

APPRAISAL REPORT
OF



36420 Blacksmith Drive
Palmdale, CA. 93550-1002

PREPARED FOR

AS OF

December 10, 2009

PREPARED BY

Professional Appraisal Enterprises
1132 Pan Court
Newbury Park, CA 91320

Uniform Residential Appraisal Report

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 36420 Blacksmith Drive City Palmdale State CA. Zip Code 93550-1002
 Borrower Diesel Enterprises Owner of Public Record Diesel Enterprises County Los Angeles
 Legal Description Lot 90 Tract 44762
 Assessor's Parcel # 3052-052-058 Tax Year 2009 R.E. Taxes \$ 1,687.50
 Neighborhood Name Palmdale Map Reference 4286-F5 Census Tract 9107.10
 Occupant Owner Tenant Vacant Special Assessments \$ None PUD HOA \$ None per year per month
 Property Rights Appraised Fee Simple Leasehold Other (describe)
 Assignment Type Purchase Transaction Refinance Transaction 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? Yes No
 Report data source(s) used, offerings price(s), and date(s). MLS/FARES. Property listed for sale at \$165,000 on October 23, 2009 (MLS 09-407619).
 MLS shows subject is currently a pending sale. Based on public information buyer is the current owner of the property.

CONTRACT

I did 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. Appraiser reviewed the "Notice of Default Purchase Agreement" dated August 15, 2009 and Addendums 1 through 3. Terms and conditions are typical of the area.
 Contract Price \$ 135,000 Date of Contract 08-15-09 Is the property seller the owner of public record? Yes No Data Source(s) Seller
 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? Yes No
 If Yes, report the total dollar amount and describe the items to be paid. No financing concessions disclosed to appraiser.

NEIGHBORHOOD

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

Neighborhood Characteristics			One-Unit Housing Trends				One-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 checked="" type="checkbox"/> Stable	<input type="checkbox"/> Declining	PRICE	AGE	One-Unit 85 %
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 checked="" type="checkbox"/> In Balance	<input type="checkbox"/> OverSupply	\$ (000)	(yrs)	2-4 Unit %
Growth	<input type="checkbox"/> Rapid	<input checked="" type="checkbox"/> Stable	<input type="checkbox"/> Slow	Marketing Time	<input type="checkbox"/> Under 3 mths	<input checked="" type="checkbox"/> 3-6 mths	<input type="checkbox"/> Over 6 mths	125 Low 7		Multi-Family %
Neighborhood Boundaries Neighborhood boundaries include Avenue S to the north, 40th Street East to the east, Pearblossom Highway to the south, and Sierra Highway to the west.								189 High 35		Commercial 5 %
Neighborhood Description Immediate neighborhood consists of single family residences similar in age and style. Houses range in size from 1,300 to 2,300 square feet. Goods and services are available within three miles along Avenue S. Schools and recreational facilities are closeby. Employment and entertainment centers of Palmdale are within six miles.								135 Pred. 22		Other Vacant 10 %
Market Conditions (including support for the above conclusions) The Los Angeles Times and California Association of Realtors have reported that sales prices stabilized in April and May, 2009 and rose modestly during the period June through October, 2009. Demand and supply currently appear in balance as appraiser noted no oversupply of properties for sale. Marketing time is one to four months. Financing includes										

SITE

Dimensions See Site Map for Area Calculation Area 7,192 Sq.Ft. Shape Rectangular View Area
 Specific Zoning Classification R1 Zoning Description Single Family Residential
 Zoning Compliance Legal Legal Nonconforming (Grandfathered Use) No Zoning Illegal (describe)
 Is the highest and best use of subject property as improved (or as proposed per plans and specifications) the present use? Yes No If No, describe.

Utilities	Public	Other (describe)	Public	Other (describe)	Off-site Improvements--Type	Public	Private
Electricity	<input checked="" type="checkbox"/>		Water	<input checked="" type="checkbox"/>	Street Asphalt	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Gas	<input checked="" type="checkbox"/>		Sanitary Sewer	<input checked="" type="checkbox"/>	Alley None	<input type="checkbox"/>	<input type="checkbox"/>

 FEMA Special Flood Hazard Area Yes No FEMA Flood Zone X FEMA Map # 060150-1930F FEMA Map Date 09-26-08
 Are the utilities and/or 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.

IMPROVEMENTS

General Description	Foundation	Exterior Description	materials/condition	Interior	materials/condition
Units <input checked="" type="checkbox"/> One <input type="checkbox"/> One with Accessory Unit	<input checked="" type="checkbox"/> Concrete Slab <input type="checkbox"/> Crawl Space	Foundation Walls	Concrete/Average	Floors	Tile/Carpet/Average
# of Stories One	<input type="checkbox"/> Full Basement <input type="checkbox"/> Partial Basement	Exterior Walls	Stucco/Average	Walls	Drywall/Average
Type <input checked="" type="checkbox"/> Det. <input type="checkbox"/> Att. <input type="checkbox"/> S-Det./End Unit	Basement Area 0.00 sq. ft.	Roof Surface	Tile/Average	Trim/Finish	Wood/Paint/Average
<input checked="" type="checkbox"/> Existing <input type="checkbox"/> Proposed <input type="checkbox"/> Under Const.	Basement Finish %	Gutters & Downspouts	Metal/Average	Bath Floor	Tile/Average
Design (Style) Conventional	<input type="checkbox"/> Outside Entry/Exit <input type="checkbox"/> Sump Pump	Window Type	Sliders/Average	Bath Wainscot	Ceramic/Average
Year Built 1997	Evidence of <input type="checkbox"/> Infestation	Storm Sash/Insulated	Insulation/Average	Car Storage	<input type="checkbox"/> None
Effective Age (Yrs) 12	<input type="checkbox"/> Dampness <input type="checkbox"/> Settlement	Screens	Part Screens/Average	<input checked="" type="checkbox"/> Driveway	# of Cars 3
Attic <input type="checkbox"/> None	Heating <input checked="" type="checkbox"/> FWA <input type="checkbox"/> HWBB <input type="checkbox"/> Radiant	Amenities	<input type="checkbox"/> Woodstove(s) #	Driveway Surface	Concrete
<input type="checkbox"/> Drop Stair <input type="checkbox"/> Stairs	<input type="checkbox"/> Other Fuel Gas	<input checked="" type="checkbox"/> Fireplace(s) # 1	<input checked="" type="checkbox"/> Fence Wood	<input checked="" type="checkbox"/> Garage	# of Cars 3
<input type="checkbox"/> Floor <input checked="" type="checkbox"/> Scuttle	Cooling <input checked="" type="checkbox"/> Central Air Conditioning	<input checked="" type="checkbox"/> Patio/Deck	Patio	<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"/> Pool	<input type="checkbox"/> Other	<input checked="" type="checkbox"/> Att. <input type="checkbox"/> Det. <input type="checkbox"/> Built-in	

