

**AN APPRAISAL REPORT OF**

**AN EDUCATIONAL FACILITY  
203 FISHER PARK CIRCLE  
GREENSBORO, NORTH CAROLINA**

**FOR**

**THE BANK OF NORTH CAROLINA  
2207 EASTCHESTER DRIVE  
HIGH POINT, NORTH CAROLINA 27265**

**ALAN SUTTON JR.  
NC STATE CERTIFIED GENERAL  
REAL ESTATE APPRAISER A4198**

**JEANNE J. MCNAIRY, MAI, SRA  
NC STATE CERTIFIED GENERAL  
REAL ESTATE APPRAISER A261**

**DATE OF INSPECTION  
JULY 22, 2003**

**McNAIRY & ASSOCIATES**

1616-A Battleground Avenue  
Greensboro, North Carolina 27408  
Telephone: (336) 378-1564

July 22, 2003

Mrs. Tina Greene  
The Bank of North Carolina  
2207 Eastchester Drive  
High Point, N.C. 27265


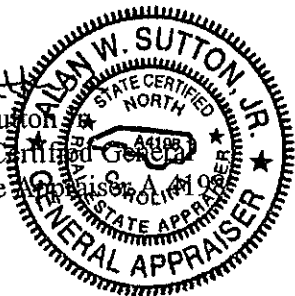
Dear Mrs. Greene,


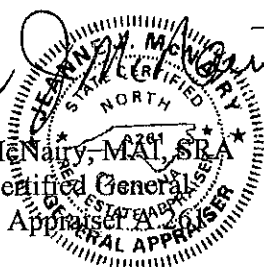
As per your request, we are submitting a complete appraisal, summary appraisal report on the subject property located at 203 Fisher Park Circle in Greensboro, North Carolina. A summary appraisal report is intended to comply with the reporting requirements set forth under Standards Rule 2-2(b) of the Uniform Standards of Professional Practice. As such, it presents only summary discussions of the data, reasoning, and analysis that were used in the appraisal process to develop the appraiser's opinion of value. Supporting documentation concerning the data, reasoning, and analysis is retained in the appraiser's file. The depth of discussion contained in this report is specific to the needs of the client and for the intended use. The appraiser is not responsible for unauthorized use of this report.

Based on a reasonable exposure time of two years, the appraiser is of the opinion that the market value in fee simple of the subject property, 203 Fisher Park Circle, as of July 22, 2003 is \$1,280,000 (One Million Two Hundred Eighty Thousand Dollars). This value does not include entrepreneurial incentive and is subject to the certification and limiting conditions set out herein.

Based on an exposure time of one year or less, the appraiser is of the opinion that the Quick Sale value in fee simple of the subject property, 203 Fisher Park Circle, as of July 22, 2003 is \$960,000 (Nine Hundred Sixty Thousand Dollars). This is a Quick Sale value, does not include entrepreneurial incentive, and is subject to the certification and limiting conditions set out herein.

Respectfully,

  
Alan W. Sutton  
NC State Certified General  
Real Estate Appraiser  


  
Jeanne J. McNairy, M.A.I., SRA  
NC State Certified General  
Real Estate Appraiser  


**TABLE OF CONTENTS**

**INTRODUCTION**

Title Page  
Letter of Transmittal  
Table of Contents  
Contingent and Limiting Conditions .....1  
Summary of Important Facts & Conclusions.....5  
Scope.....6  
Purpose of the Appraisal .....7  
Reasonable Exposure Time and Marketing Time.....8  
Function/Intended Use of the Appraisal .....9  
Date of Value Estimate .....9

**FACTUAL DESCRIPTIONS**

Identification of the Property .....9  
History of the Property.....10  
Zoning .....11  
Tax Analysis .....11  
Area Analysis.....13  
Neighborhood/Competitive Market Analysis.....18  
Site Analysis .....19  
Description of Improvements .....21

**ANALYSIS AND CONCLUSIONS**

Highest and Best Use .....22  
The Appraisal Process.....27  
Site Valuation.....29  
Cost Approach .....32  
Sales Comparison Approach .....38  
Income Approach.....39  
Reconciliation and Final Value Opinion.....42  
Certification .....44  
Qualifications of Appraisers .....46

**ADDENDA**

Subject Photographs  
Deed Reference  
Tax Information  
Engagement Letter  
Sales Contract  
Flood Map  
Historical District Map  
Zoning Information  
Environmental Map  
County Information

## CONTINGENT AND LIMITING CONDITIONS

The certification of the Appraiser appearing in the appraisal report is subject to the following conditions and to such specific and limiting conditions as are set forth by the Appraiser in the report.

1. The Appraiser assumes no responsibility for matters of legal nature affecting the property appraised or the title thereto, nor does the Appraiser render any opinion as to the title, which is assumed to be good and marketable. The property is appraised as though under responsible ownership.

2. Any sketch in the report may show approximate dimensions and is included to assist the reader in visualizing the property. The Appraiser has made no survey of the property.

3. The Appraiser is not required to give testimony or appear in court because of having made the appraisal with reference to the property in question, unless arrangements have been previously made therefor.

4. Any distribution of the valuation in the report between land and improvements applies only under the existing program of utilization. The separate valuations for land and building must not be used in conjunction with any other appraisal and are invalid if so used.

5. The Appraiser assumes that there are no hidden or unapparent conditions of the property, subsoil, or structures, which would render it more or less valuable. The Appraiser assumes no responsibility for such conditions, or for engineering which might be required to discover such factors.

6. Information, estimates, and opinions furnished to the Appraiser, and contained in this report, were obtained from sources considered reliable and believed to be true and correct. However, no responsibility for accuracy of such items furnished the Appraiser can be assumed by the Appraiser.

7. Disclosure of the contents of the appraisal report is governed by the Bylaws and Regulations of the professional appraisal organizations with which the Appraiser is affiliated.

8. Neither all, nor any part of the content of the report, or copy thereof (including conclusions as to the property value, the identity of the Appraiser, professional designations, reference to any professional appraisal organizations, or the firm with which the Appraiser is connected), shall be used for any purposes by anyone but the client specified in the report, the borrower if appraisal fee paid by same, the mortgagee or its successors and assigns, mortgage insurers, consultants, professional appraisal organizations, any state or federally approved financial institution, any department,

agency, or instrumentality of the United States or any State or the District of Columbia, without previous written consent of the Appraiser; nor shall it be conveyed by anyone to the public through advertising, public relations, news, sales, or other media, without the written consent and approval of the Appraiser.

9. On all appraisals, subject to satisfactory completion, repairs, or alterations, the appraisal report and value conclusions are contingent upon completion of the improvements in a workmanlike manner.

10. In this appraisal assignment, the existence of potentially hazardous material used in the construction or maintenance of the building, such as the presence of urea formaldehyde foam insulation, and/or existence of toxic waste, which may or may not be present on the property, has not been considered. The appraiser is not qualified to detect such substances. It is urged that the client retain an expert in this field if desired.

11. A legal description was not provided to the appraiser by the client. The legal description in the report is assumed to be correct. We assume no responsibility for matters legal in character nor do we render any opinion as to title, which is assumed to be good and marketable.

12. It is assumed that there is full compliance with all applicable federal, state and local environmental regulations and laws, and that all zoning, building, and use regulations and restrictions of all types have been complied with unless non-compliance is stated, defined and considered in the appraisal report. It is further assumed that all licenses, consents, permits, or legislative or administrative authority required by any local, state, federal and/or private entity or organization have been or can be obtained or renewed for any use considered in the value opinion.

13. Possession of this report, or a copy thereof, does not carry with it the right of publication, nor may it be used for other than its intended use by anyone other than the Client without the prior written consent of the Appraiser or the Client, and then only with the proper identification and qualification and only in its entirety. No change of any item in the report shall be made by anyone other than the Appraiser and/or officer of the firm. The Appraiser and firm shall have no responsibility if any such change is made.

14. Any after-tax investment analysis and resulting measures of return on investment are intended to reflect only possible and general market considerations, whether used to provide an opinion of value or return on investment given a purchase price. Please note that the Appraiser does not claim expertise in tax matters and advises Client to seek competent tax advice.

15. The liability of Appraiser and the firm is limited to the Client only and to the fee actually received by Appraiser. Further, there is no accountability, obligation, or liability to any third party. If this report is placed in the hands of anyone other than the Client, the Client shall make such party aware of all limiting conditions and assumptions of the assignment and related discussions. The Appraiser is in no way to be responsible

for any costs incurred to discover or correct any deficiencies of any type present in the property; physically, financially, and/or legally. In the case of limited partnerships or syndication offerings or stock offerings in property, Client agrees that in case of lawsuit (brought by lender, partner or part owner in any form of ownership, tenant, or any other party), any and all awards, settlements of any type in such suit, regardless of outcome, Client will hold Appraiser completely harmless in any such action.

16. Any projections, forecasts, etc. regarding future patterns of income and/or expenses, prices/values, etc. represent the analyst's best estimates of investor anticipations with respect to these items, based on information available at the date of appraisal or analysis. Such information includes forecasts/projections published by recognized sources such as economists, financial publications, investor surveys, etc. Economic trends can affect future behavior of income, expenses, values, etc. Changes in these items caused by future occurrences could result in values different from those established in this report. We cannot accept responsibility for economic variables in the future which could not have been known or anticipated at the date of analysis (inflation rates, economic upswings or downturns, fiscal policy changes, etc.).

17. The Americans with Disabilities Act (ADA) became effective January 26, 1992. I have not made a specific compliance survey and analysis of this property to determine whether or not it is in conformity with the various detailed requirements of the ADA. It is possible that a compliance survey of the property, together with a detailed analysis of the requirements of the ADA, could reveal that the property is not in compliance with one or more of the requirements of the Act. If so, this fact could have a negative effect upon the value of the property. Since I have no direct evidence relating to this issue, I did not consider possible non-compliance with the requirements of ADA in providing a value opinion of the property.

18. The value opinion contained within this report assumes no impact on value because of "Section 404 Wetlands" as defined by the U.S. Army Corps of Engineers. The appraiser has found no evidence of wetlands, but are not experts in this field. It is recommended that the client seek the advice of an expert to determine any potential impact of wetlands on the property.

19. Acceptance of, and/or use of, this appraisal report by the Client or any third party constitutes acceptance of the above conditions. **APPRAISER LIABILITY EXTENDS ONLY TO STATED CLIENT, NOT SUBSEQUENT PARTIES OR USERS, AND IS LIMITED TO THE FEE RECEIVED.**

20. Any use of this appraisal report by the client is conditional upon payment of all fees in accordance with the agreed term.

21. The date of value in this assignment is subsequent to September 11, 2001, the date of the attack on the World Trade Center in New York City and on the Pentagon in Washington, DC. The scope of this appraisal assignment does not include the measurement of any effect of these events on the real estate market or on the value of the

subject property. Therefore, the value opinion and other conclusions expressed in the report are subject to the extraordinary assumption that these events have had no effect on the marketability or market value of the subject property. The client and intended users of this appraisal are cautioned that if this extraordinary assumption is incorrect, the value opinion and other conclusions expressed in this report could be significantly different.

22. This appraisal was prepared by McNairy and Associates for the sole and exclusive use of The Bank of North Carolina (the Client). The information and opinions contained in this appraisal set forth the appraiser's best judgment in light of the information available at the time of the preparation of this report. It is not to be relied upon by any third parties for any purpose, whatsoever. Any use of this appraisal by any other person or entity, other than the client, or any reliance or decisions based on this appraisal are the sole responsibility and at the sole risk of the third party. Use of this report by any person or entity other than the Client, is not intended by the appraiser. McNairy and Associates accepts no responsibility for damages suffered by any third party as a result of reliance on or decisions made or actions taken based on this report. The intended use of this appraisal report is to assist the client in rendering a financial decision relative to the subject. This report is not intended for any other use.

23. This appraisal assignment was not made, nor was the appraisal rendered on the basis of a requested minimum valuation, specific valuation, or an amount, which results in an approval of a loan.

24. The appraiser is submitting a complete appraisal, summary appraisal report on the subject property located at 203 Fisher Park Circle in Greensboro, North Carolina. A summary appraisal report is intended to comply with the reporting requirements set forth under Standards Rule 2-2(b) of the Uniform Standards of Professional Practice. As such, it presents only summary discussions of the data, reasoning, and analysis that were used in the appraisal process to develop the appraiser's opinion of value. Supporting documentation concerning the data, reasoning, and analysis is retained in the appraiser's file. The depth of discussion contained in this report is specific to the needs of the client and for the intended use. The appraiser is not responsible for unauthorized use of this report.

