

APPRAISAL OF



LOCATED AT:

823 Aspen Street
Tehachapi, Ca 93561

FOR:

Associated Real Estate

BORROWER:

Josh Riley

AS OF:

September 4, 2009

BY:

Don Risner

Small Residential Income Property Appraisal Report

823 Aspen
File No. 823 Aspen

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 823 Aspen Street	City Tehachapi	State Ca	Zip Code 93561	
	Borrower Josh Riley	Owner of Public Record Aurora Loan Services	County Kern		
	Legal Description Lot 63 Tract 1880				
	Assessor's Parcel # 416-215-10	Tax Year 2009	R.E. Taxes \$ 2,266.39		
	Neighborhood Name Tehachapi	Map Reference 2609 G4	Census Tract 0061.00		
	Occupant <input type="checkbox"/> Owner <input type="checkbox"/> Tenant <input checked="" type="checkbox"/> Vacant	Special Assessments \$ None	<input type="checkbox"/> PUD	HOA \$ <input type="checkbox"/> per year <input type="checkbox"/> per month	
	Property Rights Appraised <input checked="" 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 checked="" type="checkbox"/> Other (describe) Asset Valuation				
	Lender/Client Associated Real Estate 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 checked="" type="checkbox"/> No				

CONTRACT	I <input type="checkbox"/> did <input checked="" 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. This is not a purchase transaction therefore no documents were available			
	Contract Price \$ N/a	Date of Contract N/a	Is the property seller the owner of public record? <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No	Data Source(s) realquest
	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 checked="" type="checkbox"/> No			
	If Yes, report the total dollar amount and describe the items to be paid. N/a			

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 checked="" type="checkbox"/> Suburban <input type="checkbox"/> Rural	Property Values <input type="checkbox"/> Increasing <input type="checkbox"/> Stable <input checked="" type="checkbox"/> Declining	PRICE	One-Unit 65 %
Built-Up <input checked="" 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 checked="" type="checkbox"/> Over Supply	AGE (yrs)	2-4 Unit 25 %
Growth <input type="checkbox"/> Rapid <input checked="" type="checkbox"/> Stable <input type="checkbox"/> Slow	Marketing Time <input type="checkbox"/> Under 3 mths <input type="checkbox"/> 3-6 mths <input checked="" type="checkbox"/> Over 6 mths	130 Low	Multi-Family 5 %
Neighborhood Boundaries Highway 58 (South) Cummings Valley Rd (North), Dennison Rd (East), Oakwood Street (West)		420 High	Commercial 5 %
		300 Pred.	Other %

Neighborhood Description **The subject is located in Tehachapi in a neighborhood consisting of single family residences, multi family dwellings and scattered commercial properties**

Market Conditions (including support for the above conclusions) **See Attached Addendum.**

SITE	Dimensions See Plat Map	Area 6250 Sq.Ft.	Shape Rectangular	View None	
	Specific Zoning Classification 0200 Duplex		Zoning Description Small residential income property		
	Zoning Compliance <input checked="" 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 checked="" type="checkbox"/> Yes <input type="checkbox"/> No If No, describe.				
	Utilities	Public	Other (describe)	Public	Other (describe)
	Electricity	<input checked="" type="checkbox"/>	<input type="checkbox"/>	Water	<input checked="" type="checkbox"/>
	Gas	<input checked="" type="checkbox"/>	<input type="checkbox"/>	Sanitary Sewer	<input checked="" type="checkbox"/>
	Off-site Improvements—Type		Public	Private	
	Street Asphalt		<input checked="" type="checkbox"/>	<input type="checkbox"/>	
	Alley Asphalt		<input checked="" type="checkbox"/>	<input type="checkbox"/>	

FEMA Special Flood Hazard Area Yes No FEMA Flood Zone **C** FEMA Map # **0600751555B** FEMA Map Date **09/29/1986**

Are the utilities and off-site improvements typical for the market area? Yes No If No, describe.

Are there any adverse site conditions or external factors (easements, encroachments, environmental conditions, land uses, etc.)? Yes No If Yes, describe. **No adverse conditions were noted at the time of inspection**

GENERAL DESCRIPTION	FOUNDATION	EXTERIOR DESCRIPTION materials/condition	INTERIOR materials/condition
Units <input checked="" type="checkbox"/> Two <input type="checkbox"/> Three <input type="checkbox"/> Four	<input type="checkbox"/> Concrete Slab <input checked="" type="checkbox"/> Crawl Space	Foundation Walls Concrete/Avg	Floors CarptVnyl/Poor
<input type="checkbox"/> Accessory Unit (describe below)	<input type="checkbox"/> Full Basement <input type="checkbox"/> Partial Basement	Exterior Walls Stucco/Avg	Walls Drywall/Avg
# of Stories 1 # of bldgs. 1	Basement Area 0 sq. ft.	Roof Surface Comp Shngl/Avg	Trim/Finish WoodPntd/Avg
Type <input checked="" type="checkbox"/> Det. <input type="checkbox"/> Att. <input type="checkbox"/> S-Det./End Unit	Basement Finish %	Gutters & Downspouts None	Bath Floor Vnyl/Avg
<input checked="" 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 Al sliding/Fair	Bath Wainscot Fbgls/Avg
Design (Style) Conv	Evidence of <input type="checkbox"/> Infestation	Storm Sash/Insulated None	Car Storage
Year Built 1956	<input type="checkbox"/> Dampness <input type="checkbox"/> Settlement	Screens None	<input type="checkbox"/> None
Effective Age (Yrs) 53	Heating/Cooling		Amenities
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) #	<input checked="" type="checkbox"/> Driveway # of Cars 2
<input type="checkbox"/> Drop Stair <input type="checkbox"/> Stairs	<input checked="" type="checkbox"/> Other Wall Fuel Gas	<input type="checkbox"/> Patio/Deck <input checked="" type="checkbox"/> Fence	Driveway Surface Asphalt
<input type="checkbox"/> Floor <input checked="" type="checkbox"/> Scuttle	<input type="checkbox"/> Central Air Conditioning	<input type="checkbox"/> Pool <input checked="" type="checkbox"/> Porch	Garage # of Cars
<input type="checkbox"/> Finished <input type="checkbox"/> Heated	<input type="checkbox"/> Individual <input checked="" type="checkbox"/> Other Evap	<input type="checkbox"/> Other	Carport # of Cars
# of Appliances	Refrigerator	Range/Oven	Dishwasher
			Disposal 2
			Microwave
			Washer/Dryer
			Other (describe)
Unit # 1 contains:	4 Rooms	2 Bedroom(s)	1 Bath(s)
			780 Square feet of Gross Living Area
Unit # 2 contains:	4 Rooms	2 Bedroom(s)	1 Bath(s)
			780 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.) **None**

