

NOTICE OF PUBLIC MEETING

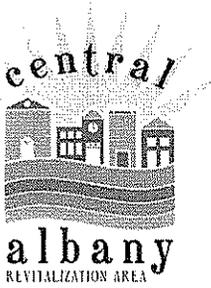
CENTRAL ALBANY REVITALIZATION AREA ADVISORY BOARD
City Hall Council Chambers
Wednesday, April 20, 2011
Following ARA Budget Committee Work Session

AGENDA

1. CALL TO ORDER (Chair Cordell Post)
2. ROLL CALL
3. APPROVAL OF MINUTES
 - March 16, 2011. [Pages 1-3]
 - Action: _____
4. SCHEDULED BUSINESS
 - a. Business from the Public
 - b. Albany Redevelopment, LLC, contract modification/new loan. [Pages 4-36] (Porsche, Delapoer/Applicant)
Action: _____
 - c. Staff updates and issues. [Verbal] (Porsche)
Action: _____
5. BUSINESS FROM THE BOARD
5. NEXT MEETING DATE: *Next regular meeting Thursday, May 12, 2011*
7. ADJOURNMENT

City of Albany Web site: www.cityofalbany.net

The location of the meeting/hearing is accessible to the disabled. If you have a disability that requires accommodation, please notify the Human Resources Department in advance by calling 541-917-7500.



APPROVED:

CITY OF ALBANY
Central Albany Revitalization Area Advisory Board
City Hall Council Chambers, 333 Broadalbin Street SW
Wednesday, March 16, 2011

MINUTES

Advisory Board Members present: Jeff Christman, Bill Coburn, Floyd Collins, Loyd Henion, Gordon Kirbey, Sharon Konopa, Ray Kopczynski, Dick Olsen, Cordell Post, Ralph Reid, Jr., Mark Spence

Advisory Board Members absent: Rich Catlin (excused), Bessie Johnson (excused), Chuck Leland (excused)

Staff present: Urban Renewal Manager Kate Porsche, Administrative Assistant Teresa Nix

Others present: Approximately nine audience members

CALL TO ORDER

Chair Cordell Post called the meeting to order at 5:17 p.m.

APPROVAL OF MINUTES

February 16, 2011

MOTION: Ray Kopczynski moved to approve the February 16 minutes as presented. Ralph Reid, Jr., seconded the motion, and it **passed** unanimously.

SCHEDULED BUSINESS

Business from the Public

None.

Presentation of New Small Grant Requests

Urban Renewal Manager Kate Porsche said that the seven small grant requests received total \$24,608; there is \$25,000 budgeted for this round of allocations. She reviewed each of the requests as detailed in the written staff report.

1st Hand Seconds – Unique Boutique (Deborah Boulanger) (\$2,808)

In response to an inquiry received via e-mail from Board member Rich Catlin, Porsche clarified that the owners of the building would be paying for the lighting and installation.

Browsers' Bookstore (Scott Givens) (\$5,000)

Porsche advised that she received a note from Library Director Ed Gallagher commenting that he considers Givens to be a valuable partner and a strong supporter of the Albany Library. Post said that he will abstain from voting on this request due to his professional relationship with Givens.

Albany Civic Theater (Dean Keeling) (\$5,000)

There were no questions or additional information on this item.

129 First Avenue W (Gary Nieland) (\$500)

Porsche said that Catlin had asked about the owner's willingness to add awnings to the front of the building; the owner has said that project would be cost prohibitive at this time.

St. Mary's Parish (Reverend Andrew Thomas) (\$1,300)

Sharon Konopa said that she will abstain from voting on this request due to her association with St. Mary's.

C.H.A.N.C.E. (Michelle Shannon) (\$5,000)

Porsche said that Catlin had asked what prep work is included in the bid; the applicant has indicated that the old lead paint is failing substantially, that it will be removed in an environmentally sensitive way, and that all prep work is included in the bid.

Loafers (Montie and Wendy Torgenson) (\$5,000)

Porsche said that she received a question as to whether this request is for work that has already been done. The owners have indicated that there is a long list of work yet to be done including exterior lighting, painting, signage, and landscaping, as well as an interior wall and flooring; this is the work for which they are requesting assistance.

Loyd Henion asked if CARA has a policy requiring grant recipients to go out for bid. Porsche said there is no formal policy; she generally asks applicants to get two bids but that is sometimes not done due to scheduling constraints.

Deliberations and Funding Decisions

MOTION: Kopczynski moved to approve the above seven small grant requests. Henion seconded the motion, and it **passed** by a vote of 8 to 1 with Coburn voting no and with Konopa and Post abstaining.

Porsche reviewed a request from Seth Fortier, owner of Fortier Chiropractor Clinic, who has purchased a new location on Fifth and Broadalbin. Fortier missed the application deadline due to a health situation in the family. He has had a consultation with CARA Architect Rob Dortignacq, and he has submitted a bid from Smith Glass for \$14,500 to replace the old, weeping windows and doors with attractive new windows and doors. He is requesting a small grant in the amount of \$5,000 toward this work. Brief discussion followed.

MOTION: Kirbey moved to approve the request from Fortier. Coburn seconded the motion, and it **passed** unanimously.

Staff Updates and Issues

Porsche reported that the City was not successful in its application for a Transportation Growth Management Grant for work on the Broadalbin Promenade. The estimate for that project is \$1.5 million, but no firm bids have been solicited. Brief discussion followed.

Porsche reported that the City legally pursued the former owner of the old Sears building who did not perform as required in the CARA contract. The City was awarded \$75,500 and legal costs. The next step will be to attempt to get the money owed.

BUSINESS FROM THE BOARD

None.

NEXT MEETING DATE

A work session with the ARA Budget Committee is scheduled for Wednesday, April 20, 2011, at 5:15 p.m. The next regular meeting of is scheduled following this work session.

ADJOURNMENT

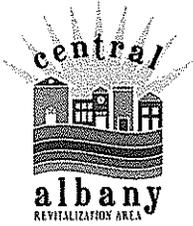
Hearing no further business, Chair Post adjourned the meeting at 5:47 p.m.

Submitted by,

Reviewed by,

Teresa Nix
Administrative Assistant

Kate Porsche
Urban Renewal Manager



TO: CARA Advisory Board
VIA: Jim Delapoer, City Attorney
FROM: Kate Porsche, Urban Renewal Manager *Kate*
DATE: April 13, 2011, for April 20, 2011, CARA Advisory Board Meeting
SUBJECT: Staff Report – Albany Redevelopment, LLC

Background

Staff was approached by Albany Redevelopment, LLC, our partners on the Labor Temple project located at 228 Third Avenue SE. The project has slowed as cash-flow and the procurement of a construction loan have been challenging for Albany Redevelopment. Here's the current state of affairs:

- First Lien Holder: Mason Trust has a first lien on the property in the amount of \$176,000. Albany Redevelopment is looking into a new loan, potentially with a local lender, to take out the Mason's.
- Current CARA Commitment:

Forgivable Loan =	\$ 40,000.00
Amount Drawn Down =	\$ 23,482.89
Balance Available =	\$ 16,517.11
- Appraised Value upon Completion \$375,000.00
(Current appraisal attached; note that we required a new appraisal to ensure the value was current and accurate.)

We were approached by Mr. Rosenblatt to see about the possibility of restructuring the loan on the project. Mr. Rosenblatt came in to meet with City Attorney Jim Delapoer and me.

Proposed Structure

Mr. Rosenblatt has proposed the following structure:

Total amount needed to complete the project:	\$120,000
<u>Less amount remaining on grant:</u>	<u>(16,517)</u>
Total Amount of New CARA funds:	\$103,483

- Remaining amount on the grant would be converted from a forgivable loan (\$16,517.11) to a non-forgivable loan, which shall be due in full on April 21, 2014, and will be secured with a lien in second position.
- Interest Rate: 6%, which will begin to accrue with the execution of the new documents.
- Loan may be drawn down directly with payments routed through an escrow company to pay vendors directly (rather than reimbursed).
- No payments in the interim.
- Balloon payment with accrued interest at the end of three years.
- No prepayment penalty if they are able to refinance sooner.

First Lien (not ours)	\$176,000
<u>Second Lien (CARA)</u>	<u>\$120,000</u>
Total Liens on Property	\$296,000

Loan to Value when completed 78.9%

Recommendation

Both Mr. Delapoer and I have reviewed this structure and feel that this is a suitable next step in order to ensure that the project is completed. First, with an appraisal in hand that indicates a completed value of \$375,000, we are ensured that that the value in the project is there (LTV = 78.9%).

Though CARA will be putting an additional \$103,483 forward on this project, the full amount of \$120,000 will be a loan with interest being paid. This means we will not only receive back the additional amount of \$103,483 (with interest), but the amount of \$16,517, which is currently structured as a forgivable loan will be converted to a loan to be repaid with interest.

The principal justification for the additional funding is that upon completion of the project CARA would have a second secured position on an asset worth at least \$375,000 with a total investment from CARA of \$120,000. If CARA were forced to foreclose, the Agency would satisfy the first Trust Deed debt of \$176,000 and then have a total investment of \$296,000 in an asset worth approximately \$375,000.

If we chose not to provide the funding at this time and the project fails for want of final construction funding, the Agency will have invested \$23,482 (not counting the \$250,000 draws by Mr. Smith, the previous owner), which will be secondary to the first Trust Deed, and thus vulnerable to being lost if the project remains uncompleted.

In terms of the amount to finish the project, Mr. Ward and Mr. Rosenblatt have outlined the amounts that will be necessary to complete the project (see attached draw schedule). As an extra precautionary measure, we are having a trusted, local independent contractor review the draw schedule to make sure that the amounts will be sufficient to complete the work.

Finally, on the draws, we've come up with a structure wherein our money may be used to pay the contractors via an escrow company. This ensures that the funds will get to the contractors and frees up the interim cash flow for the applicants so that they do not have to wait the thirty days for reimbursement.

With all of this said, Mr. Delapoer and I feel comfortable recommending approval of this new structure to you in order to expedite the completion of this project once and for all.

KCP:ldh

Attachments:

Current Appraisal

Draw Schedule

09100200

File # 09100200

Appraisal Update and/or Completion Report

The purpose of this report form is to provide the lender/client with an accurate update of an appraisal and/or to report a certification of completion. The appraiser must identify the service(s) provided by selecting the appropriate report type.

Property Address 222 3rd Ave SE Unit # _____
 City ALBANY State OR Zip Code 97321-2897
 Legal Description THE EAST 1/2 LOT OF THE WEST 12 FT OF LOT 3, BLOCK 13, EASTERN ADDITION, I County LINN
 Borrower RANDY ROSENBLAT Contract Price \$ N/A Date of Sale _____ Effective Date of Original Appraisal 09/15/2010
 Property Rights Appraised Fee Simple Leasehold Other (describe) _____ Original Appraised Value \$ 375,000
 Original Appraiser BRIAN ORR Company Name ALLIANCE APPRAISAL GROUP
 Original Lender/Client S & D MORTGAGE Address 191 W WILBUR RD STE 101, THOUSAND OAKS, CA 91360

SUMMARY APPRAISAL UPDATE REPORT

INTENDED USE: The intended use of this appraisal update is for the lender/client to evaluate the property that is the subject of this report to determine if the property has declined in value since the date of the original appraisal for a mortgage finance transaction.

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

SCOPE OF WORK: The appraiser must, at a minimum: (1) concur with the original appraisal, (2) perform an exterior inspection of the subject property from at least the street, and (3) research, verify, and analyze current market data in order to determine if the property has declined in value since the effective date of the original appraisal.

