

Integra Hotels
Specialty Practice Group

Appraisal of Going Concern

Inn at Palm Springs

Hotel

2525 N. Palm Canyon Dr.

Palm Springs, Riverside County, California 92262

Prepared For:

Commercial Bank of California

Effective Date of the Appraisal:

September 12, 2023

Report Format:

Appraisal Report – Standard Format

IRR - San Diego

File Number: 162-2023-0254





Inn at Palm Springs
2525 N. Palm Canyon Dr.
Palm Springs, California



September 13, 2023

Mr. William Bowman, SVP
Senior Vice President
Commercial Bank of California
915 Wilshire Boulevard
Los Angeles, CA 90025

SUBJECT: Market Value Appraisal
 Inn at Palm Springs
 2525 N. Palm Canyon Dr.
 Palm Springs, Riverside County, California 92262
 IRR - San Diego File No. 162-2023-0254

Dear Mr. Bowman:

Integra Realty Resources-San Diego Hotel Specialty Practice Group is pleased to submit the accompanying appraisal of the referenced property. The purpose of the appraisal is to develop an opinion of the market value as is of the total assets of the business of the fee simple interest in the property. The client for the assignment is Commercial Bank of California, and the intended use is for loan monitoring or credit decisions.

The subject is an existing independent hotel containing 24 rooms operating as the Inn at Palm Springs. The two-story, exterior corridor improvements were constructed in 1958 and renovated between 2019 and 2023. The site area is 0.52 acres or 22,651 square feet.

The appraisal is intended to conform with the Uniform Standards of Professional Appraisal Practice (USPAP), the Code of Professional Ethics and Standards of Professional Appraisal Practice of the Appraisal Institute and the applicable state appraisal regulations. The appraisal is also prepared in accordance with the appraisal regulations issued in connection with the Financial Institutions Reform, Recovery and Enforcement Act (FIRREA).

To report the assignment results, we use the Appraisal Report option of Standards Rule 2-2(a) of USPAP. As USPAP gives appraisers the flexibility to vary the level of information in an Appraisal Report depending on the intended use and intended users of the appraisal, we

adhere to the Integra Realty Resources internal standards for an Appraisal Report – Standard Format.

Based on the valuation analysis in the accompanying report, and subject to the definitions, assumptions, and limiting conditions expressed in the report, our opinion of value is as follows:

Value Conclusion			
Value Type & Appraisal Premise	Interest Appraised	Date of Value	Value Conclusion
Market Value As Is of the Total Assets of the Business	Fee Simple	September 12, 2023	\$5,460,000

Allocation of Going Concern Value		
	Amount	% of Total
Tangible Property		
Land & Improvements	\$5,270,000	96.5%
Tangible Personal Property (FF&E)	\$190,000	3.5%
Total Tangible Property	\$5,460,000	100.0%
Intangible Assets	\$0	0.0%
Market Value As Is of the Total Assets of the Business*	\$5,460,000	100.0%

*Specifically excluded from the valuation are cash and equivalents and current liabilities.

The allocation of value components is based on the going-concern premise, which holds that the value of a business as a going-concern is equal to the sum of the values of the tangible and intangible assets. The allocation assumes continued operation of the hotel business. Were the hotel business to cease operations, the values of the individual components would likely be different from the allocated values of the going concern.

Extraordinary Assumptions and Hypothetical Conditions

The value conclusions are subject to the following extraordinary assumptions. An extraordinary assumption is an assignment-specific assumption as of the effective date regarding uncertain information used in an analysis which, if found to be false, could alter the appraiser's opinions or conclusions.

1. None.

The value conclusions are based on the following hypothetical conditions. A hypothetical condition is a condition, directly related to a specific assignment, which is contrary to what is known by the appraiser to exist on the effective date of the assignment results, but is used for the purpose of analysis.

1. None.

The use of any extraordinary assumption or hypothetical condition may have affected the assignment results.

The opinions of value expressed in this report are based on estimates and forecasts that are prospective in nature and subject to considerable risk and uncertainty. Events may occur that could cause the performance of the property to materially differ from our estimates, such as changes in the economy, interest rates, capitalization rates, financial strength of tenants, and behavior of investors, lenders, and consumers. Additionally, our opinions and forecasts are based partly on data obtained from interviews and third party sources, which are not always completely reliable. Although we are of the opinion that our findings are

Mr. William Bowman, SVP
Commercial Bank of California
September 13, 2023
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reasonable based on current market conditions, we are not responsible for the effects of future occurrences that cannot be reasonably foreseen at this time.

If you have any questions or comments, please contact the undersigned. Thank you for the opportunity to be of service.

Respectfully submitted,

Integra Realty Resources - San Diego



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Summary of Salient Facts and Conclusions

Property Name	Inn at Palm Springs	
Address	2525 N. Palm Canyon Dr. Palm Springs, Riverside County, California 92262	
Property Type	Hotel	
Owner of Record	Team Pasa, LLC	
Tax ID	504-073-001	
Land Area	0.52 acres; 22,651 SF	
Number of Rooms	24	
Gross Building Area	8,700 SF	
Year Built; Year Renovated	1958; 2019-2023	
Zoning Designation	C-1, Retail Business Zone	
Highest and Best Use - As if Vacant	Retail, office or lodging use	
Highest and Best Use - As Improved	Continued hotel use	
Exposure Time; Marketing Period	3-9 months; 3-9 months	
Effective Date of the Appraisal	September 12, 2023	
Date of the Report	September 13, 2023	
Property Interest Appraised	Fee Simple	
Market Value Indications		
Cost Approach	Not Used	
Sales Comparison Approach	\$5,380,000	(\$224,167/Room)
Income Capitalization Approach	\$5,460,000	(\$227,500/Room)
Market Value Conclusion	\$5,460,000	(\$227,500/Room)

The values reported above are subject to the definitions, assumptions, and limiting conditions set forth in the accompanying report of which this summary is a part. No party other than Commercial Bank of California may use or rely on the information, opinions, and conclusions contained in the report. It is assumed that the users of the report have read the entire report, including all of the definitions, assumptions, and limiting conditions contained therein.

Extraordinary Assumptions and Hypothetical Conditions

The value conclusions are subject to the following extraordinary assumptions. An extraordinary assumption is an assignment-specific assumption as of the effective date regarding uncertain information used in an analysis which, if found to be false, could alter the appraiser's opinions or conclusions.

1. None.

The value conclusions are based on the following hypothetical conditions. A hypothetical condition is a condition, directly related to a specific assignment, which is contrary to what is known by the appraiser to exist on the effective date of the assignment results, but is used for the purpose of analysis.

1. None.

The use of any extraordinary assumption or hypothetical condition may have affected the assignment results.

Part Two**Sales Comparison Approach**

Number of Sales	6	
Range of Sale Dates	Nov-21 to Jun-23	
Range of Unit Prices	\$177,500 - \$468,182	
Indicated Value	\$5,380,000	(\$224,167/Room)

Income Capitalization Approach

Room Income	\$1,249,360	(\$52,057/Room)
Total Income	\$1,279,360	(\$53,307/Room)
Departmental Expenses	\$364,821	(\$15,201/Room)
Undistributed Expenses	\$231,873	(\$9,661/Room)
Fixed Expenses	\$84,335	(\$3,514/Room)
Total Operating Expenses	\$744,998	(\$31,042/Room)
Operating Expense Ratio	58.2%	
Net Operating Income	\$534,362	(\$22,265/Room)
Capitalization Rate Applied and Value	9.75%	\$5,460,000
Indicated Value	\$5,460,000	(\$227,500/Room)

Market Value Conclusion	\$5,460,000	(\$227,500/Room)
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Quality Assurance

Delivering superior value is a top priority at IRR and we place a premium on feedback from our valued clients. By learning more about your experience with IRR, we will be better able to serve your needs – to enhance our products, service offerings, and client communications.

Attached is a short survey applicable to this appraisal report and the service that you received. Please take a few minutes to share your experience of IRR with us. Your feedback will be reviewed by our Quality Control team. If you desire a follow-up telephone call, please provide your contact information and a member of our Quality Control team will contact you.

Access the online survey here: quality.irr.com.

Thank you in advance for assisting us with this important endeavor. Please feel free to contact your Local Office using the contact information provided within the letter of transmittal or our Quality Control team at quality@irr.com, with any questions or suggestions you may have.

General Information

Identification of Subject

The subject is an existing independent hotel containing 24 rooms operating as the Inn at Palm Springs. The two-story, exterior corridor improvements were constructed in 1958 and renovated between 2019 and 2023. The site area is 0.52 acres or 22,651 square feet. A legal description of the property is Lots 1, 2, 3 and 4, MB 019/22, Palm Springs Village, City of Palm Springs, County of Riverside, State of California.

Property Identification

Property Name	Inn at Palm Springs
Address	2525 N. Palm Canyon Dr. Palm Springs, California 92262
Tax ID	504-073-001
Owner of Record	Team Pasa, LLC

Sale History

The most recent closed sale of the subject is summarized as follows:

Sale Date	April 19, 2019
Seller	2525 N Palm Canyon, LLC
Buyer	Team Pasa, LLC
Sale Price	\$1,850,000
Recording Instrument Number	119699
Expenditures Since Purchase	Yes

The subject property was acquired in 2019 for \$1,850,000. At the time of sale, the improvements were in very poor condition and the property was being mismanaged with long-term non-paying tenants that needed to be evicted after purchase. The seller financed the 2019 purchase by carrying back a note of \$1,650,000.

According to the buyer, in 2019 the property had a number of long-term non-paying tenants, that could not be evicted for some time following the acquisition due to tenant right laws and temporary laws imposed during COVID regarding evictions. Once the buyers were able to evict all long-term tenants, an extensive rehab of the property commenced between 2019 and 2023. The cost of the rehab was approximately \$500,000. After the rehab, the buyer was able to re-open the property as a small boutique hotel, and increased the subject from the previous very poor condition-economy price segment to the current boutique hotel with upper-midscale pricing. The 2019 acquisition price differs significantly from our estimation of as is value due to the aforementioned.

Pending Transactions

The property is listed for sale as of the effective appraisal date. The sale listing is summarized below:

Listing Date	April 5, 2023
Original Asking Price	\$4,987,500
Current Asking Price	\$4,987,500

As of the date of report, the subject property is currently listed by Adam Gilbert of the Firm Commercial (760-408-887). According to Mr. Gilbert, and confirmed by the owners, there have been a number of offers on the subject property, but none have been accepted as of yet. The subject was listed for sale on a fire-sale basis because the owners (until now) could not find a hotel loan to refinance the seller carried balloon payment which is due at the end of 2023. Due to the time constraints on the upcoming balloon payment, the subject was listed below market according to both the sellers and the broker. Both also noted that as the subject had recently been rehabbed, the property was listed at the low end and the seller would have sold the property if refinance lending could not be secured. The owner indicated that since a refinance loan is now available, they plan to take the property off the market.

Furthermore, both the owner and broker noted that while there were a number of LOI's received by potential purchasers, none had been accepted as the sellers worked to obtain long-term financing. The listing agreement expires on October 6, 2023 and should the seller be able to obtain long-term financing, no offers will be accepted.

Our market value conclusion of \$5,460,000 differs slightly from the distressed list price, but is generally supported by both the income and sales approaches.

Purpose of the Appraisal

The purpose of the appraisal is to develop an opinion of the market value as is of the total assets of the business of the fee simple interest in the property as of the effective date of the appraisal, September 12, 2023. The date of the report is September 13, 2023. The appraisal is valid only as of the stated effective date or dates.

Definition of Market Value

Market value is defined as:

"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:

- Buyer and seller are typically motivated;
- Both parties are well informed or well advised, and acting in what they consider their own best interests;

- A reasonable time is allowed for exposure in the open market;
- Payment is made in terms of cash in U.S. dollars or in terms of financial arrangements comparable thereto; and
- The price represents the normal consideration for the property sold unaffected by special or creative financing or sales concessions granted by anyone associated with the sale."

(Source: Code of Federal Regulations, Title 12, Chapter I, Part 34.42[g]; also Interagency Appraisal and Evaluation Guidelines, Federal Register, 75 FR 77449, December 10, 2010, page 77472)

Definition of As Is Market Value

As is market value is defined as, "The estimate of the market value of real property in its current physical condition, use, and zoning as of the appraisal date."

(Source: Appraisal Institute, The Dictionary of Real Estate Appraisal, 6th ed. (Chicago: Appraisal Institute, 2015); also Interagency Appraisal and Evaluation Guidelines, Federal Register, 75 FR 77449, December 10, 2010, page 77471)

Definition of Going-Concern Premise

Going-Concern Premise is defined as, "one of the premises under which the total assets of a business can be valued; the assumption that a company is expected to continue operating well into the future (usually indefinitely). Under the going-concern premise, the value of a business as a going concern is equal to the sum of the value of the tangible assets and the value of the intangible assets, which may include the value of excess profit, where asset values are derived consistently with the going-concern premise."

Source: Appraisal Institute, The Dictionary of Real Estate Appraisal, 6th ed. (Chicago: Appraisal Institute, 2015)

Definition of Property Rights Appraised

Fee simple estate is defined as, "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."

Source: Appraisal Institute, The Dictionary of Real Estate Appraisal, 6th ed. (Chicago: Appraisal Institute, 2015)

Intended Use and User

The intended use of the appraisal is for loan monitoring or credit decisions. The client and intended user is Commercial Bank of California. The appraisal is not intended for any other use or user. No party or parties other than Commercial Bank of California may use or rely on the information, opinions, and conclusions contained in this report.

Applicable Requirements

This appraisal is intended to conform to the requirements of the following:

- Uniform Standards of Professional Appraisal Practice (USPAP);
- Code of Professional Ethics and Standards of Professional Appraisal Practice of the Appraisal Institute;
- Applicable state appraisal regulations;
- Appraisal requirements of Title XI of the Financial Institutions Reform, Recovery and Enforcement Act of 1989 (FIRREA), revised June 7, 1994;
- Interagency Appraisal and Evaluation Guidelines issued December 10, 2010;
- Appraisal guidelines of Commercial Bank of California.

Report Format

This report is prepared under the Appraisal Report option of Standards Rule 2-2(a) of USPAP. As USPAP gives appraisers the flexibility to vary the level of information in an Appraisal Report depending on the intended use and intended users of the appraisal, we adhere to the Integra Realty Resources internal standards for an Appraisal Report – Standard Format.

Prior Services

USPAP requires appraisers to disclose to the client any services they have provided in connection with the subject property in the prior three years, including valuation, consulting, property management, brokerage, or any other services. We have performed no services, as an appraiser or in any other capacity, regarding the property that is the subject of this report within the three-year period immediately preceding the agreement to perform this assignment.

Scope of Work

To determine the appropriate scope of work for the assignment, the intended use of the appraisal, the needs of the user, the complexity of the property, and other pertinent factors were considered. The concluded scope of work is described below.

Valuation Methodology

Appraisers usually consider the use of three approaches to value when developing a market value opinion for real property. These are the cost approach, sales comparison approach, and income capitalization approach. Use of the approaches in this assignment is summarized as follows:

Approaches to Value		
Approach	Applicability to Subject	Use in Assignment
Cost Approach	Not Applicable	Not Utilized
Sales Comparison Approach	Applicable	Utilized
Income Capitalization Approach	Applicable	Utilized

The **income capitalization approach** is the most reliable valuation method for the subject due to the following:

- The probable buyer of the subject would base a purchase price decision primarily on the income generating potential of the property and an anticipated rate of return.
- Sufficient market data regarding income, expenses, and rates of return, is available for analysis.

The **sales comparison approach** is an applicable valuation method because:

- There is an active market for similar properties, and sufficient sales data is available for analysis.
- This approach directly considers the prices of alternative properties having similar utility.

The **cost approach** is not applicable to the assignment considering the following:

- The age of the property would limit the reliability of an accrued depreciation estimate.
- There are limited land transactions in the market area of the subject, making estimates of underlying land value subjective.
- This approach is not typically used by market participants, except for new or nearly new properties.

Research and Analysis

The type and extent of our research and analysis is detailed in individual sections of the report. This includes the steps we took to verify comparable sales, which are disclosed in the comparable sale profile sheets in the addenda to the report. Although we make an effort to confirm the arms-length nature of each sale with a party to the transaction, it is sometimes necessary to rely on secondary verification from sources deemed reliable.

Inspection

John Morgan, MAI, did not inspect the subject. Zac R. Blechman conducted an interior and exterior inspection on September 12, 2023. Interior inspections included a total of 4 rooms.

Economic Analysis

Riverside MSA Area Analysis

The subject is located in the Riverside-San Bernardino-Ontario, CA Metropolitan Statistical Area, hereinafter called the Riverside MSA, as defined by the U.S. Office of Management and Budget. The Riverside MSA is 27,263 square miles in size, and is the twelfth most populous metropolitan area in the nation.

Population

The Riverside MSA has an estimated 2023 population of 4,700,294, which represents an average annual 0.7% increase over the 2020 census of 4,599,839. The Riverside MSA added an average of 33,485 residents per year over the 2020-2023 period, and its growth in population contrasts with the State of California which had a 0.1% average annual decrease in population over this time.

Looking forward, the Riverside MSA's population is projected to increase at a 0.6% annual rate from 2023-2028, equivalent to the addition of an average of 30,087 residents per year. The Riverside MSA's growth rate is expected to exceed that of California, which is projected to be 0.2%.

Population Trends					
	Population			Compound Ann. % Chng	
	2020 Census	2023 Estimate	2028 Projection	2020 - 2023	2023 - 2028
Riverside County, CA	2,418,185	2,488,669	2,586,031	1.0%	0.8%
Riverside et al, CA Metro	4,599,839	4,700,294	4,850,729	0.7%	0.6%
California	39,538,223	39,455,491	39,882,518	-0.1%	0.2%
United States	331,449,281	334,500,069	341,662,969	0.3%	0.4%

Source: Claritas

Employment

Total employment in the Riverside MSA was estimated at 1,689,000 jobs at year-end 2022. Between year-end 2012 and 2022, employment rose by 472,200 jobs, equivalent to a 38.8% increase over the entire period. There were gains in employment in nine out of the past ten years. Consistent with national trends, there were losses in 2020, with the onset of the COVID-19 pandemic, followed by a return to positive growth in 2021. The Riverside MSA's rate of employment growth over the last decade surpassed that of California, which experienced an increase in employment of 19.4% or 2,926,600 jobs over this period.

A comparison of unemployment rates is another way of gauging an area's economic health. Over the past decade, the Riverside MSA unemployment rate has been generally higher than that of California, with an average unemployment rate of 7.0% in comparison to a 6.7% rate for California. A higher unemployment rate is a negative indicator.

Recent data shows that the Riverside MSA unemployment rate is 4.4% in comparison to a 3.4% rate for California, a negative sign that is consistent with the fact that the Riverside MSA has underperformed California in the rate of job growth over the past two years.

Employment Trends						
Year	Total Employment (Year End)				Unemployment Rate (Ann. Avg.)	
	Riverside MSA	% Change	California	% Change	Riverside MSA	California
2012	1,216,800		15,084,300		11.7%	10.5%
2013	1,275,700	4.8%	15,498,000	2.7%	10.0%	9.0%
2014	1,345,500	5.5%	15,939,000	2.8%	8.2%	7.6%
2015	1,414,000	5.1%	16,447,900	3.2%	6.6%	6.3%
2016	1,444,600	2.2%	16,793,100	2.1%	6.0%	5.5%
2017	1,502,900	4.0%	17,176,000	2.3%	5.1%	4.8%
2018	1,549,200	3.1%	17,489,400	1.8%	4.3%	4.3%
2019	1,607,300	3.8%	17,738,500	1.4%	4.0%	4.1%
2020	1,541,500	-4.1%	16,263,800	-8.3%	9.9%	10.2%
2021	1,654,900	7.4%	17,501,900	7.6%	7.4%	7.3%
2022	1,689,000	2.1%	18,010,900	2.9%	4.1%	4.2%
Overall Change 2012-2022	472,200	38.8%	2,926,600	19.4%		
Avg Unemp. Rate 2012-2022					7.0%	6.7%
Unemployment Rate - May 2023					4.4%	3.4%

Source: U.S. Bureau of Labor Statistics and Moody's Analytics. Employment figures are from the Current Employment Survey (CES). Unemployment rates are from the Current Population Survey (CPS). The figures are not seasonally adjusted.

Major employers in the Riverside MSA are shown in the following table.

Major Employers - Riverside et al, CA Metro		
	Name	Number of Employees
1	Abbott Vascular, Inc.	1,000 - 4,999
2	Agua Caliente Casino Resort Spo	1,000 - 4,999
3	Amazon Fullfillment Ctr.	1,000 - 4,999
4	Corona City Hall	1,000 - 4,999
5	Corona Regional Medical Ctr.	1,000 - 4,999
6	Department-Corrections-Rehab	1,000 - 4,999
7	Desert Regional Medical Ctr.	1,000 - 4,999
8	Eisenhower Medical Ctr.	1,000 - 4,999
9	Fantasy Springs Resort Casino	1,000 - 4,999
10	J Ginger Masonry, LP	1,000 - 4,999

Source: <https://www.labormarketinfo.edd.ca.gov/majorer/countymajorer.asp?CountyCode=000065>

Gross Domestic Product

The Riverside MSA is the 20th largest metropolitan area economy in the nation based on Gross Domestic Product (GDP).

Economic growth, as measured by annual changes in GDP, has been considerably lower in the Riverside MSA than California overall during the past decade. The Riverside MSA has grown at a 2.7% average annual rate while California has grown at a 3.4% rate. Consistent with national trends, both areas experienced declines in 2020 followed by a rebound in 2021. The Riverside MSA continues to underperform California. GDP for the Riverside MSA rose by 6.2% in 2021 while California's GDP rose by 7.8%.

The Riverside MSA has a per capita GDP of \$36,836, which is 50% less than California's GDP of \$73,264. This means that Riverside MSA industries and employers are adding relatively less value to the economy than their counterparts in California.

Gross Domestic Product				
Year	(\$,000s) Riverside MSA	% Change	(\$,000s) California	% Change
2011	131,676,489		2,063,827,500	
2012	131,712,740	0.0%	2,113,096,400	2.4%
2013	135,932,078	3.2%	2,179,229,000	3.1%
2014	139,960,661	3.0%	2,256,054,700	3.5%
2015	145,727,982	4.1%	2,357,452,900	4.5%
2016	148,896,917	2.2%	2,427,894,600	3.0%
2017	153,122,936	2.8%	2,538,204,000	4.5%
2018	158,607,750	3.6%	2,644,061,200	4.2%
2019	163,951,956	3.4%	2,729,225,800	3.2%
2020	161,465,129	-1.5%	2,667,220,900	-2.3%
2021	171,399,926	6.2%	2,874,730,800	7.8%
Compound % Chg (2011-2021)		2.7%		3.4%
GDP Per Capita 2021	\$36,836		\$73,264	

Source: U.S. Bureau of Economic Analysis and Moody's Analytics; data released December 2022.

The release of state and local GDP data has a longer lag time than national data. The data represents inflation-adjusted "real" GDP stated in 2012 dollars.

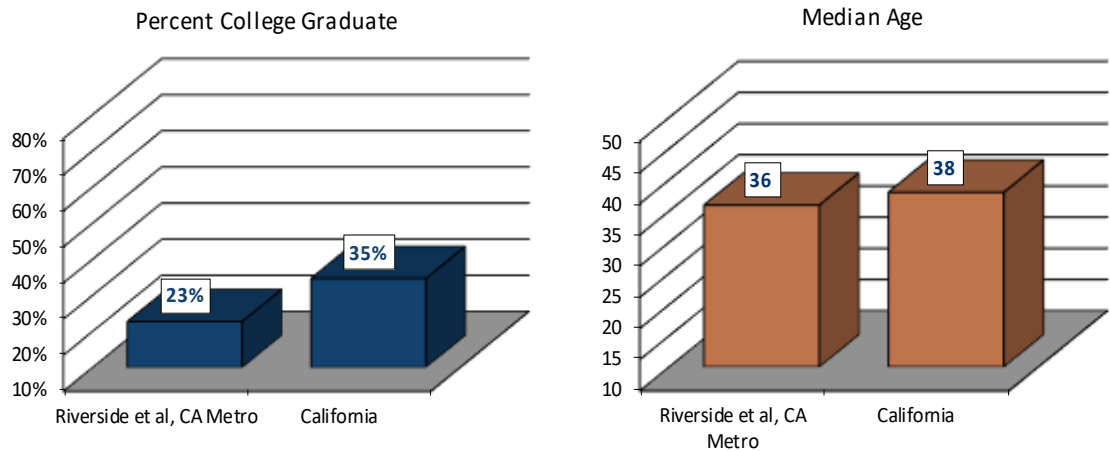
Income, Education and Age

The Riverside MSA has a lower level of household income than California. Median household income for the Riverside MSA is \$78,897, which is 11.5% less than the corresponding figure for California.

Median Household Income - 2023	
	Median
Riverside et al, CA Metro	\$78,897
California	\$89,113
Comparison of Riverside et al, CA Metro to California	- 11.5%
Source: Claritas	

Residents of the Riverside MSA have a lower level of educational attainment than those of California. An estimated 23% of Riverside MSA residents are college graduates with four-year degrees, versus 35% of California residents. People in the Riverside MSA are younger than their California counterparts. The median age for the Riverside MSA is 36 years, while the median age for California is 38 years.

Education & Age - 2023

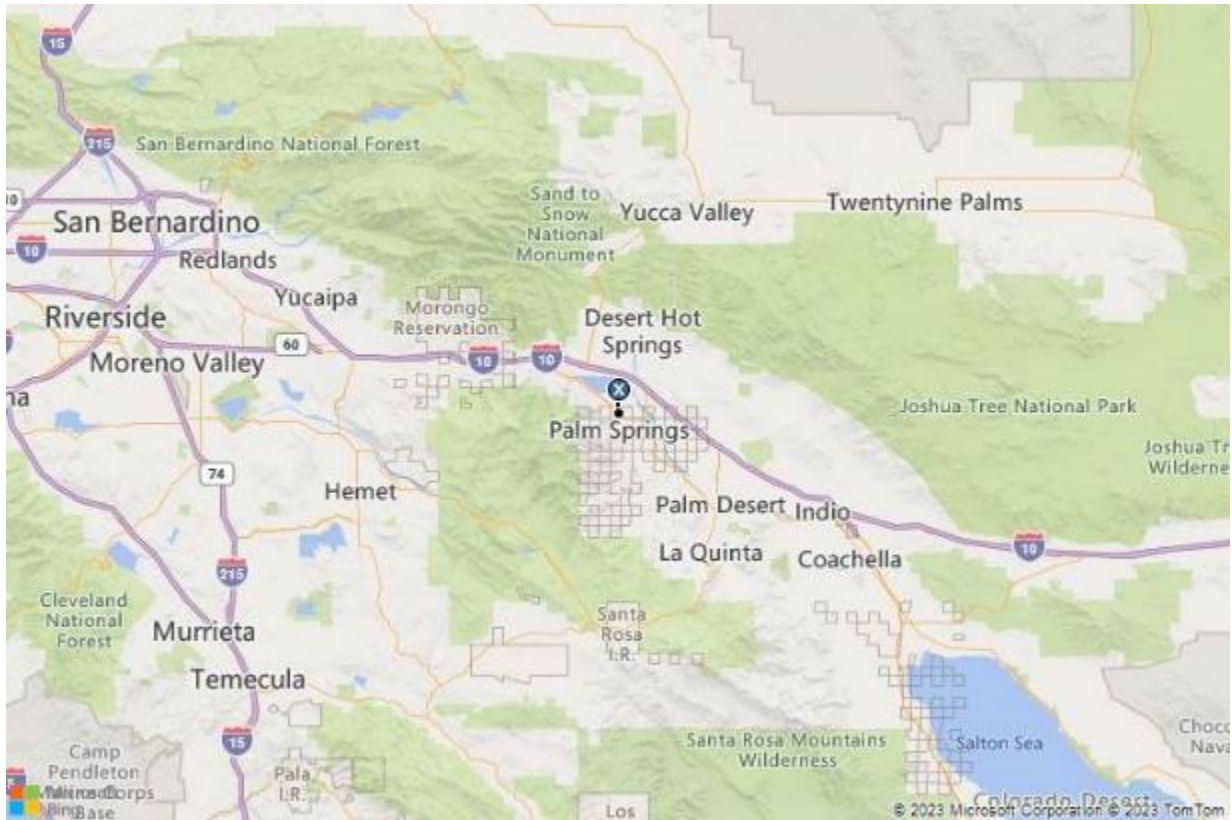


Source: Claritas

Conclusion

The Riverside MSA economy will be affected by a growing population base and lower income and education levels. The Riverside MSA experienced growth in the number of jobs over the past decade, and it is reasonable to assume that employment growth will occur in the future. It is anticipated that the Riverside MSA economy will improve and employment will grow, strengthening the demand for real estate.

Area Map



Surrounding Area

Boundaries

The subject is located in Palm Springs, California within Riverside County. According to CoStar, the subject is located in the Inland Empire – CA market area and within the Palm Springs submarket. This area generally is delineated as follows:

Boundaries & Delineation

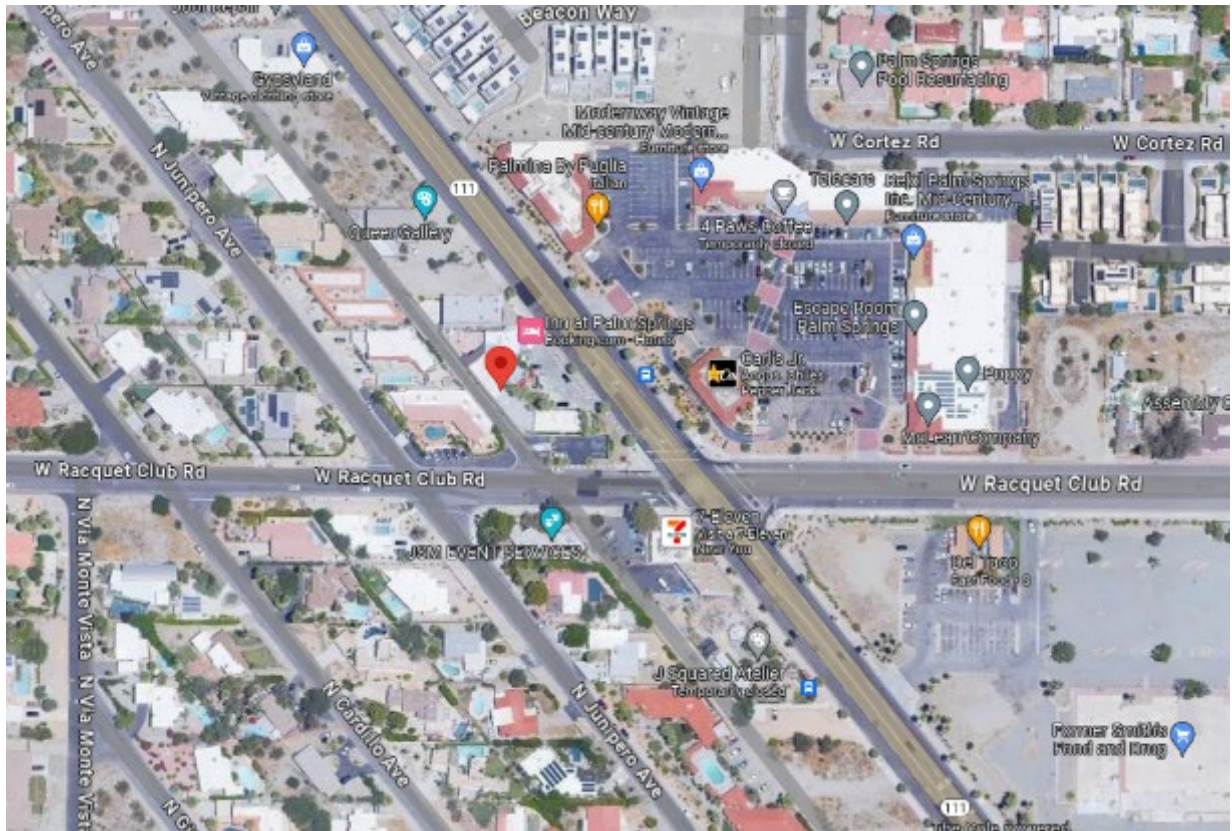
Boundaries

Market Area	Inland Empire (CA)
Submarket	Palm Springs
Area Type	Suburban

Delineation

North	North Palm Springs/Desert Hot Springs
South	Cathedral City
East	Thousand Palms
West	Mount San Jacinto State Park

A map identifying the location of the property follows this section.



Access and Linkages

Primary access and linkages to the subject area, including highways, roadways, public transit, traffic counts, and airports, are summarized in the following table.

Access & Linkages	
Vehicular Access	
Major Highways	Interstate 10, Highway 111
Primary Corridors	Palm Canyon Rd, Vista Chino, Indian Canyon Dr, Ramon Rd, Alejo Rd, Farrell Dr, Tahquitz Canyon Way
Vehicular Access Rating	Average
Public Transit	
Providers	Sunline Transit
Transit Access Rating	Average
Airport(s)	
Name	Palm Springs International Airport
Distance	Approximately 5-miles
Driving Time	Approximately 10-minutes
Primary Transportation Mode	Automobile

Land Use

Land use characteristics of the area are summarized in the following tables.

Surrounding Area Land Uses	
Character of Area	Suburban
Predominant Age of Improvements (Years)	New to 70-years old
Predominant Quality and Condition	Average to above average
Infrastructure and Planning	Average

Immediate Surroundings

North	Retail
South	Retail
East	Retail
West	Single Family Residential

Demand Generators

The Coachella Valley is heavily dependent on tourism with the high season extending from October through April. The summer months of May through September are considered to be the low season. Demand generators for the area include the two-weekend Coachella Valley Music Festival, Desert Trip Music Festival, Stagecoach Music Festival, the BNP Paribas Open in Indian Wells (a world renowned tennis tournament), Joshua Tree Music Festival, USA Pickleball Association National Championships, in addition to a plethora of additional events throughout the towns within the Coachella Valley.

We note that typically the two-weekend Coachella Valley Music Festival and Stagecoach Music Festivals are held in late April and May to close out the high season; however, due to COVID-19, these events were cancelled in 2020 and 2021. However, these events returned in 2023 and will continue into the future.

Additionally, the BNP Paribas Open (Tennis Tournament) in Indian Wells, which is a two-week event that attracts some 475,000 tourists to the area, was cancelled in 2020 and 2021 but returned in 2022. These cancellations had a significant negative short-term impact on hotel occupancy in the Palm Desert region during 2020 and 2021, but as these events have returned the demand for the market area has returned as well.

According to the City of Palm Desert's 2019 Comprehensive Annual Financial Report, JW Marriott Desert Springs Golf Resort/Marriott Desert Springs Villas is the single largest employer in the city. They are followed by Universal Protection services, Securitas, Organization of Legal Professionals, Sunshine Landscaping, Costco Warehouse, Bighorn Golf Course, Whole Foods Market, and Target.

Demographics

A demographic profile of the surrounding area, including population, households, and income data, is presented in the following table.

Surrounding Area Demographics					
				Riverside et al, CA	
2023 Estimates	5-Mile Radius	10-Mile Radius	15-Mile Radius	Metro	California
Population 2020	38,088	118,184	183,317	4,599,839	39,538,223
Population 2023	39,320	121,594	189,037	4,700,294	39,455,491
Population 2028	41,082	126,305	197,065	4,850,729	39,882,518
Compound % Change 2020-2023	1.1%	1.0%	1.0%	0.7%	-0.1%
Compound % Change 2023-2028	0.9%	0.8%	0.8%	0.6%	0.2%
Households 2020	19,709	49,423	77,194	1,431,119	13,475,623
Households 2023	20,388	51,090	79,869	1,465,415	13,463,717
Households 2028	21,328	53,341	83,553	1,516,348	13,644,487
Compound % Change 2020-2023	1.1%	1.1%	1.1%	0.8%	0.0%
Compound % Change 2023-2028	0.9%	0.9%	0.9%	0.7%	0.3%
Median Household Income 2023	\$67,008	\$60,618	\$60,769	\$78,897	\$89,113
Average Household Size	1.9	2.4	2.3	3.2	2.9
College Graduate %	40%	31%	30%	23%	35%
Median Age	52	45	47	36	38
Owner Occupied %	63%	63%	64%	64%	55%
Renter Occupied %	37%	37%	36%	36%	45%
Median Owner Occupied Housing Value	\$640,572	\$513,068	\$498,678	\$502,845	\$722,090
Median Year Structure Built	1979	1983	1983	1986	1975
Average Travel Time to Work in Minutes	23	25	25	36	33

Source: Claritas

As shown above, the current population within a 10-mile radius of the subject is 121,594, and the average household size is 2.4. Population in the area has grown since the 2020 census, and this trend

is projected to continue over the next five years. Compared to the Riverside MSA overall, the population within a 10-mile radius is projected to grow at a faster rate.

Median household income is \$60,618, which is lower than the household income for the Riverside MSA. Residents within a 10-mile radius have a higher level of educational attainment than those of the Riverside MSA, while median owner occupied home values are similar.

Outlook and Conclusions

The area is in the stable, mature stage of its life cycle. Given the history of the area and the growth trends, it is anticipated that property values will remain stable to slightly increase in the near future.

In comparison to other areas in the region, the area is rated as follows:

Surrounding Area Ratings	
Highway Access	Average
Demand Generators	Excellent
Convenience to Support Services	Average
Convenience to Medical Services	Average
Convenience to Public Transit	Average
Employment Stability	Average
Neighborhood Amenities	Average
Police and Fire Protection	Average
Barriers to Competitive Entry	Above Average
Price/Value Trends	Good
Property Compatibility	Good

Surrounding Area Map



Property Analysis

Land Description and Analysis

Location

The property is located on the northwest corner of Palm Canyon Road and Racquet Club Road. We note that Palm Canyon Road is also known as Highway 111 and the subject is considered to have excellent visibility to the highway.

Land Area

The following table summarizes the subject's land area.

Land Area Summary		
Tax ID	SF	Acres
504-073-001	22,651	0.52

Shape and Dimensions

The site is trapezoidal in shape. Site utility based on shape and dimensions is average.

Topography

The site is generally level and at street grade. The topography does not result in any particular development limitations.

Drainage

No particular drainage problems were observed or disclosed at the time of field inspection. This appraisal assumes that surface water collection, both on-site and in public streets adjacent to the subject, is adequate.

Flood Hazard Status

The following table provides flood hazard information.

Flood Hazard Status	
Community Panel Number	06065C1556G
Date	August 28, 2008
Zone	X
Description	Outside of 500-year floodplain
Insurance Required?	No

Environmental Hazards

An environmental assessment report was not provided for review, and during our inspection, we did not observe any obvious signs of contamination on or near the subject. However, environmental issues are beyond our scope of expertise. It is assumed that the property is not adversely affected by environmental hazards.

Seismic Hazards

According to the California Governor's Office of Emergency Services, the subject is approximately 10-miles west of a known earthquake fault line. We are not experts in the interpretation of seismic maps and an appropriately qualified professional should be engaged to determine the impact to the subject property. A copy of the map is included in the following pages and can be found at the following web address: <https://myhazards.caloes.ca.gov/>

Ground Stability

A soils report was not provided for our review. Based on our inspection of the subject and observation of development on nearby sites, there are no apparent ground stability problems. However, we are not experts in soils analysis. We assume that the subject's soil bearing capacity is sufficient to support the existing improvements.

Streets, Access and Frontage

Details pertaining to street access and frontage are provided in the following table.

Streets, Access and Frontage		
Street	Palm Canyon Dr.	Racquet Club Rd.
Frontage Feet	220	77
Paving	Asphalt	Asphalt
Curbs	Yes	Yes
Sidewalks	Yes	Yes
Lanes	2 way, 2 lanes each way	2 way, 2 lanes each way
Direction of Traffic	North/South	East/West
Condition	Average	Average
Traffic Levels	High	High
Signals/Traffic Control	Traffic light	Traffic light
Access/Curb Cuts	Two	Two
Visibility	Excellent	Excellent

Utilities

The availability of utilities to the subject is summarized in the following table.

Utilities	
Service	Provider
Water	Municipality
Sewer	Municipality
Electricity	PGE
Natural Gas	PGE
Local Phone	Various Providers

Zoning

The subject is zoned C-1, Retail Business Zone, by City of Palm Springs. Specific zoning requirements are summarized in the following table.

Zoning Summary	
Zoning Jurisdiction	City of Palm Springs
Zoning Designation	C-1
Description	Retail Business Zone
Legally Conforming?	Appears to be legally conforming
Zoning Change Likely?	No
Permitted Uses	Retail, office, lodging, cultural and institutional uses
Category	Zoning Requirement
Minimum Lot Area	20,000 SF
Minimum Street Frontage (Feet)	100'
Minimum Lot Width (Feet)	100'
Minimum Lot Depth (Feet)	150'
Minimum Setbacks (Feet)	5'
Maximum Building Height	30'
Maximum Site Coverage	Not specified
Maximum Floor Area Ratio	Not specified
Parking Requirement	1-space per room for hotels 50-rooms and under
Required Parking	24-spaces

Source: City of Palm Springs Municipal Code

According to the local planning department, there are no pending or prospective zoning changes. It appears that the current use of the site is a legally conforming use.

Other Land Use Regulations

We are not aware of any other land use regulations that would affect the property.

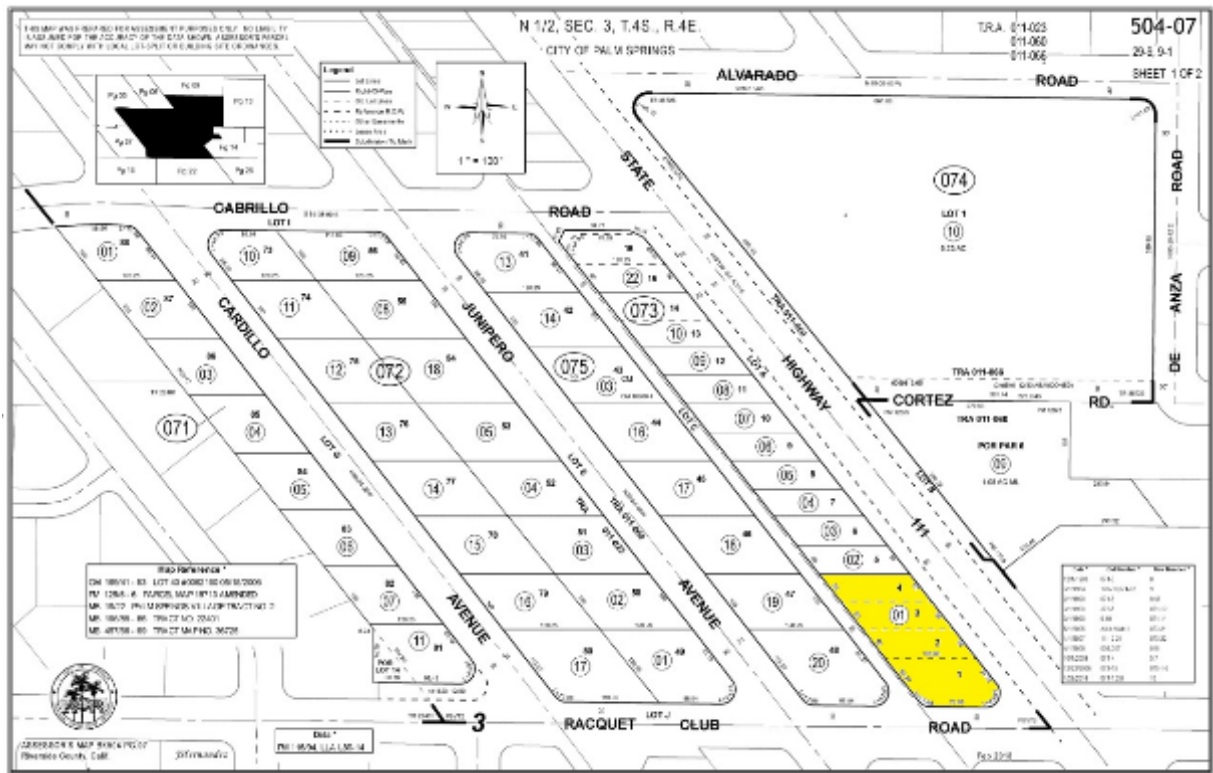
Easements, Encroachments and Restrictions

We have reviewed a preliminary title report prepared by Fidelity National Title Company dated August 23, 2023. The report identifies exceptions to title, which include various utility and access easements that are typical for a property of this type. Such exceptions would not appear to have an adverse effect on value. Our valuation assumes no adverse impacts from easements, encroachments or restrictions and further assumes that the subject has clear and marketable title.

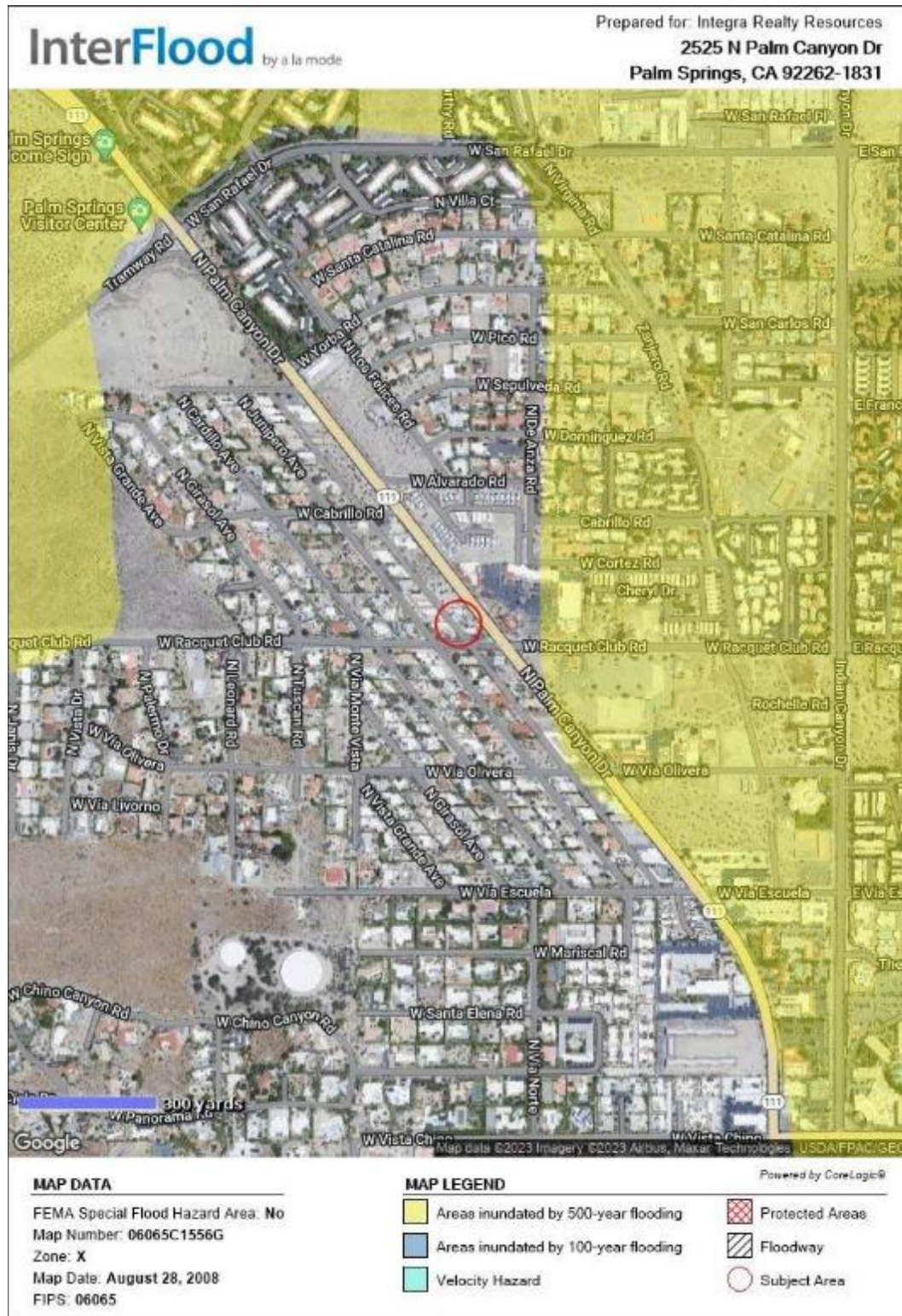
Conclusion of Site Analysis

Overall, the physical characteristics of the site and the availability of utilities result in functional utility suitable for a variety of uses including those permitted by zoning. Positive factors for a hotel use include the Palm Canyon Drive (Highway 111) visibility, corner position lot as well as proximity to the Palm Springs/Coachella Valley demand generators. Negative factors for hotel development are limited, if any.

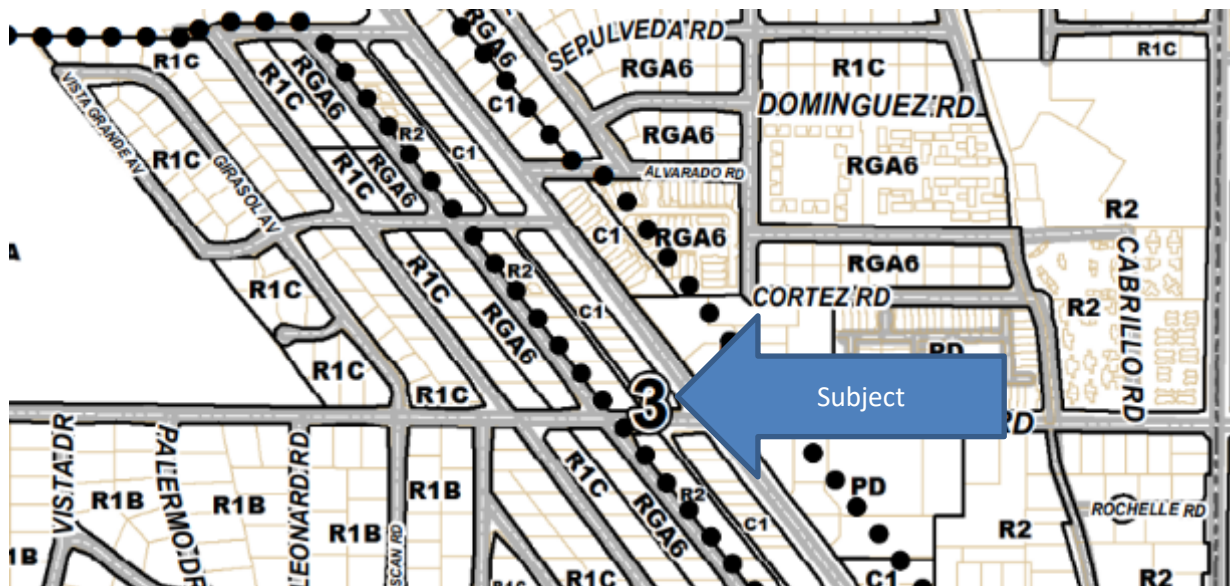
Plat Map



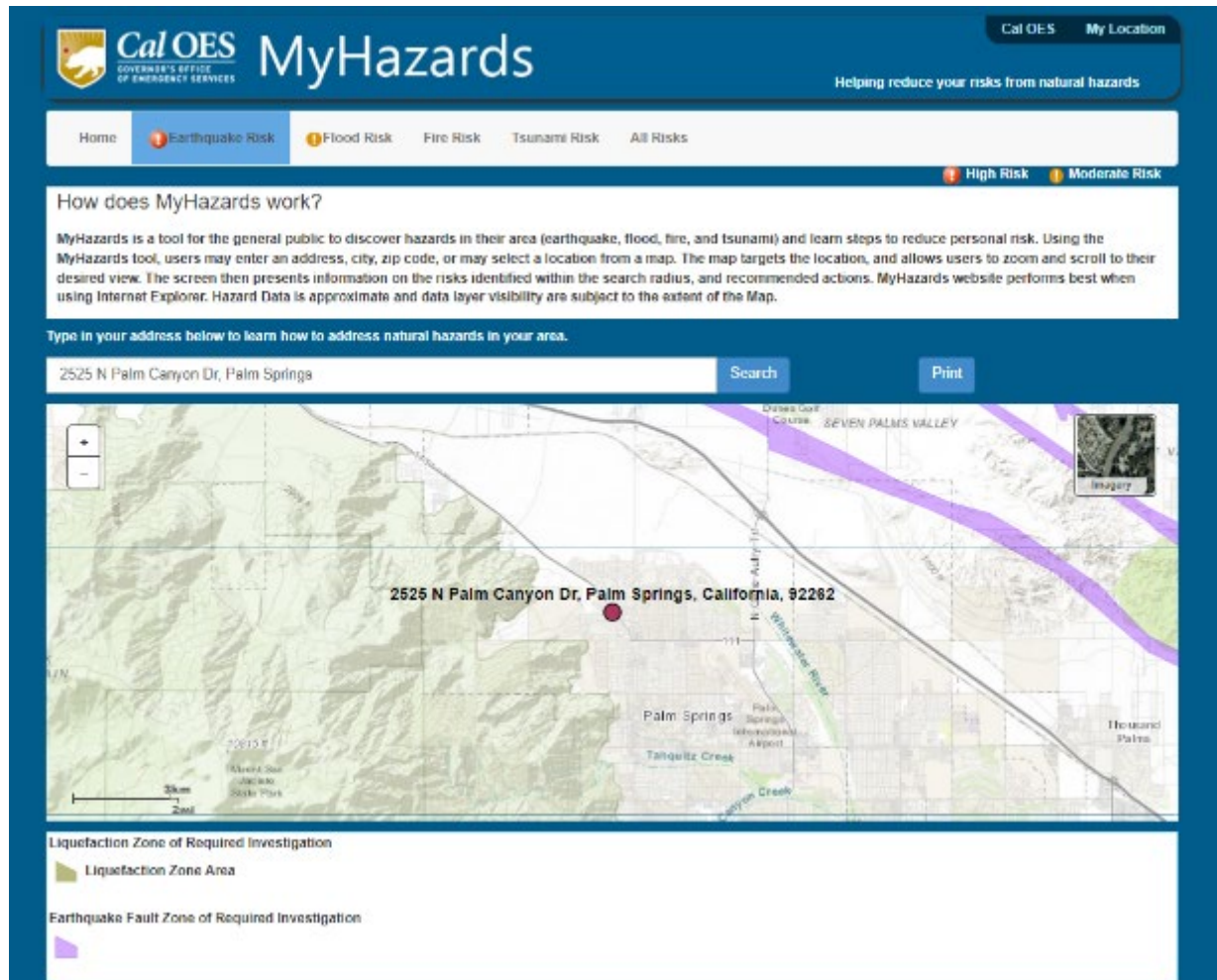
Flood Map



Zoning Map



Seismic Map



Improvements Description and Analysis

Overview

The subject is an existing independent hotel containing 24 rooms operating as the Inn at Palm Springs. The two-story, exterior corridor improvements were constructed in 1958 and renovated between 2019 and 2023. The site area is 0.52 acres or 22,651 square feet. The following description is based on our inspection of the property and discussions with ownership.

Improvements Description

Name of Property	Inn at Palm Springs
General Property Type	Hotel
Property Sub Type	Select Service
Specific Use	Independent - Boutique
Number of Buildings	1
Stories	2
Construction Class	D
Construction Type	Wood frame
LEED Certification	No
Construction Quality	Average
Condition	Good
Number of Rooms	24
Rooms per Acre (Density)	46.2
Gross Building Area (SF)	8,700
Land Area (SF)	22,651
Floor Area Ratio (GBA/Land SF)	0.38
Building Area Source	Inspection & public records
Year Built	1958
Year Renovated	2019-2023
Actual Age (Yrs.)	65
Estimated Effective Age (Yrs.)	10
Estimated Economic Life (Yrs.)	50
Remaining Economic Life (Yrs.)	40
Number of Parking Spaces	25
Source of Parking Count	Inspection
Parking Type	Surface
Parking Spaces/Room	1.0

Room Mix

The subject's room mix and building areas are detailed in the following table.

Room Mix and Building Areas		
Room Type	Count	Approx. SF
Double Queens	8	287
King	6	283
Queen	8	283
Suites	2	Not Av.
Total	24	
Lobby		203
Front Desk		88
Business Center		31
Office		93
Hotel Laundry		170
Breezeway		779

Furniture, Fixtures & Equipment (FF&E)

As previously noted, non-realty items necessary for the continued operation of the property include the room and common area FF&E.

Furniture, Fixtures & Equipment	
Location	Description
Guest Rooms	Bed(s), nightstands, lamps, dresser, chair, TV, mini-fridge, microwave, iron and ironing board, hair dryer. Some rooms have couches as well.
Lobby	Chairs, tables
Front Desk	Counter, computer, desk, chairs
Pool	Lounge chairs, patio furniture, tables
Breezeway	Refridgerators, couch, bikes, tables, TV
Hotel Laundry	Commercial washers and dryers
Office	Desk, chairs, computers

Improvements Analysis

Improvements Description

The subject property is a two-story, exterior corridor hotel composed of 24-rooms. We note that the owners have historically only used 18 of the 24-rooms for operation. Two of the "non-operational" rooms are utilized as manager units by the owners (both are suites); two rooms are utilized as storage; one room is occupied by the full-time on-site maintenance employee and one room is kept offline for use by family guests of the owners. Although there are six rooms which are not currently utilized for operations, a typical owner would utilize these rooms, we have valued the subject property based on 24 total rooms.

Quality and Condition

The improvements are of average quality construction and are in good condition. Following the owners' acquisition in 2019 of the subject property, an estimated \$500,000 has been spent on renovations. This includes replacement of all FF&E, exterior and interior painting, new flooring in certain areas, landscaping, pool maintenance, etc.

The quality of the subject is considered to be consistent with that of competing properties, and maintenance appears to have been consistent with that of competing properties. Overall, the market appeal of the subject is consistent with that of competing properties, considering the subject has been extensively rehabbed.

Functional Utility

The improvements appear to be adequately suited to their current use. Our inspection did not reveal any significant items of functional obsolescence.

Deferred Maintenance

Deferred maintenance is identified based on our inspection and discussions with ownership. According to the owners, the parking areas need repair and new slurry coating at an estimated costs of \$20,000. We consider this to reasonable and a deduction is applied to both approaches.

Deferred Maintenance

Item	Estimated Cost
Parking Lot Repair	\$20,000

ADA Compliance

Based on our inspection and information provided, we are not aware of any ADA issues. However, we are not expert in ADA matters, and further study by an appropriately qualified professional would be recommended to assess ADA compliance.

Hazardous Substances

An environmental assessment report was not provided for review and environmental issues are beyond our scope of expertise. No hazardous substances were observed during our inspection of the improvements; however, we are not qualified to detect such substances. Unless otherwise stated, we assume no hazardous conditions exist on or near the subject.

Conclusion of Improvements Analysis

In comparison to other competitive properties in the region, the subject improvements are rated as follows:

Improvements Ratings	
Visibility/Exposure	Above Average
Design and Appearance	Above Average
Age/Condition	Above Average
% Sprinklered	Average
Lobby	Average
Interior Amenities	Average
Elevators	Average
Room Sizes and Layouts	Average
Bathrooms	Average
Parking Ratios	Average
Landscaping	Average
Room Features	Average
Hotel Amenities	Average

Overall, the quality, condition, and functional utility of the improvements are average to above average for their age and location. As the subject has been recently rehabbed, the subject competes well with other small-scale boutique properties in Palm Springs, California. Negative factors are limited, if any.



Entrance to Lobby



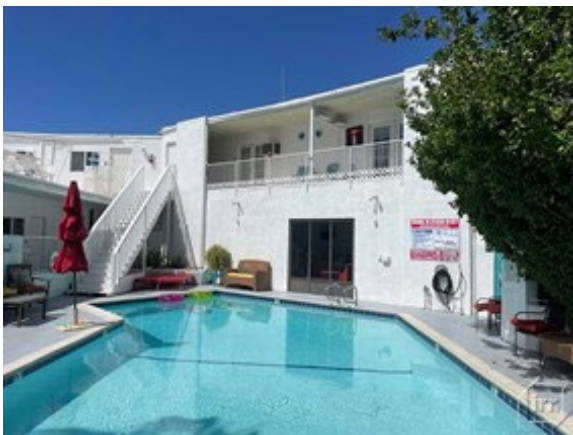
Street facing signage



Exterior View of Subject Property



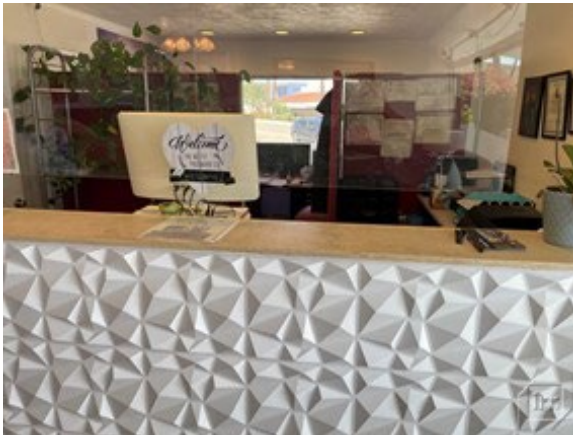
Parking area fronting Palm Canyon



Pool



Southbound view of Palm Canyon



Front desk



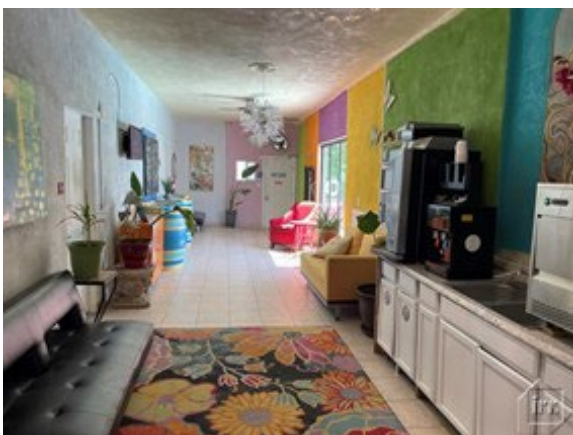
Lobby



Lobby/business center



Breezeway area



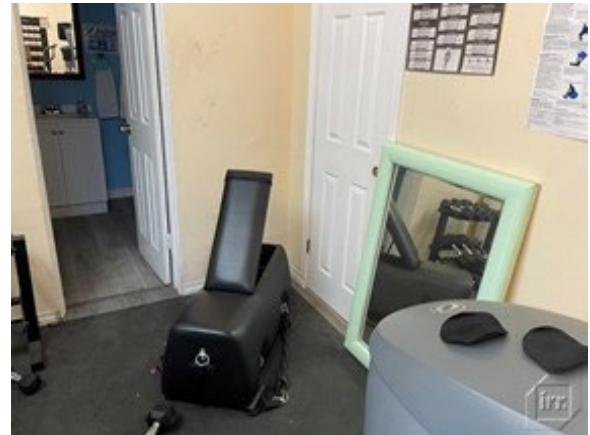
Breezeway area



Hotel laundry



Fitness Center



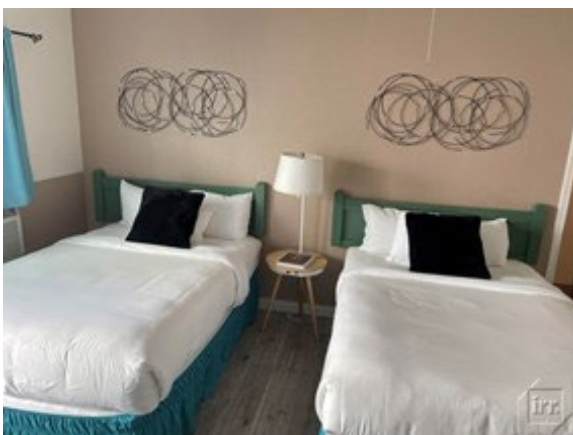
Fitness Center



Basement



Two Queen Room



Beds, lamp, nighstand



Couch



Sink



Shower



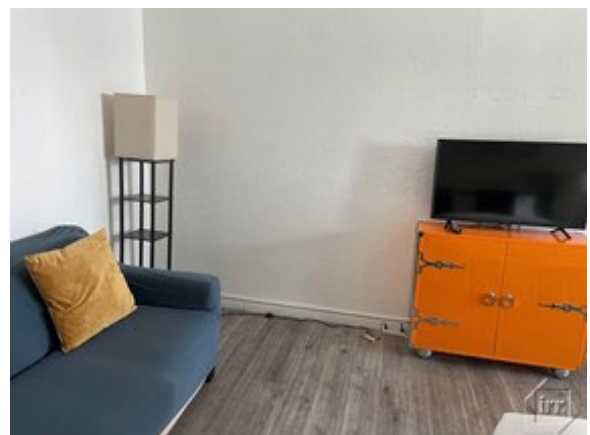
Bathroom



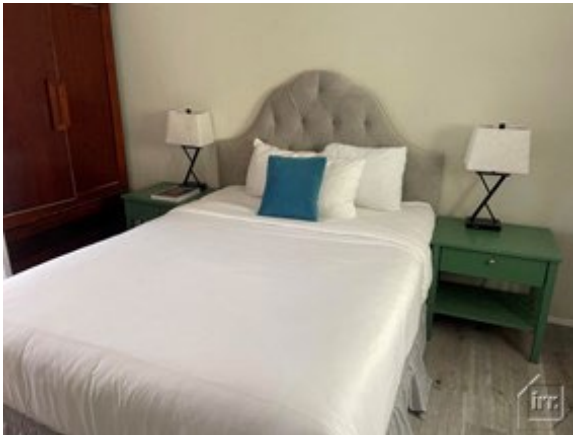
Desk, chair, microwave, mini-fridge



King room



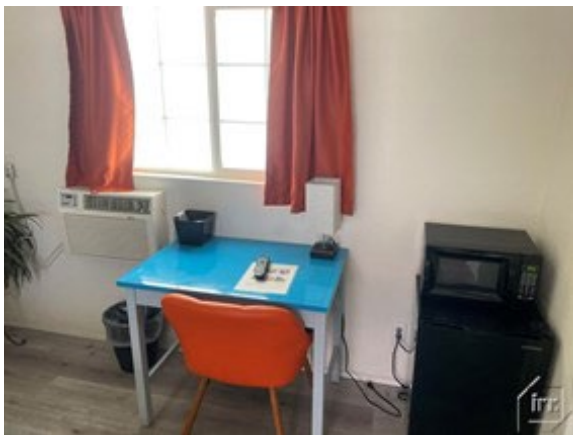
Couch, dresser, TV, lamp



Bed, nightstands, lamps



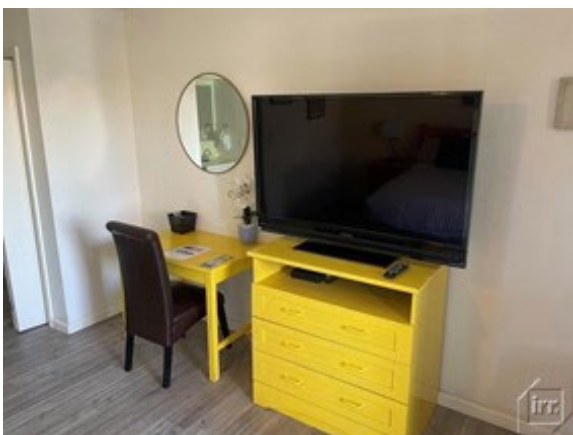
Bathroom



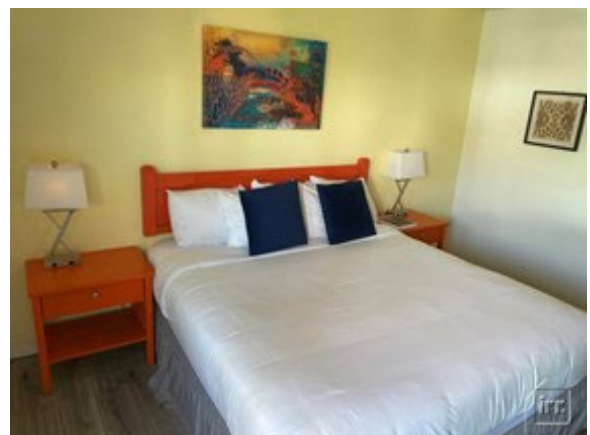
Desk, chair, mini-fridge, microwave



King room



Dresser, desk and chair, TV, mirror



Bed, nightstands, lamps



Shower



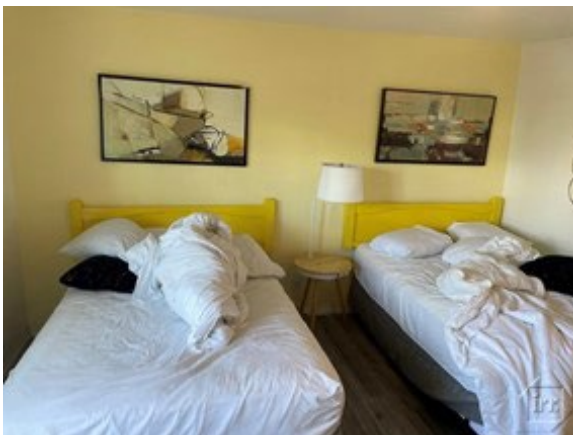
Sink, mini-fridge, microwave



Bathroom



Two queen room



Beds, nighstand, lamps



Sink, mini-fridge, microwave



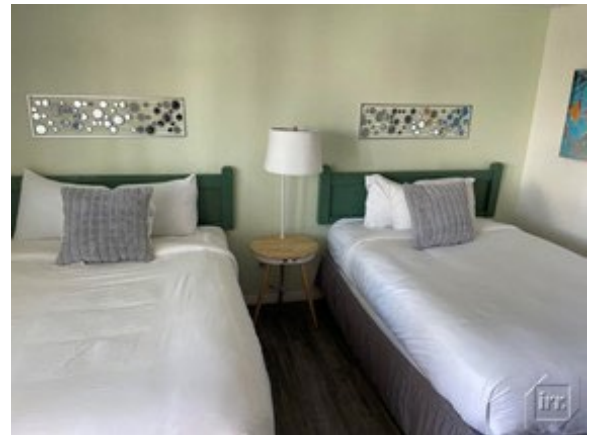
Desk, chair, dresser, TV



Bathroom



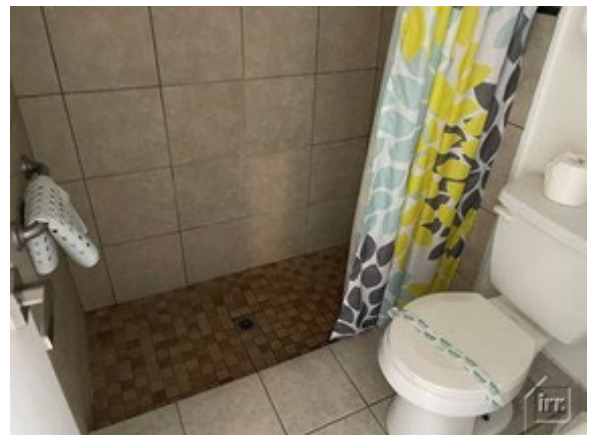
Two queen room



Beds, lamp, nightstand



Sink, mini-fridge, microwave

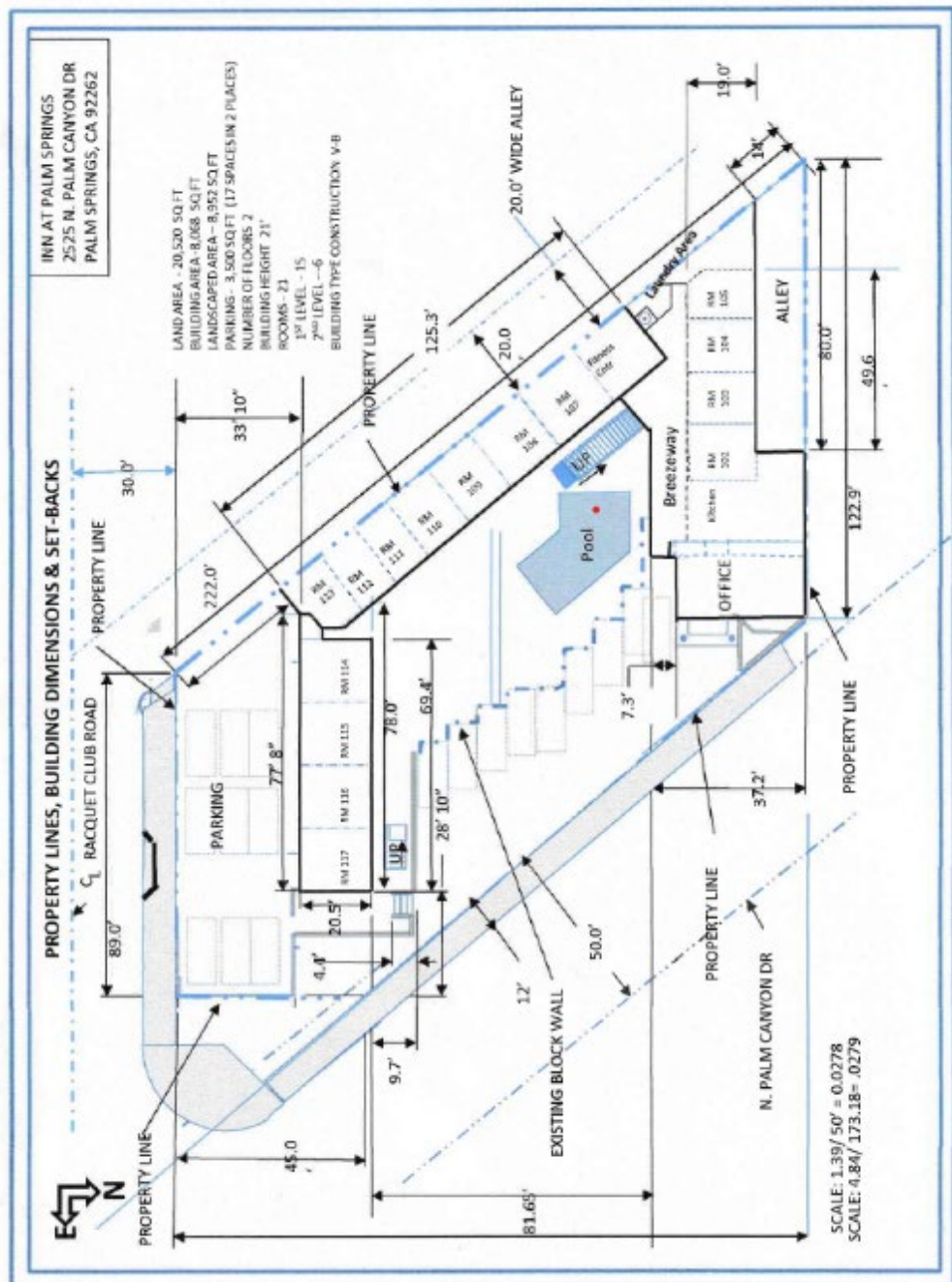


Bathroom



Desk, chair, couch, TV, mirror

Floor Plan



We note that the two suites are located on the second floor above the office and there are an additional four rooms located on the second floor above Rooms 114-117.

