

Small Residential Income Property Appraisal Report

File No. 2005incomeproperty

The purpose of this summary appraisal report is to provide the lender/client with an accurate, and adequately supported, opinion of the market value of the subject property.

SUBJECT	Property Address _____	City _____	State _____	Zip Code _____
	Borrower _____	Owner of Public Record _____	County _____	
	Legal Description _____			
	Assessor's Parcel # _____	Tax Year _____	R.E. Taxes \$ _____	
	Neighborhood Name _____	Map Reference _____	Census Tract _____	
	Occupant <input type="checkbox"/> Owner <input type="checkbox"/> Tenant <input type="checkbox"/> Vacant _____	Special Assessments \$ _____	<input type="checkbox"/> PUD HOA \$ _____	<input type="checkbox"/> per year <input type="checkbox"/> per month
	Property Rights Appraised <input type="checkbox"/> Fee Simple <input type="checkbox"/> Leasehold <input type="checkbox"/> Other (describe) _____			
	Assignment Type <input type="checkbox"/> Purchase Transaction <input type="checkbox"/> Refinance Transaction <input type="checkbox"/> Other (describe) _____			
	Lender/Client _____	Address _____		
	Is the subject property currently offered for sale or has it been offered for sale in the twelve months prior to the effective date of this appraisal? <input type="checkbox"/> Yes <input type="checkbox"/> No			
Report data source(s) used, offering price(s), and date(s). _____				

CONTRACT	I <input type="checkbox"/> did <input type="checkbox"/> did not analyze the contract for sale for the subject purchase transaction. Explain the results of the analysis of the contract for sale or why the analysis was not performed. _____			
	Contract Price \$ _____	Date of Contract _____	Is the property seller the owner of public record? <input type="checkbox"/> Yes <input type="checkbox"/> No	Data Source(s) _____
	Is there any financial assistance (loan charges, sale concessions, gift or downpayment assistance, etc.) to be paid by any party on behalf of the borrower? <input type="checkbox"/> Yes <input type="checkbox"/> No			
	If Yes, report the total dollar amount and describe the items to be paid. \$ _____			

Note: Race and the racial composition of the neighborhood are not appraisal factors.

Neighborhood Characteristics	2-4 Unit Housing Trends	2-4 Unit Housing	Present Land Use %
Location <input type="checkbox"/> Urban <input type="checkbox"/> Suburban <input type="checkbox"/> Rural	Property Values <input type="checkbox"/> Increasing <input type="checkbox"/> Stable <input type="checkbox"/> Declining	PRICE _____	One-Unit %
Built-Up <input type="checkbox"/> Over 75% <input type="checkbox"/> 25-75% <input type="checkbox"/> Under 25%	Demand/Supply <input type="checkbox"/> Shortage <input type="checkbox"/> In Balance <input type="checkbox"/> Over Supply	AGE (yrs) _____	2-4 Unit %
Growth <input type="checkbox"/> Rapid <input type="checkbox"/> Stable <input type="checkbox"/> Slow	Marketing Time <input type="checkbox"/> Under 3 mths <input type="checkbox"/> 3-6 mths <input type="checkbox"/> Over 6 mths	Low _____	Multi-Family %
Neighborhood Boundaries _____		High _____	Commercial %
Neighborhood Description _____		Pred. _____	Other %

Market Conditions (including support for the above conclusions) _____

SITE	Dimensions _____	Area _____	Shape _____	View _____
	Specific Zoning Classification _____	Zoning Description _____		
	Zoning Compliance <input type="checkbox"/> Legal <input type="checkbox"/> Legal Nonconforming (Grandfathered Use) <input type="checkbox"/> No Zoning <input type="checkbox"/> Illegal (describe) _____			
	Is the highest and best use of the subject property as improved (or as proposed per plans and specifications) the present use? <input type="checkbox"/> Yes <input type="checkbox"/> No If No, describe. _____			
	Utilities Public <input type="checkbox"/> Other (describe) _____	Public <input type="checkbox"/> Other (describe) _____	Off-site Improvements—Type _____	Public <input type="checkbox"/> Private <input type="checkbox"/>
	Electricity <input type="checkbox"/>	Water <input type="checkbox"/>	Street <input type="checkbox"/>	<input type="checkbox"/>
	Gas <input type="checkbox"/>	Sanitary Sewer <input type="checkbox"/>	Alley <input type="checkbox"/>	<input type="checkbox"/>
	FEMA Special Flood Hazard Area <input type="checkbox"/> Yes <input type="checkbox"/> No	FEMA Flood Zone _____	FEMA Map # _____	FEMA Map Date _____
Are the utilities and off-site improvements typical for the market area? <input type="checkbox"/> Yes <input type="checkbox"/> No If No, describe. _____				
Are there any adverse site conditions or external factors (easements, encroachments, environmental conditions, land uses, etc.)? <input type="checkbox"/> Yes <input type="checkbox"/> No If Yes, describe. _____				

