



**King Appraisal Services, Inc.**



June 10, 2010

**BORROWER: JOE PEREZ**

23691 Ballestros Road  
Lot 55 Mb 200/054 Tr 22346  
Murrieta, CA 92562-2137

Federal Home Loans  
5540 Ruffin Road, San Diego, CA 92124

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Summary Appraisal Report

Uniform Residential Appraisal Report

File # 10060100

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.

Property Address 23691 Ballestros Road City Murrieta State CA Zip Code 92562-2137
Borrower PEREZ, Joe Owner of Public Record Onewest Bk Fsb County Riverside
Legal Description Lot 55 Mb 200/054 Tr 22346
Assessor's Parcel # APN 949-362-008 Tax Year 2009 R.E. Taxes \$ 3,042
Neighborhood Name Murrieta West Map Reference 927-H3 Census Tract 432.23
Occupant [ ] Owner [ ] Tenant [x] Vacant Special Assessments \$ None Known [ ] PUD HOA \$ 0 [ ] per year [ ] per month
Property Rights Appraised [x] Fee Simple [ ] Leasehold [ ] Other (describe)
Assignment Type [x] Purchase Transaction [ ] Refinance Transaction [ ] Other (describe)
Lender/Client Federal Home Loans Address 5540 Ruffin Road, San Diego, CA 92124
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? [x] Yes [ ] No
Report data source(s) used, offering price(s), and date(s). MLS T10046867 L.P. \$247,900 L.D. 04/30/2010 Off Market 05/10/2010 Status Back up offers

SUBJECT

CONTRACT

I [x] 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. Sales Contract terms deemed to be standard with no personal property included. 14 pages of original contract supplied to appraiser and signed on 5/04/2010. 10 addendum pages of counter offer signed on 5/25/2010
Contract Price \$ 238,000 Date of Contract 05/25/2010 Is the property seller the owner of public record? [x] Yes [ ] No Data Source(s) PubRecs/Contract
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 [x] No
If Yes, report the total dollar amount and describe the items to be paid. 0 N/A

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

NEIGHBORHOOD

Table with 4 columns: Neighborhood Characteristics, One-Unit Housing Trends, One-Unit Housing, Present Land Use %. Includes rows for Location, Built-Up, Growth, and Neighborhood Boundaries.

Neighborhood Description The subject is located in the north western section of the city of Murrieta, just off Interstate Highway 15. All services, schools and shopping are located within a 5-10 minute commute. Most of the area contains tract home developments of 5-25 years old with several original custom homes as well.

Market Conditions (including support for the above conclusions) Sold and Listing prices have stabilized and inventory has began to decline. Foreclosure and short sale properties have had a negative impact on pricing since 2006. Exposure time has been generally less than 90 days for competitive priced units in this current market that are priced low for quick sale but a 3-6 month marketing time is more likely

Dimensions 60 X 132 Area 7,841 Sq.Ft. Shape Rectangular View Parklike/Hills
Specific Zoning Classification RS-1 Zoning Description Single Family Residential
Zoning Compliance [x] 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? [x] Yes [ ] No If No, describe

SITE

Utilities Public Other (describe) Public Other (describe) Off-site Improvements - Type Public Private
Electricity [x] [ ] Water [x] [ ] Street Asphalt [x] [ ]
Gas [x] [ ] Sanitary Sewer [x] [ ] Alley None is Typical [ ] [ ]

FEMA Special Flood Hazard Area [ ] Yes [x] No FEMA Flood Zone X FEMA Map # 0607512730A FEMA Map Date 11/20/1996
Are the utilities and off-site improvements typical for the market area? [x] Yes [ ] No If No, describe

Are there any adverse site conditions or external factors (easements, encroachments, environmental conditions, land uses, etc.)? [ ] Yes [x] No If Yes, describe

No apparent adverse easements, encroachments or other apparent conditions noted or disclosed to the appraiser at the time of inspection. Subject is not in a Special Studies Zone as defined by Aquist-Priolo Hazards Zone Act. No legal, environmental or title documents provided to appraiser. Typical utility easements exist.

IMPROVEMENTS

Table with 6 columns: General Description, Foundation, Exterior Description, materials/condition, Interior, materials/condition. Includes rows for Units, # of Stories, Type, Design, Year Built, Effective Age, Attic, Heating, Cooling, and Appliances.

Finished area above grade contains: 8 Rooms 4 Bedrooms 2.5 Bath(s) 2,600 Square Feet of Gross Living Area Above Grade
Additional features (special energy efficient items, etc.). 2 fireplaces, AC, ceiling fans, attic fan, skylight, double pane windows, semi covered back patio, block wall in front yard.

Describe the condition of the property (including needed repairs, deterioration, renovations, remodeling, etc.). The subject is constructed with good quality materials and is typical in design and appeal for this neighborhood. It has been updated and in good condition overall. The house has appealing tile and the carpet shows minimal stainage and in need of cleaning only. The house has SS appliances, fireplace in master bedroom, and a fireplace in the family room. Utilities were turned on an are in property working order.

Are there any physical deficiencies or adverse conditions that affect the livability, soundness, or structural integrity of the property? [ ] Yes [x] No If Yes, describe
None Apparent or disclosed to the appraiser. I have not been provided with any documentation revealing any physical deficiencies and have reported only apparent adverse conditions. Borrower may not rely on this report for structural conditions that may exist. See Limiting Condition #5

Does the property generally conform to the neighborhood (functional utility, style, condition, use, construction, etc.)? [x] 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 \$ 219,000 to \$ 319,000 .  
 There are 30 comparable sales in the subject neighborhood within the past twelve months ranging in sale price from \$ 178,000 to \$ 284,000 .

