



APPRAISAL OF REAL PROPERTY

LOCATED AT:

3380 Nina Way
Lot 6, Block 1, Nina Nicholson Subdivision
Dillingham, AK 99576

FOR:

Residential Mortgage, LLC
100 Calais Drive, Suite 100
Anchorage, AK 99503

AS OF:

09/13/2012

BY:

Adam Verrier
Appraisal Company of Alaska
3940 Arctic Blvd Ste 103
Anchorage, Alaska 99503
(907) 562-2424

Small Residential Income Property Appraisal Report

File # 0010043962

SUBJECT

CONTRACT

NEIGHBORHOOD

SITE

IMPROVEMENTS

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	3380 Nina Way	City	Dillingham	State	AK	Zip Code	99576
Borrower	Janice & Ben McDowell	Owner of Public Record	Michael Kress	County	Dillingham		
Legal Description	Lot 6, Block 1, Nina Nicholson Subdivision						
Assessor's Parcel #	See Legal	Tax Year	2012	R.E. Taxes \$	2,644		
Neighborhood Name	Nina Nicholson Subdivision	Map Reference	Plat 84-12	Census Tract	0002.00		
Occupant	<input type="checkbox"/> Owner <input checked="" type="checkbox"/> Tenant <input type="checkbox"/> Vacant	Special Assessments \$	0.00	<input type="checkbox"/> PUD	HOA \$	0	<input type="checkbox"/> per year <input type="checkbox"/> per month
Property Rights Appraised	<input checked="" type="checkbox"/> Fee Simple <input type="checkbox"/> Leasehold <input type="checkbox"/> Other (describe)						
Assignment Type	<input checked="" type="checkbox"/> Purchase Transaction <input type="checkbox"/> Refinance Transaction <input type="checkbox"/> Other (describe)						
Lender/Client	Residential Mortgage, LLC			Address	100 Calais Drive, Suite 100, Anchorage, AK 99503		
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? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No							
Report data source(s) used, offering price(s), and date(s). MLS, Home owner. The subject parcel and other parcels in the immediate area use a community well. There is a homeowner's association which maintains this community well, and the annual homeowner's association dues are \$250 per year.							
I <input checked="" type="checkbox"/> did <input type="checkbox"/> 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. No unusual terms or conditions were noted in the sales contract. The contract appears typical.							
Contract Price \$ 130,000 Date of Contract 10/04/2011 Is the property seller the owner of public record? <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No Data Source(s) DNR Recorder							
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? <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No							
If Yes, report the total dollar amount and describe the items to be paid. 7,000 Seller to pay up to \$7,000 of buyer's closing costs and pre-paids at closing.							

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

Neighborhood Characteristics		2-4 Unit Housing Trends		2-4 Unit Housing		Present Land Use %	
Location	<input type="checkbox"/> Urban <input type="checkbox"/> Suburban <input checked="" type="checkbox"/> Rural	Property Values	<input type="checkbox"/> Increasing <input checked="" type="checkbox"/> Stable <input type="checkbox"/> Declining	PRICE	AGE	One-Unit	50 %
Built-Up	<input type="checkbox"/> Over 75% <input checked="" 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	2 %
Growth	<input type="checkbox"/> Rapid <input checked="" type="checkbox"/> Stable <input type="checkbox"/> Slow	Marketing Time	<input type="checkbox"/> Under 3 mths <input checked="" type="checkbox"/> 3-6 mths <input type="checkbox"/> Over 6 mths	150	Low 5	Multi-Family	1 %
Neighborhood Boundaries	The entire City of Dillingham is comprises the subject neighborhood.			400	High 60	Commercial	8 %
				200	Pred. 30	Other	39 %

Neighborhood Description There are no adverse factors which should affect the subject's marketability. The subject improvements conform to the surrounding neighborhood. Access to all supporting facilities including employment centers, shopping, public schools, and recreational areas is considered to be average.

Market Conditions (including support for the above conclusions) There are few small income properties in Dillingham. Fewer still have come on the market in recent years. Rural financing is typically by AHFC loan programs with no buy downs or financing concessions. Multifamily home prices are currently stable in this market and marketing times are typically 3-6 months.

Dimensions	212.54' x 96.05' x 213.93' x 96.06'	Area	20,481 s.f.	Shape	generally rectangular	View	Average
Specific Zoning Classification	None	Zoning Description	No Zoning				
Zoning Compliance	<input type="checkbox"/> Legal <input type="checkbox"/> Legal Nonconforming (Grandfathered Use) <input checked="" type="checkbox"/> No Zoning <input type="checkbox"/> Illegal (describe)						
Is the highest and best use of subject property as improved (or as proposed per plans and specifications) the present use? <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No If No, describe							

Utilities	Public	Other (describe)	Public	Other (describe)	Off-site Improvements - Type	Public	Private
Electricity	<input checked="" type="checkbox"/>	<input type="checkbox"/>	Water	<input type="checkbox"/> <input checked="" type="checkbox"/> Community Well	Street all-weather gravel	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Gas	<input type="checkbox"/>	<input checked="" type="checkbox"/> Heating Oil on-site	Sanitary Sewer	<input type="checkbox"/> <input checked="" type="checkbox"/> Private Septic	Alley none	<input type="checkbox"/>	<input type="checkbox"/>
FEMA Special Flood Hazard Area	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	FEMA Flood Zone	C	FEMA Map #	0200410005B	FEMA Map Date	09/30/1982
Are the utilities and/or off-site improvements typical for the market area? <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No If No, describe							
Are there any adverse site conditions or external factors (easements, encroachments, environmental conditions, land uses, etc.)? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No If Yes, describe							
Above ground fuel storage system on site and in use; there is no obvious evidence of any contamination. City water and sewer are not available in this neighborhood. The home's septic system is assumed to be functional, and adequate for the home.							

