

In the opinion of each of Co-Bond Counsel, under existing law, interest on the 2008 Bonds is (1) excludable from gross income of a recipient thereof for federal income tax purposes, (2) not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals and corporations and (3) exempt from all State of North Carolina income taxation. See "TAX EXEMPTION" herein.

COUNTY OF BUNCOMBE, NORTH CAROLINA
\$12,960,000 PROJECT DEVELOPMENT FINANCING REVENUE BONDS
(Woodfin Downtown Corridor Development), Series 2008

Dated: Date of Initial Delivery

Due: August 1, as shown below

This Limited Offering Memorandum has been prepared on behalf of the County of Buncombe, North Carolina (the "County") to provide information on the \$12,960,000 Project Development Financing Revenue Bonds (Woodfin Downtown Corridor Development), Series 2008 (the "2008 Bonds"). Selected information is presented on this cover page for the convenience of the user. This cover page is not a summary of the issue. To make an informed decision regarding purchase of the 2008 Bonds, a prospective investor should read this Limited Offering Memorandum in its entirety.

The 2008 Bonds are limited obligations of the County, payable solely from and secured by pledged revenues consisting of incremental revenues from ad valorem taxes on property located in a development financing district (the "District") in the Town of Woodfin, North Carolina (the "Town") and certain funds established under the provisions of a General Trust Indenture dated as of August 1, 2008 (the "General Indenture"), by and between the County and U.S. Bank National Association, as trustee (the "Trustee"), as supplemented by the Series Indenture, dated as of August 1, 2008, between the County and the Trustee (the "Series Indenture" and, together with the General Indenture, the "Indenture"). The 2008 Bonds are being issued to provide funds (i) to finance the construction of certain public infrastructure improvements within the District, (ii) to fund interest on the 2008 Bonds through the period of construction, (iii) to fund a debt service reserve fund for the 2008 Bonds, and (iv) to pay certain costs relating to the issuance of the 2008 Bonds. The 2008 Bonds shall not be deemed to constitute a general obligation of the County, the Town, the State of North Carolina (the "State") or of any political subdivision thereof, and neither the faith and credit nor the taxing power of the State or of any political subdivision or instrumentality thereof is pledged for the payment of the principal of or interest on the 2008 Bonds. **THE ISSUANCE OF THE 2008 BONDS SHALL NOT DIRECTLY OR INDIRECTLY OR CONTINGENTLY OBLIGATE THE COUNTY, THE TOWN OR ANY COUNTY, TOWN OR OTHER SUBDIVISION OF THE STATE TO LEVY ANY TAXES WHATSOEVER THEREFOR OR TO MAKE ANY APPROPRIATION FOR THEIR PAYMENT.** No holder of a 2008 Bond or receiver or trustee in connection therewith shall have the right to enforce payment thereof against any property of the Town, the County or the State or any political subdivision thereof (other than the Pledged Revenues as defined in the Indenture), nor shall the 2008 Bonds constitute a lien, charge or encumbrance, legal or equitable, upon any such property.

MATURITIES, AMOUNTS, INTEREST RATES AND PRICES AND YIELDS

\$4,490,000 6.75% Term Bonds due August 1, 2024, Priced at 98.179% to Yield 6.94%

\$8,470,000 7.25% Term Bonds due August 1, 2034, Priced at 99.071% to Yield 7.33%

The 2008 Bonds are subject to optional redemption and mandatory redemption as described herein.

Interest on the 2008 Bonds is payable on February 1 and August 1 of each year, commencing February 1, 2009. The 2008 Bonds are being issued in fully registered book-entry form, initially registered in the name of Cede & Co., as nominee of The Depository Trust Company, New York, New York ("DTC"). Individual purchases will be in principal amounts of \$100,000 or any integral multiple of \$5,000 in excess thereof. Payments of principal of and interest on the 2008 Bonds will be paid by the Trustee to DTC for subsequent disbursement to DTC Participants which will remit such payment to the beneficial owners of the 2008 Bonds. See "THE 2008 BONDS – BOOK-ENTRY ONLY SYSTEM" herein.

THE PURCHASE OF THE 2008 BONDS IS AN INVESTMENT SUBJECT TO A HIGH DEGREE OF RISK, INCLUDING THE RISK OF NON-PAYMENT OF PRINCIPAL AND INTEREST. SEE "RISK FACTORS" HEREIN FOR A DISCUSSION OF FACTORS THAT SHOULD BE CONSIDERED, IN ADDITION TO THE OTHER MATTERS SET FORTH HEREIN, IN EVALUATING THE INVESTMENT QUALITY OF THE 2008 BONDS. THE 2008 BONDS ARE BEING OFFERED FOR SALE PURSUANT TO THIS LIMITED OFFERING MEMORANDUM SOLELY TO QUALIFIED INSTITUTIONAL BUYERS OTHER THAN INDIVIDUALS UNDER RULE 144A PURSUANT TO THE SECURITIES ACT OF 1933, AS AMENDED. INITIAL PURCHASERS OF 2008 BONDS WILL BE REQUIRED TO EXECUTE AN INVESTOR LETTER IN CONNECTION THEREWITH. See "LIMITED OFFERING" herein.

The 2008 Bonds are offered for delivery when, as and if issued, subject to the opinion of Parker Poe Adams & Bernstein LLP, Charlotte, North Carolina, and Martin L. Nesbitt, Esq., Asheville, North Carolina (collectively, "Co-Bond Counsel"), as to the validity of the 2008 Bonds, the excludability from gross income of interest on the 2008 Bonds for federal income tax purposes and the exemption from taxation by the State of interest on the 2008 Bonds. Certain legal matters will be passed upon for the County by Westall, Gray & Connolly, Asheville, North Carolina, for the Town by Ferikes & Bleynt, PLLC, Asheville, North Carolina and for the Underwriter by Hunton & Williams LLP. It is expected that the 2008 Bonds will be available for delivery to DTC in New York, New York, on or about August 19, 2008.

WACHOVIA SECURITIES

Dated: August 8, 2008

This Limited Offering Memorandum does not purport to provide a complete description of all risks and factors to be considered by an investor in making a decision to purchase 2008 Bonds.

No dealer, broker, salesman or other person has been authorized to give any information or to make any representation other than as contained in this Limited Offering Memorandum, and if given or made, such other information or representation must not be relied upon. This Limited Offering Memorandum does not constitute an offer to sell or the solicitation of an offer to buy, nor shall there be any sale of the 2008 Bonds by any person in any jurisdiction in which it is not lawful for such person to make such offer, solicitation or sale.

All quotations from, and summaries and explanations of, laws and documents herein do not purport to be complete, and reference is made to such laws and documents for full and complete statements of their provisions. Any statements made in this Limited Offering Memorandum involving estimates or matters of opinion, whether or not expressly so stated, are intended merely as estimates or opinions and not as representations of fact. The Underwriter has reviewed the information in this Limited Offering Memorandum in accordance with, and as part of, its responsibilities to investors under the United States federal securities laws as applied to the facts and circumstances of this transaction. The information set forth herein has been furnished by the County, the Town, Reynolds Mountain Partners, LLC (the "Developer"), DTC and other sources that are believed by the Underwriter to be reliable, but is not guaranteed as to accuracy or completeness by the Underwriter and is not to be construed as a representation of the Underwriter. This Limited Offering Memorandum speaks as of its date except where specifically noted otherwise and is subject to change without notice. Neither the delivery of this Limited Offering Memorandum nor any sale of 2008 Bonds made hereunder, under any circumstances shall create an implication that there has been no change in the affairs of the County, the Developer, the Town or the District since the date hereof or imply that any information herein is accurate or complete as of any later date.

THE 2008 BONDS HAVE NOT BEEN REGISTERED WITH THE SECURITIES AND EXCHANGE COMMISSION UNDER THE SECURITIES ACT OF 1933, AS AMENDED, NOR HAS THE INDENTURE BEEN QUALIFIED UNDER THE TRUST INDENTURE ACT OF 1939, AS AMENDED, IN RELIANCE UPON EXEMPTIONS CONTAINED IN SUCH ACTS. THE REGISTRATION OR QUALIFICATION OF THE 2008 BONDS IN ACCORDANCE WITH APPLICABLE PROVISIONS OF THE SECURITIES LAWS OF THE STATES, IF ANY, IN WHICH THE 2008 BONDS HAVE BEEN REGISTERED OR QUALIFIED AND THE EXEMPTION FROM REGISTRATION OR QUALIFICATION IN CERTAIN OTHER STATES CANNOT BE REGARDED AS A RECOMMENDATION THEREOF. IN MAKING AN INVESTMENT DECISION, INVESTORS MUST RELY ON THEIR OWN EXAMINATION OF THE COUNTY, THE TOWN, THE DISTRICT AND THE DEVELOPER AND THE TERMS OF THE OFFERING, INCLUDING THE MERITS AND RISKS INVOLVED. THE 2008 BONDS HAVE NOT BEEN RECOMMENDED BY ANY FEDERAL OR STATE SECURITIES COMMISSION OR REGULATORY AUTHORITY. FURTHERMORE, THE COUNTY HAS NOT CONFIRMED THE ACCURACY OR DETERMINED THE ADEQUACY OF THIS LIMITED OFFERING MEMORANDUM. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE.

In connection with this offering, the Underwriter may over-allot or effect transactions which stabilize or maintain the market price of the 2008 Bonds at a level above that which might otherwise prevail in the open market. Such stabilizing, if commenced, may be discontinued at any time. The Underwriter may offer and sell the 2008 Bonds at prices lower than the initial offering prices set forth on the inside cover page hereof, and such offering prices may be changed from time to time by the Underwriter.

OFFICIALS AND OTHER PARTIES

County of Buncombe, North Carolina
County Commissioners

Nathan Ramsey, Chairman
David Gantt, Vice Chairman
Carol Peterson
Bill Stanley
David Young

Town of Woodfin, North Carolina
Board of Aldermen

Jerry VeHaun, Mayor
Jim Angel
Ron Dayton
Debbie Giezentanner
Don Hensley
Geneva Maney

Feasibility Consultant

MuniCap, Inc.
Columbia, Maryland

Appraiser

Fred H. Beck & Associates, LLC
Charlotte, North Carolina

Trustee

U.S. Bank National Association
Charlotte, North Carolina

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COUNTY OF BUNCOMBE, NORTH CAROLINA
\$12,960,000 PROJECT DEVELOPMENT FINANCING REVENUE BONDS
(WOODFIN DOWNTOWN CORRIDOR DEVELOPMENT), SERIES 2008

INTRODUCTION

This Limited Offering Memorandum, which includes the cover page and Appendices attached hereto, sets forth certain information concerning the issuance by the County of Buncombe, North Carolina (the "*County*"), on behalf of itself and the Town of Woodfin, North Carolina (the "*Town*"), of its \$12,960,000 Project Development Financing Revenue Bonds (Woodfin Downtown Corridor Development), Series 2008 (the "*2008 Bonds*"). Capitalized terms used in this Limited Offering Memorandum and not otherwise defined will have the meaning set forth in Appendix A attached hereto.

This introduction is not a summary of this Limited Offering Memorandum and is intended only for quick reference. It is only a brief description of and guide to, and is qualified in its entirety by reference to, more complete and detailed information contained elsewhere in this Limited Offering Memorandum including the documents summarized or described herein. A full review should be made of the entire Limited Offering Memorandum and of the documents summarized or described herein, if necessary. The offering of the 2008 Bonds to potential investors is made only by means of the entire Limited Offering Memorandum, including the Appendices attached hereto. No person is authorized to detach this introduction from the Limited Offering Memorandum or otherwise to use it for any purpose without the entire Limited Offering Memorandum including the Appendices attached hereto.

The 2008 Bonds are being issued pursuant to (i) the Constitution and laws of the State of North Carolina (the "*State*"), including particularly Chapter 159, Article 6 of the North Carolina General Statutes (the "*N.C.G.S.*"), known as the "North Carolina Project Development Financing Act" (the "*Act*") and Chapter 158, Article 1 of the N.C.G.S., known as the "*Local Development Act of 1925*" (the "*Local Development Act*"), (ii) the Development, Acquisition and Financing Agreement (the "*Agreement*"), between the County, the Town, and Reynolds Mountain Partners, LLC (the "*Developer*"), dated as of August 1, 2008 (see Appendix F), (iii) the Development Financing Plan (the "*Plan*"), adopted by the governing body of the Town and the governing body of the County on November 21, 2006 (see Appendix H), (iv) the Interlocal Agreement between the Town and the County dated as of August 1, 2008 (the "*Interlocal Agreement*") (see Appendix G), (v) the Minimum Assessment Agreement dated as of August 1, 2008 (the "*Minimum Assessment Agreement*"), among the Town, the County and the Developer (see Appendix D), (vi) the Option Agreement dated as of August 1, 2008 (the "*Option Agreement*"), among the Town, the County and the Developer (see Appendix L), and (vii) the General Trust Indenture dated as of August 1, 2008, between the Issuer and U.S. Bank National Association, as trustee (the "*Trustee*") (the "*General Indenture*"), as supplemented by the Series Indenture, dated as of August 1, 2008 (the "*Series Indenture*" and, together with the General Indenture, the "*Indenture*").

Pursuant to the Agreement and the Local Development Act, the Town created the "Woodfin Downtown Corridor Financing District" (the "*District*") under a resolution adopted by the Board of Aldermen of the Town of Woodfin, North Carolina (the "*Town Board*") on November 21, 2006. The effective date of the District's creation is March 6, 2007. Pursuant to the Agreement, the Town, the County and the Developer have agreed to undertake the Public Project (defined hereafter) to benefit the Private Project (defined hereafter) to be undertaken by the Developer.

The Developer has received an acquisition and development loan from Wachovia Bank, National Association (the "A&D Loan") which, along with Developer's equity contribution, the net proceeds of the 2008 Bonds and proceeds from the sale of development pads by the Developer in the District will fund construction of the first phase of Private Project and Public Project as hereafter described. The current balance (6/30/2008) of the A&D Loan is \$18,970,948, and it is subject to a maximum draw limitation of \$30,947,820. See "**PLAN OF FINANCE.**" According to the Act, the proceeds of the 2008 Bonds may be used to finance the costs of the Public Project only.

The 2008 Bonds shall be payable from and secured by revenues from increased tax payments (the "*Incremental Revenues*") in the District. The Town and the County in the Interlocal Agreement have agreed to such pledge. The Developer in the Minimum Assessment Agreement has covenanted to pay annually an amount on the property owned by it in the District equal to the greater of (a) the property taxes which would be otherwise due and (b) the difference between (1) annual debt service on the 2008 Bonds and (2) the Incremental Revenues received from other property taxpayers within the District in each year. The Minimum Assessment Agreement will be recorded in the County's real property records under North Carolina law and will "run with the land." The County will have a first and prior lien on the property so covered for any amount due from the Developer or subsequent owner of the covered property and unpaid under the Minimum Assessment Agreement.

The proceeds of the 2008 Bonds will be used (i) to finance costs associated with the Public Project, (ii) to fund interest on the 2008 Bonds through the period of construction, (iii) to fund a debt service reserve fund for the 2008 Bonds, and (iv) to pay certain costs of issuance of the 2008 Bonds. See "PLAN OF FINANCE," "ESTIMATED SOURCES AND USES," "SECURITY AND SOURCES OF PAYMENT FOR THE 2008 BONDS" and "THE DEVELOPER" herein.

NO HOLDER OF ANY 2008 BONDS SHALL HAVE THE RIGHT TO COMPEL THE EXERCISE OF ANY TAXING POWER OF THE COUNTY OR TOWN FOR PAYMENT OF PRINCIPAL OR INTEREST THEREON. THE 2008 BONDS ARE NOT GENERAL OBLIGATIONS OF EITHER THE COUNTY OR THE TOWN AND WILL NOT CONSTITUTE AN INDEBTEDNESS OF EITHER THE COUNTY OR THE TOWN WITHIN THE MEANING OF ANY STATUTORY OR CONSTITUTIONAL PROVISION OR LIMITATION. THE FAITH AND CREDIT OF THE COUNTY OR THE TOWN IS NOT PLEDGED TO THE PRINCIPAL OF AND INTEREST ON THE 2008 BONDS. NEITHER THE COUNTY NOR THE TOWN HAS ANY OBLIGATION TO LEVY TAXES TO MAKE PAYMENTS WITH RESPECT TO THE 2008 BONDS.

