

INVOICE

FROM:
 Perry & Associates, Inc.
 21-F East Mellen Street
 Hampton, VA 23663
 Telephone Number: (757) 224-0467 Fax Number: (757) 224-1806

INVOICE NUMBER	
Rick's Quadplex	
DATE	
9/15/2003	
REFERENCE	
Internal Order #:	Rick's Quadplex
Lender Case #:	Rick's Quadplex
Client File #:	
Main File # on form:	Rick's Quadplex
Other File # on form:	541-Redaction
Federal Tax ID:	54-1702730
Employer ID:	

TO:
 Redaction
 Telephone Number: Fax Number:
 Alternate Number: E-Mail: hitney.west@townebankmortga

**ALL OVERDUE ACCOUNTS, 30 DAYS PAST BILLING, WILL BE CHARGED 1.5% MONTHLY, 18% APR
 ALSO LIABLE FOR ALL COST OF COLLECTION INCLUDING 33 1/3% ATTORNEYS FEES**

DESCRIPTION

Lender: Redaction Client: Redaction
 Purchaser/Borrower: Redaction
 Property Address: 12th Bay St
 City: Norfolk
 County: I.C. State: Virginia Zip: 23518-1396
 Legal Description: Redaction

FEES	AMOUNT
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Rent Schedule	750.00
Operating Income Statement	75.00
Lender Retype (11/18/03)	75.00
FHA Conversion (11/18/03)	100.00
Reinspection (11/24/03)	100.00
	75.00
SUBTOTAL	1,175.00

PAYMENTS	AMOUNT
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Check #: 845 Date: 9/10/03 Description: Paid Check at Door	900.00
Check #: 00026280 Date: 12/17/2003 Description:	275.00
Check #: Date: Description:	
SUBTOTAL	1,175.00

TOTAL DUE	\$ 0.00
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SMALL RESIDENTIAL INCOME PROPERTY APPRAISAL REPORT

Summary Appraisal Report

Property Address **12th Bay St** City **Norfolk** State **Virginia** Zip code **23518-1396**
 Legal Description **Redaction** County **I.C.**
 Assessor's Parcel No. **Recation** Tax Year _____ R.E. Taxes \$ **1,626.80** Special Assessments \$ **Unk.**
 Neighborhood or Project Name **Ocean View** Map Reference **ADC (GHR) 199 H/2** Census Tract **0065.01**
 Borrower **Redaction** Current Owner **Redaction** Occupant Owner Tenant Vacant
 Property rights appraised Fee Simple Leasehold Project Type PUD Condominium HOA \$ **Unk** /Mo.
 Sales Price \$ **149,500** Date of Sale _____ Description and \$ amount of loan charges/concessions to be paid by seller _____
 Lender/Client **Redaction** Address _____
 Appraiser **Richard M. Perry, Jr.** Address **21-F East Mellen Street, Hampton, VA 23663**

SUBJECT

Location	<input checked="" type="checkbox"/> Urban	<input type="checkbox"/> Suburban	<input type="checkbox"/> Rural	Predominant Single Family Occupancy	Single family housing		Predominant 2-4 Family Occupancy	2-4 family housing	
Built up	<input checked="" type="checkbox"/> Over 75%	<input type="checkbox"/> 25-75%	<input type="checkbox"/> Under 25%		PRICE \$ (000)	AGE (yrs)		PRICE \$ (000)	AGE (yrs)
Growth rate	<input type="checkbox"/> Rapid	<input checked="" type="checkbox"/> Stable	<input type="checkbox"/> Slow	<input checked="" type="checkbox"/> Owner	30 Low New	<input type="checkbox"/> Owner	70 Low 15		
Property values	<input checked="" type="checkbox"/> Increasing	<input type="checkbox"/> Stable	<input type="checkbox"/> Declining	<input type="checkbox"/> Tenant	500 High 100+	<input checked="" type="checkbox"/> Tenant	190 High 75		
Demand/supply	<input checked="" type="checkbox"/> Shortage	<input type="checkbox"/> In balance	<input type="checkbox"/> Over supply	<input checked="" type="checkbox"/> Vacant (0-5%)	Predominant	<input checked="" type="checkbox"/> Vacant (0-5%)	Predominant		
Marketing time	<input checked="" type="checkbox"/> Under 3 mos.	<input type="checkbox"/> 3-6 mos.	<input type="checkbox"/> Over 6 mos.	<input type="checkbox"/> Vacant (over 5%)	165-175	70	<input type="checkbox"/> Vacant (over 5%)	130	45

Typical 2-4 family bldg. Type Small Residential No. stories Two No. units Four Age 15 yrs.
 Typical rents \$ 400 to \$ 850 Increasing Stable Declining
 Est. neighborhood apt. vacancy 5 % Increasing Stable Declining
 Rent controls Yes No Likely If yes or likely, describe _____
 Present land use %
 One family 90
 2-4 family 5
 Multi-family _____
 Commercial 3
 (Vac) 2
 Land use change
 Not likely Likely
 In process to: _____

Note: Race and the racial composition of the neighborhood are not appraisal factors.
 Neighborhood boundaries and characteristics: Subj neighborhood is defined by the Chesapeake Bay to the north, Shore Drive to the east, Little Creek to the south, and Chesapeake Blvd to the west.

Factors that affect the marketability of the properties in the neighborhood (proximity to employment and amenities, employment stability, appeal to market, etc.):
Subj neighborhood consists primarily of single family detached dwellings of avg quality and condition with easy access to support facilities.
Support commercial land uses exists along main roads. Other duplex and small residential properties exist within confines of neighborhood.
Area is attractive to buyers b/c of central location, affordable price levels and proximity to Interstate 64.

The following available listings represent the most current, similar, and proximate competitive properties to the subject property in the subject neighborhood. This analysis is intended to evaluate the inventory currently on the market competing with the subject property in the subject neighborhood and recent price and marketing time trends affecting the subject property. (Listings outside the subject neighborhood are not considered applicable). The listing comparables can be the rental or sale comparables if they are currently for sale.

ITEM	SUBJECT	COMPARABLE LISTING NO. 1	COMPARABLE LISTING NO. 2	COMPARABLE LISTING NO. 3
Address	12th Bay St Norfolk	130 Seaview Ave W Norfolk	122 D View Avenue Norfolk	9604 15 Bay Street Norfolk
Proximity to subject		3.14 miles	3.13 miles	0.21 miles
Listing price	\$ <u>n/a</u>	<input checked="" type="checkbox"/> Unf. <input type="checkbox"/> Furn. \$ 189,900	<input checked="" type="checkbox"/> Unf. <input type="checkbox"/> Furn. \$ 189,900	<input checked="" type="checkbox"/> Unf. <input type="checkbox"/> Furn. \$ 106,000
Approximate GBA	2,682	2,536	3,120	2,448
Data source	Inspection	MLS, Pinpoint	MLS, Pinpoint	MLS, Pinpoint
# Units/Tot. rms./BR/BA	4 / 16 / 8 / 4	4 / 12 / 4 / 4	4 / 16 / 8 / 4	4 / 16 / 7 / 1.0
Approximate year built	1988	1968	1965	1950
Approx. days on market	n/a	30+/-	30+/-	60+/-
Comparison of listings to subject property:	All three listings are located in close proximity with subject and feature similar amenities.			

Market conditions that affect 2-4 family properties in the subject neighborhood (including the above neighborhood indicators of growth rate, property values, demand/supply, and marketing time) and the prevalence and impact in the subject market area regarding loan discounts, interest buydowns and concessions, and identification of trends in listing prices, average days on market and any change over past year, etc.: Prevailing market consists of FHA, VA & Conv financing w/available rates b/w 5.50% & 7.00% on ARMs; 7.00% & 8.50% on 15-30 year FRMs. Discount points vary b/w 0 & 5 w/seller paying up to 2 points. Payment of some closing costs, excluding prepaids, is typical in this market. Interest rates are currently stable, but economists are mixed on future trends and interest rate levels.

Dimensions 75 x 59 x 55 x 20 x 150
 Site area 6,250 +/-SF Corner lot No Yes
 Specific zoning classification and description R12 Residential
 Zoning compliance Legal Legal nonconforming (Grandfathered use) Illegal No zoning
 Highest and best use as improved: Present use Other use (explain) _____
 Utilities Public Other Off-site Improvements Type Public Private
 Electricity _____ Street Asphalt
 Gas _____ Curb/gutter None
 Water _____ Sidewalk Concrete
 Sanitary sewer _____ Street lights Yes
 Storm sewer _____ Alley None
 Topography Level
 Size Average
 Shape Rectangular
 Drainage Appears adequate
 View Other Residences
 Landscaping Average
 Driveway Concrete
 Apparent easements Typical Utility
 FEMA Special Flood Hazard Area Yes No
 FEMA Zone AE Map Date 7/16/1996
 FEMA Map No. 5101040001E

Comments (apparent adverse easements, encroachments, special assessments, slide areas, illegal or legal nonconforming zoning, use, etc.): Subject site conforms with other sites in neighborhood. Typical utility easements apply.

COMMENTS

SMALL RESIDENTIAL INCOME PROPERTY APPRAISAL REPORT

General description		Exterior description (Materials/condition)				Foundation				Insulation (R-value if known)			
Units/bldgs.	4 / 1	Foundation	CMU			Slab	No			<input checked="" type="checkbox"/> Roof	Unk		
Stories	Two	Exterior walls	Vinyl			Crawl space	Yes			<input checked="" type="checkbox"/> Ceiling	Unk		
Type (det./att.)	Detached	Roof surface	Comp			Sump Pump	No			<input checked="" type="checkbox"/> Walls	Unk		
Design (style)	Quadplex	Gutters & dwnspnts.	Alum			Dampness	None Noted			<input type="checkbox"/> Floor			
Existing/proposed	Existing	Window type	Thermo			Settlement	None Noted			<input type="checkbox"/> None			
Under construction	n/a	Storm sash/Screens	Yes			Infestation	None Noted			Adequacy			
Year Built	1988	Manufactured housing*	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No			Basement	0 % of 1st floor area			Energy efficient items: SD&W			
Effective age(yrs.)	5-8	*(Complies with the HUD Manufactured Housing Construction and Safety Standards.)											
Basement finish		Unfinished											

Units	Level(s)	Foyer	Living	Dining	Kitchen	Den	Family rm.	Bedrooms	# Baths	Laundry	Other	Sq. ft./unit	Total #
1	1		1		1			2	1			670	670
1	1		1		1			2	1			670	670
1	1		1		1			2	1			670	670
1	1		1		1			2	1			670	670

Improvements contain: 16 Rooms: 8 Bedroom(s): 4 Bath(s): 2,682 Square feet of GROSS BUILDING AREA

GROSS BUILDING AREA (GBA) IS DEFINED AS THE TOTAL FINISHED AREA (INCLUDING COMMON AREAS) OF THE IMPROVEMENTS BASED UPON EXTERIOR MEASUREMENTS.