HAS THE MARKET VALUE OF THE SUBJECT PROPERTY DECLINED SINCE THE EFFECTIVE DATE OF THE PRIOR APPRAISAL? Yes No

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

- I have, at a minimum, developed and reported this appraisal update in accordance with the scope of work requirements stated in this appraisal update report and concur with the analysis and conclusions in the original appraisal.
- I performed this appraisal update 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 update was prepared.
- I have updated the appraisal by incorporating the original appraisal report.
- I have summarized my analysis and conclusions in this appraisal update and retained all supporting data in my work file.

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

- I directly supervised the appraiser for this appraisal update assignment, have read the appraisal update report, and agree with the appraiser's analysis, opinions, statements, conclusions, and the appraiser's certification.
- I accept full responsibility for the contents of this appraisal update report including, but not limited to, the appraiser's analysis, opinions, statements, conclusions, and the appraiser's certification.

CERTIFICATION OF COMPLETION

INTENDED USE: The intended use of this certification of completion is for the lender/client to confirm that the requirements or conditions stated in the appraisal report referenced above have been met.

INTENDED USER: The intended user of this certification of completion is the lender/client.

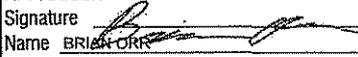
HAVE THE IMPROVEMENTS BEEN COMPLETED IN ACCORDANCE WITH THE REQUIREMENTS AND CONDITIONS STATED IN THE ORIGINAL APPRAISAL REPORT? Yes No If No, describe any impact on the opinion of market value.

APPRAISER'S CERTIFICATION: I certify that I have performed a visual inspection of the subject property to determine if the conditions or requirements stated in the original appraisal have been satisfied.

SUPERVISORY APPRAISER'S CERTIFICATION: I accept full responsibility for this certification of completion.

SIGNATURES

ADDITIONAL CERTIFICATION: I/we certify that if this 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 report containing a copy or representation of my signature, the 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.

<p>APPRAISER <u>BRIAN R ORR</u> Signature <u></u> Name <u>BRIAN ORR</u> Company Name <u>ALLIANCE APPRAISAL GROUP</u> Company Address <u>3585 SE SHORELINE DR CORVALLIS, OR 97333</u> Telephone Number <u>(541) 753-4202</u> Date of Signature and Report <u>04/11/2011</u> Effective Date of Appraisal Update _____ Date of Inspection <u>09/15/2010</u> State Certification # <u>CR00578</u> or State License # _____ or Other (describe) _____ State # _____ State <u>OR</u> Expiration Date of Certification or License <u>1/31/2012</u></p> <p>CURRENT LENDER/CLIENT Name <u>RANDY</u> Company Name <u>S & D MORTGAGE</u> Company Address <u>191 W WILBUR RD STE 101 THOUSAND OAKS, CA 91360</u></p>	<p>SUPERVISORY APPRAISER (ONLY IF REQUIRED) Signature _____ Name _____ Company Name _____ Company Address _____ Telephone Number _____ Date of Signature _____ State Certification # _____ or State License # _____ or Other _____ State _____ Expiration Date of Certification or License _____</p> <p>SUPERVISORY APPRAISER <input type="checkbox"/> Did not inspect subject property <input type="checkbox"/> Did inspect exterior of subject property from street Date of Inspection _____ <input type="checkbox"/> Did inspect interior and exterior of subject property Date of Inspection _____</p>
---	--

Small Residential Income Property Appraisal Report

09100200
File # 09100200

The purpose of this summary appraisal report is to provide the lender/client with an accurate, and adequately supported, opinion of the market value of the subject property.

Property Address 222 3rd Ave SE City ALBANY State OR Zip Code 97321-2897
 Borrower RANDY ROSENBLAT Owner of Public Record ALBANY REDEVELOPMENT LLC County LINN
 Legal Description THE EAST 1/2 LOT OF THE WEST 12 FT OF LOT 3, BLOCK 13, EASTERN ADDITION, IN THE CITY OF ALBANY, LINN Co, OREGON
 Assessor's Parcel # 0082061 Tax Year 2009 R.E. Taxes \$ 1,450.31
 Neighborhood Name SOUTH EAST ALBANY Map Reference 11S03W06CD03200 Census Tract 0204.00
 Occupant Owner Tenant Vacant Special Assessments \$ NONE PUD HOA \$ per year per month
 Property Rights Appraised Fee Simple Leasehold Other (describe)
 Assignment Type Purchase Transaction Refinance Transaction Other (describe) CONSTRUCTION LOAN
 Lender/Client S & D MORTGAGE Address 191 W WILBUR RD STE 101, THOUSAND OAKS, CA 91360
 Is the subject property currently offered for sale or has it been offered for sale in the twelve months prior to the effective date of this appraisal? Yes No
 Report data source(s) used, offering price(s), and date(s). MLS.

I did did not analyze the contract for sale for the subject purchase transaction. Explain the results of the analysis of the contract for sale or why the analysis was not performed.

Contract Price \$ N/A Date of Contract Is the property seller the owner of public record? Yes No Data Source(s)
 Is there any financial assistance (loan charges, sale concessions, gift or downpayment assistance, etc.) to be paid by any party on behalf of the borrower? Yes No
 If Yes, report the total dollar amount and describe the items to be paid.

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

Neighborhood Characteristics		2-4 Unit Housing Trends		2-4 Unit Housing		Present Land Use %	
Location <input checked="" type="checkbox"/> Urban <input type="checkbox"/> Suburban <input type="checkbox"/> Rural	Property Values <input type="checkbox"/> Increasing <input checked="" type="checkbox"/> Stable <input type="checkbox"/> Declining	PRICE	AGE	One-Unit	80 %		
Built-Up <input checked="" type="checkbox"/> Over 75% <input type="checkbox"/> 25-75% <input type="checkbox"/> Under 25%	Demand/Supply <input type="checkbox"/> Shortage <input type="checkbox"/> In Balance <input type="checkbox"/> Over Supply	\$ (000)	(yrs)	2-4 Unit	5 %		
Growth <input type="checkbox"/> Rapid <input checked="" type="checkbox"/> Stable <input type="checkbox"/> Slow	Marketing Time <input type="checkbox"/> Under 3 mths <input checked="" type="checkbox"/> 3-6 mths <input type="checkbox"/> Over 6 mths	150	Low NEW	Multi-Family	5 %		
Neighborhood Boundaries BOUNDARIES ARE CONSIDERED TO BE WATER AVE NORTH, WAVERLY DR		450	High 125	Commercial	5 %		
EAST, PACIFIC BLVD SOUTH AND ELLSWORTH ST WEST.		250	Pred. 80	Other (VAC)	5 %		

Neighborhood Description THE SUBJECT IS LOCATED IN DOWNTOWN ALBANY IN AN AREA OF SINGLE FAMILY, MULTI FAMILY AND COMMERCIAL PROPERTIES. SCHOOLS, SHOPPING AND EMPLOYMENT ARE ALL WITHIN A SHORT DISTANCE. THE SUBJECT BLENDS WELL WITH THE OTHER HOMES IN THE AREA.

Market Conditions (including support for the above conclusions) THE MARKET IS ACTIVE WITH RATES NEAR 6%. SUPPLY AND DEMAND ARE IN BALANCE WITH AN AVERAGE MARKETING TIME OF 3 TO 6 MONTHS.

Dimensions SEE ATTACHED PLAT MAP Area 4,800 SF Shape SEE PLAT MAP View NEIGH
 Specific Zoning Classification CB Zoning Description CENTRAL BUSINESS
 Zoning Compliance Legal Legal Nonconforming (Grandfathered Use) No Zoning Illegal (describe)
 Is the highest and best use of subject property as improved (or as proposed per plans and specifications) the present use? Yes No If No, describe

Utilities Public Other (describe) Public Other (describe) Off-site Improvements - Type Public Private
 Electricity Water Street ASPHALT
 Gas Sanitary Sewer Alley NONE/TYPICAL
 FEMA Special Flood Hazard Area Yes No FEMA Flood Zone X FEMA Map # 41043C0213G FEMA Map Date 9/29/2010
 Are the utilities and/or off-site improvements typical for the market area? Yes No If No, describe
 Are there any adverse site conditions or external factors (easements, encroachments, environmental conditions, land uses, etc.)? Yes No If Yes, describe

General Description		Foundation		Exterior Description		Interior	
Units <input type="checkbox"/> Two <input type="checkbox"/> Three <input checked="" type="checkbox"/> Four	<input type="checkbox"/> Concrete Slab <input type="checkbox"/> Crawl Space	Foundation Walls	CONCRETE/AVG	Floors	LAM,CPT/NEW		
<input type="checkbox"/> Accessory Unit (describe below)	<input checked="" type="checkbox"/> Full Basement <input type="checkbox"/> Partial Basement	Exterior Walls	WOOD/AVG	Walls	DW/NEW		
# of Stories 2 # of bldgs. 1	Basement Area 2,016 sq.ft.	Roof Surface	COMP/NEW	Trim/Finish	WOOD/NEW		
Type <input checked="" type="checkbox"/> Det. <input type="checkbox"/> Att. <input type="checkbox"/> S-Det/End Unit	Basement Finish 100 %	Gutters & Downspouts	ALUM/NEW	Bath Floor	TILE/NEW		
<input checked="" type="checkbox"/> Existing <input type="checkbox"/> Proposed <input type="checkbox"/> Under Const.	<input checked="" type="checkbox"/> Outside Entry/Exit <input type="checkbox"/> Sump Pump	Window Type	WOOD/AVG	Bath Wainscot	FIBERGLASS/NEW		
Design (Style) 4-PLEX	Evidence of <input type="checkbox"/> Infestation	Storm Sash/Insulated	NO	Car Storage			
Year Built 1905	<input type="checkbox"/> Dampness <input type="checkbox"/> Settlement	Screens	NO	<input type="checkbox"/> None			
Effective Age (Yrs) 15E	Heating/Cooling	Amenities		<input checked="" type="checkbox"/> Driveway # of Cars 2			
Attic <input type="checkbox"/> None <input type="checkbox"/> FWA <input type="checkbox"/> HWBB <input checked="" type="checkbox"/> Radiant	<input type="checkbox"/> Fuel ELE	Fireplace(s) #	<input type="checkbox"/> Woodstove(s) #	Driveway Surface	ASPHALT		
<input type="checkbox"/> Drop Stair <input type="checkbox"/> Stairs	<input type="checkbox"/> Other	<input checked="" type="checkbox"/> Patio/Deck	<input type="checkbox"/> Fence	Garage	# of Cars		
<input type="checkbox"/> Floor <input checked="" type="checkbox"/> Scuttle	Cooling <input type="checkbox"/> Central Air Conditioning	<input type="checkbox"/> Pool	<input checked="" type="checkbox"/> Porch	Carport	# of Cars		
<input type="checkbox"/> Finished <input type="checkbox"/> Heated	<input type="checkbox"/> Individual <input type="checkbox"/> Other	<input type="checkbox"/> Other		Att.	<input type="checkbox"/> Det. <input type="checkbox"/> Built-in		

# of Appliances	Refrigerator	Range/Oven	Dishwasher	Disposal	Microwave	Washer/Dryer	Other (describe)
4	4	4	4	4			

Unit # 1 contains: 4 Rooms 2 Bedrooms 1 Bath(s) 2,970 Square Feet of Gross Living Area
 Unit # 2 contains: 4 Rooms 2 Bedrooms 1 Bath(s) 954 Square Feet of Gross Living Area
 Unit # 3 contains: 4 Rooms 2 Bedrooms 1 Bath(s) 1,002 Square Feet of Gross Living Area
 Unit # 4 contains: 4 Rooms 2 Bedrooms 1 Bath(s) 1,002 Square Feet of Gross Living Area

Additional features (special energy efficient items, etc.) THERE ARE NO SPECIAL ENERGY EFFICIENT ITEMS NOTED.

Describe the condition of the property (including needed repairs, deterioration, renovations, remodeling, etc.). The subject is in the middle of a complete remodel. This appraisal is subject to completion of the remodel. See photos. The home was given a good quality rating due to granite counters, laminant floors, and custom cabinets.