PURCHASE OF THE 2008 BONDS INVOLVES A HIGH DEGREE OF INVESTMENT RISK AND THE 2008 BONDS ARE NOT SUITABLE INVESTMENTS FOR MANY TYPES OF INVESTORS. SEVERAL RISKS OF OWNING THE 2008 BONDS ARE DETAILED UNDER "RISK FACTORS" HEREIN. THE 2008 BONDS ARE NOT RATED.

CAUTION ON FORWARD-LOOKING STATEMENTS

Any statement made in this Limited Offering Memorandum, including the Appendices hereto, involving estimates or matters of opinion, whether or not so expressly stated, are set forth as such and not as representations of fact, and no representation is made that any of the estimates or matters of opinion will be realized.

The statements contained on this Limited Offering Memorandum that are not purely historical are forward-looking statements. Readers should not place undue reliance on forward-looking statements. All forward-looking statements included in this Limited Offering Memorandum, including the Appendices hereto, are based on information available on the date hereof and the County assumes no obligation to update any such forward-looking statements. It is important to note that the actual results could differ materially from those in such forward-looking statements.

The forward-looking statements herein necessarily are based on various assumptions and estimates and are inherently subject to various risks and uncertainties, including risks and uncertainties relating to the possible invalidity of the underlying assumptions and estimates and possible changes or developments in social, economic, business, industry, market, legal and regulatory circumstances and conditions and actions taken or omitted to be taken by third parties, including customers, suppliers, business partners and competitors, and legislative, judicial and other governmental authorities and officials. Assumptions related to the foregoing involve conditions and future business decisions, all of which are difficult or impossible to predict accurately and many of which are beyond the control of the County, the Town and the Developer. Any such assumptions could be inaccurate and therefore there can be no assurance that the forward-looking statements included in this Limited Offering Memorandum will prove to be accurate.

LIMITED OFFERING

INITIALLY

The 2008 Bonds initially are being offered, and may be transferred, solely to "qualified institutional buyers" other than individuals as defined in Rule 144A under the Securities Act of 1933, as amended. Each of the initial purchasers must execute an investor's letter, an example of which is attached hereto as Appendix E, "FORM OF INVESTOR'S LETTER," prior to purchasing any 2008 Bonds. As a result of such limited offering, the 2008 Bonds are exempt from the continuing disclosure requirements of Rule 15c2-12 (the "Rule") adopted by the Securities and Exchange Commission (the "SEC") under the Securities Exchange Act of 1934, as amended. Notwithstanding the exemption from the Rule, the Developer and the County have agreed to provide certain information, periodically, relating to the Public Project, the Private Project, the 2008 Bonds and the collection of the Incremental Revenues. See "CONTINUING DISCLOSURE" herein and Appendix J attached hereto. Purchase of the 2008 Bonds involves certain risks and the 2008 Bonds are not suitable for all types of investors. See "RISK FACTORS" herein.

SUBSEQUENT POSSIBILITIES

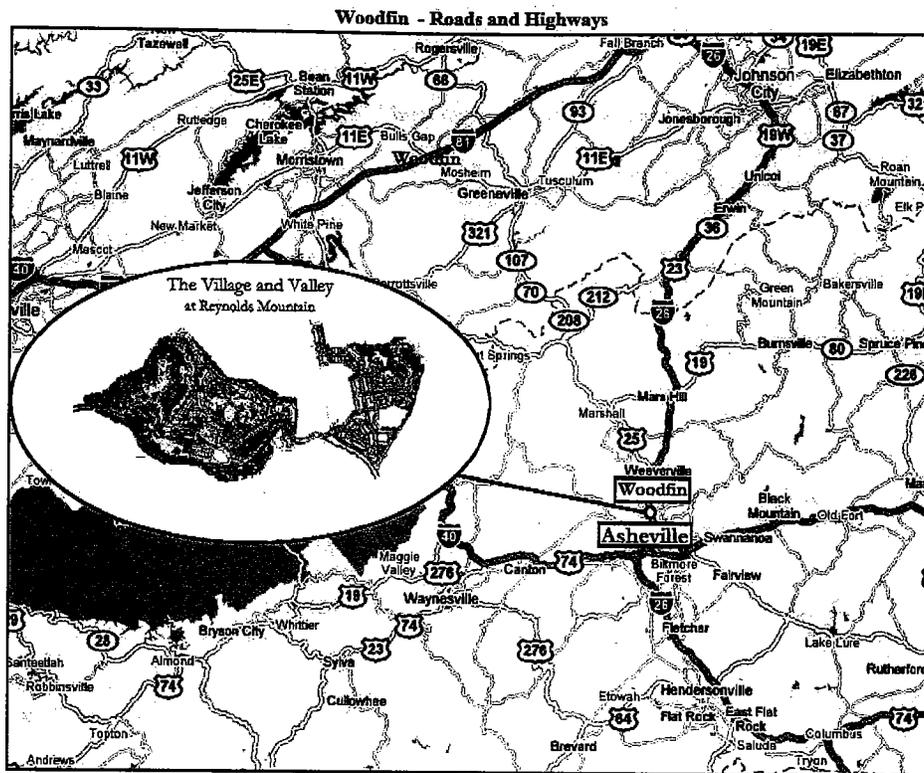
The 2008 Bonds are not rated. See "RATINGS" herein. Nevertheless, if the 2008 Bonds are given an investment grade rating by a national rating agency under the terms and conditions set forth in the Indenture, the restriction on transfer as described above will no longer be applicable and the minimum denomination of the 2008 Bonds will be reduced to \$5,000.

CONTACTS

Prior to issuance of the 2008 Bonds, investors may contact the Underwriter at 380 Knollwood Street, Suite 620, Winston-Salem, North Carolina 27103 (Attention: Ryan Maher) (336) 721-6823. After issuance of the 2008 Bonds, the Trustee may be contacted at Hearst Tower, 214 North Tryon Street, Charlotte, North Carolina 28202 Attention: Allison Poole (704) 335-4558.

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PLAN OF FINANCE



GENERAL

The Town is located within the County, approximately four miles north of downtown Asheville, North Carolina, which is the County seat. In 2006, following adoption of the Act by the North Carolina General Assembly and approval of the Act by voters in the State at referendum, the Town and the County jointly identified the property constituting the District as a likely site for a tax increment financing district. Discussions were held with principals of the Developer due to their ongoing involvement in adjacent real estate development projects. Following such discussions the basic provisions of what is now the Plan were drawn up.

- Creation of the District covering approximately 205 acres in the Town, including a brownfield site which was previously used as the City of Asheville's municipal landfill and subsequently purchased by the Town after the site was converted to a municipal golf course (the "Landfill Site").
- Drawing the boundaries of the District to include some property owned by the Developer adjacent to existing real estate development projects of the Developer's principals.
- Providing for private financing, as the Developer's responsibility, for the privately owned components of the overall development within the District.
- Providing for financing through the issuance of tax increment-backed bonds under the Act of the public infrastructure components of the overall development within the District.
- Redevelopment of the Landfill Site as a portion of the recreational and other property for a mixed-use development.

THE PROJECT

For purposes of this Limited Offering Memorandum, the term "Project" means the Public Project and Private Project currently planned to be constructed on the 205 acres constituting the District. The Project currently is anticipated to be accomplished in three phases, with each phase consisting of portions of the Public Project and Private Project. These three phases follow the Developer's successful development of Reynolds Mountain proper, which was developed in four phases beginning in 2002. Those four phases resulted in the sale of 120 single-family custom home sites, where home prices ranged between \$1 million and \$4 million (Phases I and II), twelve single-family detached homes priced on average at \$1.57 million (Phase III) and 45 townhomes priced at just over \$1 million (Phase IV). None of the first four phases of the overall Reynolds Mountain Development is located within the District.

The Private Project is to be accomplished in three phases: Phase V, which is currently under development, a future Phase VI, which, together with Phase V will constitute the Project's "Town Center," and a final Phase VII of the Reynolds Mountain Development.

The Public Project will serve the Private Project and the Town. Upon completion of construction of each phase, the Town will acquire the portion of the Public Project constructed as a part of such phase. The costs of the first phase of the Public Project and Private Project within the District (Phase V of the overall Reynolds Mountain Development) will be financed with proceeds of the 2008 Bonds, the A&D Loan and other sources as set forth in the table below. Such funding sources will cover only horizontal and infrastructure development costs. Phase V vertical development will be funded from additional Developer equity, further pad sale proceeds and a separate \$10 million revolving loan from Wachovia Bank, National Association whose availability will be subject to the Developer's meeting certain minimum pre-sale and/or pre-leasing objectives. Additional series of bonds are expected to be issued and additional funding sources are expected to be identified for the cost of the Public Project and Private Project in each subsequent phase (Phases VI and VII). See Appendix E, "DEVELOPMENT, FINANCE AND ACQUISITION AGREEMENT" attached hereto.

Estimated Sources and Uses of Funds Related to the Public and Private Project (Current Phase)

The expected sources and uses for the current phase (Phase V) acquisition and horizontal development, including funds necessary to complete the Public Project component of Phase V, are as follows:

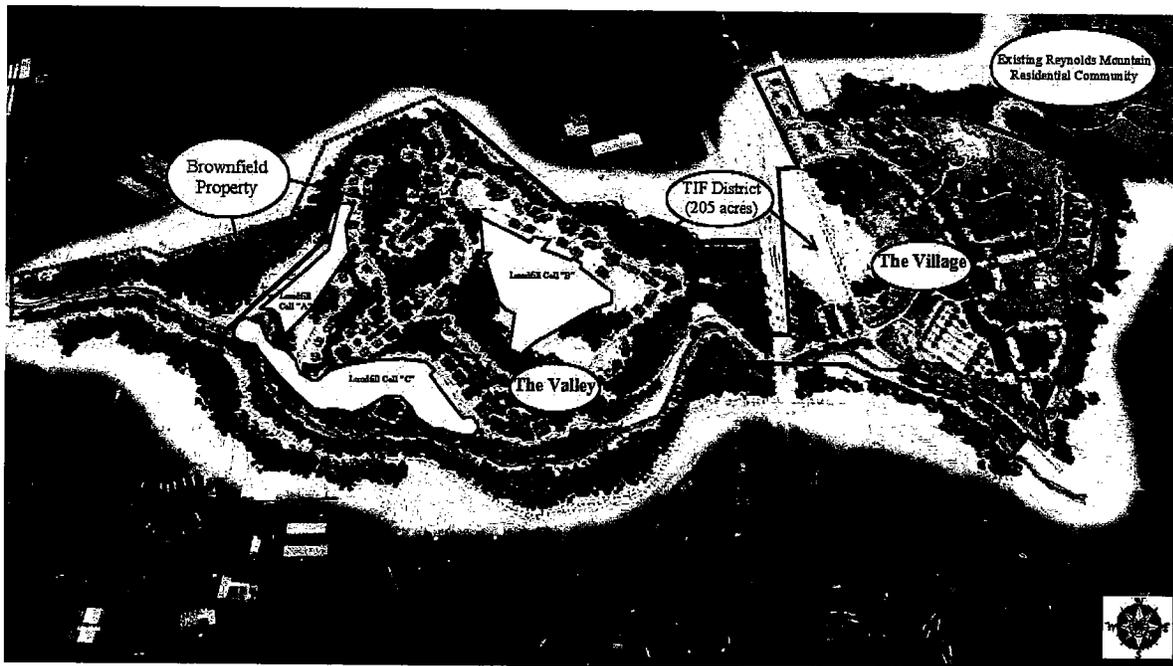
Land Costs (Phase V)	\$13,082,000
Hard Costs	8,618,834
Soft Costs	6,044,959
Contingency	1,179,828
Bank Loan Interest Reserve	4,014,000
Fees	189,739
Phase VII Land Cost	<u>3,003,460</u>
Total Uses	\$36,132,820
Developer's Land Equity	\$5,125,000
A&D Loan Proceeds	20,000,000
2008 Bond Proceeds	9,593,385
Pad Sales	<u>1,414,435</u>
Total Sources	\$36,132,820

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The Public Project.

The Developer will construct public improvements within or serving the District, including infrastructure improvements in and around the District, roads (including Corridor Road, Senator Reynolds Road, as well as entry roads and access to commercial and residential roads not yet named), public sewer line and waterline extensions, public landscaping, pedestrian walkways, bike trails and other community elements (the "Public Project"). Included in the Public Project are all necessary components, such as engineering, mobilization, clearing and grubbing, grading, as well as physical improvements. Additionally, the Public Project in subsequent phases may include a public parking structure in the District. The Public Project work will be undertaken by the Developer in connection with the Private Project of the corresponding phase. The timing and precise composition of each phase of the Public Project and the Private Project will be dictated by market demands for the Private Project.

Woodfin Town Center - TIF District/Brownfield

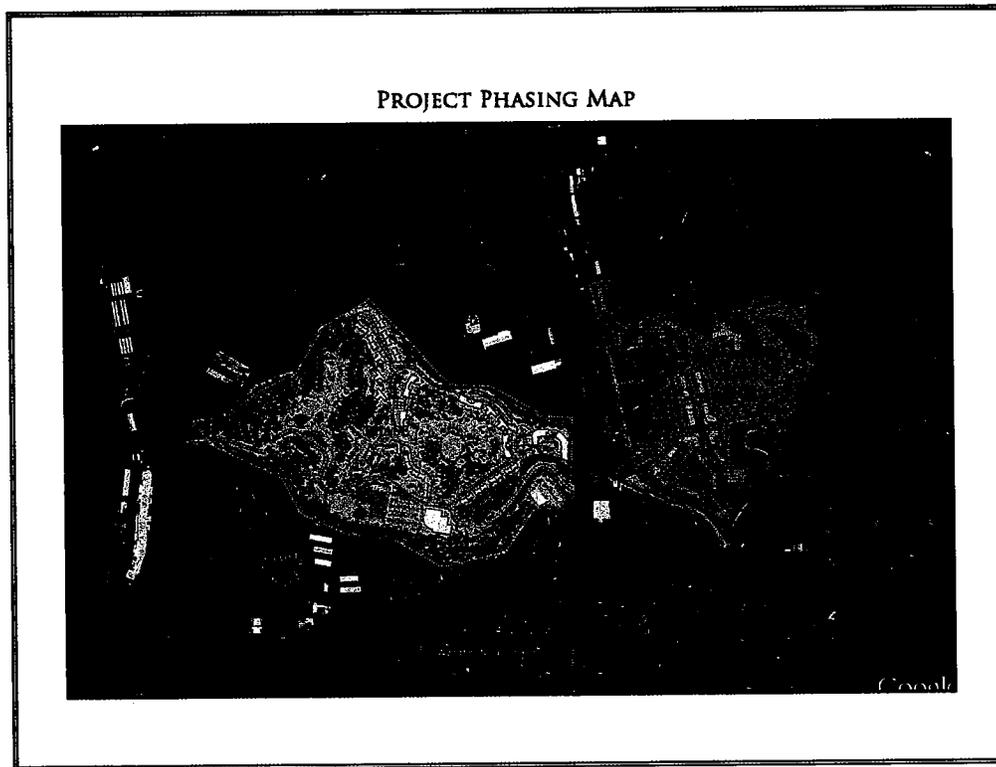


The Private Project.

The Developer will construct a private, mixed-use development in the District. The Private Project will occur in two portions of the District, generally on either side of Interstate 26. The Village at Reynolds Mountain contains approximately 64 acres, whose development will comprise Phases V and VI of Reynolds Mountain Development. Phase V of Reynolds Mountain Development currently contemplated for the Village at Reynolds Mountain will consist of approximately 725,000 square feet of residential development with a mix of some or all of the following housing types: low-rise condominiums, mid-rise condominiums, town homes. The commercial portion of Phase V development contemplates approximately 158,095 square feet of retail space and approximately 25,000 square feet of office and other commercial space in six three-story buildings. Specific plans for an additional development pad that will be served by the Public Project have not been set, but may include a hotel, lodge or as many as 65 additional residential units.

