



APPRAISAL OF REAL PROPERTY

LOCATED AT:

3505 N. Tern Court
Lot 8 Block 2 Eagle Estates Addition #1
Palmer, AK 99645

FOR:

Alaska USA Federal Credit Union
P.O. Box 196613
Anchorage, AK 99519-6613

AS OF:

March 12, 2007

BY:

David Kirkwood
Northland Appraisals Inc.

Uniform Residential Appraisal Report

File # 07-306

SUBJECT

CONTRACT

NEIGHBORHOOD

SITE

IMPROVEMENTS

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

Property Address	3505 N. Tern Court	City	Palmer	State	AK	Zip Code	99645	
Borrower	David & Veronica Wilson	Owner of Public Record	Veronica Wilson	County	Matanuska-Susitna			
Legal Description	Lot 8 Block 2 Eagle Estates Addition #1							
Assessor's Parcel #	1629B02L008	Tax Year	2006	R.E. Taxes \$	2,951.30			
Neighborhood Name	Trunk Road Area	Map Reference	WA08	Census Tract	0011.00			
Occupant	<input checked="" type="checkbox"/> Owner	<input type="checkbox"/> Tenant	<input type="checkbox"/> Vacant	Special Assessments \$	None	<input checked="" type="checkbox"/> PUD	HOA \$ 50. <input checked="" type="checkbox"/> per year <input type="checkbox"/> per month	
Property Rights Appraised	<input checked="" type="checkbox"/> Fee Simple <input type="checkbox"/> Leasehold <input type="checkbox"/> Other (describe)							
Assignment Type	<input type="checkbox"/> Purchase Transaction <input checked="" type="checkbox"/> Refinance Transaction <input type="checkbox"/> Other (describe)							
Lender/Client	Alaska USA Federal Credit Union	Address	P.O. Box 196613, Anchorage, AK 99519-6613					
Is the subject property currently offered for sale or has it been offered for sale in the twelve months prior to the effective date of this appraisal? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No								
Report data source(s) used, offering price(s), and date(s). Local MLS.								
I <input type="checkbox"/> did <input type="checkbox"/> did not analyze the contract for sale for the subject purchase transaction. Explain the results of the analysis of the contract for sale or why the analysis was not performed. N/A. No known offer or option to purchase was found or disclosed.								
Contract Price \$ N/A Date of Contract N/A Is the property seller the owner of public record? <input type="checkbox"/> Yes <input type="checkbox"/> No Data Source(s) N/A								
Is there any financial assistance (loan charges, sale concessions, gift or downpayment assistance, etc.) to be paid by any party on behalf of the borrower? <input type="checkbox"/> Yes <input type="checkbox"/> No								
If Yes, report the total dollar amount and describe the items to be paid. N/A								
Note: Race and the racial composition of the neighborhood are not appraisal factors.								
Neighborhood Characteristics				One-Unit Housing Trends			One-Unit Housing	Present Land Use %
Location	<input type="checkbox"/> Urban	<input checked="" type="checkbox"/> Suburban	<input type="checkbox"/> Rural	Property Values	<input type="checkbox"/> Increasing	<input checked="" type="checkbox"/> Stable	<input type="checkbox"/> Declining	PRICE AGE One-Unit 53 %
Built-Up	<input type="checkbox"/> Over 75%	<input checked="" type="checkbox"/> 25-75%	<input type="checkbox"/> Under 25%	Demand/Supply	<input type="checkbox"/> Shortage	<input checked="" type="checkbox"/> In Balance	<input type="checkbox"/> Over Supply	\$ (000) (yrs) 2-4 Unit 2 %
Growth	<input type="checkbox"/> Rapid	<input checked="" type="checkbox"/> Stable	<input type="checkbox"/> Slow	Marketing Time	<input type="checkbox"/> Under 3 mths	<input checked="" type="checkbox"/> 3-6 mths	<input type="checkbox"/> Over 6 mths	90 Low 0 Multi-Family 1 %
Neighborhood Boundaries	North to Hatchers Pass, East to the City of Palmer, South to the Palmer Hay Flats, and						750 High 40	Commercial 9 %
West to Church Road.							200+ Pred. 0-28	Other 35 %
Neighborhood Description	This is a popular central area between Palmer and Wasilla, so it has easy access to services and employment. Some people commute 45-60 minutes to Anchorage for employment. There are several schools in the area. Most homes are well maintained and major access roads are paved. Appeal is average or above, compared to other neighborhoods.							
Market Conditions (including support for the above conclusions)	Property values have been on the rise in the last few years, and many new subdivisions have been developed. Demand and supply are in balance. Upper value homes exist mostly on lake front or bluff view lots. Marketing time has been average. Small concessions are common.							
Dimensions	Unknown; no information provided			Area	1.20 Acres	Shape	Irregular; mostly rectangular	View Average
Specific Zoning Classification	None; typical for the area.			Zoning Description	No Zoning			
Zoning Compliance	<input type="checkbox"/> Legal <input type="checkbox"/> Legal Nonconforming (Grandfathered Use) <input checked="" type="checkbox"/> No Zoning <input type="checkbox"/> Illegal (describe)							
Is the highest and best use of subject property as improved (or as proposed per plans and specifications) the present use? <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No If No, describe								
