Sales & Auction Memorandum / Investment Memorandum

1. Cover Page

10984 Goldeneye Avenue

Fountain Valley, California 92708 | Orange County | APN 169-201-07

Auction Opportunity / Investor Decision Packet
Prepared for: High Net Worth Bidders / Investor Decision Packet
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Memorandum date: August 20, 2026
Confidentiality: Prepared solely from the supplied property, auction, title, diligence, valuation, and strategy materials. Distribution should be limited to prospective bidders and their professional advisers.

> ***Important disclaimer.*** *I am an AI, not a licensed financial advisor. This is decision-support analysis, not guaranteed advice; real-estate investing carries risk that the bidder bears. This memorandum is not an appraisal, title policy, legal opinion, tax opinion, engineering report, environmental assessment, construction estimate, or offer to buy. It summarizes supplied materials only. Each bidder should independently verify auction terms, title, permits, legal unit count, occupancy, financing, condition, and all acquisition costs with qualified professionals before bidding.*

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2. Executive Summary

The property is marketed as a one-story, two-residence opportunity comprising a remodeled 1968 front residence and a 2023 detached ADU, together advertised at **2,916 square feet, 6 bedrooms, and 4.5 bathrooms** on a **9,880-square-foot** corner lot. The active listing printout identifies a 1,716-square-foot, 3-bedroom/2.5-bath front residence and a 1,200-square-foot, 3-bedroom/2-bath ADU with separate address, meters, dedicated parking, and owned photovoltaic system. [1] The physical configuration is an attractive multi-generational or two-unit rental concept **only to the extent the legal unit and improvement configuration is confirmed**.

The auction package describes a **minimum-bid** structure with a **$1,861,000** starting/reserve bid, **5% buyer's premium**, $1,000 increments, a 20-minute soft-close provision, earnest money due within 48 hours after close, and an anticipated 15-day closing window, subject to extension. 2 A later listing printout also describes the $1,861,000 list price as the starting bid, but gives a different auction start time than the earlier terms sheet. The auction date, final countdown, bidder-registration requirements, deposit amount, and the operative purchase documents therefore require direct written confirmation before any bid is placed. 1 2

The central investment issue is **not simply the starting bid**. The 5% buyer's premium produces a premium-adjusted bid basis of **$1,954,050 before closing costs and repairs**. This is $89,688 above the supplied HouseCanary automated value indication of $1,864,362, $204,950 above the supplied CoreLogic RealAVM indication of $1,749,100, and materially above the lower $1,322,909 Property Profile estimate. These are automated estimates—not appraisals—and they conflict materially. 5 14 The supplied Property Analysis Profile ("PAP") concludes that the standard-rental route is the selected highest-and-best-use scenario but still assigns a **No-Go** verdict at the advertised starting bid, with an internal model maximum bid of $1,550,000. 4

Decision item	Current evidence-based conclusion	Investor focus
Primary use case	Conventional long-term operation as a legally confirmed primary residence plus ADU / multi-generational rental is the least speculative supported use. 3 4	Underwrite only legally verified improvements and legal units.
Co-living	Not an underwriting premise. The proposed 6-room model is legally unresolved in R1 and financially inferior to the PAP's standard-rental scenario at the advertised basis. 3 4	Obtain a written City determination before treating bed-by-bed income as feasible.
Development upside	ADU/JADU or non-split SB 9 concepts are conditional; SB 9 lot split, commercial co-living, short-term rental, and separate ADU sale are not bid-ready. 3	Assign no value to those paths until written entitlement, title, occupancy, and survey evidence is obtained.
Recommended posture	**Proceed only with verification; bid conservatively.** The PAP's specific current-price verdict is No-Go, and its $1.55 million maximum is below the published minimum bid. 4	Confirm legal improvements, title/foreclosure status, lease/possession, final auction documents, and all repair scope before allocating capital.
Most important risk	A 1,200-square-foot / bedroom-and-bath count conflict between City GIS and the marketing packet creates permit, legal-unit, valuation, insurance, and strategy risk. 3	Treat the officially documented 1,716-square-foot baseline as the unverified floor until cured.

The opportunity is therefore best characterized as a **conditional, price-sensitive value-add acquisition**, not a clean intensification or co-living bid. The strongest supportable upside is preservation, repair, and stabilization of a legally confirmed two-residence configuration. The principal downside is paying an auction premium for the marketed 2,916-square-foot / 6-bedroom configuration before permits, certificates of occupancy, and legal unit count have been reconciled.

3. Property Overview

Property identity and marketed configuration

Attribute	Supplied evidence	Memorandum treatment
Address / APN	10984 Goldeneye Ave, Fountain Valley, CA 92708; APN 169-201-07. 1 6	Identified subject property.
Legal description	Lot 1, Tract No. 6062, City of Fountain Valley, Orange County. 6	Title-document description; survey and current title update still required.
Marketing property type	Detached SFR with a detached ADU / two distinct residences. 1 4	Marketing description, not a substitute for legal-unit verification.
Marketed total size	2,916 sq ft; 6 beds; 4.5 baths; one level. 1	Subject to material City-record conflict.
Marketed front residence	Approximately 1,716 sq ft; 3 beds; 2.5 baths; 1968. 1	Requires permit/final/C of O reconciliation.
Marketed ADU	Approximately 1,200 sq ft; 3 beds; 2 baths; 2023; separate address, electric/gas/water meters, parking, and owned solar. 1	Current legal ADU status and covenant restrictions require confirmation.
Lot size	9,880 sq ft / 0.2268 acres. 1 3	Consistent across material sources.
Parking / HOA	Marketing states two attached garage spaces and $0 HOA fee. 1	Parking adequacy for any future use remains a legal/operational diligence item.
Listing status	Active as of the August 13, 2026 listing printout. 1	Historic printout status only; confirm live listing / auction status.