GENERAL DESCRIPTION	FOUNDATION	EXTERIOR DESCRIPTION materials/condition	INTERIOR materials/condition
Units <input type="checkbox"/> Two <input type="checkbox"/> Three <input type="checkbox"/> Four	<input type="checkbox"/> Concrete Slab <input type="checkbox"/> Crawl Space	Foundation Walls	Floors
<input type="checkbox"/> Accessory Unit (describe below) _____	<input type="checkbox"/> Full Basement <input type="checkbox"/> Partial Basement	Exterior Walls	Walls
# of Stories _____ # of bldgs. _____	Basement Area _____ sq. ft.	Roof Surface	Trim/Finish
Type <input type="checkbox"/> Det. <input type="checkbox"/> Att. <input type="checkbox"/> S-Det./End Unit	Basement Finish _____ %	Gutters & Downspouts	Bath Floor
<input type="checkbox"/> Existing <input type="checkbox"/> Proposed <input type="checkbox"/> Under Const.	<input type="checkbox"/> Outside Entry/Exit <input type="checkbox"/> Sump Pump	Window Type	Bath Wainscot
Design (Style) _____	Evidence of <input type="checkbox"/> Infestation	Storm Sash/Insulated	Car Storage
Year Built _____	<input type="checkbox"/> Dampness <input type="checkbox"/> Settlement	Screens	<input type="checkbox"/> None
Effective Age (Yrs) _____	Heating/Cooling _____	Amenities _____	<input type="checkbox"/> Driveway # of Cars _____
Attic <input type="checkbox"/> None	<input type="checkbox"/> FWA <input type="checkbox"/> HWBB <input type="checkbox"/> Radiant	<input type="checkbox"/> Fireplace(s) # _____ <input type="checkbox"/> WoodStove(s) # _____	Driveway Surface _____
<input type="checkbox"/> Drop Stair <input type="checkbox"/> Stairs	<input type="checkbox"/> Other _____ Fuel _____	<input type="checkbox"/> Patio/Deck <input type="checkbox"/> Fence	<input type="checkbox"/> Garage # of Cars _____
<input type="checkbox"/> Floor <input type="checkbox"/> Scuttle	<input type="checkbox"/> Central Air Conditioning	<input type="checkbox"/> Pool <input type="checkbox"/> Porch	<input type="checkbox"/> Carport # of Cars _____
<input type="checkbox"/> Finished <input type="checkbox"/> Heated	<input type="checkbox"/> Individual <input type="checkbox"/> Other	<input type="checkbox"/> Other	<input type="checkbox"/> Att. <input type="checkbox"/> Det. <input type="checkbox"/> Built-in
# of Appliances Refrigerator _____ Range/Oven _____	Dishwasher _____ Disposal _____	Microwave _____ Washer/Dryer _____	Other (describe) _____
Unit # 1 contains: _____ Rooms _____	Bedroom(s) _____ Bath(s) _____	Square feet of Gross Living Area _____	
Unit # 2 contains: _____ Rooms _____	Bedroom(s) _____ Bath(s) _____	Square feet of Gross Living Area _____	
Unit # 3 contains: _____ Rooms _____	Bedroom(s) _____ Bath(s) _____	Square feet of Gross Living Area _____	
Unit # 4 contains: _____ Rooms _____	Bedroom(s) _____ Bath(s) _____	Square feet of Gross Living Area _____	
Additional features (special energy efficient items, etc.) _____			
Describe the condition of the property (including needed repairs, deterioration, renovations, remodeling, etc.) _____			

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IMPROVEMENTS

Are there any physical deficiencies or adverse conditions that affect the livability, soundness, or structural integrity of the property? Yes No If Yes, describe _____

Does the property generally conform to the neighborhood (functional utility, style, condition, use, construction, etc.)? Yes No If No, describe _____

Is the property subject to rent control? Yes No If Yes, describe _____

COMPARABLE RENTAL DATA

The following properties represent the most current, similar, and proximate comparable rental properties to the subject property. This analysis is intended to support the opinion of the market rent for the subject property.

FEATURE	SUBJECT	COMPARABLE RENTAL NO. 1			COMPARABLE RENTAL NO. 2			COMPARABLE RENTAL NO. 3					
Address													
Proximity to Subject													
Current Monthly Rent	\$	\$			\$			\$					
Rent/Gross Bldg. Area	\$ sq. ft.	\$ sq. ft.			\$ sq. ft.			\$ sq. ft.					
Rent Control	<input type="checkbox"/> Yes <input type="checkbox"/> No	<input type="checkbox"/> Yes <input type="checkbox"/> No			<input type="checkbox"/> Yes <input type="checkbox"/> No			<input type="checkbox"/> Yes <input type="checkbox"/> No					
Data Source(s)													
Date of Lease(s)													
Location													
Actual Age													
Condition													
Gross Building Area													
Unit Breakdown	Rm Count			Size	Rm Count			Size	Rm Count			Size	Monthly Rent
	Tot	Br	Ba	Sq. Ft.	Tot	Br	Ba	Sq. Ft.	Tot	Br	Ba	Sq. Ft.	
Unit # 1													\$
Unit # 2													\$
Unit # 3													\$
Unit # 4													\$
Utilities Included													

Analysis of rental data and support for estimated market rents for the individual subject units reported below (including the adequacy of the comparables, rental concessions, etc.)

SUBJECT RENT SCHEDULE

Rent Schedule: The appraiser must reconcile the applicable indicated monthly market rents to provide an opinion of the market rent for each unit in the subject property.