FEATURE	SUBJECT	COMPARABLE SALE # 1			COMPARABLE SALE # 2			COMPARABLE SALE # 3		
Address	23691 Ballestros Road Murrieta, CA 92562-2137	23720 Ballestros Road Murrieta, CA 92562-2138			23663 Cadenza Drive Murrieta, CA 92562-2105			41381 Serrai Court Murrieta, CA 92562-2121		
Proximity to Subject		0.08 miles			0.13 miles			0.34 miles		
Sale Price	\$ 238,000	\$ 255,000			\$ 230,000			\$ 260,000		
Sale Price/Gross Liv. Area	\$ 91.54 sq.ft.	\$ 98.08 sq.ft.			\$ 88.46 sq.ft.			\$ 99.01 sq.ft.		
Data Source(s)		MLS#T10012666/\$248,00-LP			MLS#T10034572/\$229,900-LP			MLS#W09127531/\$249,900-LP		
Verification Source(s)		Agent/Ext.Insp./Doc#135543			Agent/Ext.Insp./Doc#238628			Agent/Ext.Insp./Doc#247059		
VALUE ADJUSTMENTS	DESCRIPTION	DESCRIPTION	+(-) \$ Adjustment	DESCRIPTION	+(-) \$ Adjustment	DESCRIPTION	+(-) \$ Adjustment	DESCRIPTION	+(-) \$ Adjustment	
Sales or Financing Concessions		FHA/\$250,381 None Reported		VA/\$230,000 None Reported		FHA/\$245,471 None Reported				
Date of Sale/Time		03/25/2010-SD			05/24/2010-SD			05/28/2010-SD		
Location	Murrieta West	Murrieta West			Murrieta West			Murrieta West		
Leasehold/Fee Simple	Fee Simple	Fee Simple			Fee Simple			Fee Simple		
Site	7,841 Sq.Ft.	7,841 SqFt			7,841 SqFt			8,276 SqFt		
View	Parklike/Hills	Parklike/Hills			Parklike/Hills			Parklike/Hills		
Design (Style)	2 Story	2 Story			2 Story			2 Story		
Quality of Construction	Fr/Stucco/Good	Fr/Stucco/Good			Fr/Stucco/Good			Fr/Stucco/Good		
Actual Age	21	21			21			19		
Condition	Good	Good			Good			Good		
Above Grade Room Count	Total Bdrms. Baths	Total Bdrms. Baths		Total Bdrms. Baths		Total Bdrms. Baths		Total Bdrms. Baths		
	8 4 2.5	8 4 2.5		8 4 2.5		9 5 3		-2,500		
Gross Living Area	2,600 sq.ft.	2,600 sq.ft.			2,600 sq.ft.			2,626 sq.ft.		
Basement & Finished Rooms Below Grade	None	None			None			None		
Functional Utility	Adequate	Adequate			Adequate			Adequate		
Heating/Cooling	FWA/CAC	FWA/CAC			FWA			+2,000 FWA/CAC		
Energy Efficient Items	Typical	Typical			Typical			Typical		
Garage/Carport	3 Car Garage	2 Car Garage			+5,000 3 Car Garage			3 Car Garage		
Porch/Patio/Deck	Porch/Patio	Porch/Patio			Porch/Patio			Porch/Patio		
Fireplace/Pool	2 FP/None	1 FP/Pool			-13,000 1 FP/None			+2,000 1 FP/None		
Upgrades	Good Quality	Similar			Inferior			+5,000 Superior		
Days On Market	40 DOM	18 DOM			12 DOM			102 DOM		
Net Adjustment (Total)		☐ + ☒ - \$ 8,000			☒ + ☐ - \$ 9,000			☐ + ☒ - \$ 15,500		
Adjusted Sale Price of Comparables		Net Adj. 3.1 % Gross Adj. 7.1 % \$ 247,000			Net Adj. 3.9 % Gross Adj. 3.9 % \$ 239,000			Net Adj. 6.0 % Gross Adj. 7.5 % \$ 244,500		

SALES COMPARISON APPROACH

I  did  did not research the sale or transfer history of the subject property and comparable sales. If not, explain Research of the subject sales history and comparables sales was taken from local MLS and/or City/County records.

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) MLS/Realist

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) MLS/Realist

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	07/31/2001	09/30/2004			03/18/2010			12/09/2009		
Price of Prior Sale/Transfer	\$242,500	\$502,500			\$225,000-foreclosure			\$210,606-foreclosre		
Data Source(s)	Realist	Realist			Realist			Realist		
Effective Date of Data Source(s)	06/07/2010	06/07/2010			06/07/2010			06/07/2010		

Analysis of prior sale or transfer history of the subject property and comparable sales Subject was purchased by previous owner on 7/31/2001 for \$242,500.

Above prior sale is the non arms length foreclosure transaction. Prior Sales for Comps 2 & 3 are also the foreclosure transaction. None of the comparables have transferred to affect the estimated value of the subject property.

Summary of Sales Comparison Approach See attached addenda.

Indicated Value by Sales Comparison Approach \$ 240,000

Indicated Value by: Sales Comparison Approach \$ 240,000 Cost Approach (if developed) \$ 259,350 Income Approach (if developed) \$ N/A

The Sales Comparison Approach is the most reliable indicator of value for the subject property as it utilizes recent sales and data from within the market to give the market range for the subject house. Cost Approach is included but not heavily relied upon as an accurate indication of estimated value. Income Approach is not considered as most of these homes are purchased as primary residences and not investment properties.

