

Dec '03

Borrower/Client	Josephine McNell	File No.	
Property Address	248 Elliot St		
City	Newton	County	Middlesex
		State	MA
Lender	The Village Bank	Zip Code	02464

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**SUMMARY OF SALIENT FEATURES**

<b>SUBJECT INFORMATION</b>	Subject Address	248 Elliot St
	Legal Description	Middlesex County Book , Book 18536, Page 104
	City	Newton
	County	Middlesex
	State	MA
	Zip Code	02464
	Census Tract	3741
Map Reference	5E	
<b>SALES PRICE</b>	Sale Price	\$ 510,000
	Date of Sale	Pending
<b>CLIENT</b>	Borrower / Client	Josephine McNeil
	Lender	The Village Bank
<b>DESCRIPTION OF IMPROVEMENTS</b>	Size (Square Feet)	
	Price per Square Foot	\$
	Location	Average
	Age	1840
	Condition	Average/Fair
	Total Rooms	11
	Bedrooms	6
Baths	2	
<b>APPRAISER</b>	Appraiser	Thomas J. Mulhern & Assoc.
	Date of Appraised Value	December 13, 2003
<b>VALUE</b>	Final Estimate of Value	\$ 510,000

**SMALL RESIDENTIAL INCOME PROPERTY APPRAISAL REPORT** File No.

**Property Address** 248 Elliot St City Newton State MA Zip code 02464  
**Legal Description** Middlesex County Book , Book 18536, Page 104 County Middlesex  
**Assessor's Parcel No.** Map 51-32-1 Tax Year 2003 R.E. Taxes \$ 3,760.85 Special Assessments \$ N/A  
**Neighborhood or Project Name** Upper Falls Map Reference 5E Census Tract 3741  
**Borrower** Josephine McNeil **Current Owner** Donald Robinson **Occupant** [v] Owner [x] Tenant [ ] Vacant  
**Property rights appraised** [x] Fee Simple [ ] Leasehold [ ] Project Type [ ] PUD [ ] Condominium [ ] HOA \$ /Mo.  
**Sales Price** \$ 510,000 **Date of Sale** Pending **Description and \$ amount of loan charges/concessions to be paid by seller**  
**Lender/Client** The Village Bank **Address** 307 Auburn Street, Auburndale, MA 02466  
**Appraiser** Thomas J. Mulhern & Assoc. **Address** 280 Irving Street, Framingham, MA 01702

Location	<input type="checkbox"/> Urban	<input checked="" type="checkbox"/> Suburban	<input type="checkbox"/> Rural	Predominant Single Family Occupancy	Single family housing	Predominant 2-4 Family Occupancy	2-4 family housing
Unit up	<input type="checkbox"/> Over 75%	<input checked="" type="checkbox"/> 25-75%	<input type="checkbox"/> Under 25%	<input checked="" type="checkbox"/> Owner	PRICE \$ (000)	<input checked="" type="checkbox"/> Owner	PRICE \$ (000)
Growth rate	<input type="checkbox"/> Rapid	<input checked="" type="checkbox"/> Stable	<input type="checkbox"/> Slow	<input checked="" type="checkbox"/> Tenant	300 Low new	<input checked="" type="checkbox"/> Tenant	375 Low 20
Property values	<input type="checkbox"/> Increasing	<input checked="" type="checkbox"/> Stable	<input type="checkbox"/> Declining	<input checked="" type="checkbox"/> Vacant (0-5%)	1,500 High 100+	<input checked="" type="checkbox"/> Vacant (0-5%)	1,500 High 100+
Demand/supply	<input type="checkbox"/> Shortage	<input checked="" type="checkbox"/> In balance	<input type="checkbox"/> Over supply	<input type="checkbox"/> Vacant (over 5%)	575	<input type="checkbox"/> Vacant (over 5%)	575
Marketing time	<input type="checkbox"/> Under 3 mos.	<input checked="" type="checkbox"/> 3-6 mos.	<input type="checkbox"/> Over 6 mos.		75		80

Typical 2-4 family bldg. Type Conventional No. stories 2.5 No. units 2 Age 100 yrs. Present land use % One family 20 [x] Not likely [ ] Likely  
 Typical rents \$ 700 to \$ 2,000 [ ] Increasing [x] Stable [ ] Declining 2-4 family 80 [ ] In process to:  
 Est. neighborhood apt. vacancy 5% [ ] Increasing [x] Stable [ ] Declining Multi-family  
 Rent controls [ ] Yes [x] No [ ] Likely If yes or likely, describe Commercial

Note: Race and the racial composition of the neighborhood are not appraisal factors.  
 Neighborhood boundaries and characteristics: The subject neighborhood is bound by Route 9 to the north, Oak St to the south, Needham St to the east and the Charles River and the town of Needham to the west. The location is within the Upper Falls location of Newton.

