

W.C. Lewis & Associates  
SMALL RESIDENTIAL INCOME PROPERTY APPRAISAL REPORT

File No.

**SUBJECT**

Property Address \_\_\_\_\_ City \_\_\_\_\_ State \_\_\_\_\_ Zip Code \_\_\_\_\_  
 Legal Description \_\_\_\_\_ County \_\_\_\_\_  
 Assessor's Parcel No. \_\_\_\_\_ Tax Year \_\_\_\_\_ R.E. Taxes \$ \_\_\_\_\_ Special Assessments \$ \_\_\_\_\_  
 Neighborhood or Project Name \_\_\_\_\_ Map Reference \_\_\_\_\_ Census Tract \_\_\_\_\_  
 Borrower \_\_\_\_\_ Current Owner \_\_\_\_\_ Occupant  Owner  Tenant  Vacant   
 Property rights appraised  Fee Simple  Leasehold  Project Type  PUD  Condominium  HOA\$ \_\_\_\_\_ /Mo \_\_\_\_\_  
 Sales Price \$ \_\_\_\_\_ Date of Sale \_\_\_\_\_ Description and \$ amount of loan charges/concessions to be paid by seller \_\_\_\_\_  
 Lender/Client \_\_\_\_\_ Address \_\_\_\_\_  
 Appraiser **Cal Lewis, Cert. General Appraiser** Address **6608 Limerick Drive Edina, MN 55439**

Location	<input type="checkbox"/> Urban	<input type="checkbox"/> Suburban	<input type="checkbox"/> Rural	<b>Predominant Single Family Occupancy</b>	<b>Single family housing</b> PRICE \$ (000) _____ AGE (yrs) _____ Low _____ High _____	<b>Predominant 2-4 Family Occupancy</b>	<b>2-4 family housing</b> PRICE \$ (000) _____ AGE (yrs) _____ Low _____ High _____
Built up	<input type="checkbox"/> Over 75%	<input type="checkbox"/> 25-75%	<input type="checkbox"/> Under 25%				
Growth rate	<input type="checkbox"/> Rapid	<input type="checkbox"/> Stable	<input type="checkbox"/> Slow				
Property values	<input type="checkbox"/> Increasing	<input type="checkbox"/> Stable	<input type="checkbox"/> Declining				
Demand/supply	<input type="checkbox"/> Shortage	<input type="checkbox"/> In balance	<input type="checkbox"/> Over supply				
Marketing time	<input type="checkbox"/> Under 3 mos.	<input type="checkbox"/> 3-6 mos.	<input type="checkbox"/> Over 6 mos.				

**Typical 2-4 family bldg.** Type \_\_\_\_\_ No. stories \_\_\_\_\_ No. units \_\_\_\_\_ Age \_\_\_\_\_ yrs.  
 Typical rents \$ \_\_\_\_\_ to \$ \_\_\_\_\_ Increasing  Stable  Declining   
 Est. neighborhood apt. vacancy \_\_\_\_\_ % Increasing  Stable  Declining   
 Rent controls  Yes  No  Likely  If yes or likely, describe \_\_\_\_\_  
**Present land use %**  
 One family \_\_\_\_\_  
 2-4 family \_\_\_\_\_  
 Multi-family \_\_\_\_\_  
 Commercial \_\_\_\_\_  
**Land use change**  
 Not likely  Likely  
 In process to: \_\_\_\_\_

Note: Race and the racial composition of the neighborhood are not appraisal factors.  
 Neighborhood boundaries and characteristics: \_\_\_\_\_

Factors that affect the marketability of the properties in the neighborhood (proximity to employment and amenities, employment stability, appeal to market, etc.): \_\_\_\_\_

The following available listings represent the most current, similar, and proximate 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				
Proximity to subject				
Listing price	\$ _____	<input type="checkbox"/> Unf. <input type="checkbox"/> Furn. \$ _____	<input type="checkbox"/> Unf. <input type="checkbox"/> Furn. \$ _____	<input type="checkbox"/> Unf. <input type="checkbox"/> Furn. \$ _____
Approximate GBA				
Data source				
# Units/Tot. rms/BR/BA				
Approximate year built				
Approx. days on market				

