

INVOICE

FROM:
 Perry & Associates, Inc.
 21-F East Mellen Street
 Hampton, VA 23663
 Telephone Number: (757) 224-0467 Fax Number: (757) 224-1806

INVOICE NUMBER	
Rick's Condo	
DATE	
REFERENCE	
Internal Order #:	Rick's Condo
Lender Case #:	Rick's Condo
Client File #:	
Main File # on form:	Rick's Condo
Other File # on form:	
Federal Tax ID:	54-1702730
Employer ID:	

TO:
 Redaction
 Telephone Number: Fax Number:
 Alternate Number: E-Mail:

**ALL OVERDUE ACCOUNTS, 30 DAYS PAST BILLING, WILL BE CHARGED 1.5% MONTHLY, 18% APR
 ALSO LIABLE FOR ALL COST OF COLLECTION INCLUDING 33 1/2% ATTORNEY'S FEES**

DESCRIPTION

Lender: Redaction Client: Redaction
 Purchaser/Borrower: Redaction
 Property Address: Segovia Court
 City: Virginia Beach
 County: Independent City State: VA Zip: 23462-7644
 Legal Description: Redaction

FEES	AMOUNT
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Full Appraisal	400.00
Rent Schedule	90.00
Operating Income Statement	90.00
SUBTOTAL	580.00

PAYMENTS	AMOUNT
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Check #: 10995 Date: Description:	580.00
Check #: Date: Description:	
Check #: Date: Description:	
SUBTOTAL	580.00

TOTAL DUE	\$ 0.00
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INDIVIDUAL CONDOMINIUM UNIT APPRAISAL REPORT

File No. Rick's Condo

Summary Appraisal Report

Property Address Segovia Court City Virginia Beach State VA Zip Code 23462-7644
Legal Description Redaction County Independent City Unit No. n/a
Assessor's Parcel No. Redaction Tax Year R.E. Taxes \$ 878.64 Special Assessments \$ 0.00
Project Name/Phase No. Columbus Station Map Reference ADC (GHR): 222 K-6 Census Tract 0456.02
Borrower Redaction Current Owner Redaction Occupant [X] Owner [] Tenant [] Vacant
Property rights appraised [X] Fee Simple [] Leasehold Monthly Home Owners' Association Unit Charge \$ 128.00
Sales Price \$ 106,000 Date of Sale Redaction Description and \$ amount of loan charges/concessions to be paid by seller n/a
Lender/Client Redaction Address
Appraiser Christopher L. Crigger Address 21-F East Mellon Street, Hampton, VA 23663

Location [] Urban [X] Suburban [] Rural
Built up [X] Over 75% [] 25-75% [] Under 25%
Growth rate [] Rapid [X] Stable [] Slow
Property values [X] Increasing [] Stable [] Declining
Demand/supply [X] Shortage [] In balance [] Over supply
Marketing time [X] Under 3 mos. [] 3-6 mos. [] Over 6 mos.
Present land use %: One Family [] , 2-4 Family [] , Apartments [] , Condominium 95 , Commercial 3 , Industrial [] , Vacant 2 , Other []
Land use change: [X] Not likely [] Likely [] In process to n/a

Neighborhood boundaries and characteristics: Subject neighborhood is defined by Southern Boulevard to the north, Thalia Creek to the east, Bonney Road to the south, and Independence Boulevard to the west.
Factors that affect the marketability of the properties in the neighborhood (proximity to employment and amenities, employment stability, appeal to market, etc.): Subject development consists of attached single family condominiums of average quality and condition. Surrounding area consists of single family homes of average quality and condition and increasing commercial development. Area is attractive to buyers because of central Virginia Beach location, close proximity to Interstate 264, access to employment, support facilities, and recreation, and competitive price levels.
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 project and neighborhood, description of the prevalence of sales and financing concessions, etc.):
Prevailing market consists of FHA, VA & Conv financing w/available rates b/w 5.50% & 7.00% on ARMs; 6.00% & 8.50% on 15-30 year FRMs. Discount points vary between 0 & 5 with seller paying up to 2 Points. Payment of some closing costs, excluding prepaids, is typical in this market. Interest rates are currently stable, but economists are mixed on future trends and interest rate levels.

Specific zoning classification and description A18 - Low Rise Condo
Zoning compliance [X] Legal [] Legal nonconforming (Grandfathered use) [] Illegal [] No zoning
Highest and best use as improved [X] Present use [] Other use (explain) n/a
Utilities Public Other Off-site Improvements Type Public Private
Electricity [X] Street Asphalt [X] []
Gas [X] Curb/gutter Concrete [X] []
Water [X] Sidewalk Concrete [X] []
Sanitary sewer [X] Street lights Yes [X] []
Storm sewer [X] Alley None [] []
View End Unit
Drainage Appears Adequate
Apparent easements Average
FEMA Special Flood Hazard Area [] Yes [] No
FEMA Zone X Map Date 12/5/1996
FEMA Map No. 5155310028E
Comments (apparent adverse easements, encroachments, special assessments, slide areas, illegal or legal nonconforming zoning use, etc.): Subject site contains typical water and sewer easements. The site conforms with other sites in the neighborhood.