IMPROVEMENTS	Describe the condition of the property (including needed repairs, deterioration, renovations, remodeling, etc.). The subject is in overall fair condition with repairs needed in order to make units habitable. The floor coverings area heavily stained and soiled. There are 2 broken windows. The shower in one bathroom is lacking the shower pan as it appears to have been in the process of being remodeled. Dry rot was noted along the eaves. Recommend structural pest inspection and clearance report. Total estimated costs in order to bring the subject to habitable condition \$8,500			

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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 **the subject property appears to be in overall fair condition. Missing range/oven. Heavily stained carpet. 2 Broken windows, Unfinished shower**

Does the property generally conform to the neighborhood (functional utility, style, condition, use, construction, etc.)? Yes No If No, describe **The subject is in overall fair condition and has a location within the neighborhood that is appealing to potential buyers. The subject conforms well to the neighborhood in design..**

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	823 Aspen Street Tehachapi	800 Aspen Street Tehachapi			810 Aspen Street Tehachapi			21010 Mission Street Tehachapi						
Proximity to Subject		0.11 miles NNE			0.06 miles ENE			1.85 miles W						
Current Monthly Rent	\$ 1,300				\$ 1,275			\$ 2,700						
Rent/Gross Bldg. Area	\$ 0.83 sq. ft.	\$ 0.77 sq. ft.			\$ 0.85 sq. ft.			\$ 0.93 sq. ft.						
Rent Control	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No			<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No			<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No						
Data Source(s)	Inspection	Mls			Mls			Mls						
Date of Lease(s)	Mo to Mo	Mo to Mo			Mo to Mo			Mo to Mo						
Location	Average	Average			Average			Average						
Actual Age	53+/- Years	33			55			24						
Condition	Fair	Average			Average			Average						
Gross Building Area	1560 sq.ft.	2800 sq.ft.			1,500			2900 sq.ft.						
Unit Breakdown	Rm Count		Size	Rm Count		Size	Rm Count		Size	Rm Count		Size	Monthly Rent	
	Tot	Br	Ba	Sq. Ft.	Tot	Br	Ba	Sq. Ft.	Monthly Rent	Tot	Br	Ba	Sq. Ft.	Monthly Rent
Unit # 1	4	2	1	780	4	2	1	900	\$ 650	4	2	1	750	\$ 625
Unit # 2	4	2	1	780	4	2	1	900	\$ 650	4	2	1	750	\$ 650
Unit # 3					3	1	1	700	\$ 550					\$ 725
Unit # 4					3	1	1	700	\$ 550					\$ 725
Utilities Included	Water	Water			Water			Water						
	Trash	Trash			Trash			Trash						

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.)
Area rents indicate a 2 bedroom 1 bath unit rents for \$600 to \$750 per month. Area rents indicate a 1 bedroom 1 bath unit rents for \$700 per month. Due to the lack of available rental data it was necessary to utilize comparables of superior size

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	Mo to Mo	Mo to Mo	\$ 650	N/a	\$ 650	\$ 650	\$ 650	\$ 650	
2	Mo to Mo	Mo to Mo	650	N/a	650	650		650	
3									
4									
Comment on lease data Actual rents were unavailable			Total Actual Monthly Rent		\$ 1,300	Total Gross Monthly Rent		\$ 1,300	
			Other Monthly Income (itemize)		\$	Other Monthly Income (itemize)		\$	
			Total Actual Monthly Income		\$ 1,300	Total Estimated Monthly Income		\$ 1,300	
Utilities included in estimated rents			<input type="checkbox"/> Electric <input checked="" 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)			The subject properties rents were estimated as the units are currently vacant						

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) **REALQUEST**

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) **REALQUEST**

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	9-11-2008	N/a	N/a	N/a
Price of Prior Sale/Transfer	\$180,000	N/a	N/a	N/a
Data Source(s)	Realquest/Mls	Realquest/Mls	Realquest/Mls	Realquest/Mls
Effective Date of Data Source(s)	9-2009	9-2009	9-2009	9-2009

Analysis of prior sale history for the subject property and comparable sales **The subject transferred as a trustee's deed on 9-11-2008 for \$180,000. The subject property last sold as a resale on 9-29-2006 for \$240,000. . Comparables 1, 2 and 3 have not sold in the past 3 years.**

