

APPRAISAL OF



LOCATED AT:

1524 East Vassar Avenue
Fresno, CA 93704

FOR:

In-HouseLender.com
5 Hutton Centre Dr Ste-1100
South Coast Metro, CA 92701

BORROWER:

Robert R Hernandez

AS OF:

November 2, 2009

BY:

Richard K. Azevedo

Uniform Residential Appraisal Report

045-6901003
File No. FHA77674

SALES COMPARISON APPROACH

| | | | | | | | |
|---|--|-------------------------|--|------------------------|--|-------------------------|--|
| There are 7 comparable properties currently offered for sale in the subject neighborhood ranging in price from \$ 139,900 to \$ 229,900 . | | | | | | | |
| There are 19 comparable sales in the subject neighborhood within the past twelve months ranging in sale price from \$ 115,000 to \$ 175,000 . | | | | | | | |
| FEATURE | | SUBJECT | | COMPARABLE SALE NO. 1 | | COMPARABLE SALE NO. 2 | |
| 1524 East Vassar Avenue | | 655 East Terrace Avenue | | 657 East Hedges Avenue | | 412 East Clinton Avenue | |
| Address Fresno, CA 93704 | | Fresno, CA 93704 | | Fresno, CA 93728 | | Fresno, CA 93704 | |
| Proximity to Subject | | 0.60 miles WNW | | 1.00 miles SW | | 0.84 miles W | |
| Sale Price | | \$ 129,000 | | \$ 115,000 | | \$ 131,000 | |
| Sale Price/Gross Liv. Area | | \$ 54.68 sq. ft. | | \$ 69.61 sq. ft. | | \$ 62.59 sq. ft. | |
| Data Source(s) | | Inspected | | MLS# 334518 443-321-26 | | MLS# 339666 451-182-10 | |
| Verification Source(s) | | 11/02/2009 | | Doc.# 59654 | | Doc.# 143433 | |
| Doc.# 111620 | | | | | | | |
| VALUE ADJUSTMENTS | | DESCRIPTION | | DESCRIPTION | | DESCRIPTION | |
| | | | | +(-) \$ Adjustment | | +(-) \$ Adjustment | |
| Sale or Financing | | DOM 80 | | -0- | | DOM 21 | |
| Concessions | | Conv | | -0- | | FHA | |
| Date of Sale/Time | | 09/30/2009 | | 11/02/2009 | | 10/16/2009 | |
| Location | | Urban | | -0- | | Urban | |
| Leasehold/Fee Simple | | Fee Simple | | -0- | | Fee Simple | |
| Site | | 8,370 Sq.Ft. | | 6,750 Sq. Ft +/- | | 2,000 | |
| View | | Street Scene/Avg | | -0- | | Street Scene/Avg | |
| Design (Style) | | Contemporary | | -0- | | Contemporary | |
| Quality of Construction | | Average | | -0- | | Average | |
| Actual Age | | 44+/- Years | | -0- | | 36+/- Years | |
| Condition | | Average | | -0- | | Average | |
| Above Grade | | Inferior | | 10,000 | | Average | |
| Room Count | | Total Bdrms Baths | | Total Bdrms Baths | | Total Bdrms Baths | |
| Gross Living Area | | 8 3 3 | | 8 6 3 | | 5 2 1 | |
| | | 2,359 sq. ft. | | 2,599 sq. ft. | | 1,882 sq. ft. | |
| | | -5,000 | | 5,000 | | 2,000 | |
| | | None | | -0- | | None | |
| | | None | | -0- | | None | |
| | | None | | -0- | | None | |
| | | Average | | -0- | | Average | |
| | | FWA C/Air | | 5,000 | | Central | |
| | | Average | | -0- | | Average | |
| | | Average | | -0- | | Average | |
| | | 1 Car Garage | | -0- | | Det. Garage | |
| | | Att. Garage | | -0- | | Porch,Patio | |
| | | Porch,Patio | | -0- | | Porch,Patio | |
| | | Fireplace | | -0- | | Fireplace | |
| | | Fireplace | | -0- | | Fireplace | |
| | | Fence,None | | -0- | | Fence,None | |
| | | Fence,None | | -0- | | Fence,None | |
| | | Built in | | -0- | | Built in | |
| | | Built in | | -0- | | Built in | |
| | | Net Adjustment (Total) | | [X] + [] - \$ 6,000 | | [X] + [] - \$ 11,000 | |
| | | [] + [X] - \$ 5,000 | | | | | |
| | | Adjusted Sale Price | | Net Adj. 5.2% | | Net Adj. 8.4% | |
| | | of Comparables | | Gross Adj. 24.3% | | Gross Adj. 8.4% | |
| | | \$ 121,000 | | \$ 142,000 | | \$ 131,000 | |

I [X] did [] did not research the sale or transfer history of the subject property and comparable sales. If not, explain

My research [X] 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) Realquest.com, NDC Data, County Data, Local MLS and Local Title Office

My research [] did [X] 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) Realquest.com, NDC Data, County Data, Local MLS and Local Title Office

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 NO. 1 | COMPARABLE SALE NO. 2 | COMPARABLE SALE NO. 3 |
| Date of Prior Sale/Transfer | 07/13/2009 | No other sales Reported | No other sales Reported | No other sales Reported |
| Price of Prior Sale/Transfer | \$78,000 | within the past 12 months | within the past 12 months | within the past 12 months |
| Data Source(s) | Realquest/ MLS | Realquest/ MLS | Realquest/ MLS | Realquest/ MLS |
| Effective Date of Data Source(s) | 11/04/2009 | 11/04/2009 | 11/04/2009 | 11/04/2009 |

Analysis of prior sale or transfer history of the subject property and comparable sales The subject property has no other sales in the last 36 months and the comparables have no other sales in the last 12 months except those noted above.