Material record conflict

The Due-Diligence Report ("PDDR") states that Fountain Valley's City GIS shows a **1,716-square-foot, 3-bedroom, 3-bath** 1968 improvement, while the supplied marketing packet advertises **2,916 square feet, 6 bedrooms, and 5 baths**. The report treats the 1,200-square-foot variance as a **red permit / certificate-of-occupancy issue** and expressly declines to infer whether it reflects legally permitted additions, an ADU, assessor lag, or unpermitted work. 3

Data field	City GIS as summarized in PDDR	Marketing packet / listing	Bidder implication
Lot area	9,880 sq ft	9,880 sq ft	Consistent. 3

Data field	City GIS as summarized in PDDR	Marketing packet / listing	Bidder implication
Year built	1968	1968	Consistent. 3
Building area	1,716 sq ft	2,916 sq ft	**1,200 sq ft unresolved.** 3
Bedrooms	3	6	Legal occupancy and parking implications. 3
Bathrooms	3	5	Permit / fixture configuration needs reconciliation. 3

The memorandum accordingly uses the marketing description for identifying the offered configuration, but does **not** treat the incremental area, additional bedrooms, a two-unit legal status, or any enhanced revenue potential as verified until the City's complete permit ledger, final inspections, certificate-of-occupancy history, code-enforcement record, and an architect's measured as-built plan have been obtained. 3

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4. Auction Overview

Published process and terms

The PAP identifies **centuryrealestate.bidhom.com** as its canonical bid URL, while the later listing directs prospective bidders to **10984goldeneye.com** for auction information. The amended terms sheet identifies the transaction as a California voluntary seller auction but does not state a platform name in its completed fields. 1 2 4 The operative platform, current auction date, and final bidder terms must therefore be confirmed directly before registration.

Auction item	Supplied term	Verification status
Auction type	Minimum Bid / voluntary seller auction. 2	Published in the amended auction terms sheet.
Published starting / reserve bid	$1,861,000. 2	Also described as the current list price / starting bid in the later listing. 1
Buyer's premium	5%. 2	Published; confirm whether calculated on high bid and whether any other buyer fees apply.
Bid increments	$1,000. 2	Published.
Soft close	20 minutes. 2	Published; final platform rules still required.

Auction item	Supplied term	Verification status
Earlier published bidding window	August 20, 2026, 1:00–3:00 PM PST. 2	Conflicts with later listing schedule.
Later listing schedule	October 5, 2026, 8:00 AM PST. 1	Conflicts with earlier term sheet; listing directs bidders to contact the agent for final terms.
Earnest-money timing	Due within 48 hours after auction close. 2	Amount and delivery method are not provided in the cited term sheet.
Escrow	California Eagle Escrow Inc. 2	Confirm operative escrow instructions and title insurer.
Closing deadline	15 days after auction close, subject to extension. 2	Confirm final sale agreement and extension rights.
Inspection / access	Listing requires appointment; PAP references appointment-only access. 1 4	No open-ended diligence right is stated.
Financing contingency	PAP states no financing contingency and sale AS-IS. 4	Confirm in final auction contract; buyer requirements in the terms sheet are largely blank.
Bidder registration / proof of funds	Not provided in the filled-in auction terms fields. 2	Must be obtained from the auction platform / listing contact before registration.

The auction addendum states that the property is offered **"AS-IS, WHERE-IS"** and cautions that undocumented items are unknown until independently verified. It also states that material updates are issued by written addendum and bidders are responsible for reviewing the latest version. 2 This warning should be treated as an operational condition of bidding, particularly because the title report is dated January 20, 2026 and the foreclosure-related documents are dated later.

Foreclosure and auction-process reconciliation

A recorded Notice of Trustee's Sale ("NOTS") scheduled a trustee sale for July 20, 2026 under the October 2023 deed of trust, with stated unpaid balance and charges of $1,267,401.40. 8 Separately, the seller-side auction documents market a voluntary auction. The materials do **not** establish whether the trustee sale was completed, postponed, rescinded, cured, or otherwise superseded. This status must be confirmed directly through a current title update, trustee status inquiry, and final auction-sale documentation.

> *A bidder should not assume that a marketed seller auction automatically resolves foreclosure, lien priority, possession, or senior-lien issues. The NOTS itself warns that a trustee-sale bidder may be bidding on a lien rather than receiving free-and-clear title. 8*

5. Investment Thesis

The supportable thesis is **acquire only at a defensible price basis, repair and stabilize the legally confirmed dwelling configuration, and operate as a conventional long-term primary-residence-plus-ADU / multi-generational rental**. The listing supplies several favorable operational attributes: two physically distinct residences, a recently constructed marketed ADU with separate utilities and parking, an owned photovoltaic system, an active $3,500/month historical ADU lease, and a relatively large 9,880-square-foot lot. [1] The structural-envelope inspection also found visible foundations/footings serviceable at the time of inspection and characterized the front metal-tile roof and rear asphalt-shingle roof as serviceable, subject to stated limitations. [11]

