

**Appraisal Report of
Higdon House Inn & Gardens
Income Producing Property or Residential Property
Located at 301 W. Greene Street
Greensboro, Greene County, GA**

Prepared For

**Jeffery G. Hough
10370 Swift Stream PL APT 305
Columbia, MD 21044-4577**



Date of Value

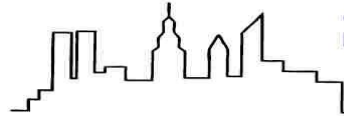
July 16, 2014

Date Prepared

July 16, 2014

Prepared By

**Vivian W. Searcy, MAI
GA State Certified General Real Estate Appraiser
#326617
Searcy Appraisal Services, LLC
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Dedicated Professionals...Building committed Relationships

July 16, 2014

Mr. Jeffery G. Hough
10370 Swift Stream PL APT 305
Columbia, MD 21044-4577

RE: Appraisal of Higdon House Inn & Gardens, located at 301 W. Greene Street, Greensboro, Greene County, Georgia.

Dear Mr. Hough:

In accordance with your request, I have prepared an Appraisal to provide the “as improved” opinion of real estate market value for the above referenced property. The opinion of value is to determine the basis for refinancing the subject property.

The subject of this appraisal report is an Income-Producing Property or Residential Property with associated land located at the address listed above. A full description of the property, market area characteristics, and other pertinent data will be described later in this report.

The following appraisal report summarizes the subject property, its general and immediate market area, and the method of approaches to the valuation problem and contains data gathered in the investigation for this assignment.

This appraisal and report has been prepared in conformance with the Uniform Standards of Professional Appraisal Practice (“USPAP”) adopted by the Appraisal Standards Board of the Appraisal Foundation and the Code of Professional Ethics of the Appraisal Institute.

This appraisal report was not rendered on the basis of a requested minimum valuation, specific valuation, or an amount, which would result in the approval of a loan.

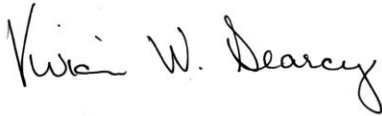
It is agreed between you and this appraiser that this report and estimate of value is made subject to certain "Limiting Conditions" following herein. The purpose of this appraisal was to estimate the Market Value of the fee simple estate of the subject property. The intended use of the appraisal is financial planning.

Subject to the definition of Market Value as set forth in this report, as well as the General Assumptions, Extraordinary Assumptions, and Limiting Conditions, I have formed the following opinion of the Total Real Estate Market Value for the Subject property, effective July 16, 2014:

“As Improved” Value of \$1,987,000
ONE MILLION NINE HUNDRED AND EIGHTY SEVEN THOUSAND DOLLARS

Respectfully Submitted,

Searcy Appraisal Services, LLC

A handwritten signature in cursive script that reads "Vivian W. Searcy".

Vivian W. Searcy, MAI
GA State Certified General Real Estate Appraiser
#326617

CERTIFICATION OF THE APPRAISER

The undersigned does hereby certify that, to the best of our knowledge and belief:

1. The statements of facts contained within this report are true and correct.
2. The reported analyses, opinions, and conclusions are limited only by the reported assumptions and limiting conditions and is our personal, impartial, and unbiased professional analyses, opinions, and conclusions.
3. The Appraiser has no bias with respect to the property that is the subject of this report and we have no personal interest with respect to the parties involved.
4. The Appraiser has no bias with respect to the property that is the subject of this report or to the parties involved with this assignment.
5. I have performed no (or specified) services, as an appraiser or in any capacity, regarding the property that is the subject of this report within a three year period immediately preceding acceptance of this assignment.
6. The Appraiser's compensation for or engagement is not contingent upon the development or reporting of a predetermined value or direction in value that favors the cause of the client, the attainment of a stipulated result, or the occurrence of a subsequent event directly related to the intended use of this appraisal.
7. The Appraiser's analyses, opinions, and conclusions have been developed, and this Summary Report has been prepared in conformity with the *Uniform Standards of Professional Appraisal Practice (USPAP)* of the Appraisal Foundation and the requirements of the Code of Professional Ethics and the Standards of the Professional Appraisal Practice of the Appraisal Institute. In addition, this report conforms to the requirements of the Financial Institutes Reform, Recovery, and Enforcement Act (FIRREA).
8. We certify that the use of this report is subject to the requirements of the Appraisal Institute relating to review by its duly authorized representatives.
9. Vivian W. Searcy made a personal inspection of the property that is the subject of this report.
10. No one other than those persons stated herein have provided significant real property appraisal assistance to the persons signing this certification.
11. As of the effective date of the appraisal, all signatories have current real estate appraisal licenses in good standing with the State of Florida, and Vivian W. Searcy, State Certified

General Appraiser, has completed the continuing education requirements of the Appraisal Institute.

In the Appraiser's opinion, the subjects real property identified as Higdon House Inn & Gardens, located at 301 W. Greene Street, Greensboro, Greene County, Georgia 30642 had a Total Real Estate Market Value as of July 16, 2014 of:


“As Improved” Value of \$1,987,000

ONE MILLION NINE HUNDRED AND EIGHTY SEVEN THOUSAND DOLLARS

Effective Date of Valuation: *July 16, 2014*

Inspection Date: *July 16, 2014*

Date Signed: *August 22, 2014*

A handwritten signature in cursive script that reads "Vivian W. Searcy".

Vivian W. Searcy, MAI
GA State Certified General Real Estate Appraiser
326617

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PART I – GENERAL INFORMATION

GENERAL LOCATION MAP



SUMMARY OF APPRAISAL



Property Identification	:	Higdon House Inn & Gardens 301 W. Greene Street Greensboro, Greene County, Georgia
Location	:	North side of West Greene Street and west side of North Spring Street, Greensboro, Greene County, Georgia.
Property Rights Appraised	:	Fee Simple Estate
Property Type	:	Wedding and Event Venue
Site Data	:	2.26 acres, more or less
Land Area	:	98,446 Square Feet (2.26 acres), more or less
Zoning	:	B-2 General Commercial Highway Oriented District
Land Use Designation	:	Commercial
Highest and Best Use	:	The highest and best use of the site as vacant is for commercial development. The highest and best use as improved is for the continued use of the existing improvements as a Wedding and Event Venue.

Purpose of Appraisal

: The purpose of the appraisal assignment is to develop an opinion of market value of the above-stated interests in the subject property. Market value, Fee Simple Estate is defined as follows:

“Market Value” is 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 the seller, each acting prudently, knowledgeably, and assuming the price is not affected by undue stimulus. Implicit in this definition is the consummation of a sale as of a specified date and the passing of title from seller to buyer under conditions whereby:

Buyer and seller are typically motivated;
Both parties are well informed or well advised, and each acting in what he considers his own best interest;

A reasonable time is allowed for exposure in the open market;

Payment is made in terms of cash and US dollars or in terms of financial arrangements comparable thereto;

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.

“Fee Simple Estate” Ownership of a title in fee simple establishes the interest in a property known as the fee simple estate-i.e., 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.

Owners in a fee simple may choose to improve or not to improve their property. They may also retain ownership or transfer property title by selling the property or giving it away. When a fee owner dies, the property passes to his or her heirs or to others named in the will. This transfers an estate, a right or interest in property.

Client	: Mr. Jeffery Hough 10370 Swift Stream PL APT 305 Columbia, MD 21044-4577
Reporting Option	: Appraisal Report
Present Use	: Commercial
Property ID #	: G060000020
Effective Date of Appraisal	: March 15, 2013
Report Date	: March 18, 2013
Intended Use of Appraisal	: The Appraiser's understanding is this appraisal will be utilized for financial planning.
Intended Users of Appraisal	: The intended users of this appraisal report include Mr. Jeffery G. Hough. Due to various reporting requirements of other third party users of appraisal products and services no other use of this report is authorized without written consent.
Owner(s)	: Jeffery G. Hough & Jack Rallo
Owner Occupied	: On March 15, 2013, the appraiser conducted the Inspection in presence of owner.
Access	: West side of Hwy 77.
Legal Description	: See Appendix B of this appraisal report.

Sales Data : The appraiser has no knowledge of the subject being listed or having a sales contract at time of appraisal.

Value Indications as of July 16, 2014 :

Sales Comparison Approach	\$1,590,000
Income Approach	\$1,512,000
Income Approach	\$1,987,000
Final Value Conclusion	\$1,987,000
Marketing & Exposure Times	: 18 - 24 months

OVERVIEW OF APPRAISAL REPORT

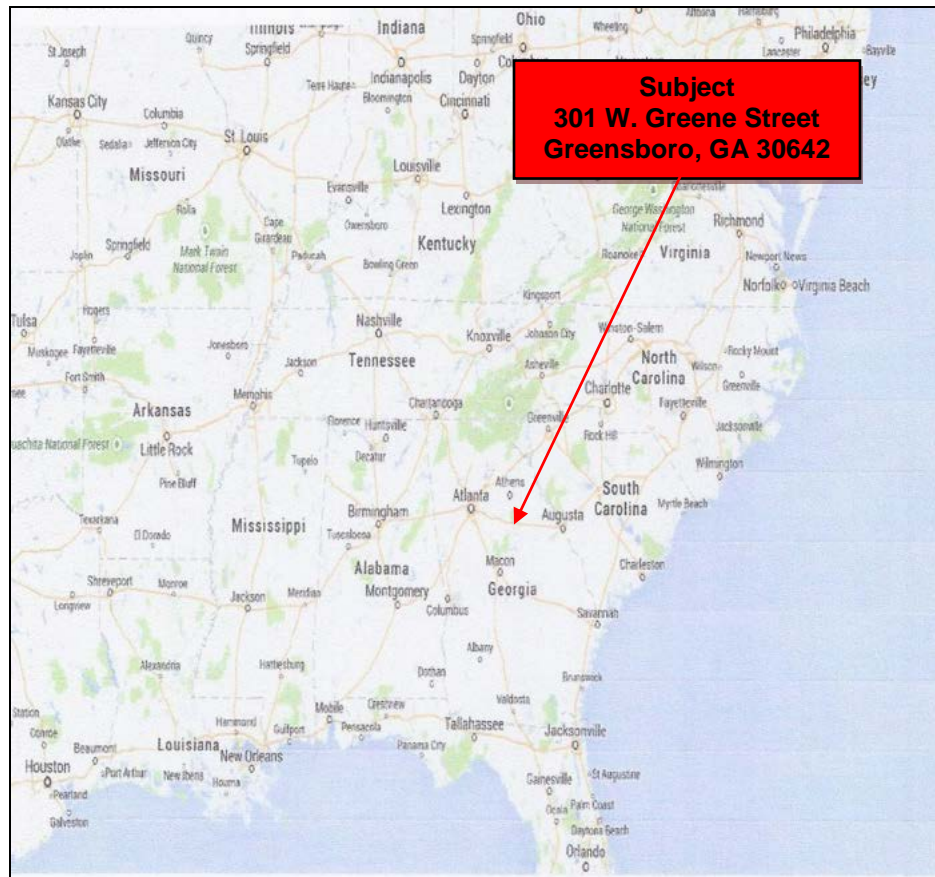
Identification of the Subject Property

The subject is a wedding and event venue located at 301 W. Greene Street, Greensboro, Greene County, Georgia. Higdon House Inn & Gardens is a two-story Event Venue with six guest rooms and six private baths located within the Historic District of Greensboro, Georgia. The subject is a French Victorian House, built in Circa 1810/1820 and consists of 5,889 square feet of heated and cooled area, reception pavilion containing 6,000 square feet, outdoor chapel, and 2.26 acres or 98,446 square feet of land. The subject is located near Lake Oconee, 80 miles east of Atlanta, 60 miles west of Augusta, and 30 miles south of Athens.

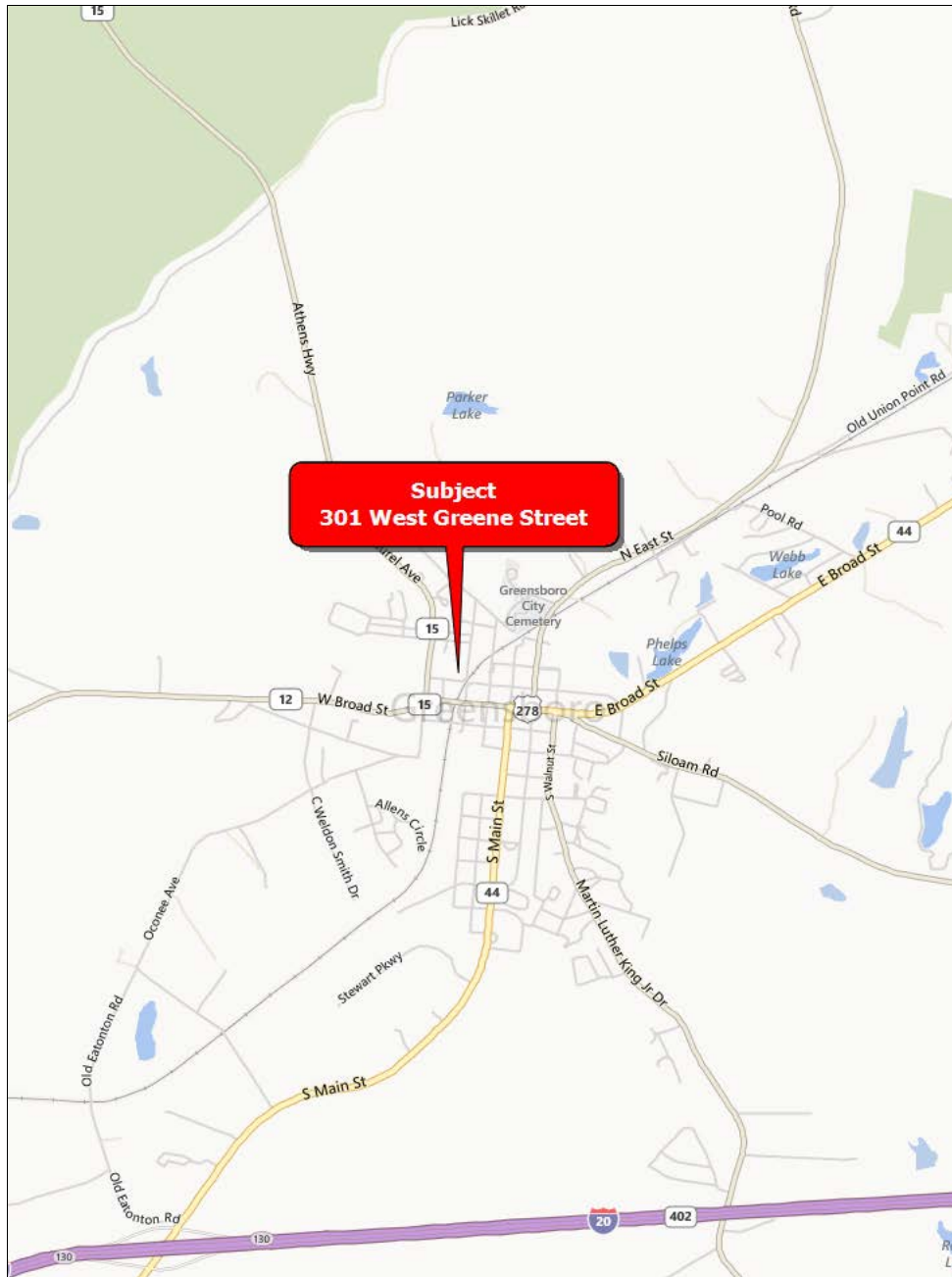
The subject and all improvements are in good condition with excellent curb appeal and landscaping. There have been extensive renovations and upgrades during the years.

The improvements are located on the north side of W. Greene Street and west side of N. Spring Street within the City Limits of Greensboro.

Georgia Map View



Greensboro, Georgia – Subject Location Map



Property Rights Appraised

The property rights appraised are the rights of the Fee Simple Estate.

Purpose of the Appraisal

The purpose of this appraisal is to estimate the market value of the Fee Simple Estate.

Intended Use of the Report

The intended use of the appraisal report is financial planning.

Client and Intended User(s)

The Client of this report is Jeffery G. Hough. No other party shall have the right to rely on this report or any service by Searcy Appraisal Service, LLC without prior written consent.

Definition of Market Value

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

- (a) buyer and seller are typically motivated;
- (b) both parties are well informed or well advised, and each acting in what he considers his own best interests;
- (c) a reasonable time is allowed for exposure in the open market;
- (d) payment is made in terms of cash in U.S. dollars or in terms of financial arrangements comparable thereto; and
- (e) 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.¹

The most probable price, as of a specified date, in cash or in terms equivalent to cash, or in other precisely revealed terms, for which the specified property rights should sale after reasonable exposure in a competitive market under all conditions requisite to a fair sale, with the buyer and seller each acting prudently, knowledgeably, and for self interest, and assuming that neither is under undue duress.

Definition of Fee Simple Estate

Ownership of a title in fee simple establishes the interest in a property known as the fee simple estate-i.e., absolute ownership unencumbered by any other interest or estate, subject only to the

¹ Uniform Standards of Professional Appraisal Practice, Page 1-7; Federal Reserve System, 12 CFR parts 208 and 225, Sec. 225.62; Office of the Comptroller of the Currency, 12 CFR Part 34, Sec. 34.42, FDIC, 12 CFR Part 323, Sec. 323.2; Office of Thrift Supervision, 12 CFR Part 564, Sec. 564.2; National Credit Union Administration, 12 CFR Part 722, Sec. 722.2; Appraisal Institute, The Dictionary of Real Estate Appraisal 5th Edition, 2010

limitations imposed by the governmental powers of taxation, eminent domain, police power, and escheat.

Owners in fee simple may choose to improve or not to improve their property. They may also retain ownership or transfer property title by selling the property or giving it away. When a fee owner dies, the property passes to his or her heirs or to others named in the will. This transfers an estate, a right or interest in property.

Effective Date of Appraised Value

July 16, 2014

Date of Property Inspection

Date of Site Visit: July 16, 2014
Appraiser Present: Vivian W. Searcy

Subject Site

The subject site was inspected including on-site and off-site improvements, roadways, visible easements, site conditions, drainage, utilities available, and site accessibility. Measurements of the site were provided by Greene County Georgia Tax Assessors Website.

Photographs taken during the subject property inspection include the following:

- Roadways and Site Access
- Interior Views of Subject
- Exterior View of Subject
- Views of Subject Site

Date of Appraisal Report

July 16, 2014

TYPE AND EXTENT OF DATA RESEARCHED

General Data

Gathered and analyzed social, economic, governmental, and environmental data from Greene County, Georgia and the subject's immediate submarket.

Data sources include: Greene County Georgia Tax Assessors Office, Greene County Georgia Planning & Zoning Department, FFIEC, US Census Bureau

Specific Data

Specific data relates to the property being appraised and to comparable properties. This data includes legal, physical, locational, cost, and income and expense information about the properties and the details of comparable sales.

Data gathered and analyzed pertaining to the subject property included sales of similar bed and breakfast buildings and residential properties.

Competitive Supply and Demand

Competitive supply and demand data relate to the competitive position of the property in its future market. Supply data includes inventories of existing and proposed competitive properties, vacancy rates, and absorption rates. Demand data may consist of population, income, employment, and survey data pertaining to potential property users.

Demand was analyzed using current and projected population figures and historic demand based on comparable multi-tenant office center properties. Supply was analyzed using primary data gathered and confirmed during the assignment.

Report Type

As requested by the client, this appraisal has been prepared in an Appraisal Report format in conformance with Standards Rule 2-2(b) Report Options of the Uniform Standards of Professional Appraisal Practice effective January 1, 2014.

As such, the report presents summary discussions of the data, reasoning, and analyses that were used in the appraisal process to develop the appraiser's opinion of value. Supporting documentation has been retained in the appraiser's file. The depth of discussion contained in this report is specific to the needs of the client and for the intended use stated previously in this report.

TYPE AND EXTENT OF ANALYSIS APPLIED TO THE APPRAISAL PROBLEM

The following appraisal methods and techniques were used in the analysis of the subject property:

APPROACHES TO VALUE USED AND EXCLUDED

Sales Comparison (Market) Approach

The Sales Comparison Approach was used to provide an opinion of the "as is" market value of

the subject property. Sales were gathered from reliable sources and confirmed with at least one party to the transaction. Adjustments to the sales were made using paired sales analysis and other market supported quantitative adjustments.

This approach was used to arrive at the estimated value of the land and building. The direct sales approach to value is considered most relevant and applicable to vacant land as it most accurately reflects buyer-seller reactions when a sufficient number of recent comparable sales are available. The sales comparison/market approach is based upon an analysis of individual properties similar to subject in size, location, type of use, conditions, and amenities. The strength of this approach depends upon the number of comparable sales found and the ability to adjust the same. This approach is employed in the appraisal of all types of properties where market data is available.

Comparable sales elsewhere in this appraisal report were analyzed and compared with the subject to arrive at the final estimated value reported for the subject.

