

FROM:

David Heaps
David Heaps
P.O. Box 684831
Austin, Tx 78768

Telephone Number: 512-336-7133 Fax Number: 512-336-7134

INVOICE

INVOICE NUMBER

08-SE-07//Nelms

DATE

08-03-2007

REFERENCE

Internal Order #: 08-SE-07//Nelms
Lender Case #: Streamline Funding
Client File #: Streamline Funding
Main File # on form: 08-SE-07//Nelms
Other File # on form:
Federal Tax ID:
Employer ID:

TO:

Todd Rayer

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

DESCRIPTION

Lender: Streamline Funding Client: Streamline Funding
Purchaser/Borrower: Rayer
Property Address: 1801 Nelms Dr
City: Austin
County: Travis State: Tx Zip: 78744-3440
Legal Description: Abstract 24, Del Valle Survey, 1.752 acres

FEES

AMOUNT

Summary report - 750.00
Hypothetical Condition - Apartment Land

already paid via Fed that Todd dropped off at our office - km

SUBTOTAL 750.00

PAYMENTS

AMOUNT

Check #: Date: Description:
Check #: Date: Description:
Check #: Date: Description:

SUBTOTAL
TOTAL DUE \$ 750.00

DAVID HEAPS & ASSOCIATES

Real Estate Services
Consulting • Appraisals • Brokerage
P.O. Box 684831
Austin, Texas 78768-4831
(512) 336-7133 FAX (512) 336-7134

August 01, 2007

Mr. Brandon Wright
Streamline Funding
Anderson Mill Road
Suite 100
Austin, Texas

Re: Market value appraisal of +/- 1.75 acres located at 1801 Nelms Drive, Austin, Texas.

Dear Mr. Wright,

At your request I have conducted a study of the subject property referenced above for the purpose of estimating the current fee simple market value, assuming a Hypothetical Condition. The hypothetical condition assumes a situation that does NOT exist at this time. Further, per your specific request, this value estimate is delivered to you in a Summary report format. Should you require any other type of report please contact this firm immediately.

The subject property consists of a +/- 1.752 acre (per TCAD records) tract with the remains of an old homestead the City of Austin considers "historic". [REDACTED] zoned SF-3 [REDACTED] the City of Austin, per your request this value estimate assumes the subject property has been successfully [REDACTED] (allowing apartment development) by the City of Austin. A letter from the engineering firm taking the subject tract through the City zoning process is located in the Addenda of this report. Ron Thrower, the engineer, reports that the zoning change to MF-3 is likely.

The appraisers are not engineers, or lawyers, and have relied upon the professional opinion of others as to the likelihood that the subject can, and will, attain the requested zoning classification from the City in a timely fashion.

Several sales of land, zoned for apartment development, are included on the attached Land Appraisal form. Comparing city-wide apartment land sales and offerings on a per unit or 'per door' basis yielded a relatively wide range of +/- \$4,115/door to \$12,000/door. Market participants noted that Austin is considered a very desirable locale by national apartment developers and tracts located in "developing" or "re-developing" areas of the city, that can support mid to larger size projects, are in high demand.

In the case of the subject, the MF-3 zoning classification typically permits 36 units per acre, and at +/- 1.75 acres that limits a project at the subject to +/- 63 units. This is smaller than most national developers are seeking - instead they prefer building +/- 150 units, and up. The subject is located in a mature neighborhood that has several larger, older apartment projects located in close proximity. Generally, these surrounding older projects set the "tone" for the area and to some degree will affect rental rates.

Mr. Wright
Page Two
August 01, 2007

Available real estate reporting groups indicate the Southeast apartment market sector, the subject's area, is performing, based upon rents and occupancy rates, at about the city wide average.

As the subject's market is reportedly operating at 'average' levels, the immediate area is developed with several other apartment projects, and the site is too small to appeal to the large scale apartment developers, the subject site is NOT likely to command prices at the high end of the price range found for apartment sites.

That said, the subject's location has many positive features including being only 1 to 1 ½ blocks from IH 35, Austin's main north-south traffic arterial, 1 block to 1 ½ blocks from William Cannon Drive, a key east-west traffic arterial, walking distance to a major grocery store and national chain restaurants, plus a major point to access public transportation. This proximity to shopping, major roadway systems, and public transportation will have appeal to many in the rental market.

Several land transactions in the subject's market area are highlighted below.

Location	Date of Sale	Sales Price	Allowable Units	Price per Unit
1750 Frontier Valley	05/01/2007	\$1.225Mil	225	\$5,444
Westgate & Cameron Loop	11/30/2006	\$350K	96	\$4,114
630-640 W. Dittmar Rd.	PENDING	\$250K	52	\$4,803

Housing prices have risen dramatically in Austin and this price pressure has driven land costs higher. There has also been a recent increase in activity in the conversion of apartment complexes to condominiums as developers attempt to deliver an affordable housing product in this escalating market. Generally, land prices closer to the city center have seen the greatest increase. Land tracts in the 'close in' areas that might have been purchased for small apartment complexes in the past are now sought after for town home or condominium development. For example, a +/- 3.74 acre tract located at 3811 S. Congress Ave. reportedly sold in June of 2006 for a price equivalent to \$11,350/unit. The buyer reportedly plans a mix of apartments and condominiums. Due to its location and size it is considered superior to the subject.