Small Residential Income Property Appraisal Report

09100200
File # 09100200

There are 2 comparable properties currently offered for sale in the subject neighborhood ranging in price from \$ 250,000 to \$ 259,000							
There are 3 comparable sales in the subject neighborhood within the past twelve months ranging in sale price from \$ 254,500 to \$ 328,000							
FEATURE	SUBJECT	COMPARABLE SALE # 1	COMPARABLE SALE # 2	COMPARABLE SALE # 3			
Address	222 3rd Ave SE ALBANY, OR 97321-2897	2600 16TH AVE SE ALBANY, OR 97321	2207-2211 ELM ST SW ALBANY, OR 97321	1860-1900 17TH AVE SE ALBANY, OR 97321			
Proximity to Subject		1.56 miles SE	1.04 miles SW	1.24 miles SE			
Sale Price	\$ N/A	\$ 328,000	\$ 254,500	\$ 260,000			
Sale Price/Gross Bldg. Area	\$ N/A sq.ft.	\$ 66.56 sq.ft.	\$ 93.29 sq.ft.	\$ 103.17 sq.ft.			
Gross Monthly Rent	\$ 3,000	\$ 2,870	\$ 2,000	\$ 2,000			
Gross Rent Multiplier	N/A	114.29	127.25	130.00			
Price per Unit	\$ N/A	\$ 82,000	\$ 127,250	\$ 130,000			
Price per Room	\$ N/A	\$ 16,400	\$ 25,450	\$ 26,000			
Price per Bedroom	\$ N/A	\$ 27,333	\$ 42,417	\$ 43,333			
Rent Control	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No						
Data Source(s)		MLS, LCO	MLS, LCO	MLS, LCO			
Verification Source(s)		ML#612887/CLOSED/203 DOM	ML#620260/CLOSED/119 DOM	ML#615787/CLOSED/83 DOM			
VALUE ADJUSTMENTS	DESCRIPTION	DESCRIPTION	+(-) Adjustment	DESCRIPTION	+(-) Adjustment	DESCRIPTION	+(-) Adjustment
Sale or Financing		CONVENTIONAL		FHA		VA	
Concessions		NONE		NONE		NONE	
Date of Sale/Time		12/29/2009		03/31/2010		10/29/2009	
Location	RES/AVG	RES/AVG		RES/AVG		RES/AVG	
Leasehold/Fee Simple	FEE SIMPLE	FEE SIMPLE		FEE SIMPLE		FEE SIMPLE	
Site	4,800 SF	10,454 SF	-5,654	5,350 SF		7,841 SF	-3,040
View	NEIGH	NEIGH		NEIGH		NEIGH	
Design (Style)	4-PLEX	4-PLEX		DUPLX		DUPLX	
Quality of Construction	GOOD	AVERAGE	+50,000	AVERAGE	+50,000	GOOD	
Actual Age	105A	12A		02A		01A	
Condition	GOOD(UPDTE)	GOOD		GOOD		GOOD	
Gross Building Area	3,912	4,928	-40,640	2,728	+47,360	2,520	+55,680
Unit Breakdown	Total Bdrms Baths	Total Bdrms Baths		Total Bdrms Baths		Total Bdrms Baths	
Unit # 1	4 2 1	5 3 2.5	-7,500	5 3 2.5	-7,500	5 3 2	-5,000
Unit # 2	4 2 1	5 3 2.5	-7,500	5 3 2.5	-7,500	5 3 2	-5,000
Unit # 3	4 2 1	5 3 2.5	-7,500		+5,000		+5,000
Unit # 4	4 2 1	5 3 2.5	-7,500		+5,000		+5,000
Basement Description	2,016 SF/FINISHED	NONE	+60,480	NONE	+60,480	NONE	+60,480
Basement Finished Rooms	K, BATH, GRTRM	N/A	+10,000	N/A	+10,000	N/A	+10,000
Functional Utility	AVERAGE	AVERAGE		AVERAGE		AVERAGE	
Heating/Cooling	ZNL ELE/NONE	ZNL ELE/NONE		FA ELE/NONE	-5,000	FA GAS/NONE	-10,000
Energy Efficient Items	AVERAGE	AVERAGE		AVERAGE		AVERAGE	
Parking On/Off Site	PARKING AREA	4 CAR GARAGE	-10,000	2 CAR GARAGE	-5,000	4 CAR GARAGE	-10,000
Porch/Patio/Deck	PORCH, DECK	PORCH, PATIO		PORCH, PATIO		PORCH, PATIO	
Net Adjustment (Total)		<input checked="" type="checkbox"/> + <input type="checkbox"/> -	\$ 34,186	<input checked="" type="checkbox"/> + <input type="checkbox"/> -	\$ 152,840	<input checked="" type="checkbox"/> + <input type="checkbox"/> -	\$ 103,120
Adjusted Sale Price of Comparables		Net Adj. 10.4 % Gross Adj. 63.0 %	\$ 352,186	Net Adj. 60.1 % Gross Adj. 79.7 %	\$ 407,340	Net Adj. 39.7 % Gross Adj. 65.1 %	\$ 363,120
Adjusted Price Per Unit (Adj. SP Comp / # of Comp Units)		\$ 90,547		\$ 203,670		\$ 181,560	
Adjusted Price Per Room (Adj. SP Comp / # of Comp Rooms)		\$ 18,109		\$ 40,734		\$ 36,312	
Adjusted Price Per Bedroom (Adj. SP Comp / # of Comp Bedrooms)		\$ 30,182		\$ 67,890		\$ 60,520	
Value per Unit	\$ 93,750 X 4 Units =	\$ 375,000		Value per GBA \$ 63.26 X 5,928 GBA =	\$ 375,005		
Value per Rm.	\$ 23,438 X 16 Rooms =	\$ 375,008		Value per Bdrms. \$ 46,875 X 8 Bdrms. =	\$ 375,000		
Summary of Sales Comparison Approach including reconciliation of the above indicators of value. AN EXTENSIVE SEARCH WAS MADE USING MLS. THE COMPARABLES UTILIZE ARE THE ONLY DATA AVAILABLE IN A LIMITED WELL RESEARCHED MARKET. CONDITION RATINGS/ADJUSTMENTS REFLECT THE AGE OF THE HOMES AND UPDATING IN RELATION TO THE SUBJECT. SEE NEXT PAGE FOR ADDITIONAL COMPARABLE ADDED FOR FURTHER SUPPORT. COMPARABLE #1 IS THE ONLY 4-PLEX SALE AVAILABLE AND WAS GIVEN MOST WEIGHT. COMPARABLE #2 IS THE MOST RECENT SALE AND WAS GIVEN SECONDARY WEIGHT. COMPARABLE #3 WAS UTILIZED TO DEMONSTRATE A PROPERTY WITH SIMILAR UPGRADES AS THE SUBJECT AND WAS GIVEN A SIMILAR QUALITY RATING. ALL 3 SALES ARE NEWER HOMES UTILIZED TO REFLECT THE SUBJECT'S UPDATING.							
Indicated Value by Sales Comparison Approach \$ 375,000							
Total gross monthly rent \$ 3,000 X gross rent multiplier (GRM) 125 = \$ 375,000 Indicated value by the Income Approach							
Comments on income approach including reconciliation of the GRM THE INCOME APPROACH IS SUPPORTIVE OF THE SALES COMPARISON APPROACH AND THE COST APPROACH.							
Indicated Value by: Sales Comparison Approach \$ 375,000 Income Approach \$ 375,000 Cost Approach (if developed) \$ 402,550							
THE SALES COMPARISON APPROACH BEST REPRESENTS THE REACTIONS BETWEEN WILLING BUYERS AND WILLING SELLERS AND WAS GIVEN MOST WEIGHT. SECONDARY WEIGHT WAS GIVEN TO THE INCOME APPROACH. THE COST APPROACH IS THE LEAST RELIABLE AND WAS GIVEN LEAST WEIGHT BUT IS SUPPORTIVE OF THE OTHER TWO APPROACHES TO VALUE.							
This appraisal is made <input type="checkbox"/> "as is", <input type="checkbox"/> subject to completion per plans and specifications on the basis of a hypothetical condition that the improvements have been completed, <input checked="" type="checkbox"/> subject to the following repairs or alterations on the basis of a hypothetical condition that the repairs or alterations have been completed, or <input type="checkbox"/> subject to the following required inspection based on the extraordinary assumption that the condition or deficiency does not require alteration or repair. THIS APPRAISAL IS SUBJECT TO COMPLETION OF THE REMODEL.							
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 \$ 375,000, as of 09/15/2010, which is the date of inspection and the effective date of this appraisal.							

Small Residential Income Property Appraisal Report

09100200
File # 09100200

Intended Use: The Intended Use of this appraisal is to evaluate the property that is the subject of this appraisal for mortgage finance transaction, subject to the stated Scope of Work, purpose of the appraisal, reporting requirements of this appraisal report form, and Definition of Market Value. No additional Intended Users are identified by the appraiser.

Intended User: The intended user of this appraisal report is the lender/client.

Highest and Best Use Comments: Considering legal, physical and economic factors, the highest and best use for the subject property was analyzed and determined to be its current use as an improved residential site.

Market Comparison Comments: Although design may vary, the market does not demonstrate a preference therefor no adjustments were given. Room counts were compensated for in the gross living area adjustments. Gross living area adjustments were calculated at \$40 per square foot for differences of 100 square feet or more. Basement adjustments were calculated at \$30 per square foot. Site size adjustments were calculated at \$1 per square foot for differences of 3,000 square feet or more. Condition ratings/adjustments reflect the age of the homes and updating in relation to the subject. All other adjustments are considered self explanatory.

Additional Comments: This appraiser utilizes digital photos and signatures and transmits appraisals electronically. These reports can not be altered by anyone other than the original signing appraiser. This appraisal is based on an analysis of the subject property as of the date of inspection. Valuation is based on current market conditions as of the effective date of the appraisal. Data and conclusions are based on the assumption that there have been no detrimental physical, functional or external factors transpiring between the date of inspection and the date of completion of this report.

This appraiser assumes no responsibility for matters of a legal nature that affect the property being appraised or the title to it. It is assumed that there are no hidden conditions of the property, subsoil, or structure that may render it more or less valuable. This appraiser is not a home inspector and assumes all mechanical systems to be in working order and structural systems to be in satisfactory condition. This appraiser is not a surveyor and makes no guarantees, expressed or implied, regarding the determination of a flood plain. For exact location, it is recommended FEMA be contacted.

Scope of Work: This appraiser has: Performed a complete visual inspection of the interior and exterior areas of the subject property, inspected the neighborhood, inspected each of the comparable sales from at least the street, researched, verified and analyzed data from reliable public and/or private sources and reported analysis, opinions and conclusions in the appraisal report.

Distance and Gross Adjustments Comments: No sales of properties similar and in close proximity to the subject were available making it necessary to exceed desired distance guidelines of 1 mile. Gross adjustments have also exceeded desired guidelines. It was not possible to bracket the value for the subject in this report. The comparables utilized are the most competing properties available in a limited well researched market. The subject is not considered to be an over improvement but is on the upper end of value for the area. This does not have an adverse affect on value or marketability.

Overview of the Subject: The subject is an older 4-plex that is undergoing a complete renovation. Unit #1 will have access to the full basement that will be finished and have a 2nd kitchen, full bath and rec room. All units will have granite counters, custom cabinets, laminant floors, updated electrical and plumbing. The entire building has been torn down to the studs and will be completely new. Newer homes were utilized to reflect the subject's updating however only comparable #3 is of similar quality as the subject. Comparable #1 was utilized to bracket the gross living area for the subject. Comparable #2 was utilized to demonstrate a sale within 6 months. Comparable #3 was utilized to demonstrate a home with similar quality and condition as the subject. Comparables #4 and #5 are current listings utilized to demonstrate the most current market activity of 4 plex properties in the area.