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: None Noted:

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 \$ 240,000 , as of June 10, 2010 , which is the date of inspection and the effective date of this appraisal.

RECONCILIATION

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ADDITIONAL COMMENTS

ADDITIONAL CERTIFICATION: "I have not performed a previous appraisal of the subject property, or an appraisal review involving the subject property, or an appraisal consulting assignment involving the subject property within the three years prior to this assignment."

Per Public Records, the subject's GLA is 2,600 sqft which is identical to actual measurement.

The Intended User of this appraisal report is the Lender/Client (See page 28 in reference manual). 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.

I Richard C. King, warrant, represent and certify that I have complied with any and all aspects of relevant provisions of the HVCC, including but not limited to adequate training and disciplinary rules on appraiser independence (including the principles detailed in Part I of the HVCC) and have mechanisms in place to report and discipline anyone who violates policies and procedures.

It is the responsibility of the person and company ordering this appraisal assignment to determine if their company or the appraisal type ordered needs to comply with the HVCC. If they do not need to comply then the HVCC regulations will not need to be followed. It is not the appraisers or appraisal company's duty to determine which company needs to abide by the HVCC. For additional information on the HVCC, see the following websites: Fannie Mae: <https://www.efanniemae.com/sf/guides/ssg/relatedsellinginfo/appcode/pdf/hvcc.pdf> Freddie Mac: <http://www.freddiemac.com/sell/guide/bulletins/pdf/bl1010709.pdf> Federal Housing Finance Agency: <http://www.fhfa.gov/webfiles/277/HVCC122308.pdf>

Appraisers are required to be licensed and are regulated by the State of California, Business, Transportation and Housing Agency, 1102 Q Street, Suite #4100, Sacramento, CA 95814. This appraisal is considered a complete appraisal in summary format and prepared by Richard C. King, Calif. State Certified Appraiser #AR029291

**Cost Approach Comment**  
At the request of the lender, the cost approach has only been developed by the appraiser as an analysis to determine their opinion of the property's estimated site value. Use of this data, in whole or part, for other purposes is not intended by the appraiser. Nothing set forth in the appraisal should be relied upon for the purpose of determining the amount or type of insurance coverage to be placed on the subject property. The appraiser assumes no liability for and does not guarantee that any insurable value estimate inferred from this report will result in the subject property being fully insured for any loss that may be sustained. Further, the cost approach may not be a reliable indication of replacement or reproduction cost for any date other than the effective date of this appraisal due to changing costs of labor and materials and due to changing building codes and governmental regulations and requirements.

COST APPROACH

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) The cost approach is not required by Fannie Mae or Freddie Mac and is developed only to support the sales comparison approach. The site value is taken from extraction. A separate land value analysis was not developed as it is outside the scope of this appraisal assignment. If a detailed land sales analysis to support land value is mandated by the lender, appraiser will negotiate an additional fee for this service-"if" sales data is available to produce such analysis.			
ESTIMATED <input type="checkbox"/> REPRODUCTION OR <input checked="" type="checkbox"/> REPLACEMENT COST NEW	OPINION OF SITE VALUE ..... = \$ 40,000		
Source of cost data Appraiser Files/Marshall & Swift	DWELLING	2,600 Sq.Ft. @ \$ 92.00	= \$ 239,200
Quality rating from cost service Good Effective date of cost data 03/01/2010	None	Sq.Ft. @ \$	= \$
Comments on Cost Approach (gross living area calculations, depreciation, etc.)	..... = \$		
The replacement costs estimated by use of the cost services. The land value is typical for this neighborhood and falls within a normal range for land and improvements in this area. This subject has an estimated effective economic life of 40 years or more. <b>This Cost Approach is not intended nor should it be used or relied upon for insurance valuation purposes.</b> Entrepreneur profit is included in the price per square foot replacement cost new.	Garage/Carport	665 Sq.Ft. @ \$ 40.00	= \$ 26,600
Estimated Remaining Economic Life (HUD and VA only) 45 Years	Total Estimate of Cost-New		= \$ 265,800
	Less Physical	Functional	External
	Depreciation	66,450	= \$( 66,450)
	Depreciated Cost of Improvements		= \$ 199,350
	"As-is" Value of Site Improvements		= \$ 20,000
	<b>INDICATED VALUE BY COST APPROACH</b>		<b>= \$ 259,350</b>

INCOME

INCOME APPROACH TO VALUE (not required by Fannie Mae)			
Estimated Monthly Market Rent \$ N/A	X Gross Rent Multiplier N/A	= \$	Indicated Value by Income Approach
Summary of Income Approach (including support for market rent and GRM) Establishing an accurate GRM is difficult as most houses are purchased for primary residences, not investment or rental properties. Rents vary from \$500-\$800 per bedroom.			

PUD INFORMATION

PROJECT INFORMATION FOR PUDs (if applicable)			
Is the developer/builder in control of the Homeowners' Association (HOA)? <input type="checkbox"/> Yes <input type="checkbox"/> No Unit type(s) <input type="checkbox"/> Detached <input type="checkbox"/> 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? <input type="checkbox"/> Yes <input type="checkbox"/> No If Yes, date of conversion.			
Does the project contain any multi-dwelling units? <input type="checkbox"/> Yes <input type="checkbox"/> No Data Source			
Are the units, common elements, and recreation facilities complete? <input type="checkbox"/> Yes <input type="checkbox"/> No If No, describe the status of completion.			
Are the common elements leased to or by the Homeowners' Association? <input type="checkbox"/> Yes <input type="checkbox"/> 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 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 the 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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**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. 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.

