



LABORERS' INTERNATIONAL UNION OF NORTH AMERICA

May 21, 2009

Alfred M. Pollard, General Counsel
Attention: Comments
RIN 2590-AA25,
Federal Housing Finance Agency,
Fourth Floor, 1700 G Street, NW
Washington, DC 20552.

TERENCE M. O'SULLIVAN
General President

Via email to RegComments@FHFA.gov

ARMAND E. SABITONI
General Secretary-Treasurer

Re: RIN 2590-AA25, 2009 Enterprise Transition Affordable Housing Goals

Vice Presidents:

Thank you for the opportunity to share our opinion with the Federal Housing Finance Agency (FHFA) regarding FHFA's proposed rule adjusting the 2009 Enterprise goals.

VERE O. HAYNES

We appreciate that FHFA is crafting guidelines to ensure that the Enterprises are not purchasing loans that are contrary to good lending practices, and that mortgages with unacceptable terms and conditions are not counted towards the Enterprises' goals.

MIKE QUEVEDO, JR.

TERRENCE M. HEALY

However, the proposed rules allow the Enterprises to continue to purchase a large group of mortgages that are contrary to good lending practices and contain unacceptable terms and conditions -- mortgages originated by the affiliated lender of homebuilders.

RAYMOND M. POCINO

JOSEPH S. MANCINELLI

ROCCO DAVIS

*Special Assistant to the
General President*

VINCENT R. MASINO

DENNIS L. MARTIRE

MANO FREY

ROBERT E. RICHARDSON

JOSÉ A. MORENO

RALPH E. COLE

JOHN F. PENN

JOHN F. HEGARTY

There is a fundamental conflict of interest in homebuilders originating their home buyers' mortgage. Builders have an incentive to sell their inventory at the highest possible price, and their in-house mortgage units provide the financing to make it possible. There is evidence that during the height of the housing boom in 2005 and 2006 builders were only able to sell homes at such inflated prices because of the collaboration with their mortgage subsidiaries and affiliated appraisal companies.

MICHAEL S. BEARSE
General Counsel

Steering

Most large builders have their own mortgage subsidiaries which provide the financing for the vast majority of their homebuyers. Builders steer homebuyers to their in-house mortgage units in order to control the buying process and ensure that they are able to sell their homes at a higher price than might be the case if there were the involvement of third party lenders.

The chart below shows the percentage of a builder's customers who used the builder's affiliated mortgage lender to purchase their home. The industry collectively refers to this as a "capture" rate, reflecting how they view the process.

HEADQUARTERS:
905 16th Street, NW
Washington, DC
20006-1765
(202) 737-8320
Fax: (202) 737-2754



Feel The Power!

Homebuilder Mortgage Capture Rate 2006

| Builder | 2006 Capture Rate |
|---------------------------------|-------------------|
| D.R. Horton ¹ | 68% |
| KB/ Countrywide KB ² | 57% |
| Lennar ³ | 66% |
| Pulte ⁴ | 91% |

Homebuilders “capture” their customers by simultaneously enticing and frightening them into using the affiliated mortgage lender. The Enterprises should not purchase loans that have been “captured” through these abusive and predatory practices.

Builders offer incentives, such as paying a buyer’s closing costs, which are only available to homebuyers who use the builders’ affiliated mortgage lender. Homebuyers automatically assume that this savings on closing costs is the best deal available, which deters comparison shopping with other mortgage companies that might be able to offer a better rate or type of loan.

However, we have seen a number of transactions in which the builder offered to pay a large amount of money, such as \$20,000 to \$25,000, and then in order to make it seem as if the builder were actually paying that amount, the bulk of the money went towards discount points to give the buyer a lower rate. However, the buyer did not actually get a lower rate than they would have otherwise.

Teresa Sandoval bought a home from Lennar in Indio, CA in October 2006. She received financing through Lennar’s lending subsidiary Universal American Mortgage and Lennar paid \$15,000 for closing costs. The bulk of this went for discount points paid to Universal American -- \$7,486 on the first mortgage and \$1,660 on the second mortgage. However, it is difficult to see what discount Ms. Sandoval received. At the time of her loan, the average rate on a 30 year fixed rate mortgage was 6.4%, and Ms. Sandoval’s rate was 6.75% on the first and 12.125% on the second.

Jesus Beltran purchased a home from KB in Coachella, CA in May 2007 with financing from Countrywide KB Home Loans. KB paid \$10,000 for his closing costs, all of it went towards paying the \$12,698 of discount points on the first and second mortgage.

It is unclear how much of a discount Mr. Beltran actually got for the 3.75 points on his first mortgage. At the time of his loan the average rate for a fixed 30 year mortgage according to Freddie Mac was 6.18%. Mr. Beltran received an adjustable rate loan with a prepayment penalty that started at 5.5% but could go as high as 10.5% and had an APR of 6.88%.

It does not appear that Countrywide KB informed Mr. Beltran of how much the discount points would be until very late in the process. Although the discount points are disclosed on the Good Faith Estimate which is dated two weeks before the closing, a document titled “Closing Cost Estimate” and dated three months before closing shows the closing costs and prepaids totaling less than \$5,000, which were all the fees except the discount points which are not disclosed at all on this form.

Builders have not been content to just use incentives to steer buyers to their affiliated mortgage companies. Builders have resorted to what can only be termed “scare tactics” – frightening buyers with the dangers of using an outside lender and the financial harm that can result to the buyer.

These scare tactics are evident in the purchase agreements of several of the largest home builders.

DR Horton (Exhibit A)

Buyer must apply for financing through DR Horton’s affiliated mortgage lender, DHI Mortgage within five days after entering into a purchase agreement. The buyer may apply to another lender in addition to, but not instead of, DHI Mortgage.

The buyer is considered in default of the purchase contract if the buyer uses an outside lender and is not able to close by the closing date. If the outside lender is not able to close by the DR Horton set closing date, DR Horton has the right to cancel the purchase agreement and keep the buyer’s deposit, which is often \$5,000 or more. DR Horton may, in its sole discretion, choose to extend the closing date and charge the buyer \$300 per day until closing.

KB Home (Exhibit B)

The “financing agreement” that is part of the KB Home purchase agreement states that KB will not accept any government finance programs such as FHA, VA, or state programs from an outside lender.

The “financing agreement” imposes several penalties on buyers if they use an outside lender and the outside lender doesn’t meet KB’s timeline for closing. There is a \$500 late charge if the loan documents are not at the title company 14 days before closing and there is a penalty of \$300 per day if the deal does not close by the KB’s estimated closing date.

Lennar Homes (Exhibit C)

Home buyers must apply for financing with Lennar’s affiliated mortgage lender, Universal American Mortgage Corporation within five days of entering into a purchase agreement. The buyer may apply to another lender in addition, but not instead of applying through Universal American.

If the buyer decides to finance the purchase through an outside lender and does not close by the closing date, Lennar may cancel the purchase contract and keep the buyer’s deposit.

Pulte Homes (Exhibit D)

The attached Pulte purchase agreement requires not only that the buyer apply for financing through Pulte Mortgage but also the specific type of mortgage the buyer has to apply for – a five year interest only loan.

The contract states that Pulte will reduce the required deposit to \$25,000 if the buyer finances through Pulte Mortgage, but if the buyer chooses “to finance through any other mortgage company, the earnest deposit will be \$50,000 and will be nonrefundable even if you fail to secure financing.”

The purchase agreements and process used by the builders seem designed to limit the choices of their homebuyers. There are many cases in which homebuyers are steered to the builder’s own mortgage company and offered incentives or discounts, but are actually charged higher rates or fees.

This can be seen in the example below of what happened to one homebuyer, who reported that the builder steered him away from a much better mortgage product towards a more costly product.

Troy Monson is in the Air Force. When he and his wife Jennifer went to purchase their home from Lennar in Arizona, they wanted to use his VA certificate. However, the Lennar salesperson convinced them to get a loan through Lennar’s mortgage company instead.

The salesperson lied and told the Monsons that they could only use their VA certificate one time and that they should save it for the future. The salesperson also said that if they got financing through Lennar’s mortgage company, Universal Mortgage, that Lennar would pay the closing costs.

With a VA loan the borrower can get 100% financing. The Monsons had excellent credit and should have qualified for the market rate, which at the time they got their loans in July 2006 was under 6%. Instead, Universal gave them a first mortgage for \$169,000, which is an interest-only ARM that starts at 7.25% and can go as high as 12.25%, and a second mortgage for \$42,400 with a variable rate that started at 8.625%.

Appraisal Fraud

The following is an example of the steps an homebuilder affiliated lender is willing to take in order to close a sale, as compared to an outside lender.

Nathan Johnson sought to purchase a home from KB Home for \$394,000. He tried to get a mortgage through the Navy Federal Credit Union. However the Navy Federal appraiser valued the home at just \$351,000. The Navy Federal appraiser refused to use two of the sales that KB had submitted as comparables because the properties had a gross living area more than twenty percent higher than the subject property. The appraiser noted that

"[T]he inclusion of either or both of these sales . . . would be inappropriate and may give the impression that the appraisal's purpose was to target a predetermined value range." (The appraisal is attached as **Exhibit E**)

Rather than lower the price, KB Home had Countrywide do its own appraisal which found that the house was worth \$394,000, and Countrywide KB made a first and second mortgage for the full amount. (The Countrywide appraisal is attached as **Exhibit F**)

Mr. Johnson and his wife had just relocated from California and were expecting a baby soon and so felt they had to go ahead with the purchase. Now the couple owes significantly more than their home is worth. Maricopa County recently lowered the home's assessed value from \$269,000 to \$187,200.

We have had an appraiser review several of the appraisals that were done by KB Home's affiliated lender Countrywide KB on homes that were being sold by KB, and the reviews found a number of irregularities. The independent appraiser's review shows that the KB affiliated appraisers overlooked sales that were more similar in size and closer geographically in favor of sales of homes of dissimilar sizes that were much farther away (10 miles in one case). (Several of these reviews are included as **Exhibit E**)

We believe that through their loan originations, homebuilders played a large role in creating the current housing crisis. If builders' sales and lending practices continue unabated, it will lead to more problems in the future for individual homeowners, entire communities, and the Enterprises.

Thank you again for the opportunity to comment on this important matter. Please contact us if you have any questions regarding this letter.

Sincerely,



TERENCE M. O'SULLIVAN
General President

Endnotes

¹ D.R. Horton, Fourth Quarter Earnings Call, November 14, 2006

² KB Home 2007 10-K, February 13, 2007. KB's lower capture rate than the other builders may be due to their mortgage operation being a joint venture with Countrywide and not a wholly owned subsidiary of the company.

³ Lennar 2007 Annual Report

⁴ Pulte 2007 10-K, February 25, 2008

Seller has posted a bond, cash deposit or other security instrument acceptable to the Department of Real Estate ("Security"), under the provisions of California Business and Professions Code Section 11013.2 or 11013.4 and Seller has obtained a final subdivision public report covering the Property, the Deposit shall be released by Escrow Holder to Seller at Seller's request, without further instruction from Buyer.

Escrow Procedures and Requirements

6. ESCROW.

6.1 Opening of Escrow. Within 5 days after Acceptance, Seller shall deliver this Purchase Agreement to the Escrow Holder listed above for the purpose of opening an escrow ("Escrow"). Escrow Holder's additional instructions are attached as an Addendum. If any provision in the Escrow Instructions Addendum conflicts with any other provisions of this Purchase Agreement, the provisions in this Purchase Agreement control.

6.2 Buyer's Duty to Cooperate. Upon Acceptance, Seller will incur daily carrying and other costs attributable to holding the Property off the market. Accordingly, Buyer agrees to cooperate with Seller to use his/her best efforts and to diligently take any action necessary to timely close Escrow, including without limitation, by promptly cooperating in good faith with all time frames for performance under this Purchase Agreement, including all time frames for selecting options and providing all requested documents to lender, Escrow Holder and Title Company. Buyer acknowledges that Buyer's failure to so cooperate shall constitute a default under this Purchase Agreement.

6.3 Title Company and Escrow Holder. By Buyer's execution of this Purchase Agreement, Buyer and Seller have mutually agreed to use the Title Company and Escrow Holder designated on the first page of this Purchase Agreement.

6.4 Close of Escrow; Estimated Closing Date; Closing Date.

(a) Close of Escrow. The close of escrow shall occur upon the recordation of the Grant Deed ("Close of Escrow")

(b) Closing Date: Escrow shall close on ("Closing Date"):

[] Check if Residence is already constructed ; or
 [X] Check if Residence is not completed The date set forth in the Closing Date Notice (as defined in Paragraph 6.4(c) below) to Buyer that the Residence is ready for occupancy. It is estimated that the Residence will be completed and that either a notice of completion will be filed or a certificate allowing occupancy of the Residence will be issued on 09/30/2005 12:00:00 AM ("Estimated Closing Date").

Due to the variables in the development of the Project, the date on which Escrow actually closes may be before or after the Estimated Closing Date. Seller agrees that it will complete construction in accordance with the standards set forth in Paragraph 8.1 on or prior to the date which is 12 months after the date of Acceptance of this Purchase Agreement, provided that Seller is in no event responsible for any delays due to events beyond Seller's control, including, without limitation, Acts of God, fire, earthquake, terrorist acts and inclement weather, shortages of labor or supplies, moratoria, inability to obtain permits or approvals, utility stoppage or shortages, financing shortages and delays caused by governmental agencies. Except for amounts that may be claimed for liquidated damages, if Escrow has not closed within 12 months after the date of Acceptance, Buyer's Deposit shall be returned to Buyer within 15 days after expiration of such 12-month period. Upon the return of the Buyer's Deposit, Seller shall not have any further obligations to Buyer under this Purchase Agreement, unless Seller is then in default under its provisions.

(c) Notice of Closing Date and Deliveries. Seller or Escrow Holder will notify Buyer (orally or in writing) of the date for the Close of Escrow at least 5 business days before the pending date for the Close of Escrow ("Closing Date Notice"). Buyer shall deliver to Escrow Holder all cash and all documents required to close Escrow no later than the required date for such deliveries set forth in the Closing Date Notice. If Buyer fails to close Escrow by the Closing Date by reason of a default by Buyer, Seller may make a claim for liquidated damages in accordance with the provisions of Paragraph 10 of this Purchase Agreement. Buyer agrees to execute all other documents and to take all other actions as are necessary to close the Escrow in accordance with this Purchase Agreement.

(d) Delay in Escrow Closing. If this Escrow does not close upon the Closing Date specified in the Closing Date Notice due to Buyer's default, Seller will be harmed due to carrying costs for the Property. If Seller does not terminate this Purchase Agreement, Seller may agree to extend the Closing Date, in its sole and absolute discretion, on the condition that Buyer pay Seller's carrying costs in the amount of \$300.00 per day ("Extension Payment"). If Seller approves an extension, Buyer shall deposit into Escrow the applicable Extension Payment, or at Seller's option, Buyer shall pay the Extension Payment at the Close of Escrow as extended by the agreement of Buyer and Seller. Acceptance of Extension Payments will not constitute a waiver by Seller of any default by Buyer in failing to close the Escrow, and Seller's rights to liquidated damages. Any Extension Payment made by Buyer shall not be applicable to the Purchase Price but, if paid prior to the Closing Date, shall be handled in the same manner as the Deposit and liquidated damages under Paragraph 10.

(e) Third Party Charges. If certain charges are incurred by Seller on Buyer's behalf and paid from the Deposit or other funds of Buyer held under this Purchase Agreement ("Third Party Charges"), such charges shall be handled in the same manner as the Deposit. Seller's estimate of the amounts of the Third Party Charges is set forth below. Because these amounts are estimates of what would be due upon termination of this Purchase Agreement prior to the Close of Escrow, these amounts may not be the actual amounts due at Close of Escrow.

| | |
|---------------------------------------|---------|
| • Credit Report: (per report) | 100.00 |
| • Appraisal Fees: (per appraisal) | 350.00 |
| • Escrow Services: | 500.00 |
| • Preliminary title Report: | 300.00 |
| • Loan Processing Services: | 400.00 |
| • Homebuyer's Manual, if not returned | 100.00 |
| • Other: | 100.00 |
| ESTIMATED TOTAL | 1850.00 |

(f) Completion of Residence. Seller shall complete the Residence such that the Residence is ready for occupancy by Buyer within two (2) years after the date of Buyer's Offer, subject to extensions for circumstances reasonably beyond Seller's control as determined by California law. Notwithstanding any provision in this Purchase Agreement to the contrary, including but not limited to Paragraph 10.3, nothing herein shall limit Buyer's remedies if Seller defaults under this Paragraph 6.4(f).

Financing and Loan Approval

7. FINANCING PROVISIONS [Check either Paragraph 7.1 or 7.2]

7.1 Financing Not Required: Buyer will provide all cash to close Escrow without obtaining a loan. Within 5 days after Buyer signs this Purchase Agreement, Buyer shall submit to Seller proof satisfactory to Seller that Buyer now has, or will have prior to Close of Escrow, cash sufficient to close Escrow. Within 3 days after any request by Seller, Buyer shall also provide evidence that sufficient funds are available for Buyer to close Escrow.

7.2 Financing Required: Buyer will apply and qualify for and obtain financing sufficient to close Escrow in the approximate "Estimated New Loan Amount" set forth in Paragraph 4(b), above ("New Loan"). Buyer shall use his or her best efforts to qualify for and obtain institutional financing at the rates and terms available to Buyer.

(a) Loan Application. Within 5 days after Buyer's Offer, Buyer shall submit a completed loan application for the New Loan to DHI Mortgage ("Seller's Approved Lender") and a lender selected by Buyer ("Buyer's Lender") , if any. Buyer shall advise Seller of the lender it has elected to use to close the Escrow prior to the applicable date set forth in Paragraph 7.2(b) below. Buyer shall take all required steps to allow prompt processing of the application for the New Loan, including fully responding to any requests from the lender(s) for documents or information within 3 days. Nothing set forth herein shall compel Buyer to accept any financing approved by Seller's Approved Lender that is not acceptable to Buyer.

(b) Buyer To Obtain Loan Approval. [Check appropriate box] ("Loan Contingency Date"):
 Estimated Closing Date is less than 60 days: Within 20 days after the Offer, but not less than 20 days prior to the Estimated Closing Date, Buyer shall deliver to Seller written evidence satisfactory to Seller that Buyer has obtained final unconditional loan approval for the Estimated New Loan Amount.
 Estimated Closing Date is more than 60 days: Within 20 days after the Offer, Buyer shall deliver to Seller written evidence satisfactory to Seller that Buyer has obtained conditional credit approval. Within 45 days after the Offer, Buyer shall deliver to Seller final unconditional loan approval for the Estimated New Loan Amount, subject only to the lender's approval of the value of the Property through an appraisal.

7.3 Failure to Obtain Loan Approval. If Buyer fails to obtain loan approval as provided in Paragraph 7.2(b) by the Loan Contingency Date, and Buyer is not otherwise in default under this Purchase Agreement, either Buyer or Seller may terminate this Purchase Agreement and cancel Escrow and Buyer shall receive a refund of the Deposit. Buyer's failure to terminate this Purchase Agreement within the time periods set forth above shall be deemed to be a waiver of Buyer's right to terminate this Purchase Agreement as a result of Buyer's failure to obtain financing. Buyer covenants and agrees to use his or her best efforts to qualify for and obtain financing and will comply with the time limits imposed by Seller or the lender for obtaining financing and will not take any action which will prevent or delay obtaining loan approval.

7.4 Authorizations Given By Buyer; Re-verification. Buyer, by its execution of this Purchase Agreement, authorizes Seller to investigate Buyer's credit, including obtaining a credit report, authorizes Seller to disclose to the lender(s) information about Buyer, authorizes Seller to obtain information from the lender(s), including copies of all applications and other documents, and agrees to cooperate with Seller in obtaining information about the New Loan from the lender. Upon the request of Seller, Buyer shall provide to Seller written re-verification of its financing approvals or sufficiency of cash.

7.5 Loan Modification. Buyer shall not change the lender, the loan amount or the loan program after receiving the original final unconditional loan approval referenced in Paragraph 7.2 and any failure of Buyer or its lender to close the loan on the Closing Date after obtaining the final unconditional loan approval from the lender shall constitute a default hereunder, for which Seller shall have the right to terminate this Purchase Agreement and retain Buyer's Deposit as provided in Paragraph 10 hereof.

Construction of The Residence

8. CONSTRUCTION

8.1 Standard Residence. The Residence under construction shall be constructed in substantial conformance with the standard plan on file with and approved by the appropriate governmental authority. Seller is not building the Residence specifically for Buyer, nor to the precise specifications or design of any model home. The fixtures, furnishings, landscaping and other features shown in any model home are not included under this Purchase Agreement unless specifically set forth herein. Seller reserves the right to make any changes or substitutions to the standard plan specifications, construction, materials and fixtures which are substantially equal in utility and quality to the original plans and specifications, and which meet with the approval of the appropriate governmental authorities having jurisdiction, as Seller deems necessary or desirable, without Buyer's consent.

8.2 Occupancy. Buyer shall not be entitled to possession of the Property or receive keys to the residence until after the Close of Escrow.