Comparison of listings to subject property: \_\_\_\_\_

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.: \_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

**SITE**

Dimensions \_\_\_\_\_  
 Site area \_\_\_\_\_ Corner lot  No  Yes  
 Specific zoning classification and description \_\_\_\_\_  
 Zoning compliance  Legal  Legal nonconforming (Grandfathered use)  Illegal  No zoning  
 Highest & best use as improved:  Present use  Other use (explain) \_\_\_\_\_  
**Utilities**  
 Electricity  Public  Other \_\_\_\_\_  
 Gas  \_\_\_\_\_  
 Water  \_\_\_\_\_  
 Sanitary sewer  \_\_\_\_\_  
 Storm sewer  \_\_\_\_\_  
**Off-site Improvements**  
 Street  Public  Private \_\_\_\_\_  
 Curb/gutter \_\_\_\_\_  
 Sidewalk \_\_\_\_\_  
 Street lights \_\_\_\_\_  
 Alley \_\_\_\_\_  
**Topography** \_\_\_\_\_  
 Size \_\_\_\_\_  
 Shape \_\_\_\_\_  
 Drainage \_\_\_\_\_  
 View \_\_\_\_\_  
 Landscaping \_\_\_\_\_  
 Driveway \_\_\_\_\_  
 Apparent easements \_\_\_\_\_  
 FEMA Special Flood Hazard Area  Yes  No  
 FEMA Zone \_\_\_\_\_ Map Date \_\_\_\_\_  
 FEMA Map No. \_\_\_\_\_

**COMMENTS**

Comments (apparent adverse easements, encroachments, special assessments, slide areas, illegal or legal nonconforming zoning, use, etc.): \_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

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<b>DESCRIPTION OF IMPROVEMENTS</b>	<b>General description</b>	<b>Exterior description</b> (Materials/condition)	<b>Foundation</b>	<b>Insulation</b> (R-value if known)
	Units/bldgs. _____/_____	Foundation _____	Slab _____	<input type="checkbox"/> Roof _____
	Stories _____	Exterior walls _____	Crawl space _____	<input type="checkbox"/> Ceiling _____
	Type (det./att.) _____	Roof surface _____	Sump Pump _____	<input type="checkbox"/> Walls _____
	Design (style) _____	Gutters & dwnspnts. _____	Dampness _____	<input type="checkbox"/> Floor _____
	Existing/proposed _____	Window type _____	Settlement _____	<input type="checkbox"/> None _____
	Under construction _____	Storm sash/Screens _____	Infestation _____	Adequacy _____
	Year Built _____	Manufactured housing* <input type="checkbox"/> Yes <input type="checkbox"/> No	Basement _____ % of 1st floor area	Energy efficient items: _____
	Effective age(yrs.) _____	*(Complies with the HUD Manufacturing Housing Construction and Safety Standards.)	Basement finish _____	

Improvements contain: \_\_\_\_\_ Rooms: \_\_\_\_\_ Bedroom(s): \_\_\_\_\_ Bath(s): \_\_\_\_\_ 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>DESCRIPTION OF IMPROVEMENTS</b>	<b>Surfaces</b> (Materials/condition)	<b>Heating</b>	<b>Kitchen equip.</b> ( # / unit- cond.)	<b>Attic</b>	<b>Car Storage</b> No. Cars
	Floors _____	Type _____	Refrigerator _____	<input type="checkbox"/> None	Garage <input type="checkbox"/>
	Walls _____	Fuel _____	Range/oven _____	<input type="checkbox"/> Stairs	Carport <input type="checkbox"/>
	Trim/finish _____	Condition _____	Disposal _____	<input type="checkbox"/> Drop stair	Attached <input type="checkbox"/>
	Bath floor _____		Dishwasher _____	<input type="checkbox"/> Scuttle	Detached <input type="checkbox"/>
	Bath wainscot _____	<b>Cooling</b>	Fan/hood _____	<input type="checkbox"/> Floor	Adequate <input type="checkbox"/>
	Doors _____	Central _____	Compactor _____	<input type="checkbox"/> Heated	Inadequate <input type="checkbox"/>
		Other _____	Washer/dryer _____	<input type="checkbox"/> Finished	Offstreet <input type="checkbox"/>
	Fireplace(s) # _____	Condition _____	Microwave _____	<input type="checkbox"/> Unfinished	None <input type="checkbox"/>
			Intercom _____		