If rebuilding/remodeling requirements from the City of Austin Historic Preservation Committee are not too demanding, the historic structure that exists at the subject could

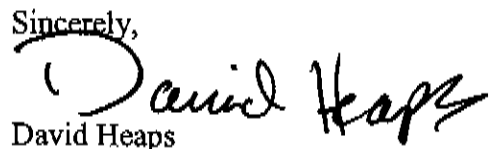
Mr. Wright
Page Three
August 01, 2007

~~offer very positive appeal to the market if care is taken to incorporate this unique feature into the new project design.~~

The owner reports there is a contract for sale on the subject at this time and a copy of this document is attached.

Please call with the slightest question.

Sincerely,

A handwritten signature in black ink that reads "David Heaps". The signature is written in a cursive style with a large, looping initial "D".

David Heaps
TX-1322193-G

LAND APPRAISAL REPORT

File No. 08-SE-07//Nelms

Borrower Rayer Census Tract 0024.19 Map Reference _____
 Property Address 1801 Nelms Dr
 City Austin County Travis State Tx Zip Code 78744-3440
 Legal Description Abstract 24, Del Valle Survey, 1.752 acres
 Sale Price \$ N/A Date of Sale 8/07 Loan Term _____ yrs. Property Rights Appraised Fee Leasehold De Minimis PUD
 Actual Real Estate Taxes \$ _____ (yr) Loan charges to be paid by seller \$ _____ Other sales concessions _____
 Lender/Client Streamline Funding Address Anderson Mill Road, Suite 100, Austin, Texas
 Occupant Vacant Appraiser David Heaps Instructions to Appraiser Estimate Market Value

Location <input type="checkbox"/> Urban <input checked="" type="checkbox"/> Suburban <input type="checkbox"/> Rural Built Up <input type="checkbox"/> Over 75% <input checked="" type="checkbox"/> 25% to 75% <input type="checkbox"/> Under 25% Growth Rate <input type="checkbox"/> Fully Dev. <input type="checkbox"/> Rapid <input checked="" type="checkbox"/> Steady <input type="checkbox"/> Slow Property Values <input checked="" type="checkbox"/> Increasing <input type="checkbox"/> Stable <input type="checkbox"/> Declining Demand/Supply <input type="checkbox"/> Shortage <input checked="" type="checkbox"/> In Balance <input type="checkbox"/> Oversupply Marketing Time <input type="checkbox"/> Under 3 Mos. <input checked="" type="checkbox"/> 4-6 Mos. <input type="checkbox"/> Over 6 Mos. Present Land Use <u>60% 1 Family</u> <u>15% 2-4 Family</u> <u>5% Apts.</u> <u>5% Condo</u> <u>10% Commercial</u> <u>5% Industrial</u> <u>% Vacant</u> <u>%</u> Change in Present Land Use <input type="checkbox"/> Not Likely <input type="checkbox"/> Likely (*) <input checked="" type="checkbox"/> Taking Place (*) (*) From <u>Vacant</u> To <u>developed</u> Predominant Occupancy <input checked="" type="checkbox"/> Owner <input type="checkbox"/> Tenant <u>% Vacant</u> Single Family Price Range \$ <u>65,000</u> to \$ <u>900</u> Predominant Value \$ <u>165,000</u> Single Family Age <u>0</u> yrs. to <u>100</u> yrs. Predominant Age <u>30</u> yrs.	<table border="1" style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 60%;"></td> <td style="width: 10%;">Good</td> <td style="width: 10%;">Avg.</td> <td style="width: 10%;">Fair</td> <td style="width: 10%;">Poor</td> </tr> <tr><td>Employment Stability</td><td><input type="checkbox"/></td><td><input checked="" type="checkbox"/></td><td><input type="checkbox"/></td><td><input type="checkbox"/></td></tr> <tr><td>Convenience to Employment</td><td><input type="checkbox"/></td><td><input checked="" type="checkbox"/></td><td><input type="checkbox"/></td><td><input type="checkbox"/></td></tr> <tr><td>Convenience to Shopping</td><td><input type="checkbox"/></td><td><input checked="" type="checkbox"/></td><td><input type="checkbox"/></td><td><input type="checkbox"/></td></tr> <tr><td>Convenience to Schools</td><td><input type="checkbox"/></td><td><input checked="" type="checkbox"/></td><td><input type="checkbox"/></td><td><input type="checkbox"/></td></tr> <tr><td>Adequacy of Public Transportation</td><td><input type="checkbox"/></td><td><input checked="" type="checkbox"/></td><td><input type="checkbox"/></td><td><input type="checkbox"/></td></tr> <tr><td>Recreational Facilities</td><td><input type="checkbox"/></td><td><input checked="" type="checkbox"/></td><td><input type="checkbox"/></td><td><input type="checkbox"/></td></tr> <tr><td>Adequacy of Utilities</td><td><input type="checkbox"/></td><td><input checked="" type="checkbox"/></td><td><input type="checkbox"/></td><td><input type="checkbox"/></td></tr> <tr><td>Property Compatibility</td><td><input type="checkbox"/></td><td><input checked="" type="checkbox"/></td><td><input type="checkbox"/></td><td><input type="checkbox"/></td></tr> <tr><td>Protection from Detrimental Conditions</td><td><input type="checkbox"/></td><td><input checked="" type="checkbox"/></td><td><input type="checkbox"/></td><td><input type="checkbox"/></td></tr> <tr><td>Police and Fire Protection</td><td><input type="checkbox"/></td><td><input checked="" type="checkbox"/></td><td><input type="checkbox"/></td><td><input type="checkbox"/></td></tr> <tr><td>General Appearance of Properties</td><td><input type="checkbox"/></td><td><input checked="" type="checkbox"/></td><td><input type="checkbox"/></td><td><input type="checkbox"/></td></tr> <tr><td>Appeal to Market</td><td><input type="checkbox"/></td><td><input checked="" type="checkbox"/></td><td><input type="checkbox"/></td><td><input type="checkbox"/></td></tr> </table>		Good	Avg.	Fair	Poor	Employment Stability	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Convenience to Employment	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Convenience to Shopping	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Convenience to Schools	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Adequacy of Public Transportation	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Recreational Facilities	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Adequacy of Utilities	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Property Compatibility	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Protection from Detrimental Conditions	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Police and Fire Protection	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	General Appearance of Properties	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Appeal to Market	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
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Comments including those factors, favorable or unfavorable, affecting marketability (e.g. public parks, schools, view, noise): Primarily residential neighborhood with few major employers - those primarily located near Ben White Blvd. Access to IH 35 and Hwy 71 is considered good and these thoroughfares provide access to CBD and major employers. Schools appear adequate. Parks appear adequate. Market acceptance is average to good. Boundaries could be: IH 35 to the west, Ben White Blvd to the north; Community of Buda to the south;

