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|------------------|----------------|----------------|--------|------------------------------|
| Borrower/Client | WACHHOLZ | File No. 07-89 | | |
| Property Address | 325 W QUEEN ST | | | |
| City | HILLSBOROUGH | County | ORANGE | State NC Zip Code 27278-2059 |
| Lender | CHRIS WACHHOLZ | | | |

APPRAISAL AND REPORT IDENTIFICATION

This Appraisal Report is one of the following types:

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

Comments on Standards Rule 2-3

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


- the statements of fact contained in this report are true and correct.
- the reported analyses, opinions, and conclusions are limited only by the reported assumptions and limiting conditions and are my personal, impartial, and unbiased professional analyses, opinions, and conclusions.
- I have no (or the specified) present or prospective interest in the property that is the subject of this report and no (or the specified) personal interest with respect to the parties involved.
- I have no bias with respect to the property that is the subject of this report or 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 (or have not) made a personal inspection of the property that is the subject of this report. (If more than one person signs this certification, the certification must clearly specify which individuals did and which individuals did not make a personal inspection of the appraised property.)
- no one provided significant real property appraisal assistance to the person signing this certification. (If there are exceptions, the name of each individual providing significant real property appraisal assistance must be stated.)

Comments on Appraisal and Report Identification

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

THE INTENDED USER OF THE APPRAISAL IS THE CLIENT FOR THE PURPOSE OF PLACING SUBJECT PROPERTY ON THE OPEN MARKET FOR SALE. THE APPRAISER IS MAKING VALUE ESTIMATE "SUBJECT TO SATISFACTORY COMPLETION OF PLANS AND SPECIFICATIONS" WITH VALUE ESTIMATE AS OF DATE OF INSPECTION, WITH THE HYPOTHETICAL CONDITION AS IF THE PROPERTY WAS EXISTING ON THAT DATE IN ITS COMPLETED STATE.

APPRAISER:

Signature: 

Name: Michael R. Ogburn

Date Signed: _____

State Certification #: A-2590

or State License #: _____

State: NC

Expiration Date of Certification or License: 6/30/2007

Effective Date of Appraisal: 2/16/07

SUPERVISORY APPRAISER (only if required):

Signature: _____

Name: _____

Date Signed: _____

State Certification #: _____

or State License #: _____

State: _____

Expiration Date of Certification or License: _____

Supervisory Appraiser inspection of Subject Property:

Did Not Exterior-only from street Interior and Exterior

UNIFORM RESIDENTIAL APPRAISAL REPORT

File No. 07-89

| | | | | | | | | | | | | | | |
|---|---|--|--|---|---|--|------|---|----------|--|----------|----------|--------------|--------------|
| Property Description | | Property Address 325 W QUEEN ST | | City HILLSBOROUGH | | State NC | | Zip Code 27278-2059 | | | | | | |
| Legal Description LOT 2R CHRIS WACHHOLZ P100/105 OCR | | Assessor's Parcel No. 9864871336 | | Tax Year 06 | | R.E. Taxes \$ TBD | | Special Assessments \$ | | | | | | |
| SUBJECT | Borrower WACHHOLZ | | Current Owner WACHHOLZ | | Occupant: <input type="checkbox"/> Owner <input type="checkbox"/> Tenant <input checked="" type="checkbox"/> Vacant | | | | | | | | | |
| | Property rights appraised <input checked="" type="checkbox"/> Fee Simple <input type="checkbox"/> Leasehold | | Project Type <input type="checkbox"/> PUD <input type="checkbox"/> Condominium (HUD/VA only) | | HOA \$ | | /Mo. | | | | | | | |
| Neighborhood or Project Name HISTORIC DISTRICT | | Map Reference 20500 | | Census Tract 0110.00 | | | | | | | | | | |
| Sale Price \$ | | Date of Sale | | Description and \$ amount of loan charges/concessions to be paid by seller | | | | | | | | | | |
| Lender/Client CHRIS WACHHOLZ | | Address 3000 CHESTNUT RIDGE CHURCH RO, EFLAND , NC 27543003 | | | | | | | | | | | | |
| Appraiser Michael R. Ogburn | | Address 158 Mine Lake Ct. #200, Raleigh, NC 27615 | | | | | | | | | | | | |
| Location <input type="checkbox"/> Urban <input checked="" type="checkbox"/> Suburban <input type="checkbox"/> Rural | | Built up <input type="checkbox"/> Over 75% <input checked="" type="checkbox"/> 25-75% <input type="checkbox"/> Under 25% | | Growth rate <input type="checkbox"/> Rapid <input checked="" type="checkbox"/> Stable <input type="checkbox"/> Slow | | Property values <input type="checkbox"/> Increasing <input checked="" type="checkbox"/> Stable <input type="checkbox"/> Declining | | Demand/supply <input type="checkbox"/> Shortage <input checked="" type="checkbox"/> In balance <input type="checkbox"/> Over supply | | Marketing time <input type="checkbox"/> Under 3 mos. <input checked="" type="checkbox"/> 3-6 mos. <input type="checkbox"/> Over 6 mos. | | | | |
| Predominant occupancy <input checked="" type="checkbox"/> Owner <input type="checkbox"/> Tenant <input type="checkbox"/> Vacant (0-5%) <input type="checkbox"/> Vac.(over 5%) | | Single family housing PRICE \$(000) 200 Low 80 High 200 | | Present land use % One family 90 2-4 family Multi-family 10 Commercial T | | Land use change <input checked="" type="checkbox"/> Not likely <input type="checkbox"/> Likely <input type="checkbox"/> In process To: | | | | | | | | |
| <p>Note: Race and the racial composition of the neighborhood are not appraisal factors.</p> <p>Neighborhood boundaries and characteristics: <u>BOUNDS ARE CONSIDERED TO BE: HISTORIC DISTRICT OF HILLSBOROUGH.</u></p> | | | | | | | | | | | | | | |
| NEIGHBORHOOD | Factors that affect the marketability of the properties in the neighborhood (proximity to employment and amenities, employment stability, appeal to market, etc.): | | | | | | | | | | | | | |
| | <p>HILLSBOROUGH IS THE COUNTY SEAT OF ORANGE COUNTY AND ONE OF THE OLDER TOWNS IN CENTRAL NORTH CAROLINA. ORANGE COUNTY IS THE HOME TO THE UNIVERSITY OF NORTH CAROLINA, LOCATED IN CHAPEL HILL, ABOUT 10 MILES SOUTH. ORANGE COUNTY IS ALSO A PART OF THE REGION KNOWN AS THE RESEARCH TRIANGLE, ALONG WITH WAKE AND DURHAM COUNTIES. ORANGE HAS BEEN THE MOST RESISTANT TO GROWTH WITH MOST OF THE GROWTH IN THE PAST 35+- YEARS HAPPENING IN WAKE COUNTY.</p> | | | | | | | | | | | | | |
| | <p>Market conditions in the subject neighborhood (including support for the above conclusions related to the trend of property values, demand/supply, and marketing time -- such as data on competitive properties for sale in the neighborhood, description of the prevalence of sales and financing concessions, etc.):</p> <p>SUBJECT IS LOCATED WITHIN HILLSBOROUGH'S NATIONAL REGISTER HISTORIC DISTRICT. THE SUBJECT PROPERTY IS NOT RECOGNIZED AS BEING ONE OF THE CONTRIBUTING PROPERTIES. APPEAL OF AREA IS GOOD, CONVENTIONAL FINANCING, WITHOUT SELLER CONCESSIONS WOULD BE MOST TYPICAL.</p> | | | | | | | | | | | | | |
| PUD | Project Information for PUDs (if applicable) - - Is the developer/builder in control of the Home Owners' Association (HOA)? <input type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> N/A | | | | | | | | | | | | | |
| | Approximate total number of units in the subject project _____ Approximate total number of units for sale in the subject project _____ | | | | | | | | | | | | | |
| Describe common elements and recreational facilities: | | | | | | | | | | | | | | |
| SITE | Dimensions SUBJECT TO SURVEY | | | | | Topography SLOPING DOWN FROM ROA | | | | | | | | |
| | Site area 1.3 ACRE+- Corner Lot <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No | | | | | Size ABOVE AVERAGE | | | | | | | | |
| | Specific zoning classification and description RESIDENTIAL | | | | | Shape IRREGULAR | | | | | | | | |