The subject prior sale date on 07/13/2009 was an REO sale and the subject was in below average condition for the market area. The current owners have completed upgrades and a remodel to bring the home to above average condition.

Summary of Sales Comparison Approach. The comparables were selected from the subject's marketing area. Items of significant variation were weighted as to market reaction then allocated accordingly. The adjusted value range is \$121,000 to \$142,000. Comparable #3 is given the most consideration due to its lower net adjustments. Comparable #3 is adjusted for older date of sale (over 30 days) due to the declining market in this area. Comparable #1 is adjusted for condition due to the MLS listed as needed repairs. These are th most recent closed sales in a 1 mile radius that bracket the subjects larger GLA.

The subject is above predominant values due to its larger GLA.

This market area is over 90% REO property closed sales that have been listed on the MLS and current active data that is driving the market downward. REO sales are used due to the predominant affect on the current market.

Indicated Value by Sales Comparison Approach \$ 130,000

Indicated Value by: Sales Comparison Approach \$ 130,000 Cost Approach (if developed) \$ 133,700 Income Approach (if developed) \$ 0

The Sales Comparison Approach is given primary consideration as it best reflects current market conditions. The Cost Approach tends to provide support. The Income Approach is considered, however, it is not utilized due to lack of data.

This appraisal is made [X] "as is," [] subject to completion per plans and specifications on the basis of a hypothetical condition that the improvements have been completed, [] subject to the following repairs or alterations on the basis of a hypothetical condition that the repairs or alterations have been completed, or [] subject to the following required inspection based on the extraordinary assumption that the condition or deficiency does not require alteration or repair: This is an "as is" summary appraisal report done in accordance with USPAP 2008/2009.

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 \$ 130,000 as of 11/02/2009 , which is the date of inspection and the effective date of this appraisal.

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ADDITIONAL COMMENTS

MARKET AREA ANALYSIS:

Subject is located in a developed residential neighborhood of detached single family residences in the city of Fresno. Fresno is a community of 456,200 residents. Access to the neighborhood is good via paved public roads. Services and amenities such as schools, shops, recreation, places of worship, medical and employment centers are near by. There are no apparent adverse conditions noted that may have a negative impact on the market. Fire and police protection appear adequate.

RATE OF DECLINING MARKET:

The subject has been in a declining market for the last 12 months. The rate of decline has been 1% to 4% per month for a total of about 30% over the last 12 months. The data source used by the appraiser is the local MLS. The appraiser has documented the decline over the last 12 months with market studies done in the local MLS.

SITE ANALYSIS:

Subject site is an average size lot for the market area. The site does not have a negative impact on the marketability. Site improvements include a concrete driveway, a front walkway, a covered concrete porch, and a covered concrete patio. The property is fenced on the sides and rear with wood board fencing. The front and rear yards are landscaped and conforms to the neighborhood.

IMPROVEMENT ANALYSIS:

Subject being appraised is a two story, three bedroom, three bathroom, detached single family residence. The home is wood framed construction with stucco exterior walls and a composition shingle roof with a detached one car garage. There is a new central FAU heat and A/C unit, dual pane windows, built in kitchen appliances and an indoor laundry room. Subject has new carpet in all bedrooms, living room, family room, dining area and hallway with vinyl floors in the indoor laundry room and kitchen. Kitchen counter tops are ceramic tile with wood cabinets. The bathrooms have cultured marble countertops, ceramic tile wainscot, and vinyl floors. The home conforms to the neighborhood.

SALES COMPARISON ANALYSIS:

Three sales and two active listings are compared to the subject in location, gross living area, or amenities. Market adjustments for items of significant variation are weighed as to market reaction, then allocated appropriately to make each comparable similar to the subject.

APPRAISALS ARE NOT HOME INSPECTIONS:

The physical conditions of existing building improvements is examined at the time of appraisal to determine whether repairs, alterations, or additions are necessary. Required repairs will be limited to preserve the continued marketability of the property, protect the health and safety of the occupants, and protect the security of the property. Appraisals performed for HUD/FHA are not intended to protect the buyer. The buyer should acquire a home inspection for there protection. The appraiser is not a certified home inspector. The appraiser inspected the mechanical systems, crawl space and attic(head and shoulders) with no visible defects noted. The dwelling meets HUD's minimum property standards for existing dwellings as outlined in the HUD Handbooks 4150.2 and 4905.1. The utilities were on and all systems operational at the time of the inspection.

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 is derived by the allocation methodology. This method is taken from the market area site to value ratios. The average site to value ratio for a SFR is 10-15% and is used in the cost approach. This is typical for this market area.

| | | | |
|---|--|-------|--|
| ESTIMATED <input type="checkbox"/> REPRODUCTION OR <input checked="" type="checkbox"/> REPLACEMENT COST NEW | OPINION OF SITE VALUE = \$ 17,000 | | |
| Source of cost data Marshall and Swift Handbook | Dwelling 2,359 Sq. Ft. @ \$ 80.00..... = \$ 188,720 | | |
| Quality rating from cost service Average Effective date of cost data 11/04/2009 | Sq. Ft. @ \$ = \$ | | |
| Comments on Cost Approach (gross living area calculations, depreciation, etc.) | Porch & Patio | 5,000 | |
| Effective age is 20 years. Remaining economic life is 40 years. | Garage/Carport 400 Sq. Ft. @ \$ 20.00..... = \$ 8,000 | | |
| Reproduction cost estimates are lump sum figures derived using Marshall & Swift Cost Handbook. Physical depreciation is derived using tables in Marshall & Swift. Site value is estimated and derived by extraction due to lack of site sales. Site to value ratio is 10-15%. External obsolescence is noted due to the REO sales in the market area driving the values downward. | Total Estimate of Cost-New = \$ 201,720 | | |
| | Less Physical Functional External | | |
| | Depreciation \$27,000 \$0 \$67,000 = \$ (94,000) | | |
| | Depreciated Cost of Improvements = \$ 107,720 | | |
| | "As-is" Value of Site Improvements = \$ 9,000 | | |
| Estimated Remaining Economic Life (HUD and VA only) 40 Years | INDICATED VALUE BY COST APPROACH = \$ 133,700 | | |

INCOME

INCOME APPROACH TO VALUE (not required by Fannie Mae)

Estimated Monthly Market Rent \$ 0.00 X Gross Rent Multiplier 0.00 = \$ 0 Indicated Value by Income Approach

Summary of Income Approach (including support for market rent and GRM) The Income Approach is considered, however, it is not utilized due to lack of data.

