



APPRAISAL OF REAL PROPERTY

LOCATED AT:

100 Main Court
Anywhere, IL 604XX
Lot 1X in Bradford Place Phase III

FOR:

XYZ Financial Inc.
123 Main Street
Anywhere, IL 605XX

AS OF:

12/28/200X

BY:

Paul J. Piekos SRA

Client File #: XYZ-123

Appraisal File #: DEMO-AI-SFR



Appraisal
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Summary Appraisal Report • Residential

Appraisal Company: Piekos Appraisals

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Appraiser: Paul J. Piekos SRA

Co-Appraiser:

AI Membership: SRA MAI SRPA Associate Member NoneAI Membership: SRA MAI SRPA Associate Member None

Other Professional Affiliation: Member of the MLS of Northern Illinois

Other Professional Affiliation:

E-mail: paul@piekos.com

E-mail:

Client: XYZ Financial Inc.

Contact:

Address: 123 Main Street, Anywhere, IL 605XX

Phone: 630-555-1212

Fax: 630-555-1212

E-mail: joeblow@xyzfinancial.com

REAL ESTATE IDENTIFICATION

Address: 100 Main Court

City: Anywhere

County: Will

State: IL

Zip: 604XX

Legal Description: Lot 1X in Bradford Place Phase III

Tax Parcel #: 02-17-309-XXX

RE Taxes: 5,990.66

Tax Year: 200X

SUBJECT PROPERTY HISTORY

Owner of Record: Seller, Homer

Description and analysis of sales within 3 years (minimum) prior to effective date of value: There was no report available of any transfer history in the past 3 years for the subject property through the normal course of business. Subject property last sold for \$258,000 on 03/01/0X through the local multiple listing service and it appears to have been a market sale, with adequate exposure time and at a typical list-to-sale price ratio for the area.

Description and analysis of agreements of sale (contracts), listings, and options: Subject has not been reported offered for sale through the local MLS in the past 36 months. (Illinois supplemental standard)

RECONCILIATIONS AND CONCLUSIONS

Indication of Value by Sales Comparison Approach

\$ 312,500

Indication of Value by Cost Approach

\$ 328,874

Indication of Value by Income Approach

\$ Not developed

Final Reconciliation of the Methods and Approaches to Value: While the cost approach indicates a higher value, the sales comparison approach was given the major weight of the decision in the final conclusion. As this type of property is typically owner-occupied, the income approach has insufficient data and was not used.

Opinion of Value as of:

12/28/200X\$ 312,500

Subject to any hypothetical conditions or extraordinary assumptions stated in the Assignment Parameters section.

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Subject Property:	100 Main Court, Anywhere, IL 604XX	Appraisal File #:	DEMO-AI-SFR

ASSIGNMENT PARAMETERS

Intended User(s): XYZ Financial Inc.

Intended Use: To help the client discover the market value of the subject property as of the effective date of the appraisal.

This report is not intended by the appraiser for any other use or by any other user.

Type of Value: Market Effective Date of Value: 12/28/200X

Interest Appraised: Fee Simple Leasehold Other

Hypothetical Conditions: (A hypothetical condition is that which is contrary to what exists, but is asserted by the appraiser for the purpose of analysis. Any hypothetical condition may affect the assignment results.) No hypothetical conditions exist.

Extraordinary Assumptions: (An extraordinary assumption is directly related to a specific assignment and presumes uncertain information to be factual. If found to be false this assumption could alter the appraiser's opinions or conclusions. Any extraordinary assumption may affect the assignment results.)

No extraordinary assumptions were made.

In accordance with Standard Rule 2-2(b) of the Uniform Standard of Professional Appraisal Practice (USPAP), this is a summary appraisal report.

SCOPE OF WORK

Definition: The scope of work is the type and extent of research and analysis in an assignment. Scope of work includes: the extent to which the property is identified; the extent to which tangible property is inspected; the type and extent of data research; and the type and extent of analysis applied to arrive at opinions or conclusions. The specific scope of work for this assignment is identified below and throughout this report.

<p>Inspection of Subject:</p> <p>Appraiser: <input type="checkbox"/> None <input checked="" type="checkbox"/> Interior <input type="checkbox"/> Exterior <input checked="" type="checkbox"/> Date of Inspection 12/28/200X</p> <p>Co-Appraiser: <input checked="" type="checkbox"/> None <input type="checkbox"/> Interior <input type="checkbox"/> Exterior <input type="checkbox"/> Date of Inspection _____</p> <p>Living Area Measured: <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> Other: _____</p>	<p>Data Sources Used:</p> <input checked="" type="checkbox"/> MLS <input checked="" type="checkbox"/> Public Records <input type="checkbox"/> Office Files <input checked="" type="checkbox"/> Owner <input type="checkbox"/> Plans & Specifications <input type="checkbox"/> Purchase Agreement <input type="checkbox"/> Other: _____	<p>Approaches to Value Developed:</p> <p>Cost Approach: <input checked="" type="checkbox"/> Is necessary and developed in this analysis <input type="checkbox"/> Is applicable but not necessary and omitted in this analysis <input type="checkbox"/> Is not applicable or necessary and omitted in this analysis</p> <p>Sales Comparison Approach: <input checked="" type="checkbox"/> Is necessary and developed in this analysis <input type="checkbox"/> Is applicable but not necessary and omitted in this analysis <input type="checkbox"/> Is not applicable or necessary and omitted in this analysis</p> <p>Income Approach: <input type="checkbox"/> Is necessary and developed in this analysis <input type="checkbox"/> Is applicable but not necessary and omitted in this analysis <input checked="" type="checkbox"/> Is not applicable or necessary and omitted in this analysis</p>
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Additional Scope of Work Comments: See attached addendum for a complete explanation regarding the Scope of Work process that was used in preparing the appraisal and this report.