No. of Stories 2.0 Exterior Walls Vinyl If Project Completed: If Project Incomplete: Subject Phase:
No. of Elevator(s) 0 Roof Surface Shing. Total No. of Phases 7 Total No. of Planned Phases n/a Total No. of Units 40
Existing/Proposed Exist Total No. of Parking 384 Total No. of Units 384 Total No. of Planned Units n/a Total No. of Units Completed 40
If conversion, orig. use n/a Ratio (spaces/units) 1/1 Total No. of Units for Sale 0 Total No. of Units for Sale n/a Total No. of Units for Sale 0
Date of Conversion n/a Type Space Total No. of Units Sold 384 Total No. of Units Sold n/a Total No. of Units Sold 40
Age (Yrs.) 13 Guest Parking Space Total No. of Units Rented Unk Total No. of Units Rented n/a Total No. of Units Rented Unk
Effective Age (Yrs.) 6-8 Data Source MLS, Pinpoint Data Source n/a Data Source MLS, Pinpoint
Project Type: [X] Primary Residence [] Second Home or Recreational [] Row or Townhouse [] Garden [] Midrise [] Highrise []
Condition of the project, quality of construction, unit mix, appeal to market, etc.: The subject development consists of attached single family condominiums of average quality and condition with good market appeal and competitive price levels.
Are the heating and cooling for the individual units separately metered? [X] Yes [] No If no, describe and comment on compatibility to other projects in market area and market acceptance: n/a
Common elements and recreational facilities: Tennis, pool, common area, playground
Are the common elements completed? [X] Yes [] No Is the Builder/Developer in control of the Home Owners' Association? [] Yes [X] No
Are any common elements leased to or by the Home Owners' Association? [] Yes [X] No If yes, attach addendum describing rental terms and options.

Table with 13 columns: ROOMS, Foyer, Living, Dining, Kitchen, Den, Family Rm., Rec. Rm., Bedrooms, # Baths, Laundry, Other, Area Sq. Ft.
Rows: Basement, Level 1, Level 2

Finished area above grade contains: 5 Rooms; 2 Bedroom(s); 2.5 Bath(s); 1,254 Square Feet of Gross Living Area For Unit
GENERAL DESCRIPTION HEATING KITCHEN EQUIP. AMENITIES CAR STORAGE INSULATION
Floor No. 1st & 2nd Type FHA Refrigerator [X] Fireplace(s) # 1 FP [X] None [X] Roof Avg [X]
No. of Levels Two Fuel Gas Range/Oven [X] Patio Concrete [X] Garage [] Ceiling Avg [X]
INTERIOR Materials/Condition Condition App. Ad. Disposal [X] Balcony [] No. of Cars n/a Walls Conceal []
Flooring Carpet, Vinyl/Avg. COOLING Dishwasher [X] Deck [X] Open [] Floor Unk []
Walls Drywall/Avg. Central CAC Fan/Hood [X] Porch Stoop [X] No. of Cars n/a None []
Bath Floor Vinyl/Avg. Other n/a Microwave [] Fence Wood [X] Parking Space No. n/a Unknown []
Bath Wainscot Fiberglass/Avg. Condition App Ad. Washer/Dryer [X] Storage Shed [X] Assigned/Owned n/a []

Condition of the unit, depreciation, repairs needed, quality of construction, remodeling/modernization, additional features (special energy efficient items, etc.): Attached storage shed. Subject is in average condition with no functional or external obsolescence observed. No deferred maintenance noted at time of inspection. Physical depreciation reflects normal wear and tear and is applied to long lived items.
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: None noted.

INDIVIDUAL CONDOMINIUM UNIT APPRAISAL REPORT

PROJECT ANALYSIS

Unit Charge \$ 128.00 per mo. X 12 = \$ 1,536.00 per yr. Annual Assessment charge per year/square feet of gross living area = \$ 1.22

Is the project subject to ground rent? Yes No If yes, \$ n/a per year.

Utilities included in unit charge: None Heat Air Conditioning Electricity Gas Water Sewer

Note any fees other than regular HOA charges, for use of facilities None known.

Compared to other competitive projects of similar quality and design, the subject unit charge appears: High Typical Low

To properly maintain the project and provide the services anticipated, the budget appears: Adequate Inadequate Unknown

Management Group: Home Owners' Association Developer Management Agent (Identify) _____

Quality of management and its enforcement of Rules and Regulations based on general appearance of project appears: Adequate Inadequate

Special or unusual characteristics in the Condominium Documents or other information known to the appraiser that would affect marketability (if none, so state) None known.

