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**City of Las Cruces**<sup>®</sup>  
 PEOPLE HELPING PEOPLE

**Council Action and Executive Summary**

Item # 6

Ordinance/Resolution# 12-040

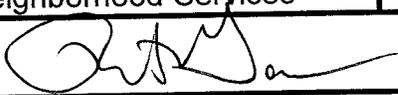
For Meeting of \_\_\_\_\_  
 (Ordinance First Reading Date)

For Meeting of September 6, 2011  
 (Adoption Date)

**TITLE: A RESOLUTION APPROVING EXCEPTIONS TO THE HOME REHABILITATION HANDBOOK, INCLUDING PAYING OFF A SECOND MORTGAGE, FOR A HOME REHABILITATION PROJECT FOR THE RESIDENCE LOCATED AT 1010 LUNA STREET.**

**PURPOSE(S) OF ACTION:**

Approve the payoff of a second mortgage and various exceptions to the City requirements in order to rehabilitate the home at 1010 Luna Street.

<b>COUNCIL DISTRICT: 3</b>		
<b><u>Drafter/Staff Contact:</u></b> Maria Fahrenkrog	<b><u>Department/Section:</u></b> Community Development/ Neighborhood Services	<b><u>Phone:</u></b> 528-3177
<b><u>City Manager Signature:</u></b>		

**BACKGROUND / KEY ISSUES / CONTRIBUTING FACTORS:**

Ms. Brandy Loughborough, whose residence is located at 1010 Luna Street, has applied to participate in the City Home Rehabilitation Program. The house is inhabited by the homeowner and her two minor children, ages 8 and 4. Ms. Loughborough is employed, receives child support and has an annual income which equals 39% of the area median income.

Ms. Loughborough purchased her home in June 2007. She has a first mortgage with Charter Bank and a second mortgage with the U.S Department of Housing and Urban Development (HUD), which is due after the first mortgage has been paid in full. Per the City's Home Rehabilitation Handbook guidelines, the program is not allowed to be in third lien position without City Council approval. Contained within the resolution is a request to authorize home rehabilitation funds to pay off the HUD mortgage and allow the City's assistance to be the second mortgage position.

Ms. Loughborough's home will benefit from the City's Home Rehabilitation Program as it needs new windows, a new central heating and cooling system, installation of an updated gas line, exterior doors, and the addition of a laundry room to house the washer, dryer and water heater, which are presently in the kitchen. The house also needs some plumbing and electrical updates and the foam covered roof needs to be resealed. A detailed work write-up of the proposed work to be done to this property is attached (See Attachment "A").

Because of Ms. Loughborough's low income; she would qualify for both a grant for soft cost, weatherization, and energy efficiency upgrades and a Deferred Payment Loan (DPL) for the remainder of construction cost, which is due upon sale or transfer of the home. However, due to the limited amount of equity in the home and the cost of the necessary repairs, City Council approval is necessary for other exceptions to the City's Home Rehabilitation Program requirements in order to assist Ms. Loughborough and her family in making their home energy efficient, safe and sanitary. These exceptions can be granted by the City Council in approving the proposed, attached resolution. The exceptions are:

1. An exception for a higher than normal loan-to-value ratio;
2. An exception for an accelerated forgiveness rate on the grants proposed to be provided; and
3. An exception to grant the homeowner grants only, rather than a Deferred Payment Loan (DPL), which is normally what she would qualify for. Instead of a DPL, Ms. Loughborough would receive one grant that would be forgiven at the end of four years instead of 12 and a second grant that would be forgiven immediately.

Attachment "D" provides an outline of all the exceptions proposed that are further detailed within the body of the proposed resolution. If approved, Ms. Loughborough would receive energy efficient improvements to her home that will help to reduce her monthly utility bills while receiving assistance that is affordable to her income.

**SUPPORT INFORMATION:**

1. Resolution.
2. Attachment "A", Work write-up and staff estimate.
3. Attachment "B", After-rehabilitation appraisal.
4. Attachment "C", Photos of the home.
5. Attachment "D", Exception details.

**SOURCE OF FUNDING:**

<b>Is this action already budgeted?</b>	Yes	<input checked="" type="checkbox"/>	See fund summary below
	No	<input type="checkbox"/>	If No, then check one below:
	<i>Budget Adjustment Attached</i>	<input type="checkbox"/>	Expense reallocated from: _____
		<input type="checkbox"/>	Proposed funding is from a new revenue source (i.e. grant; see details below)
	<input type="checkbox"/>	Proposed funding is from fund balance in the _____ Fund.	
<b>Does this action create any revenue?</b>	Yes	<input type="checkbox"/>	Funds will be deposited into this fund: _____ in the amount of \$ _____ for FY ____.
	No	<input checked="" type="checkbox"/>	There is no new revenue generated by this action.

**BUDGET NARRATIVE**

The staff is proposing to use uncommitted balances from the Program Year 2009 CDBG funds that were set-aside for home rehabilitation projects. As per HUD regulations, the City must utilize and expend the oldest available funds for projects.

**FUND EXPENDITURE SUMMARY:**

Fund Name(s)	Account Number(s)	Expenditure Proposed	Available Budgeted Funds in Current FY	Remaining Funds	Purpose for Remaining Funds
Community Development (Fund 2000)	20184240-722195-10209	\$45,630.67	\$98,282.97	\$52,652.30	Other home rehab projects

**OPTIONS / ALTERNATIVES:**

1. Vote "Yes"; this will approve the Resolution and provide funding to pay off Ms. Loughborough's second mortgage with HUD, and grant the necessary exceptions to the City's Home Rehabilitation Program to allow necessary grants to improve the homeowner's living situation while helping her to obtain equity without cost burdening her and still protecting the City's investment.
2. Vote "No"; this will not approve the Resolution to provide funding to pay off Ms. Loughborough's second mortgage with HUD, nor will it grant the necessary exceptions to the City's Home Rehabilitation Program to allow necessary grants to improve the homeowner's living situation.
3. Vote to "Amend"; further direction would come from City Council.
4. Vote to "Table"; and provide direction to staff.

**REFERENCE INFORMATION:**

The resolution(s) and/or ordinance(s) listed below are only for reference and are not included as attachments or exhibits.

1. N/A

**RESOLUTION NO. 12-040****A RESOLUTION APPROVING EXCEPTIONS TO THE HOME REHABILITATION HANDBOOK, INCLUDING PAYING OFF A SECOND MORTGAGE, FOR A HOME REHABILITATION PROJECT FOR THE RESIDENCE LOCATED AT 1010 LUNA STREET.**

The City Council is informed that:

**WHEREAS**, the Home Rehabilitation staff has processed the application for a home rehabilitation project for Ms. Brandy Loughborough, whose house is located at 1010 Luna Street; and

**WHEREAS**, the homeowner is a single person who lives with her two minor children and has an annual income of \$15,450.00, which is 39% of the median income; and

**WHEREAS**, staff is requesting home rehabilitation funds in the approximate amount of \$4,022.44 to pay off a second mortgage on the house and get a release of lien so the City's mortgage can take second position per the Home Rehabilitation Program guidelines; and

**WHEREAS**, the home needs insulated windows, a new heating and cooling system, exterior doors, the addition of a laundry room, soft cost expenses, and contingency funds to cover change orders that may arise; and

**WHEREAS**, the total approximate funding needed for this project is \$45,630.67; and

**WHEREAS**, any surplus monies after construction will be returned to the uncommitted Home Rehabilitation Program account; and

**WHEREAS**, the appraisal of the property after rehabilitation is \$94,000.00; and

**WHEREAS**, under the Home Rehabilitation Handbook guidelines, because of the

lack of equity in the dwelling the homeowner does not qualify for all of the requirements of the Home Rehabilitation Program without review and approval of certain exceptions being granted by City Council; and

**WHEREAS**, the City Council has the authority to grant exceptions to the Home Rehabilitation Program guidelines.

**NOW, THEREFORE**, be it resolved by the governing body of the City of Las Cruces:

**(I)**

**THAT** the Home Rehabilitation Project for Ms. Brandy Loughborough at 1010 Luna Street, is hereby granted the following Home Rehabilitation Handbook authorization and exceptions, which will allow Ms. Loughborough to receive a grant under the Home Rehabilitation guidelines for the following activities, dollar amounts and program exceptions:

- a) Home rehabilitation funding to payoff HUD's second loan on her property in the amount of \$4,022.44. No exception needed.
- b) An exception to Chapter VI, Part C-2, Loan-to-Value Ratio of the Home Rehabilitation Handbook in excess of 95%.
- c) An exception to Chapter VII, Part E-4, Program Costs-Grants of the Home Rehabilitation Handbook to allow the owner, Ms. Loughborough, to have a grant of \$11,732.00 which shall be forgiven at the rate of \$3,000.00 per year rounded to the next highest \$3,000.00 whole dollars.
- d) An exception to Chapter VIII C-1, Terms of the Loan of the Home Rehabilitation Handbook to provide the owner, Ms. Loughborough, the

balance of \$33,898.67 (could be less, depending on the use of contingency funds) that would be given to her as a grant, to be forgiven immediately after the completion of construction.

(II)

THAT City staff is hereby authorized to do all deeds necessary in the accomplishment of the herein above.

DONE AND APPROVED this \_\_\_\_\_ day of \_\_\_\_\_ 2011.

APPROVED:

\_\_\_\_\_  
Mayor

ATTEST:

\_\_\_\_\_  
City Clerk

(SEAL)

Moved by: \_\_\_\_\_

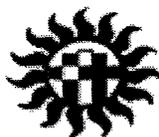
Seconded by: \_\_\_\_\_

VOTE:

Mayor Miyagishima: \_\_\_\_\_  
Councillor Silva: \_\_\_\_\_  
Councillor Connor: \_\_\_\_\_  
Councillor Pedroza: \_\_\_\_\_  
Councillor Small: \_\_\_\_\_  
Councillor Sorg: \_\_\_\_\_  
Councillor Thomas: \_\_\_\_\_

APPROVED AS TO FORM:

  
\_\_\_\_\_  
City Attorney



# City of Las Cruces

## Staff Estimate

Owner: Brandy Loughborough Date: 05/05/2011  
 Address: 1010 Luna Application #: 1488  
 Home Rehab. Coordinator: Ray Sartin  
 Date of walk-thru: 5-20-2011 Phone #'s Home: (575) 494-4565

### TO ALL CONTRACTORS:

All work must conform to the general specifications, all Building Codes, and Zoning Laws. All required permits in accordance with the Municipal Code of the City of Las Cruces must be secured prior to the start of any demolition or construction on this project.

**LEAD BASED PAINT:** A Lead-based Paint Inspection/Risk Assessment was performed on this property. The Inspection has determined that there is no lead-based paint in the property at concentration at or above 1.0 mg/cm<sup>2</sup>.