Unit #	Leases		Actual Rents			Opinion Of Market Rent			
	Lease Date		Per Unit		Total Rents	Per Unit		Total Rents	
	Begin Date	End Date	Unfurnished	Furnished		Unfurnished	Furnished		
1			\$	\$	\$	\$	\$	\$	
2									
3									
4									
Comment on lease data			Total Actual Monthly Rent			\$	Total Gross Monthly Rent		\$
			Other Monthly Income (itemize)			\$	Other Monthly Income (itemize)		\$
			Total Actual Monthly Income			\$	Total Estimated Monthly Income		\$
Utilities included in estimated rents <input type="checkbox"/> Electric <input type="checkbox"/> Water <input type="checkbox"/> Sewer <input type="checkbox"/> Gas <input type="checkbox"/> Oil <input type="checkbox"/> Cable <input type="checkbox"/> Trash collection <input type="checkbox"/> Other (describe)									
Comments on actual or estimated rents and other monthly income (including personal property)									

PRIOR SALE HISTORY

I did did not research the sale or transfer history of the subject property and comparable sales. If not, explain _____

My research did did not reveal any prior sales or transfers of the subject property for the three years prior to the effective date of this appraisal.
Data source(s) _____

My research did did not reveal any prior sales or transfers of the comparable sales for the year prior to the date of sale of the comparable sale.
Data source(s) _____

Report the results of the research and analysis of the prior sale history of the subject property and comparable sales (report additional prior sales on page 4).

ITEM	SUBJECT	COMPARABLE SALE NO. 1	COMPARABLE SALE NO. 2	COMPARABLE SALE NO. 3
Date of Prior Sale/Transfer				
Price of Prior Sale/Transfer				
Data Source(s)				
Effective Date of Data Source(s)				

Analysis of prior sale history for the subject property and comparable sales _____

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There are _____ comparable properties currently offered for sale in the subject neighborhood ranging in price from \$ _____ to \$ _____												
There are _____ comparable sales in the subject neighborhood within the past twelve months ranging in sale price from \$ _____ to \$ _____												
FEATURE	SUBJECT	COMPARABLE SALE NO. 1			COMPARABLE SALE NO. 2			COMPARABLE SALE NO. 3				
Address _____												
Proximity to Subject _____												
Sale Price	\$ _____	\$ _____	\$ _____	\$ _____	\$ _____	\$ _____	\$ _____	\$ _____	\$ _____			
Sale Price/Gross Bldg. Area	\$ _____ sq. ft.	\$ _____ sq. ft.	\$ _____ sq. ft.	\$ _____ sq. ft.	\$ _____ sq. ft.	\$ _____ sq. ft.	\$ _____ sq. ft.	\$ _____ sq. ft.	\$ _____ sq. ft.			
Gross Monthly Rent	\$ _____	\$ _____	\$ _____	\$ _____	\$ _____	\$ _____	\$ _____	\$ _____	\$ _____			
Gross Rent Multiplier	_____	_____	_____	_____	_____	_____	_____	_____	_____			
Price Per Unit	\$ _____	\$ _____	\$ _____	\$ _____	\$ _____	\$ _____	\$ _____	\$ _____	\$ _____			
Price Per Room	\$ _____	\$ _____	\$ _____	\$ _____	\$ _____	\$ _____	\$ _____	\$ _____	\$ _____			
Price Per Bedroom	\$ _____	\$ _____	\$ _____	\$ _____	\$ _____	\$ _____	\$ _____	\$ _____	\$ _____			
Rent Control	<input type="checkbox"/> Yes <input type="checkbox"/> No	<input type="checkbox"/> Yes <input type="checkbox"/> No	<input type="checkbox"/> Yes <input type="checkbox"/> No	<input type="checkbox"/> Yes <input type="checkbox"/> No	<input type="checkbox"/> Yes <input type="checkbox"/> No	<input type="checkbox"/> Yes <input type="checkbox"/> No	<input type="checkbox"/> Yes <input type="checkbox"/> No	<input type="checkbox"/> Yes <input type="checkbox"/> No	<input type="checkbox"/> Yes <input type="checkbox"/> No			
Data Source(s)	_____											
Verification Source(s)	_____											
VALUE ADJUSTMENTS	DESCRIPTION	DESCRIPTION	+	(-) Adjustment	DESCRIPTION	+	(-) Adjustment	DESCRIPTION	+	(-) Adjustment		
Sale or Financing Concessions	_____											
Date of Sale/Time	_____											
Location	_____											
Leasehold/Fee Simple	_____											
Site	_____											
View	_____											
Design (Style)	_____											
Quality of Construction	_____											
Actual Age	_____											
Condition	_____											
Gross Building Area	_____											
Unit Breakdown	Total	Bdrms.	Baths	Total	Bdrms.	Baths	Total	Bdrms.	Baths	Total	Bdrms.	Baths
Unit # 1	_____	_____	_____	_____	_____	_____	_____	_____	_____	_____	_____	_____
Unit # 2	_____	_____	_____	_____	_____	_____	_____	_____	_____	_____	_____	_____
Unit # 3	_____	_____	_____	_____	_____	_____	_____	_____	_____	_____	_____	_____
Unit # 4	_____	_____	_____	_____	_____	_____	_____	_____	_____	_____	_____	_____
Basement Description	_____											
Basement Finished Rooms	_____											
Functional Utility	_____											
Heating/Cooling	_____											
Energy Efficient Items	_____											
Parking On/Off Site	_____											
Porch/Patio/Deck	_____											
Net Adjustment (Total)	<input type="checkbox"/> + <input type="checkbox"/> -		\$ _____	<input type="checkbox"/> + <input type="checkbox"/> -		\$ _____	<input type="checkbox"/> + <input type="checkbox"/> -		\$ _____			
Adjusted Sale Price of Comparables	Net Adj. %		\$ _____	Net Adj. %		\$ _____	Net Adj. %		\$ _____			
	Gross Adj. %		\$ _____	Gross Adj. %		\$ _____	Gross Adj. %		\$ _____			
Adj. Price Per Unit (Adj. SP Comp / # of Comp Units)	\$ _____		\$ _____	\$ _____		\$ _____	\$ _____		\$ _____			
Adj. Price Per Room ((Adj. SP Comp / # of Comp Rooms)	\$ _____		\$ _____	\$ _____		\$ _____	\$ _____		\$ _____			
Adj. Price Per Bdrm. (Adj. SP Comp / # of Comp Bedrooms)	\$ _____		\$ _____	\$ _____		\$ _____	\$ _____		\$ _____			
Value Per Unit	\$ _____	X _____	Units = \$ _____	Value Per GBA	\$ _____	X _____	GBA = \$ _____					
Value Per Rm.	\$ _____	X _____	Rooms = \$ _____	Value Per Bdrms.	\$ _____	X _____	Bdrms. = \$ _____					
Summary of Sales Comparison Approach including reconciliation of the above indicators of value. _____												
Indicated Value by Sales Comparison Approach \$ _____												
Total gross monthly rent \$ _____ X gross rent multiplier (GRM) _____ = \$ _____ Indicated value by the Income Approach _____												
Comments on income approach including reconciliation of the GRM _____												
Indicated Value by: Sales Comparison Analysis \$ _____ Income Approach \$ _____ Cost Approach (if developed) \$ _____												
This appraisal is made <input type="checkbox"/> "as is," <input type="checkbox"/> subject to completion per plans and specifications on the basis of a hypothetical condition that the improvements have been completed, <input type="checkbox"/> subject to the following repairs or alterations on the basis of a hypothetical condition that the repairs or alterations have been completed, or <input type="checkbox"/> subject to the following required inspection based on the extraordinary assumption that the condition or deficiency does not require alteration or repair: _____												
Based on a complete visual inspection of the interior and exterior areas of the subject property, defined scope of work, statement of assumptions and limiting conditions, and appraiser's certification, my (our) opinion of the market value, as defined, of the real property that is the subject of this report is \$ _____ as of _____, which is the date of inspection and the effective date of this appraisal.												

