

Associates, Inc.
Real Estate Appraisers

77-77-6-1495TRA
File No. 1-00037TRA

***** INVOICE *****

File Number: 1-00037TRA

12/22/2010

MORGAN FUNDING
000 ROAD
Anywhere , CA 92126

Borrower : Ellen Smith

Invoice # : 10-1TRA
Order Date : 12/15/2010 8:22:00 AM
Reference/Case # : 77-77-6-1495TRA
PO Number :

Borrower: Ellen Smith

2826 Whitney St.
San Diego, CA 92111

1004-Single Family	\$	450.00
	\$	

Invoice Total	\$	450.00
State Sales Tax @	\$	0.00
Deposit	(\$)
Deposit	(\$)

Amount Due	\$	450.00

Terms: Due upon receipt.

Please Make Check Payable To:
Associates, Inc.
000 Drive
Anywhere, CA 92126

Fed. I.D. #: 04-3651TRA

For Training Purposes Only

Associates, Inc.

77-77-6-1495TRA

File No. 1-00037TRA

APPRAISAL OF



LOCATED AT:

2826 Whitney St.
San Diego, CA 92111-5616

FOR:

Department of Veterans Affairs
Intended User - Any VA Qualified Lender

BORROWER:

AS OF:

December 19, 2010

BY:

Shawna Timms

Associates, Inc.

77-77-6-1495TRA

File No. 1-00037TRA

MORGAN HOME FUNDING

Department of Veterans Affairs
Intended User - Any VA Qualified Lender

File Number: 1-00037TRA

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

San Diego, CA 92111
2826 Whitney St.

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

In my opinion, the market value of the property as of December 19, 2010 is:

\$354,500

Three Hundred Fifty-Four Thousand Five Hundred Dollars

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

Shawna Timms

Shawna Timms

000 Drive, Anywhere, CA 92126 555-555-1205

Uniform Residential Appraisal Report

Case No. 77-77-6-1495TRA
File # 1-00037TRA

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 2826 Whitney St City San Diego State CA Zip Code 92111-5616
 Borrower Ellen Smith Owner of Public Record April Jones County San Diego
 Legal Description Lot 76, Wheatley Hills
 Assessor's Parcel # 427-232-08-00 Tax Year 2010 R.E. Taxes \$ 3,854
 Neighborhood Name Wheatley Hills Map Reference Census Tract
 Occupant Owner Tenant Vacant Special Assessments \$ 0 PUD HOA \$ 0 per year per month
 Property Rights Appraised Fee Simple Leasehold Other (describe)
 Assignment Type Purchase Transaction Refinance Transaction Other (describe)
 Lender/Client Morgan Funding/Dept. of Veterans Affairs Address 000 ROAD Anywhere , CA 92126
 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). Insert DOM 54 The data source is MLS# 10005614. The subject property was originally listed for sale 10/1/2010 with an asking price of \$382,000 and on 11/24/2010 the status changed from active to pending.
 I did did not analyze the contract for sale for the subject purchase transaction. Explain the results of the analysis of the contract for sale or why the analysis was not performed. Arms Length Sale. See Attached Addendum
 Contract Price \$338,000 Date of Contract 12/08/2010 Is the property seller the owner of public record? Yes No Data Source(s) Realist
 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. \$3,000 The seller is paying \$3,000 in closing costs for the buyer.

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	82%		
Built-Up <input checked="" type="checkbox"/> Over 75% <input type="checkbox"/> 25-75% <input type="checkbox"/> Under 25%	Demand/Supply <input type="checkbox"/> Shortage <input checked="" type="checkbox"/> In Balance <input type="checkbox"/> Over Supply	\$ (000)	(yrs)	2-4 Unit	5%		
Growth <input type="checkbox"/> Rapid <input checked="" type="checkbox"/> Stable <input type="checkbox"/> Slow	Marketing Time <input checked="" type="checkbox"/> Under 3 mths <input type="checkbox"/> 3-6 mths <input type="checkbox"/> Over 6 mths	249	Low 26	Multi-Family	3%		
Neighborhood Boundaries The subject property is bounded by Kearney Mesa Park to the north, the 163 Freeway to the east, Friars Road to the south, and Tecolote Canyon to the west.		471	High 69	Commercial	10%		
Neighborhood Description See Attached Addendum		318	Pred.50	Other	%		

Market Conditions (including support for the above conclusions) "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." Refer to Market Conditions Addendum

Dimensions 50 ft X 100 ft Area 5,000 sqft Shape Rectangular View N;Res
 Specific Zoning Classification RS-1-7 Zoning Description Residential SFR
 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 # 0602951616F FEMA Map Date 06/19/1997
 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
 The subject is located on a developed site with what are assumed to be utility easements that are of public record, but a survey was not available for review.
 Subject property is not in an Aircraft Clear Zone or Accident Potential Zone. The subject property is located in AICUZ Noise Zone 2.

General Description	Foundation	Exterior Description materials/condition	Interior materials/condition
Units <input checked="" type="checkbox"/> One <input type="checkbox"/> One with Accessory Unit	<input checked="" type="checkbox"/> Concrete Slab <input type="checkbox"/> Crawl Space	Foundation Walls Concrete/Good	Floors Cpt/Vinyl/Tile/Avg
# of Stories 1	<input type="checkbox"/> Full Basement <input type="checkbox"/> Partial Basement	Exterior Walls Stuc/Siding/Good	Walls DW/Pnlng/Average
Type <input checked="" type="checkbox"/> Det. <input type="checkbox"/> Att. <input type="checkbox"/> S-Det/End Unit	Basement Area 0 sq. ft.	Roof Surface Composition/Good	Trim/Finish Paint/Stain/Avg
<input checked="" type="checkbox"/> Existing <input type="checkbox"/> Proposed <input type="checkbox"/> Under Const.	Basement Finish 0 %	Gutters & Downspouts None	Bath Floor Tile/Good
Design (Style) Ranch	<input type="checkbox"/> Outside Entry/Exit <input type="checkbox"/> Sump Pump	Window Type Aluminum/Average	Bath Wainscot Tile/Good
Year Built 1980	Evidence of <input type="checkbox"/> Infestation	Storm Sash/Insulated N/A	Car Storage <input type="checkbox"/> None
Effective Age (Yrs) 30	<input type="checkbox"/> Dampness <input type="checkbox"/> Settlement	Screens Yes/Good	<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 Gas	<input checked="" type="checkbox"/> Fireplace(s) # 1 <input checked="" type="checkbox"/> Fence	<input checked="" type="checkbox"/> Garage # of Cars 2
<input type="checkbox"/> Floor <input checked="" type="checkbox"/> Scuttle	Cooling <input checked="" type="checkbox"/> Central Air Conditioning	<input checked="" type="checkbox"/> Patio/Deck <input checked="" type="checkbox"/> Porch	<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 None <input type="checkbox"/> Other None	<input checked="" type="checkbox"/> Att. <input type="checkbox"/> Det. <input type="checkbox"/> Built-in