Cost Approach

The Cost Approach is to arrive at reproduction or replacement cost using a square-foot cost or a cubic-foot cost taken from known cost data. Data used was obtained from Marshall & Swift, *Market Valuation Service*.

The cost approach is one in which the appraiser obtains a preliminary estimate by adding the estimated value of the land to the estimate of the depreciated reproduction or replacement cost of the building and equipment. The theory of the cost approach starts with the assumption that the replacement cost is the upper limit of value. It also assumes that since a new building would have advantages over the existing one, the appraiser must also evaluate the disadvantages or deficiencies of the existing building as compared to a new one.

There are three types of depreciation the appraiser must consider:

1. *Physical depreciation*, indicating the physical wearing-out of the property;
2. *Functional depreciation*, indicating the lack of functional desirability of the property as compared with a new one serving the same purpose;
3. *Economic depreciation*, resulting from the loss in value due to causes outside the property itself.

Income Approach

Methodology

The Income Approach is a procedure in appraisal analysis where anticipated economic benefits to be derived from property ownership are converted into a value estimate through a capitalization process. The principle of “anticipation” underlying this approach recognizes that a prudent investor recognizes a relationship between income and asset value.

The process of forecasting anticipated economic benefits from a particular property requires the estimation of potential income and expense, and the selection of the most appropriate capitalization method.

The two most common methods of processing net income into value are direct capitalization and discounted cash flow analysis. In direct capitalization, net operating income is divided by an overall rate extracted directly from market sales to indicate a value. In the discounted cash flow method, anticipated future income streams and a reversionary value are discounted to an estimated present value.

Highest and Best Use Defined

“That reasonable and probably use that will support the highest present value, as defined, as of the effective date of the appraisal.

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

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

Implied within these definitions is recognition of the contribution of that specific use to community environment or to community development goals in addition to wealth maximization of individual property owners.

Also implied is that the determination of highest and best use results from the appraiser's judgment and analytical skill, i.e., that the use determined from analysis represents an opinion, not a fact to be found. In appraisal practice, the concept of the highest and best use represents the premise upon which value is based. In the context of most probable selling price (market value), another appropriate term to reflect highest and best use would be probable use. In the context of investment value, an alternative term would be most profitable use.”²

Competency of the Appraisers

The appraiser has both the knowledge and the experience within the subject's geographic area required to perform the requested appraisal service competently for the particular property type. Vivian Searcy prepared this appraisal, selected comparable data, applied the cost approach, and developed the income approach.

² AIREA & SREA, *Real Estate Terminology*

Appraisal Development and Reporting Process

In preparing this appraisal, the appraiser:

- Inspected the subject site.
- Gathered and confirmed information regarding sales of similar properties in the immediate and extended market area.
- Inspected the comparable properties.
- Performed a Sales Comparison Approach to determine the “As Improved” market value of the subject property.
- Performed a Direct Capitalization Income Approach to determine the market value of the subject property with multiple tenants.
- Performed a Cost Comparison Approach to determine cost value of the subject.

This summary report will identify the subject property, state the interest being appraised, the purpose and intended use of the appraisal, state the date of value, and define market value. This section describes the extent and process of collecting, confirming, and reporting data, and is followed by the assumptions and limiting conditions of the report.

Additionally, this report will provide factual data about the subject marketing area and the subject property, present a Highest and Best Use Analysis, our Valuation Methodology and the applicable approaches to market value and reconciliation of market value.

GENERAL ASSUMPTIONS

1. The legal description used in this report is assumed to be correct. Our reported land area is based on dimensions provided by the Greene County, Georgia Tax Assessors Office, Greene County Clerk of the Court records and is assumed accurate.
2. No responsibility is assumed for matters of legal nature affecting title to the property nor is an opinion of title rendered. The title is assumed to be good and merchantable.
3. Information and data furnished by others is usually assumed to be true, correct, and reliable. When such information and data appears to be dubious and when it is critical to the analysis, a reasonable effort has been made to verify all such information; however, the consultant assumes no responsibility for its accuracy.
4. All mortgages, liens, encumbrances, leases, and servitude have been disregarded unless so specified within the report. The property is analyzed as though under responsible ownership and competent management.
5. It is assumed that there are no hidden or unapparent conditions of the property, subsoil, or structure, which would render it more or less valuable. No responsibility is assumed for such conditions or for engineering, which may be required to discover them.
6. It is assumed that there will be full compliance with all-applicable federal, state, and local environmental regulations and laws unless noncompliance is stated, defined, and considered in this report.
7. It is assumed that the improvements are in compliance with all applicable zoning and land use regulations and restrictions unless non-conformity has been stated, defined, and considered in this report.
8. It is assumed that all required licenses, consents, or other legislative or administrative authority from any local, state, or national governmental or private entity or organization can be obtained or renewed for any use on which the value estimate contained in this report is based.
9. It is assumed that the utilization of the land and improvements are within the boundaries or property lines of the property described and that there is no encroachment or trespass unless noted within this report.
10. We are not experts in determining the presence or absence of hazardous substances, defined as all hazardous or toxic materials, wastes, pollutants, or contaminants (including, but not limited to, asbestos, PCB, UFFI, or other raw materials or chemicals) used in construction, or otherwise present on the property. We assume no responsibility for the studies or analyses, which would be required to determine the presence or absence of such substances or for loss as a result of the presence of such substances.

GENERAL LIMITING CONDITIONS

1. The consultant will not be required to give testimony or appear in court because of having made this analysis, with reference to the property in question, unless arrangements have been previously made thereof.
2. Possession of the report, or copy thereof, does not carry with it the right of publication. It may not be used for any purpose by any person other than the party to whom it is addressed without the written consent of the consultant, and in any event only with proper written qualifications and only in its entirety.
3. The distribution of the total valuation in this report between land and improvements, if any, applies only under the reported highest and best use of the property. The allocations of value for land and improvements must not be used in conjunction with any other appraisal and are invalid if so used.
4. We were not provided a Phase I Environmental Site Assessment Report for the subject property. It is assumed that there are no apparent environmental concerns currently present at the subject site.
5. Neither all nor any part of the contents of this report, or copy thereof, shall be conveyed to the public through advertising, public relations, news, sales, or any other media without written consent and approval of the consultant. Nor shall the consultant, firm, or professional organization of which the consultant is a member be identified without written consent of the consultant.
6. Neither our name nor report may be used in conjunction with any financing plans, which would be classified as a public offering under state or federal securities laws.
7. Acceptance of and/or use of this report constitutes acceptance of the foregoing General Assumptions and General Limiting Conditions.
8. Determination of compliance with ADA standards is beyond appraisal expertise and, therefore, has not been attempted by the appraisers. It is assumed that local building permit requirements will ensure that the improvements are in compliance with ADA standards.

HYPOTHETICAL CONDITIONS

A hypothetical condition is defined as:

”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:

- a. Use of the hypothetical condition is clearly required for legal purposes, for purposes of reasonable analysis, or for purposes of comparison;
- b. Use of the hypothetical condition results in a credible analysis; and
- c. The appraiser complies with the disclosure requirements set forth in USPAP for hypothetical conditions. (USPAP, 2014 - 2015 ed.)³

SPECIAL REPORT CONDITIONS, APPRAISER’S LIABILITY LIMITATIONS AND CLIENT AGREEMENTS

The acceptance of the report and its use by the client(s) in any manner whatsoever or for any purpose is acknowledgment by them that this report is a satisfactory professional product, and that they have personally read the report and specifically agree that the data herein is accurate to the best of the Appraiser’s ability.

The report remains the personal property of the signer and may not be transmitted to a third party without written permission.

The Appraiser’s personal responsibility does not extend to a third party under any circumstances whatsoever.

As part of the Appraiser-Client employment agreement, the client agrees to notify the Appraiser of any error, omission, or invalid data herein within 15 days of receipt and return the report along with all copies to the Appraiser for correction prior to any use whatsoever.

Under no circumstances, shall the Company’s or Appraiser’s liability exceed the fee actually collected for this report and then only in case of a gross error which would have materially affected the Appraiser’s value opinion as of the date of valuation.

By acceptance of this report, the Client acknowledges that a value opinion is the product of a professionally trained mind, but nevertheless is only an opinion and not a provable fact. As a personal opinion, valuation may vary between Appraisers based on the same facts.

The Appraiser warrants only that the value conclusion is her best opinion estimate as of the exact day of valuation.

³ Appraisal Institute, The Dictionary of Real Estate Appraisal (5th ed., 2010)

POLICY STATEMENT OF THE APPRAISAL INSTITUTE

It is improper to base a conclusion or opinion of value upon the premise that the racial, ethnic or religious homogeneity of the inhabitants of an area or of a property is necessary for maximum value.

Racial, religious, and ethnic factors are deemed unreliable predictors of value trends or price variance.

It is improper to base a conclusion or opinion of value or a conclusion with respect to neighborhood trends upon stereotyped or biased presumptions relating to the effective age or remaining life of the property being appraised or the life expectancy of the neighborhood in which it is located.

PART II – INTRODUCTION

SCOPE OF THE APPRAISAL

IDENTIFICATION OF THE PROPERTY AND INTEREST APPRAISED



Scope of the Assignment

Searcy Appraisal Services, LLC has been requested by Jeffery G. Hough to prepare an appraisal of the Higdon House Inn & Gardens located at 301 W. Greene Street, Greensboro, Greene County, Georgia.

The purpose of this appraisal is to estimate the Market Value of the fee simple estate in the property in its “as is,” condition. The subject is a wedding and event venue. In arriving at the value estimate, we have prepared the Sales Comparison, the Cost, and Income approaches to value.

The scope of the appraisal included an inspection of the property and the neighborhood. Public record information considered in our analysis of the subject was obtained from the Greene County Tax Assessors Office. Information regarding sales of comparable properties was obtained by using Loopnet, and additional research of the public records, and other third-party sources.

For comparable information, we consulted with real estate brokers and leasing agents, and owner/operators of similar buildings in the general market area.

PURPOSE, FUNCTION AND DATE OF APPRAISAL

The purpose of this appraisal is to estimate the Real Estate Market Value, "as is" of the fee simple interest in the Subject property, under economic conditions prevailing on July 16, 2014, the date of appraisal.

The function of this appraisal is to provide a basis for financial planning. The Client is Jeffery Hough, and/or their assigned Intended Users of the report and/or their agents and assigns.

DEFINITION OF VALUE AND INTEREST APPRAISED

According to Code of Federal Regulations, Title XI of the financial Institutions Reform, Recovery and Enforcement Act of 1989 ("FIRREA"), "Market Value" is defined as follows:

Market Value

The most probable price which a property should bring in a competitive and open market under all conditions requisite to a fair sale, the buyer and seller, each acting prudently, knowledgeably and assuming the price is not affected by undue stimulus. Implicitly 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 each acting in what he considered his own best interest;
- A reasonable time is allowed for exposure on 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.

PROPERTY RIGHTS APPRAISED

The property rights appraised are the rights of the Fee Simple Estate.

Fee Simple Estate

Absolute ownership unencumbered by any other interest or estate; subject only to the limitations

of eminent domain, escheat, police power, and taxation.⁴

Market Rent

The rental income that a property would most probably command on the open market; indicated by current rents paid and asked for comparable space as of the date of the appraisal.

REPORT TYPE

Per agreement with the client, this report has been prepared in an Appraisal **Report** format in conformance with **Standard Rule 2-2(b)** of the Uniform Standards of Professional Appraisal Practice 2014 – 2015 effective January 1, 2014.

As such, the report presents summaries of the data, reasoning, and analyses that were used in the appraisal process to develop the appraiser's opinion of value.

Income Approach

Methodology

The Income Approach is a procedure in appraisal analysis where anticipated economic benefits to be derived from property ownership are converted into a value estimate through a capitalization process. The principle of "anticipation" underlying this approach recognizes that a prudent investor recognizes a relationship between income and asset value.

The process of forecasting anticipated economic benefits from a particular property requires the estimation of potential income and expense, and the selection of the most appropriate capitalization method.

The two most common methods of processing net income into value are direct capitalization and discounted cash flow analysis. In direct capitalization, net operating income is divided by an overall rate extracted directly from market sales to indicate a value. In the discounted cash flow method, anticipated future income streams and a reversionary value are discounted to an estimated present value.

ASSIGNMENT CONDITIONS

Assignment conditions include assumptions, extraordinary assumptions, hypothetical conditions, supplemental standards, jurisdictional exceptions, and other conditions that affect the scope of work.

COMPETENCY OF THE APPRAISERS

The appraiser has both knowledge and the experience within the subject's geographic area

⁴ Appraisal Institute, The Dictionary of Real Estate Appraisal 5th Edition, 2010

required to perform the requested appraisal service competently for the particular property type.

HISTORY OF THE PROPERTY

According to the Greene County Tax Assessors website, the property is held in the name of Jeffery G. Hough and Jack Rallo, whose address is 301 West Greene Street, Greensboro, GA 30642. The current owner purchased the land and improvements from Kay Georgia Higdon on 11/07/2001 for an indicated \$355,000 and was a qualified sale.

LEGAL DESCRIPTION

Subject to survey.

ESTIMATED EXPOSURE AND MARKETING TIME

Exposure time is that time the property is assumed to have been on the market before the sale assumed on the date of appraisal. It is our opinion that with a reasonable listing price and aggressive marketing, the subject exposure time would be approximately 18-24 months. Marketing time is that time, at any price, that the subject property would take to sell from the date of appraisal forward, i.e., after the date of appraisal. The relationship between price and marketing time is straightforward and normally, the lower the price, the less time to market. It differs from exposure time in that it considers anticipated change in the market, including the recent upward swing in most commercial real estate values and the subsequent renewed interest in real estate as an investment.

For the purpose of this valuation, the subject property is presumed to have a marketing time of 18-24 months with an exposure time of 18-24 months. The local market lacks sufficient comparable sales data for this type of property to draw any conclusions as to a typical marketing time frame for the subject. These estimates are considered generally typical for this type of property in the local market, although not many transactions of this type take place any given year.

NEIGHBORHOOD ANALYSIS

Surrounding Land Uses

Land uses immediately surrounding the subject are as follows.

North: City Building
South: Residential
East: City Building/Residential
West: Residential

Conclusion

The subject's market area is the downtown central business district of the City of Greensboro,

which has the greatest population concentration and is the center of commerce and government for Greene County.

Definition of Fee Simple Estate

Absolute ownership unencumbered by any other interest or estate; subject only to the limitation of eminent domain, escheat, police power, and taxation.⁵

Definition of Highest and Best Use

Highest and best use is defined as:

1. the reasonable and probable use that supports the highest present value of vacant land or improved property, as defined, as of the date of the appraisal;
2. the reasonably probable and legal use of land or sites as though vacant, found to be physically possible, appropriately supported, financially feasible, and that results in the highest present land value; and
3. the most profitable use.
4. 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, greenbelts, preservation, conservation, wildlife habitats, and the like.⁶

Date of Property Inspection

Date of Site Visit: July 16, 2014

Appraiser Present: Vivian W. Searcy

Appraisal Development and Reporting Process

⁵ Appraisal Institute, **The Dictionary of Real Estate Appraisal 5th Edition** 2010

⁶ Ibid.

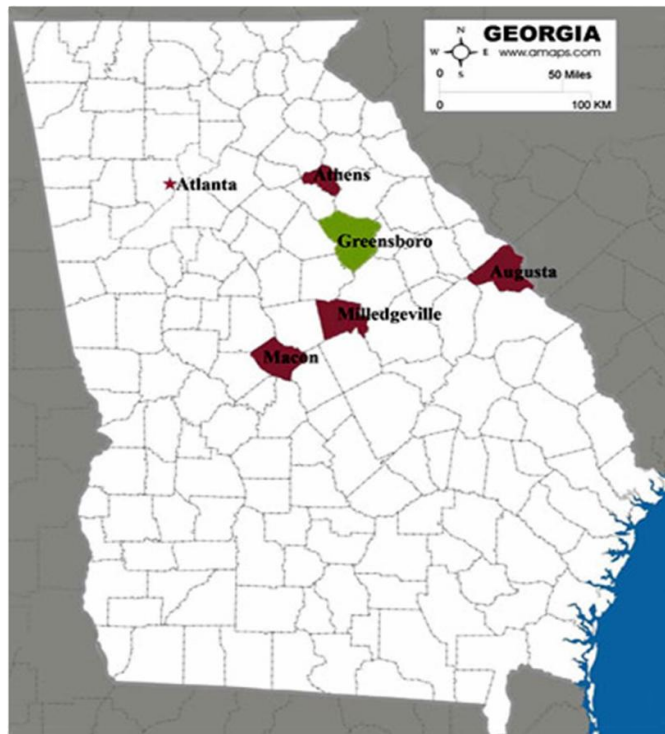
In preparing this appraisal, the appraisers:

- Inspected the subject site.
- Gathered and confirmed information regarding land sales in the immediate and extended market area.
- Inspected the comparable properties.
- Performed a Sales Comparison Approach to determine the “As Improved” market value of the subject property.
- Performed a Cost Approach to determine the market value of the subject property.
- Performed an Income Approach to determine market value of subject property.

This summary report will identify the subject property, state the interest being appraised, the purpose and intended use of the appraisal, state the date of value, and define market value. This section describes the extent and process of collecting confirming and reporting data, and is followed by the assumptions and limiting conditions of the report.

Additionally, this report will provide factual data about the subject marketing area and the subject property, present a Highest and Best Use Analysis, a Valuation Methodology, and the applicable approaches to market value and reconciliation of market value.

Greene County, Georgia Area Analysis



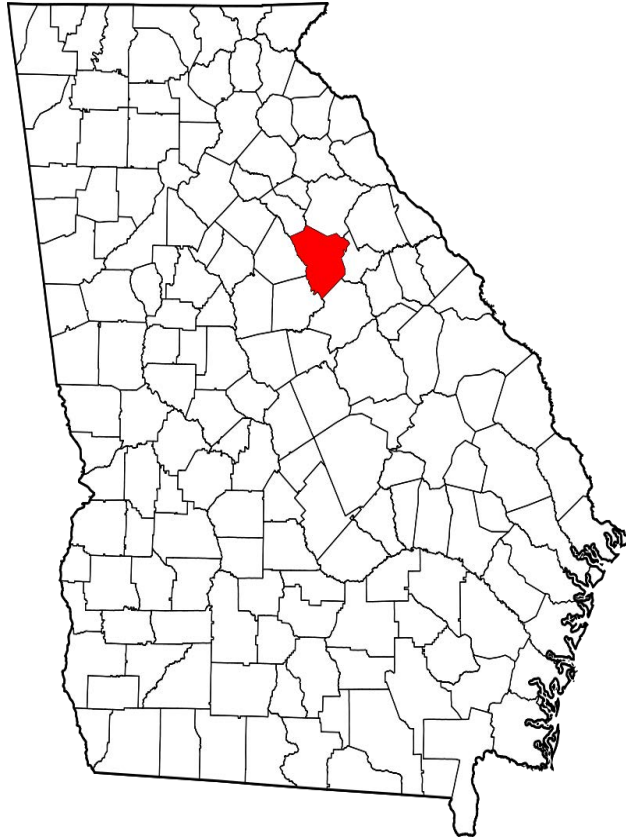
Overview

Greene County, Georgia “Georgia’s Lake Country” is located 75 miles east of Atlanta, half way between Atlanta and Augusta on I-20 at exits 130 and 138. The county seat of Greene County is located in Greensboro, Georgia. Greensboro, Georgia is located in the heart of the Lake Oconee District. Greene County, Georgia is the home of the Oconee National Forest. The principal cities in Bay County are Greensboro, Siloam, Union Point, White Plains, and Woodville.

The subject of this appraisal is located within the city limits of Greensboro at 301 West Greene Street, Greensboro, Georgia. The City of Greensboro is centrally located in Greene County. Volunteerism is common in Greensboro, and there are many volunteer boards and committees that report to City Commission. Among other things, amenities found in Greensboro include Lake Oconee, golf, hunting, fishing, water sports, and shopping.

Founded in 1786, Greensboro is the county seat and hometown of Lake Oonee. Selected in 1997 as one of the first five Better Homes Town Communities in Georgia, it is steeped in southern history and tradition, rich with elegant antebellum homes and churches. Greensboro’s “Goal” is one of the oldest penal structures in Georgia and the Green County Courthouse is one of the finest examples of stately revival architecture. The historical buildings in the downtown area are filled with enticing wares, featuring antiques, clothing, gifts, and jewelry. The community has maintained a unique character with the recognition of being listed on the National Register of Historical Places for five distinct historic districts and numerous individual sites.

Greene County, Georgia Location Map



As of 2010, the population of Greene County is 15,994 and the population of Greensboro is 3,359. The county saw a 1.11% increase in population between 2000 and 2010.

Greene County, Georgia

Greene County is a county located in the U.S. state of Georgia. As of the 2010 census, the population was 15,994. The county saw a 1.11% increase in population between 2000 and 2010..^[1] The county seat is Greensboro.^[2] The county was created on February 3, 1786 and is named for Nathanael Greene, an American Revolutionary War major general.

