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Real Estate Appraisers
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September 1, 2009

The Town of Black Mountain
c/o Mrs. Marcy Onieal, Town Manager
160 Midland Avenue
Black Mountain, North Carolina 28711

RE: Property of Northwest Property Group-Black Mountain #1, LLC
102 Montreat Road and 100 & 102 East State Street
Black Mountain, North Carolina

Dear Mrs. Onieal:

In accordance with your request, I have made an appraisal of the above referenced property for the purpose of estimating its market value. As a result of the appraisal and analysis, it is my opinion that the property had a market value, in fee, as of August 31, 2009, of:

TWO MILLION EIGHT HUNDRED FORTY NINE THOUSAND DOLLARS
\$2,849,000

The appraisal is subject to the following Special Contingent and Limiting Conditions:

1. The appraisal is not made nor rendered on the basis of a requested minimum valuation, specific valuation, or an amount which would result in approval of a loan;
2. The value indicated is based on a marketing time of 12 months or less and, therefore, fair value and market value, as defined, are the same;
3. It is assumed in this appraisal that there are no hazardous wastes or contaminants located either on or within close proximity of the subject property that could or would create any environmental hazards. Even though portions of the property have been previously improved with

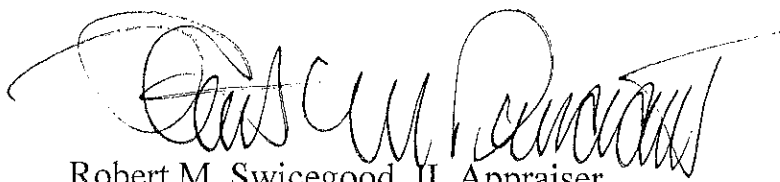
underground fuel storage tanks, they have been properly removed and disposed of by the current owner, as well as any contaminated soil, in compliance with local, state, and federal regulations. According to my employer, the Town of Black Mountain, the site is suitable for redevelopment in compliance with their current and proposed zoning ordinances. This statement is supported by a letter from Black Mountain's Planning Director to the Town Manager, dated August 25, 2009, and shown as *Exhibit L* in the Addenda;

4. According to subject's *Survey* and *Legal Descriptions*, it is comprised of three contiguous sites that have a combined total land area of 56,976 square feet or 1.308 acres. Copies of the three deeds that comprise subject's *Legal Descriptions* and *Survey* are shown as *Exhibits C* and *D* in the Addenda, respectively;
5. As of the effective date of the appraisal, the subject property is zoned by the Town of Black Mountain as *Central Business District (C-1)* and any redevelopment of the property will require a mandatory review by the Historic Preservation Commission. This information is summarized in *Exhibit L* in the Addenda;
6. All factual data provided by my employer or agent(s) of the owner for use in this appraisal are assumed accurate and correct; and
7. The property is appraised subject to all recorded and non-recorded right-of-way agreements.

The supporting data and conclusions upon which this estimate is based are contained in the accompanying report. The appraisal has been made in fee simple and is subject to the additional Contingent and Limiting Conditions shown on page 4 of this report. Moreover, it has been prepared in accordance with Standards Rule 2.2 of the Uniform Standards of Professional Appraisal Practice (USPAP) and is identified as a ***Self-Contained Appraisal Report***.

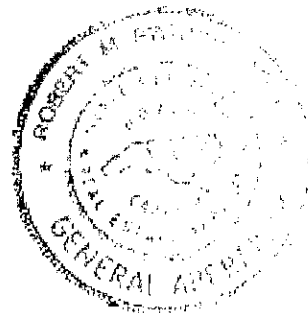
Thank you for the opportunity to provide this appraisal assistance.

Very truly yours,



Robert M. Swicegood, II, Appraiser

RMS:dg



SUMMARY OF SALIENT FACTS AND CONCLUSIONS

Address: The subject property is comprised of three contiguous sites that were previously improved as the Black Mountain Town Hall, an automotive service station, and convenience store. Their physical mailing addresses are 102 Montreat Road, 100 East State Street, and 102 East State Street, Black Mountain, North Carolina 28711, respectively.

Property Owner: The subject property is owned by Northwest Property Group-Black Mountain-#1, LLC, a North Carolina Limited Liability Company whose mailing address is Post Office Box 537, Skyland, North Carolina 28776.

Date of Valuation: August 31, 2009

Purpose of Appraisal: Estimate market value

Interest Appraised: Fee simple

Type Property: Commercial, office, institutional, residential, or a combination of all

Land Area: The subject property is irregular in shape and contains 56,976 square feet or 1.308 acres. A copy of the most recent survey of the subject property is shown as *Exhibit D* in the Addenda.

Improvements: As of the effective date of the appraisal, the majority of the improvements on the property have been razed by the current owner with exception to a masonry retaining wall and some concrete and asphalt pavement that have been left undisturbed to prevent erosion. In all likelihood, these items will be razed in the redevelopment of the property. Consequently, they are considered of no value in the appraisal.

Zoning: The subject property is zoned by the Town of Black Mountain as C-1 (Central Business District). A copy of Black Mountain's *Zoning*

Map and Ordinance is shown as *Exhibit G* in the Addenda.

Utilities:

The subject property is provided with public water, sewer, telephone, electricity, and natural gas.

Highest and Best Use:

The highest and best use of the subject property is for redevelopment with a three-story, multi-purpose building for office, retail, and residential use. As envisioned by the appraiser, the main floor of the building would be used for retail banking while the second and third floors would be used for professional or institutional offices and/or residential condominiums. An alternative use for the property is for investment speculation

Estimate of Value:

Direct Sales Comparison Approach	\$2,849,000
Cost Approach	N/A
Income Approach	N/A

Final Value Estimate:

\$2,849,000