APPRAISAL OF REAL PROPERTY

Date of Valuation:
03/16/2011

Located At:
Listing Appraisal Sample
Newtown, PA 18940

For:
Sample

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### SUMMARY OF SALIENT FEATURES

<table>
<thead>
<tr>
<th>Subject Address</th>
<th>Listing Appraisal Sample</th>
</tr>
</thead>
<tbody>
<tr>
<td>Legal Description</td>
<td>Newtown, PA 18940</td>
</tr>
<tr>
<td>City</td>
<td>Newtown</td>
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<tr>
<td>County</td>
<td>Bucks</td>
</tr>
<tr>
<td>State</td>
<td>PA</td>
</tr>
<tr>
<td>Zip Code</td>
<td>18940</td>
</tr>
<tr>
<td>Census Tract</td>
<td>1052.04</td>
</tr>
<tr>
<td>Map Reference</td>
<td>37964</td>
</tr>
</tbody>
</table>

| Sale Price       | $ N/A                   |
| Date of Sale     | N/A                     |

| Borrower/Client  | N/A                     |
| Lender           | Sample                  |

| Size (Square Feet)| 1,926                   |
| Price per Square Foot | $                      |
| Location         | Average                 |
| Age              | 23 Years                |
| Condition        | Good                    |
| Total Rooms      | 8                       |
| Bedrooms         | 3                       |
| Baths            | 2.5                     |

| Appraiser        | James Dougherty         |
| Date of Appraised Value | 03/16/2011             |

| Opinion of Value | $ 405,000               |
### INTRODUCTION

**Property Address:** Listing Appraisal Sample

**City:** Newtown  
**State:** PA  
**Zip Code:** 18940

**Legal Description:** See Title report

**Assessor's Parcel No.:** Sample

**Neighborhood or Project Name:** Kirkwood

**Map Reference:** Census Tract 1052.04

**Sale Price:** N/A  
**Date of Sale:** N/A

**Lender/Client:** James Dougherty  
**Address:** Sample

**Appraiser:** James Dougherty  
**Address:** 214 Pine Street, Langhorne, PA 19047

**Property Description:**

**Subject:**

- **Condition of the improvements** addendum.

- **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.

The value estimate is based upon the assumption that the subject property is not negatively affected by hazardous substances detrimental to environmental conditions.

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### MARKET CONDITIONS

Factors that affect the marketability of the properties (proximity to employment and amenities, employment stability, appeal to market, etc.): The subject is located in Kirkwood, an established PUD consisting of a mix of detached single family homes and clusters of single family townhomes. The surrounding Newtown market area consists predominately of detached single family homes of varying ages and styles. Clusters of single family townhomes are scattered throughout the subject market area. Shopping, schools, Houses of worship, public transport, and employment centers are all located within the subject market area. No factors noted to detract from property values.

- **Market conditions in the subject neighborhood** (including support for the above conclusions related to the trend of property values, demand/supply, and marketing time -- such as data on competitive properties for sale in the neighborhood, description of the prevalence of sales and financing concessions, etc.):

  - **Market statistics demonstrate that prices have remained stable in the subject market area in last 12 months.**
  - **The following statistics are based on detached 3-bedroom + sales and listings in the subject market area priced between $375,000 to $450,000.**
  - **There were 6 attached sales in the last six months. Their avg DOM was 111 days. Their average DOM was 34 days.**
  - **Clusters of single family townhomes are scattered throughout the subject market area.**
  - **Shopping, schools, Houses of worship, public transport, and employment centers are all located within the subject market area.**

- **Notable race and the racial composition of the neighborhood are not appraisal factors.**

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### SITE

- **Dimensions:** 80' x 115'
- **Topography:** Generally Level
- **Size:** Average for area
- **Shape:** Rectangular
- **View:** Tennis Court/Sports Court
- **Lender/Client:** Sample
- **Assessor's Parcel No.:** Sample
- **Legal Description:** See Title report
- **Property Address:** 214 N Pine Street, Langhorne, PA 19047
- **City:** Newtown  
**State:** PA  
**Zip Code:** 18940

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### PUBLIC UTILITIES

- **Electrical:** Street Macadam  
- **Gas:** Curb/gutter Concrete  
- **Water:** Sidewalk Concrete  
- **Sanitary sewer:** Street lights Inadequate  
- **Storm sewer:** Alley None