| | Zoning compliance <input checked="" type="checkbox"/> Legal <input type="checkbox"/> Legal nonconforming (Grandfathered use) <input type="checkbox"/> Illegal <input type="checkbox"/> No zoning | | | | | Drainage APPEARS ADEQUATE | | | | | | | | |
| | Highest & best use as improved: <input checked="" type="checkbox"/> Present use <input type="checkbox"/> Other use (explain) | | | | | View AVERAGE | | | | | | | | |
| | Utilities Public Other | | Off-site Improvements Type Public Private | | | Landscaping AVERAGE | | | | | | | | |
| | Electricity <input checked="" type="checkbox"/> | | Street ASPHALT <input checked="" type="checkbox"/> | | | Driveway Surface GRAVEL | | | | | | | | |
| | Gas <input checked="" type="checkbox"/> | | Curb/gutter <input type="checkbox"/> | | | Apparent easements NONE | | | | | | | | |
| | Water <input checked="" type="checkbox"/> | | Sidewalk <input type="checkbox"/> | | | FEMA Special Flood Hazard Area <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No | | | | | | | | |
| | Sanitary sewer <input checked="" type="checkbox"/> | | Street lights ELECTRIC <input checked="" type="checkbox"/> | | | FEMA Zone X Map Date 2/2/2007 | | | | | | | | |
| Storm sewer <input checked="" type="checkbox"/> | | Alley <input type="checkbox"/> | | | FEMA Map No. 3710986400J | | | | | | | | | |
| Comments (apparent adverse easements, encroachments, special assessments, slide areas, illegal or legal nonconforming zoning use, etc.): SUBJECT SITE IS ABOVE AVERAGE FOR AREA. | | | | | | | | | | | | | | |
| DESCRIPTION OF IMPROVEMENTS | GENERAL DESCRIPTION | | EXTERIOR DESCRIPTION | | | FOUNDATION | | BASEMENT | | INSULATION | | | | |
| | No. of Units 1 | | Foundation MASONRY | | | Slab NO | | Area Sq. Ft. 1,757 | | Roof <input type="checkbox"/> | | | | |
| | No. of Stories 1 | | Exterior Walls LOG SIDING | | | Crawl Space NO | | % Finished | | Ceiling <input checked="" type="checkbox"/> | | | | |
| | Type (Det./Att.) DET | | Roof Surface STEEL | | | Basement YES | | Ceiling DW | | Walls <input checked="" type="checkbox"/> | | | | |
| | Design (Style) LOG | | Gutters & Dwnspts. METAL | | | Sump Pump NO | | Walls DW | | Floor <input checked="" type="checkbox"/> | | | | |
| | Existing/Proposed EXIST | | Window Type WD DH INS | | | Dampness NO | | Floor CONCRETE/ | | None <input type="checkbox"/> | | | | |
| | Age (Yrs.) 69 | | Storm/Screens YES | | | Settlement NO | | Outside Entry YES | | Unknown <input type="checkbox"/> | | | | |
| | Effective Age (Yrs.) 0 | | Manufactured House NO | | | Infestation NO | | | | | | | | |
| | ROOMS | | Foyer | Living | Dining | Kitchen | Den | Family Rm. | Rec. Rm. | Bedrooms | # Baths | Laundry | Other | Area Sq. Ft. |
| | Basement | | | | | | | X | | 3 | 3 | X | | 1,757 |
| Level 1 | | X | X | X | X | | | | 1 | .5 | | | 1,557 | |
| Level 2 | | | | | | | | | | | | | | |
| Finished area above grade contains: 4 Rooms; 1 Bedroom(s); 0.5 Bath(s); 1,557 Square Feet of Gross Living Area | | | | | | | | | | | | | | |
| INTERIOR Materials/Condition | | HEATING Type | | KITCHEN EQUIP. | | ATTIC | | AMENITIES | | CAR STORAGE: | | | | |
| Floors WOOD | | Type FWA | | Refrigerator <input type="checkbox"/> | | None <input type="checkbox"/> | | Fireplace(s) # 3 <input checked="" type="checkbox"/> | | None <input checked="" type="checkbox"/> | | | | |
| Walls LOG/DW | | Fuel GAS | | Range/Oven <input checked="" type="checkbox"/> | | Stairs <input type="checkbox"/> | | Patio CONCRETE <input checked="" type="checkbox"/> | | Garage <input type="checkbox"/> # of cars | | | | |
| Trim/Finish WOOD | | Condition AVG | | Disposal <input checked="" type="checkbox"/> | | Drop Stair <input type="checkbox"/> | | Deck WOOD <input checked="" type="checkbox"/> | | Attached <input type="checkbox"/> | | | | |
| Bath Floor TILED | | COOLING | | Dishwasher <input checked="" type="checkbox"/> | | Scuttle <input checked="" type="checkbox"/> | | Porch COVERED <input checked="" type="checkbox"/> | | Detached 2 | | | | |
| Bath Wainscot TILED | | Central YES | | Fan/Hood <input type="checkbox"/> | | Floor <input type="checkbox"/> | | Fence <input type="checkbox"/> | | Built-In <input type="checkbox"/> | | | | |
| Doors WOOD | | Other | | Microwave <input checked="" type="checkbox"/> | | Heated <input type="checkbox"/> | | Pool <input type="checkbox"/> | | Carport <input type="checkbox"/> | | | | |
| | | Condition AVG | | Washer/Dryer <input type="checkbox"/> | | Finished <input type="checkbox"/> | | | | Driveway GRAVEL | | | | |
| Additional features (special energy efficient items, etc.): HOUSE WILL FEATURE OPEN CEILINGS ON MAIN LEVEL, 2 MASONRY FIREPLACES AND A METAL FIREPLACE IN THE OPEN AREA OF THE STAIRWELL. | | | | | | | | | | | | | | |
| Condition of the improvements, depreciation (physical, functional, and external), repairs needed, quality of construction, remodeling/additions, etc.: THE LOG HOUSE WAS ORIGINALLY BUILT IN 1938 AND IS BEING MOVED TO SITE, COMPLETED MODERNIZED WITH AN ESTIMATED EFFECTIVE AGE OF 0 (NEW). | | | | | | | | | | | | | | |
| Adverse environmental conditions (such as, but not limited to, hazardous wastes, toxic substances, etc.) present in the improvements, on the site, or in the immediate vicinity of the subject property.: NONE KNOWN. | | | | | | | | | | | | | | |

