

INVOICE

Date: 12/21/2010

File No. 1-10125TRA
Case No. LAPP 46-46-6-0688TRA

Prepared for:

Safe Bank
000 AVE
Anywhere, WA 98004

Property Appraised:

4476 CHANTING CIRCLE SW
PORT ORCHARD, WA 98367

Work Performed:

1004 Appraisal of above referenced property	\$	500.00
Safe Bank Payee Header Code: apsl-re999	\$	
	\$	
Evaluation Co. Tax Identification #99-9999999	\$	
	\$	
Total Amount Due:	\$	500.00

Please make checks payable to:

EVALUATION CO.
000 CIRCLE
ANYWHERE, WA 98310

For Training Purposes Only

APPRAISAL REPORT OF

A Detached Dwelling Located At
4476 CHANTING CIRCLE SW
PORT ORCHARD, WA 98367

AS OF

DECEMBER 19, 2010

PREPARED FOR

SafeBank/Department of Veterans Affairs
000 Ave, Anywhere, WA 98004

PREPARED BY

JACOB DAVIES
EVALUATION CO.
000 CIRCLE
ANYWHERE, WA 98310



Market Conditions Addendum to the Appraisal Report

Case No. LAPP 46-46-6-0688TRA

File No. 1-12125TRA

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

Property Address 4476 Chanting Circle SW City Port Orchard State WA ZIP Code 98367

Borrower Bing Crosby

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

Table with columns: Inventory Analysis, Prior 7-12 Months, Prior 4-6 Months, Current - 3 Months, Overall Trend. Rows include Total # of Comparable Sales, Absorption Rate, Total # of Comparable Active Listings, Months of Housing Supply, Median Sale & List Price, etc.

Seller- (developer, builder, etc.) paid financial assistance prevalent? [X] Yes [] No

Explain in detail the seller concessions trends for the past 12 months (e.g., seller contributions increased from 3% to 5%, increasing use of buydowns, closing costs, condo fees, options, etc.). There is no reliable way to search for seller concession data, so the data that has been used and the conclusion reached in this section is based on information obtained from parties involved in the transactions through the process of verifying the sales information on individual properties.

The seller concessions in this market appear to be quite stable at 3% of the selling price or less over the past twelve months with no apparent increase in the amount of seller concessions. While they are typical in this market, there are still a significant number of sales that do not have any seller concessions.

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

There is no reliable way to search for this information, so the information provided here and the conclusion reached is based on what information could be gleaned from the local MLS and in verifying sales through interested parties to individual transactions. Of the sales and listings that have been researched and analyzed for this report, one was identified as bank- or lender-owned, and one was identified as being subject to a short sale. All of the other sales and listings are being offered by the property owners and were not identified as being bank-owned or subject to a short sale. A total of 34 listings and sold were researched in this report with just under 3% of them being subject to short sale or were bank-owned. This is a rather insignificant factor.

Cite data sources for above information. Data sources include Metroscan, the local multiple listing service, and individual parties that had some interest or connection to the individual sales and listings researched in the course of carrying out this appraisal assignment.

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

The total number of active listings in this market at the time and on the day the search was made was 9 for the most current 3-month period resulting in a 4 month supply of housing when divided by the absorption rate for the most recent period of 2.33 sales per month for this particular market. This is considered to be a bordering on a short supply of housing in this particular market. The data for the total number of listings and the months of housing supply for the previous two periods is not available from the local Multiple Listing Service. The same is true for the previous two periods for the Median Comparable Listing Days on Market.

The Median Sale Price as a % of the List price has been calculated by dividing the sale price of the closed sales that have been included in this analysis by their original listing prices. The median selling price of competing properties for the previous 7-12 month period was \$256,713 while the median selling price of competing houses over the most recent 3-month periods is at \$257,000. These figures are virtually identical indicating that the housing prices in this market are very stable. The sample size is fairly small and may not be reliable.

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

Table with columns: Subject Project Data, Prior 7-12 Months, Prior 4-6 Months, Current - 3 Months, Overall Trend. Rows include Total # of Comparable Sales, Absorption Rate, Total # of Active Comparable Listings, Months of Unit Supply.

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

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

Signature Jacob Davies

Appraiser Name Jacob Davies

Company Name EVALUATION CO.

Company Address 000 CIRCLE, ANYWHERE, WA 98310

State License/Certification # 27017-1700TRA State WA

Email Address jdavies@training.sar

Signature

Supervisory Appraiser Name

Company Name

Company Address

State License/Certification # State

Email Address

MARKET RESEARCH & ANALYSIS
CONDO/CO-OP PROJECTS
APPRAISER

FOR TRAINING

Uniform Residential Appraisal Report

Case No. LAPP 46-46-6-0688TRA
File # 1-10125TRA

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 4476 Chanting Circle SW City Port Orchard State WA Zip Code 98367
 Borrower Bing Crosby Owner of Public Record Hope Construction Corp. County Kitsap
 Legal Description Lot 65, The Ridge at McCormick Woods Div. 3, in Vol. 32 of Plats, Pages 192 - 204, Inclusive.
 Assessor's Parcel # 5547-000-065-0009 Tax Year 2010 R.E. Taxes \$ 448 (Land Only)
 Neighborhood Name The Ridge at the McCormick Woods Map Reference Thomas Guide: 621-C4 2007 Census Tract 921
 Occupant Owner Tenant Vacant Special Assessments \$ 0 PUD HOA \$ 38 per year per month
 Property Rights Appraised Fee Simple Leasehold Other (describe)
 Assignment Type Purchase Transaction Refinance Transaction Other (describe)
 Lender/Client SafeBank/Department of Veterans Affairs Address 000 Ave. Anywhere, WA 98004
 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). DOM Unk. According to Northwest Multiple Listing Service, the subject was listed on November 2, 2010, at \$263,295, however, the P&S Agreement was signed around on September 10, 2010. Which means the listing was entered into the MLS long after the fact.
 I did 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. Arms length Sale. Analysis of the Purchase & Sale Agreement showed no unusual terms, conditions, or concessions in this transaction.
 I reviewed approximately 73 pages of the P&S Agreement and Addendums and Exhibits provided by Senath Sands of Wells Fargo Bank NA
 Contract Price \$263,295 Date of Contract 09/10/2010 Is the property seller the owner of public record? Yes No Data Source(s) Public Records
 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. \$5,000. The seller has agreed to contribute up to \$5,000 towards buyer's allowable closing costs, prepaids and/or financing subject to securing financing through Quadrant Home Loans.

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

Neighborhood Characteristics		One-Unit Housing Trends		One-Unit Housing		Present Land Use %	
Location <input type="checkbox"/> Urban <input checked="" type="checkbox"/> Suburban <input type="checkbox"/> Rural	Property Values <input type="checkbox"/> Increasing <input checked="" type="checkbox"/> Stable <input type="checkbox"/> Declining	PRICE	AGE	One-Unit	55%		
Built-Up <input type="checkbox"/> Over 75% <input checked="" type="checkbox"/> 25-75% <input type="checkbox"/> Under 25%	Demand/Supply <input checked="" type="checkbox"/> Shortage <input type="checkbox"/> In Balance <input type="checkbox"/> Over Supply	\$ (000)	(yrs)	2-4 Unit	2%		
Growth <input type="checkbox"/> Rapid <input type="checkbox"/> Stable <input checked="" type="checkbox"/> Slow	Marketing Time <input checked="" type="checkbox"/> Under 3 mths <input type="checkbox"/> 3-6 mths <input type="checkbox"/> Over 6 mths	100	Low New	Multi-Family	3%		
Neighborhood Boundaries The subject area is bounded on the south by the Kitsap/Pierce County line, on the west by Mason County line, on the north by State Highway #3 and State Highway #160, and on the east by		600	High 100	Commercial	10%		
		250	Pred. 20	Other	30%		
Neighborhood Description See Comment Addendum							
Market Conditions (including support for the above conclusions) See Comment Addendum							

Dimensions 68.63 / 125.94 / 60.39 / 139.62 Area Appx: 8,712 sf Shape Irregular View N;Res
 Specific Zoning Classification R8 Zoning Description RESIDENTIAL 8 UNITS PER ACRE
 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 Water Street Asphalt
 Gas Sanitary Sewer Alley None
 FEMA Special Flood Hazard Area Yes No FEMA Flood Zone X FEMA Map # 53053C0368D FEMA Map Date 12/18/2007
 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
 See Comment Addendum

