

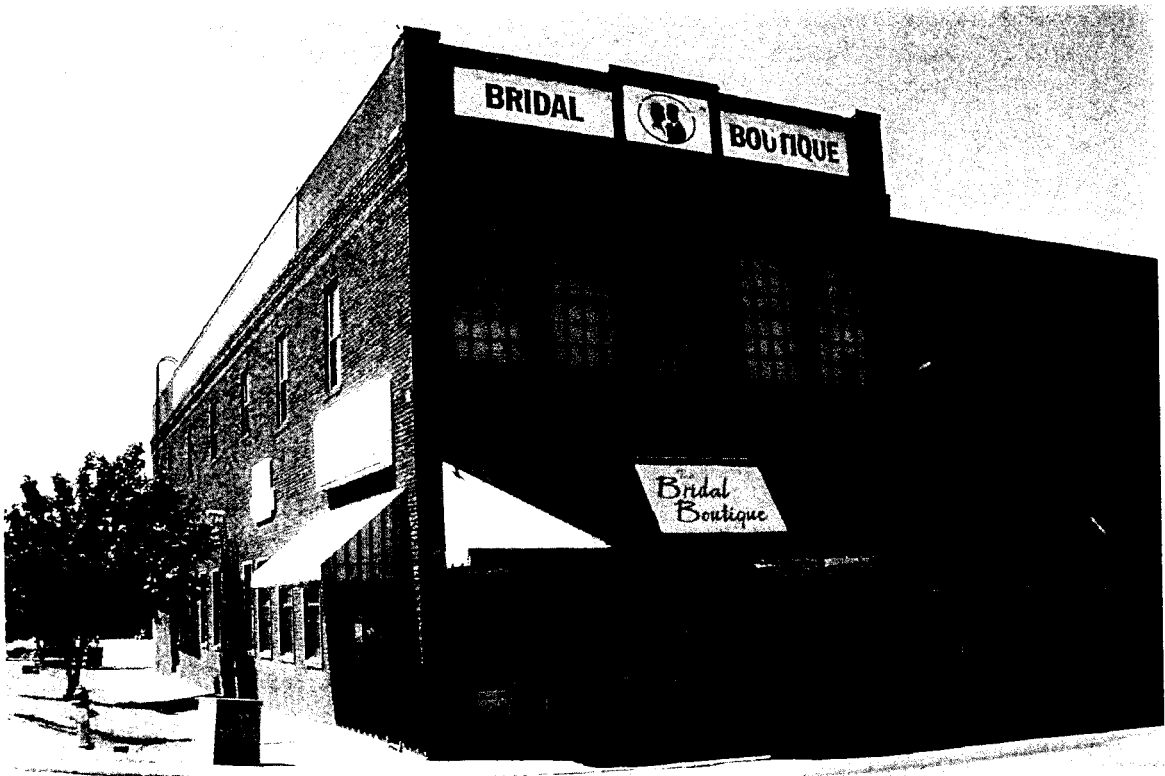
Summary Appraisal report prepared by:

Appalachian Appraisal Service

Ph: 547-9881
Fax: 542-2469

PO Box 655
Elizabethton, TN 37644

Warren G. Ballagh
Certified Appraiser



Property Appraised:

**The Bridal Boutique Property
414 South Roan Street
Johnson City, TN 37601**

Appalachian Appraisal Service

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Fax: 542-2469

PO Box 655
Elizabethton, TN 37644

Warren G. Ballagh
Certified Appraiser

September 23, 2008

Scarlet Dale
GreenBank
100 North Main Street
Greeneville, TN 37743

Re: Don Fields
Retail Condominium
414 South Roan Street
Johnson City, TN 37601

Dear Scarlet,

As requested I have completed an appraisal of the above-mentioned property and have attached my summary appraisal report accordingly. I have completed this assignment in accordance with the "Uniform Standards of Professional Appraisal Practice."

After careful analysis of the subject property and all available data, it is my opinion that the market value of the subject as at September 10th, 2008, is:

\$300,000.00
(Three Hundred Thousand Dollars)

Please review this report and if you require clarification of any matters raised, please do not hesitate to contact me. The opportunity to be of service is appreciated.