UNIFORM RESIDENTIAL APPRAISAL REPORT

File No. 07-89

Valuation Section

| | |
|---|---|
| <p>ESTIMATED SITE VALUE = \$ 130,000</p> <p>ESTIMATED REPRODUCTION COST-NEW-OF IMPROVEMENTS:</p> <p>Dwelling 1,557 Sq. Ft. @\$ _____ = \$ _____</p> <p>1,757 Sq. Ft. @\$ _____ = _____</p> <p>_____ = _____</p> <p>Garage/Carport _____ Sq. Ft. @\$ _____ = _____</p> <p>Total Estimated Cost New = \$ _____</p> <p>Less Physical Functional External</p> <p>Depreciation _____ = \$ _____</p> <p>Depreciated Value of Improvements = \$ _____</p> <p>"As-is" Value of Site Improvements = \$ _____</p> <p>INDICATED VALUE BY COST APPROACH = \$ 130,000</p> | <p>Comments on Cost Approach (such as, source of cost estimate, site value, square foot calculation and for HUD, VA and FmHA, the estimated remaining economic life of the property):</p> |
|---|---|

| ITEM | SUBJECT | COMPARABLE NO. 1 | | | COMPARABLE NO. 2 | | | COMPARABLE NO. 3 | | |
|--|--------------------------------|---|---|---------------|--|---|---------------|---|---|---------------|
| Address | 325 W QUEEN ST HILLSBOROUGH | 110 WATTERS ROAD CARRBORO, NC 27510 | | | 1122 LAKEVIEW DRIVE CEDAR GROVE, NC 27231 | | | 6503 SCHLEY ROAD HILLSBOROUGH | | |
| Proximity to Subject | | 11.05 miles S | | | 5.88 miles NW | | | 6.7 miles NE | | |
| Sales Price | \$ _____ | \$ 485,000 | | | \$ 460,000 | | | \$ 215,000 | | |
| Price/Gross Living Area | \$ _____ | \$ 173.59 | | | \$ 207.49 | | | \$ 128.74 | | |
| Data and/or Verification Source | INSPECTION | MLS # 753565 EXT. INSP. | | | MLS # 843142 EXT. INSP. | | | MLS # 809148 EXT. INSP. | | |
| VALUE ADJUSTMENTS | DESCRIPTION | DESCRIPTION | + | (-)\$ Adjust. | DESCRIPTION | + | (-)\$ Adjust. | DESCRIPTION | + | (-)\$ Adjust. |
| Sales or Financing Concessions | | CNV NONE | | | CNV NONE | | | CNV NONE | | |
| Date of Sale/Time | | CLOS 3/05 | | | CLOS 6/06 | | | CLOS 9/05 | | |
| Location | HISTORIC | HISTORIC | | | SUBURBAN | | | SUBURBAN +100,000 | | |
| Leasehold/Fee Simple | FEE SIMPLE | FEE SIMPLE | | | FEE SIMPLE | | | FEE SIMPLE | | |
| Site | 1.3 ACRE+- | 1 ACRE | | | 1 ACRE | | | 1.3 ACRE | | |
| View | AVERAGE | AVERAGE | | | LAKE | | | POND | | |
| Design and Appeal | LOG | LOG | | | LOG | | | LOG | | |
| Quality of Construction | AVERAGE | AVERAGE | | | AVERAGE | | | INFERIOR +100,000 | | |
| Age | 69 | 200 | | | 7 | | | 10 | | |
| Condition | NEW | INFERIOR +25,000 | | | AVERAGE | | | AVERAGE | | |
| Above Grade Room Count | Total Bdrms: Baths 4 1 0.5 | Total Bdrms: Baths 9 4 3.5 | | | Total Bdrms: Baths 11 3 2F2H +1,500 | | | Total Bdrms: Baths 6 3 2 +6,500 | | |
| Gross Living Area | 1,557 Sq. Ft. | 2,794 Sq. Ft. -55,665 | | | 2,217 Sq. Ft. -29,700 | | | 1,670 Sq. Ft. -5,085 | | |
| Basement & Finished Rooms Below Grade | 1,757 4/3/3 | CRAWL 0 +80,000 | | | 1505 (424FIN) 1/0/.5 +50,000 | | | CRAWL 0 +80,000 | | |
| Functional Utility | AVERAGE | AVERAGE | | | AVERAGE | | | AVERAGE | | |
| Heating/Cooling | FWA/CAC | FWA/CAC | | | FWA/CAC | | | FWA/CAC | | |
| Energy Efficient Items | AVG EE | AVG EE | | | AVG EE | | | AVG EE | | |
| Garage/Carport | 2 CAR | 2 CAR | | | NONE +12,000 | | | 2 CAR | | |
| Porch, Patio, Deck, Fireplace(s), etc. | STOOP/DECK 3FP/PATIO | PORCH/DECK 2FP | | | PORCH/3DECKS 0FP | | | PORCH/2DECK 0FP | | |
| Fence, Pool, etc. | | GUEST HOUSE -40,000 | | | | | | | | |
| Net Adj. (total) | | <input checked="" type="checkbox"/> + <input type="checkbox"/> - \$ 9,335 | | | <input checked="" type="checkbox"/> + <input type="checkbox"/> - \$ 33,800 | | | <input checked="" type="checkbox"/> + <input type="checkbox"/> - \$ 281,415 | | |
| Adjusted Sales Price of Comparable | | Net 1.9 % Gross 41.4 % \$ 494,335 | | | Net 7.3 % Gross 20.3 % \$ 493,800 | | | Net 130.9 % Gross 135.6 % \$ 496,415 | | |

Comments on Sales Comparison (including the subject property's compatibility to the neighborhood, etc.): SALE #1 IS LOCATED IN CARRBORO, LOG HOUSE DATING TO 1805 WITH ADDITIONS IN THE 1940'S AND 1960'S. SALE #2 LOCATED ON LAKE ORANGE.