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There are 6 comparable properties currently offered for sale in the subject neighborhood ranging in price from \$ 185,000 to \$ 348,000							
There are 9 comparable sales in the subject neighborhood within the past twelve months ranging in sale price from \$ 178,000 to \$ 364,000							
FEATURE	SUBJECT	COMPARABLE SALE NO. 1		COMPARABLE SALE NO. 2		COMPARABLE SALE NO. 3	
823 Aspen Street Address Tehachapi		5619 Wilson Rd Bakersfield		5701 Wilson Rd Bakersfield		526 E Street Tehachapi	
Proximity to Subject		37.11 miles WNW		37.14 miles WNW		1.12 miles ENE	
Sale Price	\$ N/a	\$ 115,000		\$ 117,000		\$ 125,000	
Sale Price/Gross Bldg. Area	\$ 0.00 sq. ft	\$ 63.19 sq. ft		\$ 64.29 sq. ft		\$ 83.33 sq. ft	
Gross Monthly Rent	\$ 1,300	\$ 1,200		\$ 1,200		\$ 1,000	
Gross Rent Multiplier		95.83		97.50		125.00	
Price Per Unit	\$	\$ 57,500		\$ 58,500		\$ 62,500	
Price Per Room	\$	\$ 12,778		\$ 13,000		\$ 20,833	
Price Per Bedroom	\$	\$ 23,000		\$ 23,400		\$ 62,500	
Rent Control	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No		<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No		<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	
Data Source(s)		ASSESSORS OFFICE		ASSESSORS OFFICE		ASSESSORS OFFICE	
Verification Source(s)		REALQUEST		REALQUEST		REALQUEST	
VALUE ADJUSTMENTS	DESCRIPTION	DESCRIPTION	+(-) Adjustment	DESCRIPTION	+(-) Adjustment	DESCRIPTION	+(-) Adjustment
Sale or Financing Concessions	N/a	CONV NONE DCLSD		CONV NONE DCLSD		CONV NONE DCLSD	
Date of Sale/Time	N/a	8-1-2009 Coe	-1,150	4-9-2009 Coe	-5,585	12-31-2008 Coe	-10,000
Location	Suburban	Suburban		Suburban		Suburban	
Leasehold/Fee Simple	Fee Simple	Fee Simple		Fee Simple		Fee Simple	
Site	6250 Sq.Ft.	7500 Sq Ft		7500 Sq Ft		7200 Sq Ft	
View	None	None		None		None	
Design (Style)	Conv	Conv		Conv		Conv	
Quality of Construction	Average	Average		Average		Average	
Actual Age	53+/- Years	32		32		61	
Condition	Fair	Fair		Fair		Fair	
Gross Building Area	25 1560 sq.ft.	1,820	-6,500	1,820	-6,500	1,500	1,500
Unit Breakdown	Total Bdrms. Baths	Total Bdrms. Baths		Total Bdrms. Baths		Total Bdrms. Baths	
Unit # 1	4 2 1	5 3 2	-5,000	5 3 2	-5,000	3 1 1	4,000
Unit # 2	4 2 1	4 2 1	-1,500	4 2 1	-1,500	3 1 1	4,000
Unit # 3							
Unit # 4							
Basement Description	None	NONE		NONE		NONE	
Basement Finished Rooms	NONE	NONE		NONE		NONE	
Functional Utility	Average	Average		Average		Average	
Heating/Cooling	Wall Evap	Wall Evap		Wall Evap		Wall Evap	
Energy Efficient Items	Average	Average		Average		Average	
Parking On/Off Site	2 Car Driveway	2 Car Driveway		2 Car Driveway		2 Car Driveway	
Porch/Patio/Deck	Porch	Patio		Patio		Patio	
	None	None		None		None	
	Fence	Fence		Fence		Fence	
Net Adjustment (Total)		<input type="checkbox"/> + <input checked="" type="checkbox"/> -	\$ 14,150	<input type="checkbox"/> + <input checked="" type="checkbox"/> -	\$ 18,585	<input type="checkbox"/> + <input checked="" type="checkbox"/> -	\$ 500
Adjusted Sale Price of Comparables		Net Adj. -12.3 % Gross Adj. 12.3 %	\$ 100,850	Net Adj. -15.9 % Gross Adj. 15.9 %	\$ 98,415	Net Adj. -0.4 % Gross Adj. 15.6 %	\$ 124,500
Adj. Price Per Unit (Adj. SP Comp / # of Comp Units)		\$ 50,425		\$ 49,208		\$ 62,250	
Adj. Price Per Room (Adj. SP Comp / # of Comp Rooms)		\$ 11,206		\$ 10,935		\$ 20,750	
Adj. Price Per Bdrm. (Adj. SP Comp / # of Comp Bedrooms)		\$ 20,170		\$ 19,683		\$ 62,250	
Value Per Unit	\$ 72,000 X	2 Units = \$	144,000	Value Per GBA \$ 96.00 X	1560 sq.ft. GBA = \$	149,760	
Value Per Rm.	\$ 17,000 X	8 Rooms = \$	136,000	Value Per Bdrms. \$ 39,000 X	4 Bdrms. = \$	156,000	
Summary of Sales Comparison Approach including reconciliation of the above indicators of value. See Attached Addendum.							
Indicated Value by Sales Comparison Approach \$ 105,000							
Total gross monthly rent \$ 1,300 X gross rent multiplier (GRM) 95.00 = \$ 123,500 Indicated value by the Income Approach							
Comments on income approach including reconciliation of the GRM The income approach was included to further support value estimate							
Indicated Value by: Sales Comparison Analysis \$ 105,000 Income Approach \$ 123,500 Cost Approach (if developed) \$ 206,700							
Most weight is given to the sales comparison approach as it bests reflects the actions and reactions of a typical seller/buyer in the open market. The income approach was included to add support. The cost approach was included and adds support to the market value estimate							
This appraisal is made <input checked="" 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: No conditions							
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 \$ 105,000 as of September 4, 2009 , which is the date of inspection and the effective date of this appraisal.							

SALES COMPARISON APPROACH

INCOME

RECONCILIATION

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Clarification of Intended Use and Intended User:

The Intended User of this appraisal report is the Lender/Client. The Intended Use is to evaluate the property that is the subject of this appraisal for a mortgage finance transaction, subject to the stated Scope of Work, purpose of the appraisal, reporting requirements of this appraisal report form, and Definition of Market Value. No additional Intended Users are identified by the appraiser.

ADDITIONAL COMMENTS

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) Site value was estimated by utilizing limited nearby lot sales as well as the extraction method on existing sales/

COST APPROACH

ESTIMATED <input checked="" type="checkbox"/> REPRODUCTION OR <input type="checkbox"/> REPLACEMENT COST NEW	OPINION OF SITE VALUE = \$ 136,000		
Source of cost data Metroscan/Marshall and Swift/Realquest	Dwelling	1,560 Sq. Ft. @ \$ 58.25	= \$ 90,870
Quality rating from cost service Average Effective date of cost data 12-07		Sq. Ft. @ \$	= \$
Comments on Cost Approach (gross living area calculations, depreciation, etc.)			
Replacement cost estimates are based upon Marshall and Swift residential cost handbook and adjusted for local factors	Garage/Carport	0 Sq. Ft. @ \$	= \$ 0
	Total Estimate of Cost-New = \$ 90,870		
	Less	Physical	Functional
	Depreciation	\$32,200	= \$ (32,200)
	Depreciated Cost of Improvements = \$ 58,670		
	"As-is" Value of Site Improvements = \$ 12,000		
Estimated Remaining Economic Life (HUD and VA only) -3 Years	INDICATED VALUE BY COST APPROACH = \$ 206,700		

PUD INFORMATION

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. _____

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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.