25. A survey was not provided to the appraiser. The appraiser reserves the right to amend the value of the appraisal if presented with a recent survey by a licensed surveyor showing a differing site size or dimensions.

26. The appraiser has appraised many properties such as the subject in the past and has resided in Guilford County since 1969. McNairy and Associates is located in Greensboro, and has been in operation since 1978. The appraiser retains the information in the appraisal files on-site in the office in Greensboro, NC. The appraiser is considered to be experienced with the subject property type and familiar with the area. The appraiser is therefore qualified to complete this appraisal assignment as requested by the client and has complied with the Competency Rule as defined in the Uniform Standards of Professional Appraisal Practice.

## SUMMARY OF IMPORTANT FACTS AND CONCLUSIONS

Type of Improvement:	An Education Building
Location:	203 Fisher Park Circle Greensboro, North Carolina
Owners of Record:	Temple Emanuel, Inc.
Deed Reference:	Deed Book 2565, Page 240
Land Area:	49,177 Square Feet (From Site Plan)
Size of Improvements:	16,824 S.F. (Total) (From Plans and Inspection)
Utilities:	Electricity, Telephone, Natural Gas, Water, Sewer
Zoning:	RS - 9 Residential District
Land Value Fee Simple:	\$295,000
Indicated Value By Cost Approach:	\$1,280,000
Final Value Opinions	
Normal Marketing Period:	\$1,280,000
Quick Sale:	\$960,000
Date of Appraisal:	July 22, 2003
Appraiser:	Alan W. Sutton Jr. NC State Certified General Real Estate Appraiser A 4198
Review Appraiser:	Jeanne J. McNairy, MAI, SRA NC State Certified General Real Estate Appraiser A 261



## SCOPE OF THE APPRAISAL

The scope of the appraisal is the estimation of market value for real property that involves a systematic process of defining the problem; defining the work and acquiring the available data, which is then classified, analyzed and interpreted into an opinion of value.

The subject property, 203 Fisher Park Circle, is located on the northwest corner of Fisher Park Circle and Florence Street in Greensboro, North Carolina. According to the old site plan provided to the appraiser, the subject site consists of 1.289 acres or 49,177 square feet of land. The subject is located on Greensboro City Tax Map 24, Block 5, Lot #6. The current owner of the property is Temple Emanuel, Inc. The site is improved with an education building utilized for religious purposes. The subject has a total of 16,824 square feet of area. This area includes a main level with 11,474 square feet and a finished basement containing 5,350 square feet. The site has a paved parking area, concrete walks, and a concrete loading dock. The subject has access via Fisher Park Circle and Florence Street.

The appraiser is to provide an opinion of the market value of the subject property which involves inspecting the property and comparing it to other similar properties. The comparison typically uses three approaches; the Cost Approach, the Sales Comparison Approach, and The Income Approach.

The appraiser locates similar land sales that have occurred recently and compares them to the subject site. After estimating the land value, the appraiser estimates the reproduction cost new by using newly constructed buildings that are similar and getting cost estimates from local contractors. Marshall and Swift cost service, which indicates the replacement cost, is also used. Depreciation is then estimated from all sources and subtracted from the reproduction cost to arrive at an indicated value by the Cost Approach.

The appraiser has searched the area for information available for sales of similar properties that have occurred as recently as possible for the Sales Comparison Approach and has used the most similar to the subject property. Adjustments are made to the comparables for items of dissimilarity such as terms of financing, time, location, age,

and other conditions that affect the sale price. A value range is generally indicated by the adjustments that is reconciled into an indicated value for the subject by this approach.

In the Income Approach, the anticipated cash flow from the subject property is estimated and converted into a present value through the capitalization process. Religious facilities are typically not rented, therefore, the appraiser is of the opinion that the income approach to value is not considered applicable to the subject property. The value opinions by the various approaches are then reconciled into a final opinion of the property's market value.

### **PURPOSE OF APPRAISAL**

The purpose of this appraisal is to provide an opinion of the current market value in fee simple of the land and the improvements, located at 203 Fisher Park Circle in Greensboro, North Carolina.

Market value is defined as:

*"The most probable price which a property should bring in a competitive and open market under all conditions requisite to a fair sale, the buyer and seller, each acting prudently, knowledgeably and assuming the price is not affected by undue stimulus."*

Implicit in this definition is the consummation of a sale as of a specified date and the passing of title from seller to buyer under conditions whereby:

1. Buyer and seller are typically motivated.
2. Both parties are well informed or well advised, and each acting in what he considers his own best interest.
3. A reasonable time is allowed for exposure in the open market.
4. Payment is made in terms of cash in U.S. dollars or in terms of financial arrangements comparable thereto.
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.

Source: Office of the Comptroller of the Currency, 12CFR, part 34

*Fee Simple - An absolute fee; a fee without limitations to any particular class of heirs or restrictions, but subject to the limitations of eminent domain, escheat, police power, and taxation. An inheritable estate.*

Source: The Dictionary of Real Estate Appraisal, Fourth Edition, Appraisal Institute, 2001.

## **REASONABLE EXPOSURE TIME AND MARKETING TIME**

According to The Appraisal Foundation, 1992, exposure time is defined as: *"The estimated length of time the property interest being appraised would have been offered on the market prior to the hypothetical consummation of a sale at market value on the effective date of the appraisal; a retrospective estimate based upon an analysis of past events assuming a competitive and open market."* Implied within this definition is that not only reasonable time is afforded, but also reasonable effort.

According to The Dictionary of Real Estate Appraisal, Fourth Edition, 2001, *"reasonable marketing time is an estimate of the amount of time it might take to sell an interest in real property at its estimated market value during the period immediately after the effective date of the appraisal"*.

To determine the reasonable exposure time prior to the effective date of the appraisal and the estimated marketing time immediately following the effective date of the appraisal, evidence from the market is reviewed and local brokers are consulted. In the appraiser's opinion, the two estimates of time are similar in that the market evidence available to determine the estimated times is the same.

Over the past few years, the market has changed considerably. According to the listing agent, the subject was originally listed on the market for sale in April 2002. However, the property was leased and was not actively marketed until August 2002. Many brokers are not keeping up with the length of time properties are listed for sale prior to a transaction. In talking with local commercial brokers, it is estimated to take approximately one to three years to sell a property such as the subject. The seller indicated that the property has been actively marketed for approximately one year and that an offer was accepted after approximately one year in order to not have the building sit vacant for an additional one or two years. The subject is specialized in that it has

limited permitted uses, thus marketing time is increased. The appraiser is of the opinion that the reasonable exposure time for the subject property is one to three years with a most probable exposure time of two years.

### **FUNCTION/INTENDED USE OF THE APPRAISAL**

The intended use of this appraisal is for the sole purpose of assisting the intended user, The Bank of North Carolina (the Client) in establishing a value of the land and the improvements for the purpose of making a financial decision. This appraisal has been requested by the client. The appraiser is not responsible for unauthorized use of this report.

### **DATE OF VALUE ESTIMATE**

The date of the appraisal and the effective date of the report is July 22, 2003.

### **IDENTIFICATION OF THE PROPERTY**

The subject property, 203 Fisher Park Circle, is located on the northwest corner of Fisher Park Circle and Florence Street, in the city of Greensboro, in Guilford County, North Carolina. According to the old site plan provided to the appraiser, the subject site consists of 1.289 acres, or 49,177 square feet of site area. It should be noted that the Guilford County Tax Department shows two additional structures on the lot, besides the subject. These tax cards are provided. A new survey was not provided to the appraiser. The appraiser reserves the right to amend the appraisal, including the final value opinion, if presented with a recent survey from a licensed surveyor showing a differing site size or dimensions. The site is located in the Fisher Park Historical District. The site is currently improved with an educational facility owned by Temple Emanuel, Inc. At the date of inspection, the building was vacant. It had been leased to another religious facility for the previous year. The education building has a total of 16,824

square feet of heated area. The main level contains 11,474 square feet of area and the basement contains 5,350 square feet of area. The size of the improvement is taken from a physical inspection and plans provided to the appraiser.

According to the Guilford County Tax Department, the subject property is shown as Greensboro Tax Map 24, Block 5, Lot #6. The legal description for the parcel is recorded in Deed Book 2565, at Page 240 in the Office of the Register of Deeds of Guilford County, North Carolina. The owner of record is Temple Emanuel, Incorporated.

### **HISTORY OF THE PROPERTY**

The subject property, 203 Fisher Park Circle, was acquired by Temple Emanuel, Inc. from Margaret A. Frazier on November 17, 1971. This transaction is recorded in Deed Book 2565 at Page 240 in the Office of the Register of the Deeds of Guilford County, North Carolina. According to the deed, an excise tax stamp of \$75.00 is recorded indicating a sales price of \$75,000. The site is improved with an education building that was constructed in 1980, per the tax department. No transfers of title were noted over the past three years per the tax department. A copy of the deed is located in the addenda of the report.

The subject was leased to a religious facility for \$5,000 a month on a net basis. The lease was for one year and has now expired.

According to the listing agent, Mel Kriegsman, the property has been actively listed for sale on the market since August 2002. The subject was listed for sale for \$1,375,000. The subject is currently under contract for purchase from Temple Emanuel, Incorporated by The Anderson Grove Baptist Church, Incorporated. The purchase price is \$950,000 and the sale is to close on August 1, 2003. In talking with the listing agent, the seller had two offers on the table at the time the subject went under contract. According to the listing agent, the reason the \$950,000 offer was accepted is because the owners did not want the building to sit vacant. The sellers were very eager to sell the building. The listing agent referred to the sale as a "Quick Sale". The buyers indicate they are getting a very good deal on the property.

## ZONING

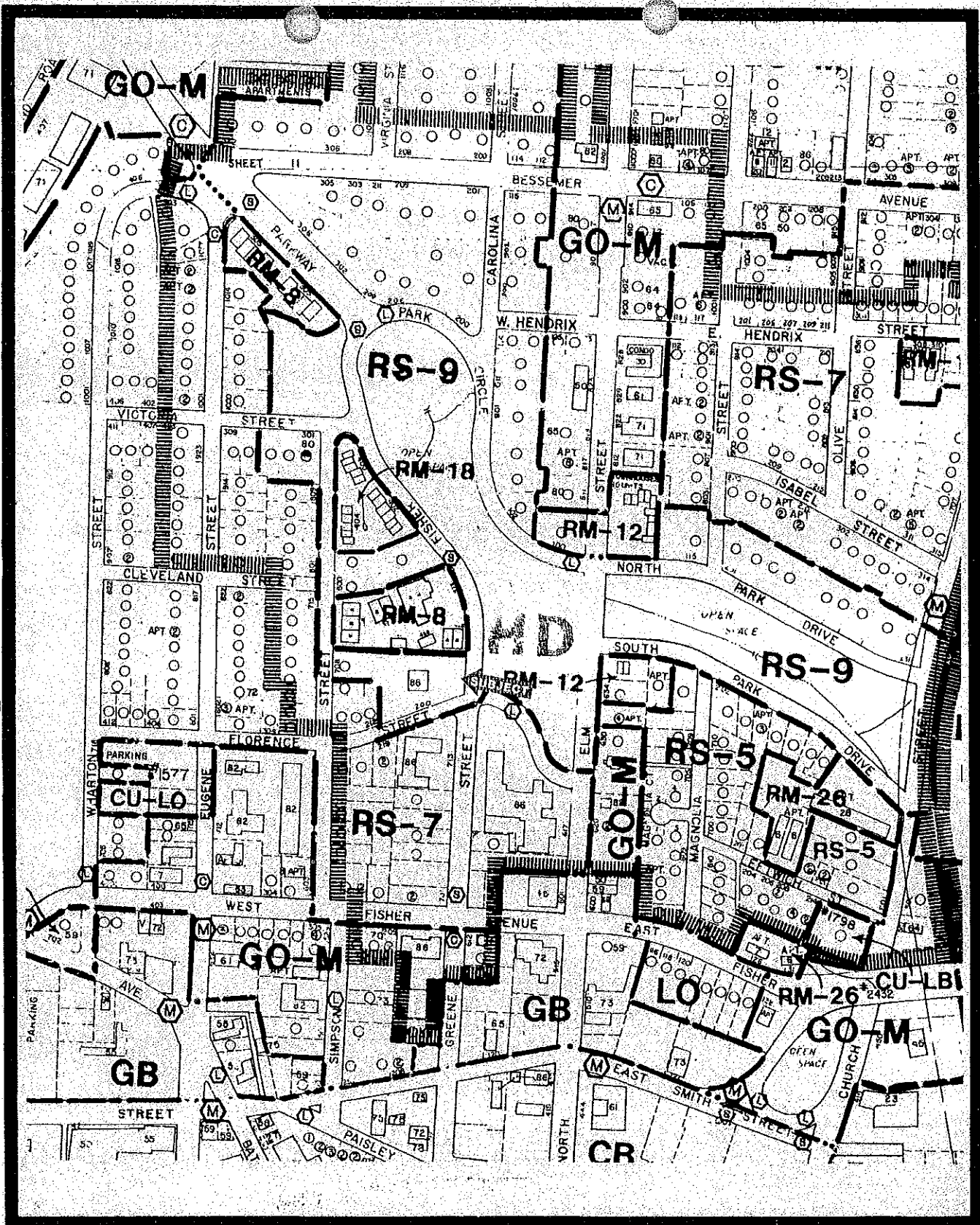
According to the Greensboro Zoning Department, the subject is zoned RS - 9, Residential Single Family District. This zoning classification is primarily intended to accommodate moderate to high density single family detached dwellings in developments where public water and sewer service is required. The overall gross density in RS-9 will typically be 4.0 units per acre or less. The dimensional requirements for the zoning ordinance have been included in the addenda.