General Description		Foundation		Exterior Description		materials/condition		Interior		materials/condition	
Units <input checked="" type="checkbox"/> One <input type="checkbox"/> One with Accessory Unit	<input type="checkbox"/> Concrete Slab <input checked="" type="checkbox"/> Crawl Space	Foundation Walls	Concrete	N	Floors	Lam, Cpt & Vinyl	N				
# of Stories 2	<input type="checkbox"/> Full Basement <input type="checkbox"/> Partial Basement	Exterior Walls	Vinyl	N	Walls	Drywall	N				
Type <input checked="" type="checkbox"/> Det. <input type="checkbox"/> Att. <input type="checkbox"/> S-Det./End Unit	Basement Area 0 sq. ft.	Roof Surface	Comp Shingle	N	Trim/Finish	Wood	N				
<input type="checkbox"/> Existing <input checked="" type="checkbox"/> Proposed <input checked="" type="checkbox"/> Under Const.	Basement Finish 0 %	Gutters & Downspouts	Metal/Metal	N	Bath Floor	Vinyl	N				
Design (Style) Contemporary	<input type="checkbox"/> Outside Entry/Exit <input type="checkbox"/> Sump Pump	Window Type	Vinyl	N	Bath Wainscot	Fiberglass	N				
Year Built 2010	Evidence of <input type="checkbox"/> Infestation	Storm Sash/Insulated	Insulated	N	Car Storage	<input type="checkbox"/> None					
Effective Age (Yrs) 0	<input type="checkbox"/> Dampness <input type="checkbox"/> Settlement	Screens	Yes	N	<input checked="" type="checkbox"/> Driveway	# of Cars 2					
Attic <input type="checkbox"/> None	Heating <input checked="" type="checkbox"/> FWA <input type="checkbox"/> HWBB <input type="checkbox"/> Radiant	Amenities	<input type="checkbox"/> Woodstove(s) # 0		Driveway Surface	Concrete					
<input type="checkbox"/> Drop Stair <input type="checkbox"/> Stairs	<input type="checkbox"/> Other <input type="checkbox"/> Fuel	Fireplace(s) # 0	<input type="checkbox"/> Fence 0		<input checked="" type="checkbox"/> Garage	# of Cars 2					
<input type="checkbox"/> Floor <input checked="" type="checkbox"/> Scuttle	Cooling <input type="checkbox"/> Central Air Conditioning	<input checked="" type="checkbox"/> Patio/Deck	Patio	<input checked="" type="checkbox"/> Porch	Concrete	<input type="checkbox"/> Carport	# of Cars 0				
<input type="checkbox"/> Finished <input type="checkbox"/> Heated	<input type="checkbox"/> Individual <input type="checkbox"/> Other	<input type="checkbox"/> Pool	0	<input checked="" type="checkbox"/> Other Landscapint	<input type="checkbox"/> Att.	<input type="checkbox"/> Det.	<input checked="" type="checkbox"/> Built-in				
Appliances <input type="checkbox"/> Refrigerator <input checked="" type="checkbox"/> Range/Oven <input checked="" type="checkbox"/> Dishwasher <input type="checkbox"/> Disposal <input type="checkbox"/> Microwave <input type="checkbox"/> Washer/Dryer <input type="checkbox"/> Other (describe)											
Finished area above grade contains: 7 Rooms 4 Bedrooms 2.1 Bath(s) 2,309 Square Feet of Gross Living Area Above Grade											
Additional features (special energy efficient items, etc.) See Comment Addendum											

Describe the condition of the property (including needed repairs, deterioration, renovations, remodeling, etc.).
 C1. See Comment Addendum
 Are there any physical deficiencies or adverse conditions that affect the livability, soundness, or structural integrity of the property? Yes No If Yes, describe
 See Comment Addendum
 Does the property generally conform to the neighborhood (functional utility, style, condition, use, construction, etc.)? Yes No If No, describe
 See Comment Addendum

Uniform Residential Appraisal Report

Case No. LAPP 46-46-6-0688TRA
File # 1-10125TRA

There are 9 comparable properties currently offered for sale in the subject neighborhood ranging in price from \$250,000 to \$274,900					
There are 25 comparable sales in the subject neighborhood within the past twelve months ranging in sale price from \$250,738 to \$273,850					
FEATURE	SUBJECT	COMPARABLE SALE # 1	COMPARABLE SALE # 2	COMPARABLE SALE # 3	
Address	4476 CHANTING CIRCLE SW PORT ORCHARD 98367	4560 CHANTING CIR SW PORT ORCHARD 98367	4596 CHANTING CIR SW PORT ORCHARD 98367	4548 CHANTING CIR SW PORT ORCHARD 98367	
Proximity to Subject		2 BLOCKS SOUTH	2.5 BLOCKS SOUTH	2 BLOCKS SOUTH	
Sale Price	\$ 263,295	\$ 269,560	\$ 270,785	\$ 260,150	
Sale Price/Gross Liv. Area	\$ 114 sq. ft.	\$ 111 sq. ft.	\$ 102 sq. ft.	\$ 115 sq. ft.	
Data Source(s)	INSP, MLS & PR	MLS;DOM 45	MLS;DOM 33	MLS;86	
Verification Source(s)	INSP, MLS & PR	AFN 201012080101	AFN 201011220254	AFN 201008120048	
VALUE ADJUSTMENTS	DESCRIPTION	DESCRIPTION	+(-) \$ Adjustment	DESCRIPTION	+(-) \$ Adjustment
Sale or Financing Concessions	VA \$5,000 CC	Armlth FHA;7,000	0	Armlth VA;7,000	0
Date of Sale/Time	08/04/2010	s12/10;c10/10	0	s11/10;c09/10	0
Location	N;Res	N;Res		N;Res	
Leasehold/Fee Simple	FEE SIMPLE	FEE SIMPLE		FEE SIMPLE	
Site	Appx: 8,712 sf	6,098 sf	0	4,792 sf	+5,000
View	N;Res	N;Res		N;Res	
Design (Style)	Contemporary	Contemporary		Contemporary	
Quality of Construction	Q4	Q4		Q4	
Actual Age	AA 0 / EA 0	AA 0 / EA 0		AA 0 / EA 0	
Condition	C1	C1		C1	
Above Grade	Total Bdrms. Baths	Total Bdrms. Baths		Total Bdrms. Baths	
Room Count	7 4 2.1	7 3 2.1	0	8 4 2.1	
Gross Living Area	2,309 sq. ft.	2,431 sq. ft.	-3,700	2,646 sq. ft.	-10,100
Basement & Finished Rooms Below Grade	0sf;0sf 0rr0br0.0ba0o	0sf;0sf 0rr0br0.0ba0o		0sf;0sf 0rr0br0.0ba0o	
Functional Utility	AVERAGE	AVERAGE		AVERAGE	
Heating/Cooling	F.A. GAS	F.A. GAS		F.A. GAS	
Energy Efficient Items	INS WINDOWS	INS WINDOWS		INS WINDOWS	
Garage/Carport	2-CAR GAR.	2-CAR GAR.		2-CAR GAR.	
Porch/Patio/Deck	Porch/Patio	Porch/Patio		Porch/Patio	
Fireplace	0	0		0	
Fencing	NONE	NONE		NONE	
Landscaping	Avg-Frt YD only	AVG - FYO		AVG - FYO	
Net Adjustment (Total)		<input type="checkbox"/> + <input checked="" type="checkbox"/> -	\$ -3,700	<input type="checkbox"/> + <input checked="" type="checkbox"/> -	\$ -5,100
Adjusted Sale Price of Comparables		Net Adj. -1% Gross Adj. 1%	\$ 265,860	Net Adj. -2% Gross Adj. 6%	\$ 265,685
<input checked="" type="checkbox"/> did <input type="checkbox"/> did not research the sale or transfer history of the subject property and comparable sales. If not, explain					
My research <input type="checkbox"/> did <input checked="" type="checkbox"/> 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) NORTHWEST MULTIPLE LISTING SERVICE AND METROSCAN					
My research <input type="checkbox"/> did <input checked="" type="checkbox"/> 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) NORTHWEST MULTIPLE LISTING SERVICE AND METROSCAN					
Report the results of the research and analysis of the prior sale or transfer history of the subject property and comparable sales (report additional prior sales on page 3).					
ITEM	SUBJECT	COMPARABLE SALE # 1	COMPARABLE SALE # 2	COMPARABLE SALE # 3	
Date of Prior Sale/Transfer	NO PREVIOUS SALE	NO PREVIOUS SALE	NO PREVIOUS SALE	NO PREVIOUS SALE	
Price of Prior Sale/Transfer	RECORDED IN PAST 3 YEAR	RECORDED IN PAST YEAR	RECORDED IN PAST YEAR	RECORDED IN PAST YEAR	
Data Source(s)	MLS & METROSCAN	MLS & METROSCAN	MLS & METROSCAN	MLS & METROSCAN	
Effective Date of Data Source(s)	12/2010	12/2010	12/2010	12/2010	
Analysis of prior sale or transfer history of the subject property and comparable sales Title to the subject property has not transferred within the three-year period prior to the effective date of this appraisal. Also, none of the comparables has had a transfer of title within the twelve-month period prior to these most recent sales.					
Summary of Sales Comparison Approach					
See Comments Addendum					
Indicated Value by Sales Comparison Approach \$ 265,000					
Indicated Value by: Sales Comparison Approach \$265,000 Cost Approach (if developed) \$267,700 Income Approach (if developed) \$ N/A					
This appraisal is made <input type="checkbox"/> "as is", <input checked="" type="checkbox"/> subject to completion per plans and specifications on the basis of a hypothetical condition that the improvements have been completed, <input type="checkbox"/> subject to the following repairs or alterations on the basis of a hypothetical condition that the repairs or alterations have been completed, or <input type="checkbox"/> subject to the following required inspection based on the extraordinary assumption that the condition or deficiency does not require alteration or repair:					
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 \$ 265,000 as of December 19, 2010, which is the date of inspection and the effective date of this appraisal.					