Factors that affect the marketability of the properties in the neighborhood (proximity to employment and amenities, employment stability, appeal to market, etc.):  
 The subject is located in a mixed area of residential occupancies. The subject is within walking distance to all amenities including schools, transportation, and shopping. This area has experience a good rental history over the past few years.

The following available listings represent the most current, similar, and proximal competitive properties to the subject property in the subject neighborhood. This analysis is intended to evaluate the inventory currently on the market competing with the subject property in the subject neighborhood and recent price and marketing time trends affecting the subject property. (Listings outside the subject neighborhood are not considered applicable). The listing comparables can be the rental or sale comparables if they are currently for sale.

ITEM	SUBJECT	COMPARABLE LISTING NO. 1	COMPARABLE LISTING NO. 2	COMPARABLE LISTING NO. 3
Address	248 Elliot St Newton	10-12 St James St Newton	202 Chapel St Newton	15 Peabody St Newton
Proximity to subject		2 Miles	1.6 Miles	2 Miles
Listing price	\$ N/A	[x] Unf. [ ] Firm. \$ 535,000	[x] Unf. [ ] Firm. \$ 579,000	[x] Unf. [ ] Firm. \$ 595,000
Approximate GBA	2,380	2,162	1,800	2,642
Data source	Assessors	MLS	MLS	MLS
# Units/Tot. rms./BR/BA	2 : 11 : 6 : 2	2 : 11 : 6 : 2	2 : 9 : 3 : 2	2 : 11 : 7 : 3
Approximate year built	1903	1926	1881	1881
Approx. days on market	N/A	140+	30+	20+

Comparison of listings to subject property: All listing comparables are considered similar and offer similar location and conditional appeal. There are very few large multi-family properties currently on the market in this section of Newton.

Market conditions that affect 2-4 family properties in the subject neighborhood (including the above neighborhood indicators of growth rate, property values, demand/supply, and marketing time) and the prevalence and impact in the subject market area regarding loan discounts, interest buydowns and concessions, and identification of trends in listing prices, average days on market and any change over past year, etc.: There are no unfavorable or adverse conditions known that would negatively affect the subject's marketability. The unit mix is generally in balance. There is no specific unit type that appear to be in a state of over supply. The demographics of the population has changed over the years, but has remained of sufficient size to support the subject and surrounding properties. The average marketing time for a two-four family in Newton is approximately 3 to 6 months if priced reasonably. The bathroom on floor 2 is only roughed in and will require finish. Additionally, cosmetic work such as painting and floor finishes will soon be necessary.

Dimensions Please refer to the deed	Site area 17,580 Square feet	Corner lot [ ] No [x] Yes	Topography Level to slightly sloping
Specific zoning classification and description MR1-7000 min, 70 frontage	Zoning compliance [x] Legal [ ] Legal nonconforming (Grandfathered use) [ ] Illegal [ ] No zoning	Highest and best use as improved: [x] Present use [ ] Other use (explain)	Shape Rectangular
Utilities Public [x] Other [ ]	Off-site Improvements Type Public Private	Electricity [x] Street Asphalt [x] [ ] Private [ ]	Drainage Adequate
Gas [x] Curb/gutter Granite [x] [ ]	Water [x] Sidewalk Public [x] [ ]	Sanitary sewer [x] Street lights Incandescent [x] [ ]	View Neighborhood
Storm sewer [x] Alley None Known [ ] [ ]			Landscaping Typical
			Driveway Average
			Apparent easements None Known
			FEMA Special Flood Hazard Area [ ] Yes [x] No
			FEMA Zone Zone C Map Date 7/17/86
			FEMA Map No. 250208-0002C

Comments (apparent adverse easements, encroachments, special assessments, slide areas, illegal or legal nonconforming zoning, use, etc.): No negative characteristics were evident at the time of inspection. The site is subject to any easements of record.