Appliances Refrigerator Range/Oven Dishwasher Disposal Microwave Washer/Dryer Other (describe)
 Finished area above grade contains: 7 Rooms 4 Bedrooms 2.0 Bath(s) 1644 Square Feet of Gross Living Area Above Grade
 Additional features (special energy efficient items, etc.) See Attached Addendum

Describe the condition of the property (including needed repairs, deterioration, renovations, remodeling, etc.).
 See Attached 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
 Does the property generally conform to the neighborhood (functional utility, style, condition, use, construction, etc.)? Yes No If No, describe

Uniform Residential Appraisal Report

Case No. 77-77-6-1495TRA
File # 1-00037TRA

There are 29 comparable properties currently offered for sale in the subject neighborhood ranging in price from \$290,000 to \$485,000

There are 100 comparable sales in the subject neighborhood within the past twelve months ranging in sale price from \$215,000 to \$525,000

FEATURE	SUBJECT	COMPARABLE SALE # 1	COMPARABLE SALE # 2	COMPARABLE SALE # 3	
Address	2826 Whitney St San Diego, 92111	4047 Hatton St San Diego, 92111	2757 Lancha St San Diego, 92111	7020 Rockglen Ave San Diego, 92111	
Proximity to Subject		1.53 miles N	0.13 miles SSE	1.16 miles N	
Sale Price	\$ 338,000	\$ 381,000	\$ 443,000	\$ 385,000	
Sale Price/Gross Liv. Area	\$ 203.77 sq. ft.	\$ 227.82 sq. ft.	\$ 288.96 sq. ft.	\$ 252.29 sq. ft.	
Data Source(s)	Sandicor MLS	MLS#100045824 DOM 54	MLS#100045520 DOM 12	MLS#100013219 DOM 107	
Verification Source(s)	Realist Public Rec.	Doc#568005	Doc#491662	Doc#361043	
VALUE ADJUSTMENTS	DESCRIPTION	DESCRIPTION	+(-) \$ Adjustment	DESCRIPTION	+(-) \$ Adjustment
Sale or Financing Concessions	3000	ArMLth Conv:0		ArMLth Conv:0	
Date of Sale/Time	12/19/2010 Inspe	s10/10:c09/10	0	s07/10:c06/10	0
Location	N:Res	N:Res		N:Res	
Leasehold/Fee Simple	Fee Simple	Fee Simple		Fee Simple	
Site	5,000 sf	5,600 sf	0	6,200 sf	0
View	N:Res	N:Res		N:Res	
Design (Style)	Ranch	Ranch		Calif.Contemp.	0
Quality of Construction	Q4	Q4		Q4	
Actual Age	30	29	0	28	0
Condition	C4	C3	-30,000	C2	-50,000
Above Grade	Total Bdrms. Baths	Total Bdrms. Baths		Total Bdrms. Baths	
Room Count	7 4 2.0	6 3 2.0	0	6 3 2.0	0
Gross Living Area	1,644 sq. ft.	1,668 sq. ft.	0	1,540 sq. ft.	6,200
Basement & Finished Rooms Below Grade	0sf0sf 0rr0br0.0ba0o	0sf0sf 0rr0br0.0ba0o		0sf0sf 0rr0br0.0ba0o	
Functional Utility	Average	Average		Average	
Heating/Cooling	FWA/CA	FWA/CA		FWA/CA	
Energy Efficient Items	Typical of area	Typical of area		Typical of area	
Garage/Carport	2 Car Garage	2 Car Garage		2 Car Garage	
Porch/Patio/Deck	Patio/Porch	Covered patio	0	Covered patio	0
Pool information	None	None		Pool	-5,000
Net Adjustment (Total)		<input type="checkbox"/> + <input checked="" type="checkbox"/> -	\$ 30,000	<input type="checkbox"/> + <input checked="" type="checkbox"/> -	\$ 43,800
Adjusted Sale Price of Comparables		Net Adj. -7.8% Gross Adj. 7.8%	\$ 351,000	Net Adj. -9.9% Gross Adj. 12.7%	\$ 399,200
I <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 did did not reveal any prior sales or transfers of the subject property for the three years prior to the effective date of this appraisal.

Data source(s) MLS/Public Records (Realist)

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

Data source(s) MLS/Public Records (Realist)

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

ITEM	SUBJECT	COMPARABLE SALE # 1	COMPARABLE SALE # 2	COMPARABLE SALE # 3
Date of Prior Sale/Transfer	06/07/1996	04/29/2003	05/05/1981	04/24/2008
Price of Prior Sale/Transfer	Price unknown/Grant Deed	Price unknown/Grant Deed	\$104,000/Grant Deed	Price unknown/Grant Deed
Data Source(s)	Realist Public Records	Realist Public Records	Realist Public Records	Realist Public Records
Effective Date of Data Source(s)	12/07/2010	12/14/2010	12/14/2010	12/14/2010

Analysis of prior sale or transfer history of the subject property and comparable sales. Any comments regarding previous sales history will be discussed in the Summary of Sales Comparison Approach. Unless stated otherwise, the prior sales history of the subject and comparable sales revealed nothing other than what appear to be arm's length transactions at sales prices consistent with competing properties. The local MLS was used as the primary source for the above prior sales data.