Utilities	Public	Other (describe)		Public	Other (describe)		Off-site Improvements - Type	Public Private
Electricity	<input checked="" type="checkbox"/>	<input type="checkbox"/>		Water	<input type="checkbox"/>	<input checked="" type="checkbox"/> Well; typical		Street Paved <input checked="" type="checkbox"/> <input type="checkbox"/>
Gas	<input checked="" type="checkbox"/>	<input type="checkbox"/>		Sanitary Sewer	<input type="checkbox"/>	<input checked="" type="checkbox"/> Septic;typical		Alley None; typical <input type="checkbox"/> <input type="checkbox"/>
FEMA Special Flood Hazard Area	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No		FEMA Flood Zone	C	FEMA Map #	020021 9725 D		FEMA Map Date 6/03/1986
Are the utilities and off-site improvements typical for the market area? <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No If No, describe								
Are there any adverse site conditions or external factors (easements, encroachments, environmental conditions, land uses, etc.)? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No If Yes, describe								
No known adverse conditions. No as-built was provided for review. No public water and sewer is available. On-site well and septic are typical for the area.								
General Description		Foundation		Exterior Description		materials/condition	Interior	materials/condition
Units	<input type="checkbox"/> One <input checked="" type="checkbox"/> One with Accessory Unit	<input checked="" type="checkbox"/> Concrete Slab <input type="checkbox"/> Crawl Space		Foundation Walls		Poured Concrete/Avg	Floors	Crpt/Tile/Lmnt/Avg+
# of Stories	1.5	<input checked="" type="checkbox"/> Full Basement <input type="checkbox"/> Partial Basement		Exterior Walls		T1-11/Avg	Walls	Sheetrock/Avg
Type	<input checked="" type="checkbox"/> Det. <input type="checkbox"/> Att. <input type="checkbox"/> S-Det./End Unit	Basement Area 1,104 sq.ft.		Roof Surface		Comp. shingle/Avg+	Trim/Finish	Wood/New
<input checked="" type="checkbox"/> Existing <input type="checkbox"/> Proposed <input type="checkbox"/> Under Const.	Basement Finish 100 %		Gutters & Downspouts		Metal/Avg+		Bath Floor	Tile/Avg
Design (Style)	1.5 Story+Bsmnt.		<input checked="" type="checkbox"/> Outside Entry/Exit <input type="checkbox"/> Sump Pump		Window Type		Wood&Vinyl/Thermal/Avg	Bath Wainscot Tile/Avg
Year Built	1985		Evidence of <input type="checkbox"/> Infestation		Storm Sash/Insulated		No/Yes/Avg	Car Storage <input type="checkbox"/> None
Effective Age (Yrs)	7		<input type="checkbox"/> Dampness <input type="checkbox"/> Settlement		Screens		Yes/Avg	<input checked="" type="checkbox"/> Driveway # of Cars 4+
Attic	<input checked="" type="checkbox"/> None		Heating <input checked="" type="checkbox"/> FWA <input type="checkbox"/> HWBB <input type="checkbox"/> Radiant		Amenities		<input type="checkbox"/> Woodstove(s) #	Driveway Surface Paved
<input type="checkbox"/> Drop Stair <input type="checkbox"/> Stairs	<input type="checkbox"/> Other		Fuel Natural Gas		<input checked="" type="checkbox"/> Fireplace(s) # 1 <input checked="" type="checkbox"/> Fence		<input checked="" type="checkbox"/> Garage # of Cars 3	
<input type="checkbox"/> Floor <input type="checkbox"/> Scuttle	Cooling <input type="checkbox"/> Central Air Conditioning		<input checked="" type="checkbox"/> Patio/Deck Large <input checked="" type="checkbox"/> Porch		<input type="checkbox"/> Carport # of Cars			
<input type="checkbox"/> Finished <input type="checkbox"/> Heated	<input type="checkbox"/> Individual <input type="checkbox"/> Other		<input type="checkbox"/> Pool <input type="checkbox"/> Other		<input checked="" type="checkbox"/> Att. <input type="checkbox"/> Det. <input type="checkbox"/> Built-in			
Appliances <input checked="" type="checkbox"/> Refrigerator <input checked="" type="checkbox"/> Range/Oven <input checked="" type="checkbox"/> Dishwasher <input type="checkbox"/> Disposal <input checked="" type="checkbox"/> Microwave <input checked="" type="checkbox"/> Washer/Dryer <input type="checkbox"/> Other (describe)								
Finished area above grade contains: 5 Rooms 2 Bedrooms 2 Bath(s) 1,439 Square Feet of Gross Living Area Above Grade								
Additional features (special energy efficient items, etc.). Large deck; porch; gas peninsula fireplace; 2nd w/d hook ups; extensive upgraded flooring; bay window; paved driveway and parking pad; fencing and driveway gates; 2 sheds; jacuzzi tub; 2nd full kitchen; garage attic storage; landscaping with retaining walls and planter.								
Describe the condition of the property (including needed repairs, deterioration, renovations, remodeling, etc.). The Subject is an average quality 1.5 Story home with a basement that has had extensive renovation and additions in the previous 3 years. See Additional Comments on page 3 of 6.								
Are there any physical deficiencies or adverse conditions that affect the livability, soundness, or structural integrity of the property? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No If Yes, describe								
Does the property generally conform to the neighborhood (functional utility, style, condition, use, construction, etc.)? <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No If No, describe								

