

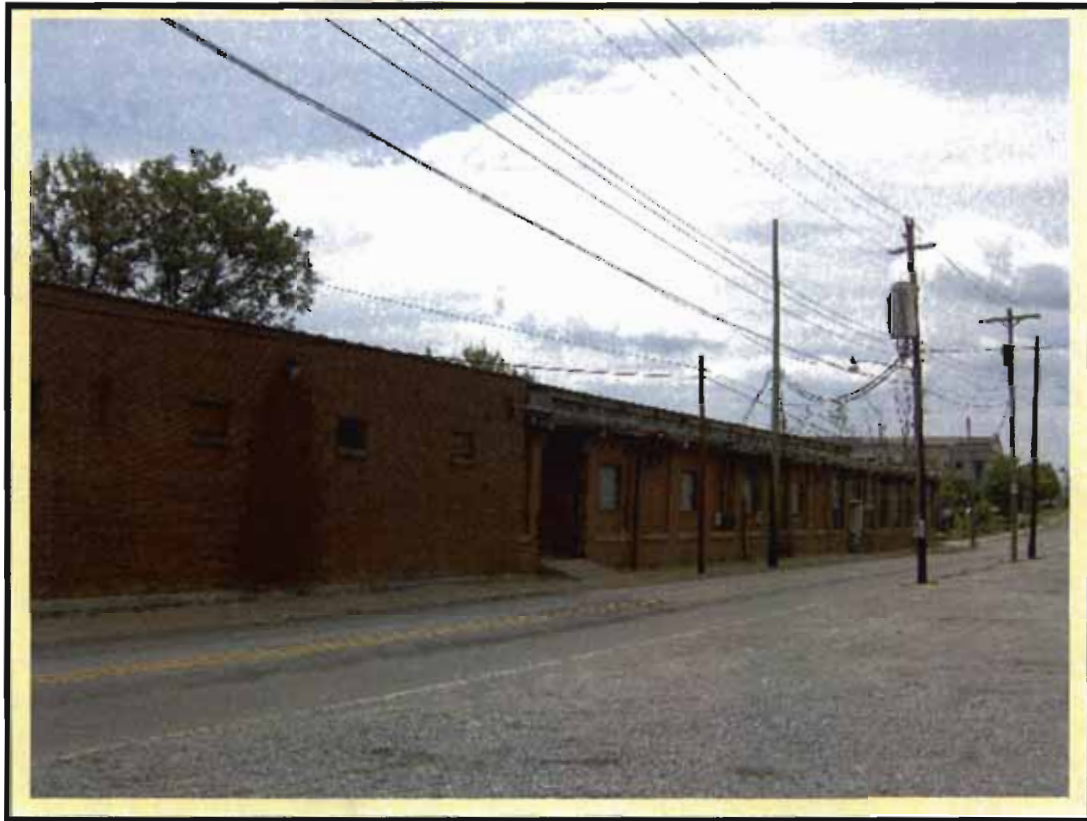
IMPORTANT NOTE

The attached appraisal was completed in 2008 in regard to the following parcel:

PIN 9568887494

Note that the City owns an additional unimproved adjacent parcel. The second parcel (PIN 9568889495) has not been appraised recently.

AN APPRAISAL IN SUMMARY FORMAT
OF
AN INDUSTRIAL PROPERTY
400 NORTH GROVE STREET
HENDERSONVILLE, NC 28792



Prepared For:

Mr. Sam Fritschner
City of Hendersonville
P. O. Box 1670
Hendersonville, NC 28793

Prepared By:

BRB APPRAISAL ASSOCIATES
P.O. Box 2903
120 West Allen Street, Unit 10
Hendersonville, NC 28793

Effective Date: May 20, 2008

Report Date: May 21, 2008

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BRB APPRAISAL ASSOCIATES
P. O. Box 2903
120 West Allen Street, Unit 10
Hendersonville, North Carolina 28793

Phone 828-693-1300 Fax 828-697-1374

May 21, 2008

Mr. Sam Fritschner
City of Hendersonville
P. O. Box 1670
Hendersonville, NC 28793

Re: Appraisal in Summary Format
400 North Grove Street
Hendersonville, NC 28792

Dear Mr. Fritschner:

In accordance with the request for an appraisal to form an opinion of the "as-is" market value of the fee simple interest to a single purchaser of the above referenced property including all appurtenances and encumbrances, I have inspected the property located at 400 North Grove Street in Hendersonville, NC, and prepared this appraisal report in summary format.

The purpose of this appraisal in summary format is to form an opinion of the "as-is" market value of the fee simple interest to a single purchaser of the above referenced property including all appurtenances and encumbrances as of May 20, 2008, the effective date of value. No personal property, such as furniture, business equipment or inventory is included in the final opinion of value.

This appraisal in summary format is solely for the use of the City of Hendersonville and its legal counsel, who will rely on it for internal use. Furthermore, the fee for this assignment has been negotiated with the client, the City of Hendersonville.

This report is a Summary Appraisal Report in accordance with Standards Rule 2-2(b) of the *Uniform Standards of Professional Appraisal Practice*. As such, it presents sufficient information to enable the client and other users, as identified, to understand it properly.

Please refer to the appraisal report in summary format of the subject property dated May 21, 2008. All attachments and addenda are considered an integral part of the report.

It has been a pleasure to assist you. If we may be of further service, please let us know.

Respectfully submitted,

The image shows a handwritten signature in blue ink, which appears to be "WDR", followed by a circular professional appraiser seal. The seal is for Walter Douglas Roberts, II, a State Certified General Real Estate Appraiser in North Carolina, with license number A6408. The seal also includes the text "WALTER DOUGLAS ROBERTS, II", "STATE CERTIFIED", "NORTH CAROLINA", and "GENERAL APPRAISER".

Walter D. Roberts, II

State Certified General Real Estate Appraiser #A6408

CERTIFICATE OF APPRAISAL

The undersigned certifies that, to the best of their knowledge and belief:


1. The statements of fact contained in this report are true and correct.
2. 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.
3. I have no present or prospective interest in the property that is the subject of this report and no personal interest with respect to the parties involved.
4. I have no bias with respect to the property that is the subject of this report or to the parties involved with this assignment.
5. My engagement in this assignment was not contingent upon developing or reporting predetermined results.
6. 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.
7. My analyses, opinions, and conclusions were developed, and this report has been prepared, in conformity with the *Uniform Standards of Professional Appraisal Practice*. This report and its use are subject to the requirements of the State of North Carolina relating to review by the Real Estate Appraisal Board.
8. I have made a personal inspection of the property that is the subject of this report.
9. James Roberts provided significant real property appraisal assistance, in the form of measuring, report editing and data research, to the person signing this certification.

It is my opinion that the "as-is" market value of the fee simple interest in the subject property, as of May 20, 2008, is:

**ONE MILLION EIGHTEEN THOUSAND DOLLARS
(\$1,018,000)**

Thank you for the opportunity to be of service to you in this matter.

Respectfully submitted,

The image shows a handwritten signature in blue ink, which appears to be "Walter D. Roberts, II". To the right of the signature is a circular professional seal. The seal contains the text "WALTER D. ROBERTS, II" around the top edge, "NORTH CAROLINA" around the bottom edge, and "REAL ESTATE APPRAISER" in the center. There is also a small star on the right side of the seal.

Walter D. Roberts, II
State Certified General Real Estate Appraiser #A6408

SUMMARY OF IMPORTANT FACTS AND CONCLUSIONS

OUR FILE NUMBER:	C805044
PROPERTY ADDRESS:	400 North Grove Street. Hendersonville, NC 28792
OWNER(S):	City of Hendersonville
PROPERTY TYPE:	Industrial
PROPERTY RIGHTS APPRAISED:	Fee simple
PREPARED FOR:	City of Hendersonville P. O. Box 1670 Hendersonville, NC 28793
REQUESTED BY:	Mr. Sam Fritschner
VALUATION PROCEDURES:	
COST APPROACH:	Not Applicable
SALES COMPARISON APPROACH:	\$1,012,000
INCOME CAPITALIZATION APPROACH	\$1,042,000
RECONCILED VALUE:	\$1,018,000
EXTRAORDINARY ASSUMPTIONS:	None
HYPOTHETICAL CONDITIONS:	None
INDICATED EXPOSURE TIME:	12 months
INSPECTION DATE:	May 20, 2008
EFFECTIVE DATE OF VALUATION:	May 20, 2008
DATE PREPARED:	May 21, 2008
LEGAL DESCRIPTION:	
DEED REFERENCE:	Book 1318, Page 101 Henderson County Registry
TAX MAP REFERENCE:	9568-88-7494
SUMMARY PROPERTY DESCRIPTION:	
SITE SUMMARY:	1.09 per property record card.
IMPROVEMENTS SUMMARY:	33,094 square foot industrial building with 25,756 square foot basement.
PREPARED BY:	Walter D. Roberts, II NC Certified General Real Estate App. #A6408

BIRB APPRAISAL ASSOCIATES
P.O. Box 2903
120 West Allen Street, Unit 10
Hendersonville, NC 28793-2903

GENERAL ASSUMPTIONS AND LIMITING CONDITIONS

This appraisal is made subject to the following assumptions and limiting conditions and to any other specific assumptions and conditions as set forth in this report:

1. REPORT OPTION

This is an appraisal in summary format that is intended to comply with the reporting requirements set forth under **STANDARD RULE 2-2(b)** of the *Uniform Standards of Professional Appraisal Practice* for an appraisal report in summary format. As such, it presents sufficient information to enable the client and other intended users, as identified, to understand it properly.

2. LIMIT OF LIABILITY

The liability of the **BRB APPRAISAL ASSOCIATES** firm and employees is limited to the **client only**. 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 assumptions and limiting conditions of the assignment. 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.

3. CONFIDENTIALITY

This appraisal report must be considered and used only as a unit. No part is to be used without the whole report, and it becomes invalid if any part is separated from the whole. All conclusions and opinions as set forth in the report were prepared by the appraiser whose signature appears on the appraisal report, unless otherwise indicated. No change of any item in the report shall be made by anyone other than the appraiser. The appraiser shall have no responsibility if any such unauthorized change is made.

The appraiser may not divulge the material (evaluation) contents of the report, analytical findings or conclusions, or give a copy of the report to anyone other than the client or their designee as specified in writing, except as may be required by the requirements of the State of North Carolina relating to review by the Real Estate Appraisal Board as they may request in confidence for ethics enforcement, or by a court of law or body with the power of subpoena.

4. INFORMATION USED

No responsibility is assumed for accuracy of information furnished by work of or work by others, the client, their designees, or public records. The market data relied upon in this report has been confirmed with one or more parties familiar with the transaction, from affidavit, or other source thought reasonable; all are considered appropriate for inclusion to the best of my factual judgment and knowledge. An impractical and uneconomic expenditure of time would be required to furnish unimpeachable verification in all instances, particularly as to engineering and market related information. It is suggested that the client consider independent verification as a prerequisite to any transaction involving sale, lease, or other significant commitment of funds on subject property.

5. TESTIMONY, CONSULTATION, COMPLETION OF CONTRACT FOR APPRAISAL SERVICE

The contract for appraisal, consultation, or analytical service is fulfilled and the total fee is payable upon completion of the report, unless other arrangements have been made. The appraiser will not be asked or required to give testimony in court or hearing because of having made the appraisal, in full or in part, nor engage in post-appraisal consultation with client or third parties except under separate and special arrangement, and at additional fee. If testimony or deposition is required because of any subpoena, the client shall be responsible for any additional time, fees, and charges regardless of issuing party.

6. EXHIBITS

The sketches and maps in this report are included to assist the reader in visualizing the property and are not necessarily to scale. Various photos, if any, are included for the same purpose as of the date of the photos. The appraiser has made no survey and assumes no responsibility for the accuracy of plats or other maps on record.

7. LEGAL AND TITLE CONSIDERATIONS

No responsibility is assumed for matters legal in character or nature. No opinion is rendered as to the title, which is presumed to be good and marketable. The property is appraised as if free and clear, unless otherwise stated in particular parts of this report, of all debts, liens, mortgages, encumbrances or leases of an adverse nature. It is further assumed that all real estate taxes and special assessments have been paid in full.

Responsible ownership and competent management are assumed. The legal descriptions utilized throughout this report are assumed to be correct as furnished by the client, their designees or as derived by the appraiser.

8. ENGINEERING, STRUCTURAL AND MECHANICAL CONSIDERATIONS

No responsibility is assumed for matters of an architectural, structural, mechanical, or engineering nature. No advice is given regarding mechanical equipment or structural integrity or adequacy. The lender and owner should inspect the property before any disbursement of funds. Further, it is likely that the owner or potential buyer may wish to require mechanical or structural inspections by qualified and licensed contractors, civil or structural engineers, architects, and other experts.

The appraiser has inspected as far as possible, by observation, the improvements. It was not possible to personally observe hidden structural components. The appraisal is conditional upon the improvements being structurally sound and free and clear of all wood destroying organisms. The appraiser has not critically inspected mechanical components within the improvements and no representations are made herein as to these matters unless specifically stated and considered in this report. The value estimate considers there being no such conditions that would cause a loss in value. All mechanical components are assumed to be in operable condition and status standard for properties of the subject type. The condition of heating, cooling, ventilating, electrical and plumbing equipment is considered to be in commensurate condition with the balance of the improvements unless otherwise stated. No judgment is made by the appraiser as to adequacy of insulation or energy efficiency of the improvements or equipment, which is assumed standard for subject age and type.

9. SOIL AND SUBSOIL CONSIDERATIONS

No advice is given regarding soils and potential for settlement, drainage, and such. The appraiser has inspected the site as far as possible by observation. It was not possible to personally observe conditions beneath the soil. The value estimate considers there are no soil or subsoil conditions that would cause a loss in value. Except as noted in the appraisal, the land or the soil in the area being appraised appears firm. The appraiser does not warrant against this condition, occurrence or problems arising from soil conditions. The appraisal is based upon the assumption that there are no hidden, unapparent or apparent conditions of the soil or subsoil, except as noted that would render it more or less valuable.

No engineering survey was made or was caused to be made by the appraiser, and any estimate of fill or other site work was based on visual observation; the accuracy of required fill is not guaranteed. No test borings or pilings and analysis of subsoil conditions was made or caused to be made by the appraiser, and the appraiser assumes no responsibility for the presence of any adverse conditions or for any engineering which might be required to discover such a condition.

The appraiser assumes no responsibility for any costs or consequences arising due to the need, or the lack of need, for flood hazard insurance. An agent for the Federal Flood Insurance Program should be contacted to determine the actual need for Flood Hazard Insurance.

10. LEGALITY OF USE

The appraisal is based on the premise that there is full compliance with all applicable federal, state and local governmental regulations and laws unless otherwise stated in the appraisal report. Further, it is assumed that all applicable zoning, building, use regulations and restrictions of all types have been, or in the case of proposed improvements, will be complied with, unless otherwise stated in the appraisal report.

It is assumed that all required licenses, consents or other legislative or administrative authority from any local, state or national government or private entity or organization have been or can be obtained or renewed for any use on which the value estimate contained in this report is based.

11. COMPONENT VALUE

The distribution of the total valuation in this report between any of the components of the property, particularly between land and improvements, applies only under the reported highest and best use of this property, or 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.

12. AUXILIARY AND RELATED STUDIES

No environmental or impact studies, special market study or analysis, highest and best use analysis study, or feasibility study has been required or made unless otherwise specified in an agreement for services, or in the report.

13. DOLLAR VALUES AND PURCHASING POWER

The market value estimated, and the costs used, are as of the date of the estimate of value. All dollar amounts are based on the purchasing power and price of the U.S. dollar as of the date of the value estimate.

14. INCLUSIONS

Furnishings and equipment or personal property or business operations, except as specifically indicated and typically considered as a part of real estate, have been disregarded, with only the real estate being considered in the value estimate, unless otherwise stated. In some property types, business and real estate interests and values are combined.

15. FEE

The fee for this appraisal or study is for the service rendered and not for the time spent on the physical property or the physical report itself.

16. CHANGES AND MODIFICATIONS

The appraiser reserves the right to alter statements, analyses, conclusions, or any value estimates in the appraisal if there become known to them facts pertinent to the appraisal process which were unknown when the report was prepared.

17. AUTHENTIC COPIES

The authentic copies of the report are signed in blue ink and have a seal affixed near the signatures. Any copy that does not have the above is unauthorized and may have been altered.

18. HAZARDOUS MATERIALS

The appraiser has noted in the appraisal report any adverse conditions (needed repairs, depreciation, the presence of hazardous waste, toxic substances, etc.) observed during the inspection of the subject property or that they 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 have assumed that there are no such conditions and make 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 experts in the field of environmental hazards, the appraisal report should not be considered as an environmental assessment of the property.