Real Estate Taxes

Proposition 13 abolished the practice of periodic reassessment of properties, based on market value appraisals. Instead, real property is subject to reassessment (i.e., revaluation at full or partial current market value) only with changes in ownership or new construction or major remodeling takes place. Otherwise, increases in assessed value are limited to no more than 2% per year. In addition, tax rates are limited to a general rate of 1%, plus the rates needed to service any bonded indebtedness. Voter-approved direct assessments can also be added and are often related to the installation of infrastructure.

Real estate taxes and assessments for the current tax year are shown in the following table.

Taxes and Assessments - 2022-2023							
Assessed Value				Taxes and Assessments			
Tax ID	Land	Improvements	Total	Ad Valorem Tax Rate	Taxes	Direct Assessments	Total
504-073-001	\$375,269	\$1,600,191	\$1,975,460	1.291370%	\$25,510	\$1,800	\$27,311

Based on the concluded market value of the subject, the assessed value appears low. If the subject property were to sell at our estimation of as is market value, the assessed value would increase significantly.

We note that in the income approach, we have projected property taxes based on the value of the subject via the income approach applying the tax rate and adding direct assessments.

Highest and Best Use

Process

Before a property can be valued, an opinion of highest and best use must be developed for the subject site, both as if vacant, and as improved or proposed. By definition, the highest and best use must be:

- Physically possible.
- Legally permissible under the zoning regulations and other restrictions that apply to the site.
- Financially feasible.
- Maximally productive, i.e., capable of producing the highest value from among the permissible, possible, and financially feasible uses.

Highest and Best Use As If Vacant

Physically Possible

The physical characteristics of the site do not appear to impose any unusual restrictions on development. Overall, the physical characteristics of the site and the availability of utilities result in functional utility suitable for a variety of uses. Considering the subject's location, commercial thoroughfare visibility, the ingress/egress to the corner position of the subject site as well as the surrounding land uses, the subject site is well suited for retail, office or lodging use.

Legally Permissible

The site is zoned C-1, Retail Business Zone. Permitted uses include retail, office, lodging, cultural and institutional uses. To our knowledge, there are no legal restrictions such as easements or deed restrictions that would effectively limit the use of the property. Given prevailing land use patterns in the area, only retail, office or lodging use is given further consideration in determining highest and best use of the site, as though vacant.

Financially Feasible

Based on our analysis of the market, there is currently adequate demand for retail, office or lodging use in the subject's area. It appears that a newly developed retail, office or lodging use on the site would have a value commensurate with its cost. Therefore, retail, office or lodging use is considered to be financially feasible.

Maximally Productive

There does not appear to be any reasonably probable use of the site that would generate a higher residual land value than retail, office or lodging use. Accordingly, it is our opinion that retail, office or lodging use, developed to the normal market density level permitted by zoning, is the maximally productive use of the property.

Conclusion

Development of the site for retail, office or lodging use is the only use that meets the four tests of highest and best use. Therefore, it is concluded to be the highest and best use of the property as if vacant.

As Improved

The subject site is developed with 24-room independent boutique hotel, which is consistent with the highest and best use of the site as if it were vacant.

The existing improvements function as an operating hotel that produces a significant positive cash flow that we expect will continue. Therefore, a continuation of this use is concluded to be financially feasible.

Based on our analysis, there does not appear to be any alternative use that could reasonably be expected to provide a higher present value than the current use, and the value of the existing improved property exceeds the value of the site, as if vacant. For these reasons, continued hotel use is concluded to be maximally productive and the highest and best use of the property as improved.

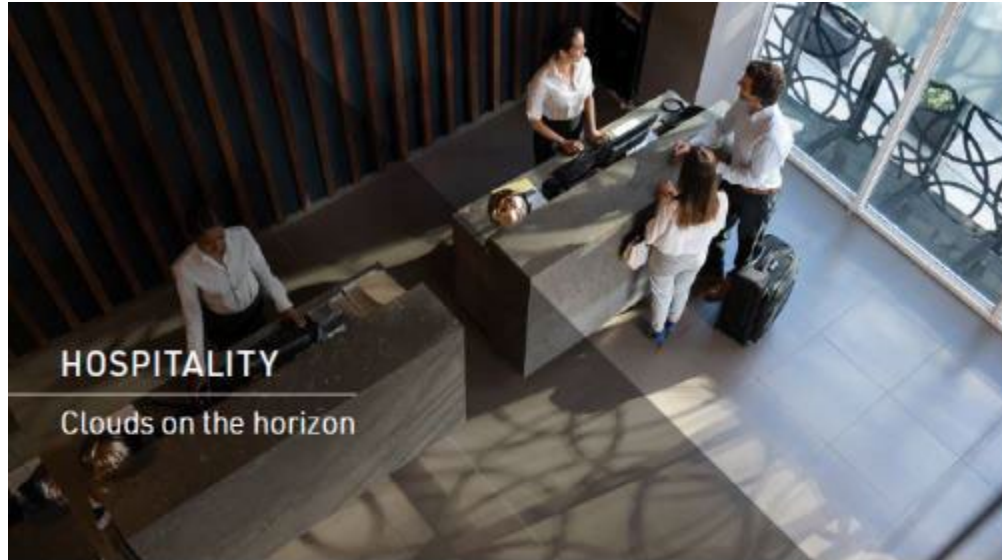
Most Probable Buyer

Taking into account the size and characteristics of the property and its transient occupancy, the likely buyer is a local or regional investor such as owner-operator.

Lodging Market Analysis

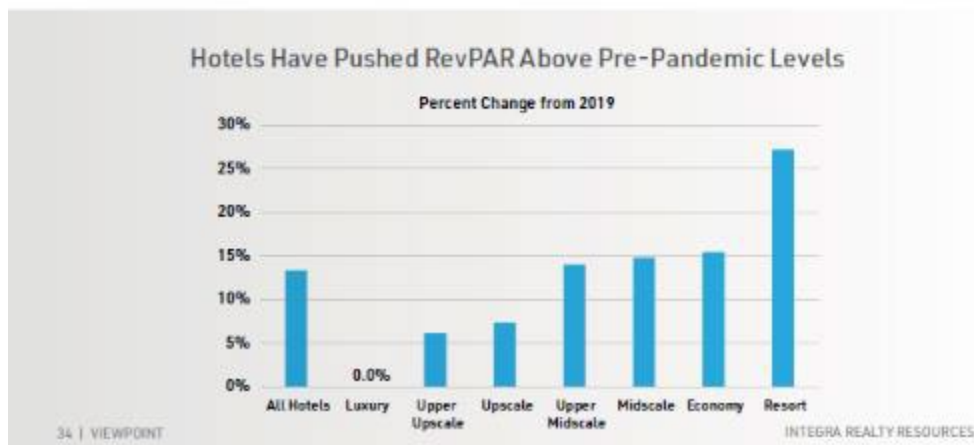
National Trends

A review and comparison of the hospitality industry overall is a useful tool to understanding the direction the lodging industry is likely to take in the near and intermediate term. We utilize the 2023 Integra Realty Resources Hospitality Viewpoint, and the HOST Study and Hotel Review and Smith Travel Research.

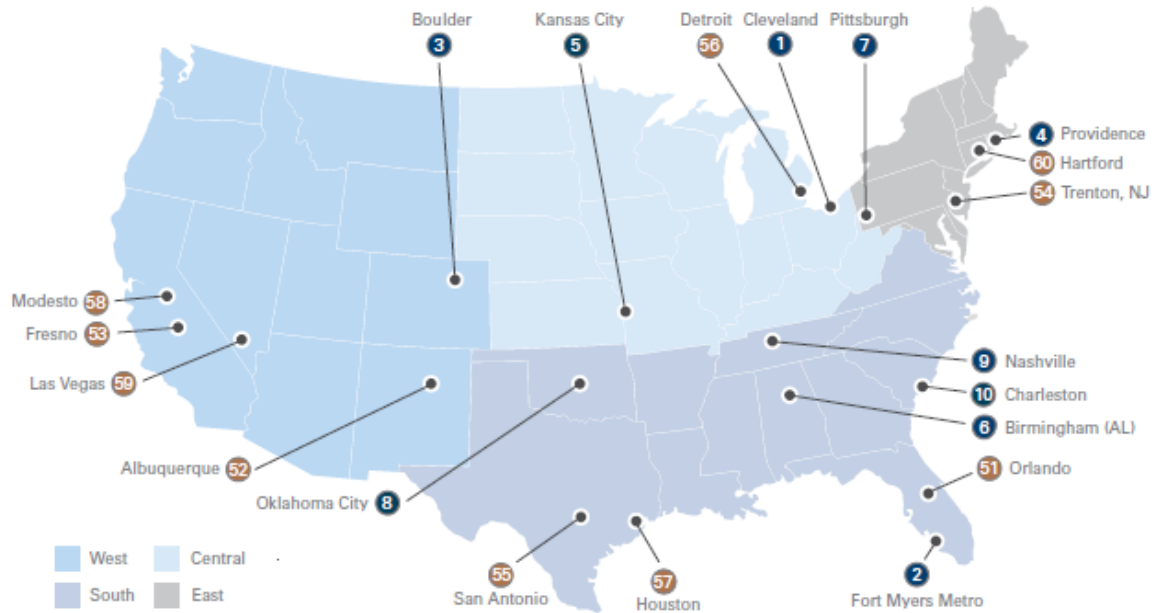


Hotels are the most volatile of all the major property types. Revenue must be refreshed night-by-night, without the benefit of longer leases typical of other income-producing real estate. Hotels require active management with specialized skills, typically having more day-to-day business decision-making than in the office, retail, industrial, and multifamily sectors. Although most property types feature some degree of stratification, hotels have long institutionalized brand distinction along price categories even for properties sharing a common corporate ownership.

The COVID-19 pandemic was a catastrophe for the hotel sector, but the steepness of decline positioned it for a strong statistical rebound in 2022. The key metric of RevPAR (revenue per available room) was up 13.3% at the end of the third quarter, when compared with 2019 levels. As shown in the accompanying graph, the growth in RevPAR strengthens as price categories become more affordable.



TOP MARKETS BY HOSPITALITY TRANSACTION VOLUME BASED ON YOY PERCENTAGE CHANGE

**Bulls (Top 10)**

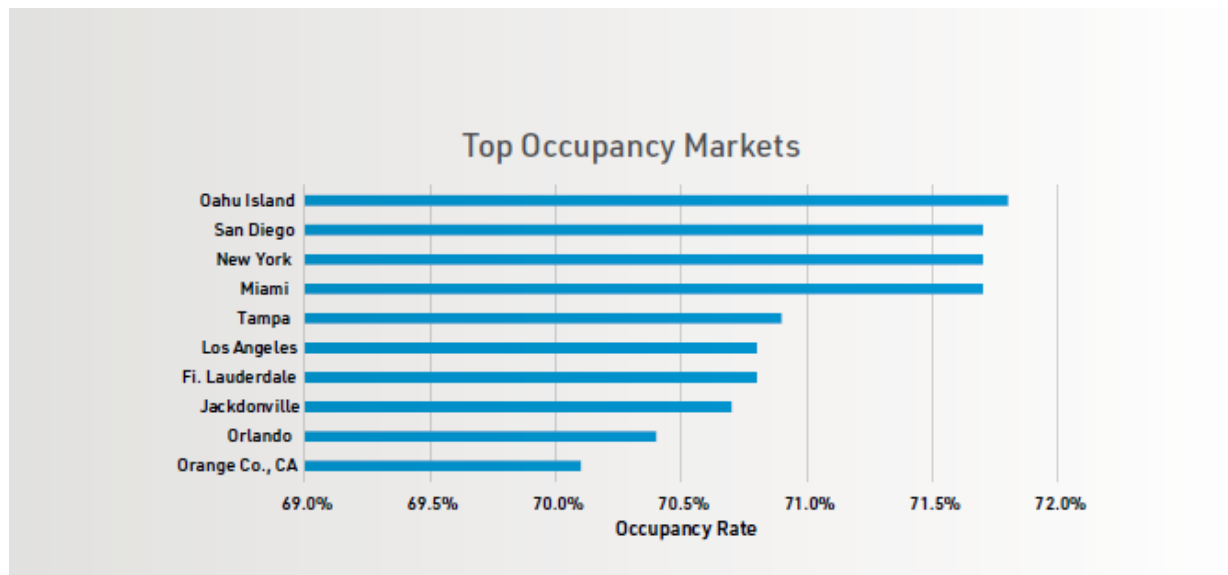
2022 Rank	City	YOY Change	Total 4Q21-3Q22	Vol. Rank*
1	Cleveland	476.9%	\$150 M	37
2	Fort Myers Metro	421.6%	\$991 M	13
3	Boulder	353.3%	\$68 M	49
4	Providence	318.5%	\$226 M	32
5	Kansas City	273.3%	\$280 M	29
6	Birmingham (AL)	225.6%	\$127 M	40
7	Pittsburgh	214.9%	\$318 M	26
8	Oklahoma City	203.9%	\$155 M	36
9	Nashville	190.4%	\$1,243 M	10
10	Charleston	167.7%	\$431 M	23

Bears (Bottom 10)

2022 Rank	City	YOY Change	Total 4Q21-3Q22	Vol. Rank*
51	Orlando	-33.5%	\$805 M	17
52	Albuquerque	-35.6%	\$29 M	58
53	Fresno	-36.7%	\$31 M	56
54	Trenton, NJ	-45.5%	\$12 M	60
55	San Antonio	-46.0%	\$315 M	28
56	Detroit	-59.2%	\$97 M	43
57	Houston	-59.6%	\$355 M	25
58	Modesto	-65.7%	\$37 M	53
59	Las Vegas	-75.4%	\$158 M	35
60	Hartford	-84.5%	\$15 M	59

* Volume Ranking is based on the overall transaction volume among 60 markets nationally

As of the summer of 2022, travel demand had returned in such strength that it was stressing airline capacity.



Here is one place where management decisions played a huge role. Savvy hoteliers knew that demand was a function of lock-down policies and health concerns, not merely price. Therefore, the more expensive chains held the line on room rates, realizing that demand would return. In more mass-market facilities, though, lowering rates to stimulate occupancy made some sense. With travel patterns resuming in 2022, hotel guests shopping by price would still see midscale and economy brands as "more affordable," even if daily rates adjusted upward from 2019 levels. Most markets have experienced an increase in ADR and a flattening of occupancy in 2022.

The COVID-19 pandemic was a catastrophe for the hotel sector, but the steepness of decline positioned it for a strong statistical rebound in 2022.

Resorts, which had seen a nearly 60% drop in RevPAR during the pandemic, have now begun to recapture some lost ground, although they still should see further upward movement if travel remains on its upward path in 2023.

As of the summer of 2022, travel demand had returned in such strength that it was stressing airline capacity. Airfares are up more than 40% this year, and are projected to rise further. Meanwhile, despite a much-discussed rise in prices at the gas pump peaking in June, prices as of November 2022 were up just 7.7% year-over-year. Nearly 55 million Americans were estimated to travel for Thanksgiving, over 49 million by car, according to AAA.

Regardless of this year's surge, the outlook remains a bit iffy. Recessions and inflation are generally not good for the travel industry, as it is dependent upon discretionary spending. Much depends upon the degree that households and businesses alike find their budgets impacted by macroeconomic forces. Despite the psychology of pent-up demand, travel is one of the first spending options to be sacrificed in a slowdown.

By location, which markets are advantaged in terms of sustained high occupancy as we turn from 2022 to 2023? Major Florida and Southern California areas are registering occupancy rates above 70%. New York City, its much-publicized difficulties notwithstanding, not only posts a third-ranked 71.8% occupancy but leads the nation in year-over-year ADR and RevPAR growth, according to STR/CoStar data. The renewed strength of the resorts sector has catapulted Hawaii's Oahu market to the top of the occupancy chart.

The top markets, of course, are a very selective sample and not fully representative of the industry. On the whole, occupancy across the country averaged just 64%, with the 25 largest markets slightly better at 67.3%, but still shy of the occupancy in the top ten areas. On the revenue side, California's Bay Area (San Francisco, San Jose, and Oakland) is lagging the U.S. norm. The same is true for the corridor including Philadelphia, Baltimore, and Washington D.C. Even New Orleans is finding its hotel revenue down about 20% compared with its pre-pandemic volume.

International factors also contribute to softer demand. The very high US dollar is making it expensive for cross-border travelers. China's internal issues (including COVID and softening growth) and the war in Ukraine are also choking off potential travel demand from abroad. The probability that the U.K. is already in recession further squeezed travel flow.

If urban markets seem troubled, hotels in car-dependent rural areas are more so. Many locations popular with vacationing middle-income families are struggling with occupancies between 50% and 60%. Such spots include the New Jersey Shore, Michigan and Wisconsin's northern reaches, the Ozarks in southern Missouri and northern Arkansas, and the coastal areas of the Carolinas.

Savvy hoteliers knew that demand was a function of lock-down policies and health concerns, not merely price.

All things considered, then, it is hardly surprising to see new hotel development in a cyclical lull. The surge of new product in the middle of the last decade left many markets with excess capacity. Furthermore, the costs of building new hotels has shot up due to sharp increases in labor and material inputs. Add to this the jump in the cost of financing in a tighter interest rate environment, and it is likely that we will see little in the way of added room count in most markets through 2025.

The snapshot version of risk-reward in the hotel sector is suggested by cap rates. With the exception of the luxury stratum of the market (with about a 6% cap rate average), rates reflect significant income volatility – in the 7.5% to 9.0% range. Historically, this may look attractive. But, remember the Fed! The risk premium for hotels has been compressing. The implication may not be declining values, but a significant contraction in transaction volume as investors seek safer harbors in 2023.



Historical U.S. Lodging Statistics

A summary of historical lodging statistics through year-end 2022 for the United States provided by HOST Study and Hotel Review and Smith Travel Research are presented as follows.

United States Lodging Market Performance

	Occupancy		ADR		RevPAR		Supply	Demand	Room Revenue
Year	This Year	Change	This Year	Change	This Year	Change	% Change	% Change	% Change
2003	59.1%	0.3%	\$82.18	0.2%	\$48.59	0.4%	1.1%	1.3%	1.5%
2004	61.3%	3.6%	\$85.67	4.3%	\$52.48	8.0%	0.5%	4.1%	8.5%
2005	63.0%	2.8%	\$90.47	5.6%	\$56.96	8.5%	0.0%	2.8%	8.5%
2006	63.1%	0.2%	\$97.24	7.5%	\$61.34	7.7%	0.3%	0.5%	8.0%
2007	62.8%	-0.5%	\$103.68	6.6%	\$65.08	6.1%	1.2%	0.7%	7.4%
2008	59.8%	-4.7%	\$106.73	2.9%	\$63.84	-1.9%	2.3%	-2.5%	0.3%
2009	54.5%	-8.9%	\$97.63	-8.5%	\$53.21	-16.7%	2.8%	-6.4%	-14.3%
2010	57.5%	5.5%	\$97.52	-0.1%	\$56.08	5.4%	1.7%	7.3%	7.1%
2011	59.9%	4.2%	\$101.21	3.8%	\$60.64	8.1%	0.4%	4.6%	8.6%
2012	61.4%	2.4%	\$105.49	4.2%	\$64.73	6.7%	0.3%	2.7%	7.1%
2013	62.2%	1.3%	\$109.49	3.8%	\$68.08	5.2%	0.5%	1.8%	5.7%
2014	64.3%	3.4%	\$114.64	4.7%	\$73.69	8.2%	0.6%	4.0%	8.8%
2015	65.3%	1.5%	\$119.89	4.6%	\$78.23	6.2%	0.9%	2.4%	7.1%
2016	65.3%	0.1%	\$123.57	3.1%	\$80.74	3.2%	1.3%	1.4%	4.6%
2017	65.8%	0.7%	\$126.40	2.3%	\$83.13	3.0%	1.6%	2.2%	4.6%
2018	66.0%	0.4%	\$129.57	2.5%	\$85.56	2.9%	1.8%	2.2%	4.8%
2019	65.9%	-0.2%	\$130.98	1.1%	\$86.30	0.9%	1.8%	1.6%	2.7%
2020	44.0%	-33.3%	\$103.31	-21.1%	\$45.41	-47.4%	-4.0%	-35.9%	-49.5%
2021	57.5%	30.9%	\$124.96	21.0%	\$71.89	58.3%	4.9%	37.3%	66.1%
2022	62.7%	8.9%	\$148.83	19.1%	\$93.28	29.8%	1.9%	11.0%	32.2%

Source: CoStar Inc.

As illustrated above, positive trends from 2010 continued throughout 2019. The national occupancy rate in 2010 was 57.5%, which increased every year thereafter up to 2018, to 66.1% through year-end 2018. The market paused a bit from 2011 to 2013, with a slower rate of occupancy growth of 2.50% from 2011 to 2012, and 1.5% from 2012 to 2013. There was a slight decline in occupancy between 2018 and 2019. The reported 2020 occupancy was 44% which was a 33.3% decrease from the reported 2019 occupancy of 66.0% as a result of COVID.

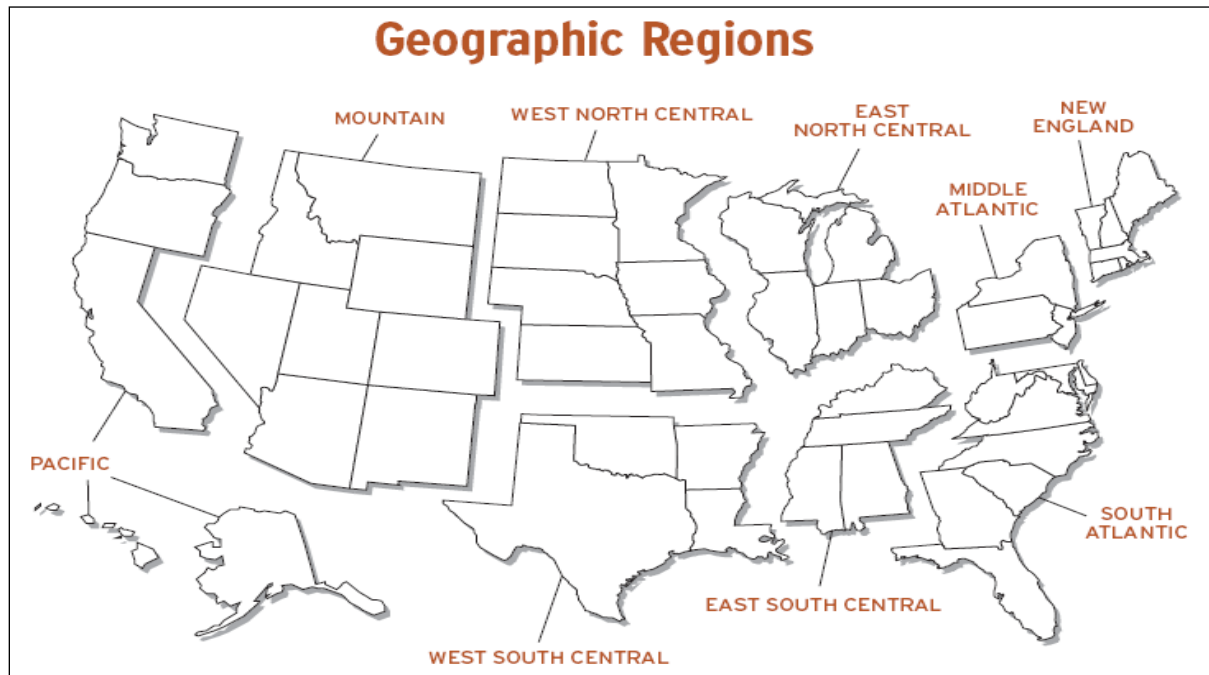
ADR growth was reported from 2010 through 2019, albeit the reported ADR growth for 2019 was minimal at 1.0%. In 2020, ADR decreased from \$131.23 in 2019 to \$103.25 as a result of COVID. RevPar trended in a similar pattern to ADR from 2010 through 2019 and reported a 47.5% decrease from 2019 to 2020 as a result of COVID. As illustrated above, supply growth has remained stable through 2019 which then decreased in 3.6% in 2020. Similarly demand growth reported increases from 2010 through 2019 but then decreased 35.7% in 2020 as a result of COVID.

The year-end ADR in 2010 was \$98.05, which increased to \$131.21 through 2019. The annual increases in ADR from 2010 to 2018 are notable considering it also corresponds with steady increases in

occupancy (up to 2018), albeit ADR remained flat from 2009 and 2010 (\$98.06 vs. \$98.05) as hotel owners and operators sought to increase their occupancy and maintain market share at the expense of ADR. We note that reported room revenue decreased 49.4% from 2019 to 2020 primarily due to covid.

Regional and State Trends

The subject is in the Pacific Region, as defined by HOST and Smith Travel Research. Pacific Region includes the states of California, Washington, Oregon and Hawaii.



States in the Pacific Region

Segment	Occupancy						Average Daily Rate						RevPar					
	2022	2021	Change	2021	2020	Change	2022	2021	Change	2021	2020	Change	2022	2021	Change	2021	2020	Change
United States	62.7%	57.5%	8.9%	57.5%	44.0%	30.8%	\$148.83	\$124.96	19.1%	\$124.96	\$103.30	21.0%	\$93.27	\$71.88	29.8%	\$71.88	\$45.44	58.2%
Pacific	67.1%	60.2%	11.5%	60.2%	47.2%	27.5%	\$191.94	\$157.79	21.6%	\$157.79	\$129.08	22.2%	\$128.86	\$95.00	35.6%	\$95.00	\$60.96	55.9%
State																		
Alaska	69.7%	66.2%	5.4%	66.2%	45.5%	45.3%	\$181.88	\$149.20	21.9%	\$149.20	\$105.59	41.3%	\$126.84	\$98.71	28.5%	\$98.71	\$48.07	105.3%
California	67.5%	61.0%	10.6%	61.0%	49.2%	24.1%	\$187.27	\$153.95	21.6%	\$153.95	\$130.27	18.2%	\$126.45	\$93.96	34.6%	\$93.96	\$64.07	46.7%
Hawaii	73.6%	57.5%	28.1%	57.5%	37.6%	53.1%	\$371.21	\$330.32	12.4%	\$330.32	\$266.81	23.8%	\$273.27	\$189.89	43.9%	\$189.89	\$100.20	89.5%
Oregon	62.1%	60.2%	3.2%	60.2%	46.1%	30.5%	\$137.51	\$122.64	12.1%	\$122.64	\$101.71	20.6%	\$85.44	\$73.83	15.7%	\$73.83	\$46.91	57.4%
Washington	64.6%	56.3%	14.7%	56.3%	42.0%	34.0%	\$146.59	\$115.23	27.2%	\$115.23	\$98.00	17.6%	\$94.63	\$64.84	45.9%	\$64.84	\$41.16	57.5%

Source: Hotel Review, Smith Travel Research

As of 2022, the Pacific Region posted metrics as follows:

- In terms of occupancy, the Pacific region reported an occupancy percentage of 67.1%, which is an increase of 11.5% from the previous year.
- In terms of ADR, the Pacific region reported a figure of \$191.94 which was a 21.6% increase from the 2021 ADR of \$157.79.
- In terms of RevPAR, the Pacific region reported a figure of \$128.86 which was a 35.6% increase over the 2021 RevPAR of \$95.

While reported metrics for the Pacific Region were significantly impacted by COVID, there are considered to have fully recovered. We note that the Pacific Region outperformed the United States in all metrics. Additionally, California was only outperformed by Hawaii and Alaska in terms of RevPar.

Inland Empire - CA Market																		
Segment	Occupancy						Average Daily Rate						RevPar					
	2022	2021	Change	2021	2020	Change	2022	2021	Change	2021	2020	Change	2022	2021	Change	2021	2020	Change
United States	62.7%	57.5%	8.9%	57.5%	44.0%	30.8%	\$148.83	\$124.96	19.1%	\$124.96	\$103.30	21.0%	\$93.27	\$71.88	29.8%	\$71.88	\$45.44	58.2%
Pacific	67.1%	60.2%	11.5%	60.2%	47.2%	27.5%	\$191.94	\$157.79	21.6%	\$157.79	\$129.08	22.2%	\$128.86	\$95.00	35.6%	\$95.00	\$60.96	55.9%
California	67.5%	61.0%	10.6%	61.0%	49.2%	24.1%	\$187.27	\$153.95	21.6%	\$153.95	\$130.27	18.2%	\$126.45	\$93.96	34.6%	\$93.96	\$64.07	46.7%
Inland Empire - CA	66.1%	65.2%	1.3%	65.2%	54.9%	18.9%	\$153.57	\$131.02	17.2%	\$131.02	\$106.92	22.5%	\$101.48	\$85.47	18.7%	\$85.47	\$58.66	45.7%
Source: Hotel Review, Smith Travel Research																		

Source: Hotel Review, Smith Travel Research

As detailed in the table above, the Inland Empire – CA market area outperformed the United States in terms of occupancy, ADR and RevPar.

Projection of Room Night Demand

To accurately quantify micro demand for the subject, we utilize a build-up analysis to project room night demand. Room night demand is based on an analysis of lodging activity and demand generators within the subject's primary market area. The steps utilized within a build-up analysis are as follows:

- Identify Primary Market Area ("PMA")
- Identify Market Segmentation
- Identify Primary and/or Secondary Competitive Properties
- Analysis of Market Segmentation and Historical Penetration
- Analysis of Sources / Changes in Demand
- Projection of Demand
- Projection of Occupancy

Identification of Primary Market Area ("PMA")

The subject is in Palm Springs, California. The subject's peer group consists of similar select service hotels located in proximity to the subject.

Identification of Market Segmentation

Market segmentation identifies unique demand characteristics which can be utilized for projection of future growth potential, seasonality, price sensitivity, or other factors. Once market segmentation has been defined, projections of room night demand can be quantified by an analysis of individual factors within each market segment. Market segmentation typically consists of three distinct segments: commercial, meeting and group, and leisure. Depending upon demand generators within a market, additional market segments may include government or airport related demand. A summary of the characteristics of each market segment is presented as follows.

Commercial Segment

The commercial segment is characterized by business and commercial activity. Government related room night demand is included as part of the commercial segment. The primary source of commercial segment room night demand consists of individual business travelers. Thus, demand within the commercial segment closely follows the typical five-day work week, with peak room night demand on Monday through Thursday nights, with a peak in demand exhibited on mid-week nights. Room night demand within the commercial segment typically tapers off on Friday and Saturday nights, with a moderate uptick on Sunday nights, as travelers prepare for the coming week's activities. Historically,

the average length of stay is one to three nights. In strong corporate markets, weekday occupancy rates can be very high, which may suggest unaccommodated demand.

The commercial segment is favorable as demand is relatively consistent throughout the year and individual business travelers are less price sensitive than travelers within the other segments. Further, travelers within this group also tend to generate revenue from on-site food and beverage operations.

In an area with strong commercial room night demand, area hoteliers may secure room nights generated by corporate accounts, as many businesses book based on rewards or loyalty programs offered by specific brands, or contract for a specified number of room nights in exchange for a discount off published rates. Thus, in markets with a high percentage of commercial demand, care should be taken when analyzing market ADR, as the average may be skewed by heavily discounted rates, particularly if a property or properties within the competitive set are affiliated with a brand that exhibits strong loyalty among corporate travelers.

Meeting and Group Segment

The meeting and group segment is characterized by corporate, commercial, convention, association, and social, military, educational, religious, or fraternal (“SMERF”) activity consisting of ten people or more. Meeting and group demand is typically closely correlated with the commercial segment. This segment is somewhat seasonal, as demand typically slows during summer months due to vacation periods, while peak demand is typically in the spring and fall, with variable demand during the winter months depending on location and local tourism. Weekly room night demand is typically stronger during the work week; however, social activities, such as weddings or sports-related events, also drive week-end room night demand. Historically, the average length of stay is three to five nights.

The meeting and group segment is favorable as hotels benefit from banquet, meeting space, and food and beverage sales, which typically offset any discounts given for reservations of blocks of rooms. In an area with strong meeting and group demand, hotels which have a higher amount of flexible meeting space and expanded food and beverage operations have a competitive advantage over other hotels with inferior meeting and group capabilities.

Leisure Segment

The leisure segment is characterized by individual, family, or transient activity. The leisure segment is more price sensitive than the commercial and meeting and group segments. Leisure demand is typically higher on weekend nights and during holidays and summer months. The average length of stay for leisure travelers is one to four days, depending upon the purpose and destination of travel. Peak periods of leisure demand typically exhibit a negative correlation with peak commercial demand; thus, in markets with strong commercial demand, the capture of significant leisure demand in addition to commercial demand has a stabilizing effect on overall occupancy.

Identification of Competitive Set

Available lodging alternatives within proximity to the subject consist of select-service midscale and upper midscale hotel brands. As these properties represent the closest comparable lodging developments to the subject within the PMA, they serve as a ‘benchmark’ for the subject’s lodging demand. These properties are considered competitive with the subject for room night demand, as they are the closest lodging facilities within the PMA that report data for comparison; therefore, an analysis of these properties is relevant.

Map of Subject and Competitive Set



Subject and Competitive Set Summary


No.	Property	City & State	Rooms	Open Date	Service Tier	Class
Subject	The Inn at Palm Springs	Palm Springs, CA	24	Jan-58	Limited Service	Upper Midscale
1	Ingleside Inn	Palm Springs, CA	30	Jun-20	Limited Service	Luxury
2	Villa Royale	Palm Springs, CA	37	Jun-47	Limited Service	Upscale
3	Sparrows Lodge	Palm Springs, CA	20	Jul-22	Limited Service	Upper Midscale
4	Desert Riviera Hotel	Palm Springs, CA	11	Feb-51	Limited Service	Upper Midscale
5	Hotel California	Palm Springs, CA	16	Jun-42	Limited Service	Upper Midscale
6	Azure Sky Palm Springs	Palm Springs, CA	14	Jan-59	Limited Service	Upper Upscale

As illustrated above, the competitive set contains 152 total rooms including the subject and 128 rooms excluding the subject. The competitive market consists of independent boutique hotels the upscale to luxury segments in Palm Springs, California. The competitive properties range from 11 to 37 rooms, with dates of construction ranging from 1920 to 1959.

Comparison of Amenities and Physical Characteristics

A comparison of amenities and other physical characteristics is a key metric in determining the market appeal and competitive positioning of a property in relation to its competitive set. Properties with expanded meeting space, banquet, or food and beverage capabilities typically capture a larger share of meeting and group room night demand; while hotels proximate to nature reserves, national parks, lakes or oceans, casinos, or concert or sports arenas typically capture a larger share of leisure room night demand.

A comparison of amenities and physical characteristics of the subject and the competitive set and our concluded market mix for the subject and competitive set is presented on the following page.

Amenity Comparison							
	The Inn at Palm Springs	Ingleside Inn	Villa Royale	Sparrows Lodge	Desert Riviera Hotel	Hotel California	Azure Sky Palm Springs
							
Brand Affiliation	Independent	Independent	Independent	Independent	Independent	Independent	Independent
Chain Scale	Upper Midscale	Luxury	Upscale	Upper Midscale	Upper Midscale	Upper Midscale	Upper Upscale
Service Tier	Limited Service	Limited Service	Limited Service	Limited Service	Limited Service	Limited Service	Palm Springs, CA
Rooms	24	30	37	20	11	16	14
Year Opened	1/1/1958	1920	1947	2022	1951	1942	1959
Renovated	Yes	Yes	Yes	No	Yes	Yes	Yes
Meeting Space	None	None	None	None	None	None	None
Hotel Amenities							
Complimentary WiFi	X	X	X	X	X	X	X
Interior Corridor							
Indoor/Outdoor Pool	X	X	X	X	X	X	X
Business Center	X						
Fitness Center	X						
On-Site Restaurant		X					
Guest Laundry							
Shuttle Service							
Room Amenities							
Complimentary WiFi	X	X	X	X	X	X	X
Microwave	X	X	X	X	X	X	X
Mini-refrigerator	X	X	X	X	X	X	X
Iron/Ironing Board	X	X	X	X	X	X	X
Coffee Makers	X	X	X	X	X	X	X
Hair Dryers	X	X	X	X	X	X	X
Shuttle Service							
Suite Rooms	X	X	X	X	X	X	X
Qualitative Analysis							
Location		Similar	Similar	Similar	Similar	Similar	Similar
Age/Condition		Slightly Superior	Similar	Slightly Inferior	Similar	Similar	Similar
Brand Affiliation		Superior	Similar	Similar	Similar	Similar	Similar
Amenities		Slightly Superior	Similar	Similar	Similar	Similar	Similar
Overall Comparison		Superior	Similar	Similar	Similar	Similar	Similar
Estimated Market Mix							
Commercial	5%	5%	5%	5%	5%	5%	5%
Meeting & Group	0%	0%	0%	0%	0%	0%	0%
Leisure	95%	95%	95%	95%	95%	95%	95%

Analysis of Market Segmentation and Historical Penetration

We analyze historical occupancy, ADR and RevPAR trends for the subject and the competitive set to derive forward looking projections for the subject. Our analysis is based on a trend report for the 12 months ending August 2023 prepared by Smith Travel Research ("STR"), an independent research firm which is recognized by the lodging industry as a reliable source of statistical data. While STR is widely utilized, the data provided by STR does have certain limitations, primarily as it relates to hotel participation and consistent reporting of data by individual hotel properties. Despite the noted limitations, STR data is widely accepted and utilized by investors, owners, and market participants within the hotel industry, and is relevant as an overall market indicator.

A summary and comparison of current and historical occupancy, ADR and RevPAR statistics for the subject and the competitive set is presented as follows.

Historical Statistics				
TTM Period Ending	Aug-21	Aug-22	Aug-23	Compound Annual Rate of Change
Competitive Set Occupancy	51.0%	66.8%	61.3%	
% Change (Year-Over-Year)	-	30.98%	-8.23%	6.7%
Competitive Set ADR	\$197.22	\$291.01	\$343.90	
% Change (Year-Over-Year)	-	47.56%	18.17%	24.8%
Competitive Set RevPAR	\$100.58	\$194.39	\$210.81	
% Change (Year-Over-Year)	-	93.27%	8.44%	36.5%
Yearend	2021	2022	YTD Aug. 2023	
Subject Occupancy	43.7%	54.5%	58.8%	
% Change (Year-Over-Year)	-	24.71%	7.89%	11.5%
Subject ADR	\$175.00	\$210.00	\$220.00	
% Change (Year-Over-Year)	-	20.00%	4.76%	8.6%
Subject RevPAR	\$76.48	\$114.45	\$129.36	
% Change (Year-Over-Year)	-	49.66%	13.03%	23.1%

According to a STR report for the TTM ending August 2023, the overall occupancy, ADR and RevPAR for the competitive set is approximately 61.3%, \$343.90, and \$210.81, respectively. The reported occupancy, ADR and RevPAR for the subject YTD August 2023 is 58.8%, \$220, and \$129.36, respectively.

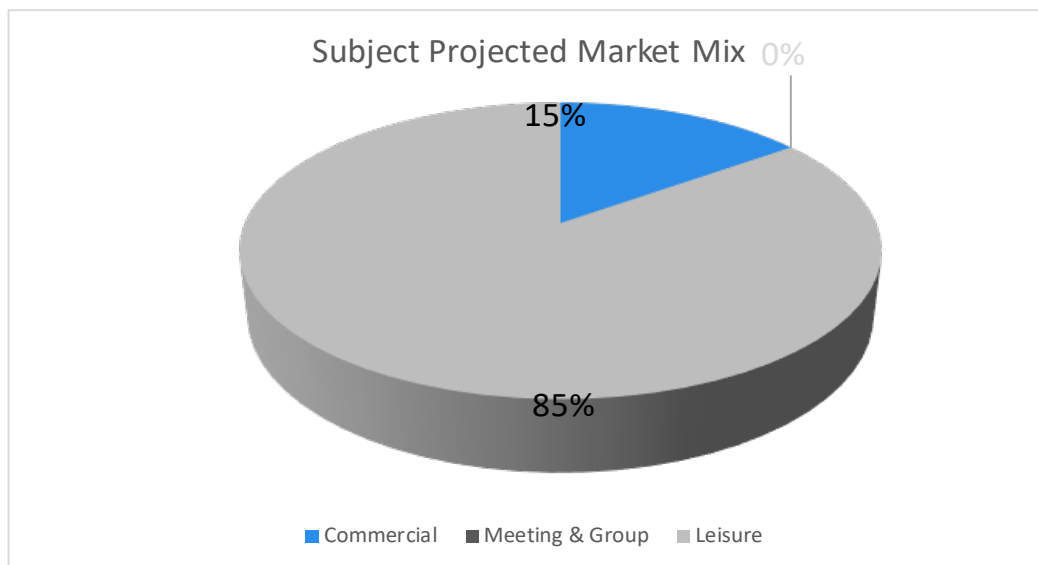
The subject has historically reported occupancies significantly less than the competitive market while ADR has also been less than the market. We note that occupancies reported in the table above are based on the 18 available rooms the owner operates, but in the our analysis, projections are based on 24-rooms as a typical buyer would not keep these rooms off the market for personal use.

Additionally, we note that the rehab of the subject was primarily completed in early 2023 and the reported 2023 occupancy and ADR are skewed downward as the high season for Palm Springs, California is from October through April and some of the rooms were not available during this period. The owners noted that with the current pre-bookings, they anticipate that in the following 12-months they can achieve an occupancy relatively in line with the market at approximately 62% and ADR of \$230, which is reasonable considering the subject's location, rehabbed condition in relation to the comparable properties in the market, as some are superior to the subject. We have relied upon these figures in the following projections. We note that as the YTD data is skewed by the seasonality of the Palm Springs market, we do not consider any rent loss until stabilization deductions to be appropriate.

Estimated Market Mix

Based on an analysis of the demand generators within the market and a review of the amenities of the subject and each property within the competitive set, the estimated market mix for the subject and each property within the competitive set is presented as follows.

Estimated Market Mix			
Property	Commercial	Meeting & Group	Leisure
The Inn at Palm Springs	15%	0%	85%
Ingleside Inn	15%	0%	85%
Villa Royale	10%	0%	90%
Sparrows Lodge	5%	0%	95%
Desert Riviera Hotel	5%	0%	95%
Hotel California	5%	0%	95%
Azure Sky Palm Springs	5%	0%	90%



Estimated Demand Segmentation

Based on an analysis of the primary demand generators within the defined PMA and a comparison of the amenities and physical characteristics of the subject with the competitive set, the estimated demand segmentation is presented as follows.

Estimated Demand Segmentation			
Segment	Subject	Competitive Set	Total
Commercial	854	2,373	3,227
Meeting & Group	0	0	0
Leisure	4,840	23,841	28,681
Total	5,694	26,214	31,908

As illustrated above, the majority of the subject's estimated demand is generated by the commercial and leisure segments.

Analysis of Demand

Benchmarks for accommodated lodging demand within a market are expressed in the form of occupancy, ADR and RevPAR statistics. Individual determinants which influence a property's market appeal include a property's age, location, amenities, brand affiliation, and proximity to supporting land uses. Macro market demand influences include demographic trends such as population, household and employment growth. Room night demand is sensitive to changes in room night supply, macro and micro market influences, and other individual determinants.

Changes in Market Room Night Supply

As part of our analysis of market demand, we consider the impact of any additional new room night supply or reductions of supply within the subject's PMA. There have been a number of newer boutique hotels that have been rebranded following recent acquisitions in the market area but not much, if any, new construction. This we consider no additional new supply to have a major impact on the subject.

Latent Demand

As previously discussed, accommodated room night demand is based on historical occupancy levels, which represent actual occupied rooms within the market. Therefore, accommodated room night demand may not fully represent all forms of demand within the market. Additional unaccommodated demand may be present, but not reflected, in historical statistics.

Additional unaccommodated demand which may exist in a market is called latent demand. Latent demand consists of induced and displaced demand.

Induced Demand

Induced demand represents demand which may be created by the introduction of a new demand generator within the market, including new hotel development which may attract travelers to the

market due to superior amenities, brand affiliation, age/condition, or location. For commercial demand, the construction or relocation of a corporate headquarters may result in induced demand into a market area. Meeting and group induced demand may be the result of a new conference center, while leisure induced demand may be created by the construction of a casino, sports or concert venue, or other entertainment or recreational venue.

Induced demand could also be created by new infrastructure, such as the construction of new highways or transportation corridors within an area.

Displaced Demand

Displaced demand occurs when area hotels are booked to capacity, requiring hotel operators to turn away guests. Displaced demand is typically seen in markets which either exhibit a high level of seasonality, or other periods of high demand based on external factors. For example. Hotels in proximity to concert or sports venues, or convention centers may exhibit displaced demand during high-volume periods of room night demand, such as music festivals or concerts, or sporting events.

Latent Demand Conclusion

Based on a review of the market, we do not identify any new development which would create additional room night demand.

Projection of Demand

We apply growth rates for each segment of demand based on an analysis of historical occupancy, ADR and RevPAR trends, and demographic trends within the market. The estimated market mix for the subject and the competitive set indicates most of the room night demand is generated by the commercial and leisure segments.

Demand Growth Rate Conclusions

Estimated Annual Demand Growth Rates	
Fiscal Year Beg. Sept. 13	2023
Commercial	0.00%
Meeting & Group	0.00%
Leisure	0.00%
Latent Demand - Induced Demand	
Fiscal Year Beg. Sept. 13	
Commercial	0.00%
Meeting & Group	0.00%
Leisure	0.00%
Latent Demand - Displaced Demand	
Fiscal Year Beg. Sept. 13	
Commercial	0.00%
Meeting & Group	0.00%
Leisure	0.00%

We do not project significant changes in room demand.

Market Demand and Occupancy Projections

Based on the previous analysis of demand growth and projections for each market segment, our projection of total market demand and occupancy are presented as follows. Our projections consider any previously determined anticipated changes in room night supply.

Total Projected Base Demand and Market Occupancy	
Fiscal Year Beg. Sept. 13	2023
Commercial	1,775
Meeting & Group	0
Leisure	33,732
Total	35,507
Changes in Market Supply	
Existing Room Supply	152
Total New Room Night Supply	0
Total Available Room Nights	55,480
Overall Market Wide Occupancy	64%

As illustrated above, market wide occupancy is approximately 64%. We project subject occupancy at 62% which is relatively stable with the reported TTM August 2023 occupancy of 61.3%.

Forecast of Subject Occupancy

To develop occupancy projections for the subject, we analyze the subject's current and historical penetration by analyzing the subject's fair share, market segmentation, and market penetration.

Subject and Competitive Set Fair Share

The fair share of a property represents the percentage a property's rooms comprise of total rooms within the market. The fair share for the subject and the competitive set is presented as follows.

Subject and Competitive Set Fair Share		
Property	Rooms	Fair Share
The Inn at Palm Springs	24	15.8%
Ingleside Inn	30	19.7%
Villa Royale	37	24.3%
Sparrows Lodge	20	13.2%
Desert Riviera Hotel	11	7.2%
Hotel California	16	10.5%
Azure Sky Palm Springs	14	9.2%
Total	152	100.0%

Subject and Competitive Set Market Share

A property's market share represents the percentage of occupied rooms nights a property captures per market segment, based on the previously concluded market mix, as follows.

Market Share

Based on the estimated market mix, fair share, and occupancy of the subject and competitive set, we calculate current occupied room nights for each market segment for the subject and each property in the competitive set. The calculation of occupied room nights is as follows:

$$\text{Market Segment Occupied Room Nights} = \text{Market Mix Percentage} \times \text{Total Occupied Room Nights}$$

Occupied Room Nights Per Market Segment				
Property	Commercial	Meeting & Group	Leisure	Total
The Inn at Palm Springs	854	0	4,840	5,694
Ingleside Inn	986	0	5,585	6,570
Villa Royale	810	0	7,293	8,103
Sparrows Lodge	232	0	4,411	4,643
Desert Riviera Hotel	141	0	2,670	2,811
Hotel California	204	0	3,884	4,088
Total	3,227	0	28,681	31,908
Total Subject	854	0	4,840	5,694
Total Competitive Set	2,373	0	23,841	26,214

Subject and Competitive Set Occupancy Penetration

A property achieves 100% occupancy penetration when its room night demand capture is the equivalent of its fair share of the market. The calculation of occupancy penetration is as follows:

$$\text{Occupancy Penetration} = \text{Market Share} / \text{Fair Share}$$

The occupancy penetration for the subject and the competitive set is presented as follows.

Subject and Competitive Set Occupancy Penetration			
Property	Commercial	Meeting & Group	Leisure
The Inn at Palm Springs	5.0%	0.0%	95.0%
Ingleside Inn	5.0%	0.0%	95.0%
Villa Royale	5.0%	0.0%	95.0%
Sparrows Lodge	5.0%	0.0%	95.0%
Desert Riviera Hotel	5.0%	0.0%	95.0%
Hotel California	5.0%	0.0%	95.0%
Azure Sky Palm Springs	5.0%	0.0%	95.0%

The following tables present our projections of captured penetration rates and room night demand for the subject.

Subject Projected Occupancy - Stabilized

Fiscal Year Beg. Sept. 13	2023
---------------------------	------

Subject Fair Share

Market Room Supply [1]	152
Subject Room Count	24
Fair Share	15.8%

Subject Room Night Capture**Commercial**

Fair Share	15.8%
Penetration Factor	100.0%
Market Share	15.8%
Demand	3,227
Commercial Capture	510

Meeting & Group

Fair Share	15.8%
Penetration Factor	0.0%
Market Share	0.0%
Demand	0
Commercial Capture	0

Leisure

Fair Share	15.8%
Penetration Factor	108.7%
Market Share	17.2%
Demand	28,681
Commercial Capture	4,923

Total Capture	5,432
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Projected Occupancy	62%
---------------------	-----

As noted previously, we project occupancy for the subject similar to the market at 62%.

Subject Occupancy Projections - Stabilized

Fiscal Year Beg. Sept. 13	2023
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Room Nights Captured	5,432
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Occupancy	62%
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Projection of Subject ADR

Our projection of the estimated ADR for the subject is derived utilizing the competitive positioning method. The competitive positioning method is an analysis and comparison of average room rates achieved by hotels within the competitive set. A summary of the reported average rates for hotels within the subject's competitive set is presented as follows.

Summary of ADR and Reported Rack Rates

Property	Reported Rate Range
The Inn at Palm Springs	\$129.00 - \$650.00
Ingleside Inn	\$175.00 - \$800.00
Villa Royale	\$150.00 - \$500.00
Sparrows Lodge	\$125.00 - \$600.00
Desert Riviera Hotel	\$125.00 - \$650.00
Hotel California	\$125.00 - \$650.00
Azure Sky Palm Springs	\$170.00 - \$675.00
Range	\$125.00 - \$800.00
STR Average Competitive Set	\$354.27
Subject Estimated Positioned Rate	\$230.00

While the market reported an ADR of \$354.27, the subject property has historically underperformed in terms of ADR. Considering the subject's location, amenities as well as the owners projections of \$230 ADR for the following 12-months, we rely on the owners' projection in our analysis.

Adjustment Factors

A hotel operator's ability to drive rates over time is influenced by several factors, as follows.

ADR Risk Factor	Defined	Impact on ADR
Supply and Demand	Potential for new supply within the market or a reduction in supply, unaccommodated demand created by introduction of demand generators or a new hotel within the market	↔
Projected Inflation	Inflationary pressures resulting in increases in operating costs within a market	↑
Changes in Competitive Standards	Renovations or repositioning of existing hotels within the competitive set	↔
Specific Property Improvements	Planned capital improvements, renovations, addition or subtraction of amenities	↔
Overall Impact		↑

Based on the foregoing, our projection of ADR for the subject is presented as follows.

Subject Projected ADR - Stabilized	
Fiscal Year Beg. Sept. 13	2023
Current Positioned ADR	\$230.00
ADR Growth Rate	0.00%

We do not project additional ADR growth in the 12-month projection period.

Conclusion

Based on the foregoing analyses, our projection of the subject's occupancy, ADR and rooms revenue is presented as follows.

Subject Projected Occupancy, ADR and Rooms Revenue - Stabilized	
Fiscal Year Beg. Sept. 13	2023
Available Rooms	24
Annual Room Nights	8,760
Projected Occupancy	60.1%
Occupied Rooms	5,432
Projected ADR	\$230.00
Projected Rooms Revenue	\$1,249,360

Valuation

Valuation Methodology

Appraisers usually consider three approaches to estimating the market value of real property. These are the cost approach, sales comparison approach and the income capitalization approach.

The **cost approach** assumes that the informed purchaser would pay no more than the cost of producing a substitute property with the same utility. This approach is particularly applicable when the improvements being appraised are relatively new and represent the highest and best use of the land or when the property has unique or specialized improvements for which there is little or no sales data from comparable properties.

The **sales comparison approach** assumes that an informed purchaser would pay no more for a property than the cost of acquiring another existing property with the same utility. This approach is especially appropriate when an active market provides sufficient reliable data. The sales comparison approach is less reliable in an inactive market or when estimating the value of properties for which no directly comparable sales data is available. The sales comparison approach is often relied upon for owner-user properties.

The **income capitalization approach** reflects the market's perception of a relationship between a property's potential income and its market value. This approach converts the anticipated net income from ownership of a property into a value indication through capitalization. The primary methods are direct capitalization and discounted cash flow analysis, with one or both methods applied, as appropriate. This approach is widely used in appraising income-producing properties.

Reconciliation of the various indications into a conclusion of value is based on an evaluation of the quantity and quality of available data in each approach and the applicability of each approach to the property type.

The methodology employed in this assignment is summarized as follows:

Approaches to Value		
Approach	Applicability to Subject	Use in Assignment
Cost Approach	Not Applicable	Not Utilized
Sales Comparison Approach	Applicable	Utilized
Income Capitalization Approach	Applicable	Utilized

Income Capitalization Approach

The income capitalization approach converts anticipated economic benefits of owning real property into a value estimate through capitalization. The steps taken to apply the income capitalization approach are:

- Analyze the revenue potential of the property.
- Consider appropriate allowances for vacancy, collection loss, and operating expenses.
- Calculate net operating income by deducting vacancy, collection loss, and operating expenses from potential income.
- Apply the most appropriate capitalization methods to convert anticipated net income to an indication of value.

The two most common capitalization methods are direct capitalization and discounted cash flow analysis. In direct capitalization, a single year's expected income is divided by an appropriate capitalization rate to arrive at a value indication. In discounted cash flow analysis, anticipated future net income streams and a future resale value are discounted to a present value at an appropriate yield rate.

In this analysis, we use only direct capitalization because investors in this property type typically rely most on this method.

Room Revenue Projection

Economic rent is market rent or the average room rate a potential patron is warranted in paying and the motel operator is warranted in receiving for services. Forecasting of the subject's economic income involves an analysis of room sales. This is best accomplished by stabilized historical operation in conjunction with comparison with other similar motel properties available within the subject's effective market area. This was conducted in the Market Analysis section of this report. Stabilized average daily rate (ADR) and occupancy levels on a stabilized basis were previously concluded.

Total room nights available (RNA), room nights sold (RNS) and room revenue is calculated as follows.

Subject Projected Occupancy, ADR and Rooms Revenue - Stabilized	
Fiscal Year Beg. Sept. 13	2023
Available Rooms	24
Annual Room Nights	8,760
Projected Occupancy	60.1%
Occupied Rooms	5,432
Projected ADR	\$230.00
Projected Rooms Revenue	\$1,249,360

Income and Expense Data

To develop projections of stabilized income and expenses, we analyze industry benchmarks, recent financial statements of the subject, and data from comparable properties. Industry data from PKF Hospitality Research and Smith Travel Research are presented first in the following tables.

2022 CBRE Data - Full Service Hotels

	Summary			Mountain and Pacific			Under 150 Rooms			\$125 to \$250		
	% of Revenue	\$ / Room	\$/Occ. Room	% of Revenue	\$ / Room	\$/Occ. Room	% of Revenue	\$ / Room	\$/Occ. Room	% of Revenue	\$ / Room	\$/Occ. Room
Revenue												
Rooms	72.2%	\$47,854	\$201.71	71.7%	\$52,590	\$210.12	83.2%	\$39,980	\$164.93	72.1%	\$50,147	\$205.40
Food and Beverage	21.7%	\$14,358	\$60.52	21.2%	\$15,579	\$62.24	12.4%	\$5,949	\$24.54	21.6%	\$15,041	\$61.60
Other Operated Departments	3.7%	\$2,462	\$10.38	4.4%	\$3,217	\$12.85	2.6%	\$1,245	\$5.14	3.5%	\$2,464	\$10.09
Miscellaneous Income	2.4%	\$1,601	\$6.75	2.7%	\$1,962	\$7.84	1.9%	\$903	\$3.73	2.8%	\$1,921	\$7.87
Total Revenues	100.0%	\$66,275	\$279.36	100.0%	\$73,348	\$293.05	100.0%	\$48,077	\$198.34	100.0%	\$69,573	\$284.96
Departmental Costs & Expenses												
Rooms	26.8%	\$12,808	\$53.99	28.0%	\$14,702	\$58.74	24.7%	\$9,874	\$40.73	25.9%	\$13,013	\$53.30
Food and Beverage	73.9%	\$10,615	\$44.74	79.5%	\$12,385	\$49.49	82.6%	\$4,911	\$20.26	70.0%	\$10,532	\$43.14
Other Operated Departments	40.9%	\$1,006	\$4.24	39.4%	\$1,269	\$5.07	50.7%	\$631	\$2.60	34.8%	\$857	\$3.51
Total Departmental Expenses	36.9%	\$24,429	\$102.97	38.7%	\$28,356	\$113.30	32.1%	\$15,416	\$63.59	35.1%	\$24,402	\$99.95
Total Departmental Profit	63.1%	\$41,846	\$176.39	61.3%	\$44,992	\$179.75	67.9%	\$32,661	\$134.75	64.9%	\$45,171	\$185.01
Undistributed Operating Expenses												
Administrative and General	8.9%	\$5,913	\$24.92	9.0%	\$6,628	\$26.48	9.9%	\$4,752	\$19.60	8.6%	\$5,977	\$24.48
Information and Telecommunications Systems	1.5%	\$973	\$4.10	1.5%	\$1,104	\$4.41	1.5%	\$739	\$3.05	1.4%	\$955	\$3.91
Sales and Marketing	9.2%	\$6,126	\$25.82	8.9%	\$6,538	\$26.12	10.2%	\$4,896	\$20.20	9.2%	\$6,384	\$26.15
Property Operation and Maintenance	4.6%	\$3,035	\$12.79	4.4%	\$3,210	\$12.83	4.8%	\$2,298	\$9.48	4.4%	\$3,056	\$12.52
Utility Costs	3.4%	\$2,251	\$9.49	3.2%	\$2,356	\$9.41	3.5%	\$1,703	\$7.03	3.3%	\$2,326	\$9.53
Total Undistributed Expenses	27.6%	\$18,298	\$77.12	27.0%	\$19,836	\$79.25	29.9%	\$14,388	\$59.36	26.9%	\$18,698	\$76.59
Gross Operating Profit	35.5%	\$23,548	\$99.27	34.3%	\$25,156	\$100.50	38.0%	\$18,273	\$75.39	38.1%	\$26,473	\$108.42
Management Fees	3.4%	\$2,262	\$9.53	3.3%	\$2,434	\$9.73	3.7%	\$1,784	\$7.36	3.5%	\$2,413	\$9.88
Income Before Non-Operating Income and Expenses	32.1%	\$21,286	\$89.74	31.0%	\$22,722	\$90.77	34.3%	\$16,489	\$68.03	34.6%	\$24,060	\$98.54
Non-Operating Income and Expenses												
Income	0.5%	\$319	\$1.34	0.2%	\$170	\$0.68	1.1%	\$533	\$2.20	0.5%	\$330	\$1.35
Rent	2.4%	\$1,595	\$6.72	2.8%	\$2,033	\$8.12	3.4%	\$1,641	\$6.77	2.8%	\$1,926	\$7.89
Property and Other Taxes	3.8%	\$2,546	\$10.73	3.3%	\$2,389	\$9.55	3.2%	\$1,554	\$6.41	3.9%	\$2,736	\$11.21
Insurance	1.3%	\$868	\$3.66	1.4%	\$1,029	\$4.11	1.4%	\$675	\$2.78	1.3%	\$878	\$3.60
Other	1.1%	\$749	\$3.16	1.0%	\$727	\$2.91	2.5%	\$1,190	\$4.91	1.0%	\$666	\$2.73
Total Non-Operating Income and Expenses	8.2%	\$5,440	\$22.93	8.2%	\$6,008	\$24.01	9.4%	\$4,527	\$18.67	8.4%	\$5,876	\$24.07
EBITDA	23.9%	\$15,846	\$66.81	22.8%	\$16,714	\$66.76	24.9%	\$11,962	\$49.36	26.1%	\$18,184	\$74.47
Percentage of Occupancy	65.0%			68.6%			66.4%			66.9%		
Average Daily Rate	\$201.71			\$210.12			\$164.93			\$205.40		
RevPAR	\$131.10			\$144.08			\$109.52			\$137.38		
Average Size (Rooms)	237			251			121			277		

Source: CBRE Hotels, *Trends in the Hotel Industry U.S. Edition 2023*

2022 STR Data - Full Service Hotels

	Pacific			Suburban			Upper Midscale**		
	% of Revenue	\$ / Room	\$/Occ. Room	% of Revenue	\$ / Room	\$/Occ. Room	% of Revenue	\$ / Room	\$/Occ. Room
Revenue									
Rooms	65.1%	\$69,836	\$289.31	69.2%	\$40,792	\$181.85	94.6%	\$34,532	\$135.35
Food	14.5%	\$15,515	\$64.27	14.0%	\$8,240	\$36.73	1.0%	\$382	\$1.50
Beverage	5.5%	\$5,915	\$24.50	4.8%	\$2,826	\$12.60	0.3%	\$121	\$0.47
Other Food and Beverage	5.4%	\$5,772	\$23.91	6.4%	\$3,785	\$16.87	0.5%	\$166	\$0.65
Food and Beverage Income	25.4%	\$27,202	\$112.69	25.2%	\$14,850	\$66.20	1.8%	\$669	\$2.62
Other Operated Departments	5.2%	\$5,569	\$23.07	3.2%	\$1,913	\$8.53	2.5%	\$900	\$3.53
Miscellaneous Income	<u>4.3%</u>	<u>\$4,630</u>	<u>\$19.18</u>	<u>2.4%</u>	<u>\$1,423</u>	<u>\$6.34</u>	<u>1.1%</u>	<u>\$404</u>	<u>\$1.58</u>
Total Revenue	100.0%	\$107,238	\$444.25	100.0%	\$58,977	\$262.92	100.0%	\$36,505	\$143.08
Departmental Expenses									
Rooms	26.9%	\$18,772	\$77.77	26.6%	\$10,853	\$48.38	28.2%	\$9,744	\$38.19
Food and Beverage	80.1%	\$21,798	\$90.30	75.1%	\$11,155	\$49.73	116.8%	\$781	\$3.06
Other Operated Departments	<u>78.7%</u>	<u>\$4,382</u>	<u>\$18.15</u>	<u>68.0%</u>	<u>\$1,301</u>	<u>\$5.80</u>	<u>62.8%</u>	<u>\$565</u>	<u>\$2.22</u>
Total Departmental Expenses	41.9%	\$44,951	\$186.22	39.5%	\$23,309	\$103.91	30.4%	\$11,089	\$43.47
Total Departmental Profit	58.1%	\$62,287	\$258.03	60.5%	\$35,668	\$159.01	69.6%	\$25,416	\$99.62
Undistributed Operating Expenses									
Administrative & General	8.5%	\$9,084	\$37.63	10.3%	\$6,049	\$26.96	10.7%	\$3,920	\$15.37
Information & Telecommunications Systems	1.2%	\$1,287	\$5.33	1.2%	\$703	\$3.14	0.7%	\$267	\$1.05
Marketing	6.3%	\$6,780	\$28.09	7.6%	\$4,506	\$20.09	6.2%	\$2,266	\$8.88
Franchise Fees	1.0%	\$1,082	\$4.48	2.8%	\$1,647	\$7.34	6.8%	\$2,483	\$9.73
Sales & Marketing	7.3%	\$7,862	\$32.57	10.4%	\$6,153	\$27.43	13.0%	\$4,750	\$18.62
Property Operations & Maintenance	4.5%	\$4,780	\$19.80	5.0%	\$2,961	\$13.20	5.2%	\$1,895	\$7.43
Utilities	<u>3.4%</u>	<u>\$3,628</u>	<u>\$15.03</u>	<u>3.7%</u>	<u>\$2,179</u>	<u>\$9.71</u>	<u>3.9%</u>	<u>\$1,411</u>	<u>\$5.53</u>
Total Undistributed Expenses	24.8%	\$26,641	\$110.36	30.6%	\$18,045	\$80.44	33.5%	\$12,243	\$47.99
Gross Operating Profit	33.2%	\$35,646	\$147.67	29.9%	\$17,623	\$78.56	36.1%	\$13,173	\$51.63
Management Fee	3.4%	\$3,645	\$15.10	3.2%	\$1,863	\$8.31	3.5%	\$1,262	\$4.95
Income Before Fixed Charges	29.8%	\$32,001	\$132.57	26.7%	\$15,760	\$70.26	32.6%	\$11,910	\$46.68
Selected Fixed Charges									
Non-Operating Income	0.5%	\$537	\$2.22	0.3%	\$171	\$0.76	0.2%	\$85	\$0.33
Rent	1.7%	\$1,827	\$7.57	1.6%	\$915	\$4.08	2.3%	\$855	\$3.35
Property Taxes	2.9%	\$3,133	\$12.98	3.3%	\$1,924	\$8.58	3.6%	\$1,324	\$5.19
Insurance	<u>1.4%</u>	<u>\$1,548</u>	<u>\$6.41</u>	<u>1.3%</u>	<u>\$772</u>	<u>\$3.44</u>	<u>1.6%</u>	<u>\$570</u>	<u>\$2.24</u>
EBITDA*	25.5%	\$27,320	\$113.18	22.2%	\$13,064	\$58.24	27.4%	\$10,016	\$39.26
Less: Replacement Reserve	2.0%	\$2,169	\$8.99	1.7%	\$1,001	\$4.46	0.4%	\$152	\$0.59
EBITDA Less Replacement Reserve	23.5%	\$25,151	\$104.19	20.5%	\$12,063	\$53.78	27.0%	\$9,864	\$38.66
Occupancy (of Sample)	66.7%			61.9%			70.3%		
Average Daily Rate	\$289.31			\$181.85			\$135.35		
RevPAR	\$193.05			\$112.48			\$95.16		

*EBITDA shown only includes property taxes and insurance. It does not include all fixed expenses or non-operating expenses.