**WORKMANSHIP:** All work shall be neatly done in a workmanlike manner and shall be uniform in appearance. All work and materials must conform to the Construction Standards of the Home Rehabilitation Handbook. Contractors shall be responsible for any work that does not meet Home Rehabilitation Standards. The Contractor will provide all material unless otherwise specified. Changes in material and/or work requirements will not be accepted for payment unless given prior approval in writing by Rehab Coordinator, Homeowner, and Supervisors. No work is to be performed before receiving such approval.

At the time of Final Inspection all warranties and guarantees for any new appliances that have been installed shall be filled out and dated to include name, address, and dealer where appliances were purchased. All inspection permits shall be delivered and all building debris and trash must be removed from the job site before final inspection. The Contractor, Home Rehab. Coordinator and Homeowner shall be present at final inspection.

The contractor is to provide plans, as required by the City for review. To include site plan, showing location on lot, glazing schedule, floor plan, electrical, plumbing, HVAC, etc.

### Work Write-up

Contractor to verify all information at job site. All measurements and / or estimations are for staff use only. Bidding contractors are responsible for taking their own measurements for the purpose of calculating their bids. Failure to do so may result in disqualification.

Accepted by Home Owner: \_\_\_\_\_ Date: \_\_\_\_\_

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## Roofing:

**Re-Surface of Existing Roof:** Remove the A/C flashing, stand, and all unused appurtenances penetrating the roof, including the solar panels, piping, stands, unused vents, electrical, etc., and fill in openings with approved decking material and insulation matching surrounding roof. Have the entire roof, including the car port, cleaned, repaired and re-surfaced after patching and additional penetrations are made, with a white, Acrylic finish coat, by a roofing company with experience and personnel trained to work with, Sprayed-Foam Polyurethane Insulation Systems. **A minimum warranty of one year must be provided by the roofing company.** Provide any cleaning, materials, equipment, labor, and any preparation needed to complete as new installation, meeting all minimum code requirements. Remove any attic vents or roof vents, insulate openings with air tight insulation and seal openings.

TOTAL:     \$ 3,500    

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## Windows/Doors:

**Windows:** Replace all existing, exterior, single pane, windows, and install new Low-E, vinyl, Energy Star® Rated windows with screens. Leave the glass block windows as is. The sizes and locations of the windows will be as existing. Exceptions: One window in each bedroom must meet Emergency Escape and Rescue requirements, per. the IRC (Egress), and the bathroom window will not be replaced. Instead install a 20X20 window in the new laundry room. Owner is to choose color of window frames.

**Exterior Doors:** Install (1), 36", metal, 1 ¾" thick, insulated, raised six-panel, pre-hung, door, with threshold, vinyl sweep, and aluminum sills, in place of the kitchen door. The door will be "Ranch Style" with window. The door, all molding and trim around doors, are to be installed and prepared for paint. Repair or replace all the weather stripping on the front door. Install new, door levers handles, bolt locks and matching lock sets on all exterior doors.

All necessary adjustments and repairs on interior and exterior walls will be finished to meet home rehab standards, and painted to match the existing as close as possible.

TOTAL:     \$4,500    

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## HVAC:

**Air Conditioner:** Install new evaporative air conditioner on a stand, and concrete pad, on the ground outside the back wall. \*A/C is to be MasterCool®, Champion®, or pre-approved equal, single pad type, minimum 5,500 cfm, with a minimum 3/4 horse power, two-speed motor and new THERMOSTATIC switch.

**Heating:** Install a new, Energy Star rated, direct vent, forced air, natural gas furnace, and heating system\*, complete with new DIGITAL, PROGRAMMABLE thermostat. The new furnace will be in the central hall closet.

**Duct System:** ~~Install a complete new, insulated, metal, duct distribution system in the duct chase provided by the contractor.~~ Short runs of flexible duct, no longer than fifteen feet, are approved. Ensure duct extends to all rooms, excluding the laundry room, install new adjustable air supply registers, and return air duct to the hall, with register. Connect duct of the furnace and A/C with dampers for season change.

**General:** Remove the existing wall heater and vent. Remove the existing dryer vent. Provide and install a through the wall dryer vent in the new dryer location. Provide and install an exhaust duct

for the new exhaust fan in the bath room. Provide any hardware, or materials required to complete all as a new installation, meeting all minimum code requirements. The equipment and systems installations are to meet or exceed the manufactures installation requirements and the IRC. Provide one seasonal start up of the new furnace and one for the new A/C, one at the final of the Rehab project for the current season, the other at the next seasonal change, when requested by the owner. Install a new filter at the end of construction for the final inspection.

\*New furnace and duct work for HVAC system will be properly sized by the Contractor for existing conditions meeting the standards of ACCA Manual's D and J and will include load calculation. Include drawings and calculations with plans to the home rehab staff, for review, prior to construction.

**No work may be concealed without the inspection approval of the Mechanical Inspector.**

TOTAL:     \$7,500    

\*\* A/C must be on the El Paso Electric list for the High Efficiency Cooling Program for rebate. Provide the homeowner with all documentation needed to apply for the rebate.

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### Electrical:

Relocate, remove, or add receptacles, wiring, fixtures, and controls, as needed to maintain code compliance and to accommodate changes to the building due to rehabilitation. Provide any hardware, or materials required to complete the work listed here and ensure applicable code compliance. Replace any damaged or unsafe wiring found during construction.

#### Provide and Install:

- 1) Remove the existing electrical service. Replace with a new, single meter, complete electrical service, amperage calculated by contractor based on new house load, 100 amp minimum. Insure that grounding electrode system is complete, and complies with current State of NM requirements.
- 2) Provide new circuits and receptacle outlets, with new wiring, for the furnace, a/c, laundry room, and exhaust fan. Connect all equipment to electrical system.
- 3) Replace ceiling fixture junction boxes in bedrooms, kitchen, and living room with boxes listed for ceiling fans.
- 4) Replace fixtures as needed and as requested by the owner. Fixture Allowance is \$350. All fixtures are to be selected by owner.
- 5) Provide and install a new, **ENERGY STAR** rated, bathroom exhaust fan.
- 6) Wire the new laundry room to full code compliance. Provide for an electrical and a gas dryer, washing machine, light and at least one other receptacle, located for easy access. Remove unused 240 volt electrical wiring and devices from kitchen.

**All new work must comply with applicable codes, and inspection approvals by the Electrical Inspector.**

TOTAL:     \$ 5,000    

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## Plumbing:

**Gas:** Replace the gas piping system entirely, to provide for all new and existing gas appliances. To include the water heater, range, furnace, and dryer, at new locations. System is to be sized by the contractor for the new appliances and locations. Do not reuse any underground gas piping. Coordinate with other contractors for BTU usage needs. Install new gas stops and flexible gas connectors on all gas appliances. Cap abandoned gas outlets in the walls. Remove abandoned exterior gas lines. Mercury test and ensure the system is leak free.

**Laundry Room:** Remove all the piping for the washer and water heater from the kitchen and cap in the walls. Relocate piping to allow for the water the new water heater Tie into the drain and water supplies outside the building under the car port and re-pipe to provide a washer drain with hot and cold water in the new laundry room. Install a natural gas, tank-less direct vent, water heater, sized for this home, in the laundry room. All water piping in the laundry room will be insulated with at least ½" thick foam insulation and ran outside the walls on the interior of the laundry room. The piping exposed under the car port will be covered with an insulated chase built by the contractor.

### General:

- 1) Replace the bathtub faucet with a new single handle, Delta, chrome, tub and shower valve, including full trim kit.
- 2) Disconnect the piping connections from the solar system re-pipe system, remove, and/or cap off in walls, or below roof. Remove or cap off, in the walls, or out of site, any unused piping.
- 3) Remove existing water heater and install a new, indoor, tank-less, direct-vent, natural gas, water heater, new water flexes, full-way ball valve, and temp/press relief valve, in the new laundry room above the dryer. The water heater is to be sized to supply at least 5 GPM at 50° temperature rise, with a minimum, 12yr warranty. Provide and install the manufactures, direct-vent kit.
- 4) Replace the water supply tubing to the A/C with all new copper from the existing location, or nearest hose-bib. Replace the valve and adaptor at the supply connection
- 7) Provide any hardware, or materials required to complete as a new installation, meeting all minimum code requirements. Replace or repair any elements of the structure affected by the installation of new work.

**No work may be concealed without the inspection approval of the Mechanical Inspector.**

TOTAL:     \$ 4,500    

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**Other:**

- 1) Raise the carport eave, level with the highest outside corner. Support with new posts on concrete piers.
- 2) Build a furnace closet in place of the linen closet, opening into the hall, see plan for location. The furnace closet will need to extend into the adjacent clothes closet to meet size requirements. Make adjustments as required, remove the closet door in the bedroom and finish opening to match the surrounding walls.
- 3) Build a 6' X 30", cloths closet in the master bedroom, to Home Rehab Standards, see plan location. Include a shelf, cloths rod, and bi-fold door.
- 4) Furr down the hall ceiling and closets to allow for new duct work. The ceiling above the duct chase must be sealed air tight. Build any duct chases needed to allow complete and full coverage of heating and cooling system. All ducts, not in the furnace closet, must be installed in duct chases. Build an insulated duct chase on the exterior wall for the A/C duct. Finish and match the surrounding with stucco and paint.
- 5) Build a laundry room under the car port across the west end; approximately 5ft.X7ft, interior dimensions, see detail, using 2x4 construction. The room will be built as if it were a living space, R-13 insulation in the walls and R-19 in the existing rafter space. Includes, electrical, lighting (see Electrical), plumbing (see Plumbing), one window, and one door (see Window/Doors), sheetrock, finished and painted, to meet Home Rehab Standards, stucco to match remainder of the house. No additional flooring required. Build and install insulated box to cover the exterior plumbing, finish whit stucco.
- 6) Seal all openings left in the kitchen after plumbing, electrical, and dryer vents are removed, match surrounding.
- 7) Remove the window in the bathroom, insulate and seal the opening, finish with ceramic tile on the interior to use as a soap niche. Replace the tile in the shower area removed for the shower valve replacement. Homeowner is to pick tile color and pattern. Finish the exterior to match surrounding.
- 8) The homeowner and family will be staying in the home during rehab so coordination during construction is vital. The water, gas, and electrical will be left on with only temporary, scheduled outages lasting no longer than one work day.

**General for all work:** Provide any hardware, equipment, fixtures, labor, or materials required to complete all work listed above as new installations, meeting all minimum code requirements and the Home Rehabilitation Standards. Include all necessary adjustments and replace or repair any elements of the structure affected by the installation of new work and repairs and all will be finished, and painted to match surrounding surfaces and meet Home Rehabilitation Standards.

**TOTAL:**     \$5,500    

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**Clean up:**

Clean exterior and interior of all windowpanes and frames. Clean all plumbing fixtures. Vacuum all carpeting, clean all vinyl, and leave all porches and walks in a broom clean condition. Remove all paint spills, drywall mud, plaster, etc., from all surfaces.