Uniform Residential Appraisal Report

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

ADDITIONAL COMMENTS

COST APPROACH

INCOME APPROACH

PROJECT INFORMATION FOR PUDS (if applicable)

COST APPROACH TO VALUE (not required by Fannie Mae)

Provide adequate information for the lender/client to replicate the below cost figures and calculations.
Support for the opinion of site value (summary of comparable land sales or other methods for estimating site value) See Comment Addendum

ESTIMATED <input type="checkbox"/> REPRODUCTION OR <input checked="" type="checkbox"/> REPLACEMENT COST NEW	OPINION OF SITE VALUE	= \$	50,000
Source of cost data MARSHALL & SWIFT	Dwelling	2,309 Sq. Ft. @ \$ 80.00	= \$ 184,720
Quality rating from cost service AVERAGE Effective date of cost data 12/2009		Sq. Ft. @ \$	= \$
Comments on Cost Approach (gross living area calculations, depreciation, etc.)	PORCH, PATIO, & APPLIANCES	= \$	5,000
DATE ASSIGNED: 12/16/2010	Garage/Carport 400 Sq. Ft. @ \$ 30.00	= \$	12,000
DATE FAXED: 12/16/2010	Total Estimate of Cost-New	= \$	201,720
DATE RECEIVED: 12/16/2010	Less Physical Functional External		
DATE FIRST CONTACTED: 12/17/2010	Depreciation 0 0 0	= \$(0)
DATE APPRAISED: 12/19/2010	Depreciated Cost of Improvements	= \$	201,720
DATE MAILED: 12/21/2010	"As-is" Value of Site Improvements	= \$	16,000
Estimated Remaining Economic Life (HUD and VA only) 60 Years	Indicated Value By Cost Approach	= \$	260,000

INCOME APPROACH TO VALUE (not required by Fannie Mae)

Estimated Monthly Market Rent \$ N/A X Gross Rent Multiplier N/A = \$ N/A Indicated Value by Income Approach
Summary of Income Approach (including support for market rent and GRM)

PROJECT INFORMATION FOR PUDS (if applicable)

Is the developer/builder in control of the Homeowners' Association (HOA)? Yes No Unit type(s) Detached Attached
Provide the following information for PUDS ONLY if the developer/builder is in control of the HOA and the subject property is an attached dwelling unit.
Legal name of project
Total number of phases Total number of units Total number of units sold
Total number of units rented Total number of units for sale Data source(s)
Was the project created by the conversion of an existing building(s) into a PUD? Yes No If Yes, date of conversion
Does the project contain any multi-dwelling units? Yes No Data source(s)
Are the units, common elements, and recreation facilities complete? Yes No If No, describe the status of completion.
Are the common elements leased to or by the Homeowners' Association? Yes No If Yes, describe the rental terms and options.
Describe common elements and recreational facilities

Uniform Residential Appraisal Report

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.

Uniform Residential Appraisal Report

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

1. I have, at a minimum, developed and reported this appraisal in accordance with the scope of work requirements stated in this appraisal report.
2. I performed a complete visual inspection of the interior and exterior areas of the subject property. I reported the condition of the improvements in factual, specific terms. I identified and reported the physical deficiencies that could affect the livability, soundness, or structural integrity of the property.
3. I performed this appraisal in accordance with the requirements of the Uniform Standards of Professional Appraisal Practice that were adopted and promulgated by the Appraisal Standards Board of The Appraisal Foundation and that were in place at the time this appraisal report was prepared.
4. I developed my opinion of the market value of the real property that is the subject of this report based on the sales comparison approach to value. I have adequate comparable market data to develop a reliable sales comparison approach for this appraisal assignment. I further certify that I considered the cost and income approaches to value but did not develop them, unless otherwise indicated in this report.
5. I researched, verified, analyzed, and reported on any current agreement for sale for the subject property, any offering for sale of the subject property in the twelve months prior to the effective date of this appraisal, and the prior sales of the subject property for a minimum of three years prior to the effective date of this appraisal, unless otherwise indicated in this report.
6. I researched, verified, analyzed, and reported on the prior sales of the comparable sales for a minimum of one year prior to the date of sale of the comparable sale, unless otherwise indicated in this report.
7. I selected and used comparable sales that are locationally, physically, and functionally the most similar to the subject property.
8. I have not used comparable sales that were the result of combining a land sale with the contract purchase price of a home that has been built or will be built on the land.
9. I have reported adjustments to the comparable sales that reflect the market's reaction to the differences between the subject property and the comparable sales.
10. I verified, from a disinterested source, all information in this report that was provided by parties who have a financial interest in the sale or financing of the subject property.
11. I have knowledge and experience in appraising this type of property in this market area.
12. I am aware of, and have access to, the necessary and appropriate public and private data sources, such as multiple listing services, tax assessment records, public land records and other such data sources for the area in which the property is located.
13. I obtained the information, estimates, and opinions furnished by other parties and expressed in this appraisal report from reliable sources that I believe to be true and correct.
14. I have taken into consideration the factors that have an impact on value with respect to the subject neighborhood, subject property, and the proximity of the subject property to adverse influences in the development of my opinion of market value. I have noted in this appraisal report any adverse conditions (such as, but not limited to, needed repairs, deterioration, the presence of hazardous wastes, toxic substances, adverse environmental conditions, etc.) observed during the inspection of the subject property or that I became aware of during the research involved in performing this appraisal. I have considered these adverse conditions in my analysis of the property value, and have reported on the effect of the conditions on the value and marketability of the subject property.
15. I have not knowingly withheld any significant information from this appraisal report and, to the best of my knowledge, all statements and information in this appraisal report are true and correct.
16. I stated in this appraisal report my own personal, unbiased, and professional analysis, opinions, and conclusions, which are subject only to the assumptions and limiting conditions in this appraisal report.
17. I have no present or prospective interest in the property that is the subject of this report, and I have no present or prospective personal interest or bias with respect to the participants in the transaction. I did not base, either partially or completely, my analysis and/or opinion of market value in this appraisal report on the race, color, religion, sex, age, marital status, handicap, familial status, or national origin of either the prospective owners or occupants of the subject property or of the present owners or occupants of the properties in the vicinity of the subject property or on any other basis prohibited by law.
18. My employment and/or compensation for performing this appraisal or any future or anticipated appraisals was not conditioned on any agreement or understanding, written or otherwise, that I would report (or present analysis supporting) a predetermined specific value, a predetermined minimum value, a range or direction in value, a value that favors the cause of any party, or the attainment of a specific result or occurrence of a specific subsequent event (such as approval of a pending mortgage loan application).
19. I personally prepared all conclusions and opinions about the real estate that were set forth in this appraisal report. If I relied on significant real property appraisal assistance from any individual or individuals in the performance of this appraisal or the preparation of this appraisal report, I have named such individual(s) and disclosed the specific tasks performed in this appraisal report. I certify that any individual so named is qualified to perform the tasks. I have not authorized anyone to make a change to any item in this appraisal report; therefore, any change made to this appraisal is unauthorized and I will take no responsibility for it.
20. I identified the lender/client in this appraisal report who is the individual, organization, or agent for the organization that ordered and will receive this appraisal report.