8.3 Entry Upon Property. Prior to the Close of Escrow, Buyer shall not alter the Property or the Residence, install any improvements on the Property, show or advertise the Property to prospective purchasers or tenants or place any signs at or near the Property, without the prior written consent of Seller and compliance with all requirements of Seller with respect to such entry, including signing an entry permit. All upgrades to the Property prior to the Close of Escrow must be approved in writing by Seller and installed or constructed by Seller or its authorized agents, representatives or independent contractors. If Buyer alters the Property or the Residence prior to the Close of Escrow without written consent of Seller, Seller may immediately remove same and Buyer shall be liable for all damages caused by such unauthorized work and changes to the Property.

8.4 Limited Warranty; Disclaimer of Implied Warranties. Buyer has received samples of the following prior to signing this Purchase Agreement: (a) a homeowner's manual entitled "10-4-1 Limited Homeowner's Manual and Customer Care Guide" ("Homeowner's Manual") which contains Seller's 10-4-1 Limited Warranty ("Limited Warranty"); (b) manufacturer's

FINANCING AGREEMENT

EXHIBIT B

The Undersigned, identified as Buyer and Seller, agree to amend and modify that certain Sales Agreement/Reservation dated 7/28/07 between them for the purchase of Lot # 21, Tract # 31664 in the city of Covachella, County of Riverside, California, by addition of the following:

In the event Buyer elects to obtain outside financing, there will be no cost to the Seller under any and all loan programs. Due to the seller costs involved with government finance programs, the Seller will not accept any FHA/VA/CalVet/ CalHEP loans with an Outside Lender.

Buyer will comply with the following terms and conditions:

1. Within five (5) working days of the Sales Agreement/Reservation, Buyer will deliver to the Seller: The name, address and telephone number along with the names of the Loan Officer and Loan Processor of the Outside Lender where the loan is in process.
2. Buyer shall obtain a Credit Approval letter (not a "Pre-Qual") within fourteen (14) days of the date of the Sales Agreement/Reservation from the selected Outside Lender. The Credit Approval will state that the Buyer is approved to buy the subject property based on their credit score, income and funds to close and Lender is prepared to fund the loan upon receipt of the city final on the subject property.

Non-compliance of the above condition within fourteen (14) days of original Sales Agreement/Reservation will cause Seller to consider the sale/reservation in default upon which the Seller may issue cancellation instructions to the Buyer. Buyer should be aware that he is responsible for any costs that may have been incurred from the Escrow Company and possibly from the Outside Lender.

3. Buyer shall authorize Outside Lender to communicate with Seller regarding loan status at all times.
4. Seller shall require a letter from Lender or Underwriter's Final Loan Approval, with conditions listed within thirty (30) calendar days after Buyer signs applicable Reservation or Sales Agreement. Said approval letter will be required sooner on escrows less than 45 days to prevent closing delays.
 - a.) Seller will not release flooring order/installation without said letter.
 - b.) Buyer is aware that they may not close escrow or take possession before flooring is complete and a Customer Service Walk-Through performed. Recordation of deed(s) must occur prior to Buyer receiving keys.
5. Buyer is required to notify and obtain written approval from Seller and provide an Underwriter's Final Loan Approval to change to an alternate Outside Lender.
6. In any case, loan documents must be received in escrow fourteen (14) days prior to the Seller's estimated close of escrow date to prevent closing delays. This would require Buyer to lock their loan rate at least twenty (20) days prior to close of escrow.
Important: If loan documents are not received by First American Title Co. fourteen (14) days prior to the estimated close of escrow, Buyer will incur a \$500 late charge.
7. If Buyer fails to close escrow on or before Seller's estimated close of escrow date or upon receipt of Notice of Completion, Buyer agrees to pay Seller a penalty of \$300 per day beginning with said closing date through the final close of escrow date. Buyer agrees to deposit penalty amount in escrow prior to closing. This penalty applies to CWKBHL and Outside Lenders transactions.
8. Buyer is aware that escrow is to close in accordance with the terms and conditions set forth in the Sales Agreement and shall work diligently with the Lender and Seller to effect a timely close of escrow.

All other terms and conditions remain the same.

[Signature]
Buyer

7/28/07
Date

[Signature]
Buyer

7/28/07
Date

Sales Representative

Date

PURCHASE AGREEMENT AND DEPOSIT RECEIPT AND ESCROW INSTRUCTIONS
"Purchase Agreement"

THIS DOCUMENT HAS IMPORTANT LEGAL CONSEQUENCES AND SHOULD BE READ THOROUGHLY PRIOR TO SIGNING. IF YOU HAVE ANY QUESTIONS ABOUT YOUR RIGHTS OR OBLIGATIONS UNDER THIS DOCUMENT, YOU MAY WISH TO CONSULT AN ATTORNEY.

BUYER Norma Mcreno and Teresita Moreno agrees to purchase, and BUILDER, Lennar Homes of California, Inc., a California corporation, and LENNAR SALES CORP., a California corporation, ("LENNAR") agree to sell, the following described real property for the purchase price and upon the terms stated below.

BUILDER is the developer/builder of the Homesites in this Community. LENNAR is an affiliate of BUILDER and will make the sale of the Homesite to BUYER. BUILDER will cause title to be conveyed to BUYER through LENNAR.

1. **PROPERTY DESCRIPTION.** Homesite 0082, Plan & Elevation Plan 1/A Tract No. 31376 Color Scheme 3 situated in the City/County of Coachella/Riverside, California, commonly known as 49-071 Pluma Amarilla Place Coachella CA 92236, together with the improvements constructed thereon or to be constructed thereon substantially in accordance with the plans and specifications on file with the appropriate governmental agencies ("Property"). **BUILDER retains the right to make non-material modifications to the plans and specifications from time to time in BUILDER'S sole discretion and without compensation to BUYER.**

BUYER'S Initials (NM) (TM)

2. **PURCHASE PRICE.** The Purchase Price for the Property, exclusive of BUYER \$ 376,990 options and closing costs, shall be payable as follows:

| | |
|--|-------------------|
| A. Deposit, which BUILDER acknowledges receiving on <u>1/29/2006</u> | \$ <u>5,000</u> |
| B. First trust deed loan proceeds; | \$ <u>301,500</u> |
| C. Options and Upgrades; | \$ _____ |
| D. Balance of down payment to be deposited in Escrow within (3) three days after Escrow's request for funds; | \$ <u>70,490</u> |
| TOTAL | |
| E. Estimated closing costs; | \$ <u>6,000</u> |
| F. Estimated funds to close escrow; | \$ <u>76,490</u> |

Lines D + E

All payments shall be made by cashiers check or federal wire transfer of funds.

3. **FINANCING.** BUYER and BUILDER agree this Purchase is is not contingent upon BUYER obtaining financing secured by the Property. Should this purchase be contingent upon such financing, BUYER will immediately, but not later than five (5) days after BUILDER'S acceptance, make full and complete application to obtain financing of the amount specified in Paragraph 2B above. BUYER shall apply for such financing through BUILDER'S affiliate Universal American Mortgage Corporation ("UAMC"), and shall submit all information necessary for approval by such lender within said five (5) day period. BUYER is not obligated to accept a loan from UAMC. If BUYER chooses to obtain financing through a lender other than UAMC, BUYER agrees to provide BUILDER with the name, address and phone number of such lender, the loan officer and loan processor, all within the same five (5) day period. BUYER hereby authorizes such other lender to provide BUILDER with a copy of BUYER'S loan application documents and all information regarding the status of the loan upon BUILDER'S request. If BUYER elects to accept a loan from such other lender, BUYER'S credit report fee will be waived by UAMC. BUYER agrees in good faith to take all steps required for the processing of the loan application and to promptly sign all documents and do all acts required by lender. BUYER agrees that after submitting a loan application for loan approval, BUYER will not take any action intended to impair BUYER'S credit. The terms and conditions of the loan are a matter of concern solely between BUYER and lender and shall not in any way affect the rights or obligations of BUYER or BUILDER hereunder. Should BUYER receive loan approval, but thereafter, through no fault of BUILDER, but through BUYER'S voluntary or willful actions, fail to timely close escrow, BUYER shall be in default of this Purchase Agreement as set forth in Paragraph 13 below. **Buyer understands the interest rate for the loan will be at the prevailing rate of the lender when the loan is funded or such other rate as BUYER and lender may jointly determine.**

BUYER and BUILDER understand and acknowledge that if for any reason, other than BUYER'S failure to perform as required under this section, BUYER'S loan application is rejected, or BUYER has not obtained a loan commitment by February 28, 2006, then, upon BUYER'S execution of Escrow Holder's instructions to cancel Escrow and this Purchase Agreement, all sums deposited by BUYER shall be promptly refunded to BUYER. **If BUYER fails to obtain the loan commitment by the date set forth above, BUILDER may, at its option, unilaterally cancel this Purchase Agreement.** Should BUYER'S lender delay the Close of Escrow ("Close of Escrow"), BUILDER has no obligation to extend the Close of Escrow, but may grant an extension on terms and conditions agreeable to both parties.

PULTE HOMES OF NEVADA
1635 Village Center Circle, Suite 250
Las Vegas, Nevada 89134

EXHIBIT B

Buyer(s) Name(s): Tim [redacted]
Kerry [redacted]

Property Address: 7088 [redacted]

Community: 1477 - Wyeth Ranch Lot # 33 - A - 02

FINANCING CONCESSIONS/PRICE REDUCTION AT CLOSING: Pulte Homes hereby agrees to pay up to \$0 towards financing concessions with an outside lender. However, if Buyer's obtain their financing through the Pulte Mortgage LLC, then Pulte Homes agrees to pay up to \$10,000 toward financing concessions

PULTE HOMES IS TO RETAIN ANY PORTION OF THE FINANCING CONCESSIONS WHICH ARE NOT USED TOWARD THE ABOVE NAMED COSTS.

MORTGAGE APPLICATION: You agree to apply, in good faith and at Your expense, for a (C5X) - 5 Yr. Interest Only mortgage loan commitment within 5 days after the date You sign this Agreement with Pulte Mortgage Corporation. You are responsible for obtaining a mortgage loan commitment (an "approved" loan...) within 30 days after the Date on this Agreement, and for satisfying all conditions including payments of all fees and expenses required by the lender regarding such loan. You also agree to notify Us immediately upon receiving mortgage loan approval from the lender. If We do not receive notice that You have qualified for the mortgage loan within 45 days from the Agreement Date, We may terminate this Agreement, in which event all of the monies paid to Us will be refunded to You, less any of Our expenses and any payments previously identified by Us as non-refundable.

CHANGES IN LENDER: Within 30 days of the scheduled closing of your home, if you choose to change lenders or seek different loan terms, an administrative fee of Five Hundred Dollars (\$500.00) will be collected immediately. The amount shall not reduce the Purchase Price, and shall be in addition to all other sums due from you under this Agreement.

CREDIT INFORMATION RELEASE: In order to facilitate Your purchase, it will be necessary for Us to review Your credit information with You and Your Lender. You authorize Us to order or obtain a credit report from a credit reporting agency or from any other source. By signing below, You also authorize the Credit Bureau, Mortgage Lender, Credit Reporting Agency, Financial Institution, Realtor and Your Escrow Company, to release any and all information regarding Your credit to Us.

PAYMENT QUOTE: Buyer acknowledges a receipt and understanding of a monthly house payment quote and a closing cost estimation (including taxes, and any special fees) - prior to the purchase of this home.

CLOSING COSTS/PREPAIDS: You are to pay all other costs in connection with the mortgage loan and Closing that are not being paid by Us as a Financing concession (per Exhibit "B" of this agreement). **NOTE:** Closing Costs must be in the form of a cashiers check. By initialing below, You also acknowledge an understanding of Your estimated closing costs and pre-paids costs that are due in addition to the remainder of down payment.

KEYS TO BUYER (after the Close of Escrow): We will retain exclusive possession of the Home until We have received all monies due from You - (Your Lender "Funds" the Loan, with Money actually transferred to Us...)

[Signature] [Redacted] 5-11-04
Buyer's Signature Date

[Signature] [Redacted] 5-12-04
Buyer's Signature Date

Submitted by:
Sales Rep: [Signature]
Date: 5/7/04

The terms, conditions, and provisions of this Agreement are hereby accepted on this day of [Signature]

PULTE HOMES OF NEVADA

[Signature]

EXHIBIT E

ADDENDUM

| | | |
|--|------------------|------------------------------|
| Borrower: <u>Nathanial Johnson & Kristin Petrell</u> | | File No.: <u>031405A</u> |
| Property Address: <u>25625 W. Lynne Lane</u> | | Case No.: <u>AV0161219-1</u> |
| City: <u>Buckeye</u> | State: <u>AZ</u> | Zip: <u>85326</u> |
| Lender: <u>Navy Federal Credit Union</u> | | |

March 28, 2006

RE: Additional data provided for review

To whom it may concern:

Sales sheets/upgrade sheets, apparently provided by the builder's sales office, regarding homes that appear to have sold in the Subject development and were not utilized as Comparables in the original appraisal report, dated March 15, 2006, were forwarded for review

As a "Model Match" (Comparable #1), which was provided to the appraiser by the builder and was the only truly comparable sale in the area to include a swimming pool, and two other very similar re-sales were originally included as Comparables, the "best" available market data are considered to have already been utilized in valuating the Subject property.

Information provided regarding 25532 and 25540 W. Pleasant Lane Buckeye, AZ pertains to homes that both have Gross Living Area in excess of twenty percent larger than the Subject's (3306 square feet versus 2570 square feet) Particularly due to the fact that other, more similar homes were available as Comparable data, the inclusion of either or both of these sales on Pleasant Lane would be inappropriate and may give the impression that the appraisal's purpose was to target a predetermined value range. Neither of the Pleasant Lane properties are considered, by the appraiser, to be more appropriate for inclusion than those originally utilized and the report will not be amended

I hope this dissertation is helpful in the analysis of the appraisal report and if I can be of further assistance, please feel free to contact my office at your convenience

Respectfully submitted,

Cari S Vasicek
Licensed Appraiser
AZ # 10874

Revised

15 pages

Borrower: Nathaniel Johnson & Kristin Parrill
 Property Address: 25625 W. Lynne Lane
 City: Buckeye
 State: AZ
 Zip: 85326
 File No.: 0314054
 Case No.: AV0161215-1

ADDENDUM

March 28, 2006

RE: Additional data provided for review

To whom it may concern:

Sales sheets/upgrade sheets, apparently provided by the builder's sales office, regarding homes that appear to have sold in the Subject development and were not utilized as Comparables in the original appraisal report, dated March 15, 2006, were forwarded for review.

As a "Model Match" (Comparable #1), which was provided to the appraiser by the builder and was the only truly comparable sale in the area to include a swimming pool, and two other very similar re-sales were originally included as Comparables, the "best" available market data are considered to have already been utilized in valuing the Subject property.

Information provided regarding 25532 and 25540 W, Pleasant Lane Buckeye, AZ pertains to homes that both have Gross Living Area in excess of twenty percent larger than the Subjects (3306 square feet versus 2570 square feet). Particularly due to the fact that other, more similar homes were available as Comparable data, the inclusion of either or both of these sales on Pleasant Lane would be inappropriate and may give the impression that the appraiser's purpose was to target a predetermined value range. Neither of the Pleasant Lane properties are considered, by the appraiser, to be more appropriate for inclusion than those originally utilized and the report will not be amended.

I hope this discussion is helpful in the analysis of the appraisal report and if I can be of further assistance, please feel free to contact my office at your convenience.

Respectfully submitted,

Carl S Vasticek
 Licensed Appraiser
 AZ # 10874

Reviewed

15 pages

Uniform Residential Appraisal Report

The purpose of this summary appraisal report is to provide the borrower with an accurate, and adequately supported opinion of the market value of the subject property.
Borrower: Nathaniel Johnson & Kristin Pettini
Applicant: City Buckeye
Owner of Public Record: KB Home Sales, Phoenix Inc.
Address: 72 Buckeye 320 MCR 875-34
Auction's Part #: 504-57-234
Tax Year: 2008
Map Reference: R.E. Taxes: 1,952.06
County: Maricopa

Neighborhood Name: SanTan
Occupancy: Owner Tenant Vacant
Property: Fee Simple Leasehold Other (describe)
Assessment: Paid Other (describe)
Assessment Type: Payable Transaction Advance Transaction Other (describe)
Address: P.O. Box 325 Maricopa, VA 22119
Report date (month/year) and date of sale or last recorded sale: The subject is "New" construction and is under contract for sale from KB Home Sales
Phone: (602) 444-4444 (to the borrower)
 No Yes
I do not analyze the contract for sale for the subject purchase and report the results of the analysis of the contract for sale or why the analysis was not performed.
Contract Price: 388,899
Date of Contract: 07/13/2008
Is the property being sold by the owner of public record? Yes No
Data Source: Met Value Central
If any federal assistance programs are involved, the borrower's signature and date are required. If the borrower is not the owner of public record, the borrower's signature and date are required. If the borrower is not the owner of public record, the borrower's signature and date are required. If the borrower is not the owner of public record, the borrower's signature and date are required.

Note: Risk and the overall composition of the neighborhood are not analyzed here.
Location: Urban Suburban Rural
Project: Single-Family Multi-Family
Floor Area: 450 sq ft
Rooms: 2 Bath, 2 Bed, 2 Living, 2 Dining, 2 Kitchen, 2 Hall, 2 Stair, 2 Other
Neighborhood Description: See Attachment
Market Conditions: See Attachment

Dimensions: 111' x 100' Apx. (Subject to Survey) Area: 11,100 sq. ft.
Zoning Classification: PR
Zoning Description: Single Family Residential
Legal Description: (land parcel) (lot) (block) (subdivision) (city) (county) (state)
Is the subject property as shown on the subject plat and specifications the present use? Yes No
Public: City (describe) State Federal (describe)
Other: Other (describe) Public (describe)
FEMA Flood Zone: No Yes (FEMA Flood Zone:)
FEMA Flood Date: 08/03/2005
FEMA Map: 04013C 24000
Are there any special conditions (e.g., easements, encroachments, environmental conditions, etc.)? Yes No
Are there any special conditions (e.g., easements, encroachments, environmental conditions, etc.)? Yes No
Are there any special conditions (e.g., easements, encroachments, environmental conditions, etc.)? Yes No
Are there any special conditions (e.g., easements, encroachments, environmental conditions, etc.)? Yes No

Foundation: Concrete Slab Other (describe)
Foundation Walls: Concrete / New Other (describe)
Roof Surface: Heavy Fib / New Other (describe)
Roof Structure: Heavy Fib / New Other (describe)
Roofing: Asphalt / New Other (describe)
Roofing Material: Asphalt / New Other (describe)
Roofing Condition: Good Fair Poor Other (describe)
Roofing Age: 0-10 Yrs 11-20 Yrs 21-30 Yrs 31-40 Yrs 41-50 Yrs 51-60 Yrs 61-70 Yrs 71-80 Yrs 81-90 Yrs 91-100 Yrs

General Description: One with Accessory Unit Other (describe)
Type: Detached Attached Other (describe)
Year Built: 2008
Floor Area: 450 sq ft
Rooms: 2 Bath, 2 Bed, 2 Living, 2 Dining, 2 Kitchen, 2 Hall, 2 Stair, 2 Other
Neighborhood Name: SanTan
Occupancy: Owner Tenant Vacant
Property: Fee Simple Leasehold Other (describe)
Assessment: Paid Other (describe)
Assessment Type: Payable Transaction Advance Transaction Other (describe)
Address: P.O. Box 325 Maricopa, VA 22119
Report date (month/year) and date of sale or last recorded sale: The subject is "New" construction and is under contract for sale from KB Home Sales
Phone: (602) 444-4444 (to the borrower)
 No Yes
I do not analyze the contract for sale for the subject purchase and report the results of the analysis of the contract for sale or why the analysis was not performed.
Contract Price: 388,899
Date of Contract: 07/13/2008
Is the property being sold by the owner of public record? Yes No
Data Source: Met Value Central
If any federal assistance programs are involved, the borrower's signature and date are required. If the borrower is not the owner of public record, the borrower's signature and date are required. If the borrower is not the owner of public record, the borrower's signature and date are required. If the borrower is not the owner of public record, the borrower's signature and date are required.