Yours sincerely,



Warren Ballagh, CG-1500
Enc: 414SRoan

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SUMMARY OF FACTS, CONCLUSIONS AND SALIENT INFORMATION

Purchaser: Don Fields

Client: GreenBank

Property: Retail Condominium Building

Location: 414 South Roan Street, Johnson City

Tax Identification: Map 46M, Group F, Parcel 1.00

Interest Appraised: Fee simple

Value Appraised: Market value

Date of Appraisal: September 10, 2008

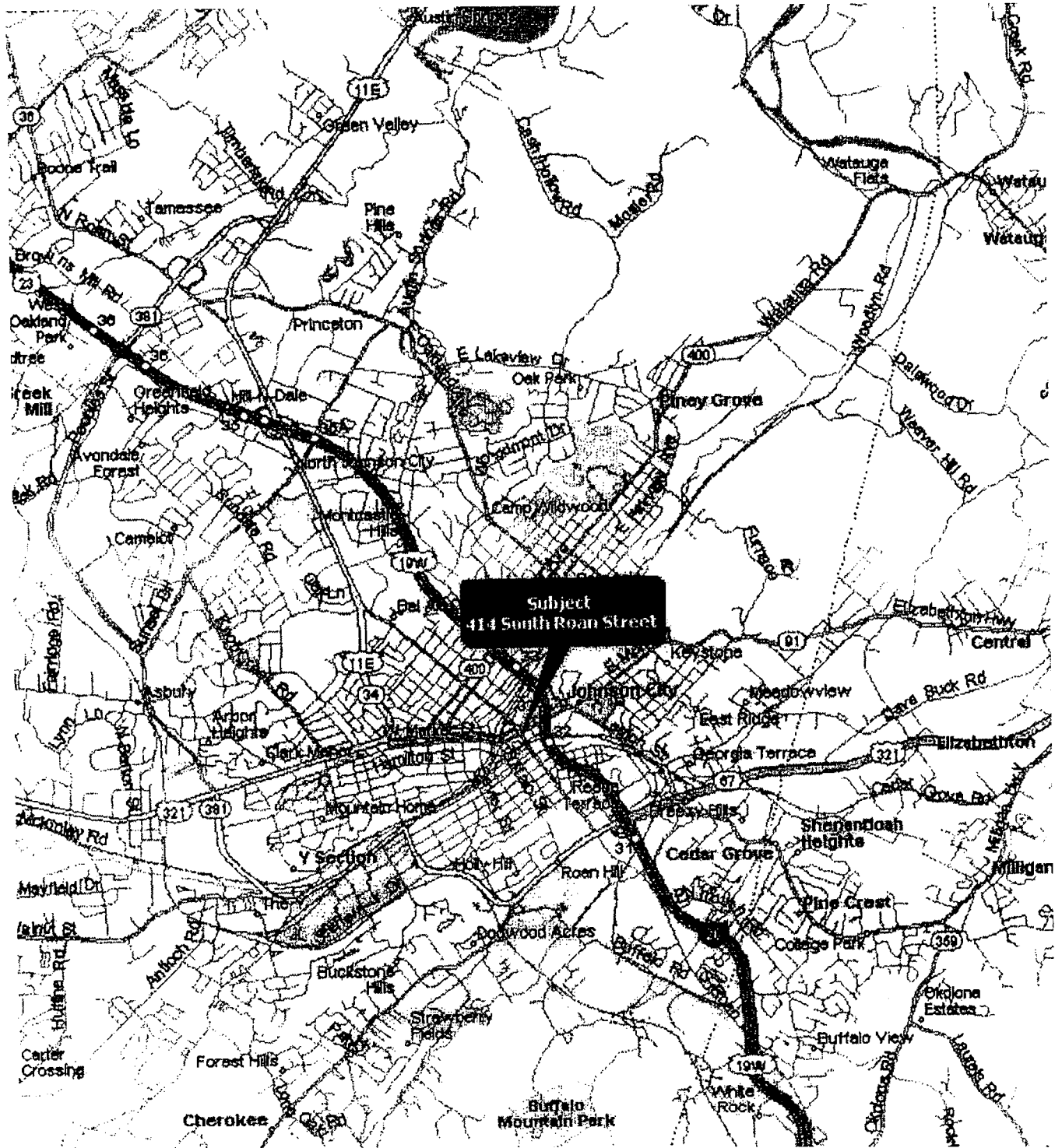
Date of Report: September 23, 2008

Zoning: B-2: Central Business

Land Area: 0.38 acres – common area

Final Estimate of Value: \$300,000

SUBJECT LOCATION MAP



SUBJECT PHOTOGRAPHS



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Photo #1: Front view of subject building
Photo #2: Rear view of subject building

SUBJECT PHOTOGRAPHS



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Photo #5: Street scene – South Roan Street
Photo #6: Street scene – State of Franklin Road

APPRAISAL REPORT:

RETAIL PROPERTY
414 SOUTH ROAN STREET
JOHNSON CITY, TN 37601

1.0 IDENTIFICATION OF THE SUBJECT PROPERTY:

The subject of this appraisal is an existing retail property recently renovated for use as quality retail space. The building is an older building in downtown Johnson City that was renovated and converted to a mix of retail and residential condominiums of good quality. The subject comprises the ground floor and basement of a two story building. The subject is currently used as the Bridal Boutique and is ideally suited to this retail use. The subject is located in downtown Johnson City and enjoys excellent exposure. The subject property is situated on the corner of South Roan Street and West State of Franklin Road. The subject is a commercial condominium with a shared site.

Access to the subject site is gained from either South Roan Street or West State of Franklin Road. South Roan Street is a major roadway traveling in a north south direction through the downtown area. Parking is provided to the site at the rear of the building in a larger public parking area situated on West State Franklin Road.

2.0 COMPETENCY PROVISION STATEMENT:

The appraiser has previously completed several appraisals of this property type and other properties similar in type to the subject. In addition to this the appraiser has completed various appraisal courses dealing with the appraisal of such properties. The appraiser considers that he is competent under the USPAP regulations to complete this appraisal assignment.

3.0 PROPERTY INTEREST BEING APPRAISED:

The fee simple value of the real property components is the interest reflected in this report.

4.0 SCOPE OF WORK AND THE PURPOSE OF THE APPRAISAL:

The Scope of Work Rule states:

For each appraisal an appraiser must:

1. identify the problem to be solved;
2. determine and perform the scope of work necessary to develop credible assignment results; and
3. disclose the scope of work in the report.

In this appraisal assignment the scope of work includes, but is not limited to, the following:

- The subject property was personally inspected,
- The appraiser completed research into physical and economic factors that could affect the property,
- The appraiser researched vacant land sales and commercial properties in the subject market, and
- The appraiser analyzed all data researched to arrive at his opinions and conclusions.

The purpose of this appraisal is to estimate the market value of the fee simple interest in the subject property, a definition of which is included in the body of the report, for the purposes of financial decisions. Given the appraisal request the scope of this appraisal includes all three approaches to value. The function of the appraisal is for the use of GreenBank to aid them in loan decision making as it relates to this property. This appraisal is for the sole use of GreenBank and cannot be used by any other person for any other purpose without the express written permission of the appraiser.

5.0 VALUE DEFINITION:

For the purposes of this appraisal the market value definition used is taken from the Appraisal Foundation and is as follows:

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 and knowledgeably, and assuming the price is not affected by undue stimulus. Implicit in this definition is the consummation of a sale as at 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 acting in what they consider their best interests;
3. A reasonable time is allowed for exposure in the open market;
4. Payment is made in terms of cash in U.S. dollars or in terms of financial arrangements comparable thereto; and
5. The price represents the normal consideration for the property sold unaffected by special or creative financing or sales concessions granted by anyone associated with the sale.

6.0 EFFECTIVE DATE OF APPRAISAL:

The effective date of this appraisal analysis is September 10, 2008, the last date of inspection of the premises.

7.0 DATE OF THE REPORT:

This report is signed and dated September 23, 2008, the date of delivery of this report.

8.0 DESCRIPTION OF THE PROPERTY:

A. LAND:

The subject is a commercial condominium with a shared site. The subject property is located on the West side of South Roan Street and enjoys two street frontages with frontage also to West State of Franklin Road. The property also has an alley way to the north boundary. The total property area is 0.38 acres. The property comprises a road frontage of 159 feet to South Roan Street, 104 feet to West State of Franklin Road and to the alleyway and 159 feet to the rear boundary. The subject building comprises 2,680 square feet or 0.62 acres of the total site area

East Main Street and East Market Street are one way streets through downtown Johnson City. They provide access to all other parts of the downtown area and to areas to the East and West of downtown Johnson City. The subject is situated at the interchange of Interstate 26 and Main Street and so has excellent access on to and off Interstate 26. Interstate 26 is a connector interstate between Johnson City and Kingsport to the North and North Carolina to the South. Interstate 26 provides access to most other areas of Johnson City and to most areas of the Tri-Cities region.

The subject site is situated at street grade along the South Roan Street boundary and the West State of Franklin Road Boundary. South Roan Street is one of the major roadways through Johnson City. In the downtown area it is a three lane roadway traveling North South. West State of Franklin Road is a major five lane roadway traveling East West through downtown Johnson City. Both these roads provide access to all other parts of the downtown area and to areas of Johnson City. The subject is situated in close proximity to the East Main Street interchange of Interstate 26 and has excellent access on to and off Interstate 26. Interstate 26 is a connector interstate between Johnson City and Kingsport to the North and North Carolina to the South. Interstate 26 provides access to most other areas of Johnson City and to most areas of the Tri-Cities region.

Reference is made to the tax map, photographs and the subject warranty deed for a full pictorial description of the subject site.