Small Residential Income Property Appraisal Report

823 Aspen
File No. 823 Aspen

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 Don Risner
 Company Name DR VALUATION SERVICE
 Company Address 11114 Sweet River Dr
Bakersfield Ca 93311
 Telephone Number 1-661-747-0291
 Email Address DRVALUATIONS@sbcglobal.net
 Date of Signature and Report 09/04/2009
 Effective Date of Appraisal September 4, 2009
 State Certification # AR004107
 or State License # _____
 or Other (describe) _____ State # _____
 State Ca
 Expiration Date of Certification or License 08/19/2010

ADDRESS OF PROPERTY APPRAISED
823 Aspen Street
Tehachapi, Ca 93561

APPRAISED VALUE OF SUBJECT PROPERTY \$ 105,000

LENDER/CLIENT
 Name _____
 Company Name Associated Real Estate
 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 _____

ADDENDUM

Borrower: Josh Riley

File No.: 823 Aspen

Property Address: 823 Aspen Street

Case No.: 823 Aspen

City: Tehachapi

State: Ca

Zip: 93561

Lender: Associated Real Estate

The appraiser has prepared this appraisal in full compliance with the Home Valuation Code of Conduct and has not performed, participated in, or been associated with any activity in violation of the code

No employee, Director, Officer or Agent of the lender, or any other party acting as a joint venture partner, independant contractor, appraisal management company, or partner on behalf of the lender has influenced or attempted to influence the development, reporting, result, or review of this assignment through coercion, extortion, collusion, compensation, instruction, inducement, intimidation, bribery or in any other manner. I have not been contacted by anyone other than the intended user (lender/client as identified on the first page of the report), borrower, or designated contact to make an appointment to enter the property. I agree to immediately report any unauthorized contacts either personally, by phone or electronically

I have knowledge and experience in appraising this type of property in this market area. 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

Replacement cost figures are based upon the typical costs for such items in the subjects geographical area

Market Conditions

There is an average amount of listings in the subjects marketing area. The market conditions appear average with property values show a slight decline in value as demand has decreased and the number of properties available for sale has increased over the past several months. The declining values are attributed to the rise interest rates as well as the reduction in the number of available qualified buyers available in the area. The rate of decline is approx 1% per month per closed sales in the area Current average marketing time in the area is 4 to 8 months

Comments on Sales Comparison

Most weight is given to comparable 1 due to sale date with some consideration given to comparables 2 and 3 due to locations and ages. Market data has shown that homes in the area typically sell for 90% to 95% of asking price. Therefore a 5% adjustment was applied to comparables 4 and 5.

Values in the area have shown a decline in value calculated at approx 1% per month therefore comparables 1, 2 and 3 received adjustments appropriate with their date of sale.

Due to the lack of resales located within the area it was necessary to expand the search for comparables to include sales over 6 months old as well as sales from over 5 miles away. Comparable 3 is a dated sale located in tehachapi include to further support value estimate. Comparables 1 and 2 are from bakersfield which is the nearest city to the town of tehachapi with comparable sales. The comparables are located in a simiar type neighborhood however they are over 5 miles away

Sales similar in square footage are unavailable within a 12 month period and or within a 5 mile radius.

Comparables 4 and 5 are active listings located in the subjects marketing area included to further support value estimate

SUBJECT PROPERTY PHOTO ADDENDUM

Borrower: Josh Riley	File No.: 823 Aspen
Property Address: 823 Aspen Street	Case No.: 823 Aspen
City: Tehachapi	State: Ca
Lender: Associated Real Estate	Zip: 93561



FRONT VIEW OF
SUBJECT PROPERTY

Appraised Date: September 4, 2009
Appraised Value: \$ 105,000



REAR VIEW OF
SUBJECT PROPERTY



STREET SCENE

COMPARABLE RENTALS PHOTO ADDENDUM

Borrower: Josh Riley	File No.: 823 Aspen
Property Address: 823 Aspen Street	Case No.: 823 Aspen
City: Tehachapi	State: Ca
Lender: Associated Real Estate	Zip: 93561



COMPARABLE RENTAL #1

800 Aspen Street
Tehachapi



COMPARABLE RENTAL #2

810 Aspen Street
Tehachapi



COMPARABLE RENTAL #3

21010 Mission Street
Tehachapi

COMPARABLE PROPERTY PHOTO ADDENDUM

Borrower: Josh Riley	File No.: 823 Aspen
Property Address: 823 Aspen Street	Case No.: 823 Aspen
City: Tehachapi	State: Ca
Lender: Associated Real Estate	Zip: 93561



COMPARABLE SALE #1

5619 Wilson Rd
Bakersfield
Sale Date: 8-1-2009 Coe
Sale Price: \$ 115,000



COMPARABLE SALE #2

5701 Wilson Rd
Bakersfield
Sale Date: 4-9-2009 Coe
Sale Price: \$ 117,000



COMPARABLE SALE #3

526 E Street
Tehachapi
Sale Date: 12-31-2008 Coe
Sale Price: \$ 125,000

COMPARABLE PROPERTY PHOTO ADDENDUM

Borrower: Josh Riley	File No.: 823 Aspen
Property Address: 823 Aspen Street	Case No.: 823 Aspen
City: Tehachapi	State: Ca
Lender: Associated Real Estate	Zip: 93561