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 Not in a PUD

| | | |
|------------------------------|--------------------------------|----------------------------|
| Total number of phases | Total number of units | Total number of units sold |
| Total number of units rented | Total number of units for sale | Data source(s) |

Was the project created by the conversion of an existing building(s) into a PUD? ☐ Yes ☐ No If Yes, date of conversion.

Does the project contain any multi-dwelling units? ☐ Yes ☐ No Data source(s)

Are the units, common elements, and recreation facilities complete? ☐ Yes ☐ No If No, describe the status of completion.

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

Describe common elements and recreational facilities.

Uniform Residential Appraisal Report

This report form is designed to report an appraisal of a one-unit property or a one-unit property with an accessory unit; including a unit in a planned unit development (PUD). This report form is not designed to report an appraisal of a manufactured home or a unit in a condominium or cooperative project.

This appraisal report is subject to the following scope of work, intended use, intended user, definition of market value, statement of assumptions and limiting conditions, and certifications. Modifications, additions, or deletions to the intended use, intended user, definition of market value, or assumptions and limiting conditions are not permitted. The appraiser may expand the scope of work to include any additional research or analysis necessary based on the complexity of this appraisal assignment. Modifications or deletions to the certifications are also not permitted. However, additional certifications that do not constitute material alterations to this appraisal report, such as those required by law or those related to the appraiser's continuing education or membership in an appraisal organization, are permitted.

SCOPE OF WORK: The scope of work for this appraisal is defined by the complexity of this appraisal assignment and the reporting requirements of this appraisal report form, including the following definition of market value, statement of assumptions and limiting conditions, and certifications. The appraiser must, at a minimum: (1) perform a complete visual inspection of the interior and exterior areas of the subject property, (2) inspect the neighborhood, (3) inspect each of the comparable sales from at least the street, (4) research, verify, and analyze data from reliable public and/or private sources, and (5) report his or her analysis, opinions, and conclusions in this appraisal report.

INTENDED USE: The intended use of this appraisal report is for the lender/client to evaluate the property that is the subject of this appraisal for a mortgage finance transaction.

INTENDED USER: The intended user of this appraisal report is the lender/client.

DEFINITION OF MARKET VALUE: The most probable price which a property should bring in a competitive and open market under all conditions requisite to a fair sale, the buyer and seller, each acting prudently, knowledgeably and assuming the price is not affected by undue stimulus. Implicit in this definition is the consummation of a sale as of a specified date and the passing of title from seller to buyer under conditions whereby: (1) buyer and seller are typically motivated; (2) both parties are well informed or well advised, and each acting in what he or she considers his or her own best interest; (3) a reasonable time is allowed for exposure in the open market; (4) payment is made in terms of cash in U. S. dollars or in terms of financial arrangements comparable thereto; and (5) the price represents the normal consideration for the property sold unaffected by special or creative financing or sales concessions* granted by anyone associated with the sale.

*Adjustments to the comparables must be made for special or creative financing or sales concessions. No adjustments are necessary for those costs which are normally paid by sellers as a result of tradition or law in a market area; these costs are readily identifiable since the seller pays these costs in virtually all sales transactions. Special or creative financing adjustments can be made to the comparable property by comparisons to financing terms offered by a third party institutional lender that is not already involved in the property or transaction. Any adjustment should not be calculated on a mechanical dollar for dollar cost of the financing or concession but the dollar amount of any adjustment should approximate the market's reaction to the financing or concessions based on the appraiser's judgment.

STATEMENT OF ASSUMPTIONS AND LIMITING CONDITIONS: The appraiser's certification in this report is subject to the following assumptions and limiting conditions:

1. The appraiser will not be responsible for matters of a legal nature that affect either the property being appraised or the title to it, except for information that he or she became aware of during the research involved in performing this appraisal. The appraiser assumes that the title is good and marketable and will not render any opinions about the title.
2. The appraiser has provided a sketch in this appraisal report to show the approximate dimensions of the improvements. The sketch is included only to assist the reader in visualizing the property and understanding the appraiser's determination of its size.
3. The appraiser has examined the available flood maps that are provided by the Federal Emergency Management Agency (or other data sources) and has noted in this appraisal report whether any portion of the subject site is located in an identified Special Flood Hazard Area. Because the appraiser is not a surveyor, he or she makes no guarantees, express or implied, regarding this determination.
4. The appraiser will not give testimony or appear in court because he or she made an appraisal of the property in question, unless specific arrangements to do so have been made beforehand, or as otherwise required by law.
5. The appraiser has noted in this appraisal report any adverse conditions (such as needed repairs, deterioration, the presence of hazardous wastes, toxic substances, etc.) observed during the inspection of the subject property or that he or she became aware of during the research involved in performing this appraisal. Unless otherwise stated in this appraisal report, the appraiser has no knowledge of any hidden or unapparent physical deficiencies or adverse conditions of the property (such as, but not limited to, needed repairs, deterioration, the presence of hazardous wastes, toxic substances, adverse environmental conditions, etc.) that would make the property less valuable, and has assumed that there are no such conditions and makes no guarantees or warranties, express or implied. The appraiser will not be responsible for any such conditions that do exist or for any engineering or testing that might be required to discover whether such conditions exist. Because the appraiser is not an expert in the field of environmental hazards, this appraisal report must not be considered as an environmental assessment of the property.
6. The appraiser has based his or her appraisal report and valuation conclusion for an appraisal that is subject to satisfactory completion, repairs, or alterations on the assumption that the completion, repairs, or alterations of the subject property will be performed in a professional manner.