This thesis is constrained by three linked factors. First, the published premium-adjusted starting basis exceeds two of the three supplied automated value indications and leaves no demonstrated margin for unresolved legal-improvement risk or repair cost escalation. [5] [14] Second, the PDDR finds that the property is not a clean by-right intensification site because legal area, legal unit count, permit history, occupancy history, and code status are unresolved. [3] Third, the PAP's financial model identifies conventional rental as the most productive modeled use but concludes that even this strategy does not justify bidding at the $1.861 million minimum. [4]

Thesis component	Evidence	Investment implication
Two-residence operating format	Marketing describes 1,716-sq-ft front residence and 1,200-sq-ft 2023 ADU with separate utilities / parking. [1]	Potential for two conventional tenancy streams after legality and lease status are verified.
Initial physical platform	Visible foundations/footings and roofs were reported serviceable, while repair and safety items remain. [10] [11] [12]	Supports repair-and-stabilize concept; does not eliminate latent-defect risk.
Income signal	ADU shown as rented at $3,500/month through July 31, 2026; PAP presents $8,000/month conventional scenario. [1] [4]	Historical / modeled data only; actual occupancy and rent rolls are required.
Price discipline	PAP maximum bid: $1,550,000; advertised minimum: $1,861,000. [4]	Current published floor is $311,000 above PAP's modeled maximum before applying the buyer's premium.
Intensification constraint	PDDR calls SB 9 lot split, commercial co-living, short-term rental, and separate ADU sale red pending conditions or unavailable. [3]	Do not assign value to these paths in base underwriting.

The suitable bidder profile is therefore a well-capitalized investor or owner-investor capable of a short, potentially non-contingent closing and prepared to carry diligence, repair, occupancy, and legal-configuration risk. This is not a suitable profile for an investor whose return case depends on automatic approval of bed-by-bed co-living, a separately saleable ADU, a conventional duplex conversion, or an SB 9 lot split.

6. Highest & Best Use Summary

Recommended HBU

Recommended highest and best use, subject to verification: preserve, repair, and operate the property as a **legally confirmed primary residence plus ADU / multi-generational long-term rental configuration**. This is the PAP's selected standard-rental use and the PDDR's least speculative value-add path. 3 4

HBU test	Evidence-based assessment	Current conclusion
Legal permissibility	PDDR maps the parcel R1 / Low Density Residential. R1 supports single-family dwellings and ADUs subject to City standards; it does not by itself authorize a conventional duplex, multifamily conversion, or unrestricted commercial rooming model. 3	**Conditional pass** for conventional residential use and a legally confirmed ADU; no pass for other concepts without approvals.
Physical possibility	Marketing depicts two structures on a 9,880-sq-ft lot. Visible foundations and roofs were reported serviceable; main-house termite, electrical, HVAC, and safety repairs are documented. 1 10 11 12	**Conditional pass** for repair/stabilization; legal area and unit configuration remain unresolved.
Financial feasibility	PAP projects conventional gross rent of $8,000/month and a 3.8% yield at its stated $1.97365 million acquisition-cost basis, versus a co-living 2.62% yield at $1.99865 million total development cost. 4	**Fails at advertised starting bid** under PAP's benchmark; price must be disciplined.
Maximum productivity	PAP selects standard rental (multi-generational) above resale and co-living. 4	**Standard rental selected**; do not treat higher-density uses as current value.

Key HBU verification items

The following conditions are integral to the HBU conclusion, not post-closing housekeeping: confirm the complete permit ledger and final inspection status; obtain the certificate-of-occupancy / legal dwelling and ADU count; secure code-enforcement clearance; commission a boundary/topographic survey and as-built plan; update title and review all recorded covenants and easements; and obtain written Planning confirmation for any ADU/JADU, SB 9, or shared-housing strategy. 3

7. Income and NOI Snapshot

Income evidence and modeled scenarios

No current rent roll, security-deposit ledger, tenant estoppel, utility-billing history, or executed post-July 2026 ADU lease is supplied. The listing states that the ADU was rented for **$3,500/month through July 31, 2026**; this is historical lease information, not evidence of current income. 1

Measure	Amount / range	Evidence and limits
Current property income	**Not provided**	Verify both residences' occupancy, leases, delinquencies, deposits, concessions, and possession rights.
Historical ADU rent	$3,500/month through July 31, 2026	Listing representation; term has expired as of the stated end date. 1
PAP main-house rent assumption	$4,500–$5,000/month	Modeled estimate; no underlying signed leases supplied. 4
PAP conventional-rental gross scenario	$8,000/month ($4,500 main + $3,500 ADU)	Source scenario only; expense schedule is not provided. 4
Property Explorer rental indication	$4,814/month; stated range $4,166–$5,463	HouseCanary automated estimate as of July 13, 2026; report states it is not a formal appraisal. 14
PAP co-living gross monthly scenario	$7,700/month	Six marketed rooms at a modeled average of $1,283; legal configuration and use permissibility unresolved. 4
PAP co-living stabilized NOI	$52,360	Source model only; its expense assumptions are not included in the supplied PAP. 4

Co-living sensitivity supplied in PAP

PAP co-living sensitivity	Rent / room	Vacancy	Source yield	Decision use
Downside	$1,100	10%	2.1%	Sensitivity only. 4
Base	$1,283	5%	2.6%	Includes stated $7,700 monthly gross / $52,360 stabilized NOI. 4
Upside	$1,500	3%	3.4%	Sensitivity only. 4

The income hierarchy for underwriting should be: **(1)** verified in-place leases and possession rights, **(2)** documented long-term rental comparables adjusted by a qualified leasing professional, **(3)** only then a conservative two-unit stabilization case. Bed-by-bed income should remain outside base underwriting until the City provides a written determination on the exact operating model and the legal bedroom/unit count is reconciled.