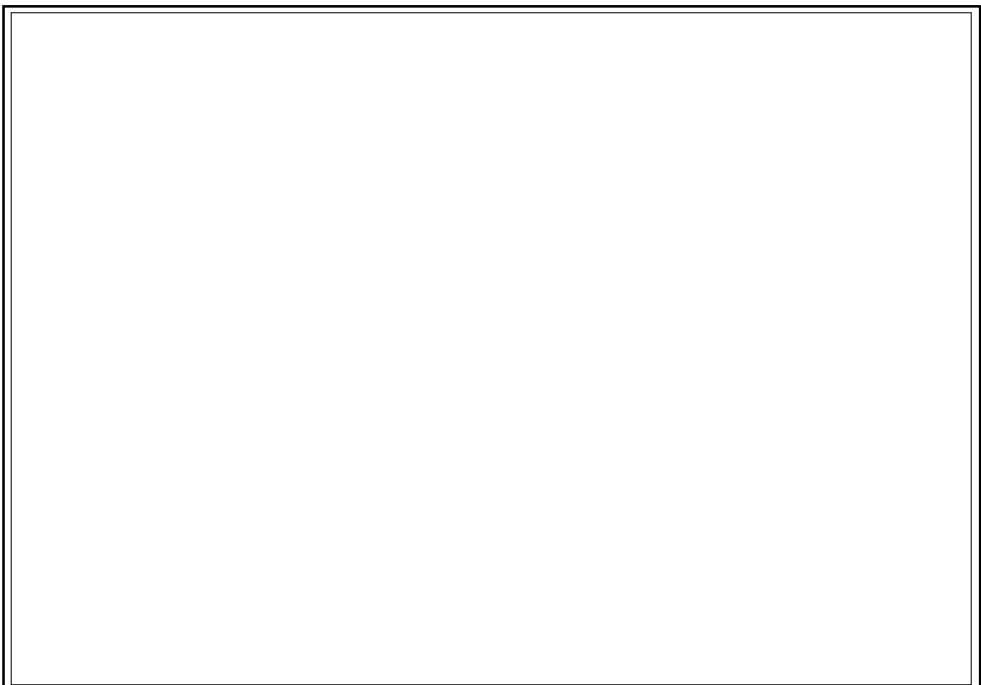
COMPARABLE SALE #4

811 Aspen Dr
Tehachapi
Sale Date: Active Listing
Sale Price: \$ 250,000



COMPARABLE SALE #5

809 Aspen Dr
Tehachapi
Sale Date: Active Listing
Sale Price: \$ 250,000



COMPARABLE SALE #6

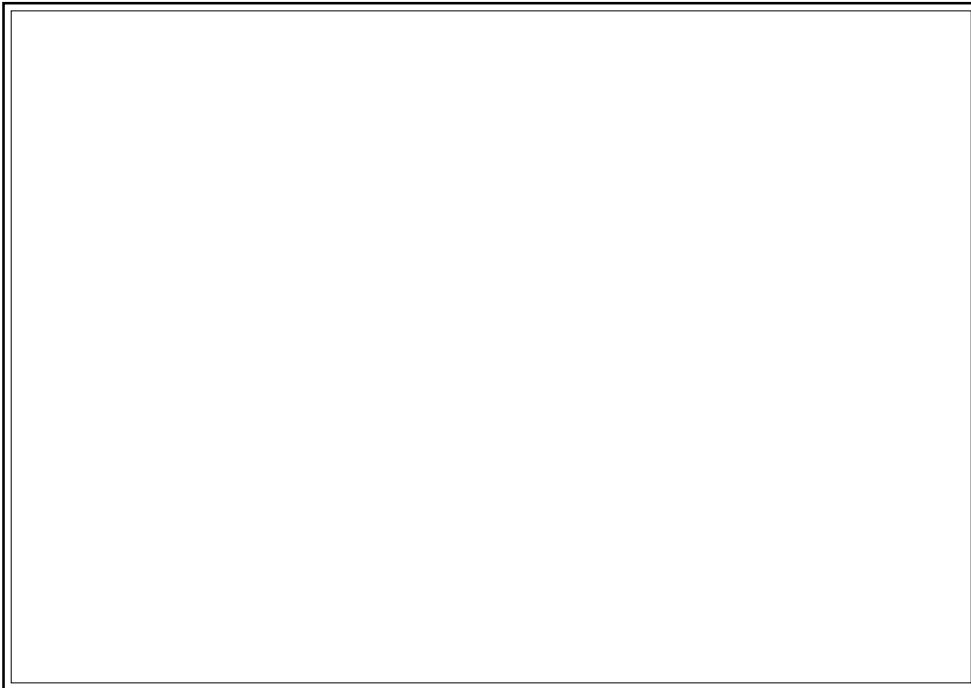
Sale Date:
Sale Price: \$

Borrower: Josh Riley
Property Address: 823 Aspen Street
City: Tehachapi
Lender: Associated Real Estate

File No.: 823 Aspen
Case No.: 823 Aspen
State: Ca
Zip: 93561



Living room



Kitchen

Borrower: Josh Riley
Property Address: 823 Aspen Street
City: Tehachapi
Lender: Associated Real Estate

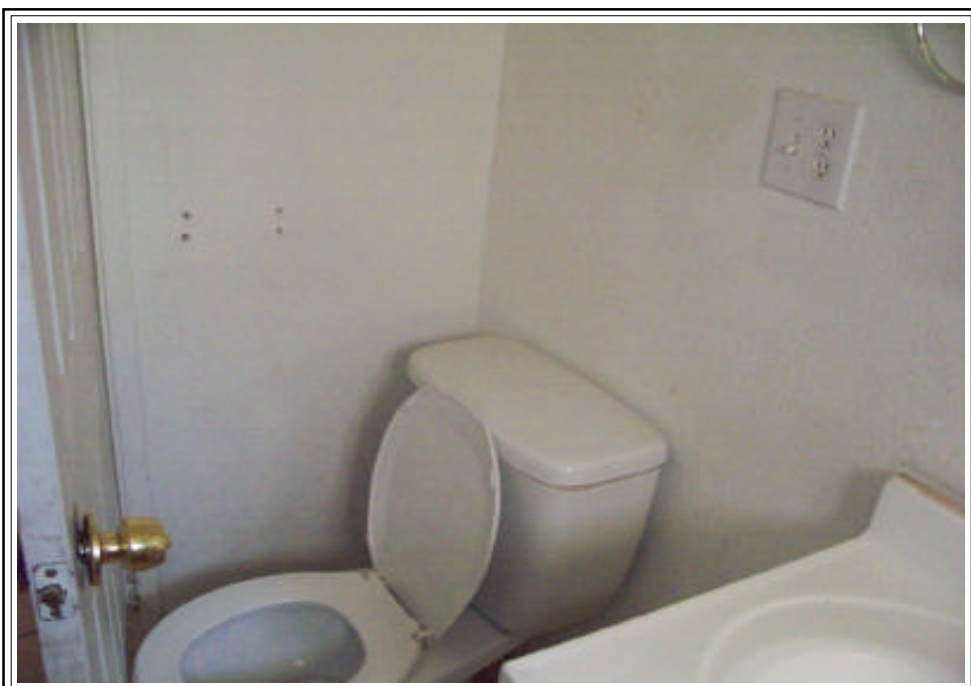
File No.: 823 Aspen
Case No.: 823 Aspen
State: Ca
Zip: 93561