Summary of Sales Comparison Approach
See Attached Addendum

Indicated Value by Sales Comparison Approach \$ 354,500

Indicated Value by: Sales Comparison Approach \$354,500 Cost Approach (if developed) \$ 0 Income Approach (if developed) \$ N/A

The subject is located in an area that is not typically purchased as a rental property, so the Income Approach was not used. The VA does not allow the Cost Approach and it was not completed per their guidelines. The Sales Comparison Approach is felt to best represent the actions of buyers and sellers and was used for estimating market value

This appraisal is made "as is", subject to completion per plans and specifications on the basis of a hypothetical condition that the improvements have been completed, subject to the following repairs or alterations on the basis of a hypothetical condition that the repairs or alterations have been completed, or subject to the following required inspection based on the extraordinary assumption that the condition or deficiency does not require alteration or repair:

Subject to repair of broken windows/locks in bedrooms/baths & repairing lock on sliding glass door. Subject was vacant, but utilities were on & working on inspection date.

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 \$ 354,500, as of 12/19/2010, which is the date of inspection and the effective date of this appraisal.

Uniform Residential Appraisal Report

A D D I T I O N A L C O M M E N T S	Expanded Scope of Work:	
	The scope of this appraisal included researching public records and the Multiple Listing Service for information regarding the subject property. It also included an exterior and interior inspection of the subject and the exterior of the comparable properties. Certification #2 on page 5 of this report states that the appraiser has performed a "complete visual inspection" of the property. It should be understood that the "complete visual inspection" was performed within the context of the intended use and intended user identified on page 4 and clarified above. That is, the appraiser's inspection of the property is for valuation purposes only and is strictly for the purpose of assisting the lender/client (and only the lender/client) in evaluating the property for a mortgage finance transaction.	
	The appraiser's inspection of the property was limited to what was readily observable without moving furniture, floor coverings or personal property. Unless otherwise stated, the appraiser did not view attics, crawl spaces or any other area that would involve the use of ladders or special equipment. The appraiser's viewing of the property was limited to surface areas only and can often be compromised by landscaping, placement of personal property or even weather conditions. Most importantly, the appraiser's inspection of the property is far different from and much less intensive than the type of inspections performed to discover property defects. The appraiser is not a home inspector, building contractor, pest control specialist or structural engineer. An appraisal is not a substitute for a home inspection or an inspection by a qualified expert in determining issues such as, but not limited to, foundation settlement or stability, moisture problems, wood destroying (or other) insects, rodents or pests, radon gas or lead-based paint. The client is invited and encouraged to employ the services of appropriate experts to address any area of concern.	
	Purpose of Appraisal:	
	The purpose of this appraisal is to estimate the Market Value as of the effective date of the appraisal.	
	Intended Use and Users:	
	The Intended User of this appraisal report is the Lender/Client. The Intended Use is to evaluate the property that is the subject of this appraisal for a mortgage finance transaction, subject to the stated Scope of Work, purpose of the appraisal, reporting requirements of this appraisal report form, and Definition of Market Value. No additional Intended Users are identified by the appraiser.	
	Exposure Period:	
	By studying the sales of similar comparable residential properties with value ranges identified in the Neighborhood section in this report, the appraiser feels that the exposure time for the subject property is similar to the indicated Marketing Time identified in the Neighborhood section.	
	Use of Cost Approach:	
The Cost Approach may be requested by the client even if the appraiser does not believe it is a reliable indicator of value. Whenever the Cost Approach is used, it is not to be relied upon for insurance purposes as it is developed to estimate the reproduction cost of the subject, not the replacement cost.		
C O S T	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) N/A	
	ESTIMATED <input type="checkbox"/> REPRODUCTION OR <input type="checkbox"/> REPLACEMENT COST NEW	
	OPINION OF SITE VALUE = \$	
	Source of cost data	Dwelling 1,644 Sq. Ft. @ \$ = \$
	Quality rating from cost service	Effective date of cost data
	Sq. Ft. @ \$ = \$	
	Comments on Cost Approach (gross living area calculations, depreciation, etc.)	
	This is a VA appraisal and the Cost Approach is not allowed and was not completed per their guidelines.	Garage/Carport 441 Sq. Ft. @ \$ = \$ 0
	Total Estimate of Cost-New = \$ 0	
	Less 75 Physical Functional External	
	Depreciation \$0 = \$(0)	
	Depreciated Cost of Improvements = \$ 0	
	"As-is" Value of Site Improvements = \$	
Estimated Remaining Economic Life (HUD and VA only) 45 Years	Indicated Value By Cost Approach = \$ 0	
I N C O M E	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)	
P U D	PROJECT INFORMATION FOR PUDs (if applicable)	
	Is the developer/builder in control of the Homeowners' Association (HOA)? <input type="checkbox"/> Yes <input type="checkbox"/> No Unit type(s) <input type="checkbox"/> Detached <input type="checkbox"/> Attached	
	Provide the following information for PUDs ONLY if the developer/builder is in control of the HOA and the subject property is an attached dwelling unit.	
	Legal name of project	
	Total number of phases	Total number of units Total number of units sold
	Total number of units rented	Total number of units for sale Data source(s)
	Was the project created by the conversion of an existing building(s) into a PUD? <input type="checkbox"/> Yes <input type="checkbox"/> No If Yes, date of conversion	
	Does the project contain any multi-dwelling units? <input type="checkbox"/> Yes <input type="checkbox"/> No Data source(s)	
	Are the units, common elements, and recreation facilities complete? <input type="checkbox"/> Yes <input type="checkbox"/> No If No, describe the status of completion.	
	Are the common elements leased to or by the Homeowners' Association? <input type="checkbox"/> Yes <input type="checkbox"/> No If Yes, describe the rental terms and options.	
Describe common elements and recreational facilities		

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.