Significant Real Property Appraisal Assistance: None Disclose Name(s) and contribution:

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MARKET AREA ANALYSIS

Location <input type="checkbox"/> Urban <input checked="" type="checkbox"/> Suburban <input type="checkbox"/> Rural	Built Up <input type="checkbox"/> Under 25% <input type="checkbox"/> 25-75% <input checked="" type="checkbox"/> Over 75%	Growth <input checked="" type="checkbox"/> Rapid <input type="checkbox"/> Stable <input type="checkbox"/> Slow	Supply & Demand <input type="checkbox"/> Shortage <input checked="" type="checkbox"/> In Balance <input type="checkbox"/> Over Supply	Value Trend <input type="checkbox"/> Increasing <input checked="" type="checkbox"/> Stable <input type="checkbox"/> Decreasing	Typical Marketing Time <input checked="" type="checkbox"/> Under 3 Months <input type="checkbox"/> 3-6 Months <input type="checkbox"/> Over 6 Months
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Neighborhood Single Family Profile			Neighborhood Land Use			Neighborhood Name: <u>Bradford Place</u>		
Price	Age		1 Family	90% Commercial	10%	PUD <input type="checkbox"/> Condo <input type="checkbox"/> HOA: \$ _____ / _____		
200,000 Low 0			Condo	0% Vacant	0%	Amenities: _____		
435,000 High 15			Multifamily	0%				
306,000 Predominant 8								

Market area description and characteristics: Subject is located in a fully developed residential subdivision named "Bradford Place" in a rapidly growing area of Anywhere. The area consists of detached semi-custom built homes of average to good quality construction. Most all the homes project average to good buyer appeal. Proximity to services and conveniences, as well as the marketability of the properties, is average for the area. Area employment has been stable and employment opportunities are present. According to the local MLS, property values have appreciated nearly 8% in the subjects' market in the past 12 months. Properties usually sell within 96% of the list price. The demand for housing in the subject neighborhood is consistent with the rest of nearby competing areas, with a typical marketing time of under 90 days. Financing is readily available at current market rates. The principal method of financing is through the conventional process with no seller assistance. There have been a total of 233 sales reported through the local MLS in the subjects' market area in the past year. Divided by the past 12 months equals an annualized average of 19.41 sales that have occurred each month. There are currently 92 total active listings reported through the local MLS in the subjects' market area. The annualized monthly figure of 19.41 sales is divided into the 92 total amount of current listings to establish the absorption rate of 4.7 months the market will need to deplete the number of listings in the subjects' market area.

SITE ANALYSIS

Dimensions: <u>75 x 117</u>	Area: <u>8,775 Sq.Ft.</u>
View: <u>Residential</u>	Shape: <u>Rectangular</u>
Drainage: <u>Surface drainage appears adequate</u>	Utility: <u>Adequate and typical for the present improvement</u>

Site Similarity/Conformity To Neighborhood		Zoning/Deed Restriction	
Size: <input type="checkbox"/> Smaller than Typical <input checked="" type="checkbox"/> Typical <input type="checkbox"/> Larger than Typical	View: <input type="checkbox"/> Favorable <input checked="" type="checkbox"/> Typical <input type="checkbox"/> Less than Favorable	Zoning: <u>R-3</u> <u>Single Family Residential</u> <input checked="" type="checkbox"/> Legal <input type="checkbox"/> No zoning <input type="checkbox"/> Legal, non-conforming <input type="checkbox"/> Illegal	Covenants, Condition & Restrictions <input type="checkbox"/> Yes <input type="checkbox"/> No <input checked="" type="checkbox"/> Unknown Documents Reviewed <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No Ground Rent \$ _____ / _____

Utilities	Off Site Improvements
Electric <input checked="" type="checkbox"/> Public <input type="checkbox"/> Other _____	Street <input checked="" type="checkbox"/> Public <input type="checkbox"/> Private <u>Asphalt</u>
Gas <input checked="" type="checkbox"/> Public <input type="checkbox"/> Other _____	Alley <input type="checkbox"/> Public <input type="checkbox"/> Private <u>None</u>
Water <input checked="" type="checkbox"/> Public <input type="checkbox"/> Other _____	Sidewalk <input checked="" type="checkbox"/> Public <input type="checkbox"/> Private <u>Concrete</u>
Sewer <input checked="" type="checkbox"/> Public <input type="checkbox"/> Other _____	Street Lights <input checked="" type="checkbox"/> Public <input type="checkbox"/> Private <u>Electric</u>

Site description and characteristics: Site consists of an average sized lot with a premium cul-de-sac location which projects good appeal. Landscaping is attractive and there are no readily apparent adverse easements or encroachments.

HIGHEST AND BEST USE ANALYSIS

Present Use Proposed Use Other _____

Summary of highest and best use analysis: The present use of the subject property existing as of the date of value is residential, which is the same as the appraiser's opinion of the highest and best use of the real estate being appraised.