Appliances Refrigerator Range/Oven Dishwasher Disposal Microwave Washer/Dryer Other (describe)
 Finished area above grade contains: 6 Rooms 3 Bedrooms 2 Bath(s) 1,615 Square Feet of Gross Living Area Above Grade
 Additional features (special energy efficient items, etc.) Fenced yard with rear patio. Area views from rear of house. No special energy efficient items.
 Describe the condition of the property (including needed repairs, deterioration, renovations, remodeling, etc.). No functional or external obsolescence. Subject is a one story house in average condition. Interior features living room with vaulted ceiling and double sided fireplace; tile flooring; plus central air and heat. Some deferred maintenance as carpet needs to be cleaned or replaced. Cost to cure estimated at \$3,000.
 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

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There are 14 comparable properties currently offered for sale in the subject neighborhood ranging in price from \$ 55,000 to \$ 99,990		There are 18 comparable sales in the subject neighborhood within the past twelve months ranging in sale price from \$ 55,000 to \$ 95,000					
FEATURE	SUBJECT	COMPARABLE SALE # 1	COMPARABLE SALE # 2	COMPARABLE SALE # 3			
Address	36420 Blacksmith Drive Palmdale	3347 Conestoga Canyon Road Palmdale	36828 35th Street Palmdale	36535 Jenna Lane Palmdale			
Proximity to Subject		0.41 miles NE	0.65 miles NE	0.38 miles E			
Sale Price	\$ 135,000	\$ 135,000	\$ 150,000	\$ 160,000			
Sale Price/Gross Liv. Area	\$ 83.59 sq. ft.	\$ 74.01 sq. ft.	\$ 77.32 sq. ft.	\$ 85.29 sq. ft.			
Data Source(s)	Inspected	FARES/MLS/Doc.# 1168462	FARES/MLS/Doc.# 1579253	FARES/MLS/Doc.# 1024855			
Verification Source(s)	FARES/MLS	APN# 3052-067-007	APN# 3052-057-087	APN# 3052-067-043			
VALUE ADJUSTMENTS	DESCRIPTION	DESCRIPTION	+(-) \$ Adjustment	DESCRIPTION	+(-) \$ Adjustment	DESCRIPTION	+(-) \$ Adjustment
Sale or Financing	N/A	Conv.		FHA		Conv.	
Concessions	N/A	\$101,175 1st		\$147,283 1st		\$154,650 1st	
Date of Sale/Time	N/A	07-30-09 COE		10-19-09 COE		07-08-09 COE	
Location	Suburban	Similar		Similar		Similar	
Leasehold/Fee Simple	Fee Simple	Fee Simple		Fee Simple		Fee Simple	
Site	7,192 Sq.Ft.	8,751 Sq.Ft.	-1,559	6,050 Sq.Ft.	+1,142	8,725 Sq.Ft.	-1,533
View	Area	Area		Area		Area	
Design (Style)	Conventional	Similar		Similar		Similar	
Quality of Construction	Average	Average		Average		Average	
Actual Age	12 years	16 years		17 years		16 years	
Condition	Average	Inferior	+10,000	Similar		Similar	
Above Grade	Total Bdrms Baths	Total Bdrms Baths		Total Bdrms Baths	-4,000	Total Bdrms Baths	
Room Count	6 3 2	6 3 2.5	-2,000	7 4 2.5	-2,000	6 3 3	-4,000
Gross Living Area	1,615 sq. ft.	1,824 sq. ft.	-7,315	1,940 sq. ft.	-10,375	1,876 sq. ft.	-9,135
Basement & Finished Rooms Below Grade	None None	None None		None None		None None	
Functional Utility	Average	Average		Average		Average	
Heating/Cooling	FAU/CA	FAU/CA		FAU/CA		FAU/CA	
Energy Efficient Items	None Noted	None Noted		None Noted		None Noted	
Garage/Carport	Three Garage	Three Garage		Three Garage		Two Garage	+3,000
Porch/Patio/Deck	Patio	Similar		Similar		Similar	
Fireplace	One	One		One		One	
MLS#	09-407619	F1792173		S573602		F1786493	
Days on Market	48	184		58		82	
Net Adjustment (Total)		<input type="checkbox"/> + <input checked="" type="checkbox"/> -	\$ -874	<input type="checkbox"/> + <input checked="" type="checkbox"/> -	\$ -15,233	<input type="checkbox"/> + <input checked="" type="checkbox"/> -	\$ -11,668
Adjusted Sale Price of Comparables		Net Adj: -1% Gross Adj: 15%	\$ 134,126	Net Adj: -10% Gross Adj: 12%	\$ 134,767	Net Adj: -7% Gross Adj: 11%	\$ 148,332

SALES COMPARISON ANALYSIS

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) FARES/MLS

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) FARES/MLS

Report the results of the research and analysis of the prior sale or transfer history of the subject property and comparable sales (report additional prior sales on page 3).