ADDITIONAL COMMENTS

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) DUE TO LIMITED LAND SALES, EXTRACTION ANALYSIS WAS UTILIZED TO ESTIMATE SITE VALUE. MINIMAL WEIGHT WAS GIVEN TO THE COST APPROACH DUE TO THE LACK OF LAND SALES AND THE AGE OF THE HOME.	
ESTIMATED <input type="checkbox"/> REPRODUCTION OR <input checked="" type="checkbox"/> REPLACEMENT COST NEW	OPINION OF SITE VALUE
Source of cost data LOCAL BUILDERS	DWELLING 3,912 Sq.Ft. @ \$ 85.00
Quality rating from cost service GOOD Effective date of cost data JAN 2010	2,016 Sq.Ft. @ \$ 55.00
Comments on Cost Approach (gross living area calculations, depreciation, etc.)
SITE VALUE IS BASED ON EXTRACTION ANALYSIS. COST FACTORS WERE DERIVED FROM INFORMATION FROM LOCAL BUILDERS. THE HOME HAS A FUNCTIONAL FLOOR PLAN AND BLENDS WELL WITH THE OTHER HOMES IN THE AREA.	Garage/Carport Sq.Ft. @ \$
	Total Estimate of Cost-New
	Less Physical Functional External
	Depreciation 110,850
	Depreciated Cost of Improvements
	"As-is" Value of Site Improvements
Estimated Remaining Economic Life (HUD and VA only) 45 Years	INDICATED VALUE BY COST APPROACH

COST APPROACH

PROJECT INFORMATION FOR PUDs (if applicable)

Is the developer/builder in control of the Homeowners' Association (HOA)? Yes No Unit type(s) Detached Attached

Provide the following information for PUDs ONLY if the developer/builder is in control of the HOA and the subject property is an attached dwelling unit.

Legal Name of Project

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

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

Does the project contain any multi-dwelling units? Yes No Data Source

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

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

Describe common elements and recreational facilities.

PUD INFORMATION

Small Residential Income Property Appraisal Report

09100200
File # 09100200

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

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

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

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

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

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

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

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

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

Small Residential Income Property Appraisal Report

09100200
File # 09100200

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

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

Small Residential Income Property Appraisal Report

09100200
File # 09100200

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 BRIAN R ORR

Signature 
 Name BRIAN ORR
 Company Name ALLIANCE APPRAISAL GROUP
 Company Address 3585 SE SHORELINE DR
CORVALLIS, OR 97333
 Telephone Number (541) 753-4202
 Email Address BRIAN@AAGOREGON.COM
 Date of Signature and Report 09/29/2010
 Effective Date of Appraisal 09/15/2010
 State Certification # CR00578
 or State License # _____
 or Other (describe) _____ State # _____
 State OR
 Expiration Date of Certification or License 1/31/2012

ADDRESS OF PROPERTY APPRAISED

222 3rd Ave SE
ALBANY, OR 97321-2897

APPRAISED VALUE OF SUBJECT PROPERTY \$ 375,000

LENDER/CLIENT

Name RANDY
 Company Name S & D MORTGAGE
 Company Address 191 W WILBUR RD STE 101, THOUSAND OAKS,
CA 91360
 Email Address N/A

SUPERVISORY APPRAISER (ONLY IF REQUIRED)

Signature _____
 Name _____
 Company Name _____
 Company Address _____
 Telephone Number _____
 Email Address _____
 Date of Signature _____
 State Certification # _____
 or State License # _____
 State _____
 Expiration Date of Certification or License _____

SUBJECT PROPERTY

- Did not inspect subject property
 Did inspect exterior of subject property from street
 Date of Inspection _____
 Did inspect interior and exterior of subject property
 Date of Inspection _____

COMPARABLE SALES

- Did not inspect exterior of comparable sales from street
 Did inspect exterior of comparable sales from street
 Date of Inspection _____

Small Residential Income Property Appraisal Report

09100200
File # 09100200

FEATURE		SUBJECT		COMPARABLE SALE # 4		COMPARABLE SALE # 5		COMPARABLE SALE # 6			
Address		222 3rd Ave SE ALBANY, OR 97321-2897		2690-2696 18TH AVE SE ALBANY, OR 97321		2524-2530 HILL ST SE ALBANY, OR 97322					
Proximity to Subject				1.63 miles SE		1.42 miles SE					
Sale Price		\$ N/A		\$ 259,900		\$ 250,000		\$			
Sale Price/Gross Bldg. Area		\$ sq.ft.		\$ 67.68 sq.ft.		\$ 84.46 sq.ft.		\$ sq.ft.			
Gross Monthly Rent		\$ 3,000		\$ 2,380		\$ 2,310		\$			
Gross Rent Multiplier				109.20		108.23					
Price per Unit		\$ N/A		\$ 64,975		\$ 62,500		\$			
Price per Room		\$ N/A		\$ 16,244		\$ 15,625		\$			
Price per Bedroom		\$ N/A		\$ 32,488		\$ 31,250		\$			
Rent Control		<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No		<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No		<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No		<input type="checkbox"/> Yes <input type="checkbox"/> No			
Data Source(s)				MLS, LCO		MLS, LCO					
Verification Source(s)				ML#623391/LISTING/214 DOM		ML#620622/LISTING/283 DOM					
VALUE ADJUSTMENTS		DESCRIPTION		DESCRIPTION		+(-) Adjustment		DESCRIPTION		+(-) Adjustment	
Sale or Financing				LISTING				LISTING			
Concessions				NONE				NONE			
Date of Sale/Time				LISTING		-5,198		LISTING		-5,000	
Location		RES/AVG		RES/AVG				RES/AVG			
Leasehold/Fee Simple		FEE SIMPLE		FEE SIMPLE				FEE SIMPLE			
Site		4,800 SF		12,632 SF		-7,832		14,810 SF		-10,010	
View		NEIGH		NEIGH				NEIGH			
Design (Style)		4-PLEX		4-PLEX				4-PLEX			
Quality of Construction		GOOD		AVERAGE		+50,000		AVERAGE		+50,000	
Actual Age		105A		33A				44A			
Condition		GOOD(UPDATED)		AVERAGE		+25,000		AVERAGE		+25,000	
Gross Building Area		3,912		3,840		+2,880		2,960		+38,080	
Unit Breakdown		Total	Bdms	Baths	Total	Bdms	Baths	Total	Bdms	Baths	
Unit # 1		4	2	1	4	2	1	4	2	1	
Unit # 2		4	2	1	4	2	1	4	2	1	
Unit # 3		4	2	1	4	2	1	4	2	1	
Unit # 4		4	2	1	4	2	1	4	2	1	
Basement Description		2,016 SF/FINISHED		NONE		+60,480		NONE		+60,480	
Basement Finished Rooms		K, BATH, GRTRM		N/A		+10,000		N/A		+10,000	
Functional Utility		AVERAGE		AVERAGE				AVERAGE			
Heating/Cooling		ZNL ELE/NONE		ZNL ELE/NONE				FA ELE/NONE		-5,000	
Energy Efficient Items		AVERAGE		AVERAGE				AVERAGE			
Parking On/Off Site		PARKING AREA		4 CAR GARAGE		-10,000		4 CAR CARPORT		-5,000	
Porch/Patio/Deck		PORCH, DECK		PORCH, PATIO				PORCH, PATIO			
Net Adjustment (Total)				<input checked="" type="checkbox"/> + <input type="checkbox"/> -		\$ 125,330		<input checked="" type="checkbox"/> + <input type="checkbox"/> -		\$ 158,550	
Adjusted Sale Price of Comparables				Net Adj. 48.2 %				Net Adj. 63.4 %			
				Gross Adj. 65.9 %		\$ 385,230		Gross Adj. 83.4 %		\$ 408,550	
Adjusted Price Per Unit (Adj. SP Comp / # of Comp Units)		\$ 96,308						\$ 102,138			
Adjusted Price Per Room (Adj. SP Comp / # of Comp Rooms)		\$ 24,077						\$ 25,534			
Adjusted Price Per Bedrm (Adj. SP Comp / # of Comp Bedrooms)		\$ 48,154						\$ 51,069			
Report the results of the research and analysis of the prior sale or transfer history of the subject property and comparable sales (report additional prior sales on page 3).											
ITEM		SUBJECT		COMPARABLE SALE # 4		COMPARABLE SALE # 5		COMPARABLE SALE # 6			
Date of Prior Sale/Transfer		NO SALES/TRANSFERS		NO SALES/TRANSFERS		NO SALES/TRANSFERS					
Price of Prior Sale/Transfer		WITHIN LAST 36 MONTHS		WITHIN LAST 12 MONTHS		WITHIN LAST 12 MONTHS					
Data Source(s)		MLS, COUNTY RECORDS		MLS, COUNTY RECORDS		MLS, COUNTY RECORDS					
Effective Date of Data Source(s)		09/2010		09/2010		09/2010					
Analysis of prior sale or transfer history of the subject property and comparable sales				N/A							
Analysis/Comments											
COMPARABLES #4 AND #5 ARE CURRENT LISTINGS UTILIZED TO DEMONSTRATE THE MOST CURRENT MARKET ACTIVITY IN THE SUBJECT'S MARKETING DISTRICT. LIST PRICE TO SALE PRICE RATIO ADJUSTMENTS WERE CALCULATED AT 2% WHICH WAS DERIVED BY AVERAGING RATIOS OF SIMILAR HOMES IN THE AREA.											

Operating Income Statement

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

Property Address: 222 3rd Ave SE Street, ALBANY City, OR State, 97321-2897 Zip Code

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

	Currently Rented	Expiration Date	Current Rent Per Month	Market Rent Per Month	Utility Expense	Paid By Owner	Paid By Tenant
Unit No. 1	Yes <input type="checkbox"/> No <input checked="" type="checkbox"/>	_____	\$ _____	\$ 900	Electricity	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Unit No. 2	Yes <input type="checkbox"/> No <input checked="" type="checkbox"/>	_____	\$ _____	\$ 700	Gas	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Unit No. 3	Yes <input type="checkbox"/> No <input checked="" type="checkbox"/>	_____	\$ _____	\$ 700	Fuel Oil	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Unit No. 4	Yes <input type="checkbox"/> No <input checked="" type="checkbox"/>	_____	\$ _____	\$ 700	Fuel (Other)	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Total			\$ _____	\$ 3,000	Water/Sewer	<input type="checkbox"/>	<input checked="" type="checkbox"/>
					Trash Removal	<input type="checkbox"/>	<input checked="" type="checkbox"/>

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

Annual Income and Expense Projection for Next 12 months

Income (Do not include income for owner-occupied units)	By Applicant/Appraiser	Adjustments by Lender's Underwriter
Gross Annual Rental (from unit(s) to be rented) (Market)	\$ 36,000	\$ _____
Other Income (include sources)	+	+
Total	\$ 36,000	\$ _____
Less Vacancy/Rent Loss	- 1,800 (5%)	- _____ (%)
Effective Gross Income	\$ 34,200	\$ _____
Expenses (Do not include expenses for owner-occupied units)		
Electricity	_____	_____
Gas	_____	_____
Fuel Oil	_____	_____
Fuel (Type - _____)	_____	_____
Water/Sewer	_____	_____
Trash Removal	50	_____
Pest Control	100	_____
Other Taxes or Licenses	_____	_____
Casual Labor	100	_____
This includes the costs for public area cleaning, snow removal, etc., even though the applicant may not elect to contract for such services.		
Interior Paint/Decorating	100	_____
This includes the costs of contract labor and materials that are required to maintain the interiors of the living unit.		
General Repairs/Maintenance	100	_____
This includes the costs of contract labor and materials that are required to maintain the public corridors, stairways, roofs, mechanical systems, grounds, etc.		
Management Expenses	_____	_____
These are the customer expenses that a professional management company would charge to manage the property.		
Supplies	50	_____
This includes the costs of items like light bulbs, janitorial supplies, etc.		
Total Replacement Reserves - See Schedule on Pg. 2	749	_____
Miscellaneous	_____	_____
_____	_____	_____
_____	_____	_____
_____	_____	_____
_____	_____	_____
Total Operating Expenses	\$ 1,249	\$ _____