Greene County, Georgia



Greene County Courthouse in Greensboro



Location in the state of [Georgia](#)



Georgia's location in the [U.S.](#)

Founded	1786
Named for	<u>Nathanael Greene</u>
<u>Seat</u>	<u>Greensboro</u>
Largest city	Greensboro
Area	
• Total	406 sq mi (1,052 km ²)
• Land	387 sq mi (1,002 km ²)
• Water	19 sq mi (49 km ²), 4.6%
Population	
• (<u>2010</u>)	15,994
• Density	41/sq mi (16/km ²)
Congressional district	<u>10th</u>
<u>Time zone</u>	<u>Eastern: UTC-5/-4</u>
Website	<u>www.greenecountyga.gov</u>







History

Greene County was formed on February 3, 1786, from land given by Washington County. It was named in honor of General Nathanael Greene, a hero of the American Revolutionary War.^[3]

Geography

According to the U.S. Census Bureau, the county has a total area of 406 square miles (1,050 km²), of which 387 square miles (1,000 km²) is land and 19 square miles (49 km²) (4.6%) is water.^[4]

Major highways

-  [Interstate 20](#)
-  [U.S. Route 278](#)
-  [State Route 12](#)
-  [State Route 15](#)
-  [State Route 44](#)
-  [State Route 77](#)
- [State Route 402](#) (unsigned designation for I-20)

Adjacent counties

- [Oglethorpe County](#) (north)
- [Taliaferro County](#) (east)
- [Hancock County](#) (southeast)
- [Putnam County](#) (southwest)
- [Morgan County](#) (west)
- [Oconee County](#) (northwest)

National protected area

- [Oconee National Forest](#)

Demographics

At the 2000 census^[9], there were 14,406 people, 5,477 households and 4,042 families residing in the county. The population density was 37 per square mile (14/km²). There were 6,653 housing units at an average density of 17 per square mile (7/km²). The racial makeup of the county was 52.95% White, 44.45% Black or African American, 0.25% Native American, 0.25% Asian, 0.06% Pacific Islander, 1.49% from other races, and 0.56% from two or more races. 2.92% of the population were Hispanic or Latino of any race.

There were 5,477 households of which 29.20% had children under the age of 18 living with them, 51.00% were married couples living together, 18.30% had a female householder with no husband present, and 26.20% were non-families. 23.00% of all households were made up of individuals and 10.10% had someone living alone who was 65 years of age or older. The average household size was 2.59 and the average family size was 3.02.

25.10% of the population were under the age of 18, 8.70% from 18 to 24, 24.30% from 25 to 44, 27.50% from 45 to 64, and 14.40% who were 65 years of age or older. The median age was 39 years. For every 100 females there were 91.90 males. For every 100 females age 18 and over, there were 88.50 males.

The median household income was \$33,479 and the median family income was \$39,794. Males had a median income of \$31,295 versus \$20,232 for females. The per capita income for the county was \$23,389. About 16.00% of families and 22.30% of the population were below the poverty line, including 33.80% of those under age 18 and 20.20% of those age 65 or over.

Communities

- Greensboro
- Scully Shoals
- Siloam
- Union Point
- White Plains
- Woodville

People	Greene County	Georgia
Population, 2013 estimate	16,321	9,992,167
Population, 2010 (April 1) estimates base	15,994	9,687,663
Population, percent change, April 1, 2010 to July 1, 2013	2.0%	3.1%
Population, 2010	15,994	9,687,653
Persons under 5 years, percent, 2013	5.5%	6.7%
Persons under 18 years, percent, 2013	19.5%	24.9%
Persons 65 years and over, percent, 2013	25.4%	12.0%
Female persons, percent, 2013	51.4%	51.1%
White alone, percent, 2013 (a)	60.9%	62.5%
Black or African American alone, percent, 2013 (a)	36.9%	31.4%
American Indian and Alaska Native alone, percent, 2013 (a)	0.4%	0.5%
Asian alone, percent, 2013 (a)	0.4%	3.7%
Native Hawaiian and Other Pacific Islander alone, percent, 2013 (a)	0.1%	0.1%
Two or More Races, percent, 2013	1.2%	1.9%
Hispanic or Latino, percent, 2013 (b)	6.3%	9.2%
White alone, not Hispanic or Latino, percent, 2013	55.8%	54.8%
Living in same house 1 year & over, percent, 2008-2012	92.1%	83.3%
Foreign born persons, percent, 2008-2012	4.1%	9.7%
Language other than English spoken at home, pct age 5+, 2008-2012	3.9%	13.1%
High school graduate or higher, percent of persons age 25+, 2008-2012	76.2%	84.4%
Bachelor's degree or higher, percent of persons age 25+, 2008-2012	19.4%	27.8%
Veterans, 2008-2012	1,439	701,808
Mean travel time to work (minutes), workers age 16+, 2008-2012	25.7	27
Housing units, 2013	8,882	4,109,896
Homeownership rate, 2008-2012	75.7%	66.0%
Housing units in multi-unit structures, percent, 2008-2012	6.8%	20.5%
Median value of owner-occupied housing units, 2008-2012	\$136,700	\$156,400
Households, 2008-2012	6,509	3,508,477
Persons per household, 2008-2012	2.42	2.7
Per capita money income in past 12 months (2012 dollars), 2008-2012	\$27,229	\$25,309
Median household income, 2008-2012	\$40,728	\$49,604
Persons below poverty level, percent, 2008-2012	22.5%	17.4%
Business	Greene County	Georgia
Private nonfarm establishments, 2012	413	216,308
Private nonfarm employment, 2012	4,327	3,390,540
Private nonfarm employment, percent change, 2011-2012	-0.7%	1.9%
Nonemployer establishments, 2012	1,366	797,404
Total number of firms, 2007	1,986	901,105
Black-owned firms, percent, 2007	14.6%	20.4%
American Indian- and Alaska Native-owned firms, percent, 2007	F	0.7%
Asian-owned firms, percent, 2007	F	5.1%
Native Hawaiian and Other Pacific Islander-owned firms, percent, 2007	F	0.1%

Hispanic-owned firms, percent, 2007	F	3.6%
Women-owned firms, percent, 2007	16.5%	30.9%
Manufacturers shipments, 2007 (\$1000)	673,247	144,280,774
Merchant wholesaler sales, 2007 (\$1000)	31,905	141,962,359
Retail sales, 2007 (\$1000)	137,147	117,516,907
Retail sales per capita, 2007	\$8,715	\$12,326
Accommodation and food services sales, 2007 (\$1000)	60,642	16,976,235
Building permits, 2012	114	24,350

Geography	Greene County	Georgia
Land area in square miles, 2010	387.44	57,513.49
Persons per square mile, 2010	41.3	168.4
FIPS Code	133	13
Metropolitan or Micropolitan Statistical Area	None	

(a) Includes persons reporting only one race.

(b) Hispanics may be of any race, so also are included in applicable race categories.

FN: Footnote on this item for this area in place of data

NA: Not available

D: Suppressed to avoid disclosure of confidential information

X: Not applicable

S: Suppressed; does not meet publication standards

Z: Value greater than zero but less than half unit of measure shown

F: Fewer than 100 firms

Source: US Census Bureau State & County QuickFacts

Demographics

- **Income:**
Per Capita: \$36,831
Per Household: \$46,380
- **Median age:** 39.1
48% male population
52% female population

Population

- Greene County - 16,151
- Greensboro - 3,359
- Union Point - 1,617
- Siloam - 282
- White Plains - 284
- Woodville – 321

Housing

- 8,688 houses (including 1,358) mobile homes
- 2.59 persons per household
- 23.6% rental housing
- \$386 median rental amount permonth
- \$124,300 median household value
- \$150,000 new median construction

Taxes

- The county's ad valorem tax digest grew from 601.78 million dollars in 2001 to 1.382 billion dollars in 2013.
- The mill has dropped from the 1995 rate at 22.44 mills (county, school and state) to 20.853 in 2013. The effective rate (tax/\$1,000) in the county is \$8.34.
- The city of Greensboro levy's 7.33 mills and Union Point 10.0 mills. The county adds 2 cents to the state's 4 cents in sales tax.
- The County and the cities of Greensboro and Union Point provide 100% ad valorem tax concessions for inventory common to manufacturing and warehousing operations (Freeport).

Education

- The Greene County School System, K-12 has an enrolment of 2,200, with Elementary Schools in Union Point and Greensboro. The Middle School and High School are located in Greensboro. The class of 10/11 graduated 77, with an average SAT of 1222. School system average is 15.1 students per teacher and approximately \$11,400 per student per year. The Charter School, Lake Oconee Academy, serves Pre-K4>7 and is adding a grade each year. There is a pre-K-12 private school; Nathanael Greene Academy, in Siloam with 130 students. There is also a 2K>2nd satellite campus for Gatewood Academy near Lake Oconee. Athens Technical College has a satellite campus in Greensboro, offering GED, College credit, technical and customized programs for all ages. University of Georgia is 33 miles north, in Athens, (34,700 Students) <> Georgia College & State University is 40 miles south, in Milledgeville, (6,750 Students).

Work Force

7,200 Non-Union

Unemployment as of 8/13- 8.4 %

Service - 36.8%

Manufacturing - 10.2%

Accommodation & Food - 16.2%

Construction - 10.1%

Agriculture - 5.1%

Government - 21.0%

69% of the work force lives in Greene County and 31% live outside the county and commute.

Largest Employers

Reynolds Plantation - 540

The Ritz-Carlton Lodge - 450

Board of Education - 300

Saint Mary's Good Samaritan Hospital-100

Board of Commissioners - 150

Unemployment Rates	
2001	8.9%
2002	12.4%
2003	7.3%
2004	6.0%
2005	7.0%
2006	6.2%
2007	5.5%
2008	6.8%
2009	11.0%
2010	11.2%
2011	10.4%
2012	9.6%

LOCATION

Distance from Greensboro (Lake Oconee Parkway, I-20, Exit #130) to:

- Athens, GA 33 miles 53 kilometers
- Atlanta, GA 75 miles 120 kilometers
- Augusta, GA 70 miles 112 kilometers
- Birmingham, AL 215 miles 344 kilometers
- Charleston, SC 210 miles 336 kilometers
- Greenville, SC 145 miles 232 kilometers
- Macon, GA 66 miles 105 kilometers
- Savannah, GA 198 miles 317 kilometers

Greene County I-20 Exits:

Exit 130 = City of Greensboro and crossing of GA 44

Exit 138 = City of Siloam and crossing of GA 15 & 77



TRANSPORTATION

CSX Railroad main line serves the county from Greensboro to Union Point. Piggyback yards are in Atlanta. Deepwater ports in Brunswick and Savannah, Georgia and Charleston, South Carolina.

The Greene County Airport is located 2 miles east of Greensboro, the 5,500 x 75 foot runway, has LOC/DME, DME and NDB. The FBO sells aviation fuels and provides hangers, pilot lounge and car rental. A new terminal opened in the spring of 2005. Elevation 678 feet -- Airport ID 3J7

MEDICAL

The county's medical services are provided by the St. Mary's Good Samaritan Hospital. St. Mary's Good Samaritan Hospital is guided by the St. Mary's Health Care System mission of improving the health of the people of our communities. St. Mary's Good Samaritan Hospital is a 25-bed acute care critical access hospital accredited by the Joint Commission on Accreditation of Health Care Organizations, serving the Greensboro and Greater Greene County areas of East Georgia. We offer a wide range of services including general surgery and a 24-hour emergency department. As a St. Mary's Good Samaritan Hospital, we are able to bring you specialty services close to home, provided by a network of board certified physicians. Access to the expertise and specialty services at St. Mary's Hospital in Athens are available when you require care not available locally.

Additional doctors and specialized health care professionals are available in Greene County. Assisted living and day care centers are available in Greensboro and Union Point.

MANUFACTURING DIRECTORY

a2b Fulfillment Inc.
Warehousing & Call Center
90 employees
150 Stewart Parkway
Greensboro, GA 30642
Ayal Latz
(706) 454-0195
ayal@a2bf.com

North American Pipe Co.
Extruded Plastic Pipe
45 employees
1260 Airport Rd.
Greensboro, GA 30642
Ambrish Dave
(706) 453-7395
adave@westlake.com

Novelis Inc.
Aluminum Recycling
125 employees
1261 Willow Run Rd.
Greensboro, GA 30642
David Davis
(706) 454-3203
dave.davis@novelis.com

Oconee Steel Works
Cookers & Grills
3 employees
4481 Lamb Ave.
Union Point, GA 30669
Edward Ortone
(706) 486-0003
sales@cookersandgrills.com

Nibco Incorporated
PVC Pipe Fittings
25 employees
1900 Old Union Point Rd.
Greensboro, GA 30642
Larry Conn
(706) 453-2372
connl@nibco.com

DYNOVATECH, LLC.
Specialty Chemical Blending
2 employees
1498 Airport Road
Greensboro, GA 30642
Rob Faddis
(706) 438-5237
rfaddis@rmrindustries.com

Sonoco Products Co.
Poly Fiber Cable Reels
25 employees
109 Stewart Parkway
Greensboro, GA 30642
Brad Broadstreet
(706) 453-7552
brad.broadstreet@sonoco.com

B & S Piping
Steam System Fabrication
10 employees
160 Stewart Parkway
Greensboro, GA 30642
Barry Richardson
(706) 453-2050
bspiping@aol.com

Glasslined Technology Inc.
Glass Lined Parts
10 employees
1371 Willow Run
Greensboro, GA 30642
James Lakeman
(706) 454-1701
James@glasslined.us

Horizon Growers of GA
Flower Production &
Distribution
80 employees
1070 Flowers Rd.
Greensboro, GA 30642
Ton Visser
(706) 453-9013
ton@horizongrowers.com

RECREATION & AMENITIES

Within the last three and a half years we have improved the county recreation facility which offers racket ball courts, an indoor court, fitness center, and multiple baseball fields, renovated the old Greensboro high school gym into a state of the art performing arts facility called Festival Hall, completely rebuilt the county library, built the complete charter school campus for Lake Oconee Academy, and extended the airport runway to 5,500 feet with parallel taxiway. A new Regional Digital Radio system serves our outstanding; EMS, Sheriff, Police and Fire Protection agencies.

The western border of the county lies on the shoreline of Lake Oconee. Upscale residential and recreational opportunities are plentiful and available to serve the weekender or future residents. The gated communities at; Reynolds Plantation, Reynolds Landing, and the Harbor Club, offer 8 exceptional golf courses and a quality of life second to none. These facilities and public parks located around Lake Oconee also provide the full compliment of aquatic and sports activities. The Ritz-Carlton Lodge, Reynolds Plantation, a five star facility offers world class resort amenities. A Del Webb Retirement Community opened in 2007, south of I-20 on Cary Station Road.

Greene County Area Information

- 75 miles East of Atlanta / Half way between Atlanta and Augusta on I-20 @ Exits 130 & 138
- Tier 3 community for State incentives, Job Tax Credit
- Opportunity zones available for additional state tax credits
- 1,000 Certified Work Ready, “Non Union” labor force available
- 150 acre Industrial Park with utilities & rail that is 1½ mi. from I-20
- 22 Manufacturing firms employ 725; 5 in plastics, ½ of employment
- Greene County Manufacturers Council, trains & sustains Existing Industry
- Used manufacturing/warehouse space from 20,000 to 100,000 sq. ft.
- Industrial sites from 10 to 220 acres for new/expanding industry
- Greensboro; quaint, historic, preserved, with sensitive development
- Athens Tech College Campus & Dept. of Labor office in Greensboro
- More than 3,000 available to work within a 35 mile radius
- Lowest property tax @ \$8.34 per \$1,000
- Enhanced EMS and Fire Protection prevalent, Industrial Areas ISO = 5
- Performing Arts Center & Regional Hospital
- 1 of the top 3 Charter Schools in Georgia & New County Library
- University of Georgia and Georgia State College & Univ. less than 40 miles
- Full service Regional Airport with 5500 foot runway ,ILS, & FBO
- Lake Oconee, hosts The Ritz-Carlton Lodge, Reynolds Plantation a Five Diamond Resort
- Area noted for exceptional golf, hunting, fishing and water sports
- Our Leadership Team is very, “Pro Economic Development”
- Brand new St. Mary's Hospital

City Data Greensboro, Georgia

Population in 2012: 3,370 (81% urban, 19% rural). Population change since 2000: +4.1%



Males: 1,829  (54.3%)

Females: 1,541  (45.7%)

Median resident age:  33.6 years

Georgia median age:  39.7 years

Zip codes: [30642](#).

Estimated median household income in 2012: \$23,464 (it was \$24,250 in 2000)

Greensboro: \$23,464

GA: \$47,209

Estimated per capita income in 2012: \$14,019

[Greensboro city income, earnings, and wages data](#)

Estimated median house or condo value in 2012: \$80,885 (it was \$62,500 in 2000)

Greensboro: \$80,885

GA: \$142,300

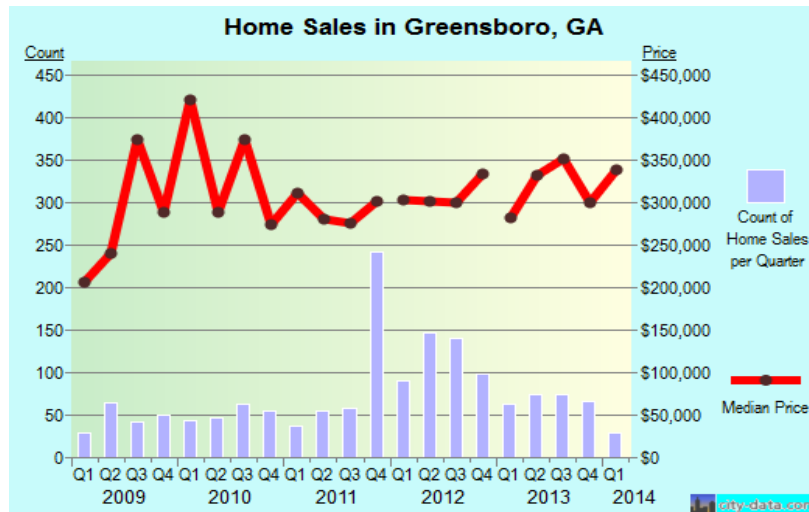
Mean prices in 2011: All housing units: \$116,975; Detached houses: \$123,841;

Townhouses or other attached units: \$163,717; Mobile homes: \$56,878

Median gross rent in 2012: \$689.

[Recent home sales, real estate maps, and home value estimator for zip code 30642](#)

[Greensboro, GA residents, houses, and apartments details](#)



For population 25 years and over in Greensboro:

- High school or higher: 65.6%
- Bachelor's degree or higher: 6.4%
- Graduate or professional degree: 1.7%
- Unemployed: 4.4%
- Mean travel time to work (commute): 20.5 minutes

For population 15 years and over in Greensboro city:

- Never married: 45.2%
- Now married: 35.2%
- Separated: 3.6%
- Widowed: 5.4%
- Divorced: 10.6%

507 residents are foreign born

This city:  15.1%

Georgia:  9.5%

Median real estate property taxes paid for housing units with mortgages in 2012: \$861 (0.9%)

Median real estate property taxes paid for housing units with no mortgage in 2012: \$539 (0.7%)

Nearest city with pop. 50,000+: [Athens-Clarke County, GA](#) (29.0 miles , pop. 100,266).

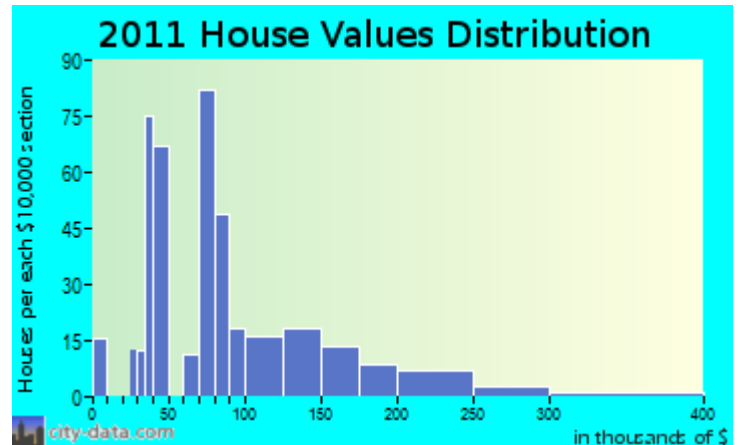
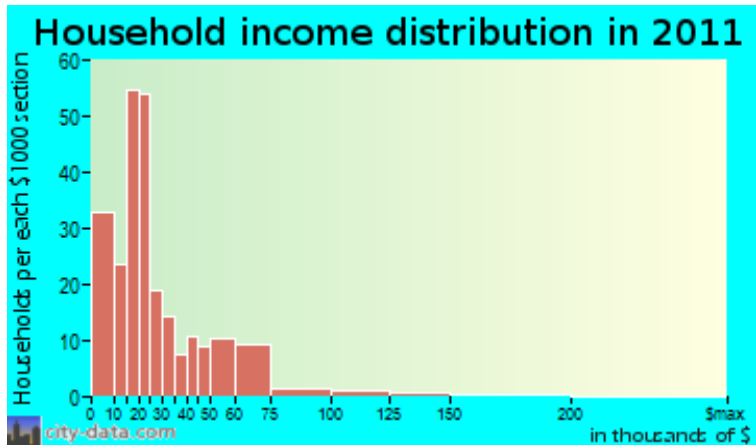
Nearest city with pop. 200,000+: [Atlanta, GA](#) (71.6 miles , pop. 416,474).