**Figures for Upper Midscale Class include both full-service and limited-service hotels.

Source: STR, 2023 Hotel Profitability Review

Income and expense statements for the subject property were obtained for the years of 2020 to 2022 and eight months of 2023 from January through August.

As noted previously, the subject property was being renovated from 2020 through the beginning of 2023 and little reliance is placed on the reported income and expenses from 2020 through 2022. A combination of the annualized 2023 expenses and the market are relied upon in our projections.

We reclassified the owner's income and expense items into standard categories and excluded items that do not reflect normal operating expenses for this type of property. The following table summarizes our analysis.

Operating History and Projections					
	Actual 2020	Actual 2021	Actual 2022	8 Months Annualized 2023	IRR Projection
Income					
Rooms	\$302,387	\$501,946	\$752,103	\$845,619	\$1,249,360
Food & Beverage	0	0	0	0	20,000
Other Operated Departments	0	0	0	0	10,000
Total Income	\$302,387	\$501,946	\$752,103	\$845,619	\$1,279,360
Expenses					
Departmental Expenses					
Rooms	\$153,715	\$205,858	\$236,338	\$273,114	\$349,821
Food & Beverage	0	0	0	0	10,000
Other Operated Departments	0	0	0	0	5,000
Total Departmental Expenses	\$153,715	\$205,858	\$236,338	\$273,114	\$364,821
Departmental Profit	\$148,672	\$296,088	\$515,765	\$572,505	\$914,539
Undistributed Expenses					
Administrative & General	\$23,677	\$28,731	\$76,012	\$56,240	\$85,717
Sales & Marketing	3,644	4,191	3,661	3,029	24,987
Property Operations & Maintenance	55,059	55,823	27,401	63,303	48,000
Utilities	31,589	34,768	44,587	50,255	73,169
Total Undistributed Expenses	\$113,969	\$123,513	\$151,661	\$172,826	\$231,873
Gross Operating Profit	\$34,703	\$172,575	\$364,104	\$399,680	\$682,666
Management Fees	0	0	0	0	38,381
Fixed Expenses					
Property & Other Taxes	39,578	55,628	124,620	20,226	72,575
Insurance	6,332	8,234	11,013	11,427	11,760
Total Fixed Expenses	\$45,910	\$63,862	\$135,633	\$31,653	\$84,335
Replacement Reserves	0	0	0	0	25,587
Total Expenses	\$313,594	\$393,233	\$523,632	\$477,593	\$744,998
Net Operating Income	-\$11,207	\$108,713	\$228,471	\$368,027	\$534,362
Operating Expense Ratio	103.7%	78.3%	69.6%	56.5%	58.2%

Revenues

Rooms Revenue

Room revenue was projected at the beginning of this section at \$1,249,360. This is supported by a detailed penetration and yield study within the Market Analysis section.

	2022 STR			2022 CBRE			
	Pacific	Suburban	Upper Midscale	Summary	Mountain and Pacific	Under 150 Rooms	\$125 to \$250
% of Total Revenue	65.1%	69.2%	94.6%	72.2%	71.7%	83.2%	72.1%
\$ / Occ Room Night	\$289.31	\$181.85	\$135.35	\$201.71	\$210.12	\$164.93	\$205.40
\$ / Room	\$69,836	\$40,792	\$34,532	\$47,854	\$52,590	\$39,980	\$50,147

Rooms Income

	Comp 1 2021	Comp 2 2021	Comp 3 2021	Actual 2020	Actual 2021	Actual 2022	Annualized 2023	IRR Projection
Total	—	—	—	\$302,387	\$501,946	\$752,103	\$845,619	\$1,249,360
% of Total Income	77.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	97.7%
\$/Room	\$113,867	\$59,722	\$51,428	\$16,799	\$27,886	\$41,784	\$46,979	\$52,057
\$/Occ. Room Night	\$354.51	\$238.89	\$208.74	\$140.00	\$175.00	\$210.00	\$220.00	\$230.00

Food and Beverage Income

This revenue includes all food and beverage sales from the alcohol sales as well as from sales from the limited on-site food options.

	2022 STR			2022 CBRE			
	Pacific	Suburban	Upper Midscale	Summary	Mountain and Pacific	Under 150 Rooms	\$125 to \$250
% of Total Revenue	25.4%	25.2%	1.8%	21.7%	21.2%	12.4%	21.6%
\$ / Occ Room Night	\$112.69	\$66.20	\$2.62	\$60.52	\$62.24	\$24.54	\$61.60
\$ / Room	\$27,202	\$14,850	\$669	\$14,358	\$15,579	\$5,949	\$15,041

Food & Beverage Income

	Comp 1 2021	Comp 2 2021	Comp 3 2021	Actual 2020	Actual 2021	Actual 2022	Annualized 2023	IRR Projection
Total	—	—	—	\$0	\$0	\$0	\$0	\$20,000
% of Room Income	22.1%	—	—	—	—	—	—	1.6%
% of Total Income	17.0%	—	—	—	—	—	—	1.6%
\$/Room	\$25,200	—	—	—	—	—	—	\$833
\$/Occ. Room Night	\$78.45	—	—	—	—	—	—	\$3.68

National and comparable data for this income ranges from \$2.62 to \$112.69 per occ. room night. The owners of the subject property recently acquired a liquor licenses that allows them to sell all forms of alcohol. The owners stated that food and beverage income in the following 12-months is estimated at \$20,000, or \$3.68 per occ. room night. We consider the owner's projections reasonable and we project \$3.68 per occ. room night.

Other Operated Departments

At the subject, this category includes miscellaneous sources, such as sundry sales, room charges, bike rental revenue, etc., that are offset by a corresponding expense.

	2022 STR			2022 CBRE			
	Pacific	Suburban	Upper Midscale	Summary	Mountain and Pacific	Under 150 Rooms	\$125 to \$250
% of Total Revenue	5.2%	3.2%	2.5%	3.7%	4.4%	2.6%	3.5%
\$ / Occ Room Night	\$23.07	\$8.53	\$3.53	\$10.38	\$12.85	\$5.14	\$10.09
\$ / Room	\$5,569	\$1,913	\$900	\$2,462	\$3,217	\$1,245	\$2,464

Other Operated Departments Income

	Comp 1 2021	Comp 2 2021	Comp 3 2021	Actual 2020	Actual 2021	Actual 2022	Annualized 2023	IRR Projection
Total	—	—	—	\$0	\$0	\$0	\$0	\$10,000
% of Room Income	7.6%	—	—	—	—	—	—	0.8%
% of Total Income	5.8%	—	—	—	—	—	—	0.8%
\$/Room	\$8,626	—	—	—	—	—	—	\$417
\$/Occ. Room Night	\$26.86	—	—	—	—	—	—	\$1.84

National and comparable data for this income ranges from \$3.53 to \$26.86 per occ. room night. A line item for this income has not been historically reported but as the owners have recently finished rehabbing the property, they anticipate that income from this department will be an estimated \$10,000, or \$1.84 per occ. room night. While their projection for this income is slightly less than the market, we consider it reasonable given the 24-rooms at the subject.

Total Revenue Projections

The following table summarizes historic and both the budgeted and our projection of total revenue.

Income History and Projections

	Actual 2020	Actual 2021	Actual 2022	8 Months 2023	Annualized 2023	IRR Projection
Rooms	\$302,387	\$501,946	\$752,103	\$563,746	\$845,619	\$1,249,360
Food & Beverage	\$0	\$0	\$0	\$0	\$0	\$20,000
Other Operated Departments	\$0	\$0	\$0	\$0	\$0	\$10,000
Total Income	\$302,387	\$501,946	\$752,103	\$563,746	\$845,619	\$1,279,360

Departmental Expenses

Rooms Expense

Rooms expense includes wages for front desk and housekeeping personnel, payroll taxes, guest supplies, cleaning supplies and laundry, linens, and miscellaneous expenses.

	2022 STR			2022 CBRE			
	Pacific	Suburban	Upper Midscale	Summary	Mountain and Pacific	Under 150 Rooms	\$125 to \$250
% of Room Revenue	26.9%	26.6%	28.2%	26.8%	28.0%	24.7%	25.9%
\$ / Occ Room Night	\$77.77	\$48.38	\$38.19	\$53.99	\$58.74	\$40.73	\$53.30
\$ / Room	\$18,772	\$10,853	\$9,744	\$12,808	\$14,702	\$9,874	\$13,013

Rooms Expense

	Comp 1 2021	Comp 2 2021	Comp 3 2021	Actual 2020	Actual 2021	Actual 2022	Annualized 2023	IRR Projection
Total	—	—	—	\$153,715	\$205,858	\$236,338	\$273,114	\$349,821
% of Room Income	29.2%	43.0%	31.8%	50.8%	41.0%	31.4%	32.3%	28.0%
% of Total Income	22.5%	43.0%	31.8%	50.8%	41.0%	31.4%	32.3%	27.3%
\$/Room	\$33,277	\$25,651	\$16,334	\$8,540	\$11,437	\$13,130	\$15,173	\$14,576
\$/Occ. Room Night	\$103.60	\$102.60	\$66.30	\$71.17	\$71.77	\$65.99	\$71.05	\$64.40

National and comparable data for this expense ranges from 24.7% to 32.7% of room revenue. This expense at the subject has decreased on a percentage of room revenue from 2020 to 2023 but increased on an annual basis from 2020 to 2023. The reported expense in 2023 was 32.3% of room revenue but this is slightly skewed due to the inclusion of atypical managerial costs which are not reported at the subject as the owners live on-site. As such, we project this expense slightly less than reported 2023 expense at 28% of room revenue.

Food and Beverage Expense

This expense is an offset to the associated Food & Beverage revenue. It consists of cost of goods sold and wages and associated benefits.

	2022 STR			2022 CBRE			
	Pacific	Suburban	Upper Midscale	Summary	Mountain and Pacific	Under 150 Rooms	\$125 to \$250
% of F & B Revenue	80.1%	75.1%	116.8%	73.9%	79.5%	82.6%	70.0%
\$ / Occ Room Night	\$90.30	\$49.73	\$3.06	\$44.74	\$49.49	\$20.26	\$43.14
\$ / Room	\$21,798	\$11,155	\$781	\$10,615	\$12,385	\$4,911	\$10,532

Food & Beverage Expense								
	Comp 1 2021	Comp 2 2021	Comp 3 2021	Actual 2020	Actual 2021	Actual 2022	Annualized 2023	IRR Projection
Total	—	—	—	\$0	\$0	\$0	\$0	\$10,000
% of F&B Income	77.4%	—	—	—	—	—	—	50.0%
% of Total Income	13.2%	—	—	—	—	—	—	0.8%
\$/Room	\$19,511	—	—	—	—	—	—	\$417
\$/Occ. Room Night	\$60.74	—	—	—	—	—	—	\$1.84

National and comparable data for this expense ranges from \$3.06 to \$90.30 per occ. room night. While a line item has not been historically reported for this expense, we project this expense at approximately 50% of food and beverage revenue, or \$1.84 per occ. room night, as the income for this department is primarily alcohol sales.

Other Operated Departments and Rentals Expense

The expense is an offset of the related miscellaneous income.

	2022 STR			2022 CBRE			
	Pacific	Suburban	Upper Midscale	Summary	Mountain and Pacific	Under 150 Rooms	\$125 to \$250
% of Other Income	78.7%	68.0%	62.8%	40.9%	39.4%	50.7%	34.8%
\$ / Occ Room Night	\$18.15	\$5.80	\$2.22	\$4.24	\$5.07	\$2.60	\$3.51
\$ / Room	\$4,382	\$1,301	\$565	\$1,006	\$1,269	\$631	\$857

Other Operated Departments Expense								
	Comp 1 2021	Comp 2 2021	Comp 3 2021	Actual 2020	Actual 2021	Actual 2022	Annualized 2023	IRR Projection
Total	—	—	—	\$0	\$0	\$0	\$0	\$5,000
% of Other Income	1.5%	—	—	—	—	—	—	50.0%
% of Total Income	0.1%	—	—	—	—	—	—	0.4%
\$/Room	\$131	—	—	—	—	—	—	\$208
\$/Occ. Room Night	\$0.41	—	—	—	—	—	—	\$0.92

National and comparable data for this expense ranges from \$0.41 to \$18.15 per occ. room night. While a line item has not been historically reported for this expense, we project this expense at approximately 50% of other revenue, or \$0.92 per occ. room night.

Undistributed Operating Expenses

Administrative and General

Administrative and General expenses include the general manager and administrative salaries, office expenses, supplies, credit card fees, accounting, bookkeeping, computer expense and systems, bank charges, professional fees, etc.

	2022 STR			2022 CBRE			
	Pacific	Suburban	Upper Midscale	Summary	Mountain and Pacific	Under 150 Rooms	\$125 to \$250
% of Total Revenue	8.5%	10.3%	10.7%	8.9%	9.0%	9.9%	8.6%
\$ / Occ Room Night	\$37.63	\$26.96	\$15.37	\$24.92	\$26.48	\$19.60	\$24.48
\$ / Room	\$9,084	\$6,049	\$3,920	\$5,913	\$6,628	\$4,752	\$5,977

Administrative & General Expense

	Comp 1 2021	Comp 2 2021	Comp 3 2021	Actual 2020	Actual 2021	Actual 2022	Annualized 2023	IRR Projection
Total	—	—	—	\$23,677	\$28,731	\$76,012	\$56,240	\$85,717
% of Room Income	14.1%	4.3%	3.9%	7.8%	5.7%	10.1%	6.7%	6.9%
% of Total Income	10.8%	4.3%	3.9%	7.8%	5.7%	10.1%	6.7%	6.7%
\$/Room	\$16,049	\$2,593	\$1,991	\$1,315	\$1,596	\$4,223	\$3,124	\$3,572
\$/Occ. Room Night	\$49.97	\$10.37	\$8.08	\$10.96	\$10.02	\$21.22	\$14.63	\$15.78

National and comparable data for this expense ranges from 3.9% to 10.8% of total income. This expense at the subject decreased from 2020 to 2021 on a percentage of total income basis while increasing on an annual basis. From 2021 to 2022 this expense increased from 5.7% to 10.1% of total income but then decreased to 6.7% of total income in 2023. The owners' stated that the 2022 expense was skewed due to the need for additional professional expenses that year to obtain their liquor licenses.

Sales and Marketing Costs

Marketing expenses include national franchise marketing fees including both the royalty fee and the national advertising fee. Additionally, it includes the cost of local marketing efforts.

	2022 STR			2022 CBRE			
	Pacific	Suburban	Upper Midscale	Summary	Mountain and Pacific	Under 150 Rooms	\$125 to \$250
% of Total Revenue	7.3%	10.4%	13.0%	9.2%	8.9%	10.2%	9.2%
% of Room Revenue	11.3%	15.1%	13.8%	12.8%	12.4%	12.2%	12.7%
\$ / Occ Room Night	\$32.57	\$27.43	\$18.62	\$25.82	\$26.12	\$20.20	\$26.15
\$ / Room	\$7,862	\$6,153	\$4,750	\$6,126	\$6,538	\$4,896	\$6,384

Sales & Marketing Expense								
	Comp 1 2021	Comp 2 2021	Comp 3 2021	Actual 2020	Actual 2021	Actual 2022	Annualized 2023	IRR Projection
Total	—	—	—	\$3,644	\$4,191	\$3,661	\$3,029	\$24,987
% of Room Income	3.0%	1.0%	0.7%	1.2%	0.8%	0.5%	0.4%	2.0%
% of Total Income	2.3%	1.0%	0.7%	1.2%	0.8%	0.5%	0.4%	2.0%
\$/Room	\$3,403	\$597	\$381	\$202	\$233	\$203	\$168	\$1,041
\$/Occ. Room Night	\$10.60	\$2.39	\$1.55	\$1.69	\$1.46	\$1.02	\$0.79	\$4.60

National and comparable data for this expense ranges from 0.7% to 15.1% of room revenue. This expense at the subject decreased on a percentage of room revenue from 2020 to 2021 but increased on an annual basis during that period. From 2021 to 2022 this expense decreased slightly and continued to decrease slightly in 2023 to 0.4% of room income. The historically reported expenses at the subject are below the market and not relied upon.

To support our projection for this expense, we rely on the comparable properties which are similar independent hotels in Palm Springs. This expense reported by the comparables ranges from 0.7% to 3.0% of room income which is reasonable considering these, and many others in the Palm Springs area, are small scale independent hotels that do not have franchise fees or require significant marketing costs due to the limited number of rooms at the properties. Considering this, we project the expense at 2.0% of room income.

Property Operation and Maintenance

Repair and maintenance expenses include building maintenance and repair, parking lot maintenance, lawn care, landscaping, minor room repair and maintenance costs.

	2022 STR			2022 CBRE			
	Pacific	Suburban	Upper Midscale	Summary	Mountain and Pacific	Under 150 Rooms	\$125 to \$250
% of Total Revenue	4.5%	5.0%	5.2%	4.6%	4.4%	4.8%	4.4%
\$ / Occ Room Night	\$19.80	\$13.20	\$7.43	\$12.79	\$12.83	\$9.48	\$12.52
\$ / Room	\$4,780	\$2,961	\$1,895	\$3,035	\$3,210	\$2,298	\$3,056

Property Operations & Maintenance Expense								
	Comp 1 2021	Comp 2 2021	Comp 3 2021	Actual 2020	Actual 2021	Actual 2022	Annualized 2023	IRR Projection
Total	—	—	—	\$55,059	\$55,823	\$27,401	\$63,303	\$48,000
% of Room Income	2.7%	2.8%	3.1%	18.2%	11.1%	3.6%	7.5%	3.8%
% of Total Income	2.1%	2.8%	3.1%	18.2%	11.1%	3.6%	7.5%	3.8%
\$/Room	\$3,124	\$1,697	\$1,577	\$3,059	\$3,101	\$1,522	\$3,517	\$2,000
\$/Occ. Room Night	\$9.73	\$6.79	\$6.40	\$25.49	\$19.46	\$7.65	\$16.47	\$8.84

National and comparable data for this expense ranges from \$1,577 to \$4,780 per room. This expense at the subject increased slightly from 2020 to 2021, decreased slightly to \$1,142 per room in 2022 and then increased to \$2,638 per room in 2023. The owners' stated that there were some rehab costs included in the beginning of 2023 that could not be separated and has likely skewed the expense.

Considering the limited number of rooms at the subject, as well as the reported expenses of the comparables, we project this expense at \$2,000 per room.

Utility Costs

Energy costs include all electric, water, sewer, gas and trash costs.

	2022 STR			2022 CBRE			
	Pacific	Suburban	Upper Midscale	Summary	Mountain and Pacific	Under 150 Rooms	\$125 to \$250
% of Total Revenue	3.4%	3.7%	3.9%	3.4%	3.2%	3.5%	3.3%
\$ / Occ Room Night	\$15.03	\$9.71	\$5.53	\$9.49	\$9.41	\$7.03	\$9.53
\$ / Room	\$3,628	\$2,179	\$1,411	\$2,251	\$2,356	\$1,703	\$2,326

Utilities Expense								
	Comp 1 2021	Comp 2 2021	Comp 3 2021	Actual 2020	Actual 2021	Actual 2022	Annualized 2023	IRR Projection
Total	—	—	—	\$31,589	\$34,768	\$44,587	\$50,255	\$73,169
% of Room Income	4.0%	8.9%	6.0%	10.4%	6.9%	5.9%	5.9%	5.9%
% of Total Income	3.1%	8.9%	6.0%	10.4%	6.9%	5.9%	5.9%	5.7%
\$/Room	\$4,597	\$5,343	\$3,107	\$1,755	\$1,932	\$2,477	\$2,792	\$3,049
\$/Occ. Room Night	\$14.31	\$21.37	\$12.61	\$14.63	\$12.12	\$12.45	\$13.07	\$13.47

National and comparable data for this expense ranges from \$5.53 to \$21.37 per occ. room night. This expense at the subject decreased from 2020 to 2021 on a per occ. room night basis but increased annually. The expense increased from \$12.12 to \$13.07 per occ. room night from 2021 to 2023. As utility expenses continue to increase in the Palm Springs area, we project a 3.0% increase from the reported 2023 expenses which equates to approximately \$13.47 per occ. room night.

Management

Management costs are for off-site professional management. The projection is based on typical hotel operations. Management expense classified by hotel type is in the following chart.

Hotel Management Fees (% of Total Revenue)				
	PwC 1Q-23 Economy/Ltd Svc	PwC 1Q-23 Select-Service	PwC 1Q-23 Full Service	PwC 1Q-23 Luxury/Upscale
Range	2% - 5%	2% - 4.5%	1% - 4%	2% - 5%
Average	3.9%	3%	2.6%	3%

Source: PwC Real Estate Investor Survey, 1Q-2023.

	2022 STR			2022 CBRE			
	Pacific	Suburban	Upper Midscale	Summary	Mountain and Pacific	Under 150 Rooms	\$125 to \$250
% of Total Revenue	3.4%	3.2%	3.5%	3.4%	3.3%	3.7%	3.5%
\$ / Occ Room Night	\$15.10	\$8.31	\$4.95	\$9.53	\$9.73	\$7.36	\$9.88
\$ / Room	\$3,645	\$1,863	\$1,262	\$2,262	\$2,434	\$1,784	\$2,413

Management Fees Expense								
	Comp 1 2021	Comp 2 2021	Comp 3 2021	Actual 2020	Actual 2021	Actual 2022	Annualized 2023	IRR Projection
Total	—	—	—	\$0	\$0	\$0	\$0	\$38,381
% of Room Income	7.8%	2.6%	2.6%	—	—	—	—	3.1%
% of Total Income	6.0%	2.6%	2.6%	—	—	—	—	3.0%
\$/Room	\$8,877	\$1,530	\$1,332	—	—	—	—	\$1,599
\$/Occ. Room Night	\$27.64	\$6.12	\$5.41	—	—	—	—	\$7.07

The PwC survey reports this expense ranges from 2% to 5%, and averages 3.9%, of total income. A line item for this expense has not been historically reported by the owners as they live on-site and manage the property themselves which is common in this market for small scale hotels. However, a typical buyer of a similar property would include a line item for the expense, we project 3.0% of total income which is considered reasonable given the number of rooms at the subject.

Fixed Expenses

Real Estate Taxes

Real estate taxes were presented in the Real Estate Tax Analysis section of this report. While data is shown for both national and competitive properties, taxation practices in the local area are a better measure for estimating taxes on an on-going basis.

	2022 STR			2022 CBRE			
	Pacific	Suburban	Upper Midscale	Summary	Mountain and Pacific	Under 150 Rooms	\$125 to \$250
% of Total Revenue	2.9%	3.3%	3.6%	3.8%	3.3%	3.2%	3.9%
\$ / Occ Room Night	\$12.98	\$8.58	\$5.19	\$10.73	\$9.55	\$6.41	\$11.21
\$ / Room	\$3,133	\$1,924	\$1,324	\$2,546	\$2,389	\$1,554	\$2,736

Property & Other Taxes Expense								
	Comp 1 2021	Comp 2 2021	Comp 3 2021	Actual 2020	Actual 2021	Actual 2022	Annualized 2023	IRR Projection
Total	—	—	—	\$39,578	\$55,628	\$124,620	\$20,226	\$72,575
% of Room Income	2.1%	5.6%	5.3%	13.1%	11.1%	16.6%	2.4%	5.8%
% of Total Income	1.6%	5.6%	5.3%	13.1%	11.1%	16.6%	2.4%	5.7%
\$/Room	\$2,436	\$3,359	\$2,738	\$2,199	\$3,090	\$6,923	\$1,124	\$3,024
\$/Occ. Room Night	\$7.58	\$13.44	\$11.11	\$18.32	\$19.39	\$34.80	\$5.26	\$13.36

To project this expense, we apply the tax rate of 1.291370% to the estimated value of the subject via the income approach of \$5,480,640 and add \$1,800 for direct assessments.

Insurance

The insurance expense covers fire, theft and liability for the subject. This expense is fixed and is best measured as the cost per available room.

	2022 STR			2022 CBRE			
	Pacific	Suburban	Upper Midscale	Summary	Mountain and Pacific	Under 150 Rooms	\$125 to \$250
% of Total Revenue	1.4%	1.3%	1.6%	1.3%	1.4%	1.4%	1.3%
\$ / Occ Room Night	\$6.41	\$3.44	\$2.24	\$3.66	\$4.11	\$2.78	\$3.60
\$ / Room	\$1,548	\$772	\$570	\$868	\$1,029	\$675	\$878

Insurance Expense

	Comp 1 2021	Comp 2 2021	Comp 3 2021	Actual 2020	Actual 2021	Actual 2022	Annualized 2023	IRR Projection
Total	–	–	–	\$6,332	\$8,234	\$11,013	\$11,427	\$11,760
% of Room Income	0.9%	3.5%	3.0%	2.1%	1.6%	1.5%	1.4%	0.9%
% of Total Income	0.7%	3.5%	3.0%	2.1%	1.6%	1.5%	1.4%	0.9%
\$/Room	\$1,062	\$2,073	\$1,565	\$352	\$457	\$612	\$635	\$490
\$/Occ. Room Night	\$3.31	\$8.29	\$6.35	\$2.93	\$2.87	\$3.08	\$2.97	\$2.16

National and comparable data for this expense ranges from \$570 to \$2,073 per room. This expense at the subject has continued to increase from \$264 to \$476 per room from 2020 to 2023. Considering the YOY increases for this expense from 2020 to 2023, we project a 3.0% increase from the reported 2023 expense which equates to approximately \$490 per room.

Reserves for Replacement

A reserve for replacement is included in our analysis to account for long term replacement of items such as paving, mechanicals, carpeting and furniture, fixtures and equipment. National survey data supporting this estimate is presented below.

Hotel Replacement Reserves (% of Total Revenue)

	PwC 1Q-23 Economy/Ltd Svc	PwC 1Q-23 Select-Service	PwC 1Q-23 Full Service	PwC 1Q-23 Luxury/Upscale
Range	3% - 6%	2% - 7%	1% - 6%	4% - 6%
Average	4.5%	4.4%	4%	4.5%

Source: PwC Real Estate Investor Survey, 1Q-2023

	2022 STR		
	Pacific	Suburban	Upper Midscale
% of Total Revenue	2.0%	1.7%	0.4%
\$ / Occ Room Night	\$8.99	\$4.46	\$0.59
\$ / Room	\$2,169	\$1,001	\$152

According to the PwC survey, this expense ranges from 2% to 7%, and average 4.4%, of total income for select service hotels which best relates to the subject given the limited food and beverage and other operated department services at the subject. Considering the subject has been extensively renovated, we project this expense at the lower end of the range reported by the survey at 2.0% of total income.

Net Operating Income

Based on the preceding income and expense projections, stabilized net operating income is projected as follows:

Net Operating Income Projection			
	Total	\$/Room	% of Total Income
Room Income	\$1,249,360	\$52,057	97.7%
Total Income	\$1,279,360	\$53,307	100.0%
Expenses	\$744,998	\$31,042	58.2%
NOI	\$534,362	\$22,265	41.8%

Capitalization Rate Selection

A capitalization rate is used to convert net income into an indication of value. Selection of an appropriate capitalization rate considers the future income pattern of the property and investment risk associated with ownership. We use the following methods to derive a capitalization rate for the subject: analysis of comparable sales, review of national investor surveys, interviews with market participants, and the band of investment method.

Analysis of Comparable Sales

Capitalization rates derived from comparable sales are shown in the following table.

Capitalization Rate Comparables								
No.	Property Name	City	State	Year Built	Sale Date	No. Rooms	Effective Price/Room	Cap Rate
1	Chaps Inn	Palm Springs	CA	1948	5/16/2023	12	\$177,500	9.80%
2	Desert Paradise Resort Palm	Palm Springs	CA	1950	6/30/2023	12	\$258,333	9.46%
4	Hampton by Hilton Inn & Suites	Temecula	CA	2004	11/1/2022	98	\$219,388	8.31%
5	Best Western Moreno Hotel &	Moreno Valley	CA	1988	12/23/2021	116	\$131,466	7.30%
6	La Dolce Vita Resort & Spa	Palm Springs	CA	1958	11/12/2021	20	\$225,000	–
Indicated Cap Rate Range:							6.80% - 9.80%	
Average (Mean) Cap Rate:							8.33%	

The cap rates in the table above range from 6.80% to 9.80% and average 8.33%. Comparables 1 and 2 are the most recent sales both occurring in 2023 and both reported cap rates above 9.00% indicating that cap rates are increasing as a result of the Federal Reserve interest rate hikes when compared to Comparables 3 through 5 that sold prior to the interest rate hikes.

As discussed in the following pages, hotel brokers familiar with the Palm Springs area have estimated that the impact of the 2022 and 2023 interest rate hikes is a 100 to 125-basis point increase above 2021-2022 cap rates. Applying the estimated basis point increases to Comparables 3 through 5 would equate to a range between 7.80% to 9.81%. Considering this and the reported cap rates of the 2023 sales, we estimate that a likely cap rate for the subject property would range between 9.50% and 10.00%.

Market Participant Interviews

Since the impact of the recent 2022 and 2023 Federal Reserve interest rate hikes have yet to be fully measured by the market, we discussed the impact of the rate hikes as they relate to cap rates with brokers who specialize in lodging properties throughout Southern California. We spoke with Aseem Tandon of Colliers International, Steve Usher of Titan Capital as well as Ramtin Rafiee of BRC Advisors, all of whom specialize in hotel sales throughout Southern California. Mr. Tandon stated that while there has been little evidence yet of the impact from the recent rate hike have had on cap rates, in his opinion, cap rates have increased based on discussions he has had with multiple investors in the hotel sector. Mr. Tandon stated that sales from late 2021 were to sell today, the cap rates would be higher.

Mr. Usher and Mr. Rafiee shared similar sentiments regarding the impact of the interest rate increases as it relates to cap rates. Mr. Rafiee stated that he has had sales of hotels fall out of escrow due to available financing and there is some investor hesitation in the market currently.

Additionally, we have spoken with Adam Gilbert of The Firm Commercial who specializes in hotel sales in Palm Springs. He noted there is difficulty finding financing and he anticipates that the impact of this will continue to be realized in the near future.

The brokers noted that a likely cap rate for the subject in the current environment would likely range between 9.00% to 10.00% could be expected for the subject.

CoStar Market Report

According to a CoStar market report for Palm Springs, California, cap rates decreased from mid-2020 to early 2023 but have started to increase as a result of the Federal Reserve interest rate hikes. CoStar projects that cap rates will continue to increase for the following 12-months. We have included the following chart and table obtained from CoStar.



According to the chart above, the upper midscale properties in the area were trading at cap rates near 8.5%. The chart also indicates that CoStar projects increasing cap rates in late 2023. As such, we consider a likely cap rate to be higher than reported cap rates ranging from 8.75% to 9.75%.

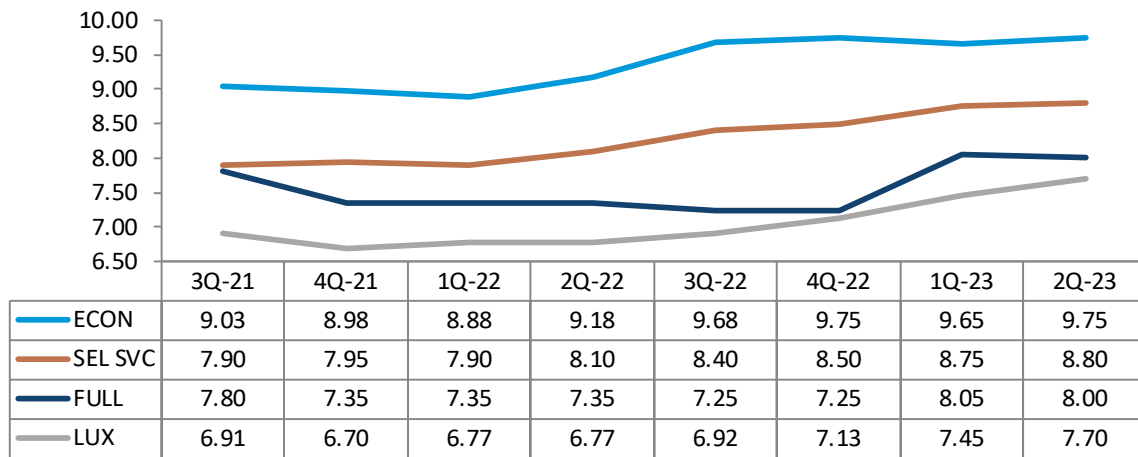
National Investor Surveys

Data pertaining to investment grade properties are summarized in the following tables.

Capitalization Rate Surveys – Hotel Properties				
	PwC 2Q-23 Economy/Ltd Svc	PwC 2Q-23 Select Service	PwC 2Q-23 Full Service	PwC 2Q-23 Luxury/Upscale
Range	8.00% – 11.50%	7.50% – 10.00%	4.50% – 10.00%	4.00% – 10.00%
Average	9.75%	8.80%	8.00%	7.70%

Source: PwC Real Estate Investor Survey

Hotel Capitalization Rate Trends



ECON - PwC Real Estate Investor Survey - Economy/Ltd. Service Segment

SEL SVC - PwC Real Estate Investor Survey - Select Service Segment

FULL - PwC Real Estate Investor Survey - Full Service Segment

LUX - PwC Real Estate Investor Survey - Luxury/Upscale Segment.

National survey data indicates that a going-in capitalization rate for select service hotel properties ranges from 7.50% to 10.00% and averages 8.80%. We would expect the rate appropriate to the subject to be above the average rate in the survey data because of the seasonality in the Palm Springs market. Accordingly, based on the survey data, a capitalization rate within a range of 9.00% to 9.75% could be expected for the subject.

Band of Investment

The band of investment method derives a capitalization rate from the weighted average of the mortgage and equity demands on net income generated from the property. This method involves an estimate of typical financing terms as well as an estimated rate of return on equity capital sufficient to attract investors.

To project financing terms in this method we have relied on the Realty Rates Investor Survey for Q1 2023 which is included in the following page.

Lodging Facilities: Limited Service

Item	Input					OAR
Minimum						
Spread Over 10-Year Treasury	1.35%	DCR Technique	1.30	0.066190	0.65	5.59
Debt Coverage Ratio	1.30	Band of Investment Technique				
Interest Rate	5.24%	Mortgage	65%	0.066190	0.043024	
Amortization	30	Equity	35%	0.076402	0.026741	
Mortgage Constant	0.066190	OAR				6.98
Loan-to-Value Ratio	65%	Surveyed Rates				6.56
Equity Dividend Rate	7.64%					
Maximum						
Spread Over 10-Year Treasury	10.00%	DCR Technique	2.85	0.158923	0.50	22.65
Debt Coverage Ratio	2.85	Band of Investment Technique				
Interest Rate	13.89%	Mortgage	50%	0.158923	0.079462	
Amortization	15	Equity	50%	0.188451	0.094226	
Mortgage Constant	0.158923	OAR				17.37
Loan-to-Value Ratio	50%	Surveyed Rates				16.33
Equity Dividend Rate	18.85%					
Average						
Spread Over 10-Year Treasury	5.68%	DCR Technique	1.53	0.108352	0.58	9.53
Debt Coverage Ratio	1.53	Band of Investment Technique				
Interest Rate	9.57%	Mortgage	58%	0.108352	0.062303	
Amortization	23	Equity	43%	0.126824	0.053900	
Mortgage Constant	0.108352	OAR				11.62
Loan-to-Value Ratio	58%	Surveyed Rates				10.97
Equity Dividend Rate	12.68%					
*4th Quarter 2022 Data						
Realty Rates Investor Survey 2023 Q1						

The rate indicated by this method is shown in the following table.

Band of Investment Method**Mortgage/Equity Assumptions**

Loan To Value Ratio	65%
Interest Rate	9.00%
Amortization (Years)	30
Mortgage Constant	0.0966
Equity Ratio	35%
Equity Dividend Rate	10.25%

Weighted Average of Mortgage and Equity Requirements

Mortgage Requirement	65%	x	9.66% =	6.28%
Equity Requirement	35%	x	10.25% =	3.59%
Indicated Capitalization Rate				9.86%
Rounded				9.75%

Capitalization Rate Conclusion

Based on the preceding analysis, a going-in capitalization rate for the subject is indicated within a range of 9.50% to 10.00%.

To conclude a capitalization rate, we consider each of the following investment risk factors to determine its impact on the capitalization rate. The direction of each arrow in the following table indicates our judgment of an upward, downward, or neutral impact of each factor.

Capitalization Rate Risk Factors			
Factor	Issues	Impact on Rate	Comments
Income Characteristics	Subject ADR, occupancy, penetration and RevPar trends	↓	Market is reporting YOY increases in occupancy, ADR and RevPar.
Competitive Market Position	Construction quality, market appeal, age/condition, functional utility	↑	While the subject was recently rehabbed, it does not have multiple years of stabilized operation.
Location	Market area demographics and life cycle trends; proximity issues; access and support services	↓	Palm Springs continues to report strong demand for hotel rooms.
Market	ADR and occupancy trends, potential for new supply	↑	Impact of Federal Interest Rate hikes.
Highest and Best Use	Upside potential from redevelopment, adaptation, and/or expansion	↔	
Overall Impact		↑	

Considering the subject was recently rehabbed and has not had multiple years of stabilized operations we apply a cap rate toward the upper end of the range of comparable sales and the interviews. Accordingly, we conclude a capitalization rate as follows:

Capitalization Rate Conclusion	
Method	Capitalization Rate Indication
Analysis of Comparable Sales	6.80% - 9.80%
CoStar Average	Approximately 8.5%
National Investor Surveys	8.00% - 11.50%
Market Participant Interviews	8.50%- 9.75%
Band of Investment	9.75%
Conclusion	9.75%

Direct Capitalization Analysis

Net operating income is divided by the capitalization rate to indicate the stabilized value of the subject. Valuation of the subject by direct capitalization is shown below.

Direct Capitalization	
<u>Stabilized</u>	
Effective Gross Income	\$1,279,360
Expenses	\$744,998
Net Operating Income	\$534,362
Capitalization Rate	9.75%
Stabilized Value Indication	\$5,480,640
<u>As Is</u>	
Stabilized Value Indication	\$5,480,640
Adjustments	
Deferred Maintenance	-\$20,000
Total Adjustments	-\$20,000
Indicated Value	\$5,460,640
Rounded	\$5,460,000

Sales Comparison Approach

The sales comparison approach develops an indication of value by comparing the subject to sales of similar properties. The steps taken to apply the sales comparison approach are:

- Identify relevant property sales;
- Research, assemble, and verify pertinent data for the most relevant sales;
- Analyze the sales for material differences in comparison to the subject;
- Reconcile the analysis of the sales into a value indication for the subject.

To apply the sales comparison approach, we searched for sale transactions within the following parameters:

- Property Type: Small scale hotel
- Location: Palm Springs, California
- Size: Under 50-rooms
- Transaction Date: August 2021 to effective date of value

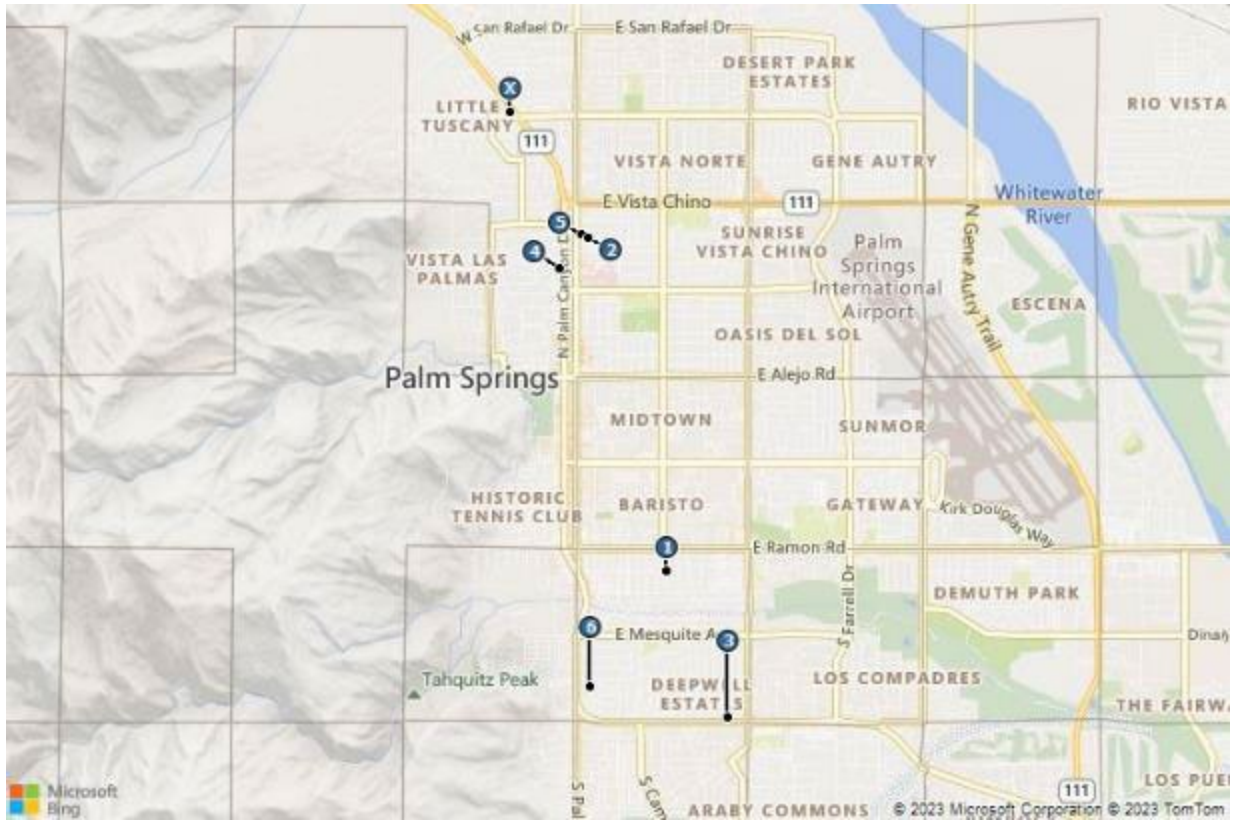
We note that sales of flagged hotels have been omitted from the following analysis as the subject property does not relate to a typical flagged hotel. We have only analyzed sales of small scale, boutique hotels in Palm Springs, California given the impact of seasonality and nuances of these property types as it relates to sale prices of hotels.

For this analysis, we use price per room as the appropriate unit of comparison because market participants typically compare sale prices and property values on this basis. The sales considered most relevant are summarized in the following table.

Summary of Comparable Improved Sales

No.	Name/Address	Sale Date; Status	Yr. Blt.; # Stories; % Occ.	# Rooms; SF	Effective Sale Price	\$/Room; \$/SF	NOI/Room; NOI/SF; Exp. Ratio	Cap Rate; RRM
1	Desert Paradise Resort 615 S. Warm Sands Dr Palm Springs Riverside County CA <i>Comments: Sale of an independent 12-room boutique hotel for \$3,100,000, or approximately \$258,333 price per room. The one-story, exterior corridor hotel has perimeter fencing with an outdoor pool. All exterior loaded rooms face the pool. The property was good condition at the time of sale. According to CoStar, the property traded based on a 9.46% cap rate based on TTM 2022 income and expenses.</i>	Jun-23 Closed	1950 1 —	12 5,606 —	\$3,100,000	\$258,333 \$552.98	— — —	9.46% —
2	Chaps Inn 312 E. Camino Monte Palm Springs Riverside County CA <i>Comments: Sale of a 12-room hospitality for \$2,130,000 or \$177,500 per room. The exterior corridor, boutique hotel was in good condition at the time of sale. The property has exterior fencing and all guest rooms face the outdoor pool. According to CoStar, the property at a 9.8% cap rate based on the TTM December 2022 income and expenses.</i>	May-23 Closed	1948 1 —	12 6,000 —	\$2,130,000	\$177,500 \$355.00	— — —	9.80% —
3	Dive Palm Springs Hotel 1586 E. Palm Canyon Dr Palm Springs Riverside County CA <i>Comments: This is the sale of an 11-room boutique hotel operating in the luxury chain scale segment. Property features a pool and was in excellent condition at the time of sale. The property sold for \$5.15 million. According to the broker, the property sold for above list price as there was significant interest.</i>	May-22 Closed	1954 1 —	11 4,393 —	\$5,150,000	\$468,182 \$1,172.32	— — —	— —
4	La Posada Hotel 120 W. Vereda Sur Palm Springs Riverside County CA <i>Comments: This sale consists of a 10-room boutique hotel located in the Old Las Palmas neighborhood of Palm Springs. The property features a central pool and spa, misting system, and individual air conditioning units for each room. According to the broker, the property was vacant and not operating at the time of sale. Additionally, the property had some deferred maintenance but costs to cure were not disclosed.</i>	Apr-22 Closed	1955 1 —	10 5,500 —	\$3,800,000	\$380,000 \$690.91	— — —	— —
5	Rendezvous 1420 N. Indian Canyon Dr. Palm Springs Riverside County CA <i>Comments: Sale of a 11-room boutique hotel. Property features a commercial kitchen, "clubhouse" that can be used for private events, pool and jacuzzi spa. According to CoStar, the property features 10 guest rooms and 1 suite room. We note that according to public records the property was acquired in August of 2021 for \$2,000,000 and then was listed in September of 2021 at \$2,990,000 prior to being sold for the contract price.</i>	Dec-21 Closed	1935 1 —	11 5,700 —	\$2,600,000	\$236,364 \$456.14	— — —	— —
6	La Dolce Vita Resort & Spa 1491 S. Via Soledad Palm Springs Riverside County CA <i>Comments: Sale a twenty room boutique Hotel in Palm Springs CA. The hotel consists of mainly suites, and has pools and spa facilities. It was extensively renovated in 2018.</i>	Nov-21 Closed	1958 1 —	20 8,500 —	\$4,500,000	\$225,000 \$529.41	— — —	— —
Subject			1958	24			\$22,265	
Inn at Palm Springs			2	8,700			\$61.42	
Palm Springs, CA			—				58%	

Comparable Improved Sales Map





Sale 1
Desert Paradise Resort Palm Springs



Sale 2
Chaps Inn



Sale 3
Dive Palm Springs Hotel



Sale 4
La Posada Hotel



Sale 5
Rendezvous



Sale 6
La Dolce Vita Resort & Spa

Adjustment Factors

The sales are compared to the subject and adjusted to account for material differences that affect value. Adjustments are considered for the following factors, in the sequence shown below.

Adjustment Factors	
Effective Sale Price	Accounts for atypical economics of a transaction, such as excess land, non-realty components, expenditures by the buyer at time of purchase, or other similar factors. Usually applied directly to sale price on a lump sum basis. No adjustments are required.
Real Property Rights	Leased fee, fee simple, leasehold, partial interest, etc. No adjustments are required. No adjustments are required.
Financing Terms	Seller financing, or assumption of existing financing, at non-market terms. No adjustments are required. No adjustments are required.
Conditions of Sale	Extraordinary motivation of buyer or seller, such as 1031 exchange transaction, assemblage, or forced sale. No adjustments are required.
Market Conditions	Changes in the economic environment over time that affect the appreciation and depreciation of real estate. We have noted the recent Federal Reserve interest rate hikes impacted available financing for all property types. We have applied downward adjustments to Comparables 3 through 6 as these sales occurred prior to mid-2022.
Location	Market or submarket area influences on sale price; surrounding land use influences. As noted previously, we have only analyzed sales of hotels in Palm Springs, California. However, certain areas closer to downtown Palm Springs are considered to be superior to those north of downtown. As the subject is farther north than any of the comparable sales, varying downward adjustments are applied to all of the comparable sales.
Access/Exposure	Convenience to transportation facilities; ease of site access; visibility from main thoroughfares; traffic counts. Comparables 1, 2 and 6 have inferior exposure as these properties do not front a commercial thoroughfare and downward adjustments are applied to these sales.
Size	Inverse relationship that often exists between building size and unit value. As noted in the table in the following pages, all of the comparable sales are adjusted downward.

Adjustment Factors

Age/Condition	Effective age; physical condition. The subject property has been recently renovated and we consider Comparables 2 and 6 are inferior in terms of effective age/condition and an upward adjustment is applied.
Building Quality	Construction quality, amenities, market appeal, functional utility. Comparables 3 and 4 are considered to be superior to the subject in terms of quality, amenities and market appeal and downward adjustments are applied to these sales. Comparable 2 is considered to inferior in terms of quality and appeal, compared to the subject, and an upward adjustment is applied.
Hotel Class Segment	Comparable 2 is considered to be inferior to the subject and an upward adjustment is applied to this sale. Comparable 3 is superior to the subject and a downward adjustment is applied to this sale.

Issues requiring elaboration are addressed in the following table.

Size Adjustment Calculation

	Subject	Comp 1	Comp 2	Comp 3	Comp 4	Comp 5	Comp 6
No. of Rooms	24	12	12	11	10	11	20
% Difference		-50%	-50%	-54%	-58%	-54%	-17%
10% Scalar		-5%	-5%	-5%	-6%	-5%	-2%

Analysis and Adjustment of Sales

The following table summarizes the adjustments we make to each sale.

Improved Sales Adjustment Grid							
	Subject	Comparable 1	Comparable 2	Comparable 3	Comparable 4	Comparable 5	Comparable 6
Property Name	Inn at Palm Springs	Desert Paradise Resort Palm Springs	Chaps Inn	Dive Palm Springs Hotel	La Posada Hotel	Rendezvous	La Dolce Vita Resort & Spa
Address	2525 N. Palm Canyon Dr.	615 S. Warm Sands Dr	312 E. Camino Monte Vista	1586 E. Palm Canyon Dr	120 W. Vereda Sur	1420 N. Indian Canyon Dr.	1491 S. Via Soledad
City	Palm Springs	Palm Springs	Palm Springs	Palm Springs	Palm Springs	Palm Springs	Palm Springs
County	Riverside	Riverside	Riverside	Riverside	Riverside	Riverside	Riverside
State	California	CA	CA	CA	CA	CA	CA
Sale Date		Jun-23	May-23	May-22	Apr-22	Dec-21	Nov-21
Sale Status		Closed	Closed	Closed	Closed	Closed	Closed
Sale Price		\$3,100,000	\$2,130,000	\$5,150,000	\$3,800,000	\$2,600,000	\$4,500,000
Conditions of Sale Adjustment		—	—	—	—	—	—
Other Adjustment		—	—	—	—	—	—
Description of Adjustment							
Effective Sale Price		\$3,100,000	\$2,130,000	\$5,150,000	\$3,800,000	\$2,600,000	\$4,500,000
Gross Building Area	8,700	5,606	6,000	4,393	5,500	5,700	8,500
Number of Rooms	24	12	12	11	10	11	20
Year Built	1958	1950	1948	1954	1955	1935	1958
Price per Room		\$258,333	\$177,500	\$468,182	\$380,000	\$236,364	\$225,000
Transactional Adjustments							
Property Rights		Fee Simple	Fee Simple	Fee Simple	Fee Simple	Fee Simple	Fee Simple
% Adjustment		—	—	—	—	—	—
Financing Terms		Cash to seller - buyer obtained financing	Cash to seller - buyer obtained financing	Cash to seller - buyer obtained financing	Cash to seller	Cash to seller - buyer obtained financing	Cash to seller - buyer obtained financing
% Adjustment		—	—	—	—	—	—
Conditions of Sale		—	—	—	—	—	—
% Adjustment		—	—	—	—	—	—
Expenditures Made Immediately After Purchase		—	—	—	—	—	—
\$ Adjustment		—	—	—	—	—	—
Market Conditions	9/12/2023	Jun-23	May-23	May-22	Apr-22	Dec-21	Nov-21
Annual % Adjustment		—	—	-5%	-5%	-5%	-5%
Cumulative Adjusted Price		\$258,333	\$177,500	\$444,773	\$361,000	\$224,545	\$213,750
Property Adjustments							
Location		-5%	-4%	-5%	-5%	-4%	-5%
Access/Exposure		5%	5%	—	—	—	5%
Size (# of Rooms)		-5%	-5%	-5%	-6%	-5%	-2%
Effective Age/Condition		—	5%	—	—	—	10%
Quality of Construction		—	5%	-10%	-5%	—	—
Hotel Class Segment		—	5%	-15%	—	—	—
Net Property Adjustments (\$)		-\$12,917	\$19,525	-\$155,670	-\$57,760	-\$20,209	\$17,100
Net Property Adjustments (%)		-5%	11%	-35%	-16%	-9%	8%
Final Adjusted Price		\$245,417	\$197,025	\$289,102	\$303,240	\$204,336	\$230,850
Range of Adjusted Prices							
		\$197,025 - \$303,240					
Average		\$244,995					
Indicated Value		\$225,000					

Value Indication – Sale Price Analysis

Prior to adjustment, the sales reflect a range of \$177,500 - \$468,182 per room. After adjustment, the range is narrowed to \$197,025 - \$303,240 per room, with an average of \$244,995 per room.

After adjustments are applied, we consider Comparables 1, 2, 5 and 6 to be the most reliable indicators of value, as they required the lowest overall adjustments. Comparable 3 is not relied upon primarily due to its superior hotel class segment. Considering the subject's recent rehab and the most reliable sales, we reconcile to \$225,000 per room which is well supported by the most reliable indicators.

Based on the preceding analysis, we arrive at a value indication as follows:

Price per Room Analysis	
Indicated Value per Room	\$225,000
Subject Rooms	24
Indicated Value	\$5,400,000
Rounded	\$5,400,000

Final Value Indication

We arrive at a final indication by the sales comparison approach as shown below.

Value Indication by Sales Comparison	
<u>Stabilized</u>	
Indicated Value per Room	\$225,000
Subject Rooms	24
Indicated Value	\$5,400,000
<u>As Is</u>	
Stabilized Value Indication	\$5,400,000
Adjustments	
Deferred Maintenance	-\$20,000
Total Adjustments	-\$20,000
Indicated Value	\$5,380,000
Rounded	\$5,380,000

Reconciliation and Conclusion of Value

Reconciliation involves the weighting of alternative value indications, based on the judged reliability and applicability of each approach to value, to arrive at a final value conclusion. Reconciliation is required because different value indications result from the use of multiple approaches and within the application of a single approach. The values indicated by our analyses are as follows:

Summary of Value Indications	
Cost Approach	Not Used
Sales Comparison Approach	\$5,380,000
Income Capitalization Approach	\$5,460,000
Reconciled	\$5,460,000

Cost Approach

The cost approach is most reliable for newer properties that have no significant amount of accrued depreciation. As previously discussed, the Cost Approach is judged to be inapplicable and is not utilized.

Sales Comparison Approach

The sales comparison approach is most reliable in an active market when an adequate quantity and quality of comparable sales data are available. In addition, it is typically the most relevant method for owner-user properties, because it directly considers the prices of alternative properties with similar utility for which potential buyers would be competing.

Significant adjustments are required for many of the sales because of differences in the various elements of comparison. This reduces the reliability of this approach. As a result, the sales comparison approach is used primarily as support for the income capitalization approach.

Income Capitalization Approach

The income capitalization approach is usually given greatest weight when evaluating investment properties. The value indication from the income capitalization approach is supported by market data regarding income, expenses and required rates of return.

An owner-operator/investor is the most likely purchaser of the appraised property, and a typical owner-operator/investor would place greatest reliance on the income capitalization approach. For these reasons, the income capitalization approach is given greatest weight in the conclusion of value.

Final Opinion of Value

Based on the preceding valuation analysis and subject to the definitions, assumptions, and limiting conditions expressed in the report, our opinion of value is as follows:

Value Conclusion

Value Type & Appraisal Premise	Interest Appraised	Date of Value	Value Conclusion
Market Value As Is of the Total Assets of the Business	Fee Simple	September 12, 2023	\$5,460,000

Extraordinary Assumptions and Hypothetical Conditions

The value conclusions are subject to the following extraordinary assumptions. An extraordinary assumption is an assignment-specific assumption as of the effective date regarding uncertain information used in an analysis which, if found to be false, could alter the appraiser's opinions or conclusions.

1. None.

The value conclusions are based on the following hypothetical conditions. A hypothetical condition is a condition, directly related to a specific assignment, which is contrary to what is known by the appraiser to exist on the effective date of the assignment results, but is used for the purpose of analysis.

1. None.

The use of any extraordinary assumption or hypothetical condition may have affected the assignment results.

Exposure Time

Exposure time is the length of time the subject property would have been exposed for sale in the market had it sold on the effective valuation date at the concluded market value. Exposure time is always presumed to precede the effective date of the appraisal. Based on our review of recent sales transactions for similar properties and our analysis of supply and demand in the local hotel market, it is our opinion that the probable exposure time for the subject at the concluded market value stated previously is 3-9 months.

Marketing Time

Marketing time is an estimate of the amount of time it might take to sell a property at the concluded market value immediately following the effective date of value. As we foresee no significant changes in market conditions in the near term, it is our opinion that a reasonable marketing period for the subject is likely to be the same as the exposure time. Accordingly, we estimate the subject's marketing period at 3-9 months.

Our estimate is supported by the following national investor survey data.

Hotel Average Marketing Time (Months)

	PwC 2Q-23 Economy/Ltd Svc	PwC 2Q-23 Select Service	PwC 2Q-23 Full Service	PwC 2Q-23 Luxury/Upscale
Range	6 – 12	1 – 12	1 – 12	3 – 12
Average	8.1	5.8	6.5	7.2

Source: PwC Real Estate Investor Survey

Allocation of Going-Concern Value

As part of the assignment, we have been asked to separate the tangible, intangible, and real property components of the going-concern value. In performing this analysis, we consider the following definitions from *The Dictionary of Real Estate Appraisal, Fifth Edition, Appraisal Institute, Chicago, Illinois, 2010*.

Going-Concern Value: 1) The market value of all the tangible and intangible assets of an established and operating business with an indefinite life, as if sold in aggregate; more accurately termed the market value of the going concern. 2) The value of an operating business enterprise. Goodwill may be separately measured but is an integral component of going-concern value when it exists and is recognizable.

Tangible Property: Property that can be perceived with the senses; includes land, fixed improvements, furnishings, merchandise, cash, and other items of working capital used in an enterprise.

Real Property: The interests, benefits, and rights inherent in the ownership of real estate.

Furniture, Fixtures and Equipment (FF&E): Business trade fixtures and personal property, exclusive of inventory. Also include Operating Systems and Equipment (OS&E).

Intangible Property: Nonphysical assets, including but not limited to franchises, trademarks, patents, copyrights, goodwill, equities, securities, and contracts as distinguished from physical assets such as facilities and equipment.

In the case of the subject, our opinion of going-concern value reflects the continuing hotel operation, including the contributory value of land, building improvements, furniture, fixtures and equipment (FF&E), and intangible property assets. Specifically excluded from the valuation are cash and equivalents and current liabilities.

Value of Furniture, Fixtures and Equipment (FF&E)

According to HVS and MVS the typical cost of new FF&E for limited service hotels is \$1,000 to \$18,000 per room, depending on the quality. Considering that FF&E is short-lived and depreciates faster than the overall property, it is reasonable to expect that the ratio declines as the items age. Based on appraisals of similar properties and costs estimates obtained from Marshall & Swift, we estimate the cost new of the FF&E at \$3,500 per room. We consider the FF&E to be 10% depreciated for an as is value of \$3,150 per room. We estimate the contributory value as follows:

Furniture, Fixtures & Equipment				
Appraisal Premise	Rooms	Value/Room	Total	Rounded
Market Value As Is of the Total Assets of the Business	24	\$8,000	\$192,000	\$190,000

Value of Intangible Assets

The FF&E projection is explained previously in the report. The intangible (going concern) value typically includes the franchise (if there is one), the management and the cost to replace the work force. We have spoken with numerous hotel brokers to get their opinions. The majority report that it is typical for the going concern value to be between 0% and 15% of the indicated market value. Since the calculations for NOI already deduct for management and franchise expenses, the resulting NOI is net of business intangibles (management and franchise fee). Therefore, there is no intangible value within the subject based on the NOI. Therefore, we have estimated the going concern portion of the value for the subject at zero.

Based on these calculations, the allocation of the going concern value are as follows.

Allocation of Going-Concern Value

Allocation of Going Concern Value		
	Amount	% of Total
Tangible Property		
Land & Improvements	\$5,270,000	96.5%
Tangible Personal Property (FF&E)	\$190,000	3.5%
Total Tangible Property	\$5,460,000	100.0%
Intangible Assets	\$0	0.0%
Market Value As Is of the Total Assets of the Business*	\$5,460,000	100.0%

*Specifically excluded from the valuation are cash and equivalents and current liabilities.

The preceding allocation of value components assumes continued operation of the hotel business. Were the hotel business to cease operations, values of the individual components would likely be different from the allocated values of the going-concern.

Certification

We certify that, to the best of our knowledge and belief:

1. The statements of fact contained in this report are true and correct.
2. The reported analyses, opinions, and conclusions are limited only by the reported assumptions and limiting conditions, and are our personal, impartial, and unbiased professional analyses, opinions, and conclusions.
3. We have no present or prospective interest in the property that is the subject of this report and no personal interest with respect to the parties involved.
4. We have performed no services, as an appraiser or in any other capacity, regarding the property that is the subject of this report within the three-year period immediately preceding the agreement to perform this assignment.
5. We have no bias with respect to the property that is the subject of this report or to the parties involved with this assignment.
6. Our engagement in this assignment was not contingent upon developing or reporting predetermined results.
7. Our compensation for completing this assignment is not contingent upon the development or reporting of a predetermined value or direction in value that favors the cause of the client, the amount of the value opinion, the attainment of a stipulated result, or the occurrence of a subsequent event directly related to the intended use of this appraisal.
8. Our analyses, opinions, and conclusions were developed, and this report has been prepared, in conformity with the Uniform Standards of Professional Appraisal practice as well as applicable state appraisal regulations.
9. The reported analyses, opinions, and conclusions were developed, and this report has been prepared, in conformity with the Code of Professional Ethics and Standards of Professional Appraisal Practice of the Appraisal Institute.
10. The use of this report is subject to the requirements of the Appraisal Institute relating to review by its duly authorized representatives.
11. John Morgan, MAI, did not inspect the subject. Zac R. Blechman has personally inspected the subject.
12. No one provided significant real property appraisal assistance to the person(s) signing this certification.
13. We have experience in appraising properties similar to the subject and are in compliance with the Competency Rule of USPAP.
14. As of the date of this report, John Morgan, MAI, has completed the continuing education program for Designated Members of the Appraisal Institute.

15. As of the date of this report, Zac R. Blechman, has completed the Standards and Ethics Education Requirements for Candidates/Practicing Affiliates of the Appraisal Institute.



John Morgan, MAI
Senior Managing Director
Certified General
California Certificate # AG 007753
Expiration Date: June 9, 2024
Telephone: 858.259.4900, ext. 315
Email: jmorgan@irr.com



Zac R. Blechman
Senior Analyst
Certified General Real Estate Appraiser
California Certificate # 3005338
Expiration Date: May 28, 2024
Telephone: 858.259.4900, ext. 310
Email: zblechman@irr.com

Assumptions and Limiting Conditions

This appraisal and any other work product related to this engagement are limited by the following standard assumptions, except as otherwise noted in the report:

1. The title is marketable and free and clear of all liens, encumbrances, encroachments, easements and restrictions. The property is under responsible ownership and competent management and is available for its highest and best use.
2. There are no existing judgments or pending or threatened litigation that could affect the value of the property.
3. There are no hidden or undisclosed conditions of the land or of the improvements that would render the property more or less valuable. Furthermore, there is no asbestos in the property.
4. The revenue stamps placed on any deed referenced herein to indicate the sale price are in correct relation to the actual dollar amount of the transaction.
5. The property is in compliance with all applicable building, environmental, zoning, and other federal, state and local laws, regulations and codes.
6. The information furnished by others is believed to be reliable, but no warranty is given for its accuracy.

This appraisal and any other work product related to this engagement are subject to the following limiting conditions, except as otherwise noted in the report:

1. An appraisal is inherently subjective and represents our opinion as to the value of the property appraised.
2. The conclusions stated in our appraisal apply only as of the effective date of the appraisal, and no representation is made as to the effect of subsequent events.
3. No changes in any federal, state or local laws, regulations or codes (including, without limitation, the Internal Revenue Code) are anticipated.
4. No environmental impact studies were either requested or made in conjunction with this appraisal, and we reserve the right to revise or rescind any of the value opinions based upon any subsequent environmental impact studies. If any environmental impact statement is required by law, the appraisal assumes that such statement will be favorable and will be approved by the appropriate regulatory bodies.
5. Unless otherwise agreed to in writing, we are not required to give testimony, respond to any subpoena or attend any court, governmental or other hearing with reference to the property without compensation relative to such additional employment.
6. We have made no survey of the property and assume no responsibility in connection with such matters. Any sketch or survey of the property included in this report is for illustrative purposes only and should not be considered to be scaled accurately for size. The appraisal

- covers the property as described in this report, and the areas and dimensions set forth are assumed to be correct.
7. No opinion is expressed as to the value of subsurface oil, gas or mineral rights, if any, and we have assumed that the property is not subject to surface entry for the exploration or removal of such materials, unless otherwise noted in our appraisal.
 8. We accept no responsibility for considerations requiring expertise in other fields. Such considerations include, but are not limited to, legal descriptions and other legal matters such as legal title, geologic considerations such as soils and seismic stability; and civil, mechanical, electrical, structural and other engineering and environmental matters. Such considerations may also include determinations of compliance with zoning and other federal, state, and local laws, regulations and codes.
 9. The distribution of the total valuation in the report 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. The appraisal report shall be considered only in its entirety. No part of the appraisal report shall be utilized separately or out of context.
 10. Neither all nor any part of the contents of this report (especially any conclusions as to value, the identity of the appraisers, or any reference to the Appraisal Institute) shall be disseminated through advertising media, public relations media, news media or any other means of communication (including without limitation prospectuses, private offering memoranda and other offering material provided to prospective investors) without the prior written consent of the persons signing the report.
 11. Information, estimates and opinions contained in the report and obtained from third-party sources are assumed to be reliable and have not been independently verified.
 12. Any income and expense estimates contained in the appraisal report are used only for the purpose of estimating value and do not constitute predictions of future operating results.
 13. If the property is subject to one or more leases, any estimate of residual value contained in the appraisal may be particularly affected by significant changes in the condition of the economy, of the real estate industry, or of the appraised property at the time these leases expire or otherwise terminate.
 14. Unless otherwise stated in the report, no consideration has been given to personal property located on the premises or to the cost of moving or relocating such personal property; only the real property has been considered.
 15. The current purchasing power of the dollar is the basis for the values stated in the appraisal; we have assumed that no extreme fluctuations in economic cycles will occur.
 16. The values found herein are subject to these and to any other assumptions or conditions set forth in the body of this report but which may have been omitted from this list of Assumptions and Limiting Conditions.
 17. The analyses contained in the report necessarily incorporate numerous estimates and assumptions regarding property performance, general and local business and economic

conditions, the absence of material changes in the competitive environment and other matters. Some estimates or assumptions, however, inevitably will not materialize, and unanticipated events and circumstances may occur; therefore, actual results achieved during the period covered by our analysis will vary from our estimates, and the variations may be material.