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

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

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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 Richard K. Azevedo
Name Richard K. Azevedo
Company Name Ace Appraisal Services, Inc.
Company Address PO Box 579123
Modesto, CA 95357
Telephone Number (209) 568-4630
Email Address appraisals@myaceappraisal.com
Date of Signature and Report 11/04/2009
Effective Date of Appraisal 11/02/2009
State Certification # AR031477
or State License # _____
or Other (describe) _____ State # _____
State CA
Expiration Date of Certification or License 07/31/2011

ADDRESS OF PROPERTY APPRAISED
1524 East Vassar Avenue
Fresno, CA 93704

APPRAISED VALUE OF SUBJECT PROPERTY \$ 130,000

LENDER/CLIENT
Name _____
Company Name In-HouseLender.com
Company Address 5 Hutton Centre Dr Ste-1100
South Coast Metro, CA 92701
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 _____

ADDENDUM

| | | |
|---|-----------|-----------------------|
| Borrower: Robert R Hernandez | | File No.: FHA77674 |
| Property Address: 1524 East Vassar Avenue | | Case No.: 045-6901003 |
| City: Fresno | State: CA | Zip: 93704 |
| Lender: In-HouseLender.com | | |

Extra Comments

Richard K. Azevedo
President ACE Appraisal Services, Inc
PO BOX 579123
MODESTO, CA 95357
PHONE: (209) 552-0591
FAX: (209) 552-0594
E-MAIL: richard@myaceappraisal.com

Licensed Real Estate Appraiser
State of California # AR031477
FHA/HUD Approved

APPRAISAL EDUCATION:

| | |
|---|-----------|
| Uniforms Standards of Professional Appraisal Practice | Jan. 2003 |
| Math and Regulations in Appraisal | Jan. 2003 |
| Uniform Residential Appraisal Report | Jan. 2003 |
| Fundamentals of Real Estate Appraisal | Jan. 2003 |
| Appraising Manufactured Homes (1004C) | Jan. 2004 |
| New 1004 / Laws and Regulations | Mar. 2004 |
| 2005 Forms and Using the New Forms | Aug. 2005 |
| Intermediate Real Estate Appraisal | Jul. 2006 |
| FHA/HUD | Jun. 2007 |

EMPLOYMENT HISTORY:

| | |
|--|-----------------------|
| President ACE Appraisal Services, Inc. | Jul. 2006 - Present |
| Owner G & R Appraisers | Mar. 2004 - Jul. 2006 |
| Full Time Real Estate Appraiser – Ewing Associates, Inc. | Jan. 2003 - Mar. 2004 |
| Full Time Network/GPS Engineer – Navtrak, Inc. | Dec. 2000 - Jan. 2003 |
| Full Time Project Manager – Lagorio Communications | Apr. 1997 - Dec. 2000 |
| Full Time US Air Force F-15 Avionics Technician | Oct. 1992 - Apr. 1997 |

PROFESSIONAL MEMBERSHIPS:

National Association of Real Estate Appraisers
FREA (The Foundation of Real Estate Appraisers)

ASSOCIATED 3RD PARTY VENDORS AND FHA LENDERS:

American Home Mortgage Services, Inc.
Chase Home Finance
Flag Star
HSBC
LSI
Premiere Asset Services
USAA Mortgage Services

Market Conditions Addendum to the Appraisal Report

File No. FHA77674

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 1524 East Vassar Avenue City Fresno State CA Zip Code 93704
Borrower Robert R Hernandez

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) | 10 | 5 | 4 | <input type="checkbox"/> Increasing | <input type="checkbox"/> Stable | <input checked="" type="checkbox"/> Declining |
| Absorption Rate (Total Sales/Months) | 1.67 | 1.67 | 1.33 | <input type="checkbox"/> Increasing | <input type="checkbox"/> Stable | <input checked="" type="checkbox"/> Declining |
| Total # of Comparable Active Listings | 12 | 6 | 7 | <input type="checkbox"/> Declining | <input type="checkbox"/> Stable | <input checked="" type="checkbox"/> Increasing |
| Months of Housing Supply (Total Listings/Ab.Rate) | 7.19 | 3.59 | 5.26 | <input type="checkbox"/> Declining | <input type="checkbox"/> Stable | <input checked="" 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 | 150,000 | 135,000 | 125,000 | <input type="checkbox"/> Increasing | <input type="checkbox"/> Stable | <input checked="" type="checkbox"/> Declining |
| Median Comparable Sales Days on Market | 57 | 89 | 102 | <input type="checkbox"/> Declining | <input type="checkbox"/> Stable | <input checked="" type="checkbox"/> Increasing |
| Median Comparable List Price | 154,900 | 139,900 | 129,900 | <input type="checkbox"/> Increasing | <input type="checkbox"/> Stable | <input checked="" type="checkbox"/> Declining |
| Median Comparable Listings Days on Market | 65 | 97 | 110 | <input type="checkbox"/> Declining | <input type="checkbox"/> Stable | <input checked="" type="checkbox"/> Increasing |
| Median Sale Price as % of List Price | 97.00% | 97.00% | 97.00% | <input type="checkbox"/> Increasing | <input checked="" type="checkbox"/> Stable | <input type="checkbox"/> Declining |
| Seller-(developer, builder, etc.)paid financial assistance prevalent? <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No | | | | <input type="checkbox"/> Declining | <input checked="" type="checkbox"/> Stable | <input type="checkbox"/> Increasing |

Explain in detail the seller concessions trends for the past 12 months (e.g., seller contributions increased from 3% to 5%, increasing use of buydowns, closing costs, condo fees, options, etc.).
The seller concessions have been 3% towards closing costs in this market area over the last 12 months.