**SMALL RESIDENTIAL INCOME PROPERTY APPRAISAL REPORT**

<b>General description</b>	<b>Exterior description (Materials/condition)</b>	<b>Foundation</b>	<b>Insulation (R-value if known)</b>
Units/bldgs. 2 / 1	Foundation Concrete/Stone	Slab No	<input type="checkbox"/> Roof
Stories 2	Exterior walls Wood	Crawl space Partial	<input type="checkbox"/> Ceiling
Type (det./ait.) Detached	Roof surface Asphalt	Sump Pump None noted	<input type="checkbox"/> Walls
Design (style) 2 Fam	Gutters & downsp. Wood and metal	Dampness None noted	<input type="checkbox"/> Floor
Existing/proposed Existing	Window type Double hung	Settlement None noted	<input type="checkbox"/> None
Under construction No	Storm sash/Screens Most windows	Infestation None noted	Adequacy Typical
Year Built 1840	Manufactured housing* <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	Basement 75 % of 1st floor area	Energy efficient items:
Effective age(yrs.) 25	*(Complies with the HUD Manufactured Housing Construction and Safety Standards.)	Basement finish:	None noted

Units	Level(s)	Foyer	Living	Dining	Kitchen	Den	Family rm	Bedrooms	# Baths	Laundry	Other	Sq. ft./Unit	Total
1	1&2	x	1	1	1			4	1			1,428	1,428
1	1&2		1		1			2	1			952	952

Improvements contain: 11 Rooms; 6 Bedroom(s); 2 Bath(s); 2,380 Square feet of GROSS BUILDING AREA  
 GROSS BUILDING AREA (GBA) IS DEFINED AS THE TOTAL FINISHED AREA (INCLUDING COMMON AREAS) OF THE IMPROVEMENTS BASED UPON EXTERIOR MEASUREMENTS.

<b>Surfaces (Materials/condition)</b>	<b>Heating</b>	<b>Kitchen equip. (# / unit-cond.)</b>	<b>Attic</b>	<b>Car Storage</b>	<b>No. Cars</b>
Floors Softwood/Avg	Type 2/FHW	Refrigerator	<input checked="" type="checkbox"/> None	Garage	3
Walls Plaster/Avg	Fuel 2/Gas	Range/oven 2/Avg	<input type="checkbox"/> Stairs	Carport	
Trim/Finish Wood/Avg	Condition 2/Avg	Disposal 2/Avg	<input type="checkbox"/> Drop stair	Attached	
Bath floor Lino/Tile/Avg		Dishwasher	<input type="checkbox"/> Scuttle	Detached	
Bath wainscot Tile/Avg	Cooling	Fan/hood 2/Avg	<input type="checkbox"/> Floor	Adequate	
Doors Solid/Avg	Central None	Compactor	<input type="checkbox"/> Heated	Inadequate	
	Other N/A	Washer/dryer	<input type="checkbox"/> Finished	Offstreet	
	Condition	Microwave	<input type="checkbox"/> Unfinished	None	
Fireplace(s) #		Intercom			

Condition of the improvements, repairs needed, quality of construction, additional features, modernization, etc.: The subject's exterior appears to be in average condition for the subject's age and location. Entry was made into both units within the subject. The subject's interior appears to be in generally average condition. Sections of the upper floor apartment are below average in condition and will require painting and floor refinishing. Additionally, the bath on floor 2 is only roughed in and will require finish. The units have large kitchens and baths.

Depreciation (physical, functional, and external inadequacies, etc.): The subject is in a general residential area which is primarily built up with wood framed single and multi-family dwellings. The unit mix appears to be in balance. There is a slight shortage of multi-family dwellings which has caused an increase in selling prices over the past 12 months.

Adverse environmental conditions (such as, but not limited to, hazardous wastes, toxic substances, etc.) present in the improvements, on the site, or in the immediate vicinity of the subject property: The appraiser assumes there are no hidden conditions affecting the structure, soil or subsoil which may render the property less valuable. The appraiser assumes no responsibilities for such conditions or for engineering which might be required to discover such conditions. It should be further noted that the appraiser is not an expert in determining such conditions. The value generated in this report is based on the assumption that the property is not affected by hazardous conditions.

