

CLARIFICATION OF ASSUMPTIONS, LIMITING CONDITIONS, CERTIFICATIONS AND SCOPE OF WORK

The following is noted in order to define terms as they are used in the appraisal report. This is not intended to be a modification of the certification, but a clarification, which is required to be in compliance with USPAP.

The URAR appraisal form was used to report the results of my (our) appraisal. The scope of work explanations discussed here and within the body of the report, reference by number and page, the Scope of Work, Assumptions and Limiting Conditions and Certifications as shown on pages 4-6 of the FNMA Form 1004/Freddie Mac Form 70 to further define, clarify and document what the appraiser(s) did and or did not do in order to develop the appraisal and report the value opinion, based on the complexity of this appraisal assignment and or as a result of a supplementary Agreement or Engagement Letter as accepted by the appraiser(s) and client identified within the appraisal report.

If no written specific and or supplemental Scope of Work was agreed upon with the client (prior to accepting the assignment, by formal engagement letter and included in this report) the Scope of Work outlined here and within the report, is considered to be representative of what typical users of appraisal services would require and in general, what appraisers would provide as reasonable, acceptable and sufficient for the stated intended user's needs.

HOUSING MARKET TRENDS & CONDITIONS (Pg 1)

Under "One-Unit Housing Trends," the boxes selected were based on an analysis of the "short real estate trends (3 to 6 years)." This type of analysis is identified and specified in "The Appraisal of Real Estate," by the Appraisal Institute and also considered in "Essential of Real Estate Economics" - Fifth Edition. While consideration was given to trends identified by the Case-Shiller Index, OFHEO and NAR reports, these indexes and reports portray trends at the MSA level where as the trends identified by the appraiser for the "One-Unit Housing Trends" of the URAR reflect trends at the neighborhood level, which may differ from area wide housing trends.

SCOPE OF WORK (Pg 4 & Pg 5, Cert. 2): Item (1) - it should be noted that the Appraiser(s) conducted a visual inspection of only the readily accessible areas of the property, viewing only those components of the property which were clearly visible from the ground or floor level. No tests were made of the mechanical, plumbing and electrical systems. Such tests are not within the standard guidelines of FNMA or FHLMC. Comments on the condition of the foundation, roof, exterior, interior, floors, mechanical, plumbing, electrical, insulation and all other matters relating to the construction of the subject property are based on a casual observation only, which may have been limited by the placement of personal property, furnishings, etc. so as to preclude observation of the items blocked by same. There was no observation of the attic, crawl space or components that are hidden within walls other areas that would not be visible by a typical visitor to the home.

Although the report may cite a general rating of the adequacy and or condition (based on observation only) it should be clearly understood that these statements are a general guide for comparison purposes (as part of the valuation process) and are not a detailed report on the physical and or operational condition of these items. The appraiser(s) is not an expert in these matters and any opinion stated is advisory based only upon observation. **This report is not a home inspection.** While others may choose to rely on the report, they should not rely on it to disclose condition and defects. Such knowledge goes beyond the scope of this appraisal and as such, comments on observed conditions given in this report should not be taken as a guarantee that a problem does not exist.

The following chart is to assist the intended user in comprehending the scope of a complete visual inspection:

Complete Visual Inspection Includes:	Complete Visual Inspection Does/Did NOT Include:
List the amenities	Testing or activating mechanical systems
View readily observable exterior areas	Activating appliances
View readily observable interior areas	Observation of crawl spaces and attics
Note quality of materials and workmanship	Observation of areas not readily accessible
Measure the exterior of the improvements	Building Code compliance issues
Observe the floor plan and room layout	Moving furniture or personal property
Assess the functional utility of the property	Mold Assessment
Note the subject's conformity to the market area.	Removing (or moving) floor coverings
Note style / design.	Testing or inspection of the well and septic.
Observe the general condition of the improvements, including a sampling of closets, windows, electrical switches, and doors.	Reporting personal property.
	Roof Condition report beyond an observation from ground level.
Photograph exterior and view site around the improvements	Radon Assessment

Items (2,3,4 & 5) where it states "inspect the neighborhood" the observation was limited to driving through the area and a representative number of streets, reviewing maps and other appropriate data including observing the comparables from the street, to determine the general factors that may influence the value of the subject property and research to the extent further defined in the sections below.