Remaining Economic Life= +/- 35 years

SALES COMPARISON ANALYSIS

ITEM	SUBJECT	COMPARABLE NO. 1	COMPARABLE NO. 2	COMPARABLE NO. 3
Address and Project Name	Segovia Court Columbus Station	4400 Segovia Court Columbus Station	272 Ferdinand Circle Columbus Station	4508 Indies Court Columbus Station
Proximity to Subject		0.05 miles	0.27 miles	0.27 miles
Sales Price	\$ 106,000	\$ 105,000	\$ 105,000	\$ 107,500
Price/Gross Liv. Area	\$ 84.53 <input checked="" type="checkbox"/>	\$ 83.73 <input checked="" type="checkbox"/>	\$ 83.73 <input checked="" type="checkbox"/>	\$ 85.73 <input checked="" type="checkbox"/>
Data and/or Verification Sources	Inspection	MLS, Pinpoint, Pub Rec D/by Inspection	MLS, Pinpoint, Pub Rec D/by Inspection	MLS, Pinpoint, Pub Rec D/by Inspection
VALUE ADJUSTMENTS	DESCRIPTION	DESCRIPTION + (-) \$ Adjustment	DESCRIPTION + (-) \$ Adjustment	DESCRIPTION + (-) \$ Adjustment
Sales or Financing Concessions		CONV	CONV	CONV
Date of Sale/Time		Redaction	Redaction	Redaction
Location	Columbus Station	Columbus Station	Columbus Station	Columbus Station
Leasehold/Fee Simple	Fee Simple	Fee Simple	Fee Simple	Fee Simple
HOA Mo. Assessment	128.00	132.00	87.00	132.00
Common Elements and Rec. Facilities	Tennis, Pool, Play Common Area	Tennis, Pool, Play Common Area	Tennis, Pool, Play Common Area	Tennis, Pool, Play Common Area
Project Size/Type	Average	Average	Average	Average
Floor Location	1st & 2nd	1st & 2nd	1st & 2nd	1st & 2nd
View	End Unit	End Unit	End Unit	End Unit
Design and Appeal	2-Story	2-Story	2-Story	2-Story
Quality of Construction	Vinyl	Vinyl	Vinyl	Vinyl
Age	13	13	17	18
Condition	Average	Average	Average	Average
Above Grade Room Count	Total Bdrms Baths 5 2 2.5	Total Bdrms Baths 5 2 2.5	Total Bdrms Baths 5 2 2.5	Total Bdrms Baths 5 2 2.5
Gross Living Area	1,254 Sq. Ft.	1,254 Sq. Ft.	1,254 Sq. Ft.	1,254 Sq. Ft.
Basement & Finished Rooms Below Grade	n/a	n/a	n/a	n/a
Functional Utility	Average	Average	Average	Average
Heating/Cooling	FHA/CAC	FHA/CAC	FHA/CAC	FHA/CAC
Energy Efficient Items	Average	Average	Average	Average
Car Storage	Space	Space	Space	Space
Balcony, Patio, Fireplace(s), etc.	Stoop, Patio 1 FP, Storage	Stoop, Patio 1 FP, Storage	Stoop, Patio 1 FP, Storage	Stoop, Patio 1 FP, Storage
Kitchen Equipment	Standard	Standard	Standard	Standard
Net Adj. (total)	<input type="checkbox"/> + <input type="checkbox"/> - \$	<input type="checkbox"/> + <input type="checkbox"/> - \$	<input type="checkbox"/> + <input type="checkbox"/> - \$	<input type="checkbox"/> + <input type="checkbox"/> - \$
Adjusted Sales Price of Comparable	Net % Gross % \$ 105,000	Net % Gross % \$ 105,000	Net % Gross % \$ 105,000	Net % Gross % \$ 107,500

Comments on Sales Comparison (including the subject property's compatibility to other condominium units in the neighborhood, etc.): Comps are recent sales from the subject development which appear to be the same model as the subject and are therefore similar in building design, quality of construction, gross living area, and amenities. As the comparables are the same design and style as the subject, no adjustments were necessary.

RECONCILIATION

ITEM	SUBJECT	COMPARABLE NO. 1	COMPARABLE NO. 2	COMPARABLE NO. 3
Date, Price and Data Source for prior sales within year of appraisal	Under contract@ \$106,000 on 11/03.	None within last 12 months.	None within last 12 months.	None within last 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:
I am not aware of any other sale, listing, or lease of subject within last 36 months.

INDICATED VALUE BY SALES COMPARISON APPROACH \$ 106,000

INDICATED VALUE BY INCOME APPROACH (If Applicable) Estimated Market Rent \$ 950 /Mo. x Gross Rent Multiplier 110.00 = \$ 104,500

INDICATED VALUE BY COST APPROACH (Attach if Applicable) \$ _____

This appraisal is made "as is" subject to the repairs, alterations, inspections, or conditions listed below subject to completion per plans and specifications.

Condition of Appraisal: FNMA Individual Condominium Unit form and addendum.

Final Reconciliation: The sales comparison approach is considered the best indicator of market value and is supported by the cost and income approach.

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 6/93).

I (WE) ESTIMATE THE MARKET VALUE, AS DEFINED, OF THE REAL PROPERTY THAT IS THE SUBJECT OF THIS REPORT, AS OF Redaction

(WHICH IS THE DATE OF INSPECTION AND THE EFFECTIVE DATE OF THIS REPORT) TO BE \$ 106,000

APPRaiser: Appraiser Trainee
 Signature: Chris Cigger
 Name: Christopher L. Cigger
 Date Report Signed: November 25, 2003
 State Certification # Associate/Appraiser Trainee State _____
 Or State License # _____ State _____

SUPERVISORY APPRAISER (ONLY IF REQUIRED):
 Signature: Richard M. Perty, Jr.
 Name: Richard M. Perty, Jr.
 Date Report Signed: November 25, 2003
 State Certification # 4001 001548 State VA
 Or State License # _____ State _____

Did Did Not Inspect Property

Supplemental Addendum

File No. Rick's Condo

Borrower/Client	Redaction		
Property Address	Segovia Court		
City	Virginia Beach	County	Independent City
State	VA	Zip Code	23462-7644
Lender	Redaction		

ADDENDUM

Appraiser Trainees: When a report is transmitted via EDI (Email) with an electronic signature, change the wording in the form from "Appraiser" to "Appraiser Trainee".