Staff Estimate

- Include Performance Bond of 3% in Total

ROOFING	\$	<u>3,500.00</u>
WINDOWS	\$	<u>4,500.00</u>
HVAC	\$	<u>7,500.00</u>
ELECTRICAL	\$	<u>5,000.00</u>
PLUMBING	\$	<u>4,500.00</u>
OTHER	\$	<u>5,500.00</u>
Sub Total:	\$	<u>30,500.00</u>
Tax: @ 7.5625%	\$	<u>2,306.56</u>
<b>Total:</b>	<b>\$</b>	<b><u>32,806.56</u></b>

Length of time needed to complete this project.

Calendar Days: 90

\_\_\_\_\_  
Construction Company

\_\_\_\_\_  
Contractor

\_\_\_\_\_  
Telephone Number

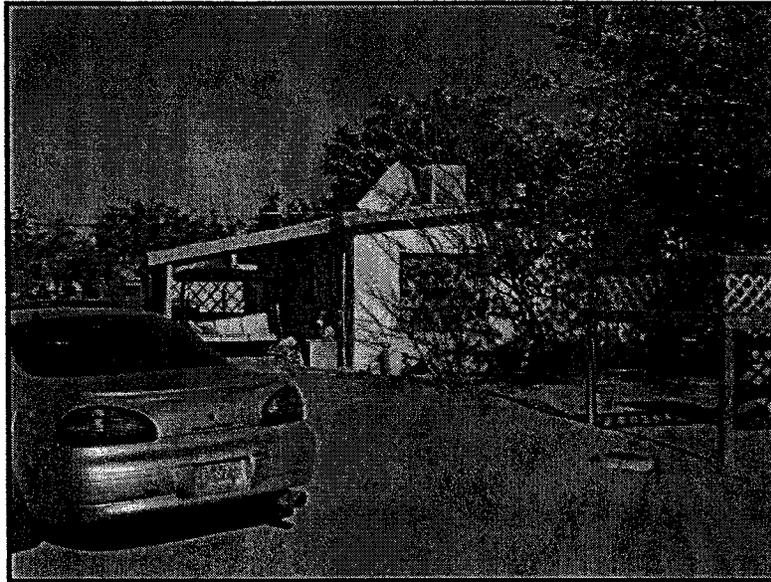
\_\_\_\_\_  
Signature

\_\_\_\_\_  
Date

This bid price guaranteed for 60 days after the bid closing date.

Borrower/Client Brandy Loughborough			File No.	
Property Address 1010 Luna St				
City Las Cruces	County Dona Ana	State NM	Zip Code	88001-4107
Lender City of Las Cruces				

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Borrower	Brandy Loughborough		File No.
Property Address	1010 Luna St		
City	Las Cruces	County	Dona Ana
		State	NM
Lender/Client	City of Las Cruces		
		Zip Code	88001-4107

**APPRAISAL AND REPORT IDENTIFICATION**

This Appraisal Report is one of the following types:

- Self Contained (A written report prepared under Standards Rule 2-2(a), pursuant to the Scope of Work, as disclosed elsewhere in this report.)
- Summary (A written report prepared under Standards Rule 2-2(b), pursuant to the Scope of Work, as disclosed elsewhere in this report.)
- Restricted Use (A written report prepared under Standards Rule 2-2(c), pursuant to the Scope of Work, as disclosed elsewhere in this report, restricted to the stated intended use by the specified client or intended user.)

**Comments on Standards Rule 2-3**

I certify that, to the best of my knowledge and belief:

- The statements of fact contained in this report are true and correct.
- The reported analyses, opinions, and conclusions are limited only by the reported assumptions and limiting conditions and are my personal, impartial, and unbiased professional analyses, opinions, and conclusions.
- I have no (or the specified) present or prospective interest in the property that is the subject of this report and no (or the specified) personal interest with respect to the parties involved.
- I have no bias with respect to the property that is the subject of this report or the parties involved with this assignment.
- My engagement in this assignment was not contingent upon developing or reporting predetermined results.
- My compensation for completing this assignment is not contingent upon the development or reporting of a predetermined value or direction in value that favors the cause of the client, the amount of the value opinion, the attainment of a stipulated result, or the occurrence of a subsequent event directly related to the intended use of this appraisal.
- My analyses, opinions, and conclusions were developed, and this report has been prepared, in conformity with the Uniform Standards of Professional Appraisal Practice that was in effect at the time this report was prepared.
- Unless otherwise indicated, I have made a personal inspection of the property that is the subject of this report.
- Unless otherwise indicated, no one provided significant real property appraisal assistance to the person(s) signing this certification (if there are exceptions, the name of each individual providing significant real property appraisal assistance is stated elsewhere in this report).
- Unless otherwise indicated, I have performed no services regarding the subject property within the prior three years, as an appraiser or in any other capacity.

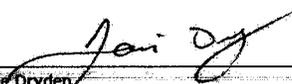
**Comments on Appraisal and Report Identification**

Note any USPAP related issues requiring disclosure and any State mandated requirements:

This report is intended for loan analysis. It is not intended for any other use.

This report is intended for use only by City of Las Cruces and their secondary market agent. Use of this report by others is not intended by this appraiser.

**APPRAISER:**

Signature:   
Name: Jamie Dryden  
Designation: General Certified  
Date Signed: 06/14/11  
State Certification #: 000385-G  
or State License #: \_\_\_\_\_  
State: NM  
Expiration Date of Certification or License: 4/30/2013  
Effective Date of Appraisal: 06/10/11

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

Signature: \_\_\_\_\_  
Name: \_\_\_\_\_  
Designation: \_\_\_\_\_  
Date Signed: \_\_\_\_\_  
State Certification #: \_\_\_\_\_  
or State License #: \_\_\_\_\_  
State: \_\_\_\_\_  
Expiration Date of Certification or License: \_\_\_\_\_  
Supervisory Appraiser inspection of Subject Property:  
 Did Not  Exterior-only from street  Interior and Exterior

Summary Appraisal Report

89  
Uniform Residential Appraisal Report

File #

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 1010 Luna St City Las Cruces State NM Zip Code 88001-4107  
 Borrower Brandy Loughborough Owner of Public Record Brandy Loughborough County Dona Ana  
 Legal Description Lot 9, Hoosier Subdivision  
 Assessor's Parcel # 02-10535 Tax Year 2010 R.E. Taxes \$ 736.66  
 Neighborhood Name Map Reference Census Tract 0006.00  
 Occupant  Owner  Tenant  Vacant Special Assessments \$  PUD HOA \$  per year  per month  
 Property Rights Appraised  Fee Simple  Leasehold  Other (describe)  
 Assignment Type  Purchase Transaction  Refinance Transaction  Other (describe) Rehabilitation  
 Lender/Client City of Las Cruces Address 700 N. Main St., Las Cruces, NM 88005  
 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?  Yes  No  
 Report data source(s) used, offering price(s), and date(s). Owner & Per MLS

I  did  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

Contract Price \$ Date of Contract Is the property seller the owner of public record?  Yes  No Data Source(s)  
 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?  Yes  No  
 If Yes, report the total dollar amount and describe the items to be paid.

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 checked="" type="checkbox"/> Urban <input 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	45 %		
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	47	Low 10	Multi-Family	%		
Neighborhood Boundaries The neighborhood boundaries are as follows: North-E. Lohman, South-E. Idaho, East-Triviz, West-Solano Drive.			275	High 60	Commercial	15 %	
			125	Pred. 40	Other	38 %	

Neighborhood Description This area is located in central Las Cruces. This is a older part of town with a mix of commercial as well as single family use. Public busing is provided to public schools where necessary. There is a convenience store within walking distance that provides neighborhood shopping. A portion of the vacant land is used for community center, park, school, and church.  
 Market Conditions (including support for the above conclusions) It is the opinion of this Appraiser, based on sales and market activity for the past few years, that property values, supply/demand and marketing time are as reflected in the Neighborhood section. At this time financing does not appear to have an adverse effect on the marketability of properties in the area.

Dimensions Subject to Survey Area .18 Acre Shape Rectangular View Average  
 Specific Zoning Classification R-1a Zoning Description Single Family Medium Density  
 Zoning Compliance  Legal  Legal Nonconforming (Grandfathered Use)  No Zoning  Illegal (describe)  
 Is the highest and best use of subject property as improved (or as proposed per plans and specifications) the present use?  Yes  No If No, describe Current use is as a single family homesite.  
 Utilities Public Other (describe) Public Other (describe) Off-site Improvements - Type Public Private  
 Electricity   Water   Street Asphalt    
 Gas   Sanitary Sewer   Alley Yes    
 FEMA Special Flood Hazard Area  Yes  No FEMA Flood Zone X FEMA Map # 35013C0632F FEMA Map Date 9/6/1995  
 Are the utilities and off-site improvements typical for the market area?  Yes  No If No, describe  
 Are there any adverse site conditions or external factors (easements, encroachments, environmental conditions, land uses, etc.)?  Yes  No If Yes, describe  
 No adverse encroachments noted. Easements of record. Utility easements are common for the area and are not detrimental to the marketability or value of properties.

General Description	Foundation	Exterior Description	materials/condition	Interior	materials/condition
Units <input checked="" type="checkbox"/> One <input type="checkbox"/> One with Accessory Unit	<input checked="" type="checkbox"/> Concrete Slab <input type="checkbox"/> Crawl Space	Foundation Walls	Concrete/Avg	Floors	Cpt, Tile/Avg
# of Stories 1	<input type="checkbox"/> Full Basement <input type="checkbox"/> Partial Basement	Exterior Walls	Stucco/Avg	Walls	Drywall/Avg
Type <input checked="" type="checkbox"/> Det. <input type="checkbox"/> Att. <input type="checkbox"/> S-Det/End Unit	Basement Area N/A sq.ft.	Roof Surface	Foam/PR	Trim/Finish	Wood/Avg
<input type="checkbox"/> Existing <input type="checkbox"/> Proposed <input type="checkbox"/> Under Const.	Basement Finish %	Gutters & Downspouts	Canales/Avg	Bath Floor	Tile/Avg
Design (Style) Ranch	<input type="checkbox"/> Outside Entry/Exit <input type="checkbox"/> Sump Pump	Window Type	Vinyl/PR	Bath Wainscot	Ceramic/Avg
Year Built 1952	Evidence of <input type="checkbox"/> Infestation	Storm Sash/Insulated	No/Yes/PR	Car Storage	<input checked="" type="checkbox"/> None
Effective Age (Yrs) 25	<input type="checkbox"/> Dampness <input type="checkbox"/> Settlement	Screens	Yes/PR	<input checked="" type="checkbox"/> Driveway	# of Cars 1
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	Gravel
<input type="checkbox"/> Drop Stair <input type="checkbox"/> Stairs <input type="checkbox"/> Other	Fuel Gas	<input type="checkbox"/> Fireplace(s) #	<input checked="" type="checkbox"/> Fence CL	Garage	# of Cars
<input type="checkbox"/> Floor <input type="checkbox"/> Scuttle	Cooling <input checked="" type="checkbox"/> Central Air Conditioning	<input type="checkbox"/> Patio/Deck	<input checked="" type="checkbox"/> Porch Open	Carport	# of Cars 1
<input type="checkbox"/> Finished <input type="checkbox"/> Heated	<input type="checkbox"/> Individual <input checked="" type="checkbox"/> Other Evap	<input type="checkbox"/> Pool	<input type="checkbox"/> Other	<input checked="" type="checkbox"/> Att.	<input type="checkbox"/> Det. <input type="checkbox"/> Built-in

Appliances  Refrigerator  Range/Oven  Dishwasher  Disposal  Microwave  Washer/Dryer  Other (describe)  
 Finished area above grade contains: 5 Rooms 3 Bedrooms 1 Bath(s) 1,023 Square Feet of Gross Living Area Above Grade  
 Additional features (special energy efficient items, etc.). None Noted.