19. AMERICANS WITH DISABILITIES ACT

The Americans with Disabilities Act (ADA) became effective January 26, 1992. The appraiser has 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 requirements of the act. If so, this fact could have a negative effect upon the value of the property. Since the appraiser has no direct evidence relating to this issue, he did not consider possible noncompliance with the requirements of ADA in estimating the value of the property.

20. ACCEPTANCE AND/OR USE OF THIS APPRAISAL REPORT BY THE CLIENT OR ANY THIRD PARTY CONSTITUTES ACCEPTANCE OF THE ABOVE LIMITING CONDITIONS. APPRAISER'S LIABILITY EXTENDS ONLY TO THE STATED CLIENT, NOT SUBSEQUENT PARTIES OR USERS.

PREMISES OF THE APPRAISAL

IDENTIFICATIONS

This appraisal in summary format of 400 North Grove Street., Hendersonville, NC has been prepared for the City of Hendersonville, P. O. Box 1670, Hendersonville, NC 28793. It is solely for the use of the City of Hendersonville and its legal counsel, who will rely on it for internal use. This report is not intended for any other use. **BRB APPRAISAL ASSOCIATES** is not responsible for unauthorized use of this report.

COMPETENCY OF THE APPRAISER

The appraiser's qualification and experience are included at the end of this report. This information serves as evidence of the appraiser's competence for completing this appraisal assignment in compliance with the competency provision of the *Uniform Standards of Professional Appraisal Practice (USPAP)* as promulgated by the **Appraisal Standards Board** of the **Appraisal Foundation**, Washington, D.C.

The appraiser's knowledge and experience, combined with his professional qualifications, are commensurate with the complexity of this assignment. The appraiser confirms that he has previously provided appraisal and consulting expertise on this type of property.

INTEREST VALUED

The property interests appraised in this report are all rights existing in fee simple ownership as of the appraisal date. These rights are the legal and economic properties of the separate entities, which may rightfully be exchanged for money or equivalent goods.

FEE SIMPLE INTEREST is defined as: Absolute ownership unencumbered by any other interest or estate, subject only to the limitations imposed by the governmental powers of taxation, eminent domain, police power, and escheat.

Fee simple interest typically means no encumbrances whatsoever; however, for the purpose of this report, the definition of fee simple is intended to include a reference to typical financing arrangements available in today's market. The nature of real estate investments in the current market is such that some financing is always in place, and not considering any leverage precludes a "market value estimate".

PURPOSE OF THE ASSIGNMENT

The appraisal assignment is to develop an opinion of the "as-is" market value of the above-stated interest to a single purchaser of the subject property including all appurtenances and encumbrances as of the effective date of the appraisal. Market value is defined 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 of a specified date and the passing of title from seller to buyer under conditions whereby:

- Buyer and seller are typically motivated;
- Both parties are well informed or well advised, and acting in what they consider their best interests;
- A reasonable time is allowed for exposure in the open market;
- Payment is made in terms of cash in U.S. dollars or in terms of financial arrangements comparable thereto; and
- 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.

(12 C.F.R. Part 34.42(g); 55 Federal Register 34696, August 24, 1990, as amended at 57 Federal Register 12202, April 9, 1992; 59 Federal Register 29499, June 7, 1994)

EXTRAORDINARY ASSUMPTIONS AND HYPOTHETICAL CONDITIONS

An **EXTRAORDINARY ASSUMPTION** is an assumption, directly related to a specific assignment, which, if found to be false, could alter the appraiser's opinions or conclusions. Extraordinary assumptions presume as fact otherwise uncertain information about physical, legal, or economic characteristics of the subject property; or about conditions external to the property such as market conditions or trends; or about the integrity of data used in an analysis. An extraordinary assumption may be used in an assignment only if:

- it is required to properly develop credible opinions and conclusions;
- the appraiser has a reasonable basis for the extraordinary assumption;
- use of the extraordinary assumption results in a credible analysis; and
- the appraiser complies with the disclosure requirements set forth in **USPAP** for extraordinary assumptions. (**USPAP**, 2002 ed.)

Insofar as is known this appraisal in summary format does not contain any extraordinary assumptions.

A **HYPOTHETICAL CONDITION** is that which is contrary to what exists but is supposed for the purpose of analysis. Hypothetical conditions assume conditions contrary to known facts about physical, legal, or economic characteristics of the subject property; or about conditions external to the property, such as market conditions or trends; or about the integrity of data used in an analysis. A hypothetical condition may be used in an assignment only if:

- use of the hypothetical condition is clearly required for legal purposes, for purposes of reasonable analysis, or for purposes of comparison;
- use of the hypothetical condition results in a credible analysis; and
- the appraiser complies with the disclosure requirements set forth in **USPAP** for hypothetical conditions. (**USPAP**, 2002 ed.)

Insofar as is known this appraisal in summary format does not contain any hypothetical conditions.

EFFECTIVE DATE OF VALUE OPINION

The subject property was inspected on May 20, 2008, which is the effective date of the value opinion. The report is dated May 21, 2008.

SCOPE OF WORK

According to the *Uniform Standards of Professional Appraisal Practice* published by the Appraisal Standards Board effective date July 1, 2006, the **Scope of Work Rule** is as follows:

For each appraisal, appraisal review, and appraisal consulting assignment, 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.

An appraiser must properly identify the problem to be solved in order to determine the appropriate scope of work. The appraiser must be prepared to demonstrate that the scope of work is sufficient to produce credible assignment results.

An appraiser must gather and analyze information about those assignment elements that are necessary to properly identify the appraisal, appraisal review or appraisal consulting problem to be solved.

The scope of work must include the research and analyses that are necessary to develop credible assignment results.

An appraiser must not allow assignment conditions to limit the scope of work to such a degree that the assignment results are not credible in the context of the intended use.

An appraiser must not allow the intended use of an assignment or a client's objectives to cause the assignment results to be biased.

The report must contain sufficient information to allow intended users to understand the scope of work performed.

In this appraisal assignment, on May 20, 2008 I, Walter D. Roberts II, viewed and measured the exterior and viewed the interior of the subject improvement in order to gather information about its physical characteristics that is relevant to the evaluation problem.

I used the Western North Carolina Multiple Listing Service, the Western North Carolina Commercial Property Exchange, RealtyRates.com, searched county records and my own data files to compile sales data as are available, comparable operating expense data as are available, and comparable data as are available to estimate rates of capitalization. When information from these sources was inconsistent or lacking, I conferred with the selling agent involved in the transaction to clarify.

I analyzed the data and applied the Sales Comparison and Income Approaches. The Cost Approach is not typically applied for buildings of extended life because determining an appropriate level of depreciation would be very difficult.

REPORT OPTION

This report is a Summary Appraisal Report in accordance with **Standards Rule 2-2(b)** of the *Uniform Standards of Professional Appraisal Practice*. As such, it presents sufficient information to enable the client and other intended users, as identified, to understand it properly.

This Summary Appraisal Report:

- (i) states the identity of the client and any intended users, by name or type;
- (ii) states the intended use of the appraisal;
- (iii) summarizes information sufficient to identify the real estate involved in the appraisal, including the physical and economic property characteristics relevant to the assignment;
- (iv) states the real property interest appraised;
- (v) states the type and definition of value and cites the source of the definition;
- (vi) states the effective date of the appraisal and the date of the report;
- (vii) summarizes sufficient information to disclose to the client and any intended users of the appraisal the scope of work used to develop the appraisal;
- (viii) summarizes the information analyzed, the appraisal methods and techniques employed, and the reasoning that supports the analyses, opinions, and conclusions; exclusion of the sales comparison approach, cost approach, or income approach must be explained;
- (ix) states the use of the real estate existing as of the date of value and the use of the real estate reflected in the appraisal; and, when an opinion of highest and best use was developed by the appraiser, summarizes the support and rationale for that opinion;
- (x) clearly and conspicuously:
 - states all extraordinary assumptions and hypothetical conditions; and
 - states that their use might have affected the assignment results; and
- (xi) includes a signed certification in accordance with Standards Rule 2-3.

EXPOSURE TIME

An estimate of exposure time is not intended to be a prediction of a date of sale or a simple one-line statement. Instead, it is an integral part of the appraisal analysis and is based on one or more of the following:

- statistical information about days on the market
- information gathered through sales verification

The reasonable exposure period is a function of price, time, and use. It is not an isolated estimate of time alone. Exposure time is the estimated length of time the property would have been offered prior to a hypothetical market value sale on the effective date of appraisal. It is a retrospective estimate based on an analysis of past events, assuming a competitive and open market. It assumes not only adequate, sufficient, and reasonable time but also adequate, sufficient and reasonable marketing effort. Exposure time is, therefore, interrelated with the conclusion of value indicated by the appraisal.

In consideration of these factors, I have analyzed the following:

- exposure periods of comparable sales revealed during the course of this appraisal
- knowledgeable real estate professionals
- exposure periods of industrial properties.

Based on the foregoing analysis, an exposure time of 12 months is reasonable, defensible, and appropriate. I assumed the subject would have been competitively priced and aggressively promoted regionally.

MARKETING PERIOD

Marketing period is the time a prospective investor would forecast to sell the subject property immediately after the date of value, at the value estimated. The marketing time is an estimate of the number of months it will require to sell the subject from the date of value into the future. The anticipated marketing time is essentially a measure of the perceived level of risk associated with the marketability, or liquidity of the subject property. The marketing time estimate is based on the data used in estimating the reasonable exposure time, in addition to an analysis of the anticipated changes in market conditions following the date of appraisal.

The future price of the subject (at the end of the marketing time) may or may not equal the appraisal estimate. The future price depends on unpredictable changes in the physical real estate, demographic and economic trends, real estate markets in general, supply/demand characteristics for the property type, and many other factors.

Based on the premise that present market conditions are the best indicators of future performance, a prudent investor will forecast that, under the conditions described above, the subject will require a marketing time of 12 months.

PRESENTATION OF DATA

IDENTIFICATION OF THE PROPERTY – LEGAL DESCRIPTION

The subject identified as parcel # 9568-88-7494, described in Deed Book 757 at Page 467 of the Henderson County Registry; contains approximately 1.09 acres per property record card.

IDENTIFICATION OF ANY PERSONAL PROPERTY OF OTHER ITEMS THAT ARE NOT REAL PROPERTY

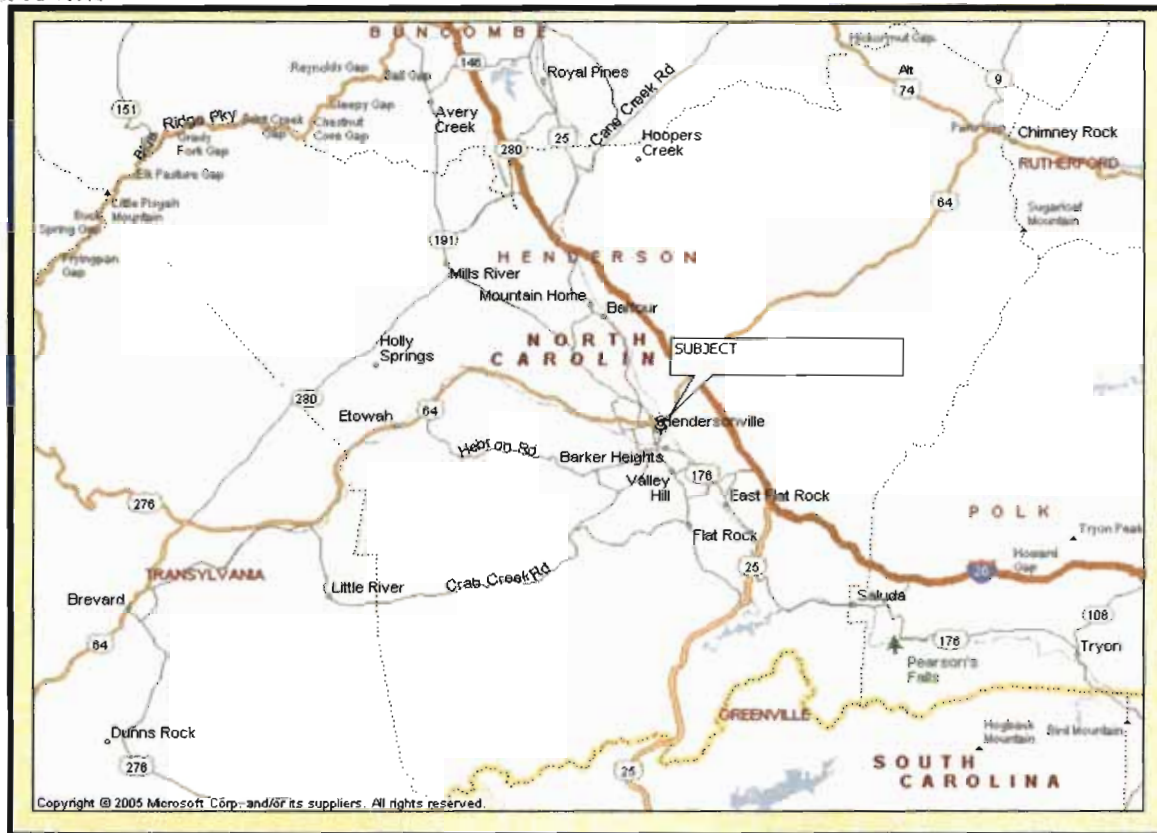
No personal property, such as furniture, business equipment or inventory is included in the final opinion of value.

HISTORY OF PROPERTY

The subject property was described as the first tract of the property the City of Hendersonville acquired from William S. Becher and wife, Marilyn M. Becher, according to the deed recorded in Deed Book 757 at Page 467 of the Henderson County Registry. The City of Hendersonville obtained the title by means of a warranty deed on March 16, 1990. There was \$400 in excise stamps affixed to the deed indicating a sales price of \$400,000. The appraiser is not familiar with the terms and conditions of the transaction. Please refer to a copy of the deed found in the addenda.

The subject property was then transferred from the City of Hendersonville to Henderson County, as recorded in Deed Book 1225, Page 694 on May 3, 2005. However, this deed seems to have been a mistake which was later corrected in Deed Book 1318, Page 101. The correction stated that the subject property should have remained in the City of Hendersonville's possession.

AREA DATA



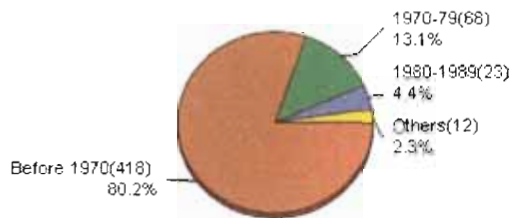
Area Map

Housing Profile for Henderson County, NC Tract 991200 BlockGroup 1 (based on the 2000 census)

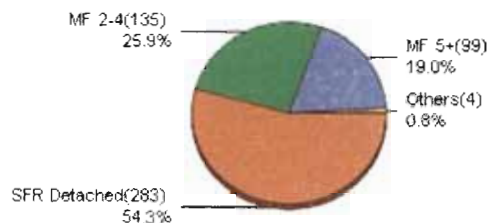
Occupancy - Total Units: 519



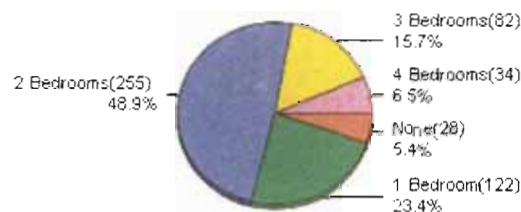
Year Built - Total Units: 519



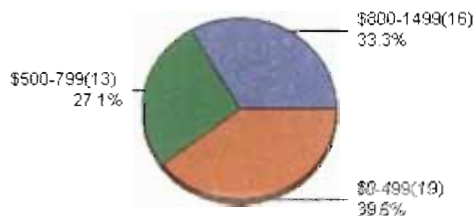
Unit Type - Total Units: 519



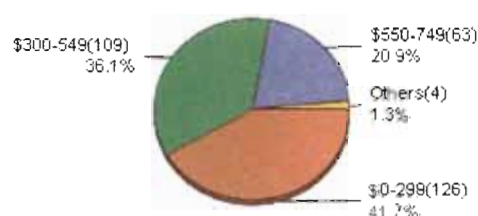
Number of Bedrooms - Total Units: 519



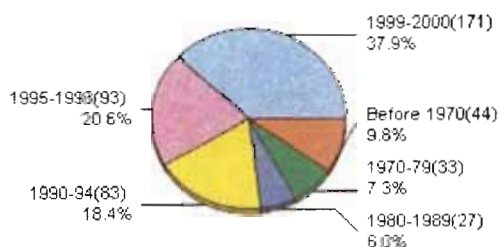
Monthly Mortgage Cost - average: \$583.00