Surfaces (Materials/condition)		Heating		Kitchen equip. (# / unit-cond.)		Attic		Car Storage No. Cars	
Floors	Cpt, Vinyl	Type	FWA	Refrigerator	1-Average	<input checked="" type="checkbox"/> None	Garage <input type="checkbox"/>		
Walls	Plaster*	Fuel	Electric	Range/oven	1-Average	<input type="checkbox"/> Stairs	Carport <input type="checkbox"/>		
Trim/Finish	Wood*	Condition	Appears Adq	Disposal		<input type="checkbox"/> Drop stair	Attached <input type="checkbox"/>		
Bath floor	Vinyl*			Dishwasher		<input type="checkbox"/> Scuttle	Detached <input type="checkbox"/>		
Bath wainscot	Fiberglass*	Cooling		Fan/hood		<input type="checkbox"/> Floor	Adequate <input type="checkbox"/>		
Doors	Wood*	Central	CAC	Compactor		<input type="checkbox"/> Heated	Inadequate <input type="checkbox"/>		
*Above in avg cond		Other	n/a	Washer/dryer		<input type="checkbox"/> Finished	Offstreet <input checked="" type="checkbox"/>		
		Condition	Appears Adq	Microwave		<input type="checkbox"/> Unfinished	None <input type="checkbox"/>		
Fireplace(s)	N/A # N/A			Intercom					

Condition of the improvements, repairs needed, quality of construction, additional features, modernization, etc.: Subject property appears to be in average overall condition compared to other 2-4 family dwellings in the Ocean View area.

Depreciation (physical, functional, and external inadequacies, etc.): Subject is in average condition w/no functional or external obsolescence observed. No deferred maintenance noted at inspection. Physical depreciation reflects normal wear & tear & is applied to long lived items.

Adverse environmental conditions (such as, but not limited to, hazardous wastes, toxic substances, etc.) present in the improvements, on the site, or in the immediate vicinity of the subject property: None known.

VALUATION ANALYSIS

ESTIMATED SITE VALUE	= \$	20,000
ESTIMATED REPRODUCTION COST-NEW OF IMPROVEMENTS:		
2,680 Sq. Ft. @ \$ 58.00	= \$	155,440
Sq. Ft. @ \$	= \$	
Sq. Ft. @ \$	= \$	
Sq. Ft. @ \$	= \$	
Sq. Ft. @ \$	= \$	
Sq. Ft. @ \$	= \$	
Sq. Ft. @ \$	= \$	
Sq. Ft. @ \$	= \$	
Sq. Ft. @ \$	= \$	
Special Energy Efficient Items	= \$	
Porches, Patios, etc. <u>Stoops</u>	= \$	2,000
Total Estimated Cost New	= \$	157,440
Less		
Depreciation	11,500	= \$ 11,500
Depreciated Value of Improvements	= \$	145,940
"As is" Value of Site Improvements	= \$	2,500
INDICATED VALUE BY COST APPROACH	= \$	168,440

Comments on Cost Approach (such as, source of cost estimate, site value, square foot calculation and, for HUD and VA, the estimated remaining economic life of the property):
See attached square foot calculations.

Cost estimate data is from Marshall & Swift Services, Inc. and/or local builder cost estimates.

Perimeter sketch is attached.

Subj meets HUD min property standards.

REL = 35+ years.

SMALL RESIDENTIAL INCOME PROPERTY APPRAISAL REPORT

At least three rental comparables should be reported and analyzed in this section. The rental comparables should represent the most current rental information on properties as similar and proximate to the subject property as possible. (This comparison is based on current rental data, therefore, the rental comparables typically are not the same comparables used in the sales comparison analysis.) The appraisal report should assure the reader that the units and properties selected as comparables are comparable to the subject property (both the units and the overall property) and accurately represent the rental market for the subject property (unless otherwise stated within the report).

ITEM	SUBJECT	COMPARABLE RENTAL NO. 1	COMPARABLE RENTAL NO. 2	COMPARABLE RENTAL NO. 3																				
Address	12th Bay St Norfolk	4209 Dunning Road Norfolk	9522 Mason Creek Rd Norfolk	9244 Peachtree Street B Norfolk																				
Proximity to subject		0.87 miles	3.49 miles	3.55 miles																				
Lease dates (if available)	n/a	n/a	n/a	n/a																				
Rent survey date	n/a	n/a	n/a	n/a																				
Data source	Inspection	MLS,Agent,Pinpoint Exterior Inspection	MLS,Agent,Pinpoint Exterior Inspection	MLS,Agent,Pinpoint Exterior Inspection																				
Rent concessions	n/a																							
Description of property-units, design, appeal, age, vacancies, and conditions	No. Units 4 No. Vac.	No. Units 2 No. Vac. 1 Yr. Blt.: 1973	No. Units 2 No. Vac. 1 Yr. Blt.: 1972	No. Units 2 No. Vac. 1 Yr. Blt.: 1984																				
	Yr. Blt.: 15/Avg	Duplex	Duplex	Duplex																				
	Quadplex	Average Condition	Average Condition	Average Condition																				
		Brick	Brick	Brick																				
Individual unit breakdown	Rm. Count		Size		Rm. Count		Size		Total		Rm. Count		Size		Total		Rm. Count		Size		Total			
	Tot	Br	Ba	Sq. Ft.	Tot	Br	Ba	Sq. Ft.	Monthly Rent	Tot	Br	Ba	Sq. Ft.	Monthly Rent	Tot	Br	Ba	Sq. Ft.	Monthly Rent	Tot	Br	Ba	Sq. Ft.	Monthly Rent
	4	2	1	670	4	2	1.5	1,000	625	4	2	1.0	924	595	4	2	1.5	1,077	625	4	2	1.5	1,077	625
	4	2	1	670	4	2	1.5	1,000	625	4	2	1.0	924	595	4	2	1.5	1,077	625	4	2	1.5	1,077	625
	4	2	1	670																				
4	2	1	670																					
Utilities, furniture, and amenities included in rent	Not Furnished																							
Functional utility, basement, heating/cooling, project amenities, etc.	Functional		Functional		Functional		Functional		Functional		Functional		Functional		Functional		Functional		Functional		Functional		Functional	
	HP		FWA/CAC		FWA / No CAC		HP		HP		HP		HP		HP		HP		HP		HP		HP	

Analysis of rental data and support for estimated market rents for the individual subject units (including the adjustments used, the adequacy of comparables, rental concessions, etc.)
The rent has been verified by MLS and/or selling agent. The rents received for the above properties support the rent schedule supplied at the subject property.

Subject's rent schedule The rent schedule reconciles the applicable indicated monthly market rents to the appropriate subject unit, and provides the estimated rents for the subject property. The appraiser must review the rent characteristics of the comparable sales to determine whether estimated rents should reflect actual or market rents. For example, if actual rents were available on the sales comparables and used to derive the gross rent multiplier (GRM), actual rents for the subject should be used. If market rents were used to construct the comparables' rents and derive the GRM, market rents should be used. The total gross estimated rent must represent rent characteristics consistent with the sales comparable data used to derive the GRM. The total gross estimated rent is not adjusted for vacancy.

LEASES			ACTUAL RENTS				ESTIMATED RENTS			
Unit	Lease Date		No. Units Vacant	Per Unit		Total Rents	Per Unit		Total Rents	
	Begin	End		Unfurnished	Furnished		Unfurnished	Furnished		
1	Unk	Unk	0	\$ 525	\$	\$ 525	\$	\$ 550	\$ 550	
1	Unk	Unk	0	525		525		550	550	
1	Unk	Unk	0	525		525		550	550	
1	Unk	Unk	0	525		525		550	550	
4						\$ 2,100			\$ 2,200	

Other monthly income (itemize) N/A \$ 0
 Vacancy: Actual last year Unk % Previous year Unk % Estimated: 5 % \$ 1,320 Annually **Total gross estimated rent \$ 2,200**
 Utilities included in estimated rents: Electric Water Sewer Gas Oil Trash collection _____

Comments on the rent schedule, actual rents, estimated rents (especially regarding differences between actual and estimated rents), utilities, etc.: It is estimated from the above rental comparables that the subject could support \$550 a month per unit.

COMPARABLE RENTAL DATA

SMALL RESIDENTIAL INCOME PROPERTY APPRAISAL REPORT

The undersigned has recited three recent sales of properties most similar and proximate to the subject property and has described and analyzed these in this analysis. If there is a significant variation between the subject and comparable properties, the analysis includes a dollar adjustment reflecting the market reaction to those items or an explanation supported by the market data. If a significant item in the comparable property is superior to, or more favorable than, the subject property, a minus (-) adjustment is made, thus reducing the adjusted sales price of the comparable property; if a significant item in the comparable property is inferior to, or less favorable than, the subject property, a plus (+) adjustment is made, thus increasing the adjusted sales price of the comparable property. **[(1) Sales Price / Gross Monthly Rent]**

