

APPRAISAL OF REAL PROPERTY

LOCATED AT:

lot 2 Mallard Bay
lot 2 Mallard Bay Unit 1
Knoxville, TN 37922

FOR:



AS OF:

October 1, 2003

BY:

Chris Skalet

LAND APPRAISAL REPORT

Borrower [REDACTED] Census Tract 58.04 Map Reference 162F
 Property Address lot 2 Mallard Bay
 City Knoxville County Knox State TN Zip Code 37922
 Legal Description lot 2 Mallard Bay Unit 1
 Sale Price \$ n/a Date of Sale n/a Loan Term n/a yrs. Property Rights Appraised Fee Leasehold De Minimis PUD
 Actual Real Estate Taxes \$ 1bd (yr) Loan charges to be paid by seller \$ n/a Other sales concessions _____
 Lender/Client [REDACTED] Address _____
 Occupant Vacant Appraiser Chris Skalet Instructions to Appraiser none

NEIGHBORHOOD

Location Urban Suburban Rural
 Built Up Over 75% 25% to 75% Under 25%
 Growth Rate Fully Dev. Rapid Steady Slow
 Property Values Increasing Stable Declining
 Demand/Supply Shortage In Balance Oversupply
 Marketing Time Under 3 Mos. 4-6 Mos. Over 6 Mos.
 Present Land Use 60% 1 Family 40% 2-4 Family _____ % Apts. _____ % Condo _____ % Commercial
 _____ % Industrial _____ % Vacant 40% vacant
 Change in Present Land Use Not Likely Likely (*) Taking Place (*)
 (*) From _____ To single family
 Predominant Occupancy Owner Tenant _____ % Vacant
 Single Family Price Range \$ 50 to \$ 500 Predominant Value \$ 150
 Single Family Age new yrs. to 50 yrs. Predominant Age 60-65 yrs.

Employment Stability Good Avg. Fair Poor
 Convenience to Employment
 Convenience to Shopping
 Convenience to Schools
 Adequacy of Public Transportation
 Recreational Facilities
 Adequacy of Utilities
 Property Compatibility
 Protection from Detrimental Conditions
 Police and Fire Protection
 General Appearance of Properties
 Appeal to Market

Comments including those factors, favorable or unfavorable, affecting marketability (e.g. public parks, schools, view, noise): The subject property is located in a newly established lake side residential subdivision neighborhood of Knoxville. There is access to employment, schools and shopping via Northshore Drive and Harvey Road. Amenities are located within 3-4 miles of the subject property. The local economy remains stable with low unemployment. There are no apparent adverse factors that should affect marketability.

SITE

Dimensions survey would be required = _____ 1.23 Sq. Ft. or Acres Corner Lot
 Zoning classification residential Present Improvements do do not conform to zoning regulations
 Highest and best use Present use Other (specify) _____
 Elec. Public Other (Describe) _____
 Gas _____
 Water _____
 San. Sewer _____
 Underground Elect. & Tel. _____

OFF SITE IMPROVEMENTS
 Street Access Public Private
 Surface asphalt
 Maintenance Public Private
 Storm Sewer Curb/Gutter
 Sidewalk Street Lights

Topo gently rolling
 Size typical for neighborhood
 Shape irregular
 View good/lake
 Drainage appears adequate
 Is the property located in a HUD Identified Special Flood Hazard Area? No Yes

Comments (favorable or unfavorable including any apparent adverse easements, encroachments, or other adverse conditions): No adverse easements or encroachments observed however a survey would be required to determine if any adverse conditions exist. No survey was provided to the appraiser. Typical building setback lines and utility easements are assumed.

The undersigned has recited three recent sales of properties most similar and proximate to subject and has considered these in the market analysis. The description includes a dollar adjustment reflecting market reaction to those items of significant variation between the subject and comparable properties. If a significant item in the comparable property is superior to or more favorable than the subject property, a minus (-) adjustment is made thus reducing the indicated value of subject; if a significant item in the comparable is inferior to or less favorable than the subject property, a plus (+) adjustment is made thus increasing the indicated value of the subject.

ITEM	SUBJECT PROPERTY	COMPARABLE NO. 1	COMPARABLE NO. 2	COMPARABLE NO. 3
Address	lot 2 Mallard Bay Knoxville	lot 40 Amberset Drive Knoxville	lot 196 Woodcove Lane Knoxville	lot 200 Woodcove Lane Knoxville
Proximity to Subject		0.63 miles	0.46 miles	0.46 miles
Sales Price	\$ n/a	\$ 270,000	\$ 279,900	\$ 319,900
Price	\$	\$	\$	\$
Data Source	inspection	knox mls #297142	knox mls #327144	knox mls #298056
Date of Sale and Time Adjustment	DESCRIPTION	DESCRIPTION	DESCRIPTION	DESCRIPTION
	n/a	10/02	08/03	07/03
Location	suburban/avg	suburban/avg	suburban/avg	suburban/avg
Site/View	1.23 acres +/-	0.81 acres +/-	1.13 acres +/-	1.62 acres +/-
View	good/lake	good/lake	good/lake	good/lake
Sales or Financing Concessions	none noted none known	none known conventional	none known conventional	none known conventional
Net Adj. (Total)		<input type="checkbox"/> + <input type="checkbox"/> - : \$	<input checked="" type="checkbox"/> + <input type="checkbox"/> - : \$	<input type="checkbox"/> + <input type="checkbox"/> - : \$
Indicated Value of Subject		\$ 270,000	\$ 279,900	\$ 319,900

Comments on Market Data: See attached addenda.