Income assumptions requiring verification

The supplied material does not support a complete pro forma. Missing inputs include property taxes after reassessment, insurance, utilities, maintenance, reserves, management, leasing costs, turnover, solar production/transfer documentation, owner-paid services, and a detailed operating-expense schedule. The PAP's yields and NOI are therefore **illustrative model outputs**, not promised returns.

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8. Co-Living Opportunity

A co-living test is included because the PAP modeled a six-room strategy and a project-level co-living strategy note was supplied. It is **not** recommended as the primary acquisition premise for this parcel.

The physical logic is apparent in the marketing configuration: a front 3-bedroom residence and a rear 3-bedroom ADU, potentially yielding six marketed bedrooms across two separate structures. 1 However, the official-record conflict means that the six-bedroom configuration is not yet legally verified. More importantly, the PDDR concludes that R1 is not an unrestricted commercial shared-housing use; group-home and bed-by-bed rules are permit-sensitive, and the exact operating model requires a written Planning determination covering occupancy, lease structure, services, parking, and licensing. 3

Co-living consideration	Supplied evidence	Investor conclusion
Room-by-room revenue logic	PAP uses six rooms at $1,283 average rent for $7,700/month. 4	Model only; it is lower than the PAP's $8,000/month conventional-rental gross scenario.
Legal fit	PAP identifies high-density co-living as likely non-compliant without additional authorization; PDDR rates commercial co-living red pending written determination. 3 4	Do not underwrite as permitted.
Physical readiness	Main residence has active termite / fungus items, safety hazards, HVAC uncertainty, and other repair needs; ADU has deferred-maintenance items. 10 12 13	Stabilization work and a fresh operating inspection are needed before any shared-housing rollout.
Economic comparison	PAP reports 2.62% base co-living yield versus 3.8% standard-rental yield at its modeled bases. 4	Co-living adds management intensity without demonstrated superior return in the supplied model.

Co-living consideration	Supplied evidence	Investor conclusion
Strategy conclusion	PAP co-living suitability score: 42/100; HBU score: 58/100. 4	Treat as an unapproved sensitivity, not a core thesis.

The generic co-living strategy note may be useful conceptually, but its broad market claims are not parcel-specific or jurisdiction-specific. This memorandum therefore gives priority to the property-specific PAP and PDDR findings over generic co-living economics. 3 4

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9. Renovation, ADU, or Redevelopment Potential

Renovation path

The supported renovation path is a targeted safety, pest, mechanical, moisture, and deferred-maintenance program followed by conventional residential stabilization. The main-house termite report identifies Section 1 fungus damage to roof sheathing, rafter tails, and fascia, active drywood termites requiring whole-structure fumigation, and minor rear fascia termite damage. Its stated Section 1 bid is **$4,929 plus permit fees**, with an additional Section 2 subtotal of **$825 plus non-bid items and permit fees**. 12 These specific numbers do not include all safety, HVAC, electrical, code, design, permit, or unforeseen-condition costs.

The PAP uses a broader preliminary **$25,000** CapEx allowance for termite, electrical/safety, HVAC/plumbing, and contingency. 4 That allowance should be treated as an early screening input—not a contractor budget—because the home inspection identifies exposed 220-volt wiring, GFCI issues, a modified garage fire-separation door, an older unplugged front HVAC unit, and an ADU heater reported inoperative. 10

ADU / JADU path

The preliminary title report identifies a recorded **Covenant and Agreement Regarding Accessory Dwelling Unit**, recorded February 8, 2022, binding future owners and continuing until approved termination. 6 The PDDR identifies a potential ADU/JADU path in R1 but requires legal-improvement verification, as-built plans, site-plan review, covenant review, owner-occupancy-rule confirmation, and compliance with rental restrictions. 3 It also cautions that short-term rental periods below 30 days conflict with the City material it reviewed and that separate ADU sale should not be underwritten because the City material requires a covenant against separate sale and no AB 1033 opt-in was identified. 3

Redevelopment / SB 9 path

The PDDR identifies a possible **non-split SB 9** concept only as conditional. It rates an **SB 9 urban lot split** red pending title, survey, natural-person ownership, owner-occupancy, tenant-history, permit, frontage, and parcel-history confirmations. 3 A passive investor or LLC structure may not satisfy the ownership/occupancy conditions stated in the PDDR. The document further states that a conventional duplex or multifamily conversion is not a base R1 use. 3

Strategy	Current position	Critical verification
Repair and conventional rental	Supported but conditional. 3 4	Legal area/unit count; repairs; leases; title; operating budget.
Existing ADU stabilization	Potentially viable, but legal status not fully reconciled. 3	Permit / final / C of O, covenant, address, utility, lease, and solar-transfer files.
Add ADU / JADU	Conditional potential. 3	Site plan, setbacks, legal baseline, current owner-occupancy interpretation, written City response.
SB 9 two-unit project without split	Conditional; not bid-ready. 3	Tenant history, ownership structure, legal improvements, written pre-application response, plan feasibility.
SB 9 lot split	Red pending conditions. 3	Survey, title, natural-person and 3-year occupancy conditions, tenant affidavits, frontage/utilities, all entitlement screens.
Separate ADU sale / condominium exit	Not supported. 3	Do not underwrite absent adopted City authority and release/amendment of covenant.