General Description		Foundation		Exterior Description		materials/condition		Interior		materials/condition	
Units	<input checked="" type="checkbox"/> Two <input type="checkbox"/> Three <input type="checkbox"/> Four	<input type="checkbox"/> Concrete Slab <input checked="" type="checkbox"/> Crawl Space		Foundation Walls	Conc;Wd/Average	Floors	Cpt,Wd,Vnl/Avg				
	<input type="checkbox"/> Accessory Unit (describe below)	<input type="checkbox"/> Full Basement <input type="checkbox"/> Partial Basement		Exterior Walls	Cdr;T1-11/Average	Walls	Sheetrock / Avg				
# of Stories	2 # of bldgs. 2	Basement Area	None sq.ft.	Roof Surface	Metal;CompSh/Avg	Trim/Finish	Wood/Average				
Type	<input checked="" type="checkbox"/> Det. <input type="checkbox"/> Att. <input type="checkbox"/> S-Det./End Unit	Basement Finish	%	Gutters & Downspouts	None	Bath Floor	Vinyl/Average				
	<input checked="" type="checkbox"/> Existing <input type="checkbox"/> Proposed <input type="checkbox"/> Under Const.	<input type="checkbox"/> Outside Entry/Exit <input type="checkbox"/> Sump Pump		Window Type	Vinyl csmt/average	Bath Wainscot	Fiberglass/Avg				
Design (Style)	2x2-story buildings	Evidence of	<input type="checkbox"/> Infestation	Storm Sash/Insulated	Thermopane/avg	Car Storage					
Year Built	1990	<input type="checkbox"/> Dampness <input type="checkbox"/> Settlement		Screens	Yes / Average	<input type="checkbox"/> None					
Effective Age (Yrs)	20	Heating/Cooling		Amenities		<input checked="" type="checkbox"/> Driveway	# of Cars	4			
Attic	<input checked="" type="checkbox"/> None	<input type="checkbox"/> FWA <input type="checkbox"/> HWBB <input type="checkbox"/> Radiant		<input type="checkbox"/> Fireplace(s) #	<input checked="" type="checkbox"/> Woodstove(s) # 1	Driveway Surface	Gravel				
	<input type="checkbox"/> Drop Stair <input type="checkbox"/> Stairs	<input checked="" type="checkbox"/> Other wall furnc	Fuel Heating Oil	<input type="checkbox"/> Patio/Deck	<input type="checkbox"/> Fence	<input type="checkbox"/> Garage	# of Cars				
	<input type="checkbox"/> Floor <input type="checkbox"/> Scuttle	Cooling	<input type="checkbox"/> Central Air Conditioning	<input type="checkbox"/> Pool	<input checked="" type="checkbox"/> Porch Entry	<input checked="" type="checkbox"/> Carport	# of Cars	2			
	<input type="checkbox"/> Finished <input type="checkbox"/> Heated	<input type="checkbox"/> Individual <input type="checkbox"/> Other		<input checked="" type="checkbox"/> Other	Storage Building, Steam bath	<input checked="" type="checkbox"/> Att. <input type="checkbox"/> Det. <input type="checkbox"/> Built-in					
# of Appliances	Refrigerator 2	Range/Oven 2	Dishwasher 0	Disposal 0	Microwave 0	Washer/Dryer 1	Other (describe)	0			
Unit # 1 contains:	5	Rooms	2	Bedrooms	1.5	Bath(s)	1,129	Square Feet of Gross Living Area			
Unit # 2 contains:	3	Rooms	1	Bedrooms	.75	Bath(s)	720	Square Feet of Gross Living Area			
Unit # 3 contains:		Rooms		Bedrooms		Bath(s)		Square Feet of Gross Living Area			
Unit # 4 contains:		Rooms		Bedrooms		Bath(s)		Square Feet of Gross Living Area			
Additional features (special energy efficient items, etc.). Unit 1 has a 96 sf loft, accessible via ladder, which has not been counted in the gross living area due to its ladder access. Unit 2 has a 320 sf loft area accessible via narrow staircase. This space is also not counted as living area due to its narrow staircase access. The subject has a carport, 1-car garage, steam bath, smokehouse, and storage building on site.											
Describe the condition of the property (including needed repairs, deterioration, renovations, remodeling, etc.). Overall condition appears to be average. No home inspection report was provided for my review. I am not a home inspector and am not qualified to perform home inspections. No obvious safety hazards or major deferred maintenance were noted, but the home has significant functional obsolescence due to the factors noted above. The home was owner-built and does not have the functional or stylistic appeal of a home built by a licensed contractor. See photos included.											

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IMPROVEMENTS

Are there any physical deficiencies or adverse conditions that affect the livability, soundness, or structural integrity of the property? ☐ Yes ☒ No If Yes, describe.
Note: The storage building on site could be converted to use as a small guest cabin, but it is not now habitable and has no kitchen. The subject property appears to meet HUD minimum property requirements.

Does the property generally conform to the neighborhood (functional utility, style, condition, use, construction, etc.)? ☒ Yes ☐ No If No, describe. Dillingham has a wide variety of housing styles with varying quality, functional appeal, and condition. The subject fits within the range of housing styles in the Dillingham market.
Is the property subject to rent control? ☐ Yes ☒ No If Yes, describe

COMPARABLE RENTAL DATA

The following properties represent the most current, similar, and proximate comparable rental properties to the subject property. This analysis is intended to support the opinion of the market rent for the subject property.

FEATURE	SUBJECT	COMPARABLE RENTAL # 1			COMPARABLE RENTAL # 2			COMPARABLE RENTAL # 3			
Address	3380 Nina Way Dillingham, AK 99576	2134 Aleknagik Lake Road Dillingham, Alaska			3939&3941 Aleknagik Lake Road Dillingham, Alaska			4001 Aleknagik Lake Road Dillingham, Alaska			
Proximity to Subject		1.67 miles NW			3.09 miles NW			3.24 miles NW			
Current Monthly Rent	\$ 1,390	\$ 2,825			\$ 3,560			\$ 2,460			
Rent/Gross Bldg. Area	\$ 0.75 sq.ft.	\$ 0.73 sq.ft.			\$ 1.41 sq.ft.			\$ 1.02 sq.ft.			
Rent Control	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No			<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No			<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No			
Data Source(s)	inspection	inspection, realtor			owner			Owner			
Date of Lease(s)	Monthly;long term	Monthly long term			Monthly long term			Monthly long term			
Location	Average	average			average			average			
Actual Age	21	34			13			6			
Condition	Average	average			above average			above average			
Gross Building Area	1,849	3,860			2,516			2,402			
Unit Breakdown	Rm Count	Size Sq. Ft.	Rm Count	Size Sq. Ft.	Monthly Rent	Rm Count	Size Sq. Ft.	Monthly Rent	Rm Count	Size Sq. Ft.	Monthly Rent
	Tot Br Ba	1,849	Tot Br Ba	3,860	2,825	Tot Br Ba	2,516	3,560	Tot Br Ba	2,402	2,460
Unit # 1	5 2 1.5	1,129	6 3 2.25	2,662	\$ 1,300	4 2 1	896	\$ 1,295	5 1 1.5	1,504	\$ 1,460
Unit # 2	3 1 .75	720	3 1 1	526	\$ 725	4 2 1	928	\$ 1,195	4 2 1	898	\$ 1,000
Unit # 3			3 1 1	672	\$ 800	3 1 1	692	\$ 1,070			\$
Unit # 4					\$			\$			\$
Utilities Included	Water & Sewer	tenants pay oil + elec			lessee pays oil; tenant pays elec.			Heating Oil Included			
Amenities	Garage, Carport	shop area			2-car garage; 2x1-car garage			1x2-car garage			
Amenities	Stg Shed, StmBath	decks and porches			Porches			Covered Porches			
Analysis of rental data and support for estimated market rents for the individual subject units reported below (including the adequacy of the comparables, rental concessions, etc.) The included rental comparables provide the best recent rental data available in the Dillingham market. The included comparable rentals adequately represent the subject rental market for the purposes of this report. Rental rates per square foot range from \$.49/s.f. to \$1.55/s.f.											

SUBJECT RENT SCHEDULE

Rent Schedule: The appraiser must reconcile the applicable indicated monthly market rents to provide an opinion of the market rent for each unit in the subject property.

Leases			Actual Rents			Opinion of Market Rent		
Unit #	Lease Date		Per Unit		Total Rents	Per Unit		Total Rents
	Begin Date	End Date	Unfurnished	Furnished	Unfurnished	Furnished		
1	month	month	\$ 540	\$	\$ 540	\$ 950	\$	\$ 950
2	Month	Month	850		850	850		850
3								
4								
Comment on lease data Actual rents taken			Total Actual Monthly Rent			\$ 1,390		
from conversation with tenant in Unit 1			Other Monthly Income (itemize)			\$ 0		
(prospective buyer).			Total Actual Monthly Income			\$ 1,390		
Utilities included in estimated rents <input type="checkbox"/> Electric <input checked="" type="checkbox"/> Water <input checked="" type="checkbox"/> Sewer <input type="checkbox"/> Gas <input type="checkbox"/> Oil <input checked="" type="checkbox"/> Trash collection <input type="checkbox"/> Cable <input checked="" type="checkbox"/> Other taxes, insurance								
Comments on actual or estimated rents and other monthly income (including personal property) Forecasted rents are based on the included comparables and typical amenities that are commonly associated with market rents. The estimated rents are believed to be within market parameters and supported in the rental analysis. The tenant in Unit 2 has garage and carport access; neither tenant has dedicated use of the storage building. Unit 1 rental rate is substantially below market rental rate because the tenant does property maintenance and performs significant work to improve and maintain the buildings. Estimated rents include use of the steam bath by both tenants, and use of the carport and garage by the tenant in Unit 2.								