Uniform Residential Appraisal Report

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:

- 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 Jacob Davies
 Name JACOB DAVIES
 Company Name EVALUATION CO.
 Company Address 000 CIRCLE
ANYWHERE, WA 98310
 Telephone Number 555-555-7600
 Email Address JDAVIES@TRAINING.SAR
 Date of Signature and Report 12/21/2010
 Effective Date of Appraisal DECEMBER 19, 2010
 State Certification # 27017-1700TRA
 or State License # VA APPRAISER #0TRA
 or Other (describe) _____ State # _____
 State WA
 Expiration Date of Certification or License 01/13/2013

ADDRESS OF PROPERTY APPRAISED
4476 CHANTING CIRCLE SW
PORT ORCHARD, WA 98367

APPRAISED VALUE OF SUBJECT PROPERTY \$ 265,000

LENDER/CLIENT

Name _____
 Company Name Safe Bank/ Dept ov Veterans Affairs
 Company Address 000 Ave, Anywhere, WA 98004

 Email Address _____

SUPERVISORY APPRAISER (ONLY IF REQUIRED)

Signature _____
 Name _____
 Company Name _____
 Company Address _____
 Telephone Number _____
 Email Address _____
 Date of Signature _____
 State Certification # _____
 or State License # _____
 State _____
 Expiration Date of Certification or License _____

SUBJECT PROPERTY

- Did not inspect subject property
 Did inspect exterior of subject property from street
 Date of Inspection _____
 Did inspect interior and exterior of subject property
 Date of Inspection _____

COMPARABLE SALES

- Did not inspect exterior of comparable sales from street
 Did inspect exterior of comparable sales from street
 Date of Inspection _____

EXHIBITS

Exhibit 1: Requirements – Condition and Quality Ratings Usage

Appraisers must utilize the following standardized condition and quality ratings within the appraisal report.

Condition Ratings and Definitions

C1

The improvements have been very recently constructed and have not previously been occupied. The entire structure and all components are new and the dwelling features no physical depreciation.*

**Note: Newly constructed improvements that feature recycled materials and/or components can be considered new dwellings provided that the dwelling is placed on a 100% new foundation and the recycled materials and the recycled components have been rehabilitated/re-manufactured into like-new condition. Recently constructed improvements that have not been previously occupied are not considered “new” if they have any significant physical depreciation (i.e., newly constructed dwellings that have been vacant for an extended period of time without adequate maintenance or upkeep).*

C2

The improvements feature no deferred maintenance, little or no physical depreciation, and require no repairs. Virtually all building components are new or have been recently repaired, refinished, or rehabilitated. All outdated components and finishes have been updated and/or replaced with components that meet current standards. Dwellings in this category either are almost new or have been recently completely renovated and are similar in condition to new construction.

C3

The improvements are well maintained and feature limited physical depreciation due to normal wear and tear. Some components, but not every major building component, may be updated or recently rehabilitated. The structure has been well maintained.

C4

The improvements feature some minor deferred maintenance and physical deterioration due to normal wear and tear. The dwelling has been adequately maintained and requires only minimal repairs to building components/mechanical systems and cosmetic repairs. All major building components have been adequately maintained and are functionally adequate.

C5

The improvements feature obvious deferred maintenance and are in need of some significant repairs. Some building components need repairs, rehabilitation, or updating. The functional utility and overall livability is somewhat diminished due to condition, but the dwelling remains useable and functional as a residence.

C6

The improvements have substantial damage or deferred maintenance with deficiencies or defects that are severe enough to affect the safety, soundness, or structural integrity of the improvements. The improvements are in need of substantial repairs and rehabilitation, including many or most major components.

EXHIBITS

Quality Ratings and Definitions

Q1

Dwellings with this quality rating are usually unique structures that are individually designed by an architect for a specified user. Such residences typically are constructed from detailed architectural plans and specifications and feature an exceptionally high level of workmanship and exceptionally high-grade materials throughout the interior and exterior of the structure. The design features exceptionally high-quality exterior refinements and ornamentation, and exceptionally high-quality interior refinements. The workmanship, materials, and finishes throughout the dwelling are of exceptionally high quality.

Q2

Dwellings with this quality rating are often custom designed for construction on an individual property owner's site. However, dwellings in this quality grade are also found in high-quality tract developments featuring residences constructed from individual plans or from highly modified or upgraded plans. The design features detailed, high-quality exterior ornamentation, high-quality interior refinements, and detail. The workmanship, materials, and finishes throughout the dwelling are generally of high or very high quality.

Q3

Dwellings with this quality rating are residences of higher quality built from individual or readily available designer plans in above-standard residential tract developments or on an individual property owner's site. The design includes significant exterior ornamentation and interiors that are well finished. The workmanship exceeds acceptable standards and many materials and finishes throughout the dwelling have been upgraded from "stock" standards.

Q4

Dwellings with this quality rating meet or exceed the requirements of applicable building codes. Standard or modified standard building plans are utilized and the design includes adequate fenestration and some exterior ornamentation and interior refinements. Materials, workmanship, finish, and equipment are of stock or builder grade and may feature some upgrades.

Q5

Dwellings with this quality rating feature economy of construction and basic functionality as main considerations. Such dwellings feature a plain design using readily available or basic floor plans featuring minimal fenestration and basic finishes with minimal exterior ornamentation and limited interior detail. These dwellings meet minimum building codes and are constructed with inexpensive, stock materials with limited refinements and upgrades.

Q6

Dwellings with this quality rating are of basic quality and lower cost; some may not be suitable for year-round occupancy. Such dwellings are often built with simple plans or without plans, often utilizing the lowest quality building materials. Such dwellings are often built or expanded by persons who are professionally unskilled or possess only minimal construction skills. Electrical, plumbing, and other mechanical systems and equipment may be minimal or non-existent. Older dwellings may feature one or more substandard or non-conforming additions to the original structure.

EXHIBITS

Exhibit 2: Requirements – Definitions of Not Updated, Updated, and Remodeled

Not Updated

Little or no updating or modernization. This description includes, but is not limited to, new homes.

Residential properties of fifteen years of age or less often reflect an original condition with no updating, if no major components have been replaced or updated. Those over fifteen years of age are also considered not updated if the appliances, fixtures, and finishes are predominantly dated. An area that is 'Not Updated' may still be well maintained and fully functional, and this rating does not necessarily imply deferred maintenance or physical/functional deterioration.

Updated

The area of the home has been modified to meet current market expectations. These modifications are limited in terms of both scope and cost.

An updated area of the home should have an improved look and feel, or functional utility. Changes that constitute updates include refurbishment and/or replacing components to meet existing market expectations. Updates do not include significant alterations to the existing structure.

Remodeled

Significant finish and/or structural changes have been made that increase utility and appeal through complete replacement and/or expansion.

A remodeled area reflects fundamental changes that include multiple alterations. These alterations may include some or all of the following: replacement of a major component (cabinet(s), bathtub, or bathroom tile), relocation of plumbing/gas fixtures/appliances, significant structural alterations (relocating walls, and/or the addition of square footage). This would include a complete gutting and rebuild.

EXHIBITS

Exhibit 3: Requirements – Abbreviations Used in Data Standardization Text

Abbreviation	Full Name	Appropriate Fields
ac	Acres	Area, Site
AdjPrk	Adjacent	Location
AdjPwr	Adjacent to Power Lines	Location
A	Adverse	Location & View
ArmLth	Arms Length Sale	Sale or Financing Concessions
ba	Bathroom(s)	Basement & Finished Rooms Below Grade
br	Bedroom	Basement & Finished Rooms Below Grade
B	Beneficial	Location & View
Cash	Cash	Sale or Financing Concessions
CtySky	City View Skyline View	View
CtyStr	City Street View	View
Comm	Commercial Influence	Location
c	Contracted Date	Date of Sale/Time
Conv	Conventional	Sale or Financing Concessions
CrtOrd	Court Ordered Sale	Sale or Financing Concessions
DOM	Days On Market	Data Sources
e	Expiration Date	Date of Sale/Time
Estate	Estate Sale	Sale or Financing Concessions
FHA	Federal Housing Authority	Sale or Financing Concessions
Glfcse	Golf Course	Location
Glfvw	Golf Course View	View
Ind	Industrial	Location & View
in	Interior Only Stairs	Basement & Finished Rooms Below Grade
Lndfl	Landfill	Location
LtdSght	Limited Sight	View
Listing	Listing	Sale or Financing Concessions
Mtn	Mountain View	View
N	Neutral	Location & View
NonArm	Non-Arms Length Sale	Sale or Financing Concessions
BsyRd	Busy Road	Location
o	Other	Basement & Finished Rooms Below Grade
Prk	Park View	View
Pstrl	Pastoral View	View
PwrLn	Power Lines	View
PubTrn	Public Transportation	Location
rr	Recreational (Rec) Room	Basement & Finished Rooms Below Grade
Relo	Relocation Sale	Sale or Financing Concessions
REO	REO Sale	Sale or Financing Concessions
Res	Residential	Location & View
RH	USDA –Rural Housing	Sale or Financing Concessions
s	Settlement Date	Date of Sale/Time
Short	Short Sale	Sale or Financing Concessions
sf	Square Feet	Area, Site, Basement
Unk	Unknown	Date of Sale/Time
VA	Veterans Administration	Sale or Financing Concessions
w	Withdrawn Date	Date of Sale/Time
wo	Walk Out Basement	Basement & Finished Rooms Below Grade
wu	Walk Up Basement	Basement & Finished Rooms Below Grade
WtrFr	Water Frontage	Location
Wtr	Water View	View
Woods	Wood View	View