Describe the condition of the property (existing method) (e.g., repairs, deterioration, renovations, remodeling, etc.) (See Attachment)
Average quality improvements: Floor plan and utility is considered average.
Average quality improvements: (e.g., energy efficient items, etc.)
Are there any special conditions (e.g., easements, encroachments, environmental conditions, etc.)? Yes No
Are there any special conditions (e.g., easements, encroachments, environmental conditions, etc.)? Yes No
Are there any special conditions (e.g., easements, encroachments, environmental conditions, etc.)? Yes No
Are there any special conditions (e.g., easements, encroachments, environmental conditions, etc.)? Yes No

Does the report generally conform to the professional standards of practice for appraisers? Yes No
Should the report conform upon completion? Yes No

Uniform Residential Appraisal Report

AVB101215-1
 File No. 031405A

Lucid Appraisals Incorporated

Three Net B comparable properties actively offered for sale in the subject neighborhood during the 90 day period ending in the date of sale from 215,000 to 380,000
 Three Net C comparable properties in the subject neighborhood within the 90 day period ending in the date of sale from 258,000 to 380,000

| Address | Subject | Comparable Sale No. 1 | Comparable Sale No. 2 | Comparable Sale No. 3 |
|---|---|--|--------------------------------------|--------------------------------------|
| 2525 W. Lynne Lane Buckeye, AZ 85326 | 2525 W. Lynne Lane Buckeye, AZ 85326 | 7385 S Skyhawk Lane Buckeye, AZ 85326 | 3435 S 25th Ave Buckeye, AZ 85326 | 3435 S 25th Ave Buckeye, AZ 85326 |
| 0.30 million ENB | 0.40 million ESE | 0.74 million NNE | 0.74 million NNE | 0.74 million NNE |
| 398,688 | 280,111 | 315,530 | 315,530 | 360,000 |
| \$154.36 sq ft | \$112.75 sq ft | \$123.83 sq ft | \$127.12 sq ft | \$127.12 sq ft |
| Builder / Extor | Builder / Extor | ARMLS / Extor | ARMLS / Extor | ARMLS / Extor |
| DESCRIPTION | DESCRIPTION | DESCRIPTION | DESCRIPTION | DESCRIPTION |
| Conventional | Conventional | Conventional | Conventional | Conventional |
| 0-0 Points | 0-0 Points | 0-0 Points | 0-0 Points | 0-0 Points |
| 12/28/2005 | 12/28/2005 | 10/16/2005 | 12/15/2005 | 12/15/2005 |
| Santerra | Santerra | Santerra | Westpark | Westpark |
| Fee Simple | Fee Simple | Fee Simple | Fee Simple | Fee Simple |
| 1133 ML SF | 7704 ML SF | 7403 ML SF | 8167 ML SF | 8167 ML SF |
| Typical 2-Story-Avg. | Typical 2-Story-Avg. | Typical 2-Story-Avg. | Typical 2-Story-Avg. | Typical 2-Story-Avg. |
| 2-Story-Avg. | 2-Story-Avg. | 2-Story-Avg. | 2-Story-Avg. | 2-Story-Avg. |
| Ft./Stu - Avg. | Ft./Stu - Avg. | Ft./Stu - Avg. | Ft./Stu - Avg. | Ft./Stu - Avg. |
| 2005 | 2005 | 2005 | 2005 | 2005 |
| Actual Age | Actual Age | Actual Age | Actual Age | Actual Age |
| Condition | Condition | Condition | Condition | Condition |
| New | New | Good-States etc. | Near New | Near New |
| Room Count | Room Count | Room Count | Room Count | Room Count |
| 10 d 2 e | 10 d 2 e | 8 s 3 | 9 d 3 | 9 d 3 |
| 2,573 sq ft | 2,573 sq ft | 2,548 sq ft | 2,832 sq ft | 2,832 sq ft |
| No Basement | No Basement | No Basement | No Basement | No Basement |
| Basement & Finished | Basement & Finished | Basement & Finished | Basement & Finished | Basement & Finished |
| Rooms Below Grade | Rooms Below Grade | Rooms Below Grade | Rooms Below Grade | Rooms Below Grade |
| Average | Average | Average | Average | Average |
| FWA Chair | FWA Chair | FWA Chair | FWA Chair | FWA Chair |
| Double panes | Double panes | Double panes | Double panes | Double panes |
| 2 Car Garage | 2 Car Garage | 2 Car Garage | 2 Car Garage | 2 Car Garage |
| Covered Patio | Covered Patio | Covered Patio | Covered Patio | Covered Patio |
| No fireplace | No fireplace | No fireplace | No fireplace | No fireplace |
| Pool/SPA | Pool/SPA | Pool/SPA | Pool/SPA | Pool/SPA |
| Pool/No Spa | Pool/No Spa | Pool/No Spa | Pool/No Spa | Pool/No Spa |
| Modem/Internet Upg | Modem/Internet Upg | Modem/Internet Upg | Modem/Internet Upg | Modem/Internet Upg |
| 34,500 | 43,700 | 34,500 | 34,500 | 34,500 |
| Net Adjustment (Total) | Net Adjustment (Total) | Net Adjustment (Total) | Net Adjustment (Total) | Net Adjustment (Total) |
| Acquired Sale Price | Acquired Sale Price | Acquired Sale Price | Acquired Sale Price | Acquired Sale Price |
| 25,300 | 25,300 | 25,300 | 25,300 | 25,300 |
| Net Adj. 15.1% | Net Adj. 15.1% | Net Adj. 10.8% | Net Adj. 7.0% | Net Adj. 7.0% |
| 333,811 | 333,811 | 333,811 | 350,030 | 350,030 |
| GRAD 14.1% | GRAD 14.1% | GRAD 14.1% | GRAD 15.6% | GRAD 15.6% |
| 385,300 | 385,300 | 385,300 | 385,300 | 385,300 |

I did not receive the sale of transfer history of the subject property and comparable sales if not explain

My research did not reveal any prior sales or transfers of the subject property for the three years prior to the effective date of the appraisal.

Date source(s) ARMLS, Net-Value Central and County Assessor.

My research did not reveal any prior sales or transfers of the comparable sales for the real price to the date of sale of the comparable sale.

Date source(s) ARMLS, Net-Value Central and County Assessor.

Report the results of the research and analysis of the price ratio or transfer history of the subject property and comparable sales (upon additional prior sales on page 2)

Item 1

| Item | Subject | Comparable Sale No. 1 | Comparable Sale No. 2 | Comparable Sale No. 3 |
|-----------------------------|--------------------------|--------------------------|--------------------------|--------------------------|
| Date of Prior Sale/Transfer | N/A | N/A | N/A | 06/21/2005 |
| Type of Price Sale/Transfer | N/A | N/A | N/A | 5248 sq ft |
| County Assessor | County Assessor | County Assessor | County Assessor | County Assessor |
| Date of report signature | Date of report signature | Date of report signature | Date of report signature | Date of report signature |

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

Summary of Sales Comparison Approach See Attachment

Indicated Value by Sales Comparison Approach 1 351,000
 Cost Approach of development 1 351,400
 Income Approach of development N/A

Most consideration is afforded the Market Approach since the method best reflects the actions of typical buyers and sellers. Since most homes in the area are owner occupied, the Income Approach is not considered necessary. The Cost Approach supports the Market Approach.

This appraisal is made subject to completion of plans and specifications on the basis of a hypothetical condition that the improvements have been completed. subject to the underlying assumptions that the condition or deficiency does not require alteration or repair. This report is conditional upon the completion of subject to the following items or alterations that the report or alterations have been completed or subject to the following items or alterations, and appraiser's definition, my (our) opinion of the market value as defined, of the real property that is the subject of this report is \$351,000.

Based on a complete visual inspection of the interior and exterior areas of the subject property, (limited scope of work, statement of assumptions and limiting conditions, and appraiser's definition, my (our) opinion of the market value as defined, of the real property that is the subject of this report is \$351,000.

Page 2 of 2
 Form No. 101 (Rev. 10/2002)

362,274

WV 2013

Uniform Residential Appraisal Report
AVB181215-1
FIP No. 031405A

Lucid Appraisals Incorporated

Personal property was not included in the final value estimate.

The intended use(s) of the appraisal is/are the above-named Lender(s)/Client(s) and the intended use of the appraisal is to estimate the market value of the subject property, as defined herein, for mortgage lending purposes. Although Section 21 of the Appraiser's Certification allows the appraiser to communicate the report to certain parties, the appraiser will, at no time, discuss or distribute this report with any party other than the lender/client.

This is a federally related transaction.

The definition of Market Value is derived from FIMA and FIMC and is generally accepted by FHA/HUD, VA and the users of Residential Real Estate Appraisals.

This is a "Complete" appraisal and is communicated as a "Summary" appraisal report for the ratio and exclusive use of the Lender/Client specified herein.

This report is intended to comply with current USPAP requirements. In compliance with the USPAP version effective 03/17/1999, all references to "Estimate of Value" contained on the form or within the body of this report should read "Opinion of Value". In compliance with the USPAP version effective 03/17/1999, all references to "Neighborhood" contained on the form or within the body of this report should read "Market Area".

SCOPE OF REPORT

The appraisal is based on the information gathered by the appraiser from public records, other identified sources, inspection of the subject property and neighborhood, and selection of comparable sales, listings, and/or rentals when applicable, within the Subject Market Area. The original source of the comparable is shown in the Data Source section of the market grid along with the source of confirmation, if available. The original source is presented first. The sources and data are considered reliable. When conflicting information was provided, the source deemed most reliable has been used. Data believed to be unreliable was not included in the report nor used as a basis for the value conclusion. The extent of analysis applied to this assignment may be further imparted within the report and/or any other Statement of Limiting Conditions and Appraiser's Certification (Dated 03/2005), when applicable.

The appraiser is NOT a home inspector and this appraisal report is NOT a home inspection. The appraiser performed only a VISUAL inspection of accessible areas and the appraisal CANNOT be relied upon to disclose conditions and/or defects in the property.

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

COST APPROACH TO VALUE (not required by Fannie Mae)

Support for the opinion of comparable land sales or other methods for estimating site value. See Attachment.

ESTIMATE REPRODUCTION OR REPLACEMENT COST NEW

Source of cost data: See Attachment

Quality rating from cost survey: Average Effective date of cost data: 12/01/2005

Comments on Cost Approach (gross living area calculations, depreciation, etc.)

Pool, patio, built-in, etc. Sq Ft @ \$ \$

Garage/Carport 426 sq ft @ \$ 23.00 \$ 9,800

Total Estimate of Cost-Now \$ 229,400

Less: 65 Percent Functional Erosion \$ 0

Depreciated Cost of Improvements \$ 229,400

Adjusted Value of Site Improvements \$ 5,000

65 years INDICATED VALUE BY COST APPROACH \$ 354,400

Income Approach TO VALUE (not required by Fannie Mae) N/A * \$

Estimated Monthly Market Rent: N/A * Gross Rent Multiplier N/A * Gross Rent Multiplier Not considered necessary for this appraisal.

Summary of Income Approach (including support for market rent and Gross Rent Multiplier) Not considered necessary for this appraisal.

PROJECT INFORMATION FOR FUDs (if applicable)

Is the development in control of the Homeowners' Association (HOA)? Yes No Unit type(s) Attached Detached Provide the following information for FUDs ONLY if the developer/builder is in control of the HOA and the subject property is an attached dwelling unit.

Legal name of project: N/A

Total number of phases: N/A

Total number of units for sale: N/A

Total number of units sold: N/A

Does the project require the conversion of an existing structure(s) into a PUD? Yes No Date worked(s): N/A

Are the unit, common elements, and region located complete? Yes No If no, describe the status of completion: N/A

Are the common elements needed to be by the Homeowners' Association? Yes No If yes, describe the items and options: N/A

Describe current events and potential liabilities: N/A

Uniform Residential Appraisal Report
AVE 181215-1
FPO No. 031405A

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 errors on the 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 the 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/buyer 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/buyer.

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 at 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 comparable 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 institution 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 based on the appraiser's judgment. 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 guarantee, 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 guarantee 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 on the assumption that the subject property will be completed, repaired, or alterations on the assumption that the completion, repairs, or alterations of the subject property will be performed in a professional manner.

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

- 1 I have, at a minimum, developed and reported this appraisal in accordance with the scope of work requirements stated in this appraisal report.
- 2 I performed a complete visual inspection of the interior and exterior areas of the subject property. 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. 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. 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.
- 8 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.
- 9 I verified, from a diversified 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.
- 10 I have knowledge and experience in appraising this type of property in this market area.
- 11 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.
- 12 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.
- 13 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, hooded rearers, 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 I have performed in appraising 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.
- 14 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.
- 15 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.
- 16 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.
- 17 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).
- 18 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 individuals (and disclosed the specific tasks performed in this appraisal report) so that any individual so named is qualified to perform the tasks I have not authorized and I will take no responsibility for it. I identified the lender in this appraisal report who is the individual, organization, or agent for the organization that ordered and will receive this appraisal report.

Lucid Appraisals Incorporated
AV8181215-1
Form No 031405A

Uniform Residential Appraisal Report

21 The lender/borrower 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; government sponsored enterprises; other secondary market participants; data collection or reporting services; professional appraisal organizations; any department, agency or institutionally the mortgagee or its successors and assigns; government sponsored enterprises; other secondary market participants; data collection or reporting services; professional appraisal organizations; any department, agency or institutionally of the United States; and any state, the District of Columbia, or other jurisdiction; without having to obtain the approval or consent of the lender/borrower. Such consent must be obtained before the 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/borrower 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 lenders 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

- 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.
- 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.
- 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.
- 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.
- 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: *John S. Taylor*
Name: John S. Taylor, Licensed Appraiser
Company Name: Lucid Appraisals Incorporated
Company Address: 499 E. Dinby Ave. Higley, AZ 85236
Telephone Number: 000-000-0000
Email Address: _____
Date of Signature and Report: 03/16/2008
Effective Date of Appraisal: 03/15/2008
State Certification #: 10974
or State License #: 10974
or Other (describe): _____
State #: _____
Expiration Date of Certification or License: 04/30/2007

ADDRESS OF PROPERTY APPRAISED
25625 W. Lynne Lane
Buckeye, AZ 85326
APPAISED VALUE OF SUBJECT PROPERTY: \$ 351,000

LENDER/CLIENT
Name: Navy Federal Credit Union
Company Address: P.O. Box 3325 Merfield, VA 22119
Email Address: _____

SUBJECT PROPERTY
Did not inspect exterior of subject property from street
Did inspect exterior of subject property from street
Date of inspection: _____
Did not inspect interior and exterior of subject property
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: _____

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

SUPERVISORY APPRAISER (ONLY IF REQUIRED)
Signature: _____
Name: _____
Company Name: _____
Company Address: _____
Telephone Number: _____
Email Address: _____
Date of Signature: _____
State Certification #: _____
Date of Signature and Report: _____
Effective Date of Appraisal: _____
State Certification #: _____
or State License #: _____
or Other (describe): _____
State #: _____
Expiration Date of Certification or License: _____

Please note that, according to an ARMLS on-line search, it appears that the Subject has been under contract since July 2, 2005 with a contract price of \$396,000. Further, the Deed portion of the Net Value Central function of the ARMLS on-line system does not indicate any transfers of the Subject property, as improved, within the last three years.

The contract in force appears to be an "arms-length" transaction. It is not supported by the Market Analysis contained in this report.

Prior Sales Comments and Analysis of Current Agreements

The total estimated costs to complete the above items is approximately \$50,000 to \$60,000.

- 1. Roof tiles to be installed. (+/- \$1500)
- 2. Exterior paint to be applied. (+/- \$1500)
- 3. Ceramic tile and Berber carpet to be installed. (+/- \$4000)
- 4. Granite counter tops to be installed in Kitchen. (+/- \$5000)
- 5. Sink, dishwasher and stove to be installed in Kitchen. (+/- \$1500)
- 6. Toilet, Vanity and mirror to be installed in lower level Powder room. (+/- \$1500)
- 7. Shower surround toilet, mirror and vanity to be installed in Master Bathroom. (+/- \$2000)
- 8. Toilet and mirror to be installed in upper level Bathroom. (+/- \$1500)
- 9. Front yard landscaping to be installed. (+/- \$2000)
- 10. Complete construction of the pool needs to be done (+/- \$30500)
- 11. Final clean-up and touch-up to be done (+/- \$1000)

The remaining items to be completed are as follows:

Please note that the Subject is "new" construction and is approximately 80% to 85% complete.

No mechanical systems tested. Systems to be in working condition upon completion.

completion.

Overall condition of the Subject property, upon completion, is considered "New". No significant functional or economic inadequacies were observed. Modernization is considered current. No suggested repairs upon

maintenance was observed.

Construction. Please note that the Subject has been fairly well maintained and no significant deferred

The overall Condition/Modernization of the Subject is considered new for its Age, Location and Quality of

Condition of Improvements

One to three months is considered a reasonable marketing period for the Subject property based on an analysis of market activity in the Subject Market Area via the ARMLS on-line system.

Approximately 128 dwellings were transferred over the last twelve months with an average exposure time under three months.

Eight "Active" competitive listings were found via an MLS computer search of the Subject Market Area. List prices range from \$259,900 to \$350,000. The search criteria included similar style dwellings between 2050 and 3100 square feet, only. Further, no "Under Contract" listings were found.

Financial factors for the comparables have been analyzed by the appraiser. Atypical financial concessions, if any, are adjusted in the Market Analysis.

reasonable

General market conditions are considered typical for the area. Mortgage rates and loan discounts are considered Neighborhood Market Conditions.

Amenities include proximity to Maricopa County public schools, public parks and recreational amenities and regional shopping malls. Retail and other commercial usages are located in Buckeye. Highway access is proximate to Interstate Highway 10.

The vacant land in the area appears to be in the process of being built up with extensive additional residential and commercial properties.

The Subject is located in Buckeye, on the southwest edge of the Phoenix Metropolitan Area, in a residential neighborhood community that is built up with more single family dwellings of average design and appeal.

Neighborhood Market Factors

Neighborhood Boundaries For purposes of this report, Neighborhood Boundaries are roughly defined as: Broadway Rd. (North), S Miller Rd (East), Baseline Rd (South), and S 259 th Ave (West).

Neighborhood Boundaries

For purposes of this report, Neighborhood Boundaries are roughly defined as: Broadway Rd. (North), S Miller Rd (East), Baseline Rd (South), and S 259 th Ave (West).

Neighborhood Boundaries

Neighborhood Boundaries

Neighborhood Boundaries

Neighborhood Boundaries

Neighborhood Boundaries

Neighborhood Boundaries

Neighborhood Boundaries

Neighborhood Boundaries

Neighborhood Boundaries

Neighborhood Boundaries

Neighborhood Boundaries

Neighborhood Boundaries

APPENDUM

Borrower: Naimel Johnson & Kristin Pettit

Property Address: 25825 W. Lynna Lane

City: Buckeye

Lender: Navy Federal Credit Union

File No.: 031405A

Case No.: AVB1215-1

State: AZ

Zip: 85326

APPENDUM

Borrower: Nathaniel Johnson & Kristin Peltill
 Property Address: 25625 W. Lyme Lane
 City: Buckeye
 State: AZ Zip: 85328
 Case No.: AVB181215-1
 File No.: 031405A

Except as noted, the Net Value Central function of ARMLS on-line system does not indicate prior sales or listings for the Comparables within the year prior to the indicated sales date

Comments on Sales Comparison
 The Comparables utilized are located in the same or similar type subdivisions and are considered similar or equal in design, appeal, livability, and marketability

Due to the unique nature of the Subject property, the fact that it is "New" construction and the buyer added excessive design center upgrades, representative market activity is scarce, at best. Although not "ideal", the comparables utilized are considered the "best" available

An extensive MLS Computer search yielded eight applicable market activity. Therefore, Comparables #2 and #3 are located in competing subdivisions and Comparable #3 is distant. These properties are located as close in proximity to the Subject as possible and in subdivisions as similar as possible. Location adjustments for Neighborhood Differences are not considered supportable and none are made

Due to extremely limited applicable market data all of the Comparables have somewhat smaller sites than the Subject. Although the appraiser is unable to determine the precise effect the condition has on marketability and market values in the area, the market does typically recognize a premium for this amenity and conservative three percent Site/View adjustments are utilized for differences in site sizes.

Condition and Modernization descriptions and/or adjustments are estimated based on Realtor (R) comments via the MLS computer and the appraiser's exterior inspection of the comparables. The "exterior wrap" for the Subject (upon completion) and the comparables appeared similar

Comparable #1 is the most current sale and is a "Model Match" to the Subject and Comparables #1 and #2 are closest in proximity to the Subject and they are given additional consideration. Further, the contract price is above the range of indicated values and is therefore, not considered to be supported in the marketplace.

Since the Subject is larger than average, it follows that the Option of Value is greater than the Predominant Range for the Market Area.