VALUATION ANALYSIS		Comments on Cost Approach (such as, source of cost estimate, site value, square foot calculation and, for HUD and VA, the estimated remaining economic life of the property):
ESTIMATED SITE VALUE	375,000	
ESTIMATED REPRODUCTION COST-NEW OF IMPROVEMENTS:		
2,380 Sq. Ft. @ \$		
Sq. Ft. @ \$		
Sq. Ft. @ \$		
Sq. Ft. @ \$		
Sq. Ft. @ \$		
Sq. Ft. @ \$		
Sq. Ft. @ \$		
Sq. Ft. @ \$		
Special Energy Efficient Items		
Porches, Patios, etc.		
Total Estimated Cost New		
Physical	Functional	External
Less Depreciation		
Depreciated Value of Improvements		
"As Is" Value of Site Improvements		
INDICATED VALUE BY COST APPROACH	375,000	

**SMALL RESIDENTIAL INCOME PROPERTY APPRAISAL REPORT**

At least three rental comparables should be reported and analyzed in this section. The rental comparables should represent the most current rental information on properties as similar and proximate to the subject property as possible. (This comparison is based on current rental data, therefore, the rental comparables typically are not the same comparables used in the sales comparison analysis.) The appraisal report should assure the reader that the units and properties selected as comparables are comparable to the subject property (both the units and the overall property) and accurately represent the rental market for the subject property (unless otherwise stated within the report).

ITEM	SUBJECT	COMPARABLE RENTAL NO. 1			COMPARABLE RENTAL NO. 2			COMPARABLE RENTAL NO. 3			
Address	248 Elliot St Newton	10-12 St. James St Newton			202 Chapel St Newton			15 Peabody St Newton			
Proximity to subject		2 Mile			1.5 mile			2 Mile			
Lease dates (if available)	N/A	One Year			TAW			TAW			
Rent survey date	N/A	7/03			11/03			11/03			
Data source	Assessor Inspection	MLS			MLS			MLS			
Rent concessions	N/A	None Known			None Known			None Known			
Description of property-units, design, appraisal, age, vacancies, and conditions	No. Units 2 No. Vac.	No. Units 2 No. Vac. 0	Yr. Blt: 1926	No. Units 2 No. Vac. 0	Yr. Blt: 1881	No. Units 2 No. Vac. 0	Yr. Blt: 1881	No. Units 2 No. Vac. 0	Yr. Blt: 1881		
	Yr. Blt: 1903	Two family in superior condition and similar location.			Two family in superior condition and similar location.			Two family in superior condition and similar location.			
Individual unit breakdown	Average condition and location.										
	Rm. Count	Size	Rm. Count	Size	Total	Rm. Count	Size	Total	Rm. Count	Size	Total
	Tot Br Ba	Sq. Ft.	Tot Br Ba	Sq. Ft.	Monthly Rent	Tot Br Ba	Sq. Ft.	Monthly Rent	Tot Br Ba	Sq. Ft.	Monthly Rent
7 4 1	1,428	5 3 1	1,100	1,800	5 2 1	1,100	1,700	4 2 1	900	1,200	
4 2 1	952	6 3 1	1,100	1,700	4 1 1	700	1,000	7 5 2	1,542	1,400	
Utilities, furniture, and amenities included in rent	Water and sewer.	Water & Sewer			Water & Sewer			Water & Sewer			
	Unfurnished	Unfurnished			Unfurnished			Unfurnished			
Functional utility, basement, heating/cooling, project amenities, etc.	Needs bath										
	Average utility.	Average utility.			Average utility.			Average utility.			
	Two heating sources	Two heating sources			Two heating sources.			Two heating sources.			

Analysis of rental data and support for estimated market rents for the individual subject units (including the adjustments used, the adequacy of comparables, rental concessions, etc.)  
**These rents reflect current market conditions and reflect typical rents for the area. Subject units compete favorably to those on the market. The subject units are average in size and similar to the displayed rents in overall utility. Rents for the subject units will be at the lower end of range due to the condition. The projected rent also assumes the second floor bath is completed.**

Subject's rent schedule The rent schedule reconciles the applicable indicated monthly market rents to the appropriate subject unit, and provides the estimated rents for the subject property. The appraiser must review the rent characteristics of the comparable sales to determine whether estimated rents should reflect actual or market rents. For example, if actual rents were available on the sales comparables and used to derive the gross rent multiplier (GRM), actual rents for the subject should be used. If market rents were used to construct the comparables' rents and derive the GRM, market rents should be used. The total gross estimated rent must represent rent characteristics consistent with the sales comparable data used to derive the GRM. The total gross estimated rent is not adjusted for vacancy.