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### SITE description

**Condition:** Not reported

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### BUILDING

**Type:** Detached  
**Stories:** 2  
**Foundation:** Poured Conc  
**Roof:** Shingle  
**Wall:** Wood  
**Floor:** Poured Conc  
**Material:** None  
**Year built:** 2010  
**Price:** $568,000

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### INTERIOR

**Kitchen:** Various  
**Bathroom:** Various  
**Living Room:** Various  
**Bedroom:** Various  
**Den:** Various  
**Garage:** Various

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### COMMENTS

- **ADVERSE ENVIRONMENTAL CONDITIONS**

  - **Additional features** (special energy efficient items, etc.):

  - **Condition of the improvements** addendum.

  The value estimate is based upon the assumption that the subject property is not negatively affected by hazardous substances detrimental to environmental conditions.

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### FORM UA2 — "WinTOTAL" appraisal software by a la mode, inc. — 1-800-ALAMODE


### Valuation Section

#### RECONCILIATION

**INDICATED VALUE BY SALES COMPARISON APPROACH**

- Analysis of any current agreement of sale, option, or listing of subject property and analysis of any prior sales of subject and comparables within one year of the date of appraisal:
  - Source, for prior sales
  - Date, Price and Data

<table>
<thead>
<tr>
<th>Source</th>
<th>Date</th>
<th>Price</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
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</tbody>
</table>

#### VALUE ADJUSTMENTS

- Data and/or
- Price/Gross Living Area
- Proximity to Subject

<table>
<thead>
<tr>
<th>Data and/or</th>
<th>Price/Gross Living Area</th>
<th>Proximity to Subject</th>
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</thead>
<tbody>
<tr>
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<td></td>
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</tbody>
</table>

#### ESTIMATED SITE VALUE

- Use:*  
- $365,000

#### ESTIMATED SITE VALUE

- Use:*  
- $365,000

#### COMPARABLE Sales

<table>
<thead>
<tr>
<th>Address</th>
<th>Sales Price</th>
<th>Date</th>
</tr>
</thead>
<tbody>
<tr>
<td>1 Copperleaf Drive, Newtown, PA 18940</td>
<td>$405,000</td>
<td>8/22/08</td>
</tr>
<tr>
<td>2 Copperleaf Drive, Newtown, PA 18940</td>
<td>$400,000</td>
<td>8/22/08</td>
</tr>
</tbody>
</table>

#### Adjusted Sales Price

- Net 5.0% of Gross 15.1% = $427,950

- Net 2.6% of Gross 7.7% = $400,000

- Net 9.5% of Gross 15.2% = $460,000

#### INDICATED VALUE BY COST APPROACH

- Depreciation of Improvement:
  - 2 car Garage
  - Cellar
  - No Pool

- Depreciated Value of Improvements:
  - 2 car Garage
  - Cellar
  - No Pool

- As-is Value of Site Improvements:
  - 2 car Garage
  - Cellar
  - No Pool

#### INDICATED VALUE BY COST APPROACH

- Use:*  
- $405,000

### Comments on Cost Comparison (including the subject property's comparability to the neighborhood, etc.)

- Comments on Cost Comparison:
- Comparable sales in the subject tract.
- Comp 2 went under contract on 8/25/09 and was given the least amount of weight.
- Comp 3 and 4 were the two most recent 3-bedroom colonial style sales of similar age and quality in Newtown.
- Comp 5 is a pending sale and was disregarded.
- The terms of its contract were verified through its listing office.
- The subject last transferred 8/22/08 for a consideration of $459,000 as an arms-length transaction. This is the only recorded transfer in the last

### Final Reconciliation

- All three approaches were considered. Relevance was placed on the market approach as indicator of value. Due to the age of the improvement(s), the cost approach was not necessary or applicable. Since residential dwellings in the subject's market area are not priced and sold based upon rental income, the income approach is not necessary or applicable.

### The Purpose of this Appraisal

- 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 upon any current agreement of sale, option, or listing of subject property and analysis of any prior sales of subject and comparables within one year of the date of appraisal.