# Uniform Residential 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.

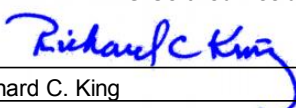
24. If this appraisal report was transmitted as an "electronic record" containing my "electronic signature," as those terms are defined in applicable federal and/or state laws (excluding audio and video recordings), or a facsimile transmission of this appraisal report containing a copy or representation 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** R. KING Certified Residential Appraiser

Signature   
 Name Richard C. King  
 Company Name King Appraisal Services, Inc.  
 Company Address 1284 Panorama Ridge Road  
Oceanside, CA 92056  
 Telephone Number 760-295-6251  
 Email Address rickk17@cox.net  
 Date of Signature and Report June 14, 2010  
 Effective Date of Appraisal June 10, 2010  
 State Certification # AR029291  
 or State License # \_\_\_\_\_  
 or Other (describe) \_\_\_\_\_ State # \_\_\_\_\_  
 State CA  
 Expiration Date of Certification or License 8/21/2010

**ADDRESS OF PROPERTY APPRAISED**  
23691 Ballestros Road  
Murrieta, CA 92562-2137

**APPRAISED VALUE OF SUBJECT PROPERTY \$** 240,000

**LENDER/CLIENT**  
 Name Maria  
 Company Name Federal Home Loans  
 Company Address 5540 Ruffin Road, San Diego, CA 92124  
 Email Address maria@fhllcorp.com

**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 \_\_\_\_\_



**Supplemental Addendum**

File No. 10060100

Borrower/Client PEREZ, Joe			
Property Address 23691 Ballestros Road			
City Murrieta	County Riverside	State CA	Zip Code 92562-2137
Lender Federal Home Loans			

• **URAR : Sales Comparison Analysis - Summary of Sales Comparison Approach**

Comparable sales data with subject similarities is very limited in the past six months. There is a wide diversity of size and age throughout this area. All sales are scattered throughout this area in a 1 mile +/- radius. Based on paired sales and other factors in the analysis including original list prices, list/sale price ratio, days on market, MLS and government MSA statistics and an examination of active and pending inventories no further downward adjustment was deemed necessary to account for current market conditions.

Any measurable marketing difference between bedroom count is accounted for in GLA and/or functional utility. Adjustments to the comparables on the sales grid were calculated using quantitative data (paired sales) wherever possible. Some features of the subject requiring adjustment were determined using data accumulated from the appraiser's data base, peer discussions, education, and typical market reaction observed through the appraiser's familiarity with the market. To reconcile a value opinion, comparables are selected for similar utility, age, and further reasons stated below. All sales and listings that are within 10 years in actual age are not adjusted for age differences. Only Comp 4 comes from a newer tract and is adjusted at \$500 per year.

Concessions are typical within the subjects marketing area with the majority of sales reporting some type or amount of concession. Adjustments for typical concessions (from 1-6%) are not considered appropriate in the marketing area unless the concessions significantly increase the comparable's sale price beyond what is typically expected by market participants. As stated in the signed certification page, adjustments for concessions when applicable are not made on a mechanical "dollar for dollar" basis. Rather, when applied, they are based on the markets reaction to the concession as supported by matched pairs analysis and/or the appraiser's judgment.

The subject is typical for this area and has many appealing qualities. The backyard has been somewhat neglected but can easily be restored. The interior carpet is in good shape but in need of cleaning. Comp 1 is the most recent sale of a model match from the same street that has similar upgrades but a pool and one less garage stall. Comp 2 has slightly inferior interior kitchen upgrades. Comp 3 was bank owned at the time of sale but features hardwood flooring, new paint, and new landscaping. Comp 4 is a newer home but has very similar quality and interior materials. Comps 5 & 6 are both pending and in escrow. Comp 6 brackets the high end of the size range for this area and has similar quality. Comp 5 has been upgraded with granite counter tops, new carpet, and crown molding.

In my opinion, the estimated value as rounded to \$340,000 is considered reasonable as the most probable sales price this property should bring in an open and competitive market under all conditions. Most weight is given to comparables 1 & 2 as they are the most recent, proximate, and similar to the subject property in all aspects of comparison.

# Market Conditions Addendum to the Appraisal Report

File No. 10060100

The purpose of this addendum is to provide the lender/client with a clear and accurate understanding of the market trends and conditions prevalent in the subject neighborhood. This is a required addendum for all appraisal reports with an effective date on or after April 1, 2009.

Property Address **23691 Ballestros Road** City **Murrieta** State **CA** ZIP Code **92562-2137**

Borrower **PEREZ, Joe**

**Instructions:** The appraiser must use the information required on this form as the basis for his/her conclusions, and must provide support for those conclusions, regarding housing trends and overall market conditions as reported in the Neighborhood section of the appraisal report form. The appraiser must fill in all the information to the extent it is available and reliable and must provide analysis as indicated below. If any required data is unavailable or is considered unreliable, the appraiser must provide an explanation. It is recognized that not all data sources will be able to provide data for the shaded areas below; if it is available, however, the appraiser must include the data in the analysis. If data sources provide the required information as an average instead of the median, the appraiser should report the available figure and identify it as an average. Sales and listings must be properties that compete with the subject property, determined by applying the criteria that would be used by a prospective buyer of the subject property. The appraiser must explain any anomalies in the data, such as seasonal markets, new construction, foreclosures, etc.