Intended Users: The intended user of this report is the client. If the loan is VA backed, the VA is also an intended user. If the loan is FHA backed, HUD is also an intended user.

Intended Use: This appraisal has been developed to support a market value estimate. The estimate of value will be used for financial considerations, which may include obtaining a mortgage, reducing PMI insurance, setting an asking price for potential sale, or other financial considerations.

Use Restriction: This report is intended for use by the client and named intended users. No other persons may rely on this report for any reason, without the express written consent of the appraiser. The appraiser is not liable to any unintended third party.

Hypothetical Conditions: If this appraisal is based on plans & specs or is subject to repairs, these repairs are assumed to be in place as of the date of appraisal. These would be hypothetical conditions.

Additional Certifications: 1) We certify that, to the best of my knowledge and belief, the reported analyses, opinions and conclusions were developed, and this report has been prepared, in conformity with the requirements of the code of professional ethics and standards of professional appraisal practice of the appraisal institute. 2) We certify that the use of this report is subject to the requirements of the appraisal institute relating to review by its duly authorized representative.

Digital Photo Certifications (if applicable): 1) The photos used in this appraisal are digital photos utilizing photo imaging technology. 2) The appraiser personally inspected the subject and all comparables utilized in this appraisal. 3) The photographs used in this appraisal are true and correct representations of the subject property and the comparable sales utilized in this report. 4) Although the photographs may have been enhanced during the finishing process, no alterations were made to the images which would misrepresent the appearance of the subject property or comparables. 5) Any exterior repairs and/or defects of the subject property and/or comparables sales is noted and addressed in the appraisal report, if necessary. 6) Photos in most instances have been down loaded from MLS database and may contain a "for sale" sign in front yard. None of the comparables are currently re listed for sale unless specifically addressed in the body of the appraisal.

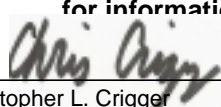
Digital Signature Certifications (if applicable): This appraisal report may contain digital signatures that meet the requirements of the Uniform Standards of Professional Appraisal Practice (USPAP) and of FNMA/FHLMC. The software program used to generate this appraisal report contains a digital signature security feature which utilizes personal passwords to protect digital signatures. Each appraiser has sole personalized control of affixing his/her digital signature to a report. The appraisal report cannot be modified without the permission of every appraiser who has signed the report. Electronically affixing a signature to a report carries the same level of authenticity and responsibility as an ink signature on a paper copy report. Lastly, disregard the word "appraiser" beside any associate/appraiser trainee's signature box if this report was transmitted by EDI.

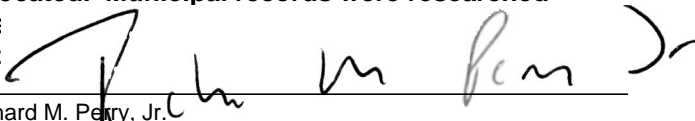
Compliance: Thus appraisal report conforms with the minimum standards set forth on 12 C.F.R. Part 1608, Standards 1 and 2 of the Uniform Standards of Professional Appraisal Practice promulgated by the Appraisal Standards Board of the Appraisal Foundation.

According to USPAP, this is a summary appraisal.

Scope: The scope of this appraisal was to perform the research and analysis necessary to arrive at a well supported opinion of value. An Inspection of the subject property and surrounding neighborhood was conducted to determine the physical features and condition of the property and the environment in which it is located. Municipal records were researched for information on ownership, real estate assessme

Also, the research effort endeavored t

Signature 
Name Christopher L. Crigger
Date Signed November 25, 2003
State Certification # Associate/Appraiser Trainee State _____
Or State License # _____ State _____

Signature 
Name Richard M. Perry, Jr.
Date Signed November 25, 2003
State Certification # 4001 001548 State VA
Or State License # _____ State _____

Perry & Associates, Inc.

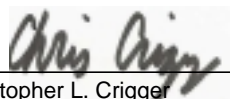
Supplemental Addendum

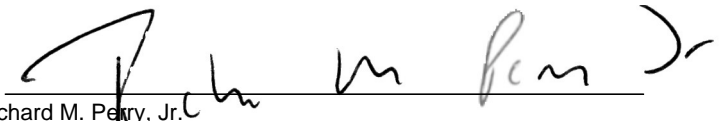
File No. Rick's Condo

Borrower/Client Redaction			
Property Address Segovia Court			
City Virginia Beach	County Independent City	State VA	Zip Code 23462-7644
Lender Redaction			

of the approaches to value. Information concerning the subject property and comparable sales was obtained from normal sources which included the assessor's office and Circuit Court record room in the subject's jurisdiction and other pertinent jurisdictions. During the course of the research every effort was made to verify information through public and proprietary records and personal interviews. The most pertinent data was assembled and analyzed in relation to the subject property. This information and analysis was then processed into an indication of value for the subject property using sound appraisal principles and practices.

Additional Comments from form: None

Signature 
 Name Christopher L. Crigger
 Date Signed November 25, 2003
 State Certification # Associate/Appraiser Trainee State _____
 Or State License # _____ State _____

Signature 
 Name Richard M. Perry, Jr.
 Date Signed November 25, 2003
 State Certification # 4001 001548 State VA
 Or State License # _____ State _____

Perry & Associates, Inc.