Unit	LEASES		No. Units Vacant	ACTUAL RENTS		Total Rents	ESTIMATED RENTS		Total Rents
	Begin	End		Per Unit	Per Unit		Per Unit	Per Unit	
1	Vacant	N/A		Unfurnished	Furnished		Unfurnished	Furnished	
1	Vacant	N/A		Unknown			1,700		1,700
							1,000		1,000
2									2,700

Other monthly income (Itemize) N/A \$ 0  
 Vacancy: Actual last year 0% Previous year 0% Estimated: 0% \$ Annually Total gross estimated rent \$ 2,700

Utilities included in estimated rents:  Electric  Water  Sewer  Gas  Oil  Trash collection

Comments on the rent schedule, actual rents, estimated rents (especially regarding differences between actual and estimated rents), utilities, etc.: Projected rents assume that the units will be painted, cleaned and floor 2 bath installed and rented.

**SMALL RESIDENTIAL INCOME PROPERTY APPRAISAL REPORT**

The undersigned has recited three recent sales of properties most similar and proximate to the subject property and has described and analyzed these in this analysis. If there is a significant variation between the subject and comparable properties, the analysis includes a dollar adjustment reflecting the market reaction to those items or an explanation supported by the market data. 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 adjusted sales price of the comparable property; if a significant item in the comparable property is inferior to, or less favorable than, the subject property, a plus (+) adjustment is made, thus increasing the adjusted sales price of the comparable property. (1) Sales Price / Gross Monthly Rent

ITEM	SUBJECT	COMPARABLE SALE NO. 1	COMPARABLE SALE NO. 2	COMPARABLE SALE NO. 3
Address	248 Elliot St Newton	222 Church St Newton	78-80 West St Newton	26-28 Clarendon St Newton
Proximity to subject		1.5 Miles	1 Mile	1.5 Miles
Sales price	\$ 510,000	\$ 520,000	\$ 525,000	\$ 540,000
Sales price per GBA	\$ 214.29	\$ 211.04	\$ 238.64	\$ 204.70
Gross monthly rent	\$ 2,700.00	\$ 2,500.00	\$ 2,000.00	\$ 2,550.00
Gross mo. rent mult. (1)	188.89	208.00	262.50	211.76
Sales price per unit	\$ 255,000	\$ 260,000	\$ 270,000	\$ 270,000
Sales price per room	\$ 46,364	\$ 52,000	\$ 43,750	\$ 49,091
Data and/or Verification Sources	Assessor Inspection	Assessors/B&T MLS	Assessors/B&T MLS	Assessors/B&T MLS
ADJUSTMENTS	DESCRIPTION	DESCRIPTION	DESCRIPTION	DESCRIPTION
Sales or financing concessions				
Date of sale/time	6/9/03	9/30/03	12/02/03	
Location	Average	Average	Average	Average
Leasehold/Fee Simple	Fee Simple	Fee Simple	Fee Simple	Fee Simple
Site	17,580 Square feet	3404 S.F.	2800 S.F.	5000 SF
View	Neighborhood	Neighborhood	Neighborhood	Neighborhood
Design and appeal	2 Fam	Conventional	Conventional	Conventional
Quality of construction	Average	Similar	Similar	Similar
Age	1840	1880	1895	1900
Condition	Average/Fair	Average/Superior	Good/Superior	Good/Superior
Gross Building Area	2,380 Sq. ft.	2,464 Sq. ft.	2,200 Sq. ft.	2,638 Sq. ft.
Unit breakdown	No. of units: 17, 4 Br, 1 Ba, 1 Vac	No. of units: 15, 3 Br, 1 Ba, 0 Vac	No. of units: 16, 3 Br, 1 Ba, 0 Vac	No. of units: 14, 1 Br, 1 Ba, 0 Vac
Basement description	Full	Full	Full	Full
Functional utility	Unfinished	Unfinished	Unfinished	Unfinished
Heating/cooling	2/FHW	2 FHW	2/FHA	2/FHA
Parking on/off site	3 Gar/2 space	4 Off St	4 off St	4 Off St
Project amenities and fee (if applicable)	N/A	N/A	N/A	N/A
Net Adj. (total)	\$ 8,800	\$ 6,900	\$ 31,600	
Adjusted sales price of comparable	\$ 511,200	\$ 518,100	\$ 508,400	