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 Shawna Timms
 Name Shawna Timms
 Company Name Associates, Inc.
 Company Address 000 Drive
Anywhere, CA 92126
 Telephone Number 555-555-1205
 Email Address stimms@training.sar
 Date of Signature and Report 12/22/2010
 Effective Date of Appraisal 12/19/2010
 State Certification # AG015TRA
 or State License # _____
 or Other (describe) _____ State # _____
 State CA
 Expiration Date of Certification or License 02/05/2011

ADDRESS OF PROPERTY APPRAISED
2826 Whitney St
San Diego, CA 92111

APPRAISED VALUE OF SUBJECT PROPERTY \$ 354,500

LENDER/CLIENT

Name _____
 Company Name Morgan Funding/Dept. of Veterans Affairs
 Company Address 000 ROAD Anywhere , CA 92126

 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

Uniform Residential Appraisal Report

77-77-6-1495TRA

File # 1-00037TRA

FEATURE	SUBJECT	COMPARABLE SALE # 4			COMPARABLE SALE # 5			COMPARABLE SALE # 6		
Address	2826 Whitney St San Diego, 92111	7152 Malta St San Diego, 92111			3884 Antiem St San Diego, 92111			7155 Beagle St San Diego, 92111		
Proximity to Subject		0.96 miles N			1.41 miles NNE			0.87 miles N		
Sale Price	\$ 338,000	\$ 330,000			\$ 366,000			\$ 410,000		
Sale Price/Gross Liv. Area	\$ 204 sq.ft.	\$ 215 sq.ft.			\$ 251 sq.ft.			\$ 237 sq.ft.		
Data Source(s)	Sandicor MLS	MLS#100005168 DOM 62			MLS#100055850 DOM 84			MLS#100055206 DOM 98		
Verification Source(s)	Realist Public Rec.	Doc#329750			Pending			Listing		
VALUE ADJUSTMENTS	DESCRIPTION	DESCRIPTION	+	(-) \$ Adjustment	DESCRIPTION	+	(-) \$ Adjustment	DESCRIPTION	+	(-) \$ Adjustment
Sales or Financing Concessions	3000	REO Conv;0			Listing SP/LP Ratio 98%		-7,000	Listing SP/LP Ratio 98%		-7,000
Date of Sale/Time	c12/19/2010	s06/10;c3/10		0	c12/10		0	Listing		0
Location	N;Res	N;Res			N;Res			N;Res		
Leasehold/Fee Simple	Fee Simple	Fee Simple			Fee Simple			Fee Simple		
Site	5,000 sf	5,500 sf		0	5,757 sf		0	9,400 sf		-4,000
View	N;Res	N;Res			A;Hyway		10,000	B;Canyon		-10,000
Design (Style)	Ranch	Ranch			Ranch			Ranch		
Quality of Construction	Q4	Q4			Q4			Q4		
Actual Age	30	30		0	29		0	30		0
Condition	C4	C5		10,000	C4			C3		-30,000
Above Grade	Total Bdrms. Baths	Total Bdrms. Baths			Total Bdrms. Baths			Total Bdrms. Baths		
Room Count	7 4 2.0	7 4 2.0			6 3 2.0		0	7 4 2.0		
Gross Living Area	1,644 sq.ft.	1,536 sq.ft.		6,500	1,452 sq.ft.		11,500	1,728 sq.ft.		0
Basement & Finished Rooms Below Grade	UstUst 0rr0br0.0ba0o	UstUst 0rr0br0.0ba0o			UstUst 0rr0br0.0ba0o			UstUst 0rr0br0.0ba0o		
Functional Utility	Average	Average			Average			Average		
Heating/Cooling	FWA/CA	FWA/CA			FWA/CA			FWA/CA		
Energy Efficient Items	Typical of area	Typical of area			Typical of area			Typical of area		
Garage/Carport	2 Car Garage	2 Car Garage			2 Car Garage			2 Car Garage		
Porch/Patio/Deck	Patio/Porch	Porch		0	Covered patio		0	Covered patio		0
Pool information	None	None			None			None		
Contract date										
List\$/DaysOnMkt										
Net Adjustment (Total)		<input checked="" type="checkbox"/> + <input type="checkbox"/> -		\$ 16,500	<input checked="" type="checkbox"/> + <input type="checkbox"/> -		\$ 14,500	<input type="checkbox"/> + <input checked="" type="checkbox"/> -		\$ 51,000
Adjusted Sale Price of Comparables		Net Adj. 5.0 % Gross Adj. 5.0 %		\$ 346,500	Net Adj. 4 % Gross Adj. 7.8 %		\$ 380,500	Net Adj. -12.4 % Gross Adj. 12.4 %		\$ 359,000
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 # 4			COMPARABLE SALE # 5			COMPARABLE SALE # 6		
Date of Prior Sale/Transfer	06/07/1996	07/02/2009			08/08/1995			No prior sales found		
Price of Prior Sale/Transfer	Price unknown/Grant Deed	\$335,000/Trustee's Deed			Price unknown/Grant Deed			Not available		
Data Source(s)	Realist Public Records	Realist Public Records			Realist Public Records			Realist Public Records		
Effective Date of Data Source(s)	12/07/2010	12/14/2010			12/14/2010			12/14/2010		
Analysis of prior sale or transfer history of the subject property and comparable sales										
Summary of Sales Comparison Approach: See Comments on Sales Comparison Approach.										
Analysis/Comments										

Borrower:	Any Qualified Veteran	File No.:	1-00037TRA
Property Address:	2826 Whitney St	Case No.:	77-77-6-1495TRA
City:	San Diego	State:	CA
Lender:	Department of Veterans Affairs	Zip:	92111-5616

VA ADDENDUM

Appraised Value (from URAR): \$354,500

RAM Information: R (Received): 12/15/10
 A (Appraised): 12/19/10
 M (Mailed): 12/22/10

COMMENTS ON RAM DATES: N/A

Condominium/PUD Supplemental Information (N/A for all other property types)

VA/HUD Condo Approval ID# (Condos only): N/A

Comment on Adequacy of HOA Dues/Assessments: N/A

Phone # of HOA Management Company: N/A

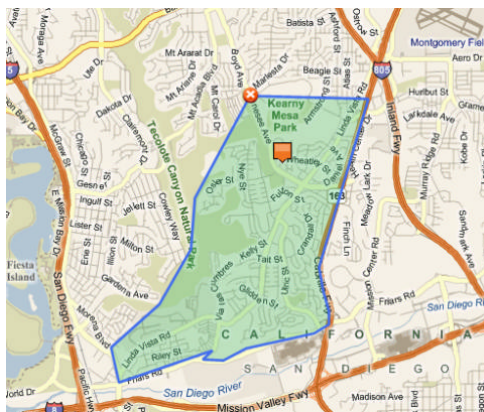
ANALYSIS OF THE SALES CONTRACT

The appraiser received and reviewed 13 pages of the sales contract and it appears to be an arms length transaction, 3 counter offers, an agreed upon sales price of \$338,000, seller concessions in the amount of \$3,000, with the seller signing on 12/8/2010 and the buyer yet to sign. The appraiser has not received a fully executed contract.

