Paseo Portuario, SE
Pérez Hermanos, Inc.
Pfizer Pharmaceuticals
Philip Morris USA, Inc.
Picerne Real Estate Group
PKF, LLP
Plaza 100, Corp.
Plaza Metropolitana, Inc.
Ponce de León Inn Corp.
Pontezuela Development
PR Convention Center

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PR Prime Restaurants
Prescient Asset Management
Price Waterhouse Coopers
Primacy Relocation
Procter & Gamble
Promo Export
Prudential Relocation Services
Pueblo International, Inc.
Puerto Rican Cement Co., Inc.
Puerto Rico Housing Finance Corp.
Quality Engineers and Contractors
R.J. Reynolds Tobacco Co.
Reading Company (Cinevista)
Real Estate Recovery, Inc.
Redondo Construction
Republic Holding Group, LLC
Resort Development Consultants
Rocca Development Corp.
Rodriguez & Del Valle, Inc.
Royal Motors
Sajo, García & Partners
San Gerónimo Caribe Project, Inc.
San José Development, Inc.
Sign Engineering, Inc.
SIRVA Relocation Services
Spanish Broadcasting Systems
Spanish Virgin Islands Development, Inc.
SunBay Company, Inc.
Systema (Knoll)
Texaco Puerto Rico, Inc.
The New Ponce Shopping Center
Tito Auto Parts, Inc.
Toyota Motors Corporation
United States Postal Services
Universal Insurance
Universidad Interamericana de P.R.
University Pathologists
Univisión Radio – PR., Inc.
Valuation Administrators, LTD
Valuation Partners
Villa Marina, Inc.
Villa Nevarez Speech and Hearing Center
Weichert Relocation Resources
Westerkirk Capital, Inc.
Williams Hospitality Group, Inc.
World Net Telecommunications, Inc.
Wyndham International

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QUALIFICATION DATA – ANTONIO PURAS

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Education

Bachelor of Arts in Finance
Interamerican University
Río Piedras Campus, San Juan, P.R.

Masters of Science in Real Estate
New York University (NYU)
NY, NY

Licenses

Authorized Professional Real Estate Appraiser - Certificate No. 798, Commonwealth of Puerto Rico

Certified General Real Estate Appraiser for Federally Related Transactions – Certificate No. 233, Commonwealth of Puerto Rico

Professional Appraisal Experience

Assistant Appraiser
Ramón Cancio & Assoc. (1997-2001)
Authorized Professional Real Estate Appraiser
Vallejo & Vallejo
Real Estate Appraisers and Counselors (2001-Present)

Appraisal Courses, Seminars and/or Conferences

Institution/Organization	Course/Seminar/Conference Name	Year
Appraisal Institute	General Demonstration Report Writing	2012
	Analyzing Tenant Credit Risk and Commercial Lease Analysis	2011
	The Lending World in Crisis – What Clients Need Their Appraisers to Know Today	2011
	Laws and Regulations of the Appraisal Profession in Puerto Rico.	2011
	Appraisal Practice (USPAP) Update Course 7-Hour	2010
	Commercial Appraisal Engagement and Review Seminar for Bankers and Appraises	2009
	General Appraiser Market Analysis and Highest and Best Use	2009
	Appraisal Practice (USPAP) Update Course 7-Hour	2008
	Advanced Income and Capitalization	2007
	National Uniform Standards of Professional Appraisal Practice (USPAP) Update Course 7-Hour	2007
	Laws and Regulations of the Appraisal Profession in Puerto Rico.	2007
	Advanced Residential Applications and Case Studies, Part 1	2007
	Advanced Residential Report Writing, Part 2	2007
	Business Practices and Ethics	2006
	The Professional's Guide to the Uniform Residential Appraisal Report (URAR) Seminar	2005
	Valuation of Hotels in Puerto Rico Seminar	2004
	Second Real Estate Market Trends Symposium	2003
	Subdivision Analysis	2002
	Basic Income Capitalization	2001
	Appraising From Blueprints & Specifications	1999
	Appraisal Principles	1994
American Society of Appraisers	Machinery and Equipment – Course 201	2008
	Machinery and Equipment – Course 202	2008
	Machinery and Equipment – Course 203	2010

Bortech Institute	Construction Cost Estimates	2003
Instituto de Evaluadores de P.R.	Land Conservation Easements Seminar	2005
	National Uniform Standards of Professional Appraisal Practice (USPAP)	2004
	Ethics and Standards of Uniform Standards of Professional Appraisal Practice (USPAP)	1997
	Eminent Domain	1997
Urban Land Institute	Land Use Planning for PR's Econcomic Future Seminar	2006
Whitmer Seminars, Inc.	Comprehensive Appraisal Workshop	2007
Asociación de Bancos de P.R.	13th Housing Congress Seminar	2005

Type of Appraisals Performed

Single family residences
Condominium apartment units
Single family residential subdivisions
Residential apartment projects in condominium
Vacant parcels (residential, commercial, industrial, mixed-uses)
Commercial locales