Uniform Residential Appraisal Report

File # 07-306

There are 3 comparable properties currently offered for sale in the subject neighborhood ranging in price from \$ 275,000 to \$ 475,000 .																							
There are 5 comparable sales in the subject neighborhood within the past twelve months ranging in sale price from \$ 264,000 to \$ 399,900 .																							
FEATURE			SUBJECT			COMPARABLE SALE # 1			COMPARABLE SALE # 2			COMPARABLE SALE # 3											
Address 8/2 Eagle Estates #1 3505 N. Tern Court			6/1 Aspen Ridge Estates #1 7350 E. Aspen Ridge Drive			Lot 6 Yakovac 3471 W. Grand Bay Drive			Lot 4 Little Susitna Estates 8033 N. Wasilla-Fishhook Road														
Proximity to Subject			2 miles NW			10.5 SW			4.5 NW														
Sale Price			\$ N/A			\$ 359,700			\$ 324,950			\$ 279,500											
Sale Price/Gross Liv. Area			\$ sq.ft.			\$ 121.85 sq.ft.			\$ 146.77 sq.ft.			\$ 93.95 sq.ft.											
Data Source(s)			MLS 90566;Agent			MLS 85422;Agent			MLS 90584; Appraiser														
Verification Source(s)			MSB tax records			MSB tax records			MSB tax records														
VALUE ADJUSTMENTS			DESCRIPTION			DESCRIPTION			+(-) \$ Adjustment			DESCRIPTION			+(-) \$ Adjustment								
Sales or Financing Concessions						None Conventional						None Conventional			VA								
Date of Sale/Time						12/06 1/07						3/06 3/06			12/06 1/07								
Location			Average			Average						Average			Average								
Leasehold/Fee Simple			Fee Simple			Fee Simple						Fee Simple			Fee simple								
Site			1.20 Acres			1.14 Acres						1.96 Acres			-5,000 2.42 Acres			-10,000					
View			Average			Average						Average			Average								
Design (Style)			1.5 Story+Bsmnt.			2 Story						2 Story			1.5 Story+Bsmnt.								
Quality of Construction			Average			Average						Average			Average								
Actual Age			1985/2006 Eff 7			2006 Eff 0			-22,700			2003 Eff 2			-14,200 1984 Eff 15			+18,800					
Condition			Average			Average			-1,000			Average			-1,000			Average			-1,000		
Above Grade			Total Bdrms. Baths			Total Bdrms. Baths						Total Bdrms. Baths						Total Bdrms. Baths					
Room Count			8 3 3			8 4 3.5			-1,500			8 4 3			11 4 3								
Gross Living Area			2,543 sq.ft.			2,952 sq.ft.			-16,400			2,214 sq.ft.			+13,200			2,975 sq.ft.			-17,300		
Basement & Finished Rooms Below Grade			1104 100%fin(Incl 3-1-1 above)			None 0-0-0						None 0-0-0						1040 finished(incl 4-1-1 above)					
Functional Utility			Average			Average						Average						Average					
Heating/Cooling			Nat.Gas/F. Air			Nat.Gas/F. Air						Nat.Gas/F. Air						Nat.Gas/F. Air					
Energy Efficient Items			Average			5 Star Standard			-4,000			5 Star standard			-4,000			Average					
Garage/Carport			G3A 780			G3A 750(estmtd)						G2BI 500(estmtd)			+4,800			G2A 672			+2,200		
Porch/Patio/Deck			Lgdeck;porch;frpl			Deck;porch;frpl			+10,000			Deck;porch;frpl			+12,000			Lgdck2;deck;2frpl			+8,000		
Amenities Indscpd extnsv.upgd-flrng						9'ceil;extn.upgd-flr						wstv;pto;upgd-flr						sna;htub;jcz;cvac					
Amenities 2ndw/dhkup bayw;pvd;fnc2shd						xshwr;jcz						2jcz;xshwr;Indscp						gmhs;shed;Indscp					
Amenities gar.atticstor MIL2ndkit;jcz						MIL2ndkit						MIL2ndkit						MIL2ndkit					
Net Adjustment (Total)						+ - \$			-35,600			+ - \$			5,800			+ - \$			700		
Adjusted Sale Price of Comparables						Net Adj. 9.9 %						Net Adj. 1.8 %						Net Adj. 0.3 %					
						Gross Adj. 15.5 %			\$ 324,100			Gross Adj. 16.7 %			\$ 330,750			Gross Adj. 20.5 %			\$ 280,200		
I <input checked="" type="checkbox"/> did <input type="checkbox"/> did not research the sale or transfer history of the subject property and comparable sales. If not, explain																							
My research <input type="checkbox"/> did <input checked="" type="checkbox"/> did not reveal any prior sales or transfers of the subject property for the three years prior to the effective date of this appraisal.																							
Data Source(s) Local MLS; MSB tax records; State of Alaska Recorder's Office.																							
My research <input type="checkbox"/> did <input checked="" type="checkbox"/> did not reveal any prior sales or transfers of the comparable sales for the year prior to the date of sale of the comparable sale.																							
Data Source(s) Local MLS & MSB tax records.																							
Report the results of the research and analysis of the prior sale or transfer history of the subject property and comparable sales (report additional prior sales on page 3).																							
ITEM			SUBJECT			COMPARABLE SALE #1			COMPARABLE SALE #2			COMPARABLE SALE #3											
Date of Prior Sale/Transfer			No prior sale known or			No other sales found in year			No other sales found in year			No other sales found in year											
Price of Prior Sale/Transfer			disclosed in the last 3 years.			previous to date of sale			previous to date of sale			previous to date of sale											
Data Source(s)			State of Alaska Recorder's Office			Local MLS; MSB tax records			Local MLS; MSB tax records			Local MLS; MSB tax records											
Effective Date of Data Source(s)			Search date 3/15/2007			Search date 3/15/2007			Search date 3/15/2007			Search date 3/15/2007											
Analysis of prior sale or transfer history of the subject property and comparable sales No other prior sales for the Subject in the last 3 years or sales for the Comparables in the year previous to the dates of sale were found.																							
Summary of Sales Comparison Approach Site adjustments are based on actual sales of unimproved lots. Age/Condition combined and adjusted at 1% per year of effective age variance, based on the sales price minus the site value. Size adjusted at \$40/SF; and garages at \$20/SF. Amenities are considered for contributory value and are combined to a single adjustment. All Comps are sales of residences with an accessory unit or MIL apartment similar to the Subject. These accessory units are not altogether uncommon in the area however, few such sales occur in any given year. Due to limited sales of similar properties with accessory units in the Subject's neighborhood which is large and wide spread and low in population, research was extended further than six months. Distances to Comparables is not unusual in this part of Alaska. Comps 1, 2, and 4 were adjusted downward \$4,000 under "Energy Efficient Items" based on the Subject's lack of 5 star energy construction standards. Comp 4 was adjusted downward \$5,000 under "Heating/Cooling" based on it's more expensive and desirable in floor heating system.																							
Comments continue on Additional Comparables Page.																							
Indicated Value by Sales Comparison Approach \$ 310,000																							
Indicated Value by: Sales Comparison Approach \$ 310,000 Cost Approach (if developed) \$ 312,202 Income Approach (if developed) \$ N/A																							
Sales comparison approach is weighted most because it is based on actual market reaction. It is supported by the Cost Approach. Income Approach is unusable due to the lack of data regarding the sales of rented single family residences in which to establish a GRM.																							
This appraisal is made <input checked="" type="checkbox"/> "as is", <input type="checkbox"/> subject to completion per plans and specifications on the basis of a hypothetical condition that the improvements have been completed, <input type="checkbox"/> subject to the following repairs or alterations on the basis of a hypothetical condition that the repairs or alterations have been completed, or <input type="checkbox"/> subject to the following required inspection based on the extraordinary assumption that the condition or deficiency does not require alteration or repair:																							
Based on a complete visual inspection of the interior and exterior areas of the subject property, defined scope of work, statement of assumptions and limiting conditions, and appraiser's certification, my (our) opinion of the market value, as defined, of the real property that is the subject of this report is \$ 310,000 , as of March 12, 2007 , which is the date of inspection and the effective date of this appraisal.																							

Uniform Residential Appraisal Report

File # 07-306

ADDITIONAL COMMENTS

Additional Comments on Condition:

The following is a list of minor unfinished items and the estimated cost to finish;

(1) main level walk in closet flooring\$500.

(2) miscellaneous floor trim & transitions\$250.

(3) miscellaneous door handles/knobs and hardware\$250.

TOTAL estimated costs\$1,000.

The following is a list of recent renovations and upgrades to the Subject which contribute to it's low effective age and amenities.

2004

Shed workshop and 2nd storage shed constructed

2005

Windows & doors replaced

Roof replaced

New sheetrock & insulation

Addition to front of house

New forced air furnace and peninsula gas fireplace installed

2006

3 car/780SF garage with attic storage was constructed

Rear deck was constructed

Front porch and entrance was constructed

Well pump and pressure tank/system was replaced

Most fixtures and lighting replaced

Exterior painted

Metal one piece gutters were installed

Cedar fence was installed with driveway gates

Corners were surveyed & marked for extensive clearing and gravel fill

Extensive retaining walls and landscaping installed

Paved driveway and parking pad installed

2007

New hardwood, laminate, and tile flooring installed in approx. 80% of the residence.

The Cost Approach has been developed by the Appraiser as an analysis to support their opinion of the property's market value. Use of this data, in whole or part, for other purposes is not intended by the Appraiser. Nothing set forth in the appraisal should be relied upon for the purpose of determining the amount or type of insurance coverage to be placed on the subject property. The Appraiser assumes no liability for and does not guarantee that any insurable value estimate inferred from this report will result in the subject property being fully insured for any loss that may be sustained. Furthermore, the cost approach may not be a reliable indication of replacement or reproduction cost for any date other than the effective date of this appraisal due to changing costs of labor and materials, building codes and governmental regulations and requirements.