18. The Americans with Disabilities Act (ADA) became effective January 26, 1992. We have not made a specific survey or analysis of the property to determine whether the physical aspects of the improvements meet the ADA accessibility guidelines. We claim no expertise in ADA issues, and render no opinion regarding compliance of the subject with ADA regulations. Inasmuch as compliance matches each owner's financial ability with the cost to cure the non-conforming physical characteristics of a property, a specific study of both the owner's financial ability and the cost to cure any deficiencies would be needed for the Department of Justice to determine compliance.
19. The appraisal report is prepared for the exclusive benefit of the Client, its subsidiaries and/or affiliates. It may not be used or relied upon by any other party. All parties who use or rely upon any information in the report without our written consent do so at their own risk.
20. No studies have been provided to us indicating the presence or absence of hazardous materials on the subject property or in the improvements, and our valuation is predicated upon the assumption that the subject property is free and clear of any environment hazards including, without limitation, hazardous wastes, toxic substances and mold. No representations or warranties are made regarding the environmental condition of the subject property. Integra Realty Resources – San Diego, Integra Realty Resources, Inc., Integra Strategic Ventures, Inc. and/or any of their respective officers, owners, managers, directors, agents, subcontractors or employees (the "Integra Parties"), shall not be responsible for any such environmental conditions that do exist or for any engineering or testing that might be required to discover whether such conditions exist. Because we are not experts in the field of environmental conditions, the appraisal report cannot be considered as an environmental assessment of the subject property.
21. The persons signing the report may have reviewed available flood maps and may have noted in the appraisal report whether the subject property is located in an identified Special Flood Hazard Area. We are not qualified to detect such areas and therefore do not guarantee such determinations. The presence of flood plain areas and/or wetlands may affect the value of the property, and the value conclusion is predicated on the assumption that wetlands are non-existent or minimal.
22. Integra Realty Resources – San Diego is not a building or environmental inspector. Integra San Diego does not guarantee that the subject property is free of defects or environmental problems. Mold may be present in the subject property and a professional inspection is recommended.
23. The appraisal report and value conclusions for an appraisal assume the satisfactory completion of construction, repairs or alterations in a workmanlike manner.
24. It is expressly acknowledged that in any action which may be brought against any of the Integra Parties, arising out of, relating to, or in any way pertaining to this engagement, the

- appraisal reports, and/or any other related work product, the Integra Parties shall not be responsible or liable for any incidental or consequential damages or losses, unless the appraisal was fraudulent or prepared with intentional misconduct. It is further acknowledged that the collective liability of the Integra Parties in any such action shall not exceed the fees paid for the preparation of the appraisal report unless the appraisal was fraudulent or prepared with intentional misconduct. Finally, it is acknowledged that the fees charged herein are in reliance upon the foregoing limitations of liability.
25. Integra Realty Resources – San Diego, an independently owned and operated company, has prepared the appraisal for the specific intended use stated elsewhere in the report. The use of the appraisal report by anyone other than the Client is prohibited except as otherwise provided. Accordingly, the appraisal report is addressed to and shall be solely for the Client's use and benefit unless we provide our prior written consent. We expressly reserve the unrestricted right to withhold our consent to your disclosure of the appraisal report or any other work product related to the engagement (or any part thereof including, without limitation, conclusions of value and our identity), to any third parties. Stated again for clarification, unless our prior written consent is obtained, no third party may rely on the appraisal report (even if their reliance was foreseeable).
26. The conclusions of this report are estimates based on known current trends and reasonably foreseeable future occurrences. These estimates are based partly on property information, data obtained in public records, interviews, existing trends, buyer-seller decision criteria in the current market, and research conducted by third parties, and such data are not always completely reliable. The Integra Parties are not responsible for these and other future occurrences that could not have reasonably been foreseen on the effective date of this assignment. Furthermore, it is inevitable that some assumptions will not materialize and that unanticipated events may occur that will likely affect actual performance. While we are of the opinion that our findings are reasonable based on current market conditions, we do not represent that these estimates will actually be achieved, as they are subject to considerable risk and uncertainty. Moreover, we assume competent and effective management and marketing for the duration of the projected holding period of this property.
27. All prospective value opinions presented in this report are estimates and forecasts which are prospective in nature and are subject to considerable risk and uncertainty. In addition to the contingencies noted in the preceding paragraph, several events may occur that could substantially alter the outcome of our estimates such as, but not limited to changes in the economy, interest rates, and capitalization rates, behavior of consumers, investors and lenders, fire and other physical destruction, changes in title or conveyances of easements and deed restrictions, etc. It is assumed that conditions reasonably foreseeable at the present time are consistent or similar with the future.
28. The appraisal is also subject to the following:

Extraordinary Assumptions and Hypothetical Conditions

The value conclusions are subject to the following extraordinary assumptions. An extraordinary assumption is an assignment-specific assumption as of the effective date regarding uncertain information used in an analysis which, if found to be false, could alter the appraiser's opinions or conclusions.

1. None.

The value conclusions are based on the following hypothetical conditions. A hypothetical condition is a condition, directly related to a specific assignment, which is contrary to what is known by the appraiser to exist on the effective date of the assignment results, but is used for the purpose of analysis.

1. None.

The use of any extraordinary assumption or hypothetical condition may have affected the assignment results.

Insurable Replacement Cost

An estimate of insurable replacement cost based on the calculator method of Marshall Valuation Service is shown in the following table. In the absence of specific instructions from the client, this estimate is based on the replacement cost new of the building improvements plus FF&E. From the total of these amounts, we deduct insurance exclusions.

The following are not considered in our estimate: land value, site improvement costs, entrepreneurial profit, depreciation, and costs to demolish damaged structures.

We have not viewed the specific policy that is in effect or may be written for the subject, nor have we been given specific instructions by the client on what is to be included in, or excluded from, the insurable replacement cost estimate. Moreover, methodologies for developing these estimates vary between underwriters. Therefore, reliance should not be placed on our estimate unless the client independently determines that the items included in our estimate are consistent with the terms of the subject's insurance coverage.

We are not experts in estimating replacement costs for insurable value purposes. We recommend the engagement of an appropriately qualified professional if a definitive estimate of insurable replacement cost is required.

Estimate of Replacement Cost for Insurance Purposes							
Replacement Cost New - Building Improvements							
<i>Bldg Name</i>	<i>MVS Building Type</i>	<i>MVS Class</i>	<i>Quality</i>	<i>Quantity</i>	<i>Unit</i>	<i>Unit Cost</i>	<i>Cost New</i>
Inn at Palm Springs	Motel (343)	D	Average	8,700	SF	\$280.39	\$2,439,393
Subtotal - Building Improvements							\$2,439,393
Plus:							
FF&E							\$84,000
Subtotal							\$2,523,393
Less: Insurance Exclusions							
Architect's & Engineers' fees						10.0%	\$252,339
Total Exclusions						10.0%	\$252,339
Insurable Replacement Cost							\$2,271,054
Rounded:							\$2,270,000

Addendum A

Appraiser Qualifications

John Morgan, MAI

Experience

John Morgan is the Senior Managing Director and principal for Integra Realty Resources - San Diego. John joined Integra - San Diego as a Director/Senior Analyst in February 2006. John has been an independent fee appraiser in the San Diego area since 1983 and has been a State Certified General Appraiser in California since the inception of State certification in 1991.

Prior to joining Integra Realty Resources – San Diego, John was the President of Morgan Appraisal & Consulting from 1992 to 2005, where he completed over 1000 commercial and residential appraisals. From 1983 through 1991, John served as staff appraiser for the Lawrence Group, The Limbach Company and Dore & Curry Appraisal Firms.

John has extensive experience in appraising office, retail and industrial properties, and has specialized in residential subdivisions and condominium developments, residential and commercial condominium conversion projects, master planned communities, high rise office/retail and residential developments, together with residential and rural land projects. John is currently serving as Board of Directors at the San Diego Chapter of Appraisal Institute. January 2020 - December 2020.

Licenses

California, Certified General, AG 007753, Expires June 2024

New York, Certified General, 46000053996, Expires January 2024

Education

Bachelor of Arts, Point Loma College, 1982

Additional Courses/Seminars

Course 101 - SREA, San Diego State University - 1983

Course 102 - SREA, San Diego State University - 1984

Course 201 - SREA, University of San Diego - 1986

Course 202 - SREA, University of San Diego - 1987

Residential Income Property Analysis - 1984

Subdivision Appraisal Analysis - 1984

SREA Demonstration Report Seminar - 1985

SREA R41b Seminar - 1986

SREA R41c Seminar - 1987

AI Apartment Seminar - 1993

AI Subdivision Seminar - 1993

CA OREA Federal/State Laws Workshop - 1995

410: USPAP, Part A - 1995

420: USPAP, Part B - 1995

203K HUD Appraisals - 1996

Appraisal Properties with Cracked Slabs - 1996

Environmental Considerations for the Appraiser - 1998

Regression Analysis - 1998

Introduction to Review Appraisal - 1998

1998 USPAP Update - 1998

Federal & State Laws & Regulations - 1998



Integra Realty Resources - San Diego

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jmorgan@irr.com - 858.259.4900 x315



John Morgan, MAI

Education (Cont'd)

Limited Appraisal Reports - 1998
Appraisal Review - 1998
Income Capitalization – 1999

2000 National USPAP Update - 2000
2003 National USPAP Update - 2003
Real Estate Damages: Assessment & Testimony - 2003
Legal Issues for Appraisers - 2003
Federal & State Laws & Regulations - 2003
Appraiser Liability - 2003
2004 National USPAP Update - 2004
Appraising the Oddball Property - 2004
Construction Issues for Appraisers - 2004
2006 National USPAP Update - 2006
National USPAP Update - 2008
Cost Approach - 2008
Technology for Appraisers - 2008
Fair Housing - 2008
Environmental Pollution & Mold - 2008
CA OREA Update - 2008
Appraisal Trends - 2008
Income Capitalization - 2008
Condemnation Appraising, Principles & Applications - 2009
2010 Seven Hour USPAP Update - 2010
7 Hour USPAP Update - 2012
Industrial Flex Building for Mortgage Underwriting - 2012
Appraising Apartments - 2012
Land & Site Valuation - 2012
Mortgage Fraud & Protection - 2012
7 Hour 2014 2015 USPAP Class (12/13)
IRR Certified Reviewer (12/13)
Appraisal Institute Business Practices & Ethics - 2014
Appraisal Institute Advanced Income & Capitalization - 2014
Appraisal Institute Advanced Concepts & Case Studies - 2014
Appraisal Institute General Demonstration Report & Writing - 2014
Appraisal Institute General Report Writing & Case Studies - 2014
Appraisal Institute 7 Hour USPAP Update - 2016
Appraisal Institute 4 hour Federal & State Regulations - 2016
Appraisal Institute 7 Hour USPAP Update - 2018
IRS Valuation Symposium – 2018
Evaluating Commercial Leases - Tenant & Terms Both Matter - 2018
The Appraiser as Expert Witness - 2019
Appraisal Institute - Business Practice and Ethics - 2019
So. Cal Hotel Valuation Update - 2019
Laws & Regulations for CA Appraisers - 2020
Appraisal Institute 7 Hour USPAP Update - 2022

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

John A. Morgan

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

"Certified General Real Estate Appraiser"

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

BREA APPRAISER IDENTIFICATION NUMBER: AG 007753

Effective Date: June 10, 2022
Date Expires: June 9, 2024

Loretta Dillon, Deputy Bureau Chief, BREA

3064024

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

Zac R. Blechman

Experience

Originally starting his appraisal career at the Integra Miami office, Zac then moved to New Orleans, Louisiana where he did valuations at Murphy Appraisal Services. He has experience valuing a variety of commercial properties which includes retail, office, industrial, mobile home parks, religious facilities, and is currently specializing in hotel valuations. His appraisal assignments include branded and independent hotel properties and his experience spans across all hotel product types and chain scales.

Zac graduated from Florida State University's College of Business double majoring in Real Estate and Marketing as well as earning a minor in Hospitality.

Licenses

California, Certified General Real Estate Appraiser, 3005338, Expires May 2024

Arizona, Certified General real Estate Appraiser, CGA - 1001604, Expires May 2025

Education

Florida State University: Real Estate & Marketing

Minor: Hospitality

Related College Courses:

REE4103 - Real Estate Valuation

REE4143 - Real Estate Market Analysis

REE4204 - Real Estate Finance

REE4313 - Real Estate Investment

REE4433 - Legal Environment of Real Estate (Real Estate Law)

Argus Enterprise Training - November 2020

Appraisal Institute Courses:

Basic Appraisal Principals

Basic Appraisal Procedures

15 Hour National USPAP

Supervisor - Trainee Course

4 Hour Federal and California Statutory Regulatory Laws

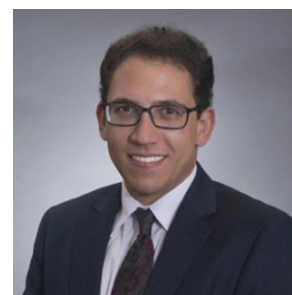
General Appraiser Site Valuation and Cost Approach

General Appraiser Sales Comparison Approach

General Appraiser Report Writing and Case Studies

Real Estate Finance, Statistics, and Valuation Modeling

2020-2021 USPAP 7-Hour



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

Zac R. Blechman

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

"Certified General Real Estate Appraiser"

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

BREA APPRAISER IDENTIFICATION NUMBER: 3005338

Effective Date: May 29, 2022
Date Expires: May 28, 2024

Loretta Dillon, Deputy Bureau Chief, BREA

3064608

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About IRR

Integra Realty Resources, Inc. (IRR) provides world-class commercial real estate valuation, counseling, and advisory services. Routinely ranked among leading property valuation and consulting firms, we are now the largest independent firm in our industry in the United States, with local offices coast to coast and in the Caribbean.

IRR offices are led by MAI-designated Senior Managing Directors, industry leaders who have over 25 years, on average, of commercial real estate experience in their local markets. This experience, coupled with our understanding of how national trends affect the local markets, empowers our clients with the unique knowledge, access, and historical perspective they need to make the most informed decisions.

Many of the nation's top financial institutions, developers, corporations, law firms, and government agencies rely on our professional real estate opinions to best understand the value, use, and feasibility of real estate in their market.

Local Expertise...Nationally!

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Addendum B

Definitions

Definitions

The source of the following definitions is the Appraisal Institute, *The Dictionary of Real Estate Appraisal*, 6th ed. (Chicago: Appraisal Institute, 2015), unless otherwise noted.

As Is Market Value

The estimate of the market value of real property in its current physical condition, use, and zoning as of the appraisal date.

Deferred Maintenance

Items of wear and tear on a property that should be fixed now to protect the value or income-producing ability of the property, such as a broken window, a dead tree, a leak in the roof, or a faulty roof that must be completely replaced. These items are almost always curable.

Depreciation

A loss in property value from any cause; the difference between the cost of an improvement on the effective date of the appraisal and the market value of the improvement on the same date.

Discounted Cash Flow (DCF) Analysis

The procedure in which a discount rate is applied to a set of projected income streams and a reversion. The analyst specifies the quantity, variability, timing, and duration of the income streams and the quantity and timing of the reversion, and discounts each to its present value at a specified yield rate.

Disposition Value

The most probable price that a specified interest in property should bring under the following conditions:

1. Consummation of a sale within a specified time, which is shorter than the typical exposure time for such a property in that market.
2. The property is subjected to market conditions prevailing as of the date of valuation.
3. Both the buyer and seller are acting prudently and knowledgeably.
4. The seller is under compulsion to sell.
5. The buyer is typically motivated.
6. Both parties are acting in what they consider to be their best interests.
7. An adequate marketing effort will be made during the exposure time.
8. Payment will be made in cash in U.S. dollars (or the local currency) or in terms of financial arrangements comparable thereto.
9. 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.

This definition can also be modified to provide for valuation with specified financing terms.

Effective Date

1. The date on which the appraisal or review opinion applies.
2. In a lease document, the date upon which the lease goes into effect.

Entrepreneurial Profit

1. A market-derived figure that represents the amount an entrepreneur receives for his or her contribution to a project and risk; the difference between the total cost of a property (cost of development) and its market value (property value after completion), which represents the entrepreneur's compensation for the risk and expertise associated with development. An entrepreneur is motivated by the prospect of future value enhancement (i.e., the entrepreneurial incentive). An entrepreneur who successfully creates value through new development, expansion, renovation, or an innovative change of use is rewarded by entrepreneurial profit. Entrepreneurs may also fail and suffer losses.
2. In economics, the actual return on successful management practices, often identified with coordination, the fourth factor of production following land, labor, and capital; also called entrepreneurial return or entrepreneurial reward.

Excess Land; Surplus Land

Excess Land: Land that is not needed to serve or support the existing improvement. The highest and best use of the excess land may or may not be the same as the highest and best use of the improved parcel. Excess land has the potential to be sold separately and is valued separately.

Surplus Land: Land that is not currently needed to support the existing use but cannot be separated from the property and sold off for another use. Surplus land does not have an independent highest and best use and may or may not contribute value to the improved parcel.

Exposure Time

1. The time a property remains on the market.
2. The estimated length of time that the property interest being appraised would have been offered on the market prior to the hypothetical consummation of a sale at market value on the effective date of the appraisal; a retrospective opinion based on an analysis of past events assuming a competitive and open market.

Fee Simple Estate

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.

Floor Area Ratio (FAR)

The relationship between the above-ground floor area of a building, as described by the zoning or building code, and the area of the plot on which it stands; in planning and zoning, often expressed as a decimal, e.g., a ratio of 2.0 indicates that the permissible floor area of a building is twice the total land area.

Gross Building Area (GBA)

Total floor area of a building, excluding unenclosed areas, measured from the exterior of the walls of the above-grade area. This includes mezzanines and basements if and when typically included in the market area of the type of property involved.

Highest and Best Use

1. The reasonably probable use of property that results in the highest value. The four criteria that the highest and best use must meet are legal permissibility, physical possibility, financial feasibility, and maximum productivity.
2. The use of an asset that maximizes its potential and that is possible, legally permissible, and financially feasible. The highest and best use may be for continuation of an asset's existing use or for some alternative use. This is determined by the use that a market participant would have in mind for the asset when formulating the price that it would be willing to bid. (ISV)
3. [The] highest and most profitable use for which the property is adaptable and needed or likely to be needed in the reasonably near future. (Uniform Appraisal Standards for Federal Land Acquisitions)

Investment Value

1. The value of a property to a particular investor or class of investors based on the investor's specific requirements. Investment value may be different from market value because it depends on a set of investment criteria that are not necessarily typical of the market.
2. The value of an asset to the owner or a prospective owner for individual investment or operational objectives.

Lease

A contract in which rights to use and occupy land, space, or structures are transferred by the owner to another for a specified period of time in return for a specified rent.

Leased Fee Interest

The ownership interest held by the lessor, which includes the right to receive the contract rent specified in the lease plus the reversionary right when the lease expires.

Leasehold Interest

The right held by the lessee to use and occupy real estate for a stated term and under the conditions specified in the lease.

Liquidation Value

The most probable price that a specified interest in real property should bring under the following conditions:

1. Consummation of a sale within a short time period.
2. The property is subjected to market conditions prevailing as of the date of valuation.
3. Both the buyer and seller are acting prudently and knowledgeably.

4. The seller is under extreme compulsion to sell.
5. The buyer is typically motivated.
6. Both parties are acting in what they consider to be their best interests.
7. A normal marketing effort is not possible due to the brief exposure time.
8. Payment will be made in cash in U.S. dollars (or the local currency) or in terms of financial arrangements comparable thereto.
9. 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.

This definition can also be modified to provide for valuation with specified financing terms.

Marketing Time

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.

Market Rent

The most probable rent that a property should bring in a competitive and open market reflecting all conditions and restrictions of the lease agreement, including the rental adjustment and revaluation, permitted uses, use restrictions, expense obligations, term, concessions, renewal and purchase options, and tenant improvements.

Market Value

The most probable price which a property should bring in a competitive and open market under all conditions requisite to a fair sale, the buyer and seller each acting prudently 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:

- buyer and seller are typically motivated;
- both parties are well informed or well advised, and acting in what they consider their own best interests;
- a reasonable time is allowed for exposure in the open market;
- payment is made in terms of cash in U.S. dollars or in terms of financial arrangements comparable thereto; and
- the price represents the normal consideration for the property sold unaffected by special or creative financing or sales concessions granted by anyone associated with the sale.

(Source: Code of Federal Regulations, Title 12, Chapter I, Part 34.42[g]; also Interagency Appraisal and Evaluation Guidelines, Federal Register, 75 FR 77449, December 10, 2010, page 77472)

Prospective Opinion of Value

A value opinion effective as of a specified future date. The term does not define a type of value. Instead, it identifies a value opinion as being effective at some specific future date. An opinion of value as of a prospective date is frequently sought in connection with projects that are proposed, under construction, or under conversion to a new use, or those that have not yet achieved sellout or a stabilized level of long-term occupancy.

Rentable Area (RA)

For office buildings, the tenant's pro rata portion of the entire office floor, excluding elements of the building that penetrate through the floor to the areas below. The rentable area of a floor is computed by measuring to the inside finished surface of the dominant portion of the permanent building walls, excluding any major vertical penetrations of the floor. Alternatively, the amount of space on which the rent is based; calculated according to local practice.

Replacement Cost

The estimated cost to construct, at current prices as of a specific date, a substitute for the building or other improvements, using modern materials and current standards, design and layout.

Reproduction Cost

The estimated cost to construct, at current prices as of the effective date of the appraisal, an exact duplicate or replica of the building being appraised, using the same materials, construction standards, design, layout, and quality of workmanship and embodying all the deficiencies, superadequacies, and obsolescence of the subject building.

Stabilized Income

1. An estimate of income, either current or forecasted, that presumes the property is at stabilized occupancy.
2. The forecast of the subject property's yearly average income (or average-equivalent income) expected for the economic life of the subject property.
3. Projected income that is subject to change but has been adjusted to reflect an equivalent, stable annual income.

Stabilized Occupancy

1. The occupancy of a property that would be expected at a particular point in time, considering its relative competitive strength and supply and demand conditions at the time, and presuming it is priced at market rent and has had reasonable market exposure. A property is at stabilized occupancy when it is capturing its appropriate share of market demand.
2. An expression of the average or typical occupancy that would be expected for a property over a specified projection period or over its economic life.

Addendum C

Financials and Property Information

Form 1065 Department of the Treasury Internal Revenue Service	U.S. Return of Partnership Income For calendar year 2020, or tax year beginning _____, 2020, ending _____, 20_____. ► Go to www.irs.gov/Form1065 for instructions and the latest information.	OMB No. 1545-0123 <div style="font-size: 2em; font-weight: bold;">2020</div>															
A Principal business activity <small>REAL ESTATE HOLDINGS & INVESTMENTS</small> B Principal product or service <small>REAL ESTATE HOLDINGS & INVESTMENTS</small> C Business code number 531390	<div style="display: flex;"> <div style="writing-mode: vertical-rl; transform: rotate(180deg); font-weight: bold; margin-right: 5px;">Type or Print</div> <div> Name of partnership TEAM PASA LLC Number, street, and room or suite no. If a P.O. box, see instructions. 2525 N. PALM CANYON DR City or town, state or province, country, and ZIP or foreign postal code PALM SPRINGS CA 92262 </div> </div>	D Employer identification number 83-2468463 E Date business started 11/06/2018 F Total assets (see instructions) \$ 1,823,121.															
G Check applicable boxes: (1) <input type="checkbox"/> Initial return (2) <input type="checkbox"/> Final return (3) <input type="checkbox"/> Name change (4) <input type="checkbox"/> Address change (5) <input type="checkbox"/> Amended return H Check accounting method: (1) <input checked="" type="checkbox"/> Cash (2) <input type="checkbox"/> Accrual (3) <input type="checkbox"/> Other (specify) ► _____ I Number of Schedules K-1. Attach one for each person who was a partner at any time during the tax year ► 2 J Check if Schedules C and M-3 are attached ► <input type="checkbox"/> K Check if partnership: (1) <input type="checkbox"/> Aggregated activities for section 465 at-risk purposes (2) <input type="checkbox"/> Grouped activities for section 469 passive activity purposes Caution: Include only trade or business income and expenses on lines 1a through 22 below. See instructions for more information.																	
Income	1a Gross receipts or sales 1a 302,387. 1b Returns and allowances 1b _____ 1c Balance. Subtract line 1b from line 1a 1c 302,387. 2 Cost of goods sold (attach Form 1125-A) 2 _____ 3 Gross profit. Subtract line 2 from line 1c 3 302,387. 4 Ordinary income (loss) from other partnerships, estates, and trusts (attach statement) 4 _____ 5 Net farm profit (loss) (attach Schedule F (Form 1040)) 5 _____ 6 Net gain (loss) from Form 4797, Part II, line 17 (attach Form 4797) 6 _____ 7 Other income (loss) (attach statement) 7 _____ 8 Total income (loss). Combine lines 3 through 7 8 302,387.																
Deductions (see instructions for limitations)	9 Salaries and wages (other than to partners) (less employment credits) 9 81,800. 10 Guaranteed payments to partners 10 _____ 11 Repairs and maintenance 11 _____ 12 Bad debts 12 _____ 13 Rent 13 _____ 14 Taxes and licenses 14 39,578. 15 Interest (see instructions) 15 20,625. 16a Depreciation (if required, attach Form 4562) 16a 102,314. 16b Less depreciation reported on Form 1125-A and elsewhere on return 16b _____ 16c 102,314. 17 Depletion (Do not deduct oil and gas depletion.) 17 _____ 18 Retirement plans, etc. 18 _____ 19 Employee benefit programs 19 _____ 20 Other deductions (attach statement) . See Stmt 20 192,216. 21 Total deductions. Add the amounts shown in the far right column for lines 9 through 20 21 436,533.																
	22 Ordinary business income (loss). Subtract line 21 from line 8 22 -134,146.																
Tax and Payment	23 Interest due under the look-back method—completed long-term contracts (attach Form 8697) 23 _____ 24 Interest due under the look-back method—income forecast method (attach Form 8866) 24 _____ 25 BBA AAR imputed underpayment (see instructions) 25 _____ 26 Other taxes (see instructions) 26 _____ 27 Total balance due. Add lines 23 through 26 27 _____ 28 Payment (see instructions) 28 _____ 29 Amount owed. If line 28 is smaller than line 27, enter amount owed 29 _____ 30 Overpayment. If line 28 is larger than line 27, enter overpayment 30 0.																
Sign Here	Under penalties of perjury, I declare that I have examined this return, including accompanying schedules and statements, and to the best of my knowledge and belief, it is true, correct, and complete. Declaration of preparer (other than partner or limited liability company member) is based on all information of which preparer has any knowledge. <div style="display: flex; justify-content: space-between; margin-top: 10px;"> <div> Signature of partner or limited liability company member _____ </div> <div> Date _____ </div> </div> <div style="border: 1px solid black; padding: 5px; margin-top: 10px; text-align: center;"> May the IRS discuss this return with the preparer shown below? See instructions. <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No </div>																
Paid Preparer Use Only	<table border="1" style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 35%;">Print/Type preparer's name Raffi Asadourian</td> <td style="width: 30%;">Preparer's signature _____</td> <td style="width: 15%;">Date 02/05/2021</td> <td style="width: 10%;">Check <input checked="" type="checkbox"/> if self-employed</td> <td style="width: 10%;">PTIN P00156533</td> </tr> <tr> <td colspan="3">Firm's name ► DORIAN TAX & ACCT SERV</td> <td colspan="2">Firm's EIN ► 71-0884921</td> </tr> <tr> <td colspan="3">Firm's address ► 100 West Broadway Suite 720 Glendale, CA 91210</td> <td colspan="2">Phone no. (818) 956-2170</td> </tr> </table>		Print/Type preparer's name Raffi Asadourian	Preparer's signature _____	Date 02/05/2021	Check <input checked="" type="checkbox"/> if self-employed	PTIN P00156533	Firm's name ► DORIAN TAX & ACCT SERV			Firm's EIN ► 71-0884921		Firm's address ► 100 West Broadway Suite 720 Glendale, CA 91210			Phone no. (818) 956-2170	
Print/Type preparer's name Raffi Asadourian	Preparer's signature _____	Date 02/05/2021	Check <input checked="" type="checkbox"/> if self-employed	PTIN P00156533													
Firm's name ► DORIAN TAX & ACCT SERV			Firm's EIN ► 71-0884921														
Firm's address ► 100 West Broadway Suite 720 Glendale, CA 91210			Phone no. (818) 956-2170														

Schedule B Other Information

1 What type of entity is filing this return? Check the applicable box:	Yes	No
a <input type="checkbox"/> Domestic general partnership		
b <input type="checkbox"/> Domestic limited partnership		
c <input checked="" type="checkbox"/> Domestic limited liability company		
d <input type="checkbox"/> Domestic limited liability partnership		
e <input type="checkbox"/> Foreign partnership		
f <input type="checkbox"/> Other ►		
2 At the end of the tax year:		
a Did any foreign or domestic corporation, partnership (including any entity treated as a partnership), trust, or tax-exempt organization, or any foreign government own, directly or indirectly, an interest of 50% or more in the profit, loss, or capital of the partnership? For rules of constructive ownership, see instructions. If "Yes," attach Schedule B-1, Information on Partners Owning 50% or More of the Partnership		X
b Did any individual or estate own, directly or indirectly, an interest of 50% or more in the profit, loss, or capital of the partnership? For rules of constructive ownership, see instructions. If "Yes," attach Schedule B-1, Information on Partners Owning 50% or More of the Partnership		X
3 At the end of the tax year, did the partnership:		
a Own directly 20% or more, or own, directly or indirectly, 50% or more of the total voting power of all classes of stock entitled to vote of any foreign or domestic corporation? For rules of constructive ownership, see instructions. If "Yes," complete (i) through (iv) below		X
(i) Name of Corporation	(ii) Employer Identification Number (if any)	(iii) Country of Incorporation
b Own directly an interest of 20% or more, or own, directly or indirectly, an interest of 50% or more in the profit, loss, or capital in any foreign or domestic partnership (including an entity treated as a partnership) or in the beneficial interest of a trust? For rules of constructive ownership, see instructions. If "Yes," complete (i) through (v) below		X
(i) Name of Entity	(ii) Employer Identification Number (if any)	(iii) Type of Entity
4 Does the partnership satisfy all four of the following conditions?	Yes	No
a The partnership's total receipts for the tax year were less than \$250,000.		
b The partnership's total assets at the end of the tax year were less than \$1 million.		
c Schedules K-1 are filed with the return and furnished to the partners on or before the due date (including extensions) for the partnership return.		
d The partnership is not filing and is not required to file Schedule M-3 If "Yes," the partnership is not required to complete Schedules L, M-1, and M-2; item F on page 1 of Form 1065; or item L on Schedule K-1.	X	
5 Is this partnership a publicly traded partnership, as defined in section 469(k)(2)?		X
6 During the tax year, did the partnership have any debt that was canceled, was forgiven, or had the terms modified so as to reduce the principal amount of the debt?		X
7 Has this partnership filed, or is it required to file, Form 8918, Material Advisor Disclosure Statement, to provide information on any reportable transaction?		X
8 At any time during calendar year 2020, did the partnership have an interest in or a signature or other authority over a financial account in a foreign country (such as a bank account, securities account, or other financial account)? See instructions for exceptions and filing requirements for FinCEN Form 114, Report of Foreign Bank and Financial Accounts (FBAR). If "Yes," enter the name of the foreign country ►		X
9 At any time during the tax year, did the partnership receive a distribution from, or was it the grantor of, or transferor to, a foreign trust? If "Yes," the partnership may have to file Form 3520, Annual Return To Report Transactions With Foreign Trusts and Receipt of Certain Foreign Gifts. See instructions		X
10a Is the partnership making, or had it previously made (and not revoked), a section 754 election? See instructions for details regarding a section 754 election.		X
b Did the partnership make for this tax year an optional basis adjustment under section 743(b) or 734(b)? If "Yes," attach a statement showing the computation and allocation of the basis adjustment. See instructions		X

Schedule B Other Information (continued)

	Yes	No
c Is the partnership required to adjust the basis of partnership assets under section 743(b) or 734(b) because of a substantial built-in loss (as defined under section 743(d)) or substantial basis reduction (as defined under section 734(d))? If "Yes," attach a statement showing the computation and allocation of the basis adjustment. See instructions		X
11 Check this box if, during the current or prior tax year, the partnership distributed any property received in a like-kind exchange or contributed such property to another entity (other than disregarded entities wholly owned by the partnership throughout the tax year) <input type="checkbox"/>		
12 At any time during the tax year, did the partnership distribute to any partner a tenancy-in-common or other undivided interest in partnership property?		X
13 If the partnership is required to file Form 8858, Information Return of U.S. Persons With Respect To Foreign Disregarded Entities (FDEs) and Foreign Branches (FBs), enter the number of Forms 8858 attached. See instructions		
14 Does the partnership have any foreign partners? If "Yes," enter the number of Forms 8805, Foreign Partner's Information Statement of Section 1446 Withholding Tax, filed for this partnership		X
15 Enter the number of Forms 8865, Return of U.S. Persons With Respect to Certain Foreign Partnerships, attached to this return		
16a Did you make any payments in 2020 that would require you to file Form(s) 1099? See instructions	X	
b If "Yes," did you or will you file required Form(s) 1099?	X	
17 Enter the number of Forms 5471, Information Return of U.S. Persons With Respect To Certain Foreign Corporations, attached to this return		
18 Enter the number of partners that are foreign governments under section 892		
19 During the partnership's tax year, did the partnership make any payments that would require it to file Form 1042 and 1042-S under chapter 3 (sections 1441 through 1464) or chapter 4 (sections 1471 through 1474)?		X
20 Was the partnership a specified domestic entity required to file Form 8938 for the tax year? See the Instructions for Form 8938		X
21 Is the partnership a section 721(c) partnership, as defined in Regulations section 1.721(c)-1(b)(14)?		X
22 During the tax year, did the partnership pay or accrue any interest or royalty for which one or more partners are not allowed a deduction under section 267A? See instructions If "Yes," enter the total amount of the disallowed deductions \$		X
23 Did the partnership have an election under section 163(j) for any real property trade or business or any farming business in effect during the tax year? See instructions		X
24 Does the partnership satisfy one or more of the following? See instructions a The partnership owns a pass-through entity with current, or prior year carryover, excess business interest expense. b The partnership's aggregate average annual gross receipts (determined under section 448(c)) for the 3 tax years preceding the current tax year are more than \$26 million and the partnership has business interest. c The partnership is a tax shelter (see instructions) and the partnership has business interest expense. If "Yes" to any, complete and attach Form 8990.		X
25 Is the partnership electing out of the centralized partnership audit regime under section 6221(b)? See instructions. If "Yes," the partnership must complete Schedule B-2 (Form 1065). Enter the total from Schedule B-2, Part III, line 3 If "No," complete Designation of Partnership Representative below.		X

Designation of Partnership Representative (see instructions)

Enter below the information for the partnership representative (PR) for the tax year covered by this return.

Name of PR **PAUL KURDIAN**

U.S. address of PR 3334 E COAST HWY # 371 Corona Del Mar CA 92625	U.S. phone number of PR (310) 291-1680
--	---

If the PR is an entity, name of the designated individual for the PR

U.S. address of designated individual	U.S. phone number of designated individual
---------------------------------------	--

26 Is the partnership attaching Form 8996 to certify as a Qualified Opportunity Fund? If "Yes," enter the amount from Form 8996, line 16 \$		X
27 Enter the number of foreign partners subject to section 864(c)(8) as a result of transferring all or a portion of an interest in the partnership or of receiving a distribution from the partnership		
28 At any time during the tax year, were there any transfers between the partnership and its partners subject to the disclosure requirements of Regulations section 1.707-8?		X
29 Since December 22, 2017, did a foreign corporation directly or indirectly acquire substantially all of the properties constituting a trade or business of your partnership, and was the ownership percentage (by vote or value) for purposes of section 7874 greater than 50% (for example, the partners held more than 50% of the stock of the foreign corporation)? If "Yes," list the ownership percentage by vote and by value. See instructions. Percentage: By Vote By Value		

Schedule K Partners' Distributive Share Items		Total amount	
Income (Loss)	1 Ordinary business income (loss) (page 1, line 22)	1	-134,146.
	2 Net rental real estate income (loss) (attach Form 8825)	2	
	3a Other gross rental income (loss)	3a	
	b Expenses from other rental activities (attach statement)	3b	
	c Other net rental income (loss). Subtract line 3b from line 3a	3c	
	4 Guaranteed payments: a Services 4a b Capital 4b		
	c Total. Add lines 4a and 4b	4c	
	5 Interest income	5	
	6 Dividends and dividend equivalents: a Ordinary dividends 6a		
	b Qualified dividends 6b c Dividend equivalents 6c		
	7 Royalties	7	
8 Net short-term capital gain (loss) (attach Schedule D (Form 1065))	8		
9a Net long-term capital gain (loss) (attach Schedule D (Form 1065))	9a		
b Collectibles (28%) gain (loss)	9b		
c Unrecaptured section 1250 gain (attach statement)	9c		
10 Net section 1231 gain (loss) (attach Form 4797)	10		
11 Other income (loss) (see instructions) Type ▶	11		
Deductions	12 Section 179 deduction (attach Form 4562)	12	
	13a Contributions	13a	
	b Investment interest expense	13b	
	c Section 59(e)(2) expenditures: (1) Type ▶ (2) Amount ▶	13c(2)	
d Other deductions (see instructions) Type ▶	13d		
Self-Employment	14a Net earnings (loss) from self-employment	14a	-134,146.
	b Gross farming or fishing income	14b	
	c Gross nonfarm income	14c	302,387.
Credits	15a Low-income housing credit (section 42(j)(5))	15a	
	b Low-income housing credit (other)	15b	
	c Qualified rehabilitation expenditures (rental real estate) (attach Form 3468, if applicable)	15c	
	d Other rental real estate credits (see instructions) Type ▶	15d	
	e Other rental credits (see instructions) Type ▶	15e	
	f Other credits (see instructions) Type ▶	15f	
Foreign Transactions	16a Name of country or U.S. possession ▶		
	b Gross income from all sources	16b	
	c Gross income sourced at partner level	16c	
	Foreign gross income sourced at partnership level		
	d Reserved for future use ▶ e Foreign branch category ▶	16e	
	f Passive category ▶ g General category ▶ h Other (attach statement) ▶	16h	
	Deductions allocated and apportioned at partner level		
	i Interest expense ▶ j Other ▶	16j	
	Deductions allocated and apportioned at partnership level to foreign source income		
	k Reserved for future use ▶ l Foreign branch category ▶	16l	
	m Passive category ▶ n General category ▶ o Other (attach statement) ▶	16o	
	p Total foreign taxes (check one): ▶ Paid <input type="checkbox"/> Accrued <input type="checkbox"/>	16p	
q Reduction in taxes available for credit (attach statement)	16q		
r Other foreign tax information (attach statement)			
Alternative Minimum Tax (AMT) items	17a Post-1986 depreciation adjustment	17a	14,808.
	b Adjusted gain or loss	17b	
	c Depletion (other than oil and gas)	17c	
	d Oil, gas, and geothermal properties—gross income	17d	
	e Oil, gas, and geothermal properties—deductions	17e	
	f Other AMT items (attach statement)	17f	
Other Information	18a Tax-exempt interest income	18a	
	b Other tax-exempt income	18b	
	c Nondeductible expenses	18c	
	19a Distributions of cash and marketable securities	19a	
	b Distributions of other property	19b	
	20a Investment income	20a	
b Investment expenses	20b		
c Other items and amounts (attach statement) ** SEC 199A INFO: SEE STMT A			

Analysis of Net Income (Loss)

1 Net income (loss). Combine Schedule K, lines 1 through 11. From the result, subtract the sum of Schedule K, lines 12 through 13d, and 16p		1		-134,146.		
2 Analysis by partner type:	(i) Corporate	(ii) Individual (active)	(iii) Individual (passive)	(iv) Partnership	(v) Exempt Organization	(vi) Nominee/Other
a General partners						
b Limited partners		-134,146.				

Schedule L Balance Sheets per Books

		Beginning of tax year		End of tax year	
Assets		(a)	(b)	(c)	(d)
1	Cash		28,530.		25,863.
2a	Trade notes and accounts receivable				
b	Less allowance for bad debts				
3	Inventories				
4	U.S. government obligations				
5	Tax-exempt securities				
6	Other current assets (attach statement)				
7a	Loans to partners (or persons related to partners)				
b	Mortgage and real estate loans				
8	Other investments (attach statement)				
9a	Buildings and other depreciable assets	1,850,000.		1,558,340.	
b	Less accumulated depreciation	43,663.	1,806,337.	118,082.	1,440,258.
10a	Depletable assets				
b	Less accumulated depletion				
11	Land (net of any amortization)				357,000.
12a	Intangible assets (amortizable only)				
b	Less accumulated amortization				
13	Other assets (attach statement)				
14	Total assets		1,834,867.		1,823,121.
Liabilities and Capital					
15	Accounts payable				8,500.
16	Mortgages, notes, bonds payable in less than 1 year				
17	Other current liabilities (attach statement)				
18	All nonrecourse loans				
19a	Loans from partners (or persons related to partners)				
b	Mortgages, notes, bonds payable in 1 year or more		1,650,000.		1,763,900.
20	Other liabilities (attach statement)				
21	Partners' capital accounts		184,867.		50,721.
22	Total liabilities and capital		1,834,867.		1,823,121.

Schedule M-1 Reconciliation of Income (Loss) per Books With Income (Loss) per Return**Note:** The partnership may be required to file Schedule M-3. See instructions.

1	Net income (loss) per books	-134,146.	6	Income recorded on books this year not included on Schedule K, lines 1 through 11 (itemize):	
2	Income included on Schedule K, lines 1, 2, 3c, 5, 6a, 7, 8, 9a, 10, and 11, not recorded on books this year (itemize):		a	Tax-exempt interest \$	
3	Guaranteed payments (other than health insurance)		7	Deductions included on Schedule K, lines 1 through 13d, and 16p, not charged against book income this year (itemize):	
4	Expenses recorded on books this year not included on Schedule K, lines 1 through 13d, and 16p (itemize):		a	Depreciation \$	
a	Depreciation \$		8	Add lines 6 and 7	
b	Travel and entertainment \$		9	Income (loss) (Analysis of Net Income (Loss), line 1). Subtract line 8 from line 5	-134,146.
5	Add lines 1 through 4	-134,146.			

Schedule M-2 Analysis of Partners' Capital Accounts

1	Balance at beginning of year	184,867.	6	Distributions: a Cash	
2	Capital contributed: a Cash		b Property		
	b Property		7	Other decreases (itemize):	
3	Net income (loss) per books	-134,146.	8	Add lines 6 and 7	
4	Other increases (itemize):		9	Balance at end of year. Subtract line 8 from line 5	50,721.
5	Add lines 1 through 4	50,721.			

**Schedule K-1
(Form 1065)**

Department of the Treasury
Internal Revenue Service

2020

For calendar year 2020, or tax year

beginning / / 2020 ending / /

Partner's Share of Income, Deductions, Credits, etc.
▶ See separate instructions.

Part I Information About the Partnership

A Partnership's employer identification number
83-2468463

B Partnership's name, address, city, state, and ZIP code
TEAM PASA LLC
2525 N. PALM CANYON DR
PALM SPRINGS, CA 92262

C IRS Center where partnership filed return ▶ OGDEN, UT

D ☐ Check if this is a publicly traded partnership (PTP)

Part II Information About the Partner

E Partner's SSN or TIN (Do not use TIN of a disregarded entity. See instructions.)
571-71-6877

F Name, address, city, state, and ZIP code for partner entered in E. See instructions.
PAUL KURDIAN
3334 E COAST HWY # 371
CORONA DEL MAR CA 92625

G ☒ General partner or LLC member-manager ☐ Limited partner or other LLC member

H1 ☒ Domestic partner ☐ Foreign partner

H2 ☐ If the partner is a disregarded entity (DE), enter the partner's:

TIN Name

I1 What type of entity is this partner? INDIVIDUAL

I2 If this partner is a retirement plan (IRA/SEP/Keogh/etc.), check here ☐

J Partner's share of profit, loss, and capital (see instructions):

Beginning Ending

Profit	50.00000 %	50.00000 %
Loss	50.00000 %	50.00000 %
Capital	50.00000 %	50.00000 %

Check if decrease is due to sale or exchange of partnership interest ☐

K Partner's share of liabilities:

Beginning Ending

Nonrecourse	\$	\$
Qualified nonrecourse financing	\$ 825,000.	\$ 881,950.
Recourse	\$ 4,250.	\$ 4,250.

☐ Check this box if Item K includes liability amounts from lower tier partnerships.

L Partner's Capital Account Analysis

Beginning capital account	\$ 92,434.
Capital contributed during the year	\$
Current year net income (loss)	\$ -67,073.
Other increase (decrease) (attach explanation)	\$
Withdrawals & distributions	\$ ()
Ending capital account	\$ 25,361.

M Did the partner contribute property with a built-in gain or loss?

☐ Yes ☒ No If "Yes," attach statement. See instructions.

N Partner's Share of Net Unrecognized Section 704(c) Gain or (Loss)

Beginning	\$
Ending	\$

☐ Final K-1

☐ Amended K-1

651119
OMB No. 1545-0123

Part III Partner's Share of Current Year Income, Deductions, Credits, and Other Items

1	Ordinary business income (loss)	15	Credits
	-67,073.		
2	Net rental real estate income (loss)		
3	Other net rental income (loss)	16	Foreign transactions
4a	Guaranteed payments for services		
4b	Guaranteed payments for capital		
4c	Total guaranteed payments		
5	Interest income		
6a	Ordinary dividends		
6b	Qualified dividends		
6c	Dividend equivalents	17	Alternative minimum tax (AMT) items
		A	7,404.
7	Royalties		
8	Net short-term capital gain (loss)		
9a	Net long-term capital gain (loss)	18	Tax-exempt income and nondeductible expenses
9b	Collectibles (28%) gain (loss)		
9c	Unrecaptured section 1250 gain		
10	Net section 1231 gain (loss)		
11	Other income (loss)	19	Distributions
		20	Other information
12	Section 179 deduction	Z *	STMT
13	Other deductions		
14	Self-employment earnings (loss)		
A	-67,073.		
C	151,193.		

21 ☐ More than one activity for at-risk purposes*

22 ☐ More than one activity for passive activity purposes*

*See attached statement for additional information.

For IRS Use Only

Additional information from your Schedule K-1: Partner's Share of Income, Deductions, Credits, etc. (PAUL KURDIAN)

Schedule K-1: Partner's Share of Income, Deductions, Credits, etc. (PAUL KURDIAN)

Supplemental Information

Continuation Statement

Description	Amount
Item L. Partner's Capital Account Analysis:	
Beginning capital account is on the Tax Basis	

Statement A—QBI Pass-through Entity Reporting

Partnership's name: TEAM PASA LLC		Partnership's EIN: 83-2468463	
Partner's name: PAUL KURDIAN		Partner's identifying no: 571-71-6877	
Partner's share of:		1065, Line 22	
		<input type="checkbox"/> PTP	<input type="checkbox"/> PTP
		<input type="checkbox"/> Aggregated	<input type="checkbox"/> Aggregated
		<input type="checkbox"/> SSTB	<input type="checkbox"/> SSTB
QBI or qualified PTP items subject to partner-specific determinations:			
	Ordinary business income (loss)	-67,073.	
	Rental income (loss)		
	Royalty income (loss)		
	Section 1231 gain (loss)		
	Other income (loss)		
	Section 179 deduction		
	Other deductions		
W-2 wages		40,900.	
UBIA of qualified property		779,170.	
Section 199A dividends			

Statement A—QBI Pass-through Entity Reporting

Partnership's name:		Partnership's EIN:	
Partner's name:		Partner's identifying no:	
Partner's share of:			
		<input type="checkbox"/> PTP	<input type="checkbox"/> PTP
		<input type="checkbox"/> Aggregated	<input type="checkbox"/> Aggregated
		<input type="checkbox"/> SSTB	<input type="checkbox"/> SSTB
QBI or qualified PTP items subject to partner-specific determinations:			
	Ordinary business income (loss)		
	Rental income (loss)		
	Royalty income (loss)		
	Section 1231 gain (loss)		
	Other income (loss)		
	Section 179 deduction		
	Other deductions		
W-2 wages			
UBIA of qualified property			
Section 199A dividends			

Schedule K-1
(Form 1065)Department of the Treasury
Internal Revenue Service

2020

For calendar year 2020, or tax year

beginning / / 2020 ending / /

Partner's Share of Income, Deductions,
Credits, etc. ▶ See separate instructions.

Part I Information About the Partnership

A Partnership's employer identification number
83-2468463B Partnership's name, address, city, state, and ZIP code
TEAM PASA LLC
2525 N. PALM CANYON DR
PALM SPRINGS, CA 92262

C IRS Center where partnership filed return ▶ OGDEN, UT

D ☐ Check if this is a publicly traded partnership (PTP)

Part II Information About the Partner

E Partner's SSN or TIN (Do not use TIN of a disregarded entity. See instructions.)
546-13-1978F Name, address, city, state, and ZIP code for partner entered in E. See instructions.
SAMANTHA MCDERMOTT
3334 E COAST HWY # 371
CORONA DEL MAR CA 92625G ☒ General partner or LLC member-manager ☐ Limited partner or other LLC memberH1 ☒ Domestic partner ☐ Foreign partnerH2 ☐ If the partner is a disregarded entity (DE), enter the partner's:

TIN _____ Name _____

I1 What type of entity is this partner? INDIVIDUAL

I2 If this partner is a retirement plan (IRA/SEP/Keogh/etc.), check here ☐

J Partner's share of profit, loss, and capital (see instructions):

	Beginning	Ending
Profit	50.00000 %	50.00000 %
Loss	50.00000 %	50.00000 %
Capital	50.00000 %	50.00000 %

Check if decrease is due to sale or exchange of partnership interest . . ☐

K Partner's share of liabilities:

	Beginning	Ending
Nonrecourse . . . \$		\$
Qualified nonrecourse financing . . . \$	825,000.	\$ 881,950.
Recourse . . . \$	4,250.	\$ 4,250.

☐ Check this box if Item K includes liability amounts from lower tier partnerships.

L Partner's Capital Account Analysis

Beginning capital account . . . \$	92,433.
Capital contributed during the year . . . \$	
Current year net income (loss) . . . \$	-67,073.
Other increase (decrease) (attach explanation) \$	
Withdrawals & distributions . . . \$()
Ending capital account . . . \$	25,360.

M Did the partner contribute property with a built-in gain or loss?
☐ Yes ☒ No If "Yes," attach statement. See instructions.

N Partner's Share of Net Unrecognized Section 704(c) Gain or (Loss)

Beginning \$	
Ending \$	

☐ Final K-1☐ Amended K-1651119
OMB No. 1545-0123Part III Partner's Share of Current Year Income,
Deductions, Credits, and Other Items

1	Ordinary business income (loss)	15	Credits
	-67,073.		
2	Net rental real estate income (loss)		
3	Other net rental income (loss)	16	Foreign transactions
4a	Guaranteed payments for services		
4b	Guaranteed payments for capital		
4c	Total guaranteed payments		
5	Interest income		
6a	Ordinary dividends		
6b	Qualified dividends		
6c	Dividend equivalents	17	Alternative minimum tax (AMT) items
		A	7,404.
7	Royalties		
8	Net short-term capital gain (loss)		
9a	Net long-term capital gain (loss)	18	Tax-exempt income and nondeductible expenses
9b	Collectibles (28%) gain (loss)		
9c	Unrecaptured section 1250 gain		
10	Net section 1231 gain (loss)		
11	Other income (loss)	19	Distributions
		20	Other information
12	Section 179 deduction	Z *	STMT
13	Other deductions		
14	Self-employment earnings (loss)		
A	-67,073.		
C	151,194.		

21 ☐ More than one activity for at-risk purposes*22 ☐ More than one activity for passive activity purposes*

*See attached statement for additional information.

For IRS Use Only

Additional information from your Schedule K-1: Partner's Share of Income, Deductions, Credits, etc. (SAMANTHA MCDERMOTT)

Schedule K-1: Partner's Share of Income, Deductions, Credits, etc. (SAMANTHA MCDERMOTT)

Supplemental InformationContinuation Statement

Description	Amount
Item L. Partner's Capital Account Analysis:	
Beginning capital account is on the Tax Basis	

Statement A—QBI Pass-through Entity Reporting

Partnership's name: TEAM PASA LLC		Partnership's EIN: 83-2468463	
Partner's name: SAMANTHA MCDERMOTT		Partner's identifying no: 546-13-1978	
Partner's share of:	1065, Line 22		
	<input type="checkbox"/> PTP	<input type="checkbox"/> PTP	<input type="checkbox"/> PTP
	<input type="checkbox"/> Aggregated	<input type="checkbox"/> Aggregated	<input type="checkbox"/> Aggregated
	<input type="checkbox"/> SSTB	<input type="checkbox"/> SSTB	<input type="checkbox"/> SSTB
QBI or qualified PTP items subject to partner-specific determinations:			
	Ordinary business income (loss)	-67,073.	
	Rental income (loss)		
	Royalty income (loss)		
	Section 1231 gain (loss)		
	Other income (loss)		
	Section 179 deduction		
	Other deductions		
W-2 wages		40,900.	
UBIA of qualified property		779,170.	
Section 199A dividends			

Statement A—QBI Pass-through Entity Reporting

Partnership's name:		Partnership's EIN:	
Partner's name:		Partner's identifying no:	
Partner's share of:			
	<input type="checkbox"/> PTP	<input type="checkbox"/> PTP	<input type="checkbox"/> PTP
	<input type="checkbox"/> Aggregated	<input type="checkbox"/> Aggregated	<input type="checkbox"/> Aggregated
	<input type="checkbox"/> SSTB	<input type="checkbox"/> SSTB	<input type="checkbox"/> SSTB
QBI or qualified PTP items subject to partner-specific determinations:			
	Ordinary business income (loss)		
	Rental income (loss)		
	Royalty income (loss)		
	Section 1231 gain (loss)		
	Other income (loss)		
	Section 179 deduction		
	Other deductions		
W-2 wages			
UBIA of qualified property			
Section 199A dividends			

Depreciation and Amortization
(Including Information on Listed Property)

▶ Attach to your tax return.

▶ Go to www.irs.gov/Form4562 for instructions and the latest information.

OMB No. 1545-0172

2020Attachment
Sequence No. **179**

Name(s) shown on return

TEAM PASA LLC

Business or activity to which this form relates

Form 1065 REAL ESTATE HOLDINGS & INVESTMENTS

Identifying number

83-2468463

Part I Election To Expense Certain Property Under Section 179**Note:** If you have any listed property, complete Part V before you complete Part I.

1	Maximum amount (see instructions)	1	1,040,000.
2	Total cost of section 179 property placed in service (see instructions)	2	
3	Threshold cost of section 179 property before reduction in limitation (see instructions)	3	2,590,000.
4	Reduction in limitation. Subtract line 3 from line 2. If zero or less, enter -0-	4	
5	Dollar limitation for tax year. Subtract line 4 from line 1. If zero or less, enter -0-. If married filing separately, see instructions	5	
6	(a) Description of property	(b) Cost (business use only)	(c) Elected cost
7	Listed property. Enter the amount from line 29	7	
8	Total elected cost of section 179 property. Add amounts in column (c), lines 6 and 7	8	
9	Tentative deduction. Enter the smaller of line 5 or line 8	9	
10	Carryover of disallowed deduction from line 13 of your 2019 Form 4562	10	
11	Business income limitation. Enter the smaller of business income (not less than zero) or line 5. See instructions	11	
12	Section 179 expense deduction. Add lines 9 and 10, but don't enter more than line 11	12	
13	Carryover of disallowed deduction to 2021. Add lines 9 and 10, less line 12 ▶	13	

Note: Don't use Part II or Part III below for listed property. Instead, use Part V.**Part II Special Depreciation Allowance and Other Depreciation (Don't include listed property. See instructions.)**

14	Special depreciation allowance for qualified property (other than listed property) placed in service during the tax year. See instructions	14	
15	Property subject to section 168(f)(1) election	15	
16	Other depreciation (including ACRS)	16	

Part III MACRS Depreciation (Don't include listed property. See instructions.)**Section A**

17	MACRS deductions for assets placed in service in tax years beginning before 2020	17	100,254.
18	If you are electing to group any assets placed in service during the tax year into one or more general asset accounts, check here <input type="checkbox"/>		

Section B—Assets Placed in Service During 2020 Tax Year Using the General Depreciation System

(a) Classification of property	(b) Month and year placed in service	(c) Basis for depreciation (business/investment use only—see instructions)	(d) Recovery period	(e) Convention	(f) Method	(g) Depreciation deduction
19a 3-year property						
b 5-year property		10,298.	5.0 yrs	HY	200 DB	2,060.
c 7-year property						
d 10-year property						
e 15-year property						
f 20-year property						
g 25-year property			25 yrs.		S/L	
h Residential rental property			27.5 yrs.	MM	S/L	
i Nonresidential real property			27.5 yrs.	MM	S/L	
			39 yrs.	MM	S/L	
				MM	S/L	

Section C—Assets Placed in Service During 2020 Tax Year Using the Alternative Depreciation System

20a Class life					S/L	
b 12-year			12 yrs.		S/L	
c 30-year			30 yrs.	MM	S/L	
d 40-year			40 yrs.	MM	S/L	

Part IV Summary (See instructions.)

21	Listed property. Enter amount from line 28	21	
22	Total. Add amounts from line 12, lines 14 through 17, lines 19 and 20 in column (g), and line 21. Enter here and on the appropriate lines of your return. Partnerships and S corporations—see instructions	22	102,314.
23	For assets shown above and placed in service during the current year, enter the portion of the basis attributable to section 263A costs	23	

Department of the Treasury
Internal Revenue Service

▶ ERO must obtain and retain completed Form 8879-PE.

▶ Go to www.irs.gov/Form8879PE for the latest information.**2020**

For calendar year 2020, or tax year beginning , 2020, and ending , 20 .

Name of partnership

TEAM PASA LLC

Employer identification number

83-2468463

Part I Tax Return Information (Whole dollars only)

1	Gross receipts or sales less returns and allowances (Form 1065, line 1c)	1	302,387.
2	Gross profit (Form 1065, line 3)	2	302,387.
3	Ordinary business income (loss) (Form 1065, line 22)	3	-134,146.
4	Net rental real estate income (loss) (Form 1065, Schedule K, line 2)	4	
5	Other net rental income (loss) (Form 1065, Schedule K, line 3c)	5	

Part II Declaration and Signature Authorization of Partner or Member
(Be sure to get a copy of the partnership's return.)

Under penalties of perjury, I declare that I am a partner or member of the above partnership and that I have examined a copy of the partnership's 2020 electronic return of partnership income and accompanying schedules and statements and to the best of my knowledge and belief, it is true, correct, and complete. I further declare that the amounts in Part I above are the amounts shown on the copy of the partnership's electronic return of partnership income. I consent to allow my electronic return originator (ERO), transmitter, or intermediate service provider to send the partnership's return to the IRS and to receive from the IRS (a) an acknowledgement of receipt or reason for rejection of the transmission and (b) the reason for any delay in processing the return. I have selected a personal identification number (PIN) as my signature for the partnership's electronic return of partnership income.

Partner's or Member's PIN: check one box only

- ☐ I authorize _____ to enter my PIN

--	--	--	--	--

 as my signature
ERO firm name Don't enter all zeros
on the partnership's 2020 electronically filed return of partnership income.
- ☒ As a partner or member of the partnership, I will enter my PIN as my signature on the partnership's 2020 electronically filed return of partnership income.

Partner's or member's signature ▶ _____

Title ▶ LLC MEMBER

Date ▶ _____

Part III Certification and Authentication**ERO's EFIN/PIN.** Enter your six-digit EFIN followed by your five-digit self-selected PIN.

9	5	7	0	9	3	1	2	3	4	5
---	---	---	---	---	---	---	---	---	---	---

Don't enter all zeros

I certify that the above numeric entry is my PIN, which is my signature on the 2020 electronically filed return of partnership income for the partnership indicated above. I confirm that I am submitting this return in accordance with the requirements of **Pub. 3112**, IRS e-file Application and Participation, and **Pub. 4163**, Modernized e-File (MeF) Information for Authorized IRS e-file Providers for Business Returns.

ERO's signature ▶ _____

Date ▶ 02/05/2021

ERO Must Retain This Form — See Instructions
Don't Submit This Form to the IRS Unless Requested To Do So

QuickZoom to Other Copy _____

Page 1

Partnership Special Allocation Information

(See tax help for more detail)

Note: Special allocation codes for QBI items below will default to codes used for similar item classes for regular tax purposes. To change the default behavior, you may select a different option on the Partnership Information Worksheet. ▶ _____

- ☒ Copy special allocation codes for items that are specially allocated on Schedule K (default).
☐ Remove default special allocations and allocate items according to profit, loss, or ownership % (based on selection made on the Partnership Information Worksheet).
☐ Remove default special allocations and leave these items blank on K-1 Stmt A (manual entry).

Partnership's Name: TEAM PASA LLCPartnership's EIN: 83-24684631065, Line 22
☐ PTP
☐ Aggregated
☐ SSTB

☐ PTP
☐ Aggregated
☐ SSTB

☐ PTP
☐ Aggregated
☐ SSTB

Partner's share of:

QBI or qualified PTP items subject to shareholder-specific determinations:

Special Allocation	S A			
Ordinary business inc (loss) .	_____	<u>-134,146.</u>	_____	_____
Rental income (loss)	_____	_____	_____	_____
Royalty income (loss)	_____	_____	_____	_____
Section 1231 gain (loss) . . .	_____	_____	_____	_____
Other income (loss)	_____	_____	_____	_____
Section 179 deduction	_____	_____	_____	_____
Other deductions	_____	_____	_____	_____
W-2 wages	_____	<u>81,800.</u>	_____	_____
UBIA of qualified property . . .	_____	<u>1,558,340.</u>	_____	_____
<i>* See tax help for W2 wage or UBIA Special Allocations</i>				
Section 199A dividends	_____	_____		

Partnership's Name: _____		Partnership's EIN: _____	
	<input type="checkbox"/> PTP <input type="checkbox"/> Aggregated <input type="checkbox"/> SSTB	<input type="checkbox"/> PTP <input type="checkbox"/> Aggregated <input type="checkbox"/> SSTB	<input type="checkbox"/> PTP <input type="checkbox"/> Aggregated <input type="checkbox"/> SSTB
Partner's share of: QBI or qualified PTP items subject to shareholder-specific determinations:			
Special Allocation	S A		
Ordinary business inc (loss) .	_____	_____	_____
Rental income (loss)	_____	_____	_____
Royalty income (loss)	_____	_____	_____
Section 1231 gain (loss) . . .	_____	_____	_____
Other income (loss)	_____	_____	_____
Section 179 deduction	_____	_____	_____
Other deductions	_____	_____	_____
W-2 wages	_____	_____	_____
UBIA of qualified property . . .	_____	_____	_____
* See tax help for W2 wage or UBIA Special Allocations			
Section 199A dividends	_____	_____	

Partnership's name TEAM PASA LLC	Partnership's EIN 83-2468463		
Note: See 199A Summary for Special Allocation information QuickZoom to 199A Summary ▶ _____			
Aggregation Code: _____	Trade or Business: <u>1065, Line 22</u> EIN: <u>83-2468463</u>		
Is this activity a qualified trade/business? <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No Specified Service Trade or Business? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No			
QBI or qualified PTP items subject to partner-specific determinations:			
1 a Ordinary business income (loss) 1 a	-134,146.	<input type="checkbox"/>	-134,146.
b Adjustments b			
c Adjusted ordinary business income (loss) 1 c		<input checked="" type="checkbox"/>	-134,146.
2 a Rental income (loss) 2 a			
b Adjustments b			
c Adjusted rental income (loss) 2 c		<input checked="" type="checkbox"/>	
3 a Royalty income (loss) 3 a			
b Adjustments b			
c Adjusted royalty income (loss) 3 c		<input checked="" type="checkbox"/>	
4 a Section 1231 gain (loss) 4 a			
b Adjustments b			
c Adjusted section 1231 gain (loss) 4 c		<input checked="" type="checkbox"/>	
5 Other income (loss) 5			
6 a Section 179 deduction 6 a			
b Adjustments b			
c Adjusted section 179 deduction 6 c		<input checked="" type="checkbox"/>	
7 Other deductions 7			
8 a W-2 wages 8 a	81,800.		
b Adjustments b			
c Adjusted W-2 Wages 8 c		<input checked="" type="checkbox"/>	81,800.
9 a UBIA of qualified property 9 a	1,558,340.		
b Adjustments b			
c Adjusted UBIA of qualified property 9 c		<input checked="" type="checkbox"/>	1,558,340.

Section 179 Carryover Detail for this Activity

	Section 179 Regular Tax	Section 179 QBI
Tentative Section 179 deduction from current year assets		
Part I: Prior Year Carryovers		
by Year and Category		
A Before 2018		0 .
B 2018		0 .
C 2019	0 .	0 .
Total prior year carryovers to this year		

	Section 179 Regular Tax	Section 179 QBI
Part II: 179 Deduction Allowed		
by Year and Category		
Total 179 deduction allowed for this activity in current year		
A Amount allowed from 2020		
B Amount allowed from before 2018		
C Amount allowed from 2018		
D Amount allowed from 2019		

	Section 179 Regular Tax	Section 179 QBI
Part III: Total Carryforward to 2021		
by Year and Category		
A Carryforward from 2020		
B Carryforward from before 2018		
C Carryforward from 2018		0 .
D Carryforward from 2019	0 .	0 .
Total carryforward to next year	0 .	0 .

Additional information from your 2020 Federal Partnership Tax Return

Form 1065: Partnership Tax Return

Line 15

Itemization Statement

Description	Amount
2525 N PALM CANYON, LLC	20,625.
Total	20,625.

Form 1065: Partnership Tax Return

Line 20, Other Deductions

Continuation Statement

Description	Amount
ACCOUNTING	1,000.
ADVERTISING	3,644.
EQUIPMENT RENT	3,045.
JANITORIAL	1,084.
LEGAL AND PROFESSIONAL	360.
OFFICE EXPENSE	2,392.
PARKING FEES AND TOLLS	49,436.
SECURITY	419.
TELEPHONE	23,840.
UNIFORMS	400.
UTILITIES	29,951.
BOOKING.COM	13,206.
DESERT FIRE EXTINGUISHER	259.
DISPOSAL SERVICES	1,638.
DONATION & CHARITY	465.
DRAIN WORK PLUMBING	1,400.
EXPEDIA.COM	2,349.
FOOD SERVICES	2,852.
GRASSHOPPER VOICE MAIL	506.
GUARD PROPERTY INCURANCE	6,332.
GUEST CONCIERGE SERVICES	4,166.
LANDSCAPING	500.
MERCHANT FEES	14,996.
PALM SPRINGS AERIAL TRAMWAY	1,229.
PAYCHEX FEE	3,362.
PHOTOGRAPHY AND WEB SERVICES	300.
RICK'S RESTAURANT	11,640.
SHUTTLE EXPENSE	750.
SITEMINDER RESERVATION MGT SYSTEM	983.
SPECTRUM & WEB SERVICES	5,702.
WEBZERO	1,673.

Form 1065: Partnership Tax Return
Line 20, Other Deductions**Continuation Statement**

Description	Amount
WORKERS COMP	2,337.
Total	192,216.

Form 1065: Partnership Tax Return
Sch L, Line 19b(d)**Itemization Statement**

Description	Amount
2525 n palm canyon	1,650,000.
EIDL FUNDS FROM SBA	113,900.
Total	1,763,900.