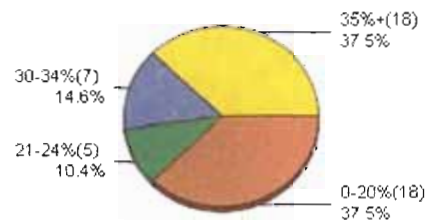
Monthly Rent Cost - average: \$367.00



Year Moved In - Total Units: 519



Mortgage As a Percent of Income (1999)



Henderson County

Reporting Quarter: 4th Quarter 2007

County Profile Contact (919) 715-5374
Economic Development Contact (919) 733-4977

Demographics

Certified Population, July 2006	100,106	25
Population, 2000 Census	89,214	28
Population, 1990 Census	69,747	30
Percent population change, 1990-2000	27.5	15
Percent population change, NC, 1990-2000	21.3	

County Rank



Workforce & Education

Employment, Nov 2007	46,795	24
Unemployed, Nov 2007	1,625	39
Percent unemployed, Nov 2007	3.4	94
Percent unemployed, 2006	3.4	96
Percent unemployed, NC, Nov 2007	5.1	
Percent unemployed, NC, 2006	4.8	
Percent high school graduates or higher, 2000	83.2	8
Percent high school graduates or higher, NC, 2000	78.1	
Average SAT score (2400 scale), 2007	1,556	5
Average SAT score (2400 scale), NC, 2007	1,456	
Percent bachelor's degree or higher, 2000	24.1	16
Percent bachelor's degree or higher, NC, 2000	22.5	

Taxes, Sales & Services

Property taxes/\$100 Value (07-08)	\$0.4920
Taxable sales (MI \$, Sept 07)	\$85.1
Taxable sales (MI \$, FY 06-07)	\$918.7
Pharmacist/10,000 Pop, 2006	8
Physician/10,000 Pop, 2006	22
RH/10,000 Pop, 2006	94
Dentist/10,000 Pop, 2006	5
Tier designation, 2006	3
Partnership Region	Advantage West
Licensed Child Care Facilities, Sept 07	75
Child Care slots, Sept 07	4,101

Income, Housing & Poverty

Average weekly wage per employee, 2nd Quarter 2007	\$612	24
Median household income, 2005	\$38,552	38
Per capita personal income, 2006	\$27,765	13
Per capita personal income, 2005	\$30,603	18
Per capita personal income, NC, 2006	\$32,234	
Median value of owner-occupied housing units, 2000	\$108,342	7
Median value of owner-occupied housing units, NC, 2000	\$108,300	
Percent in poverty, 2005	11.7	28
Percent in poverty, NC, 2005	14.9	

Announced Jobs & Investments

Jobs announced, 2006	50
Jobs announced, Thru Oct 12, 2007	0
Total investment announced, 2006	\$5,000,000
Total investment announced, Thru Oct 12, 2007	50

Announced Closings & Layoffs

Number of affected establishments, 2006	3
Number of affected establishments, Thru Dec 2007	2
Job losses, 2006	4
Job losses, Thru Dec 2007	64

Notes: Data are the latest available at the date the profile was prepared. Demographics are from U.S. Census, Workforce & Education are from NC Employment Security Commission, U.S. Census, and NC Dept. of Public Instruction respectively; county unemployment rates are seasonally unadjusted. Average wage are from BLS's "Insured Employment and Wages in NC for Private Industry by Sector (2 digit)" which is based on the Current Population Survey; Income, Housing & Poverty are from U.S. Bureau of Economic Analysis and the U.S. Census, respectively. Jobs and Investments are from NC Dept. of Commerce, Closings & Layoffs by effective date are from the NC Employment Security Commission; Employment & Wages are from NCESC's "Insured Employment and Wages in NC for Private Industry by Sector (2 digit)" series; missing data or * indicates data not available or suppressed for confidentiality reasons. Taxes are from the NC Dept. of Revenue and since 7/08 represent gross rates on either one taxable sales. Medical data from the Cecil G. Wagon Center for Health Services Research; UNCC-Central-RI. *Henderson County Ranking 1st highest.

Employment and Wages, by Sector (2nd Quarter 2007)

	Avg Emp	% Total	Avg Wkly Wage
Total All Industries	36,756	100.0	\$612
Total Government	5,845	15.1	\$699
Total Private Industry	31,191	84.9	\$595
Agriculture Forestry Fishing & Hunting	686	1.9	\$449
Mining	0	0.0	\$0
Utilities	63	0.2	\$1,113
Construction	3,171	8.6	\$617
Manufacturing	6,089	16.6	\$539
Wholesale Trade	1,099	3.0	\$714
Retail Trade	5,065	13.8	\$478
Transportation and Warehousing	611	1.7	\$733
Information	390	1.1	\$709
Finance and Insurance	783	2.1	\$910
Real Estate and Rental and Leasing	316	0.9	\$534
Professional and Technical Services	825	2.2	\$713
Management of Companies and Enterprises	235	0.6	\$745
Administrative and Waste Services	1,720	4.7	\$415
Educational Services	387	1.1	\$455
Health Care and Social Assistance	4,354	11.9	\$660
Arts, Entertainment and Recreation	517	1.4	\$427
Accommodation and Food Services	3,624	9.9	\$258
Other Services Ex. Public Admin	1,034	2.8	\$389
Public Administration			
Unclassified	196	0.5	\$465

Henderson

North Carolina

	Avg Emp	% Total	Avg Wkly Wage		Avg Emp	% Total	Avg Wkly Wage
	36,756	100.0	\$612		4,070,849	100.0	\$718
	5,845	15.1	\$699		678,349	16.7	\$754
	31,191	84.9	\$595		3,392,501	83.3	\$711
	686	1.9	\$449		30,294	0.7	\$517
	0	0.0	\$0		4,055	0.1	\$1,176
	63	0.2	\$1,113		13,939	0.3	\$1,378
	3,171	8.6	\$617		255,709	6.0	\$729
	6,089	16.6	\$539		537,281	13.2	\$676
	1,099	3.0	\$714		182,823	4.5	\$1,021
	5,065	13.8	\$478		452,301	11.4	\$468
	611	1.7	\$733		115,772	2.8	\$721
	390	1.1	\$709		72,926	1.8	\$1,025
	783	2.1	\$910		192,945	3.8	\$1,183
	316	0.9	\$534		54,786	1.3	\$673
	825	2.2	\$713		182,439	4.5	\$1,082
	235	0.6	\$745		69,458	1.7	\$1,374
	1,720	4.7	\$415		243,995	6.0	\$505
	387	1.1	\$455		57,097	1.4	\$711
	4,354	11.9	\$660		434,459	10.7	\$688
	517	1.4	\$427		63,945	1.3	\$551
	3,624	9.9	\$258		346,693	8.5	\$240
	1,034	2.8	\$389		103,559	2.5	\$475
					228,584	5.6	\$765
	196	0.5	\$465		17,783	0.4	\$651

Henderson County

Employment Characteristics
 Reporting Quarter: 4th Quarter 2007

County Profile Contact (919) 715-6374

Commerce Economic Development Contact (919) 733-4977

Employment Security Commission (919) 733-2936

Top Manufacturers (2nd Quarter 2007)

MERITOR HEAVY VEHICLE SYSTEMS LLC
 WILSONART INTERNATIONAL INC
 GE LIGHTING SYSTEMS INC
 CONTINENTAL Tires INC
 UPM-KAPLAC INC
 BORG-WARNER THERMAL SYSTEMS
 KIMBERLY CLARK CORP
 KYOCERA INDUSTRIAL CERAMICS
 PRINTPACK INC
 INTERNATIONAL PAPER CO. INC

Employment Range

900-999
 500-999
 300-999
 250-499
 250-499
 250-499
 100-249
 100-249
 100-249
 100-249



Top Non-Manufacturing Employers (2nd Quarter 2007)

HENDERSON CO BOARD OF PUBLIC ED
 MARGARET R PASDEE MEMORIAL HOSP
 PARK RIDGE HOSPITAL
 COUNTY OF HENDERSON
 BIGLES MARKETS INC
 WAL-MART ASSOCIATES INC
 PRINCEVILLE STAFFING INC
 BLUE RIDGE COMMUNITY COLLEGE
 VAN WILGEBDEN INTERNATIONAL INC
 CITY OF HENDERSONVILLE

Employment Range

1,000+
 1,000+
 500-999
 500-999
 500-999
 250-499
 250-499
 250-499
 250-499
 250-499

Industry

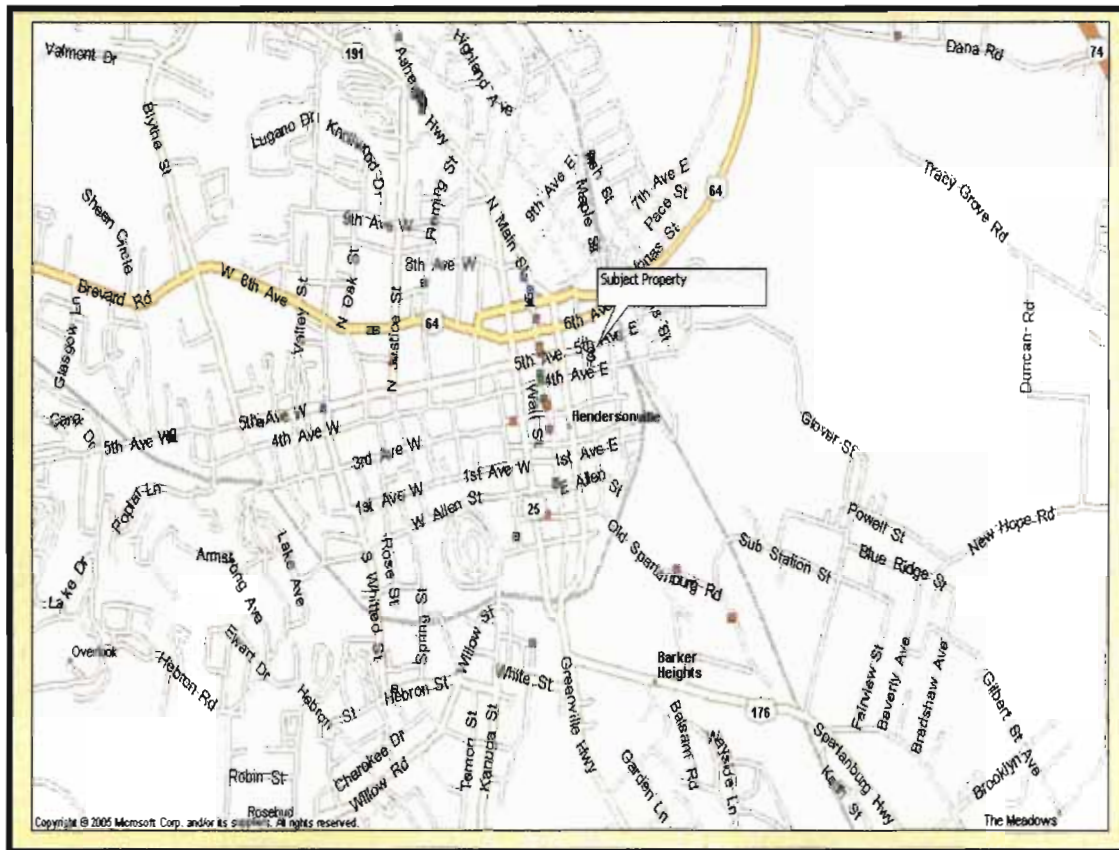
Education and Health Services
 Education and Health Services
 Education and Health Services
 Public Administration
 Trade, Transportation, and Utilities
 Trade, Transportation, and Utilities
 Professional and Business Services
 Education and Health Services
 Trade, Transportation, and Utilities
 Public Administration

AREA DESCRIPTION

Henderson County is a growing area within western North Carolina. The population continues to increase and outpace most areas in the region. The population generally consists of people with above-average education levels and rising earnings. A direct result of this growth has been the increased need for residential dwellings, commercial development, and retail services which has encouraged demand for most property types. Additionally, city and county governments continue to assist the growth with moderate taxes and tax incentives for new business. Finally, the area's infrastructure is growing to meet traffic flow and utility service demands. In conclusion, these trends are anticipated to continue into the foreseeable future and the area's diverse economic base should decrease the likelihood of a negative influence from any single issue.

NEIGHBORHOOD DESCRIPTION

According to **The Dictionary of Real Estate Appraisal**, a neighborhood is a "group of complementary land uses". A neighborhood is relatively uniform, within physical (natural or manmade) boundaries. The four forces which influence property values within a neighborhood include social forces, economic forces, governmental forces, and environmental forces. This analysis will attempt to measure the impact of each of these forces within the subject neighborhood.



Neighborhood Map

The subject is located on the northeast corner of the intersection of Grove and 4th Avenue in the City of Hendersonville, Henderson County, NC. The subject lies one block to the east of downtown Hendersonville. The subject has access to all public utilities and is located in a neighborhood that includes mixed retail, commercial, institutional and light industrial land uses. The neighborhood provides a good environment for the property being appraised. The subject neighborhood is considered to be in the revitalization stage of its economic life, with new residential, commercial or professional improvements being built or about to be built in the area. Apple Country Public Transportation and the various local taxi services provide public transportation.

SUMMARY DESCRIPTION OF THE PROPERTY

SITE ANALYSIS

The site analysis is a careful study of the factual data in relation to the subject's neighborhood characteristics, which create, enhance, or detract from the utility and marketability of the land or site as compared to competing sites. This analysis is important in determining the highest and best use of the site and for separate valuation from the improvements.

The information about the subject site was obtained from conversations with and documents provided by the client, public records and an on site inspection made by Walter D. Roberts II.

Size:	1.09 acres per property record card.
<i>Usable Land Area:</i>	1.09 acres minus any zoning setback requirements, easements and right-of-ways.
<i>Excess Land Area:</i>	None.
<i>Site Dimensions:</i>	See tax map.
<i>Street Frontage:</i>	± 300' on Grove Street, ± 198' on 4 th Avenue and ± 75' on 5 th Avenue.
Access:	Average access on 4 th Avenue.
Shape:	Near Rectangular.
Functional Utility:	Average.
Visibility:	Average.
Landscaping:	None.
Drainage:	Appears adequate.
Utilities:	Public water, sewer; natural gas, electricity and telephone.
Easements:	Normal utility easements assumed.
Topography:	Near level.
Flood Zone:	The subject is not located in a FEMA identified flood hazard area; therefore, flood insurance will not be required to obtain a mortgage from a federally insured lender. FEMA Map: 370128 0004 B Date: January 20, 1982 Zone: C
Street Improvements:	
<i>Street Width:</i>	Grove Street: Two-lane, 4 th Avenue: Two-lane, 5 th Avenue: Two-lane.
<i>Street Paving:</i>	Paved asphalt.
<i>Sidewalks:</i>	Concrete.
<i>Curbs and Gutters:</i>	Concrete.
<i>Storm Sewers:</i>	Yes.
<i>Lighting:</i>	Pole mounted.
<i>Traffic Pattern:</i>	Two-way on Grove Street, 4 th Avenue and 5 th Avenue.
Comments:	None.

IMPROVEMENTS

The following description of the improvement is based on an appraisal performed effective date May 20, 2008, by public records and on site interior and exterior inspection by Walter D. Roberts II.

Use Type:	Industrial
Gross Building Area:	
Main Floor:	± 33,094 square feet
Basement:	± 25,756 square feet
Interior Courtyard:	± 2,079 square feet
Year Built:	1925
Effective Age:	1965
Ground Coverage Ratio:	74.1%
Parking:	± 10 spaces, with one handicapped sign.
Foundation:	Basement and crawl space
Frame:	Masonry
Floor/Cover:	VCT, carpet, wood, concrete
Exterior Wall Finish:	Brick, metal and stone
Interior Partitions and Finish:	Painted drywall and wood paneling on studs and masonry walls
Doors:	Exterior: wood & glass; interior: solid wood
Roof Support:	Wood and metal beams and girders
Roof Cover:	Sprayed on foam
Ceiling:	Tung and groove ceiling with fluorescent lighting
HVAC:	1 Heat pump/AC unit that appeared inoperable, radiators and space heaters
Electrical System:	Standard commercial grade electrical system, assumed to meet local code
Plumbing System:	Standard commercial grade plumbing system assumed to meet local code
Restrooms:	7 restrooms of various fixture arrangements
Insulation:	Assumed adequate
Sprinkler:	Liquid systems were in place but the appraiser is unsure if they are in operating condition
Repairs:	The ceiling shows signs of water damage, the floors need to be refinished and some doors and windows are damaged. The interior courtyard contains a number of broken wooden benches as well as damaged wooden flooring. The building also has a large vertical crack on one exterior corner where the foundation appears to have shifted. Overall the structure shows signs of significant deterioration.
Comments:	It is the appraiser's opinion an engineer should evaluate the improvement to ensure structural stability.