COST APPROACH

COST APPROACH TO VALUE (not required by Fannie Mae)

Provide adequate information for the lender/client to replicate the below cost figures and calculations.

Support for the opinion of site value (summary of comparable land sales or other methods for estimating site value)Site value was estimated using sales of competing similar lots of equal utility in the Subject's Subdivision and neighborhood.

ESTIMATED	<input type="checkbox"/> REPRODUCTION OR	<input checked="" type="checkbox"/> REPLACEMENT COST NEW	OPINION OF SITE VALUE.....=\$35,000		
Source of cost data	Marshall and Swift Cost Handbook		DWELLING	1,439 Sq.Ft. @ \$104.00.....	=\$149,656
Quality rating from cost service	Average	Effective date of cost data	Current	1,104 Sq.Ft. @ \$59.00.....	=\$65,136
Comments on Cost Approach (gross living area calculations, depreciation, etc.)			Deck,sheds,porch		=\$16,000
See attached addendum for floor plan layout and square foot calculations.			Garage/Carport	780 Sq.Ft. @ \$38.00.....	=\$29,640
Cost data is from Marshall & Swift cost handbook and is confirmed with known local costs.			Total Estimate of Cost-New		=\$260,432
Site improvements include well, septic, fence & gates, paving, & landscaping.			Depreciation	18,230	=\$18,230
Physical depreciation is at 7%.			Depreciated Cost of Improvements		=\$242,202
			"As-is" Value of Site Improvements		=\$35,000
Estimated Remaining Economic Life (HUD and VA only)	53 Years	INDICATED VALUE BY COST APPROACH.....			=\$312,202

INCOME

INCOME APPROACH TO VALUE (not required by Fannie Mae)

Estimated Monthly Market Rent \$X Gross Rent Multiplier= \$Indicated Value by Income Approach

Summary of Income Approach (including support for market rent and GRM)The Income Approach was not developed.

PUD INFORMATION

PROJECT INFORMATION FOR PUDs (if applicable)

Is the developer/builder in control of the Homeowners' Association (HOA)?☐ Yes☒ NoUnit type(s)☒ Detached☐ Attached

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

Legal Name of Project

Total number of phasesTotal number of unitsTotal number of units sold

Total number of units rentedTotal number of units for saleData source(s)

Was the project created by the conversion of existing building(s) into a PUD?☐ Yes☐ NoIf Yes, date of conversion.

Does the project contain any multi-dwelling units?☐ Yes☐ NoData Source

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

Are the common elements leased to or by the Homeowners' Association?☐ Yes☐ NoIf Yes, describe the rental terms and options.

Describe common elements and recreational facilities.

Freddie Mac Form 70 March 2005

Page 3 of 6

Fannie Mae Form 1004 March 2005

Form 1004 — "WinTOTAL" appraisal software by a la mode, inc. — 1-800-ALAMODE

Uniform Residential Appraisal Report

File # 07-306

This report form is designed to report an appraisal of a one-unit property or a one-unit property with an accessory unit; including a unit in a planned unit development (PUD). This report form is not designed to report an appraisal of a manufactured home or a unit in a condominium or cooperative project.

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

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

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

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

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

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

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

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

Uniform Residential Appraisal Report

File # 07-306

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

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

Uniform Residential Appraisal Report

File # 07-306

21. The lender/client may disclose or distribute this appraisal report to: the borrower; another lender at the request of the borrower; the mortgagee or its successors and assigns; mortgage insurers; government sponsored enterprises; other secondary market participants; data collection or reporting services; professional appraisal organizations; any department, agency, or instrumentality of the United States; and any state, the District of Columbia, or other jurisdictions; without having to obtain the appraiser's or supervisory appraiser's (if applicable) consent. Such consent must be obtained before this appraisal report may be disclosed or distributed to any other party (including, but not limited to, the public through advertising, public relations, news, sales, or other media).
22. I am aware that any disclosure or distribution of this appraisal report by me or the lender/client may be subject to certain laws and regulations. Further, I am also subject to the provisions of the Uniform Standards of Professional Appraisal Practice that pertain to disclosure or distribution by me.
23. The borrower, another lender at the request of the borrower, the mortgagee or its successors and assigns, mortgage insurers, government sponsored enterprises, and other secondary market participants may rely on this appraisal report as part of any mortgage finance transaction that involves any one or more of these parties.
24. If this appraisal report was transmitted as an "electronic record" containing my "electronic signature," as those terms are defined in applicable federal and/or state laws (excluding audio and video recordings), or a facsimile transmission of this appraisal report containing a copy or representation of my signature, the appraisal report shall be as effective, enforceable and valid as if a paper version of this appraisal report were delivered containing my original hand written signature.
25. Any intentional or negligent misrepresentation(s) contained in this appraisal report may result in civil liability and/or criminal penalties including, but not limited to, fine or imprisonment or both under the provisions of Title 18, United States Code, Section 1001, et seq., or similar state laws.

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

1. I directly supervised the appraiser for this appraisal assignment, have read the appraisal report, and agree with the appraiser's analysis, opinions, statements, conclusions, and the appraiser's certification.
2. I accept full responsibility for the contents of this appraisal report including, but not limited to, the appraiser's analysis, opinions, statements, conclusions, and the appraiser's certification.
3. The appraiser identified in this appraisal report is either a sub-contractor or an employee of the supervisory appraiser (or the appraisal firm), is qualified to perform this appraisal, and is acceptable to perform this appraisal under the applicable state law.
4. This appraisal report complies with the Uniform Standards of Professional Appraisal Practice that were adopted and promulgated by the Appraisal Standards Board of The Appraisal Foundation and that were in place at the time this appraisal report was prepared.
5. If this appraisal report was transmitted as an "electronic record" containing my "electronic signature," as those terms are defined in applicable federal and/or state laws (excluding audio and video recordings), or a facsimile transmission of this appraisal report containing a copy or representation of my signature, the appraisal report shall be as effective, enforceable and valid as if a paper version of this appraisal report were delivered containing my original hand written signature.