ITEM	SUBJECT	COMPARABLE SALE NO. 1	COMPARABLE SALE NO. 2	COMPARABLE SALE NO. 3																																																																																														
Address	12th Bay St Norfolk	9560 9th Bay Street Norfolk	267 A View Norfolk	1508 Ocean View Avenue Norfolk																																																																																														
Proximity to subject		0.21 miles	3.39 miles	0.01 miles																																																																																														
Sales price	\$ 149,500	<input checked="" type="checkbox"/> Unf. <input type="checkbox"/> Furn. \$ 189,900	<input checked="" type="checkbox"/> Unf. <input type="checkbox"/> Furn. \$ 166,500	<input checked="" type="checkbox"/> Unf. <input type="checkbox"/> Furn. \$ 150,000																																																																																														
Sales price per GBA	\$ 55.97	\$ 59.34	\$ 67.30	\$ 52.01																																																																																														
Gross monthly rent	\$ 2,200.00	\$ 2,500.00	\$ 2,100.00	\$ 2,300.00																																																																																														
Gross mo. rent mult. (1)	57.69	75.96	79.29	65.22																																																																																														
Sales price per unit	\$ 37,500	\$ 47,475	\$ 41,625	\$ 37,500																																																																																														
Sales price per room	\$ 11,538	\$ 11,869	\$ 13,875	\$ 9,375																																																																																														
Data and/or Verification Sources	Inspection	MLS, Agent, PinPoint&/or Exterior Inspection	MLS, Agent, PinPoint&/or Exterior Inspection	MLS, Agent, PinPoint&/or Exterior Inspection																																																																																														
ADJUSTMENTS	DESCRIPTION	DESCRIPTION + (-) \$ Adjustment	DESCRIPTION + (-) \$ Adjustment	DESCRIPTION + (-) \$ Adjustment																																																																																														
Sales or financing concessions		CONV	CONV	CONV																																																																																														
Date of sale/time		Redaction	Redaction	Redaction																																																																																														
Location	Ocean View	Ocean View	Ocean View	Willoughby																																																																																														
Leasehold/Fee Simple	Fee Simple	Fee Simple	Fee Simple	Fee Simple																																																																																														
Site	6,250 +/-SF	7,500 +/-SF	5,000 +/-SF	3,200 +/-SF +5,000																																																																																														
View	Other Residences	Other Residences	Other Residences	Other Residences																																																																																														
Design and appeal	Quadplex	Quadplex	Quadplex	Quadplex																																																																																														
Quality of construction	Vinyl	Wood	Wood / Brick -2,500	Brick -5,000																																																																																														
Age	15	20	39 +2,500	51 +2,500																																																																																														
Condition	Average	Average	Average	Average- +5,000																																																																																														
Gross Building Area	2,682 Sq. ft.	3,200 Sq. ft. -10,400	2,474 Sq. ft. +4,200	2,884 Sq. ft. -4,000																																																																																														
Unit breakdown	<table border="1" style="font-size: small;"> <tr><th>No. of units</th><th colspan="3">Rm. count</th><th>No. Vac.</th></tr> <tr><td></td><td>Tot</td><td>Br</td><td>Ba</td><td></td></tr> <tr><td>1</td><td>4</td><td>2</td><td>1</td><td>0</td></tr> <tr><td>1</td><td>4</td><td>2</td><td>1</td><td>0</td></tr> <tr><td>1</td><td>4</td><td>2</td><td>1</td><td>0</td></tr> <tr><td>1</td><td>4</td><td>2</td><td>1</td><td>0</td></tr> </table>	No. of units	Rm. count			No. Vac.		Tot	Br	Ba		1	4	2	1	0	1	4	2	1	0	1	4	2	1	0	1	4	2	1	0	<table border="1" style="font-size: small;"> <tr><th>No. of units</th><th colspan="3">Rm. count</th><th>No. Vac.</th></tr> <tr><td></td><td>Tot</td><td>Br</td><td>Ba</td><td></td></tr> <tr><td>1</td><td>4</td><td>2</td><td>1</td><td>1</td></tr> <tr><td>1</td><td>3</td><td>1</td><td>1</td><td>0</td></tr> <tr><td>1</td><td>3</td><td>1</td><td>1</td><td>0</td></tr> <tr><td>1</td><td>3</td><td>1</td><td>1</td><td>0</td></tr> <tr><td>1</td><td>3</td><td>1</td><td>1</td><td>0</td></tr> </table>	No. of units	Rm. count			No. Vac.		Tot	Br	Ba		1	4	2	1	1	1	3	1	1	0	1	3	1	1	0	1	3	1	1	0	1	3	1	1	0	<table border="1" style="font-size: small;"> <tr><th>No. of units</th><th colspan="3">Rm. count</th><th>No. Vac.</th></tr> <tr><td></td><td>Tot</td><td>Br</td><td>Ba</td><td></td></tr> <tr><td>1</td><td>4</td><td>2</td><td>1</td><td>0</td></tr> <tr><td>1</td><td>4</td><td>2</td><td>1</td><td>0</td></tr> <tr><td>1</td><td>4</td><td>2</td><td>1</td><td>0</td></tr> <tr><td>1</td><td>4</td><td>2</td><td>1</td><td>0</td></tr> </table>	No. of units	Rm. count			No. Vac.		Tot	Br	Ba		1	4	2	1	0	1	4	2	1	0	1	4	2	1	0	1	4	2	1	0
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Basement description	N/A	N/A	N/A	N/A																																																																																														
Functional utility	Average	Average	Average	Average																																																																																														
Heating/cooling	HP	HP	FHA / No CAC +5,000	FHA / No CAC +5,000																																																																																														
Parking on/off site	On Site	On Site	On Site	On Site																																																																																														
Project amenities and fee (If applicable)	Stoops	Stoops	Cov Stoops -1,000	Stoops																																																																																														
Other	None	None	None	None																																																																																														
Net Adj. (total)		<input type="checkbox"/> + <input checked="" type="checkbox"/> - \$ 10,400	<input checked="" type="checkbox"/> + <input type="checkbox"/> - \$ 8,200	<input checked="" type="checkbox"/> + <input type="checkbox"/> - \$ 8,500																																																																																														
Adjusted sales price of comparable		Net 5.5 % Gross 5.5 % \$ 179,500	Net 4.9 % Gross 9.1 % \$ 174,700	Net 5.7 % Gross 17.7 % \$ 158,500																																																																																														

Comments on sales comparison (including reconciliation of all indicators of value as to consistency and relative strength and evaluation of the typical investor's/purchaser's motivation in that market): **Due to the lack of recent suitable sales, it was necessary to use comparables over six months and more than two miles away from subject. Adjustments were made for location, superior exterior, condition, age, square footage at \$20 per square foot and amenities**

ITEM	SUBJECT	COMPARABLE NO. 1	COMPARABLE NO. 2	COMPARABLE NO. 3
Date, Price and Data Source for prior sales within year of appraisal	Under contract for \$149,500 on 8/15/03	Sold 6/06/02 for \$160,000	None within the last 12 months	None within the last 12 months

Analysis of any current agreement of sale, option, or listing of the subject property and analysis of any prior sales of subject and comparables within one year of the date of appraisal: **Subject sold 12/15/00 for \$98,500. No other sale, listing or lease of the subject is known within the last 36 months.**

Total gross monthly estimated rent \$ 2,200 X gross rent multiplier (GRM) 77.00 = \$ 169,400 INDICATED VALUE BY INCOME APPROACH
 Comments on income approach (including expense ratios, if available, and reconciliation of the GRM) **The GRM was estimated from current available sales and their corresponding gross income.**

INDICATED VALUE BY SALES COMPARISON APPROACH \$ 168,000
 INDICATED VALUE BY INCOME APPROACH \$ 169,400
 INDICATED VALUE BY COST APPROACH \$ 168,440

This appraisal is made "as is" subject to the repairs, alterations, inspections, or conditions listed below subject to completion per plans and specifications.
 Comments and conditions of appraisal: **FNMA form 1025, addendum and HUD VC Sheets**

Final reconciliation: **The sales comparison approach is considered the best indicator of market value and is supported by the cost and income approaches.**

The purpose of this appraisal is to estimate the market value of the real property that is the subject of this report, based on the above conditions and the certification, contingent and limiting conditions, and market value definition that are stated in the attached Freddie Mac Form 439/Fannie Mae Form 1004B (Revised 6/93).
I (WE) ESTIMATE THE MARKET VALUE, AS DEFINED, OF THE REAL PROPERTY THAT IS THE SUBJECT OF THIS REPORT, AS OF Redaction (WHICH IS THE DATE OF INSPECTION AND THE EFFECTIVE DATE OF THIS REPORT) TO BE \$ 168,000

APPRaiser: Richard M. Perry, Jr. Signature: [Signature] SUPERVISORY APPRAISER (ONLY IF REQUIRED):
 Signature: _____ Did Did Not Inspect Property
 Name: Richard M. Perry, Jr. Name: _____
 Date Report Signed: 12/30/03 Date Report Signed: _____
 State Certification #: 4001 001548 State: VA State Certification #: _____ State: _____
 Or State License #: _____ State: _____ Or State License #: _____ State: _____

SALES COMPARISON ANALYSIS

INC

RECONCILIATION

Borrower/Client	Redaction		
Property Address	12th Bay St		
City	Norfolk	County	I.C.
State	Virginia	Zip Code	23518-1396
Lender	Redaction		

ADDENDUM

Appraiser Trainees: When a report is transmitted via EDI (Email) with an electronic signature, change the wording in the form from "Appraiser" to "Appraiser Trainee".

Intended Users: The intended user of this report is the client. If the loan is VA backed, the VA is also an intended user. If the loan is FHA backed, HUD is also an intended user.

Intended Use: This appraisal has been developed to support a market value estimate. The estimate of value will be used for financial considerations, which may include obtaining a mortgage, reducing PMI insurance, setting an asking price for potential sale, or other financial considerations.

Use Restriction: This report is intended for use by the client and named intended users. No other persons may rely on this report for any reason, without the express written consent of the appraiser. The appraiser is not liable to any unintended third party.

Hypothetical Conditions: If this appraisal is based on plans & specs or is subject to repairs, these repairs are assumed to be in place as of the date of appraisal. These would be hypothetical conditions.

Additional Certifications: 1) We certify that, to the best of my knowledge and belief, the reported analyses, opinions and conclusions were developed, and this report has been prepared, in conformity with the requirements of the code of professional ethics and standards of professional appraisal practice of the appraisal institute. 2) We certify that the use of this report is subject to the requirements of the appraisal institute relating to review by its duly authorized representative.

Digital Photo Certifications (if applicable): 1) The photos used in this appraisal are digital photos utilizing photo imaging technology. 2) The appraiser personally inspected the subject and all comparables utilized in this appraisal. 3) The photographs used in this appraisal are true and correct representations of the subject property and the comparable sales utilized in this report. 4) Although the photographs may have been enhanced during the finishing process, no alterations were made to the images which would misrepresent the appearance of the subject property or comparables. 5) Any exterior repairs and/or defects of the subject property and/or comparables sales is noted and addressed in the appraisal report, if necessary. 6) Photos in most instances have been down loaded from MLS database and may contain a "for sale" sign in front yard. None of the comparables are currently re listed for sale unless specifically addressed in the body of the appraisal.

Digital Signature Certifications (if applicable): This appraisal report may contain digital signatures that meet the requirements of the Uniform Standards of Professional Appraisal Practice (USPAP) and of FNMA/FHLMC. The software program used to generate this appraisal report contains a digital signature security feature which utilizes personal passwords to protect digital signatures. Each appraiser has sole personalized control of affixing his/her digital signature to a report. The appraisal report cannot be modified without the permission of every appraiser who has signed the report. Electronically affixing a signature to a report carries the same level of authenticity and responsibility as an ink signature on a paper copy report. Lastly, disregard the word "appraiser" beside any associate/appraiser trainee's signature box if this report was transmitted by EDI.

Compliance: Thus appraisal report conforms with the minimum standards set forth on 12 C.F.R. Part 1608, Standards 1 and 2 of the Uniform Standards of Professional Appraisal Practice promulgated by the Appraisal Standards Board of the Appraisal Foundation.

According to USPAP, this is a summary appraisal.

Scope: The scope of this appraisal was to perform the research and analysis necessary to arrive at a well supported opinion of value. An Inspection of the subject property and surrounding neighborhood was conducted to determine the physical features and condition of the property and the environment in which it is located. Municipal records were researched for information on ownership, real estate assessments, taxes, utility availability and zoning regulations. Also, the research effort endeavored to extract market data for the development of the approaches to value. Information concerning the subject property and comparable sales was obtained from normal sources which included the assessor's office and Circuit Court record room in the subject's jurisdiction and other pertinent jurisdictions. During the course of the research every effort was made to verify information through public

Borrower/Client	Redaction		
Property Address	12th Bay St		
City	Norfolk	County	I.C.
State	Virginia	Zip Code	23518-1396
Lender	Redaction		

and proprietary records and personal interviews. The most pertinent data was assembled and analyzed in relation to the subject property. This information and analysis was then processed into an indication of value for the subject property using sound appraisal principles and practices.