**Anticipated Private Project Residential Buildings
Village at Reynolds Mountain First Phase**

<u>Type</u>	<u>Approx. Sq. Ft.</u>	<u># of Buildings</u>	<u>Total # of Units</u>	<u>Expected Price</u>
Terraces	2050	3	30	\$566,200-840,000
Courtyards	1700	6	36	515,000
Porches	2150	8	32	649,840
Loft 1 BR	1000	3	30	300,000
Loft 2 BR	1200	3	41	360,000



The Valley at Reynolds Mountain (the final Phase VII of the overall Reynolds Mountain Development) consists of 156 acres on the west side of Interstate 26. The District encompasses only 130 of these acres due to statutory constraints on the size of the District vis-à-vis the Town as a whole. Within this 130 acre tract, approximately 30 acres of landfill cells, which will remain undeveloped pursuant to a Brownfields Agreement between the Town and the North Carolina State Department of Environment and Natural Resources, are not included within the District. The remaining approximately 100 acres that comprise that portion of the District will be developed at generally lower densities than Phase V and VI, with 325 mixed-family residential units (similar in concept to the Terraces project in Phase V homes), 80 acres of public green space and a 60,000 square foot regional YMCA facility planned. See **“THE PROJECT - BROWNFIELD MATTERS.”**

Financing of Private Project

The Developer has entered into a loan agreement with respect to the A&D Loan with Wachovia Bank, National Association ("Wachovia") providing for the advance under certain conditions, of up to \$30,947,820 (provided that the total principal balance of all advances outstanding at any one time may not exceed \$20,000,000) to pay for construction of Phase V of the Private Project and Public Project. There was a lot reservation requirement for the initial draw which was met as well as a limitation on the percentage costs which can be financed from the loan amount (approximately 70%). As of June 30, 2008, approximately \$18,970,948 had been drawn by the Developer. It is expected that a portion of the proceeds of the 2008 Bonds will be used to replenish the amount of those draws attributable to Public Project costs.

Wachovia has a lien on all real property in the District owned by the Developer through a deed of trust securing its right to repayment under the loan agreement for the A&D Loan. The lien would be subordinate only to any lien imposed by the County pursuant to the Minimum Assessment Agreement as a result of unpaid amounts thereunder and will be released as development pads comprising such property are sold. Nonpayment of taxes and assessments by the Developer would constitute an event of default under the loan agreement. Under the Option Agreement, if the Developer is in default of its obligations, the Town has the ability, for a nominal fee, to acquire the Public Project from the Developer prior to its completion, and Wachovia has agreed, under such circumstances, to subordinate the lien status of its deed of trust to the Option Agreement.

Brownfield Matters.

A portion (approximately 112 acres, primarily in the Valley at Reynolds Mountain) of the District (the "Landfill Site") is a former municipal landfill of the City of Asheville. The Town and the State Department of Environment and Natural Resources have entered into a Brownfields Agreement dated March 21, 2007, with respect to the Landfill Site. Under that agreement the Landfill Site is divided into two general areas -- land containing waste and required to have continued monitoring for any emissions, on which there can be no residential use, and other areas related thereto but not containing waste. The latter portion of the Landfill Site may be used for the location of portions of the Project. The map immediately prior hereto notes the areas within the District on which nothing will be built as well as the other land subject to the Brownfields Agreement, some of which is outside the District.

Private Project Prospects.

The timing of the expenditure of the proceeds of the 2008 Bonds, the timing of the issuance of additional bonds for additional phases of the Public Project and the increase in assessed values leading to Incremental Revenues are all dependent, in part, on the success of the Private Project. Several factors are relevant to the prospects for such success.

- Zoning. All required zoning for the Project has been received.
- Environmental Concerns. Aside from the location of the Landfill Site, there is no known environmental concern with respect to the District or the Project. The Brownfields Agreement is in full force and effect and planned development of the District, including the Project, is in compliance therewith.
- Competition. There are a number of ongoing residential and mixed-use developments in the area. The following chart provides some information thereon.

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Competing Residential Developments

<u>Name:</u>	<u>Miles from Project:</u>	<u># of Townhomes:</u>	<u># of Condos:</u>	<u>Status</u>
South Cliff	15	100	0	B, F, G
Biltmore Point	20	250	250	B, F, G
Park Ave	10	45	0	B, G,
Ellington	5	0	55	B, C, G
Weir Bridge	10	0	285	B, C, D, G, A
SkyLoft	5	0	69	B, C, D, G, A
Zona Lofts	5	0	22	F, G
Parkside	5	0	50	E, G
Altura Phase 1	2	312	0	B, F, G
Altura Phase 2	2	105	112	B, F, G

*Status Key: A – Started Sales, B – Zoning Approved, C – Started Construction, D – Grading/Utilities, E – Preliminary Design, F – Schematic Design, G – Owns Land, F – Purchasing Land

• **Absorption.** Of the 169 residential units currently planned for the first phase of the Private Project, the following absorption schedule is expected by year (expressed as sales to homeowners):

<u>Type</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>
Residential Units Sold	24	24	48	48	25

Of the retail and office space currently planned for the first phase of the Private Project, the following absorption schedule is expected, by year (expressed as square footage leased);

<u>Type</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>
Retail	42,000	42,000	42,000	32,095
Office	18,000	7,000		

See Appendix B, APPRAISAL, attached hereto.

THE DISTRICT

General

The District is a development financing district created pursuant to Section 7.3 of the Local Development Act. The District is comprised of approximately 205 acres of real property located in the Town. The Developer owns all of the real property in the District except for 46.9 acres in 29 parcels owned by unrelated third parties; approximately 8 acres of which is leased by the Developer for a 75 year remaining term.

The duration of the District is thirty years from the date the District was established by the North Carolina Local Government Commission (the "LGC") pursuant to Section 106 of the Act (March 6, 2007) or, if earlier, the date the Bonds have been retired fully or sufficient funds have been set aside to meet all future principal and interest requirements on the Bonds or on additional bonds, including refunding bonds.

Development Financing Plan

The Plan for the District was adopted pursuant to the Local Development Act by the Town on November 21, 2006, and approved by action of the LGC on March 6, 2007. Under the Plan, the County will issue the Bonds, and the Town and the County entered into the Interlocal Agreement. The Developer will construct the first phase of the Public Project using proceeds from the 2008 Bonds and will finance and construct the Private Project. See Appendix H, "DEVELOPMENT FINANCING PLAN" attached hereto. In addition, the Developer has entered in the Minimum Assessment Agreement which is intended to assure payment of Incremental Revenues sufficient to pay debt service on the 2008 Bonds. See Appendix C and "**SECURITY AND SOURCES OF PAYMENT FOR THE 2008 BONDS -- MINIMUM ASSESSMENT AGREEMENT.**"

Base Valuation and Other Security Matters

The base valuation of the District for ad valorem tax purposes as of January 1, 2007, as shown on the records of the County's Tax Assessor, is \$13,857,500. See "SECURITY AND SOURCES OF PAYMENT FOR THE 2008 BONDS - GENERAL" herein.

The following table presents the assessed value of the District for each of the previous seven years and 2008:

<u>Fiscal Year</u>	<u>Assessed Value of Parcels Now Comprising the District</u>
2001	\$ 7,011,400
2002	8,853,200
2003	8,853,200
2004	8,849,700
2005	9,144,900
2006	13,877,300
2007	13,857,500
2008	15,495,700

THE COUNTY

NO HOLDER OF ANY 2008 BONDS SHALL HAVE THE RIGHT TO COMPEL THE EXERCISE OF ANY TAXING POWER OF THE COUNTY OR TOWN FOR PAYMENT OF PRINCIPAL OR INTEREST THEREON. THE 2008 BONDS ARE NOT GENERAL OBLIGATIONS OF EITHER THE COUNTY OR THE TOWN AND WILL NOT CONSTITUTE AN INDEBTEDNESS OF EITHER THE COUNTY OR THE TOWN WITHIN THE MEANING OF ANY STATUTORY OR CONSTITUTIONAL PROVISION OR LIMITATION. THE FAITH AND CREDIT OF THE COUNTY OR THE TOWN IS NOT PLEDGED TO THE PRINCIPAL OF AND INTEREST ON THE 2008 BONDS. NEITHER THE COUNTY NOR THE TOWN HAS ANY OBLIGATION TO LEVY TAXES TO MAKE PAYMENTS WITH RESPECT TO THE 2008 BONDS.

THE COUNTY

The County was established in 1791, at which time it extended from the Blue Ridge Mountains to the Tennessee border. The subsequent creation of additional western counties of the State reduced the County to its present 656 square mile area. The County is a political subdivision of the State, duly organized and existing under the laws of the State. In 2006, the North Carolina Office of State Planning estimated to the population of the County to be 219,082.

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The County has been experiencing significant growth over the last few years with its aggregate assessed value increasing over 250% since 1997.

Buncombe County Assessed Value

<u>Fiscal Year</u>	<u>Total Taxable Assessed Value</u> (000's)	<u>Tax Rate</u>
1998	\$10,092,435	.63%
1999	12,528,705*	.63
2000	13,000,269	.63
2001	13,419,502	.63
2002	13,777,912	.63
2003	17,095,153*	.59
2004	17,496,502	.59
2005	18,034,880	.59
2006	19,105,553	.53
2007	25,635,442*	.525
2008	28,155,203	.525

*Property is reassessed every four years.

Source: County Tax Department and County's Comprehensive Annual Financial Report, fiscal year ended June 30, 2007.

THE TOWN

The Town is a municipal corporation of the State, located within the County, duly organized and existing under the laws of the State. The Town is 3.6 square miles in size and in 2006 the Town had an estimated population of 4,571. The District is entirely located within the Town.

The Town has also experienced a significant increase in assessed value in recent years.

Town of Woodfin Assessed Value

<u>Fiscal Year</u>	<u>Total Taxable Assessed Value</u> (000's)	<u>Tax Rate**</u>
1998	\$115,451	.32%
1999	140,492*	.28
2000	149,264	.28
2001	155,270	.40
2002	182,563	.40
2003	212,724*	.325
2004	218,562	.285
2005	221,551	.285
2006	273,064	.285
2007	376,706*	.265
2008	532,562	.265

*Property is reassessed every four years.

**Does not include fire district levy, which was .10% in each of the above years.

Source: County Tax Department and County's Comprehensive Annual Financial Report, fiscal year ended June 30, 2007

INTERLOCAL AGREEMENT

Under the Interlocal Agreement, the County and the Town agreed that the County would issue one or more series (each a "Series") of bonds to finance the Public Project, and the County and the Town pledged all of the Incremental Revenues to be received by the County and the Town (including incremental revenues collected within the Woodfin Fire District) to the repayment of such bonds to be issued by the County. Neither the full faith and credit nor the taxing power of the County or the Town is pledged to the payment of the principal of or interest on the 2008 Bonds. While the Town, in conjunction with the

Developer, will have sole responsibility for the acquisition, construction and equipping of the Public Project, the Trustee, on behalf of the County under the Indenture, will hold the proceeds of the 2008 Bonds for such purpose. The County has responsibility for approval of draws of such proceeds needed to finance the acquisition, construction and equipping of the Public Project after the Town approves the same. See Appendix G, "INTERLOCAL AGREEMENT" attached hereto.

ESTIMATED SOURCES AND USES

The following table shows the anticipated sources and uses of the funds in connection with the issuance of the 2008 Bonds:

Sources of Funds

Principal Amount	\$12,960,000
Original Issue Discount	160,449
Total Sources of Funds	<u>\$12,779,551</u>

Uses of Funds

Construction of the Public Project	\$7,404,565
Deposit to Debt Service Reserve Fund	1,296,000
Deposit for Interest during Construction	2,270,376
Deposit for Working Capital	1,209,661
Issuance Expenses (including Underwriter's Discount)	618,949
Total Uses of Funds	<u>\$12,799,551</u>

THE 2008 BONDS

GENERAL

The 2008 Bonds will be issued under and secured by the Indenture. The 2008 Bonds are issuable only as fully registered bonds without coupons in denominations of \$100,000 and in any integral multiples of \$5,000 in excess thereof.

The 2008 Bonds will be dated the date of delivery. Interest on the 2008 Bonds is payable on February 1 and August 1 of each year (each such date, an "Interest Payment Date") commencing February 1, 2009. The 2008 Bonds will bear interest at the rates set forth on the front cover of this Limited Offering Memorandum from the Interest Payment Date next preceding their date of authentication to which interest has been paid (unless their date of authentication is an Interest Payment Date, in which case from such Interest Payment Date, or unless their date of authentication is prior to February 1, 2009 in which case from their dated date) computed on the basis of a 360 day year comprised of twelve 30 day months. Payment of the principal of and interest on the 2008 Bonds will be made by the Trustee directly to Cede & Co., as nominee of DTC, and subsequently will be disbursed to DTC's Direct Participants and thereafter to the Beneficial Owners of the 2008 Bonds. See "THE 2008 BONDS - BOOK ENTRY ONLY SYSTEM" herein.

BOOK-ENTRY ONLY SYSTEM

For information concerning the book-entry only system, see Appendix I, "INFORMATION CONCERNING THE BOOK-ENTRY ONLY SYSTEM" attached hereto.

REDEMPTION

Optional Redemption. The 2008 Bonds may be redeemed prior to their maturities, at the option of the County, in whole or in part on any date on or after August 1, 2018 at a Redemption Price equal to 100% of the principal amount of the 2008 Bonds to be so redeemed plus accrued interest to the redemption date.

Mandatory Redemption. The 2008 Bonds due August 1, 2024 and 2034, are subject to scheduled mandatory redemption on the redemption dates and in the principal amounts set forth in the following table, at a redemption price equal to the principal amount thereof plus accrued interest to the redemption date, without premium:

2024 TERM BONDS

<u>Mandatory Sinking Fund Redemption Date (August 1)</u>	<u>Principal Amount</u>	<u>Mandatory Sinking Fund Redemption Date (August 1)</u>	<u>Principal Amount</u>
2013	\$700,000	2019	\$345,000
2014	150,000	2020	370,000
2015	265,000	2021	395,000
2016	285,000	2022	420,000
2017	305,000	2023	450,000
2018	325,000	2024*	480,000

*Maturity

2034 TERM BONDS

<u>Mandatory Sinking Fund Redemption Date (August 1)</u>	<u>Principal Amount</u>	<u>Mandatory Sinking Fund Redemption Date (August 1)</u>	<u>Principal Amount</u>
2025	\$515,000	2030	\$730,000
2026	550,000	2031	780,000
2027	590,000	2032	835,000
2028	635,000	2033	895,000
2029	680,000	2034*	2,260,000

*Maturity

At its option, to be exercised on or before the 45th day next preceding any mandatory redemption date, the County may (a) deliver to the Trustee, for cancellation, Term 2008 Bonds or portions thereof (in Authorized Denominations) in any aggregate principal amount desired, or (b) receive a credit in respect of its mandatory redemption obligation for any Term Bonds (in Authorized Denominations) which prior to said date have been purchased or redeemed (otherwise than through mandatory redemption) and canceled by the Trustee and not theretofore applied as a credit against any mandatory redemption obligation. Each such Term Bond or portion thereof so delivered or previously purchased or redeemed and canceled by the Trustee shall be credited by the Trustee at 100% of the principal amount thereof against the obligation of the County to redeem Term Bonds on such mandatory redemption date, and any excess over such amount shall be credited against future mandatory redemption obligations as the County directs in writing, and the principal amount of Term Bonds so to be redeemed shall be accordingly reduced.

Manner and Notice of Redemption. If less than all of the 2008 Bonds are called for redemption, the maturities of 2008 Bonds to be redeemed shall be selected by the County, and if less than all the 2008 Bonds of any maturity are to be redeemed, the portion of such 2008 Bonds to be redeemed shall be selected by the Securities Depository for the 2008 Bonds according to its rules and procedures or, if the book-entry system has been discontinued, by the Trustee. If a portion of a 2008 Bond shall be called for partial redemption, a new 2008 Bond in principal amount equal to the unredeemed portion thereof will be authenticated and delivered to the registered owner upon the surrender thereof. No redemption may result in a bond of less than an authorized determination.