SMART WORKSHEET FOR: Form 1065: Partnership Tax Return
Line 14d**Itemization Statement**

Description	Amount
TOURISM BUREAU DISTRICT TAX	2,446.
FIRE DEPARTMENT	302.
DEPT OF ENVIRONMENTAL HEALTH	406.
CITY OF PALM SPRINGS CONTY	1,010.
Total	4,164.

Form 1065 Department of the Treasury Internal Revenue Service	U.S. Return of Partnership Income For calendar year 2021, or tax year beginning _____, 2021, ending _____, 20_____. ► Go to www.irs.gov/Form1065 for instructions and the latest information.	OMB No. 1545-0123 <div style="font-size: 2em; font-weight: bold;">2021</div>															
A Principal business activity <small>REAL ESTATE HOLDINGS & INVESTMENTS</small> B Principal product or service <small>REAL ESTATE HOLDINGS & INVESTMENTS</small> C Business code number 531390	<div style="display: flex;"> <div style="writing-mode: vertical-rl; transform: rotate(180deg); font-weight: bold; margin-right: 5px;">Type or Print</div> <div> Name of partnership TEAM PASA LLC Number, street, and room or suite no. If a P.O. box, see instructions. 2525 N. PALM CANYON DR City or town, state or province, country, and ZIP or foreign postal code PALM SPRINGS CA 92262 </div> </div>	D Employer identification number 83-2468463 E Date business started 11/06/2018 F Total assets (see instructions) \$ 1,772,825.															
G Check applicable boxes: (1) <input type="checkbox"/> Initial return (2) <input type="checkbox"/> Final return (3) <input type="checkbox"/> Name change (4) <input type="checkbox"/> Address change (5) <input type="checkbox"/> Amended return H Check accounting method: (1) <input checked="" type="checkbox"/> Cash (2) <input type="checkbox"/> Accrual (3) <input type="checkbox"/> Other (specify) ► _____ I Number of Schedules K-1. Attach one for each person who was a partner at any time during the tax year ► 2 J Check if Schedules C and M-3 are attached ► <input type="checkbox"/> K Check if partnership: (1) <input type="checkbox"/> Aggregated activities for section 465 at-risk purposes (2) <input type="checkbox"/> Grouped activities for section 469 passive activity purposes Caution: Include only trade or business income and expenses on lines 1a through 22 below. See instructions for more information.																	
Income	1a Gross receipts or sales 1a 501,946. 1b Returns and allowances 1b _____ 1c Balance. Subtract line 1b from line 1a 1c 501,946. 2 Cost of goods sold (attach Form 1125-A) 2 _____ 3 Gross profit. Subtract line 2 from line 1c 3 501,946. 4 Ordinary income (loss) from other partnerships, estates, and trusts (attach statement) 4 _____ 5 Net farm profit (loss) (attach Schedule F (Form 1040)) 5 _____ 6 Net gain (loss) from Form 4797, Part II, line 17 (attach Form 4797) 6 _____ 7 Other income (loss) (attach statement) 7 TAXABLE GRANTS 15,000. 8 Total income (loss). Combine lines 3 through 7 8 516,946.																
Deductions (see instructions for limitations)	9 Salaries and wages (other than to partners) (less employment credits) 9 73,143. 10 Guaranteed payments to partners 10 _____ 11 Repairs and maintenance 11 19,463. 12 Bad debts 12 _____ 13 Rent 13 _____ 14 Taxes and licenses 14 55,628. 15 Interest (see instructions) 15 11,509. 16a Depreciation (if required, attach Form 4562) 16a 84,800. 16b Less depreciation reported on Form 1125-A and elsewhere on return 16b _____ 16c Total depreciation. Subtract line 16b from line 16a 16c 84,800. 17 Depletion (Do not deduct oil and gas depletion.) 17 _____ 18 Retirement plans, etc. 18 _____ 19 Employee benefit programs 19 _____ 20 Other deductions (attach statement) 20 See Stmt 244,999. 21 Total deductions. Add the amounts shown in the far right column for lines 9 through 20 21 489,542.																
	22 Ordinary business income (loss). Subtract line 21 from line 8 22 27,404.																
Tax and Payment	23 Interest due under the look-back method—completed long-term contracts (attach Form 8697) 23 _____ 24 Interest due under the look-back method—income forecast method (attach Form 8866) 24 _____ 25 BBA AAR imputed underpayment (see instructions) 25 _____ 26 Other taxes (see instructions) 26 _____ 27 Total balance due. Add lines 23 through 26 27 _____ 28 Payment (see instructions) 28 0. 29 Amount owed. If line 28 is smaller than line 27, enter amount owed 29 _____ 30 Overpayment. If line 28 is larger than line 27, enter overpayment 30 0.																
Sign Here	Under penalties of perjury, I declare that I have examined this return, including accompanying schedules and statements, and to the best of my knowledge and belief, it is true, correct, and complete. Declaration of preparer (other than partner or limited liability company member) is based on all information of which preparer has any knowledge. <div style="display: flex; justify-content: space-between;"> <div> Signature of partner or limited liability company member _____ </div> <div> Date _____ </div> </div> <div style="border: 1px solid black; padding: 5px; margin-top: 10px;"> May the IRS discuss this return with the preparer shown below? See instructions. <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No </div>																
Paid Preparer Use Only	<table border="1" style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 35%;">Print/Type preparer's name Raffi Asadourian</td> <td style="width: 30%;">Preparer's signature _____</td> <td style="width: 15%;">Date 09/06/2022</td> <td style="width: 10%;">Check <input checked="" type="checkbox"/> if self-employed</td> <td style="width: 10%;">PTIN P00156533</td> </tr> <tr> <td colspan="3">Firm's name ► DORIAN TAX & ACCT SERV</td> <td colspan="2">Firm's EIN ► 71-0884921</td> </tr> <tr> <td colspan="3">Firm's address ► 100 West Broadway Suite 720 Glendale, CA 91210</td> <td colspan="2">Phone no. (818) 956-2170</td> </tr> </table>		Print/Type preparer's name Raffi Asadourian	Preparer's signature _____	Date 09/06/2022	Check <input checked="" type="checkbox"/> if self-employed	PTIN P00156533	Firm's name ► DORIAN TAX & ACCT SERV			Firm's EIN ► 71-0884921		Firm's address ► 100 West Broadway Suite 720 Glendale, CA 91210			Phone no. (818) 956-2170	
Print/Type preparer's name Raffi Asadourian	Preparer's signature _____	Date 09/06/2022	Check <input checked="" type="checkbox"/> if self-employed	PTIN P00156533													
Firm's name ► DORIAN TAX & ACCT SERV			Firm's EIN ► 71-0884921														
Firm's address ► 100 West Broadway Suite 720 Glendale, CA 91210			Phone no. (818) 956-2170														

Schedule B Other Information

1 What type of entity is filing this return? Check the applicable box:	Yes	No
a <input type="checkbox"/> Domestic general partnership		
b <input type="checkbox"/> Domestic limited partnership		
c <input checked="" type="checkbox"/> Domestic limited liability company		
d <input type="checkbox"/> Domestic limited liability partnership		
e <input type="checkbox"/> Foreign partnership		
f <input type="checkbox"/> Other ►		
2 At the end of the tax year:		
a Did any foreign or domestic corporation, partnership (including any entity treated as a partnership), trust, or tax-exempt organization, or any foreign government own, directly or indirectly, an interest of 50% or more in the profit, loss, or capital of the partnership? For rules of constructive ownership, see instructions. If "Yes," attach Schedule B-1, Information on Partners Owning 50% or More of the Partnership		X
b Did any individual or estate own, directly or indirectly, an interest of 50% or more in the profit, loss, or capital of the partnership? For rules of constructive ownership, see instructions. If "Yes," attach Schedule B-1, Information on Partners Owning 50% or More of the Partnership		X
3 At the end of the tax year, did the partnership:		
a Own directly 20% or more, or own, directly or indirectly, 50% or more of the total voting power of all classes of stock entitled to vote of any foreign or domestic corporation? For rules of constructive ownership, see instructions. If "Yes," complete (i) through (iv) below		X
(i) Name of Corporation	(ii) Employer Identification Number (if any)	(iii) Country of Incorporation
b Own directly an interest of 20% or more, or own, directly or indirectly, an interest of 50% or more in the profit, loss, or capital in any foreign or domestic partnership (including an entity treated as a partnership) or in the beneficial interest of a trust? For rules of constructive ownership, see instructions. If "Yes," complete (i) through (v) below		X
(i) Name of Entity	(ii) Employer Identification Number (if any)	(iii) Type of Entity
4 Does the partnership satisfy all four of the following conditions?	Yes	No
a The partnership's total receipts for the tax year were less than \$250,000.		
b The partnership's total assets at the end of the tax year were less than \$1 million.		
c Schedules K-1 are filed with the return and furnished to the partners on or before the due date (including extensions) for the partnership return.		
d The partnership is not filing and is not required to file Schedule M-3 If "Yes," the partnership is not required to complete Schedules L, M-1, and M-2; item F on page 1 of Form 1065; or item L on Schedule K-1.	X	
5 Is this partnership a publicly traded partnership, as defined in section 469(k)(2)?		X
6 During the tax year, did the partnership have any debt that was canceled, was forgiven, or had the terms modified so as to reduce the principal amount of the debt?		X
7 Has this partnership filed, or is it required to file, Form 8918, Material Advisor Disclosure Statement, to provide information on any reportable transaction?		X
8 At any time during calendar year 2021, did the partnership have an interest in or a signature or other authority over a financial account in a foreign country (such as a bank account, securities account, or other financial account)? See instructions for exceptions and filing requirements for FinCEN Form 114, Report of Foreign Bank and Financial Accounts (FBAR). If "Yes," enter the name of the foreign country ►		X
9 At any time during the tax year, did the partnership receive a distribution from, or was it the grantor of, or transferor to, a foreign trust? If "Yes," the partnership may have to file Form 3520, Annual Return To Report Transactions With Foreign Trusts and Receipt of Certain Foreign Gifts. See instructions		X
10a Is the partnership making, or had it previously made (and not revoked), a section 754 election? See instructions for details regarding a section 754 election.		X
b Did the partnership make for this tax year an optional basis adjustment under section 743(b) or 734(b)? If "Yes," attach a statement showing the computation and allocation of the basis adjustment. See instructions		X

Schedule B Other Information (continued)

	Yes	No
c Is the partnership required to adjust the basis of partnership assets under section 743(b) or 734(b) because of a substantial built-in loss (as defined under section 743(d)) or substantial basis reduction (as defined under section 734(d))? If "Yes," attach a statement showing the computation and allocation of the basis adjustment. See instructions		x
11 Check this box if, during the current or prior tax year, the partnership distributed any property received in a like-kind exchange or contributed such property to another entity (other than disregarded entities wholly owned by the partnership throughout the tax year) <input type="checkbox"/>		
12 At any time during the tax year, did the partnership distribute to any partner a tenancy-in-common or other undivided interest in partnership property?		x
13 If the partnership is required to file Form 8858, Information Return of U.S. Persons With Respect To Foreign Disregarded Entities (FDEs) and Foreign Branches (FBs), enter the number of Forms 8858 attached. See instructions		
14 Does the partnership have any foreign partners? If "Yes," enter the number of Forms 8805, Foreign Partner's Information Statement of Section 1446 Withholding Tax, filed for this partnership		x
15 Enter the number of Forms 8865, Return of U.S. Persons With Respect to Certain Foreign Partnerships, attached to this return		
16a Did you make any payments in 2021 that would require you to file Form(s) 1099? See instructions		x
b If "Yes," did you or will you file required Form(s) 1099?		
17 Enter the number of Forms 5471, Information Return of U.S. Persons With Respect To Certain Foreign Corporations, attached to this return		
18 Enter the number of partners that are foreign governments under section 892		
19 During the partnership's tax year, did the partnership make any payments that would require it to file Forms 1042 and 1042-S under chapter 3 (sections 1441 through 1464) or chapter 4 (sections 1471 through 1474)?		x
20 Was the partnership a specified domestic entity required to file Form 8938 for the tax year? See the Instructions for Form 8938		x
21 Is the partnership a section 721(c) partnership, as defined in Regulations section 1.721(c)-1(b)(14)?		x
22 During the tax year, did the partnership pay or accrue any interest or royalty for which one or more partners are not allowed a deduction under section 267A? See instructions		x
If "Yes," enter the total amount of the disallowed deductions \$		
23 Did the partnership have an election under section 163(j) for any real property trade or business or any farming business in effect during the tax year? See instructions		x
24 Does the partnership satisfy one or more of the following? See instructions		x
a The partnership owns a pass-through entity with current, or prior year carryover, excess business interest expense.		
b The partnership's aggregate average annual gross receipts (determined under section 448(c)) for the 3 tax years preceding the current tax year are more than \$26 million and the partnership has business interest.		
c The partnership is a tax shelter (see instructions) and the partnership has business interest expense. If "Yes" to any, complete and attach Form 8990.		
25 Is the partnership attaching Form 8996 to certify as a Qualified Opportunity Fund?		x
If "Yes," enter the amount from Form 8996, line 15 \$		
26 Enter the number of foreign partners subject to section 864(c)(8) as a result of transferring all or a portion of an interest in the partnership or of receiving a distribution from the partnership		
Complete Schedule K-3 (Form 1065), Part XIII, for each foreign partner subject to section 864(c)(8) on a transfer or distribution.		
27 At any time during the tax year, were there any transfers between the partnership and its partners subject to the disclosure requirements of Regulations section 1.707-8?		x
28 Since December 22, 2017, did a foreign corporation directly or indirectly acquire substantially all of the properties constituting a trade or business of your partnership, and was the ownership percentage (by vote or value) for purposes of section 7874 greater than 50% (for example, the partners held more than 50% of the stock of the foreign corporation)? If "Yes," list the ownership percentage by vote and by value. See instructions.		
Percentage: By Vote By Value		x
29 Is the partnership electing out of the centralized partnership audit regime under section 6221(b)? See instructions. If "Yes," the partnership must complete Schedule B-2 (Form 1065). Enter the total from Schedule B-2, Part III, line 3		x
If "No," complete Designation of Partnership Representative below.		

Designation of Partnership Representative (see instructions)

Enter below the information for the partnership representative (PR) for the tax year covered by this return.

Name of PR **PAUL KURDIAN**

U.S. address of PR 3334 E COAST HWY # 371 Corona Del Mar CA 92625	U.S. phone number of PR (310) 291-1680
--	---

If the PR is an entity, name of the designated individual for the PR

U.S. address of designated individual	U.S. phone number of designated individual
---------------------------------------	--

Schedule K Partners' Distributive Share Items		Total amount	
Income (Loss)	1 Ordinary business income (loss) (page 1, line 22)	1	27,404.
	2 Net rental real estate income (loss) (attach Form 8825)	2	
	3a Other gross rental income (loss)	3a	
	b Expenses from other rental activities (attach statement)	3b	
	c Other net rental income (loss). Subtract line 3b from line 3a	3c	
	4 Guaranteed payments: a Services 4a b Capital 4b		
	c Total. Add lines 4a and 4b	4c	
	5 Interest income	5	
	6 Dividends and dividend equivalents: a Ordinary dividends 6a		
	b Qualified dividends 6b c Dividend equivalents 6c		
	7 Royalties	7	
8 Net short-term capital gain (loss) (attach Schedule D (Form 1065))	8		
9a Net long-term capital gain (loss) (attach Schedule D (Form 1065))	9a		
b Collectibles (28%) gain (loss)	9b		
c Unrecaptured section 1250 gain (attach statement)	9c		
10 Net section 1231 gain (loss) (attach Form 4797)	10		
11 Other income (loss) (see instructions) Type ▶	11		
Deductions	12 Section 179 deduction (attach Form 4562)	12	
	13a Contributions Cash contributions (60%)	13a	300.
	b Investment interest expense	13b	
	c Section 59(e)(2) expenditures: (1) Type ▶ (2) Amount ▶	13c(2)	
d Other deductions (see instructions) Type ▶	13d		
Self-Employment	14a Net earnings (loss) from self-employment	14a	27,404.
	b Gross farming or fishing income	14b	
	c Gross nonfarm income	14c	516,946.
Credits	15a Low-income housing credit (section 42(j)(5))	15a	
	b Low-income housing credit (other)	15b	
	c Qualified rehabilitation expenditures (rental real estate) (attach Form 3468, if applicable)	15c	
	d Other rental real estate credits (see instructions) Type ▶	15d	
	e Other rental credits (see instructions) Type ▶	15e	
	f Other credits (see instructions) Type ▶	15f	
International Transactions	16 Attach Schedule K-2 (Form 1065), Partners' Distributive Share Items-International, and check this box to indicate that you are reporting items of international tax relevance <input type="checkbox"/>		
Alternative Minimum Tax (AMT) items	17a Post-1986 depreciation adjustment	17a	6,904.
	b Adjusted gain or loss	17b	
	c Depletion (other than oil and gas)	17c	
	d Oil, gas, and geothermal properties—gross income	17d	
	e Oil, gas, and geothermal properties—deductions	17e	
	f Other AMT items (attach statement)	17f	
Other Information	18a Tax-exempt interest income	18a	
	b Other tax-exempt income	18b	
	c Nondeductible expenses	18c	
	19a Distributions of cash and marketable securities	19a	
	b Distributions of other property	19b	
	20a Investment income	20a	
	b Investment expenses	20b	
	c Other items and amounts (attach statement) See Stmt		
21 Total foreign taxes paid or accrued	21		

Analysis of Net Income (Loss)

1	Net income (loss). Combine Schedule K, lines 1 through 11. From the result, subtract the sum of Schedule K, lines 12 through 13d, and 21					1	27,104.
2	Analysis by partner type:	(i) Corporate	(ii) Individual (active)	(iii) Individual (passive)	(iv) Partnership	(v) Exempt Organization	(vi) Nominee/Other
a	General partners						
b	Limited partners		27,104.				

Schedule L Balance Sheets per Books

		Beginning of tax year		End of tax year	
Assets		(a)	(b)	(c)	(d)
1	Cash		25,863.		88,262.
2a	Trade notes and accounts receivable				
b	Less allowance for bad debts				
3	Inventories				
4	U.S. government obligations				
5	Tax-exempt securities				
6	Other current assets (attach statement)				
7a	Loans to partners (or persons related to partners)				
b	Mortgage and real estate loans				
8	Other investments (attach statement)				
9a	Buildings and other depreciable assets	1,558,340.		1,558,340.	
b	Less accumulated depreciation	118,082.	1,440,258.	230,777.	1,327,563.
10a	Depletable assets				
b	Less accumulated depletion				
11	Land (net of any amortization)		357,000.		357,000.
12a	Intangible assets (amortizable only)				
b	Less accumulated amortization				
13	Other assets (attach statement)				
14	Total assets		1,823,121.		1,772,825.
Liabilities and Capital					
15	Accounts payable		8,500.		
16	Mortgages, notes, bonds payable in less than 1 year				
17	Other current liabilities (attach statement)				
18	All nonrecourse loans				
19a	Loans from partners (or persons related to partners)				
b	Mortgages, notes, bonds payable in 1 year or more		1,763,900.		1,695,000.
20	Other liabilities (attach statement)				
21	Partners' capital accounts		50,721.		77,825.
22	Total liabilities and capital		1,823,121.		1,772,825.

Schedule M-1 Reconciliation of Income (Loss) per Books With Income (Loss) per Return**Note:** The partnership may be required to file Schedule M-3. See instructions.

1	Net income (loss) per books	27,104.	6	Income recorded on books this year not included on Schedule K, lines 1 through 11 (itemize):	
2	Income included on Schedule K, lines 1, 2, 3c, 5, 6a, 7, 8, 9a, 10, and 11, not recorded on books this year (itemize):		a	Tax-exempt interest \$	
3	Guaranteed payments (other than health insurance)		7	Deductions included on Schedule K, lines 1 through 13d, and 21, not charged against book income this year (itemize):	
4	Expenses recorded on books this year not included on Schedule K, lines 1 through 13d, and 21 (itemize):		a	Depreciation \$	
a	Depreciation \$		8	Add lines 6 and 7	
b	Travel and entertainment \$		9	Income (loss) (Analysis of Net Income (Loss), line 1). Subtract line 8 from line 5	27,104.
5	Add lines 1 through 4	27,104.			

Schedule M-2 Analysis of Partners' Capital Accounts

1	Balance at beginning of year	50,721.	6	Distributions: a Cash	
2	Capital contributed: a Cash		b Property		
	b Property		7	Other decreases (itemize):	
3	Net income (loss) (see instructions)	27,104.	8	Add lines 6 and 7	
4	Other increases (itemize):		9	Balance at end of year. Subtract line 8 from line 5	77,825.
5	Add lines 1 through 4	77,825.			

**Schedule K-1
(Form 1065)**

Department of the Treasury
Internal Revenue Service

2021

For calendar year 2021, or tax year

beginning / / 2021 ending / /

Partner's Share of Income, Deductions, Credits, etc.

▶ See back of form and separate instructions.

Part I Information About the Partnership

A Partnership's employer identification number
83-2468463

B Partnership's name, address, city, state, and ZIP code
TEAM PASA LLC
2525 N. PALM CANYON DR
PALM SPRINGS, CA 92262

C IRS center where partnership filed return ▶ OGDEN, UT

D ☐ Check if this is a publicly traded partnership (PTP)

Part II Information About the Partner

E Partner's SSN or TIN (Do not use TIN of a disregarded entity. See instructions.)
571-71-6877

F Name, address, city, state, and ZIP code for partner entered in E. See instructions.
PAUL KURDIAN
3334 E COAST HWY # 371
CORONA DEL MAR CA 92625

G ☒ General partner or LLC member-manager ☐ Limited partner or other LLC member

H1 ☒ Domestic partner ☐ Foreign partner

H2 ☐ If the partner is a disregarded entity (DE), enter the partner's:

TIN Name

I1 What type of entity is this partner? INDIVIDUAL

I2 If this partner is a retirement plan (IRA/SEP/Keogh/etc.), check here ▶ ☐

J Partner's share of profit, loss, and capital (see instructions):

Beginning Ending

Profit	50.00000 %	50.00000 %
Loss	50.00000 %	50.00000 %
Capital	50.00000 %	50.00000 %

Check if decrease is due to sale or exchange of partnership interest ▶ ☐

K Partner's share of liabilities:

Beginning Ending

Nonrecourse	\$	\$
Qualified nonrecourse financing	\$ 881,950.	\$ 847,500.
Recourse	\$ 4,250.	\$

Check this box if Item K includes liability amounts from lower tier partnerships ▶ ☐

L Partner's Capital Account Analysis

Beginning capital account	\$ 25,361.
Capital contributed during the year	\$
Current year net income (loss)	\$ 13,552.
Other increase (decrease) (attach explanation)	\$
Withdrawals and distributions	\$ ()
Ending capital account	\$ 38,913.

M Did the partner contribute property with a built-in gain (loss)?
☐ Yes ☒ No If "Yes," attach statement. See instructions.

N Partner's Share of Net Unrecognized Section 704(c) Gain or (Loss)

Beginning	\$
Ending	\$

☐ Final K-1

☐ Amended K-1

651121
OMB No. 1545-0123

Part III Partner's Share of Current Year Income, Deductions, Credits, and Other Items

1	Ordinary business income (loss) 13,702.	14	Self-employment earnings (loss) A 13,702.
2	Net rental real estate income (loss)	C	258,473.
3	Other net rental income (loss)	15	Credits
4a	Guaranteed payments for services		
4b	Guaranteed payments for capital	16	Schedule K-3 is attached if checked <input type="checkbox"/>
4c	Total guaranteed payments	17	Alternative minimum tax (AMT) items A 3,452.
5	Interest income		
6a	Ordinary dividends		
6b	Qualified dividends	18	Tax-exempt income and nondeductible expenses
6c	Dividend equivalents		
7	Royalties		
8	Net short-term capital gain (loss)	19	Distributions
9a	Net long-term capital gain (loss)		
9b	Collectibles (28%) gain (loss)	20	Other information
9c	Unrecaptured section 1250 gain	N * STMT	5,754.
10	Net section 1231 gain (loss)	Z * STMT	
11	Other income (loss)		
12	Section 179 deduction	21	Foreign taxes paid or accrued
13	Other deductions A 150.		

22 ☐ More than one activity for at-risk purposes*

23 ☐ More than one activity for passive activity purposes*

*See attached statement for additional information.

For IRS Use Only

Additional information from your Schedule K-1: Partner's Share of Income, Deductions, Credits, etc. (PAUL KURDIAN)

Schedule K-1: Partner's Share of Income, Deductions, Credits, etc. (PAUL KURDIAN)

Supplemental InformationContinuation Statement

Description	Amount
Box 20, Code N:	
Business interest expense detail	
-Included in ord business income (line 1)	5,754.
-Included in rental income (line 2)	

Statement A—QBI Pass-through Entity Reporting

Partnership's name: TEAM PASA LLC		Partnership's EIN: 83-2468463	
Partner's name: PAUL KURDIAN		Partner's identifying no: 571-71-6877	
Partner's share of:		1065, Line 22	
		<input type="checkbox"/> PTP	<input type="checkbox"/> PTP
		<input type="checkbox"/> Aggregated	<input type="checkbox"/> Aggregated
		<input type="checkbox"/> SSTB	<input type="checkbox"/> SSTB
QBI or qualified PTP items subject to partner-specific determinations:			
	Ordinary business income (loss)	13,702.	
	Rental income (loss)		
	Royalty income (loss)		
	Section 1231 gain (loss)		
	Other income (loss)		
	Section 179 deduction		
	Other deductions		
W-2 wages		36,571.	
UBIA of qualified property		787,190.	
Section 199A dividends			

Statement A—QBI Pass-through Entity Reporting

Partnership's name:		Partnership's EIN:	
Partner's name:		Partner's identifying no:	
Partner's share of:			
		<input type="checkbox"/> PTP	<input type="checkbox"/> PTP
		<input type="checkbox"/> Aggregated	<input type="checkbox"/> Aggregated
		<input type="checkbox"/> SSTB	<input type="checkbox"/> SSTB
QBI or qualified PTP items subject to partner-specific determinations:			
	Ordinary business income (loss)		
	Rental income (loss)		
	Royalty income (loss)		
	Section 1231 gain (loss)		
	Other income (loss)		
	Section 179 deduction		
	Other deductions		
W-2 wages			
UBIA of qualified property			
Section 199A dividends			

Schedule K-1
(Form 1065)

Department of the Treasury
Internal Revenue Service

2021

For calendar year 2021, or tax year

beginning / / 2021 ending / /

Partner's Share of Income, Deductions,
Credits, etc.

See back of form and separate instructions.

Part I Information About the Partnership

A Partnership's employer identification number
83-2468463

B Partnership's name, address, city, state, and ZIP code
TEAM PASA LLC
2525 N. PALM CANYON DR
PALM SPRINGS, CA 92262

C IRS center where partnership filed return OGDEN, UT

D Check if this is a publicly traded partnership (PTP)

Part II Information About the Partner

E Partner's SSN or TIN (Do not use TIN of a disregarded entity. See instructions.)
546-13-1978

F Name, address, city, state, and ZIP code for partner entered in E. See instructions.
SAMANTHA MCDERMOTT
3334 E COAST HWY # 371
CORONA DEL MAR CA 92625

G General partner or LLC member-manager Limited partner or other LLC member

H1 Domestic partner Foreign partner

H2 If the partner is a disregarded entity (DE), enter the partner's:

TIN Name

I1 What type of entity is this partner? INDIVIDUAL

I2 If this partner is a retirement plan (IRA/SEP/Keogh/etc.), check here

J Partner's share of profit, loss, and capital (see instructions):

Beginning Ending

Profit	50.00000 %	50.00000 %
Loss	50.00000 %	50.00000 %
Capital	50.00000 %	50.00000 %

Check if decrease is due to sale or exchange of partnership interest

K Partner's share of liabilities:

Beginning Ending

Nonrecourse	\$	\$
Qualified nonrecourse financing	881,950.	847,500.
Recourse	4,250.	\$

Check this box if Item K includes liability amounts from lower tier partnerships

L Partner's Capital Account Analysis

Beginning capital account	\$	25,360.
Capital contributed during the year	\$	
Current year net income (loss)	\$	13,552.
Other increase (decrease) (attach explanation)	\$	
Withdrawals and distributions	\$	()
Ending capital account	\$	38,912.

M Did the partner contribute property with a built-in gain (loss)?
Yes No If "Yes," attach statement. See instructions.

N Partner's Share of Net Unrecognized Section 704(c) Gain or (Loss)

Beginning	\$
Ending	\$

Final K-1

Amended K-1

651121

OMB No. 1545-0123

Part III Partner's Share of Current Year Income,
Deductions, Credits, and Other Items

1	Ordinary business income (loss)	14	Self-employment earnings (loss)
	13,702.	A	13,702.
2	Net rental real estate income (loss)	C	258,473.
3	Other net rental income (loss)	15	Credits
4a	Guaranteed payments for services		
4b	Guaranteed payments for capital	16	Schedule K-3 is attached if checked
4c	Total guaranteed payments	17	Alternative minimum tax (AMT) items
5	Interest income	A	3,452.
6a	Ordinary dividends		
6b	Qualified dividends	18	Tax-exempt income and nondeductible expenses
6c	Dividend equivalents		
7	Royalties		
8	Net short-term capital gain (loss)		
9a	Net long-term capital gain (loss)	19	Distributions
9b	Collectibles (28%) gain (loss)		
9c	Unrecaptured section 1250 gain	20	Other information
10	Net section 1231 gain (loss)	N * STMT	5,755.
11	Other income (loss)	Z * STMT	
12	Section 179 deduction	21	Foreign taxes paid or accrued
13	Other deductions		
A	150.		

22 More than one activity for at-risk purposes*

23 More than one activity for passive activity purposes*

*See attached statement for additional information.

For IRS Use Only

Additional information from your Schedule K-1: Partner's Share of Income, Deductions, Credits, etc. (SAMANTHA MCDERMOTT)

Schedule K-1: Partner's Share of Income, Deductions, Credits, etc. (SAMANTHA MCDERMOTT)

Supplemental InformationContinuation Statement

Description	Amount
Box 20, Code N:	
Business interest expense detail	
-Included in ord business income (line 1)	5,755.
-Included in rental income (line 2)	

Statement A—QBI Pass-through Entity Reporting

Partnership's name: TEAM PASA LLC		Partnership's EIN: 83-2468463	
Partner's name: SAMANTHA MCDERMOTT		Partner's identifying no: 546-13-1978	
Partner's share of:		1065, Line 22	
		<input type="checkbox"/> PTP	<input type="checkbox"/> PTP
		<input type="checkbox"/> Aggregated	<input type="checkbox"/> Aggregated
		<input type="checkbox"/> SSTB	<input type="checkbox"/> SSTB
QBI or qualified PTP items subject to partner-specific determinations:			
	Ordinary business income (loss)	13,702.	
	Rental income (loss)		
	Royalty income (loss)		
	Section 1231 gain (loss)		
	Other income (loss)		
	Section 179 deduction		
	Other deductions		
W-2 wages		36,572.	
UBIA of qualified property		787,191.	
Section 199A dividends			

Statement A—QBI Pass-through Entity Reporting

Partnership's name:		Partnership's EIN:	
Partner's name:		Partner's identifying no:	
Partner's share of:			
		<input type="checkbox"/> PTP	<input type="checkbox"/> PTP
		<input type="checkbox"/> Aggregated	<input type="checkbox"/> Aggregated
		<input type="checkbox"/> SSTB	<input type="checkbox"/> SSTB
QBI or qualified PTP items subject to partner-specific determinations:			
	Ordinary business income (loss)		
	Rental income (loss)		
	Royalty income (loss)		
	Section 1231 gain (loss)		
	Other income (loss)		
	Section 179 deduction		
	Other deductions		
W-2 wages			
UBIA of qualified property			
Section 199A dividends			

Depreciation and Amortization
(Including Information on Listed Property)

▶ Attach to your tax return.

▶ Go to www.irs.gov/Form4562 for instructions and the latest information.

OMB No. 1545-0172

2021Attachment
Sequence No. **179**

Name(s) shown on return

TEAM PASA LLC

Business or activity to which this form relates

Form 1065 REAL ESTATE HOLDINGS & INVESTMENTS

Identifying number

83-2468463

Part I Election To Expense Certain Property Under Section 179**Note:** If you have any listed property, complete Part V before you complete Part I.

1	Maximum amount (see instructions)	1	1,050,000.
2	Total cost of section 179 property placed in service (see instructions)	2	
3	Threshold cost of section 179 property before reduction in limitation (see instructions)	3	2,620,000.
4	Reduction in limitation. Subtract line 3 from line 2. If zero or less, enter -0-	4	
5	Dollar limitation for tax year. Subtract line 4 from line 1. If zero or less, enter -0-. If married filing separately, see instructions	5	
6	(a) Description of property	(b) Cost (business use only)	(c) Elected cost
7	Listed property. Enter the amount from line 29	7	
8	Total elected cost of section 179 property. Add amounts in column (c), lines 6 and 7	8	
9	Tentative deduction. Enter the smaller of line 5 or line 8	9	
10	Carryover of disallowed deduction from line 13 of your 2020 Form 4562	10	
11	Business income limitation. Enter the smaller of business income (not less than zero) or line 5. See instructions	11	
12	Section 179 expense deduction. Add lines 9 and 10, but don't enter more than line 11	12	
13	Carryover of disallowed deduction to 2022. Add lines 9 and 10, less line 12 ▶	13	

Note: Don't use Part II or Part III below for listed property. Instead, use Part V.**Part II Special Depreciation Allowance and Other Depreciation (Don't include listed property. See instructions.)**

14	Special depreciation allowance for qualified property (other than listed property) placed in service during the tax year. See instructions	14	
15	Property subject to section 168(f)(1) election	15	
16	Other depreciation (including ACRS)	16	

Part III MACRS Depreciation (Don't include listed property. See instructions.)**Section A**

17	MACRS deductions for assets placed in service in tax years beginning before 2021	17	82,508.
18	If you are electing to group any assets placed in service during the tax year into one or more general asset accounts, check here <input type="checkbox"/>		

Section B—Assets Placed in Service During 2021 Tax Year Using the General Depreciation System

(a) Classification of property	(b) Month and year placed in service	(c) Basis for depreciation (business/investment use only—see instructions)	(d) Recovery period	(e) Convention	(f) Method	(g) Depreciation deduction
19a 3-year property						
b 5-year property						
c 7-year property		16,041.	7.0 yrs	HY	200 DB	2,292.
d 10-year property						
e 15-year property						
f 20-year property						
g 25-year property			25 yrs.		S/L	
h Residential rental property			27.5 yrs.	MM	S/L	
i Nonresidential real property			27.5 yrs.	MM	S/L	
			39 yrs.	MM	S/L	
				MM	S/L	

Section C—Assets Placed in Service During 2021 Tax Year Using the Alternative Depreciation System

20a Class life					S/L	
b 12-year			12 yrs.		S/L	
c 30-year			30 yrs.	MM	S/L	
d 40-year			40 yrs.	MM	S/L	

Part IV Summary (See instructions.)

21	Listed property. Enter amount from line 28	21	
22	Total. Add amounts from line 12, lines 14 through 17, lines 19 and 20 in column (g), and line 21. Enter here and on the appropriate lines of your return. Partnerships and S corporations—see instructions	22	84,800.
23	For assets shown above and placed in service during the current year, enter the portion of the basis attributable to section 263A costs	23	

QuickZoom to Other Copy _____

Page 1

Partnership Special Allocation Information

(See tax help for more detail)

Note: Special allocation codes for QBI items below will default to codes used for similar item classes for regular tax purposes. To change the default behavior, you may select a different option on the Partnership Information Worksheet. ▶ _____

- ☒ Copy special allocation codes for items that are specially allocated on Schedule K (default).
☐ Remove default special allocations and allocate items according to profit, loss, or ownership % (based on selection made on the Partnership Information Worksheet).
☐ Remove default special allocations and leave these items blank on K-1 Stmt A (manual entry).

Partnership's Name: TEAM PASA LLCPartnership's EIN: 83-24684631065, Line 22
☐ PTP
☐ Aggregated
☐ SSTB

☐ PTP
☐ Aggregated
☐ SSTB

☐ PTP
☐ Aggregated
☐ SSTB

Partner's share of:

QBI or qualified PTP items subject to shareholder-specific determinations:

Special Allocation	S A			
Ordinary business inc (loss) .	_____	<u>27,404.</u>	_____	_____
Rental income (loss)	_____	_____	_____	_____
Royalty income (loss)	_____	_____	_____	_____
Section 1231 gain (loss) . . .	_____	_____	_____	_____
Other income (loss)	_____	_____	_____	_____
Section 179 deduction	_____	_____	_____	_____
Other deductions	_____	_____	_____	_____
W-2 wages	_____	<u>73,143.</u>	_____	_____
UBIA of qualified property . . .	_____	<u>1,574,381.</u>	_____	_____
<i>* See tax help for W2 wage or UBIA Special Allocations</i>				
Section 199A dividends	_____	_____		

Partnership's Name: _____		Partnership's EIN: _____	
	<input type="checkbox"/> PTP <input type="checkbox"/> Aggregated <input type="checkbox"/> SSTB	<input type="checkbox"/> PTP <input type="checkbox"/> Aggregated <input type="checkbox"/> SSTB	<input type="checkbox"/> PTP <input type="checkbox"/> Aggregated <input type="checkbox"/> SSTB
Partner's share of: QBI or qualified PTP items subject to shareholder-specific determinations:			
Special Allocation	S A		
Ordinary business inc (loss) .	_____	_____	_____
Rental income (loss)	_____	_____	_____
Royalty income (loss)	_____	_____	_____
Section 1231 gain (loss) . . .	_____	_____	_____
Other income (loss)	_____	_____	_____
Section 179 deduction	_____	_____	_____
Other deductions	_____	_____	_____
W-2 wages	_____	_____	_____
UBIA of qualified property . . .	_____	_____	_____
<i>* See tax help for W2 wage or UBIA Special Allocations</i>			
Section 199A dividends	_____	_____	

Additional information from your 2021 Federal Partnership Tax Return

Form 1065: Partnership Tax Return

Line 11

Itemization Statement

Description	Amount
SAM R MAINTANCE	19,463.
Total	19,463.

Form 1065: Partnership Tax Return

Line 15

Itemization Statement

Description	Amount
2525 N PALM CANYON, LLC	
CITI CARD	5,332.
BUSINESS DEVELOPMENT	1,075.
AMEX AND CREDIT CARDS	5,102.
Total	11,509.

Form 1065: Partnership Tax Return

Line 20, Other Deductions

Continuation Statement

Description	Amount
ACCOUNTING	1,000.
ADVERTISING	4,191.
BANK CHARGES	16.
CLEANING	1,565.
EQUIPMENT RENT	4,850.
JANITORIAL	1,382.
LAUNDRY AND CLEANING	28,807.
OUTSIDE SERVICES	22,918.
POSTAGE	1,877.
SECURITY	420.
SUPPLIES	12,013.
TOOLS	143.
UNIFORMS	457.
UTILITIES	33,096.
BEDDING/SHEET/TOWEL INVENTORY	3,626.
BOOKING.COM	18,033.
DESERT FIRE EXTINGUISHER	144.
DISPOSAL SERVICES	1,672.
DONATION & CHARITY	300.
DRAIN WORK PLUMBING	800.
ELADIO HERNANDEZ	2,520.
ELOY ROSARIO POOL SERVICE	2,998.
EXPEDIA.COM	1,148.

Form 1065: Partnership Tax Return
Line 20, Other Deductions

Continuation Statement

Description	Amount
FOOD SERVICES	6,007.
GRASSHOPPER VOICE MAIL	574.
GUARD PROPERTY INCURANCE	8,234.
GUEST CONCIERGE SERVICES	3,584.
LANDSCAPING	617.
MERCHANT FEES	6,386.
OFFSITE STORAGE	3,470.
PAYCHEX FEE	3,738.
PHOTOGRAPHY AND WEB SERVICES	1,200.
RICK'S RESTAURANT	11,292.
SECRETARY OF STATE	30.
SHUTTLE EXPENSE	899.
SITEMINDER RESERVATION MGT SYSTEM	2,965.
SPECTRUM & WEB SERVICES	4,012.
TBID TOURISM BEAUREU	3,430.
TOT TRANSIT+ OCCUPANCY	39,619.
WEBZERO	1,855.
WORKERS COMP	3,111.
Total	244,999.

Form 1065: Partnership Tax Return
Sch K, Line 20c, Other Items and Amounts

Continuation Statement

Code	Description	Amount
N	BUSINESS INTEREST EXPENSE	11,509.
	** SEC 199A INFO: SEE STMT A	
	Total	11,509.

Form 1065: Partnership Tax Return
Sch L, Line 19b(d)

Itemization Statement

Description	Amount
2525 n palm canyon	1,650,000.
eidl funds sba loan	15,000.
ampac tristate	30,000.
Total	1,695,000.

SMART WORKSHEET FOR: Form 1065: Partnership Tax Return
Line 14d

Itemization Statement

Description	Amount
CA HOTEL LODGING & ASSOC.	395.
DEPT OF ENVIRONMENTAL HEALTH	406.
FIRE DEPARTMENT	302.

SMART WORKSHEET FOR: Form 1065: Partnership Tax Return**Line 14d****Itemization Statement**

Description	Amount
GREATER PALM SPRINGS CONVENTION	1,090.
PALM SPRINGS CHAMBER OF COMMERCE	445.
Total	2,638.

SMART WORKSHEET FOR: Form 1065: Partnership Tax Return**Line 14e****Itemization Statement**

Description	Amount
CITY LICENSE	115.
ABC LICENSE	7,454.
Total	7,569.

E-file Authorization for Form 1065

OMB No. 1545-0123

(For return of partnership income or administrative adjustment request)

ERO must obtain and retain completed Form 8879-PE.
Go to www.irs.gov/Form8879PE for the latest information.**2022**Department of the Treasury
Internal Revenue Service

For calendar year 2022, or tax year beginning

, 2022, and ending

, 20

Name of partnership

TEAM PASA LLC

Employer identification number

83-2468463

Part I Form 1065 Information (Whole dollars only)

1	Gross receipts or sales less returns and allowances (Form 1065, line 1c)	1	752,103.
2	Gross profit (Form 1065, line 3)	2	752,103.
3	Ordinary business income (loss) (Form 1065, line 22)	3	145,115.
4	Net rental real estate income (loss) (Form 1065, Schedule K, line 2)	4	
5	Other net rental income (loss) (Form 1065, Schedule K, line 3c)	5	

Part II Declaration and Signature Authorization of Partner or Member or Partnership Representative

I declare under penalties of perjury that:

- 1a. If the Form 1065 is being transmitted as part of a return of partnership income, I am a partner or member of the named partnership.
- b. If the Form 1065 is being transmitted as part of an administrative adjustment request (AAR), I am the partnership representative (PR) of the named partnership.
2. I have examined a copy of the partnership's electronic Form 1065 (whether used as return or AAR) and accompanying forms, schedules, and statements, and to the best of my knowledge and belief, it/they is/are true, correct, and complete.
3. I am fully authorized to sign the return or AAR on behalf of the partnership.
4. The amounts shown in Part I above are the amounts shown on the electronic copy of the partnership's Form 1065.
5. I consent to allow my electronic return originator (ERO), transmitter, or intermediate service provider to transmit the partnership's return or AAR to the IRS and to receive from the IRS (a) an acknowledgment of receipt or reason for rejection of the transmission and (b) the reason for any delay in processing the return or AAR.
6. I have selected a personal identification number (PIN) as my signature for the partnership's electronic return of partnership income or AAR.

Partner or Member or PR PIN: check one box only

- ☐ I authorize _____ to enter my PIN _____ as my signature
ERO firm name
on the partnership's 2022 electronically filed return of partnership income or AAR.
- ☒ As a Partner or Member or PR of the partnership, I will enter my PIN as my signature on the partnership's 2022 electronically filed return of partnership income or AAR.

Partner or Member or PR signature: _____

Title: LLC MEMBER

Date: _____

Part III Certification and Authentication**ERO's EFIN/PIN.** Enter your six-digit EFIN followed by your five-digit self-selected PIN.

9 5 7 0 9 3 1 2 3 4 5

Don't enter all zeros

I certify that the above numeric entry is my PIN, which is my signature on the 2022 electronically filed return of partnership income or AAR for the partnership indicated above. I confirm that I am submitting this return or AAR in accordance with the requirements of **Pub. 3112**, IRS e-file Application and Participation, and **Pub. 4163**, Modernized e-File (MeF) Information for Authorized IRS e-file Providers for Business Returns.

ERO's signature: _____ Date: 07/10/2023

ERO Must Retain This Form — See Instructions
Don't Submit This Form to the IRS Unless Requested To Do So

For Paperwork Reduction Act Notice, see instructions.

BAA

Form **8879-PE** (2022)

Department of the Treasury
Internal Revenue Service**U.S. Return of Partnership Income**

OMB No. 1545-0123

For calendar year 2022, or tax year beginning _____, 2022, ending _____, 20_____.

Go to **www.irs.gov/Form1065** for instructions and the latest information.**2022**

A Principal business activity <small>REAL ESTATE HOLDINGS & INVESTMENTS</small>	Type or Print	Name of partnership TEAM PASA LLC	D Employer identification number 83-2468463
B Principal product or service <small>REAL ESTATE HOLDINGS & INVESTMENTS</small>		Number, street, and room or suite no. If a P.O. box, see instructions. 2525 N. PALM CANYON DR	E Date business started 11/06/2018
C Business code number 531390		City or town, state or province, country, and ZIP or foreign postal code PALM SPRINGS CA 92262	F Total assets (see instructions) \$ 1,727,947.

G Check applicable boxes: (1) ☐ Initial return (2) ☐ Final return (3) ☐ Name change (4) ☐ Address change (5) ☐ Amended return

H Check accounting method: (1) ☒ Cash (2) ☐ Accrual (3) ☐ Other (specify): _____

I Number of Schedules K-1. Attach one for each person who was a partner at any time during the tax year: _____ **2**

J Check if Schedules C and M-3 are attached _____ ☐

K Check if partnership: (1) ☐ Aggregated activities for section 465 at-risk purposes (2) ☐ Grouped activities for section 469 passive activity purposes

Caution: Include **only** trade or business income and expenses on lines 1a through 22 below. See instructions for more information.

Income	1a Gross receipts or sales	1a	752,103.		
	b Returns and allowances	1b			
	c Balance. Subtract line 1b from line 1a			1c	752,103.
	2 Cost of goods sold (attach Form 1125-A)			2	
	3 Gross profit. Subtract line 2 from line 1c			3	752,103.
	4 Ordinary income (loss) from other partnerships, estates, and trusts (attach statement)			4	
	5 Net farm profit (loss) (attach Schedule F (Form 1040))			5	
	6 Net gain (loss) from Form 4797, Part II, line 17 (attach Form 4797)			6	
7 Other income (loss) (attach statement)			7		
8 Total income (loss). Combine lines 3 through 7			8	752,103.	
Deductions (see instructions for limitations)	9 Salaries and wages (other than to partners) (less employment credits)			9	64,541.
	10 Guaranteed payments to partners			10	
	11 Repairs and maintenance			11	
	12 Bad debts			12	
	13 Rent			13	
	14 Taxes and licenses			14	124,620.
	15 Interest (see instructions)			15	1,644.
	16a Depreciation (if required, attach Form 4562)	16a	70,897.		
	b Less depreciation reported on Form 1125-A and elsewhere on return	16b		16c	70,897.
	17 Depletion (Do not deduct oil and gas depletion.)			17	
	18 Retirement plans, etc.			18	
19 Employee benefit programs			19		
20 Other deductions (attach statement) <i>See Stmt.</i>			20	345,286.	
21 Total deductions. Add the amounts shown in the far right column for lines 9 through 20			21	606,988.	
22 Ordinary business income (loss). Subtract line 21 from line 8			22	145,115.	
Tax and Payment	23 Interest due under the look-back method—completed long-term contracts (attach Form 8697)			23	
	24 Interest due under the look-back method—income forecast method (attach Form 8866)			24	
	25 BBA AAR imputed underpayment (see instructions)			25	
	26 Other taxes (see instructions)			26	
	27 Total balance due. Add lines 23 through 26			27	
	28 Payment (see instructions)			28	
	29 Amount owed. If line 28 is smaller than line 27, enter amount owed			29	
	30 Overpayment. If line 28 is larger than line 27, enter overpayment			30	0.

Sign Here

Under penalties of perjury, I declare that I have examined this return, including accompanying schedules and statements, and to the best of my knowledge and belief, it is true, correct, and complete. Declaration of preparer (other than partner or limited liability company member) is based on all information of which preparer has any knowledge.

Signature of partner or limited liability company member _____

Date _____

May the IRS discuss this return with the preparer shown below?
See instructions. ☐ Yes ☐ No**Paid Preparer Use Only**

Print/Type preparer's name

Raffi Asadourian

Preparer's signature

Date

07/10/2023

Check ☒ if self-employed

PTIN

P00156533

Firm's name DORIAN TAX & ACCT SERV

Firm's EIN 71-0884921

Firm's address 100 West Broadway Suite 720 Glendale, CA 91210

Phone no. (818) 956-2170

Schedule B Other Information

1 What type of entity is filing this return? Check the applicable box:	Yes	No
a <input type="checkbox"/> Domestic general partnership		
b <input type="checkbox"/> Domestic limited partnership		
c <input checked="" type="checkbox"/> Domestic limited liability company		
d <input type="checkbox"/> Domestic limited liability partnership		
e <input type="checkbox"/> Foreign partnership		
f <input type="checkbox"/> Other: _____		
2 At the end of the tax year:		
a Did any foreign or domestic corporation, partnership (including any entity treated as a partnership), trust, or tax-exempt organization, or any foreign government own, directly or indirectly, an interest of 50% or more in the profit, loss, or capital of the partnership? For rules of constructive ownership, see instructions. If "Yes," attach Schedule B-1, Information on Partners Owning 50% or More of the Partnership		X
b Did any individual or estate own, directly or indirectly, an interest of 50% or more in the profit, loss, or capital of the partnership? For rules of constructive ownership, see instructions. If "Yes," attach Schedule B-1, Information on Partners Owning 50% or More of the Partnership		X
3 At the end of the tax year, did the partnership:		
a Own directly 20% or more, or own, directly or indirectly, 50% or more of the total voting power of all classes of stock entitled to vote of any foreign or domestic corporation? For rules of constructive ownership, see instructions. If "Yes," complete (i) through (iv) below		X
(i) Name of Corporation	(ii) Employer Identification Number (if any)	(iii) Country of Incorporation
b Own directly an interest of 20% or more, or own, directly or indirectly, an interest of 50% or more in the profit, loss, or capital in any foreign or domestic partnership (including an entity treated as a partnership) or in the beneficial interest of a trust? For rules of constructive ownership, see instructions. If "Yes," complete (i) through (v) below		X
(i) Name of Entity	(ii) Employer Identification Number (if any)	(iii) Type of Entity
(iv) Country of Organization	(v) Maximum Percentage Owned in Profit, Loss, or Capital	
4 Does the partnership satisfy all four of the following conditions?	Yes	No
a The partnership's total receipts for the tax year were less than \$250,000.		
b The partnership's total assets at the end of the tax year were less than \$1 million.		
c Schedules K-1 are filed with the return and furnished to the partners on or before the due date (including extensions) for the partnership return.		
d The partnership is not filing and is not required to file Schedule M-3	X	
If "Yes," the partnership is not required to complete Schedules L, M-1, and M-2; item F on page 1 of Form 1065; or item L on Schedule K-1.		
5 Is this partnership a publicly traded partnership, as defined in section 469(k)(2)?		X
6 During the tax year, did the partnership have any debt that was canceled, was forgiven, or had the terms modified so as to reduce the principal amount of the debt?		X
7 Has this partnership filed, or is it required to file, Form 8918, Material Advisor Disclosure Statement, to provide information on any reportable transaction?		X
8 At any time during calendar year 2022, did the partnership have an interest in or a signature or other authority over a financial account in a foreign country (such as a bank account, securities account, or other financial account)? See instructions for exceptions and filing requirements for FinCEN Form 114, Report of Foreign Bank and Financial Accounts (FBAR). If "Yes," enter the name of the foreign country _____		X
9 At any time during the tax year, did the partnership receive a distribution from, or was it the grantor of, or transferor to, a foreign trust? If "Yes," the partnership may have to file Form 3520, Annual Return To Report Transactions With Foreign Trusts and Receipt of Certain Foreign Gifts. See instructions		X
10a Is the partnership making, or had it previously made (and not revoked), a section 754 election?		X
See instructions for details regarding a section 754 election.		
b Did the partnership make for this tax year an optional basis adjustment under section 743(b) or 734(b)? If "Yes," attach a statement showing the computation and allocation of the basis adjustment. See instructions		X
c Is the partnership required to adjust the basis of partnership assets under section 743(b) or 734(b) because of a substantial built-in loss (as defined under section 743(d)) or substantial basis reduction (as defined under section 734(d))? If "Yes," attach a statement showing the computation and allocation of the basis adjustment. See instructions		X

Schedule B Other Information (continued)

	Yes	No
11 Check this box if, during the current or prior tax year, the partnership distributed any property received in a like-kind exchange or contributed such property to another entity (other than disregarded entities wholly owned by the partnership throughout the tax year) <input type="checkbox"/>		
12 At any time during the tax year, did the partnership distribute to any partner a tenancy-in-common or other undivided interest in partnership property?		X
13 If the partnership is required to file Form 8858, Information Return of U.S. Persons With Respect to Foreign Disregarded Entities (FDEs) and Foreign Branches (FBs), enter the number of Forms 8858 attached. See instructions		
14 Does the partnership have any foreign partners? If "Yes," enter the number of Forms 8805, Foreign Partner's Information Statement of Section 1446 Withholding Tax, filed for this partnership		X
15 Enter the number of Forms 8865, Return of U.S. Persons With Respect to Certain Foreign Partnerships, attached to this return		
16a Did you make any payments in 2022 that would require you to file Form(s) 1099? See instructions		X
b If "Yes," did you or will you file required Form(s) 1099?		
17 Enter the number of Forms 5471, Information Return of U.S. Persons With Respect to Certain Foreign Corporations, attached to this return		
18 Enter the number of partners that are foreign governments under section 892		
19 During the partnership's tax year, did the partnership make any payments that would require it to file Forms 1042 and 1042-S under chapter 3 (sections 1441 through 1464) or chapter 4 (sections 1471 through 1474)?		X
20 Was the partnership a specified domestic entity required to file Form 8938 for the tax year? See the Instructions for Form 8938		X
21 Is the partnership a section 721(c) partnership, as defined in Regulations section 1.721(c)-1(b)(14)?		X
22 During the tax year, did the partnership pay or accrue any interest or royalty for which one or more partners are not allowed a deduction under section 267A? See instructions If "Yes," enter the total amount of the disallowed deductions \$		X
23 Did the partnership have an election under section 163(j) for any real property trade or business or any farming business in effect during the tax year? See instructions		X
24 Does the partnership satisfy one or more of the following? See instructions a The partnership owns a pass-through entity with current, or prior year carryover, excess business interest expense. b The partnership's aggregate average annual gross receipts (determined under section 448(c)) for the 3 tax years preceding the current tax year are more than \$27 million and the partnership has business interest expense. c The partnership is a tax shelter (see instructions) and the partnership has business interest expense. If "Yes" to any, complete and attach Form 8990.		X
25 Is the partnership attaching Form 8996 to certify as a Qualified Opportunity Fund? If "Yes," enter the amount from Form 8996, line 15 \$		X
26 Enter the number of foreign partners subject to section 864(c)(8) as a result of transferring all or a portion of an interest in the partnership or of receiving a distribution from the partnership Complete Schedule K-3 (Form 1065), Part XIII, for each foreign partner subject to section 864(c)(8) on a transfer or distribution.		
27 At any time during the tax year, were there any transfers between the partnership and its partners subject to the disclosure requirements of Regulations section 1.707-8?		X
28 Since December 22, 2017, did a foreign corporation directly or indirectly acquire substantially all of the properties constituting a trade or business of your partnership, and was the ownership percentage (by vote or value) for purposes of section 7874 greater than 50% (for example, the partners held more than 50% of the stock of the foreign corporation)? If "Yes," list the ownership percentage by vote and by value. See instructions. Percentage: By vote: By value:		X
29 Reserved for future use		
30 Is the partnership electing out of the centralized partnership audit regime under section 6221(b)? See instructions. If "Yes," the partnership must complete Schedule B-2 (Form 1065). Enter the total from Schedule B-2, Part III, line 3 If "No," complete Designation of Partnership Representative below.		X

Designation of Partnership Representative (see instructions)

Enter below the information for the partnership representative (PR) for the tax year covered by this return.

Name of PR PAUL KURDIAN

U.S. address of PR 3334 E COAST HWY # 371 CORONA DEL MAR CA 92625

U.S. phone number of PR (310) 291-1680

If the PR is an entity, name of the designated individual for the PR

U.S. address of designated individual

U.S. phone number of designated individual

Schedule K Partners' Distributive Share Items		Total amount	
Income (Loss)	1 Ordinary business income (loss) (page 1, line 22)	1	145,115.
	2 Net rental real estate income (loss) (attach Form 8825)	2	
	3a Other gross rental income (loss)	3a	
	b Expenses from other rental activities (attach statement)	3b	
	c Other net rental income (loss). Subtract line 3b from line 3a	3c	
	4 Guaranteed payments: a Services 4a b Capital 4b		
	c Total. Add lines 4a and 4b	4c	
	5 Interest income	5	
	6 Dividends and dividend equivalents: a Ordinary dividends	6a	
	b Qualified dividends 6b c Dividend equivalents 6c		
	7 Royalties	7	
8 Net short-term capital gain (loss) (attach Schedule D (Form 1065))	8		
9a Net long-term capital gain (loss) (attach Schedule D (Form 1065))	9a		
b Collectibles (28%) gain (loss)	9b		
c Unrecaptured section 1250 gain (attach statement)	9c		
10 Net section 1231 gain (loss) (attach Form 4797)	10		
11 Other income (loss) (see instructions) Type: _____	11		
Deductions	12 Section 179 deduction (attach Form 4562)	12	
	13a Contributions	13a	
	b Investment interest expense	13b	
	c Section 59(e)(2) expenditures: (1) Type: _____ (2) Amount: _____	13c(2)	
d Other deductions (see instructions) Type: _____	13d		
Self-Employment	14a Net earnings (loss) from self-employment	14a	145,115.
	b Gross farming or fishing income	14b	
	c Gross nonfarm income	14c	752,103.
Credits	15a Low-income housing credit (section 42(j)(5))	15a	
	b Low-income housing credit (other)	15b	
	c Qualified rehabilitation expenditures (rental real estate) (attach Form 3468, if applicable)	15c	
	d Other rental real estate credits (see instructions) Type: _____	15d	
	e Other rental credits (see instructions) Type: _____	15e	
	f Other credits (see instructions) Type: _____	15f	
Inter-national	16 Attach Schedule K-2 (Form 1065), Partners' Distributive Share Items—International, and check this box to indicate that you are reporting items of international tax relevance <input type="checkbox"/>		
Alternative Minimum Tax (AMT) items	17a Post-1986 depreciation adjustment	17a	-1,339.
	b Adjusted gain or loss	17b	
	c Depletion (other than oil and gas)	17c	
	d Oil, gas, and geothermal properties—gross income	17d	
	e Oil, gas, and geothermal properties—deductions	17e	
	f Other AMT items (attach statement)	17f	
Other Information	18a Tax-exempt interest income	18a	
	b Other tax-exempt income	18b	
	c Nondeductible expenses	18c	
	19a Distributions of cash and marketable securities	19a	79,000.
	b Distributions of other property	19b	
	20a Investment income	20a	
	b Investment expenses	20b	
c Other items and amounts (attach statement) See Stmt			
21 Total foreign taxes paid or accrued	21		

Analysis of Net Income (Loss) per Return

1	Net income (loss). Combine Schedule K, lines 1 through 11. From the result, subtract the sum of Schedule K, lines 12 through 13d, and 21					1	145,115.
2	Analysis by partner type:	(i) Corporate	(ii) Individual (active)	(iii) Individual (passive)	(iv) Partnership	(v) Exempt Organization	(vi) Nominee/Other
a	General partners						
b	Limited partners		145,115.				

Schedule L Balance Sheets per Books

		Beginning of tax year		End of tax year	
		(a)	(b)	(c)	(d)
Assets					
1	Cash		88,262.		114,281.
2a	Trade notes and accounts receivable				
b	Less allowance for bad debts				
3	Inventories				
4	U.S. Government obligations				
5	Tax-exempt securities				
6	Other current assets (attach statement)				
7a	Loans to partners (or persons related to partners)				
b	Mortgage and real estate loans				
8	Other investments (attach statement)				
9a	Buildings and other depreciable assets	1,558,340.		1,558,340.	
b	Less accumulated depreciation	230,777.	1,327,563.	301,674.	1,256,666.
10a	Depletable assets				
b	Less accumulated depletion				
11	Land (net of any amortization)		357,000.		357,000.
12a	Intangible assets (amortizable only)				
b	Less accumulated amortization				
13	Other assets (attach statement)				
14	Total assets		1,772,825.		1,727,947.
Liabilities and Capital					
15	Accounts payable				
16	Mortgages, notes, bonds payable in less than 1 year				
17	Other current liabilities (attach statement)				
18	All nonrecourse loans				
19a	Loans from partners (or persons related to partners)				
b	Mortgages, notes, bonds payable in 1 year or more		1,695,000.		1,584,007.
20	Other liabilities (attach statement)				
21	Partners' capital accounts		77,825.		143,940.
22	Total liabilities and capital		1,772,825.		1,727,947.

Schedule M-1 Reconciliation of Income (Loss) per Books With Analysis of Net Income (Loss) per Return**Note:** The partnership may be required to file Schedule M-3. See instructions.

1	Net income (loss) per books	145,115.	6	Income recorded on books this year not included on Schedule K, lines 1 through 11 (itemize):	
2	Income included on Schedule K, lines 1, 2, 3c, 5, 6a, 7, 8, 9a, 10, and 11, not recorded on books this year (itemize):		a	Tax-exempt interest \$	
3	Guaranteed payments (other than health insurance)		7	Deductions included on Schedule K, lines 1 through 13d, and 21, not charged against book income this year (itemize):	
4	Expenses recorded on books this year not included on Schedule K, lines 1 through 13d, and 21 (itemize):		a	Depreciation \$	
a	Depreciation \$		8	Add lines 6 and 7	
b	Travel and entertainment \$		9	Income (loss) (Analysis of Net Income (Loss), line 1). Subtract line 8 from line 5	145,115.
5	Add lines 1 through 4	145,115.			

Schedule M-2 Analysis of Partners' Capital Accounts

1	Balance at beginning of year	77,825.	6	Distributions: a Cash	79,000.
2	Capital contributed: a Cash		b Property		
	b Property		7	Other decreases (itemize):	
3	Net income (loss) (see instructions)	145,115.	8	Add lines 6 and 7	79,000.
4	Other increases (itemize):		9	Balance at end of year. Subtract line 8 from line 5	143,940.
5	Add lines 1 through 4	222,940.			

Schedule K-1
(Form 1065)

Department of the Treasury
Internal Revenue Service

2022

For calendar year 2022, or tax year

beginning / / 2022 ending / /

Partner's Share of Income, Deductions,
Credits, etc.

See separate instructions.

Part I Information About the Partnership

A Partnership's employer identification number
83-2468463

B Partnership's name, address, city, state, and ZIP code
TEAM PASA LLC
2525 N. PALM CANYON DR
PALM SPRINGS, CA 92262

C IRS center where partnership filed return: OGDEN, UT

D ☐ Check if this is a publicly traded partnership (PTP)

Part II Information About the Partner

E Partner's SSN or TIN (Do not use TIN of a disregarded entity. See instructions.)
571-71-6877

F Name, address, city, state, and ZIP code for partner entered in E. See instructions.
PAUL KURDIAN
3334 E COAST HWY # 371
CORONA DEL MAR CA 92625

G ☒ General partner or LLC member-manager ☐ Limited partner or other LLC member

H1 ☒ Domestic partner ☐ Foreign partner

H2 ☐ If the partner is a disregarded entity (DE), enter the partner's:

TIN Name

I1 What type of entity is this partner? INDIVIDUAL

I2 If this partner is a retirement plan (IRA/SEP/Keogh/etc.), check here ☐

J Partner's share of profit, loss, and capital (see instructions):

Beginning Ending

Profit	50.00000 %	50.00000 %
Loss	50.00000 %	50.00000 %
Capital	50.00000 %	50.00000 %

Check if decrease is due to sale or exchange of partnership interest ☐

K Partner's share of liabilities:

Beginning Ending

Nonrecourse	\$	\$
Qualified nonrecourse financing	847,500.	792,003.
Recourse	\$	\$

Check this box if item K includes liability amounts from lower-tier partnerships ☐

L Partner's Capital Account Analysis

Beginning capital account	\$	38,913.
Capital contributed during the year	\$	
Current year net income (loss)	\$	72,557.
Other increase (decrease) (attach explanation)	\$	
Withdrawals and distributions	\$	(47,000.)
Ending capital account	\$	64,470.

M Did the partner contribute property with a built-in gain (loss)?

☐ Yes ☒ No If "Yes," attach statement. See instructions.

N Partner's Share of Net Unrecognized Section 704(c) Gain or (Loss)

Beginning	\$
Ending	\$

☐ Final K-1

☐ Amended K-1

651121

OMB No. 1545-0123

Part III Partner's Share of Current Year Income,
Deductions, Credits, and Other Items

1	Ordinary business income (loss) 72,557.	14	Self-employment earnings (loss) A 72,557.
2	Net rental real estate income (loss)	C	376,051.
3	Other net rental income (loss)	15	Credits
4a	Guaranteed payments for services		
4b	Guaranteed payments for capital	16	Schedule K-3 is attached if checked <input type="checkbox"/>
4c	Total guaranteed payments	17	Alternative minimum tax (AMT) items A -669.
5	Interest income		
6a	Ordinary dividends		
6b	Qualified dividends	18	Tax-exempt income and nondeductible expenses
6c	Dividend equivalents		
7	Royalties		
8	Net short-term capital gain (loss)	19	Distributions
9a	Net long-term capital gain (loss)	A	47,000.
9b	Collectibles (28%) gain (loss)		
9c	Unrecaptured section 1250 gain	20	Other information
10	Net section 1231 gain (loss)	N * STMT	822.
11	Other income (loss)	Z * STMT	
12	Section 179 deduction	21	Foreign taxes paid or accrued
13	Other deductions		

22 ☐ More than one activity for at-risk purposes*

23 ☐ More than one activity for passive activity purposes*

*See attached statement for additional information.

For IRS Use Only

Additional Information From Schedule K-1: Partner's Share of Income, Deductions, Credits, etc. (PAUL KURDIAN)

Schedule K-1: Partner's Share of Income, Deductions, Credits, etc. (PAUL KURDIAN)

Supplemental Information

Continuation Statement

Description	Amount
Box 20, Code N:	
Business interest expense detail	
-Included in ord business income (line 1)	822.
-Included in rental income (line 2)	

Statement A—QBI Pass-through Entity Reporting

Partnership's name: TEAM PASA LLC		Partnership's EIN: 83-2468463	
Partner's name: PAUL KURDIAN		Partner's identifying no: 571-71-6877	
Partner's share of:		1065, Line 22	
		<input type="checkbox"/> PTP	<input type="checkbox"/> PTP
		<input type="checkbox"/> Aggregated	<input type="checkbox"/> Aggregated
		<input type="checkbox"/> SSTB	<input type="checkbox"/> SSTB
QBI or qualified PTP items subject to partner-specific determinations:			
	Ordinary business income (loss)	72,557.	
	Rental income (loss)		
	Royalty income (loss)		
	Section 1231 gain (loss)		
	Other income (loss)		
	Section 179 deduction		
	Other deductions		
W-2 wages		32,270.	
UBIA of qualified property		787,190.	
Section 199A dividends			

Statement A—QBI Pass-through Entity Reporting

Partnership's name:		Partnership's EIN:	
Partner's name:		Partner's identifying no:	
Partner's share of:			
		<input type="checkbox"/> PTP	<input type="checkbox"/> PTP
		<input type="checkbox"/> Aggregated	<input type="checkbox"/> Aggregated
		<input type="checkbox"/> SSTB	<input type="checkbox"/> SSTB
QBI or qualified PTP items subject to partner-specific determinations:			
	Ordinary business income (loss)		
	Rental income (loss)		
	Royalty income (loss)		
	Section 1231 gain (loss)		
	Other income (loss)		
	Section 179 deduction		
	Other deductions		
W-2 wages			
UBIA of qualified property			
Section 199A dividends			

Schedule K-1
(Form 1065)

Department of the Treasury
Internal Revenue Service

2022

For calendar year 2022, or tax year

beginning / / 2022 ending / /

Partner's Share of Income, Deductions,
Credits, etc.

See separate instructions.