Subject Photo Page

Borrower/Client Redaction			
Property Address 12th Bay St			
City Norfolk	County I.C.	State Virginia	Zip Code 23518-1396
Lender Redaction			

Subject Front

12th Bay St

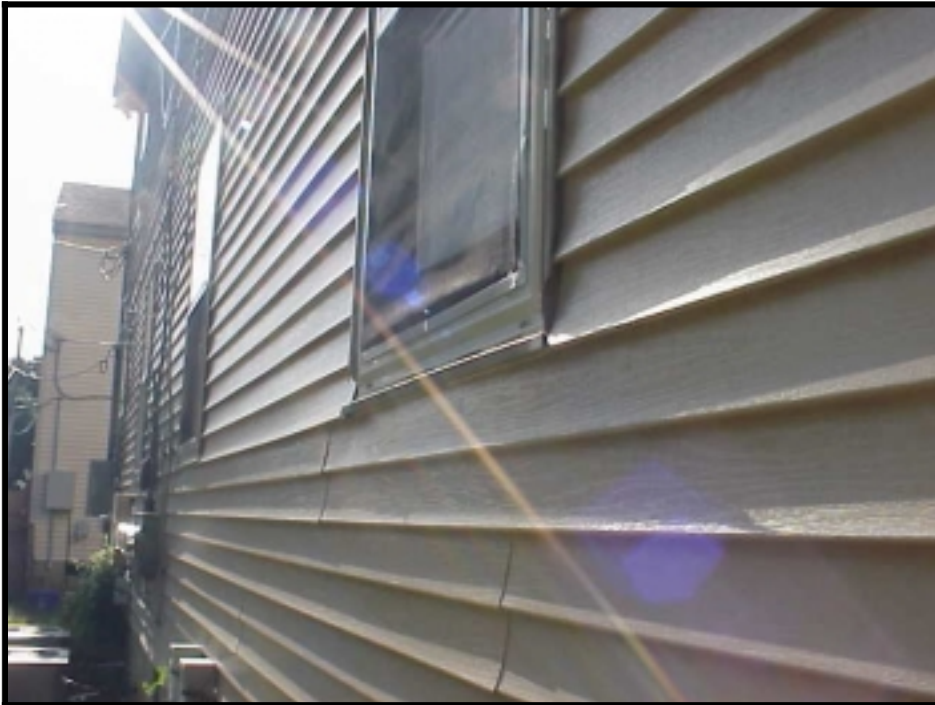
Sales Price: 149,500

GBA: 2,682

Age: 15



Subject Rear



Subject Street



Comparable Photo Page

Borrower/Client	Redaction		
Property Address	12th Bay St		
City	Norfolk	County	I.C.
State	Virginia	Zip Code	23518-1396
Lender	Redaction		

Comparable 1

9560 9th Bay Street
Sales Price: 189,900
GBA: 3,200
Age: 20



Comparable 2

267 A View
Sales Price: 166,500
GBA: 2,474
Age: 39



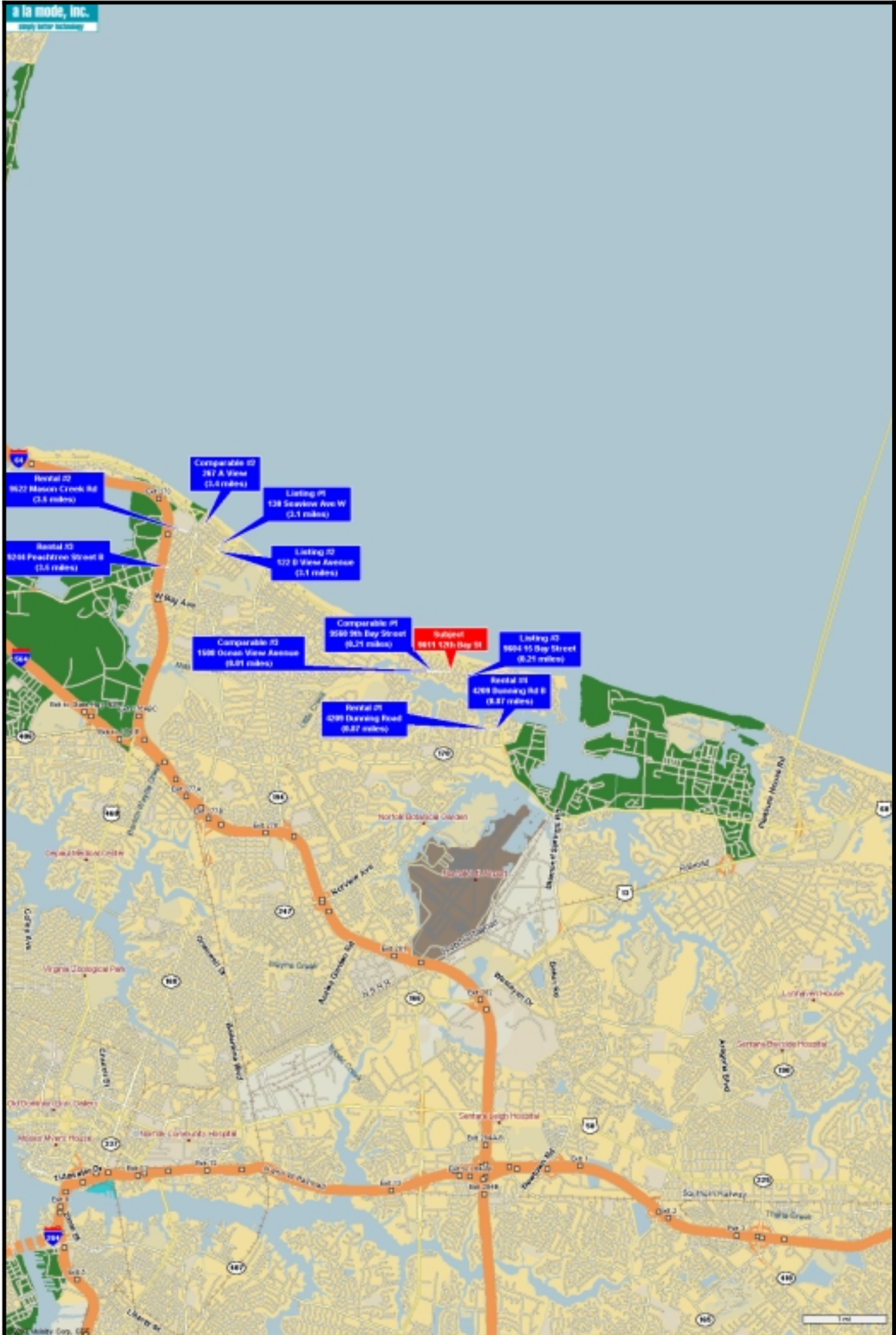
Comparable 3

1508 Ocean View Avenue
Sales Price: 150,000
GBA: 2,884
Age: 51



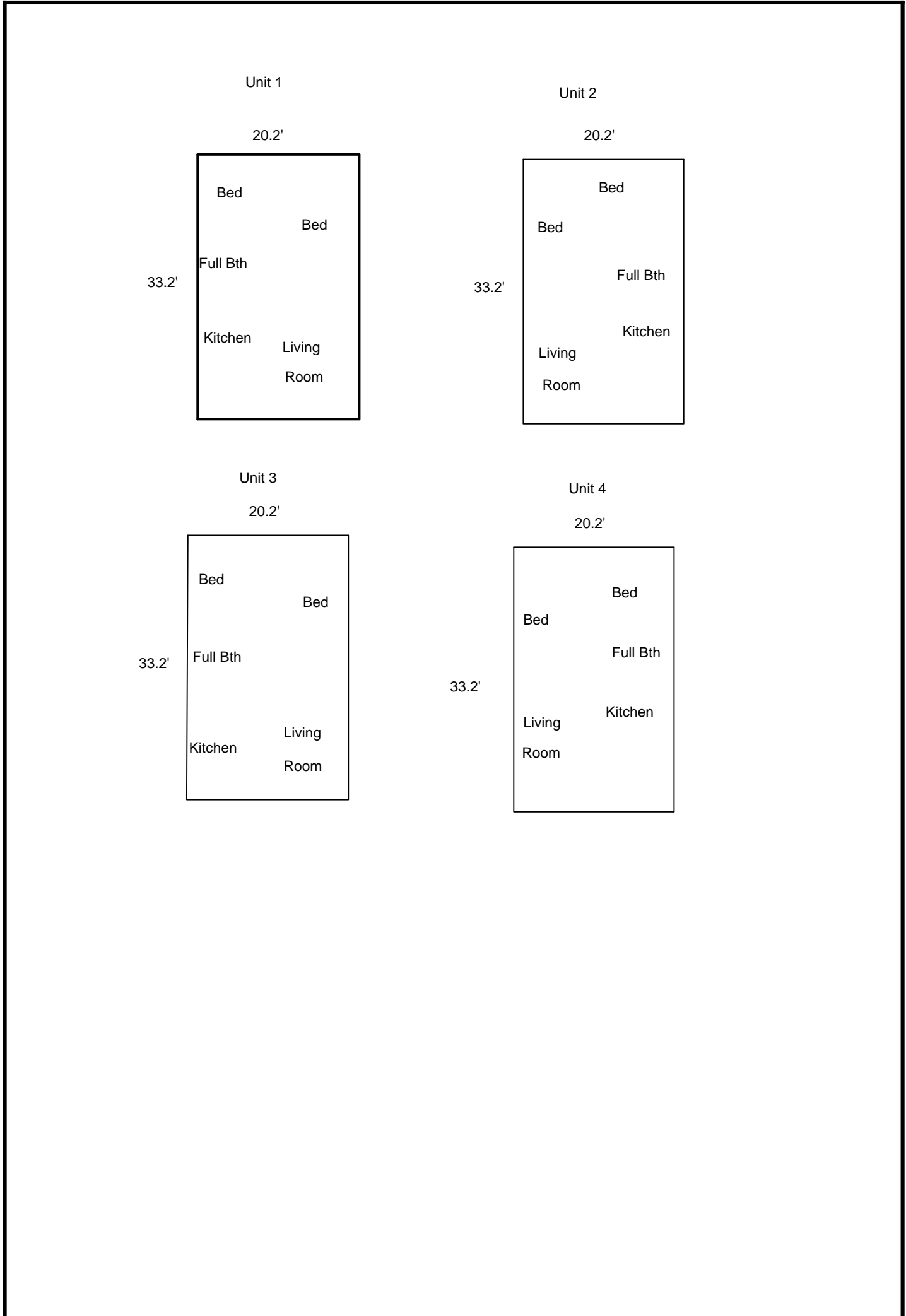
Location Map

Borrower/Client Redaction			
Property Address 12th Bay St			
City Norfolk	County I.C.	State Virginia	Zip Code 23518-1396
Lender Redaction			