PRIOR SALE HISTORY

I ☒ did ☐ 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, Agent, City Records

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) City Records, Appraisal Files

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	None within prior 3 years	None within prior year	None within prior year	None within prior year
Price of Prior Sale/Transfer				
Data Source(s)	City Records, DNR Records	City Records, DNR Records	City Records, DNR Records	City Records, DNR Records
Effective Date of Data Source(s)	09/18/2012	11/21/2011	11/21/2011	11/21/2011

Analysis of prior sale or transfer history of the subject property and comparable sales None.

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SALES COMPARISON APPROACH

There are 1 comparable properties currently offered for sale in the subject neighborhood ranging in price from \$ 245,000 to \$ 245,000 .							
There are 0 comparable sales in the subject neighborhood within the past twelve months ranging in sale price from \$ 0 to \$ 0 .							
FEATURE	SUBJECT	COMPARABLE SALE # 1		COMPARABLE SALE # 2		COMPARABLE SALE # 3	
Address 3380 Nina Way Dillingham, AK 99576		1050 Cranberry Circle Dillingham, Alaska		4445 Unicorn Lane Dillingham, Alaska		3944 Arctic Avenue Dillingham, Alaska	
Proximity to Subject		2.77 miles NW		1.70 miles NW		0.62 miles NW	
Sale Price	\$ 130,000		\$ 295,000		\$ 250,000		\$ 290,000
Sale Price/Gross Bldg. Area	\$ 70.31 sq.ft.	\$ 161.73 sq.ft.		\$ 81.65 sq.ft.		\$ 120.43 sq.ft.	
Gross Monthly Rent	\$ 1,800	\$ 2,600.00		\$ 3,075.00		\$	
Gross Rent Multiplier	72.22	113.46		81.30			
Price per Unit	\$ 65,000	\$ 147,500		\$ 83,333		\$ 145,000	
Price per Room	\$ 16,250	\$ 36,875		\$ 22,727		\$ 32,222	
Price per Bedroom	\$ 43,333	\$ 73,750		\$ 50,000		\$ 58,000	
Rent Control	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No		<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No		<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	
Data Source(s)		Appraiser		Appraisers		Appraisers	
Verification Source(s)		DNR Recorder		DNR Recorder		DNR Recorder	
VALUE ADJUSTMENTS	DESCRIPTION	DESCRIPTION	+ (-) Adjustment	DESCRIPTION	+ (-) Adjustment	DESCRIPTION	+ (-) Adjustment
Sale or Financing Concessions		Cash None		FHA None		FHA None	
Date of Sale/Time		12/29/2010		08/30/2010		08/29/2008	
Location	Average	Average		Average		Average	
Leasehold/Fee Simple	Fee Simple	Fee Simple		Fee Simple		Fee Simple	
Site	0.47 acres	0.92 acres	-7,000	0.86 acres	-7,000	1.25 acres	-10,000
View	Average	Average		Average		Average	
Design (Style)	2x2-story buildings	2-story duplex	0	Detach 3-plex	0	Detached Duplex	0
Quality of Construction	Average	Superior	-40,000	Superior	-40,000	Superior	-40,000
Actual Age	21	15	-3,000	27	+3,000	24	+1,500
Condition	Average	Average+	-10,000	Average		Average+	-10,000
Gross Building Area	1,849	1,824	0	3,062	-42,500	2,408	-19,600
Unit Breakdown	Total Bdrms Baths	Total Bdrms Baths		Total Bdrms Baths		Total Bdrms Baths	
Unit # 1	5 2 1.5	4 2 1	+2,000	4 2 1	+2,000	6 4 1.75	-9,000
Unit # 2	3 1 .75	4 2 1	-5,000	4 2 1	-5,000	3 1 1	-1,000
Unit # 3				3 1 .75	-7,000		
Unit # 4							
Basement Description	None	None		1144 sf incl above		932 s.f. incl above	
Basement Finished Rooms	0-0-0	0-0-0		4-2-1 incl above		2-1-.75 incl above	
Functional Utility	Average	Average		Average		Average	
Heating/Cooling	Oil Wall Furnace	Oil HWBB		Oil HWBB		Oil HWBB	
Energy Efficient Items	Average	Good	-5,000	Average		Good	-5,000
Parking On/Off Site	G1B,C1A	1,008 sf garage	-15,000	G2B; WkShop	-10,000	G2B+Shop	-15,000
Porch/Patio/Deck	Pchs,Stg,StmBth	Htd Rm over Gar	-10,000	Shd,StmBth,Dks	0	Pch,Deck,Storage	-6,000
Net Adjustment (Total)		<input type="checkbox"/> + <input checked="" type="checkbox"/> -	\$ -93,000	<input type="checkbox"/> + <input checked="" type="checkbox"/> -	\$ -106,500	<input type="checkbox"/> + <input checked="" type="checkbox"/> -	\$ -114,100
Adjusted Sale Price of Comparables		Net Adj. 31.5 % Gross Adj. 32.9 %	\$ 202,000	Net Adj. 42.6 % Gross Adj. 46.6 %	\$ 143,500	Net Adj. 39.3 % Gross Adj. 40.4 %	\$ 175,900
Adjusted Price Per Unit (Adj. SP Comp / # of Comp Units)		\$ 101,000		\$ 47,833		\$ 87,950	
Adjusted Price Per Room (Adj. SP Comp / # of Comp Rooms)		\$ 25,250		\$ 13,045		\$ 19,544	
Adjusted Price Per Bedrm(Adj. SP Comp / # of Comp Bedrooms)		\$ 50,500		\$ 28,700		\$ 35,180	
Value per Unit	\$ 75,000 X 2	Units = \$ 150,000		Value per GBA \$ 100 X 1,849	GBA = \$ 184,900		
Value per Rm.	\$ 20,000 X 8	Rooms = \$ 160,000		Value per Bdrms.\$ 40,000 X 3	Bdrms. = \$ 120,000		
Summary of Sales Comparison Approach including reconciliation of the above indicators of value. Please see important comments next page.							
Gross monthly rent is unknown for Comp 3; so none is reported.							
Indicated Value by Sales Comparison Approach \$ 150,000							

INCOME

Total gross monthly rent \$ 1,800 X gross rent multiplier (GRM) 85.00 = \$ 153,000	Indicated value by the Income Approach
Comments on income approach including reconciliation of the GRM Estimated GRM = 85 which is toward the lower middle of the range of GRMs of the comparable sales used in this appraisal report.	

RECONCILIATION

Indicated Value by: Sales Comparison Approach \$ 150,000 Income Approach \$ 153,000 Cost Approach (if developed) \$ 165,922
In the final analysis, the indicated values represented in the Income and Market Approaches are considered to best represent the Subject's current market value. The Cost Approach is based on limited data, but provides support for the final estimate of value and has been given some weight, in consideration of the weakness of the market approach due to a lack of truly similar, recent sales. The final estimate of value falls between the Market Approach and the Income Approach, and is supported by the Cost Approach.
This appraisal is made <input checked="" type="checkbox"/> "as is", <input type="checkbox"/> subject to completion per plans and specifications on the basis of a hypothetical condition that the improvements have been completed, <input type="checkbox"/> subject to the following repairs or alterations on the basis of a hypothetical condition that the repairs or alterations have been completed, or <input type="checkbox"/> subject to the following required inspection based on the extraordinary assumption that the condition or deficiency does not require alteration or repair:
Based on a complete visual inspection of the interior and exterior areas of the subject property, defined scope of work, statement of assumptions and limiting conditions, and appraiser's certification, my (our) opinion of the market value, as defined, of the real property that is the subject of this report is \$ 150,000 ,as of 09/13/2012 , which is the date of inspection and the effective date of this appraisal.