NEIGHBORHOOD DESCRIPTION

The subject is located approximately six miles northeast of downtown San Diego in the community of Linda Vista which has many parks including: Kearney Mesa Community Park, Linda Vista Community Park, Kelly Street Neighborhood Park, Mission Heights Neighborhood Park and Tecolote Canyon Natural Park. Tecolote Canyon and San Clemente Canyon, cut through the community, which is located on top of a mesa. The Linda Vista Community comprises about 2,400 acres and has its own city library (Linda Vista Branch Library) and recreation center (Linda Vista Recreation Center).

The University of San Diego is located within the area and there is good access to nearby freeways and the Mission Valley area which includes several regional shopping malls.



ADDITIONAL FEATURES

The subject property has carpeting throughout, kitchen with vinyl flooring, older appliances, and formica countertops. The hall bath tile flooring, newer cabinetry, hardware, master bathroom with tile flooring, cabinetry, and a walk in shower.

All utilities were operational at the time of inspection.

CONDITION OF THE PROPERTY

The subject property has worn carpeting, some vinyl flooring is damaged in the kitchen. These are cosmetic issues and are not VA mandatory repairs. The windows in the bedrooms and bathrooms do not lock and the closing latch on the sliding glass door needs repairing. These are mandatory VA repair items. Overall condition is acceptable and consistent with that typically found in an adequately maintained dwelling. The subject improvements appear to be properly constructed of materials and finish that are acceptable in this market and price range. No other "needed repairs" of significance were noted, although it is possible that some may exist, especially if they were not readily visible to the appraiser. The appraisal should not be relied on as a substitute for a home inspection.

COMMENTS ON SALES COMPARISON

Sale #1 has been updated with new insulated windows, landscaping, hardwood flooring throughout, kitchen with tile flooring, tiled countertops, and some newer appliances. This home has superior updating when compared to the subject property. This home has superior updating when compared to the subject property and therefore a downward adjustment was made. Due to lack of recent sales within the subject area, the appraiser was forced to utilize sales that were from similar, nearby, competing neighborhoods.

ADDENDUM

File No. 1-00037TRA

Borrower/Client	Any Qualified Veteran			Case No: 77-77-6-1495TRA	
Property Address	2826 Whitney St				
City	San Diego	County	CA	State	Zip Code 92111-5616
Lender	Department of Veterans Affairs				

Sale #2 is a newer house located a couple of blocks from the subject in a cul-de-sac and has been updated with landscaping, sprinklers, insulated windows, furnace, hot water heater, clay tile roof and redwood fencing. The interior of the home has been updated with tile flooring throughout, kitchen with newer cabinetry, corian countertops, appliances, and updated bathrooms. With superior upgrading, the appraiser made a large, yet unavoidable, downward condition adjustment.

Sale #3, per the listing agent (Cindy Walendburg), has a swimming pool, the interior was mostly in original condition and needed carpeting and updating. This home is a short sale and short sales are typically sold under duress and tend to reflect the lower end of this particular marketplace.

Sale #4, per the listing agent (Michael Smith), was in need of a complete remodel, as "it has never been updated." This home is considered to be in inferior condition and was adjusted upward to reflect that condition. This home is a foreclosure and foreclosures tend to reflect the lower end of this particular marketplace.

Pending sale #5 backs to Interstate 805 and per Sandicor MLS needed some TLC. The highway adjustment was made based on the appraisers experience within this particular marketplace and knowing that a home that is subjected to road noise typically sells for approximately 3% less than a home that is not subjected to road noise. The appraiser left several messages for the listing agent, did not receive a return phone call, and therefore the appraiser assumed that this home was in average condition. The appraiser took a 12 month average of the SP/LP ratio and applied to sales #5 and #6.

Active listing #6 backs to a canyon and has landscaping, carpeting & hardwood throughout, kitchen with tiled countertops, newer appliances, and fixtures.

Sale prices are all over the place due to the a combination of foreclosures and short sales on one end of the spectrum and non distress sales that have been remodeled and/or updated on the other end. It does appear that the subject is selling below market and an estimated value of \$354,500 is considered to be reasonable and supportable.

Additional Information

Shawna Timms, a licensed appraiser, assisted Richard Foos with the inspection, researching data and writing of the report. However, Richard Foos reviewed, edited the report and concluded the final value estimate.

Market Conditions Addendum to the Appraisal Report

77-77-6-1495TRA
File No. 1-00037TRA

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 2826 Whitney St City San Diego State CA ZIP Code 92111

Borrower Any Qualified Veteran

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? [] Yes [X] 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.). The Sandicor MLS indicates there were 100 closed sales during the past 12 months and 15 of those sales contained seller concessions which is 15% of the total transactions in this market area. Prior Months 7-12: 52 Sales; 8 with concessions; 15% of sales for this period. 4-6: 26 Sales; 5 with concessions; 19% of sales for this period. 0-3: 22 Sales; 2 with concessions; 9% of sales for this period. The values ranged from \$500 to \$10,000. The median concession amount is \$5,000. This is not a mandatory reporting section in the Sandicor MLS, so there is a good chance there are more concessions being paid than what is reported.

Are foreclosure sales (REO sales) a factor in the market? [X] Yes [] No If yes, explain (including the trends in listings and sales of foreclosed properties).
The Sandicor MLS indicates there were 100 closed sales during the past 12 months and 40 of those sales were either foreclosures or short sales which is 40% of the total transactions in this market area. Prior Months 7-12: 52 Sales; 23 foreclosures or short sales ; 44% of sales for this period. 4-6: 26 Sales; 7 foreclosures or short sales; 27% of sales for this period. 0-3: 22 Sales; 10 foreclosures or short sales; 45% of sales for this period. Foreclosures/short sales typically set the low end of the market. Foreclosures usually sell low due to condition, while short sales sell low due to agents/buyers not willing to wait 3 months to a year to hear back from the lender and then the long time to close the transaction.

Cite data sources for above information.
The Sandicor MLS was the data source used to complete the Market Conditions Addendum. The data is assumed to be reliable, but the appraiser is not responsible for its accuracy.

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. See Attached Addendum.