Notice of redemption will be given by the Trustee (1) to the LGC by mail, (2)(a) to DTC or its nominee at the address provided to the Trustee by DTC by registered or certified mail or (b) if DTC or its nominee is no longer the Owner of the 2008 Bonds, to the then-registered Owners by mail, not less than 30 days nor more than 60 days before the redemption date to each Owner of 2008 Bonds or portions thereof to be redeemed at the last address shown on the registration books kept by the Trustee, (3) to each of the then-existing securities depositories, by mail or facsimile transmission and (4) to at least two then-existing national information services, by mail.

Such notice must (1) specify the 2008 Bonds to be redeemed, the redemption date, the redemption price and the place or places where amounts due on such redemption must be payable (which must be the principal office of the Trustee) and if less than all of the 2008 Bonds are to be redeemed, the numbers of the 2008 Bonds and the portions of 2008 Bonds to be redeemed, (2) state that on the redemption date, the 2008 Bonds to be redeemed will cease to bear interest and (3) state, if the redemption is conditional on the occurrence of one or more events, what the conditions for redemption are and the manner in which Owners will be notified if the conditions precedent to a redemption do not occur. If notice is given, the failure to receive such notice or any defect therein will not affect the validity of any proceedings for such redemption, and failure to give notice to all Owners will not affect the validity of any proceedings with respect to any Owner to whom such notice is properly given. Any notice mailed will be conclusively presumed to have been given, whether or not the Owner receives the notice. If at the time of mailing of notice of redemption there is not on deposit with the Trustee moneys sufficient to redeem the Bonds called for redemption, which moneys are or will be available for redemption of the Bonds, such notice will state that it is conditional on the deposit of the redemption moneys with the Trustee not later than the opening of business on the redemption date. Any notice, once given, may be withdrawn by notice delivered in the manner set forth above, on receipt by the Trustee of written instructions from the County with respect to such withdrawal.

If moneys are on deposit in the Bond Fund to pay the redemption price of the 2008 Bonds called for redemption and premium, if any, thereon on a redemption date, 2008 Bonds or portions thereof thus called and provided for as hereinabove specified will not bear interest after such redemption date and will not be considered to be Outstanding or to have any other rights under the Indenture other than the right to receive payment.

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DEBT SERVICE REQUIREMENTS

The following table sets forth, for each bond year ending August 1, the amounts payable for principal (or mandatory sinking fund installment) of and interest on the 2008 Bonds.

2008 Bonds

Year	Principal	Interest	Total
2009	\$ 0	\$ 871,292.50	\$871,292.50
2010	0	917,150.00	917,150.00
2011	0	917,150.00	917,150.00
2012	0	917,150.00	917,150.00
2013	700,000	917,150.00	1,617,150.00
2014	150,000	869,900.00	1,019,900.00
2015	265,000	859,775.00	1,124,775.00
2016	285,000	841,887.50	1,126,887.50
2017	305,000	822,650.00	1,127,650.00
2018	325,000	802,062.50	1,127,062.50
2019	345,000	780,125.00	1,125,125.00
2020	370,000	756,837.50	1,126,837.50
2021	395,000	731,862.50	1,126,862.50
2022	420,000	705,200.00	1,125,200.00
2023	450,000	676,850.00	1,126,850.00
2024	480,000	646,475.00	1,126,475.00
2025	515,000	614,075.00	1,129,075.00
2026	550,000	576,737.50	1,126,737.50
2027	590,000	536,862.50	1,126,862.50
2028	635,000	494,087.50	1,129,087.50
2029	680,000	448,050.00	1,128,050.00
2030	730,000	398,750.00	1,128,750.00
2031	780,000	345,825.00	1,125,825.00
2032	835,000	289,275.00	1,124,275.00
2033	895,000	228,737.50	1,123,737.50
2034	2,260,000	163,850.00	2,423,850.00
Total	\$12,960,000	\$17,129,767.50	\$30,089,767.50

SECURITY AND SOURCES OF PAYMENT FOR THE 2008 BONDS

GENERAL

The 2008 Bonds, together with the interest thereon, are limited obligations of the County, payable solely from the "Pledged Revenues" which consist of the Incremental Revenues, all earnings derived from the investment of the Incremental Revenue Fund and any other amounts deposited with the Trustee and designated by the County as Pledged Revenues.

Incremental Revenues. The Incremental Revenues are the portion of ad valorem property taxes levied by and collected on behalf of the County and the Town on the incremental valuation of taxable property within the District. The incremental valuation is the difference between the current value of taxable property within the District (including that value of Developer's property as set forth in the Minimum Assessment Agreement) and the Base Valuation (as hereinafter described). Incremental Revenues generated within the District are permitted by the Act to be allocated to pay the costs of the public activities undertaken in a project area (including payment of the principal of and interest on bonds issued to pay such costs). The Act authorizes the use of tax increment financing to pay the capital and administration costs of a district, and the District is a development financing district created by the Town and, therefore, is eligible to use tax increment financing.

Base Valuation. In order to determine the Incremental Revenues, the County tax assessor (the "Tax Assessor") determined the base valuation of the property located in the District (the "Base Valuation"). The Base Valuation is the assessed

value of all taxable property located in the District on the January 1 immediately preceding the effective date of the District. The Base Valuation as of such date (January 1, 2007), as shown on the records of the Tax Assessor, is \$13,857,500.

Adjustments to Base Valuation. During the lifetime of the District, the Base Valuation may be altered as follows:

(i) If the property is removed from the District, on the succeeding January 1, the Base Valuation shall be reduced accordingly. The County and the Town have agreed in the Agreement not to do this while the 2008 Bonds are outstanding and this is confirmed in the General Indenture.

(ii) If new property is added to the District, the aggregate Base Valuation of the District shall be increased by the assessed value of the taxable property situated in the added territory on the January 1 immediately preceding the effective date of the District.

Calculation of the Incremental Revenues; Disbursement of Net Tax Receipts. Each year the District is in existence, the Tax Assessor shall determine the current assessed value of taxable property located in the District and then shall compute the difference between this current value and the Base Valuation. If the current value exceeds the Base Valuation, the difference is the increased valuation, the taxes on which secure the 2008 Bonds.

In each year increased valuation in the District exists, the County and the Town will levy taxes against property in the District in the same manner as taxes are levied against other property in the County and the Town. The proceeds from ad valorem taxes levied on property in the District shall be distributed as follows:

(i) In any year in which there are no Incremental Revenues, all the proceeds of the taxes levied against property in the District shall be retained by the County and the Town, as if District did not exist.

(ii) In any year in which there are Incremental Revenues, the amount of tax due from each taxpayer on property in the District shall be distributed as follows. The net proceeds of the following taxes shall be paid to the County and the Town: (a) taxes separately stated and levied solely to service and repay debt secured by a pledge of the faith and credit of the County or Town, if applicable; (b) nonschool taxes levied pursuant to a vote of the people; (c) taxes levied for a municipal or county service district; and (d) taxes levied by a taxing unit in a development financing district established by a different taxing unit and for which there is no increment agreement between the two units. All remaining taxes on property in the District shall be multiplied by a fraction, the numerator of which is the Base Valuation and the denominator of which is the current valuation for the District. This amount, when paid by the taxpayer, shall be retained by the County and the Town, as if the District did not exist. The net proceeds of the remaining amount, when paid by the taxpayer, shall be turned over to the Tax Assessor, who shall place this amount in the Incremental Revenue Fund. As used in this paragraph, "net proceeds" means gross proceeds less refunds, releases, and any collection fee paid by the levying government to the collecting government.

INCREMENTAL REVENUE FUND

Creation. Pursuant to the Act, the County has established a separate fund (the "Incremental Revenue Fund") to account for the proceeds paid to the County from taxes levied on the difference between the current assessed value and the Base Valuation of the District. The County also will place into the Incremental Revenue Fund any moneys received pursuant to the Minimum Assessment Agreement and any other minimum assessment agreement entered into with other owners of property located in the District. See "SECURITY AND SOURCES OF PAYMENT FOR THE 2008 BONDS – MINIMUM ASSESSMENT AGREEMENT" herein.

The Trustee will cause transfers to be made from the Incremental Revenue Fund as follows:

FIRST: To the Bond Fund, on or before the 5th day preceding an Interest Payment Date, an amount such that (after taking into consideration amounts then on deposit in the Bond Fund allocated to pay Interest due with respect to the Bonds) there will be in the Bond Fund an amount equal to the interest due on the next Interest Payment Date;

SECOND: To the Bond Fund, on or before the 5th day preceding an Interest Payment Date, an amount such that (after taking into consideration amounts then on deposit in the Bond Fund allocated to pay Principal due with respect to the Bonds), if the same amount is transferred thereto on each succeeding Interest Payment Date, there will be in the Bond Fund an amount equal to the principal due on the next Principal Payment Date;

THIRD: To the Bond Fund, the amount necessary to pay the next August Interest Payment Date.

FOURTH: At any time as may be required after payment of or the reserve of funds for the above obligations, to the provider of any Qualified Reserve Fund Substitute in satisfaction of the then current obligations of the County incurred in connection therewith;

FIFTH: At any time as may be required after payment of or the reserve of funds for the above obligations, to the Trustee for deposit in the Reserve Fund (1) the amount necessary for the balance therein to equal the Reserve Requirement, but if the Revenues are insufficient therefor, to each Account of the Reserve Fund *pro rata* on the basis of the Reserve Requirement for each Series of Bonds secured by an Account of the Reserve Fund or (2) if the Reserve Fund is less than 90% of the Reserve Requirement as a result of a valuation of investments therein, the amount necessary for the balance therein to equal the Reserve Requirement; but the Trustee is not required to transfer on any Interest Payment Date more than an amount such that if the same amount were deposited on the next Interest Payment Date, the Reserve Fund would equal the Reserve Requirement;

SIXTH: At any time as may be required after payment of or the reserve of funds for the above obligations, to the Trustee for deposit in the Bond Fund, the amount necessary to make up any deficiency therein in accordance with the priorities established;

SEVENTH: At any time as may be required after payment of or the reserve of funds for the above obligations, to the Persons entitled to payment of fees and expenses for professional services rendered related to the Bonds;

EIGHTH: On or after August 2, 2013, in any year in which the Developer's Property is assessed at the Standard Assessment Amount, as defined in the Minimum Assessment Agreement, by the 15th day of each Fiscal Year, to the Town and the County in the proportion certified to the Trustee by a Finance Officer Certificate, the balance remaining in the Incremental Revenue Fund as of the last day of the preceding Fiscal Year.

RESERVE FUND

Under the Indenture, proceeds of the 2008 Bonds in the amount of the 2008 Bonds Reserve Requirement (\$1,296,000) have been deposited in the Reserve Fund. Amounts therein are available to pay any deficiency in debt service amounts due on the 2008 Bonds.

ADDITIONAL SOURCES OF SECURITY FOR THE 2008 BONDS

The 2008 Bonds are special obligations of the County. Moneys in the Incremental Revenue Fund are pledged to the payment of the 2008 Bonds. Except as provided in the Act, the principal and interest on the 2008 Bonds do not constitute a legal or equitable pledge, charge, lien, or encumbrance upon any of the County's property or upon any of its income, receipts, or revenues. Neither the credit nor the taxing power of the County is pledged for the payment of the principal or interest of 2008 Bonds, and no holder of 2008 Bonds has the right to compel the exercise of the taxing power by the County or the forfeiture of any of its property in connection with any default on the 2008 Bonds, except as provided in the Act.

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MINIMUM ASSESSMENT AGREEMENT

Pursuant to the Act, the Developer, the Town and the County have entered into the Minimum Assessment Agreement, under which the Developer has agreed to a minimum value at which the Developer's real and personal property subject to ad valorem taxation and located in the District (the "Developer Property") will be assessed for taxation for the duration of the District (the "Developer Property Minimum"). The purpose of the Minimum Assessment Agreement is to annually set the tax values on the Developer Property at such a level – the Developer Property Minimum – which will assure sufficient Incremental Revenues, together with Incremental Revenues received from other property taxpayers within the District, to pay the annual debt service on the 2008 Bonds. The Developer Property Minimum will be calculated for each Fiscal Year by the County tax assessor as provided in the Minimum Assessment Agreement and allocated among the parcels then comprising Developer Property pro rata in proportion to the respective Standard Assessment Amount for each such parcel, as may be adjusted from time to time to reflect any subdivision of Developer Property, the release of parcels comprising Developer Property from the provisions of the Minimum Assessment Agreement or as a result of appraisal information provided by Developer.

The Minimum Assessment Agreement provides for the release of parcels comprising Developer Property from the obligation to be allocated a Minimum Assessment Amount under certain conditions at the request of Developer. Only parcels transferred to Bona Fide Transferees (persons unaffiliated with Developer who acquire either a completed building or undeveloped land from Developer) are eligible for release; provided, however, that the release of any such parcel shall not become effective until the Fiscal Year following the issuance of a temporary or final certificate of occupancy for all buildings to be constructed on such parcel. In addition, no parcel may be released from the terms of the Minimum Assessment Agreement if, at the time of such release, the Assessed Value of all Developer Property, together with the value of any Acceptable Substitute Collateral posted by Developer, is less than 200% of the Uncovered Principal Balance.

The Minimum Assessment Agreement provides that the Assessed Value of parcels comprising Developer Property, for purposes of determining whether Developer then complies with minimum collateral requirement set forth in the preceding paragraph, may be adjusted by the County tax assessor, in its sole discretion, based on values set forth in any future appraisal of such parcels that may be commissioned by Developer at its expense; provided, however, that any such adjustment must also be made to the Standard Assessment Amount for such parcel(s) effective the current Fiscal Year.

For purposes of the Minimum Assessment Agreement, the term "Standard Assessment Amount" shall mean the assessed value for the Developer Property that would be determined by the County tax assessor in accordance with standards utilized by the tax assessor for assessing the value of property of the same type as the Developer Property elsewhere in the County.

The term "Assessed Value" shall mean, for (i) the period prior to September 30, 2010, the amount allocated to each parcel of Developer Property based on values contained in the Appraisal (attached hereto as Appendix B) and (ii) after such date, the Standard Assessment Amount for such parcel.

The term "Acceptable Substitute Collateral shall mean an irrevocable letter of credit with an initial term of one year for the benefit of the Trustee to be drawn on a national banking association with a credit rating of not less than AA- from Standard and Poor's (or the equivalent rating from any other nationally recognized credit rating service) and payable upon presentation when coupled with a certification from the County that either (A) the Developer has defaulted in making any payment due of *ad valorem* taxes levied based on a Minimum Assessment Amount and that all cure periods have lapsed or (B) that the Developer has not provided a substitute letter of credit at least 30 days prior to the termination of the initial letter of credit.

The term "Uncovered Principal Balance" shall mean, as of the beginning of each Fiscal year, the principal amount of Bonds then outstanding less that portion of such outstanding principal amount that can be amortized over the remaining term of such Bonds by Available Tax Increments, as certified to the County by a qualified independent financial consultant.

The term "Available Tax Increments" shall mean the ad valorem property taxes levied by the County and the Town on all taxable property within the District, based solely on the property's aggregate Standard Assessment Amount, that are required to be placed in the Incremental Revenue Fund for such Fiscal Year, as certified to the County by a qualified independent financial consultant.

The Minimum Assessment Agreement shall remain in effect according to its terms regardless of whether the Project is completed or whether the Project continues to exist during the duration of the Minimum Assessment Agreement. The Minimum Assessment Agreement will be recorded in the real property records under North Carolina law and will "run with the land." The County will have a lien on the property so covered for any imposed Minimum Assessment Amount. Such lien will be in place notwithstanding sale of the property, bankruptcy of the Developer or a prior foreclosure on an annual lien amount and shall be superior in all respects to other liens encumbering property subject to the Minimum Assessment Agreement, including any established pursuant to the deed of trust securing Wachovia's right to repayment under the A&D Loan.

See Appendix D, "MINIMUM ASSESSMENT AGREEMENT" attached hereto.