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).
This market area is over 90% REO property closed sales that have been listed on the MLS and current active data that is driving the market downward. REO sales are used due to the predominant affect on the current market.

Cite data sources for above information. Local MLS, agents and realquest.com

Summarize the above information as support for your conclusions in the Neighborhood section of the appraisal report form. If you used any additional information, such as an analysis of pending sales and/or expired and withdrawn listings, to formulate your conclusions, provide both an explanation and support for your conclusions.
The subject is currently in a declining market area. The market values over the last 12 months have continued to decline due to the over supply of REO homes in the area.

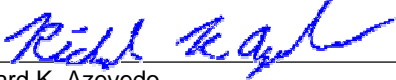
CONDO/CO-OP PROJECTS

| 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? <input type="checkbox"/> Yes <input type="checkbox"/> 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

APPRAISER

Signature 
Name Richard K. Azevedo
Company Name Ace Appraisal Services, Inc.
Company Address PO Box 579123
State License/Certification # AR031477 State CA
Email Address appraisals@myaceappraisal.com

SUPERVISORY APPRAISER (ONLY IF REQUIRED)

Signature _____
Name _____
Company Name _____
Company Address _____
State License/Certification # _____ State _____
Email Address _____

SUBJECT PROPERTY PHOTO ADDENDUM

| | | | |
|---|--|-----------------------|------------|
| Borrower: Robert R Hernandez | | File No.: FHA77674 | |
| Property Address: 1524 East Vassar Avenue | | Case No.: 045-6901003 | |
| City: Fresno | | State: CA | Zip: 93704 |
| Lender: In-HouseLender.com | | | |

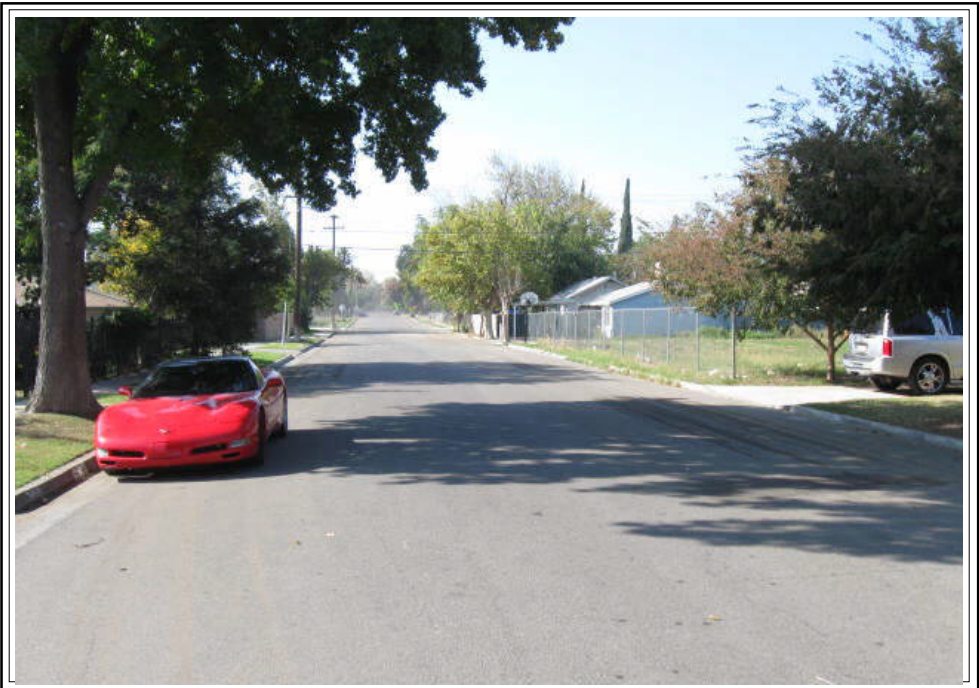


FRONT VIEW OF
SUBJECT PROPERTY

Appraised Date: November 2, 2009
Appraised Value: \$ 130,000



REAR VIEW OF
SUBJECT PROPERTY



STREET SCENE

COMPARABLE PROPERTY PHOTO ADDENDUM

| | | | |
|---|--|-----------------------|------------|
| Borrower: Robert R Hernandez | | File No.: FHA77674 | |
| Property Address: 1524 East Vassar Avenue | | Case No.: 045-6901003 | |
| City: Fresno | | State: CA | Zip: 93704 |
| Lender: In-HouseLender.com | | | |



COMPARABLE SALE #1

655 East Terrace Avenue
Fresno, CA 93704
Sale Date: 11/02/2009
Sale Price: \$ 115,000



COMPARABLE SALE #2

657 East Hedges Avenue
Fresno, CA 93728
Sale Date: 10/16/2009
Sale Price: \$ 131,000



COMPARABLE SALE #3

412 East Clinton Avenue
Fresno, CA 93704
Sale Date: 08/07/2009
Sale Price: \$ 136,000

COMPARABLE PROPERTY PHOTO ADDENDUM

| | | | |
|---|--|-----------------------|------------|
| Borrower: Robert R Hernandez | | File No.: FHA77674 | |
| Property Address: 1524 East Vassar Avenue | | Case No.: 045-6901003 | |
| City: Fresno | | State: CA | Zip: 93704 |
| Lender: In-HouseLender.com | | | |



