

RE 3381

REAL ESTATE FUNDAMENTALS CLASS:

REAL ESTATE MARKETS AND VALUATION MODULE

SPRING 2014

CLASS NO. 7

FEBRUARY 12, 2014

Assignment: Read assigned chapter excerpts from "The Appraisal of Real Estate."

SEGMENT 1 – CONTINUED FROM CLASS 4!

IMPROVEMENT ANALYSIS

(You did not have any text reading on this – all from these notes.)

I. Introduction

- Affects all 3 approaches to value**

II. Use Classifications

- Follows basic categories presented in Class 1**

A. Residential (single family and apartments)

B. Commercial

- Office**
- Retail**

C. Industrial

D. Agricultural (farms, ranches)

E. Special Purpose

III. Size – Building Measurements

A. Residential (single family homes; apts; condos)

- Gross Livable Area (GLA): Above ground**
- Condo: Legally defined as “air space” – differs from that of an apartment**

B. Retail and Industrial

- Gross Leasable Area (GLA)**

C. Office (see overhead)

- **Gross Building Area**
- **Usable Area:** The secured area (sf) occupied exclusively by tenant within a tenant's leased space. The useable area plus the load factor for common area equals the net rentable area on which rent is charged.
- **Net Rentable Area:** The square footage on which rent can be charged. Generally, it is the gross area (sf) of the full floor less the area of all vertical penetrations (elevator shafts, stairs, mechanical shafts, etc.)

IV. Style and Function

A. Architectural style

- character of the improvements form and ornamentation

B. Function

1. the ability of the improvements to be useful and to perform the function for which they were intended, according to current market tastes and standards: generally, a building is functional if it successfully serves the purpose for which it was originally designed
2. must be judged in light of market standards of acceptability, specifically the standards of buyers (or tenants) who make up the market for that particular type of property

C. Compatibility

1. influenced by zoning, historical districts, land use patterns, etc.
2. generally readily observable to even the casual eye

D. Functional Utility – Some Examples

1. Residential

- **layout/size/price**
- **mix**

2. Retail

- **bay depths**
- **2nd floor (ex. Rodeo Drive in Beverly Hills)**
- **parking**

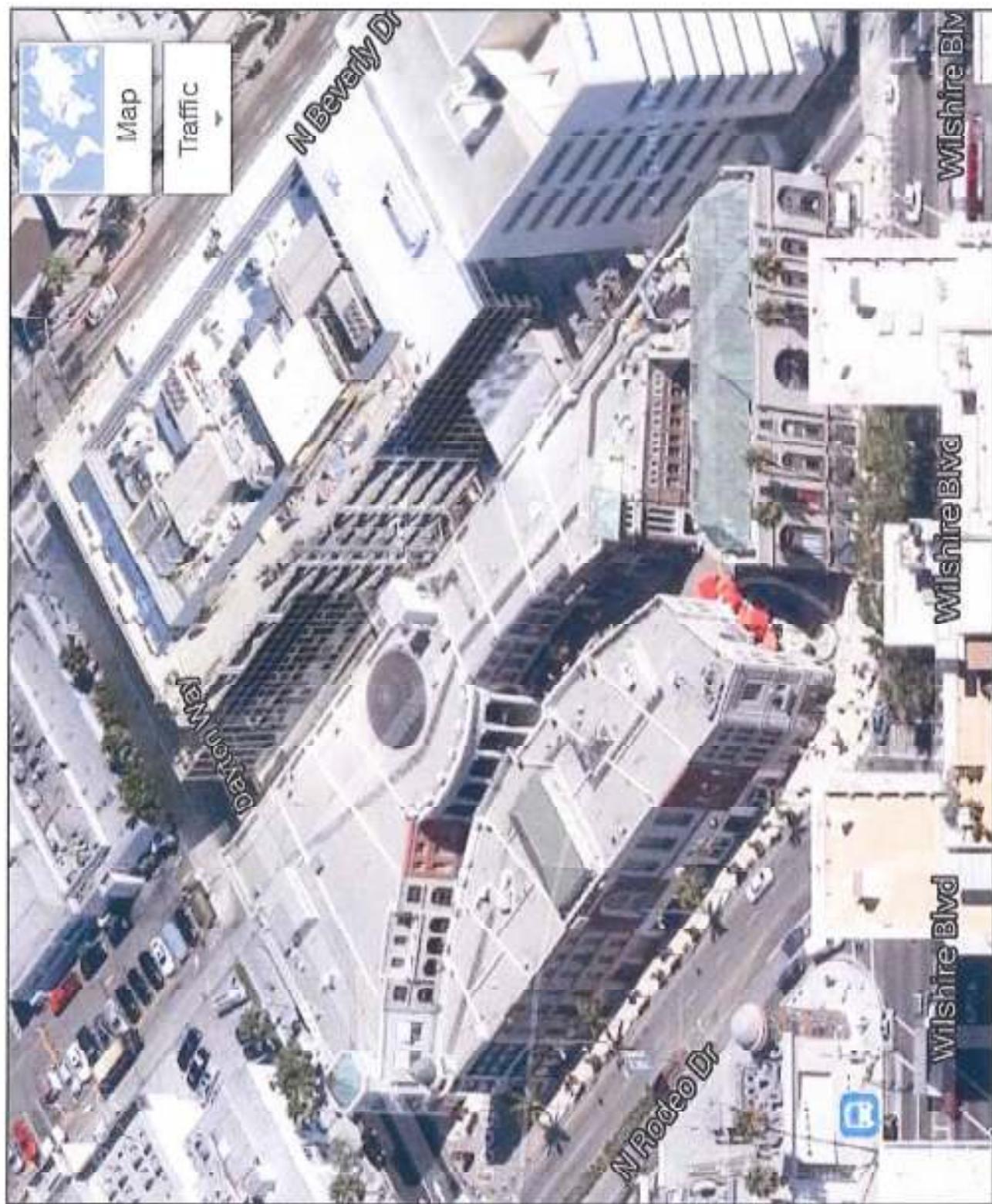
3. Office

- **floor plates**
- **parking**

4. Industrial

- **ceiling height**
- **land-to-building ratios**
- **loading**

5. Special Purpose



**1717 Main St
Comerica Bank Tower**



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SEGMENT 2: Cost Approach

I. Principle: Why would an informed purchaser pay more for an existing property than the total cost to reproduce, in a reasonable time period, comparable, substitute property?

- II. Steps:**
1. Estimate value of the site, as if vacant.
 2. Estimate the cost to reproduce the improvements, including:
 - Direct (hard) Costs
 - Indirect (soft) Costs
 - Entrepreneurial Profit
 3. Identify and Quantify All Elements of Depreciation:
 - Physical
 - Functional
 - External (Environmental/Economic)

III. Strengths:

- A. Allows separate allocations of land and improvements.
- B. Because of detail required in cost estimation, significant due diligence implicit in process.
- C. Current use as a “benchmark” against prospects of new supply.

IV. Weaknesses:

- A. Significant detail and knowledge required to properly complete cost estimations.
- B. Depreciation estimates highly subjective.
- C. Not heavily weighted by general institutional investment community.

V. Relation to Appraisal Principle:

- A. Substitution – Why pay more for a substitute property if you could build one cheaper?
- B. Supply and Demand – Cost of developing new vs. value
- C. Contribution – Value is relative to what the property is worth if not present.
- D. Externalities - External forces cause cost < value

VI. Land and Site Valuation:

A. Relation to Appraisal Principles

- Anticipation
- Change
- Supply and Demand
- Substitution
- Balance

B. Property Rights and Public Controls

“Legally Permissible” Rights may include:

- Develop to HBU
- Lease to others
- Farm/mine the land
- Change topography
- Subdivide
- Assemble with other land
- Hold
- Construct improvements

C. Other Right

- Air
- Subsurface
- Water

Table 16.1 Applicability and Limitations of Land Valuation Techniques

Sales Comparison

Procedure	Sales of similar, vacant parcels are analyzed, compared, and adjusted to provide a value indication for the land being appraised.
Applicability	Sales comparison is the most common technique for valuing sites, and it is the preferred method when comparable sales are available.
Limitations	A lack of sales and the comparability of the available data may weaken support for the value estimate.

Market Extraction

Procedure	An estimate of the depreciated cost of the improvements is deducted from the total sale price of the property to arrive at the land value.
Applicability	This technique is most applicable when <ul style="list-style-type: none"> • The contribution of the improvements to total property value is generally small and relatively easy to identify. (The technique is frequently used in rural areas.) • The improvements are new, their value is known, and there is little or no depreciation from any causes.
Limitations	The appraiser must be able to determine the value contribution of the improvements, estimated at their depreciated cost.

Allocation

Procedure	A ratio of site value to property value is extracted from comparable sales in competitive locations and applied to the sale price of the subject property to develop the site value.
Applicability	This technique is applicable when <ul style="list-style-type: none"> • Valuing one-unit residential lots where ample sales of both lots and improved homes are available for comparison purposes. This method tends to be less accurate for commercial properties, especially when the number of vacant land sales is inadequate. • For commercial properties or where relatively few sales are available, allocation can provide a check for reasonableness rather than a formal opinion of site value.
Limitations	The allocation method does not produce conclusive value indications unless ample sales data is available. The method is rarely used as the primary land valuation technique for properties other than residential subdivision lots. Also, land-to-property value ratios can be difficult to support.

Income Capitalization Techniques

Direct Capitalization: Land Residual Technique

Procedure	The net operating income attributable to the land is capitalized at a market-derived land capitalization rate to provide an estimate of value.
Applicability	This technique is most applicable in testing the feasibility of alternative uses of a particular site in highest and best use analysis or when land sales are not available.
Limitations	The following conditions must be met: <ul style="list-style-type: none"> 1. Building value is known or can be accurately estimated. 2. Net operating income to the property is known or can be estimated. 3. Both building and land capitalization rates are available from the market.

