

APPRAISAL OF

RAL080535-OR-02
76± Acres - Bluff Mountain
Bluff Mountain Road
Sevierville, TN 37876

Report Type: Summary

FOR

Mr. William M. Fleming, III
Senior Vice President, Real Estate Support
BB&T
4600 New Bern Ave., Suite 101
Raleigh, NC 27610

BY

Kenneth R. Woodford, MAI
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KENNETH R. WOODFORD, MAI, SRA

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KNOXVILLE, TN 37912-0027

February 25, 2008

Mr. William M. Fleming, III
Senior Vice President, Real Estate Support
BB&T
4600 New Bern Ave., Suite 101
Raleigh, NC 27610

RE: RAL080535-OR-02
76± Acres - Bluff Mountain
Bluff Mountain Road
Sevierville, TN 37876

Dear Mr. Fleming:

As requested, I have inspected the above property for the purpose of estimating market value of the fee simple estate.

Based upon my inspection of the property and analysis of sales and related data, it is my conclusion that market value as of February 19, 2008 is:

\$2,450,000

The attached report includes certain assumptions, limiting conditions and specific contingencies to which the value conclusion is subject.

Mr. Fleming
Page two
February 25, 2008

If after reading the report you have any questions concerning the appraisal or the conclusion, do not hesitate to call me. It has been a pleasure to provide this service for you.

Yours truly,

Kenneth R. Woodford

Kenneth R. Woodford, MAI/SRA
State Certified General Appraiser, CG-342



David A. Shanks

David A. Shanks
State Certified General Appraiser, CG-3104

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ADDENDUM

Warranty Deed
Engagement Letter
Appraisal Requirements

QUALIFICATIONS OF KENNETH R. WOODFORD, MAI, SRA

General real estate appraisal and counseling business with emphasis on market value appraisals, feasibility and counseling for acquisition, sale and mortgage loan purposes.

Professionally servicing East Tennessee, Southeast Kentucky, Southwest Virginia, Western North Carolina and Northern Georgia.

Appraisal Education

B.S. Carson Newman College, Jefferson City, Tennessee 1970 with major in Business Management.

Technical Training

Appraisal Institute: Basic Appraisal Principles, Methods and Techniques, Capitalization Theory and Techniques, Real Estate Investment Analysis, Case Studies in Real Estate Valuation, Valuation Analysis and Report Writing, Standards of Professional Practice and Multiple Regression Analysis. University of Tennessee: Real Estate Principles and Real Estate Appraisal. Several courses and seminars annually. Currently certified by Appraisal Institute continuing education programs.

Memberships and Designations

Appraisal Institute : MAI, Certificate No. 6506. Qualifications are comprehensive courses, experience and proven ability in the appraisal of all property types. Member admissions committee of local chapter. Candidate guidance chairman for local chapter 1985; Treasurer, 1986; Secretary, 1987; Vice President, 1988; President, 1989, Southeast Regional Representative, 1993-1995; Educational Liaison to National Organization, 1999-2001; Regional Public Relations Representative, 2002-2004.

Society of Real Estate Appraisers: Senior Residential Member, SRA. Qualifications are relative to proven ability in the appraisal of residential properties. The Society was merged with the Appraisal Institute on January 1, 1991. Chapter President 1979-80, Secretary 1978-79, Board of Directors 1980-81, 1985-86.

State of Tennessee Department of Commerce and Insurance: Certified General Appraiser License No. CG-342.

Knoxville Board of Realtors: Affiliate Broker 1977 to 1985, Broker 1985 to present.

Tennessee Real Estate Appraiser's Commission, July 2007-Present

Experience

Overall experience includes appraisals and analytical studies of commercial, industrial, apartment, condominiums, and residential properties.

Experience includes mortgage related appraisal services as well as condemnation work involving most property types.

QUALIFICATIONS OF DAVID A. SHANKS

General real estate appraisal with emphasis on market value appraisals, feasibility and counseling for acquisition, sale and mortgage loan purposes.

Professionally servicing East and Middle Tennessee and Southeastern Kentucky since 2001.

Education

B.S. Cumberland College, Williamsburg, Kentucky, 2001, major in Psychology

Professional Education / Appraisal Institute Courses

Course 110	Appraisal Principles
Course 120	Appraisal Procedures
Course 310	Basic Income Capitalization
Course 320	General Applications
Course 410	Uniform Standards of Professional Appraisal Practice, Part A
Course 420	Uniform Standards of Professional Appraisal Practice, Part B
Course 510	Advanced Income Capitalization
Course 520	Highest & Best Use and Market Analysis
Course 530	Advanced Sales Comparison and Cost Approaches
Course 540	Report Writing
Course 550	Advanced Applications

Professional Memberships and Services

General Associate Member of Appraisal Institute actively pursuing MAI designation

Chairman of Public Relations, Greater Tennessee Chapter of Appraisal Institute, 2006-Present

State of Tennessee, Department of Commerce and Insurance, Certified General Appraiser #3104

Experience

Overall experience includes appraisals of retail, service commercial, industrial, apartment, subdivision development, condominium development, and residential properties.

Experience involves mortgage related work as well as condemnation and bankruptcy work.

ASSUMPTIONS AND LIMITING CONDITIONS

This appraisal report has been made with the following general assumptions:

1. No responsibility is assumed for the legal description or for matters including legal or title considerations. Title to the property is assumed to be good and marketable unless otherwise stated.
2. The property is appraised free and clear of any or all liens of encumbrances unless otherwise stated.
3. Responsible ownership and competent property management are assumed.
4. The information furnished by others is believed to be reliable. However, no warranty is given for its accuracy.
5. All engineering is assumed to be correct. The plot plans and illustrative material in this report are included only to assist the reader in visualizing the property.
6. It is assumed that there are no hidden or unapparent conditions of the property, subsoil, or structures that render it more or less valuable. No responsibility is assumed for such conditions or for arranging for engineering studies that may be required to discover them.
7. It is assumed that there is full compliance with all applicable federal, state, and local environmental regulations and laws unless noncompliance is stated, and defined, and considered in the appraisal report.
8. It is assumed that all applicable zoning and use regulations and restrictions have been complied with, unless a nonconformity has been stated, defined and considered in the appraisal report.
9. It is assumed that the utilization of the land and improvements is within the boundaries or property lines of the property described and that there is no encroachment or trespass unless noted in the report.

ASSUMPTIONS AND LIMITING CONDITIONS - Continued

This appraisal report has been made with the following general limiting conditions:

1. The distribution, if any, of the total valuation in this report between land and improvements applies only under the stated program of utilization. The separate allocations for land and buildings must not be used in conjunction with any other appraisal and are invalid if so used.
2. Possession of this report, or a 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 appraiser, and in any event only with proper written qualification and only in its entirety. A party receiving a report copy from the stated intended user does not, as consequence, become party to the appraiser-client relationship.
3. The appraiser herein by reason of this appraisal is not required to give further consultation, testimony, or be in attendance in court with reference to the property in question unless arrangements have been previously made.
4. Neither all nor any part of the contents of this report (especially any conclusions as to value, the identity of the appraiser, or the firm with which the appraiser is connected) shall be disseminated to the public through advertising, public relations, news, sales, or other media without the prior written consent and approval of the appraiser.