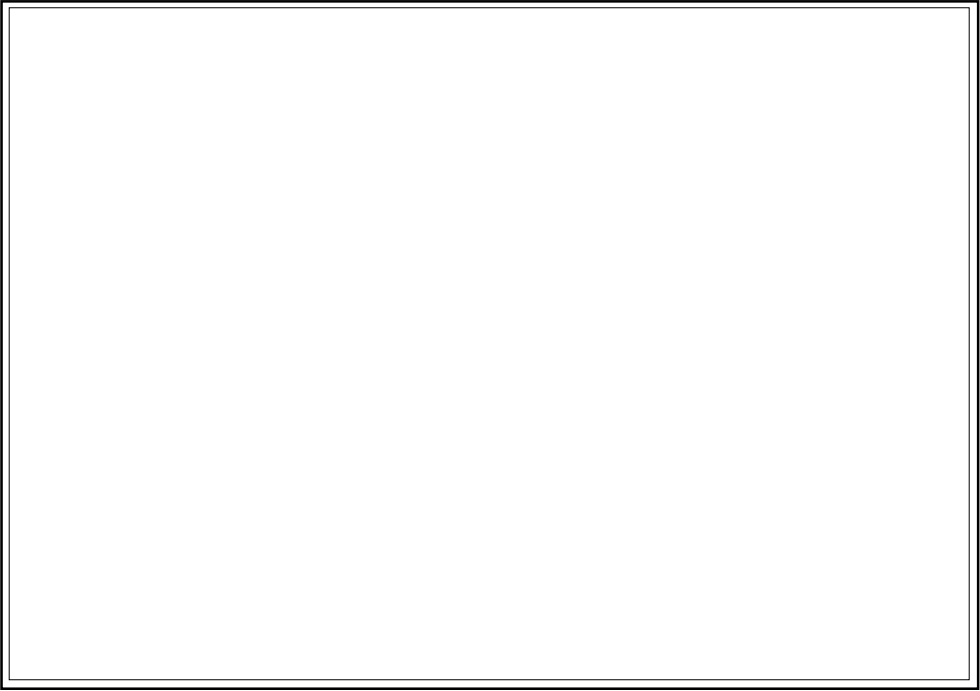
COMPARABLE SALE #4

705 North Wilson Avenue
Fresno, CA 93728
Sale Date: LD (04/11/09)
Sale Price: \$ 154,900



COMPARABLE SALE #5

846 East Dayton Avenue
Fresno, CA 93704
Sale Date: LD (07/30/09)
Sale Price: \$ 159,900



COMPARABLE SALE #6

Sale Date:
Sale Price: \$

SUBJECT INTERIOR PHOTOS

| | | |
|---|-----------|-----------------------|
| Borrower: Robert R Hernandez | | File No.: FHA77674 |
| Property Address: 1524 East Vassar Avenue | | Case No.: 045-6901003 |
| City: Fresno | State: CA | Zip: 93704 |
| Lender: In-HouseLender.com | | |



LIVING ROOM



KITCHEN



BATHROOM

SUBJECT'S EXTERIOR PHOTOS

| | | |
|---|-----------|-----------------------|
| Borrower: Robert R Hernandez | | File No.: FHA77674 |
| Property Address: 1524 East Vassar Avenue | | Case No.: 045-6901003 |
| City: Fresno | State: CA | Zip: 93704 |
| Lender: In-HouseLender.com | | |



Detached Garage



New A/C unit



Side

SUBJECT'S EXTERIOR PHOTOS

| | | |
|---|-----------|-----------------------|
| Borrower: Robert R Hernandez | | File No.: FHA77674 |
| Property Address: 1524 East Vassar Avenue | | Case No.: 045-6901003 |
| City: Fresno | State: CA | Zip: 93704 |
| Lender: In-HouseLender.com | | |