Part I Information About the Partnership

A Partnership's employer identification number
83-2468463

B Partnership's name, address, city, state, and ZIP code
TEAM PASA LLC
2525 N. PALM CANYON DR
PALM SPRINGS, CA 92262

C IRS center where partnership filed return: OGDEN, UT

D ☐ Check if this is a publicly traded partnership (PTP)

Part II Information About the Partner

E Partner's SSN or TIN (Do not use TIN of a disregarded entity. See instructions.)
546-13-1978

F Name, address, city, state, and ZIP code for partner entered in E. See instructions.
SAMANTHA MCDERMOTT
3334 E COAST HWY # 371
CORONA DEL MAR CA 92625

G ☒ General partner or LLC member-manager ☐ Limited partner or other LLC member

H1 ☒ Domestic partner ☐ Foreign partner

H2 ☐ If the partner is a disregarded entity (DE), enter the partner's:

TIN _____ Name _____

I1 What type of entity is this partner? INDIVIDUAL

I2 If this partner is a retirement plan (IRA/SEP/Keogh/etc.), check here ☐

J Partner's share of profit, loss, and capital (see instructions):

Beginning Ending

Profit	50.00000 %	50.00000 %
Loss	50.00000 %	50.00000 %
Capital	50.00000 %	50.00000 %

Check if decrease is due to sale or exchange of partnership interest ☐

K Partner's share of liabilities:

Beginning Ending

Nonrecourse	\$	\$
Qualified nonrecourse financing	\$ 847,500.	\$ 792,004.
Recourse	\$	\$

Check this box if item K includes liability amounts from lower-tier partnerships ☐

L Partner's Capital Account Analysis

Beginning capital account	\$ 38,912.
Capital contributed during the year	\$
Current year net income (loss)	\$ 72,558.
Other increase (decrease) (attach explanation)	\$
Withdrawals and distributions	\$ (32,000.)
Ending capital account	\$ 79,470.

M Did the partner contribute property with a built-in gain (loss)?
☐ Yes ☒ No If "Yes," attach statement. See instructions.

N Partner's Share of Net Unrecognized Section 704(c) Gain or (Loss)

Beginning	\$
Ending	\$

☐ Final K-1

☐ Amended K-1

651121

OMB No. 1545-0123

Part III Partner's Share of Current Year Income,
Deductions, Credits, and Other Items

1	Ordinary business income (loss) 72,558.	14	Self-employment earnings (loss) A 72,558.
2	Net rental real estate income (loss)	C	376,052.
3	Other net rental income (loss)	15	Credits
4a	Guaranteed payments for services		
4b	Guaranteed payments for capital	16	Schedule K-3 is attached if checked <input type="checkbox"/>
4c	Total guaranteed payments	17	Alternative minimum tax (AMT) items A -670.
5	Interest income		
6a	Ordinary dividends		
6b	Qualified dividends	18	Tax-exempt income and nondeductible expenses
6c	Dividend equivalents		
7	Royalties		
8	Net short-term capital gain (loss)		
9a	Net long-term capital gain (loss)	19	Distributions A 32,000.
9b	Collectibles (28%) gain (loss)		
9c	Unrecaptured section 1250 gain	20	Other information N * STMT 822.
10	Net section 1231 gain (loss)	Z * STMT	
11	Other income (loss)		
12	Section 179 deduction	21	Foreign taxes paid or accrued
13	Other deductions		

22 ☐ More than one activity for at-risk purposes*

23 ☐ More than one activity for passive activity purposes*

*See attached statement for additional information.

For IRS Use Only

Additional Information From Schedule K-1: Partner's Share of Income, Deductions, Credits, etc. (SAMANTHA MCDERMOTT)

Schedule K-1: Partner's Share of Income, Deductions, Credits, etc. (SAMANTHA MCDERMOTT)

Supplemental InformationContinuation Statement

Description	Amount
Box 20, Code N:	
Business interest expense detail	
-Included in ord business income (line 1)	822.
-Included in rental income (line 2)	

Statement A—QBI Pass-through Entity Reporting

Partnership's name: TEAM PASA LLC		Partnership's EIN: 83-2468463	
Partner's name: SAMANTHA MCDERMOTT		Partner's identifying no: 546-13-1978	
Partner's share of:		1065, Line 22	
		<input type="checkbox"/> PTP	<input type="checkbox"/> PTP
		<input type="checkbox"/> Aggregated	<input type="checkbox"/> Aggregated
		<input type="checkbox"/> SSTB	<input type="checkbox"/> SSTB
QBI or qualified PTP items subject to partner-specific determinations:			
	Ordinary business income (loss)	72,558.	
	Rental income (loss)		
	Royalty income (loss)		
	Section 1231 gain (loss)		
	Other income (loss)		
	Section 179 deduction		
	Other deductions		
W-2 wages		32,271.	
UBIA of qualified property		787,191.	
Section 199A dividends			

Statement A—QBI Pass-through Entity Reporting

Partnership's name:		Partnership's EIN:	
Partner's name:		Partner's identifying no:	
Partner's share of:			
		<input type="checkbox"/> PTP	<input type="checkbox"/> PTP
		<input type="checkbox"/> Aggregated	<input type="checkbox"/> Aggregated
		<input type="checkbox"/> SSTB	<input type="checkbox"/> SSTB
QBI or qualified PTP items subject to partner-specific determinations:			
	Ordinary business income (loss)		
	Rental income (loss)		
	Royalty income (loss)		
	Section 1231 gain (loss)		
	Other income (loss)		
	Section 179 deduction		
	Other deductions		
W-2 wages			
UBIA of qualified property			
Section 199A dividends			

QuickZoom to Other Copy _____

Page 1

Partnership Special Allocation Information

(See tax help for more detail)

Note: Special allocation codes for QBI items below will default to codes used for similar item classes for regular tax purposes. To change the default behavior, you may select a different option on the Partnership Information Worksheet. ▶ _____

- ☒ Copy special allocation codes for items that are specially allocated on Schedule K (default).
☐ Remove default special allocations and allocate items according to profit, loss, or ownership % (based on selection made on the Partnership Information Worksheet).
☐ Remove default special allocations and leave these items blank on K-1 Stmt A (manual entry).

Partnership's Name: TEAM PASA LLCPartnership's EIN: 83-24684631065, Line 22
☐ PTP
☐ Aggregated
☐ SSTB

☐ PTP
☐ Aggregated
☐ SSTB

☐ PTP
☐ Aggregated
☐ SSTB

Partner's share of:

QBI or qualified PTP items subject to shareholder-specific determinations:

Special Allocation	S A			
Ordinary business inc (loss) .	_____	<u>145,115.</u>	_____	_____
Rental income (loss)	_____	_____	_____	_____
Royalty income (loss)	_____	_____	_____	_____
Section 1231 gain (loss) . . .	_____	_____	_____	_____
Other income (loss)	_____	_____	_____	_____
Section 179 deduction	_____	_____	_____	_____
Other deductions	_____	_____	_____	_____
W-2 wages	_____	<u>64,541.</u>	_____	_____
UBIA of qualified property . . .	_____	<u>1,574,381.</u>	_____	_____
<i>* See tax help for W2 wage or UBIA Special Allocations</i>				
Qualified REIT dividends	_____	_____		

Partnership's Name: _____		Partnership's EIN: _____	
	<input type="checkbox"/> PTP <input type="checkbox"/> Aggregated <input type="checkbox"/> SSTB	<input type="checkbox"/> PTP <input type="checkbox"/> Aggregated <input type="checkbox"/> SSTB	<input type="checkbox"/> PTP <input type="checkbox"/> Aggregated <input type="checkbox"/> SSTB
Partner's share of: QBI or qualified PTP items subject to shareholder-specific determinations:			
Special Allocation	S A		
Ordinary business inc (loss) .	_____	_____	_____
Rental income (loss)	_____	_____	_____
Royalty income (loss)	_____	_____	_____
Section 1231 gain (loss) . . .	_____	_____	_____
Other income (loss)	_____	_____	_____
Section 179 deduction	_____	_____	_____
Other deductions	_____	_____	_____
W-2 wages	_____	_____	_____
UBIA of qualified property . . .	_____	_____	_____
* See tax help for W2 wage or UBIA Special Allocations			
Qualified REIT dividends	_____	_____	

199A Worksheet by Activity

2022

► Keep for your records

Partnership's name <u>TEAM PASA LLC</u>		Partnership's EIN <u>83-2468463</u>	
Note: See 199A Summary for Special Allocation information QuickZoom to 199A Summary ► _____			
Aggregation Code: _____		Trade or Business: <u>1065, Line 22</u> EIN: <u>83-2468463</u>	
		Is this activity a qualified trade/business? <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No Specified Service Trade or Business? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	
QBI or qualified PTP items subject to partner-specific determinations:			
1 a Ordinary business income (loss) 1 a b Adjustments b c Adjusted ordinary business income (loss) 1 c	<u>145,115.</u>	<input type="checkbox"/>	<u>145,115.</u>
2 a Rental income (loss) 2 a b Adjustments b c Adjusted rental income (loss) 2 c	_____	<input type="checkbox"/>	_____
3 a Royalty income (loss) 3 a b Adjustments b c Adjusted royalty income (loss) 3 c	_____	<input type="checkbox"/>	_____
4 a Section 1231 gain (loss) 4 a b Adjustments b c Adjusted section 1231 gain (loss) 4 c	_____	<input type="checkbox"/>	_____
5 Other income (loss) 5	_____	<input type="checkbox"/>	_____
6 a Section 179 deduction 6 a b Adjustments b c Adjusted section 179 deduction 6 c	_____	<input type="checkbox"/>	_____
7 Other deductions 7	_____	<input type="checkbox"/>	_____
8 a W-2 wages 8 a b Adjustments b c Adjusted W-2 Wages 8 c	<u>64,541.</u>	<input type="checkbox"/>	<u>64,541.</u>
9 a UBIA of qualified property 9 a b Adjustments b c Adjusted UBIA of qualified property 9 c	<u>1,574,381.</u>	<input type="checkbox"/>	<u>1,574,381.</u>

Section 179 Carryover Detail for this Activity

	Section 179 Regular Tax	Section 179 QBI
Tentative Section 179 deduction from current year assets		
Part I: Prior Year Carryovers		
by Year and Category		
A Before 2018		0 .
B 2018		0 .
C 2019	0 .	0 .
D 2020		
E 2021		
Total prior year carryovers to this year		

	Section 179 Regular Tax	Section 179 QBI
Part II: 179 Deduction Allowed		
by Year and Category		
Total 179 deduction allowed for this activity in current year		
A Amount allowed from 2022		
B Amount allowed from before 2018		
C Amount allowed from 2018		
D Amount allowed from 2019		
E Amount allowed from 2020		
F Amount allowed from 2021		

	Section 179 Regular Tax	Section 179 QBI
Part III: Total Carryforward to 2023		
by Year and Category		
A Carryforward from 2022		
B Carryforward from before 2018		
C Carryforward from 2018		0 .
D Carryforward from 2019	0 .	0 .
E Carryforward from 2020		
F Carryforward from 2021		
Total carryforward to next year	0 .	0 .

Additional Information From 2022 Federal Partnership Tax Return

Form 1065: Partnership Tax Return

Line 15

Itemization Statement

Description	Amount
wells fargo	686.
ampac business capital	958.
Total	1,644.

Form 1065: Partnership Tax Return

Line 20, Other Deductions

Continuation Statement

Description	Amount
ADVERTISING	3,661.
EQUIPMENT RENT	1,500.
INSURANCE	11,013.
JANITORIAL	1,429.
LAUNDRY AND CLEANING	3,074.
LEGAL AND PROFESSIONAL	13,456.
POSTAGE	2,956.
SUPPLIES	9,578.
TOOLS	275.
UNIFORMS	1,520.
UTILITIES	44,587.
BEDDING/SHEET/TOWEL INVENTORY	6,100.
BOOKING.COM	69,186.
CONSULTING FEE	4,454.
DONATION & CHARITY	500.
ELADIO HERNANDEZ	2,790.
ELOY ROSARIO POOL SERVICE	3,646.
EXPEDIA.COM	2,164.
FOOD SERVICES	24,738.
FURNISHING & FF&E	14,888.
GUEST CONCIERGE SERVICES	94.
GUEST MESSAGING SYSTEM	1,440.
HARDWARE & ROOM & IMPROVMENT	6,149.
HOTEL RESERVATION MGT SYSTEM	3,965.
KEN COX SERVICES	750.
LANDSCAPING	193.
PINEDO CLEANING SERVICES	47,147.
SAJO ADVISORS LLC	15,000.
SERVICE PROVIDERS	36,856.
SHUTTLE EXPENSE	1,362.

Form 1065: Partnership Tax Return
Line 20, Other Deductions

Continuation Statement

Description	Amount
TELECOM & WEB SERVICES	5,134.
WEBZERO	750.
WORKERS COMP	4,931.
Total	345,286.

Form 1065: Partnership Tax Return
Sch K, Line 20c, Other Items and Amounts

Continuation Statement

Code	Description	Amount
N	BUSINESS INTEREST EXPENSE	1,644.
	** SEC 199A INFO: SEE STMT A	
	Total	1,644.

Form 1065: Partnership Tax Return
Sch L, Line 19b(d)

Itemization Statement

Description	Amount
2525 n palm canyon	1,542,394.
eidl funds sba loan	16,794.
ampac business capital	24,819.
Total	1,584,007.

SMART WORKSHEET FOR: Form 1065: Partnership Tax Return
Line 14a

Itemization Statement

Description	Amount
2021 LLC STATE TAX FTB	3,082.
CA SEC OF STATE 2022	800.
Total	3,882.

SMART WORKSHEET FOR: Form 1065: Partnership Tax Return
Line 14d

Itemization Statement

Description	Amount
ABC LICENSE	1,290.
CA HOTEL LODGING & ASSOC.	395.
DEPT OF ENVIRONMENTAL HEALTH	406.
FIRE DEPARTMENT	550.
GREATER PALM SPRINGS CONVENTION	685.
PALM SPRINGS CHAMBER OF COMMERCE	400.
PROFESSIONAL LICENSE & CERTF	38.
TBID'S TOURISM BUREAU	6,740.
TOT'S TRANSIENT OCCUPANCY TAX	77,624.
Total	88,128.

SMART WORKSHEET FOR: Form 1065: Partnership Tax Return

Line 14e

Itemization Statement

Description	Amount
CITY LICENSE	118.
Total	118.

Form 3522 Limited Liability Company Tax Voucher

Mail Form 3522 with your check to:

Franchise Tax Board
P.O. Box 942857
Sacramento, CA 94257-0531

----- cut here -----

Form 3536 Estimated Fees for LLCs Tax Voucher

Mail Form 3536 with your check to:

Franchise Tax Board
P.O. Box 942857
Sacramento, CA 94257-0531

----- cut here -----

Form 3588, Payment Voucher for LLC e-filed Returns

Mail Form 3588 with your check to:

Franchise Tax Board
PO Box 942857
Sacramento, CA 94257-0531

----- cut here -----

Date Accepted _____

TAXABLE YEAR

2022**California e-file Return Authorization for
Limited Liability Companies**

FORM

8453-LLC

Limited liability company name

TEAM PASA LLC

California Secretary of State (SOS) file number or FEIN

83-2468463

Part I Tax Return Information (whole dollars only)

1 Total income (Form 568, Schedule B, line 12 or Form 568, line 1 for Single Member LLCs)	1	752103.
2 Ordinary income (Form 568, Schedule B, line 23 or Form 568, line 1 for Single Member LLCs)	2	148997.
3 Tax and fee due (Form 568, line 16)	3	2500.
4 Overpayment (Form 568, line 17)	4	
5 Total amount due (Form 568, line 21)	5	2500.

Part II Settle Your Account Electronically for Taxable Year 2022.

6 ☐ Electronic funds withdrawal 6a Amount _____ 6b Withdrawal date (mm/dd/yyyy) _____

Part III Make Annual Tax or Estimated Fee Payment for Taxable Year 2023 This is **NOT** an installment payment for the current amount the LLC owes.

	Annual Tax Payment	Estimated Fee Payment
7 Amount		
8 Withdrawal date		

Part IV Banking Information (Have you verified the LLC's banking information?)

9 Routing number _____

10 Account number _____

11 Type of account: ☐ Checking ☐ Savings**Part V Declaration of Authorized Member or Manager**

I authorize the limited liability company account to be settled as designated in Parts II, III, and IV. If I check box 6, I authorize an electronic funds withdrawal for the amount listed on line 6a and for the 2023 annual tax or estimated fee payment amount listed on line 7 from the bank account specified in Part IV.

Under penalties of perjury, I declare that I am an authorized member or manager of the above limited liability company and that the information I provided to my electronic return originator (ERO), transmitter, or intermediate service provider and the amounts in Part I above agree with the amounts on the corresponding lines of the limited liability company's 2022 California income tax return. To the best of my knowledge and belief, the limited liability company's return is true, correct, and complete. If the limited liability company is filing a balance due return, I understand that if the Franchise Tax Board (FTB) does not receive full and timely payment of the limited liability company's tax liability, the limited liability company will remain liable for the tax liability and all applicable interest and penalties. I authorize the limited liability company return and accompanying schedules and statements be transmitted to the FTB by my ERO, transmitter, or intermediate service provider. **If the processing of the limited liability company's return or refund is delayed, I authorize the FTB to disclose to my ERO or intermediate service provider the reason(s) for the delay or the date when the refund was sent.**

**Sign
Here**

Signature of authorized member or manager

Date

**MEMBER**

Title

Part VI Declaration of Electronic Return Originator (ERO) and Paid Preparer. See instructions.

I declare that I have reviewed the above limited liability company's return and that the entries on form FTB 8453-LLC are complete and correct to the best of my knowledge. (If I am only an intermediate service provider, I understand that I am not responsible for reviewing the limited liability company's return. I declare, however, that form FTB 8453-LLC accurately reflects the data on the return.) I have obtained the signature from the limited liability company authorized member or manager on form FTB 8453-LLC before transmitting this return to the FTB; I have provided the limited liability company authorized member or manager with a copy of all forms and information that I will file with the FTB, and I have followed all other requirements described in FTB Pub. 1345, 2022 Handbook for Authorized e-file Providers. I will keep form FTB 8453-LLC on file for **four** years from the due date of the return or **four** years from the date the limited liability company return is filed, whichever is later, and I will make a copy available to the FTB upon request. If I am also the paid preparer, under penalties of perjury, I declare that I have examined the above limited liability company's return and accompanying schedules and statements, and to the best of my knowledge and belief, they are true, correct, and complete. I make this declaration based on all information of which I have knowledge.

**ERO
Must
Sign**ERO's
signature

Date

07/10/2023

Check if
also paid
preparer ☐Check
if self-
employed ☒

ERO's PTIN

Firm's name (or yours
if self-employed)
and address

DORIAN TAX & ACCT SERV

Firm's FEIN

71-0884921

100 WEST BROADWAY SUITE 720, GLENDALE, CA

ZIP code

91210

**Paid
Preparer
Must
Sign**Paid
preparer's
signature

Date

07/10/2023

Check
if self-
employed ☒

Paid preparer's PTIN

P00156533

Firm's name (or yours
if self-employed)
and address

RAFFI ASADOURIAN

Firm's FEIN

71-0884921

100 WEST BROADWAY SUITE 720 GLENDALE, CA

ZIP code

91210

Voucher at bottom of page.

IF AMOUNT OF PAYMENT IS ZERO, DO NOT MAIL THIS VOUCHER.

WHERE TO FILE:

Using black or blue ink, make a check or money order payable to the "Franchise Tax Board." Write the California SOS file number, FEIN, and "2023 FTB 3522" on the check or money order. Detach the payment voucher from the bottom of the page. Enclose, but **do not** staple, your payment with the voucher and mail to:

**FRANCHISE TAX BOARD
PO BOX 942857
SACRAMENTO CA 94257-0531**

Make all checks or money orders payable in U.S. dollars and drawn against a U.S. financial institution.

WHEN TO FILE:

Fiscal Year – File and Pay by the 15th day of the 4th month after the beginning of the taxable year.

Calendar Year – File and Pay by April 18, 2023.

When the due date falls on a weekend or holiday, the deadline to file and pay without penalty is extended to the next business day.

ONLINE SERVICES:

Make a payment online using Web Pay for Businesses. LLCs can make an immediate payment or schedule payments up to a year in advance. For more information, go to **ftb.ca.gov/pay**.

___ DETACH HERE ___ IF NO PAYMENT IS DUE, DO NOT MAIL THIS VOUCHER ___ DETACH HERE ___

TAXABLE YEAR

CALIFORNIA FORM

2023 LLC Tax Voucher

3522

201831010015 TEAM 83-2468463 (888) 788-8466 23 FORM 0
TYB 01-01-2023 TYE 12-31-2023
TEAM PASA LLC
INN AT PALM SPRINGS
2525 N PALM CANYON DR
PALM SPRINGS CA 92262

AMOUNT OF PAYMENT 800.

IF AMOUNT OF PAYMENT IS ZERO, DO NOT MAIL THIS FORM.

WHERE TO FILE:

Using black or blue ink, make check or money order payable to the "Franchise Tax Board." Write the California SOS file number or FEIN and "2023 FTB 3536" on the check or money order. Detach form below. Enclose, but **do not** staple, payment with form and mail to:

**FRANCHISE TAX BOARD
PO BOX 942857
SACRAMENTO CA 94257-0531**

Make all checks or money orders payable in U.S. dollars and drawn against a U.S. financial institution.

WHEN TO FILE:

Fiscal Year – File and Pay by the 15th day of the 6th month of the current taxable year.

Calendar Year – File and Pay by June 15, 2023.

When the due date falls on a weekend or holiday, the deadline to file and pay without penalty is extended to the next business day.

ONLINE SERVICES:

Make payments online using Web Pay for Businesses. LLCs can make an immediate payment or schedule payments up to a year in advance. For more information, go to **ftb.ca.gov**.

___ DETACH HERE ___ IF NO PAYMENT IS DUE, DO NOT MAIL THIS FORM ___ DETACH HERE ___

TAXABLE YEAR

2023

Estimated Fee for LLCs

CALIFORNIA FORM

3536 (LLC)

201831010015 TEAM 83-2468463 (888) 788-8466 23 FORM 0
TYB 01-01-2023 TYE 12-31-2023
TEAM PASA LLC
INN AT PALM SPRINGS
2525 N PALM CANYON DR
PALM SPRINGS CA 92262

AMOUNT OF PAYMENT 2500.

Voucher at bottom of page. ■

DO NOT MAIL A PAPER COPY OF THE LLC TAX RETURN WITH THE PAYMENT VOUCHER.
If the amount of payment is zero, do not mail this voucher.

WHERE TO FILE: Using black or blue ink, make check or money order payable to the "Franchise Tax Board." Write the California SOS file number or FEIN and "2022 FTB 3588" on the check or money order. Detach voucher below. Enclose, but **do not** staple, payment with voucher and mail to:

**FRANCHISE TAX BOARD
PO BOX 942857
SACRAMENTO CA 94257-0531**

Make all checks or money orders payable in U.S. dollars and drawn against a U.S. financial institution.

WHEN TO FILE:

The tax liability must be paid by the original due date of the return.
For LLCs classified as partnerships, the original due date of the return is the 15th day of the 3rd month following the close of the taxable year.

SMLLCs

- For SMLLCs owned by pass-through entities (S corporations, partnerships, and LLCs classified as partnerships), the original due date of the return is the 15th day of the 3rd month following the close of the taxable year.
- For all other SMLLCs, the original due date of the return is the 15th day of the 4th month following the close of the taxable year of the owner.

When the due date falls on a weekend or holiday, the deadline to file and pay without penalty is extended to the next business day.

ONLINE SERVICES: Make payments online using Web Pay for Businesses. LLCs can make an immediate payment or schedule payments up to a year in advance. For more information, go to **ftb.ca.gov/pay**.

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___ DETACH HERE ___ IF NO PAYMENT IS DUE, DO NOT MAIL THIS VOUCHER ___ DETACH HERE ___

TAXABLE YEAR

2022

Payment Voucher for LLC e-filed Returns

CALIFORNIA FORM

3588 (e-file)

201831010015 TEAM 83-2468463 (888) 788-8466 22 FORM 0
TYB 01-01-2022 TYE 12-31-2022
TEAM PASA LLC
INN AT PALM SPRINGS
2525 N PALM CANYON DR
PALM SPRINGS CA 92262

AMOUNT OF PAYMENT 2500.

051

6201226

FTB 3588 2022

2022**Limited Liability Company
Return of Income****568**

201831010015 TEAM 83-2468463
 TYB 01-01-2022 TYE 12-31-2022
 TEAM PASA LLC

22

2525 N. PALM CANYON DR
 PALM SPRINGS CA 92262

ACCTMETHOD 1 04-10-2019 ASSETS 1727947.
 INITIAL 0 FINAL 0 AMENDED 0 PROTECTIVE 0

- I (1) During this taxable year, did another person or legal entity acquire control or majority ownership (more than a 50% interest) of this LLC or any legal entity in which the LLC holds a controlling or majority interest that owned California real property (i.e., land, buildings), leased such property for a term of 35 years or more, or leased such property from a government agency for any term? ☐ Yes ☒ No
- (2) During this taxable year, did this LLC acquire control or majority ownership (more than a 50% interest) in another legal entity that owned California real property (i.e., land, buildings), leased such property for a term of 35 years or more, or leased such property from a government agency for any term? ☐ Yes ☒ No
- (3) During this taxable year, has more than 50% of the LLC's ownership interests cumulatively transferred in one or more transactions after an interest in California real property (i.e., land, buildings) was transferred to it that was excluded from property tax reassessment under Revenue and Taxation Code Section 62(a)(2) and it was not reported on a previous year's tax return? ☐ Yes ☒ No
- (Yes requires filing of statement, penalties may apply— see instructions.)**

Enclose, but do not staple, any payment.	Complete Schedule IW, LLC Income Worksheet (on Side 7) first to determine line 1.		Whole dollars only	
	1	Total income from Schedule IW, Limited Liability Company Income Worksheet. See instructions	1	752103.00
	2	Limited Liability Company fee. See instructions.	2	2500.00
	3	2022 annual Limited Liability Company tax. See instructions	3	800.00
	4	Pass-through entity elective tax. See instructions	4	00
	5	Nonconsenting nonresident members' tax liability from Schedule T (Side 4)	5	00
	6	Partnership level tax. If IRS concluded a centralized audit for this year, see instructions. If not, leave blank.	6	00
	7	Total tax and fee. Add line 2, line 3, line 4, line 5, and line 6.	7	3300.00
	8	Amount paid with form FTB 3537 and 2022 form FTB 3522 and form FTB 3536.	8	800.00
	9	Amount paid with form FTB 3893	9	00
	10	Overpayment from prior year allowed as a credit.	10	00
	11	Withholding (Form 592-B and/or 593).	11	00
	12	Total payments. Add line 8, line 9, line 10 and line 11	12	800.00
	13	Use tax. This is not a total line. See instructions.	13	00
	14	Payments balance. If line 12 is more than line 13, subtract line 13 from line 12	14	800.00
	15	Use tax balance. If line 13 is more than line 12, subtract line 12 from line 13	15	00
	16	Tax and fee due. If line 7 is more than line 14, subtract line 14 from line 7	16	2500.00
17	Overpayment. If line 14 is more than line 7, subtract line 7 from line 14	17	00	

 Enclose, but do not staple,
 any payment.

		Whole dollars only	
18	Amount of line 17 to be credited to 2023 tax or fee.	18	00
19	Refund. If the total of line 18 is less than line 17, subtract the total from line 17	19	00
20	Penalties and interest. See instructions	20	00
21	Total amount due. Add line 15, line 16, line 18, and line 20, then subtract line 17 from the result.	21	2500 00

J Principal business activity code (**Do not** leave blank) 531390
 Business activity REAL ESTATE HOLDINGS & INVESTMENTS Product or service REAL ESTATE HOLDINGS & INVESTMENTS

K Enter the maximum number of members in the LLC at any time during the year. For multiple member LLCs, attach a California Schedule K-1 (568) for each of these members 2

L Is this LLC an investment partnership? See General Information O ☐ Yes ☒ No

M (1) Is this LLC apportioning or allocating income to California using Schedule R? ☐ Yes ☒ No
 (2) If "No," was this LLC registered in California without earning any income sourced in this state during the taxable year? . . . ☒ Yes ☐ No

N Was there a distribution of property or a transfer (for example, by sale or death) of an LLC interest during the taxable year? . . . ☐ Yes ☒ No

P (1) Does the LLC have any foreign (non-U.S.) nonresident members? ☐ Yes ☒ No
 (2) Does the LLC have any domestic (non-foreign) nonresident members? ☐ Yes ☒ No
 (3) Were Form 592, Form 592-A, Form 592-B, Form 592-F, and Form 592-PTE filed for these members? ☐ Yes ☒ No

Q Are any members in this LLC also LLCs or partnerships? ☐ Yes ☒ No

R Is this LLC under audit by the IRS or has it been audited in a prior year? ☐ Yes ☒ No

S Is this LLC a member or partner in another multiple member LLC or partnership? ☐ Yes ☒ No
 If "Yes," complete Schedule EO, Part I.

T Is this LLC a publicly traded partnership as defined in IRC Section 469(k)(2)? ☒ Yes ☐ No

U (1) Is this LLC a business entity disregarded for tax purposes? ☐ Yes ☒ No
 (2) If "Yes," see instructions and complete Side 1, Side 2, Side 3, Schedule B, Side 5, and Side 7, if applicable. Are there credits or credit carryovers attributable to the disregarded entity? ☐ Yes ☐ No
 (3) If "Yes" to U(1), does the disregarded entity have total income derived from or attributable to California that is less than the LLC's total income from all sources? ☐ Yes ☐ No

V Has the LLC included a Reportable Transaction, or Listed Transaction within this return? ☐ Yes ☒ No
 (See instructions for definitions). If "Yes," complete and attach federal Form 8886 for each transaction.

W Did this LLC file the Federal Schedule M-3 (federal Form 1065)? ☐ Yes ☒ No

X Is this LLC a direct owner of an entity that filed a federal Schedule M-3? ☐ Yes ☒ No

Y Does the LLC have a beneficial interest in a trust or is it a grantor of a Trust? ☐ Yes ☒ No
 If "Yes," attach schedule of trusts and federal identification numbers.

Z Does this LLC own an interest in a business entity disregarded for tax purposes? ☒ Yes ☐ No
 If "Yes," complete Schedule EO, Part II.

AA Is any member of the LLC related (as defined in IRC Section 267(c)(4)) to any other member of the LLC? ☐ Yes ☒ No

BB Is any member of the LLC a trust for the benefit of any person related (as defined in IRC Section 267(c)(4)) to any other member? ☐ Yes ☒ No

(continued from Side 2)

CC (1) Is the LLC deferring any income from the disposition of assets? (see instructions) ☐ Yes ☒ No

(2) If "Yes," enter the year of asset disposition.

DD Is the LLC reporting previously deferred income from: ☐ Installment Sale ☐ IRC §1031 ☐ IRC §1033 ☐ Other

EE "Doing business as" name. See instructions: ☒ INN AT PALM SPRINGS

FF (1) Has this LLC operated as another entity type such as a Corporation, S Corporation, General Partnership, Limited Partnership, or Sole Proprietorship in the previous five (5) years? ☐ Yes ☒ No

(2) If "Yes," provide prior FEIN(s) if different, business name(s), and entity type(s) for prior returns filed with the FTB and/or IRS (see instructions):

GG (1) Has this LLC previously operated outside California? ☐ Yes ☒ No

(2) Is this the first year of doing business in California? ☐ Yes ☒ No

HH Is the LLC a section 721(c) partnership, as defined in Treasury Regulations Section 1.721(c)-1T(b)(14)? ☐ Yes ☒ No

II At any time during the tax year, were there any transfers between the LLC and its members subject to the disclosure requirements of Regulations section 1.707-8? ☐ Yes ☒ No

JJ Check if the LLC: (1) ☐ Aggregated activities for IRC Section 465 at-risk purposes

(2) ☐ Grouped activities for IRC Section 469 passive activity purposes

KK (1) Has this business entity previously filed an unclaimed property Holder Remit Report with the State Controller's Office? ☐ Yes ☒ No

(2) If "Yes," when was the last report filed? (mm/dd/yyyy) (3) Amount last remitted \$

Single Member LLC Information and Consent — Complete only if the LLC is disregarded.

☒ Federal TIN/SSN

Sole Owner's name (as shown on owner's return)

FEIN/CA Corp no./CA SOS File no.

Street Address, City, State, and ZIP Code

☒ What type of entity is the ultimate owner of this SMLLC? See instructions. Check only one box:

☐ (1) Individual ☐ (2) C Corporation ☐ (3) Pass-Through (S corporation, partnership, LLC classified as a partnership)

☐ (4) Estate/Trust ☐ (5) Exempt Organization

Member's Consent Statement: I consent to the jurisdiction of the State of California to tax my LLC income and agree to file returns and pay tax as may be required by the Franchise Tax Board.

Signature ►

Date

Sign Here

Our privacy notice can be found in annual tax booklets or online. Go to ftb.ca.gov/privacy to learn about our privacy policy statement, or go to ftb.ca.gov/forms and search for 1131 to locate FTB 1131 EN-SP, Franchise Tax Board Privacy Notice on Collection. To request this notice by mail, call 800.338.0505 and enter form code 948 when instructed. Under penalties of perjury, I declare that I have examined this return, including accompanying schedules and statements, and to the best of my knowledge and belief, it is true, correct, and complete. Declaration of preparer (other than taxpayer) is based on all information of which preparer has any knowledge.

Signature of authorized member or manager ►

Date

Telephone

Authorized member or manager's email address (optional)

• (888) 788-8466

Paid Preparer's Use Only

Paid preparer's signature ►

Date

Check if self-employed ☒

PTIN

• P00156533

Firm's name (or yours, if self-employed) ► DORIAN TAX & ACCT SERV
and address 100 WEST BROADWAY SUITE 720
GLENDALE, CA 91210

Firm's FEIN

• 71-0884921

Telephone

• (818) 956-2170

May the FTB discuss this return with the preparer shown above (see instructions)? ☐ Yes ☒ No

Schedule A Cost of Goods Sold

1	Inventory at beginning of year	1		00
2	Purchases less cost of items withdrawn for personal use	2		00
3	Cost of labor	3		00
4	Additional IRC Section 263A costs. Attach schedule	4		00
5	Other costs. Attach schedule	5		00
6	Total. Add line 1 through line 5	6		00
7	Inventory at end of year	7		00
8	Cost of goods sold. Subtract line 7 from line 6. Enter here and on Schedule B, line 2.	8		00

9 a Check all methods used for valuing closing inventory:

(1) ☐ Cost (2) ☐ Lower of cost or market as described in Treas. Reg. Section 1.471-4 (3) ☐ Write down of "subnormal" goods as described in Treas. Reg. Section 1.471-2(c) (4) ☐ Other. Specify method used and attach explanation _____

b Check this box if the LIFO inventory method was adopted this taxable year for any goods. If checked, attach federal Form 970 ☐

c Do the rules of IRC Section 263A (with respect to property produced or acquired for resale) apply to the LLC? ☐ Yes ☐ No

d Was there any change (other than for IRC Section 263A purposes) in determining quantities, cost, or valuations between opening and closing inventory? If "Yes," attach explanation ☐ Yes ☐ No

Schedule B Income and Deductions**Caution:** Include **only** trade or business income and expenses on line 1a through line 22 below. See the instructions for more information.

Income	1 a Gross receipts or sales \$ 752103. b Less returns and allowances \$ _____ c Balance	1c	752103.	00
	2 Cost of goods sold (Schedule A, line 8)	2		00
	3 GROSS PROFIT. Subtract line 2 from line 1c	3	752103.	00
	4 Total ordinary income from other LLCs, partnerships, and fiduciaries. Attach schedule	4		00
	5 Total ordinary loss from other LLCs, partnerships, and fiduciaries. Attach schedule	5		00
	6 Total farm profit. Attach federal Schedule F (Form 1040)	6		00
	7 Total farm loss. Attach federal Schedule F (Form 1040)	7		00
	8 Total gains included on Schedule D-1, Part II, line 17 (gain only)	8		00
	9 Total losses included on Schedule D-1, Part II, line 17 (loss only)	9		00
	10 Other income. Attach schedule	10		00
	11 Other loss. Attach schedule	11		00
	12 Total income (loss). Combine line 3 through line 11.	12	752103.	00
Deductions	13 Salaries and wages (other than to members)	13	64541.	00
	14 Guaranteed payments to members	14		00
	15 Bad debts	15		00
	16 Deductible interest expense not claimed elsewhere on return	16	1644.	00
	17 a Depreciation and amortization. Attach form FTB 3885L \$ 70897. b Less depreciation reported on Schedule A and elsewhere on return \$ _____ c Balance	17c	70897.	00
	18 Depletion. Do not deduct oil and gas depletion	18		00
	19 Retirement plans, etc.	19		00
	20 Employee benefit programs	20		00
	21 Other deductions. Attach schedule. See Statement	21	466024.	00
	22 Total deductions. Add line 13 through line 21.	22	603106.	00
	23 Ordinary income (loss) from trade or business activities. Subtract line 22 from line 12	23	148997.	00

Schedule T Nonconsenting Nonresident Members' Tax Liability. Attach additional sheets if necessary.

(a) Member's name	(b) SSN, ITIN, or FEIN	(c) Distributive share of income	(d) Tax rate	(e) Member's total tax due (see instructions)	(f) Amount withheld by this LLC on this member – reported on Form 592-B	(g) Member's net tax due

Total the amount of tax due. Enter the total here and on Side 1, line 4. If less than zero enter -0- _____

Schedule K Members' Shares of Income, Deductions, Credits, etc.

(a) Distributive share items		(b) Amounts from federal K (1065)	(c) California adjustments	(d) Total amounts using California law			
Income (Loss)	1 Ordinary income (loss) from trade or business activities.	1 145115.	3882.	148997.			
	2 Net income (loss) from rental real estate activities. Attach federal Form 8825	2					
	3 a Gross income (loss) from other rental activities	3a					
	b Less expenses. Attach schedule.	3b					
	c Net income (loss) from other rental activities. Subtract line 3b from line 3a	3c					
	4 Guaranteed payments a Services.	4a					
	b Capital	4b					
	c Total	4c					
	5 Interest income	5					
	6 Dividends.	6					
	7 Royalties	7					
	8 Net short-term capital gain (loss). Attach Schedule D (568)	8					
	9 Net long-term capital gain (loss). Attach Schedule D (568)	9					
	10 a Total gain under IRC Section 1231 (other than due to casualty or theft)	10a					
b Total loss under IRC Section 1231 (other than due to casualty or theft)	10b						
Deductions	11 a Other portfolio income (loss). Attach schedule	11a					
	b Total other income. Attach schedule	11b					
	c Total other loss. Attach schedule	11c					
	12 Expense deduction for recovery property (IRC Section 179). Attach schedule	12	0.	0.			
	13 a Charitable contributions. See instructions. Attach schedule	13a					
	b Investment interest expense	13b					
	c 1 Total expenditures to which IRC Section 59(e) election may apply	13c1					
	2 Type of expenditures	13c2					
	d Deductions related to portfolio income	13d					
	e Other deductions. Attach schedule.	13e					
	Credits	15 a Withholding on LLC allocated to all members	15a				
		b Low-income housing credit	15b				
		c Credits other than the credit shown on line 15b related to rental real estate activities. Attach schedule	15c				
		d Credits related to other rental activities. Attach schedule.	15d				
e Nonconsenting nonresident members' tax paid by LLC.		15e					
f Other credits. Attach schedule.		15f					
Alternative Minimum Tax (AMT) Items		17 a Depreciation adjustment on property placed in service after 1986.	17a -1339.	0.	-1339.		
	b Adjusted gain or loss	17b					
	c Depletion (other than oil and gas)	17c					
	d Gross income from oil, gas, and geothermal properties	17d					
	e Deductions allocable to oil, gas, and geothermal properties	17e					
	f Other alternative minimum tax items. Attach schedule	17f					
	Other Information	18 a Tax-exempt interest income.	18a				
b Other tax-exempt income.		18b					
c Nondeductible expenses		18c	3882.	3882.			
19 a Distributions of money (cash and marketable securities)		19a 79000.	0.	79000.			
b Distribution of property other than money.		19b					
20 a Investment income		20a					
b Investment expenses.		20b					
Analysis	c Other information. See instructions. AGGREGATE GROSS RECEIPTS.	20c		752103.			
	21 a Total distributive income/payment items. Combine lines 1, 2, 3c and 4c through 11c. From the result, subtract the sum of lines 12 through 13e	21a 145115.	3882.	148997.			
	b Analysis of members:	(a) Corporate	(b) Individual	(c) Partnership	(d) Exempt Organization	(e) Nominee/Other	(f) LLC
		i. Active	ii. Passive				
Members		148997.					

Schedule L Balance Sheets. See instructions before completing Schedules L, M-1, and M-2.

Assets	Beginning of taxable year		End of taxable year	
	(a)	(b)	(c)	(d)
1 Cash.....		88262.		114281.
2 a Trade notes and accounts receivable.....				
b Less allowance for bad debts.....	()		()	
3 Inventories.....				
4 U.S. government obligations.....				
5 Tax-exempt securities.....				
6 Other current assets. Attach schedule.....				
7 a Loans to partners.....				
b Mortgage and real estate loans.....				
8 Other investments. Attach schedule.....				
9 a Buildings and other depreciable assets.....	1558340.		1558340.	
b Less accumulated depreciation.....	(230,777.)	1327563.	(301,674.)	1256666.
10 a Depletable assets.....				
b Less accumulated depletion.....	()		()	
11 Land (net of any amortization).....		357000.		357000.
12 a Intangible assets (amortizable only).....				
b Less accumulated amortization.....	()		()	
13 Other assets. Attach schedule.....				
14 Total assets.....		1772825.		1727947.
Liabilities and Capital				
15 Accounts payable.....				
16 Mortgages, notes, bonds payable in less than 1 year.....				
17 Other current liabilities. Attach schedule.....				
18 All nonrecourse loans.....				
19 a Loans from partners.....				
b Mortgages, notes, bonds payable in 1 year or more.....		1695000.		1584007.
20 Other liabilities. Attach schedule.....				
21 Members' capital accounts.....		77825.		143940.
22 Total liabilities and capital.....		1772825.		1727947.

Schedule M-1 Reconciliation of Income (Loss) per Books With Income (Loss) per Return. Use total amount under California law. See instructions.

1 Net income (loss) per books.....	145115.	6 Income recorded on books this year not included on Schedule K, line 1 through line 11c. Itemize:	
2 Income included on Schedule K, line 1 through line 11c not recorded on books this year. Itemize.....		a Tax-exempt interest.....	
3 Guaranteed payments (other than health insurance).....		b Other.....	
4 Expenses recorded on books this year not included on Schedule K, line 1 through line 13e. Itemize:		c Total. Add line 6a and line 6b.....	
a Depreciation.....		7 Deductions included on Schedule K, line 1 through line 13e not charged against book income this year. Itemize:	
b Travel and entertainment.....		a Depreciation.....	
c Annual LLC tax.....	3882.	b Other.....	
d Other.....		c Total. Add line 7a and line 7b.....	
e Total. Add line 4a through line 4d.....	3882.	8 Total. Add line 6c and line 7c.....	
5 Total of line 1 through line 4e.....	148997.	9 Income (loss) (Schedule K, line 21a.) Subtract line 8 from line 5.....	148997.

Schedule M-2 Analysis of Members' Capital Accounts. Use California amounts.

1 Balance at beginning of year.....	77825.	5 Total of line 1 through line 4.....	222940.
2 Capital contributed during year.....		6 Distributions: a Cash.....	79000.
a Cash.....		b Property.....	
b Property.....		7 Other decreases. Itemize.....	
3 Net income (loss) per books.....	145115.	8 Total of line 6 and line 7.....	79000.
4 Other increases. Itemize.....		9 Balance at end of year. Subtract line 8 from line 5.....	143940.

Schedule O Amounts from Liquidation used to Capitalize a Limited Liability Company. (Complete only if initial return box is checked on Side 1, Question H.)

Name of entity liquidated (if more than one, attach a schedule) _____

Type of entity: ☐ (1) C Corporation ☐ (2) S Corporation ☐ (3) Partnership ☐ (4) Limited Partnership ☐ (5) Sole Proprietor ☐ (6) Farmer

Entity identification number(s): FEIN _____ SSN or ITIN _____ CA Corp. No. _____ CA SOS File No. _____

Amount of liquidation gains recognized to capitalize the LLC _____

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Schedule IW Limited Liability Company (LLC) Income Worksheet

Enter your California income amounts on the worksheet. All amounts entered must be assigned for California law differences. **Use only amounts that are from sources derived from or attributable to California when completing lines 1-17 of this worksheet.** If your business is both within and outside of California, see Schedule IW instructions to assign the correct amounts to California. If the LLC is wholly within California, the total income amount is assigned to California and is entered beginning with line 1a. If the single member LLC (SMLLC) does not meet the 3 million criteria for filing Schedule B (568) and Schedule K (568), the SMLLC is still required to complete Schedule IW. Disregarded entities that do not meet the filing requirements to complete Schedule B or Schedule K should prepare Schedule IW by entering the California amounts attributable to the disregarded entity from the member's federal Schedule B, C, D, E, F (Form 1040), or additional schedules associated with other activities. **Do not enter amounts on this worksheet that have already been reported by another LLC to determine its fee.**

See instructions on page 14 of the Form 568 Booklet for more information on how to complete Schedule IW.

- 1 a Total California income from Form 568, Schedule B, line 3. See instructions 1a 752103.
b Enter the California cost of goods sold from Form 568, Schedule B, line 2 and from federal Schedule F (Form 1040) (plus California adjustments) associated with the receipts assigned to California on lines 1a and 4. 1b _____
- 2 a If the answer to Question U(1) on Form 568 Side 2, is "Yes", include the gross income of this disregarded entity that is not included in lines 1 and 8 through 16 2a _____
b Enter the cost of goods sold of disregarded entities associated with the receipts assigned to California on line 2a 2b _____
- 3 a LLC's distributive share of ordinary income from pass-through entities 3a _____
b Enter the LLC's distributive share of cost of goods sold from other pass-through entities associated with the receipt assigned to California on line 3a (see Schedule K-1s (565), Table 3, line 1a) 3b _____
c Enter the LLC's distributive share of deductions from other pass-through entities associated with the receipt assigned to California on line 3a (see Schedule K-1s (565), Table 3, line 1b) 3c _____
- 4 Add gross farm income from federal Schedule F (Form 1040). Use California amounts 4 _____
- 5 Enter the total of other income (not loss) from Form 568, Schedule B, line 10 5 _____
- 6 Enter the total gains (not losses) from Form 568, Schedule B, line 8 6 _____
- 7 Add line 1a through line 6 7 752103.
- 8 California rental real estate
a Enter the total gross rents from federal Form 8825, line 18a 8a _____
b Enter the total gross rents from all Schedule K-1s (565), Table 3, line 2 8b _____
c Add line 8a and line 8b 8c _____
- 9 Other California rentals.
a Enter the amount from Schedule K (568), line 3a 9a _____
b Enter the amount from all Schedule K-1s (565), Table 3, line 3. 9b _____
c Add lines 9a and 9b 9c _____
- 10 California interest. Enter the amount from Form 568, Schedule K, line 5 10 _____
- 11 California dividends. Enter the amount from Form 568, Schedule K, line 6 11 _____
- 12 California royalties. Enter the amount from Form 568, Schedule K, line 7 12 _____
- 13 California capital gains. Enter the capital gains (not losses) included in the amounts from Form 568, Schedule K, lines 8 and 9 13 _____
- 14 California 1231 gains. Enter the amount of total gains (not losses) from Form 568, Schedule K, line 10a 14 _____
- 15 Other California portfolio income (not loss). Enter the amount from Form 568, Schedule K, line 11a. 15 _____
- 16 Other California income (not loss) not included in line 5. Enter the amount from Form 568, Schedule K, line 11b 16 _____
- 17 Total California income. Add lines 7, 8c, 9c, 10, 11, 12, 13, 14, 15, and 16. Line 17 may not be a negative number. Enter here and on Form 568, Side 1, line 1. If less than zero enter -0- 17 752103.

2022 Depreciation and Amortization

3885L

Name as shown on return

California Secretary of State (SOS) file number

TEAM PASA LLC

201831010015

FEIN

832468463

Tangible and intangible assets placed in service during the 2022 taxable year:			Depreciation of assets			Amortization of property		
(a) Description of property	(b) Date placed in service (mm/dd/yyyy)	(c) Cost or other basis	(d) Method of figuring depreciation	(e) Life or rate	(f) Depreciation for this year	(g) Code section	(h) Period or percentage	(i) Amortization for this year
1								
1 Enter line 1, column (f) and column (i) totals					1			

1	Enter line 1, column (f) and column (i) totals	1
----------	--	----------

Depreciation

Be sure to make adjustments for any basis differences when calculating depreciation.

2 California depreciation for assets placed in service beginning before the 2022 taxable year..... **2** 70897.

3	Total California depreciation. Add line 1(f) totals and line 2.....	3	<u>70897.</u>
----------	---	----------	---------------

Amortization

Be sure to make adjustments for any basis differences when calculating amortization.

4 California amortization for intangibles placed in service beginning before the 2022 taxable year 4 _____

5 Total California amortization. Add line 1(i) totals and line 4. **5**

6	Total depreciation and amortization. Add line 3 and line 5. Enter the total here and on Form 568, Schedule B, line 17a, if from a trade or business, or on federal Form 8825, line 14, if from rental real estate activities	6	70897.
----------	--	----------	--------

7	IRC Section 179 expense deduction from line 12 of the worksheet in the instructions	7	0.
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8	Carryover of disallowed deduction to 2023 from line 13 of the worksheet in the instructions.	8	0.
----------	--	----------	----

General Information

In general, for taxable years beginning on or after January 1, 2015, California law conforms to the Internal Revenue Code (IRC) as of January 1, 2015. However, there are continuing differences between California and federal law. When California conforms to federal tax law changes, we do not always adopt all of the changes made at the federal level. For more information, go to ftb.ca.gov and search for **conformity**. Additional information can be found in FTB Pub. 1001, Supplemental Guidelines to California Adjustments, the instructions for Schedule CA (540), California Adjustments - Residents, or Schedule CA (540NR), California Adjustments - Nonresidents or Part-Year Residents, and the Business Entity tax booklets.

The instructions provided with California tax forms are a summary of California tax law and are only intended to aid taxpayers in preparing their state income tax returns. We include information that is most useful to the greatest number of taxpayers in the limited space available. It is not possible to include all requirements of the California Revenue and Taxation Code (R&TC) in the instructions. Taxpayers should not consider the instructions as authoritative law.

A Purpose

Use form FTB 3885L, Depreciation and Amortization, to compute depreciation and amortization allowed as a deduction on Form 568, Limited Liability Company Return of Income. Attach form FTB 3885L to Form 568.

Depreciation is the annual deduction allowed to recover the cost or other basis of business or income producing property with a determinable useful life of more than one year. Land is not depreciable.

Amortization is an amount deducted to recover the cost of certain capital expenses over a fixed period.

B Federal/State Calculation Differences

California law has not always conformed to federal law with regard to depreciation methods, special credits, or accelerated write-offs. Consequently, the recovery periods and the basis on which the depreciation is calculated may be different from the amounts used for federal purposes. Reportable differences may occur if all or part of your assets were placed in service:

- **Before January 1, 1987:** California disallowed depreciation under the federal Accelerated Cost Recovery System (ACRS). Continue to calculate California depreciation in the same manner as in prior years for those assets.
- **On or after January 1, 1987:** California provides special credits and accelerated write-offs that affect the California basis for qualifying assets. California does not conform to all the changes to federal law enacted in 1993. Therefore, the California basis or recovery periods may be different for some assets.

California law **does not** conform to the federal law for:

- IRC Section 168(k) relating to the depreciation deduction for certain assets.
- The enhanced IRC Section 179 expensing election.
- The expanded definition of IRC Section 179 property for certain depreciable tangible personal property related to furnishing lodging and for qualified real property for improvements to nonresidential real property.

Additional differences may occur for the following:

- Luxury Automobile Depreciation:** Sport utility vehicles and minivans built on a truck chassis are included in the definition of trucks and vans when applying the 6,000 pound gross weight limit. However, California does not conform to the federal modifications to depreciation limitations on luxury automobiles (IRC Section 280F).

2022**Member's Share of Income,
Deductions, Credits, etc.****K-1 (568)**

TYB 01-01-2022 TYE 12-31-2022
571-71-6877
PAUL KURDIAN

3334 E COAST HWY 371
CORONA DEL MAR CA 92625

83-2468463 201831010015
TEAM PASA LLC

2525 N PALM CANYON DR
PALM SPRINGS CA 92262

A What type of entity is this member? ● See instructions.

- (1) ☒ Individual (4) ☐ C Corporation (7) ☐ LLP (10) ☐ Exempt Organization
 (2) ☐ S Corporation (5) ☐ General Partnership (8) ☐ LLC (11a) ☐ Disregarded Entity (DE)
 (3) ☐ Estate/Trust (6) ☐ Limited Partnership (9) ☐ IRA/Keogh/SEP (11b) DE owner's name _____
 (11c) DE owner's TIN _____

B Is this member a foreign member? ● ☐ Yes ☒ No**C** Enter member's percentage (without regard to special allocations) of:

	(i) Beginning		(ii) Ending
Profit	5 0 . 0 0 0 0 %	●	5 0 . 0 0 0 0 %
Loss	5 0 . 0 0 0 0 %	●	5 0 . 0 0 0 0 %
Capital	5 0 . 0 0 0 0 %	●	5 0 . 0 0 0 0 %

Check the box if decrease is due to sale or exchange of LLC interest ☐

D Member's share of liabilities:

	(i) Beginning		(ii) Ending
Nonrecourse	\$ 00	●	\$ 00
Qualified nonrecourse financing	\$ 847,500 00	●	\$ 792,003 00
Recourse	\$ 00	●	\$ 00

Check the box if Item D includes liability amounts from lower tier partnerships or LLCs ☐

E Reportable transaction or tax shelter registration number(s)

- F** (1) Check here if this is a publicly traded partnership as defined in IRC Section 469(k)(2) ☒
 (2) Check here if this is an investment partnership (R&TC Sections 17955 and 23040.1) ☒

Member's name

PAUL KURDIAN

Member's identifying number

571-71-6877

G Check here if this is: ☒ (1) ☐ A final Schedule K-1 (568) ☐ (2) ☐ An amended Schedule K-1 (568)

H Is this member a resident of California? ☒ Yes ☐ No

I Did this member contribute property with a built-in gain or loss? If "Yes" attach statement. See instructions. ☐ Yes ☒ No

J Member's share of net unrecognized IRC Section 704(c) gain or (loss) (i) Beginning _____ (ii) Ending _____

K Analysis of member's tax basis capital account:

(a) Capital account at beginning of year	(b) Capital contributed during year	(c) Current year net income (loss)	(d) Other increase (decrease) (attach explanation)	(e) Withdrawals and distributions	(f) Capital account at end of year, combine column (a) through column (e)
● 38913.	●	● 72557.		● (47,000)	● 64470.

Caution: Refer to Member's Instructions for Schedule K-1 (568) before entering information from this schedule on your California return.

	(a) Distributive share items	(b) Amounts from federal Schedule K-1 (Form 1065)	(c) California adjustments	(d) Total amounts using California law. Combine col. (b) and col. (c)	(e) California source amounts and credits
Income (Loss)	1 Ordinary income (loss) from trade or business activities	72557.	1941.	● 74498.	▶
	2 Net income (loss) from rental real estate activities			●	▶
	3 Net income (loss) from other rental activities ..			⊙	⊙
	4 a Guaranteed payments for services				
	4 b Guaranteed payments for capital				
	4 c Total guaranteed payments			●	▶
	5 Interest income			●	▶
	6 Dividends			●	▶
	7 Royalties			●	▶
	8 Net short-term capital gain (loss)			●	▶
	9 Net long-term capital gain (loss)			●	▶
	10 a Total gain under IRC Section 1231 (other than due to casualty or theft)			●	▶
	b Total loss under IRC Section 1231 (other than due to casualty or theft)			●	▶
	11 a Other portfolio income (loss). Attach schedule			●	▶
	b Total other income. Attach schedule			●	▶
	c Total other loss. Attach schedule			●	▶

Member's name

PAUL KURDIAN

Member's identifying number

571-71-6877

	(a) Distributive share items	(b) Amounts from federal Schedule K-1 (Form 1065)	(c) California adjustments	(d) Total amounts using California law. Combine col. (b) and col. (c)	(e) California source amounts and credits
Deductions	12 Expense deduction for recovery property (IRC Section 179)		0.	0.	
	13 a Charitable contributions				
	b Investment interest expense				
	c 1 Total expenditures to which an IRC Section 59(e) election may apply.....				
	2 Type of expenditures				
	d Deductions related to portfolio income. Attach schedule				
	e Other deductions. Attach schedule				
Credits	15 a Total withholding (equals amount on Form 592-B if calendar year LLC)				
	b Low-income housing credit				
	c Credits other than line 15b related to rental real estate activities. Attach schedule				
	d Credits related to other rental activities. Attach schedule				
	e Nonconsenting nonresident members' tax paid by LLC				
	f Other credits – Attach required schedules or statements				
Alternative Minimum Tax (AMT) Items	17 a Depreciation adjustment on property placed in service after 1986	-669.	0.	-669.	
	b Adjusted gain or loss				
	c Depletion (other than oil & gas)				
	d Gross income from oil, gas, and geothermal properties				
	e Deductions allocable to oil, gas, and geothermal properties				
	f Other alternative minimum tax items. Attach schedule				
Tax-exempt Income and Nondeductible Expenses	18 a Tax-exempt interest income				
	b Other tax-exempt income				
	c Nondeductible expenses		1941.	1941.	
Distributions	19 a Distributions of money (cash and marketable securities)	47000.	0.	47000.	
	b Distributions of property other than money				
Other Information	20 a Investment income				
	b Investment expenses				
	c Other information. See instructions			376873.	
	21 <input type="checkbox"/> More than one activity for at-risk purposes. See instructions.				
	22 <input type="checkbox"/> More than one activity for passive activity purposes. See instructions.				

Member's name

PAUL KURDIAN

Member's identifying number

571-71-6877

Other Member Information**Table 1** — Member's share of nonbusiness income from intangibles (source of income is dependent on residence or commercial domicile of the member):

Interest	\$		Sec. 1231 Gains/Losses	\$		Capital Gains/Losses	\$	
Dividends	\$		Royalties	\$		Other	\$	

FOR USE BY MEMBERS ONLY – See instructions.

Table 2 — Member's share of distributive items.

A. Member's share of the LLC's business income. See instructions. \$

B. Member's share of nonbusiness income from real and tangible personal property sourced or allocable to California.

Capital Gains/Losses	\$		Rents/Royalties	\$	
Sec. 1231 Gains/Losses	\$		Other	\$	

C. Member's distributive share of the LLC's property, payroll, and sales:

Factors	Total within and outside California	Total within California
Property: Beginning	\$	\$
Property: Ending	\$	\$
Property: Annual rent expense	\$	\$
Payroll	\$	\$
Sales	\$	\$

Additional Information From CA Schedule K-1 (568): Member's Share of Income, Deductions, Credits, etc. (PAUL KURDIAN)

CA Schedule K-1 (568): Member's Share of Income, Deductions, Credits, etc. (PAUL KURDIAN)

Supplemental Information Required to be ReportedContinuation Statement

Description	CA Law Amounts
AGGREGATE GROSS RECEIPTS	376051.
-CODE N: BUSINESS INT EXPENSE FROM ORD BUSINESS INCOME (LINE 1)	822.
TOTAL	376873.

2022**Member's Share of Income,
Deductions, Credits, etc.****K-1 (568)**

TYB 01-01-2022 TYE 12-31-2022
 546-13-1978
 SAMANTHA MCDERMOTT

3334 E COAST HWY 371
 CORONA DEL MAR CA 92625

83-2468463 201831010015
 TEAM PASA LLC

2525 N PALM CANYON DR
 PALM SPRINGS CA 92262

A What type of entity is this member? ● See instructions.

- (1) ☒ Individual (4) ☐ C Corporation (7) ☐ LLP (10) ☐ Exempt Organization
 (2) ☐ S Corporation (5) ☐ General Partnership (8) ☐ LLC (11a) ☐ Disregarded Entity (DE)
 (3) ☐ Estate/Trust (6) ☐ Limited Partnership (9) ☐ IRA/Keogh/SEP (11b) DE owner's name _____
 (11c) DE owner's TIN _____

B Is this member a foreign member? ● ☐ Yes ☒ No**C** Enter member's percentage (without regard to special allocations) of:

	(i) Beginning		(ii) Ending
Profit	5 0 . 0 0 0 0 %	●	5 0 . 0 0 0 0 %
Loss	5 0 . 0 0 0 0 %	●	5 0 . 0 0 0 0 %
Capital	5 0 . 0 0 0 0 %	●	5 0 . 0 0 0 0 %

Check the box if decrease is due to sale or exchange of LLC interest ☐

D Member's share of liabilities:

	(i) Beginning		(ii) Ending
Nonrecourse	\$ 00	●	\$ 00
Qualified nonrecourse financing	\$ 847,500 00	●	\$ 792,004 00
Recourse	\$ 00	●	\$ 00

Check the box if Item D includes liability amounts from lower tier partnerships or LLCs ☐

E Reportable transaction or tax shelter registration number(s)

- F** (1) Check here if this is a publicly traded partnership as defined in IRC Section 469(k)(2) ● ☐
 (2) Check here if this is an investment partnership (R&TC Sections 17955 and 23040.1) ● ☐

Member's name

SAMANTHA MCDERMOTT

Member's identifying number

546-13-1978

G Check here if this is: ☒ (1) ☐ A final Schedule K-1 (568) ☐ (2) ☐ An amended Schedule K-1 (568)

H Is this member a resident of California? ☒ Yes ☐ No

I Did this member contribute property with a built-in gain or loss? If "Yes" attach statement. See instructions. ☐ Yes ☒ No

J Member's share of net unrecognized IRC Section 704(c) gain or (loss) (i) Beginning (ii) Ending

K Analysis of member's tax basis capital account:

(a) Capital account at beginning of year	(b) Capital contributed during year	(c) Current year net income (loss)	(d) Other increase (decrease) (attach explanation)	(e) Withdrawals and distributions	(f) Capital account at end of year, combine column (a) through column (e)
● 38912.	●	● 72558.		● (32,000)	● 79470.

Caution: Refer to Member's Instructions for Schedule K-1 (568) before entering information from this schedule on your California return.

	(a) Distributive share items	(b) Amounts from federal Schedule K-1 (Form 1065)	(c) California adjustments	(d) Total amounts using California law. Combine col. (b) and col. (c)	(e) California source amounts and credits
Income (Loss)	1 Ordinary income (loss) from trade or business activities	72558.	1941.	● 74499.	▶
	2 Net income (loss) from rental real estate activities			●	▶
	3 Net income (loss) from other rental activities			⊙	⊙
	4 a Guaranteed payments for services				
	4 b Guaranteed payments for capital				
	4 c Total guaranteed payments			●	▶
	5 Interest income			●	▶
	6 Dividends			●	▶
	7 Royalties			●	▶
	8 Net short-term capital gain (loss)			●	▶
	9 Net long-term capital gain (loss)			●	▶
	10 a Total gain under IRC Section 1231 (other than due to casualty or theft)			●	▶
	b Total loss under IRC Section 1231 (other than due to casualty or theft)			●	▶
	11 a Other portfolio income (loss). Attach schedule			●	▶
	b Total other income. Attach schedule			●	▶
	c Total other loss. Attach schedule			●	▶

Member's name

SAMANTHA MCDERMOTT

Member's identifying number

546-13-1978

	(a) Distributive share items	(b) Amounts from federal Schedule K-1 (Form 1065)	(c) California adjustments	(d) Total amounts using California law. Combine col. (b) and col. (c)	(e) California source amounts and credits
Deductions	12 Expense deduction for recovery property (IRC Section 179)		0.	0.	
	13 a Charitable contributions				
	b Investment interest expense				
	c 1 Total expenditures to which an IRC Section 59(e) election may apply.				
	2 Type of expenditures				
	d Deductions related to portfolio income. Attach schedule.				
	e Other deductions. Attach schedule				
Credits	15 a Total withholding (equals amount on Form 592-B if calendar year LLC)				
	b Low-income housing credit				
	c Credits other than line 15b related to rental real estate activities. Attach schedule.				
	d Credits related to other rental activities. Attach schedule				
	e Nonconsenting nonresident members' tax paid by LLC				
	f Other credits – Attach required schedules or statements				
Alternative Minimum Tax (AMT) Items	17 a Depreciation adjustment on property placed in service after 1986	-670.	0.	-670.	
	b Adjusted gain or loss				
	c Depletion (other than oil & gas)				
	d Gross income from oil, gas, and geothermal properties				
	e Deductions allocable to oil, gas, and geothermal properties				
	f Other alternative minimum tax items. Attach schedule				
Tax-exempt Income and Nondeductible Expenses	18 a Tax-exempt interest income				
	b Other tax-exempt income				
	c Nondeductible expenses		1941.	1941.	
Distributions	19 a Distributions of money (cash and marketable securities)	32000.	0.	32000.	
	b Distributions of property other than money				
Other Information	20 a Investment income				
	b Investment expenses				
	c Other information. See instructions			376874.	
	21 <input type="checkbox"/> More than one activity for at-risk purposes. See instructions.				
	22 <input type="checkbox"/> More than one activity for passive activity purposes. See instructions.				

Member's name

SAMANTHA MCDERMOTT

Member's identifying number

546-13-1978

Other Member Information**Table 1** — Member's share of nonbusiness income from intangibles (source of income is dependent on residence or commercial domicile of the member):

Interest	\$		Sec. 1231 Gains/Losses	\$		Capital Gains/Losses	\$	
Dividends	\$		Royalties	\$		Other	\$	

FOR USE BY MEMBERS ONLY – See instructions.

Table 2 — Member's share of distributive items.

A. Member's share of the LLC's business income. See instructions. \$

B. Member's share of nonbusiness income from real and tangible personal property sourced or allocable to California.

Capital Gains/Losses	\$		Rents/Royalties	\$	
Sec. 1231 Gains/Losses	\$		Other	\$	

C. Member's distributive share of the LLC's property, payroll, and sales:

Factors	Total within and outside California	Total within California
Property: Beginning	\$	\$
Property: Ending	\$	\$
Property: Annual rent expense	\$	\$
Payroll	\$	\$
Sales	\$	\$

Additional Information From CA Schedule K-1 (568): Member's Share of Income, Deductions, Credits, etc. (SAMANTHA MCDERMOTT)

CA Schedule K-1 (568): Member's Share of Income, Deductions, Credits, etc. (SAMANTHA MCDERMOTT)

Supplemental Information Required to be Reported Continuation Statement

Description	CA Law Amounts
AGGREGATE GROSS RECEIPTS	376052.
-CODE N: BUSINESS INT EXPENSE FROM ORD BUSINESS INCOME (LINE 1)	822.
TOTAL	376874.

Additional Information From 2022 California Limited Liability Company Tax Return

Form 568: Limited Liability Company Return of Income Schedule B, Line 21

Continuation Statement

Description	Amount
ADVERTISING	3661.
EQUIPMENT RENT	1500.
INSURANCE	11013.
JANITORIAL	1429.
LAUNDRY AND CLEANING	3074.
LEGAL AND PROFESSIONAL	13456.
POSTAGE	2956.
SUPPLIES	9578.
TOOLS	275.
UNIFORMS	1520.
UTILITIES	44587.
BEDDING/SHEET/TOWEL INVENTORY	6100.
BOOKING.COM	69186.
CONSULTING FEE	4454.
DONATION & CHARITY	500.
ELADIO HERNANDEZ	2790.
ELOY ROSARIO POOL SERVICE	3646.
EXPEDIA.COM	2164.
FOOD SERVICES	24738.
FURNISHING & FF&E	14888.
GUEST CONCIERGE SERVICES	94.
GUEST MESSAGING SYSTEM	1440.
HARDWARE & ROOM & IMPROVMENT	6149.
HOTEL RESERVATION MGT SYSTEM	3965.
KEN COX SERVICES	750.
LANDSCAPING	193.
PINEDO CLEANING SERVICES	47147.
SAJO ADVISORS LLC	15000.
SERVICE PROVIDERS	36856.
SHUTTLE EXPENSE	1362.
TELECOM & WEB SERVICES	5134.
WEBZERO	750.
WORKERS COMP	4931.
TAXES AND LICENSES	120738.
Total	466024

Form 568: Limited Liability Company Return of Income
Sch L, Line 19b(d)

Itemization Statement

Description	Amount
2525 n palm canyon	1542394.
eidl funds sba loan	16794.
ampac business capital	24819.
Total	1584007.

SMART WORKSHEET FOR: Form 568: Limited Liability Company Return of Income

Total state taxes

Itemization Statement

Description	Amount
2021 LLC STATE TAX FTB	3,082.
CA SEC OF STATE 2022	800.
Total	3,882.