Direct Capitalization: Ground Rent Capitalization

Procedure	A market-derived capitalization rate is applied to the ground rent of the subject.
Applicability	This method is useful when <ul style="list-style-type: none"> • Comparable rents, rates, and factors can be developed from an analysis of sales of leased land.
Limitations	An adjustment to the value indication for property rights may be necessary when current rent under the existing contract does not match market rent.

Yield Capitalization: Discounted Cash Flow Analysis—Subdivision Development Analysis

Procedure	Direct and indirect costs and entrepreneurial incentive are deducted from an estimate of the anticipated gross sales price of the finished lots, and the net sales proceeds are discounted to present value at a market-derived rate over the development and absorption period. If entrepreneurial incentive is not deducted as a line-item expense, then the discount rate must reflect the full effect of any profit.
Applicability	This technique is applicable when <ul style="list-style-type: none"> • Subdivision development is the highest and best use of the land.
Limitations	Discounted cash flow analysis requires significant amounts of data such as development costs, profit margins, sales projections, and the pricing of developed lots.

Note: Certain states do not recognize subdivision development analysis as a valid valuation technique for litigation valuation or other purposes.

VII. Discussion of Cost Estimating

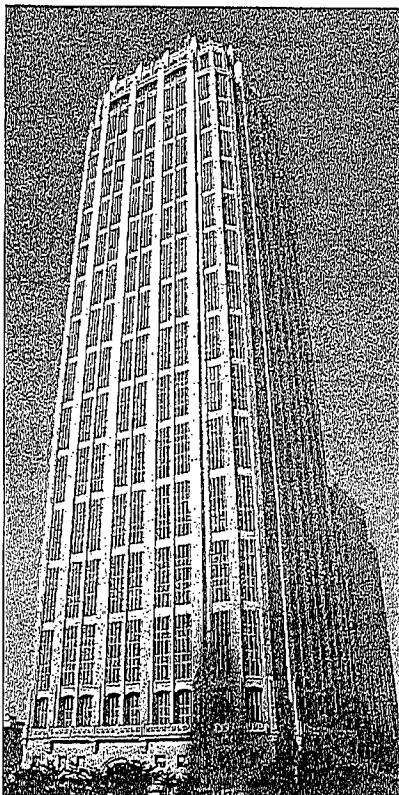
Costs are broken down into two basic categories:

Table 17.1 Direct Costs and Indirect Costs

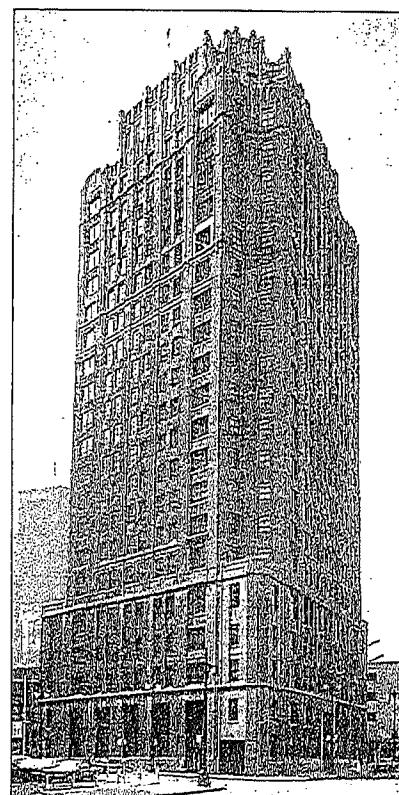
Direct Costs (Hard)	Indirect Costs (Soft)
<ul style="list-style-type: none">• Building permits• Materials, products, and equipment• Labor used in construction• Equipment used in construction• Security during construction• Contractor's shack and temporary fencing• Material storage facilities• Power line installation and utility costs• Contractor's profit and overhead, including job supervision; coordination and management (when appropriate); worker's compensation; and fire, liability, and unemployment insurance• Performance bonds	<ul style="list-style-type: none">• Architectural and engineering fees for plans, plan checks, surveys to establish building lines and grades, and environmental studies• Appraisal, consulting, accounting, and legal fees• The cost of carrying the investment in land and contract payments during construction*• All-risk insurance expense and ad valorem taxes during construction• The cost of carrying the investment in the property after construction is complete but before stabilization is achieved• Supplemental capital investment in tenant improvements and leasing commissions• Marketing costs, sales commissions, and any applicable holding costs to achieve stabilized occupancy in a normal market• Administrative expenses of the developer

* If construction financing is required, the points, fees or service charges, and interest on construction loans are indirect costs.

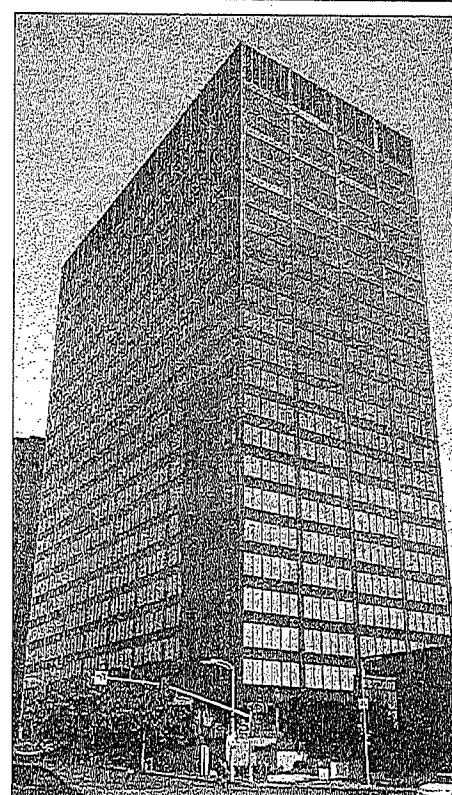
OFFICE BUILDINGS



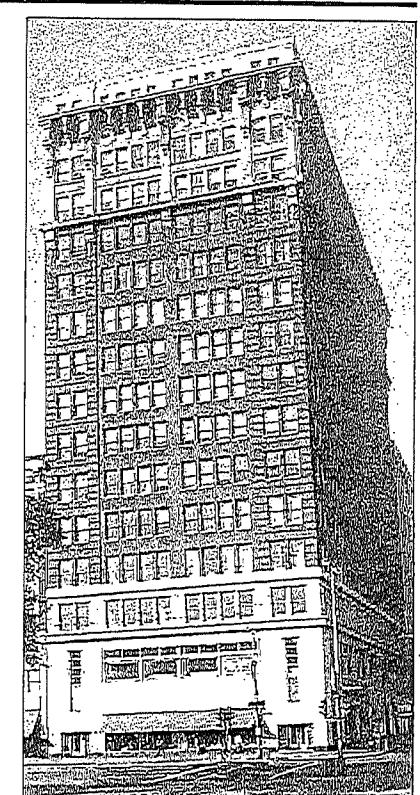
1. EXCELLENT CLASS A



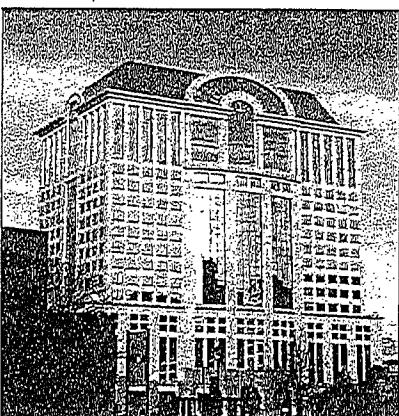
2. GOOD CLASS A



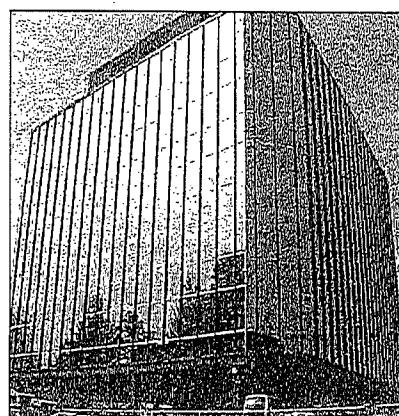
3. GOOD CLASS A



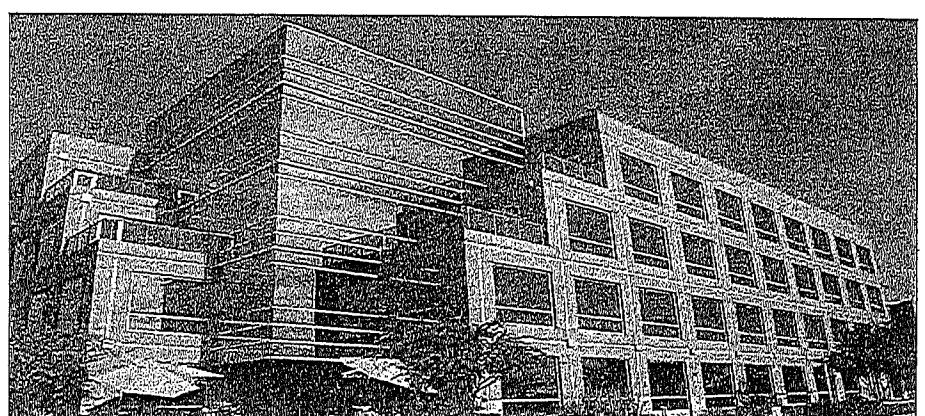
4. AVERAGE CLASS A



5. EXCELLENT CLASS A



6. GOOD CLASS A



7. GOOD CLASS A

OFFICES, MEDICAL AND PUBLIC BUILDINGS

GENERAL INFORMATION

Calculator Costs are averages of final costs including architects' fees and contractors' overhead and profit, sales taxes, permit fees, and insurance during construction. Interest on interim construction financing is also included, but not financing costs, real estate taxes, or brokers' commissions (see Section 1 for complete list). They do not represent any building illustrated, except as the building is included in the averages. Refinements to the average costs for type of heating, sprinklers, basement elevator stops, area/perimeter ratio, and story height are given at the end of the section, and adjustments for elevators and number of stories are on the cost pages. Current and Local Cost Multipliers are given in Section 99.