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ADDITIONAL COMMENTS

Summary of Sales Comparison Approach:

The subject has some functional obsolescence attributable to the general layout and appeal of each building on the property, and to the narrow stairway and ladder access to the top floors of each unit. But no functional utility adjustment has been made when comparing the subject to the comparable sales because, while the top floors of each building certainly have utility and value to the occupants, the top-floor living areas of both buildings have not been included in the living area calculations. This top floor area has been included in the cost approach calculations below, at a reduced price per square foot.

The included comparable sales are the most recent multi-family sales available in the subject market. Extensive research revealed no other recent multi-family residential sales. The range of value after adjustments brackets the current market value of the subject property. The net adjustments and the gross adjustments in the grid are greater than typically acceptable in the appraisal of residential property. However, they are typical in the appraisal of remote and rural Alaskan properties where fewer transactions are available for comparison to the subject. Due to the lack of recent similar comparable sales data in the subject market, it was necessary to make large adjustments in the grid. There are no more recent or more similar sales in the subject market than those included here, and the comparable sales used in this report comprise all of the relevant recent sales data available in the subject market. Dillingham has a population of 2,329. In this relatively small, isolated market, there are typically no more than one or two multifamily home sales annually. An MLS search revealed no current multifamily listings in the subject market. The Dillingham residential real estate market has been stable for at least the past five years; no time adjustments are warranted in the sales comparison grid. Rental rates have remained stable and vacancy has been consistently low in the subject market. Due to the relatively low population of the town of Dillingham and its corresponding small housing stock, residential real estate sales do not occur frequently; it is not appropriate to use comparable sales from other towns and villages in the region, as they are not connected by road and their local economies are considerably different. Bedrooms and full baths are adjusted at \$4,000 each. After considering all factors affecting the subject, a value toward the middle of the range indicated by the adjusted comparable sales is appropriate.

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 asset valuation purposes, subject to the stated scope of work, purpose of the appraisal, reporting requirements of this appraisal report form, and the definition of market value. No additional intended users are identified by the appraiser.

I have performed no services, as an appraiser or in any other capacity, regarding the property that is the subject of this report within the three-year period immediately preceding acceptance of this assignment.

Exposure Time: Exposure time is concluded to be equal to the marketing time listed on page 1 of this appraisal report.

COST APPROACH

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) Site value derived from analysis of sales of similar vacant land sales in the subject marketing area, as well as general local knowledge and experience.

ESTIMATED <input type="checkbox"/> REPRODUCTION OR <input checked="" type="checkbox"/> REPLACEMENT COST NEW	OPINION OF SITE VALUE =\$ 30,000				
Source of cost data Marshall&Swift; Local builders	DWELLING	1,849 Sq.Ft. @ \$	125.00	=\$ 231,125	
Quality rating from cost service Average Effective date of cost data Current	Both lofts	416 Sq.Ft. @ \$	105.00	=\$ 43,680	
Comments on Cost Approach (gross living area calculations, depreciation, etc.)	Porches, steam bath, storage building, carport =\$ 16,000				
The Cost Approach has been based on Cost Data supplied by a national cost service and information supplied by local contractors. The estimated site value has been derived through the analysis of similar within the subject's marketing area. Subject is considered to have an effective age of 20 years. External depreciated is estimated at 25% in Dillingham, where building costs are higher than market values of improved residential properties.	Garage/Carport	480 Sq.Ft. @ \$	50.00	=\$ 24,000	
	Total Estimate of Cost-New =\$ 314,805				
	Less	Physical	Functional	External	
	Depreciation	62,961	47,221	78,701	=\$ (188,883)
	Depreciated Cost of Improvements =\$ 125,922				
	"As-is" Value of Site Improvements =\$ 10,000				
Estimated Remaining Economic Life (HUD and VA only) 40 Years	INDICATED VALUE BY COST APPROACH =\$ 165,922				

PUD INFORMATION

PROJECT INFORMATION FOR PUDs (if applicable)

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

Are the common elements leased to or by the Homeowners' Association? ☐ Yes ☐ No If Yes, describe the rental terms and options.

Describe common elements and recreational facilities.

Small Residential Income Property Appraisal Report

File # 0010043962

This report form is designed to report an appraisal of a two- to four-unit property, including a two- to four-unit property in a planned unit development (PUD). A two- to four-unit property located in either a condominium or cooperative project requires the appraiser to inspect the project and complete the project information section of the Individual Condominium Unit Appraisal Report or the Individual Cooperative Interest Appraisal Report and attach it as an addendum to this report.

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, including each of the units. 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.

Small Residential Income Property Appraisal Report

File # 0010043962

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, including all units. 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 and income approaches to value. I have adequate market data to develop reliable sales comparison and income approaches to value for this appraisal assignment. I further certify that I considered the cost approach to value but did not develop it, 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.

Small Residential Income Property Appraisal Report

File # 0010043962

21. The lender/client may disclose or distribute this appraisal report to: the borrower; another lender at the request of the borrower; the mortgagee or its successors and assigns; mortgage insurers; government sponsored enterprises; other secondary market participants; data collection or reporting services; professional appraisal organizations; any department, agency, or instrumentality of the United States; and any state, the District of Columbia, or other jurisdictions; without having to obtain the appraiser's or supervisory appraiser's (if applicable) consent. Such consent must be obtained before this appraisal report may be disclosed or distributed to any other party (including, but not limited to, the public through advertising, public relations, news, sales, or other media).
22. I am aware that any disclosure or distribution of this appraisal report by me or the lender/client may be subject to certain laws and regulations. Further, I am also subject to the provisions of the Uniform Standards of Professional Appraisal Practice that pertain to disclosure or distribution by me.
23. The borrower, another lender at the request of the borrower, the mortgagee or its successors and assigns, mortgage insurers, government sponsored enterprises, and other secondary market participants may rely on this appraisal report as part of any mortgage finance transaction that involves any one or more of these parties.
24. If this appraisal report was transmitted as an "electronic record" containing my "electronic signature," as those terms are defined in applicable federal and/or state laws (excluding audio and video recordings), or a facsimile transmission of this appraisal report containing a copy or representation of my signature, the appraisal report shall be as effective, enforceable and valid as if a paper version of this appraisal report were delivered containing my original hand written signature.
25. Any intentional or negligent misrepresentation(s) contained in this appraisal report may result in civil liability and/or criminal penalties including, but not limited to, fine or imprisonment or both under the provisions of Title 18, United States Code, Section 1001, et seq., or similar state laws.