Dimensions See attached survey = _____ Sq. Ft. or Acres Corner Lot
 Zoning classification Assume MF-3 Present Improvements do do not conform to zoning regulations
 Highest and best use Present use Other (specify) Developed for multifamily / condo / preserve historic structure
 Public Other (Describe) _____
 Elec. 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 Generally level
 Size +/- 1.752 acres
 Shape Roughly rectangular
 View Residential
 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): This appraisal is subject to re-zoning to MF-3 plus NO "difficult" requirements imposed by the City of Austin for rehabing/ re-developing the historic structure located at the subject. See letters from the City of Austin & Ron Thrower, engineer, addressing these issues. Subject appears generally level, and the corner location offers desirable street frontage. Well done re-modeled historic structure incorporated into new apartment project could have good appeal.

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	<u>1801 Nelms Dr Austin</u>	<u>1705 Frontier Valley 78741</u>	<u>Westgate & Cameron Lp 78745</u>	<u>1201 Grove Blvd. 78741</u>
Proximity to Subject		<u>2 miles -</u>	<u>3 miles</u>	<u>2 miles</u>
Sales Price	\$ <u>N/A</u>	\$ <u>5,444</u>	\$ <u>4,115</u>	\$ <u>6,793</u>
Price	\$ <u>N/A</u>	\$ _____	\$ _____	\$ _____
Data Source	<u>Inspection/TCAD/Owr</u>	<u>CoStar Group/TCAD</u>	<u>CoStar group/TCAD</u>	<u>CoStarGroup /TCAD</u>
Date of Sale and Time Adjustment	DESCRIPTION <u>8/07</u>	DESCRIPTION <u>05/07</u>	DESCRIPTION <u>11/06</u>	DESCRIPTION <u>08/04</u>
Location	<u>Southeast</u>	<u>Southeast</u>	<u>South</u>	<u>Southeast</u>
Site/View	<u>Residential</u>	<u>Residential</u>	<u>Residential</u>	<u>Similar</u>
Size	<u>+/- 1.75 Acres</u>	<u>+/- 9.94</u>	<u>+/- 13.145 Acres</u>	<u>+/- 8.22 Acres</u>
Street Frontage	<u>Corner - two streets</u>	<u>Similar</u>	<u>Similar</u>	<u>Similar</u>
Zoning Class.	<u>*MF-3 (36 units /acre)</u>	<u>MF-2 (225 units)</u>	<u>SF-6 (96 units)</u>	<u>MF-2 (184 units)</u>
Sales or Financing Concessions				
Net Adj. (Total)		<input type="checkbox"/> + <input type="checkbox"/> - \$ _____	<input checked="" type="checkbox"/> + <input type="checkbox"/> - \$ <u>412</u>	<input type="checkbox"/> + <input checked="" type="checkbox"/> - \$ <u>1,359</u>
Indicated Value of Subject		\$ <u>5,444</u>	\$ <u>4,527</u>	\$ <u>5,434</u>

Comments on Market Data: See further discussion on market data on the following page. Three sales & one PENDING sale indicate a value range of \$4,527/door to \$5,434/door with a mean of \$5,174/door. Comp #4 represents recent Pending Sale at +/- \$4,800/door. Assuming City of Austin approves MF-3 zoning & remodeling requirements for historic structure are reasonable, a subject value of \$5000/door is concluded.