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IMPROVEMENTS ANALYSIS

General	Design: 2 Story	No. of Units: 1	No. of Stories: 2	Actual Age: 8	Effective Age: 5	
<input checked="" type="checkbox"/> Existing	<input type="checkbox"/> Under Construction	<input type="checkbox"/> Proposed	<input type="checkbox"/> Attached	<input checked="" type="checkbox"/> Detached	<input type="checkbox"/> Manufactured	<input type="checkbox"/> Modular
Other:						
Exterior Elements	Roofing: Asphalt Shingle	Siding: Aluminum/Brick	Windows: Wood D.H.			
<input checked="" type="checkbox"/> Patio Concrete	<input checked="" type="checkbox"/> Deck Resin	<input checked="" type="checkbox"/> Porch Enclosed	<input type="checkbox"/> Pool	<input checked="" type="checkbox"/> Fence Wood		
Other: Enclosed porch has a gas stub for future furnace but is not presently heated and is not included in the gross living area.						
Interior Elements	Flooring: Carpet/Tile	Walls: Drywall	FP# 1			
Kitchen: <input checked="" type="checkbox"/> Refrigerator <input checked="" type="checkbox"/> Range <input checked="" type="checkbox"/> Oven <input checked="" type="checkbox"/> Fan/Hood <input checked="" type="checkbox"/> Microwave <input checked="" type="checkbox"/> Dishwasher Countertops: Laminate						
Other: Soaking Tub in luxury Master Bathroom.						
Foundation	<input type="checkbox"/> Crawl Space	<input type="checkbox"/> Slab	<input checked="" type="checkbox"/> Basement Full			
Other:						
Attic	<input type="checkbox"/> None	<input checked="" type="checkbox"/> Scuttle	<input type="checkbox"/> Drop Stair	<input type="checkbox"/> Stairway	<input type="checkbox"/> Finished	
Mechanicals	HVAC: Forced warm air	Fuel: Gas	Air Conditioning: Central			
Car Storage	<input checked="" type="checkbox"/> Driveway Asphalt	<input checked="" type="checkbox"/> Garage 2 Car	<input type="checkbox"/> Carport	<input type="checkbox"/> Finished		
Other Elements	Garage is finished.					

Above Grade Gross Living Area (GLA)

	Living	Dining	Kitchen	Den	Family Rm.	Rec. Rm.	Bdrms	# Baths	Utility	Other	Area Sq. Ft.
Level 1	1	1	1		1			0.5			1,061
Level 2							4	2.0			933

Finished area above grade contains: Bedroom(s) Bath(s) Sq. Ft. of GLA

Summarize Above Grade Improvements: New carpeting throughout. Oak cabinets in Kitchen. Two story entry, vaulted ceiling in Living Room, high ceiling in Dining Room, cathedral ceiling in Master Bedroom. Six panel doors, oak railings.

Below Grade Area or Other Living Area

	Living	Dining	Kitchen	Den	Family Rm.	Rec. Rm.	Bdrms	# Baths	Utility	% Finished	Area Sq. Ft.
Below Grade											1,071
Other Living Area											

Summarize below grade and/or other living area improvements: Basement is painted but otherwise unfinished and is wired for surround sound.

Discuss physical depreciation and functional or external obsolescence: Subject property exhibits normal physical deterioration due to average tear and wear. No functional inadequacies or external obsolescence was observed. Floor plan is acceptable with standard sized rooms that have adequate closet and storage space, which is considered typical for this style home in this area. Some peeling paint present on exterior window trim and small burn to laminate Kitchen counter top; both items should not be a major detraction to value.

Discuss style, quality, condition, size, and value of improvements including conformity to market area: Subject property is of average to good quality construction and is presently in good condition. Style design and size of the improvement is considered typical for the area and conforms well to the neighborhood. Value of the improvements is considered to be comparable to other similar properties in the market area.

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SITE VALUATION

Site Valuation Methodology

- Sales Comparison Approach:** A set of procedures in which a value indication is derived by comparing the property being appraised to similar properties that have been sold recently, then applying appropriate units of comparison and making adjustments to the sale prices of the comparables based on the elements of comparison. The sales comparison approach may be used to value improved properties, vacant land, or land being considered as though vacant; it is the most common and preferred method of land valuation when an adequate supply of comparable sales are available.
- Market Extraction Approach:** A method of estimating land value in which the depreciated cost of the improvements on the improved property is estimated and deducted from the total sale price to arrive at an estimated sale price for the land; most effective when the improvements contribute little to the total sale price of the property.
- Alternative Method:** (Describe methodology and rationale)

Site Valuation

ITEM	SUBJECT	COMPARISON 1		COMPARISON 2		COMPARISON 3	
Address	100 Main Court Anywhere, IL 604XX	Lot 62 Kennedy Court Anywhere, IL 604XX		Lot 66 Kennedy Court Anywhere, IL 604XX		Lot 63 Kennedy Court Anywhere, IL 604XX	
Proximity to Subject		Approx. 2 miles southwest		Approx. 2 miles southwest		Approx. 2 miles southwest	
Data Source/ Verification		MLSNI #061798XX Wheatland Twp. Assessor		MLSNI #061798XX Wheatland Twp. Assessor		MLSNI #061798XX Wheatland Twp. Assessor	
Sales Price	\$ N/A		\$ 132,600		\$ 138,000		\$ 150,000
Price / per sq.ft.	\$		\$ 5.96		\$ 5.99		\$ 7.62
Sale Date	N/A	11/30/06	0	11/15/06	0	11/10/06	0
Location	Culdesac/Exc.	Culdesac/Exc.		Culdesac/Exc.		Culdesac/Exc.	
Site Size	8,775 Sq.Ft.	22,250 Sq.Ft.	-48,500	23,028 Sq.Ft.	-47,700	19,684 Sq.Ft.	-39,275
Site View	Residential	Pond	-5,000	Pond	-5,000	Pond	-5,000
Site Improvements	Water & Sewer	Water & Sewer		Water & Sewer		Water & Sewer	
Net Adjustment		<input type="checkbox"/> + <input checked="" type="checkbox"/> -	\$ -53,500	<input type="checkbox"/> + <input checked="" type="checkbox"/> -	\$ -52,700	<input type="checkbox"/> + <input checked="" type="checkbox"/> -	\$ -44,275
Indicated Value		Net Adj.	40.3 %	Net Adj.	38.2 %	Net Adj.	29.5 %
		Gross Adj.	40.4 %	Gross Adj.	38.2 %	Gross Adj.	29.5 %
			\$ 79,100		\$ 85,300		\$ 105,725

Site Valuation Comments: All sales are located in a newly developing subdivision located approximately 2 miles southwest of the subject. All are very recent sales and no time adjustment is required. All have cul-de-sac locations but also have premium pond views. All are larger lots. Square footage was adjusted at \$3.60 per sq.ft. difference.