Describe the condition of the property (including needed repairs, deterioration, renovations, remodeling, etc.). The appraisal is based on the subject after rehabilitation of the following items, new evaporative A/C & Heat, replace all existing windows, new electrical service for new heater and AC, new water heater, new laundry room under carport, one new door at kitchen, new demand hot water heater, and new foam roof. Based on the work to be completed the effective age is considered lower.

Are there any physical deficiencies or adverse conditions that affect the livability, soundness, or structural integrity of the property?  Yes  No If Yes, describe

Does the property generally conform to the neighborhood (functional utility, style, condition, use, construction, etc.)?  Yes  No If No, describe

Form 1004 — \*TOTAL for Windows\* appraisal software by a la mode, inc. — 1-800-ALAMODE

# 90 Uniform Residential Appraisal Report

File #

There are 8 comparable properties currently offered for sale in the subject neighborhood ranging in price from \$ 78,000 to \$ 120,000							
There are 8 comparable sales in the subject neighborhood within the past twelve months ranging in sale price from \$ 47,777 to \$ 97,000							
FEATURE	SUBJECT	COMPARABLE SALE # 1	COMPARABLE SALE # 2	COMPARABLE SALE # 3			
Address 1010 Luna St Las Cruces, NM 88001-4107		1025 Espanola St Las Cruces		1755 Baldwin Dr. Las Cruces			
Proximity to Subject		0.04 miles		0.63 miles			
Sale Price		\$ 84,350		\$ 95,000			
Sale Price/Gross Liv. Area		\$ 72.78 sq.ft.		\$ 85.82 sq.ft.			
Data Source(s)		MLS #814378		MLS #814369			
Verification Source(s)		CH Records		CH Records			
VALUE ADJUSTMENTS	DESCRIPTION	DESCRIPTION	+(-) \$ Adjustment	DESCRIPTION	+(-) \$ Adjustment	DESCRIPTION	+(-) \$ Adjustment
Sales or Financing Concessions		FHA None		FHA None		FHA None	
Date of Sale/Time		06/07/11		04/04/11		06/09/11	
Location	Average	Average		Average		Average	
Leasehold/Fee Simple	Fee Simple	Fee Simple		Fee Simple		Fee Simple	
Site	.18 Acre	.16 Acre		.14 Acre		.14 Acre	
View	Average	Average		Average		Average	
Design (Style)	Ranch	Ranch		Ranch		Ranch	
Quality of Construction	Average	Average		Average		Average	
Actual Age	59	57 Years		49 Years		59 Years	
Condition	Average	Inferior	+15,000	Inferior	+5,000	Average	
Above Grade	Total Bdrms. Baths	Total Bdrms. Baths		Total Bdrms. Baths		Total Bdrms. Baths	
Room Count	5 3 1	5 3 1.75	-1,500	6 4 1.75	-1,500	5 3 1.5	-1,000
Gross Living Area	1,023 sq.ft.	1,159 sq.ft.	-6,120	1,107 sq.ft.	-3,780	1,083 sq.ft.	-2,700
Basement & Finished Rooms Below Grade	N/A	No Basement		No Basement		No Basement	
Functional Utility	Average	Average		Average		Average	
Heating/Cooling	FA/Evap	FA/Evap		FA/Evap		FA/Evap	
Energy Efficient Items	None	None		None		None	
Garage/Carport	1-Det UtilityCpt	1-Carport	+500	None	+1,500	None	+1,500
Porch/Patio/Deck	Opn Por&Pat	Cov Por&Pat	-1,000	Cov Por&Pat	-1,000	Cov Por&Pat	-1,000
Landscaping	Front & Back	Front & Back		Front & Back		Front & Back	
Fence	Fencing	Fencing		Fencing		Fencing	
Fireplace	None	None		None		None	
Net Adjustment (Total)		⊗ + ⊠ -	\$ 6,880	⊗ + ⊠ -	\$ 220	⊠ + ⊗ -	\$ 3,200
Adjusted Sale Price of Comparables		Net Adj. 8.2%		Net Adj. 0.2%		Net Adj. 3.3%	
		Gross Adj. 28.6%	\$ 91,230	Gross Adj. 13.5%	\$ 95,220	Gross Adj. 6.4%	\$ 93,800
SALES COMPARISON APPROACH <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) MLS & CH Records 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) MLS, CH 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	None	None	None	None			
Price of Prior Sale/Transfer							
Data Source(s)	MLS & CH Records	MLS & CH Records	MLS & CH Records	MLS & CH Records			
Effective Date of Data Source(s)	06/13/11	06/13/11	06/13/11	06/13/11			
Analysis of prior sale or transfer history of the subject property and comparable sales None							
Summary of Sales Comparison Approach All sales are recent from the subject area. The comparables used were felt to be the best available at the time of this report. Final estimate of value is based on all three sales.							
Indicated Value by Sales Comparison Approach \$ 94,000 Indicated Value by: Sales Comparison Approach \$ 94,000 Cost Approach (if developed) \$ 95,575 Income Approach (if developed) \$ N/A Most weight has been given to the Market Approach. However, the Cost Approach does support this value.							
RECONCILIATION This appraisal is made <input type="checkbox"/> "as is", <input checked="" 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 \$ 94,000 as of 06/10/11, which is the date of inspection and the effective date of this appraisal.							

# 91 Uniform Residential Appraisal Report

File #

The definition for Market Value is from page A-105 of the 2010-2011 USPAP book.

ADDITIONAL COMMENTS

Blank area for additional comments.

**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)      The estimated site value is based comparable land sales from the subject area, and similar areas.

COST APPROACH

ESTIMATED <input type="checkbox"/> REPRODUCTION OR <input checked="" type="checkbox"/> REPLACEMENT COST NEW	OPINION OF SITE VALUE		=\$ 30,000
Source of cost data Local Building Cost	DWELLING	1,023 Sq.Ft. @ \$ 75.00	=\$ 76,725
Quality rating from cost service	Effective date of cost data Present	N/A Sq.Ft. @ \$	=\$
Comments on Cost Approach (gross living area calculations, depreciation, etc.)	Porch, Patio, Utility		=\$ 3,500
The Cost Approach reflects replacement cost utilizing the Appraiser's knowledge of the market. The estimated site value is based on lot sales from the area and/or nearby similar type areas. See attached Sketch	Garage/Carport	216 Sq.Ft. @ \$ 30.00	=\$ 6,480
Addendum for square footage calculations.	Total Estimate of Cost-New		=\$ 86,705
	Less Physical	Functional	External
	Depreciation	36,130	= \$( 36,130)
	Depreciated Cost of Improvements		=\$ 50,575
	*As-is* Value of Site Improvements		=\$ 15,000
Estimated Remaining Economic Life (HUD and VA only)	35 Years	INDICATED VALUE BY COST APPROACH	=\$ 95,575

**INCOME APPROACH TO VALUE (not required by Fannie Mae)**

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

Summary of Income Approach (including support for market rent and GRM)

INCOME

**PROJECT INFORMATION FOR PUDs (if applicable)**

Is the developer/builder in control of the Homeowners' Association (HOA)?  Yes  No      Unit 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 phases      Total number of units      N/A      Total number of units sold

Total number of units rented      Total number of units for sale      N/A      Data source(s)

Was the project created by the conversion of existing building(s) into a PUD?  Yes  No      If Yes, date of conversion.

Does the project contain any multi-dwelling units?  Yes  No      Data Source

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

Are the common elements leased to or by the Homeowners' Association?  Yes  No      If Yes, describe the rental terms and options.

Describe common elements and recreational facilities.      N/A

PUD INFORMATION

# 92 Uniform Residential Appraisal Report

File #

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.

# 93 Uniform Residential Appraisal Report

File #

**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.

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Uniform Residential Appraisal Report

File #

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.

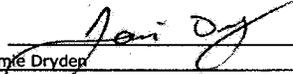
24. If this appraisal report was transmitted as an "electronic record" containing my "electronic signature," as those terms are defined in applicable federal and/or state laws (excluding audio and video recordings), or a facsimile transmission of this appraisal report containing a copy or representation 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 Jamie Dryden  
 Company Name RJ & Associates, Inc.  
 Company Address 4615 Tetakawi Ct, Las Cruces, NM 88007  
 Telephone Number 575-644-5262  
 Email Address jamiedryden08@comcast.net  
 Date of Signature and Report 06/14/11  
 Effective Date of Appraisal 06/10/11  
 State Certification # 000385-G  
 or State License # \_\_\_\_\_  
 or Other (describe) \_\_\_\_\_ State # \_\_\_\_\_  
 State NM  
 Expiration Date of Certification or License 4/30/2013

**ADDRESS OF PROPERTY APPRAISED**

1010 Luna St  
Las Cruces, NM 88001-4107  
**APPRAISED VALUE OF SUBJECT PROPERTY \$** 94,000

**LENDER/CLIENT**

Name \_\_\_\_\_  
 Company Name City of Las Cruces  
 Company Address 700 N. Main St., Las Cruces, NM 88005  
 Email Address \_\_\_\_\_