### Final Reconciliation

- The subject last transferred on 8/22/08 for a consideration of $459,000 as an arms-length transaction.
## MARKET DATA ANALYSIS

These recent sales of properties are most similar and proximate to subject and have been considered 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 plus (+) adjustment is made, thus increasing the indicated value of the subject. If a significant item in the comparable property is inferior to, or less favorable than, the subject property, a minus (-) adjustment is made, thus reducing the indicated value of the subject.

### ITEM
- **Subject**: Listing Appraisal Sample
- **Comparable NO. 4**: Address: Newtown, PA 18940
- **Comparable NO. 5**: Address: Newtown, PA 18940
- **Comparable NO. 6**: Address: Pennsburg, PA 18073

### COMMMENTS

**Date of Sale/Time**: 06/29/10

**Location**: Newtown, PA 18940

**Listing Appraisal Sample**: $459,000 8/22/08

**Tax Assessor Records**: No Transfers in the year preceding its settlement date

**TREND/MLS # 5843370**: No Seller Assist

**Cong**: Pending

**Sales and/or Concessions**: No Seller Assist

### VALUE ADJUSTMENTS

<table>
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### SALES COMPARISON ANALYSIS

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<tr>
<th>ITEM</th>
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<td>Price/Gross Living Area</td>
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<td>DESCRIPTION</td>
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<tr>
<td>Date of Sale/Time</td>
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<td>04/15/11</td>
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### ADDITIONAL FEATURES

- **Basement**: Similar Bunk Area 50% Finished
- **Fireplace(s)**: Similar Bunk Area 90% Finished
- **Garage**: Similar Bunk Area
- **Heating/Cooling**: Similar Bunk Area
- **Energy Efficient Items**: Similar Bunk Area

### CONDITION

- **Basement**: Similar Bunk Area
- **Fireplace(s)**: Similar Bunk Area
- **Garage**: Similar Bunk Area
- **Heating/Cooling**: Similar Bunk Area
- **Energy Efficient Items**: Similar Bunk Area

### NOTATION

<table>
<thead>
<tr>
<th>Net Adj. (total)</th>
<th>Adjusted Sales Price of Comparable</th>
<th>Net Adj. (total)</th>
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</thead>
<tbody>
<tr>
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<td><img src="image.png" alt="Image" /></td>
<td><img src="image.png" alt="Image" /></td>
</tr>
</tbody>
</table>

### MARKET DATA ANALYSIS

**Comments**:

- No Transfers in the year preceding its settlement date per public records
- No Transfers in the year preceding its settlement date per public records

**Market Data Analysis 6-93**
### Positive Features:
The subject's level of maintenance is above average as it has updated siding, roof, windows, kitchen, baths, furnace, lighting, entry doors, flooring, and fresh paint. Both the front door and rear sliding door are newer and of good quality. Bay window in the dining room provides exposure to additional natural light. Newer cherrywood kitchen cabinets of average quality, granite counters, and stainless steel appliances, however, the ceramic tile floor does not match the counters and cabinets. The powder room has been updated and shows well. Both full baths have been updated, however, the hall bath has the original toilet and tub, and the master bath has the original shower and vanity, although its vanity top and sink are newer. Three newer ceiling fan fixtures in all three bedrooms. Upgraded carpeting in the master suite. Approximately half of the basement has been professionally finished.

### Negative conditions:
Functional obsolescence arises due to the subject's 3-bedroom floor plan. In the subject market and price range, most buyers are looking for a 4-bedroom home, especially in a colonial design. Granor-Price, the original developer, offered the subject model as either a 3-bedroom with sitting room or a 4-bedroom with a slightly smaller master bedroom. So although the 4-bedroom version has the exact square footage as the 3-bedroom with sitting room version, the 4-bedroom version has much greater market appeal. Also, even though the subject could be converted into a 4-bedroom at a relatively reasonable costs, most buyers do not want to buy a house only to have to undertake a construction project. Especially in light of the fact that there are currently seven 4-bedroom properties of similar age, style, and quality listed for sale in Newtown Twp between $440,000-$499,900. External obsolescence arises as the rear of the subject site abuts the tennis courts/sports court. As a result, there is associated noise pollution. Other more minor negative conditions include the mis-matched kitchen floor, the wall paper in the stairwell and 2nd floor hall, and the semi-gloss paint in the foyer.