Comments and Conditions of Appraisal: This report is a complete appraisal in summary report format. See attached appraiser's certification and statement of limiting conditions.

Final Reconciliation: The sales comparison approach is relied on. The cost approach is not applicable. The income approach is not applicable as most of the homes in the area are owner occupied.

RECONCILIATION

I ESTIMATE THE MARKET VALUE, AS DEFINED, OF SUBJECT PROPERTY AS OF October 2 20_03 to be \$ 290,000

Chris Skalet
Appraiser(s) Did Did Not Physically Inspect Property
 Review Appraiser (if applicable)

Supplemental Addendum

File No. 0002237

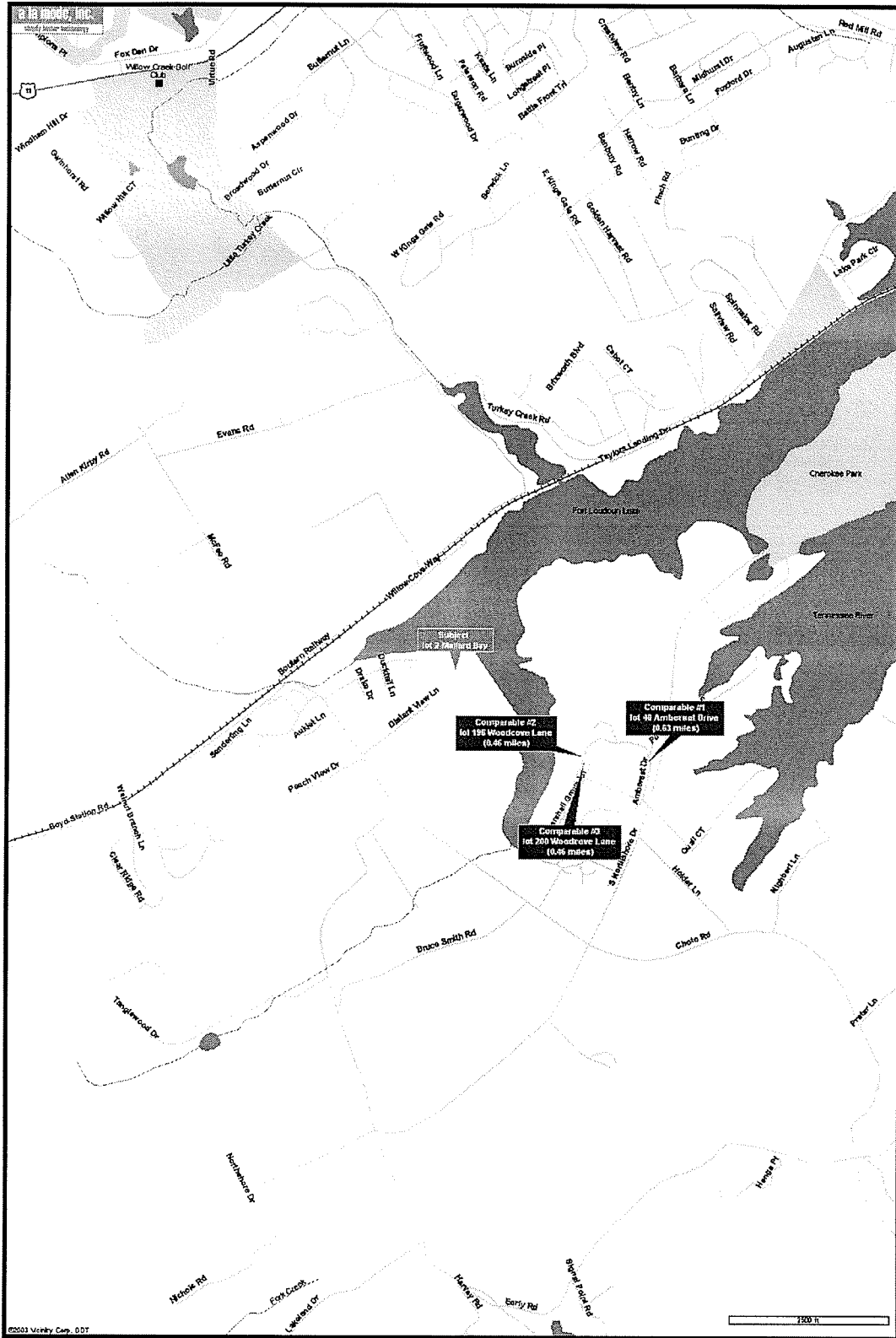
Borrower/Client	[REDACTED]		
Property Address	lot 2 Mallard Bay		
City	Knoxville	County	Knox
		State	TN
		Zip Code	37922
Lender	[REDACTED]		

• **Land : Market Data**

All three sales are similar lake view sales that are located in the same market area as the subject property. All sales are located within one mile of the subject property. Sale #1 sold over six months ago and was included due to little change in the subject's market area over the past one year.