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10. Property Condition and Due Diligence

Inspection and condition synthesis

No Matterport / 360 inspection is provided. The supplied inspection documents support a view of a property with **workable visible structural-envelope conditions but material repair, safety, and inspection-limit items**. The Certified Structural Envelope Inspection states that visible front and rear foundations/footings appeared stable and serviceable at inspection; the front metal-tile roof showed oxidation and finish wear but appeared serviceable; and the rear roof appeared serviceable. These observations are visual, non-invasive, and not warranties against latent defects or future leakage. 11

Diligence category	Supplied finding	Bidder action
Main-house wood-destroying organisms	Active drywood termite infestation; whole-structure fumigation recommended; fungus-damaged roof sheathing, rafter tails, and fascia. 12	Obtain updated pest report, vacant-fumigation logistics, contractor scope, permits, and price before close.

Diligence category	Supplied finding	Bidder action
Main-house pest repair bid	Section 1 $4,929 plus permit fees; Section 2 $825 plus non-bid items / permit fees. 12	Treat as limited report scope, not total CapEx.
ADU pest/deferred maintenance	Cracked/broken stucco, vegetation contact, water staining at kitchen sink/backsplash with no wood decay noted, and loose/missing shower grout. 13	Reinspect after occupancy access and obtain a repair scope.
Electrical / fire safety	GFCI concerns, exposed 220-volt garage wiring, modified fire-separation door, older 3-prong dryer outlet, and missing outlet/switch cover noted. 10	Licensed electrical and building-code review.
HVAC	Front unit older/unplugged and not fully inspected; ADU heater reportedly did not activate. 10	HVAC diagnostics, repair/replacement quotes, and functional testing.
Moisture / interior maintenance	Jammed disposal, reversed faucet controls, shower caulking growth, bathroom ceiling paint cracking, fireplace/chimney items. 10	Qualified trade review and reserve for corrective work.
Structural envelope	Visible foundations serviceable; roofs serviceable with limitations and maintenance observations. 11	Review roof life / leak risk with roofing specialist; inspect inaccessible areas.
Preliminary title	Vesting in Lan N. Vu as of January 20, 2026; open 2025–26 second tax installment; ADU covenant; $1.2m and $300k deeds of trust shown. 6	Order current preliminary title / bring-down; obtain payoff, lien priority, releases, CC&Rs, easements, and foreclosure disposition.
Foreclosure servicing	Shellpoint statement dated July 18, 2026 shows $1,276,708.48 accelerated amount and 259 days delinquent. 7	Obtain formal current payoff / reinstatement and trustee status; do not rely on dated statement.
Natural hazards	Not in SFHA or high/very-high fire zone; in potential flooding/dam inundation area and liquefaction seismic hazard zone; within two miles of listed FAA landing sites. 9	Confirm lender/insurer requirements and any development/geotechnical implications.
Environmental	NHD package supplied; **Phase I environmental report not provided**. 9	Determine whether lender, insurer, or planned work warrants additional environmental diligence.

Title and possession diligence

The preliminary title report is a historical report effective January 20, 2026. It shows title vested in Lan N. Vu, a 2025–26 second property-tax installment of $7,945.05 marked open, an ADU covenant, and deeds of trust originally in the amounts of $1.2 million and $300,000.

6 Later foreclosure documents and the Shellpoint statement demonstrate why an updated title product and payoff analysis are indispensable. 7 8

The occupancy record is inconsistent. The later listing identifies occupant type as tenant and reports the ADU occupied / rented through July 31, 2026, whereas the PAP notes a conflict between listing tenant status and inspection impressions of vacancy / utilities off for the main house. 1 4 The bidder should obtain signed estoppels, full lease files, deposit accounting, notices, access arrangements, and an attorney-reviewed possession plan before assuming vacant delivery or immediate rent stabilization.

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11. Market and Comparable Support

Supplied automated value indications

The supplied material includes materially divergent automated estimates. None is a formal appraisal, and each depends on the disputed marketed configuration.

Value indication	Effective / as-of date	Amount	Memorandum treatment
HouseCanary Property Explorer value	July 13, 2026	$1,864,362; stated range $1,784,433–$1,944,291	Automated estimate; report says it is not a formal appraisal. 14
CoreLogic RealAVM restated in PIR	July 20, 2026	$1,749,100; stated range $1,608,000–$1,890,300	Preliminary source-AVM input. 5
Property Profile estimated value restated in PIR	May 12, 2026	$1,322,909	Conflicts with RealAVM; PIR identifies significant variance. 5
Published auction starting bid	As published	$1,861,000	Bid amount before 5% buyer's premium. 2

The premium-adjusted starting bid of $1,954,050 is **$89,688 above** the supplied HouseCanary value indication, **$204,950 above** the supplied RealAVM indication, and **$631,141 above** the supplied lower Property Profile estimate. These arithmetic comparisons do not establish market value; they illustrate the absence of a dependable margin of safety at the published minimum bid.