One primarily to differences in upgrades. Total Net Adjustments slightly exceed 15% for Comparable #1

The comparables utilized are not considered ideal; that is, limited data were available, and prior to adjustment the comparables reflect a relatively wide range of sales prices. As a result, the adjusted sales prices depict a wide range which exceeds ten percent

Cost Approach Comments
 The gross area of the improvements are based on approximate calculations. Any variance is considered negligible

Cost Estimates and Physical Depreciation are estimated based on Marshall/Swift Publications and are adjusted for geographic location and/or other variables

The Land Value Estimate is estimated based on abstracted and allocated land values for dwellings in the Market Area

The estimated Remaining Economic Life is 65 years, or more

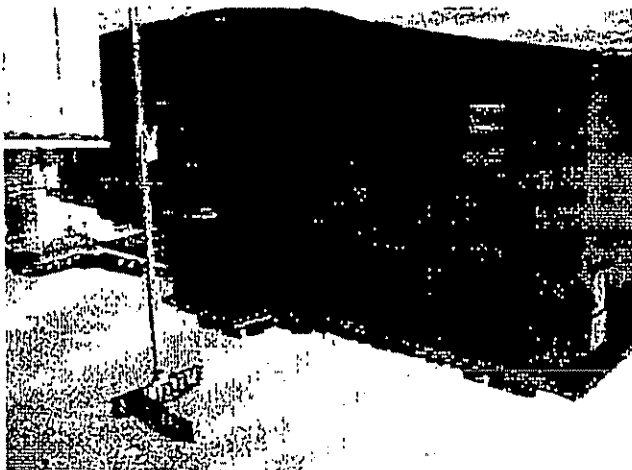
Please note, the land value ratio exceeds 30% of the Estimated Cost of Reproduction. This condition is considered commonplace in the Subject Market Area

SUBJECT PROPERTY PHOTO ADDENDUM

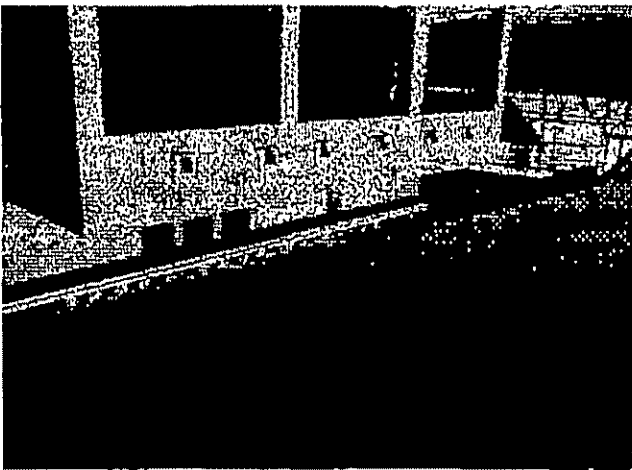
| | |
|-----------------------------------|---------------------------------------|
| Fig No.: 031405A | Property Address: 25625 W. Lynne Lane |
| Case No.: AV8181715-1 | City: Buckeye |
| State: AZ | Zip: 85326 |
| Lender: Navy Federal Credit Union | |

FRONT VIEW OF
SUBJECT PROPERTY

Appraised Date: March 15, 2008
Appraised Value: \$ 351,000



REAR VIEW OF
SUBJECT PROPERTY



STREET SCENE



COMPARABLE PROPERTY PHOTO ADDENDUM

| | |
|-----------------------|---------------------------------------|
| File No: 031405A | Property Address: 25625 W. Lynne Lane |
| Case No.: AV0181215-1 | City: Buckeye |
| Zip: 85328 | Lender: New Federal Credit Union |

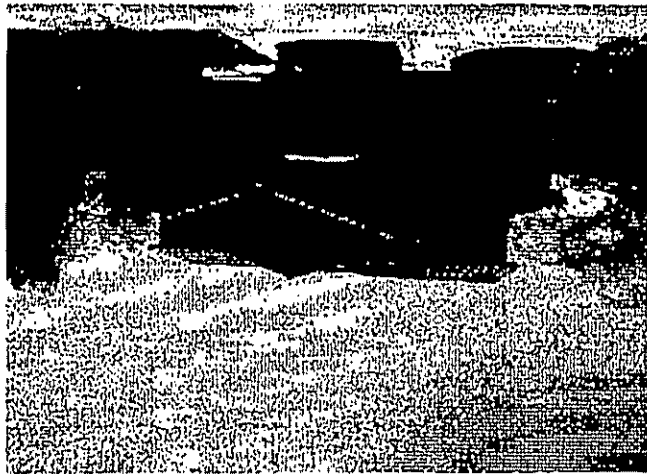
COMPARABLE SALE #1

25534 W Lynne Lane
 Buckeye, AZ 85326
 Sale Date: 12/20/2005
 Sale Price: \$ 280,111



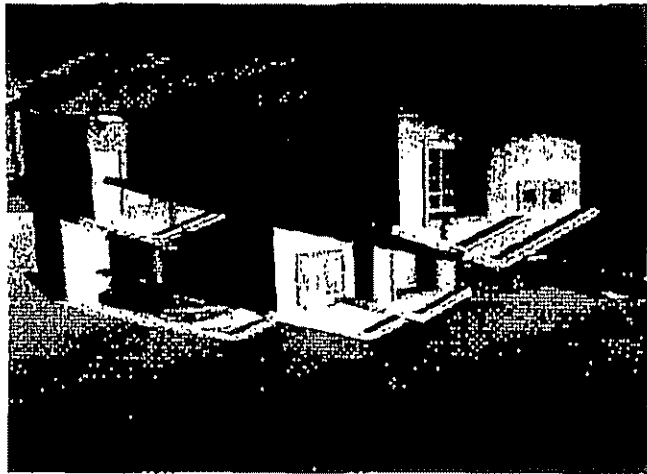
COMPARABLE SALE #2

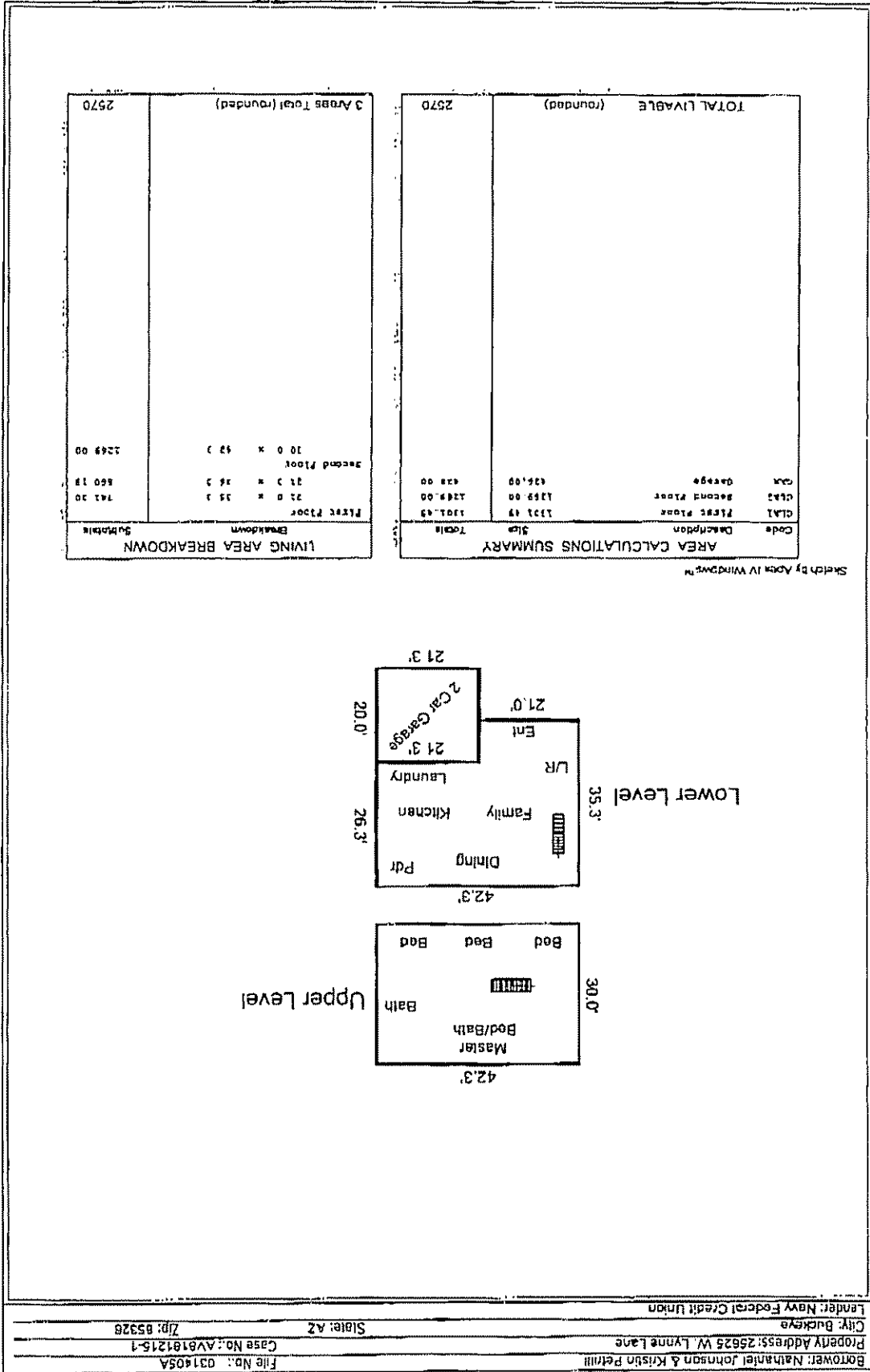
7385 S Skyhawk Lane
 Buckeye, AZ 85326
 Sale Date: 10/16/2005
 Sale Price: \$ 319,930



COMPARABLE SALE #3

3435 S 256th Ave.
 Buckeye, AZ 85326
 Sale Date: 12/15/2005
 Sale Price: \$ 360,000





| AREA CALCULATIONS SUMMARY | |
|---------------------------|--------------|
| Code | Description |
| CLAI | First Floor |
| CLAS | Second Floor |
| GA | Garage |
| | TOTAL |
| | 1301.43 |
| | 1359.00 |
| | 428.00 |
| | TOTAL |
| | 2088.43 |

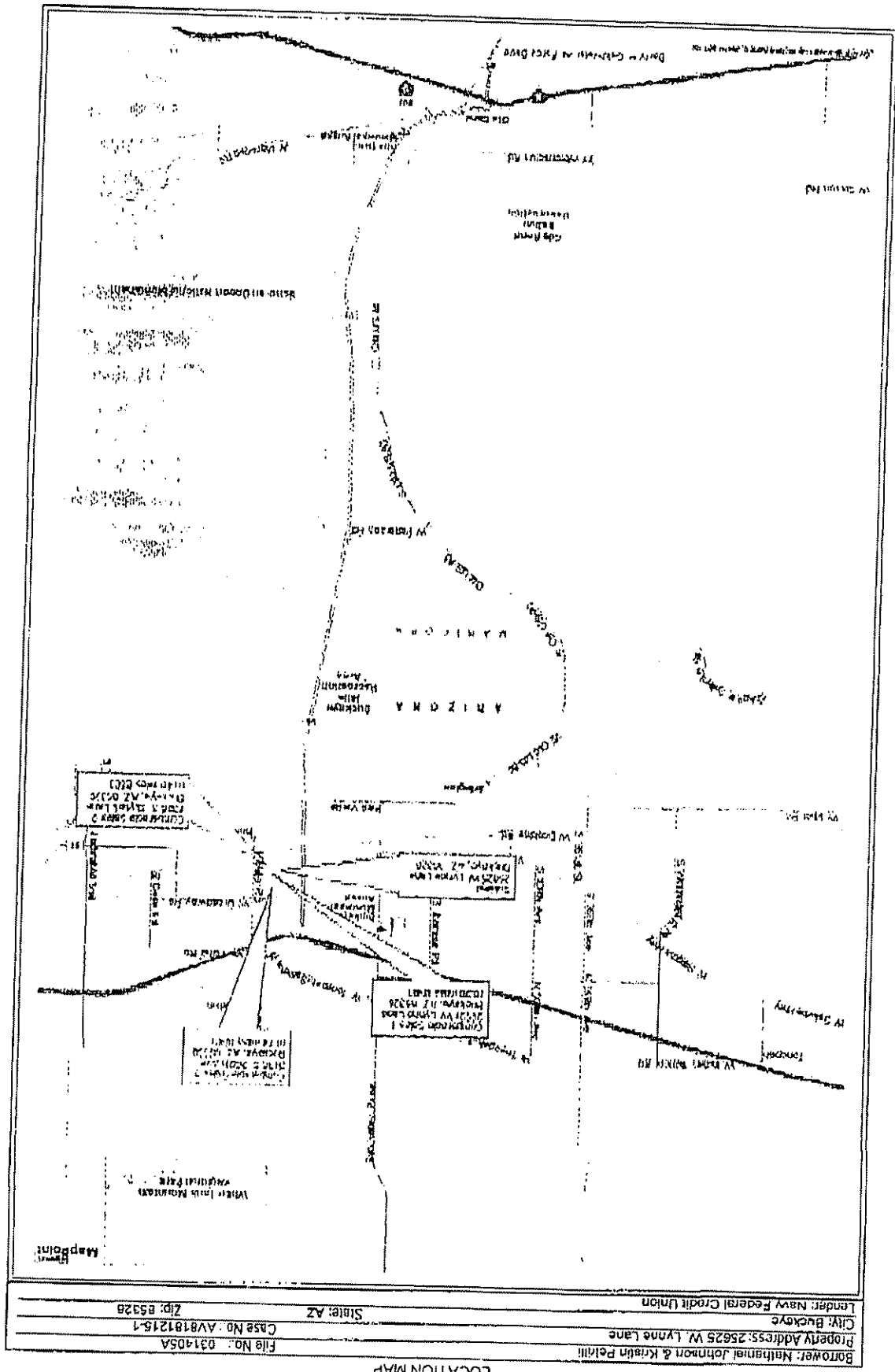
| LIVING AREA BREAKDOWN | |
|-----------------------|--------------|
| Code | Description |
| CLAI | First Floor |
| CLAS | Second Floor |
| | TOTAL |
| | 743.20 |
| | 560.18 |
| | 1269.00 |
| | TOTAL |
| | 2570.00 |

DIMENSION LIST ADDENDUM

Borrower: Nathaniel Johnson & Kristin Petriill
 Property Address: 25625 W. Lynn Lane
 City: Buckeye
 Lender: Navy Federal Credit Union
 File No.: 031405A
 Case No.: AV8181215-1
 State: AZ
 Zip: 85326

| | |
|---------------------------|----------|
| GROSS BUILDING AREA (GBA) | 2,980 |
| GROSS LIVING AREA (GLA) | 2,570 |
| Area | % of GBA |
| Living | 85.78 |
| Level 1 | 43.42 |
| Level 2 | 42.36 |
| Level 3 | 0.00 |
| Other | 0.00 |
| Basement | 0.00 |
| Garage | 14.22 |

| Area Measurements | | Area Measurements | |
|-------------------|--------|-------------------|-----------|
| Measurements | Factor | Total | Area Type |
| 21.30 | 1.00 | 426.00 | Level 1 |
| 35.30 | 1.00 | 741.30 | |
| 28.30 | 1.00 | 580.18 | |
| 42.30 | 1.00 | 1,209.00 | |
| 20.00 | 1.00 | 426.00 | Level 2 |
| 21.00 | 1.00 | 741.30 | |
| 21.30 | 1.00 | 580.18 | |
| 30.00 | 1.00 | 1,209.00 | |
| 0.00 | 1.00 | 0.00 | Level 3 |
| 0.00 | 1.00 | 0.00 | |
| 0.00 | 1.00 | 0.00 | |
| 0.00 | 1.00 | 0.00 | |
| 0.00 | 1.00 | 0.00 | Other |
| 0.00 | 1.00 | 0.00 | |
| 0.00 | 1.00 | 0.00 | |
| 0.00 | 1.00 | 0.00 | |
| 0.00 | 1.00 | 0.00 | Bsmt. |
| 0.00 | 1.00 | 0.00 | |
| 0.00 | 1.00 | 0.00 | |
| 0.00 | 1.00 | 0.00 | |
| 0.00 | 1.00 | 0.00 | Garage |
| 0.00 | 1.00 | 0.00 | |
| 0.00 | 1.00 | 0.00 | |
| 0.00 | 1.00 | 0.00 | |




Borrower: Nathaniel Johnson & Kristin Pettini
 Property Address: 26625 W Lynne Lane
 City: Buckeye
 Lender: Navy Federal Credit Union
 File No.: 031405A
 Case No.: AV0101215-1
 State: AZ
 Zip: 85326

STATE OF ARIZONA
BOARD OF APPRAISAL

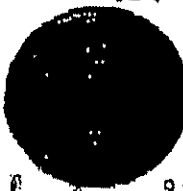
BE IT KNOWN THAT
CARL S. VASTICER
 HAS MET ALL THE REQUIREMENTS AS A
Licensed Real Estate Appraiser

In accordance with Arizona Revised Statutes and in authority of the Board of Appraisal, State of Arizona.
Due certificate of merit, upon evidence that the person or entity in question is suspended, re-ordered or ordered in accordance with the provisions of law.

LICENSE NUMBER
 10874
 EXPIRATION DATE
 APRIL 30, 2007

In witness whereof the Arizona Board of Appraisal caused to be signed by its Chair of the Board and its Executive Director


 Chair of the Board



Seal of the Arizona Board of Appraisal

C. S. Heston Appraisals, Inc.
2150 S. Country Club Dr. #27, Mesa, AZ 85210

39785517
File No 06002993

Countrywide Home Loans/Landsafe Appraisals
1295 W. Washington, #108
Tempe, AZ 85281

File Number: 06002993

In accordance with your request, I have personally inspected and appraised the real property at:

25825 W. Lynne Ln.
Buckeye, AZ 85326

The purpose of this appraisal is to estimate the market value of the subject property, as improved.
The property rights appraised are the fee simple interest in the site and improvements.

In my opinion, the estimated market value of the property as of April 11, 2006 is:

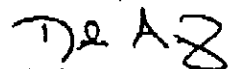
\$394,000
Three Hundred Ninety-Four Thousand Dollars

The attached report contains the description, analysis and supportive data for the conclusions,
final estimate of value, descriptive photographs, limiting conditions and appropriate certifications.

The scope of work involved in preparing the attached Complete Appraisal Summary Report can be noted within the
Appraiser's Statement of Limiting Conditions and Appraiser's Certification.

The intended user for this report is only the client listed above and the intended use is for mortgage lending
purposes only.

This is a "Complete Appraisal, Summary Report"


Debra Azmon

This is a "Complete Appraisal Summary Report"

Uniform Residential Appraisal Report

39785617

File No. 06002893

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 25825 W. Lynne Ln. City Buckeye State AZ Zip Code 85326
Borrower Johnson Owner of Public Record KB Home Sales Phoenix Corp County Maricopa
Legal Description Lot 72 - Buckeye 320
Assessor's Parcel # 504-57-234 Tax Year 2006 R.E. Taxes \$ Land Only
Neighborhood Name Santarra Map Reference CBSA # 38060 Census Tract 0507.00
Occupant Owner Tenant Vacant Special Assessments \$ None Noted PUD HOA \$ 38.00 per year per month
Property Rights Appraised Fee Simple Leasehold Other (describe)
Assignment Type Purchase Transaction Refinance Transaction Other (describe)
Lender/Client Countrywide Home Loans/Landsafe Appr. Address 1295 W. Washington, #108, Tempe, AZ 85281
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, offering price(s), and date(s). The subject is new construction and was contracted for sale with the buyer by KB Homes on May 19, 2005.
I 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.
The subject's contract was examined and no conditions were noted that would affect its current market value.

Contract Price \$ 393,819 Date of Contract 05/19/05 Is the property seller the owner of public record? Yes No Date Source(s) Not Value
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. \$ 0-Closing Costs The buyer received a \$2880 discount/incentive and holiday promotion from the subject builder and this was considered typical to this new home market.

Note: Race and the racial composition of the neighborhood are not appraisal factors.
Neighborhood Characteristics: Location Urban Suburban Rural Property Values Increasing Stable Declining PRICE AGE One-Unit 45% %
Built-Up Over 75% 25-75% Under 25% Demand/Supply Shortage In Balance Over Supply \$ (000) (yrs) 2-4 Unit 5% %
Growth Rapid Stable Slow Marketing Time Under 3 mths 3-6 mths Over 6 mths 100 Low New Multi-Family 5% %
Neighborhood Boundaries The boundaries for the subject neighborhood is as follows: N = Interstate 10 350+ High 35 Commercial 10% %
Freeway, E = Jackrabbit Trail, S = Salt River, W = State Highway 85. 226-260 Pred. 1-2 Other Vac/Agr 35% %
Neighborhood Description See Attached Addendum

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

Dimensions 47.1 x 23.5 x 55.9 x 108.1 x 27.1 x 137.6 Area 11133 Sq.Ft +/- Shape Irregular View Average
Specific Zoning Classification PAD Zoning Description Planned Area Development
Zoning Compliance Legal Legal Nonconforming (Grandfathered Use) No Zoning Illegal (describe)
Is the highest and best use of the subject property as improved (or as proposed per plans and specifications) the present use? Yes No If No, describe.