Bedroom



Living Room



Bathroom

Borrower: Josh Riley
Property Address: 823 Aspen Street
City: Tehachapi
Lender: Associated Real Estate

File No.: 823 Aspen
Case No.: 823 Aspen
State: Ca
Zip: 93561



Missing range



Bedroom
and
Stained flooring



Bedroom
and
Stained flooring

Borrower: Josh Riley
Property Address: 823 Aspen Street
City: Tehachapi
Lender: Associated Real Estate

File No.: 823 Aspen
Case No.: 823 Aspen
State: Ca
Zip: 93561



Bathroom



Kitchen



Unfinished shower in Bathroom

Borrower: Josh Riley
Property Address: 823 Aspen Street
City: Tehachapi
Lender: Associated Real Estate

File No.: 823 Aspen
Case No.: 823 Aspen
State: Ca
Zip: 93561



Missing range



Stained carpet



Broken Window

Borrower: Josh Riley
Property Address: 823 Aspen Street
City: Tehachapi
Lender: Associated Real Estate

File No.: 823 Aspen
Case No.: 823 Aspen
State: Ca
Zip: 93561



Side of dwelling



Side of dwelling



Living room

Borrower: Josh Riley	File No.: 823 Aspen
Property Address: 823 Aspen Street	Case No.: 823 Aspen
City: Tehachapi	State: Ca
Lender: Associated Real Estate	Zip: 93561



Address Verification



Address Verification



Dry rot on eaves

Operating Income Statement

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

823 Aspen
823 Aspen

Property Address 823 Aspen Street	Tehachapi City	Ca State	93561 Zip Code
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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 By Owner	Paid By Tenant
Unit No. 1 Yes <input checked="" type="checkbox"/> No <input type="checkbox"/>		mo to mo	\$ 650	\$ 650	Electricity	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Unit No. 2 Yes <input checked="" type="checkbox"/> No <input type="checkbox"/>		mo to mo	\$ 650	\$ 650	Gas	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Unit No. 3 Yes <input type="checkbox"/> No <input type="checkbox"/>			\$	\$	Fuel Oil	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Unit No. 4 Yes <input type="checkbox"/> No <input type="checkbox"/>			\$	\$	Fuel (Other)	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Total			\$ 1,300	\$ 1,300	Water/Sewer	<input type="checkbox"/>	<input checked="" type="checkbox"/>
					Trash Removal	<input checked="" 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
<i>Income (Do not include income for owner-occupied units)</i>		
Gross Annual Rental (from unit(s) to be rented)	\$ 15,600	\$
Other Income (include sources)	+	+
Total	\$ 15,600	\$
Less Vacancy/Rent Loss	- 168.00 (1%)	- (%)
Effective Gross Income	\$ 15,432	\$
<i>Expenses (Do not include expenses for owner-occupied units)</i>		
Electricity	_____	_____
Gas	_____	_____
Fuel Oil	_____	_____
Fuel (Type-_____)	_____	_____
Water/Sewer	_____	_____
Trash Removal	_____	_____
Pest Control	75	_____
Other Taxes or Licenses	_____	_____
Casual Labor	50	_____
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	100	_____
This includes the costs of contract labor and materials that are required to maintain the interiors of the living units.		
General Repairs/Maintenance	50	_____
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	200	_____
These are the customary expenses that a professional management company would charge to manage the property.		
Supplies	25	_____
This includes the costs of items like light bulbs, janitorial supplies, etc.		
Total Replacement Reserves - See Schedule on Pg. 2	782	_____
Miscellaneous	_____	_____
_____	_____	_____
_____	_____	_____
_____	_____	_____
_____	_____	_____
_____	_____	_____
_____	_____	_____
_____	_____	_____
Total Operating Expenses	\$ 1,282	\$

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	@ \$ 550.00 ea. ÷	15 Yrs. x	2	Units = \$ 73.33	\$
Refrigerators	@ \$	Yrs. x		Units = \$	\$
Dishwashers	@ \$	Yrs. x		Units = \$	\$
A/C Units	@ \$ 5,000.00 ea. ÷	20 Yrs. x	2	Units = \$ 500.00	\$
C. Washer/Dryers	@ \$	Yrs. x		Units = \$	\$
HW Heaters	@ \$	Yrs. x		Units = \$	\$
Furnace(s)	@ \$	Yrs. x		Units = \$	\$
(Other)	@ \$	Yrs. x		Units = \$	\$
Roof	@ \$ 5,000.00 ÷	24 Yrs. x One Bldg. =		\$ 208.33	\$
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)				\$ 781.66	\$

Operating Income Reconciliation

\$ 15,432.00	- \$ 1,282.00	= \$ 14,150.00	÷ 12 =	\$ 1,179.17
Effective gross Income	Total Operating Expenses	Operating Income		Monthly Operating Income
\$ 1,179.17	- \$ 1,000.00	= \$ 179.17		
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)

Adjustments are based upon marshal and swift residebtial cost handbook replacement cost estimates as well as the typical costs of such repairs and or fixtures