| ITEM | SUBJECT | COMPARABLE NO. 1 | | | COMPARABLE NO. 2 | | | COMPARABLE NO. 3 | | |
|---|---------------------|------------------|--|--|------------------|--|--|------------------|--|--|
| Date, Price and Data Source, for prior sales within year of appraisal | N/A PUBLIC RECOR | N/A TAX CARD | | | N/A TAX CARD | | | N/A MLS | | |
| Analysis of any current agreement of sale, option, or listing of subject property and analysis of any prior sales of subject and comparables within one year of the date of appraisal: SUBJECT HAS NOT BEEN PURCHASED IN PAST 3 YEARS, NOT LISTED FOR SALE IN PAST 12 MONTHS. | | | | | | | | | | |

INDICATED VALUE BY SALES COMPARISON APPROACH \$ 494,000

INDICATED VALUE BY INCOME APPROACH (if Applicable) Estimated Market Rent \$ _____ /Mo. x Gross Rent Multiplier _____ = \$ _____

This appraisal is made "as is" subject to the repairs, alterations, inspections or conditions listed below subject to completion per plans & specifications.

Conditions of Appraisal: _____

Final Reconciliation: **DIRECT SALES COMPARISON APPROACH IS THE MOST RELIABLE METHOD OF VALUE ESTIMATION OF SINGLE FAMILY DWELLINGS, HENCE IS ADOPTED FOR FINAL VALUE OPINION.**

The purpose of this appraisal is to estimate the market value of the real property that is the subject of this report, based on the above conditions and the certification, contingent and limiting conditions, and market value definition that are stated in the attached Freddie Mac Form 439/FNMA form 1004B (Revised 6/93).

I (WE) ESTIMATE THE MARKET VALUE, AS DEFINED, OF THE REAL PROPERTY THAT IS THE SUBJECT OF THIS REPORT, AS OF 2/16/07

(WHICH IS THE DATE OF INSPECTION AND THE EFFECTIVE DATE OF THIS REPORT) TO BE \$ 494,000

| | |
|---|---|
| <p>APPRAISER:</p> <p>Signature: _____</p> <p>Name: Michael R. Ogburn</p> <p>Date Report Signed: February 28, 2007</p> <p>State Certification # A-2590 State NC</p> <p>Or State License # _____ State</p> | <p>SUPERVISORY APPRAISER (ONLY IF REQUIRED):</p> <p>Signature: _____ <input type="checkbox"/> Did <input type="checkbox"/> Did Not Inspect Property</p> <p>Name: _____</p> <p>Date Report Signed: _____</p> <p>State Certification # _____ State</p> <p>Or State License # _____ State</p> |
|---|---|

Subject Photo Page

| | | | | |
|------------------|----------------|--------|--------|------------------------------|
| Borrower/Client | WACHHOLZ | | | |
| Property Address | 325 W QUEEN ST | | | |
| City | HILLSBOROUGH | County | ORANGE | State NC Zip Code 27278-2059 |
| Lender | CHRIS WACHHOLZ | | | |

**Subject Front**

325 W QUEEN ST

Sales Price

Gross Living Area 1,557

Total Rooms 4

Total Bedrooms 1

Total Bathrooms 0.5

Location HISTORIC

View AVERAGE

Site 1.3 ACRE+-

Quality AVERAGE

Age 69

Subject Rear**Subject Street**

Comparable Photo Page

| | | | | |
|------------------|----------------|--------|--------|------------------------------|
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| Property Address | 325 W QUEEN ST | | | |
| City | HILLSBOROUGH | County | ORANGE | State NC Zip Code 27278-2059 |
| Lender | CHRIS WACHHOLZ | | | |

**Comparable 1**

| | |
|-------------------|---------------|
| 110 WATTERS ROAD | |
| Prox. to Subject | 11.05 miles S |
| Sale Price | 485,000 |
| Gross Living Area | 2,794 |
| Total Rooms | 9 |
| Total Bedrooms | 4 |
| Total Bathrooms | 3.5 |
| Location | HISTORIC |
| View | AVERAGE |
| Site | 1 ACRE |
| Quality | AVERAGE |
| Age | 200 |