Comments on sales comparison (including reconciliation of all indicators of value as to consistency and relative strength and evaluation of the typical investor's/purchaser's motivation in that market): Sited sales represent the current market in Newton and do not require any time adjustments. All sales are located here or similar area. GLA adjustments made at \$45 per S.F. All other adjustments based were minor in nature and based on market studies. Equal weight to all sales.

ITEM	SUBJECT	COMPARABLE NO. 1	COMPARABLE NO. 2	COMPARABLE NO. 3
Date, Price and Data Source for prior sales within year of appraisal	None Known	None Known	None Known	None Known

Analysis of any current agreement of sale, option, or listing of the subject property and analysis of any prior sales of subject and comparables within one year of the date of appraisal: The subject is currently pending sale. None of the comparable sales sold within 36 months of the sale date sited.

Total gross monthly estimated rent \$ 2,700 X gross rent multiplier (GRM) 190.00 = \$ 513,000 INDICATED VALUE BY INCOME APPROACH  
 Comments on income approach (including expense ratios, if available, and reconciliation of the GRM) GRM is near the lowpoint of the range at \$200.

INDICATED VALUE BY SALES COMPARISON APPROACH \$ 510,000  
 INDICATED VALUE BY INCOME APPROACH \$ 513,000  
 INDICATED VALUE BY COST APPROACH \$ 375,000

This appraisal is made  "as is"  subject to the repairs, alterations, inspections, or conditions listed below  subject to completion per plans and specifications.  
 Comments and conditions of appraisal: Sales are within the last six months and are considered the best evidence available.

Final reconciliation: Direct Sales Comparison given all weight in determining the final value. This value is supported by the value rendered through the GRM. The Cost approach was not developed due to ample market supply of properties to buy or rent.

The purpose of this appraisal is to estimate the market value of the real property that is the subject of this report, based on the above conditions and the certification, contingent and limiting conditions, and market value definition that are stated in the attached Freddie Mac Form 439/Fannie Mae Form 1004B (Revised \_\_\_\_\_).  
 (I) WE ESTIMATE THE MARKET VALUE, AS DEFINED, OF THE REAL PROPERTY THAT IS THE SUBJECT OF THIS REPORT, AS OF December 13, 2003  
 (WHICH IS THE DATE OF INSPECTION AND THE EFFECTIVE DATE OF THIS REPORT) TO BE \$ 510,000

APPRAISER: [Signature] SUPERVISORY APPRAISER (ONLY IF REQUIRED):  
 Signature: \_\_\_\_\_ Name: \_\_\_\_\_  Did  Did Not  
 Date Report Signed: December 13, 2003 Date Report Signed: \_\_\_\_\_ Inspect Property  
 State Certification # 1522 State MA State Certification # \_\_\_\_\_ State MA  
 Or State License # \_\_\_\_\_ State Or State License # \_\_\_\_\_ State

**Operating Income Statement**  
**One- to Four-Family Investment Property and Two- to Four-Family Owner-Occupied Property**

Property Address

Street 24B Elliot St City Newton State MA Zip Code 02464

General Instructions: This form is to be prepared jointly by the loan applicant, the appraiser, and the lender's underwriter. The applicant must complete the following schedule indicating each unit's rental status, lease expiration date, current rent, market rent, and the responsibility for utility expenses. Rental figures must be based on the rent for an "unfurnished" unit.