Building Sketch (Page - 1)

Borrower/Client Redaction			
Property Address 12th Bay St			
City Norfolk	County I.C.	State Virginia	Zip Code 23518-1396
Lender Redaction			



Building Sketch (Page - 2)

Borrower/Client Redaction			
Property Address 12th Bay St			
City Norfolk	County I.C.	State Virginia	Zip Code 23518-1396
Lender Redaction			

SKETCH CALCULATIONS					
<div style="border: 1px solid black; width: 40px; height: 40px; margin: 0 auto; display: flex; align-items: center; justify-content: center;">A1</div>	<table style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 60%;">A1 : 20.2 x 33.2 =</td> <td style="text-align: right;">670.6</td> </tr> <tr> <td>Unit 2</td> <td style="text-align: right;">670.6</td> </tr> </table>	A1 : 20.2 x 33.2 =	670.6	Unit 2	670.6
A1 : 20.2 x 33.2 =	670.6				
Unit 2	670.6				
<div style="border: 1px solid black; width: 40px; height: 40px; margin: 0 auto; display: flex; align-items: center; justify-content: center;">A2</div>	<table style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 60%;">A2 : 20.2 x 33.2 =</td> <td style="text-align: right;">670.6</td> </tr> <tr> <td>Unit 1</td> <td style="text-align: right;">670.6</td> </tr> </table>	A2 : 20.2 x 33.2 =	670.6	Unit 1	670.6
A2 : 20.2 x 33.2 =	670.6				
Unit 1	670.6				
<div style="border: 1px solid black; width: 40px; height: 40px; margin: 0 auto; display: flex; align-items: center; justify-content: center;">A3</div>	<table style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 60%;">A3 : 20.2 x 33.2 =</td> <td style="text-align: right;">670.6</td> </tr> <tr> <td>Unit 3</td> <td style="text-align: right;">670.6</td> </tr> </table>	A3 : 20.2 x 33.2 =	670.6	Unit 3	670.6
A3 : 20.2 x 33.2 =	670.6				
Unit 3	670.6				
<div style="border: 1px solid black; width: 40px; height: 40px; margin: 0 auto; display: flex; align-items: center; justify-content: center;">A4</div>	<table style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 60%;">A4 : 20.2 x 33.2 =</td> <td style="text-align: right;">670.6</td> </tr> <tr> <td>Unit 4</td> <td style="text-align: right;">670.6</td> </tr> </table>	A4 : 20.2 x 33.2 =	670.6	Unit 4	670.6
A4 : 20.2 x 33.2 =	670.6				
Unit 4	670.6				
<table style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 60%;">Total Living Area</td> <td style="text-align: right;">2682.4</td> </tr> </table>		Total Living Area	2682.4		
Total Living Area	2682.4				

Borrower/Client	Redaction		
Property Address	12th Bay St		
City	Norfolk	County	I.C.
State	Virginia	Zip Code	23518-1396
Lender	Redaction		

CREDENTIALS OF RICHARD M. PERRY, JR.

Education:

Master of Business Administration, Virginia Commonwealth University, Richmond, Virginia - Concentrating in Real Estate and Urban Land Development (1991)

Courses: Advanced Real Estate Appraisal (1989), Urban Land Development (1989), Commercial Mortgage Lending (1989), Real Property Investment Law (1989), Real Estate Feasibility Analysis (1990)

B.S. in Finance, Virginia Polytechnic Institute and State University, Blacksburg, Virginia (1988)

Courses: Principles of Real Estate Appraisal (1987), Independent Study in Real Estate Appraisal (1988), Principles of Property Management (1988), Real Estate Finance (1987), Numerous Finance Courses

Appraisal Institute's 1991-92 Graduate Scholarship Recipient

National Association of Industrial and Office Park Scholarship Recipient, 1990

Courses - The Appraisal Institute (AI), formerly AIREA and SREA:

Courses 1-A-1/8-1 -Real Estate Appraisal Principles (1988)
 Courses 1-A-2 -Basic Valuation Procedures (1988)
 Courses 1-B-A & B -Capitalization Theory & Techniques (1989)
 Courses SPP A & B -Standards of Professional Practice (1990)
 Courses 2-1 -Cases Studies in Real Estate Valuation (1992)
 Courses II-540 -Report Writing and Valuation Analysis (1993)

Seminars - The Appraisal Institute (AI):

Appraising from Blueprints and Specs (2000)
 Small Residential Income Producing Properties Seminar (1990)
 Residential Demonstration Appraisal Report Writing Seminar (1990)
 Subdivision Analysis Seminar (1994)
 Special Purpose Properties (1996)
 Alternative Residential Reporting Forms (1996)

Other Courses and Seminars:

Buying and Selling Assets From the RTC and FDIC Seminar (VCU,1992)
 Lease By Lease & Cash Flow Analysis Seminar (Argus, 1992)
 Principles of Real Estate (Tidewater Community College, 1992)
 Evaluating Large Scale Developments (VCU,1995)
 Valuation of Elderly Housing (Newport News Assessors Office, 1996)
 Virginia Real Estate {Appraisal} Law (Newport News Assessors Office, 1996)

Licensed as a Certified General Real Estate Appraiser in Virginia, #4001 001548

Licensed as a Real Estate Salesperson in Virginia

Related Experience:

9/93 - Present Real Estate Appraiser, Perry & Associates, Inc., Norfolk, VA
 6/91 - 6/93 Commercial Real Estate Appraiser, United Appraisal Services, Norfolk, VA
 2/91 - 6/91 Real Estate Appraiser, Perry & Associates, Richmond and Norfolk, VA
 1/91 - 12/91 Graduate Research Assistant, Virginia Real Estate Research Center, Richmond, VA
 2/89 - 1/91 Residential Real Estate Appraiser, Virginia RELS, Richmond and Norfolk, VA

Professional Affiliations and Memberships:

-Associate Member Appraisal Institute
 -Newsletter Chairperson for Hampton Roads Chapter of Appraisal Institute (1993, 1994)
 -Boy Scouts of America
 -Past President of Virginia Commonwealth University's Chapter of Rho Epsilon Professional Real Estate Fraternity
 -Norfolk Sunrise Rotary Club, Board of Directors 1994 - 1996
 -Newport News Rotary Club, Member
 -Rotary International, Paul Harris Fellow

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 considers his 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 judgement.

STATEMENT OF LIMITING CONDITIONS AND APPRAISER'S CERTIFICATION

CONTINGENT AND LIMITING CONDITIONS: The appraiser's certification that appears in the appraisal report is subject to the following 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. The appraiser assumes that the title is good and marketable and, therefore, will not render any opinions about the title. The property is appraised on the basis of it being under responsible ownership.
2. The appraiser has provided a sketch in the appraisal report to show approximate dimensions of the improvements and the sketch is included only to assist the reader of the report 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 the appraisal report whether 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.
5. The appraiser has estimated the value of the land in the cost approach at its highest and best use and the improvements at their contributory value. These separate valuations of the land and improvements must not be used in conjunction with any other appraisal and are invalid if they are so used.
6. The appraiser has noted in the appraisal report any adverse conditions (such as, needed repairs, depreciation, 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 normal research involved in performing the appraisal. Unless otherwise stated in the appraisal report, the appraiser has no knowledge of any hidden or unapparent conditions of the property or adverse environmental conditions (including the presence of hazardous wastes, toxic substances, etc.) that would make the property more or less valuable, and has assumed that there are no such conditions and makes no guarantees or warranties, express or implied, regarding the condition of the property. 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, the appraisal report must not be considered as an environmental assessment of the property.
7. The appraiser obtained the information, estimates, and opinions that were expressed in the appraisal report from sources that he or she considers to be reliable and believes them to be true and correct. The appraiser does not assume responsibility for the accuracy of such items that were furnished by other parties.
8. The appraiser will not disclose the contents of the appraisal report except as provided for in the Uniform Standards of Professional Appraisal Practice.
9. 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 completion of the improvements will be performed in a workmanlike manner.
10. The appraiser must provide his or her prior written consent before the lender/client specified in the appraisal report can distribute the appraisal report (including conclusions about the property value, the appraiser's identity and professional designations, and references to any professional appraisal organizations or the firm with which the appraiser is associated) to anyone other than the borrower; the mortgagee or its successors and assigns; the mortgage insurer; consultants; professional appraisal organizations; any state or federally approved financial institution; or any department, agency, or instrumentality of the United States or any state or the District of Columbia; except that the lender/client may distribute the property description section of the report only to data collection or reporting service(s) without having to obtain the appraiser's prior written consent. The appraiser's written consent and approval must also be obtained before the appraisal can be conveyed by anyone to the public through advertising, public relations, news, sales, or other media.

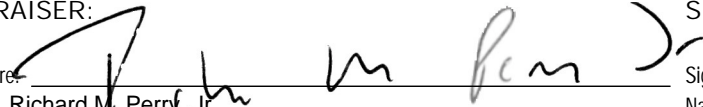
APPRAISER'S CERTIFICATION: The Appraiser certifies and agrees that:

1. I have researched the subject market area and have selected a minimum of three recent sales of properties most similar and proximate to the subject property for consideration in the sales comparison analysis and have made a dollar adjustment when appropriate to reflect the market reaction to those items of significant variation. If a significant item in a comparable property is superior to, or more favorable than, the subject property, I have made a negative adjustment to reduce the adjusted sales price of the comparable and, if a significant item in a comparable property is inferior to, or less favorable than the subject property, I have made a positive adjustment to increase the adjusted sales price of the comparable.
2. I have taken into consideration the factors that have an impact on value in my development of the estimate of market value in the appraisal report. I have not knowingly withheld any significant information from the appraisal report and I believe, to the best of my knowledge, that all statements and information in the appraisal report are true and correct.
3. I stated in the appraisal report only my own personal, unbiased, and professional analysis, opinions, and conclusions, which are subject only to the contingent and limiting conditions specified in this form.
4. I have no present or prospective interest in the property that is the subject to 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 the estimate of market value in the appraisal report on the race, color, religion, sex, 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.
5. I have no present or contemplated future interest in the subject property, and neither my current or future employment nor my compensation for performing this appraisal is contingent on the appraised value of the property.
6. I was not required to report a predetermined value or direction in value that favors the cause of the client or any related party, the amount of the value estimate, the attainment of a specific result, or the occurrence of a subsequent event in order to receive my compensation and/or employment for performing the appraisal. I did not base the appraisal report on a requested minimum valuation, a specific valuation, or the need to approve a specific mortgage loan.
7. I performed this appraisal in conformity 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 as of the effective date of this appraisal, with the exception of the departure provision of those Standards, which does not apply. I acknowledge that an estimate of a reasonable time for exposure in the open market is a condition in the definition of market value and the estimate I developed is consistent with the marketing time noted in the neighborhood section of this report, unless I have otherwise stated in the reconciliation section.
8. I have personally inspected the interior and exterior areas of the subject property and the exterior of all properties listed as comparables in the appraisal report. I further certify that I have noted any apparent or known adverse conditions in the subject improvements, on the subject site, or on any site within the immediate vicinity of the subject property of which I am aware and have made adjustments for these adverse conditions in my analysis of the property value to the extent that I had market evidence to support them. I have also commented about the effect of the adverse conditions on the marketability of the subject property.
9. I personally prepared all conclusions and opinions about the real estate that were set forth in the appraisal report. If I relied on significant professional assistance from any individual or individuals in the performance of the appraisal or the preparation of the appraisal report, I have named such individual(s) and disclosed the specific tasks performed by them in the reconciliation section of 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 the report; therefore, if an unauthorized change is made to the appraisal report, I will take no responsibility for it.