**Comparable 2**

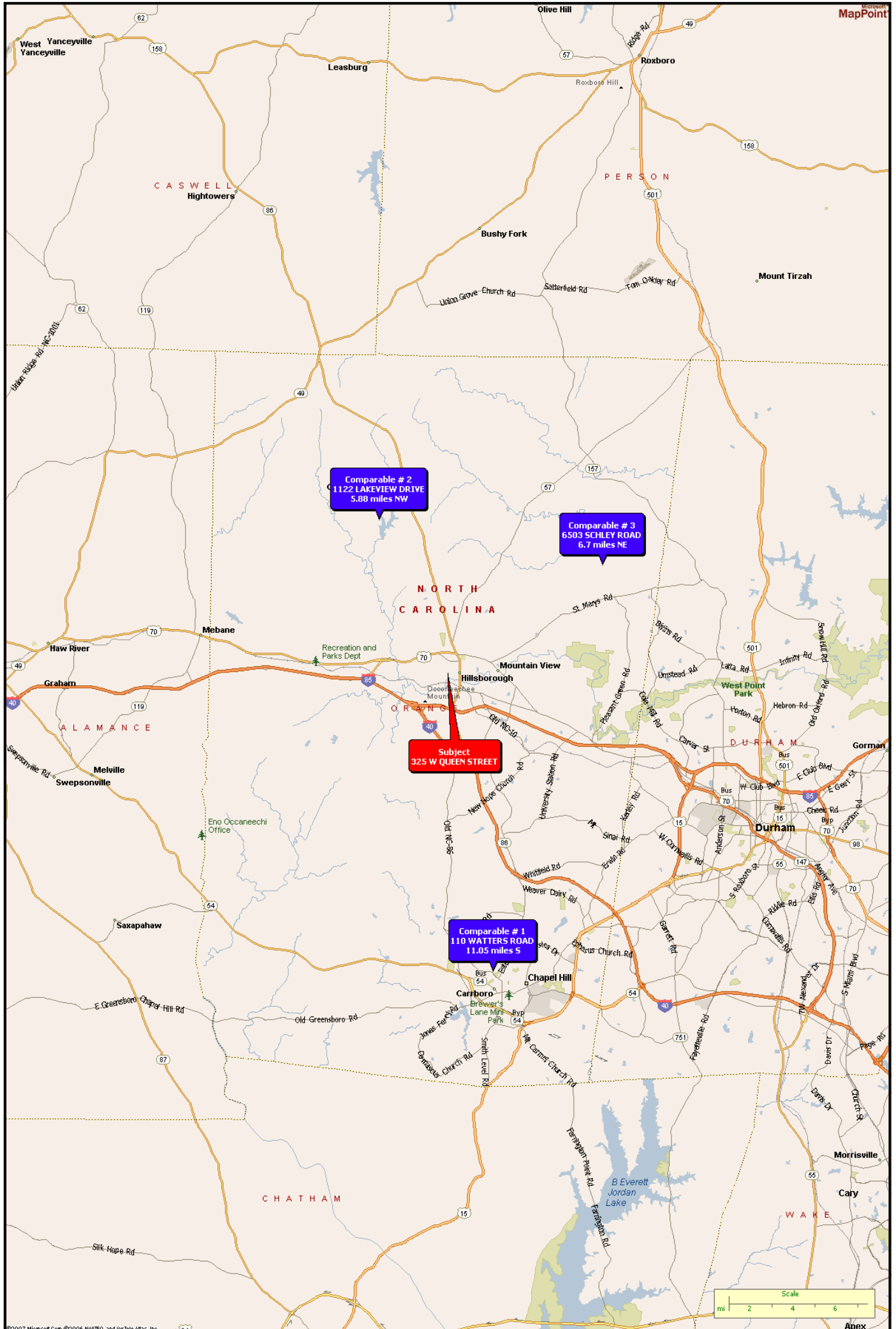
| | |
|---------------------|---------------|
| 1122 LAKEVIEW DRIVE | |
| Prox. to Subject | 5.88 miles NW |
| Sale Price | 460,000 |
| Gross Living Area | 2,217 |
| Total Rooms | 11 |
| Total Bedrooms | 3 |
| Total Bathrooms | 2F2H |
| Location | SUBURBAN |
| View | LAKE |
| Site | 1 ACRE |
| Quality | AVERAGE |
| Age | 7 |

**Comparable 3**

| | |
|-------------------|--------------|
| 6503 SCHLEY ROAD | |
| Prox. to Subject | 6.7 miles NE |
| Sale Price | 215,000 |
| Gross Living Area | 1,670 |
| Total Rooms | 6 |
| Total Bedrooms | 3 |
| Total Bathrooms | 2 |
| Location | SUBURBAN |
| View | POND |
| Site | 1.3 ACRE |
| Quality | INFERIOR |
| Age | 10 |

Location Map

| | | | | | | | |
|------------------|----------------|--------|--------|-------|----|----------|------------|
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| City | HILLSBOROUGH | County | ORANGE | State | NC | Zip Code | 27278-2059 |
| Lender | CHRIS WACHHOLZ | | | | | | |



DEFINITION OF MARKET VALUE: The most probable price which a property should bring in a competitive and open market under all conditions requisite to a fair sale, the buyer and seller, each acting prudently, knowledgeably and assuming the price is not affected by undue stimulus. Implicit in this definition is the consummation of a sale as of a specified date and the passing of title from seller to buyer under conditions whereby: (1) buyer and seller are typically motivated; (2) both parties are well informed or well advised, and each acting in what he 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; and (5) the price represents the normal consideration for the property sold unaffected by special or creative financing or sales concessions* granted by anyone associated with the sale.

* Adjustments to the comparables must be made for special or creative financing or sales concessions. No adjustments are necessary for those costs which are normally paid by sellers as a result of tradition or law in a market area; these costs are readily identifiable since the seller pays these costs in virtually all sales transactions. Special or creative financing adjustments can be made to the comparable property by comparisons to financing terms offered by a third party institutional lender that is not already involved in the property or transaction. Any adjustment should not be calculated on a mechanical dollar for dollar cost of the financing or concession but the dollar amount of any adjustment should approximate the market's reaction to the financing or concessions based on the appraiser's judgement.