APPRAISER

Signature _____
Name David Kirkwood
Company Name Northland Appraisals Inc.
Company Address P.O. Box 873335, Wasilla, AK 99687

Telephone Number 907 3763790
Email Address _____
Date of Signature and Report March 18, 2007
Effective Date of Appraisal March 12, 2007
State Certification # 504
or State License # _____
or Other (describe) _____ State # _____
State AK
Expiration Date of Certification or License 6/30/2007

ADDRESS OF PROPERTY APPRAISED
3505 N. Tern Court
Palmer, AK 99645
APPRAISED VALUE OF SUBJECT PROPERTY \$ 310,000
LENDER/CLIENT
Name Sarah Mertz
Company Name Alaska USA Federal Credit Union
Company Address P.O. Box 196613, Anchorage, AK 99519-6613

Email Address REAnchorage@AlaskaUSA.org

SUPERVISORY APPRAISER (ONLY IF REQUIRED)

Signature _____
Name _____
Company Name _____
Company Address _____

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

SUBJECT PROPERTY

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

COMPARABLE SALES

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

Uniform Residential Appraisal Report

File # 07-306

SALES COMPARISON APPROACH	FEATURE		SUBJECT		COMPARABLE SALE # 4			COMPARABLE SALE # 5			COMPARABLE SALE # 6					
	Address		8/2 Eagle Estates #1 3505 N. Tern Court		10/3 Country Fields Estates 851 N. Shoreline Drive											
	Proximity to Subject				4.7 miles SW											
	Sale Price		\$ N/A		\$ 399,900			\$			\$					
	Sale Price/Gross Liv. Area		\$ sq.ft.		\$ 144.21 sq.ft.			\$ sq.ft.			\$ sq.ft.					
	Data Source(s)				MLS 84745; Appraiser											
	Verification Source(s)				MSB tax records											
	VALUE ADJUSTMENTS		DESCRIPTION		DESCRIPTION		+(-) \$ Adjustment		DESCRIPTION		+(-) \$ Adjustment		DESCRIPTION		+(-) \$ Adjustment	
	Sales or Financing				None											
	Concessions				Conventional											
	Date of Sale/Time				5/06 6/06											
	Location		Average		Average)											
	Leasehold/Fee Simple		Fee Simple		Fee Simple											
	Site		1.20 Acres		4.98 Acres)		-50,000									
	View		Average		Good/Mtns)											
	Design (Style)		1.5 Story+Bsmnt.		Ranch											
	Quality of Construction		Average		Average											
	Actual Age		1985/2006 Eff 7		1997 Eff 5		-6,300									
	Condition		Average		Average		-1,000									
	Above Grade		Total	Bdrms.	Baths	Total	Bdrms.	Baths	Total	Bdrms.	Baths	Total	Bdrms.	Baths		
	Room Count		8	3	3	8	3	2	+3,000							
	Gross Living Area		2,543 sq.ft.		2,773 sq.ft.		-9,200		sq.ft.		sq.ft.		sq.ft.			
	Basement & Finished		1104 100%fin(Incl		None											
	Rooms Below Grade		3-1-1 above)		0-0-0											
	Functional Utility		Average		Average											
Heating/Cooling		Nat.Gas/F. Air		Nat.Gas/In floor		-5,000										
Energy Efficient Items		Average		5 Star Standard		-4,000										
Garage/Carport		G3A 780		G3A 1658		-17,600										
Porch/Patio/Deck		Lgdeck;porch;frpl		Prch;lgpatio;xshwr		Similar										
Amenities		Indscpd extnsv.upgd-flrng		gnh:ssytm;extpvd												
Amenities		2ndw/dhkup bayw;pvd;fnc2shd		upgd-flr-cbnts-trim												
Amenities		gar.atticstor MIL2ndkit;jcz		MIL2ndkit;shd;jcz												
Net Adjustment (Total)				<input type="checkbox"/> + <input checked="" type="checkbox"/> -		\$ -90,100		<input type="checkbox"/> + <input type="checkbox"/> -		\$		<input type="checkbox"/> + <input type="checkbox"/> -		\$		
Adjusted Sale Price				Net Adj. 22.5 %				Net Adj. %				Net Adj. %				
of Comparables				Gross Adj. 24.0 %		\$ 309,800		Gross Adj. %		\$		Gross Adj. %		\$		
SALE HISTORY	Report the results of the research and analysis of the prior sale or transfer history of the subject property and comparable sales (report additional prior sales on page 3).															
	ITEM		SUBJECT			COMPARABLE SALE # 4			COMPARABLE SALE # 5			COMPARABLE SALE # 6				
	Date of Prior Sale/Transfer		No prior sale known or			No other sales found in year										
	Price of Prior Sale/Transfer		disclosed in the last 3 years.			previous to date of sale										
	Data Source(s)		State of Alaska Recorder's Office			Local MLS; MSB tax records										
	Effective Date of Data Source(s)		Search date 3/15/2007			Search date 11/28/2006										
	Analysis of prior sale or transfer history of the subject property and comparable sales No prior sales for the Subject in the last 3 years or sales for the Comparables in the year previous to the dates of sale were found.															
ANALYSIS / COMMENTS	Analysis/Comments All Comps were adjusted downward \$1,000. under "Condition" based on the Subject's minor unfinished items. These minor items do not have a negative impact to marketability or livability. (See page 3 of 6 for list and estimated costs).															
	The Subject's low effective age is due to it's extensive renovation and 2 additions in the last few years (See page 3 of 6 for list of recent improvements).															
	The lower area of the Subject and Comp 3 were combined with the upper area and adjusted as one adjustment. Buyers purchase homes based on the overall size and utility and not by above or below grade floor plan lay out.															
	Comp 1 is a slightly larger new home similar in garage size, site, and amenities. Comp 1's site value is estimated at \$35,000.															
	Comp 2 is a slightly smaller home with a smaller 2 car garage. Exact garage size data was unavailable and was estimated at the average 2 car/stall size. Comp 2's site value is estimated at \$40,000.															
	Comp 3 is an older home with an older effective age as determined by the Appraiser. The site is larger but not much more valuable due to it's location further from the core area. Comp 3 is most similar in floor plan layout. Comp 3's site value is estimated at \$45,000.															
	Comp 4 is superior in garage size and site size and view. Large net adjustments exceeding typical lending guidelines could not be avoided due to these large site and garage adjustments. Comp 4's site value is estimated at \$85,000.															
	All sales are considered equally in the final analysis. Mid range is felt to be reasonable.															

Building Sketch

Borrower/Client	David & Veronica Wilson				
Property Address	3505 N. Tern Court				
City	Palmer	County	Matanuska-Susitna	State	AK Zip Code 99645
Lender	Alaska USA Federal Credit Union				

8/2 EAGLE ESTATES ADD.#1
3505 N. TERN CT.

