

Warning

Readers and users of appraisal reports are hereby advised of the following conditions:

Effective, September 2007:

Reports Limitations:

Appraisal reports are only microeconomic estimates of real property value, not any investment value, based upon the appraisers interpretation/opinion of what was considered to be the most reliable and relevant information available at the time of appraisal. While considered reliable, the information used to estimate a value for the subject was based upon historically closed sale data. The appraised value estimate is based upon and provides some market based support, but the near term and long term fundamentals of the real estate and credit markets are unknown. The appraiser is not qualified to, and cannot be relied upon to reliably predict future macroeconomic events that will change the reliability of this appraisal.

Economic Conditions:

The current macroeconomic environment appears to be changing rapidly based upon the actions and volatility of the credit/equity/bond markets after approximately August 2007. The appraiser is not qualified to predict the duration of this cycle, and this microeconomic report is an insufficient means of extrapolating such an estimate.

Responsibility of User of the Report:

Prudent underwriting decisioning must recognize the limited nature of this appraisals estimate of the subject's market value as being relevant to a specific point in time, also taking into consideration the lender's long term investment metric and objectives (investment value). Historical real estate appreciation is not an indication of future results and should not be relied upon to keep pace with inflation, property taxes, or increase yield.

Users of this report are advised to base their underwriting upon their own investment value metric, recognizing that "market value" appraisal point value estimates are actually correlated historical value ranges that remain dynamic: the contributory value of the appraised collateral (estimated market value of the subject property) will change throughout the holding period. There are many unknown/unrealized performance factors beyond the subject's estimated value in this appraisal that will ultimately determine the positive or negative yield of the investment, and the future estimated value of the subject property.

Value factor considerations/influences for investment performance-

utility, scarcity, desire, effective purchasing power:

Users of this report are also advised that while residential real estate values have historically moved "slowly", that unpredictable changing macroeconomic conditions (availability of credit) could accelerate the movement of prices, thereby accelerating the rate of change in the investments debt/equity positions. Additionally, supply and demand imbalances in not only physical competing inventory, but the availability of, extension of, and quantity of broad based market-at-large financing could provide systematic downward price pressure. Well intentioned political intervention, institutional deleveraging, and Governmental guidance could systematically destabilize, dilute, influence, and provide guidance to real estate values. Additionally, in the opinion of the appraiser, continued U.S. dollar weakness could not only foreseeably continue providing inflationary pressures to dollar denominated assets (affordability) in this command economy, but also serve to negatively impact the demand side of the market as a new developing tightened credit environment starts to take hold and limit the former, customary purchasing power (rapidly increasing core/commodity prices) of recent market participants. Recently reported broad based decreasing homeowner equity positions could reduce lenders 2nd lien forward activity due to loan to value erosion, and in an inflationary environment could more importantly also potentially diminish market participant desirability, limiting participants voluntary market activity, creating fall out demand as opposed to move up, and ultimately increase overall physical supply inventory possibly pushing prices further downward. This shift in the aggregate level of demand could cause the start of a deflationary spiral. Evidence of a starting spiral has been witnessed by the appraiser in instances where the costs of financing new production (cost approach) have risen above market prices, or sales comparables in the (sales comparison approach.) If a deflationary spiral does in fact occur, the property appraised may become relatively illiquid in rapid fashion, regardless of the estimated value.

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