SALES COMPARISON APPROACH

INCOME

RECONCILIATION

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ADDITIONAL COMMENTS

COST APPROACH

PUD INFORMATION

COST APPROACH TO VALUE (not required by Fannie Mae)

Provide adequate information for the lender/client to replicate the below cost figures and calculations.

Support for the opinion of site value (summary of comparable land sales or other methods for estimating site value) _____

ESTIMATED <input type="checkbox"/> REPRODUCTION OR <input type="checkbox"/> REPLACEMENT COST NEW Source of cost data _____ Quality rating from cost service _____ Effective date of cost data _____ Comments on Cost Approach (gross living area calculations, depreciation, etc.) _____	OPINION OF SITE VALUE = \$ _____ Dwelling Sq. Ft. @ \$ = \$ _____ Sq. Ft. @ \$ = \$ _____ Garage/Carport Sq. Ft. @ \$ = \$ _____ Total Estimate of Cost-New = \$ _____ <table border="1" style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 33%;">Less Physical</td> <td style="width: 33%;">Functional</td> <td style="width: 33%;">External</td> <td></td> </tr> <tr> <td>Depreciation</td> <td></td> <td></td> <td>= \$ (_____)</td> </tr> <tr> <td colspan="3">Depreciated Cost of Improvements</td> <td>= \$ _____</td> </tr> <tr> <td colspan="3">"As-is" Value of Site Improvements</td> <td>= \$ _____</td> </tr> </table> Estimated Remaining Economic Life (HUD and VA only) _____ Years INDICATED VALUE BY COST APPROACH = \$ _____	Less Physical	Functional	External		Depreciation			= \$ (_____)	Depreciated Cost of Improvements			= \$ _____	"As-is" Value of Site Improvements			= \$ _____
Less Physical	Functional	External															
Depreciation			= \$ (_____)														
Depreciated Cost of Improvements			= \$ _____														
"As-is" Value of Site Improvements			= \$ _____														

PROJECT INFORMATION FOR PUDs (if applicable)

Is the developer/builder in control of the Homeowners' Association (HOA)? Yes No Unit type(s) Detached Attached

Provide the following information for PUDs ONLY if the developer/builder is in control of the HOA and the subject property is an attached dwelling unit.