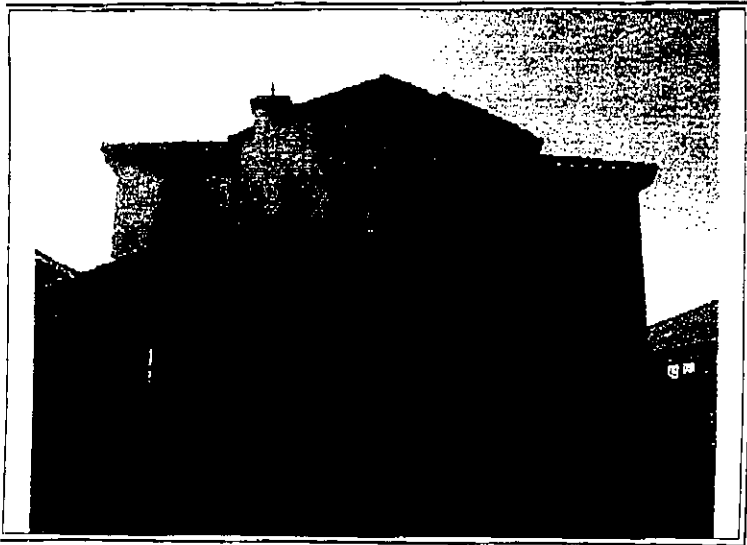
Utilities Public Other (describe) Public Other (describe) Off-site Improvements—Type Public Private
Electricity X APS Water X Valencia Water Co. Street Asphalt X
Gas X None Noted Sanitary Sewer X Town of Buckeye Alley
FEMA Special Flood Hazard Area Yes No FEMA Flood Zone X500 FEMA Map # 040039 2040G FEMA Map Date 09/30/05
Are the utilities and off-site improvements typical for the market area? Yes No If No, describe.
Are there any adverse site conditions or external factors (easements, encroachments, environmental conditions, land uses, etc)? Yes No If Yes, describe. There were no apparent adverse easements or encroachments noted. Typical utility easements prevail.

GENERAL DESCRIPTION FOUNDATION EXTERIOR DESCRIPTION INTERIOR
Units X One One with Accessory Unit X Concrete Slab Craw Space Foundation Walls Concrete/New Floors Carpet Tile/New
of Stories 2 Full Basement Partial Basement Exterior Walls Frm Stc/New Walls Pntd Drywll/New
Type X Det. Att. S-Det/End Unit Basement Area N/A sq. ft. Roof Surface Concrete Tile/New Trim/Finish Pntd Wd/New
X Existing Proposed Under Const. Basement Finish N/A Gutters & Downspouts Adq Ovrnng/New Bath Floor Tile/New
Design (Style) Southwest Outside Entry/Ext Sump Pump Window Type Alum DP/New Bath Wainscot Fbrg Ctr Mrd/New
Year Built 2006 Evidence of Infestation Storm Sash/Insulated Yea/New Car Storage None
Effective Age (Yrs) 2006 Dampness Settlement Screens Yes/New X Driveway # of Cars Two
Attic None Heating X FWA HWBWB Radiant Amenities Wood Stove(s) # Driveway Surface Concrete
Drop Stair Stairs Other Fuel Electric Fireplace(s) # X Fence Block X Garage # of Cars Two
Floor X Scuttle Cooling X Central Air Conditioning X Patio/Deck Ext Cv X Porch Cov Entry Carport # of Cars
Finished Heated Individual Other X Pool Inground Other X All Det Built-in

Appliances Refrigerator X Range/Oven X Dishwasher X Disposal X Microwave Washer/Dryer Other (describe)
Finished area above grade contains: 7 Rooms 4 Bedrooms 2.5 Bath(s) 2,573 Square Feet of Gross Living Area Above Grade
Additional features (special energy efficient items, etc.) See Attached Addendum
Describe the condition of the property (including needed repairs, deterioration, renovations, remodeling, etc.). The subject is a KB Homes Plan 2577. The subject was 100% complete at the time of the inspection with the exception of the pool. No physical inadequacies were noted. No external obsolescence was noted during an inspection of the subject site. The subject suffers some functional obsolescence due to the inability to recapture the full cost of the swimming pool within the market.

Are there any physical deficiencies or adverse conditions that affect the usability, 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.

| | |
|--|----------------------|
| Borrower: Johnson | File No.: 08002893 |
| Property Address: 25625 W. Lynne Ln. | Case No.: 39785517 |
| City: Buckeye | State: AZ Zip: 85328 |
| Lender: Countrywide Home Loans/Landsafe Appraisals | |



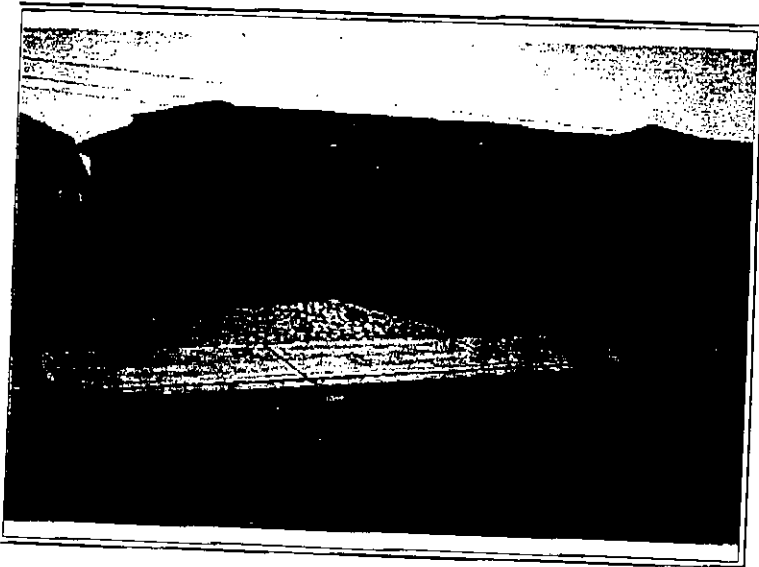
COMPARABLE SALE #1

25801 W. Burgeea Ln.
 Buckeye, AZ 85328
 Sale Date: 02/16/2006
 Sale Price: \$ 239,760



COMPARABLE SALE #2

25532 W. Pleasant Ln.
 Buckeye, AZ 85328
 Sale Date: 02/28/06 COE
 Sale Price: \$ 411,812



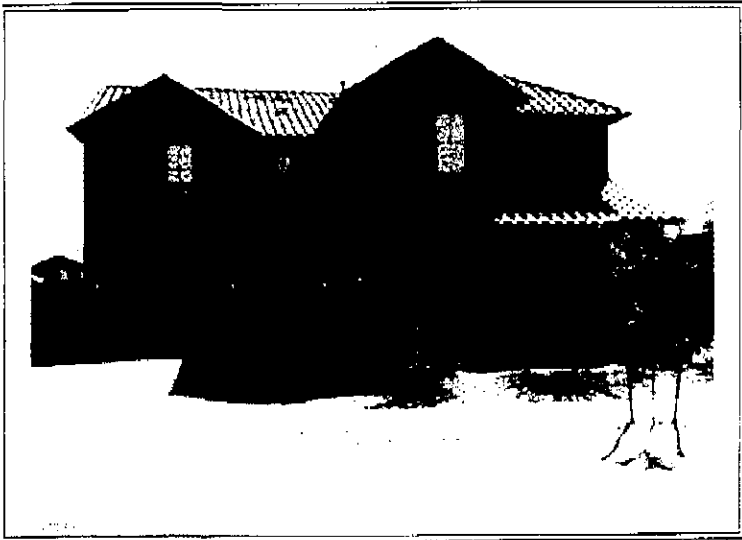
COMPARABLE SALE #3

22777 W. Hopi St.
 Buckeye, AZ 85328
 Sale Date: 03/28/2006
 Sale Price: \$ 375,000

| | | |
|--|--------------------|------------|
| Borrower: Johnson | File No.: 06002993 | |
| Property Address: 25626 W. Lynne Ln. | Case No.: 38785517 | |
| City: Buckeye | State: AZ | Zip: 86328 |
| Lender: Countrywide Home Loans/Landsafe Appraisals | | |

**COMPARABLE SALE #4**

278 N. 164th Dr.
Goodyear, AZ 85338
Sale Date: 01/18/2006
Sale Price: \$ 419,900

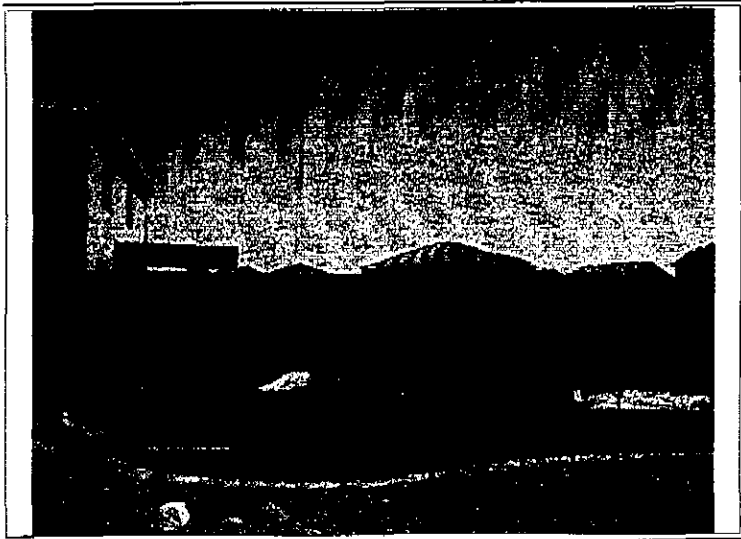
**COMPARABLE SALE #5**

15426 W. Madison St.
Goodyear, AZ 85338
Sale Date: 01/23/2006 COE
Sale Price: \$ 404,000

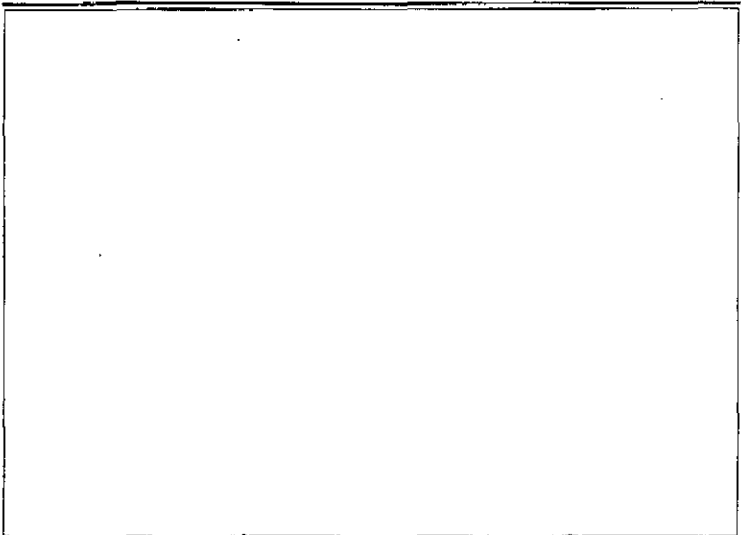
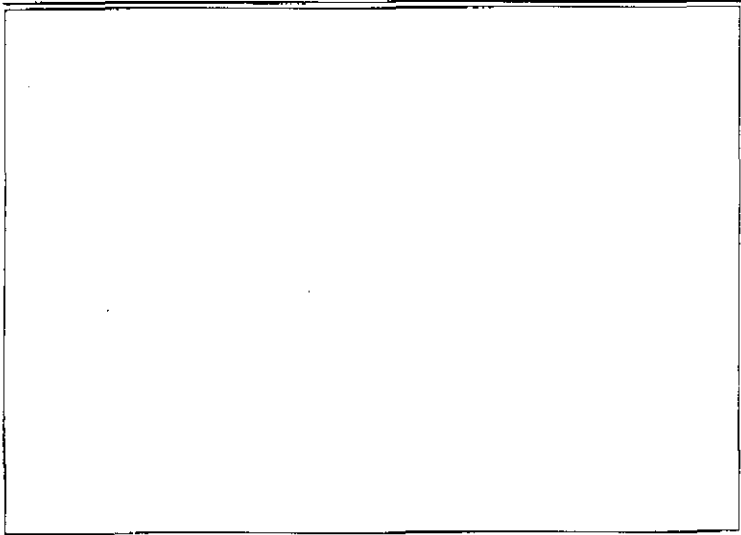
**COMPARABLE SALE #6**

25653 W. Pleasant Ln.
Buckeye, AZ 85328
Sale Date: 02/15/2006
Sale Price: \$ 314,270

| | | |
|--|--------------------|------------|
| Borrower: Johnson | File No.: 08002993 | |
| Property Address: 25825 W. Lynne Ln. | Case No.: 39785517 | |
| City: Buckeye | State: AZ | Zip: 85326 |
| Lender: Countrywide Home Loans/Landsafe Appraisals | | |



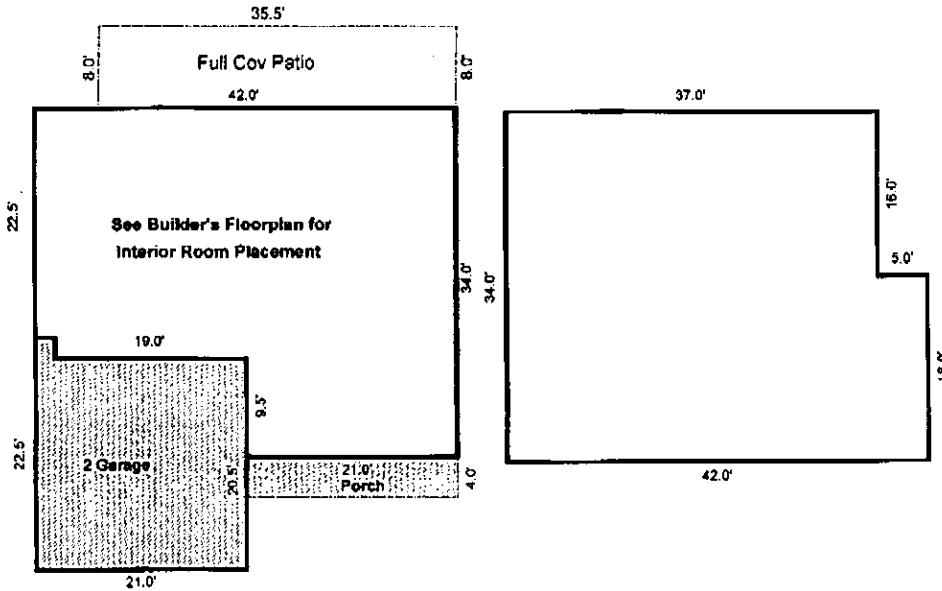
Subject's Pool



FLOORPLAN

Borrower: **Johnson** File No.: **06002993**
 Property Address: **25625 W. Lynne Ln.** Case No.: **39785817**
 City: **Buckeye** State: **AZ** Zip: **85326**
 Lender: **Countrywide Home Loans/Landsafe Appraisals**

**KB Homes
Plan 2577**



Sketch by Apex IV Windows™

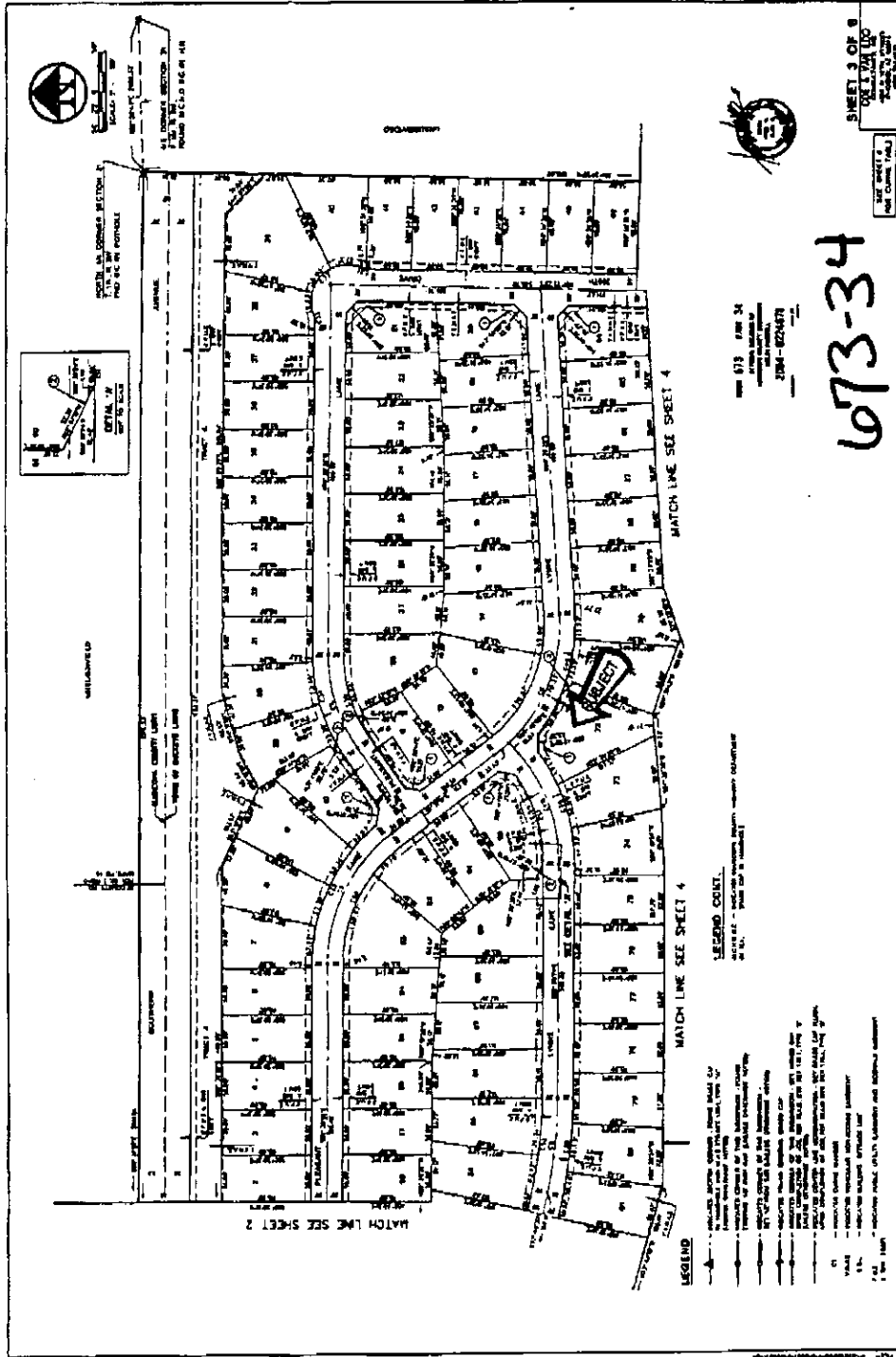
Comments:

| AREA CALCULATIONS SUMMARY | | | |
|---------------------------|----------------|------------------|-------------|
| Code | Description | Size | Net Totals |
| GLA1 | First Floor | 1224.50 | 1224.50 |
| GLA2 | Second Floor | 1348.00 | 1348.00 |
| P/P | Porch | 84.00 | |
| | Full Cov Patio | 288.00 | 368.00 |
| GAR | Garage | 434.50 | 434.50 |
| TOTAL LIVABLE | | (rounded) | 2573 |

| LIVING AREA BREAKDOWN | | |
|---------------------------------------|-------------|-------------|
| | Breakdown | Subtotals |
| First Floor | | |
| | 24.5 x 40.0 | 980.00 |
| | 9.5 x 21.0 | 199.50 |
| | 2.0 x 22.5 | 45.00 |
| Second Floor | | |
| | 18.0 x 42.0 | 756.00 |
| | 16.0 x 37.0 | 592.00 |
| 5 Calculations Total (rounded) | | 2573 |