The subject property is located in the Fisher Park Historical District. A Historical District is an overlay district that has been established in areas in addition to the regulations of the underlying General Use or Conditional Use Districts. The Historical Overlay District establishes regulations which will help maintain the historic integrity of certain areas within the City.

The site appears to conform to the requirements of the zoning classification. A zoning change does not appear likely in the future. The current use as an education building is a permitted use, built to developmental standards, under the RS-9 zoning district. The current use of the subject is a permitted use under the Fisher Park Historical District zoning ordinance. The site appears to be able to be developed within the constraints of the zoning ordinance.

## TAX ANALYSIS

According to the site plan provided to the appraiser, the subject site consists of 1.289 acres or 49,177 square feet of land. The property is shown on the Greensboro tax records as being Greensboro Tax Map 24, Block 5, Lot #6. An education building, having a total of 16,824 square feet, is located on the site. The following assessed tax value is for 2003.



Map Series Graphics, Inc. © COPYRIGHT 1978

# ZONING MAP

Tax Map:	24-5-6
Land	\$87,500
Buildings	\$1,108,600
Extra Features	\$00
Total	\$1,196,100

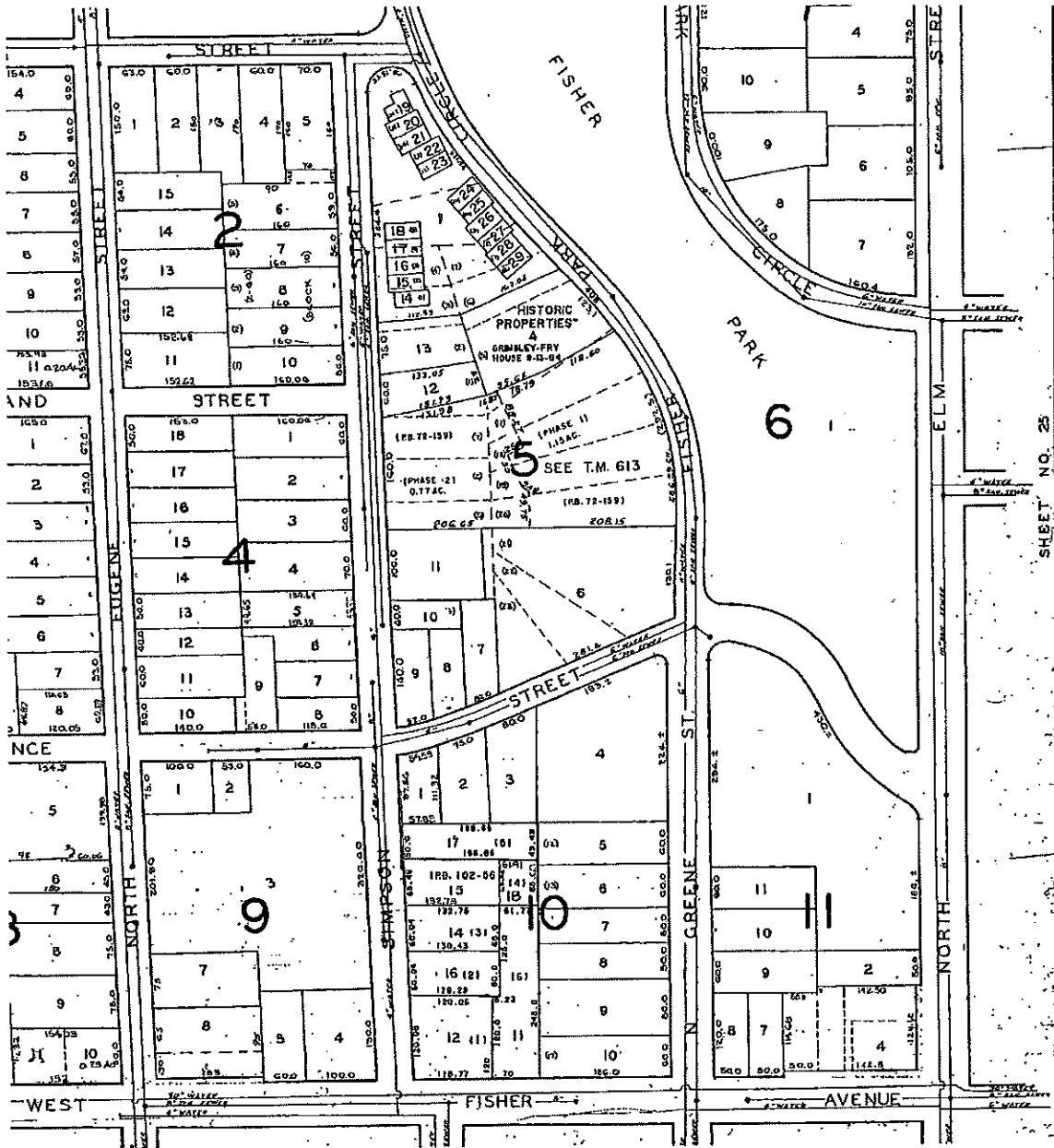
The total assessed tax value for the current improvements is \$1,196,100. Religious facilities are tax exempt. However, if the property were utilized for purposes other than a religious facility, such as an office building, it would be taxed. The 2003 tax rate code for the property is \$1.331 per \$100.00 of assessed value. The 2003 taxes for the subject, if not used for a religious facility, are estimated to be \$15,920. The combined tax rates for the city of Greensboro and Guilford County for the years 1995 to the present are shown as follows:

Year	Tax rate	Percent Change
1995	1.4248	-2.40
1996*	1.2547	-11.94
1997	1.2647	0.80
1998	1.2197	-3.56
1999	1.2197	0.00
2000	1.2197	0.00
2001	1.2567	3.03
2002	1.2917	2.79
2003	1.3310	3.04

\* Reflects revaluation of all properties in Guilford County for tax purposes in 1996.

The tax rate increased over the past two years. The tax rates have increased and decreased in varying amounts over the past years, with an increase over the past three years of approximately 3%. Since the last revaluation of properties in 1988 and prior to the recent revaluation, the tax rate for the subject property has increased at an annual rate of approximately 2.46%. The appraiser is of the opinion an increase of 2.5% is reasonable. The 2003 tax rates were set in June 2003. Guilford County reevaluated the tax values for all properties for 1996. The next revaluation will occur in 2004.





SHEET NO. 25

# TAX MAP

## GREENSBORO AREA ANALYSIS

### *Location*

Greensboro, the county seat of Guilford County, is located in the Piedmont section of North Carolina. The Piedmont region consists of Greensboro, Winston Salem, High Point, and seven counties. Winston Salem is 27 miles west and High Point is 17 miles southwest of Greensboro. The Virginia state line is 40 miles north of Greensboro. The South Carolina state line is 80 miles south. The distance to the western boundary of North Carolina is 255 miles. The eastern coastal boundary is 233 miles east of Greensboro.

The main East/West, North/South Highways that intersect within the Greensboro area include; Interstate 40 and 85, U.S. 29, 70, 220, and 421. Other highways serving the area include; N.C. 150, N.C. 68, N.C. 61, N.C. 62, and N.C. 22. The Greensboro thoroughfare system is well planned and moves traffic efficiently. Existing and proposed road projects ensure mobility through all quadrants of the city and Guilford County. An urban loop and new interstates are under construction. Interstate 40 is in the process of being widened through Greensboro.

### *Social Forces*

Guilford County encompasses 651 square miles while Greensboro spans 109 square miles. Guilford County is part of an eight county Standard Metropolitan Statistical Area (MSA) with a 1990 population of 1,071,000; approximately a 15.59% increase over the 1980 Census. According to Sales & Marketing Management, "2002 Survey of Buying Power", the population estimate for the MSA as of September, 2002 is 1,279,300. According to the US Census Bureau, Greensboro had a 1990 population of 187,000, which is a 20% increase over 1980. The US Census Bureau reports a 2002 Guilford County population of 430,800, which is a 23.94% increase over the 1990 population count of 347,584.

The city of Greensboro offers a variety of housing styles in a wide range of prices. Numerous apartment complexes are available throughout the city. 2002 Greensboro Winston Salem Apartment Report, by the Carolinas Real Data is conducted

semi-annually in April and October. Elderly and subsidized housing is not included. According to the 2002 Greensboro Winston Salem Apartment Report, April, there are 324 communities surveyed. Currently, there are 415 apartment units were completed in the Triad and there are currently 1,380 under construction and 1,132 units proposed for development. The average vacancy rate increased from 8.3% to 10.8%. Average rental rates are increasing slightly.

There is one county wide public school system. In addition to its public school system, Guilford County has many private schools. New construction is ongoing in both the public and private systems. Greensboro hosts two public state universities (The University of North Carolina at Greensboro and A & T State University), three private colleges, and several technical institutes.

One attractive aspect of the Greensboro area is the variety of parks and recreational facilities available. These include public swimming pools, lighted ballfields, tennis courts, public golf courses, and fitness trails. A Cultural Arts Center, children's museum, and library are all located in downtown Greensboro. There are over 500 churches located in Greensboro with several new ones being built each year. Over 34 different denominations are represented in Greensboro. Greensboro has four hospitals that provide a variety of health care services. There are also private clinics and an adequate supply of doctors and dentists.

### ***Economic Forces***

According to the Bureau of Labor Statistics, the labor force for the Greensboro/Winston Salem/High Point Metropolitan Statistical Area was over 635,800 as of September 2002. This includes the unemployed labor force. The unemployment rate was reported to be 5.53 for the MSA. According to Business North Carolina, "2001 Business Handbook", February, 2001, the 2000 labor force for Guilford County was 221,400. The unemployment rate was reported to be 2.6%, which is below the North Carolina average of 3.3%.

The "2002 Survey of Buying Power", Sales & Marketing Management Magazine, reported that the estimate of gross retail sales as of September, 2002 for Greensboro was \$4,294,008. According to the 1990 census report, the average per

household income in Greensboro was \$25,611, which is approximately 35% over the average per household income for 1980 of \$19,000. This growth rate is expected to continue for the foreseeable future. According to Sales & Marketing Management Magazine, the median effective buying income for Greensboro as of September 2002 was \$39,455 which is a 11.99% increase over the previous year of \$35,231. The effective buying income for Greensboro is projected to increase approximately 35% over the next five years.

The Piedmont Triad International Airport is located eight miles west of downtown Greensboro and is a major business and private center. Air transportation is provided by numerous airlines (jet and regional carriers). Atlantic Aero, Inc., and Piedmont Aviation Services, both private companies, provide air charter services to the area also.

Federal Express has announced a \$230 million air cargo hub for the airport. It is to be constructed adjacent to the northeast of PTIA with an additional 9,000 foot runway. Job projections for the facility are 1,500 employees. Local economists expect the hub to attract distribution centers to the area with the economic impact for a twelve county region at more than \$2.4 billion. Construction is scheduled to begin in the year 2005 with operations to begin in 2007. The area in and around the airport is developing at a rapid pace with new industry. This area is expected to have a major effect on the economy of Greensboro and other nearby cities.

Greensboro is on the main line of Norfolk Southern Railway. There are 52 freight companies in Greensboro and the immediate area. Greyhound provides bus transportation. The network of highways has contributed to making Greensboro a regional transportation hub. This area is expected to grow as a distribution center because of both its geographical location and the cost of warehousing in major metropolitan areas.