ADDITIONAL BONDS

The County may issue one or more series of additional bonds ("*Additional Bonds*") to: (i) pay costs of the Public Project, (ii) refund all or a part of the 2008 Bonds or any Series of Additional Bonds; or (iii) for a combination of such purposes, upon the satisfaction of the conditions to the issuance of Additional Bonds set forth in the Indenture, including, without limitation, the satisfaction of certain debt service coverage tests. See Appendix A, "DEFINITIONS AND SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE" attached hereto. Each such Series of Additional Bonds will be issued pursuant to a Series Indenture and will be equally and ratably secured under the Indenture with the 2008 Bonds and any other Additional Bonds, without preference, priority or distinction of any Bonds over any other Bonds; provided, however, that any Series of Bonds may have additional revenues or other security pledged to pay such Bonds.

It is unlikely any Additional Bonds will be issued before 2011. The Indenture does not prevent the incurrence of debt subordinate to the 2008 Bonds.

LIMITED OBLIGATIONS; LIMITED REMEDIES

Limited Obligations. The 2008 Bonds do not constitute a general obligation of the County or the Town nor a pledge of the faith and credit of the County or the Town and shall not otherwise constitute an indebtedness or a charge against the general taxing power of the County or the Town, respectively. The 2008 Bonds are not payable from a charge upon any funds other than the Pledged Revenues, nor shall the County or the Town be subject to any pecuniary liability thereon.

Limited Remedies. No Owner or Owners of the 2008 Bonds ever shall have the right to compel any exercise of the taxing power of the County or the Town, respectively, to pay the 2008 Bonds or the interest thereon, nor to enforce payment of the 2008 Bonds against any property of the County or the Town, nor shall the 2008 Bonds constitute a charge, lien, or encumbrance, legal or equitable, upon any property of the County or the Town, except for the Pledged Revenues. Neither the County nor the Town has any obligation to levy taxes to make payments with respect to the 2008 Bonds.

LOCAL GOVERNMENT COMMISSION

In the event the Incremental Revenues are insufficient to pay the debt service on any 2008 Bonds, the LGC may not increase the tax rates for the taxable property in the District in order to make up for this shortcoming. See "RISK FACTORS" and "SECURITY AND SOURCES OF PAYMENT FOR THE 2008 BONDS – MINIMUM ASSESSMENT AGREEMENT" herein.

THE DEVELOPER

The Developer of the Private Project is Reynolds Mountain Partners, LLC (the "*Developer*"), a North Carolina limited liability company, and its successors and assigns, which is the owner of a majority of the property in the District. See "PLAN OF FINANCE" herein. The Developer will construct the first phase of the Public Project using proceeds from the 2008 Bonds and will finance and construct the Private Project. The Developer will bear the financial risk for the Private Project. For more information on the Developer go to www.reynoldsmountain.com.

PRINCIPALS OF DEVELOPER

Kirk Boone, *Founding Partner and Chief Executive Officer*

With over 20 years of residential and commercial construction experience, Kirk Boone has established himself as Western North Carolina's preeminent developer, commercial general contractor, and luxury home builder. Mr. Boone's projects have garnered national "Growth Community" and "Best Single Family Home" awards. After graduating from the University of Tennessee at Knoxville with a degree in Civil Engineering, Mr. Boone worked for the North Carolina Department of Transportation and later formed KCB Construction in 1986 which is now licensed in 7 states. In 2001, Mr. Boone founded Reynolds Mountain Development, spearheading the project's highly successful acquisition and entitlement efforts. Currently, Mr. Boone continues to serve as a fifty percent equity partner and Chief Executive Officer for Reynolds Mountain Development where he is responsible for overseeing all commercial sales and leasing activities as well as the daily management of construction and project development.

Brad Rachman, Partner

With substantial executive management experience, Brad Rachman has effectively stewarded Reynolds Mountain's corporate growth – creating one of the most significant real estate ventures in Western North Carolina. Serving as company CEO from 2003 until January, 2008, Mr. Rachman is credited with the creation of the company's management team and support staff, as well as the implementation of a highly successful marketing strategy that has resulted in consistent profitable financial returns. A graduate of the University of Michigan, School of Engineering, Mr. Rachman served as Chief Marketing Officer for Geneva Diagnostics prior to coming to Reynolds Mountain. Although no longer company CEO, Mr. Rachman still remains a 50 percent equity partner and continues to be an integral part of the executive leadership.

Vic Knight, President

Vic Knight has been with Reynolds Mountain since 2006, serving as vice president of development operations and leading all architecture, land planning and engineering consulting activities for the company. He previously served as the development's lead landscape architect and planning consultant for six years. In his role as President, Mr. Knight's primary responsibilities include overseeing development operations including coordination activities with sales and vertical construction; coordinating all architecture, interior design, landscape architecture, and civil engineering; and managing horizontal construction for the company in an effort to ensure consistent quality and a unique character for the development. Mr. Knight is a graduate from Mississippi State University and served as the Vice President of Operations for Chimney Park before coming to Reynolds Mountain.

Detlef Sholz, Chief Financial Officer

Detlef Sholz has been a real estate development executive for over 13 years and has served as CFO for Reynolds Mountain since 2005. Well versed in land acquisition, project financing and pro forma analysis, Mr. Sholz' primary role as CFO for Reynolds Mountain includes; directing all accounting activities, budget analysis, cash flow oversight, and financial planning. Prior to working for Reynolds Mountain, Mr. Sholz served as CFO for Gross Associates, one of the nation's premier developers. Mr. Sholz holds a Masters Degree in Accounting Information Systems from Virginia Polytechnic Institute.

PRIOR DEVELOPMENT EXPERIENCE

Reynolds Mountain

Overlooking the historic Grove Park and Lakeview Park communities, Reynolds Mountain is the premier development located on the north side of Asheville and one of the few areas in Asheville's immediate surroundings that affords a unique value proposition; mountain beauty and urban proximity. Reynolds Mountain community is developed with the utmost concern for preserving the natural mountain setting, but also offers the conveniences of paved roads with curbs and gutters, underground services including power, natural gas, sewer, city water, and fiber optic communication. The property boasts spectacular views of Asheville's most acclaimed landmarks, such as the Grove Park Inn, the Country Club of Asheville's golf course, the still, reflective waters of Beaver Lake, sunset views of the western Smoky Mountains, and the twinkling city lights of downtown Asheville. Reynolds Mountain offers a rare combination - a wonderful "neighborhood" feel with unbelievable views in close proximity to Downtown Asheville's shopping, restaurants and cultural offerings.

Reynolds Mountain began the pre-construction selling of its first phase of the Reynolds Mountain Development in the spring of 2002. Phase I of Reynolds Mountain Development, the Heights and Altamont communities, consisted of over 60 custom estate home sites that sold out by late 2003. The median price per home site was driven to over \$200,000; up from its average launch pricing of \$100,000 per site. The summer of 2004 witnessed the sale of all 60 home sites in Phase II with a median price of \$300,000 per home site. Phases III and IV were released in the summer of 2005 and introduced a new product concept of high-end custom town homes priced between \$800,000 to \$1.5 million, and luxury villas priced between \$1.1 million to \$1.5 million. Of the 55 town homes and villas, 41 have been sold to date. Home sites at Reynolds Mountain are now reselling at over \$1 million dollars per site.

PRIOR CONSTRUCTION EXPERIENCE

Founded in 1986, KCB Construction is licensed in 7 states and specializes in the construction of both residential and commercial buildings, as well as restoration projects.

Commercial: *(List is a sample of projects and does not represent all projects completed by KCB Construction)*

<u>Project</u>	<u>Owner</u>	<u>Project Cost</u>	<u>Date of Completion</u>
Kentucky Fried Chicken (9)	JRN, Inc.	Approximately \$8 million	2002-2007
North Asheville Library	Buncombe County	\$989,000	2-2-05
Forest Professional Park	WD Development	\$3,378,067	4-30-06
Cliff Dwellers Rock Shop	Chimney Rock Park	\$500,000	6-30-04
Shoothouse, Hunter Air Field	Department of Defense	\$617,600	6-30-03
Boathouse Restaurant	Boathouse	\$1,189,000	5-30-03
Eastwood Village Retail Center	EWGP Retail, LLC	\$916,000	11-20-02
Asheville School Faculty Housing	Asheville School	\$1,421,000	4-30-02
Arby's Restaurant/Handy Pantry	The Winning Team	\$985,000	1-17-00
Grove Park Inn Laundry Facility	Grove Park Inn	\$1,340,000	1-7-00
Shoney's of Franklin	Morgan Oil Company	\$610,000	4-15-99
Etowah Fire Department	Etowah Fire Department	\$1,160,000	3-1-99
Asheville Hotel Renovation	Public Interest Projects	\$2,100,000	12-1-97
Thomas Wolfe Memorial Center	State of NC	\$700,000	11-30-96
The Shops at Chadwick	Clara Bitter	\$318,000	1-1-96
Skyland Crest Shopping Center	Winston Pulliam	\$1,250,000	10-1-95
Blue Mountain Country Club	Taylor Bush	\$2,000,000	1992

Residential:

<u>Project</u>	<u>Owner</u>	<u>Project Cost</u>	<u>Date of Completion</u>
Highland Lake, 46 Units	Highland Lake, Inc.	\$8,000,000	12-02
Laural Bridge Housing Community, 30 Units	Mountain Housing	\$518,000	1-18-96
Mitchell Housing , 22 Units	Larry Philips	\$1,057,000	1-26-95
Connor Creek Apartments, 8 Units	Housing Assistance	\$400,000	1-5-95
Carolina Apartments, 15 Units	Public Interest Projects	\$1,200,000	1994
Turner Apartments – Renovation, 70 Units	Public Interest Projects	\$500,000	1994
Sweetwater, 32 Units	Rural Development	\$1,000,000	1993
The Charleston, 32 Units	Rural Development	\$1,000,000	1992
Mashburn Gap, 34 Units	Rural Development	\$1,000,000	1992
Eagles Nest Villas, 36 Units	Taylor Bush	\$2,000,000	1992
Hunter's Run, 20 Units	Rural Development	\$720,000	1989
Laurel Park Villas, 16 Units	Evelyn Romeo	\$700,000	1989
Ro-Well, 36 Units	Rural Development	\$1,000,000	1988
Westwinds, 42 Units	Rural Development	\$1,000,000	1987

OTHER PROFESSIONALS

The Tax Investment Projection Study in Appendix C was prepared by MuniCap, Inc. of Columbia, Maryland. MuniCap, Inc., whose principal is Mr. Keenan Rice, has been consulting in urban renewal and economic development over 18 years. The principal authority of the study was Mr. David Saikia who has a graduate degree in Public Affairs from the University of Wisconsin.

The appraisal (attached as Appendix B) was prepared by Fred H. Beck & Associates, LLC, Charlotte, North Carolina. Fred H. Beck & Associates, LLC is a regional commercial real estate services firm. Fred H. Beck, Jr., MAI, CCIM is the principal of the company which he formed in 1994. With an extensive background in appraising commercial and income producing properties, Fred H. Beck & Associates, LLC provides a wide range of real estate services such as valuation services, market analyses, feasibility studies, real estate counseling for acquisition, disposition and site selection.

APPRAISAL

The Underwriter obtained a complete appraisal in connection with the financing of the Public Project (the "*Appraisal*"). The Appraisal is dated June 9, 2008 and was prepared by Fred H. Beck & Associates, LLC, Charlotte, North Carolina. The Appraisal provides an "As Is" value of the real property comprising the 52.36-acre Phase V portion of the Private Project and a "Prospective Future Value" of the same real property assuming all infrastructure is in place to support Phase V development as of August 1, 2008. (The Prospective Future Value appraisal was conducted utilizing both a cost approach and a development valuation approach and a development valuation approach that combined elements of traditional market and income valuation methodologies.) The Appraisal also provides "As Is" values for an additional four parcels, totalling 4.0 acres, to be developed as part of Phase VI and a "Discounted Cash Flow" valuation of an 8.06-acre Phase VI parcel controlled by Developer pursuant to a 75-year lease. Finally, the Appraisal provides an "As Is" value for 100.25 acres owned by Developer that will constitute Phase VII of Reynolds Mountain Development. In total, the Appraisal includes valuations of all 164.67 acres of property owned (or controlled) by the Developer within the District.

Pursuant to the appraisal, and subject to the assumptions and limitations described therein, the real property comprising Phase V of the Private Project had an "As Is" value of \$9,425,000, a Prospective Future Value of \$21,147,000 based on a cost approach and \$25,680,000 based on a development valuation approach. Total valuations were as follows:

Land Valuation Phase V 52.36 acres "As Is" as of May 2, 2008	\$ 9,425,000
Prospective Future Value of Phase V by Cost Approach	21,147,000
Prospective Future Value of Phase V by Development Valuation Approach	25,680,000
Value by Discounted Cash Flow Analysis of Phase VI Leased Property 8.06 acres	4,951,000
Land Valuation Phase VI 4.0 acres	2,889,000
Land Valuation Phase VII 100.25 acres	4,010,000
Land & Leasehold Values Phase VI & VII	11,850,000

AD VALOREM TAXATION, COLLECTION AND ENFORCEMENT

GENERAL

The following is a summary of certain ad valorem taxation, collection and enforcement provisions and procedures under the Constitution of the State, the N.C.G.S. and the rules and regulations of the County and the Town (collectively referred to herein as "*State Tax Law*").

The primary source of payment for the 2008 Bonds is the Incremental Revenues generated within the District to the extent realized and collected by County, on behalf of itself and the Town. The Incremental Revenues are the taxes on the difference between the current assessed value of taxable property located in the District and the Base Valuation. In each year the District exists, the County and the Town will levy taxes against property in the District in the same manner as taxes are levied

against other property in the County and the Town. The Base Valuation as of January 1, 2007, as shown on the records of the Tax Assessor, is \$13,857,500.

The County expects, but can make no assurance, that the value of taxable property within the District will be enhanced by the Project. To the extent that the property within the District does not appreciate in value, or such appreciation is delayed, the availability of Incremental Revenues to pay debt service on the 2008 Bonds will be negatively affected. In addition, the failure of the County to timely comply with the requirements under State Tax Law to legally impose and collect ad valorem taxes could result in delays in the collection of ad valorem tax revenues during any year. Such delays in the collection of the ad valorem taxes (which includes the Incremental Revenues), would have a material adverse effect on the ability of the County to make full or punctual payment of debt service requirements on the 2008 Bonds. Further, to the extent that landowners within the District fail to pay, are delinquent in paying or are unable to pay the ad valorem taxes, the successful pursuance of collection procedures available to County (on behalf of itself and the Town) is essential to continued payment of principal of and interest on the 2008 Bonds.

AD VALOREM TAXATION

In the State, property is divided into two general types: real and personal. Real property includes land and improvements, which consist of buildings and fixtures that are permanently attached to land, including manufactured homes placed upon land owned by the same person who owns the home. Personal property is divided into tangible property, such as motor vehicles, boats and machinery, and intangible property, such as bank accounts, stocks and bonds. All real and personal property is taxable, unless specifically exempted or excluded from taxation. Very little intangible personal property in the State today is subject to taxation. All 100 counties and most cities in the State levy property taxes.

Ad valorem property taxes are levied by the Town and the County, based upon value, against real property within the District. Chapter 105, Article 25, Section 347 of the N.C.G.S. allows counties and municipalities to levy on property tax rates necessary to meet their expenses.

State Tax Law requires that all property, other than certain public service company property and property located in development financial districts like the District, be assessed for taxation at its true value or use value. The county assessor's assessment of all property other than public service company property, which is assessed by the State Department of Revenue, applies to all cities and special service districts within the county. Thus, the modes of assessment and rate of taxation must be uniform throughout a taxing district.

The county assessor and the county and city tax collectors are the key individuals in the administrative structure for listing, assessing and collecting property taxes. The main duty of the county assessor is to list, appraise and assess all of the property within the county. As such, the county assessor has the power to subpoena taxpayers for examination under oath and to subpoena documents.

STEPS IN THE TAXATION OF PROPERTY

There are six basic steps in the administration of the property tax at the local level: (1) listing; (2) appraisal; (3) assessment; (4) review and appeal; (5) tax rate and billing; and (6) collection and enforcement.