PLAT MAP

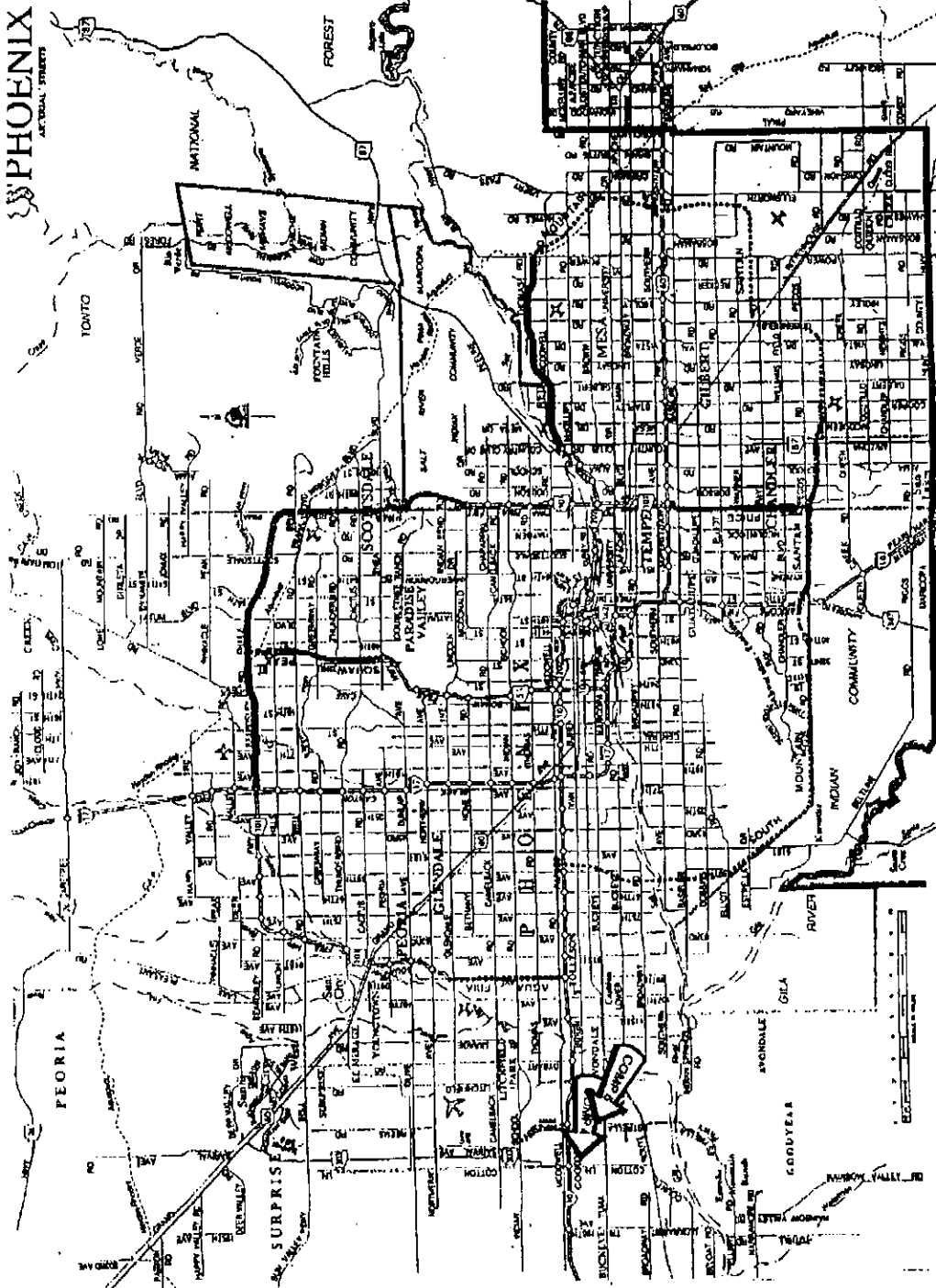
Borrower: **Johnson** File No.: **06002993**
 Property Address: **25625 W. Lynne Ln.** Case No.: **39785517**
 City: **Buckeye** State: **AZ** Zip: **85326**
 Lender: **Countrywide Home Loans/Landsafe Appraisals**



LOCATION MAP

| | |
|---|----------------------|
| Borrower: Johnson | File No.: 06002993 |
| Property Address: 25625 W. Lynne Ln. | Case No.: 39786517 |
| City: Buckeye | State: AZ Zip: 85326 |
| Lender: Countrywide Home Loans/Landscape Appraisals | |

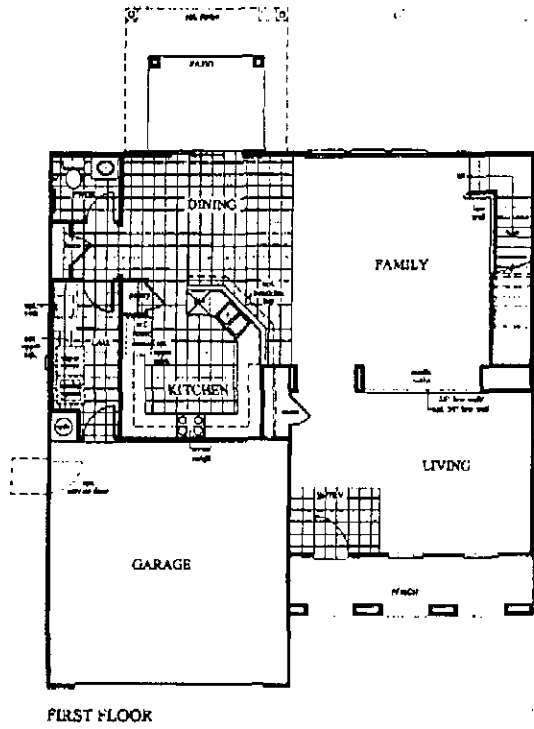
COMPARABLE LOCATION MAP



C. S. HEATON APPRAISALS, INC.



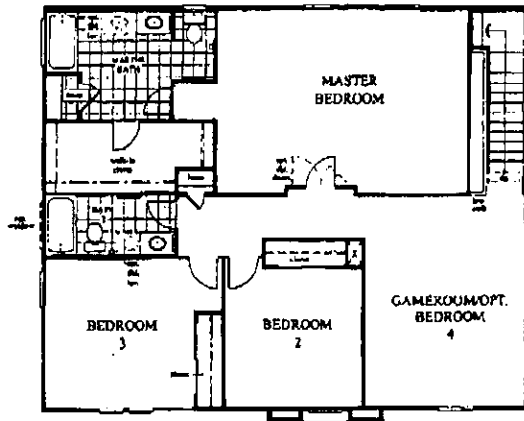
Borrower: **Johnson** File No.: **06002993**
Property Address: **25625 W. Lynne Ln.** Case No.: **39785517**
City: **Buckeye** State: **AZ** Zip: **85326**
Lender: **Countrywide Home Loans/Landsafe Appraisals**



KB THE RETREAT AT SANTARRA
245.2577 - 03407405

| | |
|--|----------------------|
| Borrower: Johnson | File No.: 06002993 |
| Property Address: 26826 W. Lynne Ln. | Case No.: 39785517 |
| City: Buckeye | State: AZ Zip: 85326 |
| Lender: Countrywide Home Loans/Landsafe Appraisals | |

PRELIMINARY



SECOND FLOOR

OPTION FEATURES

- GOURMET KITCHEN
- VANITY TO PEDESTAL AT POWDER
- FULL HEIGHT WALL AT FAMILY
- FIREPLACE OPTION AT FAMILY
- MEDIA NICHE w/ FULL HEIGHT WALL AT FAMILY
- FIREPLACE OPTION AT MASTER BEDROOM
- BEDROOM 4 WITH BATH 4 AT LOFT
- MULTIPLE MASTER BATH OPTIONS
- MULTIPLE BATH 2 OPTIONS

| | |
|---|------------------------------------|
| Borrower: Johnson | File No.: 06002993 |
| Property Address: 25825 W. Lynne Ln. | Case No.: 39785517 |
| City: Buckeye | State: AZ Zip: 85326 |
| Lender: Countrywide Home Loans/Landsafe Appraisals | |

Assessor - Residential Parcel Information

Page 1 of 1


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[About Us](#) | [Office Locations](#) | [Jobs](#) | [FAQs](#) | [Contact Assessor](#)
[New Search](#)**Property Information**

Parcel #: 504-57-234
 MCR #:
 Property Address: 25825 W LYNNE LN
 BUCKEYE
 Property Description: BUCKEYE 320 MCR 673-34
 Section Township Range:

[View GIS Maps](#)
 Subdivision Name:
 Lot #: 72

[Associated Parcel:](#)**Owner Information**

Owner: KB HOME SALES PHOENIX INC
 In Care Of:
 Mailing Address: 432 N 44TH ST STE 200
 PHOENIX AZ 85008 USA
 Deed #: 040260442
 Deed Date: 3/9/2004

[View Tax Information](#)

Sales Price: n/a
 Sales Date: n/a

Characteristics[View Comparables \(COMPS\)](#)**Major Property Characteristics**

| | | | |
|------------------------------|--------------|----------------------------------|--------|
| Square Feet of Living Space: | 2,573 | Improvement Quality Grade: | B-3 |
| Lot Square Footage: | 11,133 | Market Area/Neighborhood: | 12/003 |
| Covered Parking: | 2 Car Garage | Unique Location Characteristics: | Corner |
| Construction Year: | 2005 | Pool Square Footage: | |

Other Improvement Characteristics

| | | | |
|-------------------|---------------|---------------------|---------------|
| Number of Patios: | 1 | Bath Fixtures: | 8 |
| Patio Type: | Covered | Cooling: | Refrigeration |
| Exterior Walls: | Frame Wood | Heating: | Yes |
| Roof Type: | Concrete Tile | Physical Condition: | Average |

Additional Component Information (for this parcel)
[Valuation](#) | [Characteristics](#)
[New Search](#)**Helpful Information:**
[records?](#) | [globally](#) | [formats](#)
Disclaimer

The data contained in this database is deemed reliable but not guaranteed. This information should be used for informational use only and does not constitute a legal document for the description of these properties. Every effort has been made to insure the accuracy of this data; however, this material may be slightly dated which would have an impact on its accuracy. The Maricopa County Assessor's Office disclaims any responsibility or liability for any direct or indirect damages resulting from the use of this data.

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© 2006 Maricopa Cou

<http://www.maricopa.gov/Assessor/ParcelApplication/Detail.aspx?ID=504-57-234&info=rcs> 4/7/2006

C. S. Heaton Appraisals, Inc.
2150 S. Country Club Dr. #27, Mesa, AZ 85210

39786617
File No. 06002993

***** INVOICE *****

File Number: 06002993

Countrywide Home Loans/Landsafe Appraisals
1295 W. Washington, #108
Tempe, AZ 85281

Borrower : Johnson

Invoice # :
Order Date : 04/04/2006
Reference/Case # : 39786617
PO Number :

1004 Form "URAR" New Construction Appraisal

25625 W. Lynne Ln.
Buckeye, AZ 85326

| | | |
|-----------------------|-------|--------|
| Appraisal Fee | \$ | 315.00 |
| | \$ | ----- |
| Invoice Total | \$ | 315.00 |
| State Sales Tax @ N/A | \$ | 0.00 |
| Deposit | (\$ |) |
| Deposit | (\$ |) |
| | ----- | |
| Amount Due | \$ | 315.00 |

Terms: Please pay within 15 days of receipt.

Please Make Check Payable To:

C. S. Heaton Appraisals, Inc.
2150 S. Country Club Dr. #27
Mesa, AZ 85210

Fed. I.D. #: 86-0557895

Thank you for your business! We enjoy serving you!
C. S. Heaton Appraisals, Inc.

LandSafe Additional Field Report

Appr. File No: 06002993
Loan No: 39785517

Countrywide Tracking Number: 025F142DB LandSafe Order Number: 5219509
Countrywide Branch Number: 0002196000 Acknowledgement Number: _____
For Internal Use Only: _____

Dampness: None noted Rate Y or N: N FEMA Map Date: 09/30/05
Settlement: None noted Rate Y or N: N
Infestation: None noted Rate Y or N: N

Year Built: 2008 (must be in CCYY: four digits) Age / Year Built (from Form): 2008

'As of Date' from Appraisal: 04/11/2006

'As of Date' Required by Countrywide: 20080411 (YYYYMMDD Format)

Appraiser's Name: Debra Azmon Date Signed: 04/12/2006
First Name: Debra Middle Initial: _____ Last Name: Azmon
Certification #: AZ License # 10508

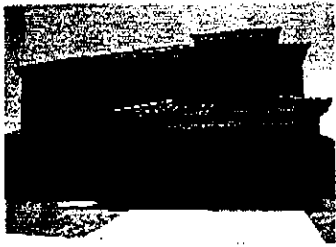
Supervisory Appraiser's Name: _____ Date Signed: _____
First Name: _____ Middle Initial: _____ Last Name: _____
Certification #: _____

CONDO ONLY!

| Comparable #1 | Comparable #2 | Comparable #3 |
|----------------------------------|----------------------------------|----------------------------------|
| | | |
| Same Project as Subject? Y or N: | Same Project as Subject? Y or N: | Same Project as Subject? Y or N: |

| Comparable #4 | Comparable #5 | Comparable #6 |
|----------------------------------|----------------------------------|----------------------------------|
| | | |
| Same Project as Subject? Y or N: | Same Project as Subject? Y or N: | Same Project as Subject? Y or N: |

Converted? Y or N: _____
Year Converted: _____



Subject Front View



Subject Rear View

Title



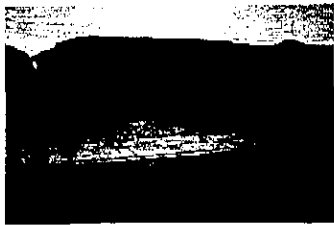
Subject Street Scene



Sales Comp. 1



Sales Comp. 2



Sales Comp. 3



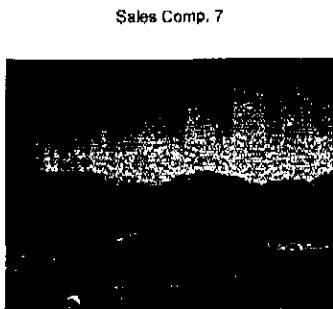
Sales Comp. 4



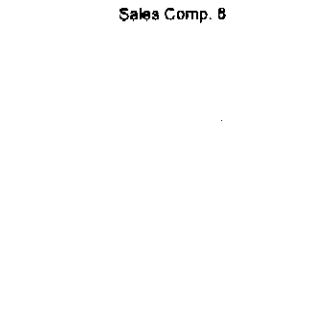
Sales Comp. 5



Sales Comp. 6



Sales Comp. 7



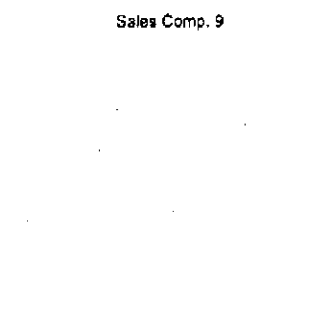
Sales Comp. 8



Extra Photo 1



Extra Photo 2



Extra Photo 3

Extra Photo 3

Extra Photo 1

Extra Photo 2

Extra Photo 3

Extra Photo 1

Extra Photo 2



Extra Photo 3

Plat Map

Location Map



Extra Map

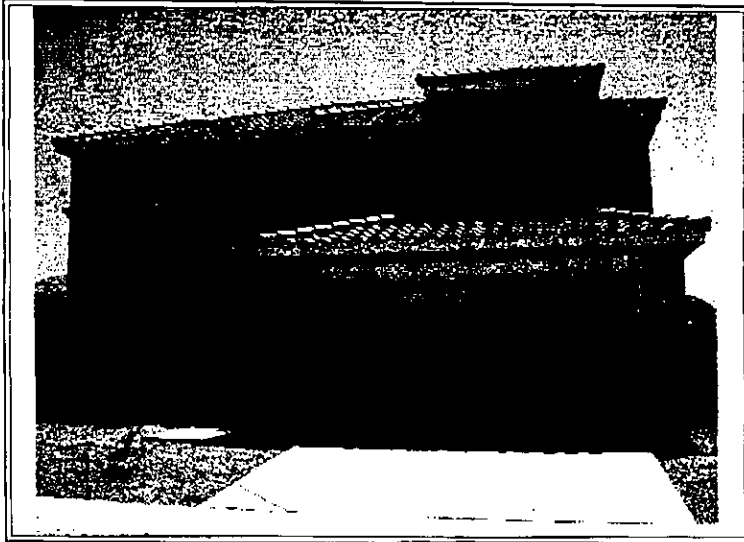
Extra Map

Extra Map

C. S. Heaton Appraisals, Inc.
2150 S. Country Club Dr. #27, Mesa, AZ 85210

39785517
File No. D6002993

APPRAISAL OF



LOCATED AT:

25625 W. Lynne Ln.
Buckeye, AZ 85326

FOR:

Countrywide Home Loans/Landsafe Appraisals
1295 W. Washington, #108
Tempe, AZ 85281

BORROWER:

Johnson

AS OF:

April 11, 2006

BY:

Debra Azmon

This is a "Complete Appraisal Summary Report"

39785517

Uniform Residential Appraisal Report

File No. 06002993

There are 163 comparable properties currently offered for sale in the subject neighborhood ranging in price from \$ 254,900 to \$ 689,000

There are 151 comparable sales in the subject neighborhood within the past twelve months ranging in sale price from \$ 164,800 to \$ 518,000

Table with columns: FEATURE, SUBJECT, COMPARABLE SALE NO. 1, COMPARABLE SALE NO. 2, COMPARABLE SALE NO. 3. Rows include address, proximity, sale price, and data sources.

Table with columns: VALUE ADJUSTMENTS, DESCRIPTION, (-) \$ Adjustment, (+) \$ Adjustment. Rows include sale/financing, concessions, date of sale, location, leasehold, site, view, design, quality of construction, actual age, condition, above grade, room count, gross living area, basement, functional utility, heating/cooling, energy efficient items, garage, porch, pool, landscaping, and net adjustment.

1 [X] did [] did not research the sale or transfer history of the subject property and comparable sales. If not, explain:

My research [] did [X] 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) Net Value My research [X] 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) Net Value 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).

Table with columns: ITEM, SUBJECT, COMPARABLE SALE NO. 1, COMPARABLE SALE NO. 2, COMPARABLE SALE NO. 3. Rows include Date of Prior Sale/Transfer, Price of Prior Sale/Transfer, Data Source(s), and Effective Date of Data Source(s).

Analysis of prior sale or transfer history of the subject property and comparable sales The public records were examined for the subject and the comparables with sales in the past year listed above.

Summary of Sales Comparison Approach. The adjustments made to the comparables are based upon the contributions of each item to the market value. The adjustments are not based upon the original or replacement costs of the items. The amounts of the adjustments were obtained through "Paired Sales Analysis" and for "Market Extraction". NMD is used when "No Market Difference".

Indicated Value by Sales Comparison Approach \$ 394,000 Indicated Value by: Sales Comparison Approach \$ 394,000 Cost Approach (if developed) \$ 395,200 Income Approach (if developed) \$ 0

The Cost Approach was weighted more than typical, due to the subject being a new construction build. However, the Market Approach was relied on most, as it best reflects the behavior of the market. Lack of reliable rental data precludes the application of the Income Approach. See attached Limiting Conditions and Appraiser's Certification.

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, [X] 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: See Attached Addendum

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 \$ 394,000 as of 04/11/2006, which is the date of inspection and the effective date of this appraisal.

SALES COMPARISON APPROACH

RECONCILIATION

This is a "Complete Appraisal Summary Report"

Uniform Residential Appraisal Report

39785517

File No. 06002993

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.

This is a "Complete Appraisal Summary Report"

Uniform Residential Appraisal Report

39785517

File No. 06002993

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.

This is a "Complete Appraisal Summary Report"

Uniform Residential Appraisal Report

39785517

File No. 06002993

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

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

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

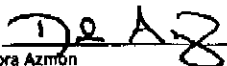
24. If this appraisal report was transmitted as an "electronic record" containing my "electronic signature," as those terms are defined in applicable federal and/or state laws (excluding audio and video recordings), or a facsimile transmission of this appraisal report containing a copy or representation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

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

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

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

APPRAISER

Signature 
 Name Debra Azmon
 Company Name C.S. Heaton Appraisals
 Company Address 2150 S. Country Club Dr. Suite 27
Mesa, AZ 85210
 Telephone Number (480) 394-0948
 Email Address debra@csheaton.com
 Date of Signature and Report 04/12/2006
 Effective Date of Appraisal 04/11/2006
 State Certification # AZ License # 10508
 or State License # 10508
 or Other (describe) _____ State # _____
 State AZ
 Expiration Date of Certification or License 10/31/2006

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
25625 W. Lynne Ln.
Buckeye, AZ 85326

APPRAISED VALUE OF SUBJECT PROPERTY \$ 394,000

LENDER/CLIENT
 Name _____
 Company Name Countrywide Home Loans/LandSAFE Appraisals
 Company Address 1295 W. Washington, #108
Tempe, AZ 85281
 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 _____

Comments On The Subject Neighborhood:

The Union Pacific Railroad tracts are located approximately 3/4 mile south of the subject subdivision. Union Pacific operates the largest railroad network in North America and may operate 24 hours a day, 7 days per week.

Kinder Morgan Energy Partners L.P. operates a multi-product fuel pipeline along the Union Pacific Railroad tracks.

Southwest Gas Corporation operates a 10-inch steel natural gas pipeline along the Union Pacific Railroad tracks.

Please refer to the Public Report For Additional Information on nearby roadways, high power transmission lines, landfills etc.

Comments On The Market Data:

The comparables selected were used as they are the most reflective of the subject as of the date of inspection and bracket the major features of the subject property where possible. Comparables # 1 & 2 are subject builder sales from within the subject's subdivision. Comparables # 3-5 exceed 1 mile and were utilized as they reflect the best available data competitive to the subject from within the subject's immediate and competing marketing area. Comparable # 6 is a subject builder pending sale of a model match plan to the subject from within the subject's subdivision. The difference in room count is due to different builder options such as loft-gameroom/bedroom conversions etc.

Comparables # 4 & 5 are located in Goodyear and were utilized due to the lack of competing larger sized homes with pools to the subject from within the subject's immediate marketing area of Buckeye. It is considered the nearest competing area to the subject.

The subject's subdivision is located in the outer edge of the developing metropolitan area with the surrounding land in the immediate area predominately being agricultural, desert and vacant. Therefore, comparables # 3-5 were utilized from within a 12 mile radius the nearest competing areas to the subject. They were considered to be the best indicators of market value as of the day of the inspection.

Comparables # 1, 5 & 6 required an adjustment for features & upgrades. This adjustment reflects differentials in flooring, cabinetry, built-ins and other miscellaneous trim & finish items.

Comp sale 1 required a considerably large features and upgrades adjustment as it was not highly upgraded.