Supplied comparable sales

The Property Explorer report identifies the following suggested sale comparables. They are presented as supplied, without independent verification or adjustment by this memorandum. 14

Comparable	Distance	Sale date	Sale price	Beds / baths	GLA	Lot size
9889 Hamilton Ave, Fountain Valley	1.07 mi	Jun. 4, 2026	$1,922,000	5 / 2.5	2,918 sq ft	7,315 sq ft
10565 Chinook Ave, Fountain Valley	0.55 mi	Apr. 17, 2026	$1,700,000	4 / 3	2,828 sq ft	6,315 sq ft
9888 Hamilton Ave, Fountain Valley	1.05 mi	Jun. 18, 2026	$1,610,000	5 / 2.5	2,918 sq ft	7,973 sq ft
10421 Saint Anna Pl, Fountain Valley	0.63 mi	Apr. 7, 2026	$2,155,000	4 / 4.5	3,107 sq ft	5,748 sq ft
3344 Alabama Cir, Costa Mesa	0.71 mi	Apr. 9, 2026	$1,810,000	4 / 3	2,514 sq ft	4,850 sq ft
10452 Circulo De Juarez, Fountain Valley	0.79 mi	Apr. 2, 2026	$1,720,000	3 / 3	2,561 sq ft	6,884 sq ft
18377 Stanislaus St, Fountain Valley	0.78 mi	Apr. 30, 2026	$1,752,500	4 / 2.5	2,752 sq ft	7,201 sq ft
10449 Apache River Ave, Fountain Valley	0.66 mi	May 8, 2026	$1,700,000	5 / 2.5	2,710 sq ft	6,066 sq ft

The supplied sales range is broad—from $1.610 million to $2.155 million—and the set includes a property outside Fountain Valley. More importantly, the subject’s marketability, legal area, unit count, construction quality, condition, solar attributes, tenant status, and auction premium vary from these references. A licensed appraisal or broker price opinion tied to legally confirmed improvements remains required.

Rental support and data limitations

Property Explorer lists several nearby rental records ranging from $1,500 to $6,395 per month, but the properties differ materially in size, location, bedrooms, and listing status. 14 The source provides no auction comparable set and no verified conventional two-unit rental comp package. Accordingly, the appropriate conclusion is that there is **some rental evidence**, but not sufficient evidence to validate the PAP’s $8,000/month conventional scenario or any bed-by-bed rental program without additional leasing diligence.

12. Bid Strategy Considerations

Price and cost framework

Bid-framework item	Amount	Treatment
Published minimum / starting bid	$1,861,000	Current published source amount. 2
5% buyer’s premium	$93,050 at stated minimum	Arithmetic application of published premium; confirm final contract calculation. 2
Premium-adjusted bid basis	**$1,954,050**	Excludes earnest money, closing costs, repairs, holding costs, reserves, and financing.
PAP stated acquisition cost	$1,973,650	PAP model amount; $19,600 above bid plus premium, apparently for unitemized closing costs. 4
PAP initial CapEx allowance	$25,000	Preliminary model input; not contractor budget. 4
PAP total development cost	$1,998,650	PAP model output. 4
PAP modeled maximum bid	$1,550,000	Model-specific figure intended to reach approximately 5% yield; not an independent valuation. 4
Difference: published minimum less PAP maximum	$311,000	Shows that the stated floor exceeds the PAP’s internal maximum before buyer’s premium. 4

The PAP’s maximum bid is a supplied model conclusion, not a recommendation by this memorandum. It nevertheless provides a useful **discipline marker**: its $1.55 million maximum is below the $1.861 million published minimum, and it assumes a conventional rental case while the legal-improvement conflict remains unresolved. 4

Bid postures

Posture	Evidence-based approach	Appropriate only if
Conservative	Do not bid at the advertised $1.861 million minimum; monitor for a no-sale, price reset, or post-auction renegotiation. 4	The bidder will not accept unpriced permit, occupancy, and title risk.
Conditional / disciplined	Consider re-engagement only at or below the PAP’s modeled $1.55 million maximum, after all listed pre-bid conditions are satisfied or sufficiently priced. 4	Updated title, current payoff/foreclosure disposition, legal unit confirmation, leases/possession, inspection access, repair pricing, and final auction documents are in hand.

Posture	Evidence-based approach	Appropriate only if
Aggressive	No aggressive bid posture is supported by the supplied evidence.	It would require a separate appraisal, proven legal configuration, stronger verified rents, and written land-use clarity; none is supplied.

The materials do not provide a current high bid, bidder count, bidder-registration volume, auction comparable analysis, or a CREAH report as a stand-alone attachment. Competition risk is therefore **not quantifiable** from the record. The published auction terms also contain material schedule discrepancies. A bidder should treat the final platform terms, amendment log, title update, and possession documents as conditions precedent to an actionable bid plan.