Listing. Location, taxability and ownership of real and personal property (other than motor vehicles) are determined annually as of the January 1 that precedes the fiscal year for which taxes are to be levied. The listing of property with the county and municipal assessors lets the taxing jurisdiction know what property is subject to its jurisdiction so that it can levy a tax on such property. Generally, the record owner of real property and the owner of personal property is the listing taxpayer. Taxpayers list property and apply for exemptions or exclusions with the county tax assessor, although municipalities may affirm or deny applications notwithstanding the county's decision. It is the duty of the owner to file a tax listing abstract with the listing office during the month of January to avoid penalty for late listing. While the location of real property for taxing purposes is simple, personal property generally is taxed at the residence of its owner. A residence is the location where an individual dwelled for most of the preceding calendar year. A corporation's residence is its principal place of business. Property commonly used at other locations is excepted from this general rule and is taxed at that other location. Although cities may elect to perform their own listing (most cities simply copy the listing of the county in which they are located), they must accept the property valuations fixed by the county authorities.

Property owners as of January 1 are required to list any new buildings, additions, improvements, or deletions that occurred during the previous year. A construction permit does not fulfill this requirement. The listing must be filed during the listing period January 1 – January 31 of each year. Painting, reroofing, and landscaping are considered maintenance and do not require a listing form.

Exempt and excluded property is not required to be listed by its owner, but the owner must demonstrate to the taxing authority that the property qualifies for such treatment by filing a request for tax relief. Such classes of property generally exempt from taxation include public property, property owned by certain religious entities, property owned by certain charities, property of nonprofit hospitals, nonprofit homes for the aged and nonprofit homes for the mentally handicapped, property owned by colleges and certain educational property, public library property, certain farm products, certain air and water pollution control property, and personal effects.

One of the most widely applicable exclusions from the ad valorem tax base is the homestead exclusion. This exclusion provides partial property tax relief for elderly or disabled low-income people and for disabled veterans (or their unmarried surviving spouses) who own their own homes. The non-veteran exclusion applies to individuals sixty-five or older or who are permanently and totally disabled and who had a disposable income of not more than a statutorily prescribed amount in the preceding calendar year. These individuals may have excluded from their property taxes the greater of \$25,000 or fifty percent (50%) of the tax value of his or her permanent residence. Social Security, retirement benefits, public assistance payments, and any other form of income except gifts or inheritances are counted as income. The disabled veterans exclusion is available for veterans certified as having a service-connected total disability by the United States Department of Veterans Affairs and provides the first \$45,000 of appraised value of the residence is excluded from taxation. Individuals must apply for the benefit of these exclusions and once granted, they remain valid for succeeding tax years if there is no change in the individual's circumstances that affects eligibility. Certain individuals eligible for the non-veteran exclusion may instead opt to use the "circuit breaker" statute which permits up to 5% of the tax which would otherwise be due to be deferred, with interest, until either the individual ceases to qualify, dies or transfers the residence.

Appraisal. Property not singled out for special tax treatment must be assessed at its true value. True value, which represents the value upon which ad valorem property taxes are levied, is defined in Chapter 105, Subchapter 2 of the N.C.G.S. (the "*Machinery Act*") as, "market value, that is, the price . . . at which the property would change hands between a willing and financially able buyer and a willing seller, neither being under any compulsion to buy or sell and both having reasonable knowledge of all the uses to which the property is adapted and for which it is capable of being used." Personal property is appraised each year when it is listed for taxation. The value of real property is determined as of January 1 of the year in which the real property is revalued. Real property must be reappraised (or revalued) at least once every eight years. About fifty percent (50%) of the counties in the State have shortened this time to terms ranging from four to seven years. Beginning in 2008, if a county has an annual sales tax assessment ratio (generally indicative of local economic growth) less than .85 or higher than 1.15, a new real property valuation is required no later than in the third following year.

In determining the appraised value of personal property, the county assessor considers replacement cost, sale price of similar property, age, physical condition, productivity, remaining life, obsolescence, economic utility and any other factor that may affect the value of the property. In order to revalue all of the real property within its borders, counties have developed appraisal manuals for establishing market value of the real property. According to the Machinery Act, such manuals provide "uniform schedules of value, standards, and rules to be used in appraising real property." The local real estate market and national data on the cost of building construction, adjusted to reflect local building costs, comprise the formula for the manuals. Values may increase or decrease based on the worth of the land, the quality of construction, surrounding development and other factors.

Once the manuals have been prepared and a public hearing held, the county board of commissioners adopts them. Taxpayers then have thirty (30) days to challenge the manuals by appeal to the State Property Tax Commission. The Commission has the power to order the county board of commissioners to make revisions to the manuals. After the adoption of the manuals, the county assessor prepares a card for each parcel of land in the county. The card lists all of the characteristics of the land and improvements, if any, that will be considered in making the appraisal. Once the cards have been drafted and reviewed, they are mailed to the taxpayers. Generally, county assessors allow time for an informal appeal after the cards are mailed. Once this period has ended, the county assessor formally appraises and assesses each parcel of land. After the appraisals, the taxpayer may appeal directly to the county assessor at any time before the county board of equalization and review convenes.

Assessment. After the appraisal period ends, the county assessor determines the appraised value of each taxable item and compiles the *scroll*, or the tentative list of taxable property showing the owner's name and address and aggregate assessed value of his or her taxable property. The board of equalization and review then reviews the scroll for approval. After the board of equalization and review approves the scroll and the tax rate has been set, the county tax office computes the amount of taxes due from each person listed on the scroll. Property located in a development financing district and subject to a minimum assessment agreement is assessed at its true value or at the minimum value set out in the minimum assessment agreement, whichever is greater.

The Real Estate Assessment Office of a given county (the "*Assessment Office*") appraises and assesses all real estate in the county. The Machinery Act requires that real estate be assessed at 100% of its market value as of January 1 of each

reevaluation year. The assessment of new construction is based on its percent of completion as of January 1. The Assessment Office also administers the present land use and exemption programs. The Real Estate division of the County Tax Department currently is reviewing all real property in the County in preparation for the 2010 revaluation.

Appeal and Review. The county assessor is subject to review by the county board of equalization and review, the principal function of which is to hear and decide taxpayer valuation appeals. Further appeals may be heard by other boards or State courts.

Tax Rate and Billing. County commissioners and municipal council members set the property tax rate for each year by July 1 of each year. Bills for property taxes are mailed to taxpayers as soon as possible after July 1 and taxes are due on September 1. However, these taxes are payable without interest any time through the following January 5. After January 5, local tax collectors begin to use enforced collection remedies against those who have not paid on time. Tax collectors also will continue to attempt to collect taxes delinquent from prior years.

COLLECTION

The Tax Collector. Municipalities and counties with special legislation that provide a method (either elective or appointive) for selecting tax collectors must adhere to the provisions of that legislation relating to the tax collector's selection and term of office. In the absence of special legislation, the governing body of each city and county must appoint a tax collector to collect the taxes it levies. By entering into a contract with the county for the collection of its taxes, a city or town effectively appoints the county collector as the city's collector. Ordinarily, collectors are named early enough in the fiscal year to prepare themselves to take over the new taxes when the time comes for collection.

Governing boards and councils may only assign collection responsibility for a tax year to an individual who satisfies the statutory requirements set forth in the Machinery Act. First, the tax collector must turn over to the finance officer the receipts issued for prepayment of taxes not yet charged to the collector. The collector must also demonstrate that the funds associated with these receipts have been deposited. Finally, the collector must settle for all taxes currently in his or her hands for collection and provide satisfactory bond for taxes for the current year and all prior years in his or her hands for collection.

Tax Collection. Apart from the tax records, which include the scroll and tax book, the most important document in the collection process is the *tax receipt*. The tax receipt furnishes the taxpayer with evidence of payment and provides the tax collector with the payment information necessary to support a credit in the settlement.

The Machinery Act does not require that tax collectors send a bill for property taxes unless they are specifically ordered to do so by their governing board and the Machinery Act provides that all persons with an interest in real property are charged with notice that the property should be listed for taxation, that taxes may become a lien on the property, and that action may be taken to enforce the lien. Thus, while all taxing units, as a practical matter, bill for property taxes owed, the failure of a particular taxpayer to receive a bill for property taxes is not a defense to nonpayment of taxes.

The tax collector must keep adequate records of all collections and must submit a report showing the amount collected on each year's taxes, the amount remaining uncollected, and the steps being taken to encourage or enforce payment, at each regular meeting of the governing body. These reports enable the governing body to evaluate the tax collector's collection activities and to compare collection activities from current years to the taxing unit's present position.

The Collector's Division of the County Tax Department is responsible for collecting all real and personal taxes assessed in the County. These taxes include real estate, vehicle, business personal property, and other personal property taxes such as mobile homes, untagged vehicles, and boats. The total amount of tax the collections division will collect from the County and the six other municipalities in the County is more than \$100 million each year.

ENFORCEMENT

General. As pointed out earlier, property taxes are due and payable on the first day of September of the fiscal year for which they are levied. The tax collector may use enforced collection remedies to collect the taxes for a period of ten years measured from the September 1 due date.

Payment of Taxes. Taxes always may be paid in cash, and the Machinery Act permits tax collectors also to accept – at their own risk – checks and electronic payments. Tax collectors may issue receipts immediately upon payment by check or may withhold the receipt until the check is collected. When a tax collector has taken a check in payment of taxes, has issued a receipt, and has had the check returned unpaid, the taxes are treated as being unpaid. In such a case the collector has the same remedies

for collection that he or she would have had if the receipt had not been issued (plus the right to bring a civil suit on the check), provided that the collector has not been negligent in presenting the check for payment.

Settlements. Settlement refers to the tax collector's annual report to the county board of commissioners concerning tax-collection efforts throughout the preceding fiscal year as well as an accounting of the funds collected. In addition to reporting collection efforts and funds collected for taxes for the preceding fiscal year, the tax collector or other person charged with the collection of delinquent taxes from prior years must settle with the governing body for sums received in payment of delinquent taxes. While this annual settlement must occur after July 1 and before the tax collector is charged with taxes for the current fiscal year, settlement must also take place at the end of a tax collector's term of office and at any other time required by the governing body.

Governing boards and councils must adhere to the requirement that the tax collector settle for the prior fiscal year before being charged with current-year taxes. Not only does the settlement statute provide that it is a misdemeanor for a member of a governing body to fail to perform duties assigned under the statute, but a member of the governing body who votes to deliver the tax receipts to the tax collector before the collector has settled for the prior year and met other statutory requirements is individually liable for the amount of taxes for which the collector has not made satisfactory settlement.

Once the tax collector enters a settlement for the previous year's taxes and provides satisfactory bond, the governing body must adopt an order to be entered in its minutes directing the tax collector to collect taxes for the current fiscal year. The board must then deliver the current year's tax receipts to the collector. The order to collect must be entered and the receipts turned over by September 1. The order has the force and effect of a judgment and execution against the taxpayers' real and personal property, which affords the tax collector the authority to seize and attach personal property of a taxpayer without a court order. While the issuance of the order is a critical step in the collection process, the Machinery Act contains a safety-net clause, which provides that a governing body's failure to deliver the order does not affect a tax collector's use of enforced collection remedies.

Property Tax Lien. The North Carolina Supreme Court has defined *lien* as "the right to have a demand satisfied out of the property of another." This right runs against the property rather than against the owner. As used in the property tax laws of this state, the lien for taxes runs in favor of the local government unit and may be enforced against the property of the taxpayer.

A taxing unit acquires a lien against all real property that each taxpayer owns within its jurisdiction on January 1. As of the date the lien attaches, the amount of taxes it represents is indeterminate, as the governing body will not set the tax rate until the following June or July. Moreover, the tax collector may take no action to enforce this lien until the taxes become delinquent on January 6 of the next year. The lien against real property includes not only the taxes levied on the real property itself but also the taxes levied on all the taxpayer's personal property (other than registered motor vehicles) by the taxing unit. Property taxes levied on other parcels of real property do not, however, become a lien on any real property other than that for which they were levied. In addition, all penalties, interest, and costs allowed by law are added to the amount of the lien for the principal amount of the taxes.

The taxing unit does not acquire an automatic lien against personal property each January 1. Instead, a lien for property taxes against personal property only attaches upon the tax collector's seizure of the property, either through levy or attachment. Once attached, the lien against personal property includes all taxes due the county, not merely those levied on the particular item seized, nor merely those levied on the personal property of the taxpayer.

Ordinarily the tax lien on real and personal property continues until the principal amount of the taxes plus penalties, interest, and costs are fully paid. Nevertheless, the tax collector's issuance of a full payment receipt may release the lien even if erroneously issued before taxes are paid in full. The lien for property taxes against real property is superior to all other liens and rights, except previously recorded liens for state taxes, regardless of whether the other liens were acquired before the lien for taxes. Furthermore, once the lien has attached to real property, its priority is not affected by transfer of title, by death, or by receivership of the property owner.

Taxes, interest, penalties, and costs become a lien on personal property from and after levy or attachment. The priority of the lien depends upon whether the lien is for taxes on the particular item seized or whether it is for other taxes. The portion of the lien that is for taxes levied on the specific personal property levied upon attached is superior to all other liens and rights. The portion that is for taxes levied on property other than the specific personal property levied upon or attached is inferior to prior valid liens and perfected security interests but superior to all subsequent liens and security interests.

Buyers and sellers of property and their representatives frequently ask tax collectors for information on whether an individual owes taxes or the amount of taxes owed on a given parcel of real property. Sometimes the requests are for an oral statement of taxes owed and other times it is for a written statement, called a certificate. The Machinery Act requires the tax

collector to provide a certificate of the taxes that constitute a lien on specified real property when requested to do so by the following people:

- (i) an owner of the property;
- (ii) an occupant of the property;
- (iii) a person having a lien on the property;
- (iv) a person having a legal interest or estate in the property;
- (v) a person or a firm having a contract to purchase or lease the property;
- (vi) a person or a firm having a contract to make a loan secured by the property; and
- (vii) the authorized agent or attorney of anyone in one of the first six categories.

Before furnishing a certificate, the collector should require the requester to identify the person in whose name the property was listed for each year for which tax information is desired. When a qualified person obtains a certificate of taxes owed and relies on it by (i) paying the amount of taxes certified as a lien on the property, (ii) purchasing or leasing the property, or (iii) lending money secured by the property, then a lien will exist against the property in relation to that person only to the extent that taxes and special assessments are stated to be due in the certificate. An understatement of the tax liability in the certificate causes the lien to be released in the amount of the understatement. Although the taxing unit retains the ability to proceed against personal property of the taxpayer for unpaid taxes omitted from the certificate, an erroneous certificate may surrender the county's security for payment.

Tax collectors are liable on their bond for any loss that the county suffers as the result of an erroneous certificate. Unlike a certificate, an oral statement made by the tax collector about the amount of taxes, penalties, interest, and costs due binds neither the tax collector nor the taxing unit.

Interest for Late Payment of Taxes. Interest for late payment of taxes is shown on the following table:

<u>If taxes are paid . . .</u>	<u>The interest charged is . . .</u>
September 1 through January 5	0
During remainder of January	2%
During February	2.75%
During March	3.5%
Thereafter	*3.5%*

*Plus 0.75 percent per month, the additional 0.75 percent being added on the first day of each month

Enforcement against Real Property: Lien Advertisement and Foreclosure. The Machinery Act supplies the tax collector with specific legal means for enforcing collection against the taxpayer's real property: advertisement of the lien followed by foreclosure.

Report of Delinquent Taxes Constituting Liens on Realty. In February of each year, the tax collector is required to report to the governing body of the taxing unit "the total amount of unpaid taxes for the current fiscal year that are liens on real property." When it receives this report, the governing body must order that the liens be advertised.

Time and Place of Lien Advertisement. The governing body may choose any date from March 1 through June 30 on which to advertise the liens. The liens must be advertised at least once by posting a notice at the county courthouse, in the case of unpaid county taxes, or the city hall, for delinquent city taxes, and by publishing a notice in a newspaper of general circulation. If the tax collector collects taxes for a city, the taxes of the county and city must be advertised separately unless the county and city have agreed to joint advertisement.