STATEMENT OF LIMITING CONDITIONS AND APPRAISER'S CERTIFICATION

CONTINGENT AND LIMITING CONDITIONS: The appraiser's certification that appears in the appraisal report is subject to the following conditions:

1. The appraiser will not be responsible for matters of a legal nature that affect either the property being appraised or the title to it. The appraiser assumes that the title is good and marketable and, therefore, will not render any opinions about the title. The property is appraised on the basis of it being under responsible ownership.
2. The appraiser has provided a sketch in the appraisal report to show approximate dimensions of the improvements and the sketch is included only to assist the reader of the report in visualizing the property and understanding the appraiser's determination of its size.
3. The appraiser has examined the available flood maps that are provided by the Federal Emergency Management Agency (or other data sources) and has noted in the appraisal report whether the subject site is located in an identified Special Flood Hazard Area. Because the appraiser is not a surveyor, he or she makes no guarantees, express or implied, regarding this determination.
4. The appraiser will not give testimony or appear in court because he or she made an appraisal of the property in question, unless specific arrangements to do so have been made beforehand.
5. The appraiser has estimated the value of the land in the cost approach at its highest and best use and the improvements at their contributory value. These separate valuations of the land and improvements must not be used in conjunction with any other appraisal and are invalid if they are so used.
6. The appraiser has noted in the appraisal report any adverse conditions (such as, needed repairs, depreciation, the presence of hazardous wastes, toxic substances, etc.) observed during the inspection of the subject property or that he or she became aware of during the normal research involved in performing the appraisal. Unless otherwise stated in the appraisal report, the appraiser has no knowledge of any hidden or unapparent conditions of the property or adverse environmental conditions (including the presence of hazardous wastes, toxic substances, etc.) that would make the property more or less valuable, and has assumed that there are no such conditions and makes no guarantees or warranties, express or implied, regarding the condition of the property. The appraiser will not be responsible for any such conditions that do exist or for any engineering or testing that might be required to discover whether such conditions exist. Because the appraiser is not an expert in the field of environmental hazards, the appraisal report must not be considered as an environmental assessment of the property.
7. The appraiser obtained the information, estimates, and opinions that were expressed in the appraisal report from sources that he or she considers to be reliable and believes them to be true and correct. The appraiser does not assume responsibility for the accuracy of such items that were furnished by other parties.
8. The appraiser will not disclose the contents of the appraisal report except as provided for in the Uniform Standards of Professional Appraisal Practice.
9. The appraiser has based his or her appraisal report and valuation conclusion for an appraisal that is subject to satisfactory completion, repairs, or alterations on the assumption that completion of the improvements will be performed in a workmanlike manner.
10. The appraiser must provide his or her prior written consent before the lender/client specified in the appraisal report can distribute the appraisal report (including conclusions about the property value, the appraiser's identity and professional designations, and references to any professional appraisal organizations or the firm with which the appraiser is associated) to anyone other than the borrower; the mortgagee or its successors and assigns; the mortgage insurer; consultants; professional appraisal organizations; any state or federally approved financial institution; or any department, agency, or instrumentality of the United States or any state or the District of Columbia; except that the lender/client may distribute the property description section of the report only to data collection or reporting service(s) without having to obtain the appraiser's prior written consent. The appraiser's written consent and approval must also be obtained before the appraisal can be conveyed by anyone to the public through advertising, public relations, news, sales, or other media.


APPRAISER'S CERTIFICATION: The Appraiser certifies and agrees that:

1. I have researched the subject market area and have selected a minimum of three recent sales of properties most similar and proximate to the subject property for consideration in the sales comparison analysis and have made a dollar adjustment when appropriate to reflect the market reaction to those items of significant variation. If a significant item in a comparable property is superior to, or more favorable than, the subject property, I have made a negative adjustment to reduce the adjusted sales price of the comparable and, if a significant item in a comparable property is inferior to, or less favorable than the subject property, I have made a positive adjustment to increase the adjusted sales price of the comparable.
2. I have taken into consideration the factors that have an impact on value in my development of the estimate of market value in the appraisal report. I have not knowingly withheld any significant information from the appraisal report and I believe, to the best of my knowledge, that all statements and information in the appraisal report are true and correct.
3. I stated in the appraisal report only my own personal, unbiased, and professional analysis, opinions, and conclusions, which are subject only to the contingent and limiting conditions specified in this form.
4. I have no present or prospective interest in the property that is the subject to this report, and I have no present or prospective personal interest or bias with respect to the participants in the transaction. I did not base, either partially or completely, my analysis and/or the estimate of market value in the appraisal report on the race, color, religion, sex, handicap, familial status, or national origin of either the prospective owners or occupants of the subject property or of the present owners or occupants of the properties in the vicinity of the subject property.
5. I have no present or contemplated future interest in the subject property, and neither my current or future employment nor my compensation for performing this appraisal is contingent on the appraised value of the property.
6. I was not required to report a predetermined value or direction in value that favors the cause of the client or any related party, the amount of the value estimate, the attainment of a specific result, or the occurrence of a subsequent event in order to receive my compensation and/or employment for performing the appraisal. I did not base the appraisal report on a requested minimum valuation, a specific valuation, or the need to approve a specific mortgage loan.
7. I performed this appraisal in conformity with the Uniform Standards of Professional Appraisal Practice that were adopted and promulgated by the Appraisal Standards Board of The Appraisal Foundation and that were in place as of the effective date of this appraisal, with the exception of the departure provision of those Standards, which does not apply. I acknowledge that an estimate of a reasonable time for exposure in the open market is a condition in the definition of market value and the estimate I developed is consistent with the marketing time noted in the neighborhood section of this report, unless I have otherwise stated in the reconciliation section.
8. I have personally inspected the interior and exterior areas of the subject property and the exterior of all properties listed as comparables in the appraisal report. I further certify that I have noted any apparent or known adverse conditions in the subject improvements, on the subject site, or on any site within the immediate vicinity of the subject property of which I am aware and have made adjustments for these adverse conditions in my analysis of the property value to the extent that I had market evidence to support them. I have also commented about the effect of the adverse conditions on the marketability of the subject property.
9. I personally prepared all conclusions and opinions about the real estate that were set forth in the appraisal report. If I relied on significant professional assistance from any individual or individuals in the performance of the appraisal or the preparation of the appraisal report, I have named such individual(s) and disclosed the specific tasks performed by them in the reconciliation section of this appraisal report. I certify that any individual so named is qualified to perform the tasks. I have not authorized anyone to make a change to any item in the report; therefore, if an unauthorized change is made to the appraisal report, I will take no responsibility for it.