B. BUILDING COMPONENTS:

The subject building was recently renovated into quality commercial/retail space. The building currently comprises a main retail level on the first floor and a finished basement area. The subject building is actually a two story building, however, it is set up as a commercial condominium with the second floor not part of this appraisal. The building components are listed as follows:

Building Area:

First Floor:	2,860 square feet
Basement:	2,943 square feet

Effective Age:

The building was originally constructed in 1916 and has had been used for various uses since completion. The building was recently remodeled and updated for retail and commercial use and is in good condition. Therefore given the actual age and the condition of the building the effective age of the buildings has been assessed as 15 years.

Foundation:

The subject building has concrete slab with concrete block perimeter foundations.

Exterior Walls:

The subject building has brick exterior.

Roof Structure:

The subject building has a built up roof and aluminum guttering and down pipes.

Floor Structure:

The subject building has concrete slab floors to the basement and timber floors to the first floor.

Windows & Doors:

The subject building has three open walls and has substantial shop front windows to all three walls. Door furniture consists of standard hollow core wood doors internally with double pedestrian doors to the front and rear.

Heating Air/Conditioning:

The subject building has central heat and air provided to all areas. The heating and cooling units are roof mounted.

Plumbing System:

The main level of the building will has 2 bathrooms, with the basement areas having a full bathroom and a laundry.

Electrical System:

The subject building has fully updated electrical service adequate for the intended use.

Room Count:

See floor plans in the building sketch.

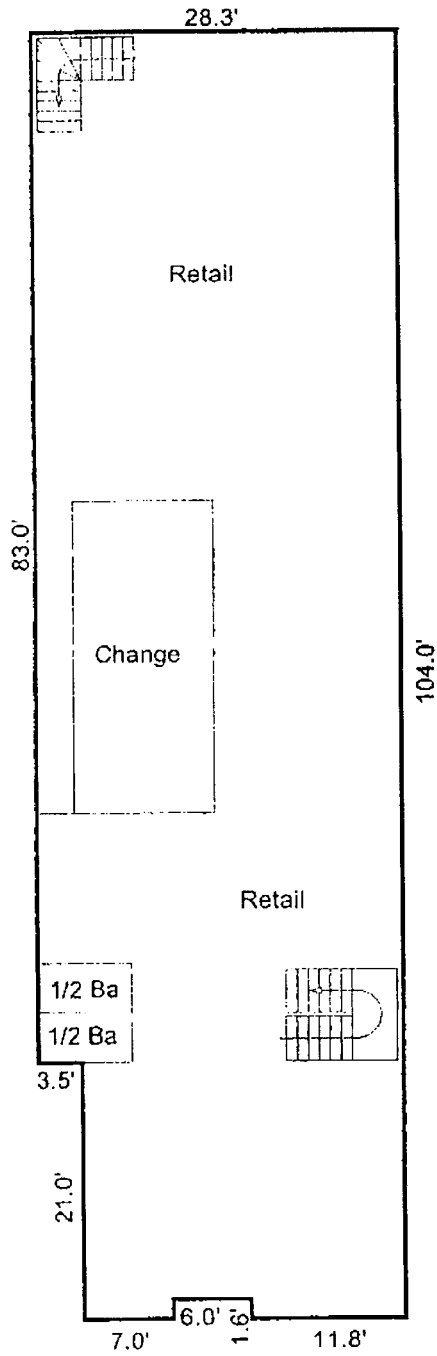
Interior Finish:

The internal finish of the subject comprises textured finish drywall ceilings, brick and drywall walls, fluorescent lighting, hardwood, carpet and vinyl flooring and 10 foot ceilings to the main level. The subject finish is good quality retail space.

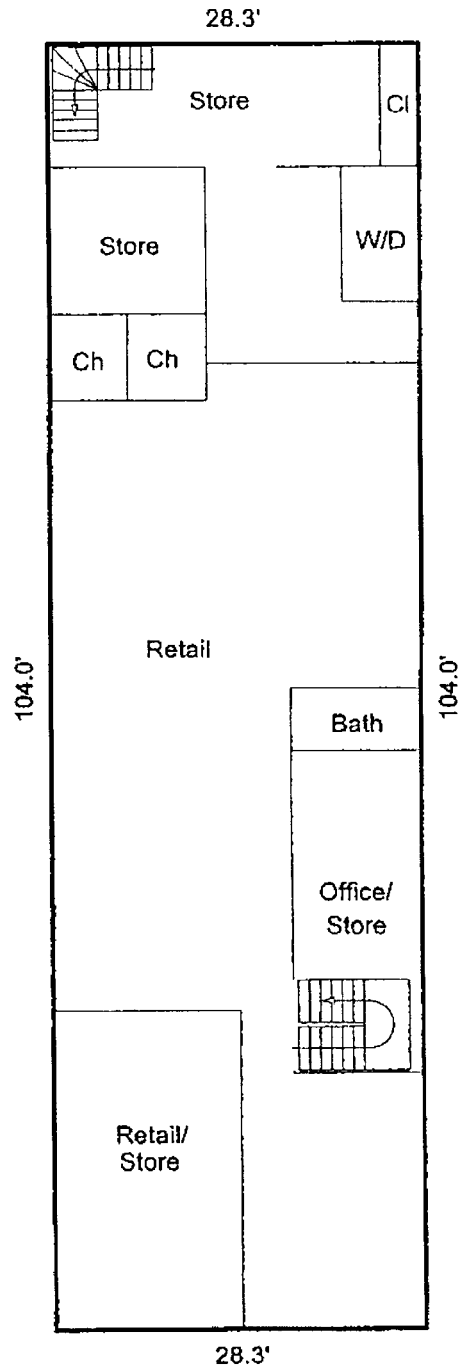
Reference is made to the photographs and the building sketches for full pictorial description of the subject property.

Building Sketch

First Floor



Basement



9.0 REAL ESTATE TAX ASSESSMENT DATA:

The subject property is identified in the Washington County Tax Assessor's office on Map 46M, Group F, as Parcel 1.00, Special Interest 004. The following is the actual Real Estate Taxes calculated on the existing building.

The subject property is currently assessed for real estate as follows:

Tax Appraisal of Land =	\$ 5,900.00
Tax Appraisal of Buildings =	\$184,100.00

Total Tax Appraisal =	\$190,000.00
Taxes on 40% of Appraised figure =	\$ 76,000.00

2007 City Taxes @ 0.0193=	\$ 1,466.80
2007 County Taxes @ 0.0235 =	\$ 1,786.00

Total Actual 2007 Taxes =	\$ 3,252.80

10.0 FLOODWAY MAP DATA:

This property is situated on Floodway Map #47179C0178D, dated September 29, 2006. It is located within zone X, classified as an area classified as being beyond the 500-year flood zone.

11.0 ZONING REGULATIONS:

This property is zoned B-2 with a Historic District overlay. This zoning classification is Central Business District. The current use of the subject property is allowed under this zoning.