Nearest city with pop. 1,000,000+: [Chicago, IL](#) (622.4 miles , pop. 2,896,016).

Nearest cities: [Siloam, GA](#) (2.5 miles), [Union Point, GA](#) (2.6 miles), [Greshamville, GA](#) (2.8 miles) , [Woodville, GA](#) (2.9 miles), [Buckhead, GA](#) (3.2 miles), [White Plains, GA](#) (3.2 miles) , [Maxeys, GA](#) (3.6 miles), [Phoenix, GA](#) (4.0 miles) .

Latitude: 33.57 N, Longitude: 83.18 W

Area code: 706



Greensboro tourist attractions:

- [Great Waters at Reynolds Plantation, Greensboro, Georgia](#) - One of the Best of Jack Nicklaus Signature Golf Courses
- [Oconee Course at Reynolds Plantation, Greensboro, Georgia](#) - A Dramatic, Challenging and Playable Golf Course

[Greensboro, Georgia accommodation, waste management, arts - Economy and Business Data](#)

Unemployment in July 2013:

Here: 10.0%

Georgia:9.1%

Hospitals/medical centers in Greensboro:

- GREENSBORO DAVITA DIALYSIS CENTER 🌐 (Dialysis Facility, 1220 SILOAM ROAD)
- LAKE OCONEE DIALYSIS 🌐 (Dialysis Facility, 1000 COWLES CLINIC WAY, SUITE S-100)
- GOOD SAMARITAN HOSPITAL, INC 🌐 (Critical Access Hospitals, Proprietary, 1201 SILOAM ROAD)
- BOSWELL-PARKER HEALTH AND REHABILITATION 🌐 (Nursing Home, 1211 SILOAM ROAD)

Political contributions by individuals in Greensboro, GA

Airports located in Greensboro:

- [Greene County Regional Airport](#) 🌐 (Runways: 1, Itinerant Ops: 5,100, Local Ops: 5,000, Military Ops: 300)
- [Smith Airport](#) 🌐 (Runways: 1)

See details about airports located in Greensboro, GA

Colleges/universities with over 2000 students nearest to Greensboro:

- University of Georgia (about 29 miles; Athens, GA; Full-time enrollment: 31,017)
- Athens Technical College (about 31 miles; Athens, GA; FT enrollment: 2,099)
- Georgia College & State University (about 35 miles; Milledgeville, GA; FT enrollment: 5,505)
- Georgia Gwinnett College (about 55 miles; Lawrenceville, GA; FT enrollment: 2,051)
- Gwinnett Technical College (about 58 miles; Lawrenceville, GA; FT enrollment: 3,066)
- Mercer University (about 58 miles; Macon, GA; FT enrollment: 6,184)
- Central Georgia Technical College (about 61 miles; Macon, GA; FT enrollment: 3,913)

Public high school in Greensboro:

- [Greene County High School](#) 🌐 (Students: 525; Location: 1002 South Main Street; Grades: 9-12)

Public elementary/middle schools in Greensboro:

- [Greensboro Elementary School](#) 🌐 (Students: 571; Location: 1441 Martin Luther King Jr. Drive; Grades: KK-5)
- [Anita White Carson Middle School](#) 🌐 (Students: 420; Location: 1010 South Main Street; Grades: 6-8)

Notable locations in Greensboro: Greene County Industrial Park (A), Greensboro Volunteer Fire Department (B), Greene County Emergency Medical Services (C), Greensboro City Hall (D), Greene County Library (E), Greene County Courthouse (F).

Shopping Center: Dogwood Plaza Shopping Center (1).

Churches in Greensboro include: Springfield Church (A), First Baptist Church (B).

Cemetery: Greensboro City Cemetery (1).

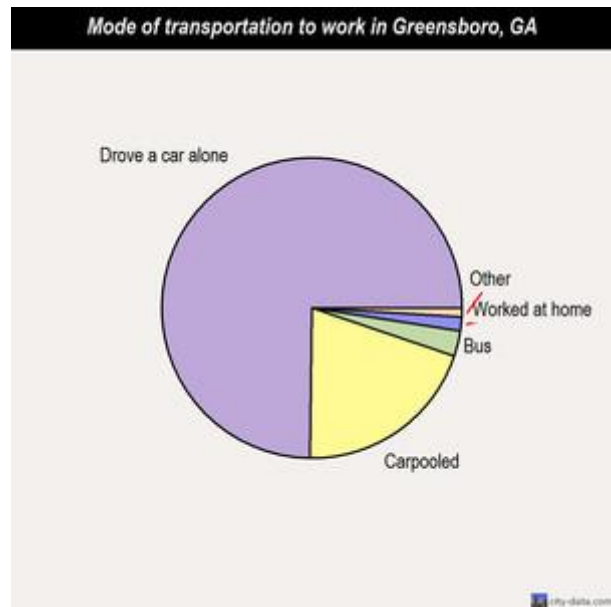
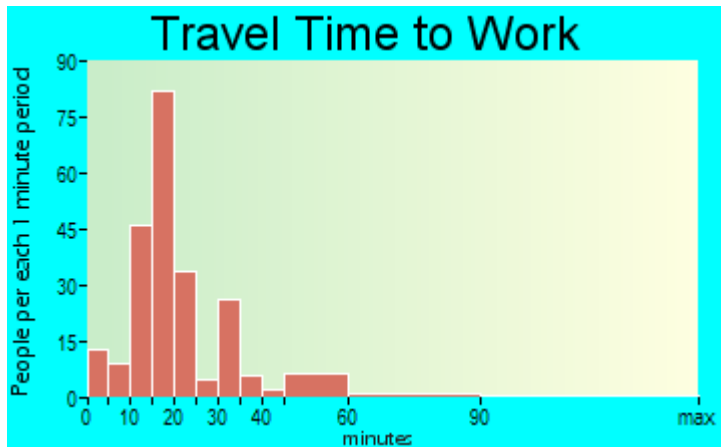
Reservoirs: Webb Lake (A), Phelps Lake (B).

Parks in Greensboro include: Robinson Park (1), South Walnut Street Historic District (2), South Street-Broad Street-Main Street-Laurel Street Historic District (3), Greensboro Commercial Historic District (4), North Street-East Street Historic District (5).

Hotels: Microtel Inns & Suites (2470 Old Eatonton Rd), Granite Shoals Marina Lodge & Restaurant (3991 Walker Church Road).

Courts: Greene County - Clerk of Superior Court- Magistrate Court Civil Divi (113 North Main Street Suite 306), Greene County - Probate Court- Magistrate Court Civil Criminal-Ordinary's Of (113 North Main Street Suite 306).

<http://www.city-data.com/city/Greensboro-Georgia.html#ixzz37BJ6DF7i>



References

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APPRAISER COMMENTS FOR GREENE COUNTY, GA

Below is information relating to conducting appraisals in the Greene County, Georgia area to assist in addressing any concerns relating to appraisals in the Greene County area, and addressing deviations from the URAR guidelines sometimes needed to enable the client/borrower to be served by the secondary mortgage market.

- Bay County is located on the gulf coast of Florida midway between Pensacola and Tallahassee, Florida, and consists of approximately 758.46 square miles. Panama City is the county seat of Bay County.
- Bay County is served by the Panama City, Lynn Haven, and Panama City Beach, Florida Metropolitan Statistical Areas (MSAs).
- The 2010 population of Bay County is estimated at 168,852, a 13.9% increase since 2000.
- Bay County's economy is mostly dependent upon tourism, military, and local industry.
- The occupations in Bay County vary from wholesale trade and retail trade, with government, military, and medical facilities the largest of the major employers from 2012-2011. This county also excels in tourism and manufacturing.
- The fastest-growing occupations in the county are projected to be carpenters, machine operators, welders, network systems and data communications analysts and cost estimators.
- Bay County is considered to have a stable economic base. Per capita income grew by 41.8% between 2000 and 2008 (adjusted for inflation).

PART III - VALUATION

SUBJECT PROPERTY DATA

Property Description

The subject, located in Greensboro, Georgia, is known as the Higdon House and Gardens and is currently being used as a wedding and event venue. The site is 2.3 acres with improvements. The 5,889 square foot home is located at 301 West Greene Street and has additional frontage on North Spring Street. The home was built circa 1810/1820 and is a French Victorian six bedroom, 4.5 bath frame home. The home has undergone numerous architectural designs and styles over the past 184 years. The style of the home incorporates the Greek Revival Style of the first half of the 19th century and the French Version of the Victorian Style. The site is rich in history and continues to be an important part of the Greensboro, Georgia community. The home and grounds have operated as a bed and breakfast, private residence, and now an event venue.

During 1888, a butler's pantry, kitchen, stained glass windows shipped from Germany, fireplaces converted to coal burners, and the wrap-around porch were part of the model. Ed and Mary Higdon purchased the home in 1946 and it remained in the Higdon family until 2001. The subject was bought by Jack Rallo and Jeff Hough, who then started, and are continuing, restoration and improvements to the Higdon House and Grounds.

In addition to the restoration of the original home, the subject property includes a vinyl-lined pool; wedding chapel; reception bathrooms; one-bedroom guest house; 6,000 square foot ballroom/reception hall that was inspired by the classical Parisian Renaissance style of architecture in a cross-like style; restored original outdoor bathroom, which now serves as a storage; numerous gardens; gazebo and waterfall; lawn irrigation system; well-manicured and maintained lawn and gardens; gravel parking areas; granite drive from the 1850s; and cobblestone and concrete walkways. The building is in good physical condition considering it is over a century old. The site is level at road grade, cleared, and appeared adequately drained at the time of inspection.

Greensboro is the county seat for Greene County with an estimated population of 3,370 residents. A Subject location map is included in this report on page 63. The Subject property is not located in a flood prone area. A flood prone map is located on page 66 of this report.

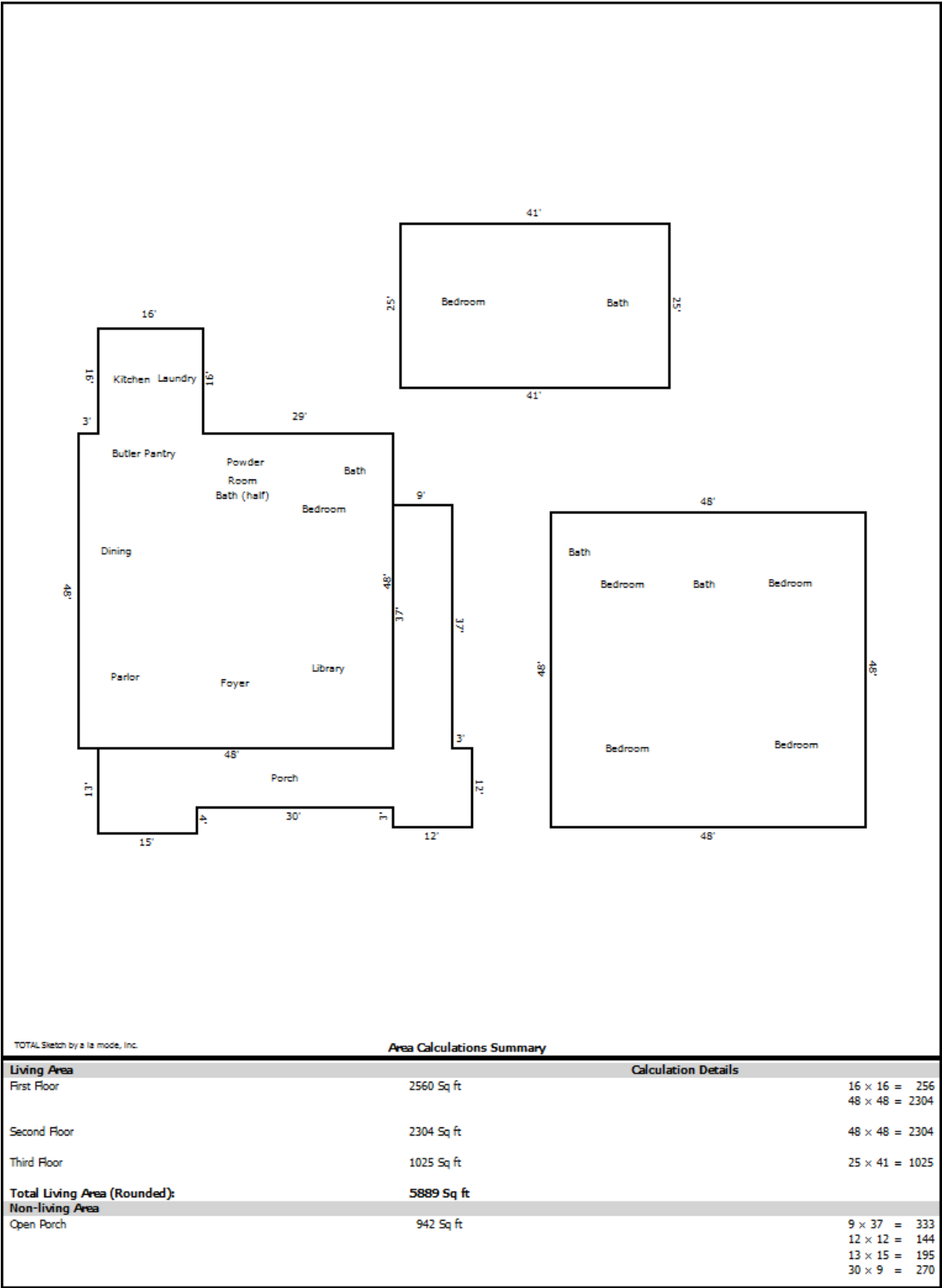
Property Improvements

Improvements on the Subject property include the following:

- House 5,889 heated and cooled square feet
- Wrap round porch 942 square feet
- Year built circa 1810/1820
- (6) Bedrooms
- (4.5) Bathrooms
- Wood frame construction
- Concrete block foundation
- Aluminum siding exterior
- Shingle roof
- Aluminum double hung windows with plexiglass
- Hardwood/carpet/tile flooring
- Drywall ceiling
- Drywall walls
- 12, 10 and 9 foot ceilings
- (6) Fire places
- (9) Mitsubishi ductless air-conditioning units
- (3) Central heat and air units
- Irrigation system
- Granite driveway
- Gravel parking areas
- Cobblestone and concrete walkways
- In-ground pool/vinyl lined (16x22)
- 1 Bedroom guest house 396 heated square feet
- Ballroom/reception hall 6,000 heated and cooled square feet
- Ballroom/reception hall room capacity 300 guest
- Dance floor 320 square feet
- Reception Restrooms 288 square feet/window air
- Wedding Chapel 360 square feet
- Sunken Garden/Porch 138 square feet
- Green House 522 square feet/window air
- Storage building 132 square feet
- Barn 816 square feet

A building sketch is located on the following page that provides further detail.

Building Sketch



Legal Description

Subject to survey.

Sales History of the Subject Property

Parcel #G060000020

The subject property is owned by Jeffery G. Hough and Jack Rallo, who purchased it from Kay Georgia Higdon on November 07, 2001 for \$355,000 as recorded Book 628 Page 155.

Concurrency

Since the subject property is an existing land use, concurrency or required levels of public service for items such as transportation, water and sewer, schools and parks is not an issue.

Zoning

The subject property is currently zoned B-2 General Commercial Highway Oriented District, per the City of Greensboro, Georgia City Planner Rick Zeier Planning/Zoning Department. The uses listed below have been taken from the City of Greensboro, Georgia Land Development Codes.

B2 General Commercial Highway Oriented District

The B-2 General Commercial Highway Oriented District is intended for denser commercial development that may extend along highways and provide services to both highway-oriented and municipality-oriented trade. All businesses, services, storage or processing shall be conducted within an enclosed building, except where the nature of the activity makes it impossible (i.e., off-street loading, automobile parking for customers while on the premises, and the sale of automobile fuel at service stations.) Use, processes or equipment employed on the premises shall be limited to those which are not objectionable by reason of odor, dust, bright lights, smoke, noise, or vibration.

7.4.1 Permitted Uses

Within the B2 District, only the following uses are permitted:

7.4.1.1 Accessory buildings and accessory provided that requirements of §§9.2.1.5 and 9.6 are met.

7.4.1.2 Ambulance Service.

7.4.1.3 Apparel stores (individual)

7.4.1.4 Appliance store including radio and television service.

7.4.1.5 Arts and Crafts stores.

- 7.4.1.6 Automobile repair garage, mechanical and body shops.
- 7.4.1.7 Automobile and boat service areas provided the requirements of §9.8 are met.
- 7.4.1.8 Automobile repair garage when in conjunction with an automobile service station.
- 7.4.1.9 Bakeries.
- 7.4.1.10 Barber and beauty shop.
- 7.4.1.11 Bicycle or motorcycle store.
- 7.4.1.12 Books, stationary and card shops.
- 7.4.1.13 Bowling alleys.
- 7.4.1.14 Cafes, grills, and lunch counters.
- 7.4.1.15 Camera or photographic supply store.
- 7.4.1.16 Catering establishments.
- 7.4.1.17 Clothing, shoe, dry goods or gift store.
- 7.4.1.18 Commercial parking garage or lot provided no entrance or exit is on the same block as a school, and curb breaks are limited to two (2) for each one hundred (100) feet of street frontage, each not to exceed thirty (30) feet in width and at least fifty (50) feet separation and not located closer than fifty (50) feet to a street intersection.
- 7.4.1.19 Community Center or club provided the requirements of §9.13 are met.
- 7.4.1.20 Computer sales and services.
- 7.4.1.21 Confectionery store.
- 7.4.1.22 Convenience store.
- 7.4.1.23 Daycare center/Child Care Learning Center.
- 7.4.1.24 Dressmaking and tailoring shops.
- 7.4.1.25 Drug store.
- 7.4.1.26 Dry cleaning and laundry establishments.
- 7.4.1.27 Electronic supply store.

7.4.1.28 Fabric store.

7.4.1.29 Financial institution.

7.4.1.30 Florist, nursery and gift shop.

7.4.1.31 Frame shop.

7.4.1.32 Funeral homes, Mortuaries, but specifically excluding Crematoria.

7.4.1.33 Furniture, home furnishings, including office furniture and equipment.

7.4.1.34 Grocery, fruit, vegetable, meat market, delicatessen, catering and supermarkets.

7.4.1.35 Hardware store.

7.4.1.36 Health Club.

7.4.1.37 Jewelry store.

7.4.1.38 Laundromat.

7.4.1.39 Laundry and dry cleaning pick-up stations, and self-service laundry.

7.4.1.40 Laundry and dry cleaning store.

7.4.1.41 Lawn and Garden Shop

7.4.1.42 Medical clinic.

7.4.1.43 Miniature golf course

7.4.1.44 Miscellaneous repair service.

7.4.1.45 Motels, hotels.

7.4.1.46 News and tobacco center.

7.4.1.47 Nurseries, for the production and sale of plants and their related products.

7.4.1.48 Nursing home.

7.4.1.49 Paint store.

7.4.1.50 Professional and business office.

7.4.1.51 Printing, blue printing, book binding, photo stating, lithography and publishing establishments.

7.4.1.52 Produce and farmers markets.

7.4.1.53 Radio/TV repair.

7.4.1.54 Restaurants.

7.4.1.55 Restaurants, drive-in.

7.4.1.56 Restaurants, fast food.

7.4.1.57 Self-storage facility.

7.4.1.58 Service occupations, including barber and beauty shop, shoe repair, appliance repair, and similar occupations.

7.4.1.59 Shopping centers with uses as otherwise permitted in the B2 District and a total leasable floor area of more than seventy-five thousand (75,000) square feet.

7.4.1.60 Signs, provided the requirements of Article X are met.

7.4.1.61 Special event.

7.4.1.62 Sporting Goods store.

7.4.1.63 Temporary commercial use, including the sale of Christmas trees or the sale of seasonal fruit, but not to exceed a period of two consecutive months in a calendar year.

7.4.1.64 Theater.

7.4.1.65 Travel agency.

7.4.1.66 Utility facility, provided a complete site development sketch is submitted to and approved by the Zoning Administrator, and a minimum 20 foot planted buffer strip is provided as suitable screening along property lines or within 60 feet of the developed area. (An appropriate planted buffer shall contain vegetation that will attain a height of 20 feet within 3 years.)