### Reconciliation:
The general market for the subject property is a family. Because the house is clearly well maintained it has appeal to both heads of the household. However, the two biggest factors affecting its marketability are two negative conditions: only three bedrooms and it abuts the sports court. In a sellers’ market the negativity of these conditions would be diminished. In the current soft buyers market, these two conditions are exacerbated. Also, although the kitchen and two full baths have been updated, because they were not entirely updated (kitchen floor) (original toilet and tub in hall bath) (original vanity cabinet and shower in master bath), the kitchen and both baths do not have the full positive effect on value and marketability that they would have if they were finished entirely. Please understand, the updated kitchen and baths add value relative to the original kitchen and bath, but at the same time their contributory value is not maximized because of the mis-matched floor and original bath fixtures. Basically, its 3-bedroom floor plan and location adjacent to the sports court are out weighing its high level of maintenance and its updating. At its current $449,900 price, there are too many 4-bedroom alternatives with out the negative external influence of the sports court. All of the above will be reflected in the sale comparison approach.
The estimate of market value is based on the following extraordinary assumptions:

1) The subject property is not negatively affected by hazardous substances detrimental to environmental conditions.

2) The subject property does not have termite damage or any other latent defects.

3) All mechanical equipment is sound and in working order.

4) All major components of the improvement(s) are sound and in working order.

5) There are no code violations.

6) There are no encumbrances to title or undue deed restrictions.
### APPRAISER AND REPORT IDENTIFICATION

This Appraisal Report is one of the following types:

- Self Contained (A written report prepared under Standards Rule 2-2(a), pursuant to the Scope of Work, as disclosed elsewhere in this report.)
- Summary (A written report prepared under Standards Rule 2-2(b), pursuant to the Scope of Work, as disclosed elsewhere in this report.)
- Restricted Use (A written report prepared under Standards Rule 2-2(c), pursuant to the Scope of Work, as disclosed elsewhere in this report, restricted to the stated intended use by the specified client or intended user.)

<table>
<thead>
<tr>
<th>Comments on Standards Rule 2-3</th>
</tr>
</thead>
</table>

I certify that, 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 analyses, opinions, and conclusions.
- I have no (or the specified) present or prospective interest in the property that is the subject of this report and no (or the specified) personal interest with respect to the parties involved.
- 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.
- I have (or have not) made a personal inspection of the property that is the subject of this report. (If more than one person signs this certification, the certification must clearly specify which individuals did and which individuals did not make a personal inspection of the appraised property.)
- no one provided significant real property appraisal assistance to the person signing this certification. (If there are exceptions, the name of each individual providing significant real property appraisal assistance must be stated.)

### Comments on Appraisal and Report Identification

Note any USPAP related issues requiring disclosure and any state mandated requirements:

None noted

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### APPRAISER:

<table>
<thead>
<tr>
<th>Name: James Dougherty</th>
<th>Date Signed: 03/17/2011</th>
<th>State Certification #: R1001914L</th>
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<tbody>
<tr>
<td>or State License #: N/A</td>
<td>State: PA</td>
<td>Expiration Date of Certification or License: 06/30/2011</td>
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<tr>
<td>Effective Date of Appraisal: 03/16/2011</td>
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### SUPERVISORY APPRAISER (only if required):

<table>
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<th>Date Signed:</th>
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<tbody>
<tr>
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<td>State Certification #:</td>
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<tr>
<td>or State License #:</td>
<td>State:</td>
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<tr>
<td>Expiration Date of Certification or License:</td>
<td>Supervisory Appraiser inspection of Subject Property:</td>
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<tr>
<td>Did Not</td>
<td>Exterior-only from street</td>
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</table>
The purpose of this appraisal is to estimate the market value of the subject property as defined in this report. The function of this appraisal is to assist the above-named Client in evaluating the subject property for marketing purposes.

Scope

The appraisal is based upon the data gathered by the Appraiser during the inspection of the subject property, its neighborhood, and the selection of comparable sales and listings in the subject's market area. Other data sources include public records and multiple listing services. All comparable sales are verified by the named source within the appraisal report. Functional, and or, external inadequacies are noted if present.

The cost approach was not developed for the two following reasons: 1) buyers and sellers do not rely on the cost approach to help determine pricing and 2) due to the difficulty in estimating physical depreciation. The subject property is located in an area of primarily owner occupied residential dwellings. The income approach is not considered to be a reliable approach to value since residential dwellings in the subject's market area are not priced and sold based upon rental income. The income approach is therefore not applicable.