Replacement Reserve Schedule

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

Equipment	Replacement Cost	Remaining Life	By Applicant/ Appraiser	Lender Adjustments
Stoves/Ranges	@ \$ 400 ea.	+ 15 Yrs. x 4	Units = \$ 107	\$
Refrigerators	@ \$ 400 ea.	+ 15 Yrs. x 4	Units = \$ 107	\$
Dishwashers	@ \$ 300 ea.	+ 15 Yrs. x 4	Units = \$ 80	\$
A/C Units	@ \$ ea.	+ Yrs. x	Units = \$	\$
C. Washer/Dryers	@ \$ ea.	+ Yrs. x	Units = \$	\$
HW Heaters	@ \$ 300 ea.	+ 15 Yrs. x 4	Units = \$ 80	\$
Furnace(s)	@ \$ ea.	+ Yrs. x	Units = \$	\$
(Other) HEATERS	@ \$ 1,000 ea.	+ 20 Yrs. x 4	Units = \$ 200	\$
Roof	@ \$ 5,000	+ 30 Yrs. x One Bldg. =	\$ 167	\$
Carpeting (Wall to Wall)				
(Units)	25 Total Sq. Yds. @ \$ 3	Per Sq. Yd. + 10 Yrs. =	\$ 8	\$
(Public Areas)	Total Sq. Yds. @ \$	Per Sq. Yd. + Yrs. =	\$	\$
Total Replacement Reserves. (Enter on Pg. 1)			\$ 749	\$

Operating Income Reconciliation

\$ 34,200	- \$ 1,249	= \$ 32,951	+ 12 =	\$ 2,746
Effective Gross Income	Total Operating Expenses	Operating Income		Monthly Operating Income
\$ 2,746	- \$ 104.08	= \$ 2,641.92		
Monthly Operating Income	Monthly Housing Expense	Net Cash Flow		

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

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

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

Underwriter's instructions for 1-4 Family Investment Properties

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

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

THIS APPRAISER REVIEWED THE OWNER ESTIMATE OF EXPENSES AND MADE SOME SMALL ADJUSTMENTS WITH MARKET KNOWLEDGE AND RESEARCH. PROPERTY OWNERS, REAL ESTATE BROKERS, OTHER APPRAISERS AND OFFICE DATA WERE UTILIZED EXPENSE DETERMINATIONS AND ALL DATA WAS VERIFIED WITH THEIR RESPECTIVE SOURCES. VACANCY WAS CALCULATED AT 5%. ESTIMATED RENTAL INCOME OF \$36,000 WAS UTILIZED.

BRIAN ORR
Appraiser Name


Appraiser Signature

09/29/2010
Date

Underwriter's Comments and Rationale for Adjustments

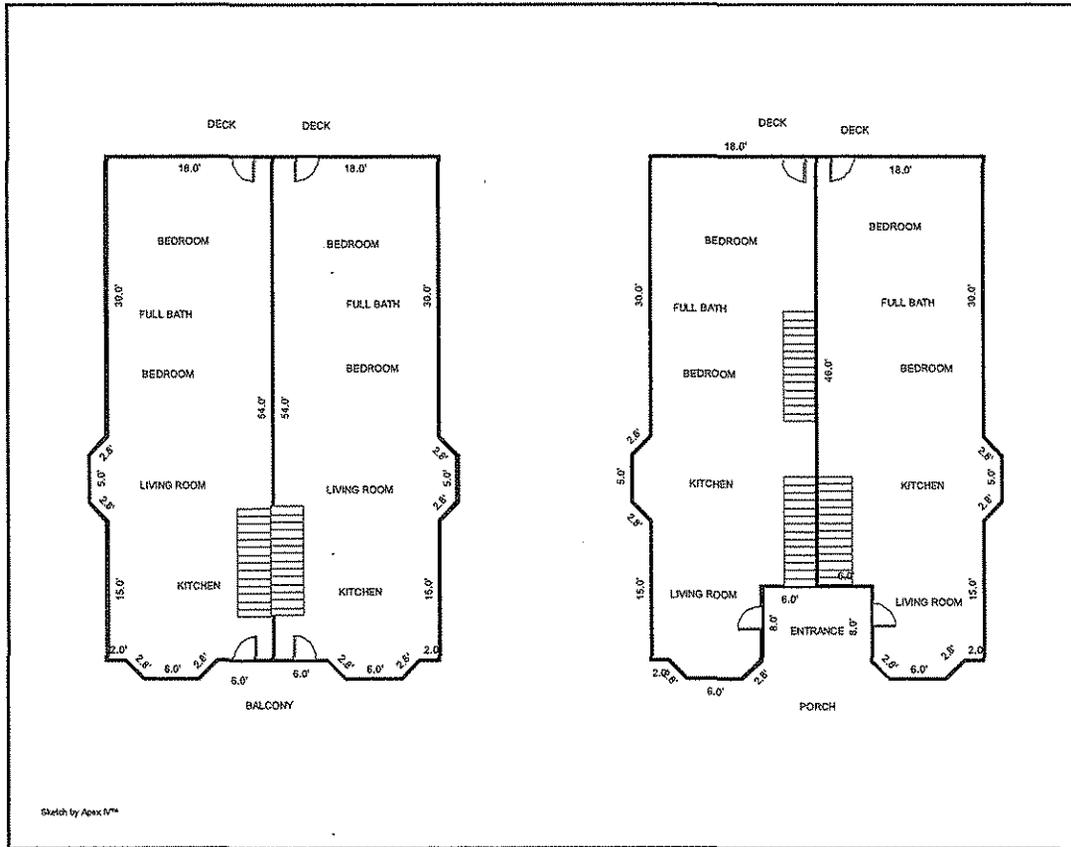
Underwriter Name

Underwriter Signature

Date

Building Sketch

Borrower/Client	RANDY ROSENBLAT		
Property Address	222 3rd Ave SE		
City	ALBANY	County	LINN
		State	OR
		Zip Code	97321-2897
Lender	S & D MORTGAGE		



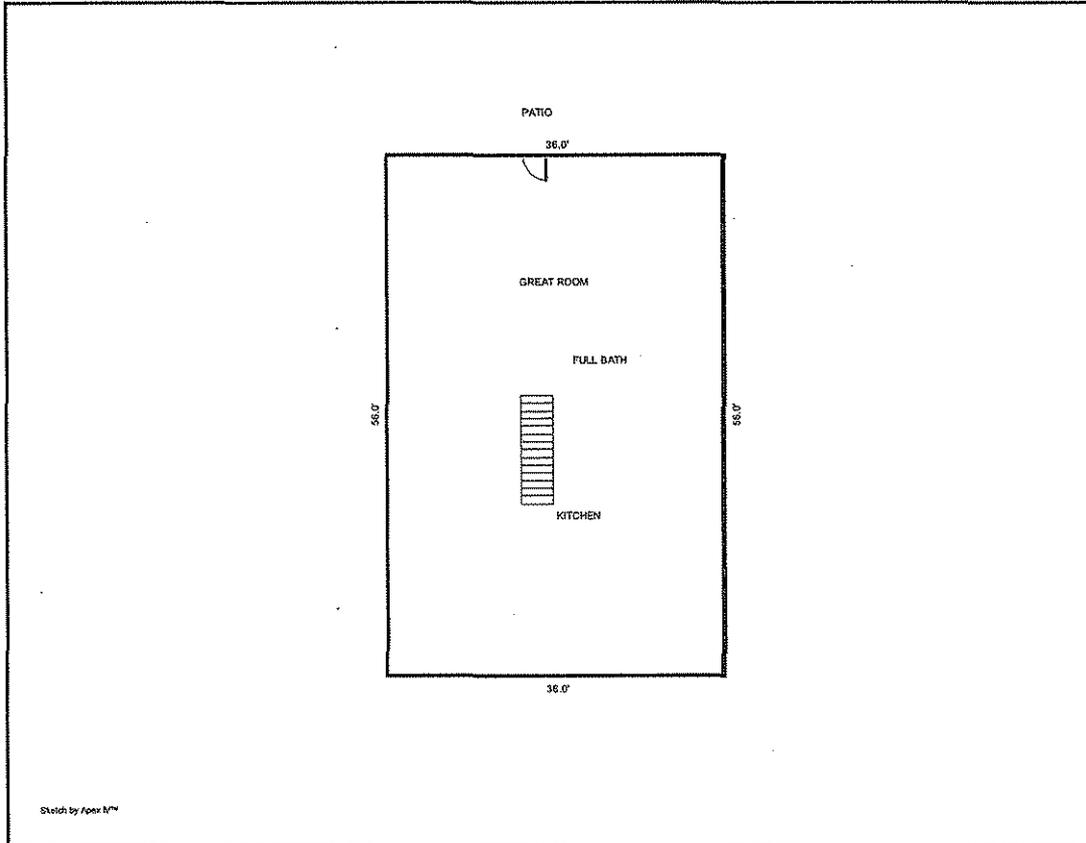
Comments:

AREA CALCULATIONS SUMMARY			
Code	Description	Net Size	Net Totals
GLA1	UNIT #1	954.0	
	UNIT #2	954.0	1908.0
GLA2	UNIT #3	1002.0	
	UNIT #4	1002.0	2004.0
Net LIVABLE Area		(Rounded)	3912

LIVING AREA BREAKDOWN			
Breakdown			Subtotals
UNIT #1			
	9.0 x	18.0	162.0
	2.0 x	5.0	10.0
	0.5 x	2.0 x 2.0	2.0
	0.5 x	2.0 x 2.0	2.0
	18.0 x	30.0	540.0
	7.0 x	18.0	126.0
	8.0 x	12.0	96.0
	2.0 x	6.0	12.0
	0.5 x	2.0 x 2.0	2.0
	0.5 x	2.0 x 2.0	2.0
UNIT #2			
	9.0 x	18.0	162.0
	2.0 x	5.0	10.0
	0.5 x	2.0 x 2.0	2.0
	0.5 x	2.0 x 2.0	2.0
	18.0 x	30.0	540.0
	7.0 x	18.0	126.0
	8.0 x	12.0	96.0
	2.0 x	6.0	12.0
	0.5 x	2.0 x 2.0	2.0
	0.5 x	2.0 x 2.0	2.0
UNIT #3			
	10.0 x	54.0	540.0
	2.0 x	6.0	12.0
	0.5 x	2.0 x 2.0	2.0
	0.5 x	2.0 x 2.0	2.0
	6.0 x	54.0	324.0
15 Items Not Listed			1124.0
40 Items (Rounded)			3912

Building Sketch

Borrower/Client	RANDY ROSENBLAT		
Property Address	222 3rd Ave SE		
City	ALBANY	County	LINN
		State	OR
Lender	S & D MORTGAGE	Zip Code	97321-2897



Sketch by Apeir h™

Comments:

AREA CALCULATIONS SUMMARY			
Code	Description	Net Size	Net Totals
BSMT	UNIT #1 BASEMENT	2016.0	2016.0