Subject Photo Page

Borrower/Client	Redaction		
Property Address	Segovia Court		
City	Virginia Beach	County	Independent City
		State	VA
		Zip Code	23462-7644
Lender	Redaction		

Subject Front

Segovia Court	
Sales Price	106,000
Gross Living Area	1,254
Total Rooms	5
Total Bedrooms	2
Total Bathrooms	2.5
Location	Columbus Station
View	End Unit
Site	Average
Quality	Vinyl
Age	13



Subject Rear



Subject Street



Comparable Photo Page

Borrower/Client	Redaction		
Property Address	Segovia Court		
City	Virginia Beach	County	Independent City
		State	VA
		Zip Code	23462-7644
Lender	Redaction		

Comparable 1

4400 Segovia Court	
Prox. to Subject	0.05 miles
Sale Price	105,000
Gross Living Area	1,254
Total Rooms	5
Total Bedrooms	2
Total Bathrooms	2.5
Location	Columbus Station
View	End Unit
Site	Average
Quality	Vinyl
Age	13



Comparable 2

272 Ferdinand Circle	
Prox. to Subject	0.27 miles
Sale Price	105,000
Gross Living Area	1,254
Total Rooms	5
Total Bedrooms	2
Total Bathrooms	2.5
Location	Columbus Station
View	End Unit
Site	Average
Quality	Vinyl
Age	17



Comparable 3

4508 Indies Court	
Prox. to Subject	0.27 miles
Sale Price	107,500
Gross Living Area	1,254
Total Rooms	5
Total Bedrooms	2
Total Bathrooms	2.5
Location	Columbus Station
View	End Unit
Site	Average
Quality	Vinyl
Age	18



Rental Photo Page

Borrower	Redaction		
Property Address	Segovia Court		
City	Virginia Beach	County	Independent City
		State	VA
		Zip Code	23462-7644
Lender	Redaction		

Rental 1

4661 Genoa Circle
 Proximity to Subject 0.20 miles
 Adj. Monthly Rent 950
 Gross Living Area 1,254
 Total Rooms 5
 Total Bedrooms 2
 Total Bathrooms 2.5
 Location Columbus Station
 View End Unit
 Condition Average
 Age/Year Built 18

Rental 2

4585 Genoa Circle
 Proximity to Subject 0.23 miles
 Adj. Monthly Rent 950
 Gross Living Area 1,254
 Total Rooms 5
 Total Bedrooms 2
 Total Bathrooms 2.5
 Location Columbus Station
 View End Unit
 Condition Average
 Age/Year Built 18