ITEM	SUBJECT	COMPARABLE SALE # 1	COMPARABLE SALE # 2	COMPARABLE SALE # 3
Date of Prior Sale/Transfer	11-17-09	12-22-03	10-04-01	03-27-06
Price of Prior Sale/Transfer	Grant Deed	\$242,000	\$150,000	\$413,000
Data Source(s)	FARES/MLS	FARES/MLS	FARES/MLS	FARES/MLS
Effective Date of Data Source(s)	12-09	12-09	12-09	12-09

Analysis of prior sale or transfer history of the subject property and comparable sales Subject is currently in escrow for \$135,000. Owner of record is Diesel Enterprises. Property listed for sale at \$165,000 on October 23, 2009. Most recent transfer was November 17, 2009. No other sale or transfer in the past three years.

Summary of Sales Comparison Approach Comps. are the most recent, and similar sized, sales available in the subject's immediate market area. Comp. one listed for \$174,900 on December 3, 2008. Listing expired on June 5, 2009. This was a lender owned property. Overall condition inferior to subject. Comp. two listed for \$150,000 and sold for full price. Transaction subject to lender approval of a "short" sale. A \$3,000 adjustment made for inferior garage parking. Overall condition similar to subject. Comp. three listed for \$219,900 on October 10, 2008. Listing expired on December 31, 2008. This was a lender owned property. Per MLS, house needed "a little TLC, but in fairly good shape." This is a smaller one story house. Living area differences adjusted at \$35 per square foot. Bedroom and bath adjustments made at \$4,000 each. Site differences valued at \$1 per square foot. Same model property at 36341 Blacksmith Drive is currently pending. List price was \$139,000.
Indicated Value by Sales Comparison Approach \$ 140,000

Indicated Value by: Sales Comparison Approach \$ 140,000 Cost Approach (if developed) \$ 160,138 Income Approach (if developed) \$ N/A
The Direct Sales Comparison is the most reliable indicator of value and is supported by the Cost Approach. The Income Approach not used as most houses are owner occupied. All comps. considered equally.

RECONCILIATION

This appraisal is made "as is," subject to completion per plans and specifications on the basis of a hypothetical condition that the improvements have been completed, subject to the following repairs or alterations on the basis of a hypothetical condition that the repairs or alterations have been completed, or subject to the following required inspection based on the extraordinary assumption that the condition or deficiency does not require alteration or repair: "Subject ' cleaning or replacing of carpet. This Summary Appraisal Report is intended for use by the Lender/Client and/or assigns for a mortgage finance
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 \$ 140,000 , as of December 10, 2009 , which is the date of inspection and the effective date of this appraisal.

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ADDITIONAL COMMENTS

MARKET CONDITIONS: (Continued)

FNMA/FHLMC and FHA conforming loans with fixed rates between 4.5 and 5 percent.

CONDITIONS OF APPRAISAL: (Continued)

transaction. This report is not intended for any other use. No personal property included in valuation.

COST APPROACH

COST APPROACH TO VALUE (not required by Fannie Mae.)

Provide adequate information for the lender/client to replicate your cost figures and calculations.
 Support for the opinion of site value (summary of comparable land sales or other methods for estimating site value) Land value by abstraction.

ESTIMATED <input checked="" type="checkbox"/> REPRODUCTION OR <input type="checkbox"/> REPLACEMENT COST NEW	OPINION OF SITE VALUE		= \$	10,000
Source of cost data Marshall & Swift	Dwelling	1,615 Sq. Ft. @ \$ 90.00	= \$	145,350
Quality rating from cost service Average Effective date of cost data 12-09		Sq. Ft. @ \$	= \$	
Comments on Cost Approach (gross living area calculations, depreciation, etc.)				
No functional or external obsolescence. Physical depreciation calculated at 15 percent. Remaining economic life estimated at 60 years. Measured square footage is approximately equal to that shown on public records (1,687 square feet). Land value by abstraction.	Garage/Carport	561.50 Sq. Ft. @ \$ 18.00	= \$	10,107
	Total Estimate of Cost-new		= \$	155,457
	Less Physical	15 Functional External		
	Depreciation	23,319 0 0	= \$ (23,319)
	Depreciated Cost of Improvements		= \$	132,138
	"As-is" Value of Site Improvements		= \$	18,000
Estimated Remaining Economic Life (HUD and VA only) 60 Years	Indicated Value By Cost Approach		= \$	160,138

INCOME

INCOME APPROACH TO VALUE (not required by Fannie Mae.)

Estimated Monthly Market Rent \$ N/A X Gross Multiplier N/A = \$ N/A Indicated Value by Income Approach

Summary of Income Approach (including support for market rent and GRM) The Income Approach not used as most houses are owner occupied.

PUD INFORMATION

PROJECT INFORMATION FOR PUDs (if applicable)

Is the developer/builder in control of the Homeowner's 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 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.

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 Homeowner's Association? Yes No If Yes, describe the rental terms and options.

Describe common elements and recreational facilities. Subject is not part of a PUD.

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This report form is designed to report an appraisal of a one-unit property or a one-unit property with an accessory unit; including a unit in a planned unit development (PUD). This report form is not designed to report an appraisal of a manufactured home or a unit in a condominium or cooperative project.

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. 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.

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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. 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 approach to value. I have adequate comparable market data to develop a reliable sales comparison approach for this appraisal assignment. I further certify that I considered the cost and income approaches to value but did not develop them, 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.