SMART WORKSHEET FOR: Form 568: Limited Liability Company Return of Income

Other misc taxes

Itemization Statement

Description	Amount
ABC LICENSE	1,290.
CA HOTEL LODGING & ASSOC.	395.
DEPT OF ENVIRONMENTAL HEALTH	406.
FIRE DEPARTMENT	550.
GREATER PALM SPRINGS CONVENTION	685.
PALM SPRINGS CHAMBER OF COMMERCE	400.
PROFESSIONAL LICENSE & CERTF	38.
TBID'S TOURISM BUREAU	6,740.
TOT'S TRANSIENT OCCUPANCY TAX	77,624.
Total	88,128.

SMART WORKSHEET FOR: Form 568: Limited Liability Company Return of Income

Licenses

Itemization Statement

Description	Amount
CITY LICENSE	118.
Total	118.

2023 Jan 1st to August 31

P&L Statement
Inn at Palm Springs.
2525 N Palm Cyn Dr. Palm Springs, CA 92262

	Notes	
Gross Income/Receipts	\$	563,746.00
Other Income/Private Events/Wedding/Other		
Other Income/Bar/Alcohol Sales	\$	-
Total Revenue	\$	563,746.00
Expenses		
Postage & Office Supplies & Software	\$	(1,674.00)
Facilities, Room & Guest Supplies	\$	(4,822.00)
Guest Concierge Service Expenses	\$	(185.00)
Hardware & Room and Property Improvement (Home Depot, Etc.)	\$	(2,417.00)
Marketing/Selling Expenses/Advertising	\$	(2,019.00)
Tools	\$	(70.00)
Housekeeping/Laundry/Cleaning Supplies	\$	(972.00)
Janitorial	\$	(1,248.00)
Landscaping/Plants	\$	(103.00)
Employee Uniforms	\$	(595.00)
Inventories/Bedding/Sheets/Towels	\$	(2,123.00)
Travel/Shuttle/Car Expenses- Gas	\$	(1,175.00)
	\$	(17,403.00)
Collaborative Partners - COGS		
Expedia.com	\$	(53.00)
Booking.com	\$	(65,252.00)
Food & Beverage(Breakfast)	\$	(19,203.00)
Wells Fargo	\$	(96.00)
Guest Messaging System	\$	(960.00)
Hotel Reservation Mgt System	\$	(2,483.00)

	\$	(88,047.00)
Labor		
Front Desk	\$	(32,515.00)
Maintenance	\$	(17,187.00)
Cleaning Services (Housekeeping)	\$	(27,954.00)
Other/Adjustments	\$	(3,508.00)
Misc Labor/Consulting	\$	(4,200.00)
	\$	(85,364.00)
Service Providers		
Desert Fire Extinguisher Co. Inc	\$	(600.00)
Landscaping	\$	(4,202.00)
Pool Service	\$	(2,220.00)
Voice Mail & Text Messaging/Internet (Go Daddy)	\$	(495.00)
Payment System Processing Service Fees	\$	(19,036.00)
Palm Springs Disposal Services	\$	(2,312.00)
Payroll Processing	\$	(3,110.00)
Handyman Services	\$	(895.00)
Valley Lock & Safe	\$	(321.00)
Hotel Inventory Tracking	\$	(1,674.00)
Cloud Security	\$	(244.00)
	\$	(35,109.00)
Utilities & Energy		
So Cal Gas	\$	(9,174.00)
So Cal Edison	\$	(19,326.00)
Desert Water Agency	\$	(2,517.00)
Propane - Outside Heaters	\$	(174.00)
	\$	(31,191.00)
Telecom & Web Services		
Spectrum 1 Guest Room TV Service	\$	(1,988.00)
Spectrum 2 Guest Wi-Fi & Office Phone	\$	(929.00)
Spectrum 3 Office Wi-Fi (Residential)	\$	(257.00)
In Room TV Entertainment	\$	-
Web Services	\$	(150.00)
	\$	(3,324.00)

Insurance/Work Comp/SS/Etc.

Insurance Hazard - Property Insurance	\$	(7,618.00)
Worker's Comp Insurance	\$	(3,470.00)
Employer Liabilities- Social Security/Medicare/ Fed& Ca Tax, Ca Disability	\$	(13,594.00)
	\$	(24,682.00)

Professional Services/Service Providers

Accounting	\$	(1,680.00)
Photography and Web Services	\$	(900.00)
	\$	(2,580.00)

CITY OF PALM SPRINGS/County of Riverside/Industry Affiliations

Greater Palm Springs Convention & Visitors Bureau & SHoPS	\$	(395.00)
CA Hotel Lodging & Association		
Palm Springs Chamber of Commerce		
Professional Licenses & Certifications		
ABC License	\$	(1,290.00)
TOT's (Transient Occupancy Tax - City of Palm Springs)	\$	(63,010.00)
TBID's (Tourism Bureau Improvement - City of Palm Springs)	\$	(5,479.00)
Fire Department		
Dept of Environmental Health, County/Pool Permit, Etc.	\$	(422.00)
	\$	(70,596.00)

Furnishing & FF&E	\$	(11,687.00)
Building Materials	\$	(2,500.00)
	\$	(14,187.00)

Total Expenses	\$	(372,483.00)
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Profit Before Taxes

	\$	191,263.00
Property Taxes	\$	(13,484.00)
Ca Sec of State	\$	(800.00)
LLC Taxes & Fees/Franchise Tax Board		
City License Fees	\$	(117.00)

Existing Note Payments (\$6500/month)		\$	(52,000.00)
Profits/Loss	\$	-	\$ 124,862.00



Fidelity National Title Company

555 S. Flower Street, Suite 4420, Los Angeles, CA 90071
Phone: (213) 452-7100 • Fax:

Issuing Policies of Fidelity National Title Insurance Company

Order No.: 995-30106762-2AA

Main Office Line: (213) 452-7100

TO:

Commercial Bank of California
19752 MacArthur Boulevard, Suite 100
Irvine, CA 92612

Title Officer: Amy Andries (MA-LA)
Title Officer Phone: (213) 452-7100
Title Officer Fax:
Title Officer Email: LANCS@fnf.com

ATTN: **Sebastian Yanes**
YOUR REFERENCE:

PROPERTY ADDRESS: 2525 North Palm Canyon Drive, Palm Springs, CA

PRELIMINARY REPORT

*In response to the application for a policy of title insurance referenced herein, **Fidelity National Title Company** hereby reports that it is prepared to issue, or cause to be issued, as of the date hereof, a policy or policies of title insurance describing the land and the estate or interest therein hereinafter set forth, insuring against loss which may be sustained by reason of any defect, lien or encumbrance not shown or referred to as an exception herein or not excluded from coverage pursuant to the printed Schedules, Conditions and Stipulations or Conditions of said policy forms.*

The printed Exceptions and Exclusions from the coverage and Limitations on Covered Risks of said policy or policies are set forth in Attachment One. The policy to be issued may contain an arbitration clause. When the Amount of Insurance is less than that set forth in the arbitration clause, all arbitrable matters shall be arbitrated at the option of either the Company or the Insured as the exclusive remedy of the parties. Limitations on Covered Risks applicable to the CLTA and ALTA Homeowner's Policies of Title Insurance which establish a Deductible Amount and a Maximum Dollar Limit of Liability for certain coverages are also set forth in Attachment One. Copies of the policy forms should be read. They are available from the office which issued this report.

This report (and any supplements or amendments hereto) is issued solely for the purpose of facilitating the issuance of a policy of title insurance and no liability is assumed hereby. If it is desired that liability be assumed prior to the issuance of a policy of title insurance, a Binder or Commitment should be requested.

The policy(s) of title insurance to be issued hereunder will be policy(s) of Fidelity National Title Insurance Company, a Florida Corporation.

Please read the exceptions shown or referred to herein and the exceptions and exclusions set forth in Attachment One of this report carefully. The exceptions and exclusions are meant to provide you with notice of matters which are not covered under the terms of the title insurance policy and should be carefully considered.

It is important to note that this preliminary report is not a written representation as to the condition of title and may not list all liens, defects and encumbrances affecting title to the land.

Countersigned by:

Authorized Signature



Fidelity National Title Company

555 S. Flower Street, Suite 4420, Los Angeles, CA 90071
Phone: (213) 452-7100 • Fax:

PRELIMINARY REPORT

EFFECTIVE DATE: August 23, 2023 at 7:30 a.m.

ORDER NO.: 995-30106762-2AA

The form of policy or policies of title insurance contemplated by this report is:

ALTA Extended Loan Policy (6-17-06)

1. THE ESTATE OR INTEREST IN THE LAND HEREINAFTER DESCRIBED OR REFERRED TO COVERED BY THIS REPORT IS:

A FEE

2. TITLE TO SAID ESTATE OR INTEREST AT THE DATE HEREOF IS [VESTED IN:](#)

TEAM PASA LLC, A California Limited Liability Company

3. THE LAND REFERRED TO IN THIS REPORT IS DESCRIBED AS FOLLOWS:

See Exhibit A attached hereto and made a part hereof.

EXHIBIT A
LEGAL DESCRIPTION

THE LAND REFERRED TO HEREIN BELOW IS SITUATED IN THE CITY OF PALM SPRINGS IN THE COUNTY OF RIVERSIDE, STATE OF CALIFORNIA, AND IS DESCRIBED AS FOLLOWS:

LOTS 1, 2, 3, AND 4 OF PALM SPRINGS VILLAGE TRACT NO. 2, IN THE CITY OF PALM SPRINGS, COUNTY OF RIVERSIDE, STATE OF CALIFORNIA, AS PER MAP RECORDED IN [BOOK 19, PAGE 22](#) OF MAPS, IN THE OFFICE OF THE COUNTY RECORDER OF SAID COUNTY.

[APN: 504-073-001](#)

EXCEPTIONS

AT THE DATE HEREOF, ITEMS TO BE CONSIDERED AND EXCEPTIONS TO COVERAGE IN ADDITION TO THE PRINTED EXCEPTIONS AND EXCLUSIONS IN SAID POLICY FORM WOULD BE AS FOLLOWS:

- A. Property taxes, which are a lien not yet due and payable, including any assessments collected with taxes to be levied for the fiscal year 2023-2024.
- B. The lien of supplemental or escaped assessments of property taxes, if any, made pursuant to the provisions of Chapter 3.5 (commencing with Section 75) or Part 2, Chapter 3, Articles 3 and 4, respectively, of the Revenue and Taxation Code of the State of California as a result of the transfer of title to the vestee named in Schedule A or as a result of changes in ownership or new construction occurring prior to Date of Policy.

- 1. Water rights, claims or title to water, whether or not disclosed by the public records.
- 2. Covenants, conditions and restrictions but omitting any covenants or restrictions, if any, including but not limited to those based upon age, race, color, religion, sex, gender, gender identity, gender expression, sexual orientation, marital status, national origin, ancestry, familial status, source of income, disability, veteran or military status, genetic information, medical condition, citizenship, primary language, and immigration status, as set forth in applicable state or federal laws, except to the extent that said covenant or restriction is permitted by applicable law, as set forth in the document

Recording Date: May 13, 1937
Recording No: [Book 323, Page 278](#) of Official Records

Said covenants, conditions and restrictions provide that a violation thereof shall not defeat the lien of any mortgage or deed of trust made in good faith and for value.

Modification(s) of said covenants, conditions and restrictions

Recording Date: December 17, 1938
Recording No: [Book 402, Page 235](#) of Official Records

An easement as contained in the above document,

For: Utilities
Affects: 5.00 feet wide along all lot lines

- 3. Covenants, conditions and restrictions but omitting any covenants or restrictions, if any, including but not limited to those based upon age, race, color, religion, sex, gender, gender identity, gender expression, sexual orientation, marital status, national origin, ancestry, familial status, source of income, disability, veteran or military status, genetic information, medical condition, citizenship, primary language, and immigration status, as set forth in applicable state or federal laws, except to the extent that said covenant or restriction is permitted by applicable law, as set forth in the document

Recording Date: May 11, 1938
Recording No: [Book 372, Page 240](#) of Official Records

Said covenants, conditions and restrictions provide that a violation thereof shall not defeat the lien of any mortgage or deed of trust made in good faith and for value.

EXCEPTIONS
(Continued)

An easement as contained in the above document,

For: Utilities
Affects: 5.00 feet wide along all lot lines

Affects: Lot 1

4. Covenants, conditions and restrictions but omitting any covenants or restrictions, if any, including but not limited to those based upon age, race, color, religion, sex, gender, gender identity, gender expression, sexual orientation, marital status, national origin, ancestry, familial status, source of income, disability, veteran or military status, genetic information, medical condition, citizenship, primary language, and immigration status, as set forth in applicable state or federal laws, except to the extent that said covenant or restriction is permitted by applicable law, as set forth in the document

Recording Date: November 22, 1939
Recording No: [Book 437, Page 255](#) of Official Records

Said covenants, conditions and restrictions provide that a violation thereof shall not defeat the lien of any mortgage or deed of trust made in good faith and for value.

An easement as contained in the above document,

For: Utilities
Affects: 5.00 feet wide along all lot lines

Affects: Lot 2

5. Covenants, conditions and restrictions but omitting any covenants or restrictions, if any, including but not limited to those based upon age, race, color, religion, sex, gender, gender identity, gender expression, sexual orientation, marital status, national origin, ancestry, familial status, source of income, disability, veteran or military status, genetic information, medical condition, citizenship, primary language, and immigration status, as set forth in applicable state or federal laws, except to the extent that said covenant or restriction is permitted by applicable law, as set forth in the document

Recording Date: November 27, 1941
Recording No: [Book 525, Page 135](#) of Official Records

Said covenants, conditions and restrictions provide that a violation thereof shall not defeat the lien of any mortgage or deed of trust made in good faith and for value.

An easement as contained in the above document,

For: Utilities
Affects: 5.00 feet wide along all lot lines

Affects: Lot 3

EXCEPTIONS
(Continued)

6. Covenants, conditions and restrictions but omitting any covenants or restrictions, if any, including but not limited to those based upon age, race, color, religion, sex, gender, gender identity, gender expression, sexual orientation, marital status, national origin, ancestry, familial status, source of income, disability, veteran or military status, genetic information, medical condition, citizenship, primary language, and immigration status, as set forth in applicable state or federal laws, except to the extent that said covenant or restriction is permitted by applicable law, as set forth in the document

Recording Date: March 07, 1944
Recording No: [Book 616, Page 109](#) of Official Records

Said covenants, conditions and restrictions provide that a violation thereof shall not defeat the lien of any mortgage or deed of trust made in good faith and for value.

An easement as contained in the above document,

For: Utilities
Affects: 5.00 feet wide along all lot lines

Affects: Lot 3

7. Covenants, conditions and restrictions but omitting any covenants or restrictions, if any, including but not limited to those based upon age, race, color, religion, sex, gender, gender identity, gender expression, sexual orientation, marital status, national origin, ancestry, familial status, source of income, disability, veteran or military status, genetic information, medical condition, citizenship, primary language, and immigration status, as set forth in applicable state or federal laws, except to the extent that said covenant or restriction is permitted by applicable law, as set forth in the document

Recording Date: December 10, 1943
Recording No: [Book 609, Page 158](#) of Official Records

Said covenants, conditions and restrictions provide that a violation thereof shall not defeat the lien of any mortgage or deed of trust made in good faith and for value.

An easement as contained in the above document,

For: Utilities
Affects: 5.00 feet wide along all lot lines

Affects: Lot 4

8. Easement(s) for the purpose(s) shown below and rights incidental thereto, as granted in a document:

Granted to: Time Warner Entertainment-Advance/Newhouse Partnership
Purpose: Public utilities
Recording Date: April 19, 1999
[Recording No: 164625](#) of Official Records
Affects: A portion of said land as more particularly described in said document

**EXCEPTIONS
(Continued)**

9. A Deed of Trust to secure an indebtedness in the amount shown below,

Amount: \$1,650,000.00
Dated: April 08, 2019
Trustor/Grantor: Team PaSa LLC, A California Limited Liability Company
Trustee: Chicago Title Company
Beneficiary: 2525 N. Palm Canyon, LLC, a South Carolina Limited Liability Company
Recording Date: April 09, 2019
[Recording No:](#) [2019-0119700 of Official Records](#)

This Company will require that the original note, the original deed of trust and a properly executed request for full reconveyance together with appropriate documentation (i.e., copy of trust, partnership agreement or corporate resolution) be in this office prior to the close of this transaction if the above-mentioned item is to be paid through this transaction or deleted from a policy of title insurance.

Any demands submitted to us for payoff must be signed by all beneficiaries as shown on said deed of trust, and/or any assignments thereto. In the event said demand is submitted by an agent of the beneficiary(s), we will require the written approval of the demand by the beneficiary(s). Servicing agreements do not constitute approval for the purposes of this requirement.

If no amounts remain due under the obligation a zero balance demand will be required along with the reconveyance documents.

In addition, we require the written approval of said demand by the trustor(s) on said deed of trust or the current owners if applicable.

10. Any easements not disclosed by the public records as to matters affecting title to real property, whether or not said easements are visible and apparent.
11. Matters which may be disclosed by an inspection and/or by a correct ALTA/NSPS Land Title Survey of said Land that is satisfactory to the Company, and/or by inquiry of the parties in possession thereof.
12. Any rights of the parties in possession of a portion of, or all of, said Land, which rights are not disclosed by the public records.

The Company will require, for review, a full and complete copy of any unrecorded agreement, contract, license and/or lease, together with all supplements, assignments and amendments thereto, before issuing any policy of title insurance without excepting this item from coverage.

The Company reserves the right to except additional items and/or make additional requirements after reviewing said documents.

**PLEASE REFER TO THE "INFORMATIONAL NOTES" AND "REQUIREMENTS" SECTIONS WHICH
FOLLOW FOR INFORMATION NECESSARY TO COMPLETE THIS TRANSACTION.**

END OF EXCEPTIONS

REQUIREMENTS SECTION

1. The Company will require the following documents for review prior to the issuance of any title insurance predicated upon a conveyance or encumbrance from the entity named below:

Limited Liability Company: Team PaSa LLC, A California Limited Liability Company

- a) A copy of its operating agreement, if any, and all amendments, supplements and/or modifications thereto, certified by the appropriate manager or member.
 - b) If a domestic Limited Liability Company, a copy of its Articles of Organization and all amendments thereto with the appropriate filing stamps.
 - c) If the Limited Liability Company is member-managed, a full and complete current list of members certified by the appropriate manager or member.
 - d) A current dated certificate of good standing from the proper governmental authority of the state in which the entity is currently domiciled.
 - e) If less than all members, or managers, as appropriate, will be executing the closing documents, furnish evidence of the authority of those signing.
 - f) If Limited Liability Company is a Single Member Entity, a Statement of Information for the Single Member will be required.
 - g) Each member and manager of the LLC without an Operating Agreement must execute in the presence of a notary public the Certificate of California LLC (Without an Operating Agreement) Status and Authority form.
2. Prior to the close of escrow, the Company requires a Statement of Information to be completed by the following party(s),

Party(s): All Parties

The Company reserves the right to add additional items or make further requirements after review of the requested Statement of Information.
 3. Furnish for review a full and complete copy of any unrecorded agreement, contract, license and/or lease together with all supplements, assignments and amendments thereto, prior to the close of this transaction.

The Company reserves the right to add additional items or make further requirements after review of the requested documentation.
 4. Unrecorded matters which may be disclosed by an Owner's Affidavit or Declaration. A form of the Owner's Affidavit/Declaration is attached to this Preliminary Report/Commitment. This Affidavit/Declaration is to be completed by the record owner of the land and submitted for review prior to the closing of this transaction. Your prompt attention to this requirement will help avoid delays in the closing of this transaction. Thank you.

The Company reserves the right to add additional items or make further requirements after review of the requested Affidavit/Declaration.

END OF REQUIREMENTS

INFORMATIONAL NOTES SECTION

1. Property taxes, including any personal property taxes and any assessments collected with taxes, are paid. For proration purposes the amounts were:

Tax Identification No.: 504-073-001
Fiscal Year: 2022-2023
1st Installment: \$13,484.63
2nd Installment: \$13,484.63
Exemption: \$0.00
Code Area: 011-060

2. None of the items shown in this report will cause the Company to decline to attach CLTA Endorsement Form 100 to an Extended Coverage Loan Policy, when issued.
3. The Company is not aware of any matters which would cause it to decline to attach CLTA Endorsement Form 116 indicating that there is located on said Land a Commercial property, known as 2525 North Palm Canyon Drive, located within the city of Palm Springs, California, 92262, to an Extended Coverage Loan Policy.
4. The policy of title insurance will include an arbitration provision. The Company or the insured may demand arbitration. Arbitrable matters may include, but are not limited to, any controversy or claim between the Company and the insured arising out of or relating to this policy, any service of the Company in connection with its issuance or the breach of a policy provision or other obligation. Please ask your escrow or title officer for a sample copy of the policy to be issued if you wish to review the arbitration provisions and any other provisions pertaining to your Title Insurance coverage.
5. Notice: Please be aware that due to the conflict between federal and state laws concerning the cultivation, distribution, manufacture or sale of marijuana, the Company is not able to close or insure any transaction involving Land that is associated with these activities.
6. Pursuant to Government Code Section 27388.1, as amended and effective as of 1-1-2018, a Documentary Transfer Tax (DTT) Affidavit may be required to be completed and submitted with each document when DTT is being paid or when an exemption is being claimed from paying the tax. If a governmental agency is a party to the document, the form will not be required. DTT Affidavits may be available at a Tax Assessor-County Clerk-Recorder.
7. The following Exclusion(s) are added to preliminary reports, commitments and will be included as an endorsement in the following policies:
 - A. 2006 ALTA Owner's Policy (06-17-06).
 6. Defects, liens, encumbrances, adverse claims, notices, or other matters not appearing in the Public Records but that would be disclosed by an examination of any records maintained by or on behalf of a Tribe or on behalf of its members.
 - B. 2006 ALTA Loan Policy (06-17-06).
 8. Defects, liens, encumbrances, adverse claims, notices, or other matters not appearing in the Public Records but that would be disclosed by an examination of any records maintained by or on behalf of a Tribe or on behalf of its members.
 9. Any claim of invalidity, unenforceability, or lack of priority of the lien of the Insured Mortgage based on the application of a Tribe's law resulting from the failure of the Insured Mortgage to specify State law as the governing law with respect to the lien of the Insured Mortgage.
 - C. ALTA Homeowner's Policy of Title Insurance (12-02-13) and CLTA Homeowner's Policy of Title Insurance (12-02-13).

INFORMATIONAL NOTES
(Continued)

10. Defects, liens, encumbrances, adverse claims, notices, or other matters not appearing in the Public Records but that would be disclosed by an examination of any records maintained by or on behalf of a Tribe or on behalf of its members.
 - D. ALTA Expanded Coverage Residential Loan Policy - Assessments Priority (04-02-15).
 12. Defects, liens, encumbrances, adverse claims, notices, or other matters not appearing in the Public Records but that would be disclosed by an examination of any records maintained by or on behalf of a Tribe or on behalf of its members.
 13. Any claim of invalidity, unenforceability, or lack of priority of the lien of the Insured Mortgage based on the application of a Tribe's law resulting from the failure of the Insured Mortgage to specify State law as the governing law with respect to the lien of the Insured Mortgage.
 - E. CLTA Standard Coverage Policy 1990 (11-09-18).
 7. Defects, liens, encumbrances, adverse claims, notices, or other matters not appearing in the public records but that would be disclosed by an examination of any records maintained by or on behalf of a tribe or on behalf of its members.
 8. Any claim of invalidity, unenforceability, or lack of priority of the lien of the insured mortgage based on the application of a tribe's law resulting from the failure of the insured mortgage to specify state law as the governing law with respect to the lien of the insured mortgage.
8. There are NO conveyances affecting said Land recorded within 24 months of the date of this report.

END OF INFORMATIONAL NOTES

Amy Andries (MA-LA)/ah1

Wire Fraud Alert

This Notice is not intended to provide legal or professional advice. If you have any questions, please consult with a lawyer.

All parties to a real estate transaction are targets for wire fraud and many have lost hundreds of thousands of dollars because they simply relied on the wire instructions received via email, without further verification. **If funds are to be wired in conjunction with this real estate transaction, we strongly recommend verbal verification of wire instructions through a known, trusted phone number prior to sending funds.**

In addition, the following non-exclusive self-protection strategies are recommended to minimize exposure to possible wire fraud.

- **NEVER RELY** on emails purporting to change wire instructions. Parties to a transaction rarely change wire instructions in the course of a transaction.
- **ALWAYS VERIFY** wire instructions, specifically the ABA routing number and account number, by calling the party who sent the instructions to you. **DO NOT** use the phone number provided in the email containing the instructions, use phone numbers you have called before or can otherwise verify. **Obtain the phone number of relevant parties to the transaction as soon as an escrow account is opened.** **DO NOT** send an email to verify as the email address may be incorrect or the email may be intercepted by the fraudster.
- **USE COMPLEX EMAIL PASSWORDS** that employ a combination of mixed case, numbers, and symbols. Make your passwords greater than eight (8) characters. Also, change your password often and do **NOT** reuse the same password for other online accounts.
- **USE MULTI-FACTOR AUTHENTICATION** for email accounts. Your email provider or IT staff may have specific instructions on how to implement this feature.

For more information on wire-fraud scams or to report an incident, please refer to the following links:

Federal Bureau of Investigation:
<http://www.fbi.gov>

Internet Crime Complaint Center:
<http://www.ic3.gov>



Fidelity National Title Company

555 S. Flower Street, Suite 4420, Los Angeles, CA 90071
Phone: (213) 452-7100 • Fax:

Notice of Available Discounts

Pursuant to Section 2355.3 in Title 10 of the California Code of Regulations Fidelity National Financial, Inc. and its subsidiaries ("FNF") must deliver a notice of each discount available under our current rate filing along with the delivery of escrow instructions, a preliminary report or commitment. Please be aware that the provision of this notice does not constitute a waiver of the consumer's right to be charged the filed rate. As such, your transaction may not qualify for the below discounts.

You are encouraged to discuss the applicability of one or more of the below discounts with a Company representative. These discounts are generally described below; consult the rate manual for a full description of the terms, conditions and requirements for such discount. These discounts only apply to transactions involving services rendered by the FNF Family of Companies. This notice only applies to transactions involving property improved with a one-to-four family residential dwelling.

Not all discounts are offered by every FNF Company. The discount will only be applicable to the FNF Company as indicated by the named discount.

FNF Underwritten Title Company

CTC – Chicago Title company
CLTC – Commonwealth Land Title Company
FNTC – Fidelity National Title Company of California
FNTCCA - Fidelity National Title Company of California
TICOR – Ticor Title Company of California
LTC – Lawyer's Title Company
SLTC – ServiceLink Title Company

Underwritten by FNF Underwriters

CTIC – Chicago Title Insurance Company
CLTIC - Commonwealth Land Title Insurance Company
FNTIC – Fidelity National Title Insurance Company
FNTIC - Fidelity National Title Insurance Company
CTIC – Chicago Title Insurance Company
CLTIC – Commonwealth Land Title Insurance Company
CTIC – Chicago Title Insurance Company

Available Discounts

DISASTER LOANS (CTIC, CLTIC, FNTIC)

The charge for a Lender's Policy (Standard or Extended coverage) covering the financing or refinancing by an owner of record, within twenty-four (24) months of the date of a declaration of a disaster area by the government of the United States or the State of California on any land located in said area, which was partially or totally destroyed in the disaster, will be fifty percent (50%) of the appropriate title insurance rate.

CHURCHES OR CHARITABLE NON-PROFIT ORGANIZATIONS (CTIC, FNTIC)

On properties used as a church or for charitable purposes within the scope of the normal activities of such entities, provided said charge is normally the church's obligation the charge for an owner's policy shall be fifty percent (50%) to seventy percent (70%) of the appropriate title insurance rate, depending on the type of coverage selected. The charge for a lender's policy shall be forty (40%) to fifty percent (50%) of the appropriate title insurance rate, depending on the type of coverage selected.

ATTACHMENT ONE

CALIFORNIA LAND TITLE ASSOCIATION STANDARD COVERAGE POLICY – 1990 (11-09-18)

EXCLUSIONS FROM COVERAGE

The following matters are expressly excluded from the coverage of this policy and the Company will not pay loss or damage, costs, attorneys' fees or expenses which arise by reason of:

1. (a) Any law, ordinance or governmental regulation (including but not limited to building or zoning laws, ordinances, or regulations) restricting, regulating, prohibiting or relating (i) the occupancy, use, or enjoyment of the land; (ii) the character, dimensions or location of any improvement now or hereafter erected on the land; (iii) a separation in ownership or a change in the dimensions or area of the land or any parcel of which the land is or was a part; or (iv) environmental protection, or the effect of any violation of these laws, ordinances or governmental regulations, except to the extent that a notice of the enforcement thereof or a notice of a defect, lien, or encumbrance resulting from a violation or alleged violation affecting the land has been recorded in the public records at Date of Policy.
- (b) Any governmental police power not excluded by (a) above, except to the extent that a notice of the exercise thereof or notice of a defect, lien or encumbrance resulting from a violation or alleged violation affecting the land has been recorded in the public records at Date of Policy.
2. Rights of eminent domain unless notice of the exercise thereof has been recorded in the public records at Date of Policy, but not excluding from coverage any taking which has occurred prior to Date of Policy which would be binding on the rights of a purchaser for value without knowledge.
3. Defects, liens, encumbrances, adverse claims or other matters:
 - (a) whether or not recorded in the public records at Date of Policy, but created, suffered, assumed or agreed to by the insured claimant;
 - (b) not known to the Company, not recorded in the public records at Date of Policy, but known to the insured claimant and not disclosed in writing to the Company by the insured claimant prior to the date the insured claimant became an insured under this policy;
 - (c) resulting in no loss or damage to the insured claimant;
 - (d) attaching or created subsequent to Date of Policy; or
 - (e) resulting in loss or damage which would not have been sustained if the insured claimant had paid value for the insured mortgage or for the estate or interest insured by this policy.
4. Unenforceability of the lien of the insured mortgage because of the inability or failure of the insured at Date of Policy, or the inability or failure of any subsequent owner of the indebtedness, to comply with the applicable doing business laws of the state in which the land is situated.
5. Invalidity or unenforceability of the lien of the insured mortgage, or claim thereof, which arises out of the transaction evidenced by the insured mortgage and is based upon usury or any consumer credit protection or truth in lending law.
6. Any claim, which arises out of the transaction vesting in the insured the estate of interest insured by this policy or the transaction creating the interest of the insured lender, by reason of the operation of federal bankruptcy, state insolvency or similar creditors' rights laws.

EXCEPTIONS FROM COVERAGE - SCHEDULE B, PART I

This policy does not insure against loss or damage (and the Company will not pay costs, attorneys' fees or expenses) which arise by reason of:

1. Taxes or assessments which are not shown as existing liens by the records of any taxing authority that levies taxes or assessments on real property or by the public records.
Proceedings by a public agency which may result in taxes or assessments, or notices of such proceedings, whether or not shown by the records of such agency or by the public records.
2. Any facts, rights, interests, or claims which are not shown by the public records but which could be ascertained by an inspection of the land or which may be asserted by persons in possession thereof.
3. Easements, liens or encumbrances, or claims thereof, not shown by the public records.
4. Discrepancies, conflicts in boundary lines, shortage in area, encroachments, or any other facts which a correct survey would disclose, and which are not shown by the public records.
5. (a) Unpatented mining claims; (b) reservations or exceptions in patents or in Acts authorizing the issuance thereof; (c) water rights, claims or title to water, whether or not the matters excepted under (a), (b) or (c) are shown by the public records.
6. Any lien or right to a lien for services, labor or material unless such lien is shown by the public records at Date of Policy.

EXCEPTIONS FROM COVERAGE - SCHEDULE B, PART II

(Variable exceptions such as taxes, easements, CC&R's, etc., are inserted here)

CALIFORNIA LAND TITLE ASSOCIATION STANDARD COVERAGE OWNER'S POLICY (02-04-22)

EXCLUSIONS FROM COVERAGE

The following matters are excluded from the coverage of this policy, and the Company will not pay loss or damage, costs, attorneys' fees, or expenses that arise by reason of:

1. a. any law, ordinance, permit, or governmental regulation (including those relating to building and zoning) that restricts, regulates, prohibits, or relates to:
 - i. the occupancy, use, or enjoyment of the Land;
 - ii. the character, dimensions, or location of any improvement on the Land;
 - iii. the subdivision of land; or
 - iv. environmental remediation or protection.
- b. any governmental forfeiture, police, regulatory, or national security power.
- c. the effect of a violation or enforcement of any matter excluded under Exclusion 1.a. or 1.b. Exclusion 1 does not modify or limit the coverage provided under Covered Risk 5 or 6.
2. Any power of eminent domain. Exclusion 2 does not modify or limit the coverage provided under Covered Risk 7.
3. Any defect, lien, encumbrance, adverse claim, or other matter:

- a. created, suffered, assumed, or agreed to by the Insured Claimant;
 - b. not Known to the Company, not recorded in the Public Records at the Date of Policy, but Known to the Insured Claimant and not disclosed in writing to the Company by the Insured Claimant prior to the date the Insured Claimant became an Insured under this policy;
 - c. resulting in no loss or damage to the Insured Claimant;
 - d. attaching or created subsequent to the Date of Policy (Exclusion 3.d. does not modify or limit the coverage provided under Covered Risk 9 or 10); or
 - e. resulting in loss or damage that would not have been sustained if consideration sufficient to qualify the Insured named in Schedule A as a bona fide purchaser had been given for the Title at the Date of Policy.
4. Any claim, by reason of the operation of federal bankruptcy, state insolvency, or similar creditors' rights law, that the transaction vesting the Title as shown in Schedule A is a:
 - a. fraudulent conveyance or fraudulent transfer;
 - b. voidable transfer under the Uniform Voidable Transactions Act; or
 - c. preferential transfer:
 - i. to the extent the instrument of transfer vesting the Title as shown in Schedule A is not a transfer made as a contemporaneous exchange for new value; or
 - ii. for any other reason not stated in Covered Risk 9.b.
 5. Any claim of a PACA-PSA Trust. Exclusion 5 does not modify or limit the coverage provided under Covered Risk 8.
 6. Any lien on the Title for real estate taxes or assessments imposed or collected by a governmental authority that becomes due and payable after the Date of Policy. Exclusion 6 does not modify or limit the coverage provided under Covered Risk 2.b.
 7. Any discrepancy in the quantity of the area, square footage, or acreage of the Land or of any improvement to the Land.

EXCEPTIONS FROM COVERAGE

Some historical land records contain Discriminatory Covenants that are illegal and unenforceable by law. This policy treats any Discriminatory Covenant in a document referenced in Schedule B as if each Discriminatory Covenant is redacted, repudiated, removed, and not republished or recirculated. Only the remaining provisions of the document are excepted from coverage.

This policy does not insure against loss or damage and the Company will not pay costs, attorneys' fees, or expenses resulting from the terms and conditions of any lease or easement identified in Schedule A, and the following matters:

PART I

1. (a) Taxes or assessments that are not shown as existing liens by the records of any taxing authority that levies taxes or assessments on real property or by the Public Records; (b) proceedings by a public agency that may result in taxes or assessments, or notices of such proceedings, whether or not shown by the records of such agency or by the Public Records.
2. Any facts, rights, interests, or claims that are not shown by the Public Records at Date of Policy but that could be (a) ascertained by an inspection of the Land, or (b) asserted by persons or parties in possession of the Land.
3. Easements, liens or encumbrances, or claims thereof, not shown by the Public Records at Date of Policy.
4. Any encroachment, encumbrance, violation, variation, easement, or adverse circumstance affecting the Title that would be disclosed by an accurate and complete land survey of the Land and not shown by the Public Records at Date of Policy.
5. (a) Unpatented mining claims; (b) reservations or exceptions in patents or in Acts authorizing the issuance thereof; (c) water rights, claims or title to water, whether or not the matters excepted under (a), (b), or (c) are shown by the Public Records.
6. Any lien or right to a lien for services, labor, material or equipment unless such lien is shown by the Public Records at Date of Policy.
7. Any claim to (a) ownership of or rights to minerals and similar substances, including but not limited to ores, metals, coal, lignite, oil, gas, uranium, clay, rock, sand, and gravel located in, on, or under the Land or produced from the Land, whether such ownership or rights arise by lease, grant, exception, conveyance, reservation, or otherwise; and (b) any rights, privileges, immunities, rights of way, and easements associated therewith or appurtenant thereto, whether or not the interests or rights excepted in (a) or (b) appear in the Public Records or are shown in Schedule B.

PART II

(Variable exceptions such as taxes, easements, CC&R's, etc., are inserted here)

CLTA/ALTA HOMEOWNER'S POLICY OF TITLE INSURANCE (07-01-2021)

EXCLUSIONS FROM COVERAGE

The following matters are excluded from the coverage of this policy and We will not pay loss or damage, costs, attorneys' fees, or expenses that arise by reason of:

1. a. any law, ordinance, permit, or governmental regulation (including those relating to building and zoning) that restricts, regulates, prohibits, or relates to:
 - i. the occupancy, use, or enjoyment of the Land;
 - ii. the character, dimensions, or location of any improvement on the Land;
 - iii. the subdivision of land; or
 - iv. environmental remediation or protection.
- b. any governmental forfeiture, police, or regulatory, or national security power.
- c. the effect of a violation or enforcement of any matter excluded under Exclusion 1.a. or 1.b. Exclusion 1 does not modify or limit the coverage provided under Covered Risk 8.a., 14, 15, 16, 18, 19, 20, 23, or 27.
2. Any power to take the Land by condemnation. Exclusion 2 does not modify or limit the coverage provided under Covered Risk 17.
3. Any defect, lien, encumbrance, adverse claim, or other matter:
 - a. created, suffered, assumed, or agreed to by You;
 - b. not Known to Us, not recorded in the Public Records at the Date of Policy, but Known to You and not disclosed in writing to Us by You prior to the date You became an Insured under this policy;
 - c. resulting in no loss or damage to You;

- d. attaching or created subsequent to the Date of Policy (Exclusion 3.d. does not modify or limit the coverage provided under Covered Risk 5, 8.f., 25, 26, 27, 28, or 32); or
 - e. resulting in loss or damage that would not have been sustained if You paid consideration sufficient to qualify You as a bona fide purchaser of the Title at the Date of Policy.
4. Lack of a right:
- a. to any land outside the area specifically described and referred to in Item 3 of Schedule A; and
 - b. in any street, road, avenue, alley, lane, right-of-way, body of water, or waterway that abut the Land.
- Exclusion 4 does not modify or limit the coverage provided under Covered Risk 11 or 21.
5. The failure of Your existing structures, or any portion of Your existing structures, to have been constructed before, on, or after the Date of Policy in accordance with applicable building codes. Exclusion 5 does not modify or limit the coverage provided under Covered Risk 14 or 15.
6. Any claim, by reason of the operation of federal bankruptcy, state insolvency, or similar creditors' rights law, that the transfer of the Title to You is a:
- a. fraudulent conveyance or fraudulent transfer;
 - b. voidable transfer under the Uniform Voidable Transactions Act; or
 - c. preferential transfer:
 - i. to the extent the instrument of transfer vesting the Title as shown in Schedule A is not a transfer made as a contemporaneous exchange for new value; or
 - ii. for any other reason not stated in Covered Risk 30.
7. Contamination, explosion, fire, flooding, vibration, fracturing, earthquake, or subsidence.
8. Negligence by a person or an entity exercising a right to extract or develop oil, gas, minerals, groundwater, or any other subsurface substance.
9. Any lien on Your Title for real estate taxes or assessments imposed or collected by a governmental authority that becomes due and payable after the Date of Policy. Exclusion 9 does not modify or limit the coverage provided under Covered Risk 8.a. or 27.
10. Any discrepancy in the quantity of the area, square footage, or acreage of the Land or of any improvement to the Land.

LIMITATIONS ON COVERED RISKS

Your insurance for the following Covered Risks is limited on the Owner's Coverage Statement as follows:

- For Covered Risk 16, 18, 19, and 21 Your Deductible Amount and Our Maximum Dollar Limit of Liability shown in Schedule A.

The deductible amounts and maximum dollar limits shown on Schedule A are as follows:

	<u>Your Deductible Amount</u>	<u>Our Maximum Dollar Limit of Liability</u>
Covered Risk 16:	1.00% of Policy Amount Shown in Schedule A or \$2,500.00 (whichever is less)	\$10,000.00
Covered Risk 18:	1.00% of Policy Amount Shown in Schedule A or \$5,000.00 (whichever is less)	\$25,000.00
Covered Risk 19:	1.00% of Policy Amount Shown in Schedule A or \$5,000.00 (whichever is less)	\$25,000.00
Covered Risk 21:	1.00% of Policy Amount Shown in Schedule A or \$2,500.00 (whichever is less)	\$5,000.00

CLTA/ALTA HOMEOWNER'S POLICY OF TITLE INSURANCE (12-02-13)

EXCLUSIONS

In addition to the Exceptions in Schedule B, You are not insured against loss, costs, attorneys' fees, and expenses resulting from:

1. Governmental police power, and the existence or violation of those portions of any law or government regulation concerning:
 - a. building;
 - b. zoning;
 - c. land use;
 - d. improvements on the Land;
 - e. land division; and
 - f. environmental protection.

This Exclusion does not limit the coverage described in Covered Risk 8.a., 14, 15, 16, 18, 19, 20, 23 or 27.
2. The failure of Your existing structures, or any part of them, to be constructed in accordance with applicable building codes. This Exclusion does not limit the coverage described in Covered Risk 14 or 15.
3. The right to take the Land by condemning it. This Exclusion does not limit the coverage described in Covered Risk 17.
4. Risks:
 - a. that are created, allowed, or agreed to by You, whether or not they are recorded in the Public Records;
 - b. that are Known to You at the Policy Date, but not to Us, unless they are recorded in the Public Records at the Policy Date;
 - c. that result in no loss to You; or
 - d. that first occur after the Policy Date - this does not limit the coverage described in Covered Risk 7, 8.e., 25, 26, 27 or 28.
5. Failure to pay value for Your Title.
6. Lack of a right:
 - a. to any land outside the area specifically described and referred to in paragraph 3 of Schedule A; and
 - b. in streets, alleys, or waterways that touch the Land.

This Exclusion does not limit the coverage described in Covered Risk 11 or 21.
7. The transfer of the Title to You is invalid as a preferential transfer or as a fraudulent transfer or conveyance under federal bankruptcy, state insolvency, or similar creditors' rights laws.
8. Contamination, explosion, fire, flooding, vibration, fracturing, earthquake, or subsidence.
9. Negligence by a person or an Entity exercising a right to extract or develop minerals, water, or any other substances.

LIMITATIONS ON COVERED RISKS

Your insurance for the following Covered Risks is limited on the Owner's Coverage Statement as follows:

- For Covered Risk 16, 18, 19, and 21 Your Deductible Amount and Our Maximum Dollar Limit of Liability shown in Schedule A.

The deductible amounts and maximum dollar limits shown on Schedule A are as follows:

Our Maximum Dollar

	<u>Your Deductible Amount</u>	<u>Limit of Liability</u>
Covered Risk 16:	1.00% of Policy Amount Shown in Schedule A or \$2,500.00 (whichever is less)	\$10,000.00
Covered Risk 18:	1.00% of Policy Amount Shown in Schedule A or \$5,000.00 (whichever is less)	\$25,000.00
Covered Risk 19:	1.00% of Policy Amount Shown in Schedule A or \$5,000.00 (whichever is less)	\$25,000.00
Covered Risk 21:	1.00% of Policy Amount Shown in Schedule A or \$2,500.00 (whichever is less)	\$5,000.00

ALTA OWNER'S POLICY (07-01-2021)

EXCLUSIONS FROM COVERAGE

The following matters are excluded from the coverage of this policy, and the Company will not pay loss or damage, costs, attorneys' fees, or expenses that arise by reason of:

1. a. any law, ordinance, permit, or governmental regulation (including those relating to building and zoning) that restricts, regulates, prohibits, or relates to:
 - i. the occupancy, use, or enjoyment of the Land;
 - ii. the character, dimensions, or location of any improvement on the Land;
 - iii. the subdivision of land; or
 - iv. environmental remediation or protection.
- b. any governmental forfeiture, police, regulatory, or national security power.
- c. the effect of a violation or enforcement of any matter excluded under Exclusion 1.a. or 1.b. Exclusion 1 does not modify or limit the coverage provided under Covered Risk 5 or 6.
2. Any power of eminent domain. Exclusion 2 does not modify or limit the coverage provided under Covered Risk 7.
3. Any defect, lien, encumbrance, adverse claim, or other matter:
 - a. created, suffered, assumed, or agreed to by the Insured Claimant;
 - b. not Known to the Company, not recorded in the Public Records at the Date of Policy, but Known to the Insured Claimant and not disclosed in writing to the Company by the Insured Claimant prior to the date the Insured Claimant became an Insured under this policy;
 - c. resulting in no loss or damage to the Insured Claimant;
 - d. attaching or created subsequent to the Date of Policy (Exclusion 3.d. does not modify or limit the coverage provided under Covered Risk 9 or 10); or
 - e. resulting in loss or damage that would not have been sustained if consideration sufficient to qualify the Insured named in Schedule A as a bona fide purchaser had been given for the Title at the Date of Policy.
4. Any claim, by reason of the operation of federal bankruptcy, state insolvency, or similar creditors' rights law, that the transaction vesting the Title as shown in Schedule A is a:
 - a. fraudulent conveyance or fraudulent transfer;
 - b. voidable transfer under the Uniform Voidable Transactions Act; or
 - c. preferential transfer:
 - i. to the extent the instrument of transfer vesting the Title as shown in Schedule A is not a transfer made as a contemporaneous exchange for new value; or
 - ii. for any other reason not stated in Covered Risk 9.b.
5. Any claim of a PACA-PSA Trust. Exclusion 5 does not modify or limit the coverage provided under Covered Risk 8.
6. Any lien on the Title for real estate taxes or assessments imposed or collected by a governmental authority that becomes due and payable after the Date of Policy. Exclusion 6 does not modify or limit the coverage provided under Covered Risk 2.b.
7. Any discrepancy in the quantity of the area, square footage, or acreage of the Land or of any improvement to the Land.

EXCEPTIONS FROM COVERAGE

Some historical land records contain Discriminatory Covenants that are illegal and unenforceable by law. This policy treats any Discriminatory Covenant in a document referenced in Schedule B as if each Discriminatory Covenant is redacted, repudiated, removed, and not republished or recirculated. Only the remaining provisions of the document are excepted from coverage.

This policy does not insure against loss or damage and the Company will not pay costs, attorneys' fees, or expenses resulting from the terms and conditions of any lease or easement identified in Schedule A, and the following matters:

NOTE: The 2021 ALTA Owner's Policy may be issued to afford either Standard Coverage or Extended Coverage. In addition to variable exceptions such as taxes, easements, CC&R's, etc., the Exceptions from Coverage in a Standard Coverage policy will also include the Western Regional Standard Coverage Exceptions listed as 1 through 7 below:

1. (a) Taxes or assessments that are not shown as existing liens by the records of any taxing authority that levies taxes or assessments on real property or by the Public Records; (b) proceedings by a public agency that may result in taxes or assessments, or notices of such proceedings, whether or not shown by the records of such agency or by the Public Records.
2. Any facts, rights, interests, or claims that are not shown by the Public Records at Date of Policy but that could be (a) ascertained by an inspection of the Land or (b) asserted by persons or parties in possession of the Land.
3. Easements, liens or encumbrances, or claims thereof, not shown by the Public Records at Date of Policy.
4. Any encroachment, encumbrance, violation, variation, easement, or adverse circumstance affecting the Title that would be disclosed by an accurate and complete land survey of the Land and not shown by the Public Records at Date of Policy.
5. (a) Unpatented mining claims; (b) reservations or exceptions in patents or in Acts authorizing the issuance thereof; (c) water rights, claims or title to water, whether or not the matters excepted under (a), (b), or (c) are shown by the Public Records.
6. Any lien or right to a lien for services, labor, material or equipment unless such lien is shown by the Public Records at Date of Policy.
7. Any claim to (a) ownership of or rights to minerals and similar substances, including but not limited to ores, metals, coal, lignite, oil, gas, uranium, clay, rock, sand, and gravel located in, on, or under the Land or produced from the Land, whether such ownership or rights arise by lease, grant, exception, conveyance, reservation, or otherwise; and (b) any rights, privileges, immunities, rights of way, and easements associated therewith or appurtenant thereto, whether or not the interests or rights excepted in (a) or (b) appear in the Public Records or are shown in Schedule B

2006 ALTA OWNER'S POLICY (06-17-06)

EXCLUSIONS FROM COVERAGE

The following matters are expressly excluded from the coverage of this policy, and the Company will not pay loss or damage, costs, attorneys' fees, or expenses that arise by reason of:

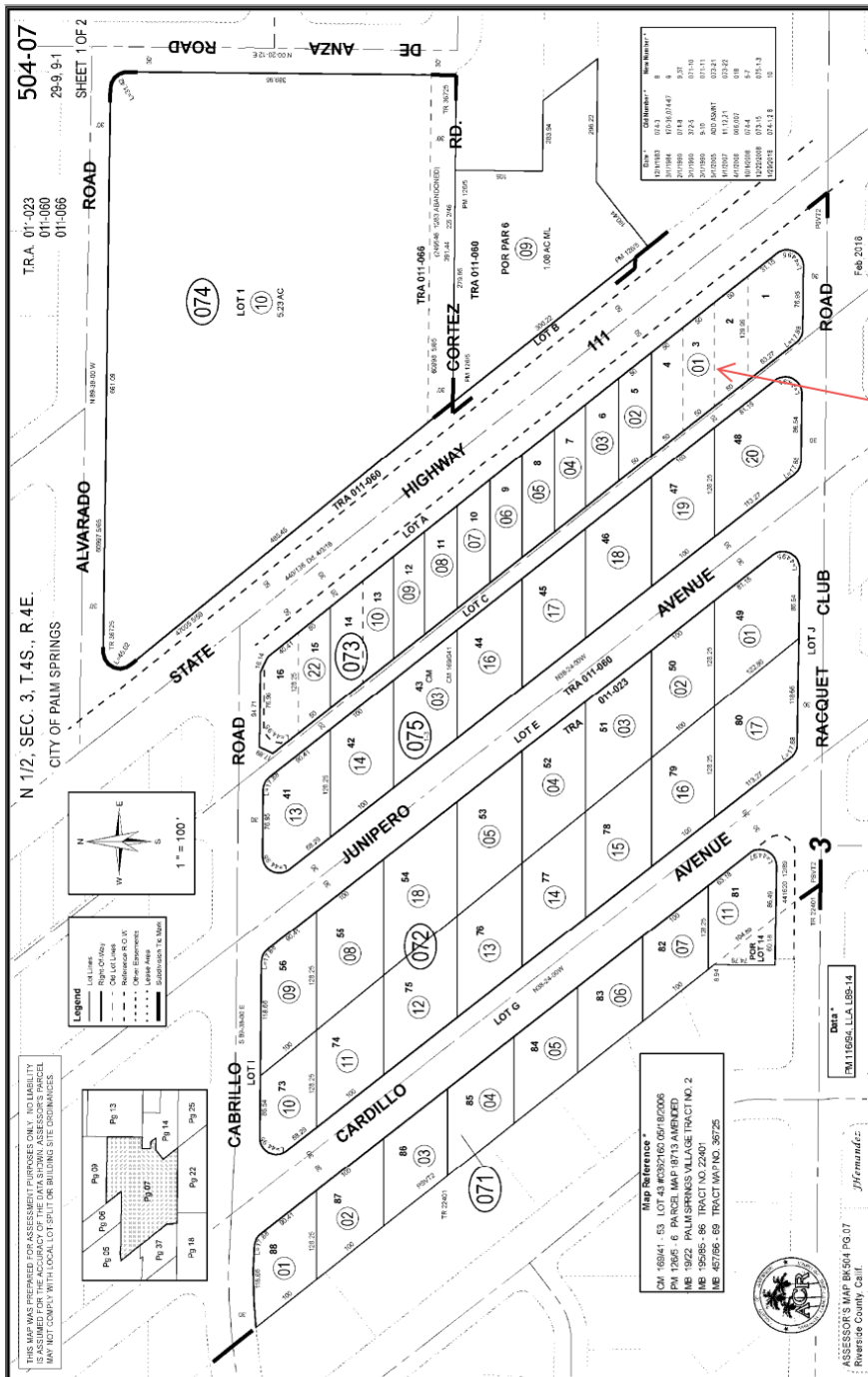
1. (a) Any law, ordinance, permit, or governmental regulation (including those relating to building and zoning) restricting, regulating, prohibiting, or relating to
 - (i) the occupancy, use, or enjoyment of the Land;
 - (ii) the character, dimensions, or location of any improvement erected on the Land;
 - (iii) the subdivision of land; or
 - (iv) environmental protection;or the effect of any violation of these laws, ordinances, or governmental regulations. This Exclusion 1(a) does not modify or limit the coverage provided under Covered Risk 5.
- (b) Any governmental police power. This Exclusion 1(b) does not modify or limit the coverage provided under Covered Risk 6.
2. Rights of eminent domain. This Exclusion does not modify or limit the coverage provided under Covered Risk 7 or 8.
3. Defects, liens, encumbrances, adverse claims, or other matters
 - (a) created, suffered, assumed, or agreed to by the Insured Claimant;
 - (b) not Known to the Company, not recorded in the Public Records at Date of Policy, but Known to the Insured Claimant and not disclosed in writing to the Company by the Insured Claimant prior to the date the Insured Claimant became an Insured under this policy;
 - (c) resulting in no loss or damage to the Insured Claimant;
 - (d) attaching or created subsequent to Date of Policy (however, this does not modify or limit the coverage provided under Covered Risk 9 and 10); or
 - (e) resulting in loss or damage that would not have been sustained if the Insured Claimant had paid value for the Title.
4. Any claim, by reason of the operation of federal bankruptcy, state insolvency, or similar creditors' rights laws, that the transaction vesting the Title as shown in Schedule A, is
 - (a) a fraudulent conveyance or fraudulent transfer; or
 - (b) a preferential transfer for any reason not stated in Covered Risk 9 of this policy.
5. Any lien on the Title for real estate taxes or assessments imposed by governmental authority and created or attaching between Date of Policy and the date of recording of the deed or other instrument of transfer in the Public Records that vests Title as shown in Schedule A.

EXCEPTIONS FROM COVERAGE

This policy does not insure against loss or damage, and the Company will not pay costs, attorneys' fees or expenses, that arise by reason of:

NOTE: The 2006 ALTA Owner's Policy may be issued to afford either Standard Coverage or Extended Coverage. In addition to variable exceptions such as taxes, easements, CC&R's, etc., the Exceptions from Coverage in a Standard Coverage policy will also include the Western Regional Standard Coverage Exceptions listed below as 1 through 7 below:

1. (a) Taxes or assessments that are not shown as existing liens by the records of any taxing authority that levies taxes or assessments on real property or by the Public Records; (b) proceedings by a public agency that may result in taxes or assessments, or notices of such proceedings, whether or not shown by the records of such agency or by the Public Records.
2. Any facts, rights, interests, or claims that are not shown by the Public Records at Date of Policy but that could be (a) ascertained by an inspection of the Land, or (b) asserted by persons or parties in possession of the Land.
3. Easements, liens or encumbrances, or claims thereof, not shown by the Public Records at Date of Policy.
4. Any encroachment, encumbrance, violation, variation, easement, or adverse circumstance affecting the Title that would be disclosed by an accurate and complete land survey of the Land and not shown by the Public Records at Date of Policy.
5. (a) Unpatented mining claims; (b) reservations or exceptions in patents or in Acts authorizing the issuance thereof; (c) water rights, claims or title to water, whether or not the matters excepted under (a), (b), or (c) are shown by the Public Records.
6. Any lien or right to a lien for services, labor, material or equipment unless such lien is shown by the Public Records at Date of Policy.
7. Any claim to (a) ownership of or rights to minerals and similar substances, including but not limited to ores, metals, coal, lignite, oil, gas, uranium, clay, rock, sand, and gravel located in, on, or under the Land or produced from the Land, whether such ownership or rights arise by lease, grant, exception, conveyance, reservation, or otherwise; and (b) any rights, privileges, immunities, rights of way, and easements associated therewith or appurtenant thereto, whether or not the interests or rights excepted in (a) or (b) appear in the Public Records or are shown in Schedule B.



This map/plat is being furnished as an aid in locating the herein described Land in relation to adjoining streets, natural boundaries and other land, and is not a survey of the land depicted. Except to the extent a policy of title insurance is expressly modified by endorsement, if any, the Company does not insure dimensions, distances, location of easements, acreage or other matters shown thereon.

OWNER'S DECLARATION

Escrow No.: 30106762-995-MAL-2AA
Property Address: 2525 North Palm Canyon Drive
Palm Springs, CA 92262

The undersigned hereby declares as follows:

1. (Fill in the applicable paragraph and strike the other)
 - a. Declarant ("Owner") is the owner or lessee, as the case may be, of certain premises located at 2525 North Palm Canyon Drive, Palm Springs, CA 92262, further described as follows: See Preliminary Report/Commitment No. for full legal description (the "Land").
 - b. Declarant is the _____ of _____ ("Owner"), which is the owner or lessee, as the case may be, of certain premises located at 2525 North Palm Canyon Drive, Palm Springs, CA 92262, further described as follows: See Preliminary Report/Commitment No. for full legal description (the "Land").
2. (Fill in the applicable paragraph and strike the other)
 - a. During the period of six months immediately preceding the date of this declaration no work has been done, no surveys or architectural or engineering plans have been prepared, and no materials have been furnished in connection with the erection, equipment, repair, protection or removal of any building or other structure on the Land or in connection with the improvement of the Land in any manner whatsoever.
 - b. During the period of six months immediately preceding the date of this declaration certain work has been done and materials furnished in connection with _____ upon the Land in the approximate total sum of \$_____, but no work whatever remains to be done and no materials remain to be furnished to complete the construction in full compliance with the plans and specifications, nor are there any unpaid bills incurred for labor and materials used in making such improvements or repairs upon the Land, or for the services of architects, surveyors or engineers, except as follows: _____. Owner, by the undersigned Declarant, agrees to and does hereby indemnify and hold harmless Fidelity National Title Company against any and all claims arising therefrom.
3. Owner has not previously conveyed the Land; is not a debtor in bankruptcy (and if a partnership, the general partner thereof is not a debtor in bankruptcy); and has not received notice of any pending court action affecting the title to the Land.
4. Except as shown in the above-referenced Preliminary Report/Commitment, there are no unpaid or unsatisfied mortgages, deeds of trust, Uniform Commercial Code financing statements, regular assessments, special assessments, periodic assessments or any assessment from any source, claims of lien, special assessments, or taxes that constitute a lien against the Land or that affect the Land but have not been recorded in the public records. There are no violations of the covenants, conditions and restrictions as shown in the above-referenced Preliminary Report/Commitment.
5. The Land is currently in use as _____; _____ occupy/occupies the Land; and the following are all of the leases or other occupancy rights affecting the Land:

6. There are no other persons or entities that assert an ownership interest in the Land, nor are there unrecorded easements, claims of easement, or boundary disputes that affect the Land.
7. There are no outstanding options to purchase or rights of first refusal affecting the Land.
8. Between the most recent Effective Date of the above-referenced Preliminary Report/Commitment and the date of recording of the Insured Instrument(s), Owner has not taken or allowed, and will not take or allow, any action or inaction to encumber or otherwise affect title to the Land.

This declaration is made with the intention that Fidelity National Title Company (the "Company") and its policy issuing agents will rely upon it in issuing their title insurance policies and endorsements. Owner, by the undersigned Declarant, agrees to indemnify the Company against loss or damage (including attorneys fees, expenses, and costs) incurred by the Company as a result of any untrue statement made herein.

I declare under penalty of perjury that the foregoing is true and correct and that this declaration was executed on _____ at _____.

Signature: _____



DISCLOSURE REGARDING REAL ESTATE AGENCY RELATIONSHIP

(As required by the Civil Code)
(C.A.R. Form AD, Revised 12/21)

☐ (If checked) This form is being provided in connection with a transaction for a leasehold interest exceeding one year as per Civil Code section 2079.13(j), (k), and (l).

When you enter into a discussion with a real estate agent regarding a real estate transaction, you should from the outset understand what type of agency relationship or representation you wish to have with the agent in the transaction.

SELLER'S AGENT

A Seller's agent under a listing agreement with the Seller acts as the agent for the Seller only. A Seller's agent or a subagent of that agent has the following affirmative obligations:

To the Seller: A Fiduciary duty of utmost care, integrity, honesty and loyalty in dealings with the Seller.

To the Buyer and the Seller:

- (a) Diligent exercise of reasonable skill and care in performance of the agent's duties.
- (b) A duty of honest and fair dealing and good faith.
- (c) A duty to disclose all facts known to the agent materially affecting the value or desirability of the property that are not known to, or within the diligent attention and observation of, the parties. An agent is not obligated to reveal to either party any confidential information obtained from the other party that does not involve the affirmative duties set forth above.

BUYER'S AGENT

A Buyer's agent can, with a Buyer's consent, agree to act as agent for the Buyer only. In these situations, the agent is not the Seller's agent, even if by agreement the agent may receive compensation for services rendered, either in full or in part from the Seller. An agent acting only for a Buyer has the following affirmative obligations:

To the Buyer: A fiduciary duty of utmost care, integrity, honesty and loyalty in dealings with the Buyer.

To the Buyer and the Seller:

- (a) Diligent exercise of reasonable skill and care in performance of the agent's duties.
- (b) A duty of honest and fair dealing and good faith.
- (c) A duty to disclose all facts known to the agent materially affecting the value or desirability of the property that are not known to, or within the diligent attention and observation of, the parties. An agent is not obligated to reveal to either party any confidential information obtained from the other party that does not involve the affirmative duties set forth above.

AGENT REPRESENTING BOTH SELLER AND BUYER

A real estate agent, either acting directly or through one or more salespersons and broker associates, can legally be the agent of both the Seller and the Buyer in a transaction, but only with the knowledge and consent of both the Seller and the Buyer.

In a dual agency situation, the agent has the following affirmative obligations to both the Seller and the Buyer:

- (a) A fiduciary duty of utmost care, integrity, honesty and loyalty in the dealings with either the Seller or the Buyer.
- (b) Other duties to the Seller and the Buyer as stated above in their respective sections.

In representing both Seller and Buyer, a dual agent may not, without the express permission of the respective party, disclose to the other party confidential information, including, but not limited to, facts relating to either the Buyer's or Seller's financial position, motivations, bargaining position, or other personal information that may impact price, including the Seller's willingness to accept a price less than the listing price or the Buyer's willingness to pay a price greater than the price offered.

SELLER AND BUYER RESPONSIBILITIES

Either the purchase agreement or a separate document will contain a confirmation of which agent is representing you and whether that agent is representing you exclusively in the transaction or acting as a dual agent. Please pay attention to that confirmation to make sure it accurately reflects your understanding of your agent's role.

The above duties of the agent in a real estate transaction do not relieve a Seller or Buyer from the responsibility to protect his or her own interests. You should carefully read all agreements to assure that they adequately express your understanding of the transaction. A real estate agent is a person qualified to advise about real estate. If legal or tax advice is desired, consult a competent professional.

If you are a Buyer, you have the duty to exercise reasonable care to protect yourself, including as to those facts about the property which are known to you or within your diligent attention and observation.

Both Sellers and Buyers should strongly consider obtaining tax advice from a competent professional because the federal and state tax consequences of a transaction can be complex and subject to change.

Throughout your real property transaction you may receive more than one disclosure form, depending upon the number of agents assisting in the transaction. The law requires each agent with whom you have more than a casual relationship to present you with this disclosure form. You should read its contents each time it is presented to you, considering the relationship between you and the real estate agent in your specific transaction. **This disclosure form includes the provisions of Sections 2079.13 to 2079.24, inclusive, of the Civil Code set forth on page 2. Read it carefully. I/WE ACKNOWLEDGE RECEIPT OF A COPY OF THIS DISCLOSURE AND THE PORTIONS OF THE CIVIL CODE PRINTED ON THE SECOND PAGE.**

☐ Buyer ☒ Seller ☐ Landlord ☐ Tenant

☐ Buyer ☒ Seller ☐ Landlord ☐ Tenant

Paul Kurdian
1F00584EC844455

DocuSigned by: Team PASA LLC Date 4/5/2023

Samantha McDermott Date 4/5/2023

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Agent DocuSigned by:

The Firm Brokerage

DocuSigned by: Real Estate Broker (Firm)

By Paul Handshuh Adam Gilbert & Joel Handshuh DRE Lic. # 01914157 Date 4/5/2023
5032E126F54A4F9 (Salesperson or Broker-Associate, if any) E55C2A44D6484B...

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DISCLOSURE REGARDING REAL ESTATE AGENCY RELATIONSHIP (AD PAGE 1 OF 2)

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2079.13. As used in Sections 2079.7 and 2079.14 to 2079.24, inclusive, the following terms have the following meanings:

(a) "Agent" means a person acting under provisions of Title 9 (commencing with Section 2295) in a real property transaction, and includes a person who is licensed as a real estate broker under Chapter 3 (commencing with Section 10130) of Part 1 of Division 4 of the Business and Professions Code, and under whose license a listing is executed or an offer to purchase is obtained. The agent in the real property transaction bears responsibility for that agent's salespersons or broker associates who perform as agents of the agent. When a salesperson or broker associate owes a duty to any principal, agent's salespersons or broker associates who perform as agents of the agent. When a salesperson or broker associate owes a duty to any principal, agent's salespersons or broker associate functions. (b) "Buyer" means a transferee in a real property transaction, and includes a person who executes an offer to purchase real property from a seller through an agent, or who seeks the services of an agent in more than a casual, transitory, or preliminary manner, with the object of entering into a real property transaction. "Buyer" includes vendee or lessee of real property. (c) "Commercial real property" means all real property in the state, except (1) single-family residential real property, (2) dwelling units made subject to Chapter 2 (commencing with Section 1940) of Title 5, (3) a mobilehome, as defined in Section 798.3, (4) vacant land, or (5) a recreational vehicle, as defined in Section 799.29. (d) "Dual agent" means an agent acting, either directly or through a salesperson or broker associate, as agent for both the seller and the buyer in a real property transaction. (e) "Listing agreement" means a written contract between a seller of real property and an agent, by which the agent has been authorized to sell the real property or to find or obtain a buyer, including rendering other services for which a real estate license is required to the seller pursuant to the terms of the agreement. (f) "Seller's agent" means a person who has obtained a listing of real property to act as an agent for compensation. (g) "Listing price" is the amount expressed in dollars specified in the listing for which the seller is willing to sell the real property through the seller's agent. (h) "Offering price" is the amount expressed in dollars specified in an offer to purchase for which the buyer is willing to buy the real property. (i) "Offer to purchase" means a written contract executed by a buyer acting through a buyer's agent that becomes the contract for the sale of the real property upon acceptance by the seller. (j) "Real property" means any estate specified by subdivision (1) or (2) of Section 761 in property, and includes (1) single-family residential property, (2) multiunit residential property with more than four dwelling units, (3) commercial real property, (4) vacant land, (5) a ground lease coupled with improvements, or (6) a manufactured home as defined in Section 18007 of the Health and Safety Code, or a mobilehome as defined in Section 18008 of the Health and Safety Code, when offered for sale or sold through an agent pursuant to the authority contained in Section 10131.6 of the Business and Professions Code. (k) "Real property transaction" means a transaction for the sale of real property in which an agent is retained by a buyer, seller, or both a buyer and seller to act in that transaction, and includes a listing or an offer to purchase. (l) "Sell," "sale," or "sold" refers to a transaction for the transfer of real property from the seller to the buyer and includes exchanges of real property between the seller and buyer, transactions for the creation of a real property sales contract within the meaning of Section 2985, and transactions for the creation of a leasehold exceeding one year's duration. (m) "Seller" means the transferor in a real property transaction and includes an owner who lists real property with an agent, whether or not a transfer results, or who receives an offer to purchase real property of which he or she is the owner from an agent on behalf of another. "Seller" includes both a vendor and a lessor of real property. (n) "Buyer's agent" means an agent who represents a buyer in a real property transaction. 2079.14. A seller's agent and buyer's agent shall provide the seller and buyer in a real property transaction with a copy of the disclosure form specified in Section 2079.16, and shall obtain a signed acknowledgment of receipt from that seller and buyer, except as provided in Section 2079.15, as follows: (a) The seller's agent, if any, shall provide the disclosure form to the seller prior to entering into the listing agreement. (b) The buyer's agent shall provide the disclosure form to the buyer as soon as practicable prior to execution of the buyer's offer to purchase. If the offer to purchase is not prepared by the buyer's agent, the buyer's agent shall present the disclosure form to the buyer not later than the next business day after receiving the offer to purchase from the buyer.

2079.15. In any circumstance in which the seller or buyer refuses to sign an acknowledgment of receipt pursuant to Section 2079.14, the agent shall set forth, sign, and date a written declaration of the facts of the refusal.