* LOWER LEVEL

24'x36' = 864
8'x24' = 192
4'x12' = 48
1104 SF

* MAIN LEVEL

24'x36' = 864
8'x24' = 192
4'x12' = 48
7.5'x1.5' = 11
1115 SF

* UPPER LEVEL

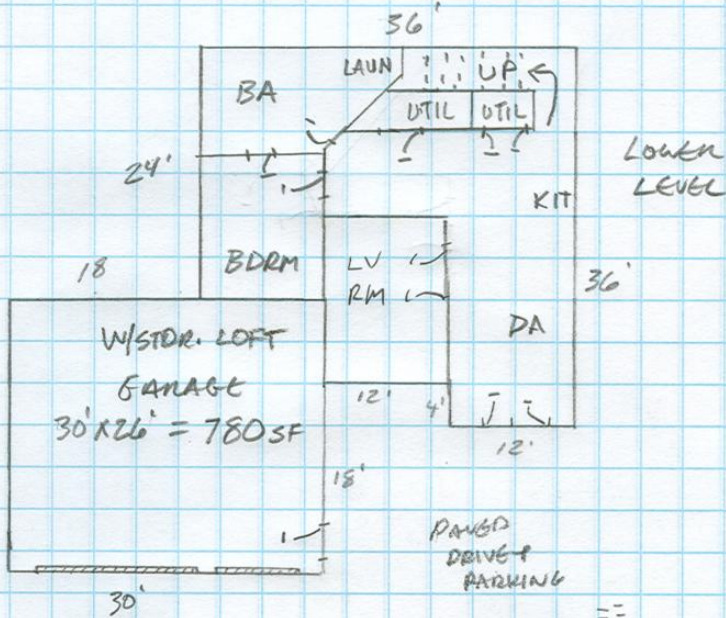
13.5'x24' = 324 SF

— TOTAL —

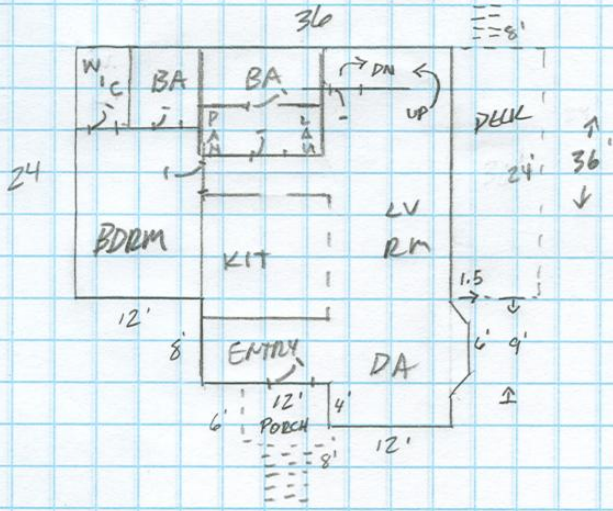
MAIN 1115
UPPER 324
1439 GLA (ABOVE GRADE)

LOWER 1104
ABOVE 1439
2543 GBA (ABOVE + BELOW)

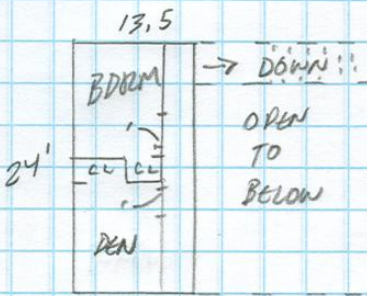
NOTE: INTERIOR WALLS ARE
NOT TO SCALE.



MAIN LEVEL



UPPER LEVEL



Subject Photo Page

Borrower/Client	David & Veronica Wilson				
Property Address	3505 N. Tern Court				
City	Palmer	County	Matanuska-Susitna	State	AK Zip Code 99645
Lender	Alaska USA Federal Credit Union				



Subject Front

8/2 Eagle Estates #1	
Sales Price	N/A
Gross Living Area	2,543
Total Rooms	8
Total Bedrooms	3
Total Bathrooms	3
Location	Average
View	Average
Site	1.20 Acres
Quality	Average
Age	1985/2006 Eff 7



Subject Rear



Subject Street

Comparable Photo Page					
Borrower/Client	David & Veronica Wilson				
Property Address	3505 N. Tern Court				
City	Palmer	County	Matanuska-Susitna	State	AK Zip Code 99645
Lender	Alaska USA Federal Credit Union				



Comparable 1

6/1 Aspen Ridge Estates #1		
Prox. to Subject	2 miles NW	
Sale Price	359,700	
Gross Living Area	2,952	
Total Rooms	8	
Total Bedrooms	4	
Total Bathrooms	3.5	
Location	Average	
View	Average	
Site	1.14 Acres	
Quality	Average	
Age	2006	Eff 0



Comparable 2

Lot 6 Yakovac		
Prox. to Subject	10.5 SW	
Sale Price	324,950	
Gross Living Area	2,214	
Total Rooms	8	
Total Bedrooms	4	
Total Bathrooms	3	
Location	Average	
View	Average	
Site	1.96 Acres	
Quality	Average	
Age	2003	Eff 2



Comparable 3

Lot 4 Little Susitna Estates		
Prox. to Subject	4.5 NW	
Sale Price	279,500	
Gross Living Area	2,975	
Total Rooms	11	
Total Bedrooms	4	
Total Bathrooms	3	
Location	Average	
View	Average	
Site	2.42 Acres	
Quality	Average	
Age	1984	Eff 15

Comparable Photo Page

Borrower/Client	David & Veronica Wilson				
Property Address	3505 N. Tern Court				
City	Palmer	County	Matanuska-Susitna	State	AK Zip Code 99645
Lender	Alaska USA Federal Credit Union				



Comparable 4

10/3 Country Fields Estates		
Prox. to Subject	4.7 miles SW	
Sale Price	399,900	
Gross Living Area	2,773	
Total Rooms	8	
Total Bedrooms	3	
Total Bathrooms	2	
Location	Average)
View	Good/Mtns)
Site	4.98 Acres)
Quality	Average	
Age	1997	Eff 5