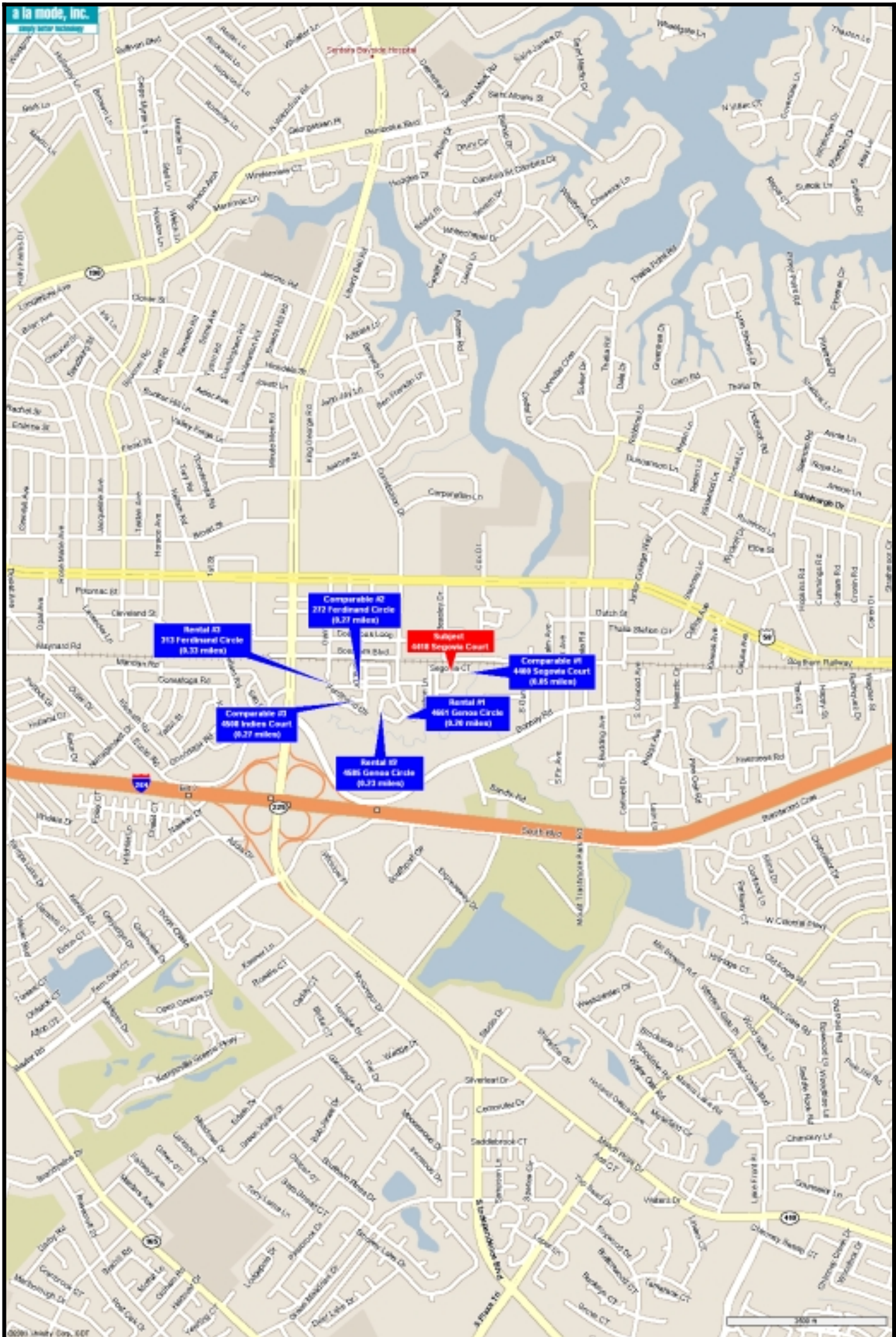
Rental 3

313 Ferdinand Circle
 Proximity to Subject 0.33 miles
 Adj. Monthly Rent 925
 Gross Living Area 1,254
 Total Rooms 5
 Total Bedrooms 2
 Total Bathrooms 2.5
 Location Columbus Station
 View End Unit
 Condition Average
 Age/Year Built 16



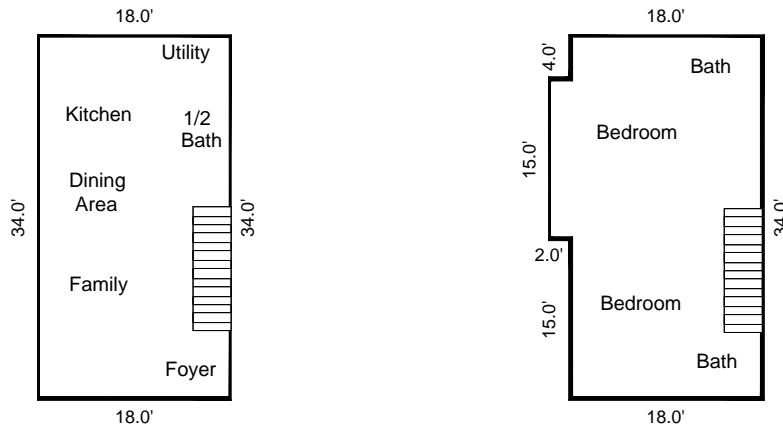
Location Map

Borrower/Client	Redaction		
Property Address	Segovia Court		
City	Virginia Beach	County	Independent City
		State	VA
		Zip Code	23462-7644
Lender	Redaction		



Building Sketch (Page - 1)

Borrower/Client Redaction				
Property Address Segovia Court				
City Virginia Beach	County Independent City	State VA	Zip Code 23462-7644	
Lender Redaction				



Sketch by Apex IV™

Comments:

AREA CALCULATIONS SUMMARY			
Code	Description	Size	Net Totals
GLA1	First Floor	612.00	612.00
GLA2	Second Floor	642.00	642.00
TOTAL LIVABLE (rounded)			1254

LIVING AREA BREAKDOWN			
Breakdown			Subtotals
First Floor			
18.0	x	34.0	612.00
Second Floor			
2.0	x	15.0	30.00
18.0	x	34.0	612.00
3 Calculations Total (rounded)			1254

SINGLE FAMILY COMPARABLE RENT SCHEDULE

This form is intended to provide the appraiser with a familiar format to estimate the market rent of the subject property. Adjustments should be made only for items of significant difference between the comparables and the subject property.

ITEM	SUBJECT	COMPARABLE NO. 1		COMPARABLE NO. 2		COMPARABLE NO. 3	
Address	Segovia Court Williamsburg	4661 Genoa Circle Virginia Beach		4585 Genoa Circle Virginia Beach		313 Ferdinand Circle Virginia Beach	
Proximity to Subject		0.20 miles		0.23 miles		0.33 miles	
Date Lease Begins		07/03		10/03		09/03	
Date Lease Expires		07/04		Unknown		Unknown	
Monthly Rental	If Currently Rented: \$	\$ 950		\$ 950		\$ 925	
Less: Utilities Furniture	\$	\$		\$		\$	
Adjusted Monthly Rent	\$	\$ 950		\$ 950		\$ 925	
Data Source	Inspection	MLS, Pinpoint, D/by Inspection		MLS, Pinpoint, D/by Inspection		MLS, Pinpoint, D/by Inspection	
RENT ADJUSTMENTS	DESCRIPTION	DESCRIPTION	+(-)\$ Adjust.	DESCRIPTION	+(-)\$ Adjust.	DESCRIPTION	+(-)\$ Adjust.
Rent Concessions							
Location/View	Columbus Station End Unit	Columbus Station End Unit		Columbus Station End Unit		Columbus Station End Unit	
Design and Appeal	2-Story	2-Story		2-Story		2-Story	
Age/Condition	13 Average	18 Average		18 Average		16 Average	
Above Grade Room Count	Total Bdrms Baths 5 2 2.5	Total Bdrms Baths 5 2 2.5		Total Bdrms Baths 5 2 2.5		Total Bdrms Baths 5 2 2.5	
Gross Living Area	1,254 Sq. Ft.	1,254 Sq. Ft.		1,254 Sq. Ft.		1,254 Sq. Ft.	
Other (e.g., basement, etc.)	n/a	n/a		n/a		n/a	
Other:	Standard 1 FP	Standard 1 FP		Standard 1 FP		Standard 1 FP	
Net Adj. (total)		□ + □ - \$		□ + □ - \$		□ + □ - \$	
Indicated Monthly Market Rent		\$ 950		\$ 950		\$ 925	

Comments on market data, including the range of rents for single family properties, an estimate of vacancy for single family rental properties, the general trend of rents and vacancy, and support for the above adjustments. (Rent concessions should be adjusted to the market, not to the subject property.) Comparable rentals are located in the subject development and appear to be similar to the subject in most regards. As a result, no adjustments were necessary.