SPECIFIC CONTINGENCIES

1. Unless otherwise stated in this report, the existence of hazardous material, which may or may not be present on the property, was not observed by the appraiser. The appraiser has no knowledge of the existence of such materials on or in the property. The appraiser, however, is not qualified to detect such substances. The presence of substances such as asbestos, urea-formaldehyde foam insulation or other potentially hazardous materials may affect the value of the property. The value estimate is predicated on the assumption that there is no such material on or in the property that would cause a loss in value. No responsibility is assumed for any such conditions, or for any expertise or engineering knowledge required to discover them. The client is urged to retain an expert in this field, if desired.
2. "I (we) have not made a specific compliance survey and analysis of this property to determine whether or not it is in conformity with the various detailed requirements of the ADA. It is possible that a compliance survey of the property together with a detailed analysis of the requirements of the ADA could reveal that the property is not in compliance with one or more of the requirements of the Act. If so, this fact could have a negative effect upon the value of the property. Since I (we) have no direct evidence relating to this issue, I (we) did not consider possible non-compliance with the requirements of ADA in estimating the value of the property."

SUMMARY OF FACTS AND CONCLUSIONS

Property Identification: RAL080535-OR-02
76± Acres - Bluff Mountain
Bluff Mountain Road
Sevierville, TN 37876

Property Type: Vacant Mountain Land

Legal Description: Map 081 Parcel 181.18

Property Rights Appraised: Fee Simple

Date of Value: February 19, 2008

Date of Report: February 25, 2008

Land Data: 76± Acres

Zoning: A-1, Agricultural

Highest and Best Use: Residential Development

Final Conclusion: **\$2,450,000**

SUBJECT PHOTOGRAPHS



Bluff Mountain Road from Entrance



Entrance from Bluff Mountain Road

SUBJECT PHOTOGRAPHS - Continued



Viewing East on New Access Road



Viewing East across Interior

SUBJECT PHOTOGRAPHS - Continued



Viewing Southwest from Property



Southeast View (Mt. LeConte in background)

IDENTIFICATION OF PROPERTY

The Larry Franklin property is located along the east side of Bluff Mountain Road along the south face of Bluff Mountain just below the top ridge of the mountain. The property is identified for tax purposes as parcel 181.18 on tax map 081 in the Property Assessor's Office in Sevier County.

The property offers 76± acres of mountainous land with exceptional views overlooking Pigeon Forge in the foreground and the Smoky Mountains to include Mt. LeConte in the background. Similar tracts in the area such as The Summit have been or are in the process of residential development mostly for overnight rental cabins.

SCOPE OF WORK

Scope of Work is defined as follows:

The amount and type of information researched and the analysis applied in an assignment. Scope of work includes, but is not limited to, the following:

- o The degree to which the property is inspected or identified;*
- o The extent of research into physical or economic factors that could affect the property;*
- o The extent of data research; and*
- o The type and extent of analysis applied to arrive at opinions or conclusions.¹*

Following the scope of work principle, the appraiser performs the following steps:

- identify client
- intended user(s)
- intended use
- type of value

After these items are defined, the amount of research and analysis is adapted to the specific appraisal problem, rather than following the same rote steps for each assignment.

The Scope of Work centers around what is typically acceptable by the appraiser's peers as well as what is best suited to perform a credible analysis.

The following pages set out our scope of work as it pertains to this assignment.

¹ The Dictionary of Real Estate Appraisal, 4th ed., Appraisal Institute, Chicago, 2002

SCOPE OF WORK - Continued

Client/Property Identification

Client: Mr. William M. Fleming, III
Senior Vice President, Real Estate Support
BB&T
4600 New Bern Ave., Suite 101
Raleigh, NC 27610

Subject Property: RAL080535-OR-02
76± Acres - Bluff Mountain
Bluff Mountain Road
Sevierville, TN 37876

Intended User(s): Client, assigns of BB&T

Intended Use: Loan Documentation

Type of Value: Market Value

Effective Date of Value: February 19, 2008

Date of Report: February 25, 2008

Appraisal Data

Extraordinary Assumptions: None

Hypothetical Conditions: None

Interest: Fee Simple

Report Option: Summary

SCOPE OF WORK - Continued

Scope of Work

This appraisal considers a 76± acre tract located on the south side of Bluff Mountain in Sevierville, TN.

In preparing this appraisal, we

- inspected on February 18, 2008
- researched records relative to land sales for comparable properties.

Considering the makeup of the Sevier County market and the property type, we have utilized the sales comparison approach to value as it is the most applicable in the valuation of vacant land. The recent roadway and utility improvements will be added as contributing value based on costs from the developer.

UNIFORM STANDARDS OF PROFESSIONAL PRACTICE COMPETENCY RULE

Prior to accepting an assignment or entering into an agreement to perform any assignment, an appraiser must properly identify the problem to be addressed and have the knowledge and experience to complete the assignment competently; or alternatively, must:

1. Disclose lack of knowledge and/or experience to the client before accepting the assignment;
2. take all steps necessary or appropriate to complete the assignment competently; and
3. describe the lack of knowledge and/or experience and the steps taken to complete the assignment competently in the report.¹

Our firm has considered the nature of this assignment and, our experience in the field, along with our experience appraising this property type qualify us to appraise this property based on the USPAP Competency Rule.

REPORT TYPE

The Appraisal Institute defines a summary appraisal report as follows:

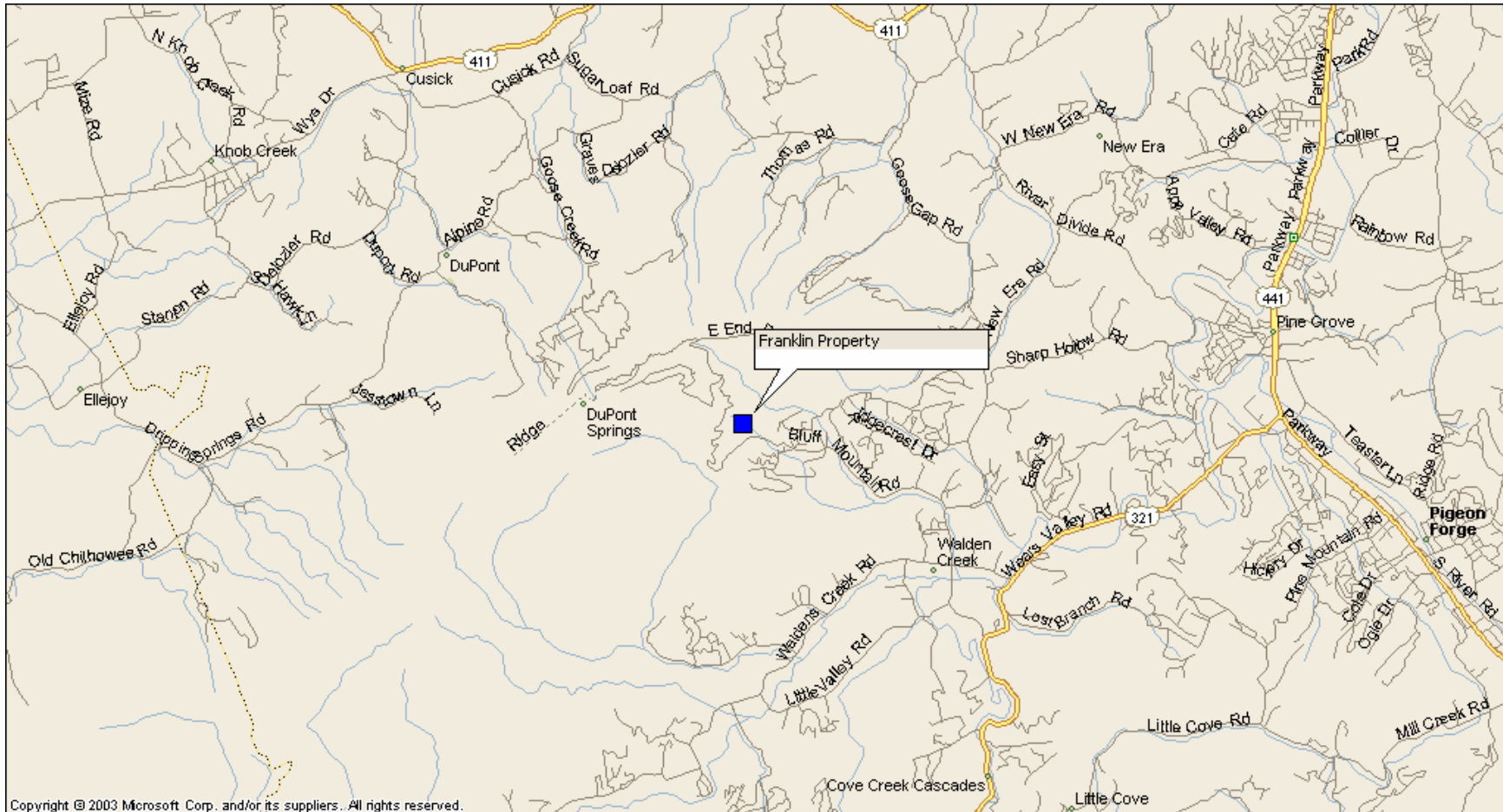
1. A written report prepared under Standards Rule 2-2(b) or 8-2(b). (USPAP, 2002 ed.)
2. A summary appraisal report contains a summary of all information significant to the solution of the appraisal problem. The essential difference between a self-contained appraisal report and a summary appraisal report is the level of detail of presentation.²

According to amendments to the Uniform Standards of Appraisal Practice, adopted July 1, 1994 by the Appraisal Foundation, appraisal reports are placed into three categories. The categories are: Self-Contained Appraisal Report, Summary Appraisal Report and Restricted Appraisal Report. This report is classified as a **summary appraisal report**.

¹ USPAP 2003 Ed. Appraisal Standards Board, The Appraisal Foundation, Page 10, Line 361-368

² The Dictionary of Real Estate Appraisal, 4th ed., Appraisal Institute, 2002, Chicago, IL

LOCATION MAP



DEFINITION OF VALUE

Market value is defined as follows:

1. The most widely accepted components of market value are incorporated in the following definition:

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 sell 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.

2. Market value is defined in the Uniform Standards of Professional Appraisal Practice (USPAP) as follows:

A type of value, stated as an opinion, that presumes the transfer of a property (i.e., a right of ownership or a bundle of such rights), as of a certain date, under specific conditions set forth in the definition of the term identified by the appraiser as applicable in an appraisal. (USPAP, 2002 ed.)

3. The following definition of market value is used by agencies that regulate federally insured financial institutions in the United States:

The most probable price which a property should bring in a competitive and open market under all conditions requisite to a fair sale, the buyer and seller each acting prudently and knowledgeably, and assuming the price is not affected by undue stimulus. Implicit in this definition is the consummation of a sale as of a specified date and the passing of title from seller to buyer under conditions whereby:

- Buyer and seller are typically motivated;
- Both parties are well informed or well advised, and acting in what they consider their best interests;
- A reasonable time is allowed for exposure in the open market;
- Payment is made in terms of cash in U.S. dollars or in terms of financial arrangements comparable thereto; and
- The price represents the normal consideration for the property sold unaffected by special or creative financing or sales concessions granted by anyone associated with the sale.

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

PROPERTY RIGHTS APPRAISED

Unencumbered Fee Simple Estate:

Unencumbered fee simple estate. Fee simple estate is defined as:

Absolute ownership unencumbered by any other interest or estate, subject only to the limitations imposed by the governmental powers of taxation, eminent domain, police power, and escheat.³

Given the nature of the property appraised, this is a fee simple appraisal.

³The Dictionary of Real Estate Appraisal, 4th ed., Appraisal Institute, 2002, Chicago, IL

REGION AND CITY DATA

The trend for the region is toward stability with moderate growth. Sevier County thrives on tourism. Gross receipts for various business sectors as well as visitation numbers to the Great Smoky Mountains National Park have remained stable over the past several years.

A recent acquisition of 140 acres for \$20 million is currently being developed into a 75,000 square foot planetarium and central events center with 1,200 space parking facility. Approximately 300 - 350 hotel rooms will be added by two to three national hotel chains currently located in Sevierville. At least \$100 million in additional private investment is expected. This development will be part of the Sevierville Central Business Improvement District. Under this project, Sevierville may retain the majority of the new sales tax generated in the district to repay the cost of new public use facilities, roads and other infrastructure improvements. The CBID refers to a tourism development zone that currently extends from Interstate 40 exit 407 southward to Chapman Highway/Dolly Parton Parkway.

Pigeon Forge is currently developing it's own CBID project as well. Current development of the Pigeon Falls Village and Main Street Marketplace is located on the Jake Thomas estate property between Teaster Lane and the Little Pigeon River. These developments will be comprised of numerous retail shops, restaurants, movie theater, water park and condominium/resort facilities. This development represents a capital investment in Sevier County of approximately \$600 million.

The trend for the larger area is anticipated to be toward stability with moderate growth. Significant growth is proposed in certain pockets.

NEIGHBORHOOD DATA

The property is located off Bluff Mountain Road in Sevierville, TN. The typical neighborhood boundaries are US 411 (Chapman Highway) to the north, US 441(Parkway) to the east, Highway 321 to the south and Blount/Sevier County line to the west.

The immediate area is made up of primarily residential/overnight stay developments off Wears Valley Road. Some small tourist and service related commercial uses are located throughout the neighborhood. The majority of the commercial uses run in a ribbon-like manner along the Parkway from downtown Sevierville to Gatlinburg.