Greensboro is host to many conventions and other attractions held at the Greensboro Coliseum. The Greensboro Coliseum has a 23,000 seat arena, 2 exhibit halls, and an auditorium. Greensboro also attracts thousands to the annual Greater Greensboro Chrysler Classic golf tournament. The Greensboro Jaycees, a civic organization, sponsors the golf tournament, which is the largest Jaycee project in the world. Twice a

year, neighboring High Point attracts furniture buyers from all over the world for the International Home Furnishings Market. Greensboro has numerous hotels and motels available to accommodate visitors. The largest include the Sheraton Four Seasons, the Marriott at the airport, and the Greensboro Hilton in downtown Greensboro.

The Four Seasons Town Centre is a 1.1 million square foot, four level mall located in southwest Greensboro. The hotel is the largest in the state with 1,017 rooms. This hotel recently changed franchises from the Holiday Inn franchise to the Sheraton franchise. The convention center was recently expanded by 40,000 square feet at a cost of \$4.5 million. The original portions of the hotel are currently undergoing renovation.

Koury Corporation is also developing Grandover community in southwest Guilford County with access from the major east-west corridor of Interstate 85. This 1,400 multi-purpose development includes a 120,000 square foot office building, two golf courses, a 900-room hotel, and 500,000 square feet of retail space. Residential development at Grandover will include more than 1,500 homes starting at \$300,000. Grandover has continued development with the opening of the golf clubhouse, completion of the Atlantic Coast Conference headquarters, and the announcement of a 75,000 square foot headquarters building for LADD Furniture, Inc.

Greensboro's wealth of human resources, viable economy, and broad manufacturing base has encouraged expansion of other areas: trade, construction, service and government. Due to the wide diversity of activity and employment, Greensboro has enjoyed a stable economic environment, when other parts of the country were experiencing fluctuations.

There is a broad industrial base. Such industries as tobacco, textile, apparel, furniture, fabricated metals, machinery, electronic components, lumber and millwork, plant, food products, dairy products, and a variety of specialty manufacturers are represented. A listing of Guilford County's largest manufactures is located at the end of this section.

Growth in the Greensboro and Guilford County area is strong due to the many assets the area has to offer. The future of Greensboro appears good as development, job opportunities and a strong real estate market continue.

***Governmental Forces***

An elected city council and county commissioners make up the management of both the Greensboro and Guilford County government system. Guilford County has an 11 member Board of Commissioners. The government systems of both the county and city work well together and have the reputation as being one of the more progressive in the state. The City of Greensboro's Police Department has approximately 450 employees and the Guilford County Sheriff's Department has approximately 200 employees. There are approximately 350 full time Fire Department employees and around 1,200 volunteers.

Services available to business and industry have been adequate in the past. Water and sewer service is provided by the City of Greensboro. Bell South Telecommunications provides telephone service with many long distance services available through various companies. Several companies provide cellular telephone service. Piedmont Natural Gas Company provides natural gas and Duke Power Company supplies the electric power to the area. The City of Greensboro provides city bus service.

***Environmental Forces***

City water and sewer are available within Greensboro with well and septic systems available in areas without city water and sewer. Due to the large amount of residential growth over the past several years, Greensboro has experienced problems with adequate water and sewer in the past. The City of Greensboro has negotiated with the cities of Winston-Salem, High Point, and Reidsville to purchase water for Greensboro. The cost of water has risen as a result. Water restrictions and purchasing water from nearby cities is a temporary solution to the area's current water problems caused by drought. Greensboro also has a long-term water problem due to increased development and population. The proposed Randleman Dam is the long-term solution to the water problems and construction has begun. No restrictions on development have resulted from the water shortage. Environmentally conscience decisions have been made by limiting development of neighboring watershed areas. Greensboro has an annual average temperature of 58 degrees and an annual average rainfall of 42.5 inches.

Greensboro is a good place to live due to the pleasant climate, a stable economy, convenient location to recreational facilities, major highways, good quality of

educational facilities, growing diversified industries, and the progressive government, the demand for residency in the area is felt to increase with future growth. These factors also effectively lure new industry locating to the southeast to the Greensboro area. Greensboro has experienced progressive economic development and business recruitment as growth and stability continues.

Additional information on Guilford County is in the addenda. The information is reported by the North Carolina Department of Commerce, Economic Policy and Research Division.

### **NEIGHBORHOOD/COMPETITIVE MARKET ANALYSIS**

The subject property is located in the central quadrant of Greensboro, in Guilford County, North Carolina. For the purpose of this report, the definition of the term "neighborhood" as found in The Appraisal of Real Estate, Twelfth Edition, published by the Appraisal Institute, 2002, is used. This definition is as follows: "*A group of complementary land uses.*"

The neighborhood boundaries are considered to be Wharton Street to the west, Wendover Avenue to the north, West Smith Street to the south, and Church Street to the east. The major traffic arterial leading to the neighborhood is North Elm Street. North Elm Street intersects East Bessemer Avenue and Wendover Avenue to the north. These two roads are major east-west connectors. North Elm Street intersects Friendly Avenue, Market Street, and Lee Street to the south. The northern boundary of the central business district adjoins the southern boundary of the subject neighborhood.

The subject property is located on the northwest corner of Fisher Park Circle and Florence Street. The subject neighborhood and land use is primarily residential in nature with some general business and office uses along the neighborhood boundaries. There is little vacant land in and surrounding the subject neighborhood that is available for development.

Adjacent to the subject to the south and southeast are religious buildings. Single family residences are located adjacent to the east of the subject. Multi-family influences are adjacent to the subject to the north. The subject is adjoined to the east by



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- |                               |                        |
|-------------------------------|------------------------|
| Local Road                    | ▲ Park/Reservation     |
| — Major Connector             | ◆ Locale               |
| ▬ Interstate/Unlimited Access | + + Railroad Abandoned |
| ▬ US Highway                  | + Cemetery             |
| + + Railroad                  | Population Center      |
| □ Point of Interest           | Water                  |
| ◇ Large City                  | — River/Canal          |
| ⊕ Hospital                    | ▭ City Park            |



open space. Some of the homes in the GO-M zoning district along the southern boundary of the neighborhood have been converted to office uses. The uses off of West Wendover Avenue north of the subject are primarily professional office that cater to the nearby Moses H. Cone Memorial Hospital. The majority of the neighborhood is composed of residential influences. The Green Hill Cemetery is located on the western boundary of the site.

The subject is located in one of four Historical Districts in Greensboro, NC. The purpose of a Historical District is as follows.

*"to safeguard its heritage by preserving any property therein that embodies important elements of its cultural, social, economic, political, or architectural history, and to promote the use and conservation of such property for the education, pleasure, and enrichment of the residents of the County and State".*

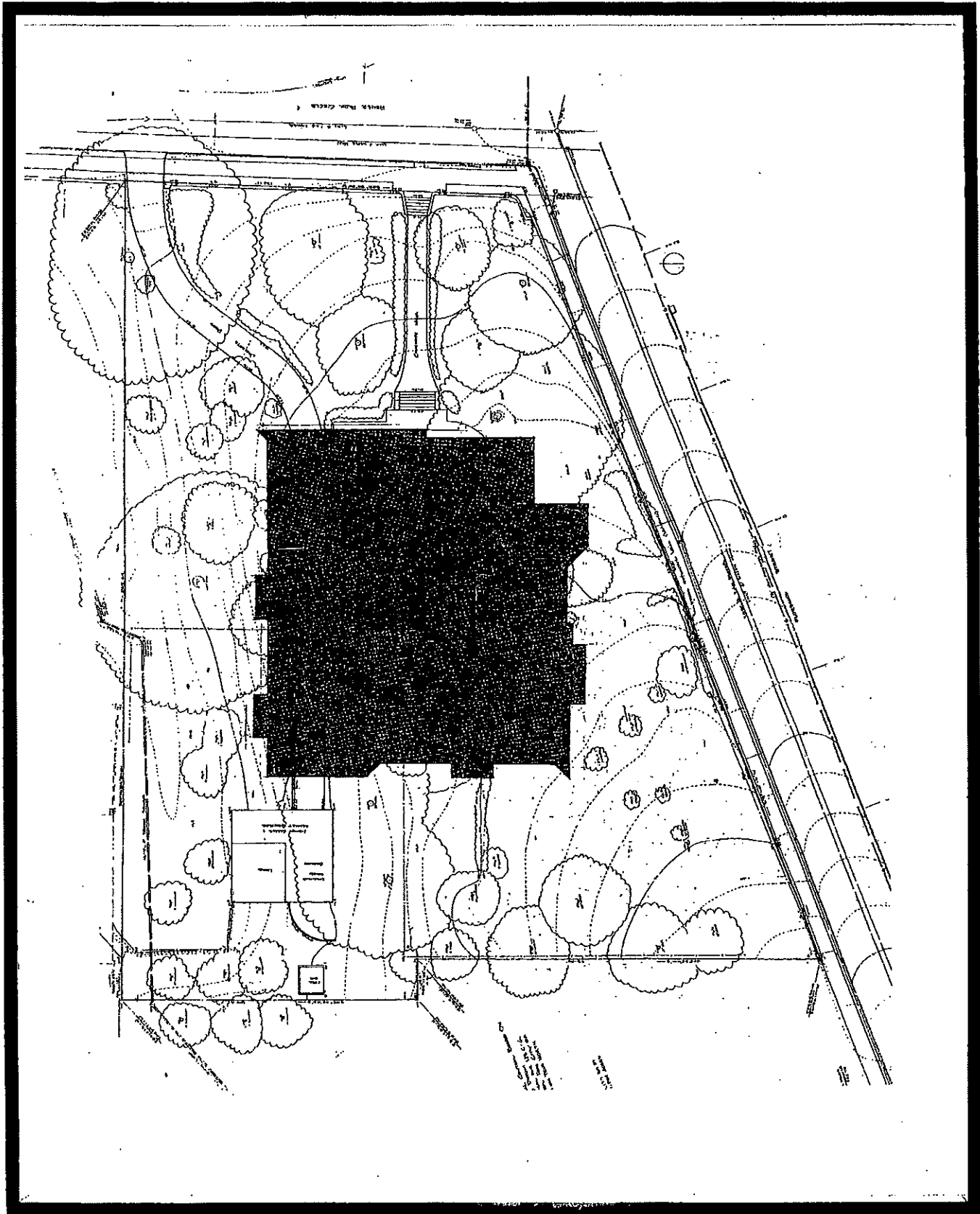
All changes pertaining to Historical Properties must be approved by a vote by the members of the Historic Property Commission. The subject is located in the Fisher Park Historical District.

The streets are asphalt with concrete curbs, gutters with storm sewers, and concrete sidewalks. The streets have street lights along the sides. The city provides street maintenance, water and sewer service. Adequate police and fire protection are furnished by the city. The future of the neighborhood appears to be good as controlled growth and development continues.

### SITE ANALYSIS

The subject property is located on the northwest corner of Fisher Park Circle and Florence Street, in Greensboro, North Carolina. According to the old site plan provided to the appraiser, the subject property consists of 1.289 acres, or 49,177 square feet of land. The site is currently improved with an education building containing a total of 16,824 square feet of heated area. The site is also improved with asphalt parking and concrete drives and walks.

Access to the site is via Fisher Park Circle and Florence Street. Fisher Park Circle intersects Parkway Street north of the subject providing access to Wendover



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# SITE PLAN

Avenue. Florence Street intersects Elm Street east of the subject providing access to the Central Business District and surrounding areas.

The site is irregular in shape and gently sloping in topography. A recent survey was not available to the appraiser. The appraiser reserves the right to amend the value if provided with a survey showing a differing site size or dimensions. The appraiser assumes the dimensions as shown on the site plan are correct. There were no adverse easements, encroachments, or other adverse conditions noted upon inspection.

The site has 275.17 feet of frontage on Florence Street. The western boundary continues north approximately 136 feet, then west 14 feet then north 100 feet to the northwestern boundary. The site then continues east 262.64 feet to the northeastern boundary. The site continues south along Fisher Park Circle for 134.11 feet to the intersection with Florence Street.

City water and sewer are available to the subject property. The streets surrounding the subject are asphalt with curb and gutter present. The site has the typical utility easements for water, sewer, electricity, telephone, and natural gas. The utility easement do not appear to adversely affect the site. The utilities and services appear to be adequate for the existing use.