Don Risner
Appraiser Name


Appraiser Signature

09/04/2009
Date

Underwriter's Comments and Rationale for Adjustments

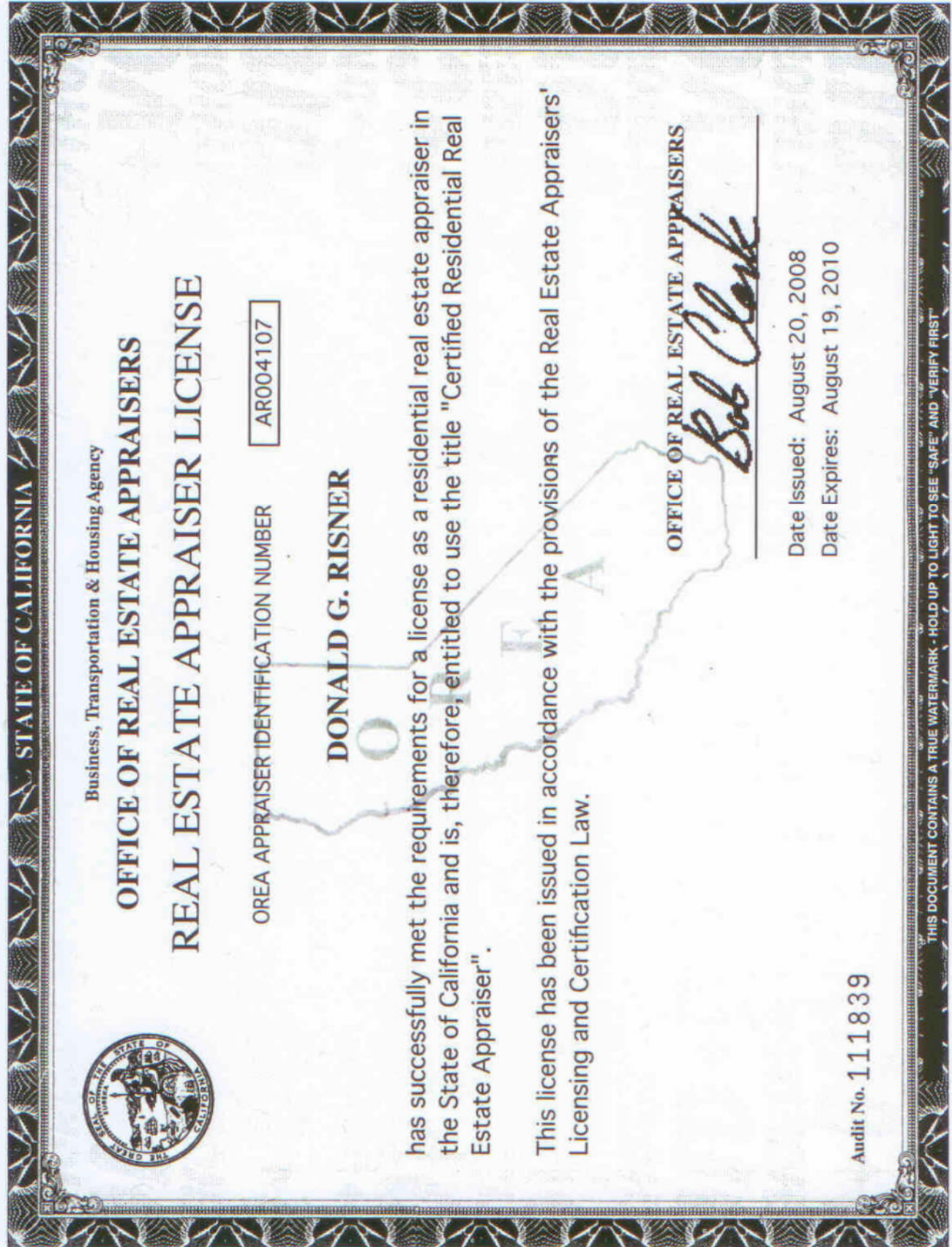
Underwriter Name

Underwriter Signature

Date

Borrower: Josh Riley
Property Address: 823 Aspen Street
City: Tehachapi
Lender: Associated Real Estate