Inventory Analysis	Prior 7-12 Months	Prior 4-6 Months	Current - 3 Months	Overall Trend		
Total # of Comparable Sales (Settled)	18	4	8	<input type="checkbox"/> Increasing	<input checked="" type="checkbox"/> Stable	<input type="checkbox"/> Declining
Absorption Rate (Total Sales/Months)	3.00	1.33	2.67	<input type="checkbox"/> Increasing	<input checked="" type="checkbox"/> Stable	<input type="checkbox"/> Declining
Total # of Comparable Active Listings	28	7	14	<input type="checkbox"/> Declining	<input checked="" type="checkbox"/> Stable	<input type="checkbox"/> Increasing
Months of Housing Supply (Total Listings/Ab.Rate)	9.3	5.3	5.2	<input type="checkbox"/> Declining	<input checked="" type="checkbox"/> Stable	<input type="checkbox"/> Increasing
Median Sale & List Price, DOM, Sale/List %	Prior 7-12 Months	Prior 4-6 Months	Current - 3 Months	Overall Trend		
Median Comparable Sale Price	260,000	242,000	245,000	<input type="checkbox"/> Increasing	<input checked="" type="checkbox"/> Stable	<input type="checkbox"/> Declining
Median Comparable Sales Days on Market	64	89	44	<input type="checkbox"/> Declining	<input checked="" type="checkbox"/> Stable	<input type="checkbox"/> Increasing
Median Comparable List Price	262,000	240,000	265,000	<input type="checkbox"/> Increasing	<input checked="" type="checkbox"/> Stable	<input type="checkbox"/> Declining
Median Comparable Listings Days on Market	101	48	25	<input type="checkbox"/> Declining	<input checked="" type="checkbox"/> Stable	<input type="checkbox"/> Increasing
Median Sale Price as % of List Price	98.32	101	99	<input type="checkbox"/> Increasing	<input checked="" type="checkbox"/> Stable	<input type="checkbox"/> Declining
Seller-(developer, builder, etc.)paid financial assistance prevalent?	<input checked="" type="checkbox"/> Yes <input checked="" type="checkbox"/> No			<input type="checkbox"/> Declining	<input checked="" type="checkbox"/> Stable	<input type="checkbox"/> Increasing

Explain in detail the seller concessions trends for the past 12 months (e.g., seller contributions increased from 3% to 5%, increasing use of buydowns, closing costs, condo fees, options, etc.). **The data used in the grid above does not indicate there were any concessions associated with the reported transactions. However, this is not a mandatory reporting field for agents and there may be some transactions that do include concessions, but have not been reported. It is beyond the scope of this assignment to confirm each sale used in the Market Conditions Report.**

Are foreclosure sales (REO sales) a factor in the market?  Yes  No If yes, explain (including the trends in listings and sales of foreclosed properties).

The MLS indicates there were 30 closed sales during the past 12 months and 11 of those sales were either foreclosure or short sales which is 36% of the total transactions in this market area.

Cite data sources for above information. **The MR Matrix MLS and NDC data were the data sources used to complete the Market Conditions Addendum**

Summarize the above information as support for your conclusions in the Neighborhood section of the appraisal report form. If you used any additional information, such as an analysis of pending sales and/or expired and withdrawn listings, to formulate your conclusions, provide both an explanation and support for your conclusions.

**Sold and list prices appear to have stabilized over the past 12 months after a period of sharp decline that began in 2006. Days on market has averaged less than 90 days showing a strong demand for the limited activity in this neighborhood, however a 3-6 month exposure time is likely. Out of the 14 listings, only 3 are active, 8 are pending, and 3 have offers accepting back up offers.**

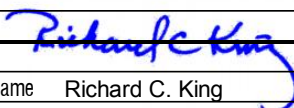
**If the subject is a unit in a condominium or cooperative project, complete the following:**

**Project Name:**

Subject Project Data	Prior 7-12 Months	Prior 4-6 Months	Current - 3 Months	Overall Trend		
Total # of Comparable Sales (Settled)				<input type="checkbox"/> Increasing	<input type="checkbox"/> Stable	<input type="checkbox"/> Declining
Absorption Rate (Total Sales/Months)				<input type="checkbox"/> Increasing	<input type="checkbox"/> Stable	<input type="checkbox"/> Declining
Total # of Active Comparable Listings				<input type="checkbox"/> Declining	<input type="checkbox"/> Stable	<input type="checkbox"/> Increasing
Months of Unit Supply (Total Listings/Ab.Rate)				<input type="checkbox"/> Declining	<input type="checkbox"/> Stable	<input type="checkbox"/> Increasing

Are foreclosure sales (REO sales) a factor in the project?  Yes  No If yes, indicate the number of REO listings and explain the trends in listings and sales of foreclosed properties.

Summarize the above trends and address the impact on the subject unit and project.

Signature   
 Appraiser Name **Richard C. King**  
 Company Name **King Appraisal Services, Inc.**  
 Company Address **1284 Panorama Ridge Road Oceanside, CA 92C**  
 State License/Certification # **AR029291** State **CA**  
 Email Address **rickk17@cox.net**

Signature \_\_\_\_\_  
 Supervisory Appraiser Name \_\_\_\_\_  
 Company Name \_\_\_\_\_  
 Company Address \_\_\_\_\_  
 State License/Certification # \_\_\_\_\_ State \_\_\_\_\_  
 Email Address \_\_\_\_\_