SUBJECT PROPERTY PHOTOGRAPHS



Subject Side View



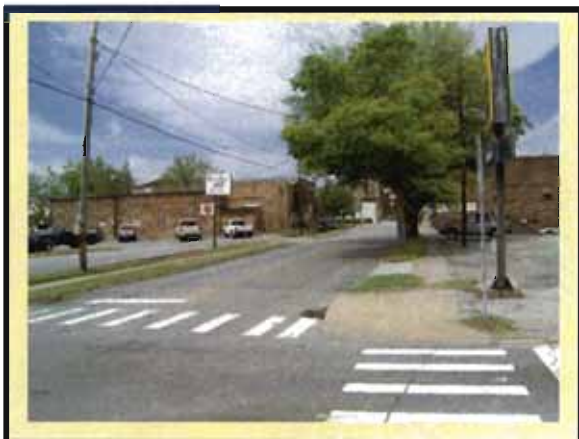
Subject Side View



Street Scene: Grove Street North



Street Scene: Grove Street South



Street Scene: 4th Avenue



Parking Lot



5th Avenue Street Scene: East



Loading Dock/Rear of Building



Rear of Building on 5th Avenue Side



5th Avenue Side



5th Avenue Side



Interior Photo



Interior Photo



Interior Photo



Interior Photo



Interior Photo

TAXES AND ASSESSMENT DATA

The subject property is located in the City of Hendersonville, Henderson County, NC. Taxes for 2007 were charged at a rate of \$0.842 per 100 dollars of valuation. The subject is identified as Parcel Number 9568-88-7494. The total current assessed value is \$1,233,100; being \$712,200 allocated to the land and \$520,900 allocated to the improvement. As this is a government owned property it is exempt from real estate tax. The assessed value is based on a reassessment, which became effective as of January 1, 2007.

Based on information as set forth in this summary appraisal report, the assessed value is considered above market value. This may be due to an over valuation of the improvements which are in need of maintenance.



Aerial Photograph



Tax Map with 10 Foot Contours

ZONING

The site is zoned CMU – Central Mixed Use Zoning District. The following is taken from the City of Hendersonville Zoning Ordinance:

Section 5-19 CMU Central Mixed Use Zoning District Classification.

(added 12-9-99, amended 04-10-03)

The CMU Central Mixed Use Zoning District Classification is intended to strengthen the Central Business District and the perimeter surrounding that District by encouraging and permitting the coordinated development of dwellings, retail, professional and financial trades, institutional, governmental and other public facilities. This classification is designed to facilitate the coordination of future developments, stressing sensitivity to urban design, pedestrian environment, urban open spaces and streetscapes. It will permit higher density residential developments, provided adequate facilities are, or will be, in place to serve such developments.

5-19-1 Permitted Uses (amended 04-10-03)

The following uses are permitted by right in the CMU Central Mixed Use Zoning District Classification provided they meet all requirements of this Section and all other requirements established in this Ordinance:

- Accessory dwelling units (added 04-10-03)
- Accessory uses & structures (amended 04-10-03)
- Adult care centers registered with the NC Department of Human Resources
- Adult care homes
- Animal hospitals so long as they are totally enclosed
- Automobile car washes
- Banks & other financial institutions
- Bed & breakfast facilities
- Bus stations
- Business services
- Child care homes
- Congregate care facilities, subject to special requirements contained in Section 16-4, below

Construction trades facilities
Cultural art buildings
Dance & fitness facilities
Dry cleaning & laundry establishments containing less than 2,000 square feet of floor space
Funeral homes
Garage apartments
Home occupations
Hotels & motels
Laundries, coin-operated
Music & art studios
Newspapers and printing companies
Nursing homes, subject to special requirements contained in Section 16-4, below
Offices, business, professional and public
Parking lots & parking garages
Parks
Personal services
Planned residential developments (minor), subject to the requirements of Article VII, below
Progressive care facilities, subject to special requirements contained in Section 16-4, below
Public & semi-public buildings
Recreational facilities, indoors
Religious institutions
Repair services, miscellaneous
Residential dwellings, single family
Residential dwellings, multi-family (amended 04-05-01)
Residential dwellings, two-family
Rest homes, subject to special requirements contained in Section 16-4, below
Restaurants
Retail stores
Schools, business or vocational
Schools, elementary & secondary
Shelter facilities subject to special requirements contained in Section 16-4, below
Signs, subject to the provisions of Article XIII, below
Telecommunications antennas, subject to special requirements contained in Section 16-4, below
Theaters, indoors

5-19-2 Conditional Uses

The following uses shall be permitted in the CMU Central Mixed Use Classification only upon issuance of a conditional use permit pursuant to Article X and shall be subject to special requirements contained in Section

16-4, below:

- Child care centers
- Civic clubs & fraternal organizations
- Private clubs
- Public utility facilities

5-19-3 Special Uses (amended 3-8-01)

Within the CMU Central Mixed Use Zoning District Classification, the following uses may only be authorized by issuance of a special use permit and shall be processed under special use review in accordance with Section 7-4 of the Zoning Ordinance. Such development shall not require rezoning of the property to a special use or planned development district.

Any development involving more than 50,000 square feet of gross floor area and/or 50 residential dwelling units Telecommunications towers, subject to special requirements contained in Section 16-4, below.

5-19-4 Development Standards. The following standards shall apply to development within the CMU Central Mixed Use Zoning District Classification in addition to all other applicable standards contained in this Ordinance.

5-19-4.1 Parking & Loading. For non-residential developments, the requirements of Section 6-5, below, shall apply. Residential developments shall be provided with a minimum of one off-street parking space per dwelling unit.

As far as practicable, in consideration of site constraints and reasonable development requirements, parking for nonresidential and multi-family residential developments shall be situated to the side or rear of principal structures.

All parking areas shall be separated from the back of the curb by a planting strip at least five feet in width and screened from view from public streets by principal structures or by shrubs and/or evergreen trees planted at the most appropriate spacing for the species used. The reviewing authority may authorize the use of walls and or fences not exceeding four feet in height in lieu of a vegetative screen where site constraints or design considerations justify such substitution.

5-19-4.2 Dimensional Requirements.

Minimum Lot Area in Square Feet:	8,000
Minimum Lot Width:	None
Minimum Yard Requirements in Feet:	12 feet measured from the back of the curb of any street. Rear and side yards are not required if yards do not border a street; however, if yards are provided, they must be a minimum of five feet measured from the property line.
Maximum Building Height in feet:	36 feet; provided, however, structures containing at least three floors limited to residential uses may be constructed to a height not exceeding 64 feet.

5-19-4.3 Streetscape Design.

The relationship between a building and areas for pedestrian or vehicular circulation shall be carefully planned in order to avoid negative impacts of one upon the other. All buildings and uses developed in

this district shall meet the following minimum standards; provided, however, buildings undergoing renovation, rehabilitation and expansion may be exempted from individual streetscape design regulations if site conditions are such that strict compliance therewith would result in practical difficulty or unnecessary hardship.

- a) **Street Walls.** The first floors of all buildings, including structured parking, shall be designed to encourage and complement pedestrian-scale interest and activity.

To the extent practicable, in consideration of the nature of the uses proposed, this is to be accomplished in part by the use of transparent windows and doors arranged so that the uses are visible from and/or accessible to the street on the first floor street frontage.

In addition a combination of design elements shall be used on the building facade and/or in relationship to the building at street level to animate and enliven the streetscape. These design elements may include, but are not limited to, the following: ornamentation, molding, changes in material or color, architectural lighting, works of art, fountains and pools, street furniture, landscaping and garden areas, and display areas.

Any design elements which extend into the public right-of-way on city or state maintained streets require an encroachment agreement with the City of Hendersonville Department of Public Works or the NCDOT, as appropriate.

Where expanses of blank wall are necessary, they may not exceed 20 feet in length. A blank wall is a facade which does not add to the character of the streetscape and does not contain transparent windows or doors or sufficient ornamentation, decoration or articulation as listed in the above paragraph.

The first floor and street level shall be designed with attention to adjacent public or private open spaces and existing streetscape improvements. The provision of multiple entrances from the public sidewalk or open spaces is encouraged.

- b) **Structured Parking Facilities.** In addition to the above requirements, in the event that any openings for ventilation, service, or emergency access are located at the first floor level in the building facade, then they shall be an integral part of the overall building design. These openings as well as pedestrian and vehicular entrances shall be designed to minimize visibility of parked cars. The remainder of the street level frontage shall be either commercial space or an architecturally articulated facade designed to minimize the visibility of parked cars.

All levels of a structured parking facility shall be designed and screened in such a way as to minimize visibility of parked cars. In no instance will rails or cabling alone be sufficient to meet this screening requirement.

The design requirements of paragraph (b) apply to all building facades which are visible from any public right-of-way.

- c) **Screening.** All structures and facilities for trash, loading, outdoor equipment, and storage, including the storage of inventory, shall be screened so as not to be visible from the street and pedestrian circulation areas.

Solid walls shall be faced with brick, stone or other decorative finish with the decorative side adjacent to the public right-of-way. Fences shall be opaque and either painted or stained with the decorative side adjacent to the public right-of-way. In no instance will a chain link or barbed wire fence be acceptable.

Trees used to fulfill this requirement shall be located on private property in planters, a planting strip, berm or tree lawn, any of which shall be at least 8 feet wide and at least 2 feet deep. The trees shall be of a small maturing evergreen variety and be at least 10 feet tall at the time of planting. All shrubs shall be between 24 inches and 36 inches tall at time of planting. All plant material shall conform with the American

Standard for Nursery Stock published by the American Association of Nurserymen. Trees employed to meet the screening requirement may not be counted toward the street tree planting or urban open space tree requirements.

Any lot which becomes vacant through the removal of a structure for any reason shall be screened from all abutting public street rights-of-way in accordance with the provisions of this section or cleared of rubbish and debris and seeded with grass. However, if the lot is to be used for parking either as a transitional or permanent use, it shall meet all the minimum requirements for that use as established by this ordinance.

Maintenance of screening required under these provisions shall conform to the requirements of Section 15-4 of this Ordinance, including the requirement to promptly replace dead vegetation with healthy, living plantings.

- d) **Street Trees.** In addition to all other requirements of this Section, at least one tree of 3 - 3½-inches caliper minimum, measured 6 inches above ground, shall be planted for each 25 feet for small maturing trees and for each 35 feet for large maturing trees of the entire building lot which abuts any public street right-of-way with a minimum of one tree required for any distance up to 35 feet. Trees shall not be planted closer than 2 feet, nor more than 15 feet, from the back of the curb.

For the purposes of this paragraph, all specifications for measurement and quality of trees shall be in accordance with the American Standard for Nursery Stock published by the American Association of Nurserymen. All trees planted to meet this requirement shall be well-matched specimen grade and shall be limbed up 6 feet. Trees used to fulfill this requirement may be located on public or private property.

Maintenance of street trees required under these provisions shall conform to the requirements of Section 15-4 of this Ordinance, including the requirement to promptly replace dead vegetation with healthy, living plantings.

- e) **Reflective Surfaces.** No development subject to these provisions may have exterior walls with a reflectivity value in excess of 36 percent, as measured under the applicable provisions of ASTM-C-1036.

No reflective surfaces may be used on street level exterior facades.

- f) **Urban Open Spaces.** Open spaces for congregation and/or recreational opportunities are required and shall be equipped or designed to allow pedestrian seating and to be easily observed from the street or pedestrian circulation areas. All urban open spaces shall comply with the minimum required design standards of this ordinance. In light of the requirement for urban open space, development in the CMU Central Mixed Use Zoning District Classification is excused from complying with the requirements for common open space contained in Section 6-16 of this ordinance.

1. Urban open space size. Buildings shall be provided with open space behind the required setback and on private property on the basis of five square feet of urban open space per

- 100 square feet of gross floor area (5/100). Provided, however, buildings containing less than 20,000 square feet of gross floor area shall be excused from complying with the urban open space requirement. A maximum of 30 percent of this required urban open space may be provided on an enclosed ground floor level provided the enclosed space meets all other requirements of these provisions. (amended 04-10-03)
2. Accessibility to the street. Urban open space shall be designed so that it is accessible to and visible from the street.
 3. Trees. Within the open space area(s), 1 tree shall be planted for each 500 square feet. Trees shall have a minimum caliper of 3-3½ inches measured 6 inches above ground at the time of planting.
 4. Amenities. The following amenities are permitted within an urban open space area: ornamental fountains, stairways, seating, waterfalls, sculptures, arbors, trellises, planted beds, drinking fountains, clock pedestals, public telephones, awnings, canopies, and similar structures.
 5. Maintenance. The building owner, lessee, management entity or authorized agent are jointly and severally responsible for the maintenance of the urban open space area including litter control and care and the replacement of trees and shrubs, as required by Section 15-4, below.
 6. Utilities. All utilities service lines and connections shall be underground.
- g) *Exceptions for Single-Family and Two-Family Residences.* Single-family and two-family residential dwellings shall not be required to comply with the Streetscape Design regulations contained in this section.

ANALYSIS OF DATA AND CONCLUSIONS

HIGHEST AND BEST USE ANALYSIS

Since market forces create market value, the interaction of market forces and highest and best use is of crucial importance. If the purpose of the appraisal is to estimate market value, highest and best use analysis should identify the most profitable, competitive use to which the property can be put. When analyzing highest and best use of a property requires elaborate study, consulting or evaluation assignments are typically performed. The nature of the assignment may set limits on the detail of the analysis to be undertaken, and the property characteristics may restrict the number of uses to be considered.

According to **The Appraisal of Real Estate**, Eleventh Edition, published by The Appraisal Institute, highest and best use is defined as follows:

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

Implied in these definitions is that the determination of highest and best use takes into account the contribution of a specific use to the community and community development goals as well as the benefits of that use to individual property owners. Hence, in certain situations, the highest and best use of land may be for parks, green belts, preservation, conservation, wildlife habitats and the like.

The highest and best use of a property must meet four criteria. It must be legally permissible, physically possible, financially feasible and maximally productive. Although often considered sequentially, the four criteria interact and as a consequence may be considered in concert. The tests for legal permissibility and physical possibility must be applied before the remaining tests of financial feasibility and maximal productivity. Under the highest and best use premise, the property must be considered as if the site were vacant and as it is currently improved. I will first discuss the subject property's potential as if vacant.

AS VACANT:

The site is zoned CMU Central Mixed Use Zoning District. Institutional office use meeting the needs of the market is legally permissible, physically possible, economically feasible and maximally productive. Therefore, the highest and best use of the land as if vacant and available for development to its highest and best use is for some sort of institutional office development meeting the needs of the market.

AS IMPROVED:

The subject site is improved with an industrial building. This improvement is not in good condition, however the appraiser believes it still adds value to the site.

An existing improvement represents the highest and best use of the site, unless this improvement is judged to have no contributing value to the subject site. The appraiser can conceive of no other viable alternate use, which could economically justify the removal of these improvements. Therefore, the highest and best use of the site is one that incorporates the existing improvements.

VALUATION PROCESS

The following three approaches to value were considered in valuing the subject property:

THE DIRECT SALES COMPARISON APPROACH: A set of procedures in which a value indication is derived by comparing the property being appraised to similar properties that have been sold recently, then applying appropriate units of comparison and making adjustments to the sale prices of the comparables based on the elements of comparison. The sales comparison approach may be used to value improved properties, vacant land, or land being considered as though vacant; it is the most common and preferred method of land valuation when an adequate supply of comparable sales are available.

THE INCOME CAPITALIZATION APPROACH: A set of procedures through which an appraiser derives a value indication for an income-producing property by converting its anticipated benefits (cash flows and reversion) into property value. This conversion can be accomplished in two ways. One year's income expectancy can be capitalized at a market-derived capitalization rate or at a capitalization rate that reflects a specified income pattern, return on investment, and change in the value of the investment. Alternatively, the annual cash flows for the holding period and the reversion can be discounted at a specified yield rate.

THE COST APPROACH: A set of procedures through which a value indication is derived for the fee simple interest in a property by estimating the current cost to construct a reproduction of (or replacement for) the existing structure, including an entrepreneurial incentive, deducting depreciation from the total cost, and adding the estimated land value. Adjustments may then be made to the indicated fee simple value of the subject property to reflect the value of the property interest being appraised.

Subject Parcel

The property being appraised contains an industrial property. I analyzed the data and applied the Sales Comparison and Income Approaches. The Cost Approach is not typically applied for buildings of extended life because determining an appropriate level of depreciation would be very difficult.