**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**

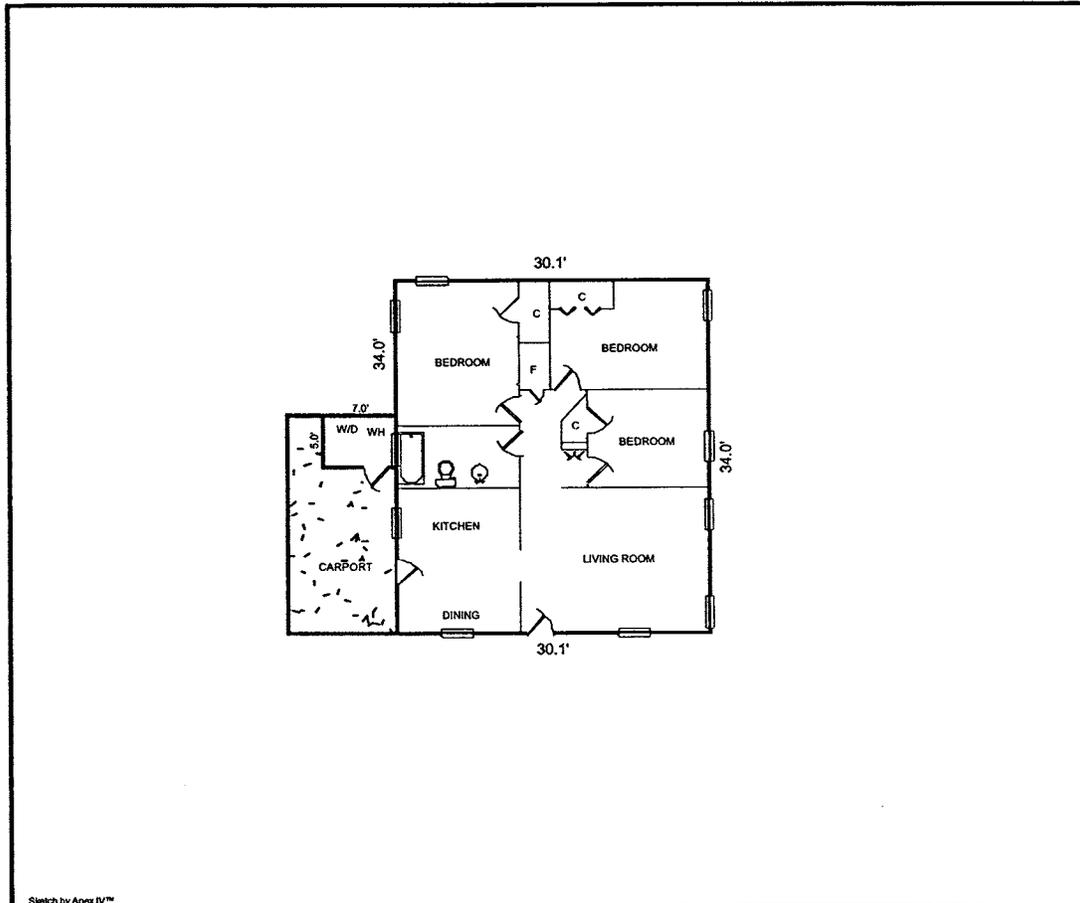
- Did not inspect subject property  
 Did inspect exterior of subject property from street  
 Date of Inspection \_\_\_\_\_  
 Did inspect interior and exterior of subject property  
 Date of Inspection \_\_\_\_\_

**COMPARABLE SALES**

- Did not inspect exterior of comparable sales from street  
 Did inspect exterior of comparable sales from street  
 Date of Inspection \_\_\_\_\_

### Building Sketch (Page - 1)

Borrower/Client Brandy Loughbough			
Property Address 1010 Luna St			
City Las Cruces	County Dona Ana	State NM	Zip Code 88001-4107
Lender City of Las Cruces			



Sketch by Apex IV™

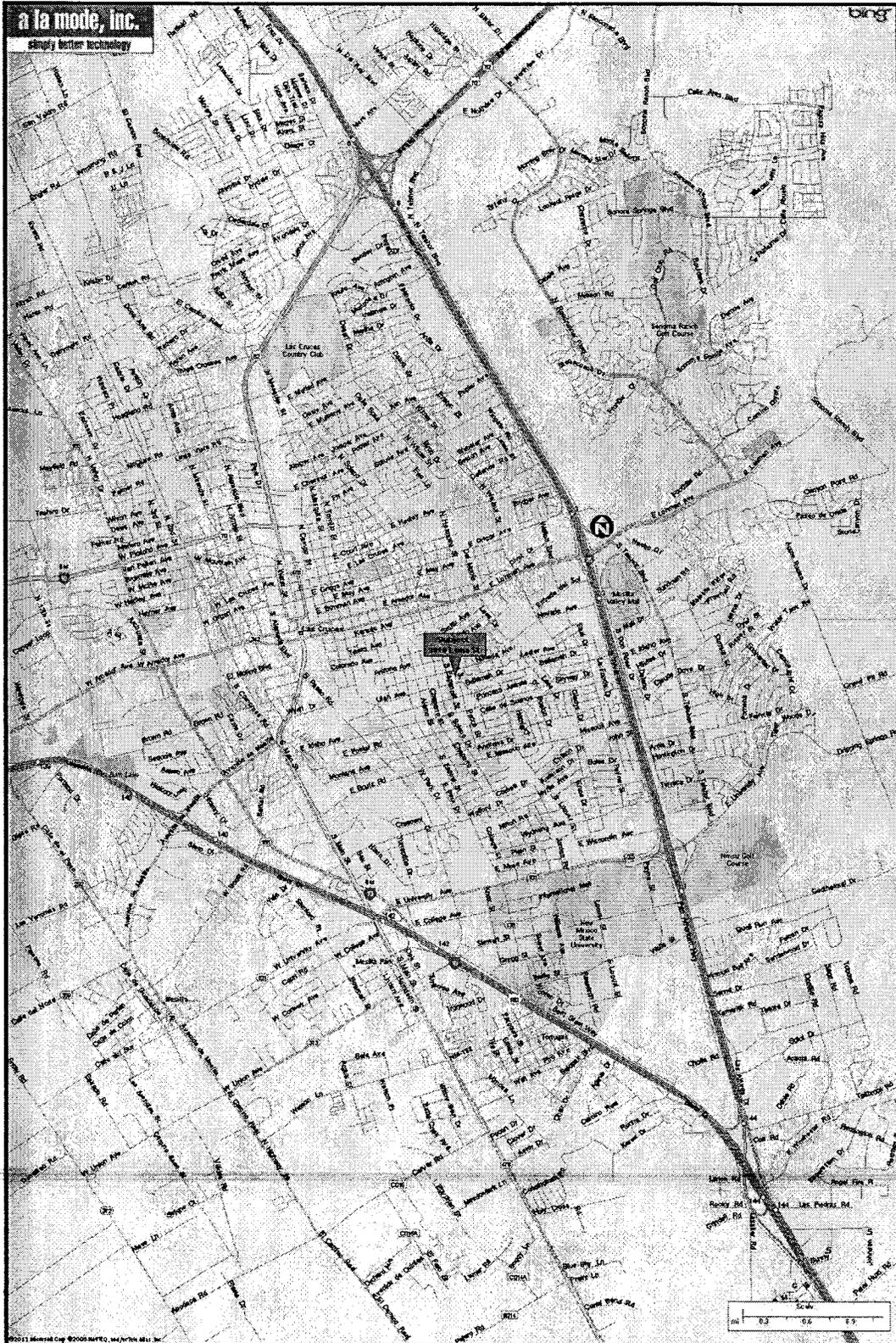
Comments:

AREA CALCULATIONS SUMMARY			
Code	Description	Size	Net Totals
GLA1	Building Area	1023.40	1023.40
GAR	Utility	35.00	
	Carport	181.30	216.30
<b>TOTAL LIVABLE</b>		(rounded)	1023

LIVING AREA BREAKDOWN		
Breakdown	Subtotals	
Building Area	30.1 x 34.0	1023.40
<b>1 Calculation Total (rounded)</b>		1023

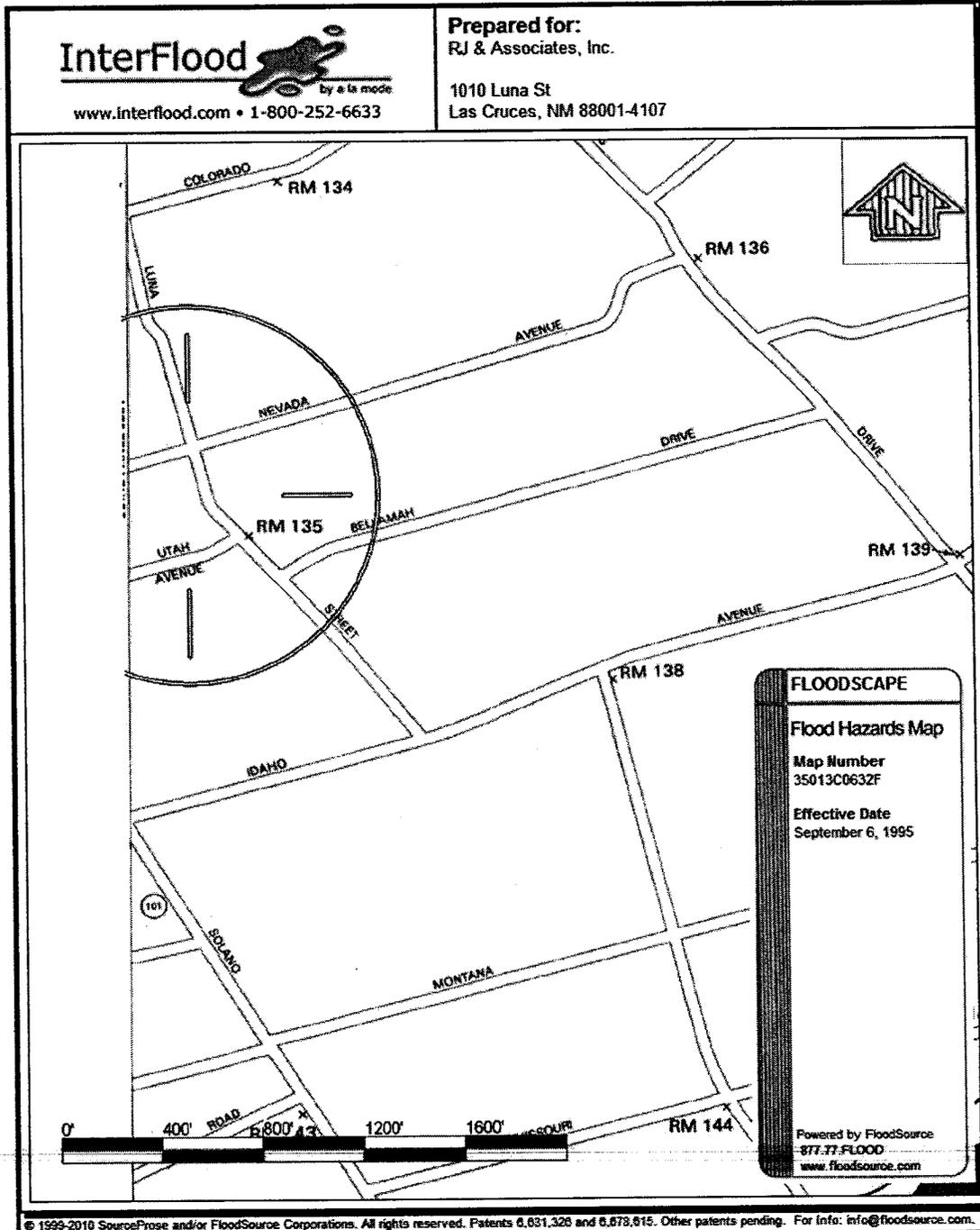
# Location Map

Borrower/Client Brandy Loughbough			
Property Address 1010 Luna St			
City Las Cruces	County Dona Ana	State NM	Zip Code 88001-4107
Lender City of Las Cruces			