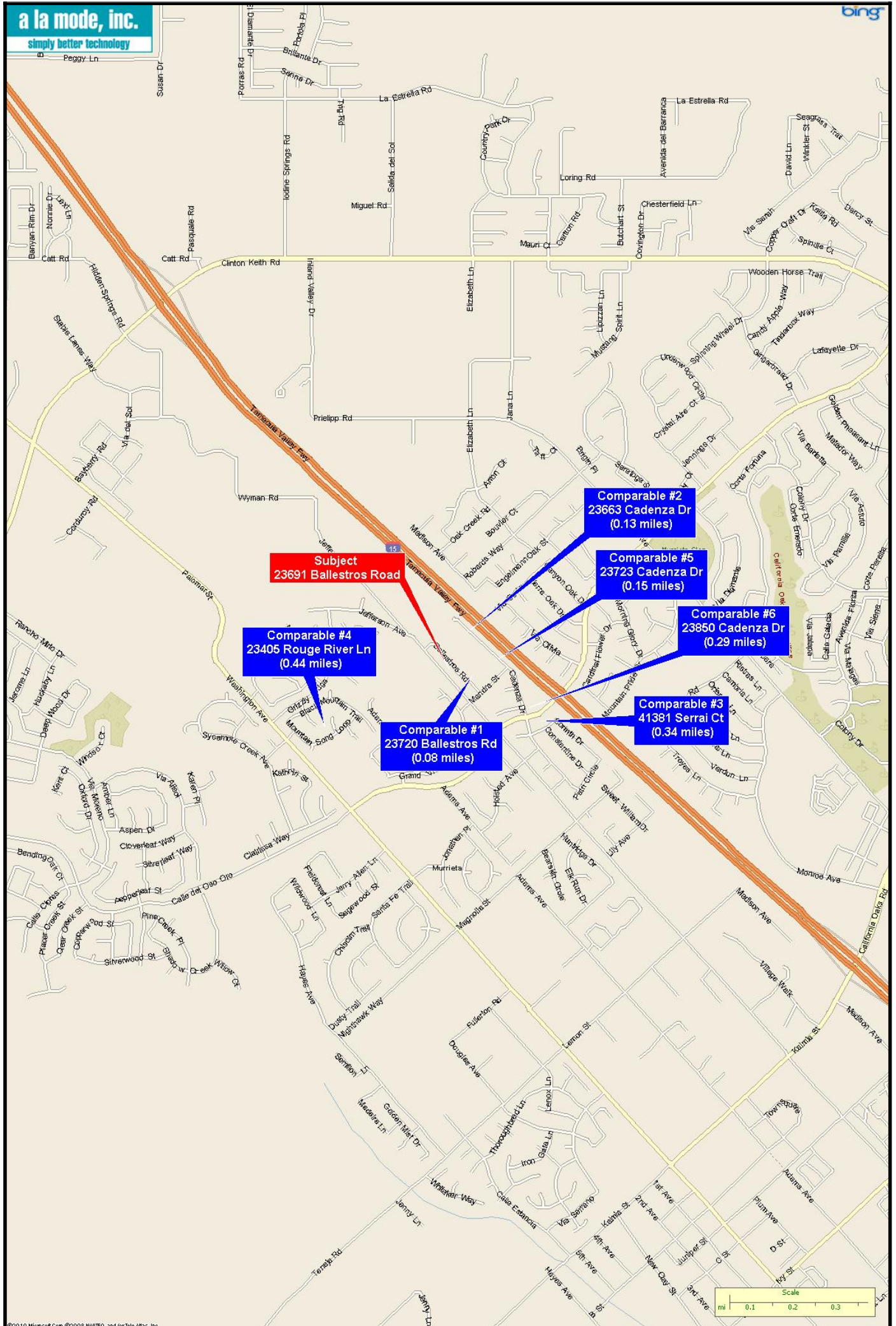
MARKET RESEARCH & ANALYSIS

CONDO/CO-OP PROJECTS

APPRAISER

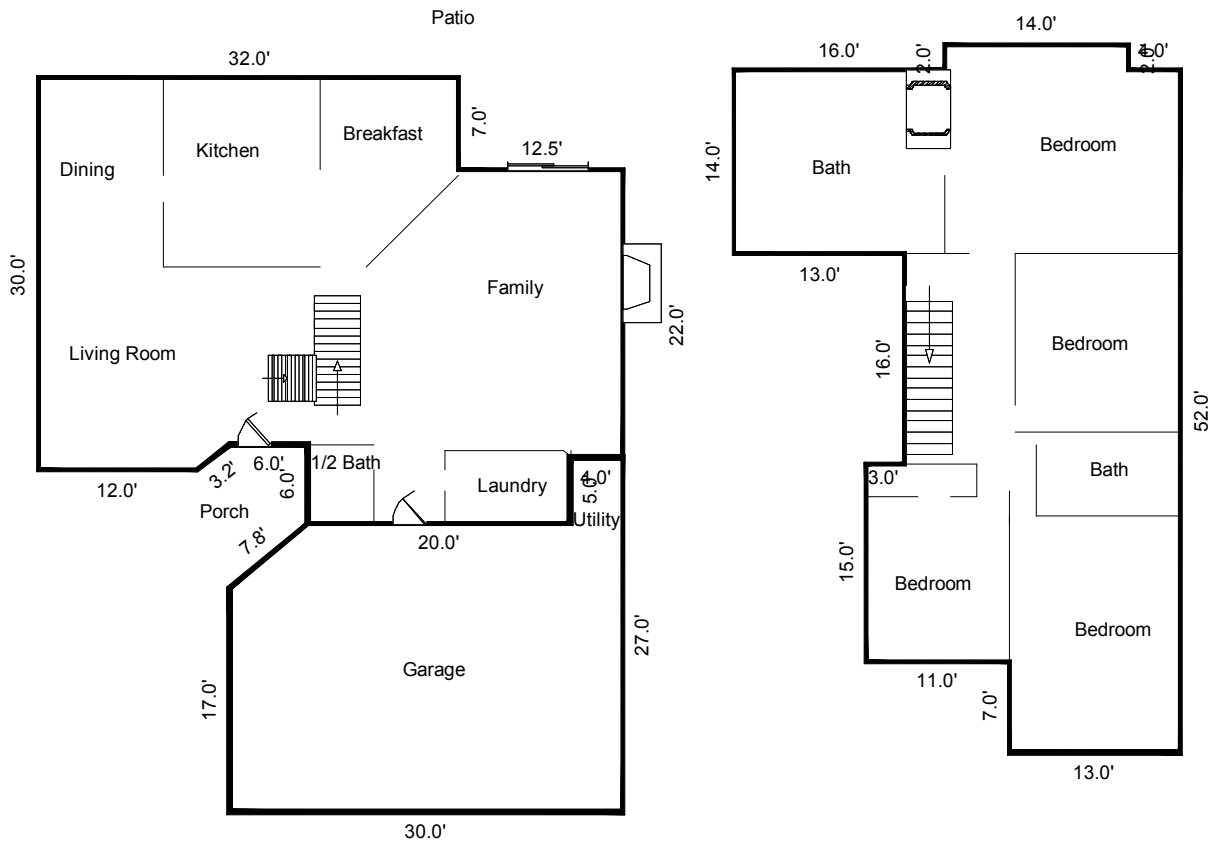
### Location Map

Borrower/Client PEREZ, Joe			
Property Address 23691 Ballestros Road			
City Murrieta	County Riverside	State CA	Zip Code 92562-2137
Lender Federal Home Loans			



### Building Sketch (Page - 1)

Borrower/Client PEREZ, Joe			
Property Address 23691 Ballestros Road			
City Murrieta	County Riverside	State CA	Zip Code 92562-2137
Lender Federal Home Loans			



Sketch by Apex IV™

Comments:

AREA CALCULATIONS SUMMARY			
Code	Description	Net Size	Net Totals
GLA1	First Floor	1309.0	1309.0
GLA2	Second Floor	1291.0	1291.0
GAR	Garage	665.0	665.0
Net LIVABLE Area		(Rounded)	2600

LIVING AREA BREAKDOWN			
Breakdown			Subtotals
<b>First Floor</b>			
	12.0	x	30.0
0.5	2.0	x	2.5
	20.0	x	27.0
	4.0	x	22.0
	8.5	x	21.0
	7.0	x	20.0
<b>Second Floor</b>			
	2.0	x	14.0
	21.0	x	45.0
	3.0	x	15.0
	13.0	x	14.0
	7.0	x	13.0
11 Items			(Rounded) 2600



**KING APPRAISAL SERVICES Subject Photo Page**

Borrower/Client PEREZ, Joe			
Property Address 23691 Ballestros Road			
City Murrieta	County Riverside	State CA	Zip Code 92562-2137
Lender Federal Home Loans			

**Subject Front**

23691 Ballestros Road  
 Sales Price 238,000  
 Gross Living Area 2,600  
 Total Rooms 8  
 Total Bedrooms 4  
 Total Bathrooms 2.5  
 Location Murrieta West  
 View Parklike/Hills  
 Site 7,841 Sq.Ft.  
 Quality Fr/Stucco/Good  
 Age 21

**Subject Rear****Subject Street**

### Photograph Addendum

Borrower/Client	PEREZ, Joe				
Property Address	23691 Ballestros Road				
City	Murrieta	County	Riverside	State	CA
				Zip Code	92562-2137
Lender	Federal Home Loans				