THE DIRECT SALES COMPARISON APPROACH

Direct Sales Comparison Analysis is defined as "*That approach in appraisal analysis that is based on the proposition that an informed purchaser would pay no more for a property than the cost to him of acquiring an existing property with the same utility*" (**Real Estate Appraisal Terminology**, p. 79). The Direct Sales Comparison Approach to market value relies on the concepts of Substitution, Contribution, Variable Proportions and Anticipation. It assumes the appraiser can measure the value attached by typical purchasers to assorted features, as well as differences in quantities and qualities of items.

Within the Direct Sales Comparison Approach, the measurement of differences between the subject property and comparable properties establishes the adjustments. The "paired sales" technique is used to attain this measurement.

The real estate market is imperfect. It operates with a limited number of relatively uninformed buyers and sellers. The product of this market is generally highly differentiated or unique. Demand is uneven and may be understated or overstated by the lack of rational behavior on the part of participants. In addition, governmental rules and regulations affect land use, environment and even financial consideration through restrictions imposed on lenders and loan terms. The knowledge of typical buyers and sellers must be evaluated by the appraiser before concluding which features of a property will be more or less desirable in that market. An abstract concept which considers either collectively or separately all the items a purchaser would value, given the preference of the individual is known as the concept of utility. Two items, not perfectly identical, might possess equal utility to different buyers.

It is important to remember that the preferences of individual purchaser's differ. Therefore, an estimate of market value must be based on the preferences of typical buyers -- not on an appraiser's or one individual market participant's preferences. Defining the typical consumer's preferences at one point in time is inherently a judgmental process, based on market research and observation.

The Direct Sales Comparison Approach is an appraisal procedure in which the market value estimate is predicated upon prices paid in actual market transactions. It is a process of analyzing sales of similar recently sold properties in order to arrive at an indication of the most probable sales price of the property being appraised.

A search of the local market including the MLS and public records revealed the following sales of comparable properties within the recent past:

Comparable improved sale number 1 is a conveyance from Marjorie S. Carmichael to Eight Avenue East, LLC for \$755,000 on March 2, 2006 as recorded in Deed Book 1264 at Page 733 of the Henderson County Registry. This sale located at 701 Oriole Drive, Hendersonville contained a 72,834 square foot building on a 4.13-acre site and indicated an unadjusted unit sales price of \$10.37 per square foot of building area.

Comparable improved sale number 2 is a conveyance from Jackson Steel Inc. to Prosource Land Holdings, LLC for \$1,100,000 on October 11, 2007 as recorded in Deed Book 1337 at Page 234 of the Henderson County Registry. This sale located at 629 Market Street, Hendersonville contained a 16,400 square foot building on a 0.97-acre site and indicated an unadjusted unit sales price of \$67.07 per square foot of building area.

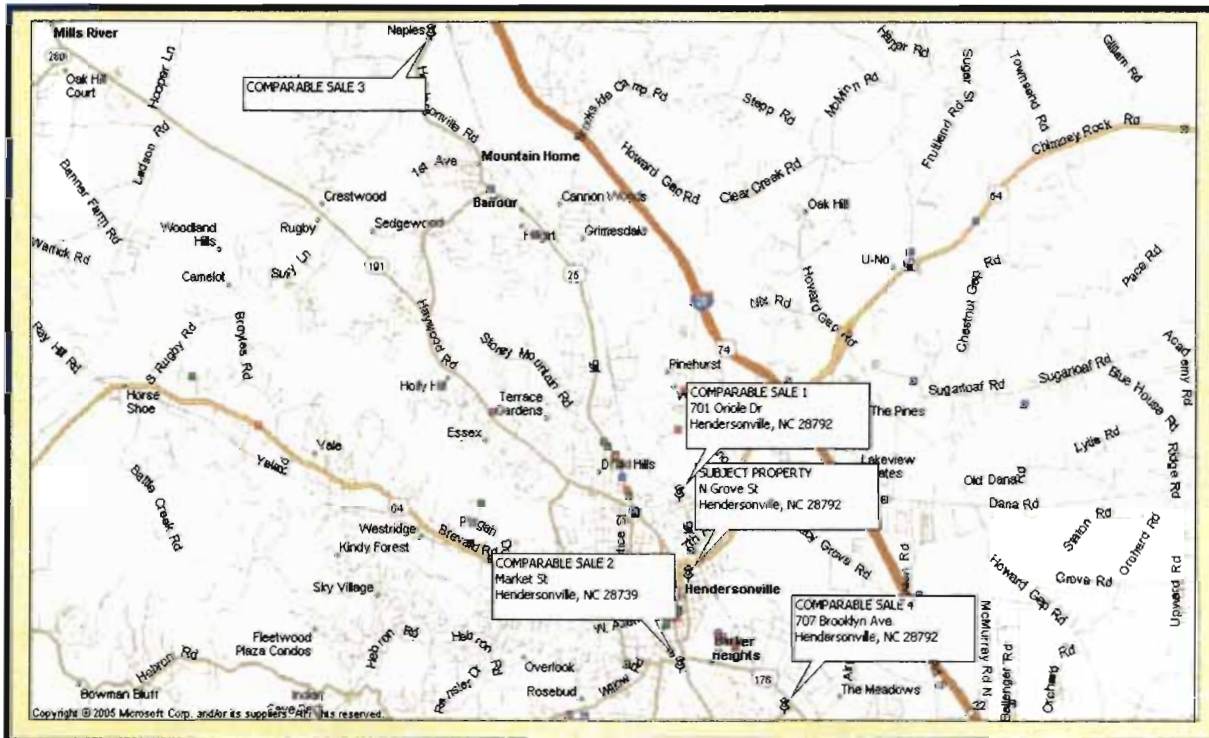
Comparable improved sale number 3 is a conveyance from Kemp Corp, LLC to Houser Investments, Inc. for \$2,000,000 on July 3, 2007 as recorded in Deed Book 1324 at Page 611 of the Henderson County Registry. This sale located at 5414 Asheville Highway, Naples contained a 86,033 square foot building on a 5.73-acre site and indicated an unadjusted unit sales price of \$23.25 per square foot of building area.

Comparable improved sale number 4 is a conveyance from Blackwell Realty Management, LLC to B & S Easler Properties, LLC for \$1,450,000 on January 9, 2008 as recorded in Deed Book 1347 at Page 29 of the Henderson County Registry. This sale located at 707 Brooklyn Avenue, Hendersonville contained a 21,340 square foot building on a 2.90-acre site and indicated an unadjusted unit sales price of \$67.95 per square foot of building area.

Please refer to the addenda of the summary appraisal report for a sales sheet giving a complete description of each comparable sale.

Units of Comparison

When comparing the adjusted sales to the subject property, the unit of comparison given the most consideration is the sales price per square foot of building area. Dividing the sales price by the gross building area derives this unit of comparison. As such, this method of analysis is considered to provide a reasonable method of comparison between the subject and comparable sales, reflective of the methodology utilized by local market participants. Other valuation unit may be price per cubic foot of gross building volume or price per machine unit.



Comparable Sales Location Map

An Appraisal of: Industrial Building
Subject Address: 400 North Grove Street, Hendersonville, NC
Prepared For: City of Hendersonville

Sales Comparison Analysis Chart

SALE NUMBER	SUBJECT	1	2	3	4
LOCATION	H'VILLE	H'VILLE	H'VILLE	NAPLES	H'VILLE
PHYSICAL CHARACTERISTICS					
SITE SIZE/ACRES	1.09	4.13	0.97	5.73	2.90
IMPROVEMENT SIZE OFFICE/SF	3,000	7,664	1,681	22,637	3,900
IMPROVEMENTS SIZE WAREHOUSE/SF	55,850	65,170	14,719	63,396	17,440
IMPROVEMENT SIZE TOTAL/SF	58,850	72,834	16,400	86,033	21,340
OFFICE/WAREHOUSE RATIO	5%	12%	11%	36%	22%
BUILDING TO LAND RATIO	0.81	2.47	2.58	2.90	5.92
EFFECTIVE AGE	40	40	5	40	5
QUALITY	AVERAGE	AVERAGE	AVERAGE	AVERAGE	AVERAGE
ECONOMIC CHARACTERISTICS	NONE	NONE	NONE	NONE	NONE
USE	I-1	I-1	R-20	REG COMM	C-3
NON-REALTY ITEMS	NONE	NONE	NONE	NONE	NONE
SALE PRICE		\$755,000	\$1,100,000	\$2,000,000	\$1,450,000
PROPERTY RIGHTS CONVEYED	FEE	FEE	FEE	FEE	FEE
ADJUSTMENT FOR PROPERTY RIGHTS CONVEYED		\$0	\$0	\$0	\$0
ADJUSTED PRICE		\$755,000	\$1,100,000	\$2,000,000	\$1,450,000
FINANCING TERMS	MKT	MKT	MKT	MKT	MKT
ADJUSTMENT FOR FINANCING TERMS		\$0	\$0	\$0	\$0
ADJUSTED PRICE		\$755,000	\$1,100,000	\$2,000,000	\$1,450,000
CONDITIONS OF SALE	.	MKT	MKT	MKT	MKT
ADJUSTMENT FOR CONDITIONS OF SALE		\$0	\$0	\$0	\$0
ADJUSTED PRICE		\$755,000	\$1,100,000	\$2,000,000	\$1,450,000
ADJUSTMENT FOR EXPENDITURES					
IMMEDIATELY AFTER PURCHASE		\$0	\$0	\$0	\$0
ADJUSTED PRICE		\$755,000	\$1,100,000	\$2,000,000	\$1,450,000
DATE	5/21/2008	3/2/2006	10/11/2007	7/3/2007	1/9/2008
TIME ADJUSTED PRICE	3%	\$806,251	\$1,120,046	\$2,070,634	\$1,470,871
TIME ADJUSTED PRICE/SF		\$11.07	\$68.30	\$24.07	\$68.93
ADJUSTMENT FOR:					
LOCATION		100%	10%	25%	25%
PHYSICAL CHARACTERISTICS					
BUILDING TO LAND RATIO		-35%	-6%	-20%	-17%
OFFICE SPACE		-20%	-3%	-44%	-9%
EFFECTIVE AGE		0%	-64%	0%	-64%
QUALITY		0%	0%	0%	0%
SIZE		10%	-12%	11%	-11%
ECONOMIC CHARACTERISTICS		0%	0%	0%	0%
USE		0%	0%	0%	0%
NON-REALTY ITEMS		0%	0%	0%	0%
TOTAL ADJUSTMENT		55%	-75%	-28%	-75%
INDICATED PRICE/SF		\$17.18	\$17.28	\$17.30	\$17.01

Explanation

The above four recently sold properties taken from the local or competing markets represent some of the best data available for comparison. The comparable sales were similar as to type to the subject property and three of the four sales were located in the same general area. The sales were adjusted to reflect market reaction to those items of significant variation between the subject and comparable properties. If a significant item in the comparable property is superior to, or more favorable than, the subject property, a minus adjustment is made, thus reducing the indicated value of the subject. If a significant item in the comparable is inferior to, or less favorable than the subject property, a plus adjustment is made, thus increasing the indicated value of the subject. The adjustment grid implies a level of accuracy that may not exist in the current market; however, it has been included to illustrate the magnitude of the warranted adjustments. Use of an adjustment grid in making quantitative adjustments is only appropriate and reliable when the extent of adjustment for each particular factor is well supported and the dollar or percentage adjustment is derived through either paired sales analysis or other data relevant to the market. In instances where paired sales and market data are not readily available, we used our best judgment to make a reasonable estimate for the appropriate warranted adjustment.

The market data and the analysis of those data determine the sequence in which these adjustments are made to the comparable sales by the appraiser. A sequence of adjustments first presented by Halbert C. Smith in **Real Estate Appraisal** (Columbus, Ohio: Grid, Inc., 1976) is followed. As a consequence of using the sequence of adjustments, intermediate price figures are obtained with each succeeding adjustment applied to each previously adjusted price. The first adjustment is made to the transaction price and is an adjustment for property rights conveyed which takes into account differences in the legal estate being conveyed. In all the comparables, the estate conveyed is the fee simple estate, the same as the fee simple estate being appraised in the subject property. Next, an adjustment is made which converts the transaction price adjusted for property rights conveyed into its cash equivalent or modifies it to match the financing terms typically available in the market or match the financing terms of the subject property. The appraisal is made assuming market rate financing equivalent to a cash transaction. All of the sales were based on market rate financing equivalent to a cash transaction. Third, an adjustment is made for conditions of sale which reflects the motivations of the buyer and seller and the difference in the actual sales price of the comparable and its probable sales price if it were currently sold in an arms length or free market transaction. All of the sales were arms length or free market transactions without buyer incentives. Therefore, no adjustment was required.

At this point an adjustment is made for expenditures made immediately after the purchase. *"A knowledgeable buyer considers expenditures that will have to be made upon purchase of a property because these costs affect the price the buyer agrees to pay. Such expenditures may include the cost to demolish and remove any buildings, costs to petition for a zoning change, or costs to remediate environmental contamination."* (**The Appraisal of Real Estate**; 11th edition, p. 410, by **The Appraisal Institute**) None of the sales required expenditures immediately after the purchase, therefore not any adjustment is required.

The next adjustment is for market conditions and reflects the change in prices paid for property due to changes in market conditions over time. The subject is located in a growing market, which would indicate inflationary pressures as scarcity increases over time. In the absence of matched pairs, the effect of time alone can be difficult to isolate, as there are other factors such as shifting markets, population trends and demographic factors, which affect prices. Nevertheless, based on our knowledge of resales in the market, and adjustment of 3% per year is made to the comparable sales to account for this difference.

After the above adjustments have been made, adjustments are made for differences in location, physical characteristics, use, and non-realty components of value and are applied cumulatively. These adjustments are made as a percentage of the unit sales price.

Adjustments are made for the following factors:

Location: If the characteristics of the location of the comparable property are different from those of the subject property, an adjustment for location may be required. The location of a property is analyzed relative to the location of other properties. Although no location is inherently desirable or undesirable, it is possible to form the conclusion that the market recognizes one location as being better than, equal to, or worse than another is. The adjustment for location is based on the time-distance relationships, or linkages, between a property or neighborhood and all other possible origins and destinations of people going to or coming from the property or neighborhood. The method used to evaluate the relative desirability of locations is to analyze sales of physically similar properties located in different locations. Characteristics that generally affect properties such as the subject are proximity to population centers, proximity to interstates and other major thoroughfares and distance from central business districts. The subject is located adjacent to the Henderson County Courthouse in the Hendersonville CBD. All comparable sales have inferior locations to varying degrees. All adjustments were made via paired sales adjustments using the comparable sales.

Physical Characteristics:

Building to Land Ratio: Since the unit sales price is a combination of all factors which affect value including the land, an adjustment is made to the unit sales price to reflect the difference in building to land ratio which adjusts for the excess land.

Effective Age: This adjustment reflects the difference in effective age. The effective age of a property is its age as compared with other properties performing like functions. It is the actual age less the reduction for face-lifting, structural reconstruction, removal of functional inadequacies, modernization of equipment, etc. It is an age that reflects a true remaining life for the property, taking into account the typical life expectancy of buildings of its class and usage. It is a matter of judgment, taking all factors, current and those anticipated in the immediate future, into consideration. Determination of effective age on older structures may best be calculated by establishing a remaining life that, subtracted from a typical life expectancy, will result in an appropriate effective age with which to work. Effective age can fluctuate year by year or remain somewhat stable in the absence of any major renewals or excessive deterioration.

Percentage of Warehouse: This adjustment reflects the higher unit value of office space to warehouse space.

Quality: The adjustment for quality is based on the difference in quality of materials and craftsmanship used to construct the building. The higher quality materials and craftsmanship requires higher cost and generally produces higher sales prices. The subject and all comparable sales were of similar quality.

Size: The adjustment for size is based on the principle of economies of scale. The more units the less per unit a typical buyer would pay. The subject is smaller than comparables sales one and three thus they require positive adjustments. The subject is larger than comparable sales two and four and they require negative adjustments.

Economic Characteristics: These characteristics include all the attributes of a property that affect its net operating income. This element of comparison is usually applied to income producing properties. The subject property is an industrial building and all comparable sales are similar, therefore no adjustment is required.

Use: Any difference in the use, or highest and best use, of the subject and comparable properties must be addressed by the appraiser. Because zoning serves as the test of legal permissibility, it is one of the primary factors in determining the best use of the property. The appraiser should recognize differences in zoning and determine whether an adjustment is required.

Non-Realty Components of Value: Personality, business concerns, or other items included in the sale price of either the comparable or the subject property that do not constitute real property are considered in this adjustment.

The subject and the comparable sales are considered comparable with respect to all remaining measurable factors and no further adjustments have been made.