Condition of the improvements, repairs needed, quality of construction, additional features, modernization, etc.: \_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

Depreciation (physical, functional, and external inadequacies, etc.): \_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

Adverse environmental conditions (such as, but not limited to, hazardous wastes, toxic substances, etc.) present in the improvements, on site, or in the immediate vicinity of the subject property: \_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

## VALUATION ANALYSIS

<b>COST APPROACH</b>	ESTIMATED SITE VALUE ..... = \$ _____	Comments on Cost Approach (such as, source of cost estimate, site value, square foot calculations and, for HUD and VA, the estimated remaining economic life on the property): _____	
	ESTIMATED REPRODUCTION COST - NEW OF IMPROVEMENTS:		
	_____ Sq. Ft. @ \$ _____ = \$ _____		
	_____ Sq. Ft. @ \$ _____ = \$ _____		
	_____ Sq. Ft. @ \$ _____ = \$ _____		
	_____ Sq. Ft. @ \$ _____ = \$ _____		
	_____ Sq. Ft. @ \$ _____ = \$ _____		
	_____ = \$ _____		
	_____ = \$ _____		
	_____ = \$ _____		
	_____ = \$ _____		
	_____ = \$ _____		
	Special Energy Efficient Items _____ = \$ _____		
	Porches, Patios, etc. _____ = \$ _____		
	Total Estimated Cost New ..... = \$ _____		

# SMALL RESIDENTIAL INCOME PROPERTY APPRAISAL REPORT

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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																						
Proximity to subject																						
Lease dates (if available)																						
Rent survey date																						
Data source																						
Rent concessions																						
Description of property - units, design, appeal, age, vacancies, and conditions	No. Units		No. Vac.		No. Units		No. Vac.		Yr. Blt.:		No. Units		No. Vac.		Yr. Blt.:		No. Units		No. Vac.		Yr. Blt.:	
	Yr. Blt.:																					
Individual unit breakdown	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
Utilities, furniture, and amenities included in rent																						
Functional utility, basement, heating/cooling, project amenities, etc.																						

COMPARABLE RENTAL DATA

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.)

**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 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.

LEASES		No. Units Vacant	ACTUAL RENTS				ESTIMATED RENTS			
Unit	Lease Date		Per Unit		Total Rents	Per Unit		Total Rents		
	Begin		End	Unfurnished		Furnished	Unfurnished		Furnished	
			\$	\$	\$	\$	\$	\$		
					\$			\$		

Other monthly income (itemize) \_\_\_\_\_ \$ \_\_\_\_\_

Vacancy: Actual last year \_\_\_\_\_ % Previous year \_\_\_\_\_ % Estimated: \_\_\_\_\_ % \$ \_\_\_\_\_ Annually **Total gross estimated rent** \$ \_\_\_\_\_

Utilities included in estimated rent:  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.: \_\_\_\_\_

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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**