Intended Use / Intended User

This appraisal is intended to be used as an instrument to assist the Client market the property. The value is estimated as of the date of inspection. It is not intended to be used as a home inspection report. Your Appraiser makes no warranties as to the structural integrity of the subject property or any warranties as to the soundness of any major components. The Lender/Client as stated on page 1 of this report is the only intended user.

History of Property

Current listing information: The subject was listed for sale on 2/14/11 for an asking price of $459,900. On 3/4/11 its price was reduced to $449,900.

Prior sale: The subject last transferred 8/22/08 for a consideration of $459,000 as an arms-length transaction. This is the only recorded transfer in the last 3 years.

Exposure Time / Marketing Time

3 - 6 months is the typical marketing time in the subject market area. This conclusion is based upon marketing periods of similar properties in the subject market area.

Personal (non-realty) Transfers

No personal property was included in the appraisal or valuation process.

Additional Comments

The digital photos of the subject property in this report, are original photos that were taken at the time of inspection, and have not been altered or enhanced in any way.

Any digital signature(s) affixed to this report is a digital image controlled by a personal identification number in accordance with USPAP.

The estimate of value is based upon typical terms of trade: a 6% sales commission to participating real estate agents.

Because the reported GLA in public records and MLS is often incorrect, it is estimated for the comps based on any or all of the following: assessor records, MLS, exterior inspection, appraisal files, and knowledge of the specific tract.

Geographic/market competency: The assignment requires geographic/market competency as part of the Scope of Work. I am confirming that I have spent sufficient time to gain adequate knowledge, experience and resources to communicate a credible opinion of market value for the subject property. The necessary understanding of local market conditions provides the connection between a sale and a comparable sale or a rental and a comparable rental. This opinion is based on the appraiser's full time, working knowledge of the subject's specific marketing area, including local supply and demand factors which relate to the subject's property type and its' specific location. Additionally, the appraiser's credentials include on-going formal education, analysis of current market-driven statistics, subscriptions and review of published real estate periodicals and cost manuals, and regularly networking with individuals involved in real estate transactions.

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.

Appraiser(s): James Dougherty

Effective date / Report date: 03/16/2011

Supervisory Appraiser(s):

Effective date / Report date: 03/16/2011
AREA CALCULATIONS SUMMARY

<table>
<thead>
<tr>
<th>Code</th>
<th>Description</th>
<th>Net Size</th>
<th>Net Totals</th>
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<tr>
<td>GLA1</td>
<td>First Floor</td>
<td>1069.50</td>
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<tr>
<td>GLA2</td>
<td>Second Floor</td>
<td>856.50</td>
<td>856.50</td>
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<tr>
<td>GAR</td>
<td>Garage</td>
<td>410.00</td>
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Net LIVABLE Area (Rounded) 1926

LIVING AREA BREAKDOWN

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<th>Subtotals</th>
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<tr>
<td>16.50 x 27.00</td>
<td>445.50</td>
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<tr>
<td>13.50 x 26.00</td>
<td>351.00</td>
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<td>2.00 x 19.50</td>
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<tr>
<td>Second Floor</td>
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<tr>
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<td>1.00 x 16.50</td>
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</table>

6 Items (Rounded) 1926
Optional family room and 2 car garage included as shown below
Subject Photograph Addendum

<table>
<thead>
<tr>
<th>Borrower/Client</th>
<th>N/A</th>
</tr>
</thead>
<tbody>
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<td>State</td>
<td>PA</td>
</tr>
<tr>
<td>Zip Code</td>
<td>18940</td>
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Front

Rear

Street Scene

Street Scene

Comments:

Comments:
<table>
<thead>
<tr>
<th>Property Address</th>
<th>City</th>
<th>County</th>
<th>State</th>
<th>Zip Code</th>
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<tbody>
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<td>1 Copperleaf Drive</td>
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### Comparable 1
- **Prox. to Subject**: 0.05 miles NE
- **Sales Price**: $392,500
- **Gross Living Area**: 1,677
- **Total Rooms**: 7
- **Total Bedrooms**: 3
- **Total Bathrooms**: 2.5
- **Location**: Average
- **View**: Average
- **Site**: .25 Acre
- **Quality**: Good
- **Age**: 21 Years