Comp sale 6 required a considerably large features and upgrades adjustment as it is a recently contracted pending sale of a model match plan to the subject with no studio/design center options chosen yet.

Comp sales 1 & 6 required a features and upgrades adjustment that exceeded the recommended underwriting guidelines. Even though the adjustment is larger than the 10% line adjustment guideline the adjustment is not considered excessive for the subject's neighborhood and market area. The adjustment made reflects the difference that would be recognized by the average buyer at the estimate of its contributory value and not its actual cost.

Comp sales 1 & 6 contain a net & gross adjustment that exceeds the desired underwriting guideline of 15% & 25%. The adjustment ratio is mainly due to the features and upgrades adjustment and is not considered excessive for the subject's neighborhood.

The photo utilized for comparable # 4 is a file photo and therefore has a real estate sign from the sale reported in this appraisal.

All comp sales utilized are considered to be good competing sales with the final market value concluded in the mid range of the adjusted values.

The subject's indicated value exceeds the predominant value of the area, but is still within the neighborhood value range and is not considered to adversely affect the marketability.

Additional Comments On The Final Reconciliation:

The appraisal has been signed with electronic signatures which can only be accessed by a password. See attached Statement of Limiting Conditions And Appraiser's Certification for additional comments.

Additional Comments And Disclosures:

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

According to Statement On Appraisal Standard No. 10 (SMT-10) of the Uniform Standards Of Professional Appraisal Practice. When using hypothetical conditions we are required to report an "As Is" value on all reports. At the time of inspection the subject is 100% complete with the pool only being 25% complete. The approximate "As Is" value of the subject is \$369625. The "As Is" value is not an accurate determination of market value due to the fact that the subject's landscaping has not started and has limited marketability.

Comments on Exposure and Marketing Time:

Through the comparable data analyzed for this complete appraisal summary report a reasonable exposure time for the subject property is 0-3 months. A reasonable marketing time for the subject property is 0-3 months.

Neighborhood Description

This neighborhood possesses adequate residential support linkages (transportation, expressways) with employment centers and average amenities (shopping facilities, schools) within 6 miles of the subject property. The economic base of the community and employment level of the area have been relatively stable. The appraiser did not observe any negative factors in this neighborhood that would adversely affect appeal or reasonable marketability of the subject property. See "Additional Comments on Subdivision" in the addendum.

Neighborhood Market Conditions

Market conditions and property values within the neighborhood are conducive to the environment of the surrounding area. The neighborhood is in a suburban location built up 25-75% with a rapid growth rate. The market has gone from increasing values over the past 12 months to stabilizing with supply and demand in balance. If the subject property were priced competitively; prepared for sale and marketed property, its marketing time would be under 3 months as of the date of this appraisal. Conventional, FHA, VA and seller carry financing dominate the area. Sales concessions are not normal for this market area.

Additional Features

Extended covered patio, inground pool, insulation-energy package, master bath option 2, prewire and miscellaneous electrical upgrades, door upgrades, flooring upgrades, cabinetry upgrades, granite countertops - kitchen & master bath, appliance upgrades, R/O system, water softener, stair rail/railings upgrades, gourmet kitchen, roof radiant barrier, 9 ft. ceilings, bedroom # 4 JLO loft and other miscellaneous items and standard features.

Conditions of Appraisal

The subject was 100% complete with the exception of the pool. This is a Complete Appraisal Summary Report and was completed for mortgage lending purposes only and is not intended for any other use.

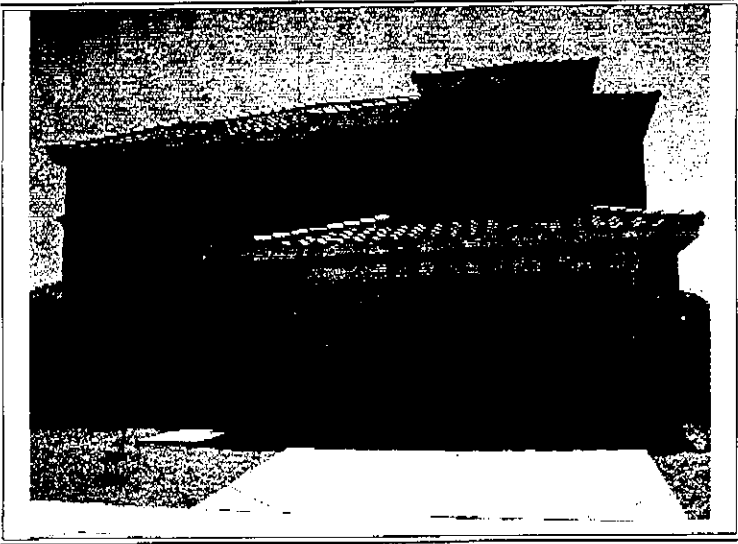
DIMENSION LIST ADDENDUM

Borrower: Johnson File No.: 08002993
 Property Address: 26626 W. Lynne Ln. Case No.: 38785517
 City: Buckeye State: AZ Zip: 85326
 Lender: Countrywide Home Loans/LandSafe Appraisals

| | |
|---------------------------|---------------|
| GROSS BUILDING AREA (GBA) | 3,008 |
| GROSS LIVING AREA (GLA) | 2,673 |
| Area(s) | Area % of GBA |
| Living | 2,573 85.54 |
| Level 1 | 1,225 40.72 |
| Level 2 | 1,348 44.81 |
| Level 3 | 0 0.00 |
| Other | 368 12.23 |
| Basement | 0 0.00 |
| Garage | 435 14.46 |

| Area Measurements | | | | Area Type | | | | | |
|------------------------|--------|--------|-------------------------------------|-------------------------------------|--------------------------|--------------------------|--------------------------|--------------------------|-------------------------------------|
| Measurements | Factor | Total | | Level 1 | Level 2 | Level 3 | Other | Bsmt. | Garage |
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|--|-----------|--------------------|
| Borrower: Johnson | | File No.: 06002993 |
| Property Address: 25625 W. Lynne Ln. | | Case No.: 39785517 |
| City: Buckeye | State: AZ | Zip: 85326 |
| Lender: Countrywide Home Loans/Landsafe Appraisals | | |



**FRONT VIEW OF
SUBJECT PROPERTY**

Appraised Date: April 11, 2006
Appraised Value: \$ 394,000



**REAR VIEW OF
SUBJECT PROPERTY**



STREET SCENE

**RESIDENTIAL APPRAISAL REVIEW
FOR SINGLE FAMILY HOUSING**

| | | | | | |
|--|--------------------|--------------------------|--|--|--|
| 1. County Office Mailing Address E-Mail - jash@liuna.org | | | 5. Appraiser Name FmHA Staff <input type="checkbox"/> Contractor <input type="checkbox"/> Guaranteed <input type="checkbox"/> David E. Stone, IFAS | | |
| 2. Borrower / Former Borrower / Applicant Abraham Nieto | | | 6. Date of Appraisal April 5, 2006 | | |
| 3. Subject Property Street Address 15615 W. Lynne Ln. | | | 7. Abbreviated Legal Description Buckeye 320 MCR 673-34 Lot 71 | | |
| 4. City Buckeye | State AZ | ZIP Code 85326 | 8. Property Rights Appraised (from URAR) Fee Simple | | |

ANALYSIS OF RESIDENTIAL APPRAISALS

SCOPE: TECHNICAL REVIEW (Complete Sections A & C) FIELD REVIEW (Complete Sections A, B & C)

A. TECHNICAL REVIEW SECTION

- | | YES
<small>(Check one)</small> | NO |
|--|-------------------------------------|-------------------------------------|
| 1. Are dwelling dimensions properly calculated? | <input checked="" type="checkbox"/> | <input type="checkbox"/> |
| 2. Are photographs of the front and rear, including the "street appeal" of the property attached to the Uniform Residential Appraisal Report (URAR)? | <input checked="" type="checkbox"/> | <input type="checkbox"/> |
| 3. Are photographs of the comparable sales attached included as part of the appraisal report? | <input checked="" type="checkbox"/> | <input type="checkbox"/> |
| 4. Are comparable sales less than one year old? | <input checked="" type="checkbox"/> | <input type="checkbox"/> |
| 5. If the answer to #4 is no, were other comparable sales available that were less than 12 months old? | <input type="checkbox"/> | <input type="checkbox"/> |
| 6. Are FmHA comparable sales being used? | <input type="checkbox"/> | <input checked="" type="checkbox"/> |
| 7. If the answer to #6 is yes, has the appropriate authorization been obtained? | <input type="checkbox"/> | <input type="checkbox"/> |
| 8. Are comparable sales similar to and within reasonable proximity of the subject and considered to be in the same market? | <input type="checkbox"/> | <input checked="" type="checkbox"/> |

Comment:

This is a retrospective desk review based on a date of 4/5/06. The property under review was a new home construction project when the original appraisal was performed. The original appraiser used sales substantially further from the subject property than was necessary. All the sales used by the original appraiser and the alternative sales found by the reviewer were in the MLS at the time of the original appraisal assignment. The responses cited above and throughout this desk review are based on the county tax forms, MLS sheets and such other information the review appraiser could gather from sources available in 2009.

- | | YES
<small>(Check one)</small> | NO |
|---|-------------------------------------|-------------------------------------|
| 9. Was physical depreciation estimated in accordance with accepted practices? Enter method used to determine, e.g., M&S, depreciation tables, age / life method, etc. <u>This was new construction and it is presumed that no other persons occupied the property prior to the date.</u> | <input type="checkbox"/> | <input checked="" type="checkbox"/> |
| 10. Does the appraisal identify functional depreciation and / or external obsolescence, in addition to physical depreciation? | <input checked="" type="checkbox"/> | <input type="checkbox"/> |
| 11. Do gross adjustments exceed 25% of the comparable sales price? | <input type="checkbox"/> | <input checked="" type="checkbox"/> |
| 12. Do net adjustments exceed 15% of the comparable sales price? | <input type="checkbox"/> | <input checked="" type="checkbox"/> |
| 13. Does overall completion of the appraisal reflect consistent, uniform logic throughout the preparation of the cost approach and the market approach on the URAR? | <input type="checkbox"/> | <input checked="" type="checkbox"/> |
| 14. Does the room count on the front of the URAR agree with the room count on the reverse? | <input checked="" type="checkbox"/> | <input type="checkbox"/> |
| 15. Are there math errors? | <input type="checkbox"/> | <input checked="" type="checkbox"/> |
| 16. Are there excessive adjustments when little difference between the comparable and the subject is apparent? | <input checked="" type="checkbox"/> | <input type="checkbox"/> |

NOTE: Form 1007 is required only for proposed or existing property less than one year of age, or when the estimated market value of a property is based on the cost approach. The Marshall and Swift RE-2 Residential Cost program (electronically produced version) maybe used in lieu of Form 1007. A generic Uniform Residential Appraisal Report (URAR) may be used, including electronically produced versions. Guaranteed lender appraisals (GLA) are not required to use Form FmHA 1922-8 Forms Manual Insert Instructions. The appraisal should be logical and consistent throughout, whether the appraisal is for GRH or direct loans.

B. FIELD REVIEW SECTION

(If no field review is being conducted, skip to Section C, below)

YES NO
(Check one)

1. Are dwelling dimensions properly measured

2. Is the appraiser's overall description of the neighborhood complete and accurate (location, general market conditions, property values, demand / supply, marketing time, general appearance of properties, appeal to market, etc.)?

3. Is the appraiser's overall description of the site complete and accurate (zoning compliance apparent adverse conditions, size, flood hazard, etc.)?

4. Is the appraiser's overall description of the improvements complete and accurate (property description, depreciation, and condition)? If not, explain.

5. Are the design and appeal, quality of construction, and size of the subject property similar to others in the area? If not, how is the subject different?

6. Are the comparables used in the analysis truly comparable to the subject property, and representative of the best ones available as of the effective date of the appraisal? If not, explain and provide an adjustment grid with the appropriate comparables and adjustments on an addendum.

7. Can the date of sale (contract date and / or closing / settlement date), sales price, and sales or financing concessions for the comparables be confirmed through the data source the appraiser indicated? If not explain.

8. Were the comparables actual closed or settled sales as of the effective date of the original appraisal?

C. RECOMMENDATIONS OF THE APPRAISAL REVIEWER:

YES NO
(Check one)

a. FmHA Staff Appraisals

1. Provide additional FmHA residential appraisal training to the employee to improve appraisal skills?

2. Revocation of residential appraisal authority of the employee until such time as additional FmHA training can be provided and the employee can demonstrate and perform residential appraisal knowledge and skills, in accordance with this instruction?

3. Reinstate the employee's residential appraisal authority, which was previously revoked and / or modified by the State Director?

b. Contract Appraisals:

4. Recommend payment authorization to the Contract Appraiser? (If not already paid) If not, then explain in #7 below and take one of the following actions:

Request more information
Give notice to terminate

c. Guaranteed Loan Appraisals:

5. Recommend acceptance of the appraisal submitted by Guaranteed Lender?

d. All Appraisals:

6. Overall Quality of appraisal (Explain)
Acceptable Unacceptable

Comments
See Attached Addendum

7. Explanations:
See Attached Addendum

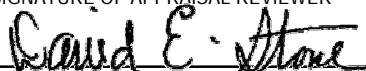
ASSUMPTIONS & LIMITING CONDITIONS

1. This review is based on information and data contained in the appraisal report or observed in the field review. Data and information from other sources may be considered. If so, they are identified and noted as such.
2. It is assumed that such data and information are factual and accurate unless otherwise noted.
3. The Reviewer reserves the right to consider any new or additional data or information which may subsequently become available.
4. Unless otherwise stated, all assumptions and limiting conditions contained in the appraisal report, which is the subject of this appraisal review are also conditions of this review.

I CERTIFY THAT, TO THE BEST OF MY KNOWLEDGE AND BELIEF:

- The facts and data reported by the review appraiser and used in the review process are true and correct.
- The analyses, opinions and calculations in this review report are limited only by the assumptions and limiting conditions stated in this review report, and are my personal, unbiased professional analyses, opinions, and conclusions.
- 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, this review report.
- My analyses, opinions and conclusions were developed, and the review report was prepared, in conformity with the Uniform Standards of Professional Appraisal Practices.
- I personally inspected the subject property of the report under review.
 YES NO
- No one, other than those parties identified in this review, provided significant professional assistance to the person signing this review report.

SIGNATURE OF APPRAISAL REVIEWER



David E. Stone, IFAS

TITLE OF APPRAISAL REVIEWER

President / Certified General License #30853

DATE OF APPRAISAL

04/5/2006

ADDENDUM

Borrower: Abraham Nieto

File No.: 1534

Property Address: 15615 W. Lynne Ln.

Case No.:

City: Buckeye

State: AZ

Zip: 85326

Lender: Jordan Ash

Acceptability Comments

The original appraiser has made selections of comparable sales that would support the sale price of the subject property. The original appraiser traveled to Goodyear (5 & 11 miles) for two sales that were dissimilar in GLA forcing larger adjustments than was necessary had the appraiser used closer sales.

The review appraiser found sales the original appraiser could have used that range from a low sale price of \$279,900 to a high of \$392,800. These are sales not adjusted for differences compared to the subject property. GLA of the sales ranged from a low of 2,900 Sf to a high of 3,316 Sf. The sales found by the review appraiser were closer than the appraiser's sales and within the same City. See map attached.

Note - The review appraiser did not map the original appraiser's pending sale(#5) or the listing presented (Listing #6).

Pool adjustments appear reasonable at \$20,000, but the adjustment for upgrades is suspect since the appraiser did not offer any detail as to what some of the upgrades or lack of upgrades might be. The adjustments for upgrades are unsupported by adequate explanation.

Sale/comp #1 has a incorrect zip code.

Reviewer Comments

The review appraiser believes that the original appraiser exceeded guidelines due in part to rising values in this and other markets within the Central Arizona area. Without further information regarding the market value and cost of the upgrades the reviewer can not accurately determine if the upgrade adjustments are excessive, although they appear unsupported.

Due to what appears to be excessive adjustments the value of the subject property could be overstated. A new retro appraisal is recommended.

The review appraiser's review of this appraisal does not include performance of services beyond this desk review. Services such as testimony via depositions or court are a separate service and not included herein.

**RESIDENTIAL APPRAISAL REVIEW
FOR SINGLE FAMILY HOUSING**

| | | | | | |
|---|-------------|-------------------|---|--|--|
| 1. County Office Mailing Address E-Mail - jash@liuna.org | | | 5. Appraiser Name FmHA Staff <input type="checkbox"/> Contractor <input type="checkbox"/> Guaranteed <input type="checkbox"/> David E. Stone, IFAS | | |
| 2. Borrower / Former Borrower / Applicant Charles/Gloria Lewis | | | 6. Date of Appraisal September 27, 2006 | | |
| 3. Subject Property Street Address 18548 W. Sunbelt Dr. | | | 7. Abbreviated Legal Description Bell Pointe 1 MCR 670-49 Lot 273 | | |
| 4. City Surprise | State AZ | ZIP Code 85374 | 8. Property Rights Appraised (from URAR) Fee Simple | | |

ANALYSIS OF RESIDENTIAL APPRAISALS

SCOPE: TECHNICAL REVIEW (Complete Sections A & C) FIELD REVIEW (Complete Sections A, B & C)

| A. TECHNICAL REVIEW SECTION | | YES | NO | | | YES | NO |
|---|--|-------------------------------------|-------------------------------------|---|--|-------------------------------------|-------------------------------------|
| | | <small>(Check one)</small> | | | | <small>(Check one)</small> | |
| 1. Are dwelling dimensions properly calculated? | | <input checked="" type="checkbox"/> | <input type="checkbox"/> | 9. Was physical depreciation estimated in accordance with accepted practices? Enter method used to determine, e.g., M&S, depreciation tables, age / life method, etc. | | <input checked="" type="checkbox"/> | <input type="checkbox"/> |
| 2. Are photographs of the front and rear, including the "street appeal" of the property attached to the Uniform Residential Appraisal Report (URAR)? | | <input checked="" type="checkbox"/> | <input type="checkbox"/> | _____ | | | |
| 3. Are photographs of the comparable sales attached included as part of the appraisal report? | | <input checked="" type="checkbox"/> | <input type="checkbox"/> | 10. Does the appraisal identify functional depreciation and / or external obsolescence, in addition to physical depreciation? | | <input type="checkbox"/> | <input checked="" type="checkbox"/> |
| 4. Are comparable sales less than one year old? | | <input checked="" type="checkbox"/> | <input type="checkbox"/> | 11. Do gross adjustments exceed 25% of the comparable sales price? | | <input checked="" type="checkbox"/> | <input type="checkbox"/> |
| 5. If the answer to #4 is no, were other comparable sales available that were less than 12 months old? | | <input type="checkbox"/> | <input type="checkbox"/> | 12. Do net adjustments exceed 15% of the comparable sales price? | | <input checked="" type="checkbox"/> | <input type="checkbox"/> |
| 6. Are FmHA comparable sales being used? | | <input type="checkbox"/> | <input checked="" type="checkbox"/> | 13. Does overall completion of the appraisal reflect consistent, uniform logic throughout the preparation of the cost approach and the market approach on the URAR? | | <input checked="" type="checkbox"/> | <input type="checkbox"/> |
| 7. If the answer to #6 is yes, has the appropriate authorization been obtained? | | <input type="checkbox"/> | <input type="checkbox"/> | 14. Does the room count on the front of the URAR agree with the room count on the reverse? | | <input checked="" type="checkbox"/> | <input type="checkbox"/> |
| 8. Are comparable sales similar to and within reasonable proximity of the subject and considered to be in the same market? | | <input type="checkbox"/> | <input checked="" type="checkbox"/> | 15. Are there math errors? | | <input type="checkbox"/> | <input checked="" type="checkbox"/> |
| Comment: | | | | 16. Are there excessive adjustments when little difference between the comparable and the subject is apparent? | | <input checked="" type="checkbox"/> | <input type="checkbox"/> |
| <p>This is a retrospective desk review based on a date of 9/27/06. The property under review was a new home construction project when the original appraisal was performed. The original appraiser used sales that appear to not be the best sales to reflect the subject value. The original appraiser used one sale in the subject neighbor and went outside for tow other sales. The subject is a 2 story home and the appraiser used two 2 story properties and one single story property. The appraiser should have used all 2 story properties to properly reflect the "likely" buyer profile. Further the original appraiser went further from the subject neighborhood than was necessary. The responses cited above and throughout this desk review are based on the county tax forms and such other information the review appraiser could gather from sources available in 2009 without a field inspection..</p> | | | | | | | |

NOTE: Form 1007 is required only for proposed or existing property less than one year of age, or when the estimated market value of a property is based on the cost approach. The Marshall and Swift RE-2 Residential Cost program (electronically produced version) maybe used in lieu of Form 1007. A generic Uniform Residential Appraisal Report (URAR) may be used, including electronically produced versions. Guaranteed lender appraisals (GLA) are not required to use Form FmHA 1922-8 Forms Manual Insert Instructions. The appraisal should be logical and consistent throughout, whether the appraisal is for GRH or direct loans.