Comments and Conditions of Appraisal: City development guidelines report MF-3 zoning class permits 36 units per acre. At 1.75 acres X 36 upa = 63 units allowed at the subject. The value estimate concluded here-in is SUBJECT TO rezoning by the city to at least MF-3. and no highly restrictive requirements for remodeling the historic structure at the subject. See attached engineers letter - City planning Department appears to have tentatively approved MF-3. 1.752 Acres X 36 units /acre = 63 units. 63 units X \$5,000/unit = \$315,000.

Final Reconciliation: Several sales of land zoned and approved for apartment development were available for study though NO exactly similar tracts were found. The sales relied upon most heavily were those located in the southern and southeast sectors of the city - though several sales located in other sectors were found and considered. A final subject value was based on the Sales Comparison Approach.

I ESTIMATE THE MARKET VALUE, AS DEFINED, OF SUBJECT PROPERTY AS OF July 28 2007 to be \$ 315,000

Subject to the previously stated conditions.
 David Heaps David Heaps Did Did Not Physically Inspect Property
 Appraiser(s) Review Appraiser (if applicable)

LAND APPRAISAL REPORT MARKET DATA ANALYSIS

File No. 08-SE-07//Nelms

ITEM	SUBJECT PROPERTY	COMPARABLE NO. 4		COMPARABLE NO. 5		COMPARABLE NO. 6	
Address	1801 Nelms Dr Austin	630-640 W. Dittmar Road 78745					
Proximity to Subject		1.5 miles					
Sales Price	\$ N/A		\$ 4,808		\$		\$
Price	\$ N/A		\$		\$		\$
Data Source	Inspection/TCAD/Owr	CoStar Group/TCAD					
Date of sale and Time Adjustment	DESCRIPTION 8/07	DESCRIPTION PENDING	+ (-)\$ Adjust.	DESCRIPTION	+ (-)\$ Adjust.	DESCRIPTION	+ (-)\$ Adjust.
Location	Southeast	South	+481				
Site/View	Residential	Residential					
Size	+/-1.75 Acres	+/-3.09 Acres					
Street Frontage	Corner - two streets	Similar					
Zoning Class.	*MF-3 (36 units /acre)	MF-1, CO (52 units)					
Sales or Financing Concessions							
Net Adj. (Total)		<input checked="" type="checkbox"/> + <input type="checkbox"/> -	\$ 481	<input type="checkbox"/> + <input type="checkbox"/> -	\$	<input type="checkbox"/> + <input type="checkbox"/> -	\$
Indicated Value of Subject			\$ 5,289		\$		\$
<p>Comments: Comparable #4 represents a PENDING sale. Based upon the "offering" price this property is commanding a price equivalent to \$4,808 per unit. Applying a positive 10% location adjustment indicates a subject value of \$5,289/door.</p> <p>NOTE: Please see the attached letter from the Historic Preservation Office. Please see the attached letter from the engineering firm taking the subject through the City zoning process.</p> <p>History of the Subject: The current owner reports he purchased the subject in some type of trustee sale. Though the owner did not discuss the purchase price, the Title Policy indicates a title insurance amount of \$205,000.</p> <p>The subject has been offered for sale by McAllister & Associates for \$305,000.</p> <p>Please find the attached copy of a signed contract to sell the subject. The contract price is for \$350,000 but the contract appears to require the subject to attain an MF-4 zoning classification from the city (the current owner is seeking this classification). The MF-4 zoning classification allows higher density development and if the subject does attain MF-4 zoning this should add value. At this point in time however, the City Planning Dept. appears to "backing" MF-3 only.</p> <p>LOCATION: The subject's location is considered superior to Sale #2, and PENDING Sale #4, and possibly Sale #1. The subject is +/- one block from IH 35, Austin's main north-south traffic arterial. The subject is approximately one and one half blocks from William Cannon Drive, one of Austin's main east-west arterials. The subject is within walking distance (+/- one and one half blocks) of a major public transportation stop. The subject is within walking distance (+/- one half block to two blocks) of a major grocery store plus other national retail stores and restaurants. Applying a positive 10% location adjustment to Sale #2 indicates a subject value of \$4,527/door. Applying a negative 20% location adjustment to Sale #3 (due to its proximity to the ACC Riverside campus) indicates a subject value of \$5,434/door.</p> <p>Historic Structure: Though extra city requirements are required when a historic building is involved, it is as a relatively unique feature, and if tastefully incorporated into the new development design, it will surely offer a unique flavor, and may offer a "special" appeal to many Austin renters. It is considered a positive feature.</p>							

MARKET DATA ANALYSIS

COMMENTS

Subject Photos

Borrower/Client	Rayer		
Property Address	1801 Nelms Dr		
City	Austin	County	Travis
		State	Tx
Lender	Streamline Funding	Zip Code	78744-3440