Legal name of project _____

Total number of phases _____ Total number of units _____ Total number of units sold _____

Total number of units rented _____ Total number of units for sale _____ Data source(s) _____

Was the project created by the conversion of an existing building(s) into a PUD? Yes No If Yes, date of conversion. _____

Does the project contain any multi-dwelling units? Yes No Data source(s) _____

Are the units, common elements, and recreation facilities complete? Yes No If No, describe the status of completion. _____

Are the common elements leased to or by the Homeowners' Association? Yes No If Yes, describe the rental terms and options. _____

Describe common elements and recreational facilities. _____

This report form is designed to report an appraisal of a two- to four-unit property, including a two- to four-unit property in a planned unit development (PUD). A two- to four-unit property located in either a condominium or cooperative project requires the appraiser to inspect the project and complete the project information section of the Individual Condominium Unit Appraisal Report or the Individual Cooperative Interest Appraisal Report and attach it as an addendum to this report.

This appraisal report is subject to the following scope of work, intended use, intended user, definition of market value, statement of assumptions and limiting conditions, and certifications. Modifications, additions, or deletions to the intended use, intended user, definition of market value, or assumptions and limiting conditions are not permitted. The appraiser may expand the scope of work to include any additional research or analysis necessary based on the complexity of this appraisal assignment. Modifications or deletions to the certifications are also not permitted. However, additional certifications that do not constitute material alterations to this appraisal report, such as those required by law or those related to the appraiser's continuing education or membership in an appraisal organization, are permitted.

SCOPE OF WORK: The scope of work for this appraisal is defined by the complexity of this appraisal assignment and the reporting requirements of this appraisal report form, including the following definition of market value, statement of assumptions and limiting conditions, and certifications. The appraiser must, at a minimum: (1) perform a complete visual inspection of the interior and exterior areas of the subject property, (2) inspect the neighborhood, (3) inspect each of the comparable sales from at least the street, (4) research, verify, and analyze data from reliable public and/or private sources, and (5) report his or her analysis, opinions, and conclusions in this appraisal report.

INTENDED USE: The intended use of this appraisal report is for the lender/client to evaluate the property that is the subject of this appraisal for a mortgage finance transaction.

INTENDED USER: The intended user of this appraisal report is the lender/client.

DEFINITION OF MARKET VALUE: The most probable price which a property should bring in a competitive and open market under all conditions requisite to a fair sale, the buyer and seller, each acting prudently, knowledgeably and assuming the price is not affected by undue stimulus. Implicit in this definition is the consummation of a sale as of a specified date and the passing of title from seller to buyer under conditions whereby: (1) buyer and seller are typically motivated; (2) both parties are well informed or well advised, and each acting in what he or she considers his or her own best interest; (3) a reasonable time is allowed for exposure in the open market; (4) payment is made in terms of cash in U. S. dollars or in terms of financial arrangements comparable thereto; and (5) the price represents the normal consideration for the property sold unaffected by special or creative financing or sales concessions* granted by anyone associated with the sale.

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

STATEMENT OF ASSUMPTIONS AND LIMITING CONDITIONS: The appraiser's certification in this report is subject to the following assumptions and limiting conditions:

1. The appraiser will not be responsible for matters of a legal nature that affect either the property being appraised or the title to it, except for information that he or she became aware of during the research involved in performing this appraisal. The appraiser assumes that the title is good and marketable and will not render any opinions about the title.
2. The appraiser has provided a sketch in this appraisal report to show the approximate dimensions of the improvements, including each of the units. The sketch is included only to assist the reader in visualizing the property and understanding the appraiser's determination of its size.
3. The appraiser has examined the available flood maps that are provided by the Federal Emergency Management Agency (or other data sources) and has noted in this appraisal report whether any portion of the subject site is located in an identified Special Flood Hazard Area. Because the appraiser is not a surveyor, he or she makes no guarantees, express or implied, regarding this determination.
4. The appraiser will not give testimony or appear in court because he or she made an appraisal of the property in question, unless specific arrangements to do so have been made beforehand, or as otherwise required by law.
5. The appraiser has noted in this appraisal report any adverse conditions (such as needed repairs, deterioration, the presence of hazardous wastes, toxic substances, etc.) observed during the inspection of the subject property or that he or she became aware of during the research involved in performing this appraisal. Unless otherwise stated in this appraisal report, the appraiser has no knowledge of any hidden or unapparent physical deficiencies or adverse conditions of the property (such as, but not limited to, needed repairs, deterioration, the presence of hazardous wastes, toxic substances, adverse environmental conditions, etc.) that would make the property less valuable, and has assumed that there are no such conditions and makes no guarantees or warranties, express or implied. The appraiser will not be responsible for any such conditions that do exist or for any engineering or testing that might be required to discover whether such conditions exist. Because the appraiser is not an expert in the field of environmental hazards, this appraisal report must not be considered as an environmental assessment of the property.
6. The appraiser has based his or her appraisal report and valuation conclusion for an appraisal that is subject to satisfactory completion, repairs, or alterations on the assumption that the completion, repairs, or alterations of the subject property will be performed in a professional manner.