Site Valuation Reconciliation: After adjustments, site value ranges from \$79,100 - 105,725. Most weight was given to the mid-range of indicated value.

Opinion of Site Value **\$ 90,000**

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COST APPROACH

Cost Approach Definitions

- Reproduction Cost** is the estimated cost to construct, at current prices as of the effective appraisal date, an exact duplicate or replica of the building being appraised, using the same materials, construction standards, design, layout, and quality of workmanship, and embodying all of the deficiencies, superadequacies, and obsolescence of the subject building.
- Replacement Cost** is the estimated cost to construct, at current prices as of the effective appraisal date, a building with utility equivalent to the building being appraised, using modern materials and current standards, design and layout.

Cost Approach Analysis

Estimated Cost New				
Above Grade Living Area	1,993 Sq. Ft @ \$	95.95	= \$	191,228
Finished Below Grade Area	Sq. Ft @ \$		= \$	
Unfinished Below Grade Area	1,070 Sq. Ft @ \$	20.71	= \$	22,160
Other Living Area	Sq. Ft @ \$		= \$	
Car Storage	462 Sq. Ft @ \$	29.31	= \$	13,541
See Comments			\$	16,688
			\$	
			\$	
Total Estimated Cost New			\$	243,617
Less Depreciation				
Physical	% = \$	9,743		
Functional	% = \$			
External	% = \$			
Total Depreciation	\$	9,743		
Depreciated Value of Improvements			\$	233,874
Contributory Value of Site Improvements			\$	5,000
			\$	
			\$	
Opinion of Site Value			\$	90,000
Indicated Value			\$	328,874

Cost Approach Comments (Data Sources, Depreciation Basis, Site Value, Etc.): Physical depreciation is calculated using the effective age/economic life method on a 55 year scale. No significant functional obsolescence or external obsolescence was observed. Estimated site value reflects current market data. Cost is replacement cost. Figures taken from Marshall & Swift RE7 residential cost data dated 12/200X for a single family dwelling of average to good quality construction. Estimated remaining economic life is 50 years.

Cost Approach Reconciliation: The Cost Approach is based on comparison and used as a check against the Sales Comparison Approach as an indicator of value. The principle of substitution in real estate states that a prudent buyer or investor would not pay more for a property than the amount for which the site can be acquired and for which the present improvement can be constructed, minus any depreciation. Therefore in a perfect market, the indicated value by the Cost Approach should be more than that of the Sales Comparison Approach. The Cost Approach, however, loses credibility the older the improvement ages, as physical depreciation becomes more difficult to measure. Due to this fact, the Cost Approach is usually given the least consideration in the final analysis.

Indication of Value by Cost Approach **\$ 328,874**

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SALES COMPARISON APPROACH								
ITEM	SUBJECT		COMPARISON 1		COMPARISON 2		COMPARISON 3	
Address	100 Main Court Anywhere, IL 604XX		2 Callery Court Anywhere, IL 604XX		331 Aristocrat Drive Anywhere, IL 604XX		1352 Waterside Drive Anywhere, IL 604XX	
Proximity to Subject			0.13 miles		0.17 miles		1.21 miles	
Data Source/ Verification			MLSNI #061662XX Will County Records		MLSNI #060395XX Will County Records		MLSNI #052766XX Will County Records	
Final List Price	\$	N/A		\$ 296,900		\$ 289,900		\$ 295,000
Sale Price	\$	N/A		\$ 296,900		\$ 285,900		\$ 280,000
Sale-To-List Price Ratio		%		100.0 %		98.6 %		94.9 %
Closing Date	N/A		06/26/0X		03/31/0X		02/03/0X	
Days On Market	N/A		1		11		66	
Price/Gross Living Area	\$		\$ 148.45		\$ 142.95		\$ 140.00	
	DESCRIPTION		DESCRIPTION	+ (-) \$ Adjustment	DESCRIPTION	+ (-) \$ Adjustment	DESCRIPTION	+ (-) \$ Adjustment
Financing Type	N/A		Conventional		Conventional		Conventional	
Concessions	N/A		Paid Points -8,900		None reported		None reported	
Contract Date	N/A		06/06/0X +11,875		02/20/0X +19,050		01/03/0X +20,525	
Location	Culdesac/Exc.		Culdesac/Exc.		Quiet St./Good +5,000		Quiet St./Good +5,000	
Site Size	8,775 Sq.Ft.		8,775 Sq.Ft.		8,775 Sq.Ft.		9,750 Sq.Ft. 0	
Site Views/Appeal	Residential/Avg.		Pond/Excellent -5,000		Residential/Avg.		Pond/Excellent -5,000	
Design and Appeal	2 Story/Good		2 Story/Good		2 Story/Good		2 Story/Good	
Quality of Construction	Aluminum/Brick		Aluminum/Brick		Aluminum/Brick		Aluminum/Brick	
Age	8		9 0		10 0		11 0	
Condition	Good		Good		Good		Good	
Above Grade Bedrooms	Bedrooms	4	Bedrooms	3 +3,000	Bedrooms	4	Bedrooms	4
Above Grade Baths	Baths	2.5	Baths	2.5	Baths	2.5	Baths	2.5
Gross Living Area	1,993 Sq.Ft.		2,000 Sq.Ft. 0		2,000 Sq.Ft. 0		2,000 Sq.Ft. 0	
Below Grade Area	Full		Full		Full		Full	
Below Grade Finish	None		None		None		None	
Other Living Area	None		None		None		None	
Functional Utility	Average		Average		Average		Average	
Heating/Cooling	GFWA/CAC		GFWA/CAC		GFWA/CAC		GFWA/CAC	
Car Storage	2 Car Garage		2 Car Garage		2 Car Garage		2 Car Garage	
Porch,Patio,Deck,etc.	Patio,Deck,Fence		Patio, Hot tub 0		Patio, Fence +2,000		Deck, Fence +2,000	
Porch,Patio,Deck,etc.	Enclosed Porch		None +10,000		None +10,000		None +10,000	
Fireplace(s)	1 Fireplace		1 Fireplace		1 Fireplace		1 Fireplace	
Net Adjustment (total)			<input checked="" type="checkbox"/> + <input type="checkbox"/> - \$ 10,975		<input checked="" type="checkbox"/> + <input type="checkbox"/> - \$ 36,050		<input checked="" type="checkbox"/> + <input type="checkbox"/> - \$ 32,525	
Adjusted Sale Price			Net Adj. 3.7% Gross Adj. 13.1% \$ 307,875		Net Adj. 12.6% Gross Adj. 12.6% \$ 321,950		Net Adj. 11.6% Gross Adj. 15.2% \$ 312,525	