12.0 UTILITIES AVAILABLE:

Utilities available to this property include water, sewage service, electricity, telephone, etc. Services available include street maintenance, refuse removal, police patrols, etc.

13.0 TITLE DATA TO THE SUBJECT PROPERTY:

The most recent transfer of the subject property was dated June 27th, 2000. It is recorded on Deed Roll 202 at Image 2039 in the Washington County Register of Deeds office. The recorded sales price was \$150,000. This transfer was from 300 East Main Street, LLC to Janice Kay Perry and husband, Mitchual Tate Perry, the current property owner. Note that the subject is currently being sold with the purchaser being Don Fields and the reported purchase price to be \$280,000.

There have been no other transfers of the subject property within the past 5 years. A copy of the subject warranty deed appears in the addenda to this report.

14.0 CENSUS TRACT NUMBER:

This property is located in Census Tract #601.

15.0 NEIGHBORHOOD ANALYSIS:

The subject is located on the corner of South Roan Street and West State of Franklin Road in downtown Johnson City. The subject is part of a larger building converted to commercial/retail condominiums. Property in the downtown area has been improving in both value and desirability as several of the buildings have been renovated. Uses of note in the downtown area include the King's center, which has recently been renovated and converted to retail and office uses, Hands On museum, numerous antique stores, Peoples Community Bank and Russo's restaurant. The Johnson City public library and City Hall are also located in close proximity to the subject. The downtown area is almost fully developed with almost all recent development being remodeling of existing buildings.

South Roan Street is one of the major roadways through Johnson City. In the downtown area it is a three lane roadway traveling North South. West State of Franklin Road is a major five lane roadway traveling East West through downtown Johnson City. Both these roads provide access to all other parts of the downtown area and to areas of Johnson City. The subject is situated in close proximity to the East Main Street interchange of Interstate 26 and has excellent access on to and off Interstate 26. Interstate 26 is a connector interstate between Johnson City and Kingsport to the North and North Carolina to the South. Interstate 26 provides access to most other areas of Johnson City and to most areas of the Tri-Cities region.

Beyond the immediate downtown area property use is a mixture of professional service and residential. This area enjoys reasonable commercial popularity because of the high exposure and the proximity to all facilities and services of Johnson City. No local adverse economic factors are foreseeable that would have a negative impact on the subject property given its location.

16.0 AREA ANALYSIS - JOHNSON CITY AND WASHINGTON COUNTY

Often called the "Southeast's best kept secret," Johnson City and Washington County offer the best of both worlds to residents, a diverse and progressive place to work and live with all the amenities of one of the most beautiful areas in the country.

A September 1993 issue of Money magazine rated Johnson City as the 34th most desirable place to live in the United States. Based on that ranking USA Today listed Johnson City as one of the top five communities in the Southern states. Johnson City is consistently cited in other national publications for its superior quality of life and numerous livability factors.

Northeast Tennessee is growing at an unprecedented rate, and Johnson City leads that movement. Major hotel/motel chains are located in the city, along with the largest concentration of dining establishments in the area. According to an August 1992 issue of Restaurants and Institutions magazine, "Johnson City is the second best restaurant location in the nation."¹

According to the most recent community profile for the area Johnson City currently has a population of 55,469 for 2002 up from 39,459 in 1980 with Washington County having a population of 109,019 up from 88,755 in 1980. The area is well served by colleges and universities with four being located in the area the largest being ETSU. The area also is well served by the health care community with five hospitals being located in the area as well as the ETSU Quillen College of medicine.

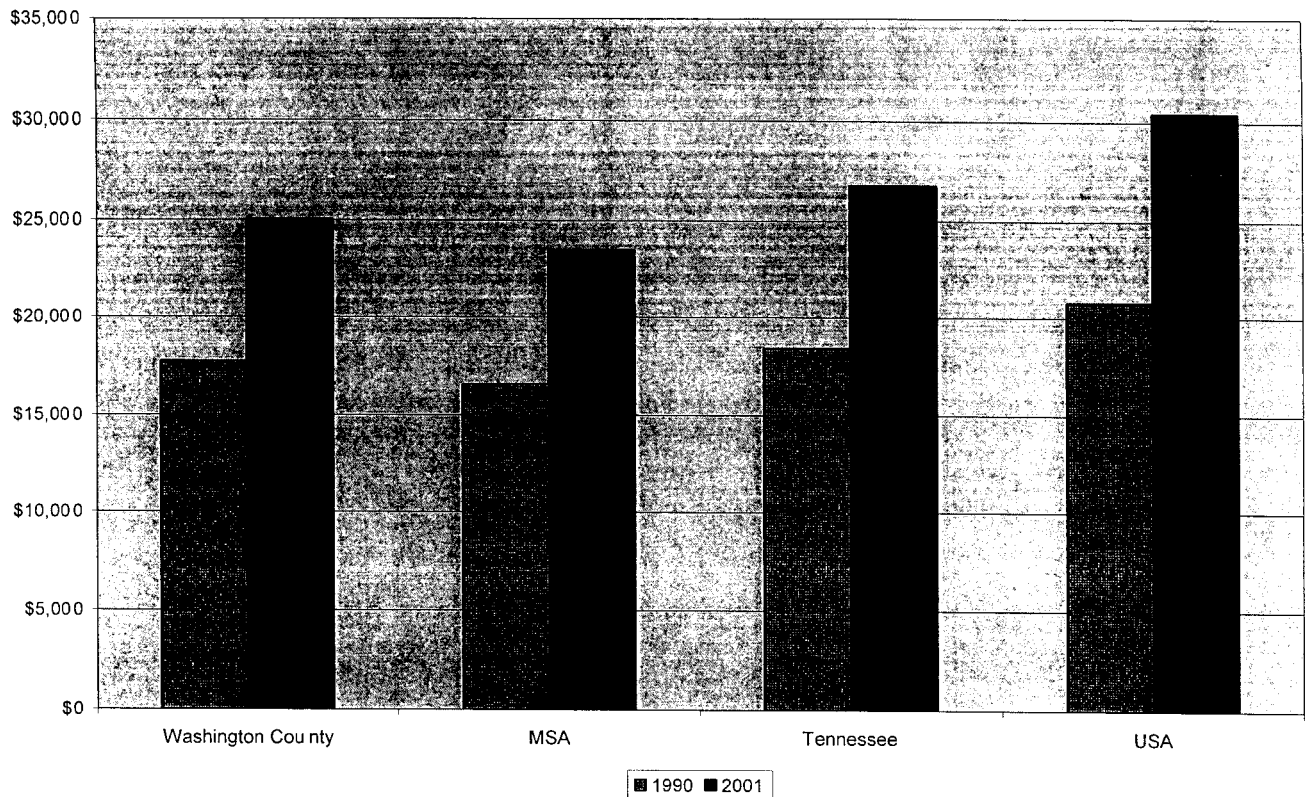
The following tables present information on the recent growth in incomes in the area:

Change	Per capita Income			1990-2001
	1980	1990	2001	%
Washington County	\$8,022	\$17,759	\$25,068	41.11
Metropolitan Statistical Area	\$7,424	\$16,608	\$23,473	41.33
Tennessee	\$8,010	\$18,439	\$26,808	45.38
USA	\$9,940	\$20,800	\$30,413	46.22

As this table demonstrates incomes in this area have increased slower than the national average and the State as a whole and this is evidenced by loss of much of the areas manufacturing base. This data is presented in graph form below to help illustrate the changes.