There were no visible adverse soil conditions noted at the time of inspection, however a soil report was not available to the appraiser. A map showing sites with environmental issues, according to "EnviroMapper" by the Environmental Protection Agency, is included in the addenda. The map shows nearby properties that are Hazardous Waste Handlers and Multi-Activity sites. These have been registered with the Environmental Protection Agency. This appraisal makes the special assumption that the site is free and clear of any environmental contamination. The site is not located in a designated flood area as determined by FEMA (Federal Emergency Management Agency). The site is located in Zone X, Map 375351-0014-D dated December 5, 1989. A flood map is included in the addenda. The physical and functional characteristics of the site appear to be adequate to allow it to be developed to the highest and best use.

## DESCRIPTION OF IMPROVEMENTS

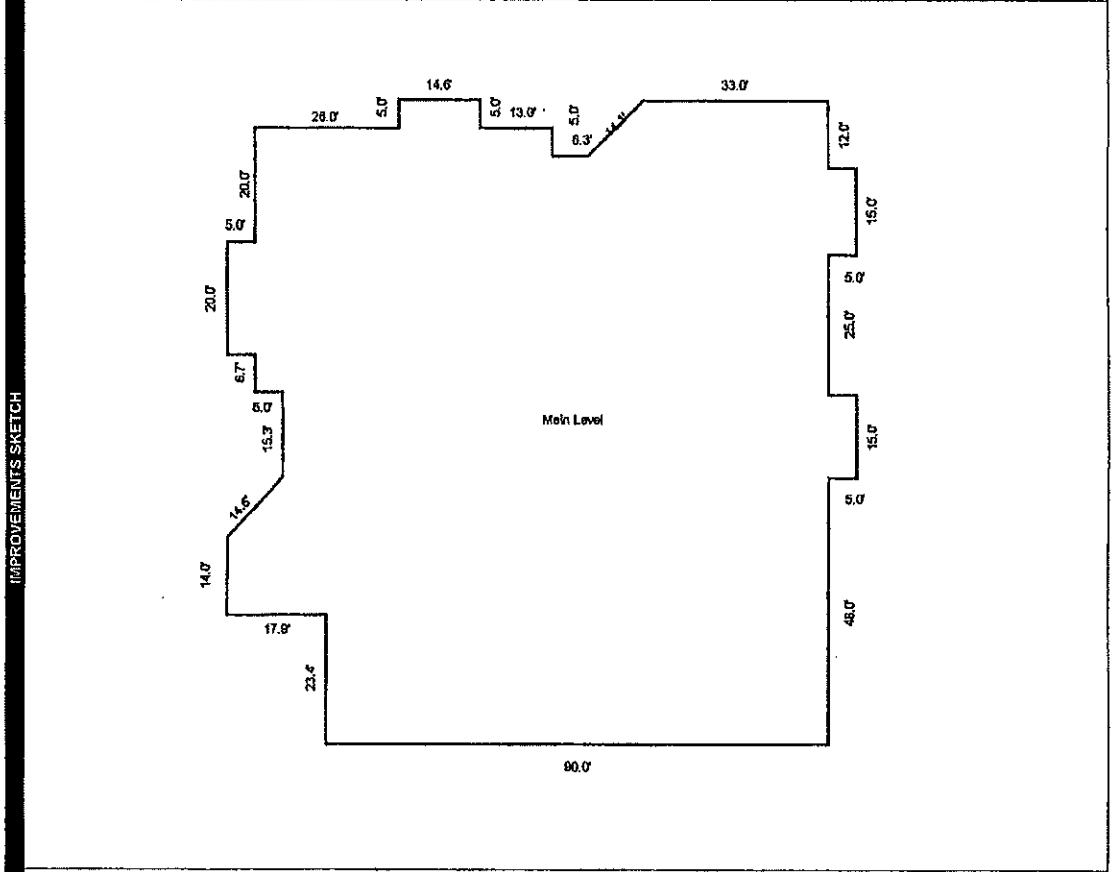
The subject property is located on the northwest corner of Fisher Park Circle and Florence Street in Greensboro, North Carolina. The subject site consists of 1.289 acres or 49,177 square feet of site area. The site is currently improved with a building currently used as a religious educational facility. The building has a total of 16,824 square feet of heated area. The facility includes 11,474 square feet of area on the main level and 5,350 square feet of area on the lower level.

Based on the inspection, the basic building components of the improvements are as follows:

Foundation:	Spread concrete footings, reinforced with steel, And concrete block foundation
Frame:	Steel Beams
Floor Structure:	Concrete slab on grade, brick and block
Floor Cover:	Carpet, brick pavers, ceramic tile, and vinyl tile
Ceilings:	Acoustical tile at 10 feet average
Frame Interior Partitions:	Papered or painted drywall over framing studs.
Plumbing:	Six bathrooms. A total of 12 water closets, two urinals, and 10 lavatories. Two baths are private and located off of classrooms.
HVAC:	Gas FWA and Central Air Conditioning
Exterior Walls:	Brick with insulated glass windows
Roof Structure & Cover:	Steel Frame trusses, Steel deck and metal roof cover (Per Tax Department)
Site Improvements:	The site has concrete paving, concrete sidewalks, Loading dock, and typical landscaping. Parking for appx. 20 cars.

# SKETCH/AREA TAB/ADDENDUM

SUBJECT	Property Address		
	City	State	Zip
	Borrower		
	Lender/Client		
	Appraiser Name	Alan Sutton Jr.	

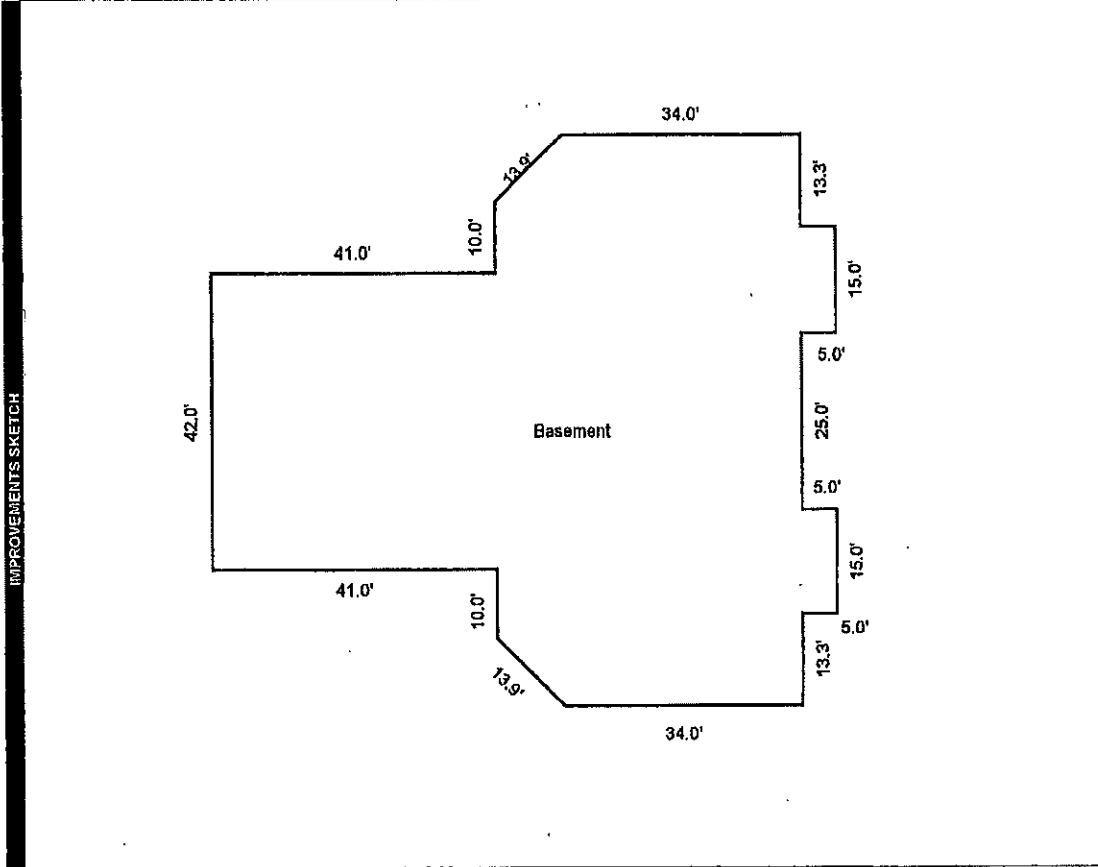


Comments:

AREA CALCULATIONS SUMMARY				LIVING AREA BREAKDOWN		
Area	Name of Area	Size	Total	Breakdown:		Subtotal
GLA1	First Floor	11473.63	11473.63	First Floor		
				5.0 x 13.0		75.00
				5.0 x 15.0		75.00
				5.0 x 14.6		73.00
				5.0 x 20.0		100.00
				48.1 x 90.0		4329.00
				7.9 x 24.7		195.13
				0.5 x 10.7 x 10.0		53.50
				10.0 x 14.0		140.00
				0.5 x 9.9 x 10.0		49.50
				57.0 x 64.9		3699.30
				33.0 x 66.9		2207.70
				5.0 x 48.6		243.00
				5.0 x 45.7		228.50
<b>TOTAL LIVABLE (rounded)</b>			<b>11474</b>	<b>13 Areas Total (rounded)</b>		<b>11474</b>

# SKETCH/AREA TABLE ADDENDUM

SUBJECT	Property Address _____	State _____	Zip _____
	City _____		
	Borrower _____		
	Lender/Client _____		
	Appraiser Name <b>Alan Sutton Jr.</b>		



Comments:

Scale: 1" = 20'

AREA CALCULATIONS

AREA CALCULATIONS SUMMARY			
Area	Name of Area	Size	Totals
BSMT	Basement	5350.04	5350.04

AREA BREAKDOWN	
Breakdown	Subtotals

The subject has concrete walks and an asphalt paved parking lot with spaces for approximately 20 cars. Off street parking is permitted on Florence Street. The building has a main level and a lower level. The main level has eight classrooms including a nursery. One classroom and a nursery have a private bath. The main level also has two offices, a conference room, a resources room, a men's and women's restroom, a kitchen, and a multi-purpose room. The center of the main level is open and is currently used as a library. The subject has stairs and a ramp to the multi-purpose room. The men's room has two water closets and lavatories, one urinal, and tile flooring. The women's room has three water closets, two lavatories, and tile flooring. The private baths have one water closet and one lavatory.

The basement is finished similar to the main level. The basement contains six classrooms, one youth center, and two baths. The walls in the youth center are painted block and the floors are vinyl. The men's bathroom and the women's bathroom are identical to the men's and women's bathroom on the main level. Four of the classrooms have outside entrances. The interior wall for two classrooms is movable. The mechanical room is located in the basement. Several interior photos have been included in the addenda.

Per the tax card, the subject was constructed in 1980. Since the subject is not new construction, there is depreciation of the various components. The subject is in overall average condition with no deferred maintenance noted upon inspection. The subject appears to be constructed with average quality materials.

### HIGHEST AND BEST USE

The highest and best use is defined as:

*"The reasonably probable and legal use of vacant land or an improved property, which is physically possible, appropriately supported, financially feasible, and that results in the highest value."*

Alternatively, it may be defined as that use, from among reasonably probable and legal alternative uses, found to be physically possible, appropriately supported, financially feasible, and which results in highest land value.

The definition immediately above applies specifically to the highest and best use of land. It is to be recognized that in cases where a site has existing improvements on it, the highest and best use may very well be determined to be different from the existing use. The existing use will continue, however, unless and until land value in its highest and best use exceeds the total value of the property in its existing use.

Implied within these definitions is recognition of the contribution of that specific use to community environment or to community development goals in addition to wealth maximization of individual property owners. Also implied is that the determination of highest and best use results from the appraiser's judgment and analytical skill, i.e., that the use determined from analysis represents an opinion, not a fact to be found. In appraisal practice, the concept of highest and best use represents the premise upon which value is based. In the context of most probable selling price (market value) another appropriate term to reflect highest and best use would be most probable use. In the context of investment value an alternative term would be most profitable use.

In considering the uses available for the land, the use which will return the highest net figure in terms of money is considered to be the highest and best use.

In estimating the highest and best use, several steps of analysis are used.

1. *Possible use.* What uses are physically possible?
2. *Permissible use.* What uses are permitted by zoning and deed restrictions?
3. *Feasible use.* Which possible and permissible use will produce the highest net return to land owner?
4. *Maximally productive.* Of the financially feasible uses, the use that produces the highest price consistent with the rate of return warranted by the market for that use is the highest and best use.

#### ***POSSIBLE USE***

The physical characteristics of a site are one of the first constraints imposed on the possible uses. The location of the site within a given block along with the size are important determinants of value. Generally, the larger the site, the potential is greater to achieve economics of scale and flexibility in development.