7.4.1.67 Veterinary hospitals and animal shelters, provided adequate opaque screening by a wall or fence at least six (6) feet high is provided for areas where horses, dogs and other animals are not kept in cages or stalls.

7.4.2 Conditional Uses. Within the B2 General Commercial Highway Oriented District, the uses enumerated below may be permitted. Conditional Use applications may be approved or denied as submitted or may be approved

subject to specified conditions in addition to those described herein.

7.4.2.1 2 Second floor may be used as a residential dwelling unit provided it is served by a private entrance and meets the requirements for a dwelling, single family, and the fire separation requirements established in the appropriate building and life safety codes.

Real Estate Taxes

The real estate taxes for the subject properties are identified by the Bay County Property Appraiser's Office on the following table that presents all of the parcel numbers, assessed value, millage rate and gross taxes.

Parcel ID	Year	Assessed Value	Ad Valorem Taxes	Discount	Total Due
G060000020	2013	\$436,980	\$0	\$0	\$3,619.88

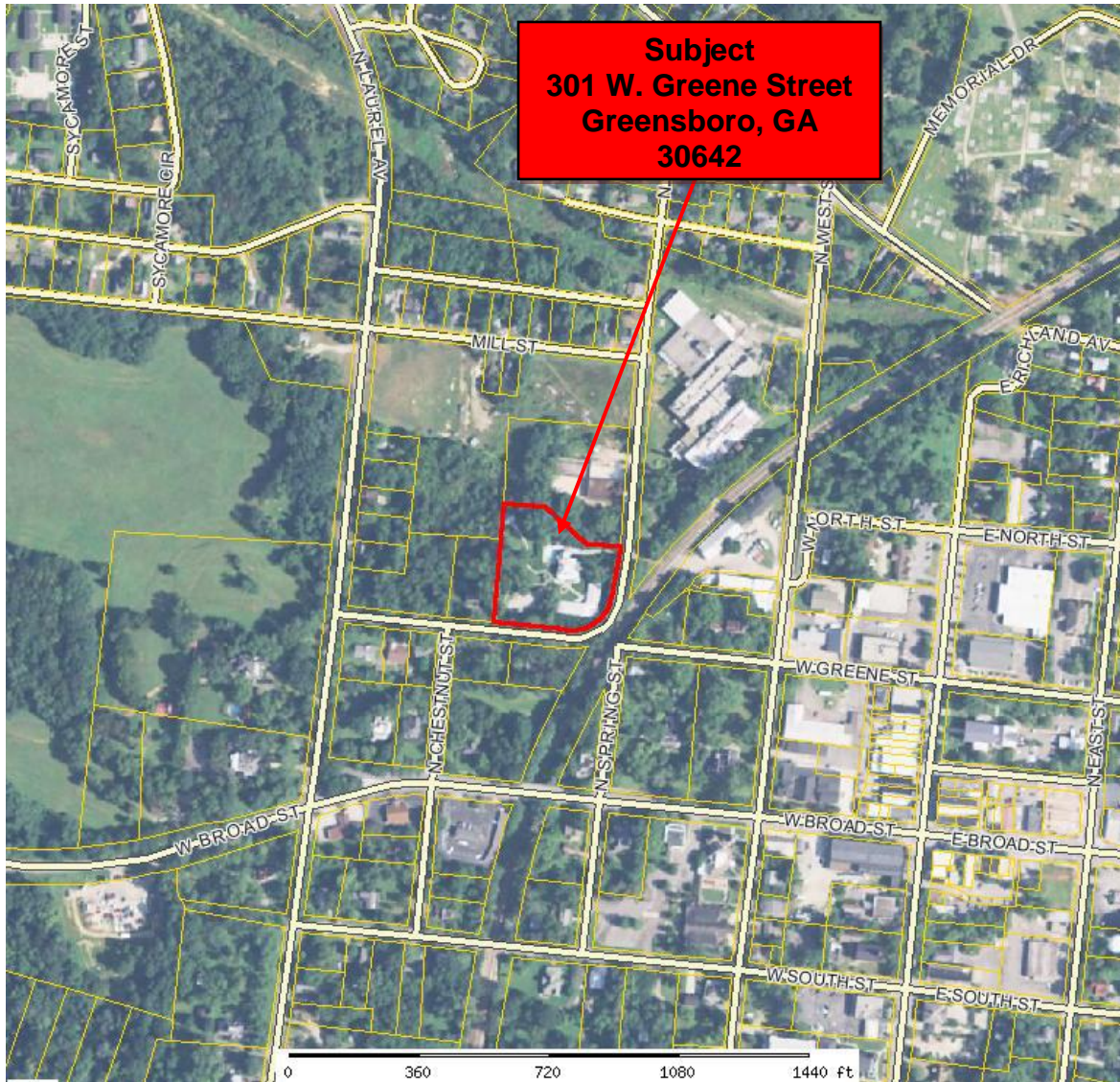
Per the Greene County Georgia Tax Commissioners Office, the 2013 taxes been paid. The taxes were paid on November 05, 2013, Bill# 7005.

SUBJECT SITE DATA

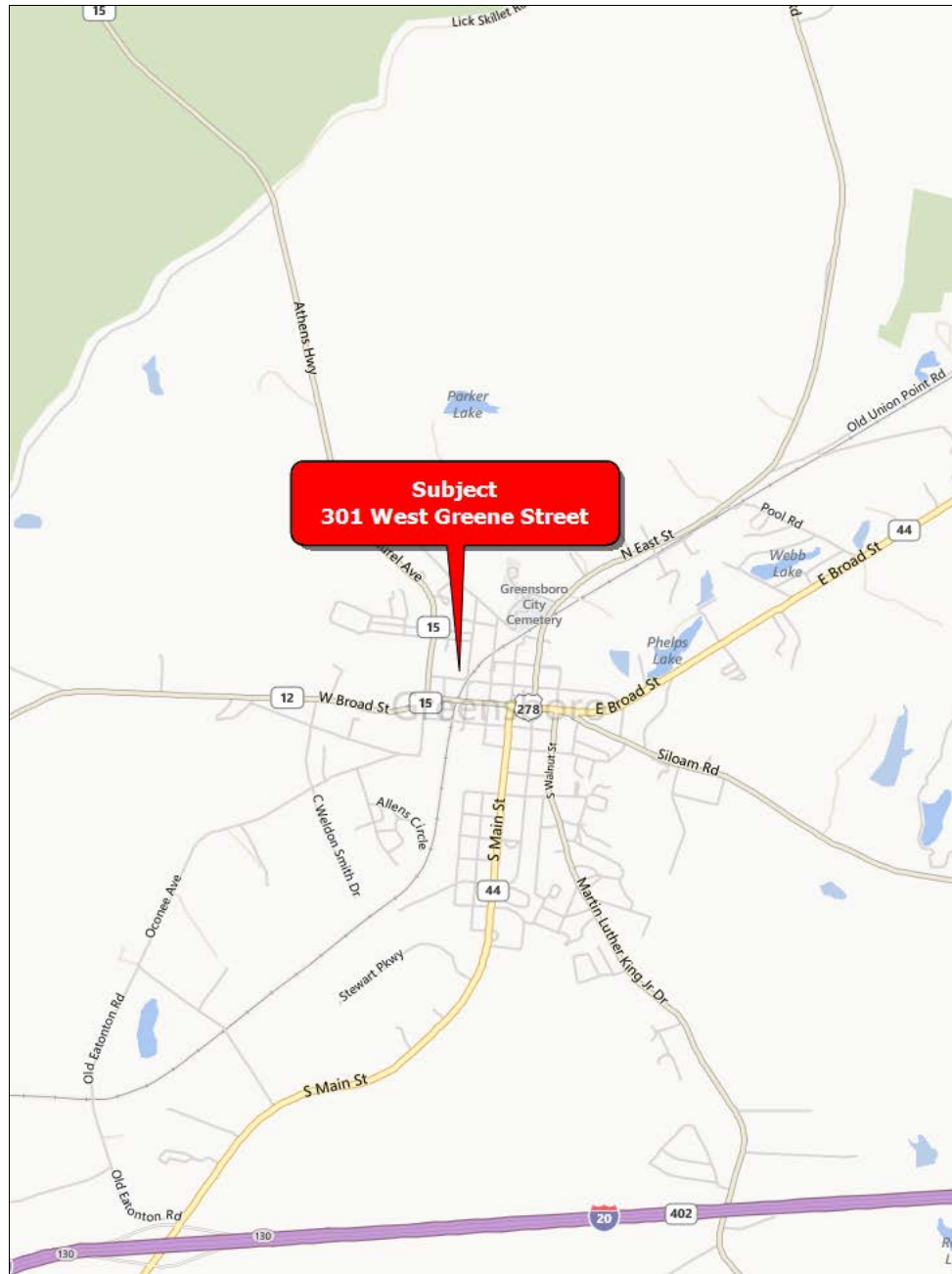
Location

The subject improvements and 2.26 acres +/- are located on the north side of West Greene Street and west side of North Spring Street within the City Limits of Greensboro, Green County, Georgia.

Aerial Map



Location Map



Physical Characteristics

The subject property consists of a Wedding and Event Venue. The subject house contains approximately 5,889± heated and cooled square feet, one bedroom guest house contains approximately 396± heated and cooled square feet, and ballroom/reception hall contains approximately 6,000 heated and cooled square feet. The subject property contains a total of 2.26± acres or 98,446± square feet, and fronts the north side of West Greene Street a two-lane asphalt paved roadway and the east side of North Spring Street a two-lane asphalt roadway. Typical landscaping, curbs, gutters, and drains have been completed and functional.

Topography

The subject site is level at road grade as well as with the adjoining properties. No drainage or construction problems were noted at the time of the appraisal inspection. However, the appraisers recommends that the client retain a professional soil engineer if further analysis is desired.

Environmental Site Assessments

A Phase I Environmental Site Assessment was not provided for the subject property. It is assumed that there are no apparent environmental concerns currently present at the subject site. Should current environmental impact studies show that there is a problem on the site at the time of this appraisal, the appraiser reserves the right to alter, amend, revise, or rescind any of the value opinions based upon any subsequent environmental impact studies, research and investigation.

Flood Zone and Map

According to the FEMA Flood Maps located on the next two pages, the subject property is located in Flood Zone "X." The subject property is identified on FEMA Map Panel: 12005C0335H – Map Date: 06/02/2009.⁷

Zone X is the flood insurance rate zone that corresponds to an area that is determined to be outside the 100 and 500-year floodplains. No BFEs or depths are shown within this zone.

⁷ a la mode, inc., ***InterFlood Map***, obtained July 16, 2014.

Flood Map

InterFlood

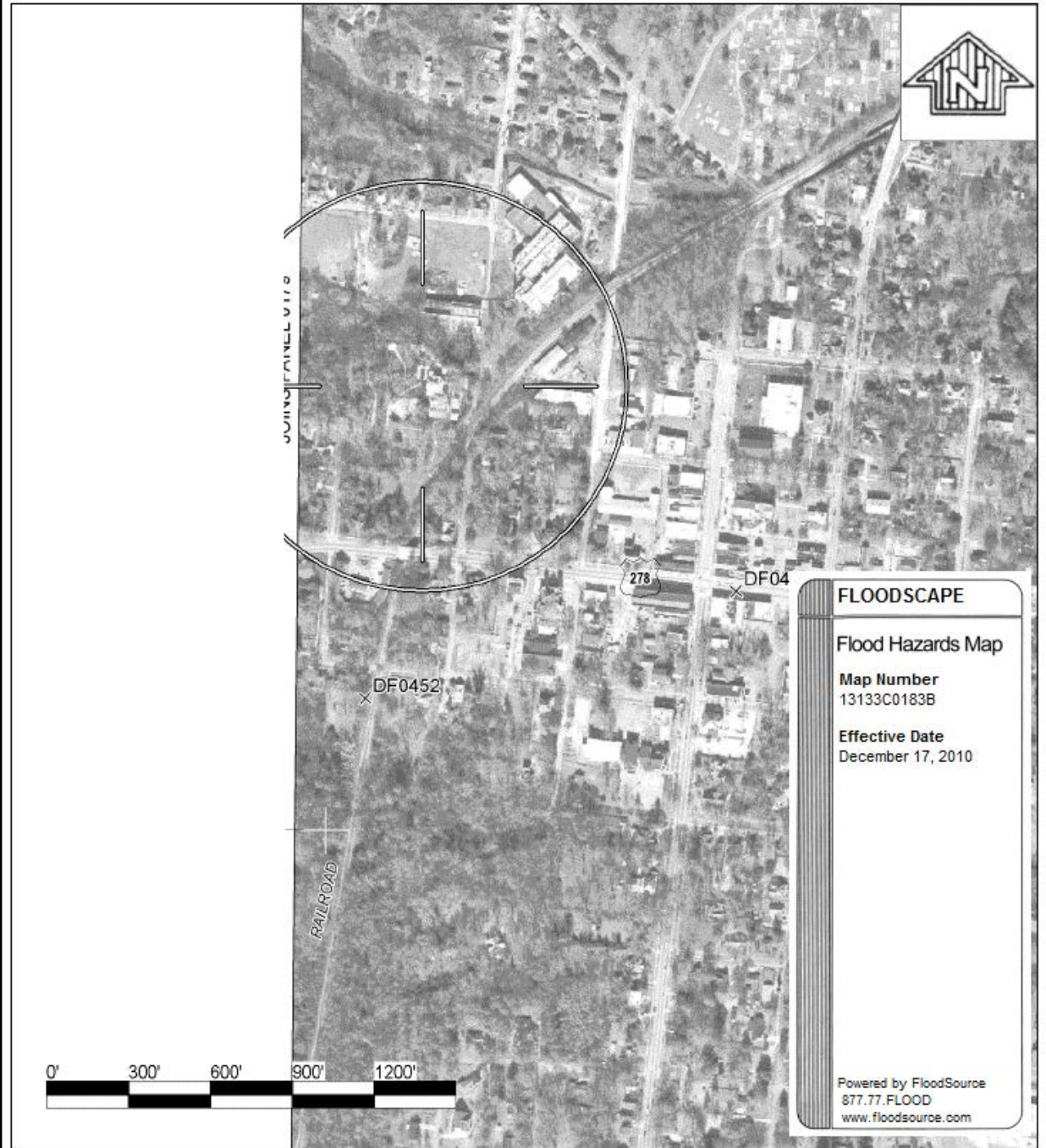


www.interflood.com • 1-800-252-6633

Prepared for:

Searcy Appraisal Services

301 West Greene Street
Greensboro, GA 30642



Street Improvements and Accessibility

Access onto the subject property is provided from the north side of West Greene Street, a two-lane asphalt roadway and the west side of North Spring Street, a two-lane asphalt roadway.

Utilities

The City of Greensboro provides water and sewer services to the subject property. Electrical service is provided by Gulf Power. The city of Greensboro provides police and fire protection service.

As shown on the chart, natural gas is available in the county as are telecommunications and data services.

Utilities in Greensboro, Georgia are provided by the following:		
WATER TREATMENT PROVIDERS		
City of Greensboro		
SEWER PROVIDERS		
City of Greensboro		
ELECTRIC POWER PROVIDERS		
Georgia Power		
NATURAL GAS PROVIDERS		
City of Greensboro		
TELECOMMUNICATIONS		
AT&T Century Link	Windstream Communications	Plantation Cablevision

HIGHEST AND BEST USE

The Highest and Best Use of a property is defined in the American Institute of Real Estate Appraiser's, *The Appraisal of Real Estate, 14th Edition (2013)* as:

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

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

Also implied is that the determination of Highest and Best Use results from the Appraiser's judgment and analytical skill, i.e., that the use determined from analysis represents an opinion, not a fact to be found. In appraisal practice, the concept of Highest and Best Use represents the premise upon which value is based. In the context of most probable selling price (market value) another appropriate term to reflect Highest and Best Use would be most probable use.

"As Vacant"

Legal Considerations

The property is zoned B-2 General Commercial Highway Oriented District, by the City of Greensboro, Georgia City Planner Rick Zeier Planning and Zoning Department with a future land use designation of Commercial. These designations allow for a variety of commercial uses .

Physical Considerations

The physical considerations affecting a site generally address the type and size of development that a particular site will support. The appraised parcel comprises 98,446 SF or 2.26 acres, and is mostly square in shape. It appears to be adequate in size, shape, and functional utility for commercial development.

Economic Considerations

The economic factors affecting a site usually relate to the supply/demand factors found in the surrounding neighborhood or submarket. As outlined within the Neighborhood Data section of this report, the subject immediate neighborhood is considered to be in the growth stage of its life cycle, and benefits from being located near a major commercial corridor in the market area, with direct access and proximity to major employment centers and roadways.

It is our opinion that the economic highest and best use of the site as vacant is for a general commercial or office development.

Conclusion

The highest and best use of the site as vacant is for commercial use.

“As Improved”

Physically, the improvements are designed as a wedding and event venue. The improvements are well situated on the site and represent typical floor-area ratios of competing properties.

Legally, the improvements conform to existing zoning regulations by the City of Greensboro, Georgia Planning and Zoning Department.

Economically, there is no alternate use of the improvements that would contribute to a higher return to the land. The improvements are best suited for a **Bed and Breakfast and Event Venue**.

In conclusion, the highest and best use of the property is for its intended use as a Wedding and Event Venue.

“As Developed”

The subject was originally constructed as a single family residence in 1810. The subject has been the Higdon House Inn & Gardens Event Venue since 2002. The subject improvements appear to be well constructed and maintained, serving their current purpose well.

In the following sections of this report, the appraiser will evaluate alternative use scenarios for the subject property. The appraiser will analyze the market data and conclude a justified value for each scenario. The appraiser will consider the results from the investigation and render a conclusion of the highest and best use of the property. The following alternative scenarios were considered by the appraiser to be the most reflective of the current activity in the market place.

1. Continued Business Operation as a Wedding and Event Venue
2. Single Family Residence
3. Bed & Breakfast

VALUATION METHODOLOGY

The Appraisal Process is the orderly procedure in which data used to provide an opinion of market value for a property are acquired, classified, analyzed and presented. The first step is identifying the real estate, the effective date of the opinion of value, the property rights appraised, and the type of value sought. The appraiser then collects and analyzes the factors, which affect the value of the subject property. These include area and neighborhood analysis, Highest and Best Use analysis, and the application of the appropriate approaches to value to project the property's value.

The *Cost Approach* involves projecting the value of the land "as if vacant", then projecting the cost to construct the improvements at today's prices. From cost new, depreciation is deducted as appropriate. The Cost Approach is most reliable when the improvements are effectively new or designed as a special purpose property. The appraiser concluded that the Cost approach would not provide a reliable indicator of value for the subject property.

The *Sales Comparison Approach* is used to project the value of land and the value of the property as improved. Data is gathered and analyzed on sales of property as comparable in characteristics to the subject property as possible. Logical adjustment for dissimilar characteristics is then made leading to an indicated value for the subject. The Sales Comparison Approach was determined to be applicable to the consideration

In the *Income Approach*, the market rent which the property would earn is projected by comparing the rentals of competitive properties. After deducting a reasonable allowance for vacancy and income collection loss, expenses and replacement reserves, the net operating income is capitalized into an indication of value for the subject property using an overall capitalization rate.

The final step is the reconciliation of market value from each of the applicable approaches. In this step, the appraiser considers the relative applicability of each method, examines the range between the value indications, and places major emphasis on the approach, which appears to produce the most reliable solution to the specific appraisal problem.

LAND VALUE

Introduction and Methodology

The Direct Sales Comparison Technique is the preferred method to estimate the value of land. The Principle of Substitution affirms that an informed buyer should pay no more for a given site than an amount, which a substitute site with equal or similar amenities, could be obtained.

Gathering and analyzing land sales of similar properties provide a confirmed record of the range of prices paid by informed buyers. From this record, adjustments can be made for differences in property characteristics, which would have an effect on value and an indication of the subject property by common units of measurement can be made.

The unit of measurement most used by the market in buying and selling commercial zoned sites is the price per square foot of usable land area and price per acre of usable land area. This unit indicator will be used for this analysis due to the information found in the verification of market land sales for similar sites found within the subject's marketing area.

The valuation analysis for this property required the consideration and analysis of sales of other vacant land parcels and relating that date to the subject site "as if vacant". All properties have their own unique features, which relate to financing, conditions and date of sale, location, accessibility, zoning, available utilities, physical site characteristics, and development potential.

The sales used in this analysis are considered the best available and are adequate to provide a reliable estimate of land value for the subject site.