File No.: 823 Aspen
Case No.: 823 Aspen
State: Ca
Zip: 93561



LOCATION MAP

Borrower: Josh Riley

File No.: 823 Aspen

Property Address: 823 Aspen Street

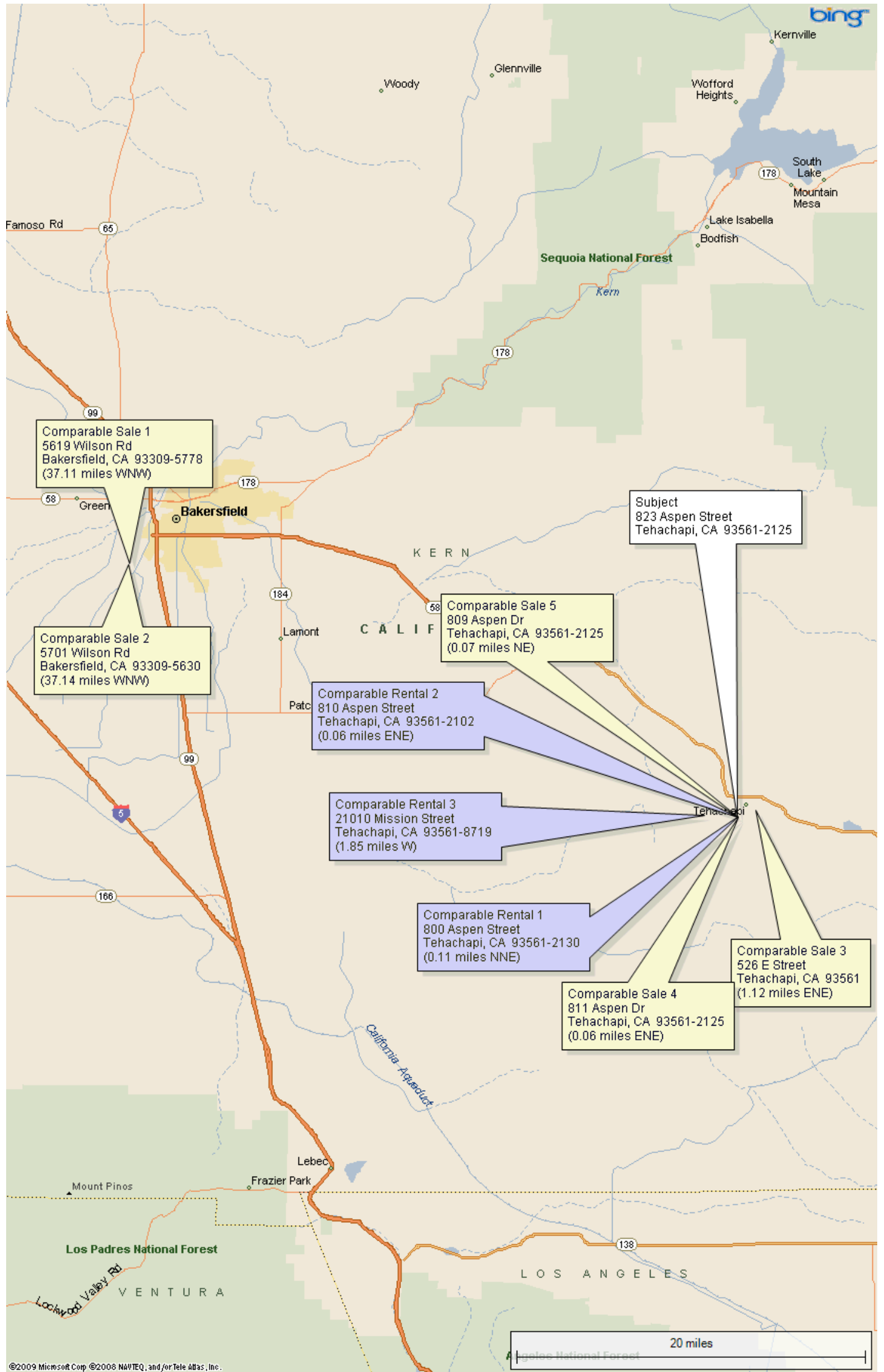
Case No.: 823 Aspen

City: Tehachapi

State: Ca

Zip: 93561

Lender: Associated Real Estate



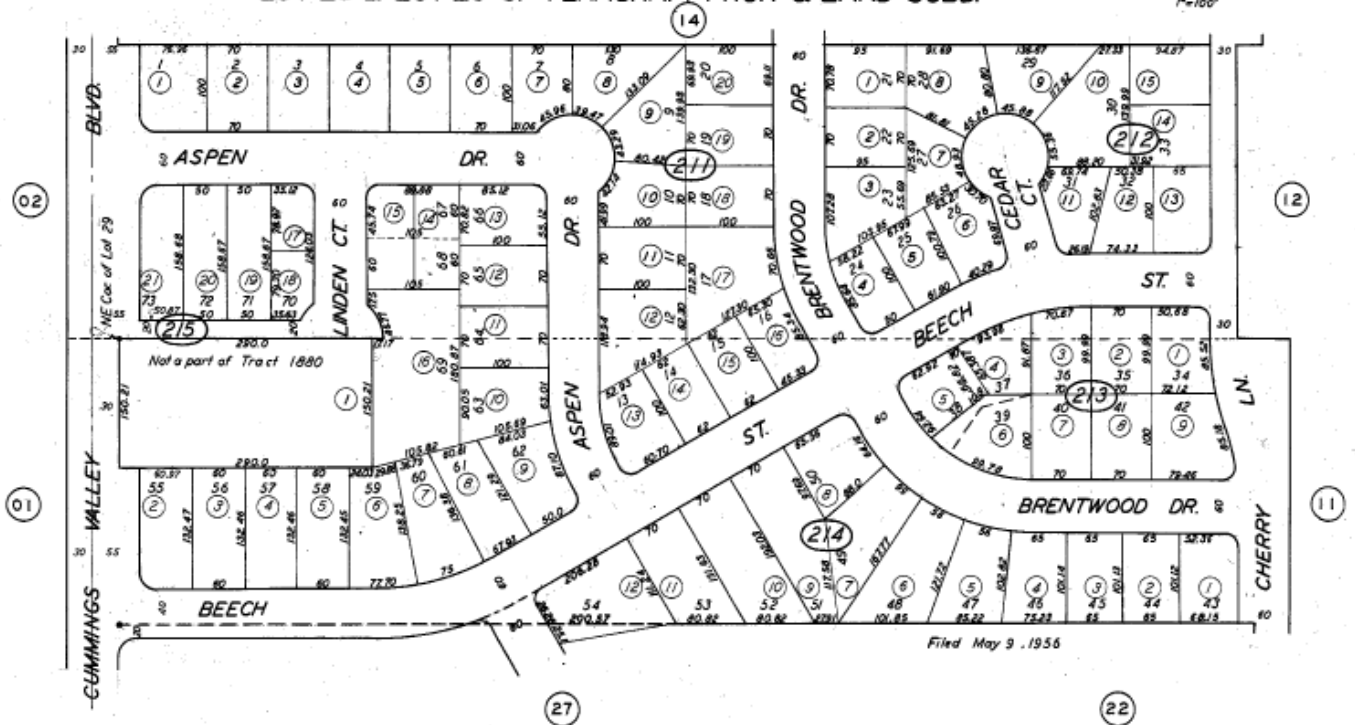
PLAT MAP

Borrower: Josh Riley
Property Address: 823 Aspen Street
City: Tehachapi
Lender: Associated Real Estate

File No.: 823 Aspen
Case No.: 823 Aspen
State: Ca
Zip: 93561

Parcel: 416-215-00
Situs: 823 ASPEN DR, TEHACHAPI CA 93561-2125

416-21 TRACT 1880 LOT 28 & LOT 29 OF TEHACHAPI FRUIT & LAND SUBD. SCHOOL DIST. 5-2 416-21

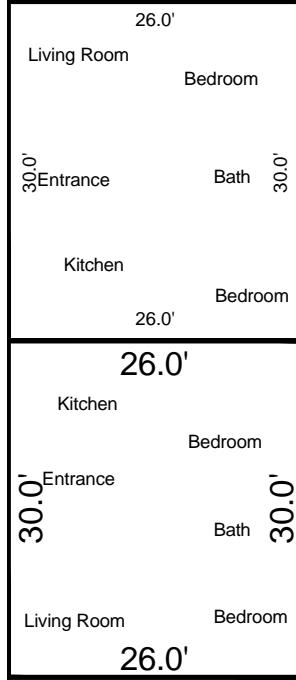


Note: This map is for assessment purposes only. It is not to be construed as portraying legal ownership or divisions of land for purposes of zoning or subdivision law.

ASSESSORS MAP NO. 416-21

FLOORPLAN

Borrower: Josh Riley	File No.: 823 Aspen
Property Address: 823 Aspen Street	Case No.: 823 Aspen
City: Tehachapi	State: Ca Zip: 93561
Lender: Associated Real Estate	



SeachbyApex™

Comments:

AREA CALCULATIONS SUMMARY			
Code	Description	Net Size	Net Totals
GLA1	Unit A	780.0	
	Unit B	780.0	1560.0
Net LIVABLE Area		(Rounded)	1560

LIVING AREA BREAKDOWN			
	Breakdown		Subtotals
Unit A	26.0	x 30.0	780.0
Unit B	26.0	x 30.0	780.0
2 Items	(Rounded)		1560