The size of the parcel when considered with the zoning classification has considerable influence on the ultimate development. The main determinant in developing a site is the permitted size of the project. The total size of a building, that is the total



number of square feet, tends to increase as the lot size increases. The size and shape of the lot often limits the number of possible uses. The physical characteristics are not considered to be restrictive constraints on the development of the subject site to its highest and best use. The site appears to be able to be developed with any number of possible uses including office, commercial, and residential.

#### ***PERMISSIBLE USE***

Legal restrictions as they apply to the subject are private or deed restrictions, and the public restrictions. There are no known private restrictions that would affect the use. The only public restrictions are the requirements of the zoning classification. The subject site is zoned RS-9 – Single Family Residential District. This zoning classification is primarily intended to accommodate moderate to high density single family detached dwellings in developments where public water and sewer service is required. The overall gross density in RS-9 will typically be 4.0 units per acre or less. The use of an educational building by a religious facility is a permitted use under this zoning district.

The subject property is located in the Fisher Park Historical District. A Historical District is an overlay district that has been established in areas in addition to the regulations of the underlying General Use or Conditional Use Districts. The Historical Overlay District establishes regulations which will help maintain the historic integrity of certain areas within the City. The current use is permitted in this district. Any alternate use or change in the building would have to be approved by the Historical District commission.

The subject property consists of 49,177 square feet of land which is currently improved with an educational building used for religious purposes. The building has 16,824 square feet of heated area including the main level and the basement. Educational buildings and religious facilities are a permitted use, within developmental standards, within the RS-9 zoning district provided construction is to development standards. The land and the improvements to the subject property appear to be in compliance with the zoning requirements. Office and commercial uses are not permitted in this zoning district.

***FEASIBLE USE***

In determining feasible uses of a property, the income from various physically possible and legally permissible uses are reviewed to determine which uses are feasible. If proposed net revenues generated are enough to satisfy required rates of return on investments and provide a rate of return on the land, then the proposed use is feasible within some price limit.

The subject property consists of 1.289 acres or 49,177 square feet of land. The site is improved with an educational building having a total of 16,824 square feet of heated area. An alternate use for the subject would be a day care facility or an office use. However, the zoning restricts the use of the site to residential purposes. Office uses are not permitted in this zoning district. Also, the site is located in the Fisher Park Historic District. Religious facilities and day care facilities are a permitted use within the RS-9 zoning ordinance. Since a religious facility is non-profit in nature, financial feasibility cannot be supported. Since religious facilities fulfill a need in the community and religious groups often compete with retail, industrial, and residential development the use is feasible.

***MAXIMALLY PRODUCTIVE***

The long-term land uses that are expected to remain with the site for the useful life of the improvements is usually the highest and best use of the land. The use that provides the highest rate of return to the property is the highest and best use as improved. In reviewing market data on the allowable uses, the appraiser is of the opinion that the use of the subject as currently improved would provide the highest rate of return.

## CONCLUSION OF HIGHEST AND BEST USE

The subject zoning is RS-9 Single Family Residential District. The subject property consists of 1.289 acres or 49,177 square feet of land. The site is improved with an educational facility, utilized for religious purposes, having a total of 16,824 square feet of heated area. The land and the improvements to the subject property appear to be in compliance with the zoning requirements. The subject zoning is similar to the surrounding properties which indicates a conformity of uses.

The site is irregular in shape and gently sloping in topography. The site has frontage on Fisher Park Circle and Florence Street which provide convenient ingress and egress to the site. The size of the site is such that the allowable uses could be conducted on it.

The appraiser's inspection of the area indicated that the overall economy of Guilford County is good. The area in which the subject tract is located is predominantly residential in nature with some commercial and office uses on the borders and surrounding the neighborhood. The neighborhood is established with little vacant land available for development. The subject is located in the Fisher Park Historic District. Growth consists of mainly renovation of the improvements in the Historic District, which meet development codes. Growth is continuing in an organized manner in the surrounding with uses and building conforming to trends and zoning in the neighborhood.

The primary land uses in the area are currently residential in the immediate neighborhood, with various other commercial and office uses in the surrounding areas. A probable use must be such that sufficient income must be produced by a building to allow for a return to the land.

### **Highest and Best Use of Land as Though Vacant:**

The physical and functional characteristics of the site do not appear to limit its development. The site is located in a mixed use neighborhood with residential, office, and some commercial uses. The commercial and office uses are primarily located along the borders of the neighborhood. The probable use must be such that sufficient income must be produced by an improvement to allow for a return to the land. It is the opinion of

the appraiser that the highest and best use of the site, *as if vacant*, would be to develop the site with a building or buildings conforming to the zoning regulations that would fully utilize the site.

**Highest and Best Use as Improved:**

The existing improvements do add contributory value to the property as a whole and adequately utilizes the site. The appraiser is of the opinion that the highest and best use of the subject, *as improved*, is for its continuing use as an educational facility utilized for religious purposes.

**THE APPRAISAL PROCESS**

The estimation of a real property's market value involves a systematic process in which the problem is defined; the work necessary to solve the problem is planned; and the data required is acquired, classified, analyzed and interpreted into an estimate of value. In this process, three basic approaches are used by the Appraiser: the Cost Approach, the Sales Comparison Approach, and the Income Approach.

In the Cost Approach, the Appraiser must first estimate the value of the subject site by comparing it to similar sites that have recently sold or are currently offered for sale. The reproduction cost new of the improvements, as determined by comparison to similarly constructed properties, is then estimated. Depreciation from all sources is estimated and subtracted from the reproduction cost new of the improvements, to arrive at their present worth. The present worth of all improvements is added to the estimated site value with the result being the indicated value by the Cost Approach.

The Sales Comparison Approach involves the comparison of similar properties that have recently sold or similar properties that are currently offered for sale, with the subject property. These properties are compared to the subject with regard to differences or similarities in time, age, location, physical characteristics, and the conditions influencing the sale. The notable differences in the comparable properties are then adjusted from the subject property to indicate a value range for the property being appraised. When sufficient sales data is available, these adjustments are best determined

by the actions of typical buyers and sellers in the subject's market. This value range, as indicated by the adjusted comparable properties, is then reconciled into a final indicated value for the subject property by this approach.

The Income Approach is a process which converts the anticipated flow of future benefits (actual dollar income or amenities) into a value estimate through the capitalization process. The Appraiser is primarily concerned with future benefits resulting from net income. Net income is the remainder after deduction of expenses of operation from the effective gross income. The steps in this approach include estimating potential gross income by comparison with competing properties and estimating expenses (derived from historical and/or market experience) to determine a projected net income stream. This income stream is then capitalized into an indication of value by using capitalization rates extracted from competitive properties in the market or by using other techniques when applicable. Religious educational facilities are typically not rented, thus the income approach is not considered applicable to the subject property.

The value opinions, as indicated by the three approaches, are then reconciled into a final opinion of the property's worth. In the final reconciliation the appraiser must weigh the relative significance, defensibility and applicability of each approach as it pertains to the type of property being appraised and that best approximates the value being sought in the appraisal.

## SITE VALUATION

Site value is best indicated by comparable sales. Sales comparison is the process of comparing the subject site to similar sites which have recently sold. Sales comparison is a good indication of value as it reflects the actions of both buyers and sellers.

Market value is defined in terms of the price buyers in general would pay for a property and sellers in general would accept. Therefore, the appraiser has searched the market, not only in the subject area, but in similar and competing areas, to form an opinion as to what a typical purchaser might pay for a site such as the subject.

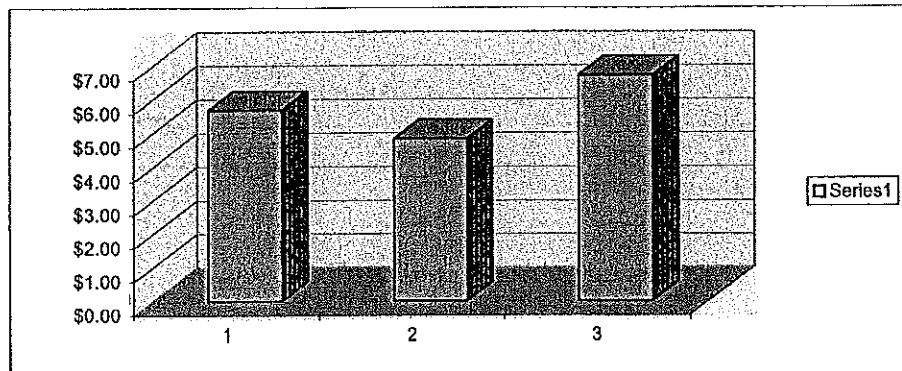
The following land sales were found that exhibited a reasonable degree of similarity to the subject property. The subject property consists of 1.289 acres, or 49,177 square feet of site area. The site is gently rolling in topography and irregular in shape. The following the sales data is included on an adjustment grid which compares the comparables to the subject parcel of land.

**LAND SALES**

**Subject:** 203 Fisher Park Circle  
**Size (SF):** 49,177

<b>Sale Number</b>	<b>1</b>	<b>2</b>	<b>3</b>
<b>Address:</b>	1126 North Church Street Greensboro	701 Park Terrace Greensboro	905 Olive Street Greensboro
<b>Tax Identification:</b>	250-4-1	172-3-23 & 24	25-2-7
<b>Sales Price:</b>	\$1,844,000	\$37,500	\$50,000
<b>Date of Sale:</b>	4/17/01	7/19/02	4/25/02
<b>Grantor:</b>	Tyco Electronic Corporation	Janet Owens	Anthony & Kathryn Perry
<b>Grantee:</b>	Church Street Medical, LLC	Donald Sutphin Builders	Harold Ray Armstrong
<b>Deed Book/Page:</b>	5200/69	5559/525	5495/195
<b>Zoning:</b>	PI	RS-7	RS-7
<b>Utilities:</b>	Public	Public	Public
<b>Land Area (SF):</b>	356,756	7,762	7,450
<b>Price Per SF:</b>	\$5.17	\$4.83	\$6.71
<b>Adjustments:</b>			
<b>Condition of Sale:</b>	0.00%	0.00%	0.00%
<b>Adj. Price/SF:</b>	\$5.17	\$4.83	\$6.71
<b>Location:</b>	0.00%	10.00%	10.00%
<b>Size:</b>	10.00%	-10.00%	-10.00%
<b>Net Adjustment:</b>	10.00%	0.00%	0.00%
<b>Indicated</b>			
<b>Price Per SF:</b>	\$5.69	\$4.83	\$6.71

	<b>Adj. Price Per SF</b>
Low	\$4.83
Mean	\$5.74
Median	\$5.69
High	\$6.71





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- |                               |                     |
|-------------------------------|---------------------|
| — Local Road                  | —+— Railroad        |
| — Major Connector             | □ Point of Interest |
| — State Route                 | ◆ Small Town        |
| — Interstate/Limited Access   | ◇ Large City        |
| — Interstate/Unlimited Access | ▲ Summit            |
| — US Highway                  | + Hospital          |
| □ Exit                        | ▲ Park/Reservation  |
| --- Utility/Pipe              | ▼ Exit/Gas          |



## LAND SALES SUMMARY

The appraiser located three land sales that are considered reasonably similar to the subject and are felt representative of the actions of typical buyers and sellers in the market. The comparable land sales occurred over the past three years. The sales vary in size ranging from 7,450 square feet to 356,756 square feet. The typical unit of comparison for land sales similar to the subject is the price per square foot. The appraiser was unable to locate any recent land sales similar in size to the subject that have sold in the subject neighborhood. The sales were the best available to the appraiser and are felt to be similar in utility. The comparable land sales indicate a range of values from \$4.83 to \$6.71 per square foot. This range can be further narrowed down by comparing each to the subject property.

The primary items of consideration are differences in rights of ownership, terms of financing, conditions of sale, expenditures after the sale, and market conditions. If applicable, percentage adjustments for these categories are applied individually, in the order listed above. In analyzing the market, the appraiser is of the opinion that no market conditions or time adjustments can be supported. Other, or secondary, adjustments are applied to the total adjusted prices per unit as lump sum percentages. These adjustments are described below.

### ***LOCATION ADJUSTMENT***

The subject property is located on the northwest corner of Fisher Park Circle and Florence Street. Sale #1 is overall similar in location to the subject and no adjustment is warranted. Sales #2 and 3 are located in areas inferior in desirability. Based on the actions of typical buyers and sellers in the market, the appraiser is of the opinion an upward adjustment of 10% is warranted for these two sales.