Comments and reconciliation of the sales comparison approach: All sales are similar "Summerset" model homes, like the subject. Sales #1 & 2 are located in the "Bradford Place" subdivision; Sale #3 is located in the nearby "Fields of Bradford" subdivision, which was built by the same builder. Sale #1 paid a seller concession. All sales were adjusted for market change at an annual rate of +8% (or 0.66% per month) from the date of contract to reflect the increasing market. Sales #1 & 2 lack the superior cul-de-sac location of the subject. Sales #1 & 3 were adjusted for a premium pond view, which the subject lacks. No adjustment was made for lot size for Sale #3. All sales are similar in age and condition to the subject property. Sale #1 has the 3 bedroom floorplan and was adjusted for one less bedroom. Sales #2 & 3 have similar four bedroom floorplans to the subject. Sale #1 has a hot tub in lieu of the subjects' deck and fenced yard. Sales #2 & 3 were adjusted for either patio or deck. All sales lack the subjects' enclosed porch. After all adjustments were made, subject has an indicated value range of \$307,875 - \$321,950. Most weight was given to the mid range of indicated value for the subject property.

Indication of Value by Sales Comparison Approach **\$ 312,500**

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STATEMENT OF ASSUMPTIONS AND LIMITING CONDITIONS

This appraisal is subject to the following assumptions and limiting conditions:

- This report is prepared using forms developed and copyrighted by the Appraisal Institute. However, the content, analyses, and opinions set forth in this report are the sole product of the appraiser. The Appraisal Institute is not liable for any of the content, analyses, or opinions set forth herein.
- No responsibility is assumed for matters legal in character or nature. No opinion is rendered as to title, which is assumed to be good and marketable. All existing liens, encumbrances, and assessments have been disregarded, unless otherwise noted, and the property is appraised as though free and clear, having responsible ownership and competent management.
- I have examined the property described herein exclusively for the purposes of identification and description of the real property. The objective of our data collection is to develop an opinion of the highest and best use of the subject property and make meaningful comparisons in the valuation of the property. The appraiser's observations and reporting of the subject improvements are for the appraisal process and valuation purposes only and should not be considered as a warranty of any component of the property. This appraisal assumes (unless otherwise specifically stated) that the subject is structurally sound and all components are in working condition.
- I will not be required to give testimony or appear in court because of having made an appraisal of the property in question, unless specific arrangements to do so have been made in advance, or as otherwise required by law.
- I have noted in this appraisal report any significant adverse conditions (such as needed repairs, depreciation, the presence of hazardous wastes, toxic substances, etc.) discovered during the data collection process in performing the appraisal. Unless otherwise stated in this appraisal report, we have 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 have assumed that there are no such conditions and make no guarantees or warranties, express or implied. We 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 I am not an expert in the field of environmental hazards, this appraisal report must not be considered as an environmental assessment of the property. I obtained the information, estimates, and opinions furnished by other parties and expressed in this appraisal report from reliable public and/or private sources that I believe to be true and correct.
- I will not disclose the contents of this appraisal report except as provided for in the Uniform Standards of Professional Appraisal Practice, and/or applicable federal, state or local laws.
- The Client is the party or parties who engage an appraiser (by employment or contract) in a specific assignment. A party receiving a copy of this report from the client does not, as a consequence, become a party to the appraiser-client relationship. Any person who receives a copy of this appraisal report as a consequence of disclosure requirements that apply to an appraiser's client, does not become an intended user of this report unless the client specifically identified them at the time of the assignment. The appraisers written consent and approval must be obtained before this appraisal report can be conveyed by anyone to the public through advertising, public relations, news, sales, or other media.
- A true and complete copy of this report contains 15 pages including exhibits which are considered an integral part of the report. The appraisal report may not be properly understood without access to the entire report.
- If this valuation conclusion is subject to satisfactory completion, repairs, or alterations, it is assumed that the improvements will be completed competently and without significant deviation.