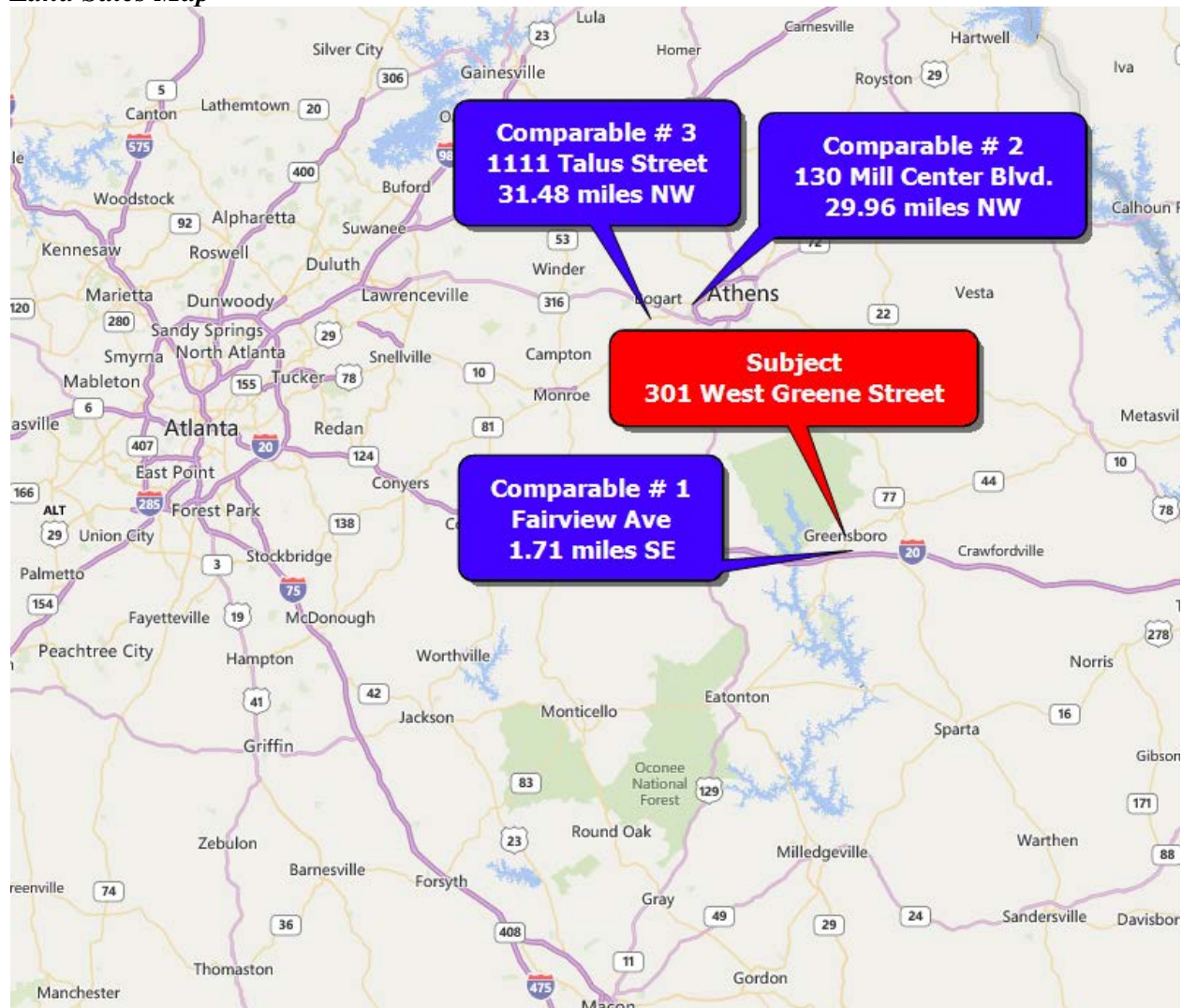
In analyzing the sales, percentage adjustments, based on paired sales were made when applicable. Otherwise, logical percentage adjustments for individual characteristics are made based on our judgment and familiarity with the area.

A land sales summary and map showing the location of subject and comparables are now presented below. An opinion of the land value for the subject site will then be presented.

Summary of Land Sales

Parcel #	Location	Sale Date	Price	Size in Usable Acre	Zoning at Sale Date	Price per Usable Acre
1. 16113700110	Fairview Ave. & Gresham Road Marietta, GA	07/31/2014	\$200,000	4.1	Commercial	\$48,780
2. 11667-280-003	130 Mill Center Blvd. Bogart, GA	11/08/2012	\$25,000	0.66	Commercial	\$37,897
3. B01-L0-03C	1111 Talus Street Bogart, GA	11/16/2011	\$52,000	0.88	Commercial	\$59,242

Land Sales Map



Land Sales Adjustment Grid

	SUBJECT	SALE 1	SALE 2	SALE 3
Location	301 West Greene Street Greensboro, GA	Fairview & Gresham Road Marietta, GA	130 Mill Center Blvd. Bogart, GA	1111 Talus Street Bogart, GA
Sale Date		07/31/2014	11/08/2012	11/16/2011
Sale Price		\$200,000	\$25,000	\$52,000
Terms of Sale		Arms Length	Arms Length	Arms Length
Site Size/Acre	2.26	4.1	0.66	0.88
Sale Price/Acre		\$48,780	\$37,897	\$59,242
Zoning	Commercial	Commercial	Commercial	Commercial
Utilities	All Available	All Available	All Available	All Available
Configuration	Square	Square	Square	Triangular
Topography	Level	Level	Level	Level
Access & Exposure	Good	Good	Good	Good
Comments				
Comparison Factors				
Marketing Conditions	Current	0%	0%	0%
Location	Average	-5%	0%	0%
Utilities	All Available	0%	0%	0%
Zoning	Commercial	0%	0%	0%
Configuration	Square	0%	0%	0%
Size	2.26	0%	-10%	-10%
Topography	Level	0%	0%	0%
Access & Exposure	Good	-5%	0%	0%
TOTAL ADJUSTMENT		-10%	-10%	-10%
ADJUSTED UNIT VALUE		\$43,902	\$34,107	\$53,318

Land Value Conclusion

In our valuation of the subject we have considered three commercial land sales similar to the subject that indicate a value range from \$37,897/acre to \$59,242/acre. The comparable sales were analyzed based on the price paid per square foot of land area, which is the most common unit of comparison for similar land. They are all located within similar markets and were the most recent and comparable sales available, and assist in bracketing the subject's unit value conclusion.

Adjustments were applied for site size yielding a range from \$34,107/acre to \$53,318/acre With and average indication of \$43,776/Acre.

We opine to a value for the subject site of \$343,879/acre as indicated below:

2.26 Acres @ \$43,776/Acre = \$99,000 (Rounded)

SALES COMPARISON APPROACH - SINGLE FAMILY RESIDENCE

Analysis of Single Family Residence

In the valuation of the subject property as a single family residence, the appraiser considered all three approaches to value. However, only the Sales Comparison Approach was deemed to be applicable in this specific assignment. The cost approach was not considered applicable to provide a reliable indication of value for the subject. Properties purchased as single family residences, particularly in the “upper end” market, are typically owner-occupied and not acquired for their investment potential. Therefore, the Income Approach was not considered to be applicable to provide a reliable indication of value for the subject.

The **Sales Comparison Approach** is an appraisal procedure in which the market value estimate is predicted upon prices paid in actual market transactions and current listings. The process involves analyzing sales of recently sold properties in order to derive an indication of the most probable sales prices of the property being appraised. In this analysis, comparable sale transactions were identified and utilized.

The Sales Comparison Approach is based upon a comparison of prices for similar properties in similar markets, representing bona fide, arms’ length transactions. This approach works best in an active market where prices serve as strong indicators of the most probable selling price of the subject.

We researched the subject’s market area for office building sale transactions and were able to identify four closed sales with which to compare the subject. As previously mentioned, the current economic conditions, especially tight credit markets have led to a market decrease in the numbers of sales and in the unit sales prices.

In comparing the sales comparables to the subject, adjustments were applied for locational appeal, quality and accessibility. The reader’s attention is directed to our “Sales Comparison Approach” chart on the following page.

Analysis of Comparable Sales – Summary Report Format

A marketing condition (time) adjustment represents the improved marketing conditions since the date of sale.

A location adjustment was based on our personal observation of the quality and intensity of surrounding development, for each sale.

A physical features adjustment considers the overall size of the sales in comparison to the subject.

An access/exposure adjustment considers the access and exposure of each sale as compared to the subject.

A zoning adjustment reflects the importance of zoning for future development.

Improved Sale 1



Property Identification

Property Type	Residential
Address	928 Eatonton Road Madison, GA 30650
Location	East side of Eatonton Road
Tax ID	M21 024

Sale Data

Grantor	Frances Candler Shumway Estate
Grantee	James Stanton
Sale Date	04/24/2014
Deed Book/Page	528/163
Property Rights	Fee Simple
Conditions of Sale	Arm's Length
Verification	Chris Hodges, Madison Realty (706-474-0947, Public Records Confirmed by Vivian W. Searcy

Sale Price	\$775,000
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Land Data

Land Size	4.54 Acres, 197,762 SF
Front Footage	Eatonton Road

General Physical Data

Building Type	Single Family Home
Gross SF	4,524
Construction Type	Wood Frame
Year Built	1851

Indicators

Sale Price/Gross SF	\$139.72
Floor Area Ratio	0.02
Land to Building Ratio	43.71:1
Occupancy at Sale	100%

Remarks

This renovated Historic Greek Rival Home sits on 4.54 acres in the heart of Madison, Georgia. This sale consists of a single-family dwelling containing 4 bedrooms and 3 bathrooms. Site improvements include a front entrance porch, rear entrance porch, side entrance porch, 2 car garage, concrete drive and storage buildings. This sale was considered to be in average condition at time of sale.

Improved Sale 2



Property Identification

Property Type	Residential
Address	433 South Main Street Madison, GA 30650
Location	North side of Main Street South side of Old Post Road
Tax ID	M19 005

Sale Data

Grantor	Stephen E. Forbes & Susan Forbes
Grantee	Catherine M. Russell Trustee
Sale Date	06/27/2014
Deed Book/Page	530/160
Property Rights	Fee Simple
Conditions of Sale	Arm's Length
Verification	Chris Hodges, Madison Realty (706) 474-0947, Public Records Confirmed by Vivian W. Searcy
Sale Price	\$785,000

Land Data

Land Size	0.64 Acres, 27,878 SF
Front Footage	Main Street Old Post Road

General Physical Data

Building Type	Single Family Home
Gross SF	4,177
Construction Type	Wood Frame
Year Built	1820

Indicators

Sale Price/Gross SF	\$187.93
Floor Area Ratio	0.15
Land to Building Ratio	6.67:1
Occupancy at Sale	100%

Remarks

The home was originally a Greek Revival, later converted into a Victorian Vernacular. This sale consists of a single-family dwelling containing 5 bedrooms and 4.5 bathrooms. Site improvements include a front entrance porch, rear porches, brick driveway and walkways. This sale was considered to be in good condition at time of sale.

Improved Sale 3



Property Identification

Property Type	Residential
Address	411 Old Post Road Madison, GA 30650
Location	North side of Old Post Road South side of Academy Street East Side of Hill Street
Tax ID	M10 055

Sale Data

Grantor	HKL LC
Grantee	Patrick Flanagan & Jamie Flanagan
Sale Date	06/30/2014
Deed Book/Page	530/171
Property Rights	Fee Simple
Conditions of Sale	Arm's Length
Verification	Chris Hodges, Madison Realty (706) 474-0947, Public Records Confirmed by Vivian W. Searcy
Sale Price	\$1,100,000

Land Data

Land Size	2.23 Acres, 97,139 SF
Front Footage	Old Post Road Academy Street Hill Street

General Physical Data

Building Type	Single Family Home
Gross SF	7,940
Construction Type	Wood Frame
Year Built	1837

Indicators

Sale Price/Gross SF	\$138.54
Floor Area Ratio	0.08
Land to Building Ratio	12.23:1
Occupancy at Sale	100%

Remarks

This sale consists of a single-family dwelling containing 6 bedrooms and 7 bathrooms. Site improvements include a front and rear entrance porches, 3 car garage brick driveway, concrete walkways, in-ground pool, pool house, tennis court, storage building and gazebo. This sale was considered to be in good condition at time of sale.

Improved Listing 4



Property Identification

Property Type	Residential
Address	766 East Ave. Madison, GA 30650
Location	South side of East Ave. East side of Vine Street
Tax ID	036 088

Listing Data

Verification	Chris Hodges, Madison Realty (706) 474-0947, Public Records Confirmed by Vivian W. Searcy
Listing Price	\$1,250,000

Land Data

Land Size	5.65 Acres, 246,114 SF
Front Footage	East Ave. Vines Street

General Physical Data

Building Type	Single Family Home
Gross SF	4,400
Construction Type	Wood Frame
Year Built	1905

Indicators

Sale Price/Gross SF	\$284.00
Floor Area Ratio	0.02
Land to Building Ratio	55.94:1
Occupancy at Sale	100%

Remarks

Madison Oaks is of Neoclassical Revival architecture located within walking distance of historic Madison, GA. This listing consists of a single-family dwelling containing 5 bedrooms and 5.5 bathrooms located on 5.6 acres that is well manicured and landscaped. Site improvements include front and rear entrance porches, gravel and concrete driveway, concrete walkways, in-ground pool, pool house, and storage buildings. This listing was considered to be in good condition at time of sale.

Improved Listing 5



Property Identification

Property Type	Residential
Address	869 East Ave.
Location	Madison, GA 30650 North side of East Ave.
Tax ID	M17 082

Listing Data

Verification	Chris Hodges, Madison Realty (706) 474-0947, Public Records Confirmed by Vivian W. Searcy
Listing Price	\$1,295,000

Land Data

Land Size	7.2 Acres, 313,632 SF
Front Footage	East Ave. Vines Street

General Physical Data

Building Type	Single Family Home
Gross SF	4,850
Construction Type	Wood Frame
Year Built	1951

Indicators

Sale Price/Gross SF	\$267.01
Floor Area Ratio	0.02
Land to Building Ratio	64.67:1
Occupancy at Sale	100%

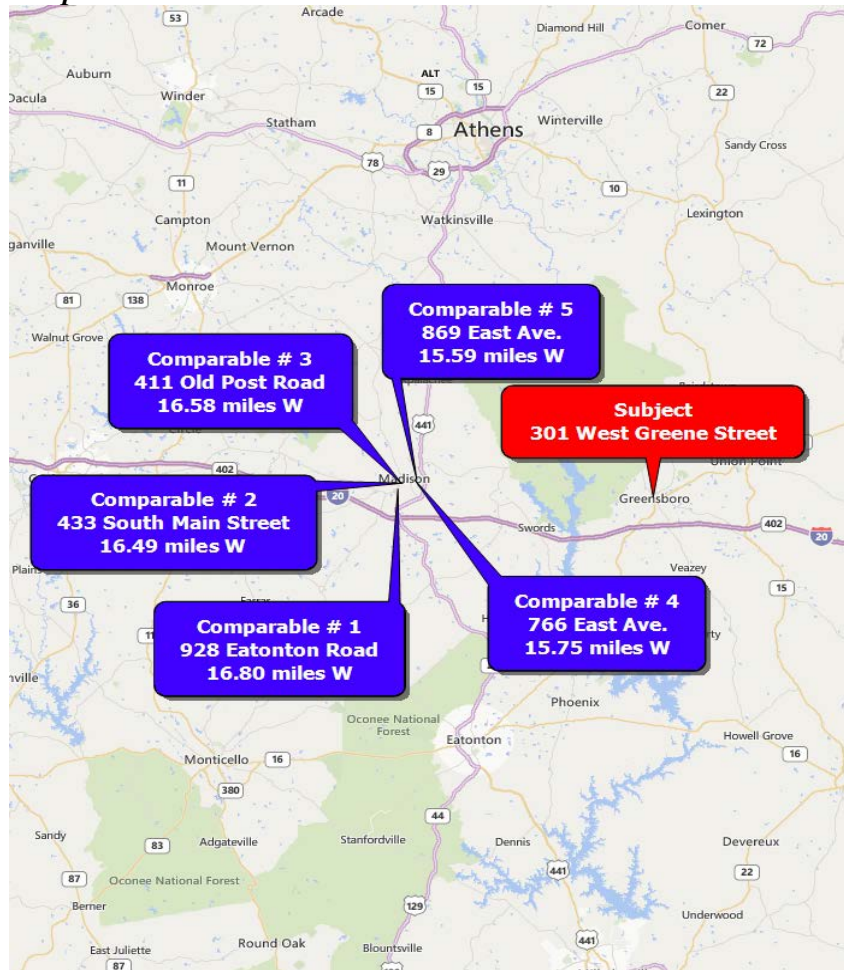
Remarks

The Historic Higginbotham House has been completely renovated and is located within walking distance of historic Madison, GA. This listing consists of a single-family dwelling containing 5 bedrooms and 5.5 bathrooms located on 7.2 acres that is well manicured and landscaped. Site improvements include front an entrance porch, rear deck with pergola, gravel driveway, in-ground pool, barns, and wood fencing. This listing was considered to be in good condition at time of sale.

Improved Sales Summary

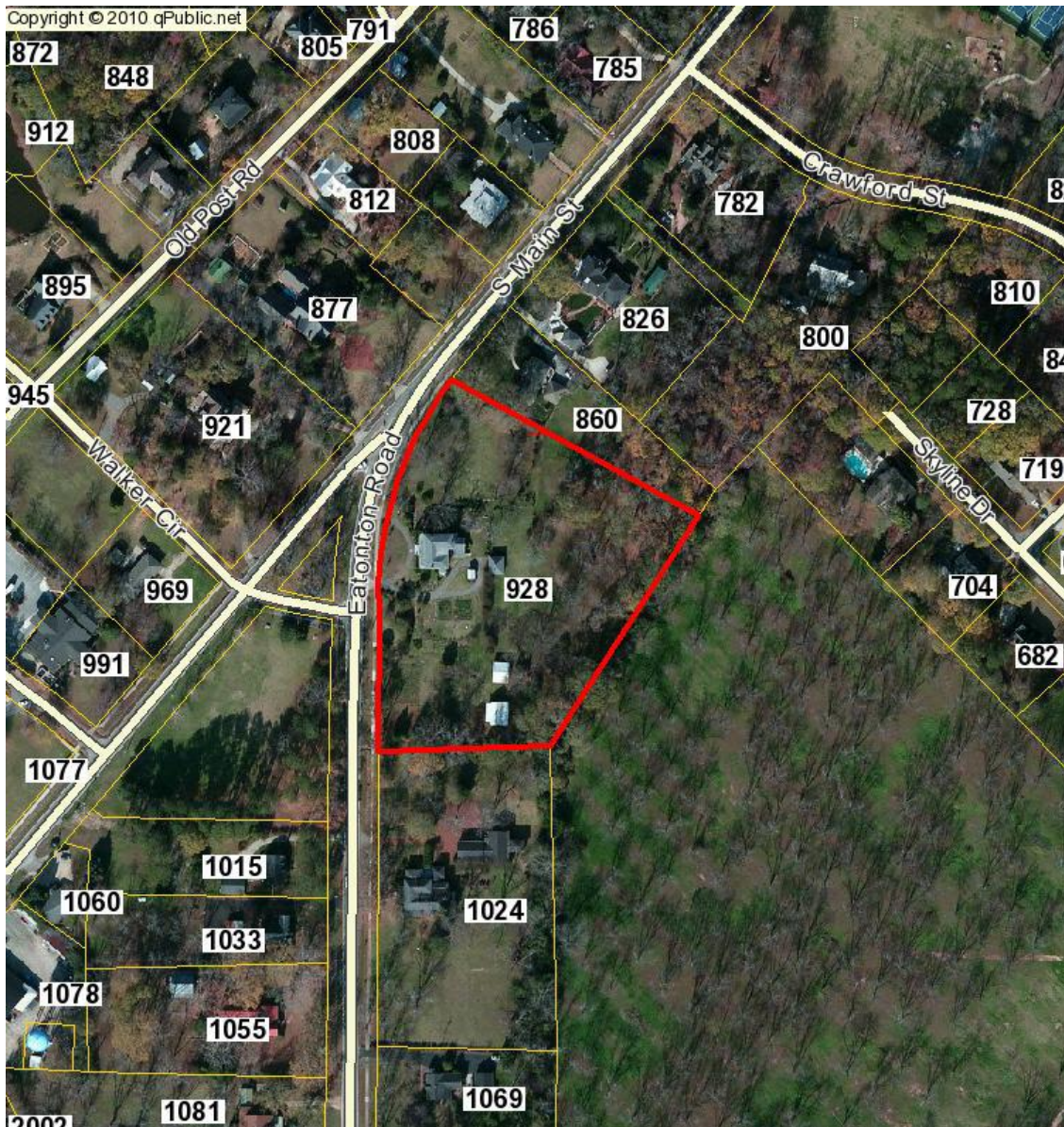
Location	Sale Date	Price	Property Size Acres/SF	Building Size (SF)	Year Built	Bldg Size Price/SF
1. 928 Eatonton Road Madison, GA 30650	04/24/2014	\$775,000	4.54/197,762	4,524	1851	\$139.72
2. 433 South Main Street Madison, GA 30650	06/27/2014	\$785,000	0.64/27,878	4,177	1820	\$187.93
3. 411 Old Post Road Madison, GA 30650	06/30/2014	\$1,100,000	2.23/97,139	7,940	1837	\$138.54
4. 766 East Ave. Madison, GA 30650	Listing	\$1,250,000	5.65/246,114	4,400	1905	\$284.00
5. 869 East Ave. Madison, GA 30650	Listing	\$1,295,000	7.2/313,632	4,850	1951	\$267.01