DESCRIPTIONS

The abbreviated descriptions given in the tables show some of the items most generally found in buildings of the class, quality and occupancy listed. They are merely indicative of many buildings in this cost classification, and are not meant to be building specifications.

CONSTRUCTION

Buildings are divided into five construction classes: A, B, C, D, and S, as described in Section 1. In each class there will be variations and subclasses, but for purposes of pricing, the major elements of the building should be considered in entering the tables. Thus, if a building which is otherwise a Class B has a steel truss roof, the costs for the Class B building will still be representative. Interpolations may be made if the appraiser feels the building overlaps two classes, or the segregated costs in Section 45 may be used for adjustments. Pole or post frame prefabricated metal skin structures are a subcategory of Class D. All metal buildings (skin and frame) with mixed secondary wood purlins and girts can be interpolated between Classes S and D pole frame structure costs or adjusted from Section 64.

OCCUPANCY

Office buildings are buildings designed for general commercial occupancy, including administrative government and corporate uses, and are normally subdivided into relatively small units. If part of an office building has some other occupancy, such as a bank or store on the first floor, that portion should be priced using its appropriate base cost. For light shed office structures, see Section 17. For office apartments, see Section 12.

Atrium and vestibule entries or lobbies are glassed structures which usually abut or are underneath elevated buildings. For prefabricated greenhouse structures, see Section 17 or 18.

Mechanical penthouses shelter the building's elevator and other mechanical equipment. For finished penthouses, i.e., those containing roof apartments, restaurants, etc., use the proper occupancy cost.

Parking-level floors are intermediate and ground-level parking facilities found underneath elevated buildings and include all framing, ramps and stairs necessary.

Basements include finish compatible with the type of basement, including stairs and ramps as necessary and must be refined for size, shape and height. Add elevator stops from the refinement table at the end of the section.

Mezzanines do not include exterior wall or heating which are included in the building cost refinement for wall height. Elevator stops can be added from the refinement page.

Banks, branch and central offices, include savings and loan and credit union occupancies where the design is of a bank type. Where such uses are made of ordinary store or office buildings, the store or office costs should be used, adding for any extra features. While a branch bank tends to be a single-purpose, low-rise neighborhood facility, the central or main bank facility may be more office building in character, where high-rise administrative office floors should be priced as such. **Minibanks** are small walk- or drive-up facilities, typically between 500 and 2,000 square feet in size. Costs include vaults, but do not include banking fixtures or equipment, vault doors, or safe deposit boxes. Drive-up windows, night depositories, and surveillance systems commensurate with the quality, are included.

Medical office buildings are designed for medical and/or dental services with examination and outpatient treatment, and includes private and public clinics. Dental clinics are small, standalone facilities and will generally have a greater amount of plumbing and partitions.

Dispensaries or infirmaries are designed for emergency, urgent care, first aid and medical treatment, usually having no facilities for surgery or a minimum of such facilities.

General hospital costs include fixed equipment (Group I) but not Groups II and III equipment, whether installed or classed as personal property. See definitions of equipment groups on cost pages of this section.

Outpatient centers are freestanding, specialty treatment centers for ambulatory outpatient or same-day surgery facilities and include all clinical surgery, diagnostic, lab, administrative and public areas commensurate with the quality level. Operating rooms on average represent 2.5% of the total floor area. Cost includes fixed equipment only. This category will also include specialized imaging and radiation treatment, and diagnostic centers for cancer, diabetes, and eye and kidney diseases, etc. Extremely small vault-type imaging equipment buildings only, are not included, where reported costs have been 50% to 100% greater.

Convalescent hospitals lack facilities for surgical care and treatment, and include so-called skilled nursing homes, rest homes, sanitariums and like buildings of hospital-type construction, giving full nursing care. Treatment and therapy rooms commensurate with the quality, are included. Retirement living facilities are found in Section 11 or 12. Group care homes are found in Section 11.

Veterinary hospitals are designed for the medical and surgical care and treatment of small animals. Costs do not include cages and runs or open shelters, which should be priced separately.

Kennels have limited examination and treatment facilities and are predominantly for the boarding of small animals. The better qualities include the large public animal control facilities and the high-cost "pet hotels." Costs include the cages and enclosed runs.

Governmental buildings include major city halls or town centers, courthouses, etc., but do not include typical office or service buildings, which should be priced under the proper category in this or other sections of the manual. **Community service buildings** are mixed-use structures, typically found in rural communities, and are generally smaller and utilitarian in scope. The lower qualities are generally composed of public safety facilities, volunteer fire, limited office and council meeting rooms and/or small libraries, etc. The better qualities will have a large proportion of well-finished, full-service facilities and will merge into the government occupancy.

Fire stations, staffed, are emergency service buildings designed with engine storage, dormitory, and light kitchen facilities. **Volunteer stations** are primarily for vehicular/apparatus storage only, with minimum office and meeting room facilities commensurate with the quality. The good quality may also include restroom and kitchenette facilities. If part of a station has some other occupancy, such as a library or social hall, that portion should be priced using its appropriate base cost, with each portion modified by its area/perimeter multiplier, considering the common wall as belonging to half of each of the portions, or see community service buildings above.

Jails, correctional facilities or detention centers include the jail hardware; i.e., cell blocks and locking equipment, for which average costs are given. The full range of facilities, for minimum to maximum security, is included, commensurate with the quality of the entire prison plant. **Police stations** are basically law enforcement facilities with limited numbers of jail holding cells. **Sallyport** facilities commensurate with the quality are included. Costs do not include any service equipment for kitchen, laundry or recreation.

Public libraries or media/resource centers include the basic construction of the building, including most items found in the general contract, but not furnishings and fixtures such as counters, kitchenette, seating or book stacks which are not considered built-in and permanently attached under the general building contract. For school and university libraries, see Section 18.

TRADE FIXTURES AND EQUIPMENT

Some fixtures and equipment costs for buildings in this section are listed in Section 65.

VIII. Discussion on Depreciation and Obsolescence:

Depreciation is the difference between the contributory value of an improvement and its cost at the time off appraisal:

$$\begin{array}{l} \text{Reproduction Cost New of Improvement} \\ - \text{Contributory Value of Improvement} \\ = \text{Depreciation from All Sources} \end{array}$$

There are three basic forms ("causes") of depreciation:

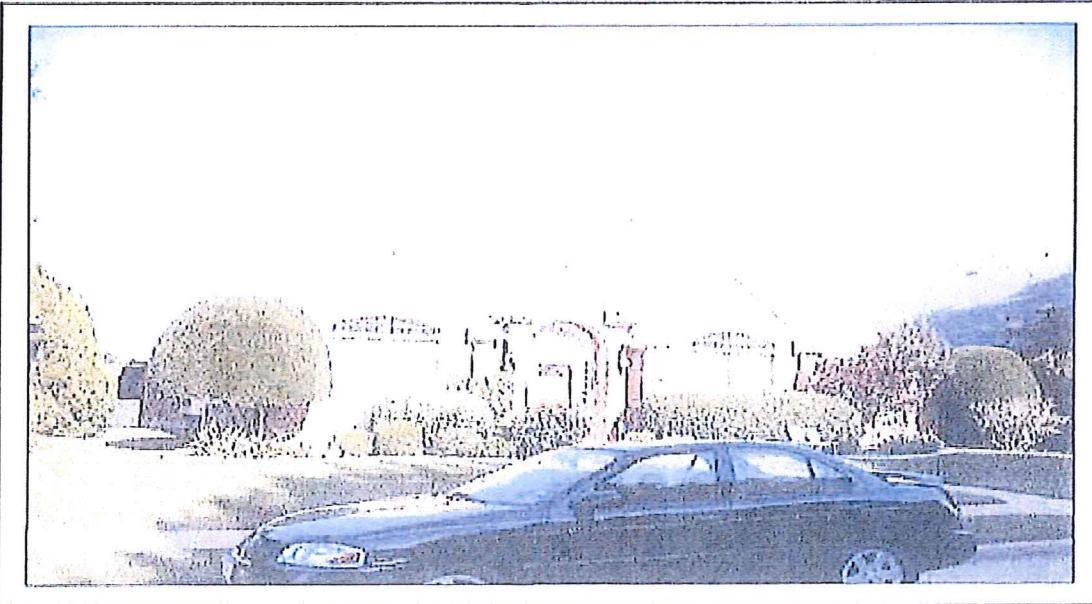
- A. Physical
 - Incurable (Note: Book vs. Market)
 - Curable
- B. Functional
 - Incurable
 - Curable
- C. External/Economic
 - Almost always incurable

IX. Cost Approach Summary (see overhead):

- Comment on "Profit"

COST APPROACH SUMMARY: VERY NICE OFFICE BUILDING

Reproduction Cost New			
Direct Costs			
Main Building: 156,789 SF @ \$115.50/SF	\$18,109,130		
Landscape and Site Work	250,000		
Parking	500,000		
Subtotal, Direct Costs		\$18,859,130	
Indirect Costs			
Leasing Commissions	800,000		
Real Estate Taxes on Land	125,000		
Miscellaneous/Contingency	150,000		
Subtotal, Indirect Costs		1,075,000	
Total Direct and Indirect Costs			\$19,934,130
Plus: Developer's Profit (15%)			2,990,120
Total Estimated Cost New, All Improvements			\$22,924,250
Depreciation			
A. Physical Deterioration			
1. Curable	0		
2. Incurable (2%)	- 458,485		
Subtotal, Physical Deterioration		- 458,485	
B. Obsolescence			
1. Functional	0		
2. External	0		
Subtotal, Obsolescence		0	
Less: Total Depreciation, All Sources			- 458,485
Estimated Present Value, All Improvements			\$22,465,765
Plus: Site Value by Sales Comparison			3,540,000
Indicated Value by Cost Approach, As completed			\$26,005,765
Less: Costs to Complete Lease-up			- 580,849
Indicated Value by Cost Approach			\$25,429,916
Rounded to			\$25,400,000