Subject Front

1801 Nelms Dr

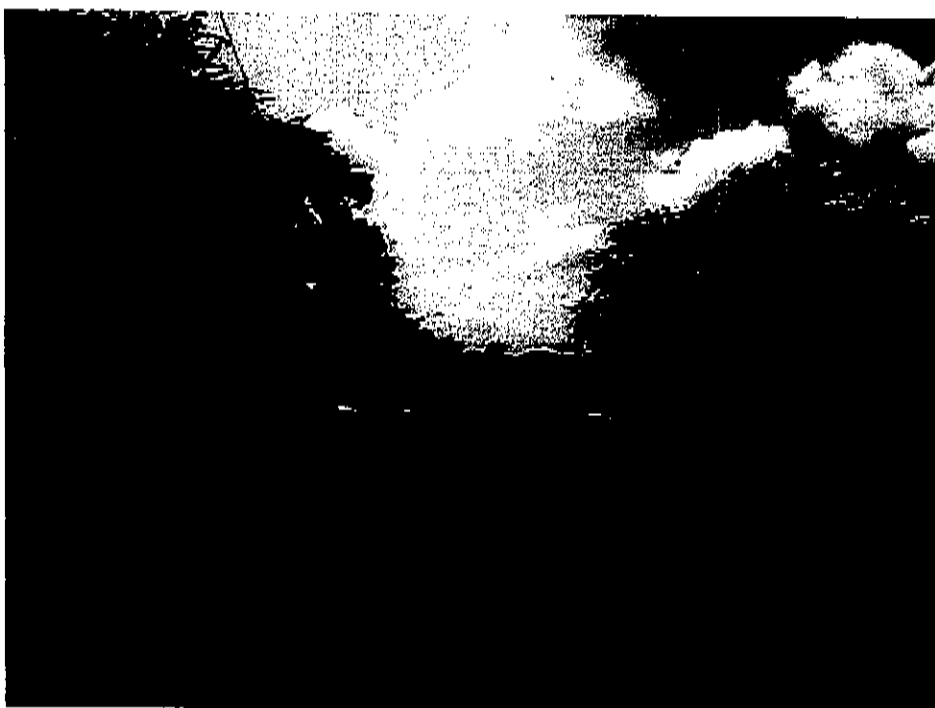
VIEW NORTH
ON BLUFF SPRINGS



Subject Rear

THIS VIEW:

VIEW EAST
ON NELMS



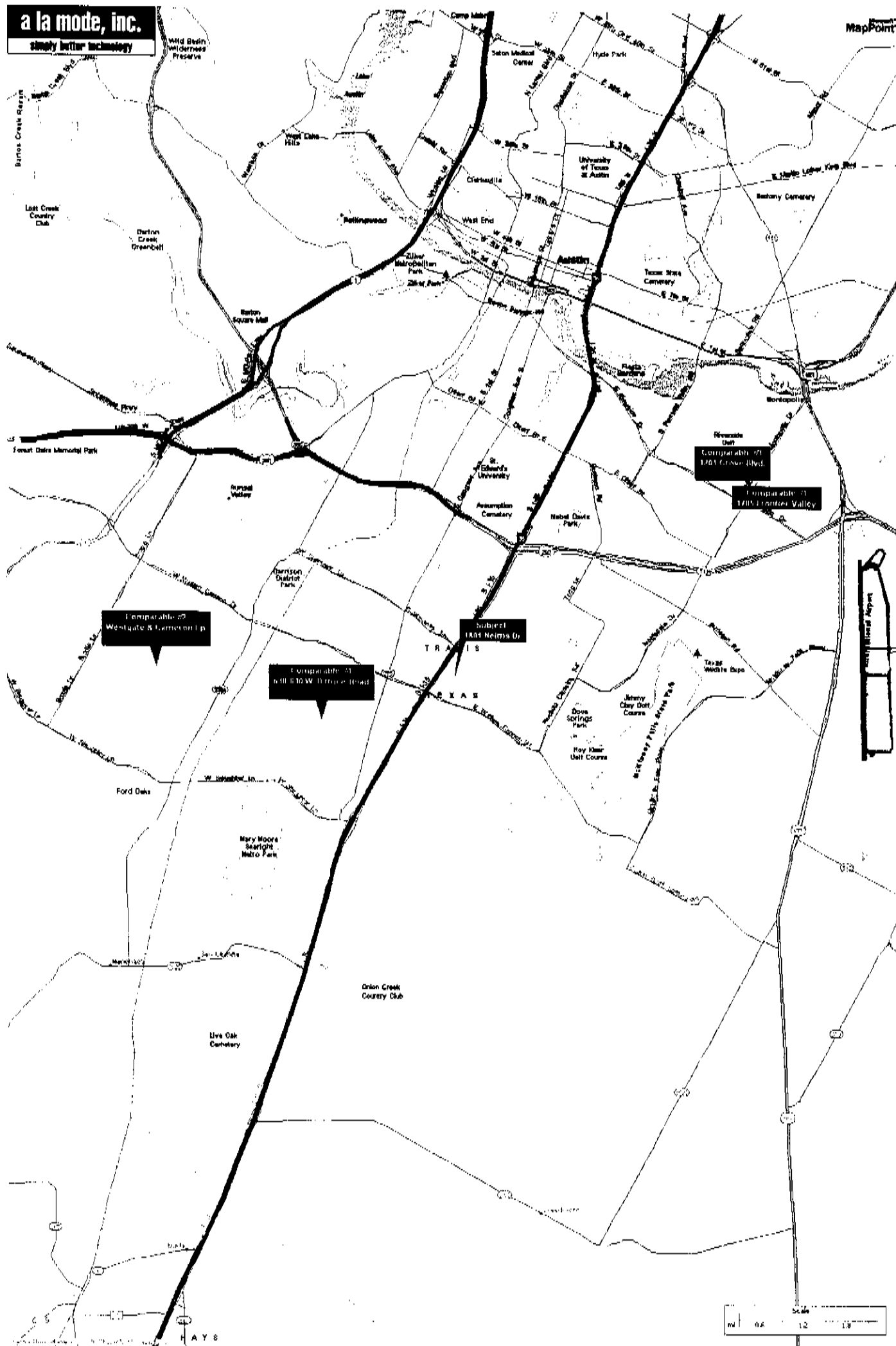
Subject Street

THIS VIEW:

VIEW WEST ON
NELMS

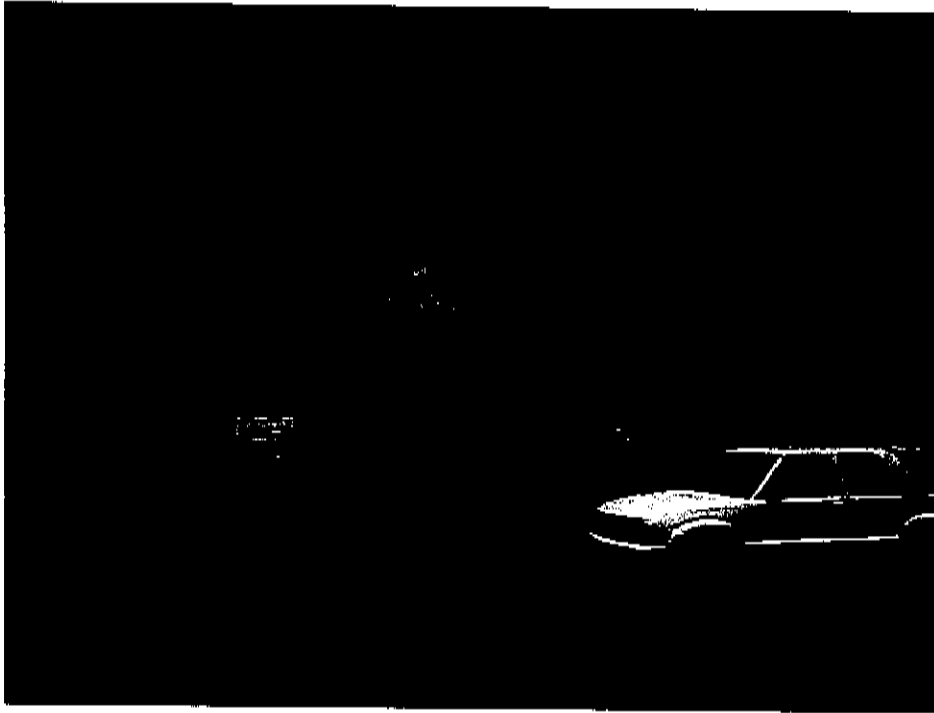
Location Map

Borrower/Client Rayer			
Property Address 1801 Neims Dr			
City Austin	County Travis	State Tx	Zip Code 78744-3440
Lender Streamline Funding			



Comparable Photo Page

Borrower/Client Rayer			
Property Address 1801 Nelms Dr			
City Austin	County Travis	State Tx	Zip Code 78744-3440
Lender Streamline Funding			



Comparable 1

1705 Frontier Valley
Prox. to Subject 2 miles -
Sale Price 5,444
Gross Living Area
Total Rooms
Total Bedrooms
Total Bathrooms
Location Southeast
View Residential
Site
Quality
Age



Comparable 2

Westgate & Cameron Lp
Prox. to Subject 3 miles
Sale Price 4,115
Gross Living Area
Total Rooms
Total Bedrooms
Total Bathrooms
Location South
View Residential
Site
Quality
Age



Comparable 3

1201 Grove Blvd.
Prox. to Subject 2 miles
Sale Price 6,793
Gross Living Area
Total Rooms
Total Bedrooms
Total Bathrooms
Location Southeast
View Similar
Site
Quality
Age

Comparable Photo Page

Borrower/Client Rayer			
Property Address 1801 Nelms Dr			
City Austin	County Travis	State Tx	Zip Code 78744-3440
Lender Streamline Funding			



Comparable 4

630-640 W. Dittmar Road
Prox. to Subject 1.5 miles
Sale Price 4,808
Gross Living Area
Total Rooms
Total Bedrooms
Total Bathrooms
Location South
View Residential
Site
Quality
Age