Improved Sales Map



Improved Sales Arial Maps

Comparable Sale 1



Comparable Sale 2



Comparable Sale 3

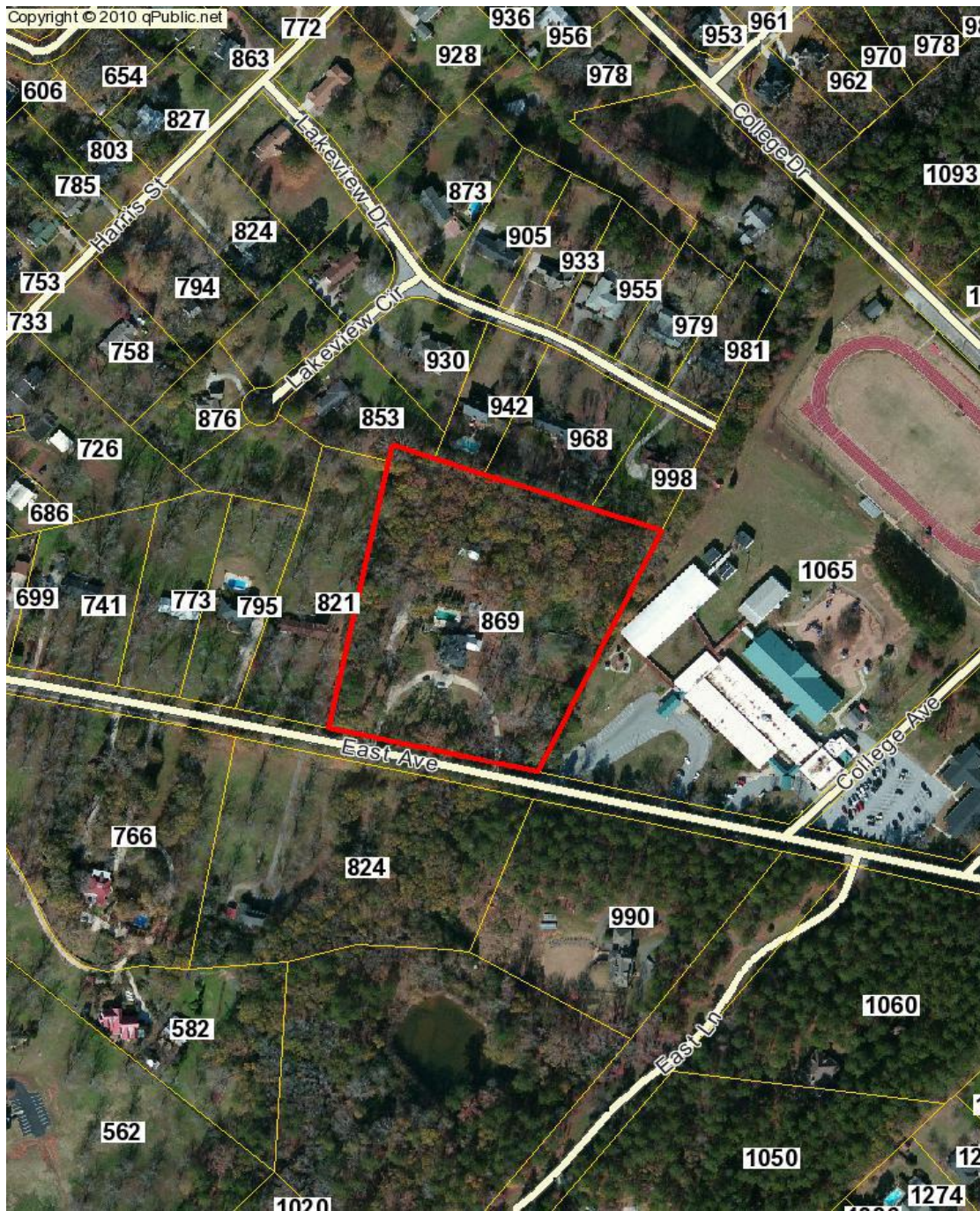


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Map showing property boundaries and lot numbers. The highlighted lot is 766. Surrounding lot numbers include 484, 466, 679, 705, 733, 758, 794, 820, 930, 942, 853, 876, 726, 686, 665, 647, 448, 434, 631, 587, 615, 699, 741, 773, 795, 821, 869, 620, 648, 674, 611, 706, 616, 732, 766, 824, 582, 562, 526, 463, 483, 509, 565, 1020, 1040, 10, 480, 406, 526, 463, 483, 509, 565, 1020, 1040, 10.

Streets shown: Harris St, East Ave, Hendrix Ln, Vine St, Madison Ave, East Ln.

Comparable Listing 5



Comparable Improved Sales						
SALE NO.	SUBJECT	SALE NO. 1	SALE NO. 2	SALE NO. 3	LISTING NO. 4	LISTING NO. 5
Address	301 West Greene Street Greensboro, GA 30642	928 Eatonton Road Madison, GA 30650	433 South Main Street Madison, GA 30650	411 Old Post Road Madison, GA 30650	766 East Ave. Madison, GA	869 East Ave. Madison, GA
City	Greensboro	Madison	Madison	Madison	Madison	Madison
County	Greene	Morgan	Morgan	Morgan	Morgan	Morgan
Buyer	NA	James Stanton	Catherine M Russell Trustee	Patrick & Jamie Flanagan	NA	NA
Seller	NA	Frances Candler Shumway Estate	Stephen E. & Susan Forbes	HKL LC	NA	NA
Sale Date	NA	04/24/2014	06/27/2014	06/30/2014	Listing	Listing
Sale Price/List Price	NA	\$775,000	\$785,000	\$1,100,000	\$1,250,000	\$1,295,000
OR Book/Page	NA	528/163	530/160	530/171	NA	NA
Conditions of Sale	NA	Arm's Length	Arm's Length	Arm's Length	NA	NA
Terms	NA	Cash to Seller	Cash to Seller	Cash to Seller	NA	NA
Sale Price/RSF	NA	\$139.72	\$187.93	\$138.54	\$284.00	\$267.01
PHYSICAL DATA						
Land Area	2.26/98,446	4.54/197,762	0.64/27,878	2.23/97,139	5.65/246,114	7.2/313,632
Zoning	B-2, City	R-1, City	R-1, City	R-1, City	R, City	R, City
Utilities	All Available	All Available	All Available	All Available	All Available	All Available
Access/Exposure	Good/Good	Good/Good	Good/Good	Good/Good	Good/Good	Good/Good
Total Building Area / SF	5,889	4,524	4,177	7,940	4,400	4,850
Floor Area Ratio	0.06	0.02	0.15	0.08	0.02	0.02
# of Floors	3	2	2	2	2	2
Year Built	1830	1851	1820	1837	1905	1951
Construction Type	Frame	Frame	Frame	Frame	Frame	Frame
Construction Quality	Good	Good	Good	Good	Good	Good
Finish Quality	Good	Good	Good	Good	Good	Good
Improvements	Ballroom/Reception Hall Reception Restrooms Guest House Wedding Chapel Outbuildings/Landscaping In-ground Pool	2 Car Garage Outbuildings/Landscaping		In-ground Pool Pool House Tennis Court Outbuilding/Landscaping	In-ground Pool Pool House Outbuildings/Landscaping	In-ground Pool Outbuildings/Landscaping
COMPARISON						
Market Conditions	Good	0%	0%	0%	0%	0%
Location	Good	0%	0%	0%	0%	0%
Access/Exposure	Good	0%	0%	0%	0%	0%
Land Area	2.26/98,446	-18%	+8%	0%	0%	0%
Building Size	5,889	+21.59%	+21.8%	-9.33%	+11.92%	+8%
Construction Quality	Good	0%	0%	0%	0%	0%
Building Age/Condition	Good	+30%	0%	+30%	0%	0%
Finish Quality	Good	0%	0%	0%	0%	0%
Utilities	All Available	0%	0%	0%	0%	0%
Improvements	Ballroom/Reception Hall Wedding Chapel Outbuildings In-ground Pool	+62.33%	+43.82%	+31.27%	+24%	+23.17%
Adjusted Price/SF		\$273.74	\$326.28	\$210.50	\$386.01	\$350.24

ANALYSIS & CONCLUSIONS

Three closed sales and two listings were analyzed and compared to the subject. The comparables considered yield a range between \$138.54 and \$284.00 per square foot for single-family homes in similar locations. The average indication is around \$270.17/SF. Each of the comparable sales and listings were compared to the subject and adjustments were applied as follows:

COMPARISON	Subject	Comparable Sales & Listings
Market Conditions	Current	No adjustments were applied for this factor.
Location	Good	No adjustments were applied for this factor.
Access/Exposure	Good/Good	No adjustments were applied for this factor.
Building Size	5,889	Upward adjustments were applied to Comparable 1, 2, 4, 5 for the smaller building size. A downward adjustment was applied to Sale 3 for the larger building size.
Construction Quality	Good	No adjustments were applied for this factor.
Building Age/Condition	Good	Sales 1, 2, 3 and 4 were adjusted upward for inferior age/condition when compared to the subject.
Finish Quality	Good	No adjustments were applied for this factor.
Utilities	All Available	No adjustments were applied for this factor.

After adjustments were applied, the sales ranged from \$210.50/SF to \$386.01/SF.

We have also considered the competing properties on the market in relation to the location and quality of the subject.

Based on all of the described factors, we estimate that the most appropriate unit value for the subject would fall in the \$270/SF range, as follows:

$$\mathbf{5,889\ SF\ @\ \$270/SF = \$1,590,000\ (Rounded)}$$

DIRECT CAPITALIZATION INCOME APPROACH BED & BREAKFAST

Introduction and Methodology

The theory of the Income Approach is that the value of a property is the present worth of its anticipated future cash flows during the period of time the purchaser intends to hold the property as an investment. Since the purpose of this appraisal report is to determine the subject property value for refinancing purposes, the scope of the Income Approach will be limited to the contributory value of the current tenant's lease only.

First, the growth potential income is the total income attributable to real property at full occupancy before vacancy and operating expenses are deducted.

After estimating the projected gross potential income, deductions will be made for estimated vacancy and collection losses, and projected operating expenses to be incurred for operation of the property. The result is net income before recapture.

Next, the net income in the reversion year is capped at an appropriate terminal cap rate to estimate the subject's reversionary value.

The capitalization rate used to convert the reversionary net income into a value indication is a weighted average of the rates of return required to attract all the various forms of capital to a given investment – the subject property.

It takes into account equity build-up from available market financing, as well as changes in the overall property value and income levels. It can be derived from several sources including recent transactions of market sales, national publications, and through mathematical equations known as mortgage-equity formulas.

Subject Guest Room Rates

A summary of the current room rates as reported by the Higdon House Inn and Gardens is shown below.

Guest Rooms	Room Rate Per Night
3	\$200
3	\$180

Market Guest Room Rates

In order to estimate the market room rates of the subject property, the appraiser searched the local bed and breakfast property market to locate similar and competing Bed and Breakfast properties for comparable rental rates. Sources of information include reading of published materials, brokers, property owners, and property managers.

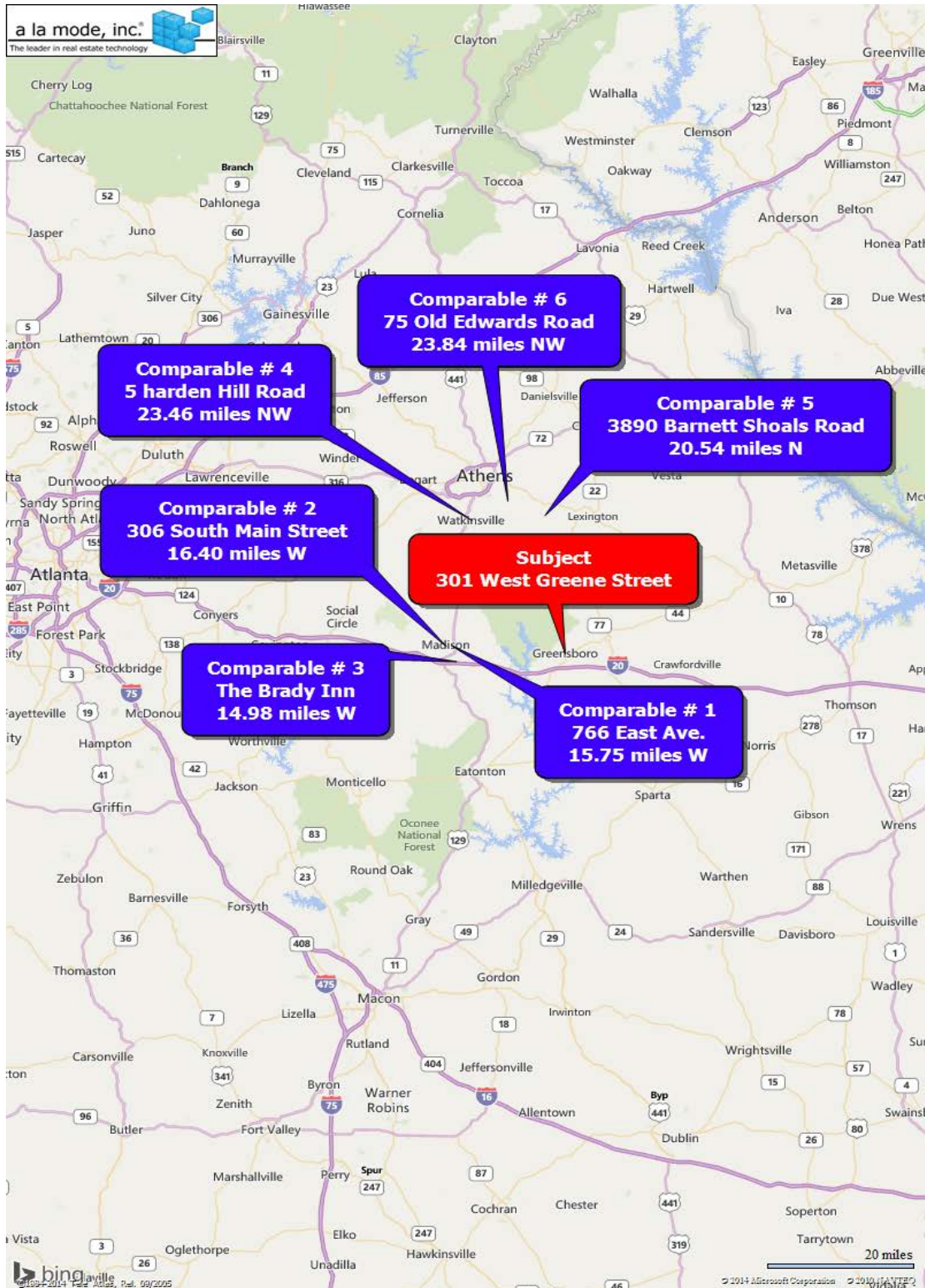
We selected six comparable Bed and Breakfast properties for comparison. The building types and published room rates are in the same general market rental range as the subject. The properties are useful in illustrating the current going rate this type of lodging space.

Comparable Room Rates Summary – Bed & Breakfast

Name	Location	Guest Rooms	Room Rates
Madison Oaks Inn & Gardens	766 East Ave. Madison, GA	4	\$195 - \$250
Goodwin Manor	306 South Main Street Greensboro, GA	5	\$125 - \$350
The Brady Inn	250 North Second Street Madison, GA	7	\$129 - \$165
Ashford Manor	5 Harden Hill Road Watkinsville, GA	9	\$89 - 199
The Colonels B&B	3890 Barnett Shoals Road Athens, GA	10	\$115 - \$285
Fair Havens B&B	75 Old Edwards Road Arnoldsville, GA	6	\$125 - \$50

The results of the market investigation indicate that in the Greensboro market competitive rates range from \$89 to \$285 per guest room per night. The room rates vary greatly for a number of factors both real estate related as well as the amenities and reputation of the individual business operation. The subject property falls within the predominant range of rates considered to represent the current market for this type of lodging.

BED & BREAKFAST PROPERTIES MAP



BED & BREAKFAST PROPERTY PHOTOS



MADISON OAKS INN & GARDENS

MADISON, GA



GOODWIN MANOR

GREENSBORO, GA



THE BRADY INN
MADISON, GA



ASHFORD MANOR
MADISON, GA



THE COLONELS

ATHENS, GA



FAIR HAVENS

ATHENS, GA

Market Rent Estimate – Fee Simple Value

The comparable data ranges from \$89 to \$285 per room. We have placed the most emphasis on Madison Oaks Inn and Gardens. **We have considered a market rate for the subject at \$180.00/SF.**

Vacancy and Collection Loss

We have estimated a frictional vacancy and collection allocation of 40% for the subject. The property is well located in a historical/commercial corridor in a growing market.

Operating Expenses

Management and Administrative Expenses

The typical management expenses for the bed and breakfast market range from \$26,780 to \$68,540. We have utilized \$40,000 in our analysis.

Real Estate Taxes

The annual real estate taxes for the subject property are \$3,619.

Insurance

Insurance expenses for the property are projected at \$10,334. This is typical of properties in this market.

Repairs and Maintenance

The estimated repairs and maintenance for the property are projected at 10% of the effective gross income.

Reserves for Replacements

This category estimates the annual reserve amount needed for the replacement and repairs of on-site improvements due to depreciation from age and wear and tear. Such items include air conditioning, carpeting, paving and recovering of the roof. A prudent owner would set aside funds in a manner, which would accumulate a sufficient reserve to accommodate the replacement of these items at the time that they would normally be expected to wear out. We have estimated the annual reserve requirement to be about 10% of the total operating expenses.

Capitalization

After deducting the estimated operating expenses from the effective gross income, the resulting net operating income is then capitalized into an overall value indication via the Income Approach. Sales of suburban full service bed and breakfast buildings in the Atlanta area over the last year or so have shown capitalization rate from 8.00% to about 9.00%. The range depends on the quality and duration of the tenancy, the age and condition of the building itself and the location of the property.

Considering the foregoing, it is our opinion an appropriate overall capitalization rate for application to the estimated net operating income for the subject property is **8.5%**.

CBRE Cap Rate Survey

Second Half 2013

ATLANTA	
Luxury	
CBD Stabilized Cap Rate	6.00% - 8.00
Suburban Stabilized Cap Rate	7.00% - 8.00
Full Service	
CBD Stabilized Cap Rate	7.50% - 8.50%
Suburban Stabilized Cap Rate	8.00% - 9.00%
Select Service	
CBD Stabilized Cap Rate	8.00% - 9.00%
Suburban Stabilized Cap Rate	8.50% - 9.50%
Economy	
CBD Stabilized Cap Rate	9.00% - 10.00%
Suburban Stabilized Cap Rate	9.00% - 11.00%

The following table summarizes the calculations involved in deriving the value of the subject property utilizing the Income Approach.

<i>Income Approach Summary</i>			
	Rooms	Room Rate Per Night	Annual
Gross Potential Income – Market Rent Total PGI	6	\$180	\$394,200
Stabilized Vacancy & Collection Allocation @	40.00%		-\$157,680
Effective Gross Income			\$236,520
<i>Operating Expenses</i>	<i>% EGI</i>		<i>Gross \$</i>
Management & Administrative Costs	16.91%		\$40,000
Real Estate Taxes	1.53%		\$3,619
Property Insurance	4.37%		\$10,334
Repairs and Maintenance	10%		\$23,652
Utilities & Trash	3.7%		\$8,763
Housekeeping	5%		\$11,826
Total Operating Expenses	41.52%		\$98,194
Net Operating Income Before Reserves	58.48%		\$138,326
Reserves For Replacements	10%		\$9,819
Net Income After Reserves	92.9%		\$128,507
Overall Capitalization Rate			8.5%
Value Indication via Direct Capitalization (Rounded)			\$1,512,000

DIRECT CAPITALIZATION INCOME APPROACH

WEDDING AND EVENT VENUE

Introduction and Methodology

The theory of the Income Approach is that the value of a property is the present worth of its anticipated future cash flows during the period of time the purchaser intends to hold the property as an investment. Since the purpose of this appraisal report is to determine the subject property value for refinancing purposes, the scope of the Income Approach will be limited to the contributory value of the current tenant's lease only.

First, the growth potential income is the total income attributable to real property at full occupancy before vacancy and operating expenses are deducted.

After estimating the projected gross potential income, deductions will be made for estimated vacancy and collection losses, and projected operating expenses to be incurred for operation of the property. The result is net income before recapture.

Next, the net income in the reversion year is capped at an appropriate terminal cap rate to estimate the subject's reversionary value.