Table for Condo/Co-op Projects. 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 Shawna Timms
Appraiser Name Shawna Timms
Company Name Associates, Inc.
Company Address 000 Drive, Anywhere, CA 92126
State License/Certification # AG015TRA State CA
Email Address stlimms@training.sar

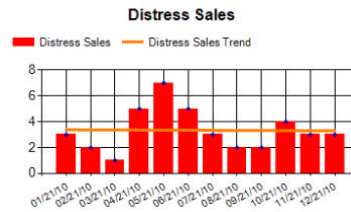
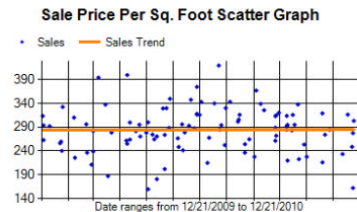
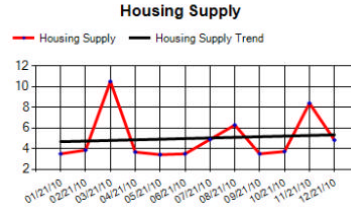
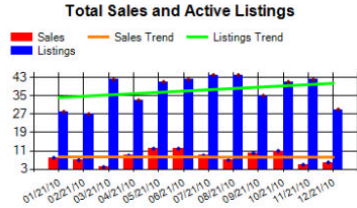
Borrower:	Any Qualified Veteran	File No.:	1-00037TRA
Property Address:	2826 Whitney St	Case No.:	77-77-6-1495TRA
City:	San Diego	State:	CA
Lender:	Department of Veterans Affairs	Zip:	92111-5616

MARKET ANALYSIS COMMENTS

San Diego County experienced significant increases in prices from 2002 through the end of 2005, but since that time most areas experienced declining values. The rate of decline varies widely throughout the county. The areas along the coast that are typically some of the most expensive and desirable areas in the county, have not declined as much as those in the outlying areas. The older more established neighborhoods have typically fared better than the county overall.

The areas in the outlying sections of the county are where most of the excessive declines have occurred as these are where there was either a significant amount of sub prime lending, or there was a lot of new home construction and the use of adjustable rate loans, or both.

The result is that when the county is looked at as a whole it appears that prices have declined 25-45%, but the reality is that some parts of the county have declined only 5-10% while others have gone down 50% or more. It is inappropriate and inaccurate to attempt to paint the entire county with a broad brush stroke as there are sub markets that are all being affected differently.



My original analysis used filters to bracket the subject's square footage +/-15%, or 1,400 sf to 1,900 sf. The results were limited to just a few sales over the past six months. With the limited sample size of "comparable" properties in the defined neighborhood, it was necessary to remove the initial square footage filters to produce more reliable results. The data in the charts below was extracted from the subject's neighborhood, but shows all sales within the market. This increases the reliability because of the larger sample, and it is assumed the trend in pricing in the overall market is directly correlated to the subject's competitive market. Overall sales activity has remained relatively stable and the housing supply appears to be slightly increasing. The average price per square foot trend (which is typically considered to be more reliable than median or average sales price) is showing a slightly increasing trend and distressed sales are stable.

SUBJECT PROPERTY PHOTO ADDENDUM

Borrower:	Any Qualified Veteran	File No.:	1-00037TRA
Property Address:	2826 Whitney St	Case No.:	77-77-6-1495TRA
City:	San Diego	State:	CA Zip: 92111-5616
Lender:	Department of Veterans Affairs		



**FRONT VIEW OF
SUBJECT PROPERTY**

Appraised Date: December 19, 2010
Appraised Value: \$ 354,500



**REAR VIEW OF
SUBJECT PROPERTY**



STREET SCENE

Borrower:	Any Qualified Veteran	File No.:	1-00037TRA
Property Address:	2826 Whitney St	Case No.:	77-77-6-1495TRA
City:	San Diego	State:	CA
Lender:	Department of Veterans Affairs	Zip:	92111-5616



Kitchen

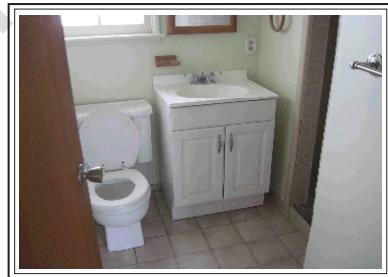
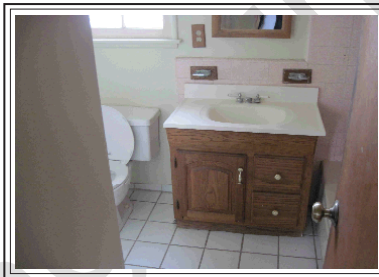
Dining



Living Room

Bedroom

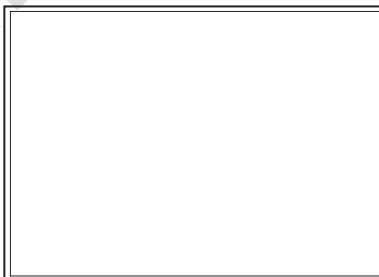
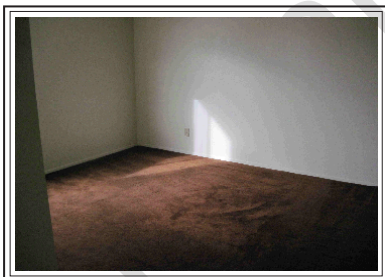
Bedroom



Bedroom

Bathroom

Master Bathroom



Master Bedroom

For

COMPARABLE PROPERTY PHOTO ADDENDUM

Borrower:	Any Qualified Veteran	File No.:	1-00037TRA
Property Address:	2826 Whitney St	Case No.:	77-77-6-1495TRA
City:	San Diego	State:	CA Zip: 92111-5616
Lender:	Department of Veterans Affairs		



COMPARABLE SALE #1

4047 Hatton St.
San Diego

Sale Date: 10/22/2010
Sale Price: \$ 381,000



COMPARABLE SALE #2

2757 Lancha St.
San Diego

Sale Date: 09/16/2010
Sale Price: \$ 443,000



COMPARABLE SALE #3

7020 Rockglen Ave
San Diego

Sale Date: 07/20/2010
Sale Price: \$ 385,000

COMPARABLE PROPERTY PHOTO ADDENDUM

Borrower:	Any Qualified Veteran	File No.:	1-00037TRA
Property Address:	2826 Whitney St	Case No.:	77-77-6-1495TRA
City:	San Diego	State:	CA
Lender:	Department of Veterans Affairs	Zip:	92111-5616