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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 [Handwritten Signature]
Name Michael S. Pae
Company Name Professional Appraisal Enterprises
Company Address 1132 Pan Court
Newbury Park, CA 91320
Telephone Number (818)730-6818
Email Address paeappraisal@hotmail.com
Date of Signature and Report December 14, 2009
Effective Date of Appraisal December 10, 2009
State Certification # AR014256
or State License #
or Other (describe) State #
State CA.
Expiration Date of Certification or License 11-11-10

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

ADDRESS OF PROPERTY APPRAISED

36420 Blacksmith Drive
Palmdale, CA. 93550-1002

APPRAISED VALUE OF SUBJECT PROPERTY \$ 140,000

LENDER/CLIENT

Name
Company Name
Company Address
Email Address

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

Professional Appraisal Enterprises
EXTRA COMPARABLES 4-5-6

File No. 4286F509.1013

Borrower Diesel Enterprises

Property Address 36420 Blacksmith Drive

City Palmdale County Los Angeles State CA. Zip Code 93550-1002

Lender/Client Address

SALES COMPARISON ANALYSIS

FEATURE	SUBJECT	COMPARABLE SALE # 4			COMPARABLE SALE # 5			COMPARABLE SALE # 6		
Address	36420 Blacksmith Drive Palmdale	3254 Quarry Road Palmdale								
Proximity to Subject		0.40 miles NE								
Sale Price	\$ 135,000	\$ 147,000			\$			\$		
Sale Price/Gross Liv. Area	\$ 83.59 sq. ft.	\$ 106.06 sq. ft.			\$ sq. ft.		\$ sq. ft.			
Data Source(s)	Inspected	FARES/MLS/Doc.# 1358637								
Verification Source(s)	FARES/MLS	APN# 3052-065-073								
VALUE ADJUSTMENTS	DESCRIPTION	DESCRIPTION	+(-) \$ Adjustment	DESCRIPTION	+(-) \$ Adjustment	DESCRIPTION	+(-) \$ Adjustment	DESCRIPTION	+(-) \$ Adjustment	
Sale or Financing	N/A	Conv.								
Concessions	N/A	\$97,000 1st								
Date of Sale/Time	N/A	09-04-09 COE								
Location	Suburban	Similar								
Leasehold/Fee Simple	Fee Simple	Fee Simple								
Site	7,192 Sq.Ft.	9,640 Sq.Ft.			-2,448					
View	Area	Area								
Design (Style)	Conventional	Similar								
Quality of Construction	Average	Average								
Actual Age	12 years	18 years								
Condition	Average	Superior			-10,000					
Above Grade	Total Bdrms. Baths	Total Bdrms. Baths		Total Bdrms. Baths		Total Bdrms. Baths		Total Bdrms. Baths		
Room Count	6 3 2	5 3 2								
Gross Living Area	1,615 sq. ft.	1,386 sq. ft.			+8,015			sq. ft.		
Basement & Finished Rooms Below Grade	None None	None None								
Functional Utility	Average	Average								
Heating/Cooling	FAU/CA	FAU/CA								
Energy Efficient Items	None Noted	None Noted								
Garage/Carport	Three Garage	Three Garage								
Porch/Patio/Deck	Patio	Similar								
Fireplace	One	One								
MLS#	09-407619	Not Available								
Days on Market	48	Not Available								
Net Adjustment (Total)		<input type="checkbox"/> + <input checked="" type="checkbox"/> -	\$ -4,433	<input type="checkbox"/> + <input type="checkbox"/> -	\$ 0	<input type="checkbox"/> + <input type="checkbox"/> -	\$ 0	<input type="checkbox"/> + <input type="checkbox"/> -	\$ 0	
Adjusted Sale Price of Comparables		Net Adj: -3%			Net Adj: 0%			Net Adj: 0%		
		Gross Adj: 14%			Gross Adj: 0%			Gross Adj: 0%		

Report the results of the research and analysis of the prior sale or transfer history of the subject property and comparable sales

ITEM	SUBJECT	COMPARABLE SALE # 4	COMPARABLE SALE # 5	COMPARABLE SALE # 6
Date of Prior Sale/Transfer	11-17-09	04-02-99		
Price of Prior Sale/Transfer	Grant Deed	\$105,000		
Data Source(s)	FARES/MLS	FARES/MLS		
Effective Date of Data Source(s)	12-09	12-09		

Analysis of prior sale or transfer history of the subject property and comparable sales See below.

Summary of Sales Comparison Approach No MLS information available for comp. four. It had previously listed for \$299,000 on February 26, 2008. Listing expired on August 6, 2008. Per MLS, house was "in excellent condition with many upgrades."

CERTIFICATIONBorrower Diesel EnterprisesProperty Address 36420 Blacksmith DriveCity PalmdaleCounty Los AngelesState CA.Zip Code 93550-1002

Lender/Client _____

Address _____

F.I.R.R.E.A. ADDENDUM

I. PURPOSE OF THE APPRAISAL The purpose of this report is to estimate the market value of the subject property, as defined herein. The estimate of market value is to be used solely by the client as a basis for lending decisions or portfolio management.

II. SCOPE OF THE APPRAISAL The following steps were followed in arriving at the final estimate of value included in the appraisal report of the subject property:

1. An investigation was made to determine market trends, influences and other significant factors pertinent to the subject property.
2. A physical inspection of the property was performed. Although due diligence was exercised while at the subject property, the appraiser is NOT an expert in such matters as pest control, structural engineering, hazardous waste, or construction etc. and no warranty is given or implied as to these or other elements outside of analysis of market data. Inspections by various professionals within these fields may be recommended with the final estimate of market value subject to their findings.
3. A more detailed review of the collected data was then performed with the most relevant factors extracted and considered. Sales were examined and confirmed closed from material provided by one or more service(s) that obtain information from public records. Market factors were weighted and their influence on the subject property was determined. A highest and best use analysis was done on the subject property.
4. The appraisal report was then completed in accordance with standards dictated by THE APPRAISAL FOUNDATION in the UNIFORM STANDARDS OF PROFESSIONAL APPRAISAL PRACTICES (USPAP). The report included sufficient data and information needed to lead a reader to a similar conclusion of market value.
5. The appraisal report was then delivered to the client, which constituted the completion of the assignment.

III. THIS REPORT COMPLIES WITH THE UNIFORM STANDARDS OF PROFESSIONAL APPRAISAL PRACTICES (USPAP) as adopted by the Appraisal Standards Board of The Appraisal Foundation as of August 9, 1990.

IV. COMPETENCY OF THE APPRAISER Unless otherwise noted in writing, the appraiser has done similar assignments and has the knowledge and experience to complete this assignment competently.