**SUMMARY APPRAISAL REPORT
OF THE REAL PROPERTY LOCATED AT**

**3113 Andrew Lane
Carrollton, TX 75007-2763**

for

**Donald R. Meyer
3113 Andrew
Carrollton, TX
75007**

as of

May 18, 2012

by

**John Scarborough, SRA
6060 N. Central Expwy, #860
Dallas, TX 75206**

Complete Appraisal Analysis - Summary Appraisal Report
UNIFORM RESIDENTIAL APPRAISAL REPORT

File No. 12050001

Property Description		City Carrollton										State TX Zip Code 75007-2763		
SUBJECT	Property Address		3113 Andrew Lane		Legal Description		Lot 4, block A, Timbercreek Estates Addition		Assessor's Parcel No.		R162804		Tax Year 2011 R.E. Taxes \$ 4,666 Special Assessments \$ N/A	
	Borrower		None		Current Owner		Meyer		Occupant:		<input checked="" type="checkbox"/> Owner <input type="checkbox"/> Tenant <input type="checkbox"/> Vacant			
	Property rights appraised		<input checked="" type="checkbox"/> Fee Simple <input type="checkbox"/> Leasehold		Project Type		<input type="checkbox"/> PUD <input type="checkbox"/> Condominium (HUD/VNA only)		HOA\$ /Mo.					
	Neighborhood or Project Name						Map Reference D-2,E		Census Tract		216.21			
	Sale Price \$ OMV		Date of Sale Current		Description and \$ amount of loan charges/concessions to be paid by seller N/A									
	Lender/Client Donald R. Meyer				Address 3113 Andrew, Carrollton, TX, 75007									
	Appraiser John Scarborough, SRA				Address 6060 N. Central Expressway, #860, Dallas, TX 75206									
	Location		<input type="checkbox"/> Urban <input checked="" type="checkbox"/> Suburban	<input type="checkbox"/> Rural	Predominant occupancy		Single family housing PRICE (\$/000) AGE (yrs)		Present land use %		Land use change			
	Built up		<input checked="" type="checkbox"/> Over 75% <input type="checkbox"/> 25-75% <input type="checkbox"/> Under 25%	<input type="checkbox"/> Stable <input type="checkbox"/> Slow	<input checked="" type="checkbox"/> Owner <input type="checkbox"/> Tenant		150 Low 10		One Family 90		<input checked="" type="checkbox"/> Not Likely <input type="checkbox"/> Likely			
	Growth rate		<input type="checkbox"/> Rapid <input checked="" type="checkbox"/> Increasing <input type="checkbox"/> Shortage	<input type="checkbox"/> Stable <input type="checkbox"/> Declining <input type="checkbox"/> In balance	<input type="checkbox"/> Vacant (0-5%) <input checked="" type="checkbox"/> Predominant <input type="checkbox"/> Vacant (over 6%)		300+ High 30+ <input checked="" type="checkbox"/> Predominant		2-4 fam 2		<input type="checkbox"/> In process To: _____			
Property values		<input type="checkbox"/> Increasing <input checked="" type="checkbox"/> Stable <input type="checkbox"/> Shortage	<input type="checkbox"/> Declining <input type="checkbox"/> In balance	<input type="checkbox"/> Vacant (over 6%)		215-225 20		Multi-family 3		Commercial 3				
Demand/supply		<input type="checkbox"/> Shortage <input checked="" type="checkbox"/> In balance	<input type="checkbox"/> Over supply					Public 5						
Marketing time		<input type="checkbox"/> Under 3 mos. <input checked="" type="checkbox"/> 3-6 mos.	<input type="checkbox"/> Over 6 mos.											
Note: Race and the racial composition of the neighborhood are not appraisal factors.														
Neighborhood boundaries and characteristics: North and west, Rosemeade; south, Frankford; east, Denton Rd.														
Factors that affect the marketability of the properties in the neighborhood (proximity to employment and amenities, employment stability, appeal to market, etc): A maintained neighborhood of tract to semi-custom homes. Commercial land use is on peripheries and does not affect interior lots. The Dallas CBD is an approximate 30 minute drive south. Other similar neighborhoods are in near proximity.														
Market conditions in the subject neighborhood (including support for the above conclusions related to the trend of property values, demand/supply, and marketing time -- such as data on competitive properties for sale in the neighborhood, description of the prevalence of sales and financing concessions, etc): The general market conditions in the neighborhood are stable and require no unusual seller participation regarding loan discounts, interest buydowns, or concessions. As evidenced by recent MLS data, properties which are well maintained, properly priced and aggressively marketed sell within six months. See attached for additional comments.														
PUD	Project Information for PUDs		(If applicable) -- Is the developer/builder in control of the Home Owners' Association (HOA)? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No											
	Approximate total number of units in the subject project		N/A		Approximate total number of units for sale in the subject project									
	Describe common elements and recreational facilities:													
Dimensions		64 x 130 x 64 x 131 (per tax records)												
Site area		8198 sf (per tax records)		Corner Lot		<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No		Topography		Level Pad				
Specific zoning classification and description		Residential												
Zoning compliance		<input checked="" type="checkbox"/> Legal <input type="checkbox"/> Legal nonconforming (Grandfathered use)		<input type="checkbox"/> Illegal <input type="checkbox"/> No zoning		Size		8198 sf +/-						
Highest & best use as improved:		<input checked="" type="checkbox"/> Present use <input type="checkbox"/> Other use (explain)				Shape		Rectangular						
SITE	Utilities		Public Other		Off-site Improvements		Type	Public	Private	Drainage		Assumed adequate		
	Electricity		<input checked="" type="checkbox"/> Public		Street		Concrete	<input checked="" type="checkbox"/>	<input type="checkbox"/>	View		Residential/Traffic		
	Gas		<input checked="" type="checkbox"/> Public		Curb/gutter		Concrete	<input checked="" type="checkbox"/>	<input type="checkbox"/>	Landscaping		Standard for area		
	Water		<input checked="" type="checkbox"/> Public		Sidewalk		Concrete	<input checked="" type="checkbox"/>	<input type="checkbox"/>	Driveway Surface		Concrete		
	Sanitary sewer		<input checked="" type="checkbox"/> Public		Street lights		Electric	<input checked="" type="checkbox"/>	<input type="checkbox"/>	Apparent easements		Typical utility assumed		
	Storm sewer		<input checked="" type="checkbox"/> Public		Alley		Concrete	<input checked="" type="checkbox"/>	<input type="checkbox"/>	FEMA Special Flood Hazard Area		<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No		
										FEMA Zone		X Map Date 04/18/2011		
									FEMA Map No.		48121C0710G			
Comments (apparent adverse easements, encroachments, special assessments, slide areas, illegal or legal nonconforming zoning use, etc): Typical utility easements assumed. User is to rely on survey/title search for final determination of any adverse easements, encroachments or hazards, exact dimensions and site area. External obsolescence, site backs to Rosemeade, a divided major north/south traffic artery. See attached for additional comments regarding highest and best use.														
DESCRIPTION OF IMPROVEMENTS	GENERAL DESCRIPTION		EXTERIOR DESCRIPTION		FOUNDATION		BASEMENT		INSULATION					
	No. of Units		1		Foundation		Slab	Yes	Area Sq. Ft.		None	Roof Avg		
	No. of Stories		1		Exterior Walls		BV & siding	No	% Finished			Ceiling		
	Type (Det./Alt.)		Detached		Roof Surface		Comp shingle	None	Ceiling			Walls Avg		
	Design (Style)		Tradnl		Gutters & Drvnspt.		Galy ml	None	Walls			Floor		
	Existing/Proposed		Existing		Window Type		Alloy sash	None Noted	Floor			None		
	Age (Yrs.)		20 yrs		Storm/Screens		No/Yes	None Noted	Outside Entry			Unknown		
	Effective Age (Yrs.)		18 yrs		Manufactured House		No	Infestation				Std mkt items		
	ROOMS		Foyer	Living	Dining	Kitchen	Den	Family Rm.	Rec. Rm.	Bedrooms	# Baths	Laundry	Other	Area Sq. Ft.
	Basement													None
Level 1		Ent	1	1	+nk	Office			3	2	Utility		2328	
Level 2														
Finished area		above grade contains:	7	Rooms:	3	Bedroom(s):	2,00	Bath(s):	2,328	Square Feet of Gross Living Area				
INTERIOR		Materials/Condition	HEATING	KITCHEN EQUIP.	ATTIC	AMENITIES	CAR STORAGE:							
Floors		HDW/Cpt	Type FWA	Refrigerator	None	Fireplace(s) # 1	None		# of cars					
Walls		Texture/paint	Fuel Gas	Range/oven	X	Patio Concrete	Garage Attached 2-car							
Trim/Finish		Standard	Condition Avg	Disposal	X	Deck Stone	Detached							
Bath Floor		Ceramic	COOLING	Dishwasher	X	Porch Concrete	Built-In							
Bath Wall/sol		Ceramic	Central Cntrl	Fan/Hood	X	Fence Wood	Carport							
Doors		Standard	Other N/A	Microwave	X	Pool None	Driveway		CnCrt					
All in average condition		Condition Avg	Condition	Washer/Dryer	X	Sprkly/Lndscap X								
Additional features (special energy efficient items, etc): Ceiling treatments, moldings, fans; kitchen with island, formica counters, tile back splash; master bath with separate jet-tub and shower, walk-in closet with built-ins; stone deck in back yard.														
Condition of the improvements, depreciation (physical, functional, and external), repairs needed, quality of construction, remodeling/additions, etc.: No functional inadequacy present. Physical depreciation is due to normal wear and tear and is not excessive. External obsolescence, the site backs to Rosemeade, a major north/south traffic artery resulting in a diminution to marketability and value due to negative traffic influence. See attached for additional comments.														
Adverse environmental conditions (such as, but not limited to, hazardous wastes, toxic substances, etc.) present in the improvements, on the site, or in the immediate vicinity of the subject property: Refer to limiting conditions for comments. No environmental hazards were noted. User to rely on environmental engineer for final determination. See attached Certification.														