B. FIELD REVIEW SECTION

(If no field review is being conducted, skip to Section C, below)

YES NO
(Check one)

1. Are dwelling dimensions properly measured YES NO

2. Is the appraiser's overall description of the neighborhood complete and accurate (location, general market conditions, property values, demand / supply, marketing time, general appearance of properties, appeal to market, etc.)? YES NO

3. Is the appraiser's overall description of the site complete and accurate (zoning compliance apparent adverse conditions, size, flood hazard, etc.?) YES NO

4. Is the appraiser's overall description of the improvements complete and accurate (property description, depreciation, and condition)? If not, explain. YES NO

5. Are the design and appeal, quality of construction, and size of the subject property similar to others in the area? If not, how is the subject different? YES NO

6. Are the comparables used in the analysis truly comparable to the subject property, and representative of the best ones available as of the effective date of the appraisal? If not, explain and provide an adjustment grid with the appropriate comparables and adjustments on an addendum. YES NO

7. Can the date of sale (contract date and / or closing / settlement date), sales price, and sales or financing concessions for the comparables be confirmed through the data source the appraiser indicated? If not explain. YES NO

8. Were the comparables actual closed or settled sales as of the effective date of the original appraisal? YES NO

C. RECOMMENDATIONS OF THE APPRAISAL REVIEWER:

YES NO
(Check one)

- a. FmHA Staff Appraisals
1. Provide additional FmHA residential appraisal training to the employee to improve appraisal skills? YES NO

 2. Revocation of residential appraisal authority of the employee until such time as additional FmHA training can be provided and the employee can demonstrate and perform residential appraisal knowledge and skills, in accordance with this instruction? YES NO

 3. Reinstate the employee's residential appraisal authority, which was previously revoked and / or modified by the State Director? YES NO
- b. Contract Appraisals:
4. Recommend payment authorization to the Contract Appraiser? (If not already paid) If not, then explain in #7 below and take one of the following actions: YES NO
 Request more information
 Give notice to terminate
- c. Guaranteed Loan Appraisals:
5. Recommend acceptance of the appraisal submitted by Guaranteed Lender? YES NO
- d. All Appraisals:
6. Overall Quality of appraisal (Explain) Acceptable Unacceptable
 Comments
See Attached Addendum
7. Explanations:
See Attached Addendum

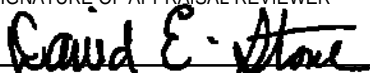
ASSUMPTIONS & LIMITING CONDITIONS

1. This review is based on information and data contained in the appraisal report or observed in the field review. Data and information from other sources may be considered. If so, they are identified and noted as such.
2. It is assumed that such data and information are factual and accurate unless otherwise noted.
3. The Reviewer reserves the right to consider any new or additional data or information which may subsequently become available.
4. Unless otherwise stated, all assumptions and limiting conditions contained in the appraisal report, which is the subject of this appraisal review are also conditions of this review.

I CERTIFY THAT, TO THE BEST OF MY KNOWLEDGE AND BELIEF:

- The facts and data reported by the review appraiser and used in the review process are true and correct.
- The analyses, opinions and calculations in this review report are limited only by the assumptions and limiting conditions stated in this review report, and are my personal, unbiased professional analyses, opinions, and conclusions.
- 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, this review report.
- My analyses, opinions and conclusions were developed, and the review report was prepared, in conformity with the Uniform Standards of Professional Appraisal Practices.
- I personally inspected the subject property of the report under review.
 YES NO
- No one, other than those parties identified in this review, provided significant professional assistance to the person signing this review report.

SIGNATURE OF APPRAISAL REVIEWER



David E. Stone, IFAS

TITLE OF APPRAISAL REVIEWER

President / Certified General License #30853

DATE OF APPRAISAL

09/14/2006

ADDENDUM

Borrower: Charles/Gloria Lewis

File No.: 1715

Property Address: 18548 W. Sunbelt Dr.

Case No.:

City: Surprise

State: AZ

Zip: 85374

Lender: Jordan Ash

Acceptability Comments

The original appraiser has made several adjustments that are questionable. The adjustment for inferior interior on sale #1 appears excessive as does using a sale with a GLA 400+ SF less than the subject. There is an apparent error in the GLA as the County Assessor had the GLA as 2075 SF not 2094 as reported.

Sale #2 in the original report is a single story property and should not have been used due to it being a non-similar buyer profile property. Sale #3 is 339 SF larger and is therefore a questionable sale to have used.

The reviewer found three alternative sales (one being a model match) that appears to better represent the subject value. They are MLS #s 2504687, 2483471 and 2535936.

In addition to the above the Cost Approach is in question based on the construction cost used for GLA and the garage.

Reviewer Comments

The review appraiser believes that this appraisal lacks support for the value estimate based on sale/comp #2 and #3 being a non-comparable style and the distance of sale #3 from the subject. GLA is also an issue.

Due to what appears to be an excessive adjustment the value could be overstated. A new retro appraisal is recommended.

The review appraiser's review of this appraisal does not include performance of services beyond this desk review. Services such as testimony via depositions or court are a separate service and not included herein.

**RESIDENTIAL APPRAISAL REVIEW
FOR SINGLE FAMILY HOUSING**

| | | | | | |
|--|--------------------|--------------------------|--|--|--|
| 1. County Office Mailing Address E-Mail - jash@liuna.org | | | 5. Appraiser Name FmHA Staff <input type="checkbox"/> Contractor <input type="checkbox"/> Guaranteed <input type="checkbox"/> David E. Stone, IFAS | | |
| 2. Borrower / Former Borrower / Applicant Lilian & James E. Gooden | | | 6. Date of Appraisal September 14, 2006 | | |
| 3. Subject Property Street Address 25666 W. Linda Ln | | | 7. Abbreviated Legal Description Buckeye 320 MCR 673-34 Lot 280 | | |
| 4. City Buckeye | State AZ | ZIP Code 85326 | 8. Property Rights Appraised (from URAR) Fee Simple | | |

ANALYSIS OF RESIDENTIAL APPRAISALS

SCOPE: TECHNICAL REVIEW (Complete Sections A & C) FIELD REVIEW (Complete Sections A, B & C)

| | YES <small>(Check one)</small> | NO <small>(Check one)</small> | | YES <small>(Check one)</small> | NO <small>(Check one)</small> |
|---|-------------------------------------|-------------------------------------|---|-------------------------------------|-------------------------------------|
| A. TECHNICAL REVIEW SECTION | | | | | |
| 1. Are dwelling dimensions properly calculated? | <input checked="" type="checkbox"/> | <input type="checkbox"/> | 9. Was physical depreciation estimated in accordance with accepted practices? Enter method used to determine, e.g., M&S, depreciation tables, age / life method, etc. | <input checked="" type="checkbox"/> | <input type="checkbox"/> |
| 2. Are photographs of the front and rear, including the "street appeal" of the property attached to the Uniform Residential Appraisal Report (URAR)? | <input checked="" type="checkbox"/> | <input type="checkbox"/> | _____ | | |
| 3. Are photographs of the comparable sales attached included as part of the appraisal report? | <input checked="" type="checkbox"/> | <input type="checkbox"/> | 10. Does the appraisal identify functional depreciation and / or external obsolescence, in addition to physical depreciation? | <input type="checkbox"/> | <input checked="" type="checkbox"/> |
| 4. Are comparable sales less than one year old? | <input checked="" type="checkbox"/> | <input type="checkbox"/> | 11. Do gross adjustments exceed 25% of the comparable sales price? | <input type="checkbox"/> | <input checked="" type="checkbox"/> |
| 5. If the answer to #4 is no, were other comparable sales available that were less than 12 months old? | <input type="checkbox"/> | <input type="checkbox"/> | 12. Do net adjustments exceed 15% of the comparable sales price? | <input type="checkbox"/> | <input checked="" type="checkbox"/> |
| 6. Are FmHA comparable sales being used? | <input type="checkbox"/> | <input checked="" type="checkbox"/> | 13. Does overall completion of the appraisal reflect consistent, uniform logic throughout the preparation of the cost approach and the market approach on the URAR? | <input type="checkbox"/> | <input checked="" type="checkbox"/> |
| 7. If the answer to #6 is yes, has the appropriate authorization been obtained? | <input type="checkbox"/> | <input type="checkbox"/> | 14. Does the room count on the front of the URAR agree with the room count on the reverse? | <input checked="" type="checkbox"/> | <input type="checkbox"/> |
| 8. Are comparable sales similar to and within reasonable proximity of the subject and considered to be in the same market? | <input checked="" type="checkbox"/> | <input type="checkbox"/> | 15. Are there math errors? | <input checked="" type="checkbox"/> | <input type="checkbox"/> |
| Comment: | | | 16. Are there excessive adjustments when little difference between the comparable and the subject is apparent? | <input type="checkbox"/> | <input checked="" type="checkbox"/> |
| <p>This is a retrospective desk review based on a date of 9/14/06. The property under review was a new home construction project when the original appraisal was performed. The original appraiser used sales from the builder's files that were not part of the MLS inventory (except Morning Dew Ln) and therefore could not be verified with additional comments and information usually found in MLS listing sheets. The responses cited above and throughout this desk review are based on the county tax forms and such other information the review appraiser could gather from sources available in 2009.</p> | | | | | |

NOTE: Form 1007 is required only for proposed or existing property less than one year of age, or when the estimated market value of a property is based on the cost approach. The Marshall and Swift RE-2 Residential Cost program (electronically produced version) maybe used in lieu of Form 1007. A generic Uniform Residential Appraisal Report (URAR) may be used, including electronically produced versions. Guaranteed lender appraisals (GLA) are not required to use Form FmHA 1922-8 Forms Manual Insert Instructions. The appraisal should be logical and consistent throughout, whether the appraisal is for GRH or direct loans.

B. FIELD REVIEW SECTION

(If no field review is being conducted, skip to Section C, below)

YES NO
(Check one)

1. Are dwelling dimensions properly measured

2. Is the appraiser's overall description of the neighborhood complete and accurate (location, general market conditions, property values, demand / supply, marketing time, general appearance of properties, appeal to market, etc.)?

3. Is the appraiser's overall description of the site complete and accurate (zoning compliance apparent adverse conditions, size, flood hazard, etc.)?

4. Is the appraiser's overall description of the improvements complete and accurate (property description, depreciation, and condition)? If not, explain.

5. Are the design and appeal, quality of construction, and size of the subject property similar to others in the area? If not, how is the subject different?

6. Are the comparables used in the analysis truly comparable to the subject property, and representative of the best ones available as of the effective date of the appraisal? If not, explain and provide an adjustment grid with the appropriate comparables and adjustments on an addendum.

7. Can the date of sale (contract date and / or closing / settlement date), sales price, and sales or financing concessions for the comparables be confirmed through the data source the appraiser indicated? If not explain.

8. Were the comparables actual closed or settled sales as of the effective date of the original appraisal?

C. RECOMMENDATIONS OF THE APPRAISAL REVIEWER:

YES NO
(Check one)

a. FmHA Staff Appraisals

1. Provide additional FmHA residential appraisal training to the employee to improve appraisal skills?

2. Revocation of residential appraisal authority of the employee until such time as additional FmHA training can be provided and the employee can demonstrate and perform residential appraisal knowledge and skills, in accordance with this instruction?

3. Reinstate the employee's residential appraisal authority, which was previously revoked and / or modified by the State Director?

b. Contract Appraisals:

4. Recommend payment authorization to the Contract Appraiser? (If not already paid) If not, then explain in #7 below and take one of the following actions:

Request more information
Give notice to terminate

c. Guaranteed Loan Appraisals:

5. Recommend acceptance of the appraisal submitted by Guaranteed Lender?

d. All Appraisals:

6. Overall Quality of appraisal (Explain)
Acceptable Unacceptable

Comments
See Attached Addendum

7. Explanations:
See Attached Addendum

ASSUMPTIONS & LIMITING CONDITIONS

1. This review is based on information and data contained in the appraisal report or observed in the field review. Data and information from other sources may be considered. If so, they are identified and noted as such.
2. It is assumed that such data and information are factual and accurate unless otherwise noted.
3. The Reviewer reserves the right to consider any new or additional data or information which may subsequently become available.
4. Unless otherwise stated, all assumptions and limiting conditions contained in the appraisal report, which is the subject of this appraisal review are also conditions of this review.

I CERTIFY THAT, TO THE BEST OF MY KNOWLEDGE AND BELIEF:

- The facts and data reported by the review appraiser and used in the review process are true and correct.
- The analyses, opinions and calculations in this review report are limited only by the assumptions and limiting conditions stated in this review report, and are my personal, unbiased professional analyses, opinions, and conclusions.
- 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, this review report.
- My analyses, opinions and conclusions were developed, and the review report was prepared, in conformity with the Uniform Standards of Professional Appraisal Practices.
- I personally inspected the subject property of the report under review.
 YES NO
- No one, other than those parties identified in this review, provided significant professional assistance to the person signing this review report.

SIGNATURE OF APPRAISAL REVIEWER



David E. Stone, IFAS

TITLE OF APPRAISAL REVIEWER

President / Certified General License #30853

DATE OF APPRAISAL

09/14/2006

ADDENDUM

Borrower: Lilian & James E. Gooden

File No.: 1598

Property Address: 25666 W. Linda Ln

Case No.:

City: Buckeye

State: AZ

Zip: 85326

Lender: Jordan Ash

Acceptability Comments

The original appraiser has made several adjustments that are questionable. The adjustment for GLA of the 3ed sale (Morning Dew) is inconsistent with the MLS records and the County Assessor. The appraiser has the property listed at 1410 SF whereas the county and MLS have it at 1274 SF. Using the appraiser's GLA factor this would indicate an error of \$4,886.

The adjusted value would be \$9,888 higher than indicated. This would likely have affected the outcome of the appraisal as the appraiser used this sale as a conclusion of value and the appraiser put a 4th sale (Cocopah) in the report to bracket the value.

The appraiser also has suggested that sale #3 has more upgrades than the subject, but has not provided the reader with adequate evidence that there is a difference and what the difference in value would be.

Reviewer Comments

The review appraiser believes that this appraisal lacks support for the value estimate based on sale/comp #3s error in GLA and the unsupported adjustment for upgrades. It further appears that the appraiser used sale/comp #4 for the purpose of using the sale/comp #3 to support the value conclusion. If the correct GLA was used and the upgrade adjustment was eliminated the value would have been much higher and likely forced the appraiser to estimate a lower valued sale.

Due to what appears to be an excessive adjustment the value could be overstated. A new retro appraisal is recommended.

The review appraiser's review of this appraisal does not include performance of services beyond this desk review. Services such as testimony via depositions or court are a separate service and not included herein.

**RESIDENTIAL APPRAISAL REVIEW
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| 1. County Office Mailing Address E-Mail - jash@liuna.org | 5. Appraiser Name FmHA Staff <input type="checkbox"/> Contractor <input type="checkbox"/> Guaranteed <input type="checkbox"/> David E. Stone, IFAS |
| 2. Borrower / Former Borrower / Applicant Abraham Nieto | 6. Date of Appraisal April 5, 2006 |
| 3. Subject Property Street Address 15615 W. Lynne Ln. | 7. Abbreviated Legal Description Buckeye 320 MCR 673-34 Lot 71 |
| 4. City State ZIP Code Buckeye AZ 85326 | 8. Property Rights Appraised (from URAR) Fee Simple |

ANALYSIS OF RESIDENTIAL APPRAISALS

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| | YES <small>(Check one)</small> | NO <small>(Check one)</small> | | YES <small>(Check one)</small> | NO <small>(Check one)</small> |
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| 2. Are photographs of the front and rear, including the "street appeal" of the property attached to the Uniform Residential Appraisal Report (URAR)? | <input checked="" type="checkbox"/> | <input type="checkbox"/> | <u>This was new construction and it is presumed that no other persons occupied the property prior to the date.</u> | | |
| 3. Are photographs of the comparable sales attached included as part of the appraisal report? | <input checked="" type="checkbox"/> | <input type="checkbox"/> | 10. Does the appraisal identify functional depreciation and / or external obsolescence, in addition to physical depreciation? | <input checked="" type="checkbox"/> | <input type="checkbox"/> |
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| Comment: | | | 16. Are there excessive adjustments when little difference between the comparable and the subject is apparent? | <input checked="" type="checkbox"/> | <input type="checkbox"/> |
| <p>This is a retrospective desk review based on a date of 4/5/06. The property under review was a new home construction project when the original appraisal was performed. The original appraiser used sales substantially further from the subject property than was necessary. All the sales used by the original appraiser and the alternative sales found by the reviewer were in the MLS at the time of the original appraisal assignment. The responses cited above and throughout this desk review are based on the county tax forms, MLS sheets and such other information the review appraiser could gather from sources available in 2009.</p> | | | | | |

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3. Is the appraiser's overall description of the site complete and accurate (zoning compliance apparent adverse conditions, size, flood hazard, etc.)?

4. Is the appraiser's overall description of the improvements complete and accurate (property description, depreciation, and condition)? If not, explain.

5. Are the design and appeal, quality of construction, and size of the subject property similar to others in the area? If not, how is the subject different?

6. Are the comparables used in the analysis truly comparable to the subject property, and representative of the best ones available as of the effective date of the appraisal? If not, explain and provide an adjustment grid with the appropriate comparables and adjustments on an addendum.

7. Can the date of sale (contract date and / or closing / settlement date), sales price, and sales or financing concessions for the comparables be confirmed through the data source the appraiser indicated? If not explain.

8. Were the comparables actual closed or settled sales as of the effective date of the original appraisal?

C. RECOMMENDATIONS OF THE APPRAISAL REVIEWER:

YES NO
(Check one)

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1. Provide additional FmHA residential appraisal training to the employee to improve appraisal skills?

2. Revocation of residential appraisal authority of the employee until such time as additional FmHA training can be provided and the employee can demonstrate and perform residential appraisal knowledge and skills, in accordance with this instruction?

3. Reinstate the employee's residential appraisal authority, which was previously revoked and / or modified by the State Director?

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4. Recommend payment authorization to the Contract Appraiser? (If not already paid) If not, then explain in #7 below and take one of the following actions:

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5. Recommend acceptance of the appraisal submitted by Guaranteed Lender?

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6. Overall Quality of appraisal (Explain)
Acceptable Unacceptable

Comments
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7. Explanations:
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2. It is assumed that such data and information are factual and accurate unless otherwise noted.
3. The Reviewer reserves the right to consider any new or additional data or information which may subsequently become available.
4. Unless otherwise stated, all assumptions and limiting conditions contained in the appraisal report, which is the subject of this appraisal review are also conditions of this review.

I CERTIFY THAT, TO THE BEST OF MY KNOWLEDGE AND BELIEF:

- The facts and data reported by the review appraiser and used in the review process are true and correct.
- The analyses, opinions and calculations in this review report are limited only by the assumptions and limiting conditions stated in this review report, and are my personal, unbiased professional analyses, opinions, and conclusions.
- 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, this review report.
- My analyses, opinions and conclusions were developed, and the review report was prepared, in conformity with the Uniform Standards of Professional Appraisal Practices.
- I personally inspected the subject property of the report under review.
 YES NO
- No one, other than those parties identified in this review, provided significant professional assistance to the person signing this review report.

SIGNATURE OF APPRAISAL REVIEWER



David E. Stone, IFAS

TITLE OF APPRAISAL REVIEWER

President / Certified General License #30853

DATE OF APPRAISAL

04/5/2006

ADDENDUM

Borrower: Abraham Nieto

File No.: 1534

Property Address: 15615 W. Lynne Ln.

Case No.:

City: Buckeye

State: AZ

Zip: 85326

Lender: Jordan Ash

Acceptability Comments

The original appraiser has made selections of comparable sales that would support the sale price of the subject property. The original appraiser traveled to Goodyear (5 & 11 miles) for two sales that were dissimilar in GLA forcing larger adjustments than was necessary had the appraiser used closer sales.

The review appraiser found sales the original appraiser could have used that range from a low sale price of \$279,900 to a high of \$392,800. These are sales not adjusted for differences compared to the subject property. GLA of the sales ranged from a low of 2,900 Sf to a high of 3,316 Sf. The sales found by the review appraiser were closer than the appraiser's sales and within the same City. See map attached.

Note - The review appraiser did not map the original appraiser's pending sale(#5) or the listing presented (Listing #6).

Pool adjustments appear reasonable at \$20,000, but the adjustment for upgrades is suspect since the appraiser did not offer any detail as to what some of the upgrades or lack of upgrades might be. The adjustments for upgrades are unsupported by adequate explanation.

Sale/comp #1 has a incorrect zip code.

Reviewer Comments

The review appraiser believes that the original appraiser exceeded guidelines due in part to rising values in this and other markets within the Central Arizona area. Without further information regarding the market value and cost of the upgrades the reviewer can not accurately determine if the upgrade adjustments are excessive, although they appear unsupported.

Due to what appears to be excessive adjustments the value of the subject property could be overstated. A new retro appraisal is recommended.

The review appraiser's review of this appraisal does not include performance of services beyond this desk review. Services such as testimony via depositions or court are a separate service and not included herein.