V. SALES HISTORY The marketing history of the subject was researched for at least one year. Unless otherwise noted in the appraisal report, the subject property has not been listed, sold or transferred in the past twelve months.

VI. RENTS AND VACANCIES Unless otherwise noted in the appraisal report, the subject property is currently owner occupied.

VII. TREND ANALYSIS Real estate prices have been changing due to current economic conditions and local trends. It is reasonable to assume that this same trend would apply to the subject. Still the average marketing time typically varies between 90-180 days for residences within the county provided the property is competitively priced and properly marketed.

VIII. DEDUCTIONS AND DISCOUNTS In keeping with the USPAP, any financing concessions that influence the selling price of a comparable sale were addressed and accounted for to result in a market value of the subject property that is free of discounts, deductions or other seller concessions.

IX. PROHIBITED INFLUENCES The appraisal assignment was not conditioned upon the appraisal producing a specific valuation or approval of a loan. Employment of the appraiser was not conditioned upon the appraisal production of a specific value. Neither employment nor compensation are based upon approval of any related loan application.

X. SELF CONTAINMENT This appraisal report is intended to be a self contained document containing all information necessary to enable a reader to understand the appraiser's opinion. Any third party studies referred to, such as pest control, structural, soils or hazardous materials have been verified by the appraiser as to their existence, to the extent the assumptions and conclusions are used. If not included with the report, they are maintained with our file and available upon request by the client.

XI. PERSONAL PROPERTY Any personal property involved in the transaction has been excluded from the valuation of the real property. Should a transaction which includes personal property of sufficient value to affect the market value of the real property be evident, a separated assessment of the personal property fixtures or intangible items will be included with the report as a separate valuation.

XII. THREE APPROACHES TO VALUE The appraiser has made a reasonable effort to apply the three recognized approaches to value. Most single family residences are purchased for owner occupancy and, as such, the INCOME APPROACH does not generally reflect the highest and best use of the property and is not generally a relevant indicator of market value. The use of the INCOME APPROACH to value will be used:

Borrower Diesel Enterprises
 Property Address 36420 Blacksmith Drive
 City Palmdale County Los Angeles State CA. Zip Code 93550-1002
 Lender/Client _____ Address _____

1. At the request of the client for non-owner occupied units.
2. When sufficient market evidence exists in a neighborhood to indicate that rental properties or investor purchases are typical, measurable and their analysis adds to the relevancy and reliability of the appraisal process.

I CERTIFY TO THE BEST OF MY KNOWLEDGE AND BELIEF:

The statements of fact contained in this report are true and correct.
 The reported analyses, opinions, and conclusions are limited only by the reported assumptions and limiting conditions, and are my personal unbiased professional analysis, opinions and conclusions.
 Unless otherwise noted in this report, I have no present or prospective interest in the property that is the subject of this report, and I have no personal interest or bias with respect to the parties involved.

My compensation is not contingent on an action or event resulting from the analyses, opinions or conclusions in, or the use of, the report.
 I have made a personal inspection of the real estate that is the subject of this report.
 No one provided significant professional assistance to the person signing this report.