VALUE DEFINITION

Market Value Definition (below)

Alternate Value Definition (attached)

MARKET VALUE is defined as 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 and 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 acting in what they consider their own best interests;
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.

Source: *Appraisal Institute Dictionary of Real Estate Appraisal*

* **NOTICE:** The Appraisal Institute publishes this form for use by appraisers where the appraiser deems use of the form appropriate. Depending on the assignment, the appraiser may need to provide additional data, analysis and work product not called for in this form. The Appraisal Institute plays no role in completing the form and disclaims any responsibility for the data, analysis or any other work product provided by the individual appraiser(s).

Client:	XYZ Financial Inc.	Client File #:	XYZ-123
Subject Property:	100 Main Court, Anywhere, IL 604XX	Appraisal File #:	DEMO-AI-SFR

APPRAISER CERTIFICATION

I certify that, to the best of my knowledge and belief:

- The statements of fact contained in this report are true and correct.
- The reported analysis, opinions, and conclusions are limited only by the reported assumptions and limiting conditions, and are my personal, unbiased professional analysis, opinions, and conclusions.
- I have no present (unless specified below) or prospective interest in the property that is the subject of this report, and I have no (unless specified below) personal interest with respect to the parties involved.
- I have no bias with respect to any property that is the subject of this report or to the parties involved with this assignment.
- My engagement in this assignment was not contingent upon the developing or reporting predetermined results.
- My compensation for completing this assignment is not contingent upon the development or reporting of a predetermined value or direction in value that favors the cause of the client, the amount of the value opinion, the attainment of a stipulated result, or the occurrence of a subsequent event directly related to the use of this appraisal.
- My analysis, opinions, and conclusions were developed, and this report has been prepared, in conformity with the Uniform Standards of Professional Appraisal Practice.
- Individuals who have provided significant real property appraisal assistance are named below. The specific tasks performed by those named are outlined in the Scope of Work section of this report.

None Name(s) _____

As previously identified in the scope of work section of this report, the signer(s) of this report certify to the inspection of the property that is the subject of this report as:

Appraiser None Interior Exterior

Co-Appraiser None Interior Exterior

ADDITIONAL CERTIFICATION FOR APPRAISAL INSTITUTE MEMBERS

Appraisal Institute Member Certify:

- The reported analyses, opinions, and conclusions were developed, and this report has been prepared, in conformity with the requirements of the Code of Professional Ethics & Standards of Professional Appraisal Practice of the Appraisal Institute, which include the Uniform Standards of Professional Appraisal Practice.
- The use of this report is subject to the requirements of the Appraisal Institute relating to review by its duly authorized representatives.

Designated Appraisal Institute Member Certify:
 • As of the date of this report, I have / have not completed the continuing education program of the Appraisal Institute.

Designated Appraisal Institute Member Certify:
 • As of the date of this report, I have / have not completed the continuing education program of the Appraisal Institute.

APPRAISER:
 Signature _____
 Name Paul J. Piekos SRA Report Date 12/28/200X
 State Certification # XXX.XXXXXXX ST IL
 or License # _____ ST _____
 Expiration Date 9/30/2007

CO-APPRAISER:
 Signature _____
 Name _____ Report Date _____
 State Certification # _____ ST _____
 or License # _____ ST _____
 Expiration Date _____

* **NOTICE:** The Appraisal Institute publishes this form for use by appraisers where the appraiser deems use of the form appropriate. Depending on the assignment, the appraiser may need to provide additional data, analysis and work product not called for in this form. The Appraisal Institute plays no role in completing the form and disclaims any responsibility for the data, analysis or any other work product provided by the individual appraiser(s).

Additional Addendum

File No. DEMO-AI-SFR

Borrower/Client Seller, Homer			
Property Address 100 Main Court			
City Anywhere	County Will	State IL	Zip Code 604XX
Lender XYZ Financial Inc.			

ADDITIONAL CERTIFICATIONS AND OTHER CONDITIONS

This report was ordered by Joe Blow.

PURPOSE, FUNCTION AND INTENDED USE OF THE APPRAISAL

This report was prepared for and intended for the sole use of: XYZ Financial Inc. (the client and the intended user) to assist the client in discovering the market value of the subject property as of the effective date of appraisal as the intended use only and is not intended for use by any other party or for any other purpose. The client should obtain the appraiser's permission in writing before disseminating the report to any third party. Any party that attempts to utilize this report without the written permission of the appraiser does so at their own risk. Be advised that this report was prepared for the client and that the appraiser does not intend to influence any third party's decision regarding potential investments.

The federal government has enacted legislation, referred to as "Megan's Law," that encourages states to disclose to the public the whereabouts of convicted child molesters within the community. These individuals may be transient and therefore the situation may change periodically. While the appraiser has no knowledge of any offenders residing nearby the subject property, the scope of this assignment did not include any investigation in this matter. The client is advised to consult with local law enforcement officials about this issue. The appraiser assumes no responsibility for any issues related to Megan's Law.

There are a wide variety of detrimental conditions that can impact property values. These include, but are not limited to: non-market motivations, future temporary disruptions, stigmas, convicted criminals who reside in the neighborhood, neighborhood nuisances, future unannounced surrounding developments, structural and engineering conditions, construction conditions, soils and geotechnical issues, environmental conditions and natural conditions. The appraiser has inspected the subject on a level that is consistent with the typical responsibilities of the appraisal profession; however, the appraiser does not have the expertise of market analysts, soils, structural or environmental engineers, scientists, urban planners and specialists in these various fields. Unless otherwise stated within the report, the appraiser assumes no responsibilities for the impact that the variety of detrimental conditions may cause.