Unit No.	Currently Rented		Expiration Date	Current Rent Per Month	Market Rent Per Month	Utility Expense	Paid By Owner	Paid By Tenant
	Yes	No						
Unit No. 1	Yes <input type="checkbox"/>	No <input type="checkbox"/>	Unknown	\$ 0	\$ 1,000	Electricity.....	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Unit No. 2	Yes <input type="checkbox"/>	No <input type="checkbox"/>	Unknown	\$ 0	\$ 1,700	Gas.....	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Unit No. 3	Yes <input type="checkbox"/>	No <input type="checkbox"/>		\$		Fuel Oil.....	<input type="checkbox"/>	<input type="checkbox"/>
Unit No. 4	Yes <input type="checkbox"/>	No <input type="checkbox"/>		\$		Fuel (Other).....	<input type="checkbox"/>	<input type="checkbox"/>
<b>Total</b>				\$	\$ 2,700	Water/Sewer.....	<input checked="" type="checkbox"/>	<input type="checkbox"/>
						Trash Removal.....	<input checked="" type="checkbox"/>	<input type="checkbox"/>

The applicant should complete all of the income and expense projections and for existing properties provide actual year-end operating statements for the past two years (for new properties the applicant's projected income and expenses must be provided). This Operating Income Statement and any previous operating statements the applicant provides must then be sent to the appraiser for review, comment, and/or adjustments next to the applicant's figures (e.g. Applicant/Appraiser 288/300). If the appraiser is retained to complete the form instead of the applicant, the lender must provide to the appraiser the aforementioned operating statements, mortgage insurance premium, HOA dues, leasehold payments, subordinate financing, and/or any other relevant information as to the income and expenses of the subject property received from the applicant to substantiate the projections. The underwriter should carefully review the applicant's/appraiser's projections and the appraiser's comments concerning those projections. The underwriter should make any final adjustments that are necessary to more accurately reflect any income or expense items that appear unreasonable for the market. (Real estate taxes and insurance on these types of properties are included in PITI and not calculated as an annual expense item.) Income should be based on the current rents, but should not exceed market rents. When there are no current rents because the property is proposed, new, or currently vacant, market rents should be used.

**Annual Income and Expense Projection for Next 12 months**

	By Applicant/Appraiser	Adjustments by Lender's Underwriter
<b>Income (Do not include income for owner-occupied units)</b>		
Gross Annual Rental (from unit(s) to be rented)	\$ 32,400	\$
Other Income (include sources)	+	+
<b>Total</b>	\$ 32,400	\$
Less Vacancy/Rent Loss	- 1,620 ( 5%)	- ( %)
<b>Effective Gross Income</b>	\$ 30,780	\$
<b>Expenses (Do not include expenses for owner-occupied units)</b>		
Electricity		
Gas		
Fuel Oil		
Fuel (Type - )		
Water/Sewer	2,200	
Trash Removal		
Pest Control	200	
Other Taxes or Licenses	3,800	
Casual Labor	500	0
This includes the costs for public area cleaning, snow removal, etc., even though the applicant may not elect to contract for such services.		
Interior Paint/Decorating	200	
This includes the costs of contract labor and materials that are required to maintain the interiors of the living unit.		
General Repairs/Maintenance	250	
This includes the costs of contract labor and materials that are required to maintain the public corridors, stairways, roofs, mechanical systems, grounds, etc.		
Management Expenses	100	
These are the customary expenses that a professional management company would charge to manage the property.		
Supplies	100	
This includes the costs of items like light bulbs, janitorial supplies, etc.		
Total Replacement Reserves - See Schedule on Pg. 2	780	
Miscellaneous		
<b>Total Operating Expenses</b>	\$ 8,130	\$

Freddie Mac  
Form 998 Aug 88

Fannie Mae  
Form 216 Aug 88

**Replacement Reserve Schedule**

Adequate replacement reserves must be calculated regardless of whether actual reserves are provided for on the owner's operating statements or are customary in the local market. This represents the total average yearly reserves. Generally, all equipment and components that have a remaining life of more than one year such as refrigerators, stoves, clothes washers/dryers, trash compactors, furnaces, roofs, and carpeting, etc. - should be expensed on a replacement cost basis.

Equipment	Replacement Cost	Remaining Life	By Applicant/ Appraiser	Lender Adjustments
Stoves/Ranges @ \$ 250 ea. / 5 Yrs. x 2 Units = \$ 100.00				\$
Refrigerators @ \$ 500 ea. / 5 Yrs. x 2 Units = \$ 200.00				\$
Dishwashers @ \$ 200 ea. / 10 Yrs. x 2 Units = \$ 40.00				\$
A/C Units @ \$ ea. / Yrs. x Units = \$				\$
C. Washer/Dryers @ \$ ea. / Yrs. x Units = \$				\$
HW Heaters @ \$ 200 ea. / 10 Yrs. x 2 Units = \$ 40.00				\$
Furnace(s) @ \$ 2,500 ea. / 25 Yrs. x 2 Units = \$ 200.00				\$
(Other) @ \$ ea. / Yrs. x Units = \$				\$
Roof @ \$ 5,000 / 25 Yrs. x One Bldg. = \$ 200				\$
Carpeting (Wall to Wall)		Remaining Life		
(Units) Total Sq. Yds. @ \$ Per Sq. Yd. / Yrs. = \$				\$
(Public Areas) Total Sq. Yds. @ \$ Per Sq. Yd. / Yrs. = \$				\$
Total Replacement Reserves. (Enter on Pg. 1)				\$ 780