Valuation Section

Complete Appraisal Analysis - Summary Appraisal Report
UNIFORM RESIDENTIAL APPRAISAL REPORT

File No. 12050001

COST APPROACH	ESTIMATED SITE VALUE	= \$	Comments on Cost Approach (such as, source of cost estimate, site value, square foot calculation and for HUD, VA and FmHA, the estimated remaining economic life of the property): The Cost Approach is not applicable to value of the subject and is not completed in the performance of this appraisal.
	ESTIMATED REPRODUCTION COST-NEW-OF IMPROVEMENTS:		
	Dwelling 2,328 Sq. Ft @ \$	= \$	
	BSMT None Sq. Ft @ \$	= \$	
	Garage/Carp 420 Sq. Ft @ \$	= \$	
	Total Estimated Cost New	= \$	
	Less Physical Functional External	= \$	
	Depreciation	= \$	
	Depreciated Value of Improvements	= \$	
	"As-Is" Value of Site Improvements	= \$	
INDICATED VALUE BY COST APPROACH			

ITEM	SUBJECT	COMPARABLE NO. 1	COMPARABLE NO. 2	COMPARABLE NO. 3
3113 Andrew Lane	3610 Canyon Oaks	3316 Willow Ridge	3609 Chimney Rock	
Address Carrollton	Carrollton	Carrollton	Carrollton	
Proximity to Subject	0.83 miles NE	0.36 miles N	0.63 miles NE	
Sales Price \$	OMV \$ 200,465	\$ 225,000	\$ 188,000	
Price/Gross Liv. Area \$	86.11	101.35	79.76	
Data and/or Verification Source	MI#11746446 Tax Records	MI#11648487 Tax Records	MI#11730360 Tax Records	
VALUE ADJUSTMENTS	DESCRIPTION	DESCRIPTION	+ (-) \$ Adjustment	DESCRIPTION
Sales or Financing Concessions	Conv @ Mkt	FHA @ Mkt		Conv @ Mkt
Date of Sale/Time	Close 05/12	Close 01/12		Close 04/12
Location	Average	Average		Average
Leasehold/Fee Simple	Fee Simple	Fee Simple		Fee Simple
Site	8198 sf +/-	7161 sf +/-	14388 sf +/- Irreg	w/view 7131 sf +/-
View	Residential/Traffic	Residential/Traffic		-15,000 Residential
Design and Appeal	Tradnl	Tradnl		Tradnl
Quality of Construction	Average	Average		Average
Age	20 yrs	16 yrs	24 yrs	20 yrs
Condition	Average	Superior	-15,000 Superior	-15,000 Average
Above Grade	Total Bdrms Baths	Total Bdrms Baths		Total Bdrms Baths
Room Count	7 3 2.00	8 4 2		9 4 2.5
Gross Living Area	2,328 Sq. Ft.	2,328 Sq. Ft.	-0-	2,220 Sq. Ft.
Basement & Finished Rooms Below Grade	None	None		-15,000 None
Days on mkt	DOM 8	DOM 110		DOM 193
Functional Utility	Average	Average		Average
Heating/Cooling	CH/CA	CH/CA		CH/CA
Energy Efficient Items	Typ mkt item	Typ mkt item		Typ mkt item
Garage/Carp	2-car garage	2-car garage		2-car garage
Porch, Pallo, Deck, Fireplace(s), etc.	Std porches	Std porches		Std porches
Fence/Indscepe	Fnce/Indscepe	Fnce/Indscepe		Fnce/Indscepe
Fence, Pool, etc.	No pool	No pool		No pool
Net Adj. (total)	[] + [X] - \$	-15,000	[] + [X] - \$	-40,200 [] + [X] - \$ -10,000
Adjusted Sales Price of Comparable		\$ 185,465		\$ 184,800
				\$ 178,000

Comments on Sales Comparison (including the subject property's compatibility to the neighborhood, etc.): See extended comments. The attached comments are integral to the appraisal and are to be read by any user of the report.

ITEM	SUBJECT	COMPARABLE NO. 1	COMPARABLE NO. 2	COMPARABLE NO. 3
Date, Price and Data Source, for prior sales within year of appraisal	The subject has not sold in past 3 yr	MLS/Tax records indicate no sale in prior 12 months	MLS/Tax records indicate no sale in past 12 months	MLS/Tax records indicate no sale in prior 12 months

Analysis of any current agreement of sale, option, or listing of the subject property and analysis of any prior sales of subject and comparables within one year of the date of appraisal: The subject and sales are not currently listed in MLS.

INDICATED VALUE BY SALES COMPARISON APPROACH		\$ 182,000
INDICATED VALUE BY INCOME APPROACH (If Applicable) Estimated Market Rent \$	/Mo. x Gross Rent Multiplier	= \$ N/A
This appraisal is made <input type="checkbox"/> "as is" <input checked="" type="checkbox"/> subject to the repairs, alterations, inspections or conditions listed below		subject to completion per plans and specifications.
Conditions of Appraisal: The value is subject to conditions detailed in the narrative section of the report. See attached Certification, Limiting Conditions and narrative Comments.		
The attachments are integral to the report and are to be read by any user of the appraisal.		

Final Reconciliation: All weight is placed on the Sales Comparison Approach. The Cost Approach was considered, but is deleted due to the age of improvements and difficulty of estimating depreciation from all causes. The Income Approach is not applicable due to insufficient sales/rental data.

The purpose of this appraisal is to estimate the market value of the real property that is the subject of this report, based on the above conditions and the certification, contingent and limiting conditions, and market value definition that are stated in the attached Freddie Mac Form 439/Fannie Mae Form 1004B (Revised _____).

I (WE) ESTIMATE THE MARKET VALUE, AS DEFINED, OF THE REAL PROPERTY THAT IS THE SUBJECT OF THIS REPORT, AS OF May 18, 2012
(WHICH IS THE DATE OF INSPECTION AND THE EFFECTIVE DATE OF THIS REPORT) TO BE \$ 182,000.

APPRASIER:

Signature

Name John Scarborough, SRA

Date Report Signed

State Certification # 1320614-R

Or State License #

SUPERVISORY APPRAISER (ONLY IF REQUIRED):

Signature

Name _____

Date Report Signed

State Certification #

Or State License #

Did Did Not

Inspect Property

ADDITIONAL COMPARABLES

Borrower	None									
Property Address	3113 Andrew Lane									
City	Carrollton	County	Denton	State	TX	Zip Code	75007			
Lender/Client	Donald R. Meyer									
ITEM	SUBJECT	COMPARABLE NO. 4			COMPARABLE NO. 5			COMPARABLE NO. 6		
3113 Andrew Lane Address	Carrollton	1403 Susan Carrollton			3305 Hillpark Carrollton					
Proximity to Subject		0.17 miles N			0.28 miles N					
Sales Price	\$ OMV	\$ 210,000			\$ 192,000			\$ []		
Price/Gross Llv. Area	\$ []	\$ 84.20 []			\$ 92.35 []			\$ []		
Data and/or Verification Source	Observation Tax Records	MI#11598696 Tax Records			MI#11497151 Tax Records					
VALUE ADJUSTMENTS	DESCRIPTION	DESCRIPTION	+ (-) \$ Adjustment		DESCRIPTION	+ (-) \$ Adjustment		DESCRIPTION	+ (-) \$ Adjustment	
Sales or Financing Concessions	[]	Conv @ Mkt			FHA @ Mkt					
Date of Sale/Tlne		Close 09/11			Close 05/11					
Location	Average	Average			Average					
Leasehold/Fee Simple	Fee Simple	Fee Simple			Fee Simple					
Site	8198 sf +/-	7026 sf +/-			9618 sf +/-					
View	Residential/Traffic	Residential/Traffic			Residential		-10,000			
Design and Appeal	Tradnl	Tradnl			Tradnl					
Quality of Construction	Average	Average			Average					
Age	20 yrs	21 yrs			22 yrs					
Condition	Average	Average	-0	Superior		-15,000				
Above Grade	Total	Bdrns	Baths	Total	Bdrns	Baths		Total	Bdrns	Baths
Room Count	7	3	2.00	9	4	2.5		8	4	2
Gross Living Area	2,328	Sq. Ft.		2,494	Sq. Ft.		-2,000	2,079	Sq. Ft.	
							-5,800			+8,700
Basement & Finished Rooms Below Grade	None	None			None					
Days on mkt	DOM 91				DOM 162					
Functional Utility	Average	Average			Average					
Heating/Cooling	CH/CA	CH/CA			CH/CA					
Energy Efficient Items	Typ mkt item	Typ mkt item			Typ mkt item					
Garage/Carpot	2-car garage	2-car garage			2-car garage					
Porch, Patio, Deck, Fireplace(s), etc.	Std porches Fnce/Indscpe	Std porches Fnce/Indscpe			Std porches Fnce/Indscpe					
Fence, Pool, etc.	No pool	Gunite Pool	-20,000	No pool						
Net Adj. (total)				-27,800						
Adjusted Sales Price of Comparable			\$ 182,200			\$ 175,700				
Date, Price and Data Source, for prior sales within year of appraisal	The subject has not sold in past 3 yr	MLS/Tax records indicate no sale in past 12 months		MLS/Tax records indicate no sale in past 12 months				MLS/Tax records indicate no sale in past 12 months		
Comments on Market Data										

ADDITIONAL COMMENTS

Borrower or Owner	None		
Property Address	3113 Andrew Lane		
City	Carrollton	County	Denton
Lender or Client	Donald R. Meyer	State	TX
		Zip Code	75007-2763

SCOPE OF THE APPRAISAL

It is specifically assumed that site area of the subject as indicated in tax records is accurate, that current improvements to the site are unencumbered by any easements, encroachments, hazards or title defects unless otherwise stated in the appraisal, that the subject is in compliance with its zoning district and that the improvements are in compliance with all applicable zoning regulations and building codes, and that information obtained from third party sources regarding the subject and other data detailed in the appraisal is accurate as represented to the appraiser and shown herein.