COMMENT ADDENDUM

File No. 1-10125TRA

Borrower/Client	BING CROSBY		Case No. LAPP 46-46-6-0688TRA	
Property Address	4476 CHANTING CIRCLE SW			
City	PORT ORCHARD	County	KITSAP	State WA Zip Code 98367
Lender	SafeBank/Department of Veterans Affairs Address 000 Ave, Anywhere, WA 98004			

NEIGHBORHOOD DESCRIPTION

The subject area is located about 5.5 miles southwest of downtown Port Orchard, about 6.5 miles southwest of downtown Bremerton, and about 11 miles south of Silverdale. Port Orchard, Bremerton and Silverdale provide adequate shopping, professional facilities, and employment centers. Tacoma, which is a fairly major population center for the area, is about a 25-minute drive to the southeast across the Tacoma Narrows Bridge. The subject's subdivision is located on the north side of SW Old Clifton Road and about 1/2 mile of Anderson Hill Road SW. The subject's subdivision is commonly known as Ridge at McCormick Woods and is just north of the subdivision commonly known as McCormick Woods which is centered around a privately owned 18-hole championship golf course which is open to the public. The subject's subdivision consists of three divisions with a total of 450 platted residential lots. Divisions 1 and 2 are nearly built-out while Division 3 is approximately 50% built-out. Schools of all levels are accessible by school bus and limited public transportation is available.

I have considered relevant competitive listings and/or contract offerings in the performance of this appraisal and in the trending information reported in this section. If a trend is indicated, I have attached an addendum providing relevant competitive listing/contract offering data.

SITE

No apparent adverse easements, encroachments or other adverse conditions on this site, however, there is a 10'-wide utility easement along the street which is typical of all of the lots in the subdivision. These easements do not have any apparent adverse impact on the sites as they are situated in the front yard setback areas and do not have any impact on the building envelop. The subject is an interior site which has generally level topography, has an irregular shape, and is on-grade with the street.

UTILITIES

Utilities which serve the site are typical for the area and include electricity, telephone, natural gas, and public water and sewer.

ZONING

The subject is located in an area that carries an R8 zoning classification, which is a single-family residential zone which allows for a density of 8 dwelling units per acre. The purpose of the single family detached/attached residential zones (R8 - up to 8.0 units/net useable acre) and (R12 - up to 12.0 units/net useable acre) is to (a) define areas that allow a greater dwelling unit density - particularly in locations that are well served by the arterial circulation system and community facilities in general, (b) implement comprehensive plan goals and policies for housing quality, diversity, and affordability, and (c) efficiently use residential land, public services, and energy. The minimum lot size in this zone is 5,445 square feet and the subject's site is smaller than that. However, this subdivision was developed under the PUD provision of the Kitsap County Zoning Ordinance which allows for smaller lot sizes. This subdivision was annexed into the City of Port Orchard subsequent to the development of the subdivision, so according to the Port Orchard Department of Community Development, these lots have been accepted as legal building lots.

HIGHEST AND BEST USE

The improvements are physically possible, economically feasible, and give the greatest return within the existing zoning. As a result, it is concluded that the present use of the site represents its highest and best use.

ADDITIONAL FEATURES Concrete driveway, walk, rear patio, and covered front porch; average landscaping in front yard only; garage walls and ceiling are insulated, sheetrocked, and taped; laminate floors in the entryway, butler's pantry, kitchen, family room, laundry room, and all three bathrooms; carpeting throughout the rest of the house including the stairway; Birch cabinets with formica counter tops; four-piece master bath; large walk-in closet off master bathroom; bedrooms #2 and 3 have smaller walk-in closet, and bedroom #4 has a standard closet.

CONDITION OF THE IMPROVEMENTS

The subject is a proposed 2-story style dwelling which is to be constructed of average quality materials. It was under construction at the time of the appraisal inspection, as can be seen in the photos of the subject, but the appraisal has been completed according to the plans and specifications provided by Wells Fargo Bank NA. The HYPOTHETICAL CONDITION has been made that the subject was completed at the time the appraisal of the property was made. The EXTRAORDINARY ASSUMPTION has been made that the improvements will be completed in accordance with the plans and specifications submitted to and reviewed by the appraiser. Should the completed improvements vary to any significant degree from the plans and specifications, the appraiser reserves the right to modify the conclusions reached in this Appraisal Report.

COST APPROACH COMMENTS

The Marshall and Swift Residential Cost Manual has been used as a guide in estimating the replacement cost new of the subject.

The subject is proposed construction and upon completion of the improvements will not have any physical depreciation, or functional or locational obsolescence. The age-life method of depreciation was used in determining the physical depreciation of the property.

The land value estimate is based on a limited number of comparable lot sales in the general area. The land to improvement ratio is typical for this type of property in this area. The land sales data has been obtained from public records and the multiple listing service. The appraiser did not inspect the land sales.

Land Sale 1 is located about 1.5 miles east of the subject at E. at 2173 Indigo Pointe Place and is identified as Tax Parcel #5525-000-016-0007. It has sloping topography, contains about 5,340 square feet, and has all public utilities available in the street. It sold in March of 2010 at a sale price of \$125,000. This transaction included this lot as well as two others for a total of three separate lots. This amounts to a price per lot of \$45,000 or about \$8.43 per square foot.

COMMENT ADDENDUM

File No. 1-10125TRA

Borrower/Client	BING CROSBY		Case No. LAPP 46-46-6-0688TRA		
Property Address	4476 CHANTING CIRCLE SW				
City	PORT ORCHARD	County	KITSAP	State	WA Zip Code 98367
Lender	SafeBank/Department of Veterans Affairs 000 Ave, Anywhere, WA 98004				

COST APPROACH COMMENTS (Continued)

Land Sale 2 is located about 3.75 miles northeast of the subject on Higgens Road SE and is identified as Tax Parcel #4684-000-006-0405. It has level to sloping topography, contains about 20,473 square feet, and has water, power, and natural gas already on the site, but needs a septic system as public sewer is not available. It sold in September of 2009 at \$73,000 or about \$3.57 per square foot.

Land Sale 3 is located about 3.75 miles northeast of the subject, also, and is identified as Tax Parcel #362401-3-092-2008. It has generally level topography, contains about 5,227 square feet, and has all public utilities available. It sold in September of 2009 at \$50,000.

Land Sale 1 is the most recent sale and is just somewhat smaller than the subject, but it also involved three separate platted building sites. The other two land sales are older sales and one is significantly larger than the subject and the other is somewhat smaller. Based on these sales, it is concluded that \$50,000 is a reasonable estimate of the market value of the subject site.

COMMENTS ON SALES COMPARISON

The comparables that have been used in the Sales Comparison Section are considered to be the most similar available after researching all sources of information. All but one of the comparables that have been included in this report are located within the subject's subdivision, and all are reasonably similar to the subject. One of the comparables has been taken from a competing neighborhood some 3.25 miles distant. Quadrant Corporation, who is the builder of the subject as well as three of the comparables, typically does not start construction on a property or even list the property until they have a signed-around deal on it. However, occasionally, one of these deals will subsequently not be consummated, then the completed property ends up on the market.

Comparable 1 is located about 2 blocks south of the subject and is of similar design, quality, age, and condition, and has more living area. The listing shows that it was listed on April 14, 2010, at \$269,785 and a deal was struck at that price on that date essentially meaning that it was on the market for zero days as this was a pre-sale. It closed on December 8, 2010, at a sale price of \$269,560. It sold for just \$225 less than the listing price which essentially is a sale to list price ratio of 100%. The seller paid \$7,000 towards the purchasers' closing costs, however, this amount is less than the 3% typically paid by sellers in this market and the selling price was not increased above the listed price. Therefore, no adjustment for seller concessions is necessary.

Comparable 2 is located about 2.5 blocks south of the subject and is situated on a much smaller site which has an estimated site value of \$45,000 requiring a fairly modest upward site adjustment. It is of similar design, quality, age, and condition, and has a more living area, but otherwise, is quite similar to the subject. This was a pre-sale and the listing date is shown as the same date as the deal was signed around. Therefore, it essentially was not on the market at the time it sold. According to information provided by the seller, the seller paid \$7,000 towards the purchasers' closing costs which amounts to 2.6% of the selling price. However, this amount is less than the 3% typically paid by sellers in this market and the selling price was not increased above the listed price. Therefore, no adjustment for seller concessions is necessary. The sale to list price ratio is 100%.