**SALES COMPARISON ANALYSIS**

ITEM	SUBJECT	COMPARABLE SALE NO. 1				COMPARABLE SALE NO. 2				COMPARABLE SALE NO. 3						
Address																
Proximity to subject																
Sales price	\$	<input type="checkbox"/>	Unf.	<input type="checkbox"/>	Furn.	\$	<input type="checkbox"/>	Unf.	<input type="checkbox"/>	Furn.	\$	<input type="checkbox"/>	Unf.	<input type="checkbox"/>	Furn.	\$
Sales price per GBA	\$					\$					\$					
Gross monthly rent	\$					\$					\$					
Gross mo. rent mult. (1)																
Sales price per unit	\$					\$					\$					
Sales price per room	\$					\$					\$					
Data and/or Verification Sources																
ADJUSTMENTS	DESCRIPTION	DESCRIPTION	+(-) \$ Adjustment		DESCRIPTION	+(-) \$ Adjustment		DESCRIPTION	+(-) \$ Adjustment		DESCRIPTION	+(-) \$ Adjustment				
Sales or financing concessions																
Date of sale/time																
Location																
Leasehold/Fee Simple																
Site																
View																
Design and appeal																
Quality of construction																
Age																
Condition																
Gross Building Area		Sq. ft.				Sq. ft.				Sq. ft.						
Unit breakdown	No. of units	Rm. count			No. of units	Rm. count			No. of units	Rm. count			No. of units	Rm. count		
		Tot	Br	Ba		Vac.	Tot	Br		Ba	Vac.	Tot		Br	Ba	Vac.
Basement description																
Functional utility																
Heating/cooling																
Parking on/off site																
Project amenities and fee (if applicable)																
Net Adj. (total)		<input type="checkbox"/>	+	<input type="checkbox"/>	-	\$	<input type="checkbox"/>	+	<input type="checkbox"/>	-	\$	<input type="checkbox"/>	+	<input type="checkbox"/>	-	\$
Adjusted sales price of comparable						\$					\$					

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): \_\_\_\_\_

**INCOME**

ITEM	SUBJECT	COMPARABLE NO. 1				COMPARABLE NO. 2				COMPARABLE NO. 3			
Date, Price and Data													
Source for prior sales within year of appraisal													
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:													

Total gross monthly estimated rent \$ \_\_\_\_\_ x gross rent multiplier (GRM) \_\_\_\_\_ = \$ \_\_\_\_\_ INDICATED VALUE BY INCOME APPROACH

Comments on income approach (including expense ratios, if available, and reconciliation of the GRM) \_\_\_\_\_

**RECONCILIATION**

INDICATED VALUE BY SALES COMPARISON APPROACH \$ \_\_\_\_\_

INDICATED VALUE BY INCOME APPROACH \$ \_\_\_\_\_

INDICATED VALUE BY COST APPROACH \$ \_\_\_\_\_

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: \_\_\_\_\_

Final reconciliation: \_\_\_\_\_

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 \_\_\_\_\_ (WHICH IS THE DATE OF INSPECTION AND THE EFFECTIVE DATE OF THIS REPORT) TO BE \$ \_\_\_\_\_.

APPRaiser: \_\_\_\_\_ Signature: \_\_\_\_\_ Supervisory Appraiser (Only if Required): \_\_\_\_\_  Did  Did Not

Name: **Cal Lewis, Cert. General Appraiser** Name: \_\_\_\_\_ Inspect Property

Date Report Signed: \_\_\_\_\_ Date Report Signed: \_\_\_\_\_

State Certification #: **4000961** State: **MN** State Certification #: \_\_\_\_\_ State: \_\_\_\_\_

Or State License #: \_\_\_\_\_ Or State License #: \_\_\_\_\_

# Operating Income Statement

One- to Four-Family Investment Property and Two- to Four-Family Owner-Occupied Property

**Property Address**

Street \_\_\_\_\_ City \_\_\_\_\_ State \_\_\_\_\_ Zip Code \_\_\_\_\_

**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 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.

	Currently Rented		Expiration Date	Current Rent Per Month	Market Rent Per Month	Utility Expense	Paid	
	Yes	No					By Owner	By Tenant
Unit No. 1	Yes _____	No _____	_____	\$ _____	\$ _____	Electricity	_____	_____
Unit No. 2	Yes _____	No _____	_____	\$ _____	\$ _____	Gas	_____	_____
Unit No. 3	Yes _____	No _____	_____	\$ _____	\$ _____	Fuel Oil	_____	_____
Unit No. 4	Yes _____	No _____	_____	\$ _____	\$ _____	Fuel (Other)	_____	_____
<b>Total</b>				\$ _____	\$ _____	Water/Sewer	_____	_____
						Trash Removal	_____	_____