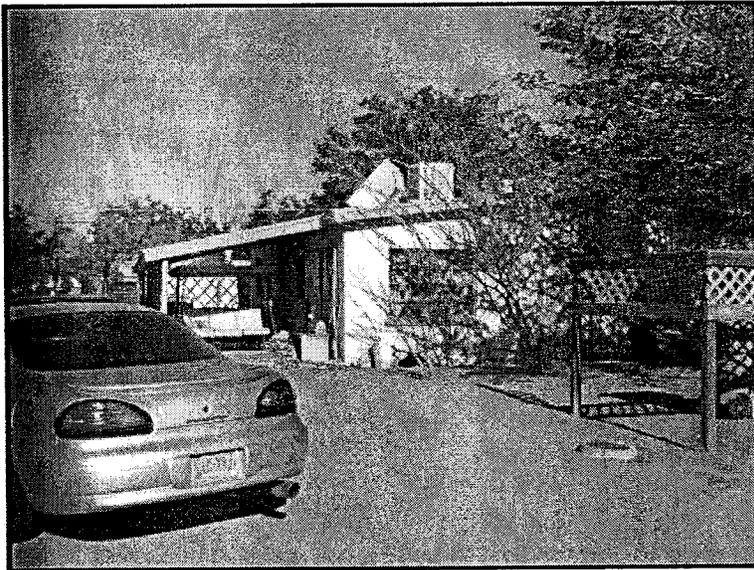
### Flood Map

Borrower/Client Brandy Loughborough			
Property Address 1010 Luna St			
City Las Cruces	County Dona Ana	State NM	Zip Code 88001-4107
Lender City of Las Cruces			



### Subject Photo Page

Borrower/Client Brandy Loughborough			
Property Address 1010 Luna St			
City Las Cruces	County Dona Ana	State NM	Zip Code 88001-4107
Lender City of Las Cruces			

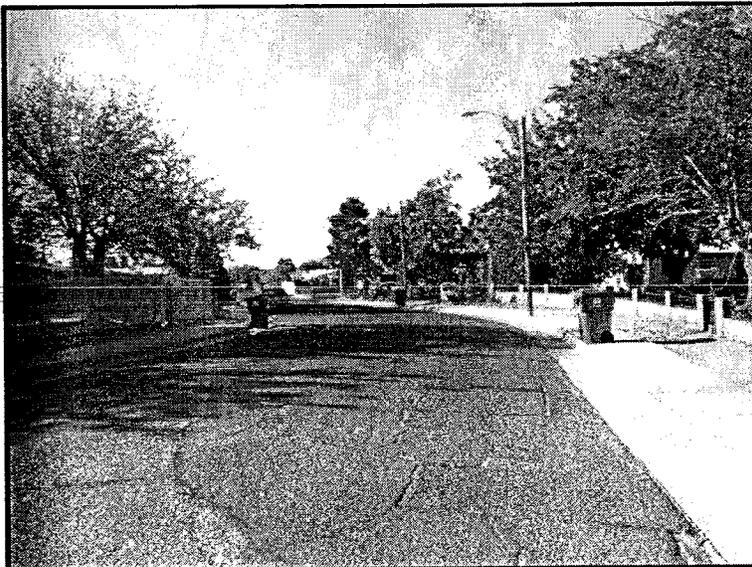


#### Subject Front

1010 Luna St  
 Sales Price  
 GLA 1,023  
 Total Rooms 5  
 Total Bedrms 3  
 Total Bathrms 1  
 Location Average  
 View Average  
 Site .18 Acre  
 Quality Average  
 Age 59



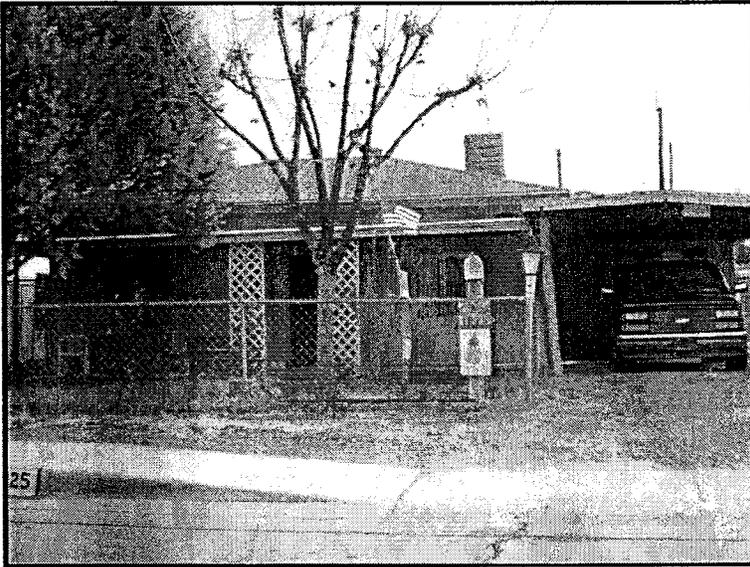
#### Subject Rear



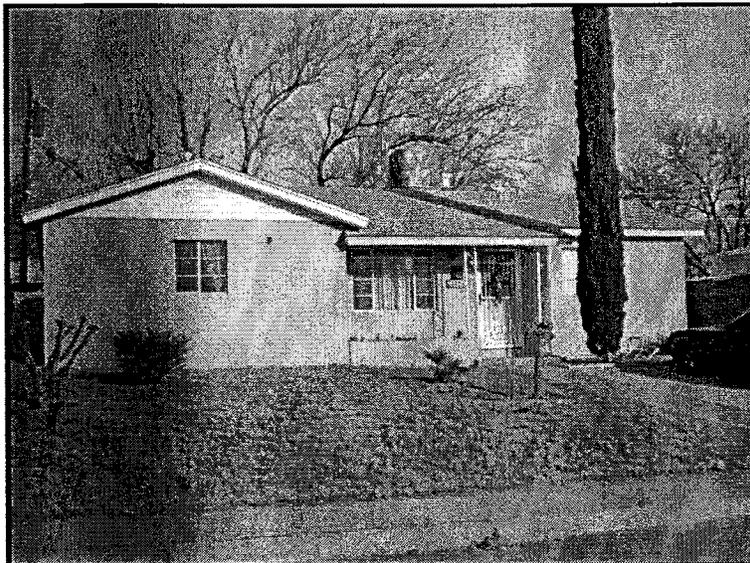
#### Subject Street

## Comparable Photo Page

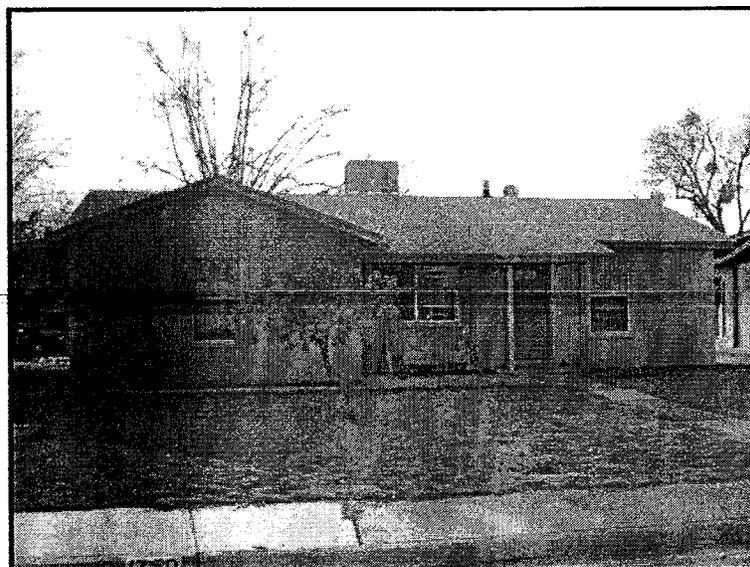
Borrower/Client Brandy Loughborough			
Property Address 1010 Luna St			
City Las Cruces	County Dona Ana	State NM	Zip Code 88001-4107
Lender City of Las Cruces			

**Comparable 1**

1025 Espanola St  
 Proximity 0.04 miles  
 Sale Price 84,350  
 GLA 1,159  
 Total Rooms 5  
 Total Bedrms 3  
 Total Bathrms 1.75  
 Location Average  
 View Average  
 Site .16 Acre  
 Quality Average  
 Age 57 Years

**Comparable 2**

1755 Baldwin Dr.  
 Proximity 0.63 miles  
 Sale Price 95,000  
 GLA 1,107  
 Total Rooms 6  
 Total Bedrms 4  
 Total Bathrms 1.75  
 Location Average  
 View Average  
 Site .14 Acre  
 Quality Average  
 Age 49 Years

**Comparable 3**

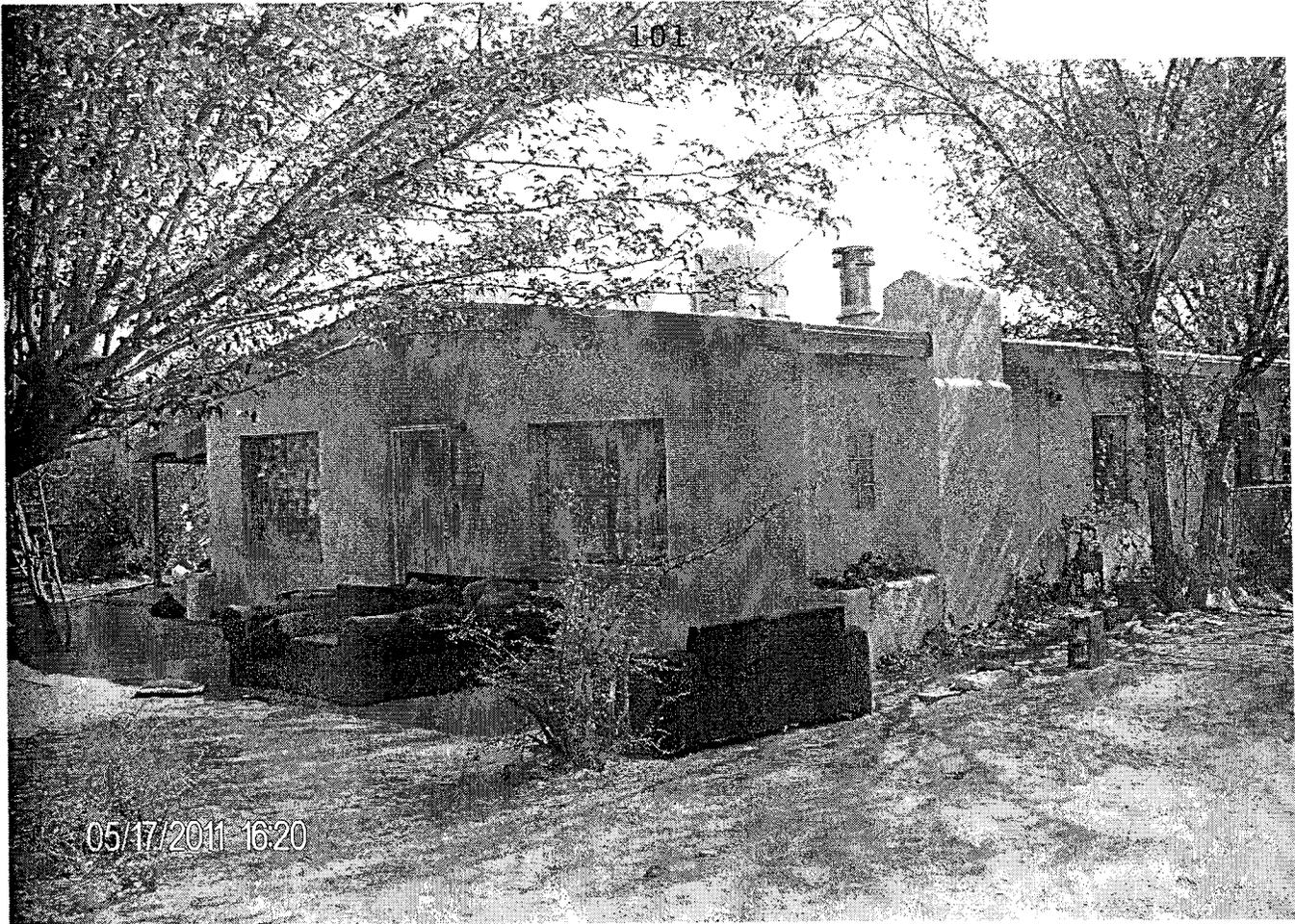
1750 Hamiel Dr.  
 Proximity 0.59 miles  
 Sale Price 97,000  
 GLA 1,083  
 Total Rooms 5  
 Total Bedrms 3  
 Total Bathrms 1.5  
 Location Average  
 View Average  
 Site .14 Acre  
 Quality Average  
 Age 59 Years