Comparable 3 is located about 2 blocks south of the subject and is situated on a somewhat smaller site which has an estimated site value of \$42,500 requiring a very modest upward site adjustment. It is of similar design, quality, age, and condition, and has a little less living area. This was a pre-sale and the listing date is shown as the same date as the deal was signed around. Therefore, it essentially was not on the market at the time it sold. According to information provided by the seller, the seller paid \$6,500 towards the purchasers' closing costs which amounts to 2.5% of the selling price. However, this amount is less than the 3% typically paid by sellers in this market and the selling price was not increased above the listed price. Therefore, no adjustment for seller concessions is necessary. The sale to list price ratio is 100%.

Comparable 4 is located about 3 miles northeast of the subject and situated on a slightly larger site which has the same estimated site value as the subject. It is of similar design, quality, age, and condition, and has less living area. It was listed April 14, 2010, at \$269,950 and on August 30, the price was reduced to \$259,950. On September 9, 2010, an offer of \$251,000 was accepted, and according to the selling agent, the seller paid 3% or about \$7,500 of the purchasers' closing costs. However, this amount is equal to the 3% that is typically paid by sellers in this market and because the selling price was not increased above the listed price, no adjustment for seller concessions is necessary.

The comparables that have been included in this report form a very narrow range of indicated value for the subject ranging from a low of \$261,300 to a high of \$265,860. All of them are of similar design, quality, age and condition with the major difference on all of them being the difference in the amount of living area. As a result, all of the sales are given consideration in forming an opinion of the market value of the subject property by the Sales Comparison Approach. All but one of the comparables that have been included in this report are located within the subject's subdivision.

I hereby certify that the information contained in the exhibits identified below has been employed in arriving at the estimate of reasonable value noted in the report.

The plan number is Plan #2295 Left (Standard) of the 40' wide 2200 Series. The specifications and purchaser's options are detailed in the Selections Summary Document provided by Quadrant Homes.

CONDITIONS OF APPRAISAL

The appraised value is SUBJECT TO completion of the proposed improvements in accordance with the plans and specification submitted to and reviewed by the appraiser.

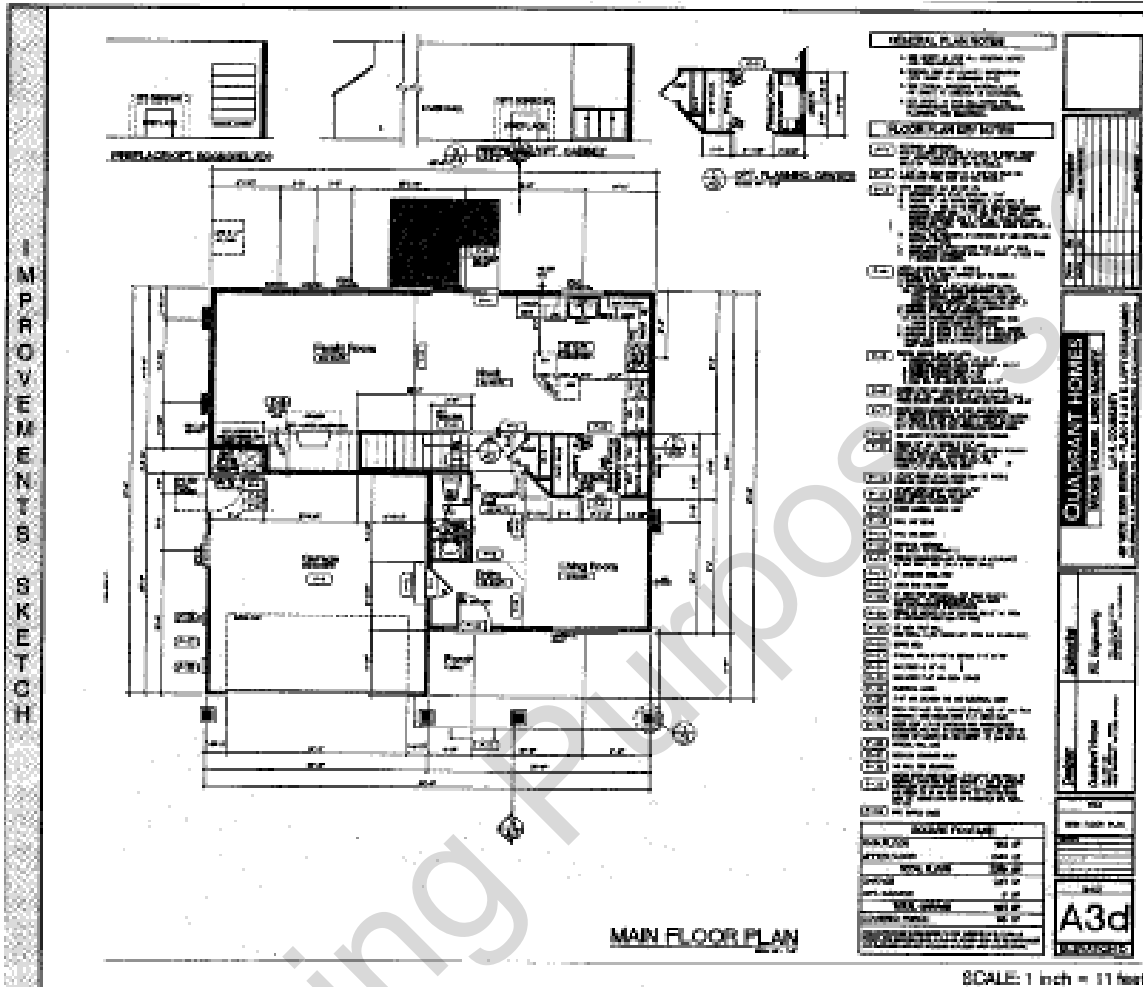
FINAL RECONCILIATION

The Cost and Sales Comparison Approaches to value are both given consideration in arriving at the final conclusion of value with the Sales Comparison Approach being given most weight as it reflects recent activity in the market place. The Income Approach has not been utilized as the majority of homes in the area are owner-occupied. As a result, no meaningful rental data is available for the subject.

SKETCH/AREA TABLE ADDENDUM

File No. 1-10125TRA

Borrower/Client	BING CROSBY		Case No. 46-46-0688TRA		
Property Address	4476 CHANTING CIRCLE SW				
City	PORT ORCHARD	County	KITSAP	State	WA Zip Code 98367
Lender/Client	SafeBank/Department of Veterans Affairs		Address 000 Ave, Anywhere, WA 98004		



AREA CALCULATIONS

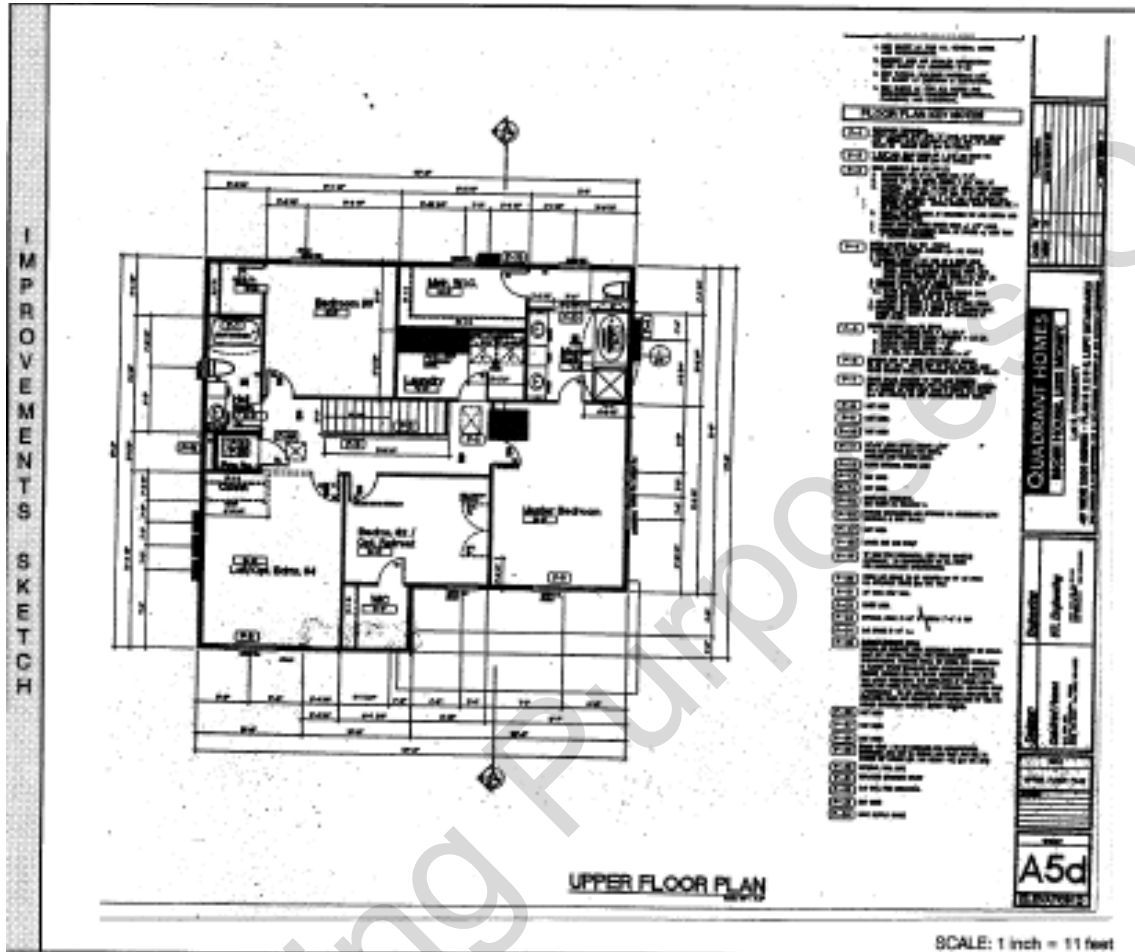
AREA CALCULATIONS SUMMARY			
Area	Name of Area	Size	Totals
GLA1	First Floor	948.75	948.75
GLA2	Second Floor	1360.00	1360.00
GA1	Garage	411.25	411.25
TOTAL LIVABLE (rounded)			2309