Signature _____ Date December 14, 2009

Michael S. Pae

Borrower Diesel Enterprises

Property Address 36420 Blacksmith Drive

City Palmdale County Los Angeles State CA. Zip Code 93550-1002

Lender/Client Address



**FRONT OF
SUBJECT PROPERTY**
36420 Blacksmith Drive
Palmdale, CA. 93550-1002



**REAR OF
SUBJECT PROPERTY**



STREET SCENE

Borrower Diesel Enterprises

Property Address 36420 Blacksmith Drive

City Palmdale County Los Angeles State CA. Zip Code 93550-1002

Lender/Client Address



KITCHEN/LIVING ROOM



FAMILY ROOM



BATH

Borrower Diesel Enterprises

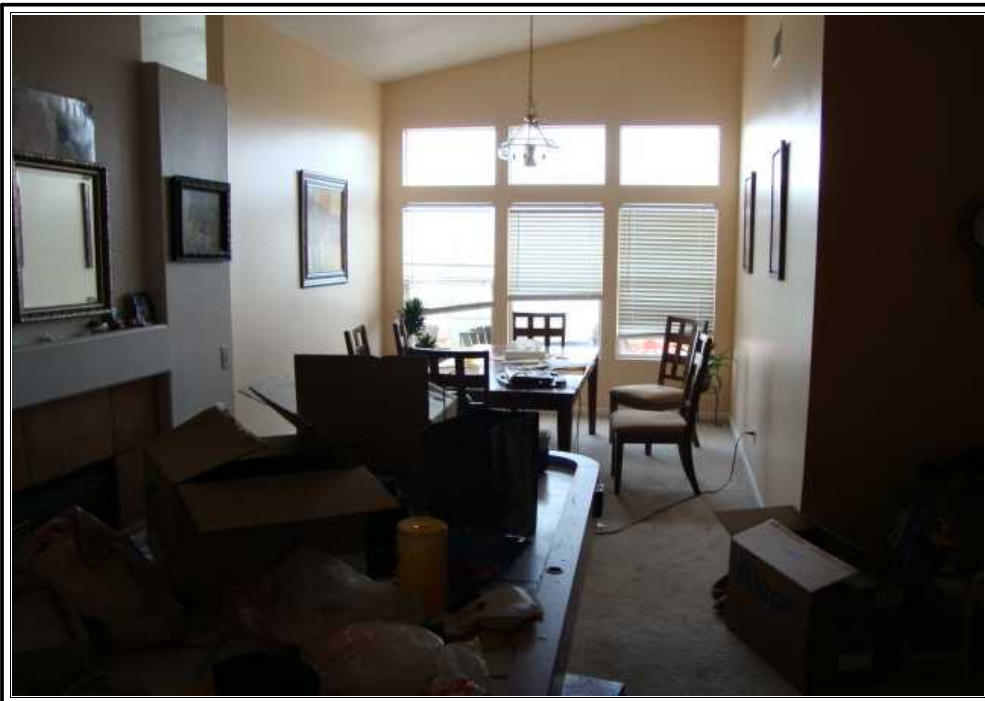
Property Address 36420 Blacksmith Drive

City Palmdale County Los Angeles State CA. Zip Code 93550-1002

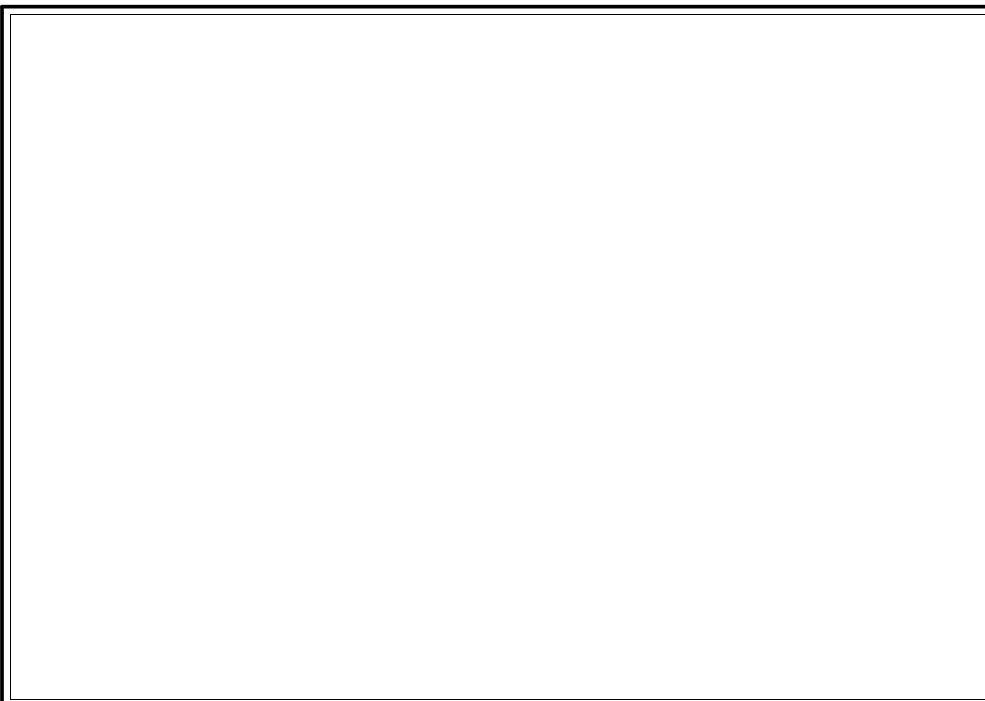
Lender/Client Address



MASTER BATH



DINING ROOM



Borrower Diesel Enterprises