¹ Extract taken from Community Profile published by The Chamber of Commerce.

Per Capita Income



Major employer industries in the MSA are manufacturing which employs 27.0 percent of the total number employed, trade which employs 23.6 percent of the total and service industry which employs 25.8 percent of the total.²

Johnson City has seen a significant level of growth over the past decade. This growth currently shows no signs of a long term slowing down with new developments constantly taking place in the area. Johnson City as with most areas is vulnerable to interest rate fluctuations and the national economy with somewhat of a slowing in the recent economy having an impact on the Johnson City market. The current interest rates are helping offset somewhat the economic environment with the recent trend of growth still expected continued although more slowly.

17.0 BEST UTILIZATION OF THE PROPERTY:

The term "highest and best use" is defined as: That reasonable and probable use that will support the highest present value, as defined, as of the effective date of the Appraisal. An alternative definition is; That use, from among reasonable probable and alternative uses, found to be physically possible, appropriately supported, economically feasible and which results in the highest value.

² Statistics provided by the Economic Development Board of Johnson City.

Therefore the highest and best use is that use which is reasonably probable, physically possible, legally permissible and is financially feasible. In determining the Highest and Best use for the subject property Highest and Best use for subject property as both vacant land and as improved is taken into account.

Highest and Best Use as Vacant Land:

As vacant land the subject property is limited to those uses that are allowed under the B-2, central business zoning. The current property use as improved is allowed under this zoning and so this is one of the possible uses for the subject. Other possible uses include the proposed medical office use, a more intense office use or secondary retail.

Highest and Best Use as Improved:

The improvements are commercial/retail space which is a legally conforming use and given that it is one of the highest and best uses as vacant the subject use is considered to be the highest and best use at present and for the foreseeable future.

18.0 METHOD OF APPRAISING

Three basic approaches are generally referred to in the appraisal process. These valuation methods are outlined as follows:

1. The Cost Approach. This is a summation approach that involves estimating the value of the land, through sales comparison analysis, and adding the depreciated replacement cost of any improvements to arrive at an estimate of value.

2. The Sales Comparison Approach. This is a method of estimating the market value of a given property by direct comparison with similar properties that have recently sold in the open market under competitive conditions.

3. The Income Approach. This approach develops a value indication by capitalization of the net income of the real property components. This may either be a direct capitalization of the market income at a market rate or by discounting to a present value the anticipated future income.

Depending on the property type and interest being appraised, some or all of these approaches are applicable. The indicated values of each approach are reconciled into a final estimate of market value as one of the final steps in the appraisal process.

Estimated Land Value:

The subject is zoned for central business district. There are virtually no comparable sales of land in the immediate area due to the age of the downtown area and the current density. Due to the age of the subject building no cost approach was completed and so no estimate of the subject land value is made in this appraisal assignment.

Cost Approach:

The cost approach is not undertaken in this appraisal assignment as the cost approach is not considered to provide a reliable indication of the subject market value in this appraisal assignment. This is based on the subject being a remodeled, basically new building, in an older shell and frame making comparison with other properties difficult and so it is not possible to obtain a reliable depreciation factor. Also the surrounding area and the limited vacant land means there is no comparable land on which to build a similar building, which is a cornerstone of the cost approach. Therefore the cost approach has not been undertaken in this appraisal assignment.

SALES COMPARISON APPROACH TO VALUE:

The Sales Comparison Approach involves comparing the subject property with similar properties that have sold recently in the market place. This particular approach is concerned with supply and demand functions of the market.

The Sales Comparison Approach process is based on the following:

- Researching data on comparable sales.
- Analyzing the data.
- Comparing sales within the market to the subject property.
- Adjusting for the perceived differences in physical and Locational sense.
- Correlating the adjusted prices (e.g. unit values used in the comparison process) to arrive at the market value estimate.

There have been few recent sales of properties similar to the subject in the immediate area and so sales have been obtained from within Johnson City. Those sales that I have been able to find and analyze are outlined as follows:

SALE # 1:

Address: 247 East Main Street, Johnson City
Purchaser: Richard Widdows
Date of Sale: November 10, 2006
Title Data: Deed Roll 527 Image 1725
Land Area: 0.03 acres
Sale Price: \$122,500
Building Area: 1,320 square feet
No. of Stories: 1
Year Built: 1916
Price per Square Foot: \$92.80
Comments:

This is a smaller office building situated on East Main Street in very close proximity to the subject. This is a one story building with no basement.

SALE # 2:

Address: 212 East Main Street, Johnson City
Purchaser: Cynthia Evans
Date of Sale: May 9, 2007
Title Data: Deed Book 553, Page 892
Land Area: 0.07 acres
Sale Price: \$180,000
Building Area: 2,175 square feet
No. of Stories: 1
Year Built: 1916
Price per Square Foot: \$82.76
Comments:

A very recent sale of a retail building on East Main Street in downtown Johnson City. This is actually a 2 story building, however, the second floor is reportedly in poor condition and so this sale is considered to be comparable to the subject based on the main floor space.

SALE # 3:

Address: 217 East Main Street, Johnson City
Purchaser: William and Judy Criss
Date of Sale: February 17, 2006
Title Data: Deed Roll 486 Image 2359
Land Area: 0.08 acres
Sale Price: \$165,000
Building Area: 2,832 square feet
No. of Stories: 2
Year Built: 1910
Price per Square Foot: \$58.26
Comments:

A sale of a retail building in downtown Johnson City. This building has inferior exposure and was in poorer condition at the time of sale. This building also has a second story in poor condition and so was treated as one story for comparison purposes.

SALE # 4:

Address: Suite 2B 207 East Main Street, Johnson City
Purchaser: Pat Yong
Date of Sale: July 2, 2004
Title Data: Deed Roll 405 Image 1767
Land Area: Common Area
Sale Price: \$90,000
Building Area: 1,605 square feet
No. of Stories: 1
Year Built: 1921
Price per Square Foot: \$56.07
Comments:

A sale of a commercial office condominium in downtown Johnson City. This is a second story suite used as offices and is inferior compared to the subject in both quality and exposure.

SALE # 5:

Address: 404 South Roan Street, Johnson City
Grantor: Pat Yong
Grantee: Donald Browder
Date of Sale: October 29, 2007
Title Data: Deed Roll 577 Image 2075
Land Area: 0.04 acres
Sale Price: \$225,000
Building Area: 2,542 square feet
No. of Stories: 2
Year Built: 1916
Price per Square Foot: \$88.51
Comments:

A sale of similar unit if the subject commercial condominium development. This sale did not have a basement, however, it had a finished mezzanine area that is considered very comparable to the subject basement in terms of desirability and utility.