COMPARABLE SALE #4

7152 Malta St.
San Diego

Sale Date: 06/30/2010
Sale Price: \$ 330,000



COMPARABLE SALE #5

3884 Antiem St
San Diego

Sale Date:
Sale Price: \$ 366,000



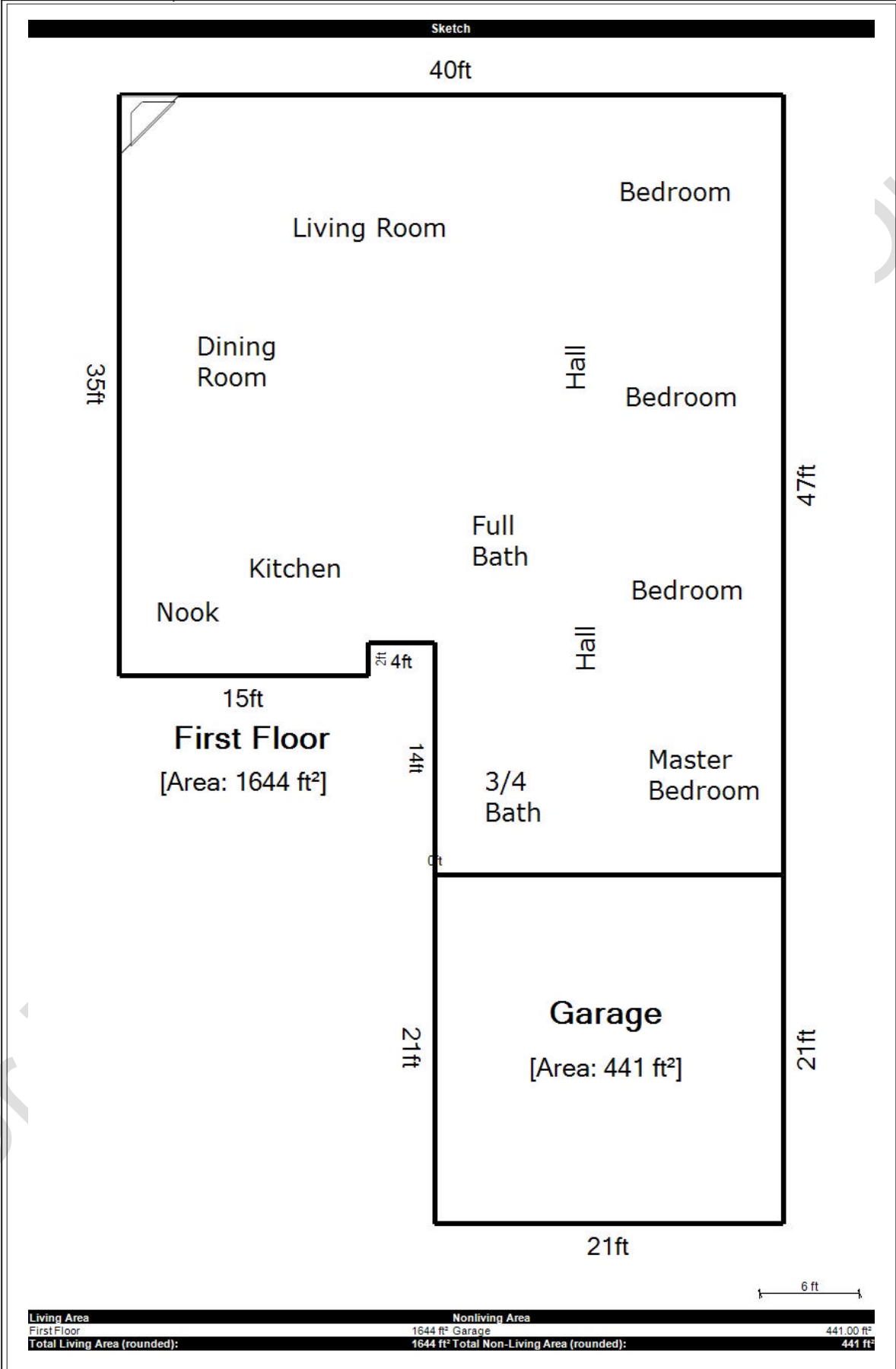
COMPARABLE SALE #6

7155 Beagle St.
San Diego

Sale Date:
Sale Price: \$ 410,000

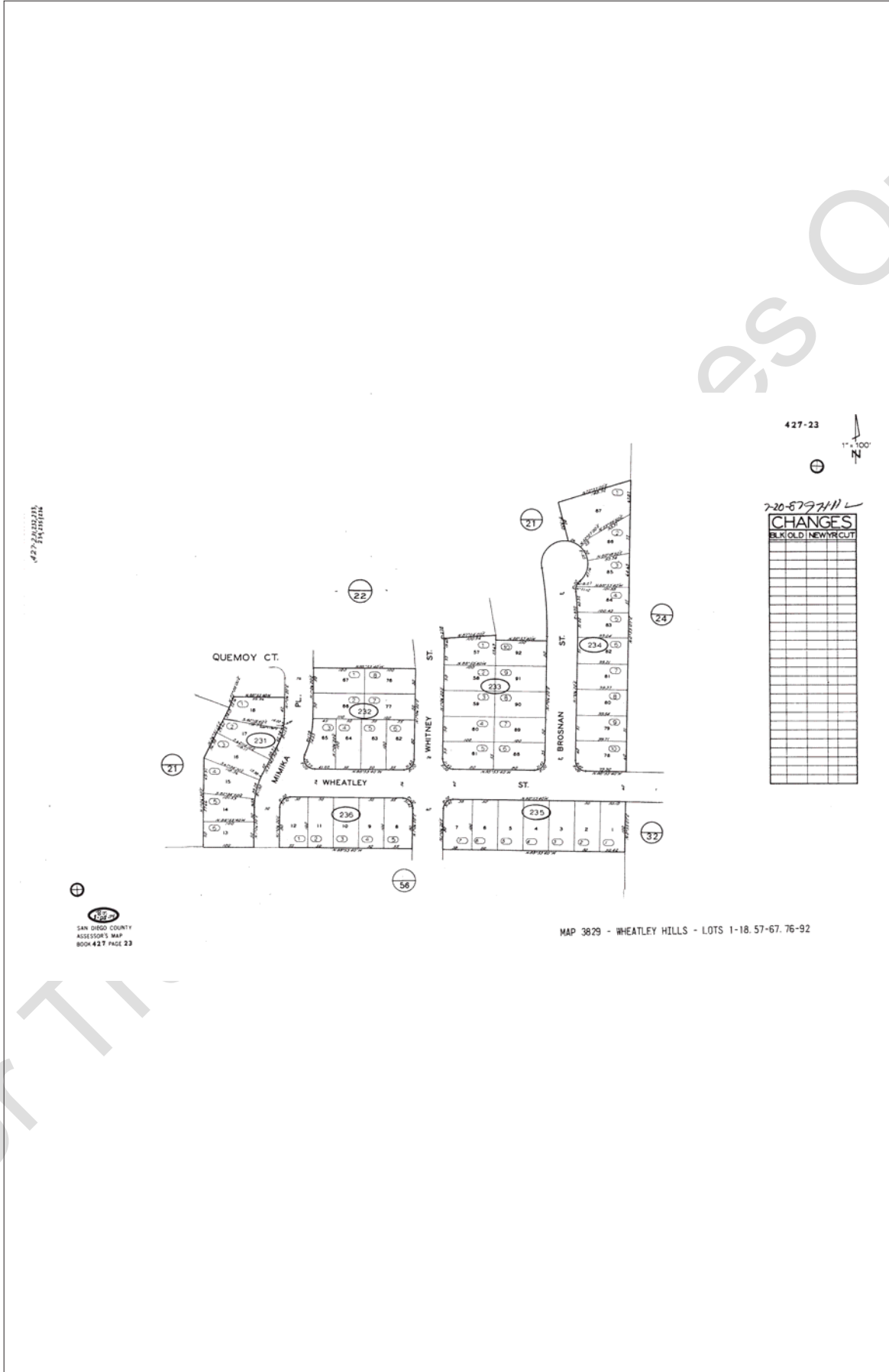
FLOORPLAN

Borrower:	Any Qualified Veteran	File No.:	1-00037TRA
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City:	San Diego	State:	CA