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13. Risk Factors

Risk category	Risk factor	Evidence	Mitigation / verification
Auction	Inconsistent auction schedule; blank registration / proof-of-funds fields; AS-IS process; short closing window.	Earlier terms sheet vs. later listing; auction terms. 1 2	Obtain final sale contract, platform rules, addendum log, exact deposit, proof-of-funds, closing, and default provisions.
Title / foreclosure	Historical preliminary title shows two deeds of trust and an ADU covenant; later debt statement / NOTS show foreclosure process.	Title report, Shellpoint statement, NOTS. 6 7 8	Order current title bring-down, lien-priority/payoff analysis, trustee status, releases, tax clearance, CCR/easement review.
Legal improvements	1,200-sq-ft and room-count discrepancy between official City record and marketing packet.	PDDR. 3	City permit ledger, final status, C of O, code-case report, architect as-built, survey.
Occupancy / possession	Tenant status and main-house occupancy are inconsistent; historical ADU lease ended July 31, 2026.	Listing and PAP. 1 4	Obtain leases, estoppels, deposits, notices, rent ledger, access rights, and possession counsel review.
Condition / CapEx	Termite/fungus, fumigation need, electrical and fire-separation hazards, HVAC uncertainty, moisture and deferred maintenance.	Inspection and pest reports. 10 12 13	Reinspect, obtain trade bids, establish contingency, confirm vacant fumigation logistics and permits.
Zoning / use	R1 does not provide automatic multifamily, commercial co-living, or separate-ADU-sale rights.	PDDR. 3	Written Planning / City determination for exact use, and land-use counsel review where needed.

Risk category	Risk factor	Evidence	Mitigation / verification
SB 9	Investor/LLC ownership, owner-occupancy, tenant history, permit status, survey/title, and frontage conditions are unresolved.	PDDR. 3	Treat as zero-value upside until pre-application written clearance.
Income	No current rent roll or operating statement; rents and NOI are scenario-based / automated.	Listing, PAP, Property Explorer. 1 4 14	Underwrite only independently verified leases and expenses; reserve for vacancy and turnover.
Environmental / hazard	Liquefaction zone and potential flooding/dam-inundation designation; NHD is not a Phase I.	NHD. 9	Confirm insurance, geotechnical / civil implications for improvements, and environmental-scope needs.
Market / valuation	Automated values range from \$1.323m to \$1.864m; the buyer premium places acquisition basis above two supplied indications.	PIR and Property Explorer. 5 14	Obtain appraisal / BPO on legally confirmed improvements and use disciplined price basis.
Financing / closing	PAP reports no financing contingency; 15-day closing may require immediately available capital.	PAP and auction terms. 2 4	Secure lender / equity readiness and confirm non-contingent default consequences before bidding.

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14. Investor Decision Summary

Recommended decision: Proceed only with verification; bid conservatively

The supplied PAP's direct judgment is **No-Go at the current starting bid**, primarily because its modeled standard-rental return and co-living return do not compensate for the acquisition basis and risk profile. 4 The PDDR reaches a complementary conclusion: the site is a conditional value-add opportunity rather than a clean by-right intensification bid, and no underwriting value should be assigned to the 1,200-square-foot discrepancy, a second unit, a lot split, commercial co-living, or separately saleable ADU until pre-bid evidence cures the deficiencies. 3

Decision element	Conclusion
Primary reason	The premium-adjusted starting basis is \$1.954 million before closing costs and repairs, while valuation indicators conflict and the legal improvement configuration is unresolved. 5 14

Decision element	Conclusion
Most important upside factor	A legally confirmed 2023 ADU plus renovated primary residence can support conventional two-residence / multi-generational long-term use, with historic ADU rent evidence. 1
Most important risk factor	City GIS and marketing data materially conflict on building area, bedrooms, and baths; that conflict affects legal use, income, valuation, insurance, and future entitlement. 3
Bid discipline	The PAP's $1.55 million modeled maximum is $311,000 below the published minimum, before premium. 4
Final takeaway	Do not pay for unverified area, unverified unit count, co-living, SB 9, or separate-ADU-sale upside. Acquire only if price, title, legality, occupancy, and repair facts produce a clear, conservative margin of safety.

> ***Investor takeaway:*** *The property has credible physical and operational appeal as a conventional, legally verified primary-residence-plus-ADU asset. At the published minimum bid, however, the available evidence does not support an aggressive or value-add-dependent acquisition. Price discipline and documentation—not optimism about density or co-living—should govern the decision.*

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15. Appendix

A. Source documents used

Reference	Supplied document	Principal use in this memorandum
1	**10984 Listing 08-13-26.pdf**	Current listing printout, marketing facts, ADU details, historical rent, occupancy, auction-start statement.

Reference	Supplied document	Principal use in this memorandum
2	**10984 Crmls Goldeneye Amended 07-14-2026.pdf**	Auction type, minimum bid, buyer’s premium, increments, soft close, deposit timing, escrow, closing, AS-IS terms.
3	**10984_Goldeneye_Ave_PDDR.docx**	Permits, zoning, R1 use analysis, ADU/JADU, SB 9, AB 1033, risk flags, HBU and mandatory pre-bid conditions.
4	**10984Goldeneye-PROPERTY_ANALYSIS_PROFILE_(PAP_v1.0).docx**	Auction summary, HBU conclusion, rent / co-living scenarios, bid framework, $25,000 preliminary CapEx, risk register.
5	**GEHS_PIR_169-201-07_20260730.docx**	AVM inputs, tax and transaction context, data-conflict log, income limitation.
6	**10984 Goldeneye Ave - PRELIM.PDF**	Preliminary title, vesting, legal description, taxes, ADU covenant, recorded deeds of trust.