SALE # 6:

Address: 215 East Main Street, Johnson City
Grantor: Jason Sloan
Grantee: CRC Breese LLC
Date of Sale: August 22, 2008
Title Data: Deed Roll 616 Image 1761
Land Area: 0.09 acres
Sale Price: \$330,000
Building Area: 3,300 square feet to ground floor, 7,000 Sq Ft Total
No. of Stories: 2
Year Built: 1910
Price per Square Foot: \$100.00
Comments:

A sale of a retail building in downtown Johnson City. This building has inferior exposure and was in poorer condition at the time of sale. This building also has a second story, that is considered comparable to the subject basement and so has been treated as one story for comparison purposes.

Summary of Sales Data:

Sale #	Building Area	Sales Price	Price per Sq Ft
1	1,320 Sq Ft	\$122,500.00	\$92.80
2	2,175 Sq Ft	\$180,000.00	\$82.76
3	2,832 Sq Ft	\$165,000.00	\$58.26
4	1,605 Sq Ft	\$90,000.00	\$56.07
5	2,542 Sq Ft	\$225,000.00	\$88.51
6	3,300 Sq Ft	\$330,000.00	\$100.00
Average	2,296 Sq Ft	\$185,416.67	\$79.74

The sales analysis shows a reasonably wide range of price per square foot. This range varies from \$56.07 to \$100.00 with the low end being older buildings of lower quality and the high end being well located high quality space. The subject is better located than most of these sales. The majority of the sales are located in close proximity to the subject, however, the subject has superior exposure compared to most sales.

Based on the sales evidence I have estimate a value of \$105 per square foot for the subject building. Note this is above any other the sales, however, the subject enjoys outstanding exposure, significantly better than any of the sales, it is better located in the downtown area than any of the sales and it has a finished basement that effectively doubles the body area. This is applied to the main level only and includes the value of the basement area. Therefore the market value estimate of the subject is as follows:

Subject Building: 2,860 Sq Ft @ \$105.00 per Sq Ft = \$300,300.00

Estimated Value from Sales Comparison Approach \$300,000.00

INCOME APPROACH TO VALUE:

In undertaking the income approach to value in this type of appraisal the first step is to ascertain the going market rental for the subject property so as to arrive at a market income for the subject property. In ascertaining the market rental in the subject area I have made enquiries into several existing leases in the subject area. It should be noted that this information is extremely closely guarded with very few tenants or landlords providing such information. From the information I was able to obtain in this market it appears such properties typically rent from \$10 to \$12 per square foot per annum for the main level retail space in this location and \$5 to \$8 per square foot per annum for the basement area.

Summary of Rental Information:

Subject	Building Area	Gross Income	Rent per Sq Ft
1	1,400 Sq Ft	\$14,400.00	\$10.29
2	4,300 Sq Ft	\$26,400.00	\$6.14
3	1,400 Sq Ft	\$14,400.00	\$10.29
4	1,600 Sq Ft	\$19,800.00	\$12.38
5	3,060 Sq Ft	\$36,000.00	\$11.76
6	2,698 Sq Ft	\$24,000.00	\$8.90
7	2,148 Sq Ft	\$22,200.00	\$10.34
8	2,218 Sq Ft	\$19,800.00	\$8.93
9	2,498 Sq Ft	\$26,400.00	\$10.57
Average	2,369 Sq Ft	\$22,600.00	\$9.95

The rentals presented are gross rentals to the owner and are predominantly double net leases with the tenants responsible for all real estate taxes, external maintenance, utilities and internal maintenance and the owner responsible for insurance, reserves and management. Analysis of the comparable rental data provides a range of gross rentals of \$6.14 to \$12.38. The higher rental figures represent recent leases in better quality space, with the lower figures representing older leases in inferior quality buildings. The subject is considered to be toward the middle to upper end of this rental range given that the subject property is larger than most of these rental properties and is basically open retail space, however, it is in good condition. Once again a different rate was assessed for the main level and the basement areas. In estimating the market rental for the subject I have assessed a figure of \$10.00 per square foot per annum, on a triple net basis, for the main level and \$6.00 per square foot per annum for the subject basement area. A per square foot rental rate is considered appropriate in this analysis as most comparable space is leased on a per square foot basis without regard to the amount per month. This equates to a gross rental as follows:

Main Level:	2,680 Sq Ft @ \$10.00 per Sq Ft =	\$26,800.00
Basement:	2,943 Sq Ft @ \$6.00 per Sq Ft =	\$17,658.00

Total Gross Rental Income:	\$44,458.00
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Having arrived at an estimate of the gross market rental for the subject the next step is to estimate the owner's expenses to arrive at a net rental figure. These expenses include actual real estate taxes, and potential vacancy and are those typically incurred by a property of this nature on a yearly basis. These expenses are calculated as follows:

Estimated Gross Income		\$44,458.00
Less Vacancy Allowance (8%) =		- 3,556.64
Effective Gross Income		----- \$40,901.36
Less Expenses:		
Real Estate Taxes	\$3,252.80	
Insurance	\$1,500.00	
Repairs and Maintenance	\$1,000.00	
Management (5%)	\$2,045.07	
Reserves (2%)	\$ 818.03	
Miscellaneous	\$ 500.00	
Total Expenses		\$ 9,115.90
Estimated Net Income =		----- \$31,785.46 =====

Having arrived at estimate of the net market rental for the subject the final necessary step before arriving at the final estimate of value is to estimate a capitalization rate to be applied to the Net Operating Income. There are several methods for estimating an appropriate capitalization rate to be applied to arrive at the estimate of value. Some of the most commonly used methods are as follows:

1. Extraction from Market Sales Data:
2. Mortgage-Equity Method:
3. Buildup Method:

Each of these three methods is subject to criticism, however, when appropriate data is available the market sales data is the best indicator of the current requirements of investors in the market. Therefore in addition the Mortgage-Equity technique is used. The buildup method is generally only used as a check method and is not used in this analysis. The estimated capitalization rate using Mortgage Equity Technique is as follows:

Mortgage-Equity Method:

The relevant financial data used in this technique, and the resulting discount rate, is summarized as follows:

Summary of the Mortgage-Equity Capitalization Rate Computations:

Market Interest Rate:	8.50 %
Typical Loan Term:	15 Years
Typical Loan to Value Ratio:	70 %
Forecasted Holding Period:	10 Years
Required Equity Yield Rate:	15 %
The Total Property Appreciation in Value Is	5.0 %
The Over-All Capitalization Rate Is	10.54 %

(Rounded To:) 10.55 %
=====

The mortgage-equity formula and discussion is included in the addenda of this report. The mortgage-equity rate is 10.55%, with the cap rate obtained from the best available sale is 12.52%. Therefore for the purposes of this analysis a capitalization rate of 11.50% is applied as the applicable capitalization rate.