Correlation

The above four sales have indicated an adjusted range in unit value from \$17.01 per square foot to \$17.30 per square foot, a range of 1.68% between the high and low indicated values. Since 10% is considered a reasonable range, the actual range is considered narrow. A narrow range reinforces the quality of the sales selected for analysis as well as the adjustments made to the sales to make them similar to the subject. These sales have indicated a mean adjusted price of \$17.19 per square foot with an average deviation of \$0.10 per square foot and a standard deviation of \$0.13 per square foot. Therefore, after considering the above and how it affects the subject, a value of \$17.20 per square foot of building area seems indicated by the market.

INDICATED MARKET VALUE OF SUBJECT = 58,850 SF @ \$17.20/SF = \$1,012,220 (R) \$1,012,000

INCOME CAPITALIZATION APPROACH

Methodology

Commercial properties may be purchased by investors for the income stream or earnings that the property is capable of producing. An essential investment premise is that there is a direct relationship between value and earnings. This relationship may be simply stated as follows: the higher the earnings, the higher the value. Essentially, an investor purchasing income-producing real estate is trading present dollars for the right to receive future dollars. The Income Capitalization Approach utilizes various methods and procedures to estimate a property's capability to generate future monetary benefits and translates those benefits into an indication of present value.

The Income Capitalization Approach is a procedure in appraisal analysis in which anticipated economic benefits to be derived from a property are converted into a value estimate through a capitalization process. The principle of "anticipation" underlying this approach recognizes that a knowledgeable and prudent investor will pay a certain amount in an open market to receive a particular income stream for a defined holding period. As characteristics, income producing real estate has the properties of utility, scarcity, transferability, and immobility. The quality and durability of these characteristics are directly reflected by the income the property produces.

The process of estimating anticipated economic benefits from a particular property requires estimates of potential income, fixed and operating expenses including vacancy, existing, proposed or probable debt costs (if applicable) and the selection of the most appropriate capitalization method.

I have utilized the most common method of processing net income into value, which is *Direct Capitalization*, where net operating income is converted into an indication of value using an overall rate.

Potential Gross Income

MLS #	NO	STREET	CITY	BLDG SIZE	YEAR BUILT	YEARLY RENT	SF RENT	DATE
334041	9	L. A. WHITE DR	FLETCHER	36,000	1998	\$64,800	\$1.80	8/3/2005
337001	205	VISTA INDUSTRIAL DR	ASHEVILLE	60,000	1980	\$234,000	\$3.90	9/20/2005
544	200	CANE CREEK INDUSTRIAL DR	FLETCHER	14,900	1960	\$59,600	\$4.00	1/6/2006
415	5	BRICKHOUSE ROAD	FLETCHER	22,000	1982	\$57,200	\$2.60	1/6/2006
667	533	SOUTH ALLEN RD	FLAT ROCK	23,453	1996	\$117,265	\$5.00	4/6/2006
TOTAL				31,271	1983	\$106,573	\$3.46	

Due to the condition of the improvement, the subject is considered to be at the low end of the range of the above properties. Based on the above, we would estimate that the subject property would have a market rent of \$1.80 per square foot. This rate would call for the lessor to pay major maintenance, taxes and insurance, and the lessee to pay minor maintenance and utilities.

RealtyRates.com MARKET SURVEY - 1st Quarter 2008										
South Atlantic - Class A & B Industrial Buildings										
	Atlanta		Charlotte/Gastonia		Raleigh/Durham		Richmond		Region	
	VH	Flex	VH	Flex	VH	Flex	VH	Flex	VH	Flex
	Dist	R&D	Dist	R&D	Dist	R&D	Dist	R&D	Dist	R&D
Operating Data										
Income										
Asking Rent	\$3.61	\$7.81	\$4.02	\$8.40	\$4.70	\$9.33	\$3.76	\$7.81	\$4.06	\$8.38
Effective Rent	\$3.46	\$7.50	\$3.63	\$7.59	\$4.38	\$8.70	\$3.66	\$7.60	\$3.83	\$7.90
Reimbursable Exp.	\$1.46	\$3.10	\$1.46	\$3.10	\$0.88	\$2.51	\$0.88	\$2.51	\$1.48	\$3.14
Total Income	\$4.93	\$10.60	\$5.09	\$10.69	\$5.26	\$11.21	\$4.54	\$10.11	\$5.30	\$11.03
Vacancy Rate	14.3%	14.7%	10.2%	11.4%	18.1%	18.1%	11.6%	11.2%	13.8%	14.0%
EGI	\$4.22	\$9.04	\$4.57	\$9.47	\$4.31	\$9.19	\$4.02	\$8.98	\$4.57	\$9.49
Expenses										
Total Expenses	\$1.58	\$3.33	\$1.57	\$3.33	\$1.61	\$3.42	\$1.59	\$3.38	\$1.59	\$3.37
Expense Ratio	37.29%	36.86%	34.26%	35.18%	37.32%	37.22%	39.70%	37.60%	34.75%	35.54%
NOI	\$2.65	\$5.71	\$3.01	\$6.14	\$2.70	\$5.77	\$2.42	\$5.60	\$2.98	\$6.12
Investment Data										
Avg Sale Price	\$34	\$60	\$34	\$64	\$29	\$63	\$26	\$62	\$30	\$62
OAR	7.8%	9.5%	8.8%	9.6%	9.3%	9.2%	9.3%	9.0%	9.9%	9.8%
GRM	9.82	8.00	9.36	8.43	6.62	7.24	7.10	8.15	7.87	7.89
EGIM	8.05	6.64	7.44	6.75	6.73	6.86	6.47	6.90	6.58	6.57

*4th Quarter 2007 Data

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Survey Scope

The RealtyRates.com Market Survey summarizes sales, rent, occupancy, and operating expense data, together with cap rates and gross rent and effective gross income multipliers for seven core property types including apartments; warehouses and distribution centers, flex/R&D facilities; CBD and suburban offices; and anchored neighborhood and community and unanchored strip retail centers. Data is provided for 12 regions and 45 metro market areas encompassing the entire continental U.S.

Data Sources

Data presented in the Market Survey is provided by 340 local, regional, and national commercial real estate appraisers (6%), property managers (46%), and brokers (48%).

Direct capitalization requires estimates of potential gross income before expenses based on an estimate of economic or market rent. The economic rent or market rent is defined as "The most probable rent that a property should bring in a competitive and open market reflecting all conditions and restrictions of the specified lease agreement including term, rental adjustment and revaluation, permitted uses, use restrictions, and expense obligations; the lessee and lessor each acting prudently and knowledgeably, and assuming consummation of a lease contract as of a specified date and the passing of the leasehold from lessor to lessee under conditions whereby:

1. Lessee and lessor 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. The rent payment is made in terms of cash in United States dollars, and is expressed as an amount per time period consistent with the payment schedule of the lease contract.

5. The rental amount represents the normal consideration for the property leased unaffected by special fees or concessions granted by anyone associated with the transaction.” (**The Dictionary of Real Estate Appraisal**, by the American Institute of Real Estate Appraisers)

The subject property consists of an industrial building with a partial basement. It is reasonable to assume that the present use is the highest and best use of the subject property. The above market surveys indicate a range from \$1.80 to \$5.00 for industrial space with an average of \$3.46. The above RealtyRates.com market survey indicates asking rents of \$4.06 per square foot for Industrial Warehouse/Distribution Buildings in the region with an effective rent of \$3.83 per square foot. The appraiser will use the market rent as this is a fee simple appraisal.

Vacancy and Collection Losses

Nearly all properties of this type, without long term leases, experience some vacancy and credit loss over time. A typical investor will likely allow for a stabilized vacancy and credit loss when estimating the net operating income to be capitalized. Vacancy rates for properties such as the subject are 13.8% in the region as indicated by the above survey. The subject property consists of a large industrial building that is currently vacant. Due to the risk associated with the subject property, a vacancy and credit loss of 10% per year is considered reasonable and is charged for this item.

Operating Expenses

The property is currently vacant. The following is my estimate of additional expenses born by the owner.

Maintenance and Reserves for Replacement

Non-recoverable expense items in this category include roof and structural repairs and reserves for the replacement of mechanical systems. It has been the experience of the appraisers that most investors and owner occupants of buildings such as the subject do not make yearly contributions to a reserve replacement account, but, instead, account for reserves and replacements in the ownership risk involved in a given property. Nevertheless, some allowance for replacement of component parts is made to cover possible costs over a typical holding period. This is estimated at 3% of effective gross income per year for each item.

Management

Fees for management typically range from 5% to 12% of effective gross income depending upon the size of the property and the degree of difficulty involved in management. For example, the fee to manage a small single tenant building would be proportionately lower than for a large multi-tenant building. We have estimated that a fee of 10% of effective gross income would be applicable and necessary for property management, as the property would most likely continue to operate as a single tenant industrial building. This fee would cover other management related expenses such as advertising, legal and professional fees.

Taxes and Insurance

The taxes and insurance on the subject property are currently waived because the property is owned by the City of Hendersonville. Typically, taxes would be assessed for private owners. Therefore, the taxes are estimated at \$10,383 based on the Henderson County Tax Offices Assessed value and the 2007 Henderson County and Hendersonville City Tax Rates. The insurance is estimated at \$9,183 based on actual expenses provided by the owner.

Total Expenses

Total expenses were estimated at \$31,830 or 33.74% of effective gross income based on the Stabilized Income Proforma. This estimate appears reasonable based upon my knowledge of similar properties in this market.

Direct Capitalization

Direct Capitalization is a process whereby net operating income is translated into value utilizing an overall capitalization rate (OAR). Direct Capitalization uses an overall rate of return (OAR) that is made up of numerous

implicit assumptions. These implicit assumptions include income and expense growth rates, changes in occupancy, capital improvements, and other factors that will affect the magnitude and timing of anticipated changes in cash flow. The OAR includes and blends within itself an interest rate for land and improvements, and an allowance for recapture of the improvements. There are several methods of deriving capitalization rates in order to adequately account for risk associated with the quantity, quality and durability of the income stream. The preferred method is to develop an overall capitalization rate from an analysis of the market sales, by dividing the net operating income of the sale property by its sale price. The following sales provide a basis for establishing a rate for industrial properties:

Address	Sales Price	Sales Date	Income	*NOI	Rate
629 Market Street	\$1,100,000	10/11/2007 *	\$45,471	\$30,129	2.74%
101 Creasman Hill Rd	\$330,000	11/7/2007 *	\$17,300	\$11,463	3.47%
130 McMinn Woods Dr	\$115,000	1/4/2007 *	\$13,840	\$9,170	7.97%
173 Rutledge Rd	\$475,000	5/3/2007 *	\$22,871	\$15,154	3.19%
6 Brandy Branch Rd	\$490,000	7/20/2007	\$30,000	\$19,878	4.06%
5455 Old Haywood Rd	\$315,000	12/10/2004 *	\$15,224	\$10,087	3.20%
3490 Asheville Highway	\$363,000	8/22/2005	\$28,200	\$18,685	5.15%
Average					4.25%
* Indicates this field was based on a market rate.					

Secondly I considered the following data taken form RealtyRates.com

RealtyRates.com INVESTOR SURVEY - 1st Quarter 2008*						
INDUSTRIAL - WAREHOUSES & DISTRIBUTION CENTERS						
Item	Input					OAR
Minimum						
Spread Over 10-Year Treasury	0.15%	DCR Technique	0.90	0.059385	0.85	4.54
Debt Coverage Ratio	0.90	Band of Investment Technique				
Interest Rate	4.30%	Mortgage	85%	0.059385	0.050477	
Amortization	30	Equity	15%	0.080600	0.012090	
Mortgage Constant	0.059385	OAR				6.26
Loan-to-Value Ratio	85%	Surveyed Rates				5.94
Equity Dividend Rate	8.06%					
Maximum						
Spread Over 10-Year Treasury	2.34%	DCR Technique	1.65	0.108464	0.60	10.74
Debt Coverage Ratio	1.65	Band of Investment Technique				
Interest Rate	7.09%	Mortgage	60%	0.108464	0.065078	
Amortization	15	Equity	40%	0.149000	0.059600	
Mortgage Constant	0.108464	OAR				12.47
Loan-to-Value Ratio	60%	Surveyed Rates				11.84
Equity Dividend Rate	14.90%					
Average						
Spread Over 10-Year Treasury	1.55%	DCR Technique	1.28	0.078933	0.73	7.30
Debt Coverage Ratio	1.28	Band of Investment Technique				
Interest Rate	5.70%	Mortgage	73%	0.078933	0.057226	
Amortization	23	Equity	28%	0.111380	0.030630	
Mortgage Constant	0.078933	OAR				8.79
Loan-to-Value Ratio	73%	Surveyed Rates				8.15
Equity Dividend Rate	11.14%					

*4th Quarter 2007 Data

Copyright 2008 RealtyRates.com™

The above indicates a range for Warehouse and Distribution Centers by the DCR technique of 4.54% to 10.74% with an average of 7.30% and by the Band of Investment Technique of 6.26% to 12.47% with an average of 8.79% and of surveyed rates of 5.94% to 11.84% with an average of 8.15% in the country.

Finally, a band of investment technique was used that includes mortgage and equity components. As most properties are purchased with debt and equity capital, the overall capitalization rate must meet investor requirements for both positions. The overall capitalization rate is the weighted average of the mortgage constant (R_M) and the equity dividend rate (R_E).

The formula for deriving an overall capitalization rate is as follows:

M	=	loan to value ratio;
R_M	=	mortgage constant;
E	=	the equity ratio; and,
R_E	=	equity dividend rate.

The loan-to-value ratio (M) is the percentage of the total value a lender will lend on a property. A survey of lenders in the Hendersonville market indicates loan-to-value ratios of 70% to 85% with variances based on loan amounts and credit histories. For the subject property, the appraiser has chosen a ratio of 80%. The typical rate is 7%. Typical loan term is 20 years with equal monthly installments and a five year balloon.

The capitalization rate for the debt position is called the mortgage constant (R_M). It is the ratio of the annual debt service to the principal amount of the mortgage loan. It is a function of the market interest rate, amortization schedule of term, and the frequency of the payments.

The equity ratio (E) is calculated as (1-M). The equity ratio and the loan ratio must total 100%.

The rate to capitalize the equity income is the equity capitalization rate (R_E). It is the ratio of the annual pre-tax cash flow to the equity investment. The equity capitalization rates are calculated from comparable sales where sufficient purchase, loan and payment information can be gathered such that a pre-tax cash flow is divided by the equity investment. This information is typically extremely difficult to acquire as investors are frequently reluctant to provide it. However, a review of files of appraised properties contained within my office is a reliable source of data. Further, conversations with individual investors and local lenders provide insight into equity capitalization rates. The RealtyRates.com survey shows an investor dividend rate of 8.06% at the minimum range for this type property and 14.90% at the high end. Given the potential for growth in this market, I believe that an equity dividend rate of 11.5% is reasonable.

The overall rate is calculated as follows:

M	= 80.0%
R_M	= 0.093 (7% interest, 20-year amortization; monthly pmts)
E	= 20.0%, and
R_E	= 11.5%
(R_O)	= $(80.0\% \times 0.093) + (20.0\% \times 11.5\%)$
	= $0.0744 + 0.023$
	= 0.0974, or 9.74%

The comparable sales have indicated an OAR of 4.25%, realtyrates.com has indicated OAR's of 7.30%, 8.79% and 8.15% and band of investment technique has indicated an OAR of 9.74%.

Considering each of these estimates and the subject property's risk as a large and dilapidated vacant property, a capitalization rate of 6.00% applied to the net operating income. The local data is depressed and a typical investor would obviously expect more return given the regional indicators. The appraiser feels that the regional rates

would be to much return to expect given current market conditions, but believes that returns will increase in the near future, thus a compromise between the methods of 6.00% seems reasonable.

Your attention is directed to the summary of the income and expense estimates as well as the capitalization in the stabilized operating statement.

Summary of Income Approach

GROSS POTENTIAL INCOME	SIZE SF	\$ PER SQ. FT.	MONTHLY RENT	YEARLY TOTAL
DESCRIPTION				
MAIN FLOOR OF WAREHOUSE	33,094	\$2.00	\$5,516	\$66,188
BASEMENT	25,756	\$1.50	\$3,220	\$38,634
TOTAL				\$104,822
LESS VAC. AND CREDIT LOSS	10.00%			(\$10,482)
EFFECTIVE GROSS INCOME				\$94,340
LESS EXPENSES				
TAXES		\$10,383		
MANAGEMENT	10.00%	\$9,434		
MAINTENANCE/RESERVES	3.00%	\$2,830		
INSURANCE		\$9,183		(\$31,830)
NET OPERATING INCOME				\$62,510
CAPITALIZATION RATE	6.00%			\$1,041,830
INDICATED VALUE BY DIRECT CAPITALIZATION METHOD			[R]	\$1,041,830

CORRELATION AND FINAL VALUE OPINION

The Direct Sales Comparison Approach has indicated a value of \$1,012,000. The Income Capitalization Approach has indicated a value of \$1,042,000. The Income Capitalization Approach is less reliable at this time because of a depressed rental market. Therefore the Direct Sales Comparison Approach is weighted at 80% and the Income Capitalization Approach is weighted at 20%. Only the Direct Sales Comparison and Income Capitalization Approach were used and based on my interpretation of the market, as of May 20, 2008, a market value of:

ONE MILLION EIGHTEEN THOUSAND DOLLARS
(\$1,018,000)

seems reasonable.