SUPERVISORY APPRAISER'S CERTIFICATION: If a supervisory appraiser signed the appraisal report, he or she certifies and agrees that: I directly supervise the appraiser who prepared the appraisal report, have reviewed the appraisal report, agree with the statements and conclusions of the appraiser, agree to be bound by the appraiser's certifications numbered 4 through 7 above, and am taking full responsibility for the appraisal and the appraisal report.

ADDRESS OF PROPERTY APPRAISED: 12th Bay St, Norfolk, Virginia 23518-1396

APPRAISER:

Signature: 
Name: Richard M. Perrin Jr.
Date Signed: 3/23/03
State Certification #: 4001 001548
or State License #: _____
State: VA
Expiration Date of Certification or License: _____

SUPERVISORY APPRAISER (only if required):

Signature: _____
Name: _____
Date Signed: _____
State Certification #: _____
or State License #: _____
State: _____
Expiration Date of Certification or License: _____

Did Did Not Inspect Property

Operating Income Statement

One- to Four-Family Investment Property and Two- to Four-Family Owner-Occupied Property

Property Address

Street 12th Bay St City Norfolk State Virginia Zip Code 23518-1396

General Instructions: This form is to be prepared jointly by the loan applicant, the appraiser, and the lender's underwriter. The applicant must complete the following schedule indicating each unit's rental status, lease expiration date, current rent, market rent, and the responsibility for utility expenses. Rental figures must be based on the rent for an "unfurnished" unit.

Unit No.	Currently Rented		Expiration Date	Current Rent Per Month	Market Rent Per Month	Utility Expense	Paid By Owner	Paid By Tenant
	Yes	No						
Unit No. 1	Yes <input checked="" type="checkbox"/>	No <input type="checkbox"/>		\$ 525	\$ 550	Electricity	<input type="checkbox"/>	<input type="checkbox"/>
Unit No. 2	Yes <input checked="" type="checkbox"/>	No <input type="checkbox"/>		\$ 525	\$ 550	Gas	<input type="checkbox"/>	<input type="checkbox"/>
Unit No. 3	Yes <input checked="" type="checkbox"/>	No <input type="checkbox"/>		\$ 525	\$ 550	Fuel Oil	<input type="checkbox"/>	<input type="checkbox"/>
Unit No. 4	Yes <input checked="" type="checkbox"/>	No <input type="checkbox"/>		\$ 525	\$ 550	Fuel (Other)	<input type="checkbox"/>	<input type="checkbox"/>
Total				\$ 2,100	\$ 2,200	Water/Sewer	<input checked="" type="checkbox"/>	<input type="checkbox"/>
						Trash Removal	<input checked="" type="checkbox"/>	<input type="checkbox"/>

The applicant should complete all of the income and expense projections and for existing properties provide actual year-end operating statements for the past two years (for new properties the applicant's projected income and expenses must be provided). This Operating Income Statement and any previous operating statements the applicant provides must then be sent to the appraiser for review, comment, and/or adjustments next to the applicant's figures (e.g. Applicant/Appraiser 288/300). If the appraiser is retained to complete the form instead of the applicant, the lender must provide to the appraiser the aforementioned operating statements, mortgage insurance premium, HOA dues, leasehold payments, subordinate financing, and/or any other relevant information as to the income and expenses of the subject property received from the applicant to substantiate the projections. The underwriter should carefully review the applicant's/appraiser's projections and the appraiser's comments concerning those projections. The underwriter should make any final adjustments that are necessary to more accurately reflect any income or expense items that appear unreasonable for the market. (Real estate taxes and insurance on these types of properties are included in PITI and not calculated as an annual expense item.) Income should be based on the current rents, but should not exceed market rents. When there are no current rents because the property is proposed, new, or currently vacant, market rents should be used.

Annual Income and Expense Projection for Next 12 months

Income (Do not include income for owner-occupied units)	By Applicant/Appraiser	Adjustments by Lender's Underwriter
Gross Annual Rental (from unit(s) to be rented)	\$ 26,400	\$
Other Income (include sources)	+	+
Total	\$ 26,400	\$
Less Vacancy/Rent Loss	- 1,392 (5%)	- (%)
Effective Gross Income	\$ 25,008	\$
Expenses (Do not include expenses for owner-occupied units)		
Electricity		
Gas		
Fuel Oil		
Fuel (Type -)		
Water/Sewer		
Trash Removal		
Pest Control		
Other Taxes or Licenses		
Casual Labor		
This includes the costs for public area cleaning, snow removal, etc., even though the applicant may not elect to contract for such services.		
Interior Paint/Decorating	2,000	
This includes the costs of contract labor and materials that are required to maintain the interiors of the living unit.		
General Repairs/Maintenance	2,000	
This includes the costs of contract labor and materials that are required to maintain the public corridors, stairways, roofs, mechanical systems, grounds, etc.		
Management Expenses	2,000	
These are the customary expenses that a professional management company would charge to manage the property.		
Supplies		
This includes the costs of items like light bulbs, janitorial supplies, etc.		
Total Replacement Reserves - See Schedule on Pg. 2	1,559	
Miscellaneous		
Total Operating Expenses	\$ 7,559	\$

Replacement Reserve Schedule

Adequate replacement reserves must be calculated regardless of whether actual reserves are provided for on the owner's operating statements or are customary in the local market. This represents the total average yearly reserves. Generally, all equipment and components that have a remaining life of more than one year-such as refrigerators, stoves, clothes washers/dryers, trash compactors, furnaces, roofs, and carpeting, etc. - should be expensed on a replacement cost basis.

Equipment	Replacement Cost	Remaining Life	By Applicant/ Appraiser	Lender Adjustments
Stoves/Ranges	@ \$ 250 ea.	10 Yrs. x	4 Units = \$ 100.00	\$
Refrigerators	@ \$ 400 ea.	10 Yrs. x	4 Units = \$ 160.00	\$
Dishwashers	@ \$ 250 ea.	10 Yrs. x	4 Units = \$ 100.00	\$
A/C Units	@ \$ ea.	Yrs. x	Units = \$	\$
C. Washer/Dryers	@ \$ ea.	Yrs. x	Units = \$	\$
HW Heaters	@ \$ 250 ea.	10 Yrs. x	4 Units = \$ 100.00	\$
Furnace(s)	@ \$ 1,500 ea.	12 Yrs. x	4 Units = \$ 500.00	\$
(Other)	@ \$ ea.	Yrs. x	Units = \$	\$
Roof	@ \$ 3,500 /	25 Yrs. x One Bldg. =	\$ 140	\$
Carpeting (Wall to Wall)		Remaining Life		
(Units)	245 Total Sq. Yds. @ \$ 15.00 Per Sq. Yd. /	8 Yrs. =	\$ 459	\$
(Public Areas)	Total Sq. Yds. @ \$ Per Sq. Yd. /	Yrs. =	\$	\$
Total Replacement Reserves. (Enter on Pg. 1)			\$ 1,559	\$

Operating Income Reconciliation

\$ 25,008	-	\$ 7,559	=	\$ 17,449	/ 12 =	\$ 1,454
Effective Gross Income		Total Operating Expenses		Operating Income		Monthly Operating Income
\$ 1,454	-	Monthly Housing Expense	=	Net Cash Flow		
Monthly Operating Income						

(Note: Monthly Housing Expense includes principal and interest on the mortgage, hazard insurance premiums, real estate taxes, mortgage insurance premiums, HOA dues, leasehold payments, and subordinate financing payments.)

Underwriter's instructions for 2-4 Family Owner-Occupied Properties

- If Monthly Operating Income is a positive number, enter as "Net Rental Income" in the "Gross Monthly Income" section of Freddie Mac Form 65/Fannie Mae Form 1003. If Monthly Operating Income is a negative number, it must be included as a liability for qualification purposes.
- The borrower's monthly housing expense-to-income ratio must be calculated by comparing the total Monthly Housing Expense for the **subject property** to the borrower's stable monthly income.

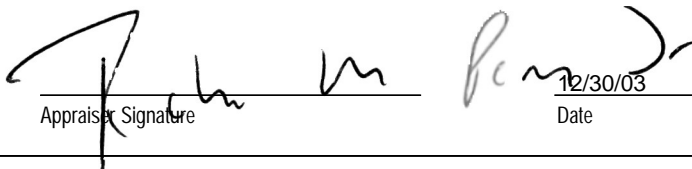
Underwriter's instructions for 1-4 Family Investment Properties

- If Net Cash Flow is a positive number, enter as "Net Rental Income" in the "Gross Monthly Income" section of Freddie Mac Form 65/Fannie Mae Form 1003. If Net Cash Flow is a negative number, it must be included as a liability for qualification purposes.
- The borrower's monthly housing expense-to-income ratio must be calculated by comparing the total monthly housing expense for the borrower's **primary residence** to the borrower's stable monthly income.

Appraiser's Comments (Including sources for data and rationale for the projections)

Data is based on an estimation of current costs and operating expenses.

Richard M. Perry, Jr.
Appraiser Name


Appraiser Signature

12/30/03
Date

Underwriter's Comments and Rationale for Adjustments

Underwriter Name

Underwriter Signature

Date

SINGLE FAMILY COMPARABLE RENT SCHEDULE

This form is intended to provide the appraiser with a familiar format to estimate the market rent of the subject property. Adjustments should be made only for items of significant difference between the comparables and the subject property.