REPAIRS/DETERIORATION (Pg. 4, item 5 & Pg. 5, Cert. 2): The terms **deficiency** & **livability** have not been defined in the appraisal report. An effort was made to report ONLY those repair items that, in the appraiser's opinion, affect safety, adequacy, and marketability of the property. Deterioration consistent with the age of the home has not been itemized.

COST APPROACH (Pg. 5, Cert. 4): The cost approach is typically utilized when improvements are new, near new or are of an unusual construction method. This approach is only considered appropriate when sufficient land; building sites, etc. are available to a potential purchaser so as to make construction of improvements similar to the subject, a viable alternative to purchasing the subject. In areas where vacant sites (similar to the subject property in location, zoning, use and utility) are not available to a potential purchaser, use of the cost approach and reliability on the same as a value indicator could be misleading. When the Cost Approach is not deemed necessary in the development of a reliable value opinion, it was excluded and such exclusion has been so stated with the body of the report.

If the cost approach was used it represents the "replacement cost estimate," and is for "valuation purposes only." As such, it should not be relied upon for insurance purposes. The definition of "market value" on page 4 of this report is not consistent with the definition of "insurable value". If the cost approach was presented, a service such as "Marshall & Swift" (or similar source) was used to develop the estimate. The site value opinion is based on one of several methods: extraction, allocation, the developmental method or from a review & analysis of sales of similar sites within the market area.

INCOME APPROACH (Pg. 5, Cert. 4): The income approach is typically utilized when sufficient investor owned properties exist with the subject's immediate area or neighborhood and when investors regularly acquire such properties that are equally desirable to the subject for the express purpose of the income they provide. While rentals may exist in any area, their presence alone should not be considered as proof of a viable rental or investor marketplace. As such, in areas dominated by "owner occupied" units, it may be inappropriate to employ the income approach, unless the approach clearly represents the motivations and actions of investors in the marketplace as it relates to the subject property and immediate area. If the approach is included within the report, it was because sufficient data was found to support conclusions by the appraiser(s) that it was appropriate and meaningful to the analysis and value opinion. If the approach was not included, it was the appraiser's opinion that the data was insufficient to provide a useful and meaningful conclusion.

EXTENT OF DATA RESEARCH – SALES/LISTINGS (Pg. 5, Cert. 5 thru 9): Sales & listings of the subject property and comparables were researched, verified, analyzed & reported in compliance with Certifications 5 thru 9 of this URAR. Sales data (including listed, closed, pending and expired) of properties that are geographically, physically, functionally and economically similar to the subject property and that reflected current buyer and seller actions were researched and considered. If necessary and applicable, the appraiser(s) also researched comparable land and improved sales, income and expense information and construction costs; confirmed sales information (as noted under "**EXTENT OF INFORMATION VERIFICATION**;"(see next section) and analyzed the information in applying the approach(es) used.

Depending upon the availability and reliability of various data sources, the appraiser(s) used a combination of reasonably available information from city/county records, real estate agents, owner's comments, buyer's description, assessor's records, multiple listing service (MLS) data, brochures, web site listings and visual observation to identify the relevant characteristics of the subject property. Comparables were selected based on physical, functional, economic and location characteristics with the sales cited in the report considered to be most relevant to the analysis of subject property. These sales were adjusted to the subject to reflect the market's reaction (if any) to differences.

In areas experiencing fluctuating market conditions and as directed by supplemental guidelines from FNMA, listing and pending sales data was also considered along with the impact (if any) of foreclosure short sale activity and such data was considered in the final value opinion if it was relevant to the value opinion. It should be noted that the presence of foreclosure activity and or short sales does not automatically constitute a shift in the market. This type of activity may or may not have a bearing on the subject property and is evaluated on a property-by-property basis.