The appraiser has provided a sketch to show the approximate dimensions of the improvements. The sketch is intended to assist the client in visualizing the property and understanding the appraiser's determination of size. The client is advised that calculated Gross Living Area (GLA) shown herein may vary somewhat from appraiser to appraiser and that minor differences in GLA between appraisers is typical.

The appraiser completed a detailed interior/exterior observation of the property that is the subject of this report (see attached photos). The subject appeared to be structurally/mechanically adequate at the time of observation and no repairs appear to be required. It should be noted that the appraiser is not a structural/mechanical engineer and is not qualified to assert an opinion regarding said systems. The value indicated in this report contemplates that, unless otherwise indicated, all structural/mechanical systems are adequately functional. Further, it is assumed that there are no hidden or unapparent conditions of the property, subsoil, or structures that would render it more or less valuable. No responsibility is assumed for such conditions or for engineering that may be required to discover such factors. The value indicated in this report is therefore subject to any repairs that may be required for the property to be without defect and structurally/mechanically functional. The user of this report is to rely on an inspection by qualified specialist(s) for final determination of same.

Unless otherwise stated in this report, the existence of hazardous substances, including without limitation asbestos, polychlorinated biphenyls, petroleum leakage, or agricultural chemicals, which may or may not be present on the property, or other environmental conditions, were not called to the attention of nor did the appraiser become aware of such during the appraiser's inspection. The appraiser has no knowledge of the existence of such materials on or in the property unless otherwise stated. The appraiser, however, is not qualified to test such substances or conditions. If the presence of such substances, such as asbestos, urea formaldehyde foam insulation, or other hazardous substances or environmental conditions, may affect the value of the property, the value estimated is predicated on the assumption that there is no such condition on or in the property or in such proximity thereto that it would cause a loss in value. No responsibility is assumed for any such conditions, nor for any expertise or engineering knowledge required to discover them.

The purpose of the appraisal and the problem to be solved in this appraisal are to estimate the fee simple interest in the subject property. The intended use of the appraisal is its use relating to a tax appeal only, is subject to the stated Scope of Work, purpose of the appraisal, reporting requirements of this appraisal report, and Definition of Market Value. The intended user of the appraisal is the client named on page one of the appraisal. No other use or users are intended by the appraiser and the appraisal must not be relied upon by any other party for any purpose whatsoever. As of this date I, John K Scarborough, have completed the requirements of the continuing education program of the Appraisal Institute. The appraiser has not provided any other appraisal related services on the subject property in the preceding three years.

MARKET CONDITIONS IN NEIGHBORHOOD

ADDITIONAL COMMENTS
Page 2

Borrower or Owner	None		
Property Address	3113 Andrew Lane		
City	Carrollton	County	Denton
Lender or Client	Donald R. Meyer		

25 sales in MLS from the neighborhood have closed in the past 12 months for absorption of 2.08 units per month. Average sales price was \$221,080 and average list price was \$228,123. Average marketing time was 65 days. 8 units from the same market area are listed for sale in MLS. Average list price is \$249,013 and average exposure time is 52 days. Based on absorption over the past 12 months a 3.85 month supply exists.

21 sales from the neighborhood closed in the previous 12 month period from 05/10 to 05/11 for absorption of 1.75 units per month. Average price was \$220,771, average list price was \$227,619 and average marketing time was 76 days.

Analysis of the data indicates that sequential year over year prices have appreciated by approximately 0.0014 on an annualized basis. Sales velocity has remained relatively stable while current list pricing has measurably increased. The increased list pricing suggests that measurable price appreciation may occur in the near future assuming that economic conditions do not deteriorate from current conditions. Based on the foregoing, values in the neighborhood appear to be stable with no decline occurring as of the effective date of the appraisal and properties that are well maintained, aggressively marketed and properly priced are readily absorbed by the market. Exposure time for the subject is estimated to be 120 to 180 days.

SITE

The fundamental concept of highest and best use may be defined as the reasonably probable and legal use of vacant land or improved property, that is physically possible, legally permissible, appropriately supported, financially feasible, and that results in the highest value.

In analyzing the highest and best use of a property, the appraiser should determine whether the proposed usage of the land is physically possible, legally permissible, economically feasible and maximally productive. If an affirmative answer may be given to these basic questions, it is determined that the highest and best use test has been satisfied.

The subject is reported to be zoned for and is improved with a single family dwelling which indicates that current use is both legally feasible and physically possible. Due to the contributory value of the improvements, the highest return to the land is current use. Accordingly, Highest and Best Use of the subject is considered to be its current use as improved.

CONDITION OF IMPROVEMENTS

Structural/mechanical systems appeared to be functionally adequate. The value expressed in this appraisal is predicated on the assumption that all structural/mechanical systems are functionally adequate. If future inspection reveals a significant deficiency, the value may need to be revised once all inspection reports have been reviewed by the appraiser.

The subject has been adequately maintained and cosmetic condition of the subject is adequate; however, appeal and value would be enhanced with cosmetic updating that would reflect current design standards for homes comparable to the subject. The value of the subject property is therefore inferior relative to similar homes that have had recent cosmetic remodeling, i.e., kitchen, bath, paint, paper, floor coverings.

COMMENTS ON SALES COMPARISON**SITE**

ADDITIONAL COMMENTS

Page 3

Borrower or Owner	None		
Property Address	3113 Andrew Lane		
City	Carrollton	County	Denton
Lender or Client	Donald R. Meyer	State	TX
		Zip Code	75007-2763

A comparison of the sales indicates that the difference in site area of the sales in comparison to the subject has no measurable impact on value except for sale 2. Sale 2 is on a larger, irregularly shaped cul-de-sac lot. The irregular shape of the lot diminishes the utility and impact on value of the additional site area. Impact on value for the difference in lot size is considered in terms of a single adjustment taken for view.

VIEW

Sales 1 and 4 are similar size lots with similar negative traffic influence as the subject and require no adjustment. Sale 2 is a larger lot with no negative site influence and is adjusted down accordingly. Sales 3 and 5 are on similar size lots with no negative site influence and are adjusted down accordingly.

CONDITION

Sales 1, 2 and 4 are reported to have had recent cosmetics, were in superior condition in comparison to the subject and are adjusted down accordingly. Sales 3 and 5 are reported to have been similarly well maintained as the subject, were in similar overall condition as the subject and require no adjustment.

RECONCILIATION OF ADJUSTED SALES

All sales are from the neighborhood and closed within 12 months of the effective date of the appraisal. As all sales had dissimilarities, they are all equally utilized in reconciliation. The relatively narrow range of adjusted values indicates that appropriate adjustments have been made and equal weight is placed on all 5 sales.

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

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

CONTINGENT AND LIMITING CONDITIONS: The appraiser's certification that appears in the appraisal report is subject to the following conditions:

1. The appraiser will not be responsible for matters of a legal nature that affect either the property being appraised or the title to it. The appraiser assumes that the title is good and marketable and, therefore, will not render any opinions about the title. The property is appraised on the basis of it being under responsible ownership.
2. The appraiser has provided a sketch in the appraisal report to show approximate dimensions of the improvements and the sketch is included only to assist the reader of the report in visualizing the property and understanding the appraiser's determination of its size.
3. The appraiser has examined the available flood maps that are provided by the Federal Emergency Management Agency (or other data sources) and has noted in the appraisal report whether the subject site is located in an identified Special Flood Hazard Area. Because the appraiser is not a surveyor, he or she makes no guarantees, express or implied, regarding this determination.
4. The appraiser will not give testimony or appear in court because he or she made an appraisal of the property in question, unless specific arrangements to do so have been made beforehand.
5. The appraiser has estimated the value of the land in the cost approach at its highest and best use and the improvements at their contributory value. The separate valuations of the land and improvements must not be used in conjunction with any other appraisal and are invalid if they are so used.
6. The appraiser has noted in the appraisal report any adverse conditions (such as, needed repairs, depreciation, the presence of hazardous wastes, toxic substances, etc.) observed during the inspection of the subject property or that he or she became aware of during the normal research involved in performing the appraisal. Unless otherwise stated in the appraisal report, the appraiser has no knowledge of any hidden or unapparent conditions of the property or adverse environmental conditions (including the presence of hazardous wastes, toxic substances, etc.) that would make the property more or less valuable, and has assumed that there are no such conditions and makes no guarantees or warranties, express or implied, regarding the condition of the property. The appraiser will not be responsible for any such conditions that do exist or for any engineering or testing that might be required to discover whether such conditions exist. Because the appraiser is not an expert in the field of environmental hazards, the appraisal report must not be considered as an environmental assessment of the property.
7. The appraiser obtained the information, estimates, and opinions that were expressed in the appraisal report from sources that he or she considers to be reliable and believes them to be true and correct. The appraiser does not assume responsibility for the accuracy of such items that were furnished by other parties.
8. The appraiser will not disclose the contents of the appraisal report except as provided for in the Uniform Standards of Professional Appraisal Practice.
9. The appraiser has based his or her appraisal report and valuation conclusion for an appraisal that is subject to satisfactory completion, repairs, or alterations on the assumption that completion of the improvements will be performed in a workmanlike manner.
10. The appraiser must provide his or her prior written consent before the lender/client specified in the appraisal report can distribute the appraisal report (including conclusions about the property value, the appraiser's identity and professional designations, and references to any professional appraisal organizations or the firm with which the appraiser is associated) to anyone other than the borrower; the mortgagee or its successors and assigns; the mortgage insurer; consultants; professional appraisal organizations; any state or federally approved financial institution; or any department, agency, or instrumentality of the United States or any state or the District of Columbia; except that the lender/client may distribute the property description section of the report only to data collection or reporting service(s) without having to obtain the appraiser's prior written consent. The appraiser's written consent and approval must also be obtained before the appraisal can be conveyed by anyone to the public through advertising, public relations, news, sales, or other media.