Unless otherwise stated in this report, the existence of hazardous materials, which may or may not be present on the property, was not observed by the appraiser. The appraiser has no knowledge of the existence of such materials on or in the property. The appraiser, however, is not qualified to detect such substances. The presence of substances such as asbestos, urea-formaldehyde foam insulation, mold and other potentially hazardous materials may affect the value of the property. The value estimated is predicated on the assumption that there is no such material on or in the property that would cause a loss in value. No responsibility is assumed for such conditions or for any expertise or engineering knowledge required to discover them. The intended user is urged to retain an expert in this field if desired.

This report is computer generated. An electronic (digital) signature may have also been used in this report. If so, precautions have been made through software encryption to protect the integrity of the appraiser(s) signature, which securely authorizes the utilization of the electronic signature. Electronically affixing a signature to the report carries the same level of authenticity and responsibility as an ink signature on a paper copy report.

This appraisal report may have been electronically transmitted. If so, through software encryption, the appraiser has taken reasonable steps to protect the data integrity of the transmitted report.

SCOPE OF WORK

The scope of work consists of a visit by the appraiser to view the interior and exterior to catalog the salient attributes of the subject property.

The appraiser will investigate appropriate market data for utilization in a sales comparison approach to value, and if appropriate, cost and income capitalization approaches. Appraiser's investigations will include research of public records through the use of commercial sources of data such as printed comparable data services, computerized databases, etc. Search parameters such as dates of sales, leases, locations, sizes, types of properties and distances from the subject will start with relatively narrow constraints and, if necessary, be expanded until the appraiser has either retrieved data sufficient (in the appraiser's opinion) to estimate market value, or until appraiser believes that the appraiser has reasonably exhausted the available pool of data. Researched sales data will be viewed and, if found to be appropriate, efforts will be made to verify the data with persons directly involved in the transactions such as buyers, seller, brokers or agents. At appraiser's discretion some data will be used without personal verification if, in the appraiser's opinion, the data appears to be correct. In addition, appraiser will consider any appropriate listings of properties found through observation during appraiser's data collection process. Appraiser will report only the data deemed to be pertinent to the valuation problem.

Additional Addendum

File No. DEMO-AI-SFR

Borrower/Client Seller, Homer			
Property Address 100 Main Court			
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Lender XYZ Financial Inc.			

The appraiser will not be responsible for ascertaining the existence of any toxic waste or other contamination present on or off the site. Appraiser will, however, report any indications of toxic waste or contaminants that may affect value if they are readily apparent during the appraiser's investigations. Appraiser cautions the user of the report that the appraiser is not an expert in such matters and that the appraiser may overlook contamination that may be readily apparent to others.

Unless otherwise stated in the appraisal report, the appraiser has no knowledge of any hidden or unapparent conditions of the subject property that would make the subject property more or less valuable, and makes no guarantees or warranties, expressed or implied, regarding the condition of the subject property.

The appraiser will prepare a report which will include photographs (or digital images) of the subject property, descriptions of the subject neighborhood, the site, any improvements on the site, a description of the zoning, a highest and best use analysis, a summary of the most important sales used in the appraiser's valuation, a reconciliation and conclusion, a map illustrating the sales in relationship to the subject property, and other data deemed by the appraiser to be relevant to the report. Pertinent data and analyses not included in the report may be retained in the appraiser's files.

Initial Privacy Notice

Our privacy principles: We are committed to protecting our clients' personal and financial information. This privacy statement addresses what nonpublic personal information we collect, what we do with it, and how we protect it.

What information we collect: We may collect and maintain several types of personal information in the course of providing you with appraisal services, such as:

- Information we receive from you on applications, letters of engagement, forms found on our web site, correspondence, or conversations, including, but not limiting to, your name, address, phone number, social security number, date of birth, bank records and salary information.
- Information about your transactions with us, our affiliates or others, including, but not limiting to, payment history, parties to transactions and other financial information.
- Information we receive from a consumer-reporting agency such as a credit history.