AREA BREAKDOWN	
Breakdown	Subtotals

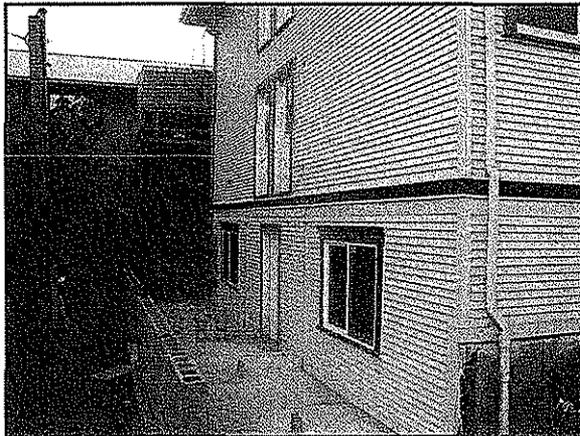
Subject Photo Page

Borrower/Client	RANDY ROSENBLAT				
Property Address	222 3rd Ave SE				
City	ALBANY	County	LINN	State	OR
Zip Code	97321-2897				
Lender	S & D MORTGAGE				

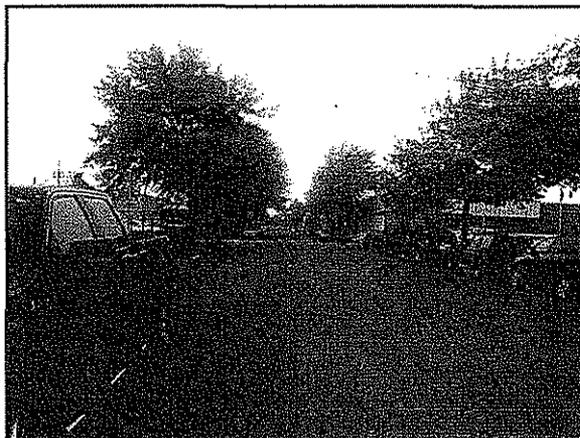


Subject Front

222 3rd Ave SE



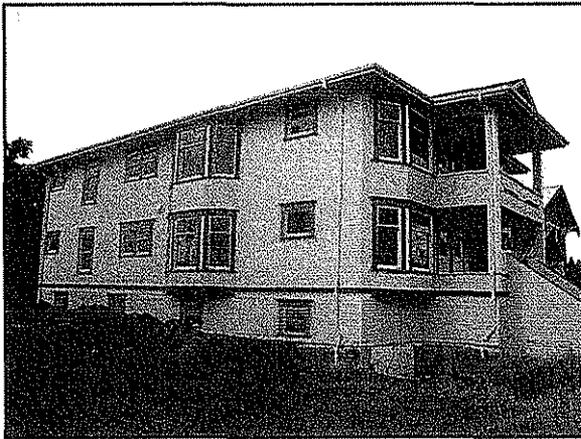
Subject Rear



Subject Street

Photograph Addendum

Borrower/Client	RANDY ROSENBLAT				
Property Address	222 3rd Ave SE				
City	ALBANY	County	LINN	State	OR
Lender	S & D MORTGAGE				
				Zip Code	97321-2897



SUBJECT EXTERIOR



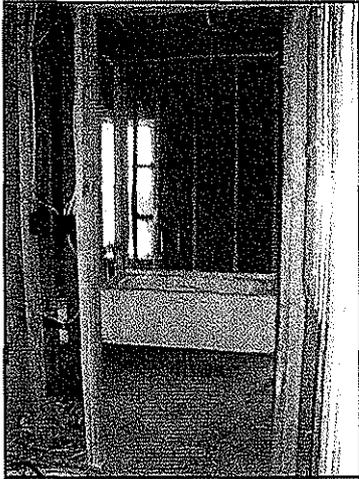
SUBJECT INTERIOR



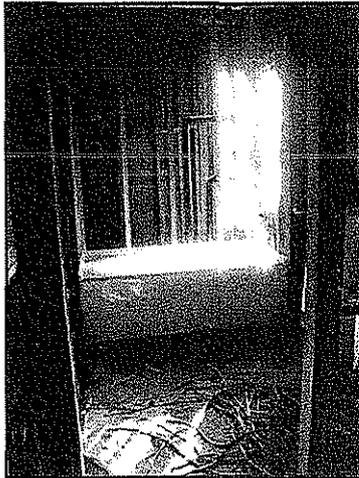
SUBJECT INTERIOR

Photograph Addendum

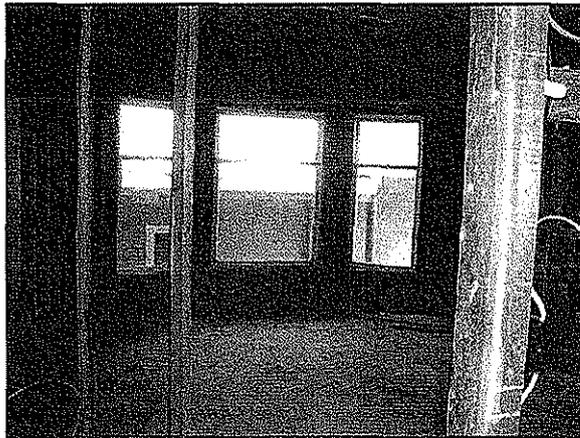
Borrower/Client	RANDY ROSENBLAT				
Property Address	222 3rd Ave SE				
City	ALBANY	County	LINN	State	OR
Lender	S & D MORTGAGE				
				Zip Code	97321-2897



SUBJECT INTERIOR



SUBJECT INTERIOR



SUBJECT INTERIOR

Photograph Addendum

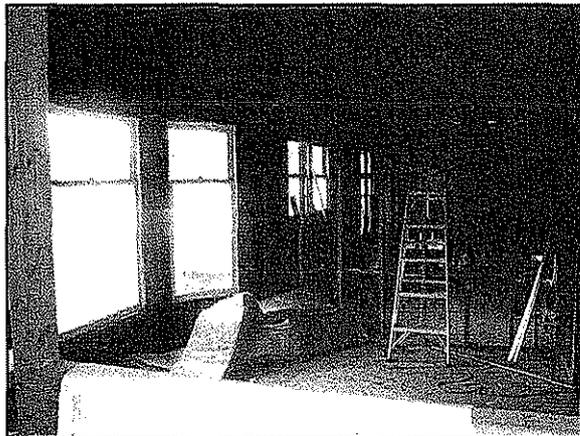
Borrower/Client	RANDY ROSENBLAT				
Property Address	222 3rd Ave SE				
City	ALBANY	County	LINN	State	OR Zip Code 97321-2897
Lender	S & D MORTGAGE				



SUBJECT BASEMENT



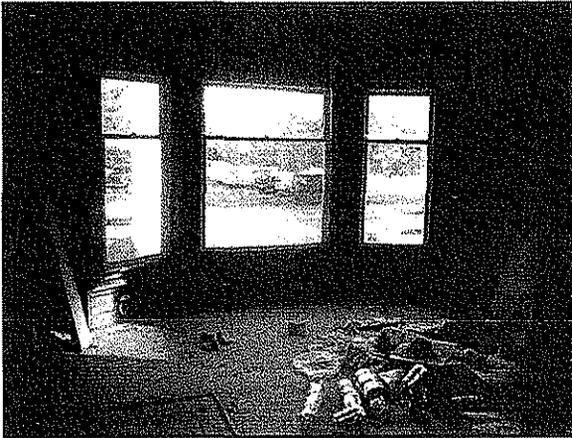
SUBJECT INTERIOR



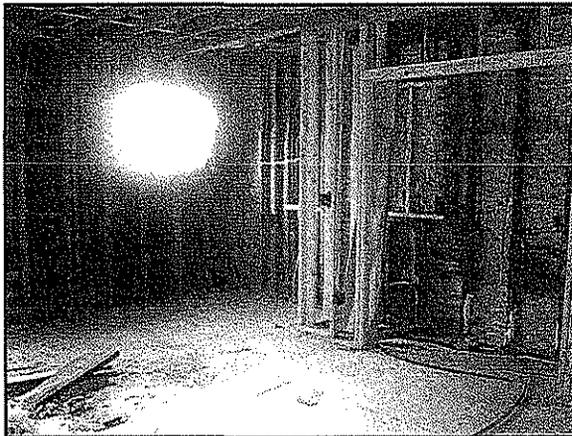
SUBJECT INTERIOR

Photograph Addendum

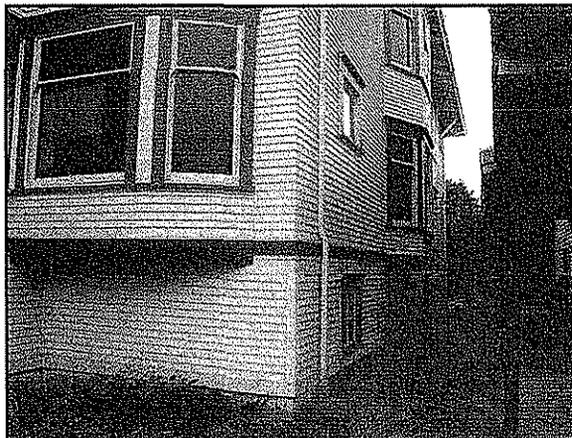
Borrower/Client	RANDY ROSENBLAT						
Property Address	222 3rd Ave SE						
City	ALBANY	County	LINN	State	OR	Zip Code	97321-2897
Lender	S & D MORTGAGE						



SUBJECT INTERIOR



SUBJECT INTERIOR



SUBJECT EXTERIOR

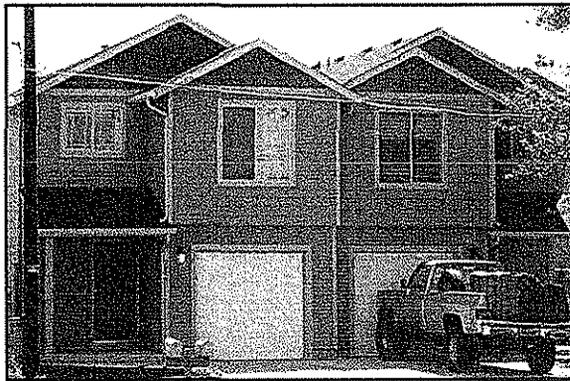
Comparable Photo Page

Borrower/Client	RANDY ROSENBLAT				
Property Address	222 3rd Ave SE				
City	ALBANY	County	LINN	State	OR
Zip Code	97321-2897				
Lender	S & D MORTGAGE				



Comparable 1

2600 16TH AVE SE
 Prox. to Subject 1.56 miles SE
 Sales Price 328,000
 Gross Living Area
 Total Rooms 20
 Total Bedrooms 12
 Total Bathrooms 10
 Location RES/AVG
 View NEIGH
 Site 10,454 SF
 Quality AVERAGE
 Age 12A



Comparable 2

2207-2211 ELM ST SW
 Prox. to Subject 1.04 miles SW
 Sales Price 254,500
 Gross Living Area
 Total Rooms 10
 Total Bedrooms 6
 Total Bathrooms 5
 Location RES/AVG
 View NEIGH
 Site 5,350 SF
 Quality AVERAGE
 Age 02A

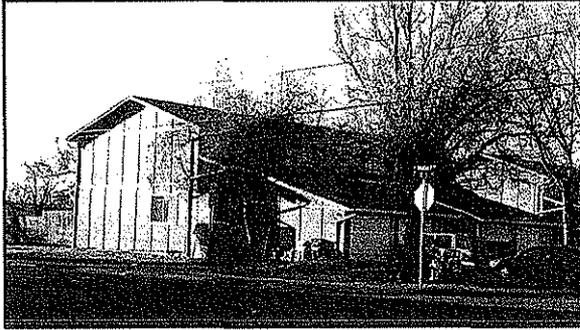


Comparable 3

1860-1900 17TH AVE SE
 Prox. to Subject 1.24 miles SE
 Sales Price 280,000
 Gross Living Area
 Total Rooms 10
 Total Bedrooms 6
 Total Bathrooms 4
 Location RES/AVG
 View NEIGH
 Site 7,841 SF
 Quality GOOD
 Age 01A