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

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

APPRAISER

Signature 
Name Adam Verrier
Company Name Appraisal Company of Alaska
Company Address 3940 Arctic Blvd., Ste 103, Anchorage, AK
99503
Telephone Number (907) 562-2424
Email Address averrier@appraisalalaska.com
Date of Signature and Report 09/19/2012
Effective Date of Appraisal 09/13/2012
State Certification # _____
or State License # AA-326
or Other (describe) _____ State # _____
State AK
Expiration Date of Certification or License 06/30/2013

ADDRESS OF PROPERTY APPRAISED
3380 Nina Way
Dillingham, AK 99576

APPRAISED VALUE OF SUBJECT PROPERTY \$ 150,000

LENDER/CLIENT

Name _____
Company Name Residential Mortgage, LLC
Company Address 100 Calais Drive, Suite 100, Anchorage, AK
99503
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 _____

Small Residential Income Property Appraisal Report

File # 0010043962

SALES COMPARISON APPROACH	FEATURE	SUBJECT			COMPARABLE SALE # 4				COMPARABLE SALE # 5				COMPARABLE SALE # 6			
	Address	3380 Nina Way Dillingham, AK 99576			2134 Aleknagik Lake Road Dillingham, AK 99576											
	Proximity to Subject				1.68 miles NW											
	Sale Price	\$ 130,000					\$ 237,000				\$				\$	
	Sale Price/Gross Bldg. Area	\$ 70.31 sq.ft.			\$ 61.40 sq.ft.				\$ sq.ft.				\$ sq.ft.			
	Gross Monthly Rent	\$ 1,800			\$ 3,000				\$				\$			
	Gross Rent Multiplier	72.22			79.00											
	Price per Unit	\$ 65,000			\$ 79,000				\$				\$			
	Price per Room	\$ 16,250			\$ 19,750				\$				\$			
	Price per Bedroom	\$ 43,333			\$ 47,400				\$				\$			
	Rent Control	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No			<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No				<input type="checkbox"/> Yes <input type="checkbox"/> No				<input type="checkbox"/> Yes <input type="checkbox"/> No			
	Data Source(s)				Inspection, MLS, Contract											
	Verification Source(s)				MLS											
	VALUE ADJUSTMENTS	DESCRIPTION			DESCRIPTION		+ (-) Adjustment		DESCRIPTION		+ (-) Adjustment		DESCRIPTION		+ (-) Adjustment	
	Sale or Financing Concessions				FHA None											
	Date of Sale/Time				02/02/2012											
	Location	Average			Average											
	Leasehold/Fee Simple	Fee Simple			Fee Simple											
	Site	0.47 acres			0.86 acres		-7,000									
	View	Average			Average											
	Design (Style)	2x2-story buildings			2-story 3-plex		0									
	Quality of Construction	Average			Superior		-20,000									
	Actual Age	21			34		+6,500									
	Condition	Average			average											
	Gross Building Area	1,849			3,860		-70,400									
	Unit Breakdown	Total	Bdrms	Baths	Total	Bdrms	Baths		Total	Bdrms	Baths		Total	Bdrms	Baths	
	Unit # 1	5	2	1.5	6	3	2	-6,000								
	Unit # 2	3	1	.75	3	1	1	-1,000								
	Unit # 3				3	1	1	-8,000								
	Unit # 4															
	Basement Description	None			792 SF incl above											
	Basement Finished Rooms	0-0-0			3-0-0 incl above											
	Functional Utility	Average			Average											
	Heating/Cooling	Oil Wall Furnace			Oil HWBB											
	Energy Efficient Items	Average			Average											
	Parking On/Off Site	G1B,C1A			Workshop		+8,000									
	Porch/Patio/Deck	Pchs,Stg,StmBth			Decks,Porches		+4,000									
	Net Adjustment (Total)				<input type="checkbox"/> + <input checked="" type="checkbox"/> -		\$ -93,900		<input type="checkbox"/> + <input type="checkbox"/> -		\$		<input type="checkbox"/> + <input type="checkbox"/> -		\$	
	Adjusted Sale Price of Comparables				Net Adj. 39.6 % Gross Adj. 55.2 %		\$ 143,100		Net Adj. % Gross Adj. %		\$		Net Adj. % Gross Adj. %		\$	
	Adjusted Price Per Unit (Adj. SP Comp / # of Comp Units)	\$			47,700				\$				\$			
	Adjusted Price Per Room (Adj. SP Comp / # of Comp Rooms)	\$			11,925				\$				\$			
	Adjusted Price Per Bedrm (Adj. SP Comp / # of Comp Bedrooms)	\$			28,620				\$				\$			
SALE HISTORY	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	None within prior 3 years			None within prior year											
	Price of Prior Sale/Transfer															
	Data Source(s)	City Records, DNR Records			City Records, DNR Records											
	Effective Date of Data Source(s)	09/18/2012			09/18/2012											
	Analysis of prior sale or transfer history of the subject property and comparable sales															
ANALYSIS / COMMENTS	Analysis/Comments Comp 4 is the most recent multifamily sale available, but it has poor overall appeal because it was built into what it is today through several additions over the years. After repeated marketing attempts and deals that fell through, it finally sold in February 2012.															

Market Conditions Addendum to the Appraisal Report

File No. 0010043962

MARKET RESEARCH & ANALYSIS

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	3380 Nina Way	City	Dillingham	State	AK	ZIP Code	99576
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Borrower Janice & Ben McDowell

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.

Inventory Analysis	Prior 7–12 Months	Prior 4–6 Months	Current – 3 Months	Overall Trend		
Total # of Comparable Sales (Settled)	0	0	0	<input type="checkbox"/> Increasing	<input checked="" type="checkbox"/> Stable	<input type="checkbox"/> Declining
Absorption Rate (Total Sales/Months)	0	0	0	<input type="checkbox"/> Increasing	<input checked="" type="checkbox"/> Stable	<input type="checkbox"/> Declining
Total # of Comparable Active Listings	1	1	1	<input type="checkbox"/> Declining	<input checked="" type="checkbox"/> Stable	<input type="checkbox"/> Increasing
Months of Housing Supply (Total Listings/Ab.Rate)	0	0	0	<input type="checkbox"/> Declining	<input checked="" type="checkbox"/> Stable	<input type="checkbox"/> Increasing
Median Sale & List Price, DOM, Sale/List %	Prior 7–12 Months	Prior 4–6 Months	Current – 3 Months	Overall Trend		
Median Comparable Sale Price	0	0	0	<input type="checkbox"/> Increasing	<input checked="" type="checkbox"/> Stable	<input type="checkbox"/> Declining
Median Comparable Sales Days on Market	0	0	0	<input type="checkbox"/> Declining	<input checked="" type="checkbox"/> Stable	<input type="checkbox"/> Increasing
Median Comparable List Price	245,000	245,000	245,000	<input type="checkbox"/> Increasing	<input checked="" type="checkbox"/> Stable	<input type="checkbox"/> Declining
Median Comparable Listings Days on Market	457	457	457	<input type="checkbox"/> Declining	<input checked="" type="checkbox"/> Stable	<input type="checkbox"/> Increasing
Median Sale Price as % of List Price	0	0	0	<input type="checkbox"/> Increasing	<input checked="" type="checkbox"/> Stable	<input type="checkbox"/> Declining

Seller-(developer, builder, etc.)paid financial assistance prevalent? ☐ Yes ☒ No

Explain in detail the seller concessions trends for the past 12 months (e.g., seller contributions increased from 3% to 5%, increasing use of buydowns, closing costs, condo fees, options, etc.). Concessions are not prevalent, however, when noted they have been typically in the range of 1% to 3% for the last decade with no change observed.

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

Cite data sources for above information. Data source for this form is the Alaska MLS system.

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.

Dillingham is an isolated community with a relatively small amount of housing stock. There is not adequate sales data to use statistical analyses to determine trends in the Dillingham market. MLS is rarely used to list homes in this market. Trends are determined based on general knowledge of the local real estate market and conversations with realtors as well as local home buyers and sellers.

CONDO/CO-OP PROJECTS

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

Project Name:

Subject Project Data	Prior 7–12 Months	Prior 4–6 Months	Current – 3 Months	Overall Trend		
Total # of Comparable Sales (Settled)				<input type="checkbox"/> Increasing	<input type="checkbox"/> Stable	<input type="checkbox"/> Declining
Absorption Rate (Total Sales/Months)				<input type="checkbox"/> Increasing	<input type="checkbox"/> Stable	<input type="checkbox"/> Declining
Total # of Active Comparable Listings				<input type="checkbox"/> Declining	<input type="checkbox"/> Stable	<input type="checkbox"/> Increasing
Months of Unit Supply (Total Listings/Ab.Rate)				<input type="checkbox"/> Declining	<input type="checkbox"/> Stable	<input type="checkbox"/> Increasing

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.