### Comparable 2
- **Prox. to Subject**: 0.08 miles SW
- **Sales Price**: $390,000
- **Gross Living Area**: 1,926
- **Total Rooms**: 8
- **Total Bedrooms**: 3
- **Total Bathrooms**: 2.5
- **Location**: Average
- **View**: Average
- **Site**: .24 Acre
- **Quality**: Good
- **Age**: 21 Years

### Comparable 3
- **Prox. to Subject**: 2.13 miles SW
- **Sales Price**: $365,000
- **Gross Living Area**: 1,834
- **Total Rooms**: 7
- **Total Bedrooms**: 3
- **Total Bathrooms**: 2.5
- **Location**: Average
- **View**: Average
- **Site**: .20 Acre
- **Quality**: Good
- **Age**: 23 Years
Comparable Photos 4-6

<table>
<thead>
<tr>
<th>Property Address</th>
<th>City</th>
<th>County</th>
<th>State</th>
<th>Zip Code</th>
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</thead>
<tbody>
<tr>
<td></td>
<td>Newtown</td>
<td>Bucks</td>
<td>PA</td>
<td>18940</td>
</tr>
</tbody>
</table>

Comparable 4

- 369 Cambridge Lane
- Prox. to Subject: 2.17 miles SW
- Sales Price: $412,500
- Gross Living Area: 2,070
- Total Rooms: 7
- Total Bedrooms: 3
- Total Bathrooms: 2.5
- Location: Average
- View: Average
- Site: .22 Acre
- Quality: Good
- Age: 23 Years

Comparable 5

- 580 Grant Street
- Prox. to Subject: 1.29 miles SW
- Sales Price: $445,000
- Gross Living Area: 2,500
- Total Rooms: 7
- Total Bedrooms: 3
- Total Bathrooms: 2.5
- Location: Average
- View: Average
- Site: .21 Acre
- Quality: Good
- Age: 21 Years

Comparable 6

- Prox. to Subject
- Sales Price
- Gross Living Area
- Total Rooms
- Total Bedrooms
- Total Bathrooms
- Location
- View
- Site
- Quality
- Age
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 appraisal 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 these 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 those 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: Listing Appraisal Sample, Newtown, PA 18940

APPRAISER:

Signature: [Signature]
Name: [Name]
Date Signed: 03/17/2011
State Certification #: RL001914L
or State License #: N/A
State: PA
Expiration Date of Certification or License: 06/30/2011

SUPERVISORY APPRAISER (only if required):

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

[ ] Did [ ] Did Not Inspect Property
APPRAISER’S CERTIFICATION: The Appraiser certifies and agrees that:

1) The statements of fact contained in this report are true and correct.

2) The reported analyses, opinions, and conclusions are limited only by the reported assumptions and limiting conditions and are my personal, impartial, and unbiased professional analyses, opinions, and conclusions.

3) 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.

4) I have no bias with respect to the property that is the subject of this report or to the parties involved with this assignment.

5) My engagement in this assignment was not contingent upon developing or reporting predetermined results.

6) 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.

7) 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 & Standards of Professional Appraisal Practice of the Appraisal Institute, which include the Uniform Standards of Professional Appraisal Practice.

8) The use of this report is subject to the requirements of the Appraisal Institute relating to review by its duly authorized representatives.

9) I have made a personal inspection of the property that is the subject of this report.

10) No one provided significant real property appraisal assistance to the person signing this certification.

11) As of the date of the report, I have completed the Standards and Ethics Education Requirements of the Appraisal Institute for Associate Members.
<table>
<thead>
<tr>
<th>Borrower/Client</th>
<th>N/A</th>
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**Commonwealth of Pennsylvania**

**Department of State**

**Bureau of Professional and Occupational Affairs**

PO Box 2649 Harrisburg PA 17105-2649

**Certificate Type**

Certified Residential Appraiser

**Certificate Status**

Active

**Initial Certification Date**

10/24/1994

**Expiration Date**

06/30/2011

JAMES M DOUGHERTY
JAMES DOUGHERTY APPRAISERS
214 N PINE STREET
LANGHORNE PA 19047

Certificate Number
RL001914L

Signature

Commissioner of Professional and Occupational Affairs

*Note: Display this certificate prominently and notify agency within 10 days of any change.*