Final Reconciliation of Market Rent: Most weight given to comp 2 as the most recent rental.

I (WE) ESTIMATE THE MONTHLY MARKET RENT OF THE SUBJECT AS OF Redaction 20 03 TO BE \$ 950

Appraiser(s) SIGNATURE *Chris Crigger*
NAME Christopher L. Crigger

Review Appraiser SIGNATURE *Richard M. Perry, Jr.*
(If applicable) NAME Richard M. Perry, Jr.

Operating Income Statement

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

Property Address

Street Segovia Court

City Virginia Beach

State VA

Zip Code 23462-7644

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.

Unit No.	Currently Rented		Expiration Date	Current Rent Per Month	Market Rent Per Month	Utility Expense	Paid By Owner	Paid By Tenant
	Yes	No						
Unit No. 1	Yes <input type="checkbox"/>	No <input type="checkbox"/>		\$ _____	\$ <u>950</u>	Electricity	<input type="checkbox"/>	<input type="checkbox"/>
Unit No. 2	Yes <input type="checkbox"/>	No <input type="checkbox"/>		\$ _____	\$ _____	Gas	<input type="checkbox"/>	<input type="checkbox"/>
Unit No. 3	Yes <input type="checkbox"/>	No <input type="checkbox"/>		\$ _____	\$ _____	Fuel Oil	<input type="checkbox"/>	<input type="checkbox"/>
Unit No. 4	Yes <input type="checkbox"/>	No <input type="checkbox"/>		\$ _____	\$ _____	Fuel (Other)	<input type="checkbox"/>	<input type="checkbox"/>
Total				\$ _____	\$ <u>950</u>	Water/Sewer	<input type="checkbox"/>	<input type="checkbox"/>
						Trash Removal	<input type="checkbox"/>	<input 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)	\$ <u>11,400</u>	\$ _____
Other Income (include sources)	+ _____	+ _____
Total	\$ <u>11,400</u>	\$ _____
Less Vacancy/Rent Loss	- <u>570</u> (<u>5%</u>)	- _____ (_____ %)
Effective Gross Income	\$ <u>10,830</u>	\$ _____
Expenses (Do not include expenses for owner-occupied units)		
Electricity	_____	_____
Gas	_____	_____
Fuel Oil	_____	_____
Fuel	(Type - _____)	_____
Water/Sewer	_____	_____
Trash Removal	_____	_____
Pest Control	_____	_____
Other Taxes or Licenses	_____	_____
Casual Labor	_____	_____
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	<u>200</u>	_____
This includes the costs of contract labor and materials that are required to maintain the interiors of the living unit.		
General Repairs/Maintenance	<u>250</u>	_____
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	<u>866</u>	_____
These are the customary expenses that a professional management company would charge to manage the property.		
Supplies	_____	_____
This includes the costs of items like light bulbs, janitorial supplies, etc.		
Total Replacement Reserves - See Schedule on Pg. 2	<u>450</u>	_____
Miscellaneous	_____	_____
.....	_____	_____
.....	_____	_____
.....	_____	_____
.....	_____	_____
.....	_____	_____
.....	_____	_____
Total Operating Expenses	\$ <u>1,766</u>	\$ _____

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	@ \$ 200 ea. /	8 Yrs. x	1 Units = \$ 25.00	\$
Refrigerators	@ \$ 250 ea. /	8 Yrs. x	1 Units = \$ 31.25	\$
Dishwashers	@ \$ 200 ea. /	10 Yrs. x	1 Units = \$ 20.00	\$
A/C Units	@ \$ 1,000 ea. /	15 Yrs. x	1 Units = \$ 66.67	\$
C. Washer/Dryers	@ \$ 200 ea. /	10 Yrs. x	2 Units = \$ 40.00	\$
HW Heaters	@ \$ 500 ea. /	12 Yrs. x	1 Units = \$ 41.67	\$
Furnace(s)	@ \$ ea. /	Yrs. x	Units = \$	\$
(Other)	@ \$ ea. /	Yrs. x	Units = \$	\$
Roof	@ \$ 2,200 /	20 Yrs. x One Bldg. =	\$ 110	\$
Carpeting (Wall to Wall)		Remaining Life		
(Units)	115 Total Sq. Yds. @ \$ 18.00 Per Sq. Yd. /	18 Yrs. =	\$ 115	\$
(Public Areas)	Total Sq. Yds. @ \$ Per Sq. Yd. /	Yrs. =	\$	\$
Total Replacement Reserves. (Enter on Pg. 1)			\$ 449.59	\$

Operating Income Reconciliation

\$ 10,830	-	\$ 1,766	=	\$ 9,064	/ 12 =	\$ 755
Effective Gross Income		Total Operating Expenses		Operating Income		Monthly Operating Income
\$ 755	-	\$	=	\$		
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)

Christopher L. Crigger
Appraiser Name

Chris Crigger
Appraiser Signature

November 25, 2003
Date

Underwriter's Comments and Rationale for Adjustments

Underwriter Name

Underwriter Signature

Date

Borrower/Client	Redaction		
Property Address	Segovia Court		
City	Virginia Beach	County	Independent City
		State	VA
		Zip Code	23462-7644
Lender	Redaction		

CREDENTIALS OF RICHARD M. PERRY, JR.