EXTENT OF INFORMATION VERIFICATION (Pg. 5, Cert. 10 & 13): Representative samples of disinterested sources for information and data verification include but are not limited to County/City online records – Recorder, Treasurer, Zoning, GIS, Online Assessor Property Databases – Sales, Property Characteristics, Personal observation – Condition, Location, Physical attributes, Real Estate Transaction Declaration documents – Sale date, Personal property. In addition, the subject's market area was examined to determine the demand for and marketability of properties similar to the subject.

When and where possible, the applicable information was verified with sources deemed to be reliable and a disinterested party or corroborated with a 3rd party source. In some cases, the motivations of the parties or other factors (terms, arms-length transactions, etc.) may not have been available and the data was used at "face value as factually accurate."

The appraiser(s) was not supplied with a survey of the subject site, did not check land records for recorded easements and has reported only apparent easements and encroachments. Unless otherwise stated within the report, no effort was made to ascertain whether the subject is within the appropriate setbacks, as dictated by zoning, building or other regulations.

PUBLIC / PRIVATE DATA SOURCES (Pg. 5, Cert. 12): My (our) appraisal practice is limited to **Clark County, Nevada**. I have access to public data via Clark County; the GLVAR Multiple Listing Service; Marshall & Swift national cost estimation service, flood data and maps, along with private information contained within my office files that is considered necessary and appropriate for this assignment.

ADVERSE FACTORS (Pg 4 item 5 & Pg. 5, Cert. 14): As cited in the "Assumptions & Limiting Conditions," is subjective and open to broad interpretation. Most properties will have a form of physical depreciation, deficiency or livability issues, dependent upon the standards of the party observing the property. A property could also be impacted by a wide-range of factors internal or external to the property that may be considered "adverse" by someone.

Absent detailed directives and specific guidelines from the lender/client, the appraiser(s) made a visual inspection of the property and its market environment (as cited elsewhere in the Scope of Work) and noted factors that may impact the marketability and livability to potential buyers based upon the appraiser's knowledge of the market and or as evidenced by sales of properties with similar or comparable conditions. Such items noted in the report were considered within the valuation approaches that were applied to the analysis.

While some in the market may consider factors such as drug labs, registered sex offenders, criminal activity, interim rehabilitation facilities halfway houses or similar uses as "adverse," unless cited within the report, the appraiser(s) has made no attempt to investigate or discover such activities as part of this assignment, unless such factors were readily apparent and obviously impacting the subject property as evidenced by market data. If the intended user has concerns in these areas, it is highly recommended that they secure this information from a reliable source.

DISCLOSURE/DISTRIBUTION (Pg. 6, Cert. 21 & Cert. 23): Regardless of who paid for this assignment, the intended user is only the lender/client stated within the report. The appraisal and report may be inappropriate for use by parties other than the intended user and could place them at risk. Despite the means of possession of the report, this appraisal should not be used or relied on by anyone other than the stated intended user and for the stated/intended purpose. **Certification 23** – Per FNMA - "The Intended User of this appraisal report is the Lender/Client. The Intended Use is to evaluate the property that is the subject of this appraisal for a mortgage finance transaction, subject to the stated Scope of Work, purpose of the appraisal, reporting requirements of this appraisal report form, and Definition of Market Value. No additional Intended Users are identified by the appraiser."

THE VALUE OPINION:

The value opinion stated in the report is based on my (our) analysis and considers the productivity, economic and physical conditions of the property only as of the date of value cited. As market conditions change, this value opinion may not be valid in another time period. Personal property or other items that may be included with a sale or transfer of the property were excluded from the value unless such items are necessary for the operations of the property (garage door remotes, pool remotes, etc) and would normally be a part of the mechanical or operational equipment that is considered realty and or customarily transferred with the property.