Foreclosure. Foreclosure of real property is the collection remedy of last resort because it is complex and expensive and requires the public sale of private property. Foreclosure on tax liens usually occurs no earlier than three months after February 1 when the taxes are declared unpaid. If the tax collector is unable to collect delinquent taxes that are a lien on real property through attachment or levy, foreclosure is the only option. In such a case, the governing

body must decide which of the two available foreclosure methods it will employ. One foreclosure method is characterized as being "in the nature of an action to foreclose a mortgage," and the other is described as an action *in rem*. The first method is a civil lawsuit that requires the services of an attorney. The second is a summary procedure that in most instances can be handled by the tax collector, or a paralegal, with occasional advice from an attorney. Both methods require a title examination to determine the persons who are entitled to receive notice of the foreclosure action. The *in rem* procedure can usually be concluded more expeditiously and less expensively than the mortgage-style foreclosure. Some counties use one method exclusively, other counties sometimes use the mortgage-style foreclosure and sometimes use the *in rem* method, depending on circumstances relating to the property being foreclosed. Although the County has used both methods in the past, depending on circumstances, it has covenanted in the Indenture to use the *in rem* method in foreclosing on any real property subject to the Minimum Assessment Agreement, to the extent permitted by law. If the County is not able to use the expedited method, then the alternative mortgage-style foreclosure method includes an upset bid procedure wherein a new buyer for the property subject to foreclosure may, within 13 days after the sale, post a new bid amount more than 5% higher than the sale price. This procedure is repeated for successive 13 day periods until there are no qualifying upset bids posted.

Enforcement Against Personal Property: Levy and Attachment and Garnishment. The Machinery Act supplies the tax collector with specific legal means for enforcing collection against the taxpayer's personal property: levy or attachment and garnishment. The remedies for use in subjecting personal property to the satisfaction of tax claims are based on actual seizure of the property. What happens after the seizure differs according to the remedy being used, but the fundamental element in the remedies remains seizure. If the personal property to be seized is tangible, the appropriate remedy is levy, followed by public sale of the property seized. If the personal property to be seized is intangible, that is, incapable of manual seizure or delivery, the remedy is attachment and garnishment.

Time Limitations on Use of Levy and Attachment and Garnishment. As a general rule, levy and attachment and garnishment may not be used until the tax has become delinquent, that is, not until after January 5 following the September 1 due date. The right to use these remedies continues until the expiration of the ten-year statute of limitations or, in the case of taxes that are a lien against real property, until foreclosure is initiated, whichever occurs first.

Procedure for Levy. As already indicated, levy is a procedure under which tangible personal property of the taxpayer is seized, advertised, and sold to the highest bidder for cash to pay a tax claim held by the taxing unit. Tax collectors and deputy tax collectors are authorized to make the levy and conduct the sale. Alternatively, the governing body of a taxing unit may authorize the tax collector to direct an execution against personal property for taxes to the sheriff or city police. Even if the tax collector elects to levy upon property without directing the execution to law enforcement, he or she may still call upon a law enforcement officer to accompany him or her in carrying out the levy.

Procedure for Attachment and Garnishment. Attachment and garnishment involves a third person in the collection process, that is, a person other than the taxpayer and the tax collector. The third person is brought in because the item of intangible personal property to be attached is something that the third person owes or holds for the taxpayer. Debts owed to a taxpayer, though intangible, are nonetheless the property of the taxpayer, and may be attached by the tax collector to satisfy the unit's claim for taxes. Like levy, attachment and garnishment is designed to operate outside the courts.

The collector attaches intangible property by serving notice on the taxpayer and the person or institution that holds the intangible item to be seized. Usually the collector need take no further action: the garnishee will remit to the collector the amount demanded. If wages are attached, the employer must remit no more than ten percent (10%) per pay period to the tax collector.

Reduction, Release, and Refund of Property Taxes. The tax collector has no authority to reduce, release, or refund taxes, including accrued interest, penalties, and costs. To the extent there is any authority to release taxes, it rests with the governing body. Property taxes are the largest source of revenue for counties and are second only to utility revenue for cities. Governing bodies are given only limited authority to release or refund property taxes and are strictly prohibited from compromising taxes for any other reason not expressly authorized. The Machinery Act provides that any member of a governing body who votes for the unlawful release, refund, or compromise of taxes may be held personally liable for the amount of the taxes forgiven. The governing body of a taxing unit may release or refund a tax that was (i) imposed through a clerical error, (ii) illegal, or (iii) levied for an illegal purpose.

TAXATION ON IMPROVEMENTS ON BROWNFIELDS

Qualifying Improvements on Brownfields properties (defined below) are designated a special class of property under the State Constitution. An owner of such land is entitled to a partial exclusion from taxation for the first five taxable years

beginning after completion of Qualifying Improvements, or the date of the execution of a Brownfields Agreement (defined below). After property has qualified for the exclusion, the county assessor in which the property is located will annually appraise the improvements made to the property during the period of time that the owner is entitled to the exclusion. "Qualifying Improvements" means improvements made to real property that is subject to a Brownfields Agreement entered into by the owner of the property and the State Department of Environment and Natural Resources and the owner pursuant to Chapter 130A, Article 9, Section 310.32 of the N.C.G.S. The following table establishes the percentage of the appraised value of the Qualified Improvements that is excluded based on the taxable year:

<u>Year Excluded</u>	<u>Percent of Appraised Value</u>
Year 1	90%
Year 2	75%
Year 3	50%
Year 4	30%
Year 5	10%

In Section 38 of the Brownfields Agreement, the Developer, for itself and any successor owners of the property, has waived the benefit of this tax exclusion to the extent it conflicts with the Minimum Assessment Agreement.

OPERATION AND PERFORMANCE OF COUNTY'S TAX ASSESSMENT AND COLLECTION APPARATUS

The following table presents tax collections data within the County for the 2003 – 2007 tax years:

Tax Collections				
<u>Fiscal Year Ended June 30</u>	<u>Prior Years' Levies Collected</u>	<u>Current Year's Levy Collected</u>	<u>Percentage of Current Year's Levy Collected</u>	<u>Percentage of Year Collected Through 5/1/08</u>
2003	\$1,754,682	\$ 99,163,590	98.25%	99.81%
2004	1,398,141	102,078,955	98.69	99.79
2005	1,210,631	105,418,000	98.89	99.74
2006	998,570	111,707,336	98.90	99.71
2007	983,326	137,831,736	99.15	99.72

Source: County Tax Collector.

Satisfactory determination and assessment by the County Assessor and the County Tax Department of the taxable value of real and personal property within the District is an important factor in determining the investment quality of the 2008 Bonds. Failure of the County Tax Department to include the value of new construction on a timely and accurate basis in the scroll for the District may result in Incremental Revenues that are lower than forecasted and adversely impact Pledged Revenues and the ultimate security for the 2008 Bonds.

RISK FACTORS

Investment in the 2008 Bonds involves risk. Any purchaser of the 2008 Bonds should give careful consideration to the matters referred to in the following summary as well as to other information set forth elsewhere in this Limited Offering Memorandum. This discussion of investment considerations is not intended to be exhaustive. See "SOURCES OF PAYMENT AND SECURITY FOR THE 2008 BONDS" herein.

LIMITED OBLIGATIONS

The 2008 Bonds, together with the interest thereon, are limited obligations of the County, payable solely from Pledged Revenues and the amounts on deposit in, and pledged to, certain funds and accounts as provided for in the Indenture. No Owner of any 2008 Bond will have the right to compel the exercise of any taxing power of the County or the Town for payment of principal thereof or interest thereon. The 2008 Bonds do not constitute an indebtedness of the County or the Town within the meaning of any statutory or constitutional provision.

LIMITED REMEDIES

No Owner or Owners of the 2008 Bonds ever shall have the right to compel any exercise of the taxing power of the County or the Town, respectively, to pay the 2008 Bonds or the interest thereon, nor to enforce payment of the 2008 Bonds against any property of the County or the Town, nor shall the 2008 Bonds constitute a charge, lien, or encumbrance, legal or equitable, upon any property of the County or the Town, except for the Pledged Revenues. Neither the County or the Town has any obligation to levy taxes to make payments with respect to the 2008 Bonds.

CONSTRUCTION RISK

Undeveloped or partially developed land is inherently less valuable than developed land and provides less security for the 2008 Bonds should it be necessary for the County to foreclose on the property due to the nonpayment of taxes. The failure to complete the Project as planned, or substantial delays in the completion of the Project, may reduce the value of the property within the District and increase the length of time during which taxes will be payable from undeveloped property, and may affect the willingness and ability of the owners of property within the District to pay the ad valorem property taxes when due. Sources of funds have not yet been secured for the construction of components of the Project other than portions of the first phase thereof. Given this fact, no assurance can be given that the Project will be partially or fully completed.

Except with regard to the Minimum Assessment Agreement, the availability of Incremental Revenues is dependent upon completion of construction of the Project. Construction of any facility is subject to the risks of cost overruns and delays due to a variety of factors including, among other things, site difficulties, necessary design changes on final detailing, labor strife, delays in and shortages of materials, weather conditions, fire and casualty. Any delay in completion of the Project could materially adversely affect the receipt of tax increment revenues from the Project. The corporation managing the construction is a related entity to the Developer.

ENVIRONMENTAL RISK

There are numerous environmental risks that can arise in connection with real estate investments, including, without limitation: (i) areas of on-site and off-site environmental contamination; (ii) past, present, or future violations of environmental laws; (iii) adequacy of waste handling procedures; and (iv) potential environmental restrictions on future uses of property. The Project, like other types of commercial real estate, may be subject to such environmental risks which can result in a decrease in the market value.

AD VALOREM TAXES ARE NOT PERSONAL OBLIGATIONS

An owner of a taxable parcel is not personally obligated to pay the taxes. Rather, the ad valorem property tax is an obligation which is secured only by a lien against the taxable parcel. If the value of a taxable parcel is not sufficient, taking into account other liens imposed by public agencies, to secure fully the ad valorem property tax, the County has no recourse against the owner. See "AD VALOREM TAXATION, COLLECTION AND ENFORCEMENT" herein.

UNCERTAINTY OF INCREMENTAL REVENUES

The availability of the Incremental Revenues is contingent in part on the economic success of the District that results in (i) increases in ad valorem real property tax revenues collected from District property for value over the Base Valuation, and (ii) a steady or increased flow of real property taxes, personal property taxes and sale taxes collected from the commercial establishments located within the District, neither of which can be assumed to occur. Furthermore, the County is not legally required to levy or appropriate the Incremental Revenues in any calendar year. Consequently, there can be no assurance that Incremental Revenues will be available during any calendar year to pay debt service on the 2008 Bonds.

RELIANCE ON PROJECTIONS

The Incremental Revenues which will be available to pay the 2008 Bonds on a year-to-year basis cannot be known at this time. The revenue projections shown in this Limited Offering Memorandum are projections of the amounts that will be available based on the assumptions set out herein. See "REVENUE PROJECTIONS" herein and Appendix C, "REVENUE PROJECTIONS REPORT" attached hereto. The revenue projections constitute "forward-looking" statements within the meaning of Section 21E of the Securities Exchange Act of 1934, as amended, and as such may involve known and unknown risks, uncertainties and other factors which may cause the actual results, performance and achievement to be different from the future results, performance or achievements expressed or implied by such forward-looking statements. Investors in the 2008 Bonds are cautioned that the actual Incremental Revenues derived from the District could differ materially from those set forth in the forward-looking statements.

CONCENTRATION OF OWNERSHIP; DEPENDENCE ON DEVELOPER

Other than approximately 46.9 acres in the District, all other land within the District is owned by the Developer or controlled under a lease. This lack of diversity of current ownership interests represents a significant risk to owners of the 2008 Bonds. Market conditions such as competition with other competitive developments or adverse changes in general economic conditions may limit the Developer's ability to pass some or all of the burden of property taxes to subsequent property owners. No assurance can be made that the construction and development of the Project will be completed. As a result, no assurance can be given that the Developer will continue to pay, or be able to pay, property taxes due in full or on a timely basis. Failure of the Developer and/or subsequent property owners to pay taxes when due could result in the rapid, total depletion of the Debt Service Reserve Fund and a default in the payment of the principal of, and interest on, the 2008 Bonds.

If the Developer goes bankrupt or is otherwise unable to make payments under the Minimum Assessment Agreement or for its regular taxes, the only amounts available for payments on the Bonds after depletion of the Debt Service Revenue Fund will be taxes levied on property in the District. The assessed value of such property would have to be at approximately \$203,000,000.00 in order for taxes levied at the same rate as now applicable (0.53%) to produce Incremental Revenues approximately equal to maximum annual net debt service on the Bonds.

MARKET AND COMPETITION

In general, the regional residential market and the retail, commercial and office markets are highly competitive and are affected by competitive changes in geographic area, changes in the public's spending habits, location and attractiveness of facilities, proximity to certain types of businesses and supporting services. The ability of the Project to compete in this competitive market is dependent upon the foregoing and a variety of other factors about which no assurance can be given.

NO ACCELERATION PROVISION

The Indenture contains no provision for the acceleration of the 2008 Bonds in the event of a payment default under the terms of the 2008 Bonds or the Indenture. The ultimate source of recovery in the event of a default of payment of taxes by the Developer under the Minimum Assessment Agreement or by any other taxpayer within the District is the enforced collection procedures prescribed under "AD VALOREM TAXATION, COLLECTION AND ENFORCEMENT—ENFORCEMENT."

LOSS OF VALUE DUE TO DAMAGE OR DESTRUCTION

Future collections of ad valorem taxes could be adversely affected by a number of economic factors not within the County's control, resulting in reductions in Incremental Revenues available to pay debt service on the 2008 Bonds. Substantial damage to, or destruction of, portions of the Project that have been or will be constructed in the District could cause a material decline in assessed valuation and could impair the ability of the taxpayers in the District to pay their respective portions of real estate taxes. There can be no assurance that the improvements in the District are or will be insured under fire and extended coverage insurance policies, and, even if such insurance exists, the proceeds thereof will not be assigned as security for the payment of real estate taxes or the 2008 Bonds. In addition, any insurance proceeds may not be sufficient to repair or rebuild the improvements. The restoration of the improvements may be delayed by other factors. The terms of then-applicable financing could require the application of insurance proceeds to the reduction of financed balances. Any of the foregoing circumstances could result in the assessed valuation of property in the District remaining depressed for an unknown period of time and decrease the amount of Incremental Revenues available to pay debt service on the 2008 Bonds.

VALUE

Prospective purchasers of the 2008 Bonds should not assume that the developable portion of the land within the District could be sold for the Base Valuation. Furthermore, prospective purchasers should not assume that the value of the land within the District will not decrease below the Base Valuation. The Revenue Projections Report also assumes the construction of the Project to be completed by the Developer, in addition to the Private Project to be constructed by the Developer at its own cost.

ADDITIONAL BONDS; SHARING OF SECURITY

The County may issue Additional Bonds if it meets certain conditions described in the Indenture. See Appendix A, **“DEFINITIONS AND SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE—ADDITIONAL BONDS.”** The County Commissioners have authorized up to \$25 million in bond proceeds for the Public Project, which amount includes the proceeds of the Bonds offered hereby. The timing of the issuance of the Additional Bonds is not currently known. If Additional Bonds are issued, the holders thereof will have a parity interest in the funds on deposit in the Incremental Revenue Fund and the other funds and accounts created under the Indenture which may dilute the security of the holders of the 2008 Bonds. There can be no assurance that the Developer will be able to pay, or arrange to pay, for the costs of construction of such other improvements, nor can there be any assurance that the County will be able to arrange for the issuance of Additional Bonds therefor. See **“SECURITY AND SOURCES OF PAYMENT FOR THE 2008 BONDS—ADDITIONAL BONDS”** herein.

LOSS OF TAX EXEMPTION

As discussed in **“TAX EXEMPTION”** herein, the interest on the 2008 Bonds could become includable in gross income for federal income tax purposes retroactively to the date of issuance of the 2008 Bonds as a result of a failure of the County to comply with certain provisions of the Code. Should such event of taxability occur, the 2008 Bonds are not subject to early redemption and will remain Outstanding bearing interest at their existing interest rates to maturity or until redeemed under the optional redemption or mandatory redemption provisions of the Indenture, which may adversely affect the value and marketability of the 2008 Bonds.