**Operating Income Reconciliation**

\$ 30,780	-	\$ 8,130	=	\$ 22,650	/ 12 =	\$ 1,888
Effective Gross Income		Total Operating Expenses		Operating Income		Monthly Operating Income
\$ 1,888	-	Monthly Housing Expense	=	\$ 1,888		Net Cash Flow
Monthly Operating Income						

(Note: Monthly Housing Expense includes principal and interest on the mortgage, hazard insurance premiums, real estate taxes, mortgage insurance premiums, HOA dues, leasehold payments, and subordinate financing payments.)

**Underwriter's Instructions for 2-4 Family Owner-Occupied Properties**

- If Monthly Operating Income is a positive number, enter as "Net Rental Income" in the "Gross Monthly Income" section of Freddie Mac Form 65/Fannie Mae Form 1003. If Monthly Operating Income is a negative number, it must be included as a liability for qualification purposes.
- The borrower's monthly housing expense-to-income ratio must be calculated by comparing the total Monthly Housing Expense for the subject property to the borrower's stable monthly income.

**Underwriter's Instructions for 1-4 Family Investment Properties**

- If Net Cash Flow is a positive number, enter as "Net Rental Income" in the "Gross Monthly Income" section of Freddie Mac Form 65/Fannie Mae Form 1003. If Net Cash Flow is a negative number, it must be included as a liability for qualification purposes.
- The borrower's monthly housing expense-to-income ratio must be calculated by comparing the total monthly housing expense for the borrower's primary residence to the borrower's stable monthly income.

**Appraiser's Comments (Including sources for data and rationale for the projections)**

Thomas J. Mulhern & Assoc.  
Appraiser Name

December 13, 2003  
Date

**Underwriter's Comments and Rationale for Adjustments**

Underwriter Name

Underwriter Signature

Date

Freddie Mac  
Form 998 Aug 88

Fannie Mae  
Form 216 Aug 88



**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:

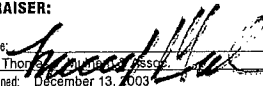
1. I have researched the subject market area and have selected a minimum of three recent sales of properties most similar and proximate to the subject property for consideration in the sales comparison analysis and have made a dollar adjustment when appropriate to reflect the market reaction to those 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:** 248 Elliot St, Newton, MA 02464

**APPRAISER:**

**SUPERVISORY APPRAISER (only if required):**

Signature: 	Signature: _____
Name: <u>Thomas J. Ross</u>	Name: _____
Date Signed: <u>December 13, 2003</u>	Date Signed: _____
State Certification #: <u>1522</u>	State Certification #: _____
or State License #: _____	or State License #: _____
State: _____	State: _____
Expiration Date of Certification or License: _____	Expiration Date of Certification or License: _____

Did  Did Not Inspect Property

**Subject Photo Page**

Borrower/Client Josephine McNeil				
Property Address 248 Elliot St				
City Newton	County Middlesex	State MA	Zip Code 02464	
Lender The Village Bank				



**Subject Front**

248 Elliot St  
Sales Price: 525,000  
GBA: 2,380  
Age: 1840



**Subject Rear**



**Subject Street**

Comparable Photo Page

Borrower/Client Josephine McNeil				
Property Address 248 Elliot St				
City Newton	County Middlesex	State MA	Zip Code 02464	
Lender The Village Bank				



**Comparable 1**

222 Church St  
Sales Price: 520,000  
GBA: 2,464  
Age: 1880



**Comparable 2**

78-80 West St  
Sales Price: 525,000  
GBA: 2,200  
Age: 1895



**Comparable 3**

26-28 Clarendon St  
Sales Price: 540,000  
GBA: 2,638  
Age: 1900