APPRAISER'S CERTIFICATION: The Appraiser certifies and agrees that:

1. I have, at a minimum, developed and reported this appraisal in accordance with the scope of work requirements stated in this appraisal report.
2. I performed a complete visual inspection of the interior and exterior areas of the subject property, including all units. I reported the condition of the improvements in factual, specific terms. I identified and reported the physical deficiencies that could affect the livability, soundness, or structural integrity of the property.
3. I performed this appraisal in accordance with the requirements of the Uniform Standards of Professional Appraisal Practice that were adopted and promulgated by the Appraisal Standards Board of The Appraisal Foundation and that were in place at the time this appraisal report was prepared.
4. I developed my opinion of the market value of the real property that is the subject of this report based on the sales comparison and income approaches to value. I have adequate market data to develop reliable sales comparison and income approaches to value for this appraisal assignment. I further certify that I considered the cost approach to value but did not develop it, unless otherwise indicated in this report.
5. I researched, verified, analyzed, and reported on any current agreement for sale for the subject property, any offering for sale of the subject property in the twelve months prior to the effective date of this appraisal, and the prior sales of the subject property for a minimum of three years prior to the effective date of this appraisal, unless otherwise indicated in this report.
6. I researched, verified, analyzed, and reported on the prior sales of the comparable sales for a minimum of one year prior to the date of sale of the comparable sale, unless otherwise indicated in this report.
7. I selected and used comparable sales that are locationally, physically, and functionally the most similar to the subject property.
8. I have not used comparable sales that were the result of combining a land sale with the contract purchase price of a home that has been built or will be built on the land.
9. I have reported adjustments to the comparable sales that reflect the market's reaction to the differences between the subject property and the comparable sales.
10. I verified, from a disinterested source, all information in this report that was provided by parties who have a financial interest in the sale or financing of the subject property.
11. I have knowledge and experience in appraising this type of property in this market area.
12. I am aware of, and have access to, the necessary and appropriate public and private data sources, such as multiple listing services, tax assessment records, public land records and other such data sources for the area in which the property is located.
13. I obtained the information, estimates, and opinions furnished by other parties and expressed in this appraisal report from reliable sources that I believe to be true and correct.
14. I have taken into consideration the factors that have an impact on value with respect to the subject neighborhood, subject property, and the proximity of the subject property to adverse influences in the development of my opinion of market value. I have noted in this appraisal report any adverse conditions (such as, but not limited to, needed repairs, deterioration, the presence of hazardous wastes, toxic substances, adverse environmental conditions, etc.) observed during the inspection of the subject property or that I became aware of during the research involved in performing this appraisal. I have considered these adverse conditions in my analysis of the property value, and have reported on the effect of the conditions on the value and marketability of the subject property.
15. I have not knowingly withheld any significant information from this appraisal report and, to the best of my knowledge, all statements and information in this appraisal report are true and correct.
16. I stated in this appraisal report my own personal, unbiased, and professional analysis, opinions, and conclusions, which are subject only to the assumptions and limiting conditions in this appraisal report.
17. I have no present or prospective interest in the property that is the subject of this report, and I have no present or prospective personal interest or bias with respect to the participants in the transaction. I did not base, either partially or completely, my analysis and/or opinion of market value in this appraisal report on the race, color, religion, sex, age, marital status, handicap, familial status, or national origin of either the prospective owners or occupants of the subject property or of the present owners or occupants of the properties in the vicinity of the subject property or on any other basis prohibited by law.
18. My employment and/or compensation for performing this appraisal or any future or anticipated appraisals was not conditioned on any agreement or understanding, written or otherwise, that I would report (or present analysis supporting) a predetermined specific value, a predetermined minimum value, a range or direction in value, a value that favors the cause of any party, or the attainment of a specific result or occurrence of a specific subsequent event (such as approval of a pending mortgage loan application).
19. I personally prepared all conclusions and opinions about the real estate that were set forth in this appraisal report. If I relied on significant real property appraisal assistance from any individual or individuals in the performance of this appraisal or the preparation of this appraisal report, I have named such individual(s) and disclosed the specific tasks performed in this appraisal report. I certify that any individual so named is qualified to perform the tasks. I have not authorized anyone to make a change to any item in this appraisal report; therefore, any change made to this appraisal is unauthorized and I will take no responsibility for it.
20. I identified the lender/client in this appraisal report who is the individual, organization, or agent for the organization that ordered and will receive this appraisal report.

21. The lender/client may disclose or distribute this appraisal report to: the borrower; another lender at the request of the borrower; the mortgagee or its successors and assigns; mortgage insurers; government sponsored enterprises; other secondary market participants; data collection or reporting services; professional appraisal organizations; any department, agency, or instrumentality of the United States; and any state, the District of Columbia, or other jurisdictions; without having to obtain the appraiser's or supervisory appraiser's (if applicable) consent. Such consent must be obtained before this appraisal report may be disclosed or distributed to any other party (including, but not limited to, the public through advertising, public relations, news, sales, or other media).

22. I am aware that any disclosure or distribution of this appraisal report by me or the lender/client may be subject to certain laws and regulations. Further, I am also subject to the provisions of the Uniform Standards of Professional Appraisal Practice that pertain to disclosure or distribution by me.

23. The borrower, another lender at the request of the borrower, the mortgagee or its successors and assigns, mortgage insurers, government sponsored enterprises, and other secondary market participants may rely on this appraisal report as part of any mortgage finance transaction that involves any one or more of these parties.

24. If this appraisal report was transmitted as an "electronic record" containing my "electronic signature," as those terms are defined in applicable federal and/or state laws (excluding audio and video recordings), or a facsimile transmission of this appraisal report containing a copy or representation of my signature, the appraisal report shall be as effective, enforceable and valid as if a paper version of this appraisal report were delivered containing my original hand written signature.

25. Any intentional or negligent misrepresentation(s) contained in this appraisal report may result in civil liability and/or criminal penalties including, but not limited to, fine or imprisonment or both under the provisions of Title 18, United States Code, Section 1001, et seq., or similar state laws.