LIVING ROOM



FAMILY



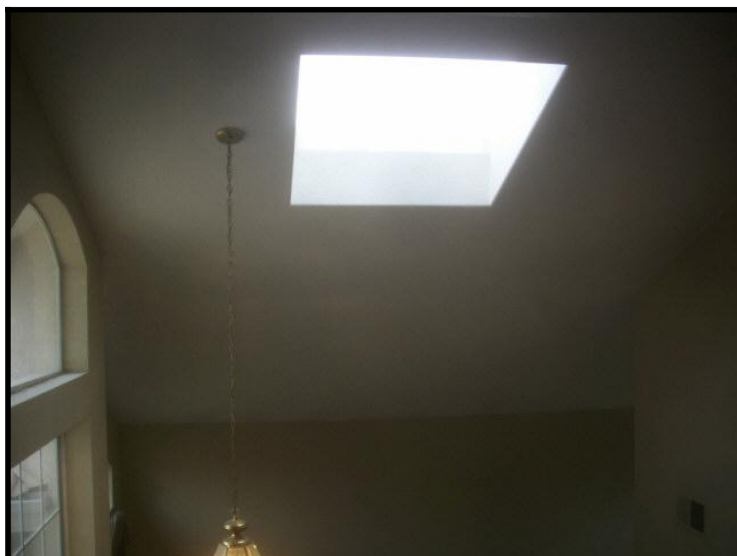
KITCHEN



MASTER BEDROOM



MASTER BATH



SKYLIGHT

**Photograph Addendum**

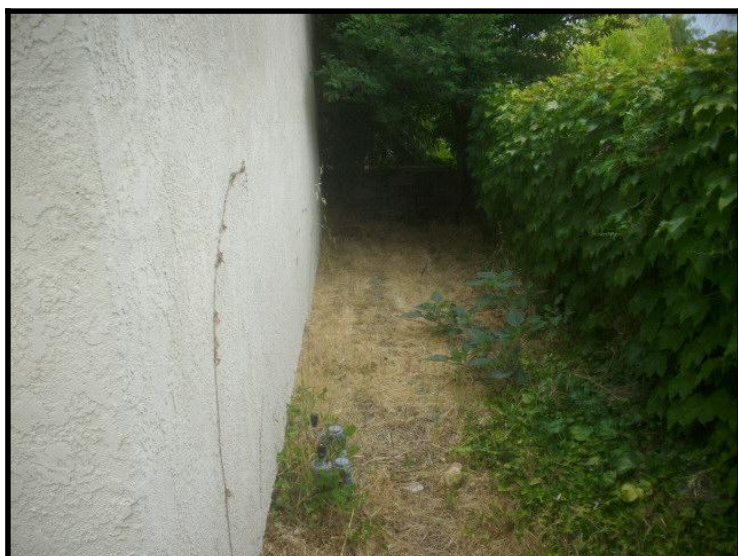
Borrower/Client	PEREZ, Joe				
Property Address	23691 Ballestros Road				
City	Murrieta	County	Riverside	State	CA
Zip Code	92562-2137				
Lender	Federal Home Loans				



FRONT YARD



SIDE



SIDE



BACK YARD



FURNACE AND HOT WATER HEATER



ATTIC FAN

**King Appraisal Services****Comparable Photo Page**

Borrower/Client PEREZ, Joe				
Property Address 23691 Ballestros Road				
City Murrieta	County Riverside	State CA	Zip Code 92562-2137	
Lender Federal Home Loans				

**Comparable 1**

23720 Ballestros Road	
Prox. to Subject	0.08 miles
Sale Price	255,000
Gross Living Area	2,600
Total Rooms	8
Total Bedrooms	4
Total Bathrooms	2.5
Location	Murrieta West
View	Parklike/Hills
Site	7,841 SqFt
Quality	Fr/Stucco/Good
Age	21

**Comparable 2**

23663 Cadenza Drive	
Prox. to Subject	0.13 miles
Sale Price	230,000
Gross Living Area	2,600
Total Rooms	8
Total Bedrooms	4
Total Bathrooms	2.5
Location	Murrieta West
View	Parklike/Hills
Site	7,841 SqFt
Quality	Fr/Stucco/Good
Age	21

**Comparable 3**

41381 Serrai Court	
Prox. to Subject	0.34 miles
Sale Price	260,000
Gross Living Area	2,626
Total Rooms	9
Total Bedrooms	5
Total Bathrooms	3
Location	Murrieta West
View	Parklike/Hills
Site	8,276 SqFt
Quality	Fr/Stucco/Good
Age	19

**King Appraisal Services Comparable Photo Page**

Borrower/Client PEREZ, Joe			
Property Address 23691 Ballestros Road			
City Murrieta	County Riverside	State CA	Zip Code 92562-2137
Lender Federal Home Loans			

**Comparable 4**

23405 Rouge River Lane	
Prox. to Subject	0.44 miles
Sale Price	245,500
Gross Living Area	2,621
Total Rooms	8
Total Bedrooms	3
Total Bathrooms	2.5
Location	Murrieta West
View	Parklike/Hills
Site	9,148 SqFt
Quality	Fr/Stucco/Good
Age	11

**Comparable 5**

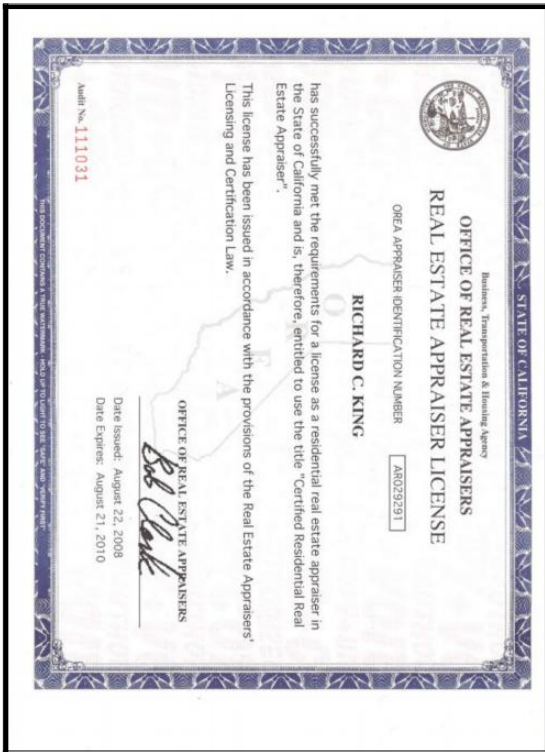
23723 Cadenza Drive	
Prox. to Subject	0.15 miles
Sale Price	285,000
Gross Living Area	2,600
Total Rooms	8
Total Bedrooms	4
Total Bathrooms	2.5
Location	Murrieta West
View	Parklike/Hills
Site	7,841 SqFt
Quality	Fr/Stucco/Good
Age	21

**Comparable 6**

23850 Cadenza Drive	
Prox. to Subject	0.29 miles
Sale Price	279,500
Gross Living Area	2,960
Total Rooms	9
Total Bedrooms	5
Total Bathrooms	2.5
Location	Murrieta West
View	Parklike/Hills
Site	7,841 SqFt
Quality	Fr/Stucco/Good
Age	21

### Photograph Addendum

Borrower/Client	PEREZ, Joe		
Property Address	23691 Ballestros Road		
City	Murrieta	County	Riverside
		State	CA
		Zip Code	92562-2137
Lender	Federal Home Loans		



I Richard King certify that this is a true copy of my original license. This statement is intended to comply with the State of California law required for any copy of a professional license. My digital signature on this appraisal report shall serve as my authorization to make this copy of this license included in this report.



This is a copy of my E & O insurance.