Location Map

Borrower/Client	[REDACTED]		
Property Address	lot 2 Mallard Bay		
City	Knox	State	TN
Zip Code	37922		
Lender	[REDACTED]		



Subject Photo Page

Borrower/Client	[REDACTED]		
Property Address	lot 2 Mallard Bay		
City	Knoxville	County	Knox
		State	TN
		Zip Code	37922
Lender	[REDACTED]		

Subject Front

lot 2 Mallard Bay
Sales Price n/a
Gross Living Area 2,114
Total Rooms
Total Bedrooms
Total Bathrooms
Location suburban/avg
View 1.23 acres +/-
Site 0.51 acres +/-
Quality stone/siding/avg
Age a63/e30



Subject View



Subject Street



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: lot 2 Mallard Bay, Knoxville, TN 37922

APPRAISER:

Signature: 
 Name: Chris Skalet
 Date Signed: October 2, 2003
 State Certification #: CR-2399
 or State License #: _____
 State: TN
 Expiration Date of Certification or License: 6/30/2005

SUPERVISORY APPRAISER (only if required):

Signature: _____
 Name: _____
 Date Signed: _____
 State Certification #: _____
 or State License #: _____
 State: _____
 Expiration Date of Certification or License: _____

Did Did Not Inspect Property

FIRREA / USPAP ADDENDUM

Borrower [REDACTED]

Property Address lot 2 Mallard Bay

City Knoxville

County Knox

State TN

Zip Code 37922

Lender/Client [REDACTED]

Purpose

To develop an opinion of value of the subject property for lending purposes. The client named in the report is the intended user and sole client of Advanced Appraisal Services regardless of who paid for the appraisal. This report may not be appropriate for any other use.

Scope

This report is a complete appraisal reported in a summary report format. The scope and valuation process may be insufficient for uses other than the intended purpose (lending). The appraiser has made an inspection of the subject property and neighborhood. The process of developing an opinion of value includes three approaches to value unless otherwise noted in this report. The market information used in this report is based on market information obtained from public records and local multiple listing services. These data sources are deemed reliable however are not guaranteed. When conflicting information was provided, the source deemed most reliable has been used. Data believed to be unreliable was not included nor used as a basis for the value conclusions. The extent of analysis applied to this assignment may be further imparted within the report the Appraisers Certification and any other statement of limiting conditions when applicable.

Intended Use / Intended User

The client named in this report is the sole intended user. The intended use is for mortgage lending purposes. The services of Advanced Appraisal Services were engaged by the lender/financial institution and not by the borrower.

History of Property

Current listing information: The subject was sold before listing. There is a pending contract for \$285,360.

Prior sale: The subject has not been sold in the last three years.

Exposure Time / Marketing Time

A reasonable marketing time based on marketing conditions pertinent to the appraisal assignment is 90-120 days.

Personal (non-realty) Transfers

No personal property is considered in the valuation process.

Additional Comments

This appraiser is not a home inspector nor was a "home inspection" performed where components and the structure of the home are evaluated or tested.

I certify, to the best of my knowledge and belief:

The statements of fact contained in this report are true and correct. The reported analyses, opinions, and conclusions are limited only by the reported assumptions and limiting conditions, and are my personal, impartial, and unbiased professional analysis, opinions and conclusions. I have no present or prospective interest in the property that is the subject of this report, and no personal interest with respect to the parties involved, unless otherwise stated within the report. I have no bias with respect to the property that is the subject of this report or to the parties involved with this assignment. My engagement in this assignment was not contingent upon developing or reporting predetermined results. My compensation for completing this assignment is not contingent upon the development or reporting of a predetermined value or direction in value that favors the cause of the client, the amount of the value opinion, the attainment of a stipulated result, or the occurrence of a subsequent event directly related to the intended use of this appraisal. My analyses, opinions and conclusions were developed, and this report has been prepared, in conformity with the Uniform Standards of Professional Appraisal Practice. No one provided significant professional assistance to the person signing this report.

Certification Supplement

1. This appraisal assignment was not based on a requested minimum valuation, a specific valuation, or an approval of a loan.
 2. My compensation is not contingent upon the reporting of a predetermined value or direction in value that favors the cause of the client, the amount of the value estimate, the attainment of a stipulated result or the occurrence of a subsequent event.
- I, Chris Skalet, have made a personal inspection of the subject property.


Appraiser(s): Chris Skalet

Supervisory Appraiser(s): _____

Effective date / Report date: October 2, 2003

Effective date / Report date: _____