Comparable 5

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



Comparable 6

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

FIRREA / USPAP ADDENDUM

Borrower	Rayer	File No.	08-SE-07//Nelms
Property Address	1801 Nelms Dr		
City	Austin	County	Travis
Lender/Client	Streamline Funding	State	Tx
		Zip Code	78744-3440
Purpose			
The purpose of this appraisal is to present a summary style report that states an estimate of the fee simple market value of the subject property, as of the inspection date, for possible loan underwriting purposes.			
Scope of Work			
The subject site is located at corner with frontage on two, asphalt paved, city maintained streets. City utilities including water, wastewater, and electric utilities are servicing contiguous properties & therefore known to be in the area. At the clients request this appraisal is made assuming a Hypothetical Condition (a situation that does not currently exist) that being that the subject has been successfully re-zoned to MF-3 and SF-3-H. As the MF-3 zoning allows apartment development, sales of sites zoned for apartment development were researched. Several sales throughout the city were found and compared to the subject. A Sales Comparison Approach was developed and most weight in the final analysis was placed on apartment sites located in the southern and southeastern sectors of the city. The appraisers have relied heavily upon the reports and comments of others, including state licensed engineers, and statements/letters from the City of Austin Historic Preservation Committee (provided to us by the current owner).			
Intended Use / Intended User			
Intended Use:	Possible loan underwriting		
Intended User(s):	Streamline Funding		
History of Property			
Current listing information: Subject property is currently "offered" for sale by McAllister and Associates for \$305,000.			
Please see the attached, signed, contract on the subject for a sales price of \$350,000.			
Prior sale: The current owner reports he purchased the subject property in some type of trustee sale. TCAD records report the date of deed as 11/06/2006. Title policy work provided by the owner indicates a policy amount of \$205,000.			
Exposure Time / Marketing Time			
A 12 month marketing time is estimated.			
Personal (non-realty) Transfers			
None			
Additional Comments			
NOTE: The appraisers are NOT state licensed engineers or attorneys. As stated, the subject is in the process of a zoning change through the City of Austin. The letter (attached) from Thrower Design, the engineer steering this subject through this zoning process, appears to indicate that the City of Austin staff has "recommended" to approve the requested "MF-4-H" though the Historic Landmark Commission has recommended "SF-3-H" zoning around the historic structure and "MF-3" for the balance of the property. The value estimate contained here -in assumes the subject has been successfully re-zoned "MF-3" for the bulk of the property and "SF-3-H" around the historic structure. Further, it is assumed that City requirements for remodeling the historic structure are not unreasonable or extremely expensive.			
Should, at a later date, the appraiser receive new information that proves the assumptions made were not correct, our value estimate may change.			
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:	David Heaps	Supervisory Appraiser:	
Signed Date:	08-02-2007	Signed Date:	
Certification or License #:	TX-1322913-G	Certification or License #:	
Certification or License State:	TX	Expires:	04/2008
Effective Date of Appraisal:		Inspection of Subject:	<input type="checkbox"/> Did Not <input type="checkbox"/> Exterior Only <input type="checkbox"/> Interior and Exterior

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: 1801 Nelms Dr, Austin, Tx 78744-3440

APPRAISER:
 Signature: *David Heaps*
 Name: David Heaps
 Date Signed: 08-02-2007
 State Certification #: TX-1322913-G
 or State License #: _____
 State: TX
 Expiration Date of Certification or License: 04/2008

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

OWNER:
CHIEN-CHUN-LU
ADDRESS:
1801 NELMS DRIVE

"THIS SURVEY WAS PERFORMED FOR AND CERTIFIED TO THE LIEN HOLDERS AND/OR THE OWNERS OF THE PREMISES SURVEYED AND TO FIDELITY NATIONAL TITLE INSURANCE COMPANY AS PER GF NO. 07-801243."

Waterloo Surveyors Inc. J11502
SURVEY PLAT

THE PROPERTY SURVEYED HEREON IS SUBJECT TO:

[1] RESTRICTIVE COVENANTS RECORDED IN DOCUMENT NO. 2006227540, OFFICIAL PUBLIC RECORDS, TRAVIS COUNTY, TEXAS.