### ***SIZE ADJUSTMENT***

In economies of scale, larger tracts of land typically sell for less per square foot than smaller tracts of land and vice-versa. The appraiser attempted to pair sales to arrive at a size adjustment however was unable to do so. The adjustments for size are

based on the actions of typical market participants. The subject property contains 49,177 square feet of land area. Sale #1 is significantly larger in size compared to the subject. The appraiser is of the opinion an upward adjustment of 10% is warranted. Sales #2 and 3 are significantly smaller in size compared to the subject. The appraiser is of the opinion a downward adjustment of 10% is warranted for these two sales.

### SUMMARY

Each of the comparables is considered to be a reasonable substitute for the subject site and received consideration. Adjustments were also considered for topography and corner location, but in pairing sales, the adjustments could not be supported. After comparing the sales to the subject property and adjusting for differences, the range of price per square foot is \$4.83 to \$6.71. Taking all of the data into consideration, the appraiser is of the opinion that \$6.00 per square foot is most representative of the price for the subject site. The subject site consists of 49,177 square feet of land. Therefore, the indicated value of the subject is as follows:

$$49,177 \text{ SF} \times \$6.00 \text{ Per SF} = \$295,062$$

Say \$295,000

### COST APPROACH

The cost approach involves estimating the cost to construct, at current prices, a replica of the buildings being appraised. The dollar amounts for the replacement cost new are developed in conjunction with local building contractors and the replacement cost with Marshall Valuation Service. After determining the estimated replacement cost new, depreciation from all causes is determined and deducted from the estimated cost new. The depreciated cost of the site improvements and the land value are then added for a value of the subject by the cost approach.

### REPLACEMENT COST NEW

The subject property consists of 49,177 square feet, or 1.289 acres of land. The site is improved with a educational facility having a total of 16,824 square feet of heated area. The main level consists of 11,474 square feet and the basement contains 5,350 square feet. A source of estimating replacement cost new of the building improvements is from Marshall Valuation Service. The subject is representative of a Good Class C Classroom Building. The replacement cost new for this type of improvement is \$98.18 per square foot. The replacement cost new does not include the basement or site improvements. These items have been added after the depreciated cost section. The cost per square foot is further modified by the current and local cost multipliers as follows:

Marshall Valuation Replacement Cost New	\$98.18
Current Multiplier	X 1.03
Local Multiplier	X 0.85
Modified Replacement Cost New	\$85.96
Square Feet	x 11,474
Replacement Cost New of Building Improvements	\$986,305

### ACCRUED DEPRECIATION

Depreciation is the difference between the reproduction or replacement cost new of the improvements and the present market value of the improvements. Depreciation can be classified into three forms: physical, functional, and external. Depreciation can be either curable or incurable. Curable depreciation can be corrected. Incurable depreciation cannot be corrected because the expense is typically not feasible.

### PHYSICAL DETERIORATION

Physical depreciation is based upon wear and tear of the improvements. Curable physical depreciation is applicable to items in need of immediate repair and is often referred to as items of deferred maintenance. The measure of curable physical depreciation is the cost of restoring the item to new or reasonably new condition.

Incurable physical depreciation pertains to items of deterioration that are not practical or economically feasible to correct as of the date of the appraisal.

***Curable Physical Deterioration***

The subject appears to be in overall average condition for similar educational facilities. At the time of inspection, the building was vacant. However, upon inspection, there was no significant amount of deferred maintenance noted.

***Incurable Physical Depreciation***

There are two types of incurable physical deterioration: short-lived items and long-lived items.

Short-Lived Items: A short-lived item is a component that is expected to have a remaining economic life that is shorter than the remaining economic life of the overall structure of the building. The appraiser has applied the ratio of actual age to estimated total physical life to the replacement cost of each short-lived component to estimate the depreciation. The short lived items in the subject include the heat and air conditioning systems, floor coverings, ceilings, plumbing, lighting, wiring, and roof cover. The total economic life has been estimated based on Marshall Valuation Service and from information with property managers. The following chart summarizes the depreciation estimate for the short-lived items in the subject property.

Item	Cost New	Eff. Age	Eco. Life	% Deprec.	\$ Deprec.
HVAC	\$110,150	15	30	50%	\$55,075
Floor Coverings	\$37,291	5	10	50%	\$18,646
Ceilings	\$68,844	5	10	50%	\$34,422
Plumbing	\$60,697	14	25	56%	\$33,990
Lighting/Wiring	\$105,102	14	25	56%	\$58,857
Roof Cover	<u>\$20,080</u>	14	25	56%	<u>\$11,245</u>
Totals	\$402,164				\$212,235

Long-lived Items: A long-lived item is a building component that is expected to have a remaining economic life equal to that of the entire structure of the building. The total replacement cost new of the building minus the replacement cost new of the short-lived items is used to calculate the depreciation of the long-lived components. The appraiser then uses the ratio of effective age to economic life to calculate the amount of depreciation to be applied to the long-lived items. The total economic life is estimated to be 45 years. The estimate of economic life is arrived at by observing other similar properties and their life span. The subject improvements have a physical age of approximately 23 years. The subject appears to have been adequately maintained with general maintenance in the past. The appraiser is of the opinion that the subject's improvements are in overall average condition. After analyzing the improvements, the effective age for the long lived items is estimated to be 13 years and the remaining economic life would be 32 years. Using the age/life method, the estimate of depreciation is calculated to be 28.89%, say 29%. The following grid summarizes the long-lived depreciation estimate for the subject.

Total RCN	\$986,305				
Minus RCN SL Items	\$402,164				
RCN LL Items	\$584,141				
Long Lived Deprec.	RCN	Eff. Age	Eco. Life	% Dep.	\$ Deprec
	\$584,141	13	45	29%	\$169,401

#### FUNCTIONAL OBSOLESCENCE

Functional Obsolescence is caused by a defect in the structure or design in the building. A loss in value caused by functional obsolescence can be either a deficiency or superadequacy. A deficiency is something that the structure is lacking whereas a superadequacy is a building component that exceeds the market requirements and does not contribute value. There are no forms of functional obsolescence present in the subject improvements at this time.

## **EXTERNAL OBSOLESCENCE**

Negative influences outside the property that affect value are considered external obsolescence. There are no forms of external functional obsolescence affecting the subject at this time.

### **Site Improvements**

Landscaping	= \$100,000
Asphalt Paving	
Appx. 20 Spaces @ \$900 per Space	= \$ 18,000
Concrete Walks	= \$ 10,000
Total	= \$128,000
Less 25% Depreciation	= (\$32,000)
Total	= \$96,000

### **Basement**

\$53.09 per SF x 5,350 SF	= \$284,032
Less 29% Depreciation	= (\$82,369)
Total	= \$201,663

### **Soft Costs**

Additional soft costs such as escrow fees, legal fees, property taxes, demolition, right of way costs, storm grading, rough grading, and appraisal and consulting fees are not included. Soft costs for typical projects range from 5% - 15% of construction costs. The soft costs are estimated to be 10% of construction costs. This calculated to be \$80,633 ( $\$201,663 + \$604,669 \times 10\%$ ).

## **SUMMARY OF THE COST APPROACH**

After determining the estimated replacement cost new of the building improvements and deducting the depreciation, the depreciated value of the site improvements and the estimated value of the land is added to determine the estimated value of the property by the cost approach. The following chart summarizes the estimated value of subject property by the cost approach.

Replacement Cost New		\$986,305
Less Accrued Depreciation		
Physical		
Curable	\$0	
Incurable Short-lived	\$212,235	
Incurable Long-lived	\$169,401	
Functional Obsolescence	\$0	
External Obsolescence	\$0	
Total Depreciation		\$381,636
Depreciated Value of Building		\$604,669
Add Deprec. Value of Site Impr.		\$96,000
Add Deprec. Value of Basement		\$201,663
Add Land Value by Comparison		\$295,000
Add Soft Costs		\$80,663
Estimated Value by Cost Approach		\$1,277,995
Rounded		\$1,280,000

The indicated value of the building by the Cost Approach includes a developers profit, but does not include an entrepreneurial incentive. According to the Dictionary of Real Estate Appraisal, Fourth Edition, 2002, entrepreneurial incentive is defined as "the difference between the total cost of a property (cost of development) and its market value (property value after completion), which represents the entrepreneur's compensation for the risk and expertise associated with development".

Typical entrepreneurial incentives for new office and educational properties range from 5% to 30% of value. It is not uncommon for some properties to have no entrepreneurial incentive, since entrepreneurial incentive is based on cost versus market value. The entrepreneurial incentive will vary depending on the building and the market conditions (local economy) at the time of sale. The subject is currently under contract for \$950,000 and was previously listed for sale for \$1,375,000. The appraiser is of the

opinion that there does not appear to be a recognizable entrepreneurial incentive at this time.

**VALUE OPINION BY THE COST APPROACH**

**\$1,280,000**

**SALES COMPARISON APPROACH**

The appraiser searched the market, however was unable to find any sales of educational buildings that have recently sold in the subject neighborhood or competing areas. As previously mentioned, an alternate use would be for office space. However in talking with the Greensboro City Zoning Department, re-zoning the subject for office use would be "an uphill battle". The outcome of re-zoning would be uncertain due to the surrounding residential zoning and due to the subject being located in the Historical District. The Greensboro City Zoning Department does not look favorably on "spot" zoning. Therefore, the appraiser is of the opinion that the use of the subject for office use would not be likely in the foreseeable future.

The appraiser located several sales of Religious Facilities as a continued use as religious facilities. These are briefly listed in the following grid.

Address	Date	Sales Price	SF	Price/SF
4747 Lake Brandt Rd.	12/30/98	\$1,000,000	18,042*	\$55.43
909 W. Florida Street	3/7/01	\$67,000	1,250	\$53.60
3304 Spring Garden Street	5/30/01	\$161,500	3,400	\$47.50
2205 North Elm Street	11/28/00	\$645,000	9,370	\$68.84
811 Jefferson Road	3/28/03	\$950,000	3,794	\$250.40
6510 Old Oak Ridge Road	7/24/01	\$750,000	7,293	\$102.83
6011 Landmark Center Dr.	11/28/00	\$860,000	7,247	\$118.67

\* 1/2 of SF is in Basement



The previous sales have not been adjusted for differences that affect value. These sales are of Religious Facilities throughout Greensboro, NC. The quality of construction of the sales varies. As previously mentioned, the appraiser was unable to locate any sales of Educational Facilities in the Greensboro area. The subject property is currently under contract for purchase for \$950,000, or \$56.47 per square foot. The price per square foot for the subject by the Cost Approach and not including an entrepreneurial incentive is \$1,280,000, or \$76.08 per square foot. The contract price and the value opinion by the Cost Approach are comfortably within the range of the above sales. The sales have been included to support the value opinion of the subject. The appraiser is of the opinion the Sales Comparison Approach is not applicable in the valuation of the subject property.

#### INCOME APPROACH

In the Income approach, the appraiser searches the market for similar properties that are rented. Educational facilities are not typically rented or considered income producing properties. For this reason, the appraiser is of the opinion that the income approach to value is not applicable to the subject property.

The subject property was listed for sale for a year and was sold in order not to keep the building on the market for an extended period of time. The selling agent mentioned that the rent was \$5,000 a month on a net basis for a one year lease. The selling agent did not indicate that this was based on market rates. Typically, religious facilities and educational facilities are not leased.

As previously mentioned in the Reasonable Exposure and Marketing Time section of this report, the appraiser is of the opinion a reasonable marketing time would be approximately two years. The subject has been listed on the market for one year. The seller indicated the \$950,000 was a "Quick Sale" sale price in order to keep the building from sitting vacant on the market.

## LIQUIDATION (QUICK SALE) VALUE

The definition of Liquidation Value (Quick Sale) as per the Dictionary of Real Estate Appraisers, Fourth Edition, published by the Appraisal Institute is as follows:  
*"The most probable price which a specified interest in real property is likely to bring under all of the following conditions:*

- 1- Consummation of a sale will occur within a severely limited future marketing period specified by the client.*
- 2- Actual market conditions are those currently obtaining for the property interest appraised.*
- 3- The buyer is acting prudently and knowledgeably.*
- 4- The seller is under extreme compulsion to sell.*
- 5- The buyer is typically motivated.*
- 6- The buyer is acting in what he or she considers his or her best interests.*
- 7- A limited marketing effort and time will be allowed for the completion of the sale.*
- 8- Payment will be made in cash in US dollars or in terms of financial arrangements comparable thereto.*
- 9- 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.*

*This definition can be modified to provide for valuation with specified financing terms."*

There are many variables in estimating the liquidation value of a property after the lender has taken possession. The costs of taking possession can vary depending on the takeover situation; i.e. a hostile vs. non hostile takeover. The costs of preserving and holding the asset can vary widely depending on the condition when the property is vacated as well as the time needed to prepare the subject for sale. The seller indicated that this was a quick sale in that they did not want to hold the property on the market for an extended period of time.