SUPERVISORY APPRAISER'S CERTIFICATION: The Supervisory Appraiser certifies and agrees that:

1. I directly supervised the appraiser for this appraisal assignment, have read the appraisal report, and agree with the appraiser's analysis, opinions, statements, conclusions, and the appraiser's certification.
2. I accept full responsibility for the contents of this appraisal report including, but not limited to, the appraiser's analysis, opinions, statements, conclusions, and the appraiser's certification.
3. The appraiser identified in this appraisal report is either a sub-contractor or an employee of the supervisory appraiser (or the appraisal firm), is qualified to perform this appraisal, and is acceptable to perform this appraisal under the applicable state law.
4. This appraisal report complies with the Uniform Standards of Professional Appraisal Practice that were adopted and promulgated by the Appraisal Standards Board of The Appraisal Foundation and that were in place at the time this appraisal report was prepared.
5. If this appraisal report was transmitted as an "electronic record" containing my "electronic signature," as those terms are defined in applicable federal and/or state laws (excluding audio and video recordings), or a facsimile transmission of this appraisal report containing a copy or representation of my signature, the appraisal report shall be as effective, enforceable and valid as if a paper version of this appraisal report were delivered containing my original hand written signature.

APPRAISER

Signature _____
 Name _____
 Company Name _____
 Company Address _____

 Telephone Number _____
 Email Address _____
 Date of Signature and Report _____
 Effective Date of Appraisal _____
 State Certification # _____
 or State License # _____
 or Other (describe) _____ State # _____
 State _____
 Expiration Date of Certification or License _____

ADDRESS OF PROPERTY APPRAISED

APPRAISED VALUE OF SUBJECT PROPERTY \$ _____

LENDER/CLIENT

Name _____
 Company Name _____
 Company Address _____

 Email Address _____

SUPERVISORY APPRAISER (ONLY IF REQUIRED)

Signature _____
 Name _____
 Company Name _____
 Company Address _____

 Telephone Number _____
 Email Address _____
 Date of Signature _____
 State Certification # _____
 or State License # _____
 State _____
 Expiration Date of Certification or License _____

SUBJECT PROPERTY

- Did not inspect subject property
- Did inspect exterior of subject property from street
 Date of Inspection _____
- Did inspect interior and exterior of subject property
 Date of Inspection _____

COMPARABLE SALES

- Did not inspect exterior of comparable sales from street
- Did inspect exterior of comparable sales from street
 Date of Inspection _____

Operating Income Statement

One- to Four-Family Investment Property and Two- to Four-Family Owner-Occupied Property

2005incomeproperty

Property Address _____

Street _____

City _____

State _____

Zip Code _____

General Instructions: This form is to be prepared jointly by the loan applicant, the appraiser, and the lender's underwriter. The applicant must complete the following schedule indicating each unit's rental status, lease expiration date, current rent, market rent, and the responsibility for utility expenses. Rental figures must be based on the rent for an "unfurnished" unit.

	Currently Rented		Expiration Date	Current Rent Per Month	Market Rent Per Month	Utility Expense	Paid	
	Yes	No					By Owner	By Tenant
Unit No. 1	Yes	No	_____	\$ _____	\$ _____	Electricity	<input type="checkbox"/>	<input type="checkbox"/>
Unit No. 2	Yes	No	_____	\$ _____	\$ _____	Gas	<input type="checkbox"/>	<input type="checkbox"/>
Unit No. 3	Yes	No	_____	\$ _____	\$ _____	Fuel Oil	<input type="checkbox"/>	<input type="checkbox"/>
Unit No. 4	Yes	No	_____	\$ _____	\$ _____	Fuel (Other)	<input type="checkbox"/>	<input type="checkbox"/>
Total				\$ _____	\$ _____	Water/Sewer	<input type="checkbox"/>	<input type="checkbox"/>
						Trash Removal	<input type="checkbox"/>	<input type="checkbox"/>

The applicant should complete all of the income and expense projections and for existing properties provide actual year-end operating statements for the past two years (for new properties the applicant's projected income and expenses must be provided). This Operating Income Statement and previous operating statements the applicant provides must then be sent to the appraiser for review, comment, and/or adjustments next to the applicant's figures (e.g., Applicant/Appraiser 288/300). If the appraiser is retained to complete the form instead of the applicant, the lender must provide to the appraiser the aforementioned operating statements, mortgage insurance premium, HOA dues, leasehold payments, subordinate financing, and/or any other relevant information as to the income and expenses of the subject property received from the applicant to substantiate the projections. The underwriter should carefully review the applicant's/appraiser's projections and the appraiser's comments concerning those projections. The underwriter should make any final adjustments that are necessary to more accurately reflect any income or expense items that appear unreasonable for the market. (Real estate taxes and insurance on these types of properties are included in PITI and not calculated as an annual expense item.) Income should be based on current rents, but should not exceed market rents. When there are no current rents because the property is proposed, new, or currently vacant, market rents should be used.