ADDENDA

- A. Qualifications of Appraiser
- B. Copy of Property Record Card
- C. Copy of Deed
- D. Building Sketch
- E. Comparable Sales Sheets

QUALIFICATIONS OF APPRAISER

NAME

Walter D. Roberts, II
120 West Allen Street, Unit 10
P.O. Box 2903
Hendersonville, NC 28793-2903

EDUCATION

University of North Carolina Greensboro, B. S. Degree 1996
Appraisal Institute Courses and Seminars Attended:
Introduction to Real Estate Appraisal (R-1) September 2002
Valuation Principles and Procedures (R-2) October 2002
Applied Residential Property Valuation (R-3) November 2002
USPAP 7 Hour Update April 2005
Two to Four Family Residences April 2005
Appraising High-Value Residential Properties April 2005
Appraisal Review April 2005
Introduction to Income Property Appraisal (G-1) May 2005
Advanced Income Capitalization Procedures (G-2) October 2006
Applied Income Property Valuation (G-3) October 2006
USPAP 15 Hour (R-4) March 2007
USPAP 7 Hour Update April 2007
Basic Income Capitalization from the Appraisal Institute May 2007

APPRAISAL EXPERIENCE

Research Assistant, BRB Appraisal Associates from January 2001 to March 2003
Registered Trainee Real Estate Appraiser, BRB Appraisal Assoc. March 2003 to June 2007
NC State Certified General Real Estate Appraiser Certification No. A6408

TYPES OF PROPERTY APPRAISED

Agricultural	Commercial
Conservation	Development Properties
Industrial	Residential

TERRITORIES SERVED

Western North Carolina

CLIENTS SERVED

Asheville Savings Bank	Hometrust Bank
Bank of Perry	Highlands Conservancy
Blue Ridge Savings Bank	Mountain Bank
Branch Bank & Trust	Mountain 1st Bank & Trust
Carolina First Bank	Nature Conservancy
Carolina Mountain Land Conservancy	Pacolet Area Conservancy
City of Asheville	Private Citizens
City of Hendersonville	RBC Centura
Clyde Savings Bank	State Employee's Credit Union
Ditech Mortgage	Suncoast Mortgage
Federal Employee's Credit Union	Sun Trust Bank
First Bank of Georgia	United Community Banks Inc.
First Citizens Bank	Wachovia Bank & Trust
First Union National Bank	Wells Fargo Bank
GMAC Mortgage	

[Home](#)[Henderson County Real Property Data](#)[Go Maps](#)[Tax Bills](#)

Property Summary
Data last updated on: 5/15/2008
Ownership current as of: 4/22/2008

Parcel Number **1007175**PIN # **9568887494**[Property Search](#)Location Address
400 N GROVE STProperty Description
Lot # MILL CENTER[Search Results](#) [New Search](#)

Parcel	Buildings	Land	Deeds	Notes	Sales	Photos	Tax Bill	Map
------------------------	---------------------------	----------------------	-----------------------	-----------------------	-----------------------	------------------------	--------------------------	---------------------

Property Owner: CITY OF HENDERSONVILLE ; HENDERSONVILLE CITY OF	Owner's Mailing Address PO BOX 1670 HENDERSONVILLE NC 28793	Property Location Address 400 N GROVE ST
Administrative Data Old Map# 9568.08 VCS C100E City HENDERSONVILLE Fire District Township CITY OF HENDERSONVILLE Land Class GOVERNMENTAL Spec District 1 Spec District 2 History Parcel Number 1 History Parcel Number 2 Acreage 1.09 Permit Date Permit #	Transfer Information Deed Date 05/09/2007 Deed Book 001318 Deed Page 00101 Revenue Stamps 0.00 Package Sale Date Package Sale Price Land Sale Date Land Sale Price Improvement Summary Total Units 0 Heated Area 34,968	Property Value Total Appraised Land Value \$712,200 Total Appraised Building Value \$520,900 Total Appraised Value \$1,233,100 Elderly Exclusion Other Exemptions \$1,233,100 Use Value Deferred Historic Value Deferred Total Deferred Value Total Assessed Value

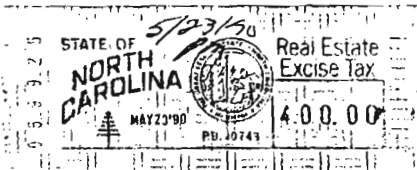
Prints best in landscape mode

Thursday, May 15, 2008

Stamps: \$400.00

This instrument prepared by Robert L. Whitmire Jr

State of North Carolina
County of Henderson



467

This Indenture, Made this 16th day of March, 1990

by and between

WILLIAM S. BECHER and wife, MARILYN M. BECHER
hereinafter called Grantors, and

THE CITY OF HENDERSONVILLE, a Municipal Corporation hereinafter called Grantees, (said designations shall include the respective parties, whether one or more, individual or corporate, and their respective successors in interest or assigns).

Witnesseth: That the Grantors, for and in consideration of the sum of Ten Dollars, and other good and valuable considerations to them in hand paid by the Grantees, the receipt whereof is hereby acknowledged, have given, granted, bargained, sold and conveyed, and by these presents do give, grant, bargain, sell, convey and confirm unto the Grantees, their heirs and/or successors and assigns (subject, however, to any conditions, restrictions, limitations, reservations or exceptions appearing after the description below), the following particularly described real estate, located in Hendersonville Township, Henderson County, North Carolina, to-wit:

See attached "Exhibit A" for a full and complete description.

To Have and to Hold the above described land and premises, with all appurtenances thereunto belonging, or in any wise appertaining, unto the Grantees, their heirs and/or successors and assigns forever.

And the Grantors covenant to and with the Grantees, their heirs and/or successors and assigns, that the Grantors are lawfully seized in fee simple of said land and premises, and have full right and power to convey the same to the Grantees in fee simple, and that said land and premises are free from any and all encumbrances (with the exceptions above stated, if any), and that they will and their heirs, executors, administrators and/or successors shall forever warrant and defend the title to said land and premises, with the appurtenances, unto the Grantees, their heirs and/or successors and assigns, against the lawful claims of all persons whomsoever.

In Witness Whereof, the Grantors have hereunto set their hands and seals, or, if corporate, has caused this Deed to be executed by its duly authorized officers and its seal to be hereunto affixed, the day and year first above written.

William S. Becher (SEAL) *Marilyn M. Becher* (SEAL)
WILLIAM S. BECHER MARILYN M. BECHER
_____(SEAL) _____(SEAL)

STATE OF FLORIDA COUNTY OF Brevard

I, Patricia Fairley, a Notary Public of said County and State, do hereby certify that
WILLIAM S. BECHER and wife, MARILYN M. BECHER
personally appeared before me this day and acknowledged the due execution of the foregoing instrument.

WITNESS my hand and notarial seal, this 16 day of March, 19 90.
My commission expires 4 Patricia Fairley Notary Public

NORTH CAROLINA, HENDERSON COUNTY

The foregoing certificate(s) of Patricia Fairley

Notary Public (Notaries Public) is/are certified to be correct. This instrument presented for registration and recorded in this office this 23rd day of May, 19 90, at 3:10 P. M in Book 157 Page 467 and verified.

Ruby H. Maxwell
Register of Deeds
By: *Sharon A. Hardin*
(Assistant) (Deputy)

"EXHIBIT A"

FIRST TRACT: BEGINNING at a stake which is located at the intersection of the Southern margin of Fifth Avenue East (formerly Broad Street) with the Eastern margin of Grove Street, and runs thence with the Southern margin of said Avenue, North 80 deg. 18 min. East 75 feet to a stake; thence leaving said margin of said Avenue, South 9 deg. 46 min. East 100 feet to a stake; thence North 80 deg. 18 min. East 130 feet to a stake; thence South 9 deg. 46 min. East 50 feet to a stake; thence South 80 deg. 18 min. West 6.5 feet to a stake; thence South 9 deg. 46 min. East 150 feet to a stake in the northern margin of Fourth Avenue East (formerly Academy Street); thence with the northern margin of said avenue, South 80 deg. 04 min. West 198.5 feet to a stake at the intersection of the northern margin of said avenue with the eastern margin of Grove Street; thence with the eastern margin of Grove Street, North 9 deg. 46 min. West 300 feet to the place of BEGINNING, and being all of Lots 1, 2, 3, 4, 5, 6, 7 and 8, of Block B, as shown on plat prepared by Justice and Miller, Engineers and Surveyors, dated January, 1938. Being part of the property described or referred to in deed from Grey Hosiery Mills, Incorporated to Holt Hosiery Mills, Inc., dated May 28, 1965, and recorded in the office of the Register of Deeds for Henderson County, North Carolina, in Deed Book 431, page 135.

SECOND TRACT: BEGINNING at a stake located in the southern margin of Fourth Avenue East (formerly Academy Street), said stake being distant North 80 deg. 04 min. East 58 feet from the intersection of the southern margin of Fourth Avenue East with the eastern margin of Grove Street; runs thence from said beginning stake along and with the southern margin of Fourth Avenue East, North 80 deg. 04 min. East 129 feet to a stake; thence South 9 deg. 35 min. East 161 feet to a stake; thence South 80 deg. 04 min. West 187 feet to a stake in the eastern margin of Grove Street; thence with said margin of Grove Street, North 9 deg. 35 min. West 69 feet to a stake; thence leaving said margin of Grove Street, North 80 deg. 04 min. East 58 feet to a stake; thence North 9 deg. 35 min. West 92 feet to the place of BEGINNING. And being all of Lots 1, 2 and 3 of Block C, and also a triangular strip of land having a width of 12 feet and a length of 92 feet adjoining said Lot 1, as shown on plat prepared by Justice and Miller, Engineers and Surveyors, dated January, 1938. Being part of the property described or referred to in the deed above mentioned.

THIRD TRACT: All those rights and easements conveyed to BURLINGTON DAY SCHOOL, INC., a North Carolina nonprofit corporation, by HOLT HOSIERY MILLS, INC., by Deed of Easement which is duly recorded in the office of the Register of Deeds for Henderson County in Deed Book 556 at page 127, to which reference is hereby made and the same is incorporated herewith for a detailed description. See also Deed Book 510 at page 495 and 496 which are also incorporated herewith.

This deed is made subject to any and all leases, easements, rights of way, restrictions, etc., of every kind and nature affecting said property.

C

11225 P 694

North Carolina, Henderson County The foregoing certificate(s) of
Linda S. Walker
Notary Public (Notary Seal) is/are certified to be correct, this
instrument presented for registration and recorded in this office
this 3 day of May, 2005
at 5:00 in book 1225, page 694
Nedra W. Moles By: Cathy B. Higgins
Register of Deeds (Assistant Deputy)

Excise Tax \$0.00

Recording Time, Book and Page

Tax Lot No. _____ Parcel Identifier No. _____
Verified by _____ County on the _____ day of _____, 20____
by _____

Mail after recording to Russell Burrell 100 North King Street Hendersonville, NC 28792
This instrument was prepared by Samuel H. Fritschner

Brief Description for the index
Tracts 4th Ave. between Pine & Grove
Sts.. Hendersonville

NORTH CAROLINA GENERAL WARRANTY DEED

THIS DEED made 3rd day of May 2005, by and between

GRANTOR	GRANTEE
The CITY OF HENDERSONVILLE, A North Carolina Municipal Corporation	HENDERSON COUNTY, NORTH CAROLINA Address: County Administration Building 100 North King Street Hendersonville, NC 28792

Enter in appropriate block for each party: name, address, and, if appropriate, character of entity, e.g., corporation or partnership.

The designation Grantor and Grantee as used herein shall include said parties, their heirs, successors, and assigns, and shall include singular, plural, masculine, feminine or neuter as required by context.

WITNESSETH, that the Grantor, for a valuable consideration paid by the Grantee, the receipt of which is hereby acknowledged, has and by these presents does grant, bargain, sell and convey unto the Grantee in fee simple, all those two certain lots or parcels of land situated in Hendersonville Township, Henderson County, North Carolina and more particularly described as follows:

BEING all of that real property described in that deed recorded in Deed Book 715 at page 64, Henderson County Registry, and in addition all of that real property described in that deed recorded in Deed Book 757 at page 467, Henderson County Registry, and in addition all of that real property described in that deed recorded in Deed Book 739 at page 79, Henderson County Registry;

LESS AND EXCEPTING that real property shown as TRACT A on that plat recorded as plat slide 5326, Henderson County Registry.

TO HAVE AND TO HOLD the aforesaid lot or parcel of land and all privileges and appurtenances thereto belonging to the Grantee in fee simple.

And the Grantor covenants with the Grantee, that Grantor is seized of the premises in fee simple, has the right to convey the same in fee simple, that title is marketable and free and clear of all encumbrances, and that Grantor will warrant and defend the title against the lawful claims of all persons whomsoever except for the exceptions hereinafter stated.

Title to the property hereinabove described is subject to the following exceptions:

- Subject to Henderson County Ad Valorem taxes.
- Subject to Restrictions and Easements of Record
- Subject to rights of way of record.

IN WITNESS WHEREOF, the Grantor has caused this instrument to be signed in its corporate name by its duly authorized officers and its seal to be hereunto affixed by its City Clerk by authority of its Board of Commissioners, the day and year first above written.

11225 P 695

Fred H. Niehoff, Jr.
FRED H. NIEHOFF, JR., Mayor

USE BLACK INK ONLY

attest:

Tammie K Drake
TAMMIE DRAKE, Clerk

City Seal



SEAL-STAMP

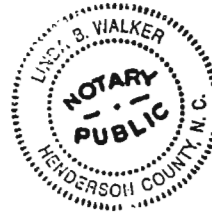
USE BLACK INK

State of North Carolina
County of Henderson.

I, LINDA B. WALKER, a Notary Public of the County and State aforesaid, certify that **FRED H. NIEHOFF, Jr.** in his capacity as Mayor of the City of Hendersonville and **TAMMIE K. DRAKE**, in her capacity as Hendersonville City Clerk, appeared before me this day and acknowledged the execution of the foregoing instrument. Witness my hand and official stamp or seal, this 3rd day of May 2005.

My commission expires: 8/21/2005

Linda B. Walker Notary Public



31318 P101

FILED IN HENDERSON COUNTY REGISTER OF DEEDS
OFFICE. NEDRA W. MOLES, REGISTER

DATE: 5/9/07 TIME: 9:15 AM

EXCISE TAX STAMP: _____

BOOK: 1318 PAGE: 101

Excise Tax: \$0.00

Prepared by: Samuel H. Fritschner

Return to: Samuel H. Fritschner

General Property Description: Parcels 4th Ave. East between Grove and Pine Streets, Hendersonville

→ Grantee address: P.O. Box 1670 Hendersonville NC 28793

DEED CORRECTION AND AGREEMENT

WHEREAS the parties hereto by previous agreement intended the transfer of certain real property between them; and

WHEREAS it appears that the description of the properties transferred pursuant to the agreement may have been in error; and

WHEREAS the parties hereto now wish to correct the error;

NOW THEREFORE in consideration of the covenants herein contained and of other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the County of Henderson and the City of Hendersonville hereby agree as follows:

The following properties are intended to belong to the County of Henderson, its successors and assigns forever in fee simple, and the City of Hendersonville does convey to the County of Henderson all of the City of Hendersonville's right, title and interest in the said properties:

All that real property described as "Second Tract" in that deed recorded in Deed Book 757 at page 467 Henderson County Registry, EXCEPTING that real property described and shown as "Tract A" on that Plat recorded as Plat Slide 5326, Henderson County Registry.

All that real property described as "Tract Two" in that deed recorded in Deed Book 715 at page 64, Henderson County Registry.

All that real property described in that deed recorded in Deed Book 739 at page 79, Henderson County Registry.

The following properties are intended to belong to the City of Hendersonville, its successors and assigns forever in fee simple, and the County of Henderson does convey unto to the City of Hendersonville all of the County of Henderson's right, title and interest in the said properties:

All that real property described and shown as "Tract A" on that Plat recorded as Plat Slide 5326, Henderson County Registry.

All that real property described as "First Tract" in that deed Recorded in Deed Book 757 at page 467, Henderson County Registry.