Estimated Capitalization Rate = 10.55%
=====

Net Income of \$31,785.46 @ 10.55% = \$301,283.98

Value Indicated by the Income Approach: \$301,000.00

19.0 RECONCILIATION OF VALUE INDICATORS:

The values reflected by the three approaches to value are summarized as follows:

Value Indicated by the Cost Approach	Not Applicable
Value Indicated by the Sales Approach	\$300,000
Value Indicated by the Income Approach	\$301,000

The indicated value range for the subject property is relatively narrow with reasonably equal weight given to the sales and income approaches. Considering these factors the estimated market value of the subject property has been assessed, as at September 10th, 2008, as

\$300,000.00

(THREE HUNDRED THOUSAND DOLLARS)

20.0 ESTIMATED TIME PERIOD TO MARKET THE PROPERTY:

The market for property comparable to the subject is difficult to determine as the subject while being quality retail space is not situated in a prime location and is more a secondary retail location in downtown Johnson City. Also given the current economic climate marketing times are very difficult to determine. Taking all these factors into consideration would lead me to believe that the subject property should be able to be successfully marketed at the above-indicated price within twenty four months.

Estimated Time Period To Market The Property = Twenty four months

21.0 MOST PROBABLE PURCHASER:

The most probable type of purchaser for the subject property would be an owner operator looking for retail space to occupy. An investor looking to add a quality retail building would also be interested in the property. It is expected that this property would be fairly attractive either of the above mentioned types of buyer.

22.0 ENVIRONMENTAL RECOMMENDATION:

The appraiser is not a licensed or qualified environmental auditor and therefore can make recommendations based only on his experience and enquiries. To the appraiser's knowledge there are no external environmental considerations that would have a negative impact on the subject property. The current and past uses of the subject property does not appear to present the subject with potential environmental problems and to the appraiser's knowledge there have been no past uses that would lead the appraiser to believe that the site is, in anyway, environmentally polluted.

CERTIFICATION

=====

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

The statements of fact contained in this report are true and correct.

The reported analyses, opinion, and conclusions are limited only by the reported assumptions and limiting conditions, and is my personal, impartial, unbiased professional analyses, opinions, and conclusions.

I have no present or prospective interest in the property that is subject of this report, and no personal interest with respect to the parties involved.

I have no bias with respect to the property that is the subject of this report or to the parties involved with this assignment.

My engagement in this assignment was not contingent upon developing or reporting predetermined results.

My compensation for completing this assignment is not contingent upon the development or reporting of a predetermined value or direction in value that favors the cause of the client, the amount of the value opinion, the attainment of a stipulated result, or the occurrence of a subsequent event directly related to the intended use of this appraisal.

My analyses, opinions, and conclusions were developed, and this report has been prepared, in conformity with the Uniform Standards of Professional Appraisal Practice.

I have made a personal inspection of the property that is the subject of this report.

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

The market value of the subject property as of September 10th, 2008, is estimated to be:

Market Value of Subject Property: \$300,000.00

September 23, 2008

Date:



Warren G. Ballagh, CG-1500

ADDENDA TO THE REPORT ;

This instrument prepared by:

RICK J. BEARFIELD, Attorney at Law
Wesley Plaza, Suite 1
2513 Wesley Street
P.O. Box 4210 CRS
Johnson City, TN 37602
(423) 282-1006
(423) 282-3081 (fax)

State of Tennessee, County of WASHINGTON
Received for record the 29 day of
JUNE 2000 at 1:30 PM. (REC'D 230368)
Recorded in official records
file Roll 202 Image 2039-2040
State Tax \$ 555.00 Clerks Fee \$ 1.00,
Recording \$ 10.00, Total \$ 566.00,
Register of Deeds GINGER B. JILTON
Deputy Register AMY PARKER

ROLL 202 IMAGE 2039

For Register's Office Use

WARRANTY DEED

FOR AND IN CONSIDERATION of the sum of Ten Dollars (\$10.00) cash in hand paid and other good and valuable consideration, the receipt of which is hereby acknowledged, **300 EAST MAIN STREET, LLC (GRANTOR)** has this day bargained and sold and by these presents does hereby sell, transfer and convey unto **JANICE KAY PERRY AND HUSBAND, MITCHUAL TATE PERRY (GRANTEES)**, their heirs and assigns, all that certain tract(s) or parcel(s) of real property situate, lying and being in the 9th Civil District of Washington County, Tennessee, and more particularly described as follows:

BEING all of Unit 101, Level #1 and Unit 101 Basement of Downtown Square Condominiums, as shown by map or plat of such condominiums of record in Plat Book 16, Page 132, in the office of the Register of Deeds for Washington County, Tennessee, together with an appurtenant percentage of undivided interest in the common elements as set forth in the Master Deed of Downtown Square Condominiums of Record in said Register's Office on Roll 150, Image 123; and amended by First Amendment to Master Deed dated May 10, 2000; and recorded on Roll 198, Image 2474, and further amended by Second Amendment to Master Deed dated June 27, 2000, and recorded on Roll 202, Image 1379, to which reference is here made for a full and complete description of said lot.

Being a part of the same property conveyed to 300 East Main Street, LLC, from Sam R. Sells, II and wife, Ellen W. Sells and Anne Frances Sells Grimes, Widow, being the same person as Anne Frances Sells Doss, by Warranty Deed dated January 15, 1998, and recorded on Roll 139, Image 871, in the Register's Office for Washington County, Tennessee.

PARCEL IDENTIFICATION: TAX MAP 46-MD, GROUP B, PARCEL 1.00C-3

TO HAVE AND TO HOLD said real estate unto the said **JANICE KAY PERRY AND HUSBAND, MITCHUAL TATE PERRY**, their heirs and assigns, forever in fee simple.

300 EAST MAIN STREET, LLC, covenants that it is lawfully seized and possessed of said real estate and has good right and lawful authority to convey the same; that the title thereto is clear, free and unencumbered, and that it will forever warrant and defend the same against the claims of all persons whomsoever.

This property is conveyed subject to all valid restrictive covenants and easements of record, if any.

IN WITNESS WHEREOF, the said **300 EAST MAIN STREET, LLC** has set its hand this 27th day of June, 2000.

By: 300 EAST MAIN STREET, LLC

MARVIN G. CARTER, Chief Manager

The legal description and the state of title of the property have been furnished to the draftsman by the Grantor, by third parties or from the record. The draftsman assumes no liability as to the accuracy thereof.

STATE OF TENNESSEE)
COUNTY OF WASHINGTON)

ROLL 202 IMAGE 2040

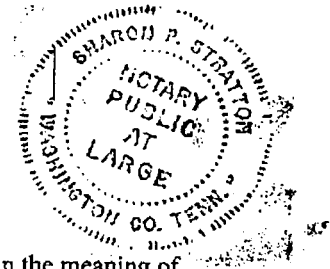
Before me, SHARON P. STRATTON, a Notary Public of the state and county aforesaid, personally appeared MARVIN G. CARTER, with whom I am personally acquainted (or proved to me on the basis of satisfactory evidence), and who, upon oath, acknowledged himself to be Chief Manager of 300 EAST MAIN STREET, LLC, the within named bargainor, a limited liability company, and that he as such Chief Manager, being authorized so to do, executed the foregoing instrument for the purpose therein contained, by signing the name of the company by himself as Chief Manager.