Crawl Space



Address

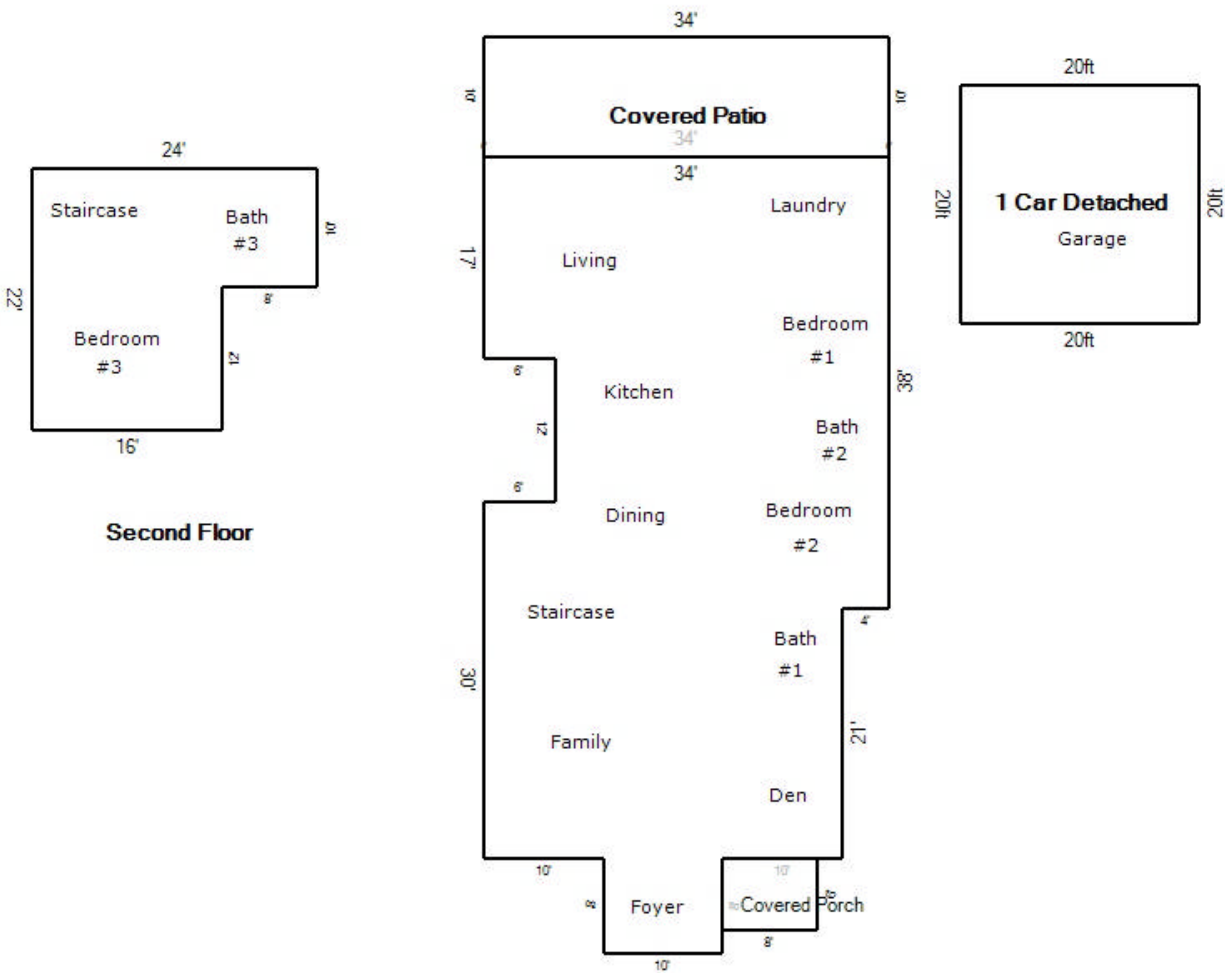


Side

FLOORPLAN

| | | | |
|---|--|-----------------------|------------|
| Borrower: Robert R Hernandez | | File No.: FHA77674 | |
| Property Address: 1524 East Vassar Avenue | | Case No.: 045-6901003 | |
| City: Fresno | | State: CA | Zip: 93704 |
| Lender: In-HouseLender.com | | | |

Sketch



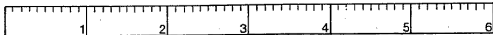
14 ft

| Living Area | | Area Calculation | | | |
|------------------------------|----------|------------------|--------------|--------------|-----------------|
| First Floor | 1930 ft² | First Floor | | | |
| Second Floor | 432 ft² | 8' x | 10' x | 0.50 = | 40 ft² |
| 1 Car Detached | 400 ft² | 12' 9 3/4" x | 8' x | 0.39 = | 40 ft² |
| Nonliving Area | | Δ | 6' x | 17' x | 0.50 = 51 ft² |
| Covered Porch | 48 ft² | Δ | 10' x | 10' x | 0.00 = 0.00 ft² |
| Covered Patio | 340 ft² | Δ | 21' x | 20' x | 0.50 = 210 ft² |
| | | Δ | 30' x | 6' x | 0.50 = 90 ft² |
| | | Δ | 10' x | 30' 7 1/2" x | 0.49 = 150 ft² |
| | | Δ | 29' x | 30' 3 1/2" x | 0.39 = 342 ft² |
| | | Δ | 4' x | 25' 7 1/2" x | 0.18 = 18 ft² |
| | | Δ | 18' 0 1/4" x | 34' x | 0.47 = 289 ft² |
| | | Δ | 32' 9" x | 38' x | 0.43 = 532 ft² |
| | | Δ | 29' 4 1/2" x | 12' x | 0.48 = 168 ft² |
| | | Second Floor | | | |
| | | Δ | 10' x | 8' x | 0.50 = 40 ft² |
| | | Δ | 24' x | 12' 9 3/4" x | 0.39 = 120 ft² |
| | | Δ | 12' x | 16' x | 0.50 = 96 ft² |
| | | Δ | 20' x | 22' x | 0.40 = 176 ft² |
| | | 1 Car Detached | | | |
| | | Δ | 20' x | 20' x | 0.50 = 200 ft² |
| | | Δ | 20' x | 20' x | 0.50 = 200 ft² |
| Total Living Area (rounded): | 2762 ft² | | | | |

PLAT MAP

| | | | |
|---|--|-----------------------|------------|
| Borrower: Robert R Hernandez | | File No.: FHA77674 | |
| Property Address: 1524 East Vassar Avenue | | Case No.: 045-6901003 | |
| City: Fresno | | State: CA | Zip: 93704 |
| Lender: In-HouseLender.com | | | |