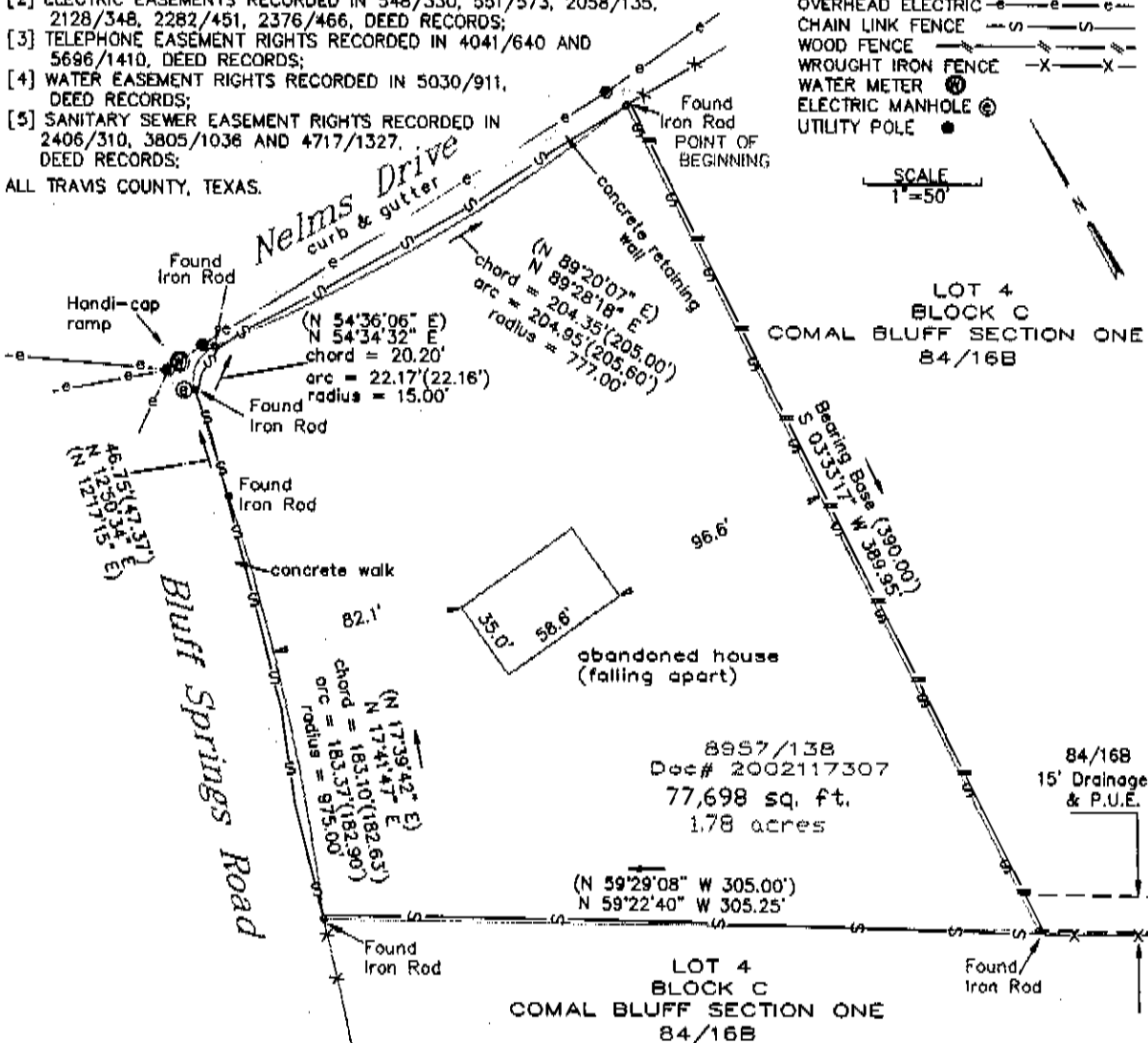
THE PROPERTY SURVEYED HEREON IS NOT SUBJECT TO:

- [1] PIPELINE EASEMENTS RECORDED IN 417/93, 852/332, DEED RECORDS;
- [2] ELECTRIC EASEMENTS RECORDED IN 548/330, 561/573, 2058/135, 2128/348, 2282/451, 2376/466, DEED RECORDS;
- [3] TELEPHONE EASEMENT RIGHTS RECORDED IN 4041/640 AND 5696/1410, DEED RECORDS;
- [4] WATER EASEMENT RIGHTS RECORDED IN 5030/911, DEED RECORDS;
- [5] SANITARY SEWER EASEMENT RIGHTS RECORDED IN 2406/310, 3805/1038 AND 4717/1327, DEED RECORDS;

ALL TRAVIS COUNTY, TEXAS.

- LEGEND
- RECORD CALL ()
 - OVERHEAD ELECTRIC — e — e — e —
 - CHAIN LINK FENCE — s — s — s —
 - WOOD FENCE — x — x — x —
 - WROUGHT IRON FENCE — x — x — x —
 - WATER METER (M)
 - ELECTRIC MANHOLE (E)
 - UTILITY POLE (P)

SCALE
1"=50'



LOT 4
BLOCK C
COMAL BLUFF SECTION ONE
84/168

8957/138
Dec# 2002117307
77,698 sq. ft.
1.78 acres

84/168
15' Drainage
& P.U.E.

LOT 4
BLOCK C
COMAL BLUFF SECTION ONE
84/168

LEGAL DESCRIPTION:
1.78 ACRES OF LAND, MORE OR LESS, OUT OF THE SANTIAGO DEL VALLE GRANT, IN TRAVIS COUNTY, TEXAS, AND BEING THE SAME TRACT OF LAND MORE PARTICULARLY DESCRIBED IN BY METES AND BOUNDS IN THE DEED RECORDED IN VOLUME 8957, PAGE 138, REAL PROPERTY RECORDS OF TRAVIS COUNTY, TEXAS, BEING THE SAME PROPERTY CONVEYED IN TAX RESALE DEED RECORDED IN DOCUMENT NUMBER 2006227540, OFFICIAL PUBLIC RECORDS OF TRAVIS COUNTY, TEXAS.

State of Texas:
County of Travis:

The undersigned does hereby certify that this survey was this day made on the property legally described hereon and is correct, and this survey substantially complies with the current Texas Society of Professional Surveyors Standards and

Specifications for a Category 1A Condition II Survey.

Dated this the 21ST day of MARCH, 2007

And I certify that this property shown hereon IS NOT within a special flood hazard area as identified by the Federal Insurance Adm. Department of HUD Flood hazard boundary map revised as per Map Number: 48453C0210 F
Zone: X Dated: 06/05/97

Thomas P. Dixon R.P.L.S. 4324

P.O. Box 160176, Austin, Texas 78716-0176 Phone: 481-9602