Reference	Supplied document	Principal use in this memorandum
7	**07-2026 Statement - 10984 Goldeneye Ave - Shellpoint.pdf**	Accelerated balance, delinquency, reinstatement context, foreclosure servicing status.
8	**10984 NOTS 06-16-26.pdf**	Trustee-sale notice, stated sale date/balance, trustee-auction risk warnings.
9	**NHD_Full_Report_10984-GOLDENEYE-AVE_Solutions for Property_1191677-2690242.pdf**	Flood, dam inundation, fire, liquefaction, and airport-proximity disclosure.
10	**Home Inspection Summary - 10984 Goldeneye.PDF**	Electrical, HVAC, fire-separation, plumbing, moisture, chimney, and safety items.
11	**10984_Goldeneye_Ave___Certified_Structural_Envelope_Inspection__CSEI_.pdf**	Visible foundation and roof observations / limitations.
12	**10984 Goldeneye_Main - Termite report (main house in front).pdf**	Active termite/fungus findings, fumigation recommendation, stated pest repair bids, inspection limitation.
13	**10984 Goldeneye _ADU - Termite Report.PDF**	ADU deferred-maintenance observations.

Reference	Supplied document	Principal use in this memorandum
14	**PEXP-10984GoldeneyeAve,FountainValley,CA92708.pdf**	HouseCanary value/rental indications and supplied sale/rental comparables.

B. Material documents or information not provided

The following were not supplied as current, complete, or stand-alone decision materials: a current title commitment / title bring-down; current beneficiary payoff demand; trustee-sale disposition or postponement confirmation; final auction purchase agreement and platform rules; proof-of-funds / registration instructions; current rent roll; full leases and estoppels; tenant deposit and delinquency ledger; current possession plan; City permit ledger; certificate(s) of occupancy; code-enforcement report; architect's as-built plan; boundary/topographic survey; zoning / entitlement letter; written co-living determination; SB 9 pre-application clearance; lender/insurer confirmations; Phase I environmental assessment; appraisal or broker price opinion; detailed contractor bids; plumbing-sewer scope; solar transfer / warranty / production records; and Matterport / 360 inspection materials.

C. Explicit assumptions and analytical boundaries

This memorandum does not assume that the marketed 2,916-square-foot / 6-bedroom configuration is legal; that two legal dwelling units exist; that any lease remains in force; that the ADU may be sold separately; that co-living or room-by-room leasing is allowed; that an SB 9 split is available; that the recorded encumbrances remain unchanged; or that any valuation, rental, yield, NOI, or repair estimate will be achieved. Dollar comparisons in this memorandum apply the published 5% buyer's premium arithmetically and otherwise reproduce supplied model inputs without independent validation.

D. Source references

Source 01

10984 Listing 08-13-26.pdf. CRMLS Matrix listing printout, printed August 13, 2026. Supplied by user. Used for marketed property configuration, listing status, ADU features, historical rent, occupancy, and later auction schedule.

Source 02

10984 Crmls Goldeneye Amended 07-14-2026.pdf. Amended Property Profile & Auction Terms Sheet, dated July 2026. Supplied by user. Used for published auction structure and terms.

Source 03

10984_Goldeneye_Ave_PDDR.docx. Property Due-Diligence Report — Permits, Zoning, SB 9 and AB 1033, dated August 19, 2026. Supplied by user. Used for City-record, zoning, entitlement, and pre-bid diligence synthesis.

Source 04

10984Goldeneye-PROPERTY_ANALYSIS_PROFILE_(PAP_v1.0).docx. Property Analysis Profile, generated August 15, 2026. Supplied by user. Used for HBU, income scenario, CapEx allowance, and modeled bid strategy.

Source 05

GEHS_PIR_169-201-07_20260730.docx. GEHS Property Insight Report, effective July 30, 2026. Supplied by user. Used for automated value indications and source conflict log.

Source 06

10984 Goldeneye Ave - PRELIM.PDF. Fidelity National Title Company Preliminary Report No. OC2601011, effective January 20, 2026. Supplied by user. Used for historical title, tax, covenant, and lien exceptions.

Source 07

07-2026 Statement - 10984 Goldeneye Ave - Shellpoint.pdf. Mortgage servicing statement dated July 18, 2026. Supplied by user. Used for dated default / accelerated-balance context.

Source 08

10984 NOTS 06-16-26.pdf. Recorded Notice of Trustee’s Sale, recorded June 16, 2026. Supplied by user. Used for foreclosure and trustee-sale context.

Source 09

NHD_Full_Report_10984-GOLDENEYE-AVE_Solutions for Property_1191677-2690242.pdf. Natural Hazard Disclosure report dated May 13, 2026. Supplied by user. Used for natural-hazard screening only.

Source 10

Home Inspection Summary - 10984 Goldeneye.PDF. Alicante Property Inspections Services inspection summary dated May 12, 2026. Supplied by user. Used for condition and safety screening.

Source 11

10984_Goldeneye_Ave___Certified_Structural_Envelope_Inspection__CSEI_.pdf. Alicante Property Inspections Services structural-envelope inspection. Supplied by user. Used for visible foundation / roof observations and limitations.

Source 12

10984 Goldeneye_Main - Termite report (main house in front).pdf. HomeGuard Incorporated separated pest report dated May 15, 2026. Supplied by user. Used for active termite/fungus findings and the stated limited repair bid.

Source 13

10984 Goldeneye _ADU - Termite Report.PDF. HomeGuard Incorporated supplemental ADU pest report dated May 18, 2026. Supplied by user. Used for ADU deferred-maintenance findings.

Source 14

PEXP-10984GoldeneyeAve,FountainValley,CA92708.pdf. Property Explorer / HouseCanary valuation report effective July 13, 2026. Supplied by user. Used for automated valuation, rental indication, and supplied comparables.

End of Memorandum