Costs associated with marketing the asset with a professional commercial REALTOR typically run approximately 10% of estimated value. The appraiser estimates an additional 10% for preservation (holding) of the property. The appraiser located one building in the Greensboro area that recently sold under a bankruptcy situation. The property is located at 1103 Norwalk Street and was listed for approximately \$375,000 to

\$400,000 before it was taken off of the market. The REALTOR indicated that this building sold "Quick Sale" for \$291,600, or for a 25% discount. The building located at 425 West Kings Highway was sold by a very "motivated" seller for \$300,000. The building was listed for \$400,000 according to the listing agent. The building sold for a 25% discount. The building located at 103 Morgan Road sold for a 26% discount of the listing price. The appraiser was unable to verify the motivations of the buyer or seller. Applying a 25% discount to the indicated value of the subject of \$1,280,000, results in a Quick Sale value of \$960,000.

## RECONCILIATION AND FINAL VALUE OPINION

Three indications of value that are typically used in estimating value are the cost approach, the sales comparison approach, and the income approach. The cost approach is the only approach to value considered to be applicable to the subject property.

<b>Land Value:</b>	<b>\$295,000</b>
<b>Cost Approach:</b>	<b>\$1,280,000</b>

The cost approach is based on the assumption that the replacement cost new sets the upper limit of value without undue delay in construction subject to the site being improved to its highest and best use. The two primary difficulties with the cost approach is estimating accrued depreciation and obtaining reliable construction cost information.

The cost data is from Marshall Valuation Service, a national cost estimator. The national cost service is used to show the component cost. The cost of the improvements is felt to be reflective of the typical market today. The land sales are recent and similar with the land value felt to be representative of buyer and seller actions. The value indicated by the Cost Approach received primary consideration.

The Sales Comparison Approach is predicated on comparison of the subject to similar properties recently purchased. It is the method of estimating value much used and most understood by the market. The primary difficulty of this approach is obtaining a sufficient number of bona fide arm's length sales of reasonably similar properties that have sold within a recent time frame. The appraiser researched the market, however, was unable to find any sales of education buildings similar to the subject that have recently sold. Therefore, due to a lack of similar comparable resales, the appraiser is of the opinion that the Sales Comparison Approach to value should not be utilized.

The Income Approach is based on the consideration of future benefits to be derived from ownership of a given property. The two obvious difficulties in this approach are the estimation of market rent and the proper capitalization method and rate.

Educational facilities are typically not rented, therefore, the appraiser is of the opinion that the income approach to value is not applicable to the subject property.

Based on a reasonable exposure time of two years, the appraiser is of the opinion that the market value in fee simple of the subject property, 203 Fisher Park Circle, as of July 22, 2003 is \$1,280,000 (One Million Two Hundred Eighty Thousand Dollars). This value does not include entrepreneurial incentive and is subject to the certification and limiting conditions set out herein.

Based on an exposure time of one year or less, the appraiser is of the opinion that the Quick Sale value in fee simple of the subject property, 203 Fisher Park Circle, as of July 22, 2003 is \$960,000 (Nine Hundred Sixty Thousand Dollars). This is a Quick Sale value, does not include entrepreneurial incentive, and is subject to the certification and limiting conditions set out herein.

## CERTIFICATION

The Appraiser certifies and agrees that:

1. To the best of the Appraiser's knowledge and belief, all statements of fact and information contained in this report are true and correct, and the Appraiser has not knowingly withheld any significant information.

2. The reported analyses, opinions, and conclusions are limited only by the reported assumptions and limiting conditions, and are the Appraiser's personal, unbiased professional analyses, opinions, and conclusions. All contingent and limiting conditions are contained herein (imposed by the terms of the assignment or by the undersigned affecting the analyses, opinions, and conclusions contained in the report).

3. Appraiser has no present or prospective future interest in the property that is the subject of this report, nor does the Appraiser have any personal interest or bias with respect to the parties involved. Neither the employment to make the appraisal, nor the compensation for it, is contingent upon the reporting of a predetermined value or direction in value that favors the cause of the client, the amount of the value estimate, the attainment of a stipulated result, or the occurrence of a subsequent event.

4. The "Estimate of Market Value" in the appraisal report is not based in whole or in part upon the race, color, or national origin of the prospective owners or occupants of the property appraised, or upon the race, color or national origin of the present owners or occupants of the properties in the vicinity of the property appraised.

5. This appraisal assignment was not made, nor was the appraisal rendered on the basis of a requested minimum valuation, specific valuation, or an amount which would result in approval of a loan.

6. This appraisal report has been made in conformity with and is subject to the requirements of the code of Professional Ethics and Standards of the Professional Conduct of the appraisal organizations with which the Appraiser is affiliated. The Appraiser's analyses, opinions, and conclusions were developed, and this report has been prepared, in conformity with the Uniform Standards of Professional Appraisal Practice.

7. Alan W. Sutton Jr. personally inspected the property that is the subject of this report on July 22, 2003. Jeanne J. McNairy inspected only the exterior of the subject.

8. All conclusions and opinions concerning the real estate that are set forth in the appraisal report were prepared by the Appraiser whose signature appears on the appraisal report, unless indicated as "Review Appraiser." No change of any item in the appraisal report shall be made by anyone other than the Appraiser, and the Appraiser shall have no responsibility for any such unauthorized change.

9. As of the date of this report, Jeanne J. McNairy has completed the requirements of the continuing education program of the Appraisal Institute.

10. The use of this report is subject to the requirements of the Appraisal Institute relating to review by its duly authorized representatives.

11. In this appraisal assignment, the existence of potentially hazardous material used in the construction or maintenance of any structure on the subject land, such as the presence of urea formaldehyde foam insulation, and or existence of toxic waste, which may or may not be present on the property, was not observed by the Appraiser, nor does the Appraiser have any knowledge of the existence of such materials on or in the property. The existence of urea formaldehyde insulation or other potentially hazardous waste material may have an effect on the value of the property. The client is urged to retain an expert in this field.

12. No one provided significant professional assistance to the persons signing this report.


13. This appraisal report has been made in conformity with and is subject to the requirements of the competency provision as defined in USPAP. The appraisers are North Carolina State Certified General Real Estate Appraisers.

14. Based on a reasonable exposure time of two years, the appraiser is of the opinion that the market value in fee simple of the subject property, 203 Fisher Park Circle, as of July 22, 2003 is \$1,280,000 (One Million Two Hundred Eighty Thousand Dollars). This value does not include entrepreneurial incentive and is subject to the certification and limiting conditions set out herein.


15. Based on an exposure time of one year or less, the appraiser is of the opinion that the Quick Sale value in fee simple of the subject property, 203 Fisher Park Circle, as of July 22, 2003 is \$960,000 (Nine Hundred Sixty Thousand Dollars). This is a Quick Sale value, does not include entrepreneurial incentive, and is subject to the certification and limiting conditions set out herein.

16. This is a complete appraisal, summary appraisal report.

*Alan W. Sutton Jr.*  
Alan W. Sutton Jr.  
Appraiser  
N.C. State Certified General  
Real Estate Appraiser



*Jeanne J. McNairy*  
Jeanne J. McNairy, MA, JPSRA  
Review Appraiser  
N.C. State Certified General  
Real Estate Appraiser



**QUALIFICATIONS OF APPRAISER**

Alan W. (Ty) Sutton Jr.

**PROFESSIONAL AFFILIATIONS**

November 1998:	Associate Member of the Appraisal Institute for the MAI Designation
August 1998:	State Certified General Appraiser #A4198
November 1997:	State Certified Residential Appraiser

**PROFESSIONAL EXPERIENCE**

March 1995 to Present:	McNairy & Associates
September 1994 - March 1995:	Re-Max First Choice Realty

**PROFESSIONAL AND CIVIC ACTIVITIES**

Chairman – North Carolina Appraisal Institute Associate	2003
Vice-Chairman – North Carolina Appraisal Institute Associate	2002
LDAC – Leadership Development and Advisory Council	2003 - 2001
-Washington D.C. – Lobby Congressional Representatives regarding current appraisal industry concerns and provide input for anticipating and solving appraisal related issues.	

**APPRAISAL CLIENTELE SERVED**

- Commercial Banks
- Savings and Loan Associations
- Credit Unions
- Commercial and Investment Property Owners
- Government Agencies - Federal, State, and Municipal



## **EDUCATION**

### **North Carolina State University**

Bachelor of Arts: Business Administration December 1992

### **Guilford Technical Institute**

R-1 Appraisal Practices, 1994; R-2 Valuation, 1994; R-3 Reconciliation, 1995  
G-1 Basic Income Capitalization, 1995; G-2 Advanced Income  
Capitalization, 1997; G-3 USPAP Standards, 1997

### **The Appraisal Institute**

1996 Seminar, The Future of Appraising  
1998 Course 310: Basic Income Capitalization  
1998 Course 410: Standards of Professional Practice Part A  
1998 Course 420: Standards of Professional Practice Part B  
1999 Course 510: Advance Income Capitalization  
1999 Course 520: Highest and Best Use and Market Analysis  
1999 Seminar, Guidance and Experience Training Workshop  
1999 Seminar, USPAP Update for 1999  
1999 Seminar, Small Hotel and Motel Valuation  
2000 Course 540: Report Writing and Valuation Analysis  
2001 Course 530: Advanced Sales Comparison and Cost Approach  
2001 Course 550: Advanced Applications

## QUALIFICATIONS OF APPRAISER

Jeanne J. McNairy, MAI, SRA

### Employment:

January 1978 to present: McNairy & Associates, Residential and Income  
Property Appraising and Consulting

### College:

B.S.H.E. From UNC-G

### Appraisal Courses:

Course IA, AIREA  
Narrative Report Writing Seminar, SREA  
R-2 Examination, SREA  
Course 201, SREA  
Capitalization, Theory & Technique, Part A & B, AIREA  
Case Studies in Real Estate Valuation, AIREA  
Report Writing and Valuation Analysis, AIREA  
Standards of Professional Practice, Parts A & B, AI  
Standards of Professional Practice, Part C, AI

### Seminars Last Five Years

Appraisal Reporting of Complex Residential Properties  
Office Building Valuation  
The Future of Appraising  
Highest and Best Use Applications  
Special Purpose Properties.  
EDI: The Paperless Appraisal Office, and the Internet  
Eminent Domain and Condemnation Appraising  
Loss Prevention Program for Real Estate Appraisers  
Matched Pairs/Highest & Best Use/Report Options  
The Appraisal of Golf Courses and Country Clubs  
Internet Search Strategies for Real Estate Appraising  
The Appraisal of Local Retail Properties  
Small Hotel/Motel Valuation  
FHA and The Appraisal Process  
Guidance/Experience Training Program  
Regression Analysis in Appraisal Practice  
Appraisal of Nonconforming Uses  
Mandatory 3-hour Virginia State Law Update  
Conservation Easements  
Residential Consulting

**Professional Affiliations:**

MAI and SRA Member of the Appraisal Institute  
NC Certified General Real Estate Appraiser, Certificate #261  
VA Certified General Real Estate Appraiser #4001-005182  
Summit Rotary Club

**Committees and Offices Held:**

Past President, Vice President, Secretary & Director, SREA Piedmont Chapter 153  
Past SREA Piedmont Chapter #153 Committees Include Education, Public  
Relations, Candidate Guidance, Admissions and Examination  
Past Director and Region V Representative, NC Chapter of the Appraisal Institute  
Alternate Region V Representative, NC Chapter of the Appraisal Institute  
Member 1992-2000, National Associate Guidance Subcommittee, Appraisal  
Institute  
2000 Chair and past Vice Chair National Associate Guidance Subcommittee,  
Appraisal Institute  
Member, 1999 and 2000, National General Admissions Committee, Appraisal  
Institute  
Region V Director, 2001-2003, National Board of Directors, Appraisal Institute  
Serve on National and Local Experience Review Committees  
Member of the Community Service Committee, Summit Rotary Club  
Advisor, UNC-G Rotaract Club

**Professional Designations:**

1981 SRA  
1991 MAI

**Appraisal Clientele Served:**

Commercial Banks  
Savings and Loan Associations  
Credit Unions  
Commercial and Investment Property Owners  
Government Agencies- Federal, State and Municipal

The Appraisal Institute conducts a program of continuing education for  
its designated members. As of the date of this report, Jeanne J. McNairy has  
completed the requirements of the continuing education program of the Appraisal  
Institute.