SUPERVISORY APPRAISER'S CERTIFICATION: If a supervisory appraiser signed the appraisal report, he or she certifies and agrees that: I directly supervise the appraiser who prepared the appraisal report, have reviewed the appraisal report, agree with the statements and conclusions of the appraiser, agree to be bound by the appraiser's certifications numbered 4 through 7 above, and am taking full responsibility for the appraisal and the appraisal report.

ADDRESS OF PROPERTY APPRAISED: 325 W QUEEN ST, HILLSBOROUGH, NC 27278-2059

APPRAISER:

Signature: 
 Name: Michael R. Ogburn
 Date Signed: February 28, 2007
 State Certification #: A-2590
 or State License #: _____
 State: NC
 Expiration Date of Certification or License: 6/30/2007

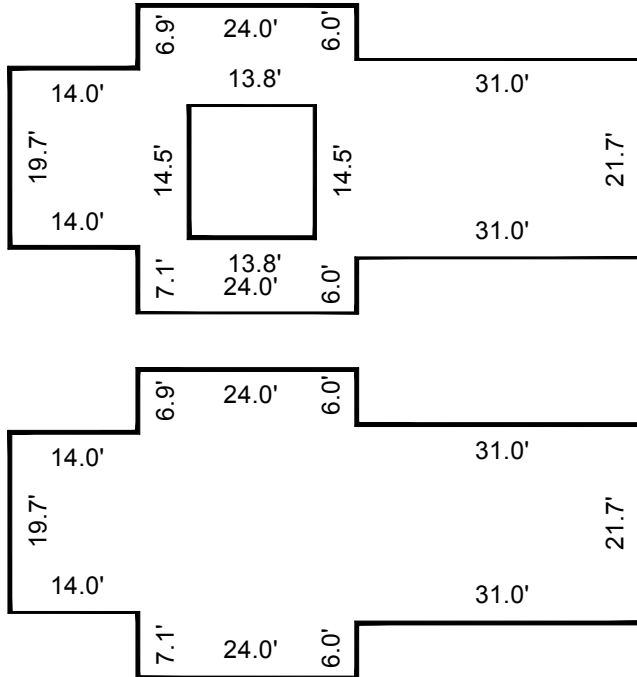
SUPERVISORY APPRAISER (only if required):

Signature: _____
 Name: _____
 Date Signed: _____
 State Certification #: _____
 or State License #: _____
 State: _____
 Expiration Date of Certification or License: _____

Did Did Not Inspect Property

Building Sketch

| | | | |
|------------------|----------------|---------------|-----------------------------------|
| Borrower/Client | WACHHOLZ | | |
| Property Address | 325 W QUEEN ST | | |
| City | HILLSBOROUGH | County ORANGE | State NC Zip Code 27278-2059 |
| Lender | CHRIS WACHHOLZ | | |



Sketch by Apex IV™

Comments:

| AREA CALCULATIONS SUMMARY | | | |
|---------------------------|-------------|-----------|------------|
| Code | Description | Net Size | Net Totals |
| GLA1 | First Floor | 1757.3 | |
| | OPEN AREA | -200.1 | 1557.2 |
| BSMT | Basement | 1757.3 | 1757.3 |
| Net LIVABLE Area | | (Rounded) | 1557 |

| LIVING AREA BREAKDOWN | | | |
|-----------------------|---|------|----------------|
| Breakdown | | | Subtotals |
| First Floor | | | |
| 21.7 | x | 31.0 | 672.7 |
| 24.0 | x | 33.7 | 808.8 |
| 14.0 | x | 19.7 | 275.8 |
| OPEN AREA | | | |
| 13.8 | x | 14.5 | -200.1 |
| 4 Items | | | (Rounded) 1557 |