Surrounding cabin developments include The Summit, Smokey Cove, Cedar Creek Crossing, Cedar Falls, Covered Bridge Resort and several phases of Bluff Mountain Acres. Available utilities include public electricity offered by the City of Sevierville. Well water is common within some of the surrounding developments. Sewer service is typically installed independently per development and typically consists of a private sand filtration system.

The neighborhood offers an attractive mountain setting for an overnight rental community with close proximity to the Parkway and area attractions, restaurants, shopping, theaters, etc. The neighborhood is developing as a tourist commercial and overnight rental community. Land values in the neighborhood are stable due to the close proximity and access to the Parkway. This trend should continue as the Smoky Mountain tourist market continues to expand with new attractions. The neighborhood offers a very central tourist location for the proposed overnight rental and residential development.

SITE DATA

Size/Dimensions:

The site contains approximately 76± acres. The dimensions of the site are irregular. Frontage and current access are available on the west end of the property with 100 feet frontage on Bluff Mountain Road. Additional frontage of 300± feet is available on the south end of the property at Bluff Mountain Road, which may provide access at a later date. The property also adjoins two rental cabins on Renatta Way owned by Mr. Franklin. Potential access would also be available via Renatta Way. Please refer to the site map on the following page for further understanding of size, shape, dimensions, etc.

Contour:

The contour of the site is rolling to steep and lays along the south side of Bluff Mountain. The contour map indicates an elevation of 1800 feet at the approximate location of the gravel road through the property.

Utilities and Off Site Improvements:

Utilities available in the area include public electricity. Well water and septic systems are typical within surrounding developments. Off site improvements include Bluff Mountain Road, a two lane paved facility at this location. The site also has ingress/egress off Renatta Way, a two lane paved facility.

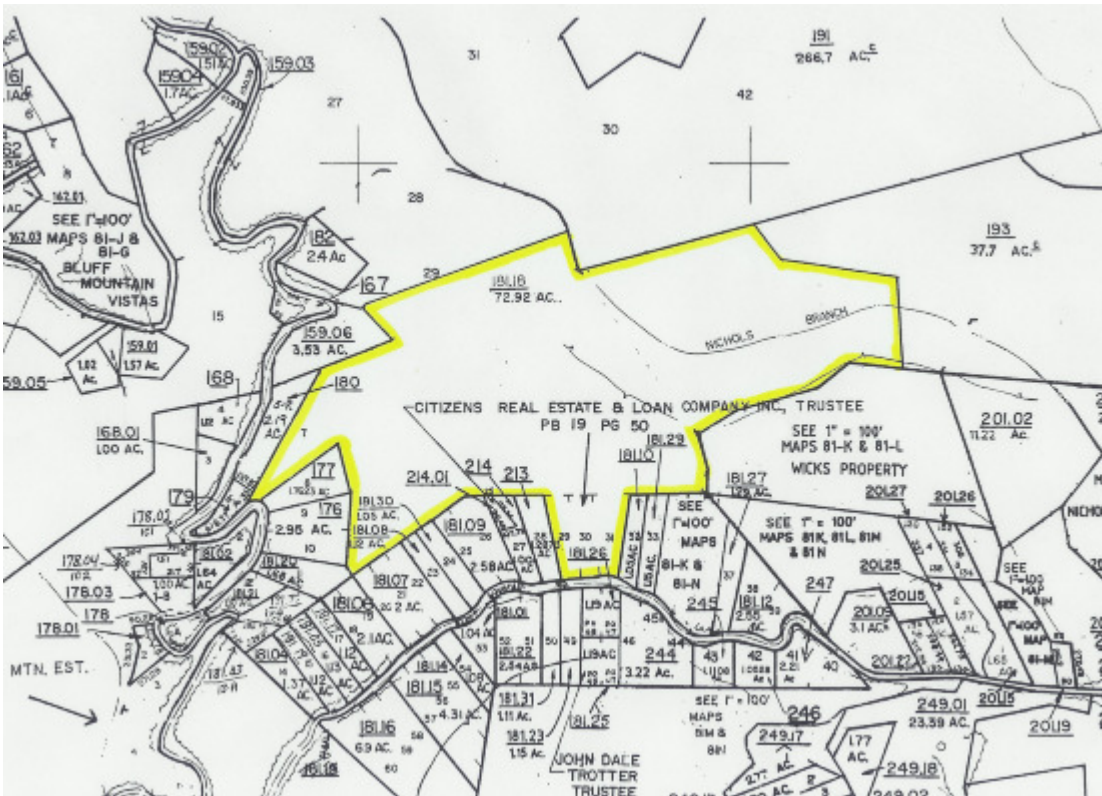
Function and Usefulness:

Considering the factors discussed above, the property appears to offer reasonable utility to function for a residential development similar to other developments in the area.

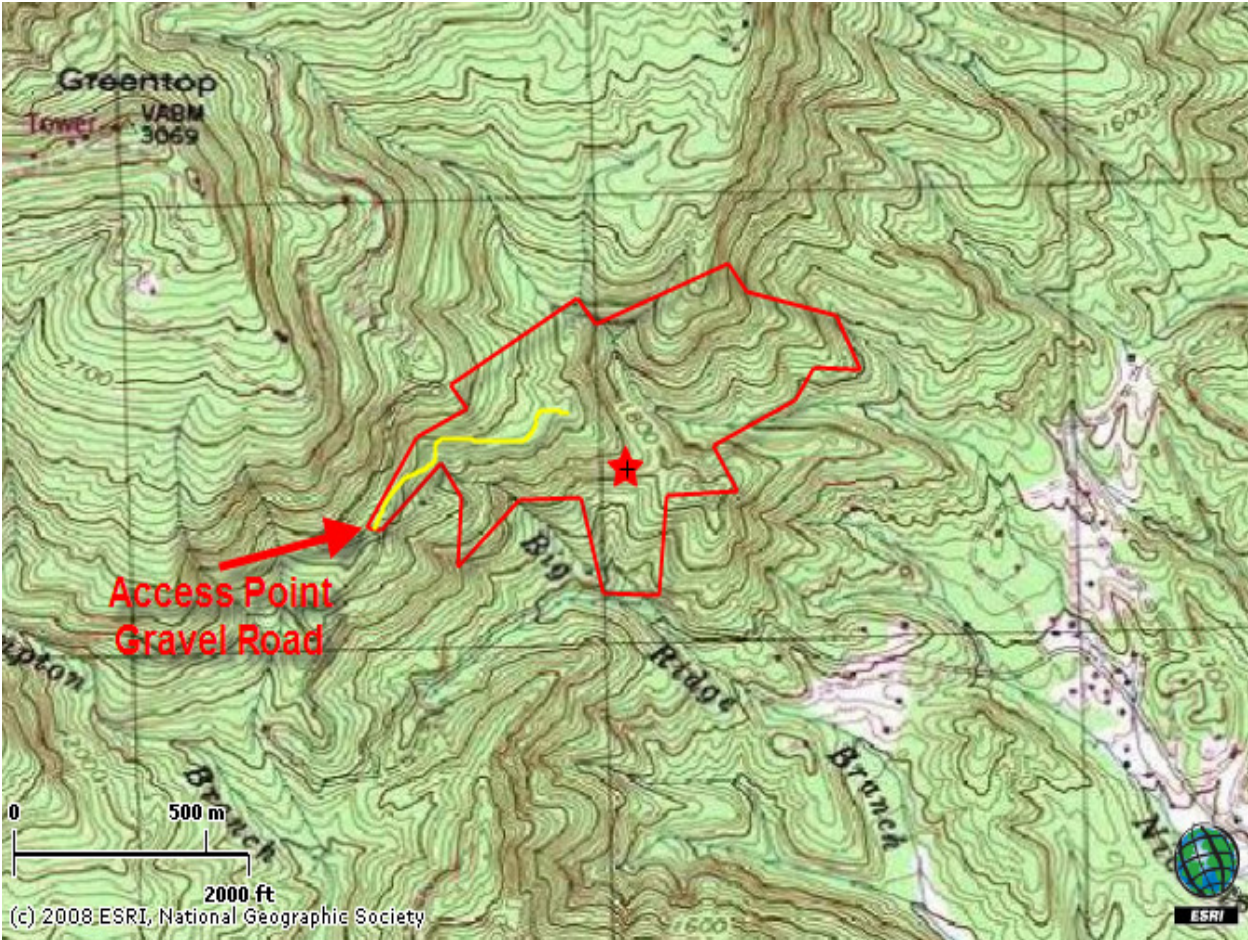
Other Site Improvements:

Since purchase, the developer has installed a gravel road across a portion of the property at a length of approximately one-quarter mile. Underground utilities have also been installed to include electricity, phone and cable.

SITE MAP



TOPOGRAPHY MAP

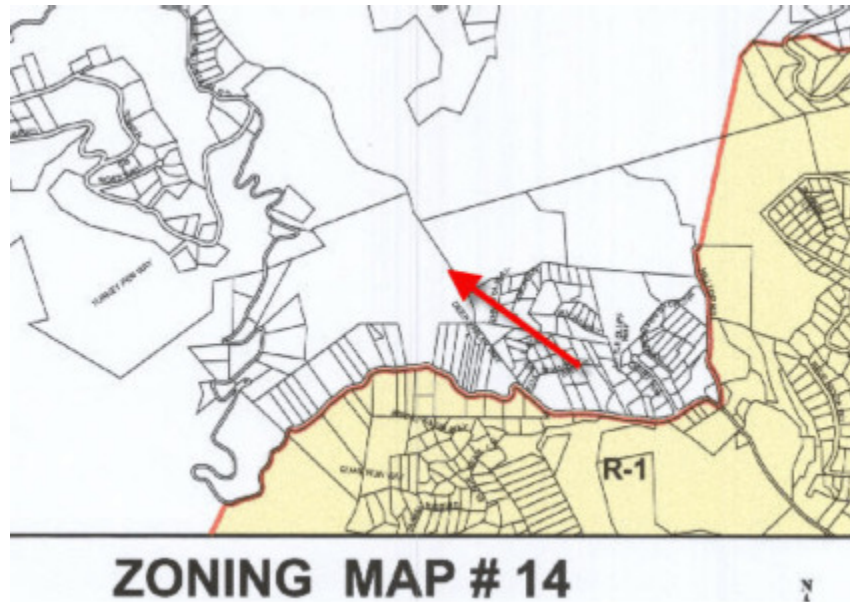


Property outline is for visual purposes and does not represent actual boundary lines.

ZONING

The property is zoned A-1, Agricultural District under the zoning ordinance for Sevier County. This zone provides for a variety of residential uses to include subdivision development with minimum lot size of 30,000 square feet and plat approval.

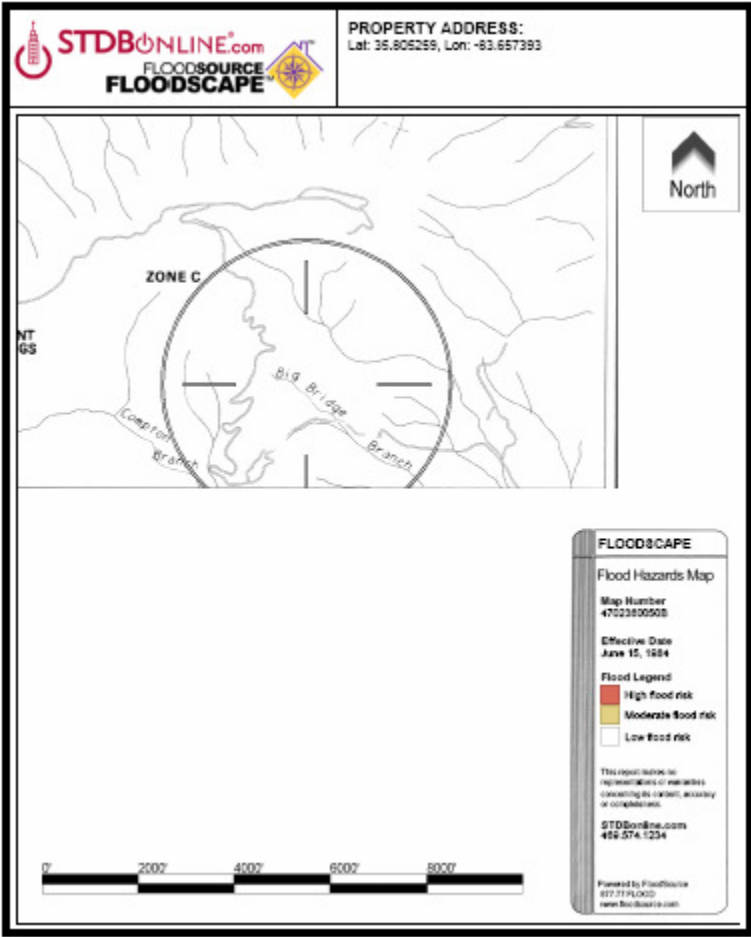
ZONING MAP



FLOOD DATA

According to the Flood Insurance Rate Map as published by the Federal Emergency Management Agency (FEMA), the property is not located within a designated 100 Year Flood Zone and is not subject to flooding. The Community Panel Map Number is 4702360050B, effective June 15, 1984. A copy of the Flood Map identifying the location of the property is included below.

FLOOD MAP



ASSESSMENT AND TAXES

The property is identified for tax purposes as Parcel 181.18 on Tax Map 081 of the mapping system for Sevier County. The property is currently assessed at a **residential rate of 25%** of appraised value. The 2007 real estate taxes are broken down for the property as follows:

Map/Group/Parcel	081 181.18
Land	\$738,000
Improvements	\$0
Total Appraisal	\$738,000
Assessment Rate	25%
Assessment	\$184,500
City Taxes	\$0
County Taxes	\$2,841.30
Total Real Estate Taxes	\$2,841.30

The tax burden appears reasonable based on the assessment of other nearby vacant tracts.