Annual Income and Expense Projection for Next 12 months

	By Applicant/Appraiser	Adjustments by Lender's Underwriter
Income (Do not include income for owner-occupied units)		
Gross Annual Rental (from unit(s) to be rented)	\$ _____	\$ _____
Other Income (include sources)	+ _____	+ _____
Total	\$ _____	\$ _____
Less Vacancy/Rent Loss	- _____ (%)	- _____ (%)
Effective Gross Income	\$ _____	\$ _____
Expenses (Do not include expenses for owner-occupied units)		
Electricity	_____	_____
Gas	_____	_____
Fuel Oil	_____	_____
Fuel (Type- _____)	_____	_____
Water/Sewer	_____	_____
Trash Removal	_____	_____
Pest Control	_____	_____
Other Taxes or Licenses	_____	_____
Casual Labor	_____	_____
This includes the costs for public area cleaning, snow removal, etc., even though the applicant may not elect to contract for such services.		
Interior Paint/Decorating	_____	_____
This includes the costs of contract labor and materials that are required to maintain the interiors of the living units.		
General Repairs/Maintenance	_____	_____
This includes the costs of contract labor and materials that are required to maintain the public corridors, stairways, roofs, mechanical systems, grounds, etc.		
Management Expenses	_____	_____
These are the customary expenses that a professional management company would charge to manage the property.		
Supplies	_____	_____
This includes the costs of items like light bulbs, janitorial supplies, etc.		
Total Replacement Reserves - See Schedule on Pg. 2	_____	_____
Miscellaneous	_____	_____
_____	_____	_____
_____	_____	_____
_____	_____	_____
_____	_____	_____
_____	_____	_____
_____	_____	_____
_____	_____	_____
_____	_____	_____
_____	_____	_____
_____	_____	_____
Total Operating Expenses	\$ _____	\$ _____

Replacement Reserve Schedule

Adequate replacement reserves must be calculate regardless of whether actual reserves are provided for on the owner's operating statements or are customary in the local market. This represents the total average yearly reserves. Generally, all equipment and components that have a remaining life of more than one year-such as refrigerators, stoves, clothes washers/dryers, trash compactors, furnaces, roofs, and carpeting, etc.-should be expensed on a replacement cost basis.

Equipment	Replacement Cost	Remaining Life	By Applicant/ Appraiser	Lender Adjustments
Stoves/Ranges	@ \$ _____ ea. ÷	_____ Yrs. x	Units = \$ _____	\$ _____
Refrigerators	@ \$ _____ ea. ÷	_____ Yrs. x	Units = \$ _____	\$ _____
Dishwashers	@ \$ _____ ea. ÷	_____ Yrs. x	Units = \$ _____	\$ _____
A/C Units	@ \$ _____ ea. ÷	_____ Yrs. x	Units = \$ _____	\$ _____
C. Washer/Dryers	@ \$ _____ ea. ÷	_____ Yrs. x	Units = \$ _____	\$ _____
HW Heaters	@ \$ _____ ea. ÷	_____ Yrs. x	Units = \$ _____	\$ _____
Furnace(s)	@ \$ _____ ea. ÷	_____ Yrs. x	Units = \$ _____	\$ _____
(Other)	@ \$ _____ ea. ÷	_____ Yrs. x	Units = \$ _____	\$ _____
Roof	@ \$ _____ ÷	_____ Yrs. x One Bldg. =	\$ _____	\$ _____
Carpeting (Wall to Wall)		Remaining Life		
(Units)	_____ Total Sq. Yds. @ \$ _____	Per Sq. Yd. ÷ _____ Yrs. =	\$ _____	\$ _____
(Public Areas)	_____ Total Sq. Yds. @ \$ _____	Per Sq. Yd. ÷ _____ Yrs. =	\$ _____	\$ _____
Total Replacement Reserves. (Enter on Pg. 1)			\$ _____	\$ _____

Operating Income Reconciliation

\$ _____	- \$ _____	= \$ _____	÷ 12 =	\$ _____
Effective gross Income	Total Operating Expenses	Operating Income		Monthly Operating Income
\$ _____	- \$ _____	= \$ _____		
Monthly Operating Income	Monthly Housing Expenses	Net Cash Flow		

(Note: Monthly Housing Expense includes principal and interest on the mortgage, hazard insurance premiums, real estate taxes, mortgage insurance premiums, HOA dues, leasehold payments, and subordinate financing payments.)

Underwriter's instructions for 2-4 Family Owner-Occupied Properties

- If Monthly Operating Income is a positive number, enter as "Net Rental Income" in the "Gross Monthly Income" section of Freddie Mac Form 65/Fannie Mae Form 1003. If Monthly Operating Income is a negative number, it must be included as a liability for qualification purposes.
- The borrower's monthly housing expense-to-income ratio must be calculated by comparing the total Monthly Housing Expense for the subject property to the borrower's stable monthly income.

Underwriter's instructions for 1-4 Family Investment Properties

- If Net Cash Flow is a positive number, enter as "Net Rental Income" in the "Gross Monthly Income" section of Freddie Mac Form 65/Fannie Mae Form 1003. If Net Cash Flow is a negative number, it must be included as a liability for qualification purposes.
- The borrower's monthly housing expense-to-income ratio must be calculated by comparing the total monthly housing expense for the borrower's primary residence to the borrower's stable monthly income.

Appraiser's Comments (including sources for data and rationale for the projections)

Appraiser Name _____ Appraiser Signature _____ Date _____

Underwriter's Comments and Rationale for Adjustments

Underwriter Name _____ Underwriter Signature _____ Date _____