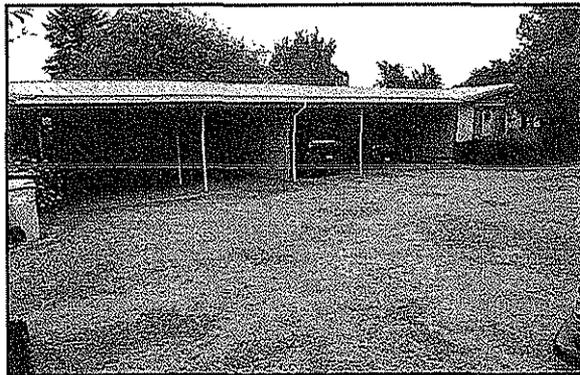
Comparable Photo Page

Borrower/Client	RANDY ROSENBLAT				
Property Address	222 3rd Ave SE				
City	ALBANY	County	LINN	State	OR Zip Code 97321-2897
Lender	S & D MORTGAGE				



Comparable 4

2690-2698 18TH AVE SE
 Prox. to Subject 1.63 miles SE
 Sales Price 259,900
 Gross Living Area
 Total Rooms 16
 Total Bedrooms 8
 Total Bathrooms 4
 Location RES/AVG
 View NEIGH
 Site 12,632 SF
 Quality AVERAGE
 Age 33A



Comparable 5

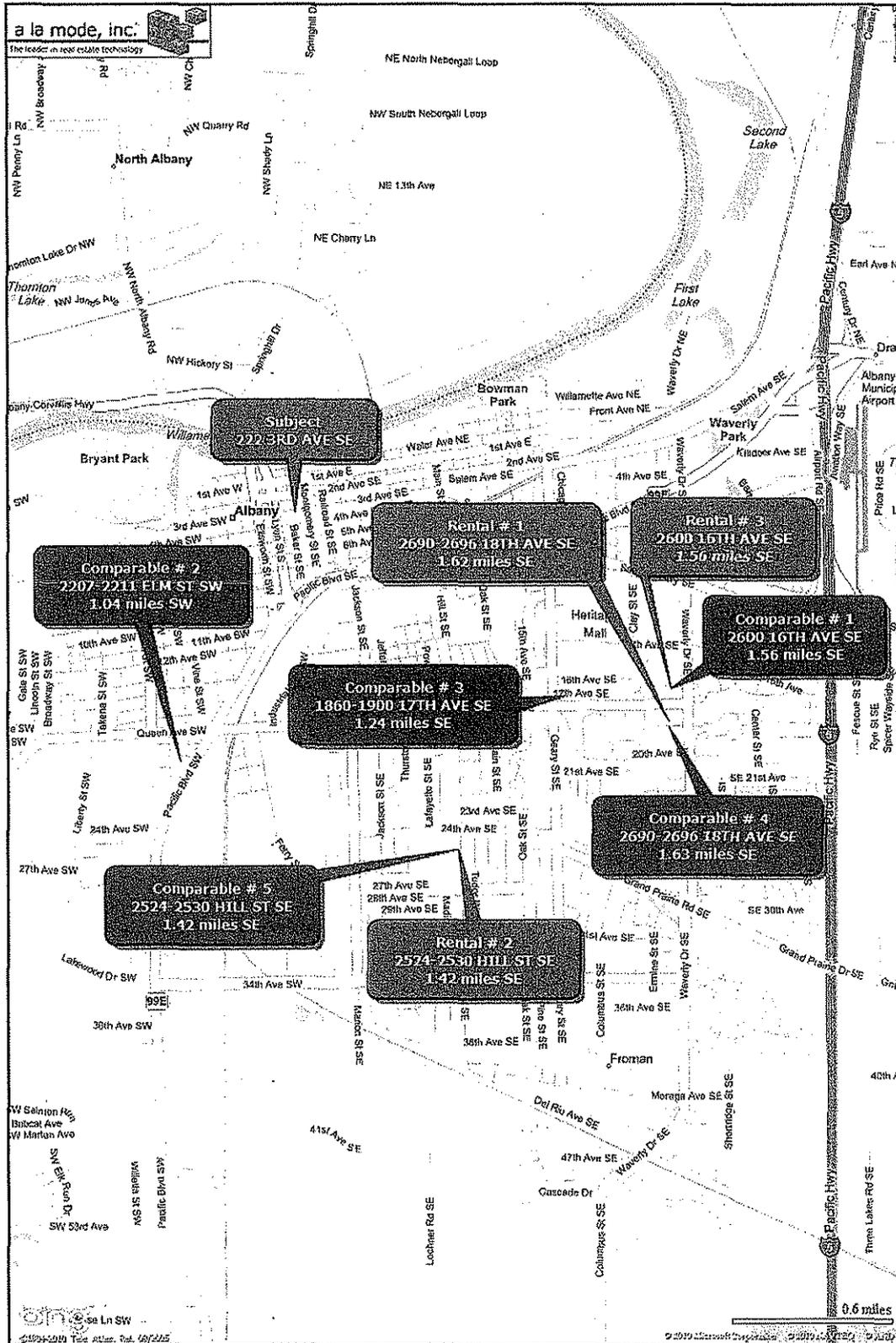
2524-2530 HILL ST SE
 Prox. to Subject 1.42 miles SE
 Sales Price 250,000
 Gross Living Area
 Total Rooms 16
 Total Bedrooms 8
 Total Bathrooms 4
 Location RES/AVG
 View NEIGH
 Site 14,810 SF
 Quality AVERAGE
 Age 44A

Comparable 6

Prox. to Subject
 Sales Price
 Gross Living Area
 Total Rooms
 Total Bedrooms
 Total Bathrooms
 Location
 View
 Site
 Quality
 Age

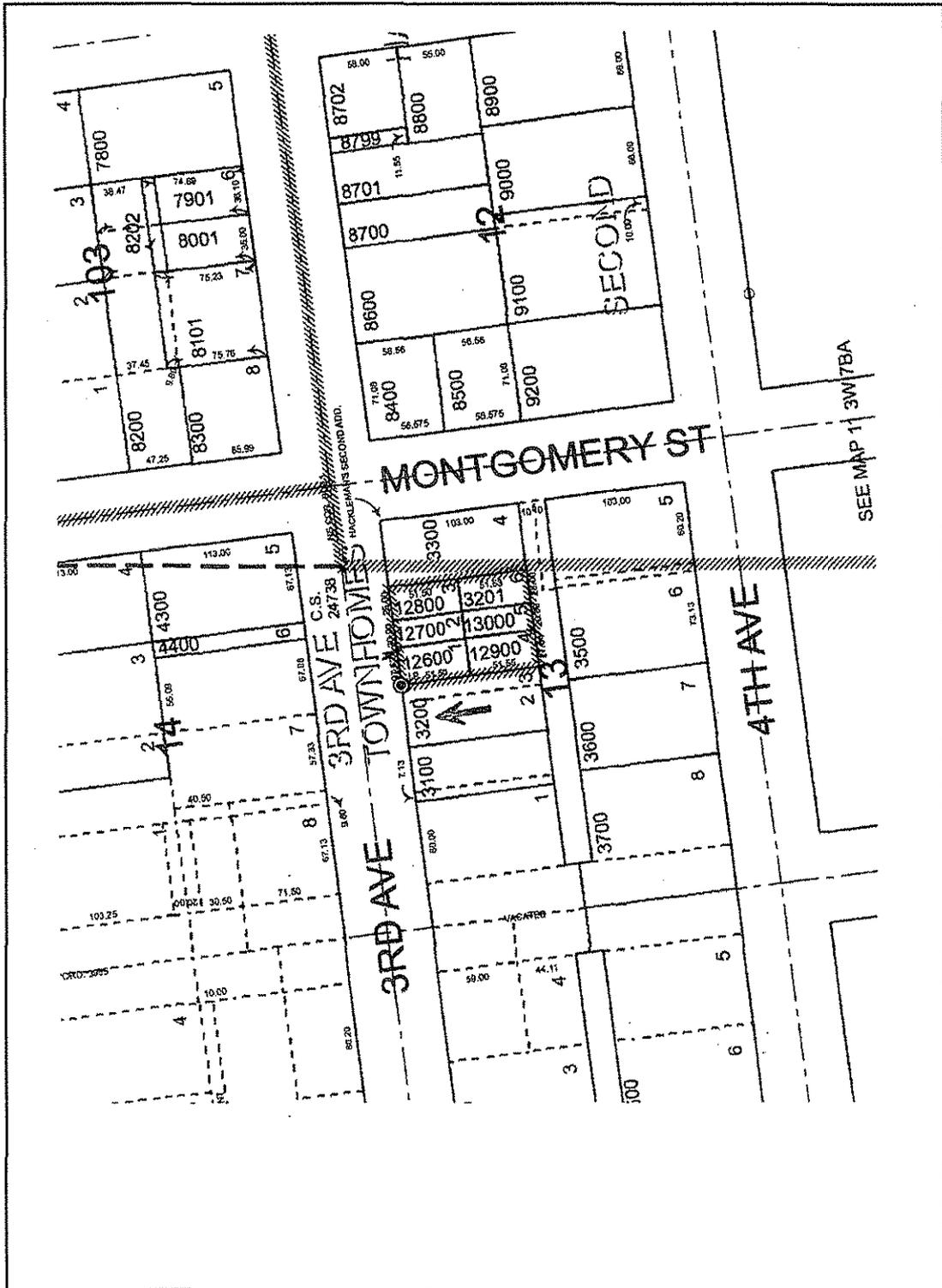
Location Map

Borrower/Client	RANDY ROSENBLAT			
Property Address	222 3rd Ave SE			
City	ALBANY	County	LINN	State OR Zip Code 97321-2897
Lender	S & D MORTGAGE			



Plat Map

Borrower/Client	RANDY ROSENBLAT		
Property Address	222 3rd Ave SE		
City	ALBANY	County	LINN
State	OR	Zip Code	97321-2897
Lender	S & D MORTGAGE		





LINN COUNTY, OREGON 2009-15559
D-WD
Crew1 Sht=1 COUNTER 08/31/2009 03:48:28 PM
\$10.00 \$11.00 \$10.00 \$31.00



0011504200400155580020020
I, Steve Duckertmiller, County Clerk for Linn County, Oregon, certify that the instrument identified herein was recorded in the Clerk's records.
Steve Duckertmiller - County Clerk

PLEASE RETURN TO:
LAWYERS TITLE INSURANCE CORP.

After recording return to:
Albany Redevelopment LLC
P.O. Box 2093
Oregon City, OR 97045

Until a change is requested, all tax statements shall be sent to the following address:
Albany Redevelopment LLC
P.O. Box 2093
Oregon City, OR 97045

STATUTORY WARRANTY DEED

3rd Avenue Townhomes, LLC, Grantor, conveys and warrants to Albany Redevelopment LLC, Grantee, the following described real property free of encumbrances except as specifically set forth herein:

The East one half of Lot 2 and the West 12 feet of Lot 3, Block 13, EASTERN ADDITION, in the City of Albany, Linn County, State of Oregon.

Tax Account No. 0082061

This property is free of encumbrances, EXCEPT:
SEE EXHIBIT "A" WITH EXCEPTIONS

The true consideration for this conveyance is \$104,377.68 166,000.00 T.S.