APPRAISER

Signature	Signature
Appraiser Name Adam Yerber	Supervisory Appraiser Name
Company Name Appraisal Company of Alaska	Company Name
Company Address 3940 Arctic Blvd., Ste 103, Anchorage, AK 99503	Company Address
State License/Certification # AA-326 State AK	State License/Certification # State
Email Address averrier@appraisalalaska.com	Email Address

Operating Income Statement

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

Property Address		3380 Nina Way Street		Dillingham City	AK State	99576 Zip Code	
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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.

	Currently Rented	Expiration Date	Current Rent Per Month	Market Rent Per Month	Utility Expense	Paid By Owner	Paid By Tenant
Unit No. 1	Yes <input checked="" type="checkbox"/> No <input type="checkbox"/>		\$ 540	\$ 950	Electricity	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Unit No. 2	Yes <input checked="" type="checkbox"/> No <input type="checkbox"/>		\$ 850	\$ 850	Gas	<input type="checkbox"/>	<input type="checkbox"/>
Unit No. 3	Yes <input type="checkbox"/> No <input type="checkbox"/>		\$	\$	Fuel Oil	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Unit No. 4	Yes <input type="checkbox"/> No <input type="checkbox"/>		\$	\$	Fuel (Other)	<input type="checkbox"/>	<input type="checkbox"/>
Total			\$ 1,390	\$ 1,800	Water/Sewer	<input checked="" type="checkbox"/>	<input type="checkbox"/>
					Trash Removal	<input type="checkbox"/>	<input checked="" 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

	By Applicant/Appraiser	Adjustments by Lender's Underwriter
Income (<i>Do not include income for owner-occupied units</i>)		
Gross Annual Rental (<i>from unit(s) to be rented</i>)	\$ 10,200	\$
Other Income (<i>include sources</i>)	+	+
Total	\$ 10,200	\$
Less Vacancy/Rent Loss	- 306 (3 %)	- (%)
Effective Gross Income	\$ 9,894	\$
Expenses (<i>Do not include expenses for owner-occupied units</i>)		
Electricity		
Gas		
Fuel Oil		
Fuel (Type -)		
Water/Sewer	1,400	
Trash Removal		
Pest Control		
Other Taxes or Licenses	2,644	
Casual Labor	500	
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	500	
This includes the costs of contract labor and materials that are required to maintain the interiors of the living unit.		
General Repairs/Maintenance	1,500	
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	692	
These are the customer expenses that a professional management company would charge to manage the property.		
Supplies	500	
This includes the costs of items like light bulbs, janitorial supplies, etc.		
Total Replacement Reserves - See Schedule on Pg. 2	2,060	
Miscellaneous		
Management expenses calculated @ 7% of gross income.		
.....		
.....		
.....		
.....		
.....		
.....		
Total Operating Expenses	\$ 9,796	\$

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	@	\$ 500	ea. ÷	10 Yrs. x	2	Units = \$ 100	\$
Refrigerators	@	\$ 800	ea. ÷	10 Yrs. x	2	Units = \$ 160	\$
Dishwashers	@	\$ 500	ea. ÷	10 Yrs. x	2	Units = \$ 100	\$
A/C Units	@	\$	ea. ÷	Yrs. x		Units = \$	\$
C. Washer/Dryers	@	\$ 800	ea. ÷	10 Yrs. x	2	Units = \$ 160	\$
HW Heaters	@	\$ 1,500	ea. ÷	10 Yrs. x	2	Units = \$ 300	\$
Furnace(s)	@	\$ 3,000	ea. ÷	10 Yrs. x	2	Units = \$ 600	\$
(Other)	@	\$	ea. ÷	Yrs. x		Units = \$	\$
Roof	@	\$ 6,000	÷	10 Yrs. x One Bldg. =		\$ 600	\$
Carpeting (Wall to Wall)							
				Remaining Life			
(Units) 20	Total Sq. Yds. @ \$ 20	Per Sq. Yd. ÷	10 Yrs. =		\$ 40	\$	
(Public Areas)	Total Sq. Yds. @ \$	Per Sq. Yd. ÷	Yrs. =		\$	\$	
Total Replacement Reserves. (Enter on Pg. 1)						\$ 2,060	\$

Operating Income Reconciliation

\$ 9,894	-	\$ 9,796	=	\$ 98	÷ 12 =	\$ 8
Effective Gross Income		Total Operating Expenses		Operating Income		Monthly Operating Income
\$ \$ 8	-	\$ 0	=	\$ 8		
Monthly Operating Income		Monthly Housing Expense		Net Cash Flow		

(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)
Figures based on actual current rent.

Adam Verrier
Appraiser Name


Appraiser Signature

09/19/2012
Date

Underwriter’s Comments and Rationale for Adjustments

Underwriter Name

Underwriter Signature

Date

Building Sketch

Borrower/Client	Janice & Ben McDowell									
Property Address	3380 Nina Way									
City	Dillingham			County	Dillingham		State	AK	Zip Code	99576
Lender	Residential Mortgage, LLC									



Sketch by Apex IV™

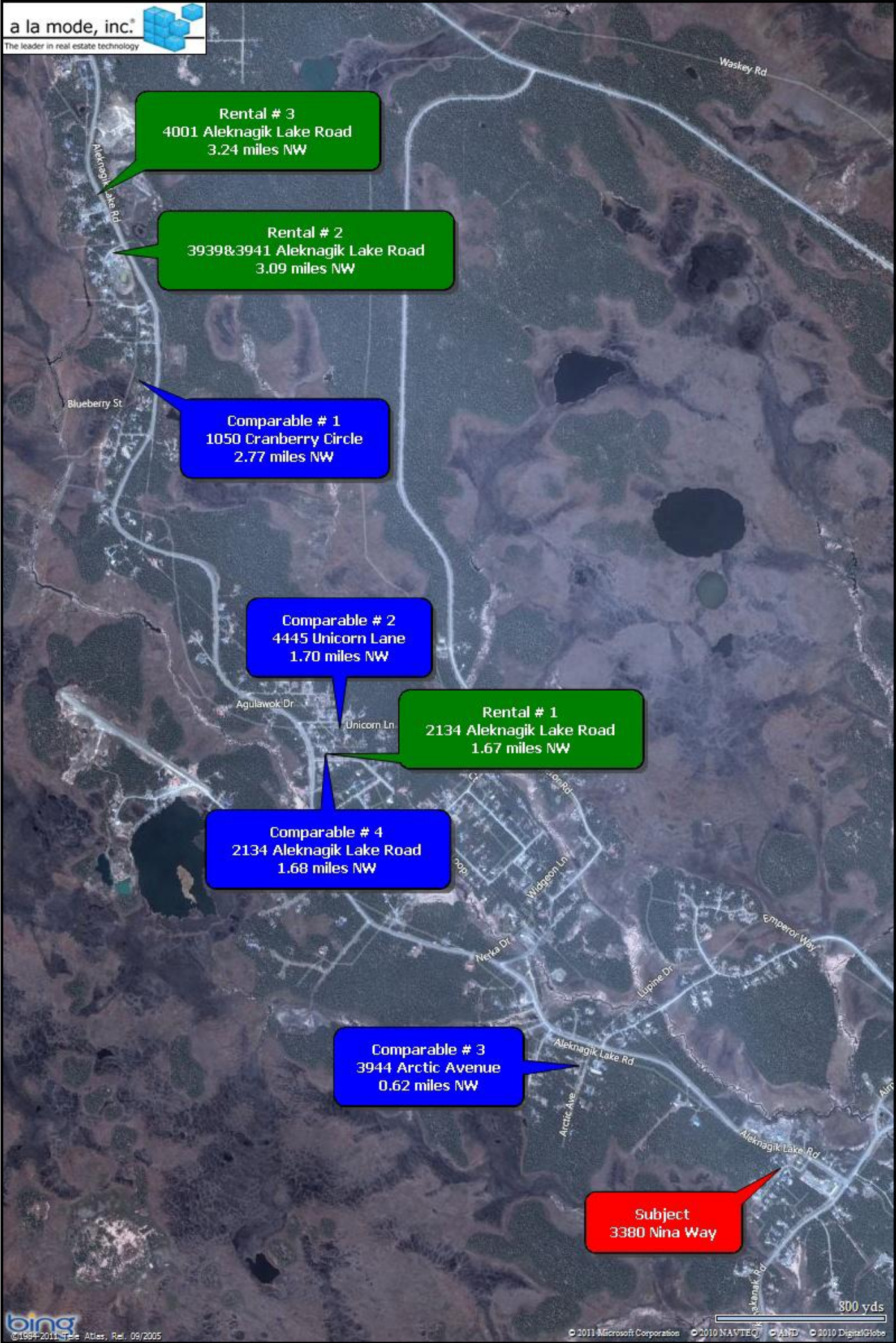
Comments:

AREA CALCULATIONS SUMMARY			
Code	Description	Net Size	Net Totals
GLA1	First Floor	586.0	826.0
	First Floor	240.0	
GLA2	Second Floor	543.0	1023.0
	Second Floor	480.0	
GAR	Carport	240.0	480.0
	Garage	240.0	
OTH	Storage Building	224.0	224.0
Net LIVABLE Area		(Rounded)	1849

LIVING AREA BREAKDOWN			
Breakdown			Subtotals
First Floor			
16.0	x	30.5	488.0
4.0	x	12.5	50.0
4.0	x	12.0	48.0
12.0	x	20.0	240.0
Second Floor			
6.0	x	10.5	63.0
20.0	x	24.0	480.0
20.0	x	24.0	480.0
7 Items			
(Rounded)			1849

Aerial Map

Borrower/Client	Janice & Ben McDowell			
Property Address	3380 Nina Way			
City	Dillingham	County	Dillingham	State AK Zip Code 99576
Lender	Residential Mortgage, LLC			



Subject Photo Page

Borrower/Client	Janice & Ben McDowell				
Property Address	3380 Nina Way				
City	Dillingham	County	Dillingham	State	AK
				Zip Code	99576
Lender	Residential Mortgage, LLC				



Subject Front

3380 Nina Way
Sales Price 130,000
GLA 896
Total Rooms 8
Total Bedrms 3
Total Bathrms 2.25
Location Average
View Average
Site 0.47 acres
Quality Average
Age 21

Unit 1 to right
Unit 2 behind
Stg Bldg to left



Unit 1 Rear



Subject Street

Photograph Addendum

Borrower/Client	Janice & Ben McDowell				
Property Address	3380 Nina Way				
City	Dillingham	County	Dillingham	State	AK
				Zip Code	99576
Lender	Residential Mortgage, LLC				



Alternate Street



Front



Storage Building



Unit 2 Front



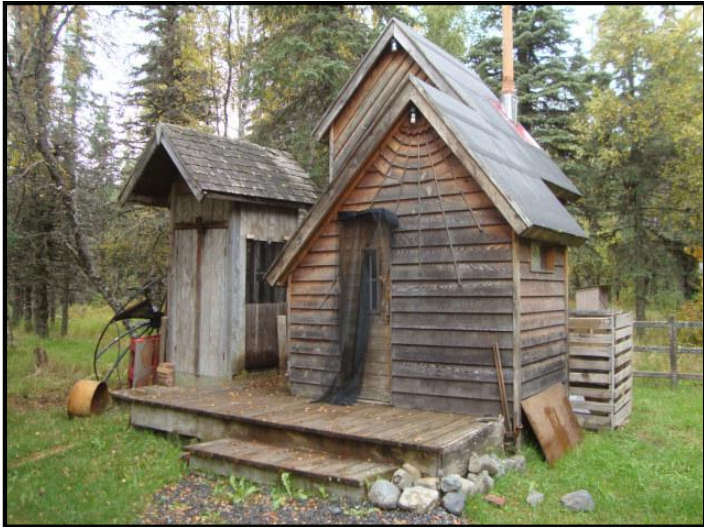
Unit 2 Rear



Storage Building Rear

Photograph Addendum

Borrower/Client	Janice & Ben McDowell			
Property Address	3380 Nina Way			
City	Dillingham	County	Dillingham	State AK Zip Code 99576
Lender	Residential Mortgage, LLC			