Education:

Master of Business Administration, Virginia Commonwealth University, Richmond, Virginia - Concentrating in Real Estate and Urban Land Development (1991)

Courses: Advanced Real Estate Appraisal (1989), Urban Land Development (1989), Commercial Mortgage Lending (1989), Real Property Investment Law (1989), Real Estate Feasibility Analysis (1990)

B.S. in Finance, Virginia Polytechnic Institute and State University, Blacksburg, Virginia (1988)

Courses: Principles of Real Estate Appraisal (1987), Independent Study in Real Estate Appraisal (1988), Principles of Property Management (1988), Real Estate Finance (1987), Numerous Finance Courses

Appraisal Institute's 1991-92 Graduate Scholarship Recipient

National Association of Industrial and Office Park Scholarship Recipient, 1990

Courses - The Appraisal Institute (AI), formerly AIREA and SREA:

Courses 1-A-1/8-1 -Real Estate Appraisal Principles (1988)
 Courses 1-A-2 -Basic Valuation Procedures (1988)
 Courses 1-B-A & B -Capitalization Theory & Techniques (1989)
 Courses SPP A & B -Standards of Professional Practice (1990)
 Courses 2-1 -Cases Studies in Real Estate Valuation (1992)
 Courses II-540 -Report Writing and Valuation Analysis (1993)

Seminars - The Appraisal Institute (AI):

Appraising from Blueprints and Specs (2000)
 Small Residential Income Producing Properties Seminar (1990)
 Residential Demonstration Appraisal Report Writing Seminar (1990)
 Subdivision Analysis Seminar (1994)
 Special Purpose Properties (1996)
 Alternative Residential Reporting Forms (1996)

Other Courses and Seminars:

Buying and Selling Assets From the RTC and FDIC Seminar (VCU,1992)
 Lease By Lease & Cash Flow Analysis Seminar (Argus, 1992)
 Principles of Real Estate (Tidewater Community College, 1992)
 Evaluating Large Scale Developments (VCU,1995)
 Valuation of Elderly Housing (Newport News Assessors Office, 1996)
 Virginia Real Estate {Appraisal} Law (Newport News Assessors Office, 1996)

Licensed as a Certified General Real Estate Appraiser in Virginia, #4001 001548

Licensed as a Real Estate Salesperson in Virginia

Related Experience:

9/93 - Present Real Estate Appraiser, Perry & Associates, Inc., Norfolk, VA
 6/91 - 6/93 Commercial Real Estate Appraiser, United Appraisal Services, Norfolk, VA
 2/91 - 6/91 Real Estate Appraiser, Perry & Associates, Richmond and Norfolk, VA
 1/91 - 12/91 Graduate Research Assistant, Virginia Real Estate Research Center, Richmond, VA
 2/89 - 1/91 Residential Real Estate Appraiser, Virginia RELS, Richmond and Norfolk, VA

Professional Affiliations and Memberships:

-Associate Member Appraisal Institute
 -Newsletter Chairperson for Hampton Roads Chapter of Appraisal Institute (1993, 1994)
 -Boy Scouts of America
 -Past President of Virginia Commonwealth University's Chapter of Rho Epsilon Professional Real Estate Fraternity
 -Norfolk Sunrise Rotary Club, Board of Directors 1994 - 1996
 -Newport News Rotary Club, Member
 -Rotary International, Paul Harris Fellow

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 concession but the dollar amount of any adjustment should approximate the market's reaction to the financing or concessions based on the appraiser's judgement.

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. These 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.

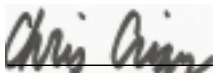
APPRAISER'S CERTIFICATION: The Appraiser certifies and agrees that:

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.

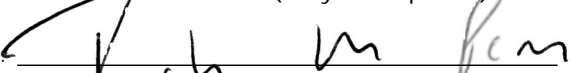
SUPERVISORY APPRAISER'S CERTIFICATION: If a supervisory appraiser signed the appraisal report, he or she certifies and agrees that: I directly supervise the appraiser who prepared the appraisal report, have reviewed the appraisal report, agree with the statements and conclusions of the appraiser, agree 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: Segovia Court, Virginia Beach, VA 23462-7644

APPRAISER:

Signature: 
 Name: Christopher L. Crigger
 Date Signed: November 25, 2003
 State Certification #: Associate/Appraiser Trainee
 or State License #: _____
 State: _____
 Expiration Date of Certification or License: _____

SUPERVISORY APPRAISER (only if required):

Signature: 
 Name: Richard M. Perry Jr.
 Date Signed: November 25, 2003
 State Certification #: 4001 001548
 or State License #: _____
 State: VA
 Expiration Date of Certification or License: _____

Did Did Not Inspect Property