The capitalization rate used to convert the reversionary net income into a value indication is a weighted average of the rates of return required to attract all the various forms of capital to a given investment – the subject property.

It takes into account equity build-up from available market financing, as well as changes in the overall property value and income levels. It can be derived from several sources including recent transactions of market sales, national publications, and through mathematical equations known as mortgage-equity formulas.

Subject Wedding and Event Venue Rates

A full day rental is \$8,000 as reported by the Higdon House Inn and Gardens is shown below.

Rental Rates Analysis

In order to estimate the market rental rates of the subject property, the appraiser searched the local wedding and event venue market to locate similar and competing wedding and event venue properties for comparable rental rates. Sources of information include reading of published materials, brokers, property owners, and property managers.

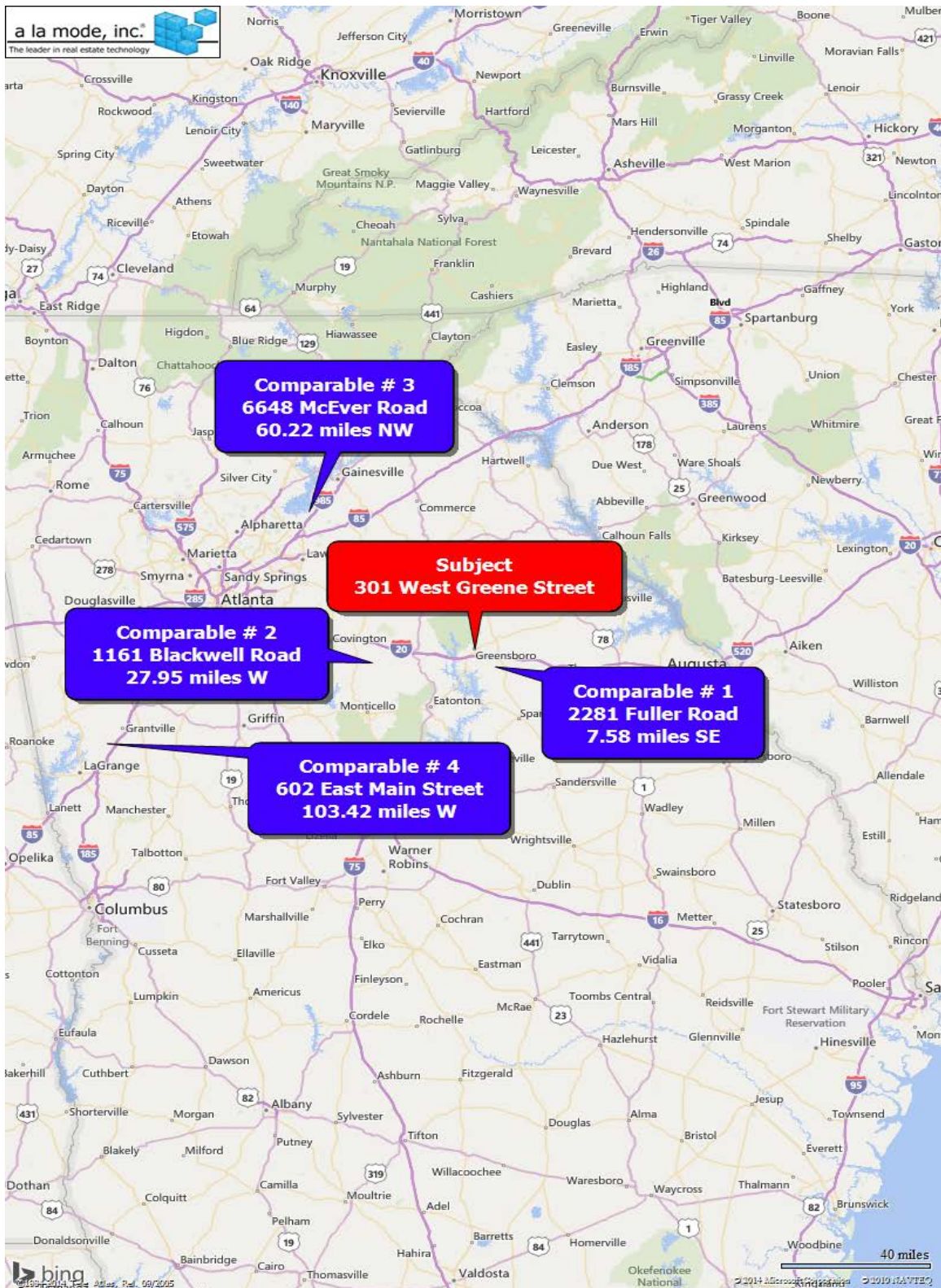
We selected four comparable Bed and Breakfast properties for comparison. The building types and published room rates are in the same general market rental range as the subject. The properties are useful in illustrating the current going rate this type of lodging space.

Comparable Rental Rates Summary – Wedding and Event Venue

Name	Location	Wedding Package	Rates
Washington Grass Inn	2281 Fuller Road Greensboro, GA	All Inclusive	\$8,750 - \$9,950
Burnt Pine Weddings	1161 Blackwell Road Newborn, GA	All Inclusive	\$8,050
Bradford House and Gardens	6648 McEver Road Flowery Branch, GA	All Inclusive	\$3,500 – \$15,599
Victoria Belle Mansion	602 East Main Street Hogansville, GA	Wedding and Reception Rental Only Catering Not Included	\$4,195 - \$6,295

The results of the market investigation indicate that in the Greensboro market competitive rates range from \$3,500 to \$15,599 per event. The rates vary greatly for a number of factors both real estate related as well as the amenities and reputation of the individual business operation. The subject property falls within the predominant range of rates considered to represent the current market for this type of property.

WEDDING AND EVENT VENUE PROPERTIES MAP



WEDDING AND EVENT VENUE PROPERTY PHOTOS



**WASHINGTON GRASS INN
GREENSBORO, GA**



**BURNT PINE WEDDINGS
NEWBORN, GA**



BRADFORD HOUSE AND GARDENS
FLOWERY BRANCH, GA



VICTORIA BELLE MANSION
HOGANSVILLE, GA

Market Rent Estimate – Fee Simple Value

The comparable data ranges from \$3,500 to \$15,599 per event. **We have considered a market rate for the subject at \$8,000 per event.**

Vacancy and Collection Loss

We have estimated a frictional vacancy and collection allocation of 40% for the subject. The property is well located in a historical/commercial corridor in a growing market.

Operating Expenses

Management and Administrative Expenses

The typical management expenses for the bed and breakfast market range from \$26,780 to \$68,540. We have utilized \$40,000 in our analysis.

Real Estate Taxes

The annual real estate taxes for the subject property are \$3,619.

Insurance

Insurance expenses for the property are projected at \$10,334. This is typical of properties in this market.

Repairs and Maintenance

The estimated repairs and maintenance for the property are projected at 10% of the effective gross income.

Reserves for Replacements

This category estimates the annual reserve amount needed for the replacement and repairs of on-site improvements due to depreciation from age and wear and tear. Such items include air conditioning, carpeting, paving and recovering of the roof. A prudent owner would set aside funds in a manner, which would accumulate a sufficient reserve to accommodate the replacement of these items at the time that they would normally be expected to wear out. We have estimated the annual reserve requirement to be about 10% of the total operating expenses.

Capitalization

After deducting the estimated operating expenses from the effective gross income, the resulting net operating income is then capitalized into an overall value indication via the Income Approach. Sales of suburban wedding venues in the Atlanta area over the last year or so have shown capitalization rate from 8.00% to about 9.00%. The range depends on the quality and duration of the tenancy, the age and condition of the building itself and the location of the property.

Considering the foregoing, it is our opinion an appropriate overall capitalization rate for application to the estimated net operating income for the subject property is **8.5%**.

CBRE Cap Rate Survey

Second Half 2013

ATLANTA	
Luxury	
CBD Stabilized Cap Rate	6.00% - 8.00
Suburban Stabilized Cap Rate	7.00% - 8.00
Full Service	
CBD Stabilized Cap Rate	7.50% - 8.50%
Suburban Stabilized Cap Rate	8.00% - 9.00%
Select Service	
CBD Stabilized Cap Rate	8.00% - 9.00%
Suburban Stabilized Cap Rate	8.50% - 9.50%
Economy	
CBD Stabilized Cap Rate	9.00% - 10.00%
Suburban Stabilized Cap Rate	9.00% - 11.00%

The following table summarizes the calculations involved in deriving the value of the subject property utilizing the Income Approach.

<i>Income Approach Summary</i>			
	% PGI	Event Rate	Annual
Gross Potential Income – Market Rent		\$8,000 x 52	
Total PGI		weeks	\$416,000
Stabilized Vacancy & Collection Allocation @	30.00%		-\$124,800
Effective Gross Income			\$291,200
<i>Operating Expenses</i>	<i>% EGI</i>		<i>Gross \$</i>
Management & Administrative Costs	13.74%		\$40,000
Real Estate Taxes	1.24%		\$3,619
Property Insurance	3.55%		\$10,334
Repairs and Maintenance	10%		\$29,120
Utilities & Trash	3.9%		\$11,371
Housekeeping/Janitorial	5%		\$14,560
Total Operating Expenses	28.76%		\$103,536
Net Operating Income Before Reserves	71.24%		\$187,664
Reserves For Replacements	10%		\$18,766
Net Income After Reserves	92.9%		168,897
Overall Capitalization Rate			8.5%
Value Indication via Direct Capitalization (Rounded)			\$1,987,000

RECONCILIATION – FEE SIMPLE VALUE ESTIMATE

VALUE INDICATIONS

The preceding analysis resulted in the following value estimates:

Sales Comparison Approach Residential:	\$1,590,000
Income Approach Bed & Breakfast:	\$1,512,000
Income Approach Event Venue:	\$1,987,000

Final Value Conclusion

**“As Improved” Value of \$1,987,000
ONE MILLION NINE HUNDRED AND EIGHTY SEVEN THOUSAND DOLLARS**

The process of reconciliation weight the strengths and weaknesses identified in each approach in relation to the quantity and quality of data available and to the applicability of that information to the class of property being appraised.

The *Cost Approach* is usually most significant when the improvements are new or effectively new or when the property is a special purpose property. The *Cost Approach* provides a reliable estimate of value, which takes into account the underlying land value, and the costs of development, less the accrued depreciation of the existing improvements.

The *Income Approach* is relied upon by knowledgeable investors when purchasing an income producing property. Since the purpose of this appraisal is for determining market value for refinancing purposes by the present owner with no intention of renting the property to another party, this approach was not considered in the analysis of value.

The *Sales Comparison Approach* had adequate sales information available for critical analysis. This approach is generally considered to be a reliable indicator of value when the data available closely corresponds to the location, size and condition of the property being appraised as it reflects the interaction of buyers and sellers in the marketplace.

Given the Subject property’s location and highest and best use, the *Sales Comparison Approach* is considered the best approach for providing a reliable opinion of market value and was given predominant weight in the Appraiser’s final value estimate.

REASONABLE EXPOSURE TIME

Exposure time is defined with the Standards of Professional Appraisal Practice of the Appraisal Institute as follows:

- The estimated length of time the property interest being appraised would have been offered on the market prior to the hypothetical consummation of a sale at market value on the effective date of the appraisal;
- A retrospective opinion based upon an analysis of past events assuming a competitive and open market.
- Exposure time is always presumed to precede the effective date of the appraisal.

Based on the above analysis, it is the appraiser's opinion that **eighteen to twenty four (18-24) months** represents a reasonable exposure time for the subject property.

ESTIMATED MARKETING TIME

Based on knowledge of the Greene County, Georgia area and current economic conditions, it is the appraiser's opinion a marketing time of **eighteen to twenty four (18-24) months** could be realistically expected for the subject property assuming an aggressive marketing campaign.

PERSONAL PROPERTY LOCATED IN SUBJECT PROPERTY

No personal property value has been included in the appraiser's opinion of market value for the subject property.

PART IV - APPENDICES

APPENDIX A

ENGAGEMENT AGREEMENT



RESIDENTIAL + LAND + FARM + COMMERCIAL

148 East Base Street
Madison, FL 32340

Office: (850)973-4049
Email: searcyapp@embarqmail.com

Fax: (850)973-3052

Mobile: (850)258-9811
Web Site: www.searcyapp.com

Vivian W. Searcy
Florida Certified General Appraiser #RZ3022,
Georgia Certified General Real Property Appraiser #326617
FHA #FLRZ3022
Licensed Real Estate Broker #BK533889

Dedicated Professionals...Building Committed Relationships

May 15, 2014

Jeff Hough
Higdon House Inn & Gardens
301 West Greene Street
Greensboro, GA

RE: Appraisal of Higdon House & Gardens

Dear Mr. Hough:

It is my pleasure to submit this scope of service letter for the work on the above referenced properties.

GENERAL SCOPE OF WORK

Our work will be subject to general assumptions and limiting conditions which are attached to this letter of engagement.

This work may be subject to extraordinary assumptions and/or hypothetical conditions. We will inform you if we identify these conditions during our work.

Our work will conform to the Uniform Standards of Professional Appraisal Practice (USPAP) and the Code of Ethics of the Appraisal Institute, Chapter 475 Part II and Rule 6111 FAC under jurisdiction of the Florida Real Estate Appraisal Board.

SCOPE OF WORK:

The client is the party or parties who engages an appraiser (by employment or contract) in a specific assignment. The term client, has specific meaning in the context of a real estate appraisal assignment and this agreement. The payment of fees by a third party does not grant client privilege.

You are the client and we are not permitted to discuss our work, disclose confidential information or provide a copy of this report to any other party not authorized by you, except for peer review by The Appraisal Institute or State Enforcement Agencies.

Intended user of this report is you, the client. The intended use of this appraisal is for financial decision making.

The scope of this assignment is to appraise the subject property based on the single most applicable approach to value. We will report the results in an appraisal report. The report will be sent to you the client, and Mr. Roy Baram. Should this be a problem please let me know as soon as possible. I will schedule my inspection trip upon payment and authorization.

FEE

Our fee for the following appraisal is \$10,000. One half \$5,000 of the fee is required prior to commencement of work.

It is unethical for an appraiser to accept an assignment, or to have a compensation arrangement for an assignment, that is contingent on any of the following:

1. The reporting of a predetermined result (e.g., opinion of value)
2. A direction in assignment results that favors the cause of the client
3. The amount of value opinion
4. The attainment of a stipulated result; or
5. The occurrence of a subsequent event directly related to the appraiser's opinion and specific to the assignment's purpose.

You may or may not agree with the value opinion expressed on our appraisal and your obligation to pay the agreed fee is not contingent on any of the items identified above.

Our fees are due on delivery of the appraisal report, and if not paid within 30 days, are subject to interest at 1.5% per month. You agree that you will be responsible for all cost of collections including attorney fees and court cost, etc. This agreement may be terminated by either party subject to payment of fees and costs incurred up to the point of termination.

DELIVERY

We can deliver this appraisal on or before June 30, 2014 once we have received your written authorization to proceed and any pertinent data from the property owner.

Thank you for the opportunity to provide you with this scope of service. I hope that you find it acceptable and we look forward to hearing from you at your earliest convenience. We will wait for your payment and authorization to proceed before beginning work.

Sincerely,

Kevin W. Deary

Accepted and Authorization to proceed:

GA State Certified General Real Estate Appraiser
#326617

Jeff Hough
Jeff Hough
Date: 6/17/2014

APPENDIX B

QUALIFICATIONS OF THE APPRAISER(S)



VIVIAN SEARCY

148 East Base Street, Madison, Florida 32340 • searcyapp@embarqmail.com
850-973-4049 (office) • 850-258-9811 (cell) • 850-973-3052 (fax)

EDUCATION & PROFESSIONAL DESIGNATIONS

SINCE 2014

DESIGNATED MEMBER OF APPRAISAL INSTITUTE (“MAI”):
APPRAISAL INSTITUTE ADVANCED APPRAISAL WRITING CERTIFICATE

SINCE 2006

STATE OF FLORIDA CERTIFICATION
STATE OF FLORIDA CERTIFIED GENERAL REAL ESTATE APPRAISER #RZ3022
STATE OF FLORIDA CERTIFIED REAL ESTATE TRANSACTION BROKER;
STATE OF FLORIDA CERTIFIED EXPERT WITNESS
STATE OF FLORIDA CERTIFIED FHA APPROVED APPRAISER
STATE OF FLORIDA ASSOCIATION OF CONSTRUCTION INSPECTOR VCCI
STATE OF FLORIDA CERTIFIED HOME INSPECTOR

SINCE 2004

STATE OF GEORGIA CERTIFICATION
STATE OF GEORGIA CERTIFIED GENERAL REAL ESTATE APPRAISER #RZ3022
STATE OF GEORGIA CERTIFIED REAL ESTATE BROKER; #326617
STATE OF GEORGIA CERTIFIED FEDERAL EXPERT WITNESS
STATE OF GEORGIA CERTIFIED REAL ESTATE EXPERT WITNESS

SINCE 2007

FEDERAL CERTIFICATION
FEDERAL COURT CERTIFIED EXPERT WITNESS
FEDERAL FINANCIAL INTUITION EXAMINATION COUNSEL MEMBER
ASA APPRAISAL SUB-COMMITTEE
FEDERAL HOUSING ADMINISTRATION (“FHA”) CERTIFIED APPROVED APPRAISER

1986

MASTERS IN ADMINISTRATION SUPERVISION
VALDOSTA STATE UNIVERSITY

EXPERIENCE

SEARCY APPRAISAL SERVICES, LLC

- President
- Owned and Operated since 1989
- Real Estate Appraiser since 1989
- Staff includes a Commercial Appraiser, two Real Estate Appraisal Trainees, four support staff members of the firm, Lawyer, and Master in Business Administration Instructor

SEARCY REALTY/ UNITED COUNTRY, INC.

- President
- Owned and Operated since 1989
- Real Estate Broker since 1989
- Staff includes a Chemical Engineer, Retired Clerk of Circuit Court, English Instructor, and nine support Real Estate Brokers, and Auctioneers in Florida, Georgia, and Alabama

THE AARC GROUP, LLC

- President
- Real Estate Development for Highest and Best Use

CONSULTANT FOR SPRINGS DEVELOPMENT AND WATER BOTTLING

APPRAISAL CONSULTANT & REAL ESTATE BROKER FOR SPRING ACQUISITION PROJECT TO THE STATE OF FLORIDA

NESTLÉ WATERS OF NORTH AMERICAN REAL ESTATE CONSULTANT

FORMAL & CONTINUING EDUCATION

- | | |
|---|---|
| • Advanced Highest and Best Use of Real Property | • Appraising Residential Property for Litigation |
| • Valuation Writing and Case Study | • Appraising FHA Today |
| • Expert Witnessing | • Advanced Income Capitalization |
| • Real Estate Finance Statistics and Valuation Modeling | • Roles/Responsibilities: Supervisor/Trainee |
| • Valuation of Conservation Easement Conservation Easement | • Land Valuation |
| • Historic Preservation | • Finance Investment Calculations |
| • Marshal & Swift License for Commercial Agricultural Estimator | • Capitalization Rates & Income Approach to Value |
| • Marshal & Swift Residential License to Cost Guide | • Appraisal Board I |
| • USPAP Guidelines Appraising | • Appraisal Board II |
| • Advanced Income Capitalization | • Appraisal Board III |
| • General Appraiser Income Approach-Part 2 | • Real Estate Florida State Law Update |
| • Historic Preservation Conservation Easement | • National USPAP |
| • Appraisal Laws and Rules | • Practice of the Appraisal Institute <ul style="list-style-type: none">○ North Florida Real Estate College |
| | • McKissock Data Systems-FHA |
| | • Residential Appraisal Guidelines |

- McKissock Data Systems-Factory Built Housing
- 32 hours of Continuing Education completed every two years since

Certification as required by the State Appraisal Boards

ADVISORY BOARDS AND MEMBERSHIP

- State of Florida Small Business Advisory Community
- Member of the Better Business Bureau
- Madison County Chamber of Commerce Advisory Board
- Member of Farm Bureau

APPRAISING EXPERTISE

- Apartment Complexes
- Appraisal Reviews
- Federal Conservation Easements
- Commercial/ Industrial/ Manufacturing/ Office/ Warehouse Buildings
- Gasoline Service Station
- Fast-Food Restaurants
- Lease Hold Interest
- Federal Administration Buildings
- Historical Properties
- Hotels/Resorts
- Conservation Easements
- Estate Settlements and Estate Planning
- Leased Fee Interests
- Leasehold Interest
- Litigation Issues, including Bankruptcy and Divorce
- Remainder Interests
- Residential Properties
- Restaurants
- Spring Influenced and Watershed Protection Properties
- Landscape Nurseries
- Stand-Alone Retail Buildings
- Subdivision Developments
- Spring Water Influence
- Vacant Land
- Water Valuation/Value of Water

APPENDIX C

Appraiser(s) Licenses