HIGHEST AND BEST USE

The Appraisal Institute defines highest and best use as follows:

The reasonably probable and legal use of vacant land or an improved property, which is physically possible, appropriately supported, financially feasible, and that results in the highest value. The four criteria the highest and best use must meet are legal permissibility, physical possibility, financial feasibility, and maximum productivity.⁴

"Land is said to have value, while improvements contribute to the value of the property as a whole. The theoretical emphasis of highest and best use analysis is on the potential uses of the land as though vacant."

"That use of the land which may reasonably be expected to produce the greatest net return to land over a given period of time. That legal use which will yield to land the highest present value, sometimes called 'optimum use'."

In estimating highest and best use, there are essentially four stages of analysis:

1. Physical Use - to what uses is it physically possible to put the site in question.
2. Permissible Use (Legal) - what uses are permitted by zoning and deed restrictions on the site in question?
3. Feasible Use - which possible and permissible uses will produce any net return to the owner of the site?
4. Highest and Best Use - among the feasible uses, which use will be maximally productive and offer the highest present worth?

⁴The Dictionary of Real Estate Appraisal, 4th ed, Appraisal Institute, 2002, Chicago, IL

HIGHEST AND BEST USE - Continued

The highest and best use of the land (or site) if vacant and available for use may be different from the highest and best use of the improved property. This will be true when the improvement is not an appropriate use and yet makes a contribution to total property value in excess of the value of the site.

The following tests must be passed in determining the Highest and Best Use:

The use must be legal. The use must be probable, not speculative or conjectural. There must be a profitable demand for such use and it must return to land the highest net return for the longest period of time.

As Vacant:

The site, if vacant, would offer highest and best use for overnight rental type development. Subdivision restrictions do apply should the subject property be subdivided and developed. Surrounding uses include other overnight rental developments. The Sevier County area has seen an influx of overnight rental developments since the late 1990's. The Sevierville, Pigeon Forge and Gatlinburg area has become one of the top tourist destinations in recent years acting as a catalyst for such developments. A number of these developments are providing second homes not only for local East Tennesseans but for tourists from all over the country. Therefore based on the test of highest and best use as to legality, conformity, etc., highest and best use is concluded for the land to be for overnight rental/residential development.

Reasonable Exposure Time

Considering the site's location, zoning, and physical attributes, a reasonable exposure time of twelve months to two years is reflective of the area.

DESCRIPTION OF THE APPRAISAL PROCESS

An appraisal is an opinion of value. Value estimated is dependent upon the definition of value previously provided the reader. In this case the value estimated is market value or most probable selling price.

The appraisal process is an organized format utilized to estimate and test for value. Traditionally there have been three approaches for value estimation. All three approaches are not necessarily applicable for every property.

The three traditional approaches are Cost, Sales Comparison, and Income.

The cost approach is predicated on the establishment of replacement cost from which is deducted an allowance for depreciation to which is added the estimated value of the land.

The cost approach is the most applicable for a new or relatively new building where the design and function tends to represent the highest and best use of the structure and depreciation estimation is not difficult. The principle of substitution is closely aligned with the cost approach. The principle of substitution holds that a potential purchaser would not pay in excess of the cost to recreate the subject property with proper allowances being made for age, condition and depreciation.

The sales comparison approach is a direct comparison technique in which the property being appraised is compared to other properties which have sold and possess similar or reasonably adjustable physical characteristics to the property being appraised. The sales comparison approach is a very good method for estimation of probable sale price in situations where applicable and adequate data is available for comparison purposes.

The income approach is predicated on the establishment of probable net income from rental of the property. The net income is then analyzed by some method of capitalization to indicate reasonable value based on the property's ability to generate net income to the purchaser.

After analysis by the applicable approaches the appraiser considers the validity of each approach for the appraisal problem and concludes subject's probable sale price based on the indications from each applicable approach.

SALES COMPARISON APPROACH

Sales Comparison approach is defined as:

A set of procedures in which a value indication is derived by comparing the property being appraised to similar properties that have been sold recently, then applying appropriate units of comparison and making adjustments to the sale prices of the comparables based on the elements of comparison. The sales comparison approach may be used to value improved properties, vacant land, or land being considered as though vacant; it is the most common and preferred method of land valuation when an adequate supply of comparable sales are available.⁵

The following properties are utilized as broad indicators of the subject's probable sale price.

COMPARABLE LAND SALES SUMMARY TABLE

No.	Location	Sale Date	Price	Size in Acres	Price/ Acre
1.	U.S. Highway # 441	09/22/2003	\$4,750,000	146.000	\$32,534
2.	Old Valley Road	11/13/2002	\$591,400	28.993	\$20,398
3.	Lloyd Huskey Road	12/17/2003	\$500,000	24.749	\$20,203
4.	Middle Creek Road	12/06/2004	\$1,350,000	44.630	\$30,249
5.	Wears Valley Road	04/17/2006	\$6,050,000	304.000	\$19,901

⁵The Dictionary of Real Estate Appraisal, 4th ed., Appraisal Institute, 2002, Chicago, IL

SALES COMPARISON APPROACH - Continued

Land Sale No 1 is the sale of a larger tract of land located on the north end of Gatlinburg. The site is the first tract of land located past the Wedding Chapel leaving Gatlinburg, traveling north along U.S. Highway 441 (Spur). The purchaser of the site has developed the adjacent property with an overnight timeshare development and plans to offer a similar development along this property.

Land Sale No 2 represents the sale of a 28.993 acre tract purchased for subdivision development. The site is located along Walden's Creek. Sewer was extended after this purchase. This property has since transferred; however, sale was in house.

Land Sale No 3 represents the sale of a 24 acre tract located in Pigeon Forge near Wear's Valley Road. The property was purchased for subdivision development in December 2003.

Land Sale No 4 is the sale of approximately 44.63 acres located along the southeast side of Middle Creek Road just south of McCarter Hollow Road in Pigeon Forge. The property is located near the Dollywood Theme Park and Dollywood Splash Country and borders property owned by the Dollywood Company to the north. A portion of the property is encumbered by a large transmission line easement running through the property's western section. This property offers a good location close to Dollywood and Pigeon Forge.

Land Sale No 5 represents the purchase of 300 acres with frontage on both sides of Wears Valley Road near the Cove Mountain Development. The purchaser was the adjoining land owner. The purchase price was \$6,050,000 or \$19,901 per acre.

SALES COMPARISON APPROACH - Continued

Land Sale No. 1



Property Identification

Record ID 1128
Address U.S. Highway 441, Gatlinburg, Sevier County, Tennessee
Location Gatlinburg
Tax ID Map: 116 Parcel: 218

Sale Data

Grantor Elizabeth Anne Conley, etal
Grantee Westgate Resorts, Ltd.
Sale Date September 22, 2003
Deed Book/Page 1797/1

Sale Price \$4,750,000

Land Data

Topography Steep
Utilities water / sewer / gas / electric
Shape Irregular

Land Size Information

Gross Land Size 146.000 Acres or 6,359,760 SF

Indicators

Sale Price/Gross Acre \$32,534 Actual

Remarks

This sale represents the sale of a larger tract of land located on the north end of Gatlinburg. The site is the first tract of land located past the Wedding Chapel leaving Gatlinburg, travelling north along U.S. Highway 441 (Spur).