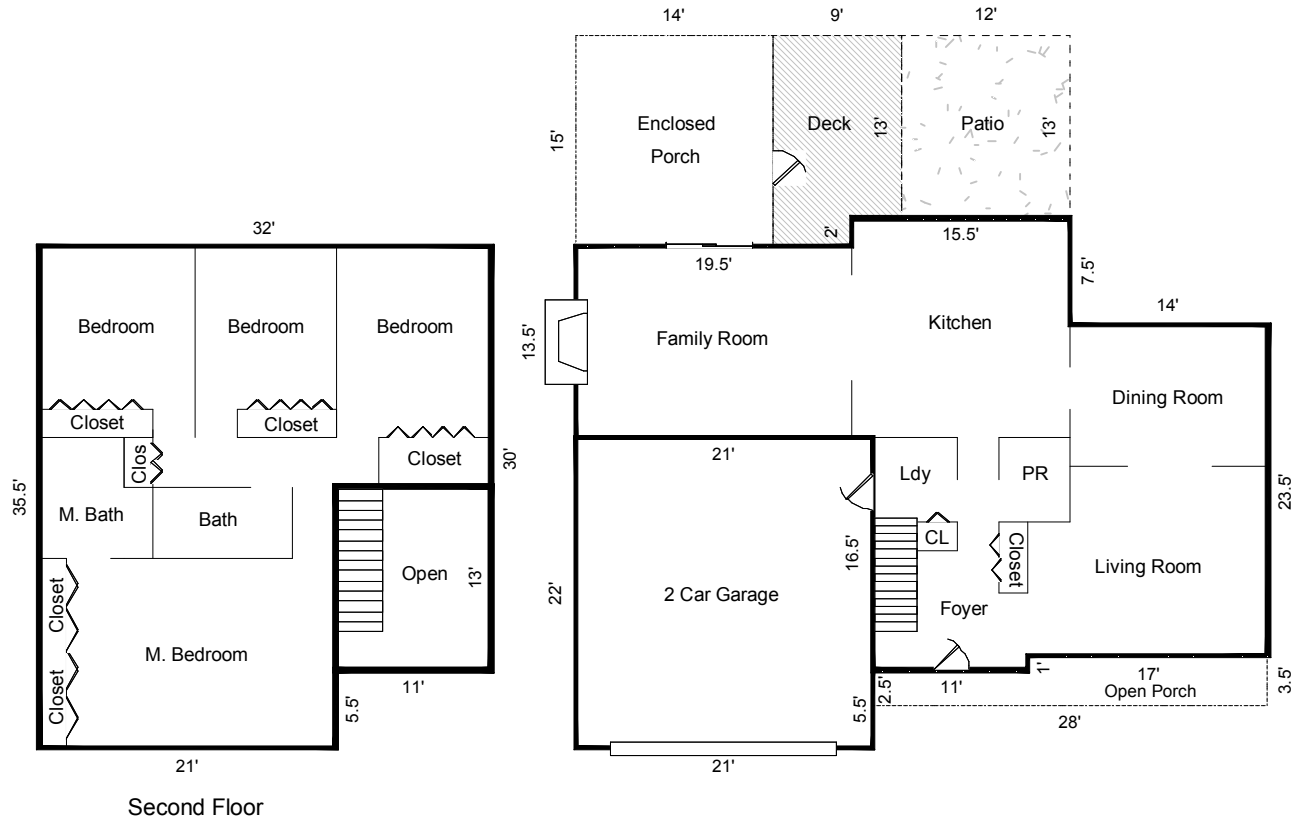
What information we may disclose: We may disclose the nonpublic personal information about you described above, primarily to provide you with the appraisal services you seek from us. We do not disclose nonpublic personal information about clients or former clients except as required or permitted by law.

Who we share the information with: Unless you tell us not to, we may disclose nonpublic personal information about you to the following types of third parties:

- Financial service providers, such as banks and lending institutions.
- Non-financial companies.

Building Sketch (Page - 1)

Borrower/Client Seller, Homer			
Property Address 100 Main Court			
City Anywhere	County Will	State IL	Zip Code 604XX
Lender XYZ Financial Inc.			



Sketch by Apex IV™

Comments:

AREA CALCULATIONS SUMMARY			
Code	Description	Net Size	Net Totals
GLA1	First Floor	1060.50	1060.50
GLA2	Second Floor	1075.50	
	Open Foyer	-143.00	932.50
BSMT	Basement	1070.50	1070.50
P/P	Porch	87.00	
	Enclosed Porch	210.00	
	Deck	128.00	
	Patio	156.00	581.00
GAR	Garage	462.00	462.00
Net LIVABLE Area		(Rounded)	1993

LIVING AREA BREAKDOWN		
Breakdown	Subtotals	
First Floor		
23.50 x 28.00		658.00
1.00 x 11.00		11.00
7.50 x 14.00		105.00
13.50 x 21.00		283.50
1.50 x 2.00		3.00
Second Floor		
30.00 x 32.00		960.00
5.50 x 21.00		115.50
Open Foyer		
11.00 x 13.00		-143.00
8 Items	(Rounded)	1993

Subject Photo Page

Borrower/Client Seller, Homer			
Property Address 100 Main Court			
City Anywhere	County Will	State IL	Zip Code 604XX
Lender XYZ Financial Inc.			



Subject Front

100 Main Court	
Sales Price	N/A
Gross Living Area	1,993
Total Rooms	8
Total Bedrooms	4
Total Bathrooms	2.5
Location	Culdesac/Exc.
View	Residential/Avg.
Site	8,775 Sq.Ft.
Quality	Aluminum/Brick
Age	8



Subject Rear



Subject Street

Comparable Photo Page

Borrower/Client Seller, Homer			
Property Address 100 Main Court			
City Anywhere	County Will	State IL	Zip Code 604XX
Lender XYZ Financial Inc.			



Comparable 1

2 Callery Court	
Prox. to Subject	0.13 miles
Sale Price	296,900
Gross Living Area	2,000
Total Rooms	7
Total Bedrooms	3
Total Bathrooms	2.5
Location	Culdesac/Exc.
View	Pond/Excellent
Site	8,775 Sq.Ft.
Quality	Aluminum/Brick
Age	9



Comparable 2

331 Aristocrat Drive	
Prox. to Subject	0.17 miles
Sale Price	285,900
Gross Living Area	2,000
Total Rooms	8
Total Bedrooms	4
Total Bathrooms	2.5
Location	Quiet St./Good
View	Residential/Avg.
Site	8,775 Sq.Ft.
Quality	Aluminum/Brick
Age	10



Comparable 3

1352 Waterside Drive	
Prox. to Subject	1.21 miles
Sale Price	280,000
Gross Living Area	2,000
Total Rooms	7
Total Bedrooms	4
Total Bathrooms	2.5
Location	Quiet St./Good
View	Pond/Excellent
Site	9,750 Sq.Ft.
Quality	Aluminum/Brick
Age	11

Location Map

Borrower/Client Seller, Homer			
Property Address 100 Main Court			
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