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

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

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

ADDRESS OF PROPERTY APPRAISED: 3113 Andrew Lane, Carrollton, TX 75007-2763

APPRAISER:

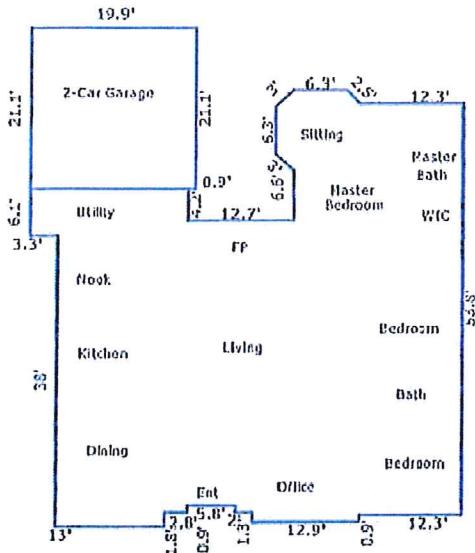
Signature: _____
 Name: John Scarborough, SRA
 Date Signed: _____
 State Certification #: 1320614-R
 or State License #: _____
 State: TX
 Expiration Date of Certification or License: 4/30/2013

SUPERVISORY APPRAISER (only if required):

Signature: _____
 Name: _____
 Date Signed: _____
 State Certification #: _____
 or State License #: _____
 State: _____
 Expiration Date of Certification or License: _____
 Did Did Not Inspect Property

SKETCH ADDENDUM

Borrower or Owner None
 Property Address 3113 Andrew Lane
 City Carrollton County Denton State TX Zip Code 75007-2763
 Client Donald R. Meyer



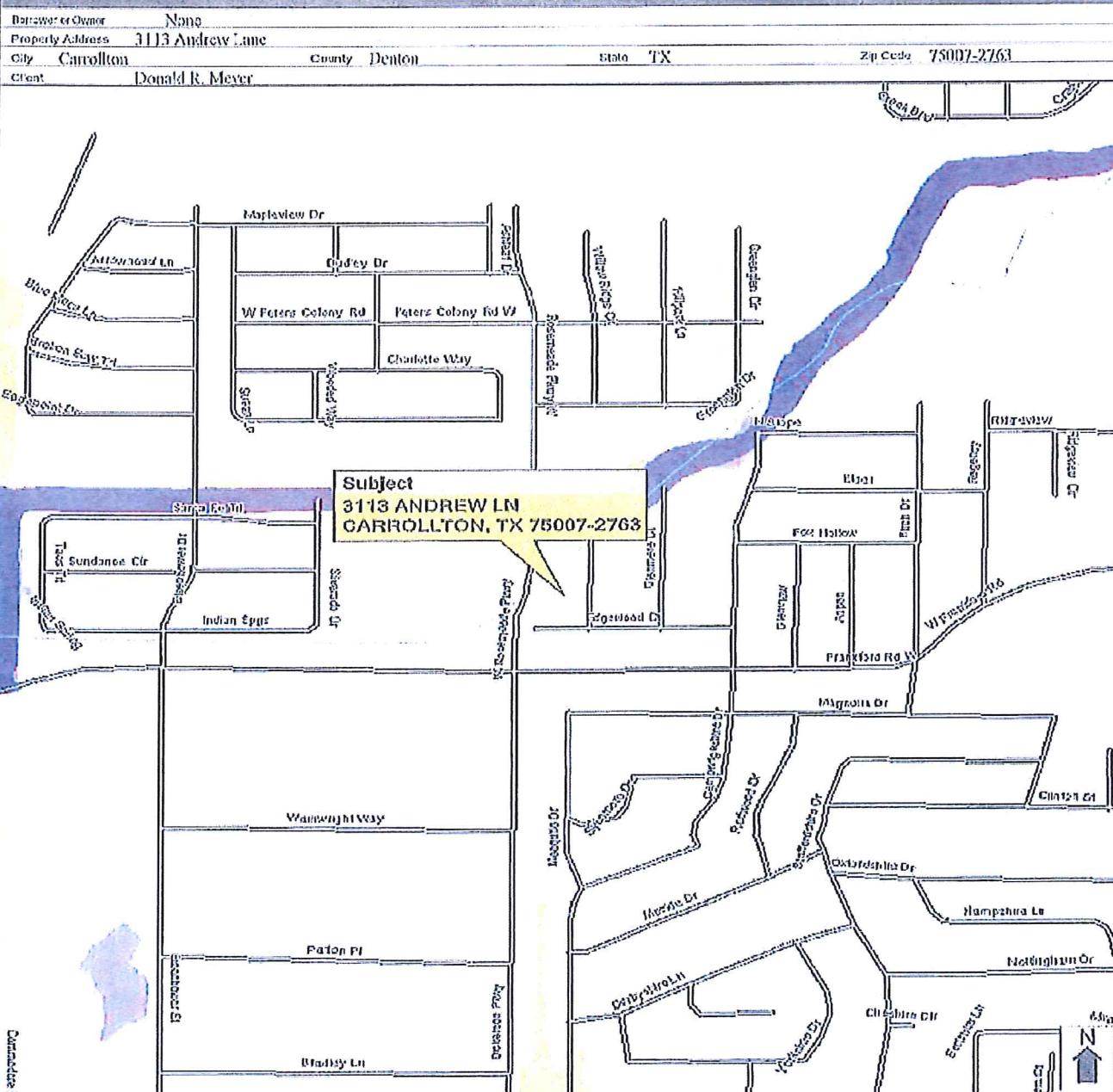
Sketch by AppxMedina™
 Comments:

AREA CALCULATIONS SUMMARY			LIVING AREA BREAKDOWN		
Code	Description	Net Size	Net Totals	Breakdown	Subtotals
GLA1	First Floor	2327.9	2327.9	First Floor	23.4
GAR	Garage	419.9	419.9	13.0 x 1.0	14.2
				15.0 x 0.9	
				40.0 x 35.3	1722.6
				0.9 x 27.2	24.5
				0.5 x 1.0	1.6
				0.3 x 22.2	6.7
				6.3 x 22.5	141.0
				0.7 x 20.4	177.5
				4.2 x 19.0	79.0
				1.9 x 52.1	99.0
				0.4 x 25.2	10.1
				6.3 x 1.0	11.3
				0.5 x 0.3 x 0.3	0.0
				0.5 x 2.1 x 2.1	2.2
				0.9 x 12.9	11.6
				0.5 x 1.0 x 1.0	1.6
Net LIVABLE Area (rounded)			2328	16 Items (rounded)	2328

AERIAL PHOTO OF SUBJECT

Borrower or Owner	None						
Property Address	3113 Andrew Lane						
City	Carrollton	County	Denton	State	TX	Zip Code	75007-2763
Client	Donald R. Meyer						



FLOODMAP**Flood Zones**

- [Yellow Box] Areas Inundated by 500-year flooding
- [Light Blue Box] Areas outside of the 100- and 500-year flood plains
- [Dark Blue Box] Areas Inundated by 100-year flooding
- [Medium Blue Box] Areas Inundated by 100-year flooding with velocity hazard

- [Dark Blue Box] Floodway areas
- [Medium Blue Box] Floodway areas with velocity hazard
- [Light Blue Box] Areas of undetermined but possible flood hazards
- [Green Box] Areas not mapped on any published FIRM

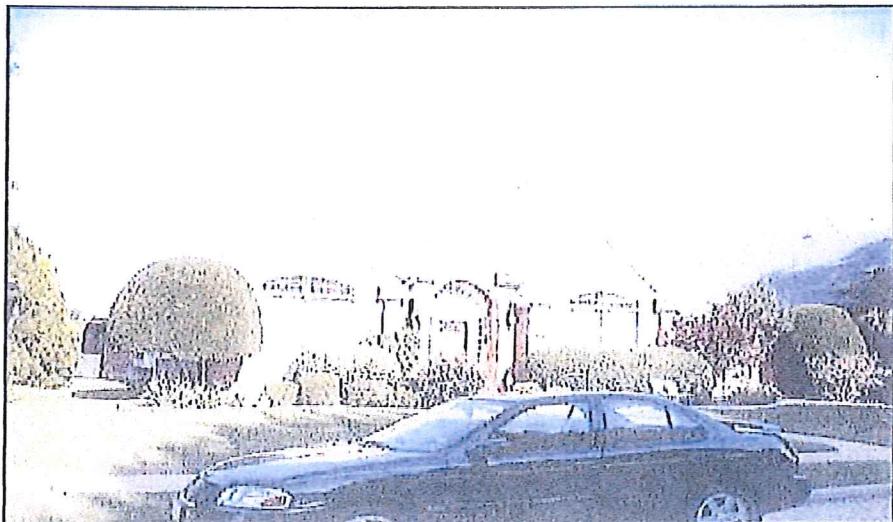
Flood Zone Determination

Latitude: 32.998876840408
 Longitude: -96.919746196925
 Community Name:
CARROLLTON, CITY OF
 Community: 480167
 SFHA (Flood Zone): **Out**
 Within 250 ft. of multiple flood zones: **No**
 Zone: **X**
 Panel: 0710G Panel Date: 04/18/2011
 FIPS Code: 48121 Census Tract: 216.27