ITEM	SUBJECT	COMPARABLE NO. 4			COMPARABLE NO. 5			COMPARABLE NO. 6		
Address	12th Bay St Norfolk	4209 Dunning Rd B			9244 Peachtree Street B			9522 Mason Creek Road		
Proximity to Subject		0.87 miles			3.55 miles			3.49 miles		
Date Lease Begins										
Date Lease Expires										
Monthly Rental	If Currently Rented: \$ 525	\$ 625			\$ 625			\$ 595		
Less: Utilities Furniture	\$	\$			\$			\$		
Adjusted Monthly Rent	\$ 525	\$ 625			\$ 625			\$ 595		
Data Source	Inspection	MLS,Agent,Pinpoint Exterior Inspection			MLS,Agent,Pinpoint Exterior Inspection			MLS,Agent,Pinpoint Exterior Inspection		
RENT ADJUSTMENTS	DESCRIPTION	DESCRIPTION	+(-)\$ Adjust.	DESCRIPTION	+(-)\$ Adjust.	DESCRIPTION	+(-)\$ Adjust.	DESCRIPTION	+(-)\$ Adjust.	
Rent Concessions										
Location/View	Ocean View Other Residences	Ocean View Other Residences			Ocean View Other Residences			Ocean View Other Residences		
Design and Appeal	Quadplex	Duplex			Duplex			Duplex		
Age/Condition	15/Avg	30/Avg			19/Avg			31/Avg		
Above Grade Room Count	Total : Bdrms : Baths 2 : 1.0 : 2682	Total : Bdrms : Baths 4 : 2 : 1.5			Total : Bdrms : Baths 4 : 2 : 1.5			Total : Bdrms : Baths 4 : 2 : 1.0		
Gross Living Area	670 Sq. Ft.	1,000 Sq. Ft.			1,077 Sq. Ft.			924 Sq. Ft.		
Other (e.g., basement, etc.)	HP	FWA / CAC			HP			FWA / No CAC		
Other:										
Net Adj. (total)		<input type="checkbox"/> + <input checked="" type="checkbox"/> -	\$ 90	<input type="checkbox"/> + <input checked="" type="checkbox"/> -	\$ 110	<input type="checkbox"/> + <input type="checkbox"/> -	\$	<input type="checkbox"/> + <input type="checkbox"/> -	\$	
Indicated Monthly Market Rent		\$ 535			\$ 515			\$ 595		

Comments on market data, including the range of rents for single family properties, an estimate of vacancy for single family rental properties, the general trend of rents and vacancy, and support for the above adjustments. (Rent concessions should be adjusted to the market, not to the subject property.) Comparable rentals are close in proximity to the subject and are similar in building design, age, features, and gross living area

Final Reconciliation of Market Rent: Equal weight given to rent comps.

I (WE) ESTIMATE THE MONTHLY MARKET RENT OF THE SUBJECT AS OF Redaction 20 03 TO BE \$ 550

Appraiser(s) SIGNATURE [Signature] Review Appraiser SIGNATURE _____
 (If applicable)
 NAME Richard M. Perry, Jr. NAME _____

NOTICE TO THE LENDER

All required repairs must be completed in a professional manner prior to closing, and in compliance with HUD guidelines. The lender is responsible for coordinating repairs with appropriately qualified individuals or entities, which may include professional engineers, tradespersons, HUD fee inspectors, or HUD roster appraisers. The lender must obtain documentation that all readily observable deficiencies noted by the appraiser have been acceptably corrected. The FHA shall invoke a VC condition for every "yes" response or other items requiring clarification.

SITE CONSIDERATIONS**VC-1 SITE HAZARDS AND NUISANCES**

Check the appropriate response for *readily observable* evidence of hazards. Hazards, as defined below, are conditions that endanger the health and safety of the occupants and/or the marketability of the property. Use these criteria to determine the extent of the hazard. Please refer to HUD Handbook 4150.2 Section 2-2 for unacceptable locations and the protocol in Appendix D of the Handbook for further guidance. **Provide a detailed comment for any "yes" response on Page 5.**

- a. Surface evidence of subsidence/sink holes
 yes no
- b. An active or planned oil or gas-drilling site is within 300 feet of the subject dwelling or related property improvement(s)
 yes no
- c. Subject dwelling or related property improvement(s) is/are within 75 feet of an operating oil or gas well with no visible mitigation measures
 yes no
- d. Abandoned oil or gas well within 10 feet of subject dwelling or related property improvement(s)
 yes no
- e. Readily observable evidence of slush pits
 yes no
- f. Excessive noise or hazard from heavy traffic area
 yes no
- g. New/proposed construction in airport clear zone
 yes no
- h. Subject dwelling or related property improvement(s) is/are within 10 feet of the easement for a "high-pressure" gas or petroleum line
 yes no
- i. Subject dwelling or related property improvement(s) is/are located within the engineering (designed) fall distances for overhead high-voltage transmission line tower, radio/TV transmission tower, cell phone tower, microwave relay dish or tower, or satellite dish (radio, TV cable, etc.)
 yes no
- j. Excessive hazard from smoke, fumes, offensive noises or odors
 yes no
- k. New/proposed construction or all manufactured homes in Special Flood Hazard Areas without LOMA or LOMR or elevation certificate
 yes no
- l. Stationary storage tanks with more than 1000 gallons of flammable or explosive material
 yes no

PROPERTY CONSIDERATIONS

Mark "YES" for any *readily observable* deficiency noted below. Each "YES" constitutes a limiting condition on the appraisal. Each condition requires repair or further inspection. These conditions must be satisfied prior to closing for the mortgage to be eligible for FHA mortgage insurance. Please refer to HUD Handbook 4150.2, Section 3-6 for guidance on HUD's General Acceptability Criteria. Also, refer to the protocol in Appendix D of the Handbook for repair and inspection requirement parameters.

VC-2 SOIL CONTAMINATION

Check the appropriate response. **Provide a detailed description of "yes" responses and provide further analysis on Page 5.**

- a. Surface evidence of an Underground Storage Tank (UST)
 yes no
- b. Proximity to dumps, landfills, industrial sites or other locations that could contain hazardous materials
 yes no
- c. Presence of pools of liquid, pits, ponds, lagoons, stressed vegetation, stained soils or pavement, drums or odors.
 yes no

VC-3 GRADING AND DRAINAGE

Check the appropriate response. **Provide a description of "yes" responses page 5.**

- a. Grading does not provide positive drainage from structure(s)
 yes no
- b. Standing water proximate to structure(s)
 yes no

VC-4 INDIVIDUAL WATER SUPPLY AND SEWAGE SYSTEMS

Check the appropriate response. **Provide a detailed description of "yes" or "unable to determine" responses on Page 5.**

- a. Private sewage system shows observable evidence of system failure
 yes no
- b. Property lacks connection to public water *
 yes no
- c. Property lacks connection to a public/community sewage system
 yes no
- d. Separation distance between well and septic tank does not comply with HUD guidelines
 yes no unable to determine
- e. Separation distance between well and drain field does not comply with HUD guidelines
 yes no unable to determine
- f. Separation distance between well and property line does not comply with HUD guidelines
 yes no unable to determine

***Lender will require water testing for "yes" response.**

NOTE: Connection should be made to public or community water/sewage disposal system. Appraiser shall indicate whether public water or sewage disposal system is available. The lender will determine whether connection is feasible.

VC-5 WOOD DESTROYING INSECTS

Check the appropriate response. **Provide a detailed description of "yes" responses on Page 5.**

- a. Structure and accessory building(s) is/are ground level and/or wood is touching ground
 yes no
- b. The house and/or other structure(s) within the legal boundaries of the property show obvious evidence of infestation from wood destroying insects
 yes no

VC-6 PRIVATE ROAD ACCESS

Check the appropriate response. **Provide a detailed description of "yes" responses on Page 5.**

- a. Property inaccessible by foot or vehicle
 yes no
- b. Property accessible only by a private road or drive*
 yes no
- c. Property is not provided with an all-weather surface (gravel is acceptable)
 yes no

*In all cases where a private road exists, lender is to submit evidence that the road is protected by a permanent recorded easement (non-exclusive, non-revocable roadway, driveway easement without trespass from the property to a public street/road) and that there is an acceptable maintenance agreement recorded on the property or that the road is owned and maintained by an HOA.

VC-7 STRUCTURAL CONDITIONS

Check the appropriate response. **Provide a detailed description of "yes" responses and identify the exact location of any deficiencies on Page 5.**

Floor Support Systems

- a. Significant cracks
 yes no
- b. Evidence of water damage
 yes no
- c. Evidence of spongy/weak/rotted flooring
 yes no

Framing/Walls/Ceiling

- d. Significant cracks
 yes no
- e. Visible holes in exposed areas that could affect structure
 yes no
- f. Significant water damage
 yes no

Attic

- g. Inadequate Access
 yes no n/a
- h. Evidence of holes
 yes no n/a
- i. Support structure not intact or damaged
 yes no n/a
- j. Significant water damage visible from interior
 yes no n/a
- k. No ventilation by vent, fan or window
 yes no n/a

VC-8 FOUNDATION

Check the appropriate response. (Appraiser must have full access to these areas) **Provide a detailed description of any "yes" responses and identify the exact location of any deficiencies on Page 5.**

Basement

- a. Blocked or inadequate access
 yes no n/a
- b. Evidence of significant water damage
 yes no n/a
- c. Significant cracks or erosion in exposed areas that affect structural soundness
 yes no n/a

Crawl Space

- d. Blocked or inadequate access
 yes no n/a
- e. Space inadequate for maintenance and repair (Recommend 18 inches)
 yes no n/a
- f. Support beams not intact
 yes no n/a
- g. Excessive dampness or ponding of water
 yes no n/a

Slab

- h. Significant cracks that could affect structural soundness
 yes no n/a

VC-9 ROOFING

All roofs on subject property must be addressed. Check the appropriate response. **Provide a detailed description of any "yes" responses and identify the exact location of any deficiencies on Page 5.**

- a. Evidence of deterioration of roofing materials (missing tiles, shingles, flashing)
 yes no
- b. Roof life less than two years*
 yes no
- c. Holes
 yes no
- d. Signs of leakage observable from ground
 yes no
- e. Roof is Flat or otherwise unobservable**
 yes no

*HUD/FHA requires that the roof have at least 2 years remaining life. If the roof has less than 2 years remaining life, then the appraiser must call for re-roofing or repair. The condition must clearly state whether the subject is to be repaired or re-roofed. FHA will accept a maximum of 3 layers of exiting roofing. If more than 2 layers exist and repair is necessary, then all old roofing must be removed as part of the re-roofing.

**All such roofs require inspection. Inspections must estimate life expectancy of the roof to be at least 2 years.

VC-10 MECHANICAL SYSTEMS

(All utilities must be turned on at time of appraisal, if possible) Check the appropriate response. Provide a detailed description of any "yes" responses and identify the exact location of any deficiencies on Page 5.