Comparable 5

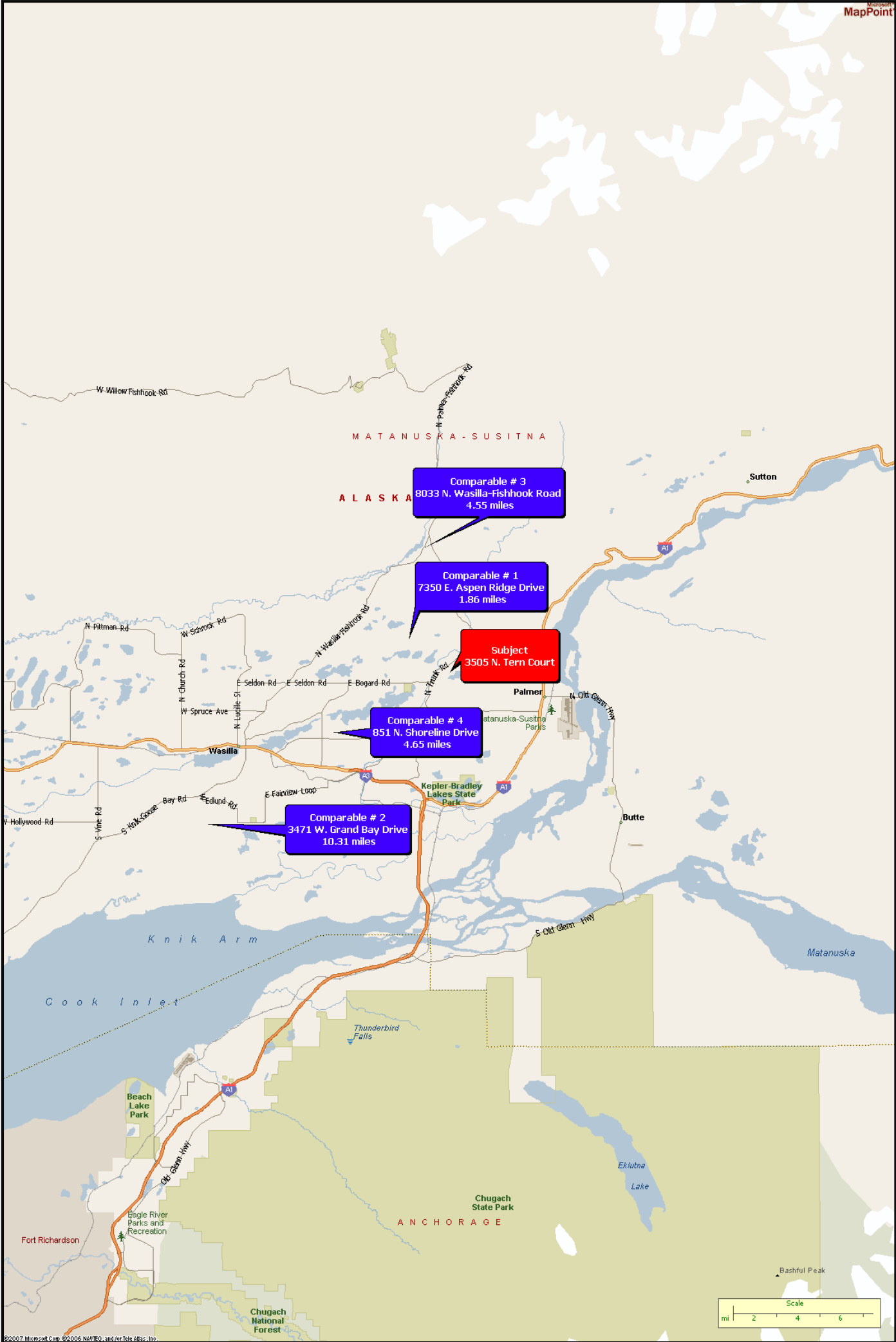
Prox. to Subject
Sale Price
Gross Living Area
Total Rooms
Total Bedrooms
Total Bathrooms
Location
View
Site
Quality
Age

Comparable 6

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

Comparable Sales Map

Borrower/Client	David & Veronica Wilson				
Property Address	3505 N. Tern Court				
City	Palmer	County	Matanuska-Susitna	State	AK
				Zip Code	99645
Lender	Alaska USA Federal Credit Union				



Supplemental Addendum

File No. 07-306

Borrower/Client	David & Veronica Wilson					
Property Address	3505 N. Tern Court					
City	Palmer	County	Matanuska-Susitna	State	AK	Zip Code 99645
Lender	Alaska USA Federal Credit Union					

Marketing Trends:

Virtually all of the various segments of the residential housing market in the Mat-Su Borough are currently experiencing growth. The Municipality of Anchorage is a major employment center for residents of the Mat-Su Valley, and the more mature and fully developed Anchorage market has come to the point where a shortage of readily developed residential land exists. The result has been smaller lots and escalating price trends in the Anchorage residential lots.

Recent upgrades to the Glenn and Parks Highways have improved commuting conditions, resulting in many Anchorage residents willing to consider living in the Mat-Su Valley as a viable alternative. The average sales price of a home for the first six months of 2005 in the Mat-Su Valley was \$210,927, compared to \$277,530 in Anchorage for the same period, a difference of 32%.

According to the Alaska Department of Labor and Workforce Development, the average annual earnings of a Mat-Su worker in 2004 was \$31,012 compared to \$41,484 for the Anchorage worker. Based on the average wage and the average sales price of single family residences, the number of Mat-Su wage earners needed to buy a home in the Mat-Su Valley is 1.7 compared to 1.6 for the Anchorage area. However when the Mat-Su Valley resident works in Anchorage, the number drops to 1.2. Population in the Mat-Su Borough grew by 18% between 2000 and 2004 compared to 7% in Anchorage for the same period.

It is difficult to accurately compare residential building activity between the Mat-Su Valley and Anchorage, however the Mat-Su Borough assessor’s office does collect data from various sources, which provides a rough estimate of new homes built in the Mat-Su Valley. According to Alaska Department of Labor and Workforce Development, nearly half of the new housing units built in the Anchorage/Mat-Su region in 2004, were built in the Mat-Su Borough even though the Anchorage workforce is nearly nine times larger than the Mat-Su Valley workforce. Based upon these and other economic indicators, state and labor economists anticipate continued growth for the Mat-Su Valley. With the average sale price of a single family residence in the Mat-Su Valley nearly doubling from 1996 to the first half of 2005, and considering the previously mentioned statistics, we anticipate that the trend for Matanuska-Susitna Valley housing market in the future will be for continued growth. Values are stable and continue to rise slowly. Sales have decreased approximately 20-25% in the first half of 2006 as compared to the same time in 2005. Increasing interest rates and fuel cost are responsible for slower sales.

Subject Comments:

The effective age is based on the appraiser’s estimate, after comparison, of the Subject structures’s appearance and functional utility with competitive new homes having utility similar to the Subject. There is no known functional or external obsolescence.

Sales Comparison Approach:

The Sales Comparison Approach To Value is based upon the theory of substitution which is defined by the Dictionary of Real Estate Appraisal Fourth Edition as follows:

Substitution:

"The appraisal principle that states that when several similar or commensurate commodities, goods, or services are available, the one with the lowest price will attract the greatest demand and widest distribution. This is the primary principle upon which the cost and sales comparison approaches are based."

In order for the sales comparison approach to give an indication of value that has a relatively high degree of confidence, the sales utilized must be truly comparable (similar) to the Subject. Only then can minor differences be adjusted in relation to the Subject. If the sales used in the Sales Comparison Approach are not truly comparable to the Subject, no adjustment can yield an indication of value with a high confidence level.

MLS and public records were searched to locate sales comparable to the Subject. All comparable sales included in this analysis are from the same area as the Subject and are considered similar to the Subject in terms of overall quality and appeal. The search for comparables was made considering the combination of Subject features which may include: effective age, size, site value, garage size and other Subject characteristics. When possible, all of the comparable sales were chosen from a one mile radius of Subject, were sold within six months of the date of valuation, and bracket the Subject. When comparable sales included in this analysis do not fall within these parameters, they were the most similar sales available at the time.

Comments on Sales Comparison:

Comparable Sales utilized in this report which are over one mile from the Subject are located in competing subdivisions. Adjustments for sales concessions paid by the seller are made, if necessary. Location, Site and View values were adjusted based upon the comparative values of the various parcels. Market extraction was used to determine the price/square foot of the Subject improvements.