All that real property described as "Tract One" in that deed recorded in Deed Book 715 at page 64, Henderson County Registry.

All that real property interest described as "Third Tract" in that deed Recorded in Deed Book 757 at page 467, Henderson County Registry.

TO HAVE AND TO HOLD the aforesaid lots or parcels of land and all privileges and appurtenances thereto belonging to the Grantee in fee simple.

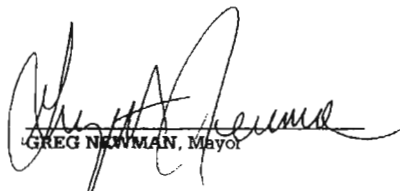
IN WITNESS WHEREOF, the parties have caused this instrument to be signed in their corporate names by their duly authorized officers and their seals to be hereunto affixed by their clerks by authority of their governing boards, the day and year first above written.

1) Spec'd 0100833/CT Tract 2 in 757/467
Except Tract A on Slide 5326


2) Spec'd 9933667/CT Tract 2 in 715/64

3) CT 0105947

USE BLACK INK ONLY


GREG NEWMAN, Mayor

attest:


TAMMIE DRAKE, Clerk

City Seal


SEAL-STAMP

USE BLACK INK

State of North Carolina
County of Henderson.

I, Samuel H. Fritschier, a Notary Public of the County and State aforesaid, certify that GREG NEWMAN, in his capacity as Mayor of the City of Hendersonville and TAMMIE K. DRAKE, in her capacity as Hendersonville City Clerk, appeared before me this day and acknowledged the execution of the foregoing instrument. Witness my hand and official stamp or seal, this 3rd day of May, 2007.

My commission expires: August 2008

 Notary Public



COUNTY OF HENDERSON



By:

William Moyer
 WILLIAM MOYER
 Chairman, Henderson County Board
 of Commissioners

[SEAL]

Elizabeth W. Corn
 Secretary to the Board of Commissioners

STATE OF NORTH CAROLINA
 COUNTY OF HENDERSON

I, Margaret Street a Notary Public for said County and State,
 certify that Elizabeth W. Corn personally came before me this day and acknowledged that
 she is the Clerk to the Board of Commissioners of Henderson County, North Carolina, a
 body politic and corporate, and that by authority duly given and as the act of the
 corporation the foregoing instrument was signed in its name by its Chairman of the Board
 of Commissioners, sealed with its corporate seal, and attested by herself as its Clerk.

WITNESS my hand and official seal, this the 7th day of May,
 2007.

Margaret Street
 Notary Public

My Commission Expires: Sept. 17, 2007

[NOTARIAL SEAL]



County: 1" = 35 ft
 Deed: 757 Area: 0.569 acre
 Page: 467 Closing Distance = 0.00 ft
 Tract: two Closing Error = 0.00 %
 User: Perimeter = 696.00 ft



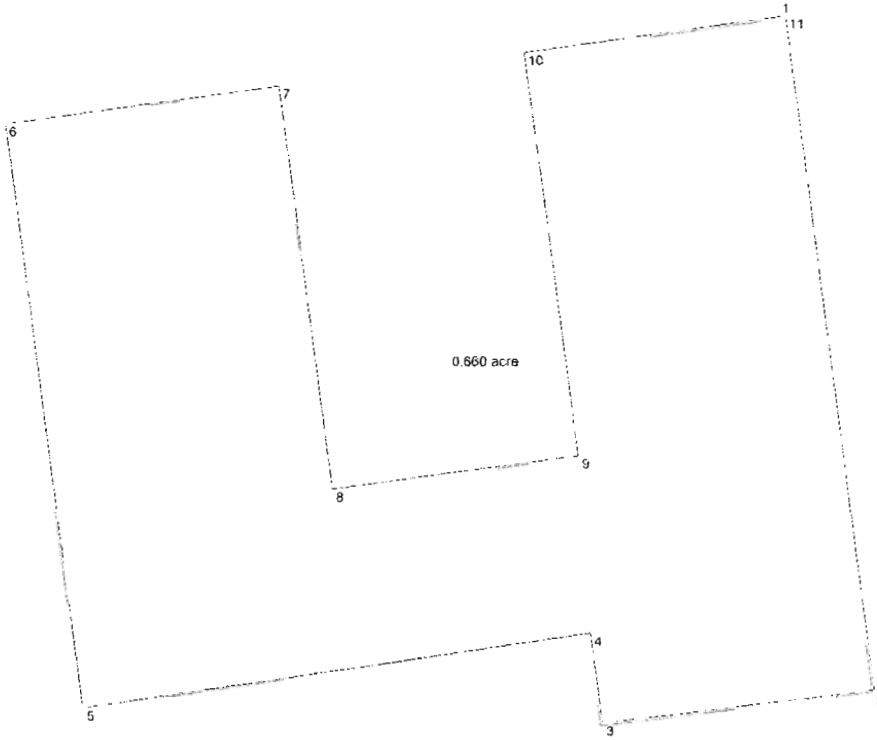
CALLS	BEARING	DISTANCE
1	N 80° 4	0 129.00
2	N 9° 35	0 161.00
3	S 80° 4	0 187.00
4	S 9° 35	0 69.00
5	N 80° 4	0 38.00
6	N 9° 35	0 92.00
7	N 80° 4	0 129.00



County: 1" = 40 ft
Deed: 715p064 Area: 0.660 acre
Page: Closing Distance = 0.00 ft
Tract: two Closing Error = 0.00 %
User: Perimeter = 1024.06 ft



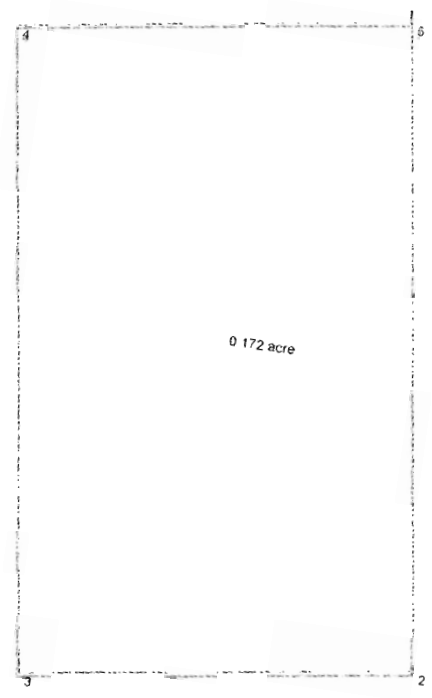
CALLS		BEARING	DISTANCE
1	2	SE 7 48 49	187.12
2	3	SW 82 57 34	73.95
3	4	NW 7 47 47	25.00
4	5	SW 81 20 15	138.59
5	6	NW 7 48 49	162.87
6	7	NE 82 6 16	74.50
7	8	SE 7 48 49	112.00
8	9	NE 82 6 16	67.00
9	10	NW 7 48 49	112.00
10	11	NE 82 6 16	71.02



County: 1" = 25 ft
 Deed: 739p079 Area: 0.172 acre
 Page: Closing Distance = 0.00 ft
 Tract: Closing Error = 0.00 %
 User: Perimeter = 358.00 ft



CALLS		BEARING	DISTANCE
1	2	SE	7 48 49 112.00
2	3	SW	82 48 16 67.00
3	4	NW	82 48 16 112.00
4	5	NE	82 6 16 67.00



[Click Here To Start Over](#)

[GIS Dept Main Page](#) | [Codes/Abbreviations](#) | [T2](#)



Active Layer: ☐ Use Map Tips

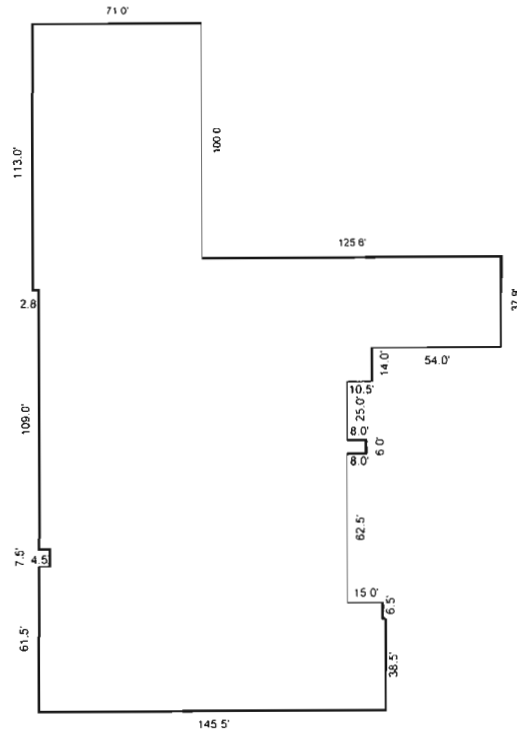
Map Layers | Results | Address

Parcels (Map Tips Available)



FLOORPLAN

Borrower: _____ File No.: C805044
 Property Address: Grove St. and East 4th Avenue Case No.: _____
 City: Hendersonville State: NC Zip: 28792
 Lender: City of Hendersonville



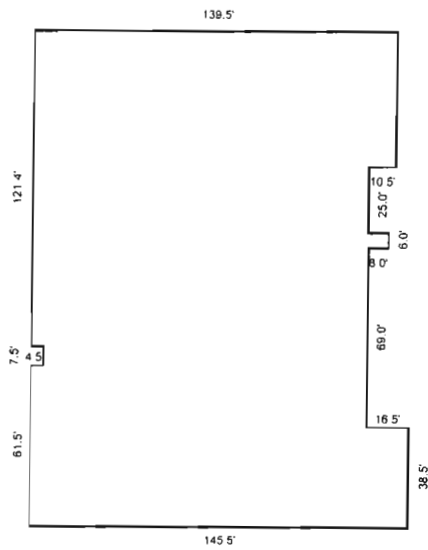
Sketch by Apex IV Windows™

AREA CALCULATIONS SUMMARY			
Code	Description	Size	Totals
GBA1	First Floor	35171.99	35171.99
BSMT	Basement	25756.05	25756.05
OTH	Courtyard	2079.40	2079.40
TOTAL BUILDING (rounded)			35172

BUILDING AREA BREAKDOWN			
Breakdown			Subtotals
First Floor			
6.0 x	8.0		48.00
0.5 x	1.2 x	0.6	0.36
7.1 x	144.3		1025.15
38.5 x	145.5		5601.75
71.0 x	113.0		8023.00
13.0 x	125.6		1633.06
38.9 x	139.8		5438.56
24.9 x	54.0		1344.42
93.5 x	124.8		11670.70
4.5 x	70.1		315.46
4.5 x	15.9		71.54
11 Areas Total (rounded)			35172

FLOORPLAN

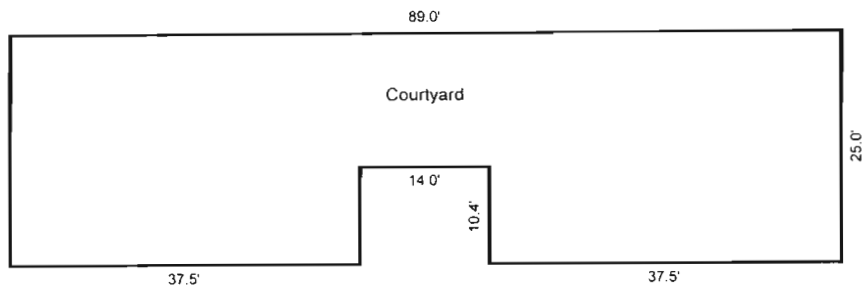
Borrower:	File No.: C805044
Property Address: Grove St. and East 4th Avenue	Case No.:
City: Hendersonville	State: NC Zip: 28792
Lender: City of Hendersonville	



Sketch by Apex IV Windows™

FLOORPLAN

Borrower:		File No.: C805044
Property Address: Grove St. and East 4th Avenue		Case No.:
City: Hendersonville	State: NC	Zip: 28792
Lender: City of Hendersonville		



Sketch by Apex IV Windows™

Comparable Improved Sale Number 1

BRB Appraisal Associates, Inc.

Location: Hendersonville
Address: 701 Oriole Drive
City: Hendersonville
County: Henderson

Record Number: 2819
Type: Industrial
Deed Book: 1264 **Page:** 733
PIN: 9569-82-2477

Grantor: Marjorie S. Carmichael
Grantee: Eight Avenue East, LLC
Date of Sale: March 2, 2006
Sales Price: \$755,000
Terms of Sale: Free Market
Verification: Public Records

CE Price \$755,000

Site Size Acres: 4.13
Shape: Irregular
Topography: Level
Drainage: Appears Adequate
Frontage: 298' on Oriole Drive
Utilities: All public

Site Size SF 179,903
Land to Building Ratio 2.47:1

Zoning: I-1 Light Industrial District

Site Comments:

Improvement Data

Age 1940 **Building SF** 72,834 **Quality** Average **Condition** Average

Notes: Effective age is 40 years. It has 7,664 square feet of office and 65,170 square feet of warehouse.

EGI	Expenses	Expense Ratio	EGIM	?
\$/SF	NOI	OAR	Rent per SF	



Comparable Improved Sale Number 2

BRB Appraisal Associates, Inc.

Location: South Hendersonville**Record Number:** 2818**Address:** 629 Market Street**Type:** Industrial**City:** Hendersonville**Deed Book:** 1337**Page:** 234**County:** Henderson**PIN:** 9568-73-9994**Grantor:** Jackson Steel Inc**Grantee:** Prosource Land Holdings, LLC**Date of Sale:** October 11, 2007**Sales Price:** \$1,100,000**CE Price**

\$1,100,000

Terms of Sale: Free Market**Verification:** Public Records, MLS#479389**Site Size Acres:** 0.97**Site Size SF**

42,253

Shape: Near Rectangular**Topography:** Near Level**Land to Building Ratio**

2.58:1

Drainage: Flood Plain**Frontage:** 163' on Market Street**Utilities:** All public**Zoning:** R-20 Residential Single-Family
Medium Density**Site Comments:** The entire site is in the flood way.**Improvement Data****Age** 1978 **Building SF** 16,400 **Quality** Average **Condition** Average**Notes:** Effective age is 5 years. It has 20' tall ceilings, 14 docks and 10 drive-in docks. It also has a 20x80 square foot 3 walled storage building. It has 1,681 square feet of office, 14,719 square feet Warehouse.

EGI	Expenses	Expense Ratio	EGIM	
\$/SF	NOI	OAR	Rent per SF	?



Comparable Improved Sale Number 3

BRB Appraisal Associates, Inc.

Location: Naples**Record Number:** 2820**Address:** 5414 Asheville Highway**Type:** Industrial**City:** Fletcher**Deed Book:** 1324**Page:** 611**County:** Henderson**PIN:** 9651-65-7841**Grantor:** Kemp Corp, LLC**Grantee:** Houser Investments, Inc**Date of Sale:** July 3, 2007**Sales Price:** \$2,000,000**CE Price** \$2,000,000**Terms of Sale:** Free Market**Verification:** Public Records, CPE#347010**Site Size Acres:** 5.73**Site Size SF** 249,599**Shape:** Irregular**Topography:** Level**Land to Building Ratio** 2.90:1**Drainage:** Appears Adequate**Frontage:** 1,414' on US 25 and 1,676 on South Old Asheville Road**Utilities:** All public**Zoning:** RC - Regional Commercial**Site Comments:****Improvement Data****Age** 1921 **Building SF** 86,033 **Quality** Average **Condition** Average**Notes:** Effective age is 40 years. It has 22,637 square feet of office and 63,396 square feet of warehouse.

EGI	Expenses	Expense Ratio	EGIM	?
\$/SF	NOI	OAR	Rent per SF	



Comparable Improved Sale Number 4

BRB Appraisal Associates, Inc.

Location: Hendersonville
Address: 707 Brooklyn Avenue
City: Hendersonville
County: Henderson

Record Number: 2715
Type: Industrial
Deed Book: 1347 **Page:** 029
PIN: 9578-31-5727

Grantor: Blackwell Realty Management, LLC
Grantee: B & S Easler Properties, LLC
Date of Sale: January 9, 2008
Sales Price: \$1,450,000
Terms of Sale: Free Market
Verification: Public Records, MLS#479821

CE Price \$1,450,000

Site Size Acres: 2.90
Shape: Near Rectangular
Topography: Level
Drainage: Appears Adequate
Frontage: Brooklyn Avenue
Utilities: All public

Site Size SF 126,324
Land to Building Ratio 5.92:1

Zoning: C-3 Highway Business

Site Comments:

Improvement Data

Age 2001 **Building SF** 21,340 **Quality** Average **Condition** Average

Notes: Included 3,900 sqft office. Effective year is 2003

EGI	Expenses	Expense Ratio	EGIM	?
\$/SF	NOI	OAR	Rent per SF	