1-800-345-7334



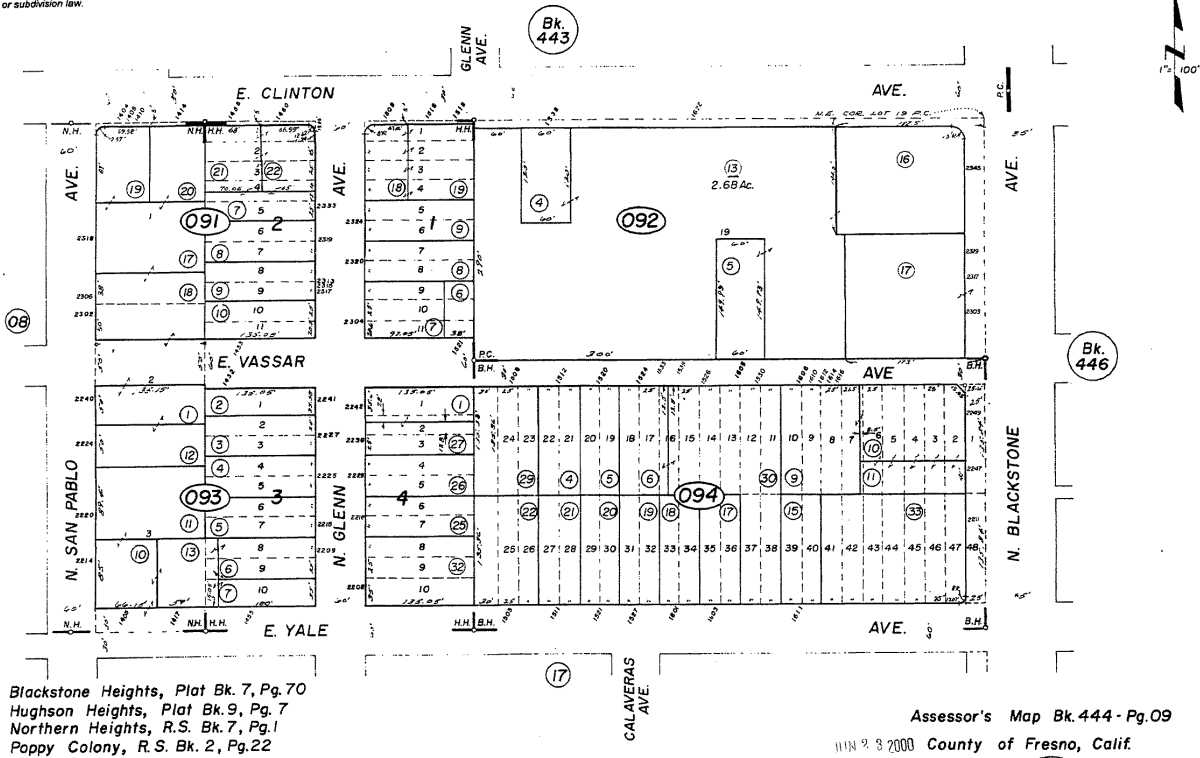
SCALE IN 1/10 OF AN INCH

NOTE
This map is for Assessment purposes only.
It is not to be construed as portraying legal
ownership or divisions of land for purposes
of zoning or subdivision law.

SUBDIVIDED LAND IN POR. SEC. 28, T.13 S., R.20 E. M.D.B. & M.

Tax Area
5-001
5-300

444-09



Blackstone Heights, Plat Bk. 7, Pg. 70
Hughson Heights, Plat Bk. 9, Pg. 7
Northern Heights, R.S. Bk. 7, Pg. 1
Poppy Colony, R.S. Bk. 2, Pg. 22

Assessor's Map Bk. 444 - Pg. 09

Map 2 S 2000 County of Fresno, Calif.

NOTE: Assessor's Block Numbers Shown in Ellipses.
Assessor's Parcel Numbers Shown in Circles.

LOCATION MAP

Borrower: Robert R Hernandez

File No.: FHA77674

Property Address: 1524 East Vassar Avenue

Case No.: 045-6901003

City: Fresno

State: CA

Zip: 93704

Lender: In-HouseLender.com



APPRAISER'S LICENSE

| | | | |
|---|--|-----------------------|------------|
| Borrower: Robert R Hernandez | | File No.: FHA77674 | |
| Property Address: 1524 East Vassar Avenue | | Case No.: 045-6901003 | |
| City: Fresno | | State: CA | Zip: 93704 |
| Lender: In-HouseLender.com | | | |



Business, Transportation & Housing Agency

OFFICE OF REAL ESTATE APPRAISERS

REAL ESTATE APPRAISER LICENSE

OREA APPRAISER IDENTIFICATION NUMBER

AR031477

RICHARD K. AZEVEDO

has successfully met the requirements for a license as a residential real estate appraiser in the State of California and is, therefore, entitled to use the title "Certified Residential Real Estate Appraiser".

This license has been issued in accordance with the provisions of the Real Estate Appraisers' Licensing and Certification Law.

OFFICE OF REAL ESTATE APPRAISERS

A handwritten signature in black ink that reads "Bob Clark".

Date Issued: August 1, 2009

Date Expires: July 31, 2011

Audit No. **118752**

THIS DOCUMENT CONTAINS A TRUE WATERMARK - HOLD UP TO LIGHT TO SEE "SAFE" AND "VERIFY FIRST"

Borrower: Robert R Hernandez

File No.: FHA77674

Property Address: 1524 East Vassar Avenue

Case No.: 045-6901003

City: Fresno

State: CA

Zip: 93704

Lender: In-HouseLender.com

COVER NOTE

INSURED: Richard K. Azevedo

MAILING ADDRESS: P.O. Box 579123
Modesto, CA 95357*This is to certify that the undersigned has procured insurance coverage as hereafter specified from certain companies and/or underwriters.*

EFFECTIVE: 07/31/2009 EXPIRATION: 07/31/2010 RETROACTIVE: 08/23/2004

COVERAGE: Professional Liability for Specified Professions

Profession: Real Estate Appraiser
Claims Made Form: MPL #26901 (9/87)
Limits: Per Occurrence: \$1,000,000 Annual Aggregate: \$1,000,000
Deductible: \$1,000

CONDITIONS:

Real Estate Agent/ Broker Referral Indemnity
Knowledge of Wrongful Act Exclusion
Pending and/or Prior Litigation Exclusion
Defense within Policy Limit
Deductible includes Loss Adjustment Expenses

COMPANIES PARTICIPATING:

National Union Fire Insurance Company of Pittsburgh, PA

ASSIGNED COVER NOTE # Z FREA 05-7084

CUSTOMER # 0030327

Issued at: 4907 Morena Blvd., Suite 1415
San Diego, CA 92117

DATE: 07/20/2009

By:

K Carpenter

Insurance, when effected shall be subject to all terms and conditions of policy (ies) which will be issued, and in event of any inconsistency herewith, the terms and provisions of the policy.