Lender:	Department of Veterans Affairs	Zip:	92111-5616



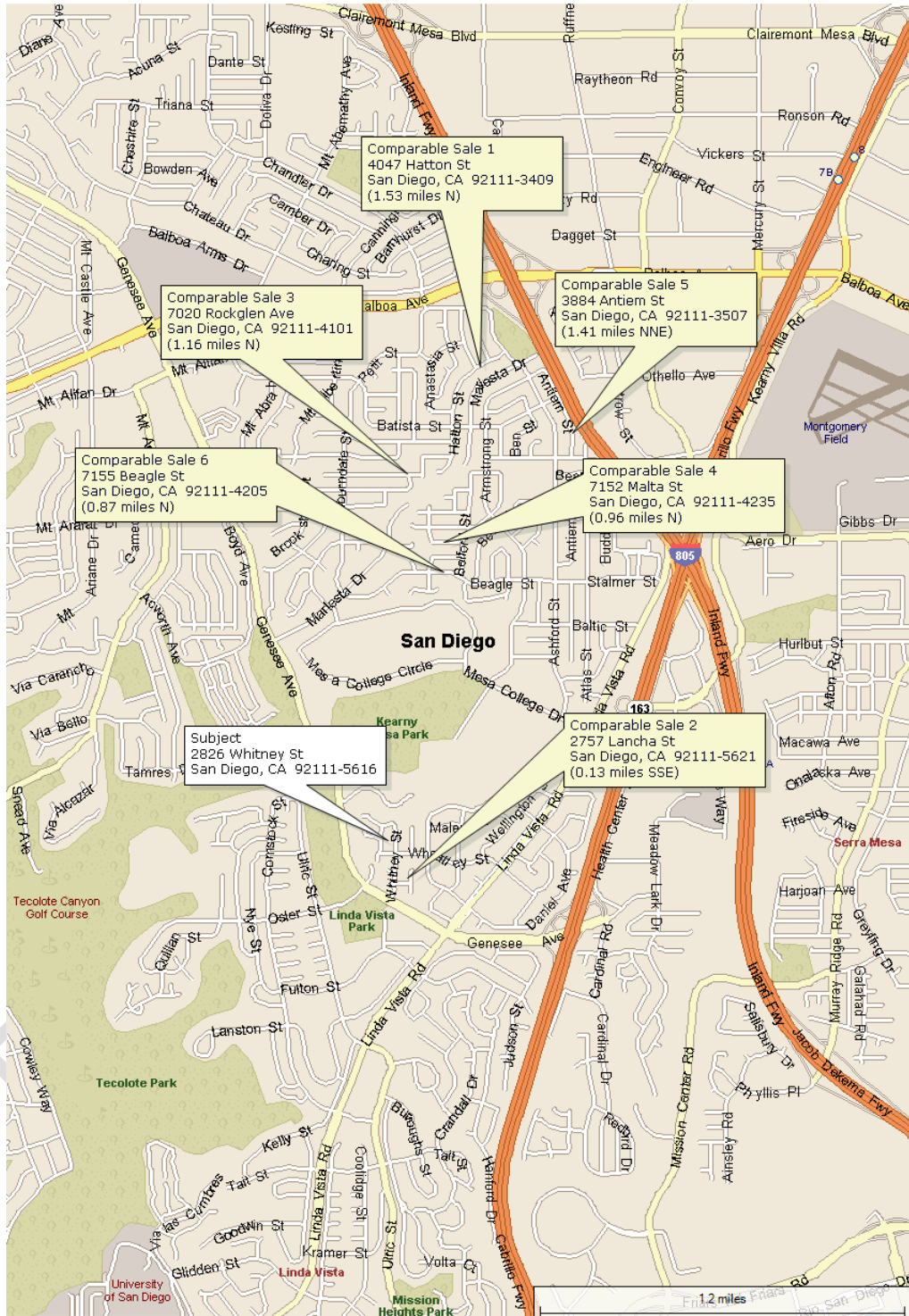
PLAT MAP

Borrower: Any Qualified Veteran File No.: 1-00037TRA
 Property Address: 2826 Whitney St Case No.: 77-77-6-1495TRA
 City: San Diego State: CA Zip: 92111-5616
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LOCATION MAP

Borrower:	Any Qualified Veteran	File No.:	1-00037TRA
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