SALES COMPARISON APPROACH - Continued

Land Sale No. 2



Property Identification

Record ID 4182
Address Old Valley Road, Pigeon Forge, Sevier County, Tennessee
Location Old Valley Rod and Russie Gap Road
Tax ID 093/049

Sale Data

Grantor Grant and Margaret Watson Family Trust
Grantee Covered Bridge Resort on Walden's Creek, LLC
Sale Date November 13, 2002
Deed Book/Page 1565/351

Sale Price \$591,400

Land Data

Zoning Residential
Topography Sloping
Utilities water, electricity

Land Size Information

Gross Land Size 28.993 Acres or 1,262,935 SF

Indicators

Sale Price/Gross Acre \$20,398 Actual or \$20,398 Adjusted

Remarks

This record represents the sale of a 28.993 acre tract purchased for subdivision development. The site is located along Walden's Creek. Sewer was extended after this purchase. This property has since transferred; however, sale was in house.

SALES COMPARISON APPROACH - Continued

Land Sale No. 3



Property Identification

Record ID 4184
Property Name Eagles Ridge Resort North
Address Lloyd Huskey Road, Pigeon Forge, Sevier County, Tennessee
Tax ID 093/147.06

Sale Data

Grantor Brent Cole and Joe Ogle
Grantee CS Development, LLC
Sale Date December 17, 2003
Deed Book/Page 1861/265

Sale Price \$500,000

Land Data

Zoning Residential
Topography Rolling to Steep
Utilities Water, electricity

Land Size Information

Gross Land Size 24.749 Acres or 1,078,084 SF

Indicators

Sale Price/Gross Acre \$20,203 Actual or \$20,203 Adjusted

Remarks

This record represents the sale of a 24 acre tract located in Pigeon Forge near Wear's Valley Road. The property was purchased for subdivision development in December 2003.

SALES COMPARISON APPROACH - Continued



Property Identification

Record ID 5210
Address Middle Creek Road, Pigeon Forge, Sevier County, Tennessee
Tax ID Map 84/Parcels38 and 38.03

Sale Data

Grantor Reba Caughron Hood
Grantee Elwin G. Horne and wife, Ann C. Hance-Horne
Sale Date December 06, 2004
Deed Book/Page 2126/187

Sale Price \$1,350,000

Land Data

Zoning R-1, Residential
Topography Rolling, Steep
Utilities Water, sewer, electricity, gas, telephone

Land Size Information

Gross Land Size 44.630 Acres or 1,944,083 SF

Indicators

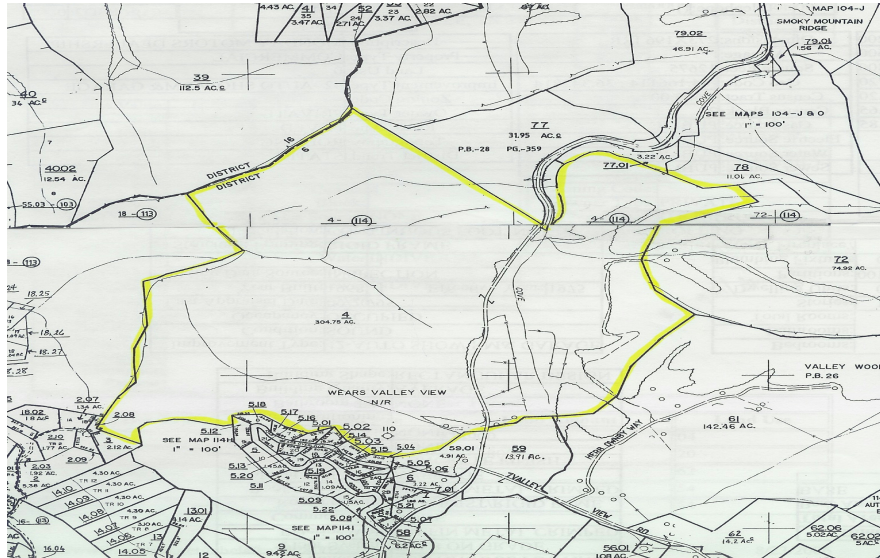
Sale Price/Gross Acre \$30,249 Actual

Remarks

Sale of approximately 44.63 acres located along the southeast side of Middle Creek Road just south of McCarter Hollow Road in Pigeon Forge. The property is located near the Dollywood Theme Park and Dollywood Splash Country and borders property owned by the Dollywood Company to the north.

SALES COMPARISON APPROACH - Continued

Land Sale No. 5



Property Identification

Record ID 5388
Property Name Bottom Flats
Address Wears Valley Road, Sevierville, Sevier County, Tennessee
Tax ID 114 004

Sale Data

Grantor Jim King
Grantee Whiskey River Development-Ron Ogle
Sale Date April 17, 2006
Sale Price \$6,050,000