Furnace/Heating System

(If unable to test check all "yes")

- a. Unit does not turn 'On'
 yes no n/a
- b. Heat is not emitted
 yes no n/a
- c. Unusual or irregular noises are heard
 yes no n/a
- d. Smoke or irregular smell is emitted
 yes no n/a
- e. Significant holes or deterioration on the unit(s)
 yes no n/a

Air Conditioning (central)

(If unable to test check all "yes")

- f. Unit does not turn 'On'
 yes no n/a
- g. Cold air is not emitted
 yes no n/a
- h. Unusual or irregular noises are heard
 yes no n/a
- i. Smoke or irregular smell is emitted
 yes no n/a
- j. Significant holes or deterioration on the unit(s)
 yes no n/a

Electrical System (If unable to test check all "yes")

- k. Electrical switches do not function
(check representative sample)
 yes no
- l. Outlets do not function
(check representative sample)
 yes no
- m. Presence of sparks or smoke from outlets)
 yes no
- n. Exposed, frayed or unconnected wiring
 yes no

Plumbing System (If unable to test check "yes")

Water

- o. Significant drop or limitation in pressure
 yes no
- p. No hot water
 yes no

Toilet

- q. Toilets do not function
 yes no
- r. Presence of leak(s)
 yes no

Sinks/Bathtubs/Showers

- s. Basin or pipes leak
 yes no
- t. Water does not run
 yes no

Leaks

- u. Evidence of damage under fixtures
 yes no
- v. Puddles present
 yes no

Sewer System

- w. Observable evidence of malfunction
 yes no

VC-11 OTHER HEALTH AND SAFETY DEFICIENCIES

Check the appropriate response. Provide a detailed description of "yes" responses and identify the exact location of any deficiencies on Page 5.

- a. Broken window panes/inoperable windows
 yes no
- b. Broken or missing stairs
 yes no
- c. Broken or missing exterior doors
 yes no
- d. Inadequate/blocked entrances or exits
 yes no
- e. Steps without handrails
 yes no
- f. The mechanical garage door does not reverse or stop when meeting reasonable resistance during closing
 yes no n/a
- g. Health, preservation and/or safety deficiencies exist and are not included in this or any other VC item
 yes no

VC-12 LEAD BASED PAINT HAZARD

For any home built prior to 1978, check for evidence of defective paint surfaces, including: peeling, scaling or chipping paint. Check appropriate response. Provide a detailed description of any "yes" responses and identify the exact location of any deficiencies on Page 5.

- a. Evidence on interior
 yes no
- b. Evidence on exterior
 yes no
Year built 1988

If the home was built before 1978, this may indicate a lead paint hazard. For all FHA insured properties, correction is required to all defective paint in or on structures and/or property improvements built before January 1, 1978 in accordance with 24 CFR Part 35.

VC-13 CONDOMINIUMS

Provide a description of any "yes" responses on Page 5.

Property is a condominium
 yes no

If yes,

- a. This property is not on an FHA approved condominium list
 yes no
- b. This condominium project does not meet the 51% owner occupancy requirement. **Mark yes if unable to determine percentage of owner occupancy.**
 yes no

VC-14 Manufactured Housing

A manufactured home is defined as a structure that is transportable in one or more sections. In the traveling mode, the home is eight feet or more in width and forty feet or more in length and is built on a permanent chassis and designed to be used as a dwelling when connected to the required utilities, which includes the plumbing, heating, air-conditioning and electrical systems contained therein. A Manufactured Home is designed and constructed to the Federal Manufactured Construction and Safety Standards (MHCSS) as evidenced by an affixed certification label. Manufactured Homes may also be referred to as mobile homes, sectionals, multi-sectional, double-wides, triple-wides or single-wides. Modular housing is built to local/state codes and is not to be considered manufactured housing. When erected on site, to be eligible for FHA insurance the manufactured home is:

- Built on or after June 15, 1976 to the MHCSS
- At least 400 square feet
- Built and remains on a permanent chassis
- Designed to be used as a dwelling with a **permanent foundation built to FHA criteria**

Provide a description of any "yes" responses on Page 5.

Subject property or any portion of the property is a manufactured home as defined by HUD
 yes no

If yes, the following are required:

- a. Manufactured home does not have a HUD certification label/seal (red tag)
 yes no
Label/Seal Number(s) _____
- b. Manufactured home has attached additions/structural modifications
 yes no
If yes, cite nature and location of structural modifications on Page 5.

Alternate Construction serial number

- c. Engineering Certification is not present
 yes no
Permanent Foundation must comply with the HUD Permanent Foundation Guide for Manufactured Housing - (Engineering Cert Required).
- d. Manufactured home is not taxed as Real Estate (personal property title must be purged).
 yes no

ADDENDA

A. Provide a summary of estimated repair Costs:

\$ Unk

Please attach any additional information/reports and give number of attached pages.

Public reporting burden for the collection of information is estimated to average 30 minutes to complete the Comprehensive Valuation Package. This includes the time for reviewing the associated Handbook and reporting the data. This does not include the requisite market research or the appraisal process. This agency may not collect this information, and you are not required to complete this form unless it displays a current valid OMB control number.

Privacy Act Notice: This information is required for the U.S. Department of Housing and Urban Development to endorse a single-family mortgage and is used for underwriting purposes. The collection of this information is necessary to comply with HUD's Home Buyer Protection Plan. The information may be made available to a federal agency for review. This information is not confidential and will be made available to the public.

Part 3: Comprehensive Valuation Package
Homebuyer Summary

Department of Housing
and Urban Development
Office of Housing
Federal Housing Commissioner

OMB Approval No. 2502-0538 (exp. 06/30/2006)

Case Number: _____
Property Address: 12th Bay St, Norfolk, Virginia
23518-1396

Important

NOTICE TO THE HOMEBUYER

Read Carefully

As part of our job insuring the mortgage for the lender, the FHA requires the lender to conduct an appraisal to:

- estimate the value of your potential new home
- make sure it meets *minimal* FHA standards
- ensure that it will be marketable

Appraisals are different from home inspections. Home inspections give more detailed information about your potential new home.

This report is a summary of the observations of an appraiser who visited the property. If there was a problem, the appraiser answered "YES" under "Problem".

If any condition is marked [yes], this means that the property you want to buy does not currently meet FHA's Minimum Property Standards. Until this condition is resolved, your lender may not provide you with an FHA insured loan consistent with FHA procedures

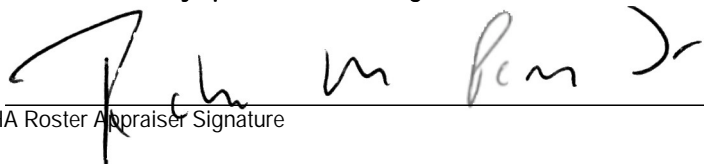
You should speak to your lender about how this situation needs to be handled. You should also make sure that you are confident that the physical condition of this property meets all of your expectations

For a copy of the full appraisal, contact your lender.

If you have any questions, call us at **1-800-569-4287**.

Physical Condition	Problem (Y)	Comments
Site Hazards	N	The appraiser is not an expert in the field. The appraiser is only reporting Readily Observable Conditions. This report is NOT a Home Inspection.
Soil Contamination	N	The appraiser is not an expert in the field. The appraiser is only reporting Readily Observable Conditions. This report is NOT a Home Inspection.
Grading and Drainage Problems	N	The appraiser is not an expert in the field. The appraiser is only reporting Readily Observable Conditions. This report is NOT a Home Inspection.
Well, Individual Water Supply and Septic Problems	N	The appraiser is not an expert in the field. The appraiser is only reporting Readily Observable Conditions. This report is NOT a Home Inspection.
Wood Destroying Insects	Y	Termite letter required.
Private Road Access and Maintenance Problems	N	The appraiser is not an expert in the field. The appraiser is only reporting Readily Observable Conditions. This report is NOT a Home Inspection.
Structural Deficiencies	N	The appraiser is not an expert in the field. The appraiser is only reporting Readily Observable Conditions. This report is NOT a Home Inspection.
Foundation Deficiencies	N	The appraiser is not an expert in the field. The appraiser is only reporting Readily Observable Conditions. This report is NOT a Home Inspection.
Roofing Deficiencies	Y	Roof appears at end of life. I recommend a roof inspection to determine remaining life.
Mechanical Systems Problems	Y	AC units appear original (15 years old) and are showing signs of deterioration. I recommend a HVAC inspection to determine remaining life.
General Health and Safety Deficiencies	N	The appraiser is not an expert in the field. The appraiser is only reporting Readily Observable Conditions. This report is NOT a Home Inspection.
Deteriorated Paint	N	The appraiser is not an expert in the field. The appraiser is only reporting Readily Observable Conditions. This report is NOT a Home Inspection.
Manufactured Housing	N	The appraiser is not an expert in the field. The appraiser is only reporting Readily Observable Conditions. This report is NOT a Home Inspection.

The conditions listed above are reflected on the Valuation Conditions Form (Part 2 of the Comprehensive Valuation Package) of this appraisal. **The lender is required to transmit this Notice to the Homebuyer form to the buyer at least 5 business days prior to loan closing.**

X  _____
FHA Roster Appraiser Signature ID Number Redaction Valuation Date

Homebuyer acknowledges receipt of Part 3: Summary:

X _____

X _____
Homebuyer(s) Signature(s): Date Received

**US Department of Housing
and Urban Development (HUD)**
Federal Housing Administration

For Your Protection: Get a Home Inspection

Name of Buyer Redaction
Property Address 12th Bay St
Norfolk, Virginia 23518-1396

What the FHA Does for Buyers... and What We Don't Do

What we do: FHA helps people become homeowners by insuring mortgages for lenders. This allows lenders to offer mortgages to first-time buyers and others who may not qualify for conventional loans. Because the FHA insures the loan for the lender, the buyer pays only a very low down-payment.

What we don't do: FHA does not guarantee the value or condition of your potential new home. If you find problems with your new home after closing, we can not give or lend you money for repairs, and we can not buy the home back from you.

That's why it's so important for you, the buyer, to get an independent home inspection. Ask a qualified home inspector to inspect your potential new home and give you the information you need to make a wise decision.

Appraisals and Home Inspections are Different

As part of our job insuring the loan, we require that the lender conduct an FHA appraisal. An appraisal is different from a home inspection. Appraisals are for lenders; home inspections are for buyers. The lender does an appraisal for three reasons:

- to estimate the value of a house
- to make sure that the house meets FHA minimum property standards
- to make sure that the house is marketable

Appraisals are not home inspections.

I understand the importance of getting an independent home inspection. I have thought about this before I signed a contract with the seller for a home.

X

Signature & Date

X

Signature & Date

Why a Buyer Needs a Home Inspection

A home inspection gives the buyer more detailed information than an appraisal--information you need to make a wise decision. In a home inspection, a qualified inspector takes an in-depth, unbiased look at your potential new home to:

- evaluate the physical condition: structure, construction, and mechanical systems
- identify items that need to be repaired or replaced
- estimate the remaining useful life of the major systems, equipment, structure, and finishes

What Goes into a Home Inspection

A home inspection gives the buyer an impartial, physical evaluation of the overall condition of the home and items that need to be repaired or replaced. The inspection gives a detailed report on the condition of the structural components, exterior, roofing, plumbing, electrical, heating, insulation and ventilation, air conditioning, and interiors.

Be an Informed Buyer

It is your responsibility to be an informed buyer. Be sure that what you buy is satisfactory in every respect. You have the right to carefully examine your potential new home with a qualified home inspector. You may arrange to do so before signing your contract, or may do so after signing the contract as long as your contract states that the sale of the home depends on the inspection.

form **HUD-92564-CN** (8/99)