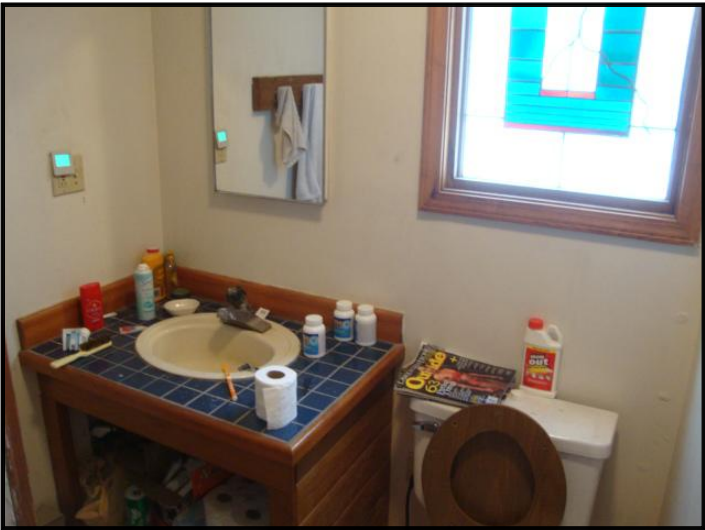
Steam Bath; Storage; Smokehouse



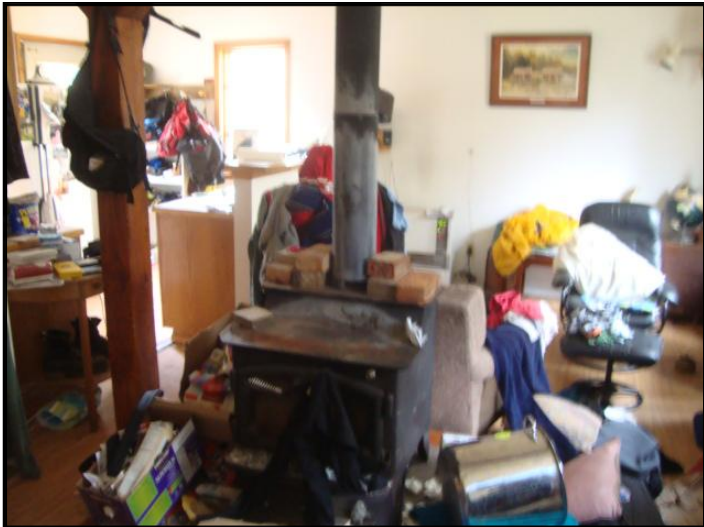
Unit 2 Living Room



Unit 2 Kitchen



Unit 2 Bath



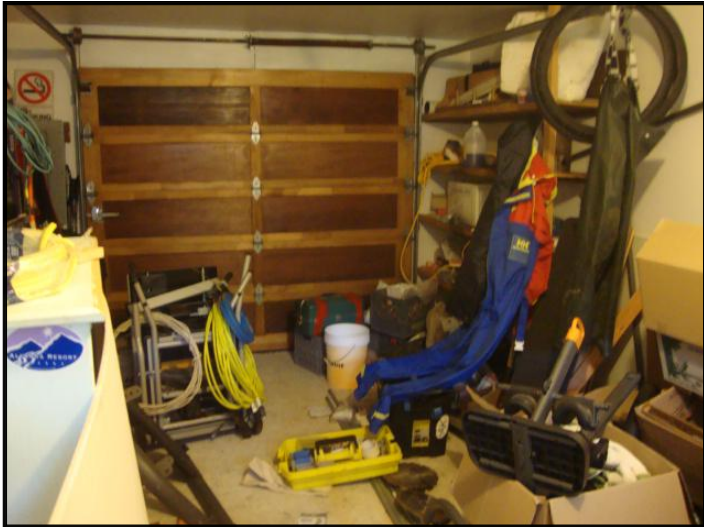
Unit 2 Living Room



Unit 2 Bedroom

Photograph Addendum

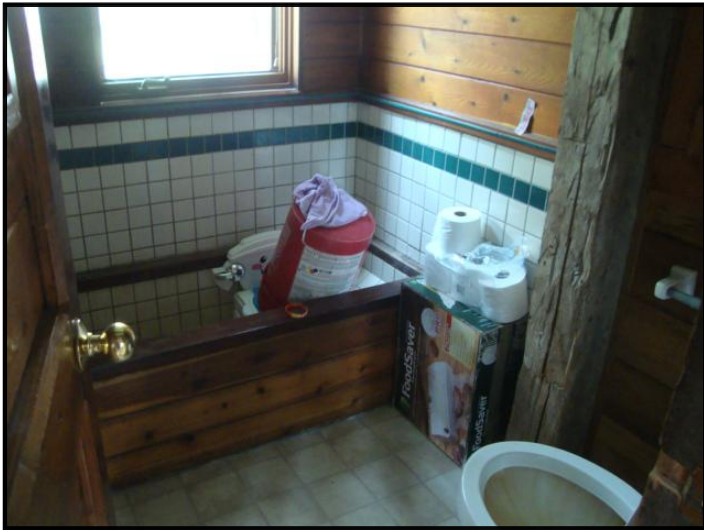
Borrower/Client	Janice & Ben McDowell			
Property Address	3380 Nina Way			
City	Dillingham	County	Dillingham	State AK Zip Code 99576
Lender	Residential Mortgage, LLC			



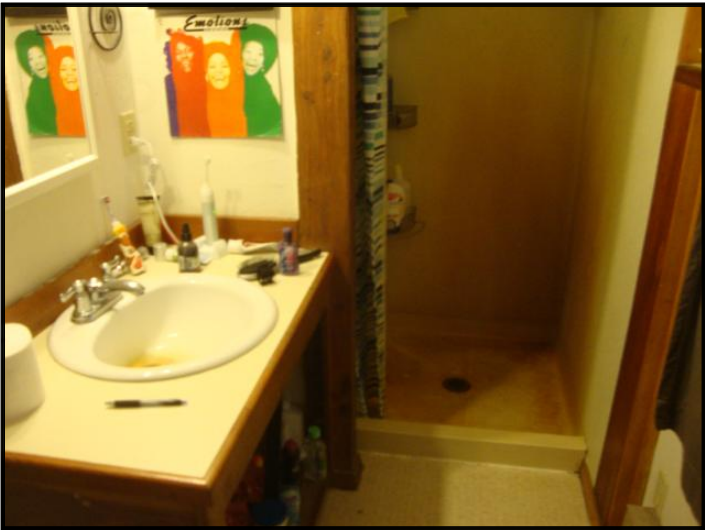
Unit 2 Garage



Unit 1 Kitchen



Unit 1 Bath



Unit 1 Bath



Unit 1 Kitchen



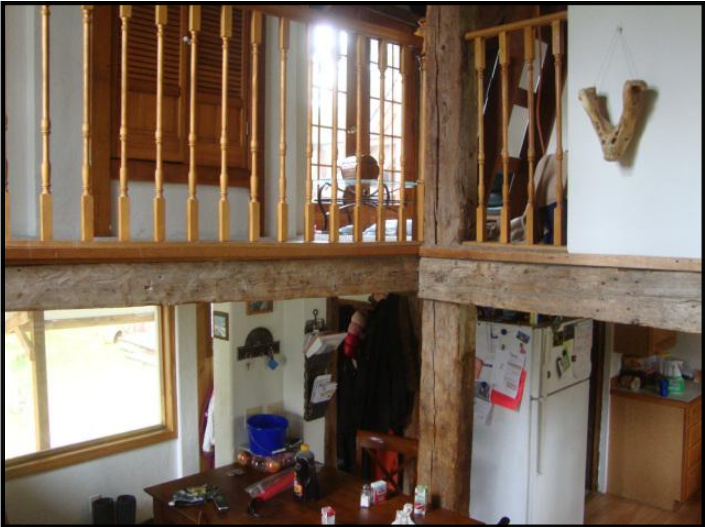
Unit 1 Family Room

Photograph Addendum

Borrower/Client	Janice & Ben McDowell			
Property Address	3380 Nina Way			
City	Dillingham	County	Dillingham	State AK Zip Code 99576
Lender	Residential Mortgage, LLC			



Unit 1 Bedroom / Laundry Area



Unit 1 Interior



Storage Building Interior



Storage Building Interior



Storage Building

Comparable Photo Page

Borrower/Client	Janice & Ben McDowell				
Property Address	3380 Nina Way				
City	Dillingham	County	Dillingham	State	AK
				Zip Code	99576
Lender	Residential Mortgage, LLC				



Comparable 1

1050 Cranberry Circle
Proximity 2.77 miles NW
Sale Price 295,000
GLA
Total Rooms 8
Total Bedrms 4
Total Bathrms 2
Location Average
View Average
Site 0.92 acres
Quality Superior
Age 15



Comparable 2

4445 Unicorn Lane
Proximity 1.70 miles NW
Sale Price 250,000
GLA
Total Rooms 11
Total Bedrms 5
Total Bathrms 2.75
Location Average
View Average
Site 0.86 acres
Quality Superior
Age 27



Comparable 3

3944 Arctic Avenue
Proximity 0.62 miles NW
Sale Price 290,000
GLA
Total Rooms 9
Total Bedrms 5
Total Bathrms 2.75
Location Average
View Average
Site 1.25 acres
Quality Superior
Age 24

Comparable Photo Page

Borrower/Client	Janice & Ben McDowell				
Property Address	3380 Nina Way				
City	Dillingham	County	Dillingham	State	AK
				Zip Code	99576
Lender	Residential Mortgage, LLC				



Comparable 4

2134 Aleknagik Lake Road
Prox. to Subj. 1.68 miles NW
Sales Price 237,000
G.L.A.
Tot. Rooms 12
Tot. Bedrms. 5
Tot. Bathrms. 4
Location Average
View Average
Site 0.86 acres
Quality Superior
Age 34

Comparable 5

Prox. to Subj.
Sales Price
G.L.A.
Tot. Rooms
Tot. Bedrms.
Tot. Bathrms.
Location
View
Site
Quality
Age

Comparable 6

Prox. to Subj.
Sales Price
G.L.A.
Tot. Rooms
Tot. Bedrms.
Tot. Bathrms.
Location
View
Site
Quality
Age

Rental Photo Page

Borrower/Client	Janice & Ben McDowell				
Property Address	3380 Nina Way				
City	Dillingham	County	Dillingham	State	AK
				Zip Code	99576
Lender	Residential Mortgage, LLC				



Rental 1

2134 Aleknagik Lake Road
Prox. to Subj. 1.67 miles NW
G.B.A. 3,860
Age 34



Rental 2

3939&3941 Aleknagik Lake Road
Prox. to Subj. 3.09 miles NW
G.B.A. 2,516
Age 13



Rental 3

4001 Aleknagik Lake Road
Prox. to Subj. 3.24 miles NW
G.B.A. 2,402
Age 6