# Comparative Sales Map

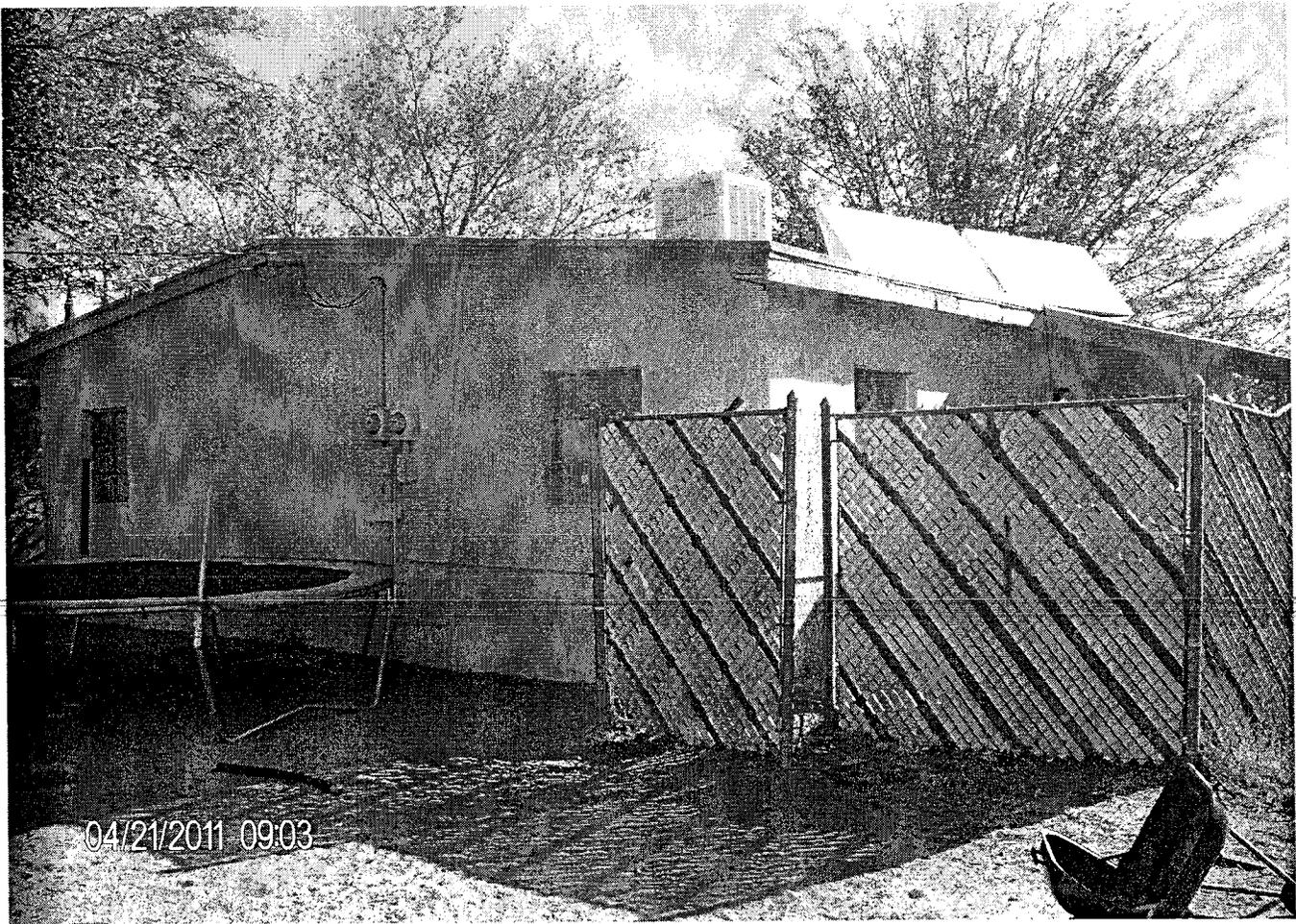
Borrower/Client Brandy Loughbough			
Property Address 1010 Luna St			
City Las Cruces	County Dona Ana	State NM	Zip Code 88001-4107
Lender City of Las Cruces			



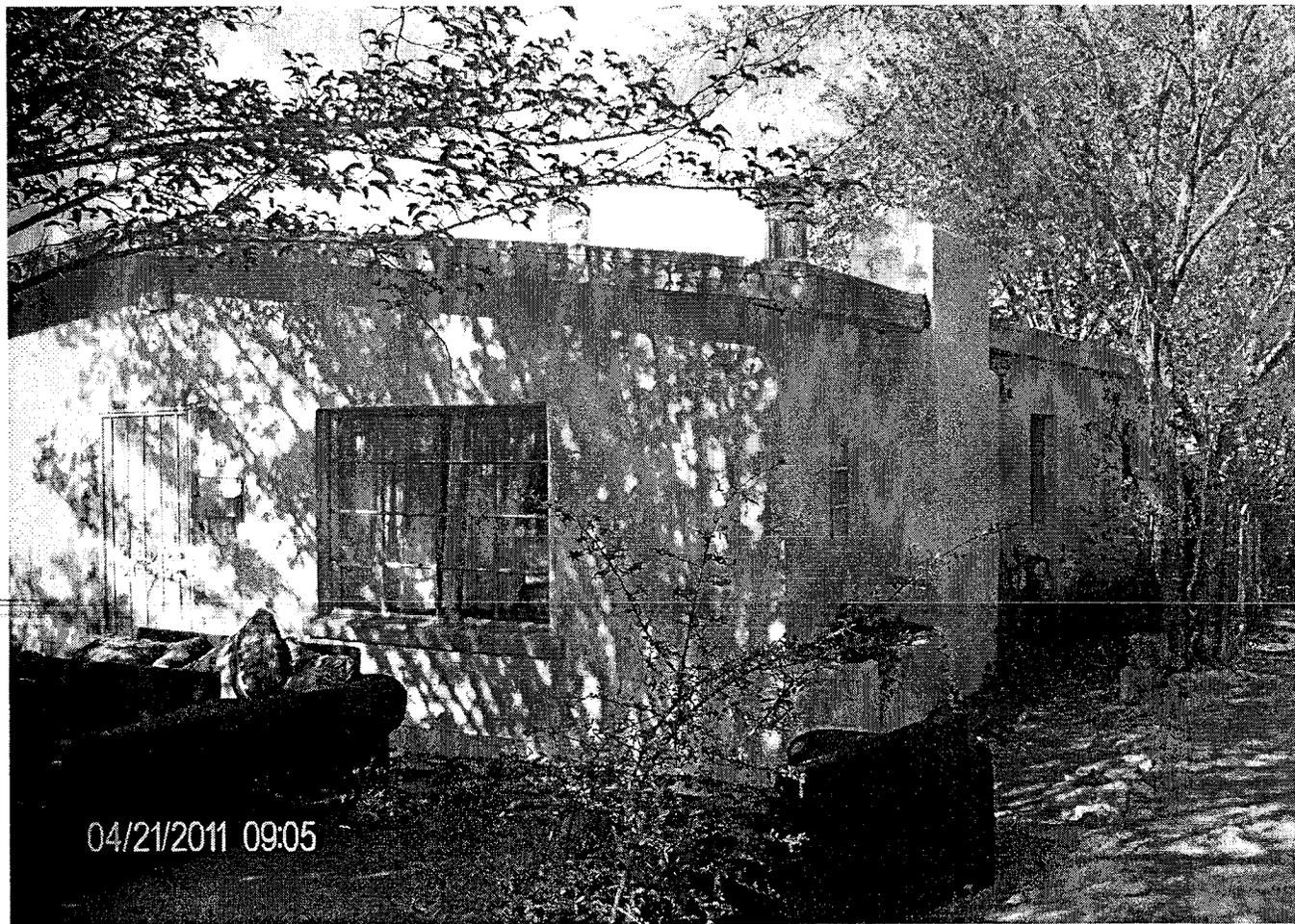
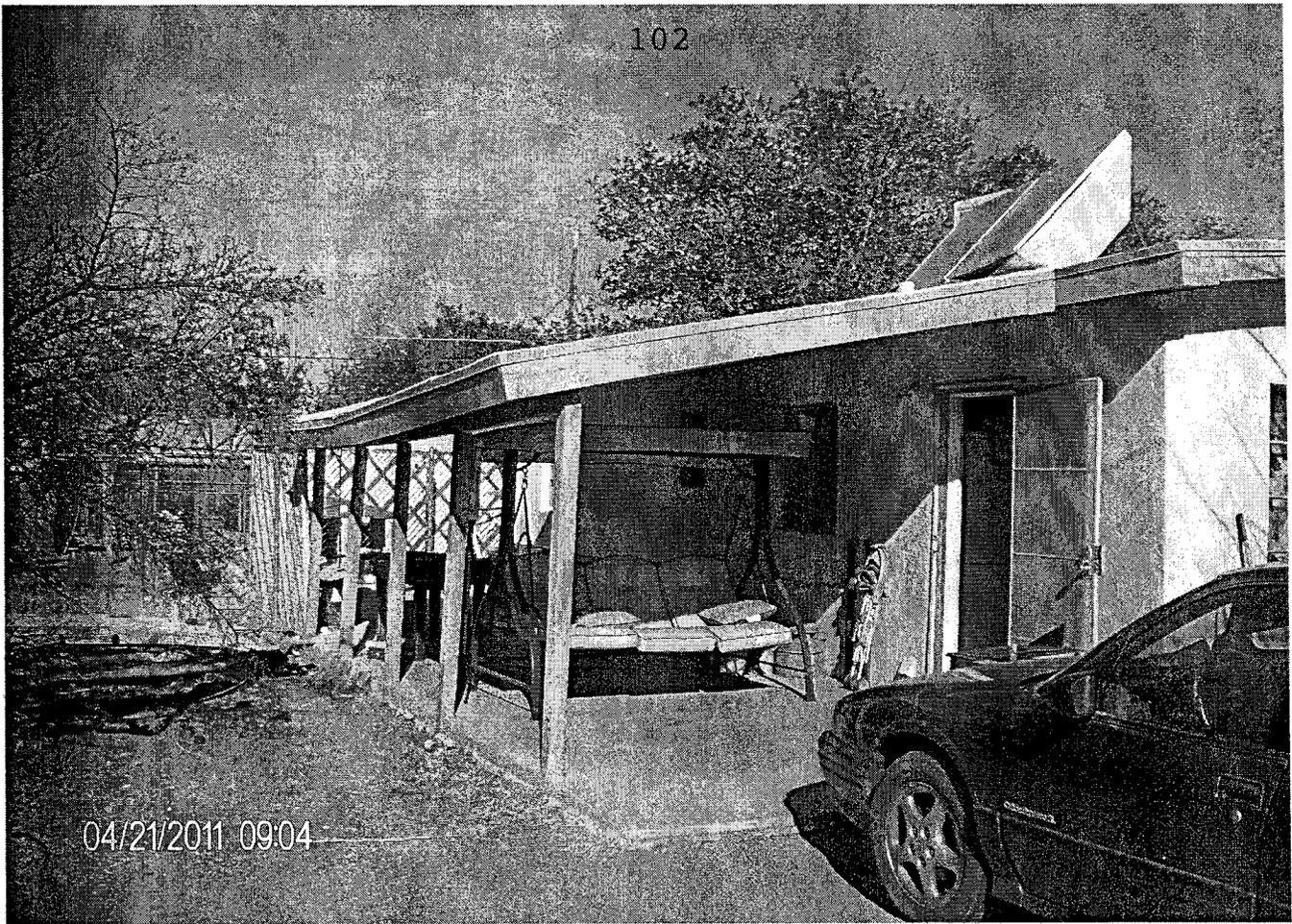
101