Supplemental Addendum

File No. 07-306

Borrower/Client	David & Veronica Wilson				
Property Address	3505 N. Tern Court				
City	Palmer	County	Matanuska-Susitna	State	AK Zip Code 99645
Lender	Alaska USA Federal Credit Union				

When appropriate, an age adjustment was made based on the differences in the effective ages of the improvements.

Other adjustments were made based on market extraction of information provided by local real estate professionals. Room count adjustments are based on the bath count only, \$1,500 for a half bath and \$3,000 for a full bath.

Additional Comments:

Be aware that the Appraiser is not qualified to perform a full building inspection. Recommended repairs are are limited to those items that are "readily observable." This report is not construed to warrant in any way the structural soundness of the Subject. I AM NOT A QUALIFIED INSPECTOR. A home inspection report has not been provided and reviewed. Any unknown repair or adverse conditions may negatively affect the estimated value. In this Appraisal assignment, the existence of potentially hazardous material used in the construction or maintenance of the building, such as the presence of urea formaldehyde foam insulation, and/or the existence of toxic waste or mold which may or may not be present on the property, was not observed by me; nor do I have any knowledge of the existence on or in the property such materials on the property, I am not qualified to detect such substances. In homes utilizing an on-site well, it is assumed to be functional and adequate to provide sufficient potable water to the Subject. In homes utilizing a on-site septic systems, it is assumed to be functional. I am not an expert in the certification of such systems and an expert should be contacted if desired or required by the client.

Sales used in the comparison analysis are confirmed closed transactions unless noted. No deductions, discounts, or concessions affecting value were involved unless specifically indicated. Sale information is confirmed through sources such as Multiple Listing Service (MLS); real estate agents; lenders; or closing agents as noted in the report. The statistical data has been received from sources such as the appraiser’s files, other appraisers, Mat-Su Borough records, real estate agents; or plans and specs as in the case of new construction. These sources are assumed reliable. On the comparable sale chart under "date of sale/time", the first date is the date the contract was agreed to, the second date is the date the sale closed.

CLARIFICATION OF SCOPE OF WORK: The purpose of the appraisal is to offer an opinion of market value for the subject property as defined herein. The intended use of this appraisal is to assist the lender/client(s) identified by the client(s) at the time of the original assignment and named in the report in evaluating the subject property as collateral for a mortgage lending decision only. The client as defined in the Uniform Standards of Professional Appraisal Practice is the party or parties that engaged the appraiser by contract in this specific assignment and is identified in this report as the only intended user(s). There are no other intended user and there are no other intended uses communicated by the client to the appraiser at the time of the assignment. However, there are those individuals or entities that may use or rely on a part of or entire appraisal report that were not identified as intended users by the client(s) and this report has not been prepared to address any specific needs of those individuals or entities. Questions or concerns a third party may have should be directed to the client(s) identified in this report and not the appraiser. The following steps were taken in arriving at the final opinion of market value:
(1) After receiving the assignment, a preliminary search was made to determine market trends and other significant factors pertinent to the subject property.
(2) A physical observation of the property was performed of the unobstructed, exposed surfaces of accessible exterior and interior areas of all structures without removal of personal possessions by the appraiser. Exterior photos were taken for the appraiser’s work file with photos of significant items included in this report. Although due diligence was exercised while visiting the subject property, the appraiser is not an expert in such matters as identification of mold, lead based paint, pest control, structural engineering, hazardous waste, soil slippage, waste disposal system integrity, electrical-plumbing-roof-foundation systems, etc and the appraiser assumes no responsibility for those items. Mold may or may not be present in areas the appraiser could not readily observe. The presence of lead based paint and contamination cannot be ruled out based on subject age. If the client has any questions regarding these items, it is the client’s responsibility to order the appropriate inspections with the final opinion of market of value being subject to a licensed professional’s findings.

Intended Users - The Intended Use of this appraisal and appraisal report are as stated in the report form as follows: "The intended users of this appraisal report are the lender/client and fannie mae". No other intended users have been identified to the Appraiser and none are assumed. Pursuant to USPAP SR1-2.a, this appraisal is developed strictly and solely in accordance with those intended uses communicated to the Appraiser at the time of engagement. Failure by the lender to accurately identify all other intended users and their respective intended uses will result in those parties being excluded from authorization in using the appraisal in any way and for any purpose. Any party engaging in an unauthorized use should refrain from doing so and are advised to seek a separate appraisal developed specifically for their own uses. The appraiser neither recognizes nor accepts liability for unauthorized uses.

Use of this appraisal and appraisal report by other users is not intended by the appraiser. Unless otherwise identified by the Client as being an Intended User, all other third parties are considered to be unintended users, including but not limited to the current owner of the subject property, the borrower in the pending loan transaction, other mortgage lending institutions and other governmental agencies not involved in the mortgage lending process. Specifically, any potential buyers or outside lenders contemplating purchase or mortgage activity on this property are urged to seek a separate opinion of value from a competent and duly licensed/certified appraiser. Any additional requests in this

Supplemental Addendum

File No. 07-306

Borrower/Client	David & Veronica Wilson					
Property Address	3505 N. Tern Court					
City	Palmer	County	Matanuska-Susitna	State	AK	Zip Code 99645
Lender	Alaska USA Federal Credit Union					

assignment by third parties must be requested in writing and may either be declined or if performed may be subject to additional billing to recover the costs associated with such requests.

Intended Use - The Intended Use of this appraisal and appraisal report as stated in the report form is "for the lender/client to evaluate the property that is the subject of this appraisal for mortgage underwriting in accordance with fannie mae guidelines". No other intended uses have been communicated to the Appraiser and none are assumed.

Pursuant to USPAP SR1-2b, this appraisal is developed strictly and solely in accordance with those intended uses communicated to the Appraiser at the time of engagement. Please note that only a primary lending institution can make a decision with respect to a mortgage finance transaction. If a third party to this appraiser-client relationship desires an appraisal for their own uses, they are urged to seek one developed specifically for their uses from a competent and appropriately licensed/certified appraiser. The Appraiser in this assignment cannot accept responsibility for uses not otherwise identified at the time of engagement. Use of this appraisal report for other purposes is therefore not intended by the appraiser.

Use: Reading the appraisal report or possessing the report does not constitute use. Relying on the appraisal report to understand how the appraiser developed the opinion of value does not constitute use. The fannie mae report form states that the borrower and other 3rd parties may rely upon this report for a mortgage financing transaction only. In the opinion of the appraiser and the Appraisal Standards Board, this language is insufficient to clearly make a distinction between an intended user and those that may rely on the appraisal. Therefore, clarification is necessary.

The purpose of the Appraiser’s clarification of the Intended Users and Intended Use is to establish specific expectations for this work-product in compliance with USPAP, as opposed to the additional undisclosed and/or unknowable expectations as are omitted in the report form. Any criticism of this apparent contradiction should be directed to the weaknesses of the language used in the form, which is considered a vehicle for communicating the results of an appraisal developed and reported by an Appraiser.