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PHOTOGRAPH ADDENDUM

Buyer or Owner	None
Property Address	3113 Andrew Lane
City	Carrollton
County	Denton
State	TX
Zip Code	75007-2763
Owner	Donald R. Meyer



**FRONT VIEW OF
SUBJECT PROPERTY**



**REAR VIEW OF
SUBJECT PROPERTY**



**STREET SCENE
SUBJECT PROPERTY**

PHOTOGRAPH ADDENDUM

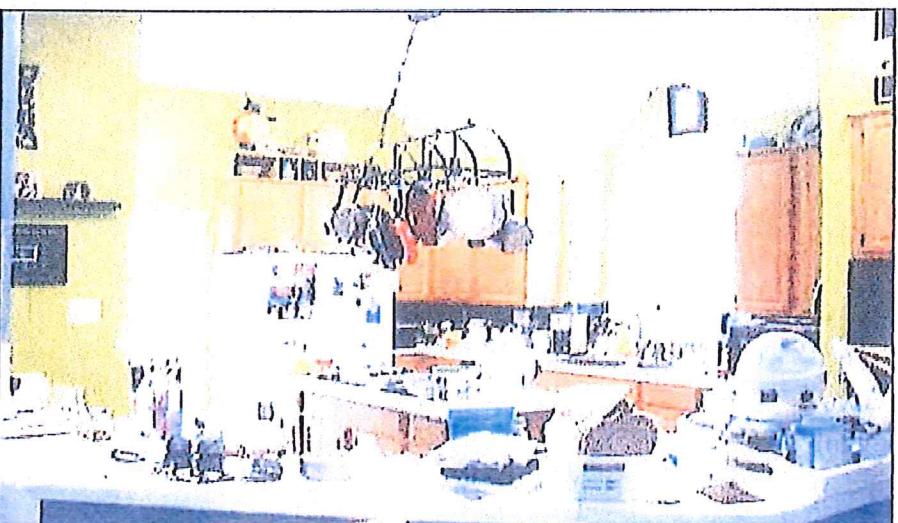
Borrower or Owner None
Property Address 3113 Andrew Lane
City Carrollton County Denton State TX Zip Code 75007-2763
Client Donald B. Meyer



LIVING



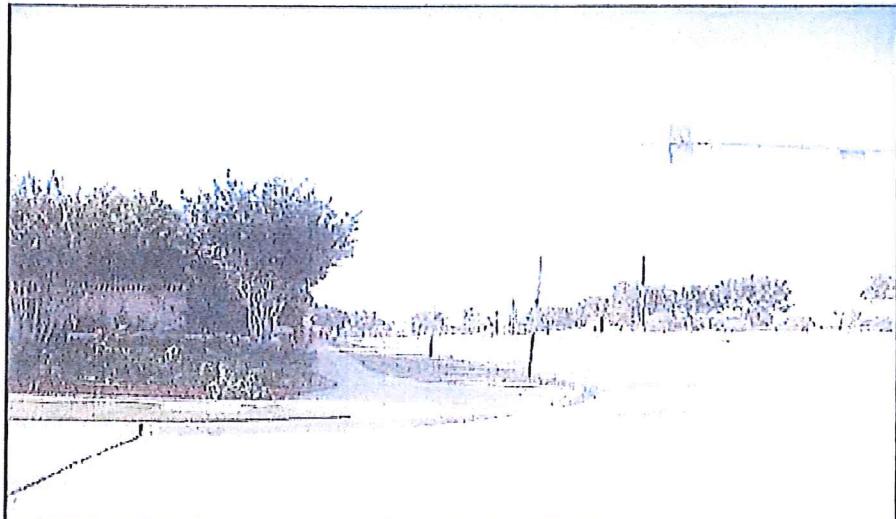
DINING



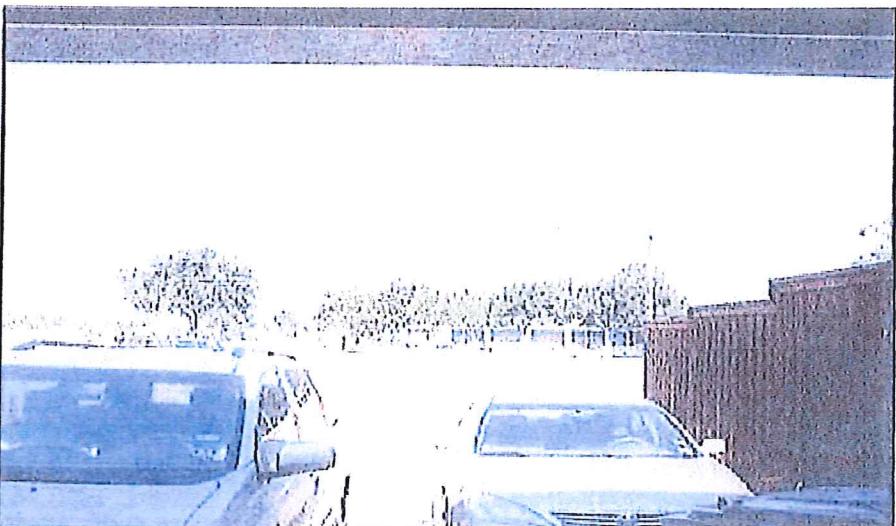
KITCHEN

PHOTOGRAPH ADDENDUM

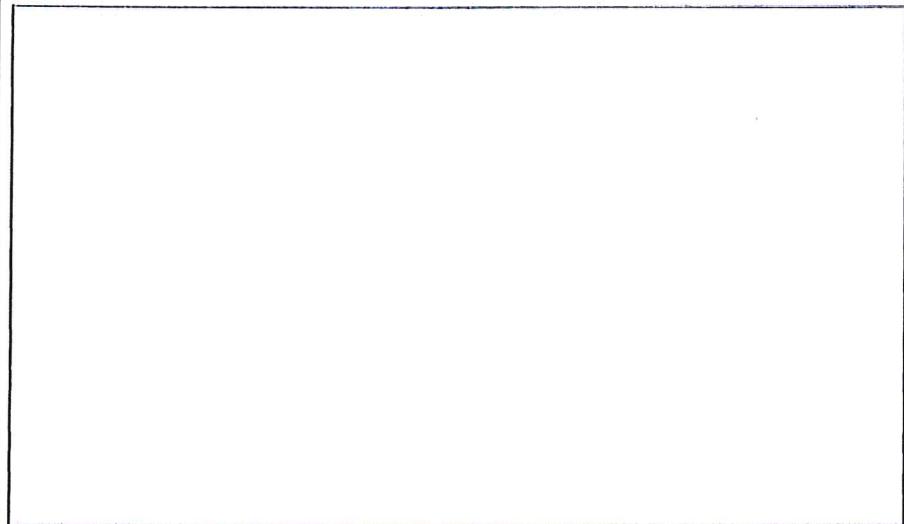
Borrower or Owner	None				
Property Address	3113 Andrew Lane				
City	Carrollton	County	Denton	State	TX
Client	Donald R. Meyer	Zip Code	75007-2763		



VIEW OF ROSEMEADE



VIEW OF ROSEMEADE FROM GARAGE



PHOTOGRAPH ADDENDUM

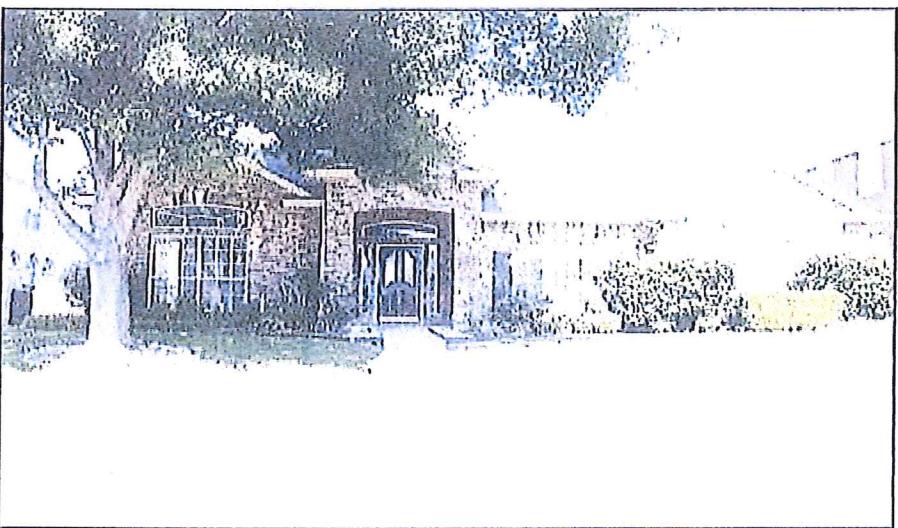
Borrower or Owner	None
Property Address	1113 Andrew Lane
City	Carrollton
County	Denton
State	TX
Zip Code	75007-2763
Client	Donald R. Meyer

**COMPARABLE #1**

3610 Canyon Oaks
Carrollton

**COMPARABLE #2**

3316 Willow Ridge
Carrollton

**COMPARABLE #3**

3609 Chimney Rock
Carrollton