2590026348

BEFORE SIGNING OR ACCEPTING THIS INSTRUMENT, THE PERSON TRANSFERRING FEE TITLE SHOULD INQUIRE ABOUT THE PERSON'S RIGHTS, IF ANY, UNDER ORS 195.300, 195.301 AND 195.305 TO 195.336 AND SECTIONS 5 TO 11, CHAPTER 424, OREGON LAWS 2007. THIS INSTRUMENT DOES NOT ALLOW USE OF THE PROPERTY DESCRIBED IN THIS INSTRUMENT IN VIOLATION OF APPLICABLE LAND USE LAWS AND REGULATIONS. BEFORE SIGNING OR ACCEPTING THIS INSTRUMENT, THE PERSON ACQUIRING FEE TITLE TO THE PROPERTY SHOULD CHECK WITH THE APPROPRIATE CITY OR COUNTY PLANNING DEPARTMENT TO VERIFY THAT THE UNIT OF LAND BEING TRANSFERRED IS A LAWFULLY ESTABLISHED LOT OR PARCEL, AS DEFINED IN ORS 92.010 OR 215.010, TO VERIFY THE APPROVED USES OF THE LOT OR PARCEL, TO DETERMINE ANY LIMITS ON LAWSUITS AGAINST FARMING OR FOREST PRACTICES AS DEFINED IN ORS 30.930 AND TO INQUIRE ABOUT THE RIGHTS OF NEIGHBORING PROPERTY OWNERS, IF ANY, UNDER ORS 195.300, 195.301 AND 195.305 TO 195.336 AND SECTIONS 5 TO 11 CHAPTER 424, OREGON LAWS 2007.

Dated 21 day of August, 2009

3rd Avenue Townhomes, LLC
Timothy D. Smith
BY Timothy D. Smith
ITS Managing Member

STATE OF OREGON
COUNTY OF LINN

The foregoing instrument was acknowledged before me this 21 day of August, 2009 by Timothy D. Smith as the Managing Member of 3rd Avenue Townhomes, LLC on its behalf.

Timothy D. Smith

Notary Public State of Oregon
My commission expires: May 15, 2010

Order No. 2590036348



Warranty Deed
ORRQ 6/2005; Rev. 12/2007

Exhibit "A" with Exceptions

Subject to:

SPECIAL EXCEPTIONS:

1. The subject property lies within the boundaries of Linn Soil and Water District and is subject to the levies and assessments thereof.
2. Easements, subject to the terms and provisions thereof, as delineated and set forth on the recorded plat,
For : utilities, private pedestrian access, parking, sanitary sewer lines, water lines
3. Trust Deed, to secure an indebtedness in the amount shown below, and any other obligations secured thereby,
Recorded : February 21, 2008
As : 2008-003349
Grantor : 3rd Avenue Townhomes, LLC
Trustee : Lawyers Title Ins Corp.
Beneficiary : Neville L. Marshall
Amount : \$166,000.00
Loan Number : Not Disclosed

The beneficial interest in the trust deed set forth next above was assigned by instrument,
Recorded : February 21, 2008
As : 2008-003350
To : Mason Family Trust dated February 8, 1990

2009-10 taxes, a lien in an amount to be determined, but not yet payable



GENERAL STAR NATIONAL INSURANCE COMPANY
Financial Centre
P.O. Box 10360
Stamford, Connecticut 06904-2360

REAL ESTATE APPRAISERS ERRORS & OMISSIONS INSURANCE POLICY

DECLARATIONS PAGE

This is a claims made and reported policy. Please read this policy and all endorsements and attachments carefully.

Policy Number: NJA987500E

Renewal of Number: NJA987500D

1. **NAMED INSURED:** Brian Orr
STREET ADDRESS: 3585 SE Shoreline Drive
Corvallis, OR 97333

2. **POLICY PERIOD:** Inception Date: 09/30/2009 Expiration Date: 09/30/2010
Effective 12:01 a.m. Standard Time at the address of the Named Insured.

3. **LIMIT OF LIABILITY:**
Each Claim: \$ 1,000,000
Aggregate: \$ 2,000,000
Claim Expenses have a separate Limit of Liability:
Each Claim: \$ 1,000,000
Aggregate: \$ 2,000,000

4. **DEDUCTIBLE:** Each Claim: \$500.00 Aggregate: \$1,000.00

5. **RETROACTIVE DATE:** 09/30/2004

If a date is indicated, this policy will not provide coverage for any **Claim** arising out of any act, error, omission or personal injury which occurred before such date.

6. **ANNUAL PREMIUM:** \$ 590.00

7. **ENDORSEMENTS:**

This policy is made and accepted subject to the printed policy form together with the following form(s) or endorsement(s).

GSN-07-AP-122(07/2007) GSN-07-AP-839OR (05/2008)

GSN-07-AP-201 (06/2007) GSN-07-AP-375 (10/2007)

8. **MANAGING AGENT**

Herbert H. Landy Insurance Agency, Inc.
75 Second Avenue, Suite 410

Needham, Massachusetts 02494-2876

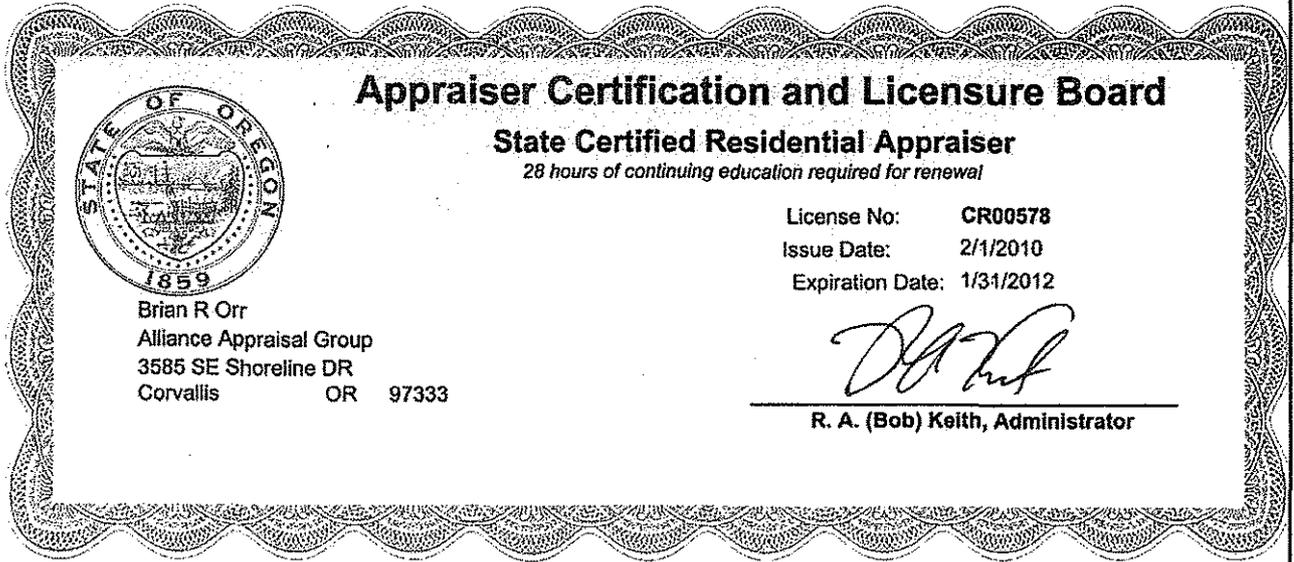
Authorized Representative

GSN-07-AP-720 (06/2007)
Producer Code: 00026230
Date: 09/16/2009

© Copyright 2007, General Star Management Company, Stamford, CT

Page 1 of 1

Class Code: 73128
SLA#:



Breakdown for 222 3rd Street SE Albany Oregon 97321

Alford Don Ward
PO Box 2093
Oregon City, Oregon 97045
Phone 541-954 -5169

DATE: February 1, 2011
Breakdown 3
FOR: 222 3rd Street SE

Prepared for:
Private Investor

DESCRIPTION	AMOUNT
1. Rough plumbing for basement and test upstairs	\$3,300.00
2. Fire blocking interior and finishing rear deck	\$1,800.00
3. Finish mechanical	\$200.00
4. Water meter for sprinklers	\$3,600.00
5. Sprinkler system final test and payment	\$8,500.00
6. Exterior sprinkler vault and double check valve	\$6,500.00
7. Exterior excavation for rear driveway and sprinkler system including gravel	\$1,560.00
8. Finish rear foundation wall	\$1,100.00
9. Insulation complete	\$5,000.00
10. Drywall complete	\$9,350.00
11. Finish interior cabinets granite countertop laminate flooring carpet and tile bathroom/carpet	\$26,000.00
12. Interior paint	\$3,800.00
13. Final plumbing including fixtures	\$6,000.00
14. Electrical service and services	\$6,254.68
15. Final electrical \$2,500 per units	\$10,000.00
16 Misc and insurance	\$3,500.00
Reimbursement from city of Albany funds	-\$16,500.00
Amount needed to complete project	
TOTAL	\$ 79,964.68

DRAW SCHEDULE

4/11/11

1. N.W. Insulation Insulation finished lien release with payment	\$5,075
2. Harvey and Price Fire sprinklers system with exterior vault double check valve. Partial lien release will be given for work already completed	\$12,975
3. Dan George Drywall Final payment and lien satisfaction (will be paid by first deed of trust holder)	\$10,000
4. Valley Electric Electrical services and main service due now	\$6,254
5. Dave Adriance Construction Rear deck and framing due now	\$2,345
6. Jim Hoselton Construction Interior door widen, temporary stairs leading to downstairs, rear retaining wall, miscellaneous framing, interior, rear deck, siding	\$7,500
7. Farmers Insurance Insurance	\$1,800
----- Total Due after the April 21st meeting \$45,949 -----	----- -----
Items to complete the building:	
1. Finish plumbing for all four units; includes electric water heaters, bathroom and kitchen sinks, toilets, all supplies lines, faucets does not include dishwashers, washer and dryers or garbage disposal	\$7,200
2. Dishwashers for 4 units	\$1,440
3. Finish electrical for all four units, including trim, fixtures and connection of rear sump pump for the drainage system; work does not include kitchen, bathroom fluorescent lights and exterior light	\$10,000
4. Kitchen, bathroom and exterior lights for all four units	\$1,000
5. Paint materials	\$2,240

6. Finish carpentry material detail list all four units and exterior entry doors:	\$7,124
a. 2 Front Entry door	
b. Hardware for entry doors	
c. 5 interior solid core doors	
d. Hardware for 5 doors	
e. 12 interior hollow core doors	
f. Hardware for 12 interior doors	
g. 12 bi-pass tracks for closet and laundry area	
h. 24 interior slab hollow core closet doors	
i. 4 towel bars	
j. 4 Bathroom vanity cabinets with mirror	
k. 4 Toilet paper holder	
l. Baseboard 100 X 20'	
m. 80 1X4X8 MDF trim	
n. 40 1X6X8 MDF trim	
o. Opening trim for interior door header 40 8'	
p. Repair broken windows	
q. Address and numbering for building and units	
r. Nails	
s. Knobs for interior closet doors	
7. K and L Cabinets Cabinets and granite installed due upon completion	\$10,769
8. Imperial Floors Carpet 50 yards per unit for 4 units \$800 per unit material and labor	\$3,200
9. Jim Hoselton Construction Laminate Flooring 500 sq. feet per unit material only	\$2,300
10. Jim Hoselton Construction Tile for bathroom and laundry area material only	\$800
11. City of Albany Water meter for sprinkler system including excavation and installation	\$4,760
12. Craig Warner Plumbing Miscellaneous plumbing associated with the sprinkler system	\$750
13. Harvey and Price Sprinkler final check and inspection	\$3,000
14. Jim Hoselton Construction Finish Carpentry labor	\$4,000
15. Jim Hoselton Construction Front porch modification per Albany City Planning	\$1,870
16. Curt Sorte Painting Rear porch modification and painting per Albany City Planning	\$1,450

<p>17. Survey area for parking and grading, excavation rear area, slope parking pad, install drain connected to rear sump pump, complete rear retaining wall, fill block, gravel $\frac{3}{4}$ minus fill for base parking area includes concrete and pump for rear blocks, concrete rear parking area and areas associated with the parking, striping, parking stops, metal pole barrier concrete and pump and labor. Includes the front sidewalk</p>	<p>\$14,700</p>
---	-----------------

First Deed of Trust holder agrees to contribute funds to finish rear parking access, front porch, front sidewalk and rear deck modification. In exchange for the funds, the city agrees to subordinate to the first deed principal balance of 150,000 and the funds contributed by First Deed of Trust holder.