Property Address 36420 Blacksmith Drive

City Palmdale County Los Angeles State CA. Zip Code 93550-1002

Lender/Client Address



COMPARABLE SALE # 1
3347 Conestoga Canyon Road
Palmdale



COMPARABLE SALE # 2
36828 35th Street
Palmdale



COMPARABLE SALE # 3
36535 Jenna Lane
Palmdale

Borrower Diesel Enterprises

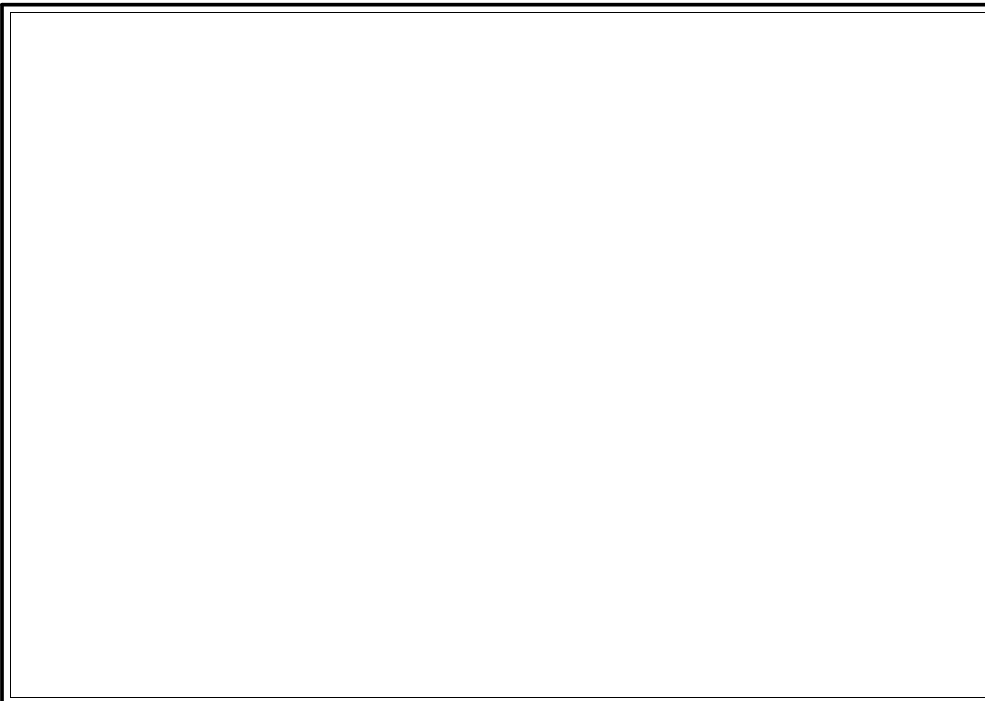
Property Address 36420 Blacksmith Drive

City Palmdale County Los Angeles State CA. Zip Code 93550-1002

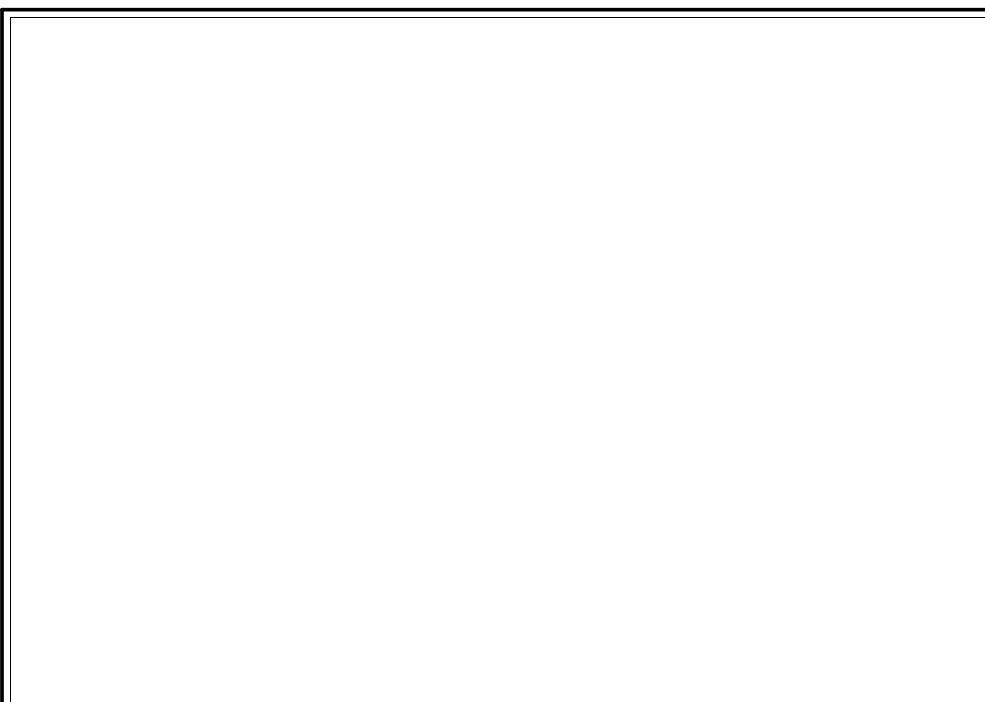
Lender/Client Address



COMPARABLE SALE # 4
3254 Quarry Road
Palmdale



COMPARABLE SALE # 5



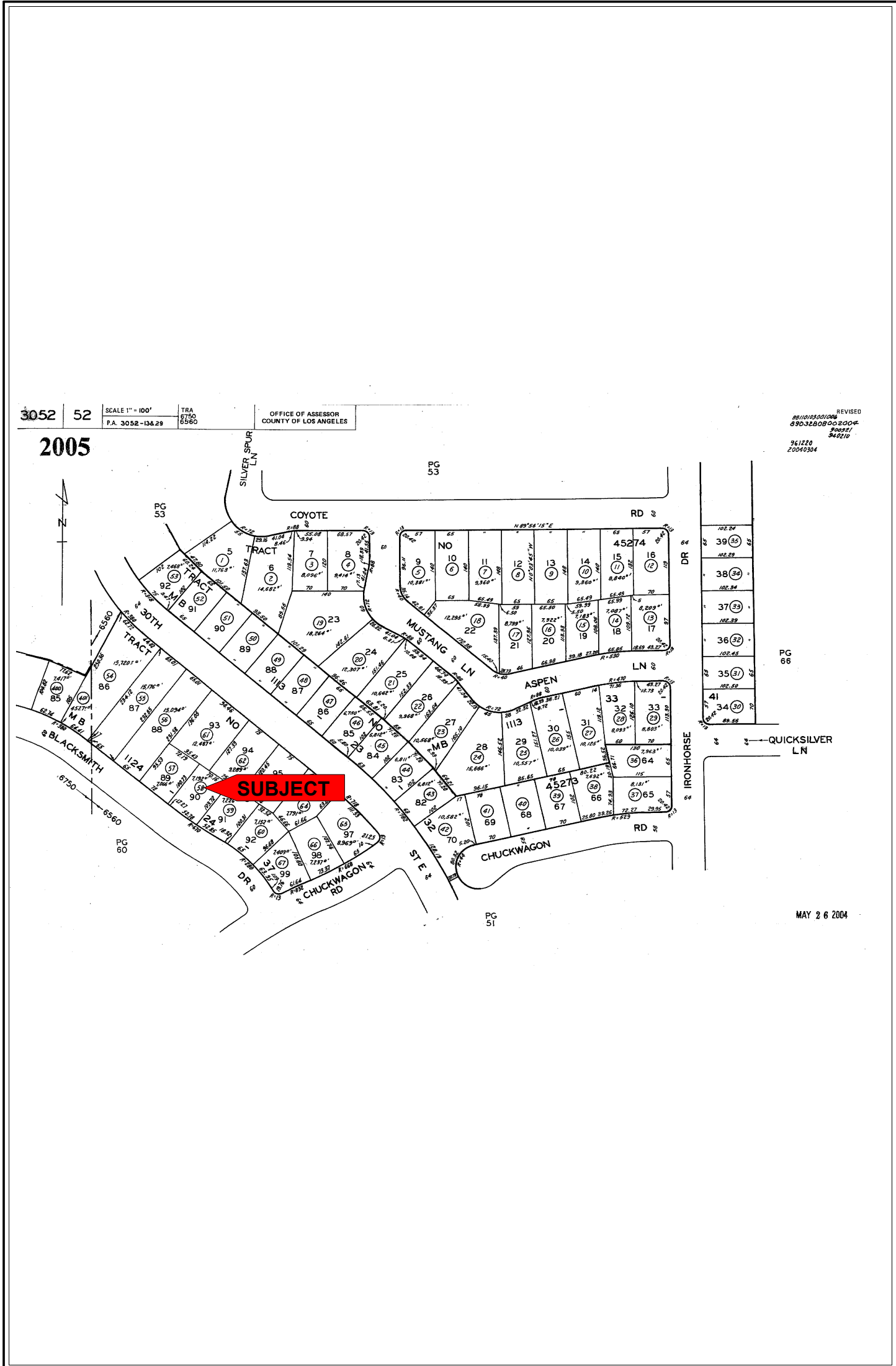
COMPARABLE SALE # 6

Borrower	Diesel Enterprises				
Property Address	36420 Blacksmith Drive				
City	Palmdale	County	Los Angeles	State	CA.
Lender/Client	Address				
					Zip Code 93550-1002