LIVING AREA CALCULATIONS		
Breakdown		Subtotals
40.00	X 14.75	590.00
35.00	X 2.25	78.75
20.00	X 14.00	280.00
40.00	X 31.00	1240.00
20.00	X 6.00	120.00
TOTAL LIVABLE (rounded)		2309

SKETCH/AREA TABLE ADDENDUM

File No. 1-10125TRA

Borrower/Client	BING CROSBY	Case No.	46-46-0688TRA
Property Address	4476 CHANTING CIRCLE SW		
City	PORT ORCHARD	County	KITSAP
		State	WA
		Zip Code	98367
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AREA CALCULATIONS

AREA CALCULATIONS SUMMARY			
Area	Name of Area	Size	Totals
GLA1	First Floor	948.75	948.75
GLA2	Second Floor	1360.00	1360.00
GAR	Garage	411.25	411.25
TOTAL LIVABLE (rounded)			2309

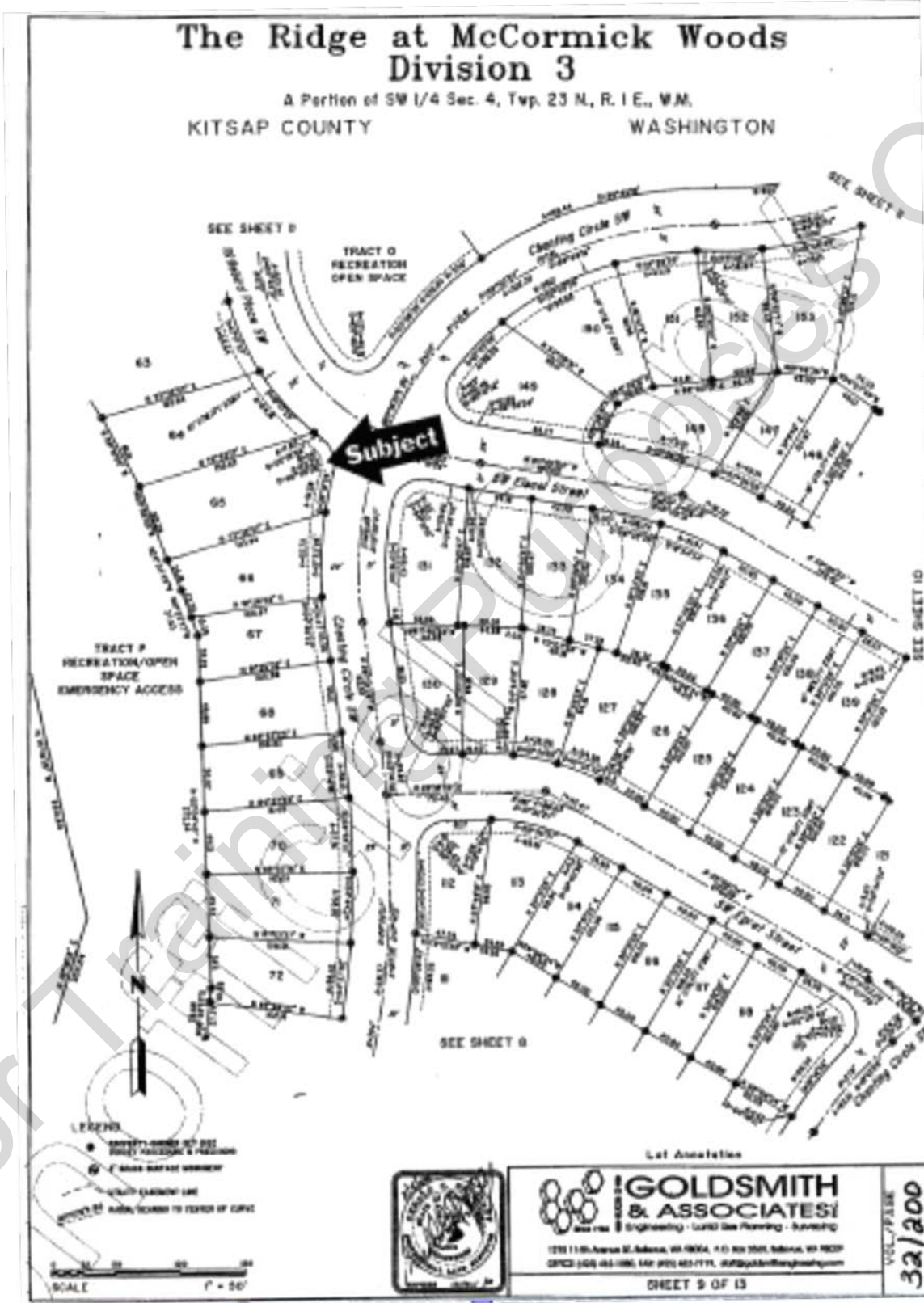
LIVING AREA CALCULATIONS		
Breakdown		Subtotals
40.00	X 14.75	590.00
35.00	X 2.25	78.75
20.00	X 14.00	280.00
40.00	X 31.00	1240.00
20.00	X 6.00	120.00
		2309

PLAT MAP

File No. 1-10125TRA

Case LAPP 46-46-6-0688TRA

Borrower/Client BING CROSBY			
Property Address 4476 CHANTING CIRCLE SW			
City PORT ORCHARD	County KITSAP	State WA	Zip Code 98367
Lender/Client SafeBank/Department of Veterans Affairs Address: 000 Ave, Anywhere, WA 98004			