2079.16 Reproduced on Page 1 of this AD form.

2079.17(a) As soon as practicable, the buyer's agent shall disclose to the buyer and seller whether the agent is acting in the real property transaction as the buyer's agent, or as a dual agent representing both the buyer and the seller. This relationship shall be confirmed in the contract to purchase and sell real property or in a separate writing executed or acknowledged by the seller, the buyer, and the buyer's agent prior to or coincident with execution of that contract by the buyer and the seller, respectively. (b) As soon as practicable, the seller's agent shall disclose to the seller whether the seller's agent is acting in the real property transaction as the seller's agent, or as a dual agent representing both the buyer and seller. This relationship shall be confirmed in the contract to purchase and sell real property or in a separate writing executed or acknowledged by the seller and the seller's agent prior to or coincident with the execution of that contract by the seller.

CONFIRMATION: (c) The confirmation required by subdivisions (a) and (b) shall be in the following form:

Seller's Brokerage Firm	DO NOT COMPLETE. SAMPLE ONLY	License Number _____
Is the broker of (check one): <input type="checkbox"/> the seller; or <input type="checkbox"/> both the buyer and seller. (dual agent)		
Seller's Agent	DO NOT COMPLETE. SAMPLE ONLY	License Number _____
Is (check one): <input type="checkbox"/> the Seller's Agent. (salesperson or broker associate) <input type="checkbox"/> both the Buyer's and Seller's Agent. (dual agent)		
Buyer's Brokerage Firm	DO NOT COMPLETE. SAMPLE ONLY	License Number _____
Is the broker of (check one): <input type="checkbox"/> the buyer; or <input type="checkbox"/> both the buyer and seller. (dual agent)		
Buyer's Agent	DO NOT COMPLETE. SAMPLE ONLY	License Number _____
Is (check one): <input type="checkbox"/> the Buyer's Agent. (salesperson or broker associate) <input type="checkbox"/> both the Buyer's and Seller's Agent. (dual agent)		

(d) The disclosures and confirmation required by this section shall be in addition to the disclosure required by Section 2079.14. An agent's duty to provide disclosure and confirmation of representation in this section may be performed by a real estate salesperson or broker associate affiliated with that broker.

2079.18 (Repealed pursuant to AB-1289)

2079.19 The payment of compensation or the obligation to pay compensation to an agent by the seller or buyer is not necessarily determinative of a particular agency relationship between an agent and the seller or buyer. A listing agent and a selling agent may agree to share any compensation or commission paid, or any right to any compensation or commission for which an obligation arises as the result of a real estate transaction, and the terms of any such agreement shall not necessarily be determinative of a particular relationship.

2079.20 Nothing in this article prevents an agent from selecting, as a condition of the agent's employment, a specific form of agency relationship not specifically prohibited by this article if the requirements of Section 2079.14 and Section 2079.17 are complied with.

2079.21 (a) A dual agent may not, without the express permission of the buyer, disclose to the seller any confidential information obtained from the seller. (b) A dual agent may not, without the express permission of the seller, disclose to the buyer any confidential information obtained from the buyer. (c) "Confidential information" means facts relating to the client's financial position, motivations, bargaining position, or other personal information that may impact price, such as the seller is willing to accept a price less than the listing price or the buyer is willing to pay a price greater than the price offered. (d) This section does not alter in any way the duty or responsibility of a dual agent to any principal with respect to confidential information other than price.

2079.22 Nothing in this article precludes a seller's agent from also being a buyer's agent. If a seller or buyer in a transaction chooses to not be represented by an agent, that does not, of itself, make that agent a dual agent.

2079.23 A contract between the principal and agent may be modified or altered to change the agency relationship at any time before the performance of the act which is the object of the agency with the written consent of the parties to the agency relationship.

2079.24 Nothing in this article shall be construed to either diminish the duty of disclosure owed buyers and sellers by agents and their associate licensees, subagents, and employees or to relieve agents and their associate licensees, subagents, and employees from liability for their conduct in connection with acts governed by this article or for any breach of a fiduciary duty or a duty of disclosure.

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CALIFORNIA
ASSOCIATION
OF REALTORS®

COMMERCIAL AND RESIDENTIAL INCOME LISTING AGREEMENT

(May be used for commercial and any residential
income property regardless of number of units)
(C.A.R. Form CLA, Revised 6/22)

Date Prepared: **April 5, 2023**

1. **EXCLUSIVE AUTHORIZATION:** Team PASA LLC ("Owner")
hereby employs and grants The Firm Brokerage ("Broker")
beginning (date) April 5, 2023 and ending at 11:59 P.M. on (date) October 6, 2023 ("Listing Period")
the exclusive and irrevocable right to: ☒ SELL, ☐ LEASE, ☐ EXCHANGE, ☐ OPTION, or ☐ OTHER
the real property in the City of Palm Springs,
County of Riverside, California, Assessor's Parcel No.: 504-073-001,
described as: 2525 North Palm Canyon Drive ("Property").
2. **ITEMS EXCLUDED AND INCLUDED:** Unless otherwise specified in an agreement between Owner and transferee, all fixtures and fittings that are attached to the Property are included, and personal property items are excluded from the price.
ADDITIONAL ITEMS EXCLUDED: All Owner Personal Property
ADDITIONAL ITEMS INCLUDED: All Business FF&E and Type 70 Liquor License
Owner intends that the above items be excluded or included in listing the Property, but understands that: (i) the Agreement between owner and transferee supersedes any intention expressed above and will ultimately determine which items are excluded and included in the transaction; and (ii) Broker is not responsible for and does not guarantee that the above exclusions and/or inclusions will be in the Agreement between Owner and transferee.
3. **LISTING PRICE AND TERMS:**
A. The listing price shall be Four Million, Nine Hundred Eighty-Seven Thousand, Five Hundred
Dollars (\$ 4,987,500.00).
B. Additional Terms: _____
4. **COMPENSATION TO BROKER:**
Notice: The amount or rate of real estate commissions is not fixed by law. They are set by each Broker individually and may be negotiable between Owner and Broker (real estate commissions include all compensation and fees to Broker).
A. Owner agrees to pay to Broker as compensation for services irrespective of agency relationship(s): ☒ 4.000 percent of the listing price (or if an agreement is entered into, of the contract price), ☐ \$ _____, or in accordance with Broker's attached schedule of compensation; as follows:
(1) If during the Listing Period, or any extension, Broker, cooperating broker, Owner or any other person procures a ready, willing, and able Transferee(s) or, if applicable, Tenant(s) whose offer on the Property on any price and terms is accepted by Owner, provided (i) the Transferee completes the transaction, if applicable, the Tenant enters into a lease and takes possession, or the Transferee otherwise completes the agreement specified above; or (ii) is prevented from doing so by Owner. (Broker is entitled to compensation whether any escrow resulting from such offer closes during or after the expiration of the Listing Period, or any extension.)
OR (2) If within 30 calendar days after the end of the Listing Period or any extension, Owner enters into a contract to sell, lease, exchange, option, convey or otherwise transfer the Property to anyone ("Prospective Transferee") or that person's related entity: (i) who physically entered and was shown the Property during the Listing Period, or any extension by Broker or a cooperating broker; or (ii) for whom Broker or any cooperating broker submitted to Owner a signed, written offer to acquire, lease, exchange or obtain an option on the Property. Owner, however, shall have no obligation to Broker under this paragraph 4A(2) unless, not later than the end of the Listing Period or any extension or cancellation, Broker has given Owner a written notice of the names of such Prospective Transferees.
OR (3) If, without Broker's prior written consent, the Property is withdrawn from sale, lease, exchange, option or other, as specified in paragraph 1, or is sold, conveyed, leased, rented, exchanged, optioned or otherwise transferred, or made unmarketable by a voluntary act of Owner during the Listing Period, or any extension thereof.
B. If completion of the transaction is prevented by a party to the transaction other than Owner, then compensation due under paragraph 4A shall be payable only if and when Owner collects damages by suit, arbitration, settlement, or otherwise, and then in an amount equal to the lesser of one-half of the damages recovered or the above compensation, after first deducting title and escrow expenses and the expenses of collection, if any.
C. In addition, Owner agrees to pay Broker: _____
D. (1) Broker is authorized to cooperate and compensate brokers participating through the multiple listing service(s) ("MLS"): (i) by offering MLS brokers either: ☒ 2.000 percent of the purchase price, or ☐ \$ _____; OR (ii) (if checked) ☐ as per Broker's policy.
(2) Broker is authorized to cooperate and compensate brokers operating outside the MLS as per Broker's policy.
E. Owner hereby irrevocably assigns to Broker the above compensation from Owner's funds and proceeds in escrow. Broker may submit this Listing Agreement, as instructions to compensate Broker pursuant to paragraph 4A, to any escrow regarding the Property involving Owner and a buyer, transferee or Prospective Transferee.
F. (1) Owner represents that Owner has not previously entered into a listing agreement with another broker regarding the Property, unless specified as follows: _____
(2) Owner warrants that Owner has no obligation to pay compensation to any other broker regarding the Property unless the Property is transferred to any of the following Prospective Transferees: _____
(3) If the Property is transferred to anyone listed above during the time Owner is obligated to compensate another broker: (i) Broker is not entitled to compensation under this Listing Agreement; and (ii) Broker is not obligated to represent Owner in such transaction.

Owner's Initials

DS
PK

DS
SM



COMMERCIAL AND RESIDENTIAL INCOME LISTING AGREEMENT (CLA PAGE 1 OF 5)

5. MULTIPLE LISTING SERVICE:

- A. WHAT IS AN MLS?** The MLS is a database of properties for sale that is available and disseminated to and accessible by all other real estate agents who are participants or subscribers to the MLS. As set forth in **paragraph 8A**, participants and subscribers conducting public marketing of a property listing must submit the property information to the MLS. Property information submitted to the MLS describes the price, terms and conditions under which the Owner's property is offered for sale (including but not limited to the listing broker's offer of compensation to other brokers). It is likely that a significant number of real estate practitioners in any given area are participants or subscribers to the MLS. The MLS may also be part of a reciprocal agreement to which other multiple listing services belong. Real estate agents belonging to other multiple listing services that have reciprocal agreements with the MLS also have access to the information submitted to the MLS. The MLS may further transmit listing information to Internet sites that post property listings online.
- B. WHAT INFORMATION IS PROVIDED TO THE MLS:** All terms of the transaction, including sales price and financing, if applicable, (i) will be provided to the MLS in which the Property is listed for publication, dissemination and use by persons and entities on terms approved by the MLS, and (ii) may be provided to the MLS even if the Property was not listed with the MLS. Owner consents to Broker providing a copy of this listing agreement to the MLS if required by the MLS.
- C. WHAT IS BROKER'S MLS?** Broker is a participant/subscriber to Costar & Crexi ONLY Multiple Listing Service (MLS) and possibly others. That MLS is (or if checked ☐ is not) the primary MLS for the geographic area of the Property. When required by **paragraph 7** or by the MLS, Property will be listed with the MLS(s) specified above.

6. BENEFITS OF USING THE MLS; IMPACT OF OPTING OUT OF THE MLS;

- A. EXPOSURE TO BUYERS THROUGH MLS:** Listing property with an MLS exposes a seller's property to all real estate agents and brokers (and their potential buyer clients) who are participants or subscribers to the MLS or a reciprocating MLS. The MLS may further transmit the MLS database to Internet sites that post property listings online.
- B. IMPACT OF OPTING OUT OF MLS:** If Owner elects to exclude the Property from the MLS, Owner understands and acknowledges that: (i) Owner is authorizing limited exposure of the Property and NO marketing or advertising of the Property to the public will occur; (ii) real estate agents and brokers from other real estate offices, and their buyer clients, who have access to that MLS may not be aware that Owner's Property is offered for sale; (iii) Information about Owner's Property will not be transmitted from the MLS to various real estate Internet sites that are used by the public to search for property listings and; (iv) real estate agents, brokers and members of the public may be unaware of the terms and conditions under which Owner is marketing the Property.
- C. REDUCTION IN EXPOSURE:** Any reduction in exposure of the Property may lower the number of offers and negatively impact the sales price.
- D. NOT LISTING PROPERTY IN A LOCAL MLS:** If the Property is listed in an MLS which does not cover the geographic area where the Property is located then real estate agents and brokers working that territory, and Buyers they represent looking for property in the neighborhood, may not be aware the Property is for sale.

Owner's Initials

PK, SM

Broker's/Agent's Initials

LG, OY

- 7. MLS DATA ON THE INTERNET:** MLS rules allow MLS data to be made available by the MLS to additional Internet sites unless Broker gives the MLS instructions to the contrary. Specific information that can be excluded from the Internet as permitted by (or in accordance with) the MLS is as follows:

- A. PROPERTY OR PROPERTY ADDRESS:** Owner can instruct Broker to have the MLS not display the Property or the Property address on the Internet (C.A.R. Form SELI). Owner understands that either of these opt-outs would mean consumers searching for listings on the Internet may not see the Property or Property's address in response to their search.
- B. FEATURE OPT-OUTS:** Owner can instruct Broker to advise the MLS that Owner does not want visitors to MLS Participant or Subscriber Websites or Electronic Displays that display the Property listing to have the features below (C.A.R. Form SELI). Owner understands (i) that these opt-outs apply only to Websites or Electronic Displays of MLS Participants and Subscribers who are real estate broker and agent members of the MLS; (ii) that other Internet sites may or may not have the features set forth herein; and (iii) that neither Broker nor the MLS may have the ability to control or block such features on other Internet sites.
- (1) **COMMENTS AND REVIEWS:** The ability to write comments or reviews about the Property on those sites; or the ability to link to another site containing such comments or reviews if the link is in immediate conjunction with the Property display.
- (2) **AUTOMATED ESTIMATE OF VALUE:** The ability to create an automated estimate of value or to link to another site containing such an estimate of value if the link is in immediate conjunction with the Property display.
- ☐ Owner elects to opt out of certain Internet features as provided by C.A.R. Form SELI or the local equivalent form.

8. RESIDENTIAL 1-4 MARKETING PROCEDURES (to be completed for residential properties with one to four units)**A. PUBLIC MARKETING OF PROPERTY**

- (1) **CLEAR COOPERATION POLICY:** MLS rules require ☐ Do NOT require - see **paragraph 8A(6)** that residential real property with one to four units and vacant lot listings be submitted to the MLS within 1 business day of any public marketing.
- (2) **PUBLIC MARKETING WITHIN CLEAR COOPERATION:** (i) Public marketing includes, but is not limited to, flyers displayed in windows, yard signs, digital marketing on public facing websites, brokerage website displays, digital communications marketing and email blasts, multi-brokerage listing sharing networks, marketing to closed or private listing clubs or groups, and applications available to the general public. (ii) Public marketing does not include an office exclusive listing where there is direct promotion of the listing between the brokers and licensees affiliated with the listing brokerage, and one-to-one promotion between these licensees and their clients.
- (3) **"COMING SOON" STATUS IMPACT ON MARKETING; Days on Market (DOM):** Owner is advised to discuss with Broker the meaning of "Coming Soon" as that term applies to the MLS in which the Property will be listed, and how any Coming Soon status will impact when and how a listing will be viewable to the public via the MLS. Owner does ☐ does not) authorize Broker to utilize Coming Soon status, if any. Owner is further advised to discuss with Broker how any DOM calculations or similarly utilized tracking field works in the MLS in which the Property will be listed.

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Owner's Initials

PK, SM



COMMERCIAL AND RESIDENTIAL INCOME LISTING AGREEMENT (CLA PAGE 2 OF 5)

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(4) **Owner Instructs Broker:**

(A) Owner instructs Broker to market the Property to the public, and to start marketing on the beginning date of this Agreement or ☐ (date).

OR (B) ☐ Owner instructs Broker NOT to market the Property to the public. (MLS may require C.A.R. Form SELM or local equivalent form) Owner understands that no public marketing will occur and the scope of marketing that will occur will consist only of direct one-on-one promotion between the brokers and licensees affiliated with the listing brokerage and their respective clients.

(5) **Whether paragraph 8A(4)(A) or 8A(4)(B) is selected**, Owner understands and agrees that should any public marketing of the property occur, the Property listing will be submitted to the MLS within 1 business day.

(6) ☐ **CLEAR COOPERATION POLICY DOES NOT APPLY: Paragraphs 8A(1)** (other than the language in the parenthetical), **8A(2)**, **8A(4)**, and **8A(5)** (other than the checkbox in **paragraph 7A**) do not apply to this listing. Broker shall disclose to Owner and obtain Owner's consent for any instruction to not market the Property on the MLS or to the public.

B. Buyer Supplemental Offer Letters (Buyer Letters):

(1) **Paragraph 8** of the Fair Housing and Discrimination Advisory (C.A.R. Form FHDA) attached to this Agreement informs Owner of the practice of many buyers and their agents of including a Buyer Letter with an offer to try to influence a seller to accept the buyer's offer. Buyer Letters may include photos and video. Whether overt or unintentional, Buyer Letters may contain information about a buyer's or seller's protected class or characteristics. Deciding whether to accept an offer based upon protected classes or characteristics is unlawful. Broker will not review the content of Buyer Letters.

(2) (A) **Owner instructs Broker** not to present Buyer Letters, whether submitted with an offer or separately at a different time. Owner authorizes Broker to specify in the MLS that Buyer Letters will not be presented to Owner.

OR (B) ☐ **Owner instructs Broker to present Buyer Letters.** Broker advises Owner that: (i) Buyer Letters may contain information about protected classes or characteristics and such information should not be used in Owner's decision to accept, reject or counter a buyer's offer; and (ii) If Owner relies on Buyer Letters, Owner is acting against Broker's advice and should seek the advice of counsel before doing so.

☐ Owner elects to opt out of certain Internet features as provided by C.A.R. Form SELI or the local equivalent form.

9. OWNER REPRESENTATIONS: Owner represents that, unless otherwise specified in writing, Owner is unaware of: (i) any Notice of Default recorded against the Property; (ii) any delinquent amounts due under any loan secured by, or other obligation affecting, the Property; (iii) any bankruptcy, insolvency or similar proceeding affecting the Property; (iv) any litigation, arbitration, administrative action, government investigation, or other pending or threatened action that affects or may affect the Property or Owner's ability to transfer it; and (v) any current, pending or proposed special assessments affecting the Property. Owner shall promptly notify Broker in writing if Owner becomes aware of any of these items during the Listing Period or any extension thereof.

10. BROKER'S AND OWNER'S DUTIES:

A. Broker Responsibility, Authority and Limitations: Broker agrees to exercise reasonable effort and due diligence to achieve the purposes of this Agreement. Unless Owner gives Broker written instructions to the contrary, Broker is authorized, but not required, to (i) order reports and disclosures including those specified in **paragraph 10D** as necessary, (ii) advertise and market the Property by any method and in any medium selected by Broker, including MLS and the Internet, and, to the extent permitted by these media, control the dissemination of the information submitted to any medium; and (iii) disclose to any real estate licensee making an inquiry the receipt of any offers on the Property and the offering price of such offers.

B. Presentation of Offers: Broker agrees to present all offers received for Owner's Property, and present them to Owner as soon as possible, unless Owner gives Broker written instructions to the contrary.

C. Owner agrees to consider offers presented by Broker, and to act in good faith to accomplish the sale of the Property by, among other things, making the Property available for showing at reasonable times and, subject to **paragraph 4F**, referring to Broker all inquiries of any party interested in the Property. Owner is responsible for determining at what price to list and sell the Property.

D. Investigations and Reports: Owner agrees, within **5 (or _____) Days** of the beginning date of this Agreement to order and, if required at that time, pay for the following reports or inspections: _____

If Property is located in a Common Interest Development or Homeowners Association, Owner is advised that there may be benefits to obtaining any required documents prior to entering into escrow with any buyer. Such benefits may include, but not be limited to, potentially being able to lower costs in obtaining the documents and avoiding any potential delays or complications due to late or slow delivery of such documents.

E. Owner further agrees to indemnify, defend and hold Broker harmless from all claims, disputes, litigation, judgments, attorney fees and costs arising from any incorrect or incomplete information supplied by Owner, or from any material facts that Owner knows but fails to disclose including dangerous or hidden conditions on the Property.

11. DEPOSIT: Broker is authorized to accept and hold on Owner's behalf any deposits to be applied toward the contract price.

12. AGENCY RELATIONSHIPS:

A. Disclosure: Owner acknowledges receipt of (C.A.R. Form AD) "Disclosure Regarding Real Estate Agency Relationship" form which is required to be provided to Owner prior to entering into this Listing Agreement.

B. Owner Representation: Broker shall represent Owner in any resulting transaction, except as specified in **paragraph 4F**.

C. Possible Dual Agency With Buyer: Depending upon the circumstances, it may be necessary or appropriate for Broker to act as an agent for both Owner and buyer, exchange party, or one or more additional parties ("Buyer"). Broker shall, as soon as practicable, disclose to Owner any election to act as a dual agent representing both Owner and Buyer. If a Buyer is procured directly by Broker or an associate licensee in Broker's firm, Owner hereby consents to Broker acting as a dual agent for Owner and such Buyer. In the event of an exchange, Owner hereby consents to Broker collecting compensation from additional parties for services rendered, provided there is disclosure to all parties of such agency and compensation. Owner understands and agrees that: (i) Broker, without the prior written consent of Owner, will not disclose to Buyer that Owner is willing to transfer the Property at a price less than the listing price; (ii) Broker, without the prior written consent of Buyer, will not disclose to Owner that Buyer is willing to pay a price greater than the offered price; and (iii) except for (i) and (ii) above, a dual agent is obligated to disclose known facts materially affecting the value or desirability of the Property to both parties.

D. Other Owners: Owner understands that Broker may have or obtain listings on other properties, and that potential buyers may consider, make offers on, or acquire through Broker, property the same as or similar to Owner's Property. Owner consents to Broker's representation of owners and buyers of other properties before, during, and after the end of this Listing Agreement.

E. Confirmation: Broker shall confirm the agency relationship described above, or as modified, in writing, prior to or concurrent with Owner's execution of an agreement to sell.

Date: April 5, 2023

F. TERMINATION OF AGENCY RELATIONSHIP: Owner acknowledges and agrees that unless Owner and Broker enter into a separate property management agreement, Broker will not represent Owner in any manner regarding the management of the Premises. Owner further agrees that the representation duties of, and agency relationship with, Broker terminate at the expiration of the Agreement or the completion of the transaction or agreement specified, or for any lease, at earlier of (i) or (ii) below:

- (i) Entering into a rental or lease agreement for the Premises and, if checked, (choose all that apply) ☐ Tenant occupancy, ☐ delivering to Tenant keys or other means of entering the Premises, ☐ Tenant walkthrough, ☐ completion of Move In Inspection (C.A.R. Form MIMO); or
- (ii) If no lease is already entered into, at the expiration of this Agreement.

13. **SECURITY AND INSURANCE:** Broker is not responsible for loss of or damage to personal or real property or person, whether attributable to use of a keysafe/lockbox, a showing of the Property, or otherwise. Third parties, including but not limited to, appraisers, inspectors, brokers and prospective buyers, may have access to, and take videos and photographs of the interior of the Property. Owner agrees: (i) to take reasonable precautions to safeguard and protect valuables that might be accessible during showings of the Property; and (ii) to obtain insurance to protect against these risks. Broker does not maintain insurance to protect Owner.
14. **KEYSAFE/LOCKBOX:** A keysafe/lockbox is designed to hold a key to the Property to permit access to the Property by Broker, cooperating brokers, MLS participants, their authorized licensees and representatives, authorized inspectors and accompanying prospective buyers. Broker, cooperating brokers, MLS and Associations/Boards of REALTORS® are not insurers against injury, theft, loss, vandalism, or damage attributed to the use of a keysafe/lockbox. Owner does (or if checked ☐ does not) authorize Broker to install a keysafe/lockbox. If Owner does not occupy the Property, Owner shall be responsible for obtaining occupant(s) written permission for use of a keysafe/lockbox.
15. **SIGN:** Owner authorizes Broker to install a FOR SALE/SOLD/LEASE sign on the Property unless otherwise indicated in writing.
16. **EQUAL HOUSING OPPORTUNITY:** The Property is offered in compliance with federal, state and local anti-discrimination laws.
17. **ATTORNEY'S FEES:** In any action, proceeding, or arbitration between Owner and Broker arising out of this Agreement, Owner and Broker are each responsible for paying their own attorney's fees and costs, except as otherwise specified in paragraph 21A.
18. **ADDITIONAL TERMS:** ☐ REOL ☐ SSIA 1) Property Being Sold AS-IS 2) Owner/Principal is a Licensed California Real Estate Broker

19. **MANAGEMENT APPROVAL:** If an associate-licensee in Broker's office (salesperson or broker-associate) enters into this Listing Agreement on Broker's behalf, and Broker or Manager does not approve of its terms, Broker or Manager has the right to cancel this Listing Agreement, in writing, within 5 Days after its execution.
20. **SUCCESSORS AND ASSIGNS:** This Listing Agreement shall be binding upon Owner and Owner's successors and assigns.
21. **DISPUTE RESOLUTION:**

- A. **MEDIATION:** (1) Owner and Broker agree to mediate any dispute or claim arising between them under this Agreement, before resorting to arbitration or court action. (2) Mediation fees, if any, shall be divided equally among the parties involved. (3) If, for any dispute or claim to which this paragraph applies, any party (the non-mediating party) (i) commences an action without first attempting to resolve the matter through mediation, or (ii) before commencement of an action, refuses to mediate after a request has been made, then if the non-mediating party is the losing party in any such action, the prevailing party in such action shall be entitled to recover attorney fees from the non-mediating party, notwithstanding the terms in paragraph 17. (4) Exclusions from this mediation agreement are specified in paragraph 21B.
- B. **ADDITIONAL MEDIATION TERMS:** The following matters shall be excluded from mediation: (i) a judicial or non-judicial foreclosure or other action or proceeding to enforce a deed of trust, mortgage or installment land sale contract as defined in Civil Code § 2985; (ii) an unlawful detainer action; (iii) the filing or enforcement of a mechanic's lien; and (iv) any matter that is within the jurisdiction of a probate, small claims or bankruptcy court. The filing of a court action to enable the recording of a notice of pending action, for order of attachment, receivership, injunction, or other provisional remedies, shall not constitute a waiver or violation of the mediation provisions.
- C. **ARBITRATION ADVISORY:** If Owner and Broker desire to resolve disputes arising between them through arbitration rather than court, they can document their agreement by attaching and signing an Arbitration Agreement (C.A.R. Form ARB).

22. **ENTIRE CONTRACT:** All prior discussions, negotiations, and agreements between the parties concerning the subject matter of this Listing Agreement are superseded by this Listing Agreement, which constitutes the entire contract and a complete and exclusive expression of their agreement, and may not be contradicted by evidence of any prior agreement or contemporaneous oral agreement. If any provision of this Agreement is held to be ineffective or invalid, the remaining provisions will nevertheless be given full force and effect. This Listing Agreement and any supplement, addendum, or modification, including any photocopy or facsimile, may be executed in counterparts.
23. **OWNERSHIP, TITLE AND AUTHORITY:** Owner warrants that: (i) Owner is the owner of the Property; (ii) no other persons or entities have title to the Property, and (iii) Owner has the authority to both execute this Listing Agreement and transfer the Property. Exceptions to ownership, title and authority are as follows:

24. **LEGALLY AUTHORIZED SIGNER:** Wherever the signature or initials of the Legally Authorized Signer, identified in the signature block below, appear on this Agreement or any related documents, it shall be deemed to be in a representative capacity for the entity described and not in an individual capacity, unless otherwise indicated. The Legally Authorized Signer (i) represents that the entity for which that person is acting already exists and is in good standing to do business in California and (ii) shall deliver to Broker, within 3 Days after execution of this Agreement, evidence of authority to act in that capacity (such as but not limited to: applicable portion of the trust or Certification Of Trust (Probate Code § 18100.5), letters testamentary, court order, power of attorney, corporate resolution, or formation documents of the business entity).

CLA REVISED 6/22 (PAGE 4 OF 5)

Owner's Initials

DS
PK SM



COMMERCIAL AND RESIDENTIAL INCOME LISTING AGREEMENT (CLA PAGE 4 OF 5)

Date: April 5, 2023

By signing below, Owner acknowledges that Owner has read, understands, received a copy of and agrees to the terms of this Listing Agreement and any attached schedule of compensation.

☒ **ENTITY OWNER:** (Note: If this paragraph is completed, a Representative Capacity Signature Disclosure (C.A.R. Form RCSD) is not required for the Legally Authorized Signers designated below.)

- (1) One or more Owners is a trust, corporation, LLC, probate estate, partnership, other entity, or holds a power of attorney.
- (2) This Agreement is being Signed by a Legally Authorized Signer in a representative capacity and not for him/herself as an individual. See **paragraph 24** for additional terms.
- (3) The name(s) of the Legally Authorized Signer(s) is: Paul Kurdian, Samantha McDermott.
- (4) If a trust, identify Owner as trustee(s) of the trust or by simplified trust name (ex. John Doe, co-trustee, Jane Doe, co-trustee or Doe Revocable Family Trust). If the entity is a trust or under probate, the following is the full name of the trust or probate case, including case #: _____

OWNER SIGNATURE(S):

(Signature) By, Paul Kurdian Date: 4/5/2023
Printed name of OWNER: Team PASA LLC 1F00564EC844455... Paul Kurdian

☒ Printed Name of Legally Authorized Signer: Paul Kurdian Title, if applicable, _____
Address _____ City _____ State _____ Zip _____

Email _____ Phone # _____
(Signature) By, Samantha McDermott Date: 4/5/2023
Printed name of OWNER: Samantha McDermott FB71688B4FC0496...

☒ Printed Name of Legally Authorized Signer: Samantha McDermott Title, if applicable, _____
Address _____ City _____ State _____ Zip _____
Email _____ Phone # _____

☐ Additional Signature Addendum attached (C.A.R. Form ASA)

BROKER SIGNATURE(S):

Real Estate Broker (Firm) The Firm Brokerage DRE Lic# 01914157
Address 74398 Highway 111, Suite D City Palm Desert State CA Zip 92260

By Adam Gilbert Tel. (760) 408-8874 E-mail adam@firmcompanies.com DRE Lic# 01914157 Date 4/5/2023
Adam Gilbert, Joel Handshuh

By Joel Handshuh Tel. (760) 613-1089 E-mail Joel@firmcompanies.com DRE Lic# 02162825 Date 4/5/2023
Joel Handshuh

☐ Two Brokers with different companies are co-listing the Property. Co-listing Broker information is on the attached Additional Broker Acknowledgement (C.A.R. Form ABA).

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COMMERCIAL AND RESIDENTIAL INCOME LISTING AGREEMENT (CLA PAGE 5 OF 5)
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Inn at Palm



FAIR HOUSING & DISCRIMINATION ADVISORY

(C.A.R. Form FHDA, 6/22)

1. **EQUAL ACCESS TO HOUSING FOR ALL:** All housing in California is available to all persons. Discrimination as noted below is prohibited by law. Resources are available for those who have experienced unequal treatment under the law.
2. **FEDERAL AND STATE LAWS PROHIBIT DISCRIMINATION AGAINST IDENTIFIED PROTECTED CLASSES:**
 - A. **FEDERAL FAIR HOUSING ACT ("FHA")** Title VIII of the Civil Rights Act; 42 U.S.C. §§ 3601-3619; Prohibits discrimination in sales, rental or financing of residential housing against persons in protected classes;
 - B. **CALIFORNIA FAIR EMPLOYMENT AND HOUSING ACT ("FEHA")** California Government Code ("GC") §§ 12900-12996, 12955; 2 California Code of Regulations ("CCR") §§ 12005-12271; Prohibits discrimination in sales, rental or financing of housing opportunity against persons in protected classes by providers of housing accommodation and financial assistance services as related to housing;
 - C. **CALIFORNIA UNRUH CIVIL RIGHTS ACT ("Unruh")** California Civil Code ("CC") § 51; Prohibits business establishments from discriminating against, and requires full and equal accommodation, advantages, facilities, privileges, and services to persons in protected classes;
 - D. **AMERICANS WITH DISABILITIES ACT ("ADA")** 42 U.S.C. §§ 12181-12189; Title III of the ADA prohibits discrimination based on disability in public accommodations; and
 - E. **OTHER FAIR HOUSING LAWS:** § 504 of Rehabilitation Act of 1973 29 U.S.C. § 794; Ralph Civil Rights Act CC § 51.7.; California Disabled Persons Act; CC §§ 54-55.32; any local city or county fair housing ordinances, as applicable.
3. **POTENTIAL LEGAL REMEDIES FOR UNLAWFUL DISCRIMINATION:** Violations of fair housing laws may result in monetary civil fines, injunctive relief, compensatory and/or punitive damages, and attorney fees and costs.
4. **PROTECTED CLASSES/CHARACTERISTICS:** Whether specified in Federal or State law or both, discrimination against persons if based on that person's belonging to, association with, or perceived membership in, certain classes or categories, such as the following, is prohibited. Other classes, categories or restrictions may also apply.

Race	Color	Ancestry	National Origin	Religion
Age	Sex, Sexual Orientation	Gender, Gender Identity, Gender expression	Marital Status	Familial Status (family with a child or children under 18)
Citizenship	Immigration Status	Primary Language	Military/Veteran Status	Source of Income (e.g., Section 8 Voucher)
Medical Condition	Disability (Mental & Physical)	Genetic Information	Criminal History (non-relevant convictions)	Any arbitrary characteristic

5. **THE CALIFORNIA DEPARTMENT OF REAL ESTATE REQUIRES TRAINING AND SUPERVISION TO PREVENT HOUSING DISCRIMINATION BY REAL ESTATE LICENSEES:**
 - A. California Business & Professions Code ("B&PC") § 10170.5(a)(4) requires 3 hours of training on fair housing for DRE license renewal; Real Estate Regulation § 2725(f) requires brokers who oversee salespersons to be familiar with the requirements of federal and state laws relating to the prohibition of discrimination.
 - B. Violation of DRE regulations or real estate laws against housing discrimination by a real estate licensee may result in the loss or suspension of the licensee's real estate license. B&PC § 10177(l)(1); 10 CCR § 2780
6. **REALTOR® ORGANIZATIONS PROHIBIT DISCRIMINATION:** NAR Code of Ethics Article 10 prohibits discrimination in employment practices or in rendering real estate license services against any person because of race, color, religion, sex, disability, familial status, national origin, sexual orientation, or gender identity by REALTORS®.
7. **WHO IS REQUIRED TO COMPLY WITH FAIR HOUSING LAWS?**
 Below is a non-exclusive list of providers of housing accommodations or financial assistance services as related to housing who are most likely to be encountered in a housing transaction and who must comply with fair housing laws.
 - Sellers
 - Real estate licensees
 - Mobilehome parks
 - Insurance companies
 - Landlords
 - Real estate brokerage firms
 - Homeowners Associations ("HOAs");
 - Government housing services
 - Sublessors
 - Property managers
 - Banks and Mortgage lenders
 - Appraisers
8. **EXAMPLES OF CONDUCT THAT MAY NOT BE MOTIVATED BY DISCRIMINATORY INTENT BUT COULD HAVE A DISCRIMINATORY EFFECT:**
 - A. Prior to acceptance of an offer, asking for or offering buyer personal information or letters from the buyer, especially with photos. Those types of documents may inadvertently reveal, or be perceived as revealing, protected status information thereby increasing the risk of (i) actual or unconscious bias, and (ii) potential legal claims against sellers and others by prospective buyers whose offers were rejected.
 - B. Refusing to rent (i) an upper-level unit to an elderly tenant out of concern for the tenant's ability to navigate stairs or (ii) a house with a pool to a person with young children out of concern for the children's safety.
9. **EXAMPLES OF UNLAWFUL OR IMPROPER CONDUCT BASED ON A PROTECTED CLASS OR CHARACTERISTIC:**
 - A. Refusing to negotiate for a sale, rental or financing or otherwise make a housing opportunity unavailable; failing to present offers due to a person's protected status;
 - B. Refusing or failing to show, rent, sell or finance housing; "channeling" or "steering" a prospective buyer or tenant to or away from a particular area due to that person's protected status or because of the racial, religious or ethnic composition of the neighborhood;
 - C. "Blockbusting" or causing "panic selling" by inducing a listing, sale or rental based on the grounds of loss of value of property, increase in crime, or decline in school quality due to the entry or prospective entry of people in protected categories into the neighborhood;
 - D. Making any statement or advertisement that indicates any preference, limitation, or discrimination;



- E. Inquiring about protected characteristics (such as asking tenant applicants if they are married, or prospective purchasers if they have children or are planning to start a family);
- F. Using criminal history information before otherwise affirming eligibility, and without a legally sufficient justification;
- G. Failing to assess financial standards based on the portion of the income responsible by a tenant who receives government subsidies (such as basing an otherwise neutral rent to income ratio on the whole rent rather than just the part of rent that is the tenant's responsibility);
- H. Denying a home loan or homeowner's insurance;
- I. Offering inferior terms, conditions, privileges, facilities or services;
- J. Using different qualification criteria or procedures for sale or rental of housing such as income standards, application requirements, application fees, credit analyses, sale or rental approval procedures or other requirements;
- K. Harassing a person;
- L. Taking an adverse action based on protected characteristics;
- M. Refusing to permit a reasonable modification to the premises, as requested by a person with a disability (such as refusing to allow a tenant who uses a wheelchair to install, at their expense, a ramp over front or rear steps, or refusing to allow a tenant with a physical disability from installing, at their own expense, grab bars in a shower or bathtub);
- N. Refusing to make reasonable accommodation in policies, rules, practices, or services for a person with a disability (such as the following, if an actual or prospective tenant with a disability has a service animal or support animal):
- Failing to allow that person to keep the service animal or emotional support animal in rental property;
 - Charging that person higher rent or increased security deposit; or
 - Failing to show rental or sale property to that person who is accompanied by the service animal or support animal; and;
- O. Retaliating for asserting rights under fair housing laws.
- 10. EXAMPLES OF POSITIVE PRACTICES:**
- Real estate licensees working with buyers or tenants should apply the same objective property selection criteria, such as location/neighborhood, property features, and price range and other considerations, to all prospects.
 - Real estate licensees should provide complete and objective information to all clients based on the client's selection criteria.
 - Real estate licensees should provide the same professional courtesy in responding to inquiries, sharing of information and offers of assistance to all clients and prospects.
 - Housing providers should not make any statement or advertisement that directly or indirectly implies preference, limitation, or discrimination regarding any protected characteristic (such as "no children" or "English-speakers only").
 - Housing providers should use a selection process relying on objective information about a prospective buyer's offer or tenant's application and not seek any information that may disclose any protected characteristics (such as using a summary document, e.g. C.A.R. Form SUM-MO, to compare multiple offers on objective terms).
- 11. FAIR HOUSING RESOURCES:** If you have questions about your obligations or rights under the Fair Housing laws, or you think you have been discriminated against, you may want to contact one or more of the sources listed below to discuss what you can do about it, and whether the resource is able to assist you.
- Federal: https://www.hud.gov/program_offices/fair_housing_equal_opp
 - State: <https://www.dfeh.ca.gov/housing/>
 - Local: local Fair Housing Council office (non-profit, free service)
 - DRE: <https://www.dre.ca.gov/Consumers/FileComplaint.html>
 - Local Association of REALTORS®. List available at: <https://www.car.org/en/contactus/rosters/localassociationroster>.
 - Any qualified California fair housing attorney, or if applicable, landlord-tenant attorney.
- 12. LIMITED EXCEPTIONS TO FAIR HOUSING REQUIREMENTS:** No person should rely on any exception below without first seeking legal advice about whether the exception applies to their situation. Real estate licensees are not qualified to provide advice on the application of these exceptions.
- Legally compliant senior housing is exempt from FHA, FEHA and Unruh as related to age or familial status only;
 - An owner of a single-family residence who resides at the property with one lodger may be exempt from FEHA for rental purposes, PROVIDED no real estate licensee is involved in the rental;
 - An owner of a single-family residence may be exempt from FHA for sale or rental purposes, PROVIDED (i) no real estate licensee is involved in the sale or rental and (ii) no discriminatory advertising is used, and (iii) the owner owns no more than three single-family residences. Other restrictions apply;
 - An owner of residential property with one to four units who resides at the property, may be exempt from FHA for rental purposes, PROVIDED no real estate licensee is involved in the rental; and
 - Both FHA and FEHA do not apply to roommate situations. See, *Fair Housing Council v Roommate.com LLC*, 666 F.3d 1216 (2019).
 - Since both the 14th Amendment of the U.S. Constitution and the Civil Rights Act of 1866 prohibit discrimination based on race; the FHA and FEHA exemptions do not extend to discrimination based on race.

Buyer/Tenant and Seller/Landlord have read, understand and acknowledge receipt of a copy of this Fair Housing & Discrimination Advisory.

Buyer/Tenant _____	Date _____
Buyer/Tenant _____	Date _____
Seller/Landlord _____	Date 4/5/2023
Seller/Landlord _____	Date 4/5/2023

DocuSigned by:

Paul Kurdian

DocuSigned by:

Team PASA LLC

1F00564EC84455..

Samantha McDermott

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FAIR HOUSING AND DISCRIMINATION ADVISORY (FHDA PAGE 2 OF 2)

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Inn at Palm



CALIFORNIA CONSUMER PRIVACY ACT ADVISORY, DISCLOSURE AND NOTICE

(C.A.R. Form CCPA, Revised 12/22)

The California Consumer Privacy Act (commencing with Civil Code § 1798.100) ("CCPA"), as amended by California voters in 2020, grants to California residents certain rights in their private, personal information ("PI") that is collected by companies with whom they do business. Under the CCPA, PI is defined broadly to encompass non-public records information that could reasonably be linked directly or indirectly to you. PI could potentially include photographs of, or sales information about, your property.

During the process of buying and selling real estate your PI will be collected and likely shared with others, including real estate licensees, a Multiple Listing Service, real estate internet websites, service providers, lenders, and title and escrow companies, to name several possibilities. Businesses that are covered by the CCPA are required to grant you various rights in your PI, including the right to know what PI is collected, the right to know what PI is sold or shared and to whom, the right to request that the business correct or delete your PI, the right to "opt out" or stop the transfer of your PI to others, and the right to limit the use of certain PI which is considered "sensitive." You may get one or more notices regarding your CCPA rights from businesses you interact with in a real estate transaction. However, not all businesses that receive or share your PI are obligated to comply with the CCPA. Moreover, businesses that are otherwise covered under the CCPA may have a legal obligation to maintain PI, notwithstanding your instruction to the contrary. For instance, regardless of whether they are covered by CCPA, under California law, brokers and Multiple Listing Services are required to maintain their records for 3 years. If you wish to exercise your rights under CCPA, where applicable, you should contact the respective business directly.

You can obtain more information about the CCPA and your rights under the law from the State of California Department of Justice (oag.ca.gov/privacy/ccpa). Additionally, the California Privacy Protection Agency is authorized to promulgate regulations which may further clarify requirements of the CCPA (cpa.ca.gov/regulations/).

I/we acknowledge receipt of a copy of this California Consumer Privacy Act Advisory, Disclosure and Notice.

Buyer/Seller/Landlord/Tenant	<u>Paul Kurdian</u>	Date	<u>4/5/2023</u>
	<i>Team PASA LLC</i>		
Buyer/Seller/Landlord/Tenant	<u>Samantha McDermott</u>	Date	<u>4/5/2023</u>

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CCPA REVISED 12/22 (PAGE 1 OF 1)

CALIFORNIA CONSUMER PRIVACY ACT ADVISORY (CCPA PAGE 1 OF 1)

The Firm Commercial, 431 S. Palm Canyon #206 Palm Springs CA 92262
Adam Gilbert

Phone 7604088874
Produced with Lone Wolf Transactions (zipForm Edition) 717 N Harwood St, Suite 2200, Dallas, TX 75201

Fax 7608495808
www.lwof.com

Inn at Palm

Addendum D

Comparable Data

Improved Sales

Location & Property Identification

Property Name:	Desert Paradise Resort Palm Springs
Sub-Property Type:	Other
Address:	615 S. Warm Sands Dr
City/State/Zip:	Palm Springs, CA 92264-7634
County:	Riverside
Market Orientation:	Suburban
IRR Event ID:	3047056



Sale Information

Sale Price:	\$3,100,000
Effective Sale Price:	\$3,100,000
Sale Date:	06/30/2023
Recording Date:	06/30/2023
Listing Price:	\$3,500,000
Sale Status:	Closed
\$/SF GBA:	\$552.98
\$/SF NRA:	\$552.98
\$/Unit:	\$258,333 /Hotel Room
Price/Room:	\$258,333
Grantor/Seller:	Ps2j Llc
Grantee/Buyer:	Budo Life, LLC
Property Rights:	Fee Simple
% of Interest Conveyed:	100.00
Exposure Time:	5 (months)
Financing:	Cash to seller - buyer obtained financing
Document Type:	Deed
Recording No.:	0192249
Verified By:	Zac R. Blechman
Verification Date:	09/08/2023
Verification Type:	Secondary Verification
Secondary Verific. Source:	CoStar

Cap Rate - Reported: 9.46%

Improvement and Site Data

MSA:	Inland Empire
Legal/Tax/Parcel ID:	Parcel Number(s): 508-214-001, 508-214-001
GBA-SF:	5,606
NRA-SF:	5,606
Acres(Gross):	0.44
Land-SF(Gross):	19,166
Year Built:	1950
Property Class:	B
M&S Class:	D
Construction Quality:	Average
Improvements Cond.:	Average
Construction Desc.:	Wood Frame
No. of Units/Unit Type:	12/Hotel Rooms
Total Parking Spaces:	12
Park. Ratio 1000 SF GLA:	2.14
Park. Ratio 1000 SF GBA:	2.14
Parking Ratio(/Unit):	1.00
Density-Unit/Gross Acre:	27.27
Bldg. to Land Ratio FAR:	0.29
Zoning Desc.:	R2, Palm Springs
Source of Land Info.:	Other

Operating Data and Key Indicators

Comments

Comments (Cont'd)

Sale of an independent 12-room boutique hotel for \$3,100,000, or approximately \$258,333 price per room. The one-story, exterior corridor hotel has perimeter fencing with an outdoor pool. All exterior loaded rooms face the pool. The property was good condition at the time of sale. According to CoStar, the property traded based on a 9.46% cap rate based on TTM 2022 income and expenses.

Location & Property Identification

Property Name: Chaps Inn
 Sub-Property Type: Other
 Address: 312 E. Camino Monte Vista
 City/State/Zip: Palm Springs, CA 92262
 County: Riverside



Market Orientation: Suburban

IRR Event ID: 3047059

Sale Information

Sale Price: \$2,130,000
 Effective Sale Price: \$2,130,000
 Sale Date: 05/16/2023
 Recording Date: 05/15/2023
 Listing Price: \$2,395,000
 Sale Status: Closed
 \$/SF GBA: \$355.00
 \$/SF NRA: \$355.00
 \$/Unit: \$177,500 /Hotel Room
 Price/Room: \$177,500
 Grantor/Seller: Descanso Springs LLC
 Grantee/Buyer: 312 Monte Vista, LLC
 Property Rights: Fee Simple
 % of Interest Conveyed: 100.00
 Exposure Time: 4 (months)
 Financing: Cash to seller - buyer obtained financing
 Document Type: Deed
 Recording No.: 0138986
 Verified By: Zac R. Blechman
 Verification Date: 09/08/2023
 Verification Type: Secondary Verification
 Secondary Verific. Source: CoStar

Improvement and Site Data

MSA: Inland Empire
 Legal/Tax/Parcel ID: Parcel Number(s): 507-030-008, 507-030-008
 GBA-SF: 6,000
 NRA-SF: 6,000
 Acres(Gross): 0.36
 Land-SF(Gross): 15,682
 Year Built: 1948
 Property Class: C
 M&S Class: D
 Construction Quality: Average
 Improvements Cond.: Good
 Construction Desc.: Wood Frame
 No. of Units/Unit Type: 12/Hotel Rooms
 Total Parking Spaces: 10
 Park. Ratio 1000 SF GLA: 1.67
 Park. Ratio 1000 SF GBA: 1.67
 Parking Ratio(/Unit): 0.83
 Frontage Desc.: 115.000 feet on Camino Monte Vista
 Density-Unit/Gross Acre: 33.33
 Bldg. to Land Ratio FAR: 0.38
 Zoning Desc.: R2-Palm Springs
 Source of Land Info.: Other

Operating Data and Key Indicators

Cap Rate - Reported: 9.80%

Comments

Comments (Cont'd)

Sale of a 12-room hospitality for \$2,130,000 or \$177,500 per room. The exterior corridor, boutique hotel was in good condition at the time of sale. The property has exterior fencing and all guest rooms face the outdoor pool. According to CoStar, the property at a 9.8% cap rate based on the TTM December 2022 income and expenses.

Location & Property Identification

Property Name: Dive Palm Springs Hotel
 Sub-Property Type: Limited Service
 Address: 1586 E. Palm Canyon Dr
 City/State/Zip: Palm Springs, CA 92264
 County: Riverside

Market Orientation: Suburban

IRR Event ID: 2970285



Sale Information

Sale Price: \$5,150,000
 Effective Sale Price: \$5,150,000
 Sale Date: 05/05/2022
 Recording Date: 05/06/2022
 Listing Price: \$4,850,000
 Sale Status: Closed
 \$/SF GBA: \$1172.32
 \$/SF NRA: \$1172.32
 \$/Unit: \$468,182 /Hotel Room
 Price/Room: \$468,182
 Grantor/Seller: Dive Palm Springs LLC
 Grantee/Buyer: Dive Management LLC
 Property Rights: Fee Simple
 % of Interest Conveyed: 100.00
 Exposure Time: 3 (months)
 Financing: Cash to seller - buyer obtained financing
 Document Type: Deed
 Recording No.: 0212695
 Verified By: Zac R. Blechman
 Verification Date: 02/03/2023
 Verification Type: Confirmed-Seller Broker
 Secondary Verific. Source: CoStar

Legal/Tax/Parcel ID: LOT 1 MB 020/061 RANCHO ROYALE TR 2
 Parcel Number(s): 508-453-006, 508-453-006
 GBA-SF: 4,393
 NRA-SF: 4,393
 Acres(Gross): 0.47
 Land-SF(Gross): 20,473
 Year Built: 1954
 Most Recent Renovation: 2019
 Property Class: A
 M&S Class: C
 Construction Quality: Average
 Improvements Cond.: Good
 No. of Buildings/Stories: 1/1
 No. of Units/Unit Type: 11/Hotel Rooms
 Total Parking Spaces: 13
 Park. Ratio 1000 SF GLA: 2.96
 Park. Ratio 1000 SF GBA: 2.96
 Parking Ratio(/Unit): 1.18
 Density-Unit/Gross Acre: 23.40
 Bldg. to Land Ratio FAR: 0.21
 Zoning Desc.: R3, Palm Springs
 Source of Land Info.: Other

Improvement and Site Data

MSA: Inland Empire

Comments

This is the sale of an 11-room boutique hotel operating in the luxury chain scale segment. Property features a pool and was in excellent condition at the time of sale. The

Comments (Cont'd)

property sold for \$5.15 million. According to the broker, the property sold for above list price as there was significant interest.

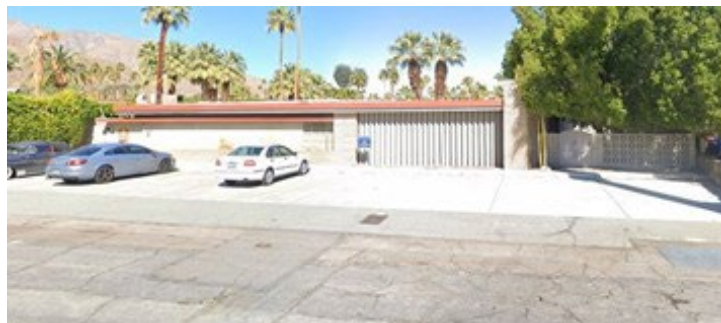


Location & Property Identification

Property Name: La Posada Hotel
 Sub-Property Type: Limited Service
 Address: 120 W. Vereda Sur
 City/State/Zip: Palm Springs, CA 92262
 County: Riverside

Market Orientation: Suburban

IRR Event ID: 2970286



Sale Information

Sale Price: \$3,800,000
 Effective Sale Price: \$3,800,000
 Sale Date: 04/07/2022
 Recording Date: 04/07/2022
 Listing Price: \$3,995,000
 Sale Status: Closed
 \$/SF GBA: \$690.91
 \$/SF NRA: \$690.91
 \$/Unit: \$380,000 /Hotel Room
 Price/Room: \$380,000
 Grantor/Seller: 1295 N Via Monte Vista LLC
 Grantee/Buyer: RiosDev, Inc.
 Property Rights: Fee Simple
 % of Interest Conveyed: 100.00
 Exposure Time: 6 (months)
 Financing: Cash to seller
 Document Type: Deed
 Recording No.: 0167251
 Verified By: Zac R. Blechman
 Verification Date: 02/03/2023
 Verification Type: Confirmed-Seller Broker
 Secondary Verific. Source: CoStar

Legal/Tax/Parcel ID: LOT 8 BLK E MB 015/015 LAS PALMAS ESTATES
 Parcel Number(s): 505-221-008, 505-221-008
 GBA-SF: 5,500
 NRA-SF: 5,500
 Acres(Gross): 0.44
 Land-SF(Gross): 19,166
 Year Built: 1955
 Property Class: C
 M&S Class: D
 Construction Quality: Average
 Improvements Cond.: Fair
 Construction Desc.: Wood Frame
 No. of Units/Unit Type: 10/Hotel Rooms
 Total Parking Spaces: 10
 Park. Ratio 1000 SF GLA: 1.82
 Park. Ratio 1000 SF GBA: 1.82
 Parking Ratio(/Unit): 1.00
 Frontage Desc.: 125.000 feet on W Vereda Del Sur
 Density-Unit/Gross Acre: 22.73
 Bldg. to Land Ratio FAR: 0.29
 Zoning Desc.: R2
 Source of Land Info.: Other

Improvement and Site Data

MSA: Inland Empire

Comments

This sale consists of a 10-room boutique hotel located in the Old Las Palmas neighborhood of Palm Springs. The property features a central pool and spa, misting system,

Comments (Cont'd)

and individual air conditioning units for each room. According to the broker, the property was vacant and not operating at the time of sale. Additionally, the property had some deferred maintenance but costs to cure were not disclosed.

Location & Property Identification

Property Name: Rendezvous
 Sub-Property Type: Limited Service
 Address: 1420 N. Indian Canyon Dr.
 City/State/Zip: Palm Springs, CA 92262
 County: Riverside

Market Orientation: Suburban

IRR Event ID: 2769118



Sale Information

Sale Price: \$2,600,000
 Effective Sale Price: \$2,600,000
 Sale Date: 12/10/2021
 Listing Price: \$2,990,000
 Listing Date: 09/01/2021
 Sale Status: Closed
 \$/SF GBA: \$456.14
 \$/SF NRA: \$456.14
 \$/Unit: \$236,364 /Hotel Room
 Grantor/Seller: 1420 N. Indian Canyon Dr, LLC

Grantee/Buyer: Rendezvous Hotel, LLC
 Property Rights: Fee Simple
 % of Interest Conveyed: 100.00
 Exposure Time: 3 (months)
 Financing: Cash to seller - buyer obtained financing
 Document Type: Deed
 Recording No.: 730572
 Verified By: Zac R. Blechman
 Verification Date: 02/03/2022
 Verification Type: Secondary Verification

Legal/Tax/Parcel ID: Lot 10 Joyce Trt bk 20 pg 66
 (exc W4.5' thereof)
 507-030-005

GBA-SF: 5,700
 NRA-SF: 5,700
 Acres(Gross): 0.43
 Land-SF(Gross): 18,513
 Year Built: 1935
 Property Class: B
 Construction Quality: Average
 Improvements Cond.: Average
 Construction Desc.: Wood Frame
 No. of Buildings/Stories: 1/1
 No. of Units/Unit Type: 11/Hotel Rooms
 Total Parking Spaces: 12
 Park. Ratio 1000 SF GLA: 1.00
 Park. Ratio 1000 SF GBA: 1.00
 Parking Ratio(/Unit): 1.09
 Corner Lot: Yes
 Density-Unit/Gross Acre: 25.58
 Bldg. to Land Ratio FAR: 0.31
 Zoning Desc.: R3
 Source of Land Info.: Other

Improvement and Site Data

MSA: Inland Empire (California)

Comments

Sale of a 11-room boutique hotel. Property features a commercial kitchen, "clubhouse" that can be used for private events, pool and jacuzzi spa. According to CoStar, the property features 10 guest rooms and 1 suite room. We

Comments (Cont'd)

note that according to public records the property was acquired in August of 2021 for \$2,000,000 and then was listed in September of 2021 at \$2,990,000 prior to being sold for the contract price.

Location & Property Identification

Property Name:	La Dolce Vita Resort & Spa
Address:	1491 S. Via Soledad
City/State/Zip:	Palm Springs, CA 92264
County:	Riverside
Market Orientation:	Suburban
IRR Event ID:	2769112



Sale Information

Sale Price:	\$4,500,000
Effective Sale Price:	\$4,500,000
Sale Date:	11/12/2021
Recording Date:	11/12/2021
Listing Price:	\$4,750,000
Sale Status:	Closed
\$/SF GBA:	\$529.41
\$/SF NRA:	\$529.41
\$/Unit:	\$225,000 /Hotel Room
Price/Room:	\$225,000
Grantor/Seller:	1491 Via Soledad LLC
Grantee/Buyer:	Via Onera Soledad LLC
Property Rights:	Fee Simple
% of Interest Conveyed:	100.00
Exposure Time:	6 (months)
Financing:	Cash to seller - buyer obtained financing
Document Type:	Deed
Recording No.:	0672284
Verified By:	Zac R. Blechman
Verification Date:	02/07/2022
Verification Type:	Secondary Verification
Secondary Verific. Source:	CoStar

Legal/Tax/Parcel ID:	portion of Lt 33 S23 T4S R4E mp bk 14 pg 652 Palm Springs , Riverside County CA Parcel Number(s): 508-344-009, 508-344-009
GBA-SF:	8,500
NRA-SF:	8,500
Acres(Gross):	0.64
Land-SF(Gross):	27,878
Year Built:	1958
Property Class:	B
M&S Class:	D
Construction Quality:	Average
Improvements Cond.:	Good
Construction Desc.:	Wood Frame
No. of Units/Unit Type:	20/Hotel Rooms
Total Parking Spaces:	21
Park. Ratio 1000 SF GLA:	2.47
Park. Ratio 1000 SF GBA:	2.47
Parking Ratio(/Unit):	1.05
Density-Unit/Gross Acre:	31.25
Bldg. to Land Ratio FAR:	0.30
Zoning Desc.:	R2, Palm Springs
Source of Land Info.:	Other

Improvement and Site Data

MSA:	Inland Empire
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Comments

Sale a twenty room boutique Hotel in Palm Springs CA. The hotel consists of mainly suites, and has pools and spa facilities. It was extensively renovated in 2018.

Addendum E

Engagement Letter



FEE APPRAISAL ENGAGEMENT LETTER

August 30, 2023

John A. Morgan
Integra Realty Resources
527 Encinitas Blvd, Suite 204
Encinitas, CA 92024

Re: Appraisal Report – 2525 North Palm Canyon Road, Palm Springs, CA 92262

Dear John:

Subject to your signed acceptance, this letter authorizes you to perform an appraisal of the above-referenced property for Commercial Bank of California (CBC). Property details are included in the addendum. The **APPRAISAL REPORT** must comply with the Uniform Standards of Professional Appraisal Practice (USPAP), current edition as published by the Appraisal Foundation, Washington DC. Your appraisal report will be used in a Federally Related Transaction as described in Regulation 12 CFR Part 323 of the Federal Deposit Insurance Corporation (FDIC) titled Real Estate Appraisals as revised in Federal Register Volume 59, No. 108, dated June 7, 1994 and must comply with the minimum appraisal standards under FIRREA. The appraisal report must be in compliance with all specifications of this letter and include a minimum of two approaches to value. Deviations from these criteria cannot be made without prior written consent.

A complete copy of all written CBC instructions to you concerning this specific appraisal assignment must be included as part of your appraisal report. This requirement includes, at minimum, a copy of this engagement letter, and a copy of the signed "Acknowledgment and Certification of Non-interest." Any prior services completed on this property during the prior 3 years must be identified.

Confidentiality: Commercial Bank of California is your client and unless authorized by the Bank's Credit Administration, you may not disclose confidential data, including the value conclusions to anyone including the owner of the property, our borrower, or any other individual connected directly or indirectly to this transaction. To enable you to complete this assignment, CBC will provide you with information, some of which the Bank regards as highly confidential. You and any employee or associate must protect the Confidential Information provided to you using a reasonable degree of care. If required by a court of law or governmental agency to disclose any confidential information or if required by a peer review group in fulfillment of your professional obligations, you agree to notify the Bank before making any disclosures. Furthermore, you agree to disclose in detail what steps you intend to take to ensure complete confidentiality.

Other than to carry out the purposes of this assignment, any non-public, personal customer information received from Commercial Bank of California or on our behalf **MUST NOT** be used or disclosed. By accepting this assignment, you must comply with all applicable requirements of Title V of the Gramm-Leach-Bliley Act of 1999 and its implementing regulations. You and any staff member associated with this assignment agree to maintain absolute client confidentiality and privacy at all times without conflict of interest. You and any staff associated with this assignment certify that you have no bias and no direct or indirect interest, financial or otherwise, in the property or transaction, or relationship with the ownership or borrower.

A qualified, appropriately licensed appraiser must perform the appraisal and must sign and certify the report. All appraisers or licensed associates who are utilized in completing any part of this assignment must be identified in the report and a summary describing the extent of their involvement along with copies of their qualifications and current license must be included.

Fee and Timing: It is agreed that the fee for this assignment includes all expenses and allowance for any necessary technical assistance. Original, signed appraisal reports should be delivered as instructed in the addendum of this letter, no later than the specified due date. Late charges of \$100 per day may be assessed if reports are delivered after the date due. Penalties will not be imposed for delays resulting from circumstances beyond the appraiser's control; provided timely notice is given and agreed to in writing by a representative of CBC. Commercial Bank of California reserves the right to cancel this assignment without cause. Upon such cancellation, payment of any fee will be limited to actual time spent and any out-of-pocket expenses incurred up to the date of termination.

In accepting this assignment, it is understood that you and all personnel associated with the assignment will be available to discuss concerns from bank personnel or our designated Review Appraisers regarding the analysis and or the value conclusions contained in the appraisal report.

Property Contact / Information: Arrange an inspection of the property and make the initial request for information with the property contact listed in the addendum to this letter. Without prior authorization from Commercial Bank of California Credit Administration, you are not to engage in discussions with individuals regarding this assignment (either prior to, during or following delivery of the report). Commercial Bank of California is your client in this assignment.

If during your investigation and analysis of the property you discover anything which might materially modify the Assignment, please contact the bank immediately. Upon completion, please send your completed appraisal to the Commercial Bank of California address shown under "CONTACTS" in the attached addendum.

This engagement letter supplements the Appraisal Requirements of CBC forwarded to you previously or attached hereto.

Best Regards,

 SVP

William Bowman
Senior Vice President
Commercial Bank of California

Enclosures: **ACKNOWLEDGMENT AND CERTIFICATION OF NON-INTEREST
APPRAISAL REQUIREMENTS**

IF YOU AGREE WITH THE TERMS OF THIS ASSIGNMENT, AS SPECIFIED IN THE ENGAGEMENT LETTER AND ITS ATTACHMENTS, PLEASE EXECUTE AND RETURN A SIGNED COPY.

ACKNOWLEDGMENT AND CERTIFICATION OF NON-INTEREST

It is expressly agreed that the capacity under which I am providing the appraisal services described in this letter renders me an independent contractor for the Bank and not an officer, employee, or agent of the Bank.

My signature below confirms my acceptance of the terms and conditions of this agreement for appraisal services and I agree to the stated delivery date. Commercial Bank of California will make every reasonable effort to provide all necessary information for this assignment in a timely manner. If the appraisal report is delivered later than the date agreed upon, CBC reserves the right to impose a \$100 per day penalty against the agreed upon fee for each business day the report is late. To avoid any penalty, I must receive an advance written authorization from the Bank's representative amending the delivery date. I agree that I have read and understand the specific requirements for this assignment, as well as USPAP and FIRREA appraisal standards and that I am competent to perform and complete this assignment as agreed.

I have read the attached Engagement Letter and Appraisal Requirements and certify that the written report that the Bank will receive will be in accordance therewith and will comply with all generally accepted standards of professional appraisal practice (e.g., the USPAP) as well as all applicable State and/or Federal laws and regulations (e.g., FIRREA).

I hereby certify that I, my firm (or affiliated firm, or affiliated person, or affiliated entity), and my associates and/or employees have NO:


1. Present or contemplated future interest in the subject property.
2. Personal interest or bias with respect to the subject of this assignment or the parties involved.
3. Current, or potential, conflict of interest involving, but not limited to: existing/former relationships/affiliations of any kind with listing/selling brokers, leasing agents, major tenants, past, present or contemplated litigation or other situations/facts that might create an appearance contrary to an absolutely independent report and opinion of value.

The investigation, the analysis, and the written appraisal report will be completed by:

NAME OF APPRAISER(s):	Zac Blechman		
APPRAISER CERTIFICATE			
ISSUED BY STATE:	California	ISSUE DATE:	05.29.2022
APPRAISER CERTIFICATE			
NUMBER:	AG3005338	EXPIRATION DATE:	05.28.2024

I HAVE READ THE ATTACHED ENGAGEMENT LETTER AND THE SEPARATE CBC APPRAISAL REQUIREMENTS, AND I HEREBY ACCEPT THIS APPRAISAL ASSIGNMENT AS DESCRIBED.

(Initial) JAM I also agree that I will not utilize an Extraordinary Assumption or Hypothetical Condition without the Bank's express prior approval.

Signature		Date:	08.31.2023
John Morgan		For:	Morgan Valuation Company, Inc., Integra Realty - San Diego
Print/Type Name		Print/Type Company Name	
Position/Title:	Senior Managing Director		

ADDENDUM TO ENGAGEMENT LETTER

SUBJECT:	
LEGAL or APN:	504-073-001
LOCATION/ADDRESS:	2525 North Palm Canyon Road, Palm Springs, CA 92262
PROPERTY TYPE:	18-Unit Hotel
BORROWER/OWNER:	Team Pasa, LLC
NOTE:	Please call immediately if any additional information is required to avoid late fee for delivery of the appraisal. If the appraisal is received after this date, a \$100 deduction per day will be made from the fee unless a written extension has been granted by CBC.
APPRAISAL FORMAT:	Appraisal Report in compliance with the most current USPAP
APPRAISAL REPORT DUE:	9/13/2023 or sooner
APPRAISAL FEE:	Not to exceed \$3,950
	The fee shall include all costs, charges and expenditures. Should you employ any agents, employees or subcontractors, you shall have responsibility of their work and you agree to indemnify, defend and hold CBC harmless from any and all losses, lawsuits, or actions resulting from their acts or omissions.
APPRAISAL REPORT:	
EFFECTIVE DATE:	CURRENT
VALUATION REQUESTED:	1) As-Is Market Value of real property. Must include at least two approaches. 2) Insurable Value- Shall be provide separately for each structure located on the property.
INTEREST(S) APPRAISED:	Fee Simple
INTENDED USE:	Loan Monitoring or Credit Decisions
INTENDED USER(s):	COMMERCIAL BANK of CALIFORNIA (CBC)
	Regulatory agencies may be potential additional users. Parties that may receive a copy of the appraisal report do not become intended users unless specified by CBC at the time of engagement.
APPROACHES TO VALUE:	Use all applicable approaches to value. For the bank's purposes, a minimum of two approaches to value must be included unless written consent is obtained from the Chief Credit Officer.
SPECIFIC REQUIREMENTS FOR THIS ASSIGNMENT:	As Is Premise (MUST BE INCLUDED in all appraisals for CBC).
DELIVERY & NUMBER of ORIGINALS REQUIRED:	One electronic copy via email.
CONTACTS:	Commercial Bank of California
	Name: Cathy Tominaga, AVP
	appraisal@cbscal.com
	Address: 915 Wilshire Blvd., Suite 1000 Los Angeles, CA 90017
	Property Access and Information
	Name: Paul Kurdian (Owner)
	Phone:
	E-Mail: paul@lucentrealestate.com
NOTE:	Advise the CBC contact at once if you are denied access to any part of the property or its improvements so that a timely inspection can be expedited as a Thorough investigation of the property is required by CBC.

Definition of Market Value

“The most probable price which a property should bring in a competitive and open market under all conditions requisite to a fair sale, the buyer and seller each acting prudently and knowledgeably, and assuming the price is not affected by undue stimulus. Implicit in this definition are the consummation of a sale as of a specified date and the passing of title from seller to buyer under conditions whereby:

1. Buyer and seller are typically motivated;
2. Both parties are well informed or well advised, and each acting in what he considers their own best interest;
3. A reasonable time is allowed for exposure in the open market;
4. Payment is made in terms of cash in U.S. dollars or in terms of financial arrangements comparable thereto; and
5. The price represents a normal consideration for the property sold unaffected by special or creative financing or sales concessions granted by anyone associated with the sale.