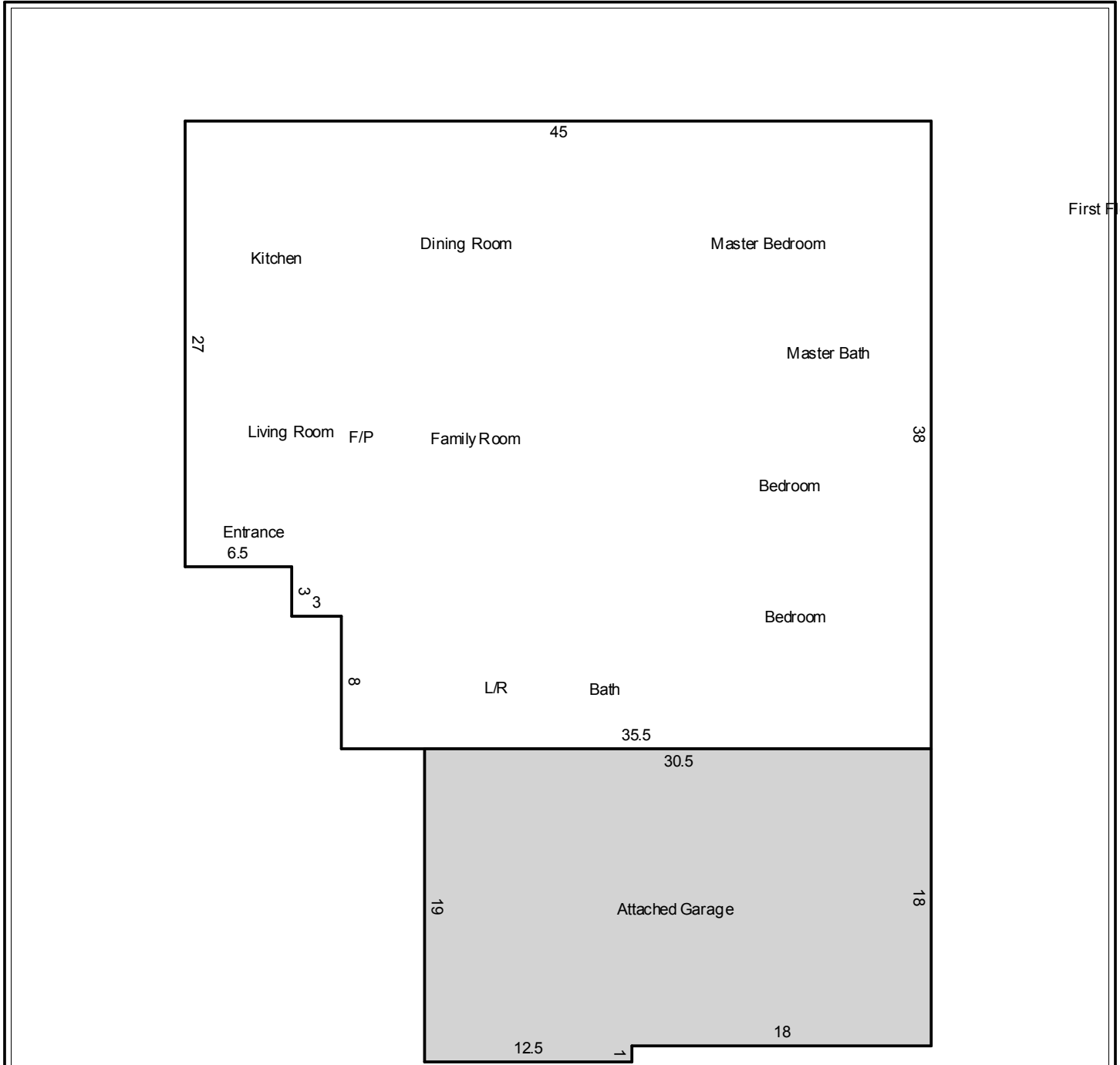


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Borrower Diesel Enterprises
 Property Address 36420 Blacksmith Drive
 City Palmdale County Los Angeles State CA. Zip Code 93550-1002
 Lender/Client Address



Borrower	Diesel Enterprises				
Property Address	36420 Blacksmith Drive				
City	Palmdale	County	Los Angeles	State	CA.
Zip Code	93550-1002				
Lender/Client	Address				



Calculation		
	Summary	Detail
	Living Area	Living Area
	First Floor	First Floor
	Total Living Area	1614.5
	Garage Area	Garage Area
	Attached Garage	Attached Garage
	Total Garage Area	561.5
	Grand Total	
	Living Area	1614.5
	Garage Area	561.5
	Porch Area	
Patio/Deck Area		
Misc. Area		
Basement Area		
Storage Area		
Lot Area		




DIGITAL SIGNATURE AUTHENTICATION

Borrower Diesel Enterprises					
Property Address 36420 Blacksmith Drive					
City Palmdale	County	Los Angeles	State	CA.	Zip Code 93550-1002
Lender/Client		Address			

This report contains an electronic digital signature(s) affixed by the appraiser(s). This advanced technology has been authorized by the Appraisal Standards Board of the Appraisal Foundation as compliant under specific reporting guidelines of the Uniform Standards of Professional Appraisal Practice (USPAP). The process not only acknowledges the authenticity of a printed paper copy of the report but also the file in its state of electronic storage.

The technology encompasses transmission integrity, signature security, and record keeping for each individual appraiser that affixes the signature. The appraiser has sole personal control of affixing a signature certifying its authenticity and accepting responsibility for content analysis, and conclusions in the report.

Signature  Date December 14, 2009

Michael S. Pae