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 those types of properties are included in PITI and not calculated as an annual expense item). Income should be based on 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**

Income	By Applicant/Appraiser	Adjustments by Lender's Underwriter
Gross Annual Rental (from unit(s) to be rented)	\$ _____	\$ _____
Other Income (include sources)	+ _____	+ _____
Total	\$ _____	\$ _____
Less Vacancy/Rent Loss	- _____ ( %)	- _____ ( %)
Effective Gross Income	\$ _____	\$ _____

**Expenses (Do not include expenses for owner-occupied units)**

Electricity	_____	_____
Gas	_____	_____
Fuel Oil	_____	_____
Fuel (Type - _____)	_____	_____
Water/Sewer	_____	_____
Trash Removal	_____	_____
Pest Control	_____	_____
Other Taxes or Licenses	_____	_____
Casual Labor	_____	_____
This includes the cost for public area cleaning, snow removal, etc., even though the applicant may not elect to contract for such services.		
Interior Paint/Decorating	_____	_____
This includes the costs of contract labor and materials that are required to maintain the interiors of the living units.		
General Repairs/Maintenance	_____	_____
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	_____	_____
These are the customary expenses that a professional management company would charge to manage the property.		
Supplies	_____	_____
This includes the costs of items like light bulbs, janitorial supplies, etc.		
Total Replacement Reserves - See Schedule on Pg. 2	_____	_____
Miscellaneous	_____	_____
_____	_____	_____
_____	_____	_____
_____	_____	_____
_____	_____	_____
_____	_____	_____
_____	_____	_____
_____	_____	_____
<b>Total Operating Expenses</b>	<b>\$ _____</b>	<b>\$ _____</b>

**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	@ \$ _____ ea.	÷ _____ Yrs. x _____	Units = \$ _____	\$ _____	\$ _____
Refrigerators	@ \$ _____ ea.	÷ _____ Yrs. x _____	Units = \$ _____	\$ _____	\$ _____
Dishwashers	@ \$ _____ ea.	÷ _____ Yrs. x _____	Units = \$ _____	\$ _____	\$ _____
A/C Units	@ \$ _____ ea.	÷ _____ Yrs. x _____	Units = \$ _____	\$ _____	\$ _____
C. Washer/Dryers	@ \$ _____ ea.	÷ _____ Yrs. x _____	Units = \$ _____	\$ _____	\$ _____
HW Heaters	@ \$ _____ ea.	÷ _____ Yrs. x _____	Units = \$ _____	\$ _____	\$ _____
Furnace(s)	@ \$ _____ ea.	÷ _____ Yrs. x _____	Units = \$ _____	\$ _____	\$ _____
(Other)	@ \$ _____ ea.	÷ _____ Yrs. x _____	Units = \$ _____	\$ _____	\$ _____
Roof	@ \$ _____	÷ _____ Yrs. x One Bldg. =		\$ _____	\$ _____
<b>Carpeting (Wall to Wall)</b>		<b>Remaining Life</b>			
(Units)	_____ Total Sq. Yds. @ \$ _____	_____ Per Sq. Yd. ÷ _____ Yrs. =	\$ _____	\$ _____	\$ _____
(Public Areas)	_____ Total Sq. Yds. @ \$ _____	_____ Per Sq. Yd. ÷ _____ Yrs. =	\$ _____	\$ _____	\$ _____
<b>Total Replacement Reserves. (Enter on Pg.1)</b>				\$ _____	\$ _____

**Operating Income Reconciliation**

\$ _____	- \$ _____	= \$ _____	÷ 12 = \$ _____
Effective Gross Income	Total Operating Expenses	Operating Income	Monthly Operating Income
\$ _____	- \$ _____	= \$ _____	
Monthly Operating Income	Monthly Housing Expense	Net Cash Flow	

(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 borrow'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.

**Underwriters'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)

\_\_\_\_\_  
 Cal Lewis, Cert. General Appraiser  
 Appraiser Name Appraiser Signature Date

Underwriter's Comments and Rationale for Adjustments

\_\_\_\_\_  
 Underwriter Name Underwriter Signature Date