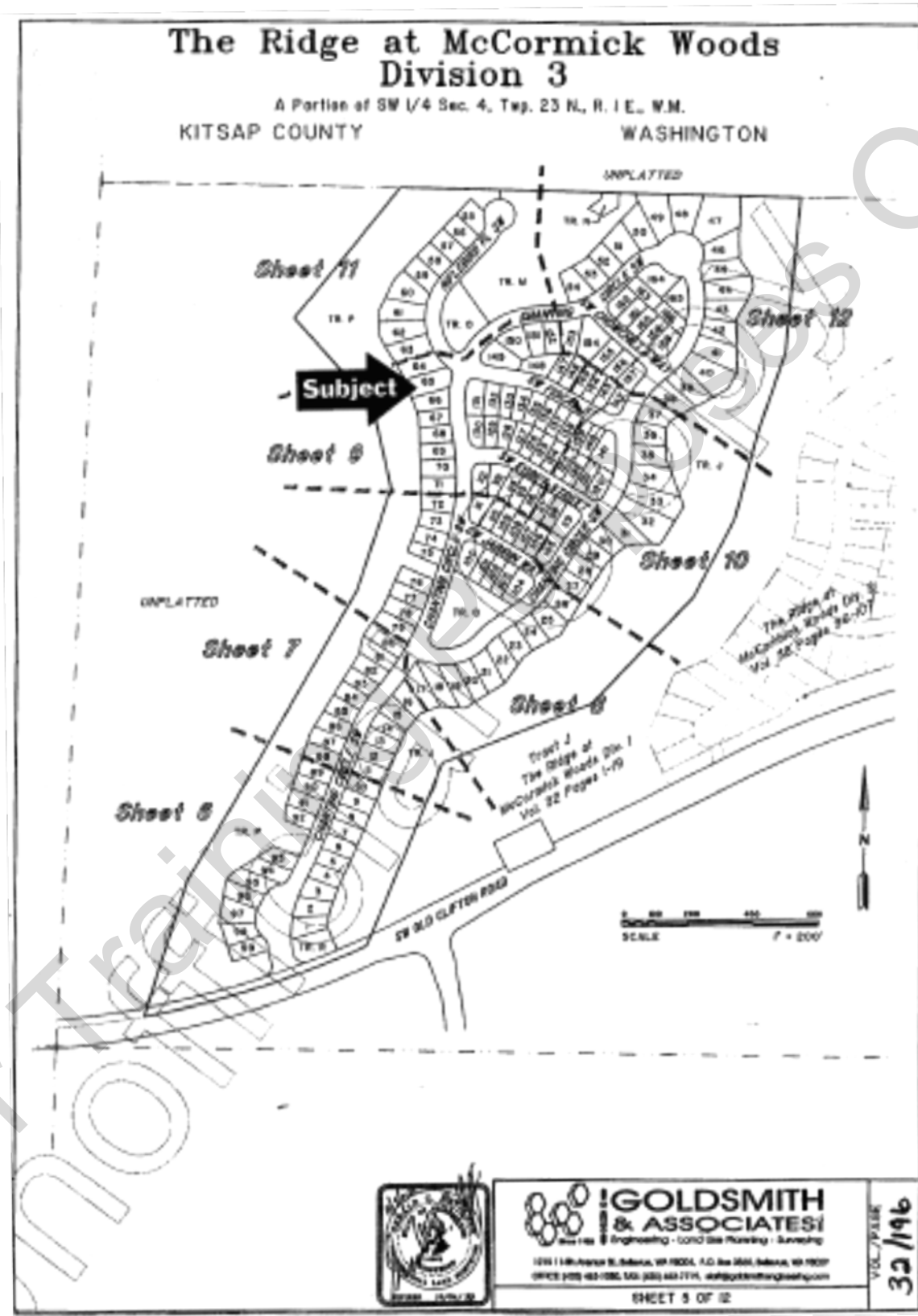


PLAT MAP

File No. 1-10125TRA

Case LAPP 46-46-6-0688TRA

Borrower/Client	BING CROSBY			
Property Address	4476 CHANTING CIRCLE SW			
City	PORT ORCHARD	County	KITSAP	State WA Zip Code 98367
Lender/Client	SafeBank/Department of Veterans Affairs Address: 000 Ave, Anywhere, WA 98004			



GOLDSMITH & ASSOCIATES
 Inc. Inc. Engineering - Construction Planning - Surveying

1201 11th Avenue S.E. Alaska, WA 98504, P.O. Box 3666, Alaska, WA 99507
 OFFICE: (907) 485-1585, FAX: (907) 485-1714, www.goldsmith.com

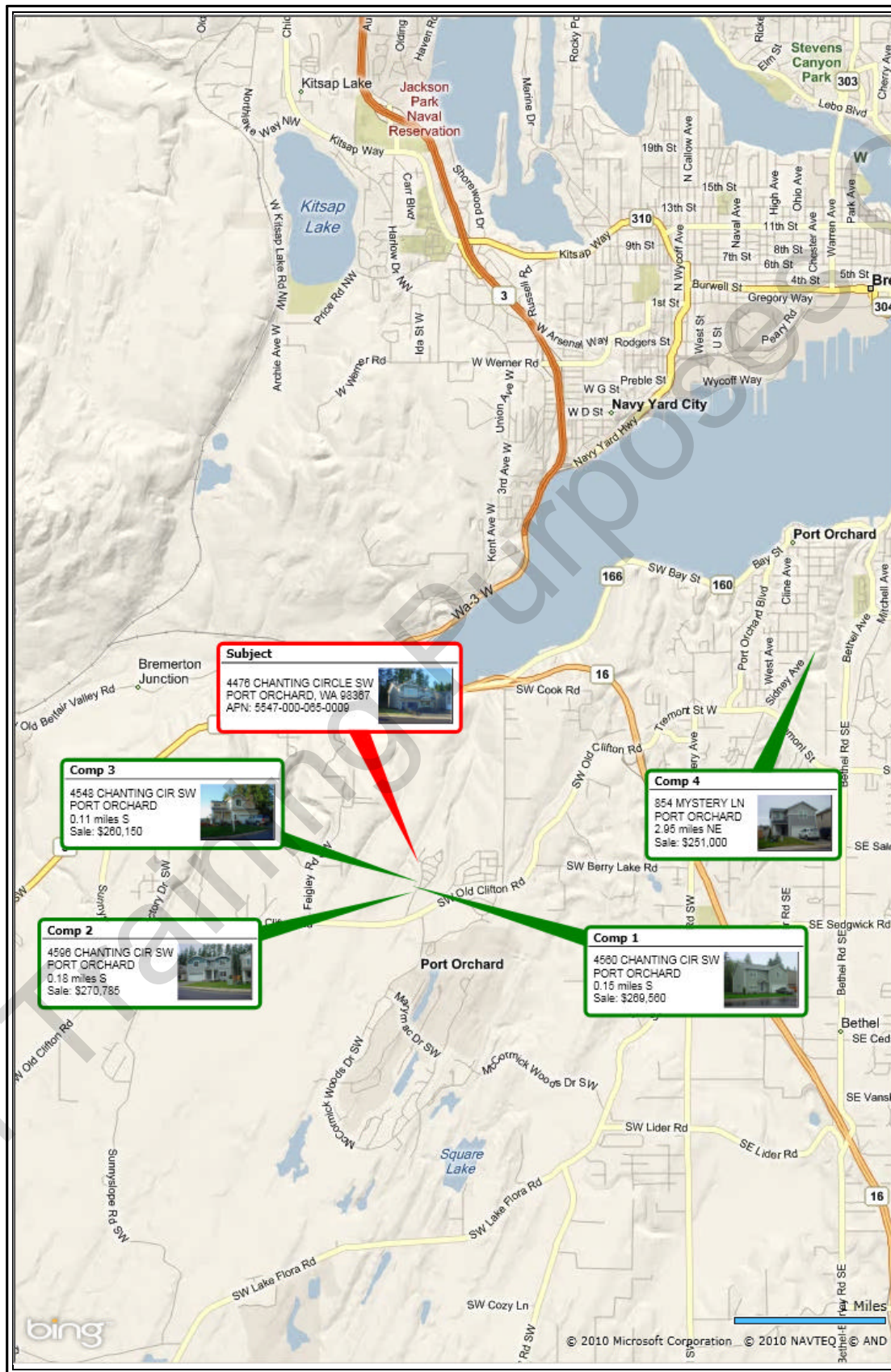
SHEET 8 OF 12

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LOCATION MAP ADDENDUM

File No. 1-10125TRA
Case No. LAPP 46-46-6-0688TRA

Borrower	BING CROSBY		
Property Address	4476 CHANTING CIRCLE SW		
City	PORT ORCHARD	County	KITSAP
		State	WA
		Zip Code	98367
Lender/Client	SafeBank/Department of Veterans Affairs	Address	000 Ave, Anywhere, WA 98004



SUBJECT PHOTO ADDENDUM

File No. 1-10125TRA
LAPP 46-46-6-0688TRA

Borrower	BING CROSBY		
Property Address	4476 CHANTING CIRCLE SW		
City	PORT ORCHARD	County	KITSAP
		State	WA
Lender/Client	SafeBank/Department of Veterans Affairs	Address	000 Ave, Anywhere, WA 98004
		Zip Code	98367



**FRONT OF
SUBJECT PROPERTY**
4476 CHANTING CIRCLE SW
PORT ORCHARD, WA 98367



**REAR OF
SUBJECT PROPERTY**



STREET SCENE

For Triples Only

COMPARABLES 1-2-3

File No. 1-10125TRA

LAPP 46-46-6-0688TRA

Borrower	BING CROSBY		
Property Address	4476 CHANTING CIRCLE SW		
City	PORT ORCHARD	County	KITSAP
		State	WA
		Zip Code	98367
Lender/Client	SafeBank/Department of Veterans Affairs	Address	000 Ave, Anywhere, WA 98004



COMPARABLE # 1
 4560 CHANTING CIR SW
 PORT ORCHARD



COMPARABLE # 2
 4596 CHANTING CIR SW
 PORT ORCHARD



COMPARABLE # 3
 4548 CHANTING CIR SW
 PORT ORCHARD

For Appraisers Only

COMPARABLE 4

File No. 1-10125TRA
Case No. LAPP 46-46-6-0688TRA

Borrower	BING CROSBY				
Property Address	4476 CHANTING CIRCLE SW				
City	PORT ORCHARD	County	KITSAP	State	WA
Lender/Client	SafeBank/Department of Veterans Affairs		Address	000 Ave, Anywhere, WA 98004	
				Zip Code	98367



COMPARABLE #
854 MYSTERY LN
PORT ORCHARD

For Training Purposes Only