Witness my hand, at office, this 27th day of June, 2000.

Sharon P. Stratton
Notary Public

My Commission Expires:

July 29, 2002



STATE OF TENNESSEE)
COUNTY OF WASHINGTON)

The undersigned hereby offers this instrument for recording within the meaning of the statutes of the State of Tennessee under T.C.A. Section 67-4-409 and hereby swears and affirms that the actual consideration for this transfer or value of the property transferred, whichever is greater, is 150,000.00 which amount is equal to or greater than the amount which the property transferred would command at a fair and voluntary sale.

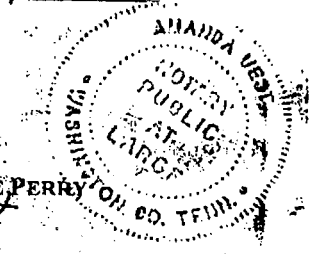
Janice Perry

Sworn to and subscribed before me this the 27th day of June, 2000.

Amanda Vest
Notary Public

My Commission Expires:

10-27-03



Name and Address of Owner:

JANICE KAY PERRY AND MITCHELL TATE PERRY
408 South ROAN ST
JACKSON City, TN

Name and Address of Person Responsible for the Payment of Real Property Taxes:

same

DEED8362RC.018-02

MORTGAGE EQUITY FORMULA

$$R_o = \frac{Y_e - M (Y_e + P \frac{1}{S_n} - R_m) - A_o \frac{1}{S_n}}{1 + A_i J}$$

Where

- R_o= Overall capitalization rate
- Y_e= Equity yield rate
- M= loan to value ratio
- P= percentage of loan paid off
- 1/S_n= sinking fund factor at equity yield rate
- R_m= mortgage capitalization rate or mortgage constant
- A_o= change in total property value
- A_i= total ratio change in income
- J= J factor

ASSUMPTIONS AND LIMITING CONDITIONS

This appraisal report is made and delivered subject to the following assumptions and limiting conditions:

1. This appraisal is made subject to the completion of the proposed addition works and relies upon the information supplied with regard to the size, quality and finish of these proposed works.
2. Any sketches provided in this report are included to assist the reader in visualizing the property and as the Appraiser has had no survey made of the subject property he assumes no responsibility for errors or omissions in regard to land boundaries.
3. The legal description was obtained from the records at the Washington County Courthouse and is assumed to be correct. No responsibility is accepted for any errors or omissions resulting from legal matters in connection with title as the appraiser does not render any opinion as to title, which is assumed to be good. Any or all existing liens and encumbrances have been disregarded. The property is appraised as though free and clear and under responsible ownership.
4. The information obtained from others and from the records is believed to be reliable, however, no responsibility is assumed for its accuracy.
5. The distribution of the total valuation between land and improvements applies only under proposed utilization. Separate valuations for land or improvements is not used in conjunction with any other appraisal and are not valid if so used.
6. 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.
7. Possession of this report, or a copy thereof, does not carry with it the right of publication, nor is it to be used for any purpose by anyone other than the applicant without previous written consent of the appraiser or the applicant and only with proper qualification.
8. The Appraiser is not required to give testimony or to appear in court by reason of this appraisal, unless previous arrangements are made therefore.

9. 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.
10. While the Appraiser has made a diligent search for applicable and correct data, he reserves the right to make appropriate changes in this appraisal in the event any of the data proves to be incorrect or if any additional data becomes available that was not known at the time of appraisal.
11. Unless otherwise stated in this report, the existence of hazardous substances, including without limitation asbestos, polychlorinated biphenyls, petroleum leakage, or agricultural chemicals, which may or may not be present on the property, or other environmental conditions, were not called to the attention of nor did the appraiser become aware of such during the appraiser's inspection. The appraiser has no knowledge of the existence of such materials on or in the property unless otherwise stated. The appraiser, however, is not qualified to test such substances or conditions. If the presence of such substances, such as asbestos, urea formaldehyde foam insulation, or other hazardous substances or environmental conditions, may affect the value of the property, the value estimated is predicated on the assumption that there is no such condition on or in the property or in such proximity thereto that it would cause a loss in value. No responsibility is assumed for any such conditions, nor for any expertise or engineering knowledge required to discover them.

PROPERTY RIGHTS APPRAISED;

"Fee Simple Estate" is defined as the "Absolute ownership unencumbered by any other interest or estate subject only to the four powers of government."

(The Dictionary of Real Estate Appraisal Second Edition published 1989 by the American Institute of Real Estate Appraisers page 120)

SCOPE OF APPRAISAL SERVICES;

The appraiser has researched the appropriate real estate market and obtained sales transactions, listings, general real estate data, and pertinent economic information. This data was obtained from primary and secondary resources: the primary resources consisted of researching official records in the appropriate Commissioner of Revenue and Register of Deeds Offices, Multiple Listing Services (where applicable), and interviewing knowledgeable real estate professionals; the secondary resources were obtained from data research sources which were published by national, regional, and local authorities, and/or computer data bases. Where possible, all the primary resource information was confirmed by notarized deed affidavits; and/or individuals directly involved with the transactions, such as the Grantor, Grantee, and/or Real Estate Brokers (Salesmen). The secondary data is typically collected and assembled for publication and it is assumed the publisher has verified any all printed material. All the data was evaluated and analyzed with the most pertinent information relied on for the basis of formulating and deriving a final substantiated conclusion of value estimate.

APPRAISAL QUALIFICATIONS OF WARREN G. BALLAGH,:

FORMAL EDUCATION:

Bachelor of Business in Property Valuations from Royal Melbourne Institute of Technology, Victoria, Australia.

EDUCATION HONORS:

Winner of the Australian Institute of Valuers and Land Economists President's Prize, for highest aggregate marks in the third year of the Bachelor of Business degree.

Awarded the United States of America work experience scholarship at completion of Bachelor's degree.

Awarded admission to the Golden Key National Honor Society for graduating in the top 3% of all graduating students at my college.

APPRAISAL EXPERIENCE:

Appraiser with Melbourne based property firm, Allard and Shelton, between March 1990 and March 1993.

Tri-Cities April 1993 to present. Initially as part of the work experience scholarship and since January 1995 as an independent, self employed fee appraiser.

My experience includes appraisals on residential, farm, commercial, industrial and special purpose properties.

LICENSES AND MEMBERSHIPS:

State Certified General Appraiser CG-1500 in the state of Tennessee since November, 1994.

State Certified General Appraiser, CG-4001004073, in the Commonwealth of Virginia

Associate Member of the Australian Institute of Valuers and Land Economists.

Registered Valuer in the State of Victoria, Australia.