Land Data

Topography Level to Rolling
Utilities Electricity

Land Size Information

Gross Land Size 304.000 Acres or 13,242,240 SF

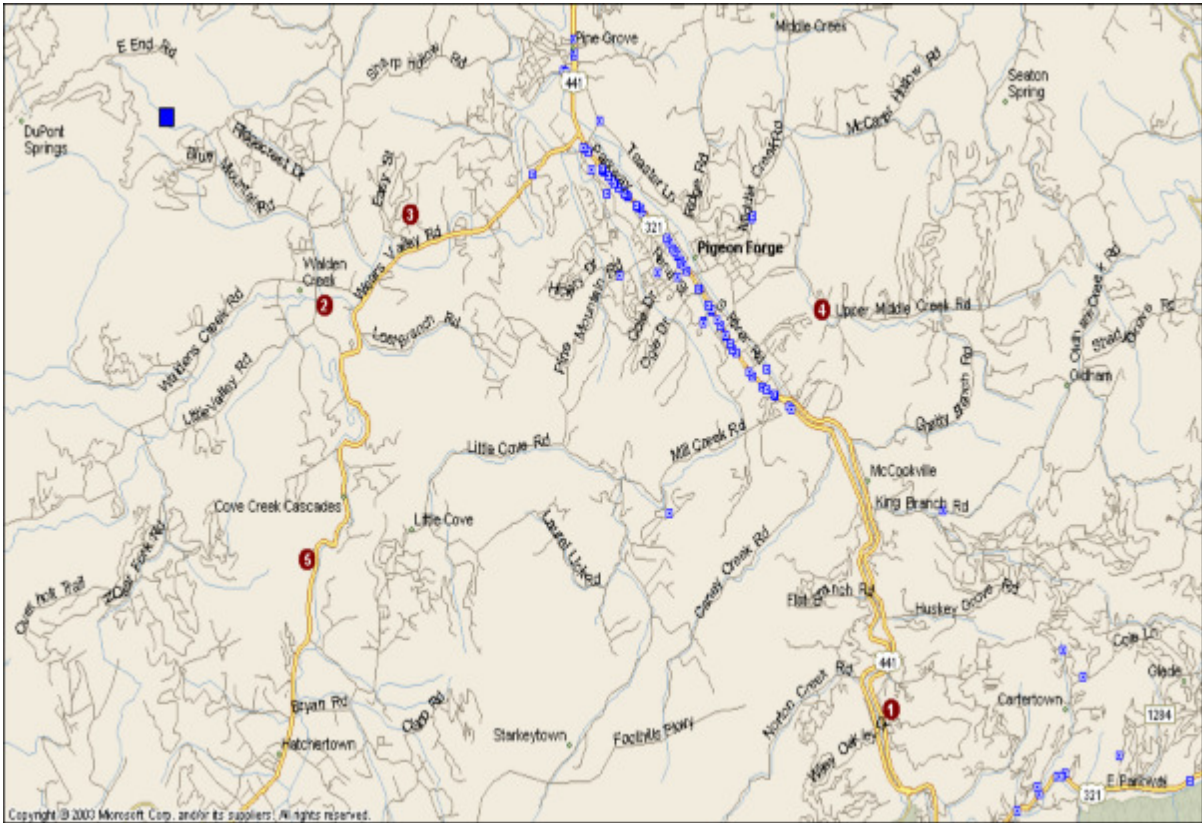
Indicators

Sale Price/Gross Acre \$19,901
Sale Price/Gross SF \$0.46

Remarks

Represents the purchase of 300 acres with frontage on both sides of Wears Valley Road near the Cove Mountain Development. The purchaser was the adjoining land owner. The purchase price was \$6,050,000 or \$19,901 per acre.

SALES COMPARISON APPROACH - Continued
Land Sales Location Map



SALES COMPARISON APPROACH - Continued
Comparable Sales Adjustment Grid

Comparable Land Sales Analysis	Effective Value Date				
	Adjustment Rate/YR				
	6/1/2007				
	5.0%				
Sale No	1	2	3	4	5
Price	\$4,750,000	\$591,400	\$500,000	\$1,350,000	\$6,050,000
Date	9/22/2003	11/13/2002	12/17/2003	12/6/2004	4/17/2006
Current Value	\$5,627,123	\$725,964	\$586,438	\$1,517,733	\$6,389,795
Useable Area (Acres)	146	29	25	45	304
Price/Acre	\$38,542	\$25,120	\$23,458	\$33,727	\$21,019
Location Adjustment	-20%	0%	0%	-20%	0%
View Adjustment	0%	30%	30%	30%	30%
Size Adjustment	10%	-10%	-10%	-10%	30%
Sewer Availability	-10%	-10%	-10%	-10%	0%
Net Adjustment %	-20%	10%	10%	-10%	60%
Net Adjustment	-\$7,708	\$2,512	\$2,346	-\$3,373	\$12,611
Adjusted/AC	\$30,834	\$27,632	\$25,803	\$30,355	\$33,630
Subject Land Size	76	76	76	76	76
Indicated Value	\$2,343,350	\$2,100,020	\$1,961,050	\$2,306,954	\$2,555,918
Site Improvements	\$140,000	\$140,000	\$140,000	\$140,000	\$140,000
Final Land Conclusion	\$2,483,350	\$2,240,020	\$2,101,050	\$2,446,954	\$2,695,918
Max	\$2,695,918				
Min	\$2,101,050				
Avg	\$2,393,458				
Median	\$2,446,954				
Value Conclusion	\$2,450,000				

SALES COMPARISON APPROACH – Continued

Discussion of Adjustment Grid

The adjustment grid on the previous page displays a subjective adjustment process for five land sales in the subject's immediate market. Although subjective, this grid provides a formulation for the adjustment process based the appraiser's experience and knowledge of the local market. All sales were adjusted 5% per annum for market conditions up to June 1, 2006. Due to the recent downturn in the economy and housing market, no market conditions adjustment was applied past this period. A search was made for more recent sales but data was limited; therefore, the data set remains from the original appraisal.

Line item adjustments considered included location, view, size and sewer availability.

A location adjustment was made to all Sale Nos. 1, 3 and 4. These sales were considered superior to the subject mainly due to their proximity to either the Parkway or Gatlinburg.

A positive view adjustment was made to Sale Nos. 2, 3, 4, and 5. The subject is located well above these sales with excellent views of distant mountains and valleys.

All five sales were adjusted for size accordingly.

The final adjustment was made for sewer availability. Sales 1, 2, 3 and 4 all had sewer available at the time of sale. Most developments add a private filtration system after purchase.

The site improvements were added as a lump sum based on the actual cost incurred by the developer at approximately \$140,000.

After adjustments, the sales provide a value range of \$2,100,000 to \$2,695,000. Based on these sales, it is reasonable to anticipate market value \$2,450,000 or \$32,236 per acre.

Conclusion Sales Comparison Approach

The reasonable indicated value for the property using the Sales Comparison Approach is **\$2,450,000.**

CONCLUSION

Cost Approach

The cost approach was not processed for this appraisal.

Sales Comparison Approach

Data was listed for five transactions of similar land tracts in the Sevier County market. Most emphasis was placed on a recent nearby transaction. Value was concluded at **\$2,450,000.**

Income Approach

The income approach was not processed for this appraisal.

Final Conclusion

Final value is concluded at **\$2,450,000.**

CERTIFICATE OF APPRAISAL

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

1. The statements of fact contained in this report are true and correct.
2. The reported analyses, opinions, and conclusions are limited only by the reported assumptions and limiting conditions, and are my personal, impartial, unbiased professional analyses, opinions, and conclusions.
3. I have no present or prospective interest in the property that is the subject of this report, and I have no personal interest with respect to the parties involved.
4. I have no bias with respect to the property that is the subject of this report or to the parties involved with this assignment.
5. My engagement in this assignment was not contingent upon developing or reporting predetermined results.
6. My compensation for completing this assignment is not contingent upon the development or reporting of a predetermined value or direction in value that favors the cause of the client, the amount of the value estimate, the attainment of a stipulated result, or the occurrence of a subsequent event directly related to the intended use of this appraisal.
7. My analyses, opinions, and conclusions were developed, and this report has been prepared, in conformity with the Code of Professional Ethics and the Standards of Professional Practice of the Appraisal Institute.
8. The use of this report is subject to the requirements of the Appraisal Institute relating to review by its duly authorized representatives.
9. As of the date of this report, I have completed the requirements of the continuing education program of the Appraisal Institute.
10. I have made a personal inspection of the property that is the subject of this report.
11. No one provided significant professional assistance to the person signing this report.

CERTIFICATE OF APPRAISAL - Continued

12. This report was not based on a requested minimum valuation, a specific valuation, or the approval of a loan.
13. The real property which is the subject of this appraisal report was valued as of February 18, 2008 to be:

\$2,450,000

Kenneth R. Woodford



Kenneth R. Woodford, MAI/SRA
State Certified General Appraiser, CG-342

David A. Shanks

David A. Shanks
State Certified General Appraiser, CG-3104

Date of Certification – February 25, 2008

ADDENDUM

Warranty Deed
Engagement Letter
Appraisal Requirements