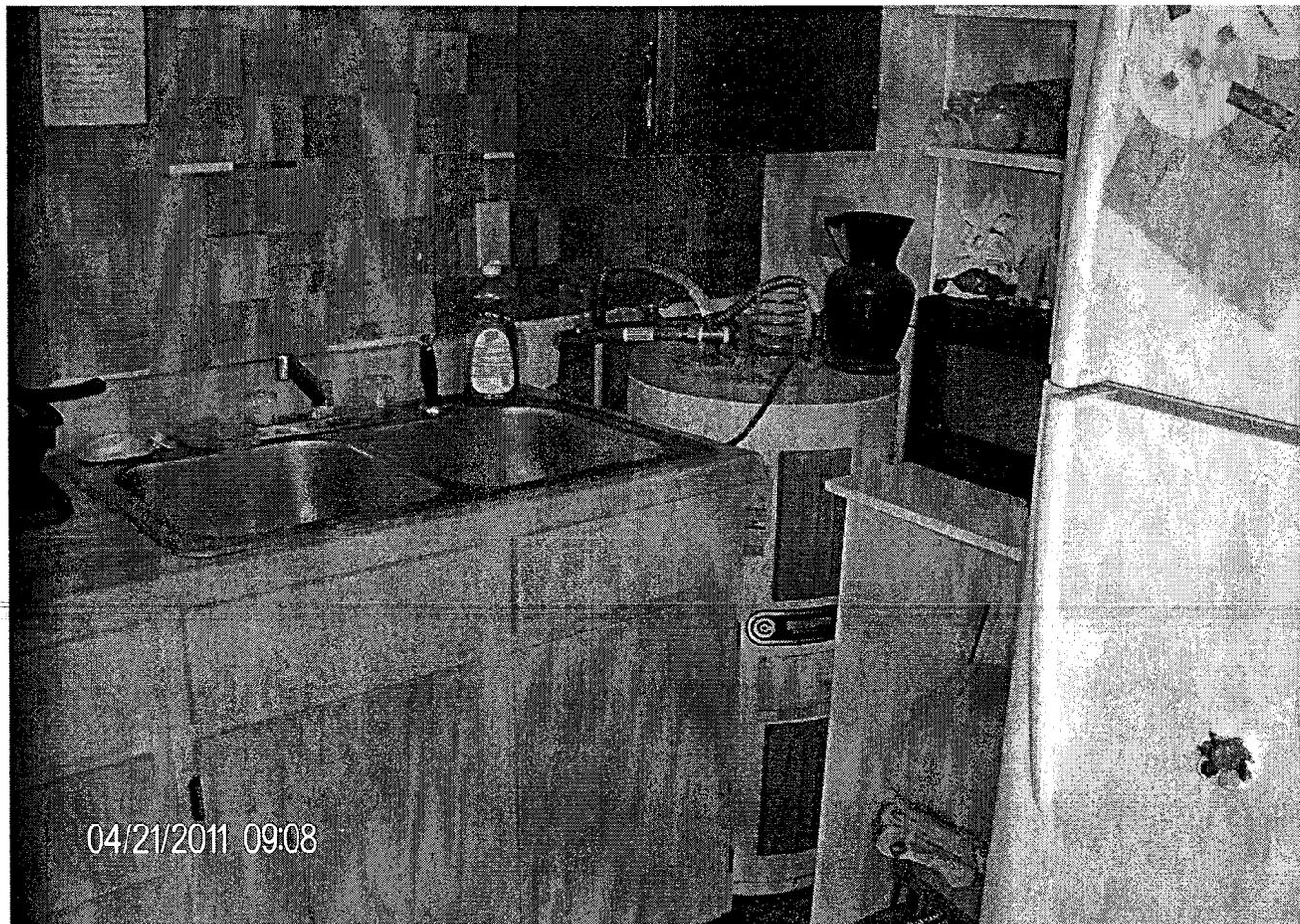


05/17/2011 16:20



04/21/2011 09:03







**City of Las Cruces**  
**Community Development**  
**Memorandum**

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To: Mayor and City Council

From: Maria Fahrenkrog, Home Rehabilitation Coordinator

Subject: Home Rehabilitation Exception Details

Date: August 22, 2011 File No.: M-11-185

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Ms. Brandy Loughborough, whose residence is located at 1010 Luna Street, has applied to participate in the City Home Rehabilitation Program. The house is inhabited by the homeowner and her two minor children, ages 8 and 4. Ms. Loughborough is employed, receives child support and has an annual income of \$15,450.00, which equals 39% of the area median income.

Ms. Loughborough purchased her home in June 2007. She has a first mortgage with Charter Bank with a balance of \$82,268.00. She also has a second mortgage with the U.S Department of Housing and Urban Development (HUD) for \$4,022.44, which is due by or before July 1, 2037, after the first mortgage has been paid in full. Ms. Loughborough's property taxes and homeowners insurance are covered with her first mortgage with Charter Bank. Per the City's Home Rehabilitation Handbook guidelines, the City program is not allowed to be in third lien position without City Council approval. Contained within the proposed resolution is a request to authorize home rehabilitation funds to pay off the HUD mortgage and allow the City's assistance to be the second mortgage position.

Ms. Loughborough's home will benefit from the City's Home Rehabilitation Program as it needs new windows, a new central heating and cooling system, installation of an updated gas line, exterior doors, and the addition of a laundry room to house the washer, dryer and water heater, which are presently in the kitchen. The house also needs some plumbing and electrical updates and the foam covered roof needs to be resealed.

Based on actual bid prices received, staff is requesting a total of \$45,630.67 to be used as follows:

1. Total hard construction costs - \$34,608.23;
2. Pay off of the second mortgage to HUD - \$4,022.44;
3. Soft costs (closing fees, appraisal, etc.) - \$2,000.00; and
4. Contingency funds to cover minor change orders that may arise - \$5,000.00.

Any surplus or unused funds will be returned to the uncommitted Home Rehabilitation account at project's completion.

A recent appraisal provides an after-rehabilitation value of the home to be \$94,000. The balance of the first mortgage is \$82,268. Assuming that the project is approved and the second loan for \$4,022.44 is paid off, the equity will be \$11,732; which is not enough to secure the City's investment. Additionally, because of Ms. Loughborough's low income; she would qualify for both a grant of \$17,000 and a Deferred Payment Loan (DPL) for up to \$40,000, which is due upon sale or transfer of the home.

The following exceptions to the City's Home Rehabilitation Program requirements are required of the City Council in order to assist Ms. Loughborough and her family in making their home energy efficient, safe and sanitary:

1. An exception to Chapter VI, Part C-2, Loan-to-Value Ratio of the Home Rehabilitation Handbook. This section requires that "The loan-to-value ratio for any property shall not be greater than 95% for a grant made in combination with a loan or deferred payment loan." Ms. Loughborough's Loan-to-Value Ratio is 136%. By granting this exception, the City will be able to grant Ms. Loughborough the necessary funding to cover construction and soft cost expenses.
2. An exception to Chapter VII, Part E-4, Program Costs-Grants of the Home Rehabilitation Handbook. This section sets the rate of forgiveness for all grants in that "All combined grants (i.e. soft cost plus any of items 2a, 2b, 2c,) shall be forgiven at the rate of \$1,000.00 per year rounded to the next highest \$1,000.00 whole dollars." By granting this exception the City would be able to accelerate the forgiveness period to \$3,000.00 a year; this allows Ms. Loughborough to gain back equity in her home in a more timely fashion.
3. An exception to Chapter VIII, Part C-1, Terms of the Loan of the Home Rehabilitation Handbook. This section sets the terms for the loans for home rehabilitation loans. Due to the income of Ms. Loughborough, she would qualify for a Deferred Payment Loan. By granting this exception, the City will be able to provide all the funds needed to rehabilitate her home in the form of grants and prevent Ms. Loughborough from losing equity in her home and putting her in debt for more than the appraised value of her home.

### **SUMMARY**

Staff is requesting the City Council provide the full amount of \$45,630.67 to be given to Ms. Loughborough in two different grants as follows:

1. \$11,732.00 to be given as a grant which shall be forgiven at the rate of \$3,000.00 per year rounded to the next highest \$3,000.00 whole dollars, rather than the normal forgiveness rate of \$1,000.00 per year rounded to the next highest \$1,000.00. This would mean the grant would be forgiven in full at the end of 4 years instead of 12; and
2. The balance of \$33,898.67 (which could be less, depending on the use of contingency funds) would be given to Ms. Loughborough as a grant to be forgiven immediately, in place of the DPL that she normally qualifies for.