CHANGES IN LAW

Legislative changes to the method of imposing and collecting taxes can have a significant impact on Incremental Revenues. From time to time, there are legislative proposals in the Congress of the United States that, if enacted, could alter or amend the federal tax matters referred to above or adversely affect the market value of the 2008 Bonds. It cannot be predicted whether or in what form any such proposal might be enacted or whether if enacted it would apply to bonds issued prior to enactment. Purchasers of the 2008 Bonds should consult their tax advisors regarding any pending or proposed tax legislation. The opinions expressed by Bond Counsel are based upon existing legislation as of the date of issuance and delivery of the 2008 Bonds and Bond Counsel have expressed no opinion as of any date subsequent thereto or with respect to any pending legislation.

The State Legislature has the power and authority to further modify property classification tax rates, as well as the general formula for calculating tax increment revenues, at any time in the future, including during the period while the 2008 Bonds remain Outstanding. Such alterations could directly affect the Incremental Revenues available to pay debt service on the 2008 Bonds.

FAILURE TO MAINTAIN LEVELS OF ASSESSED VALUATION

There can be no assurance that the assessed value of the Project will equal or exceed the projected assessed value. See “AD VALOREM TAXATION, COLLECTION AND ENFORCEMENT” herein. Even if the assessed value is initially determined as forecasted in Appendix C, “REVENUE PROJECTIONS REPORT” attached hereto, there can be no assurance that such assessed value will be maintained throughout the terms of the 2008 Bonds. If at any time during the term of the 2008 Bonds the actual assessed value is less than projected, and the taxing jurisdictions do not increase the applicable tax rates, the amount available to pay debt service may be less than projected and may not be sufficient to pay the 2008 Bonds, subject only to the Minimum Assessment Agreement.

Even if the determination of the assessed value of the Project equals or exceeds the projected assessed value, the Developer or other owners of property in the District have the right to appeal such determination. See “AD VALOREM TAXATION, COLLECTION AND ENFORCEMENT” herein. Any failure to pay ad valorem taxes during such appeal, or any successful appeal, may result in insufficient amounts available to pay debt service on the 2008 Bonds.

SALE OF RESIDENTIAL PROPERTIES

None of the proposed residential units in the Private Project have been pre-sold although some units have been reserved. The Developer has chosen not to offer the residential units for sale until after the commencement of construction of the Project. Once offered for sale, there can be no guaranty that the residential units can be sold at the expected prices. Any reduction in selling price could affect the value of the Project thereby reducing Incremental Revenues.

TAX DELINQUENCIES

In order to pay debt service on the 2008 Bonds, it is necessary that ad valorem taxes from the District be paid in a timely manner. Delinquencies by the Developer, or other owners of property in the District, in payment of ad valorem taxes may result in insufficient monies to pay the 2008 Bonds when due. Further, the unwillingness or inability of the Developer or other owners of property in the District to pay ad valorem tax bills, including the Incremental Revenues as evidenced by property tax delinquencies may also indicate an unwillingness or inability to make such tax payments in the future.

In the event that any tax sale of property in the District is necessary, and if the Incremental Revenue Fund is depleted, there could be a delay or reduction in payments to holders of the 2008 Bonds pending such tax sales and receipt by County of the proceeds of such sale. See “AD VALOREM TAXATION, COLLECTION AND ENFORCEMENT – ENFORCEMENT” herein for a description of the procedures required in order to conduct a tax sale.

NO MORTGAGE

Payment of the 2008 Bonds is not secured by any deed to secure debt, mortgage or other lien on any real property connected to any portion of the Project or any other property in the District. There is a lien for unpaid taxes on any unpaid minimum assessment amount but this is only to the extent of the taxes. However, this lien can be foreclosed each year the taxes are unpaid.

RESERVE AMOUNT

There is no assurance the debt service reserve for the 2008 Bonds will be sufficient if there is a deficiency in payment of debt service.

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BANKRUPTCY RISKS

The various legal opinions to be delivered concurrently with the delivery of the 2008 Bonds (including Bond Counsel's approving legal opinion), will be qualified by moratorium, bankruptcy, reorganization, insolvency, fraudulent conveyance and other similar laws affecting the rights of creditors. Although a bankruptcy proceeding would not cause the right to collect ad valorem taxes to be extinguished, the amount and priority of any tax lien could be modified if the value of the property falls below the value of the lien. If the value of the property is less than the lien, such excess amount could be treated as an unsecured claim by the bankruptcy court. In addition, bankruptcy of a property owner could result in a delay in completing a tax sale of the property. Such delay would increase the likelihood of a delay or default in payment of the 2008 Bonds and the possibility of delinquent tax installments not being paid in full.

If a municipality or political subdivision, such as the County, generally is not paying, or is unable to pay, its debts as they become due, and is authorized by state law to file for bankruptcy under the United States Bankruptcy Code (the "*Bankruptcy Code*"), it may file a petition under Chapter 9 commencing a proceeding under the Bankruptcy Code. The purpose of such a proceeding is to provide for a plan for adjustment of the municipality's debts that is binding on all creditors of the municipality. A bankruptcy plan must be proposed and approved by the municipality and confirmed by the bankruptcy court. It cannot bind the creditors unless approved by two-thirds of the allowed amount of each class and more than one-half of the number of creditors or unless the court determines that the plan does not discriminate unfairly and is fair and equitable with respect to each of the non-consenting claims impaired. A municipality may not be involuntarily forced into a Chapter 9 bankruptcy proceeding.

No person may institute a Chapter 9 proceeding against the County or otherwise put the County into bankruptcy under the Bankruptcy Code, and it is unsettled as to whether State Law generally authorizes the County to file for a Chapter 9 proceeding. If the County should ever institute a Chapter 9 proceeding, under current law, holders of the 2008 Bonds will continue to hold a post-petition first lien security interest in the Incremental Revenues.

TAX LIEN FORECLOSURE

The 2008 Bonds are not secured by a mortgage lien or other real estate security interest in any property in the District. The 2008 Bonds are payable solely from and secured by amounts deposited to the Incremental Revenue Fund. A statutory tax lien will be imposed on any taxable parcel in the District in favor of the County if real property taxes imposed on such parcel are not paid when due. In the event that generally applicable property taxes are not paid in full in the amounts and at the times such property taxes are due and payable, then the County, as the party responsible for the collection of such delinquent taxes, will have a first lien on the applicable property. However, the time constraints involved in foreclosing on real property to pay tax liens for unpaid taxes may adversely affect the availability of Pledged Revenues. Such constraints also apply to any attempt to foreclose on the lien supporting amounts due under the Minimum Assessment Agreement.

LOCAL GOVERNMENT COMMISSION TAX LEVY POWER

In the event the Incremental Revenues are insufficient to pay the debt service on any Series of 2008 Bonds, the LGC may not increase the tax rates for the taxable property in the District in order to make up for this shortcoming. See "**SECURITY AND SOURCES OF PAYMENT FOR THE 2008 BONDS – MINIMUM ASSESSMENT AGREEMENT**" herein.

ABSENCE OF RATING

An investment in the 2008 Bonds involves a high degree of risk. Accordingly, the 2008 Bonds have no credit rating. Typically, unrated bonds lack liquidity in the secondary market in comparison with rated bonds. As a result of the foregoing, the 2008 Bonds are believed to bear interest at higher rates than would prevail for bonds with comparable maturities and redemption provisions that have investment grade credit ratings. Nevertheless, 2008 Bonds should not be purchased by any investor who, because of financial condition, is unable to bear a loss on an investment in the 2008 Bonds, or who, because of investment policies or otherwise, does not desire to assume, or have the ability to bear, the high degree of risk inherent in an investment in 2008 Bonds.

LACK OF SECONDARY MARKET

Neither the Underwriter nor any other securities dealer is obligated to engage in secondary market trading of the 2008 Bonds or to purchase any of the 2008 Bonds at the request of the holders thereof. No assurance can be given that a secondary market in the 2008 Bonds will be created or, if created, such a market will continue to exist.

LITIGATION

There is no controversy or litigation of any nature, to which the County is a party, pending or, to the knowledge of the County, threatened against it to restrain or enjoin the issuance, sale, execution or delivery of the 2008 Bonds, or in any way contesting or affecting the validity of the 2008 Bonds or any proceedings taken by the County with respect to the issuance or sale thereof or the County's power to issue the 2008 Bonds, or in any way contesting or affecting the validity of or application of the moneys or the security provided for the 2008 Bonds.

In November, 2006, a complaint was filed in the United States District Court for the Eastern District of North Carolina which challenged the procedure by which the North Carolina Constitution was amended to implement "project development financing" such as the 2008 Bonds. *Bishop et al v. Bartlett et al, Docket No. 5:06-CV-462-FL*. The United States District Court for the Eastern District of North Carolina dismissed the case on August 17, 2007, and the plaintiffs have filed an appeal therefrom in the United States Court of Appeals for the Fourth Circuit. Notwithstanding the pendency of the case, Bond Counsel will deliver the opinion in Appendix K hereto.

RATINGS

No rating has been sought, or is expected to be sought in the future, with respect to the 2008 Bonds. A rating may or may not be obtained upon the issuance of Additional Bonds. Upon the request of owners of a majority of the principal amount of the 2008 Bonds then outstanding, the County will make reasonable effort to cause an application to be made to one or more rating agencies for a rating on the 2008 Bonds. The costs of such rating process will be paid from moneys held in the Incremental Revenue Fund.

LEGAL MATTERS

Certain legal matters relating to the authorization and validity of the 2008 Bonds will be subject to the approving opinion of Parker Poe Adams & Bernstein LLP, Charlotte, North Carolina and Martin L. Nesbitt, Esq., Asheville, North Carolina, which will be furnished at the expense of the County upon delivery of the 2008 Bonds, in substantially the form attached hereto as Appendix K, "CO-BOND COUNSEL OPINION" (the "Bond Opinion"). The Bond Opinion will be limited to matters relating to the authorization and validity of the 2008 Bonds and to the tax-exempt status of interest thereon as described in "TAX EXEMPTION" herein, and will make no statement as to the financial resources of the County or the County's ability to provide for payment of the 2008 Bonds or as to the accuracy or completeness of this Limited Offering Memorandum or any other information that may have been relied on by anyone in making the decision to purchase the 2008 Bonds.

Certain legal matters will be passed on for the County by Westall, Gray & Connolly, Asheville, North Carolina, for the Town by Ferikes & Bleynat, PLLC, Asheville, North Carolina, for the Underwriter by Hunton & Williams LLP and for the Developer by K&L Gates LLP, Charlotte, North Carolina.

Parker Poe Adams & Bernstein LLP is serving as co-bond counsel for the County with respect to the 2008 Bonds and, from time to time it and Hunton & Williams LLP, counsel to the Underwriter, have represented the Underwriter as counsel in other financing transactions. Neither the County nor the Underwriter has conditioned the future employment of either of these firms in connection with any proposed financing issues for the County or for the Underwriter on the successful issuance of the 2008 Bonds.

TAX EXEMPTION

OPINION OF EACH OF CO-BOND COUNSEL

On the date of the issuance of the 2008 Bonds, Parker Poe Adams & Bernstein LLP, Charlotte, North Carolina, and Martin L. Nesbit, Esq., Asheville, North Carolina ("Co-Bond Counsel"), will each render an opinion that, under existing law and assuming compliance by the County with certain provisions of the Internal Revenue Code of 1986, as amended (the "Code"), the interest on the 2008 Bonds is excludable from gross income for federal income tax purposes and is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals and corporations.

The interest on the 2008 Bonds will be taken into account in determining adjusted current earnings of certain corporations (as defined for federal income tax purposes) and such corporations are required to include in the calculation of federal alternative minimum taxable income 75% of the excess of such corporation's adjusted current earnings over its federal alternative minimum taxable income (determined without regard to this adjustment and prior to reduction for certain net operating losses).

The Code imposes various restriction, conditions and requirements relating to the exclusion of interest on obligations, such as the 2008 Bonds, from gross income for federal income tax purposes, including, but not limited to, the requirement that the County rebate certain excess earnings on proceeds and amounts treated as proceeds of the 2008 Bonds to the United States Treasury, restrictions on the investment of such proceeds and other amounts, and restrictions on the ownership and use of the facilities financed or refinanced with proceeds of the 2008 Bonds. The foregoing is not intended to be an exhaustive listing of the post-issuance tax compliance requirements of the Code, but is illustrative of the requirements that must be satisfied by the County subsequent to issuance of the 2008 Bonds to maintain the excludability of the interest on the 2008 Bonds from gross income for federal income tax purposes. Co-Bond Counsel's opinion is given in reliance on certifications by representatives of the County as to certain facts material to the opinion and the requirements of the Code. The County has covenanted in Series Indenture, Number 1 to comply with all requirements of the Code that must be satisfied subsequent to the issuance of the 2008 Bonds in order that the interest on the 2008 Bonds be, or continue to be, excludable from gross income for federal income tax purposes. The opinion of each of Co-Bond Counsel assumes compliance by the County with such covenants, and Co-Bond Counsel have not been retained to monitor compliance by the County with such covenants subsequent to the date of issuance of the 2008 Bonds. Failure to comply with certain of such requirements may cause the interest on the 2008 Bonds to be included in gross income for federal income tax purposes retroactive to the date of the issuance of the 2008 Bonds. No other opinion is expressed by Co-Bond Counsel regarding the federal tax consequences of the ownership of or the receipt or accrual of interest with respect to the 2008 Bonds.

If the interest on the 2008 Bonds subsequently becomes included in gross income for federal income tax purposes due to a failure by the County to comply with any requirements described above, Series Indenture, Number 1 does not require the County to redeem the 2008 Bonds or to pay any additional interest or penalty.

The Internal Revenue Service has established an ongoing program to audit tax-exempt obligations to determine whether interest on such obligations is includible in gross income for federal income tax purposes. Co-Bond Counsel cannot predict whether the Internal Revenue Service will commence an audit of the 2008 Bonds. Prospective purchasers and owners of the 2008 Bonds are advised that, if the Internal Revenue Service does audit the 2008 Bonds, under current Internal Revenue Service procedures, at least during the early stages of an audit, the Internal Revenue Service will treat the County as the taxpayer, and the owners of the 2008 Bonds may have limited rights, if any, to participate in such audit. The commencement of an audit could adversely affect the market value and liquidity of the 2008 Bonds until the audit is concluded, regardless of the ultimate outcome.

Prospective purchasers of the 2008 Bonds should be aware that ownership of the 2008 Bonds and the accrual or receipt of interest with respect to the 2008 Bonds may result in collateral federal income tax consequences to certain taxpayers, including, without limitation, financial institutions, property or casualty insurance companies, individual recipients of Social Security or Railroad Retirement benefits, certain Subchapter S Corporations with "*excess net passive income*," foreign corporations subject to the branch profits tax, life insurance companies and taxpayers who may be deemed to have incurred or continued indebtedness to purchase or carry the 2008 Bonds. Co-Bond Counsel do not express any opinion as to any such collateral tax consequences. Prospective purchasers of the 2008 Bonds should consult their own tax advisors as to the collateral tax consequences.

Proposed legislation is considered from time to time by the United States Congress that, if enacted, would affect the tax consequences of owning the 2008 Bonds. No assurance can be given that any future legislation, or clarifications or amendments to the Code, if enacted into law, will not contain provisions which could cause the interest on the 2008 Bonds to be subject directly or indirectly to federal or State of North Carolina income taxation, adversely affect the market price or marketability of the 2008 Bonds or otherwise prevent the owners of the 2008 Bonds from realizing the full current benefit of the status of the interest on the 2008 Bonds.

Each of Co-Bond Counsel is further of the opinion that, under existing law, the interest on the 2008 Bonds is exempt from State of North Carolina income taxation.

Co-Bond Counsel's opinions are based on existing law, which is subject to change. Such opinions are further based on factual representations made to Co-Bond Counsel as of the date thereof. Each of Co-Bond Counsel assume no duty to update or supplement its opinion to reflect any facts or circumstances that may thereafter come to Co-Bond Counsel's attention or to reflect any changes in law that may thereafter occur or become effective. Moreover, Co-Bond Counsel's opinions are not a guarantee of a particular result and are not binding on the Internal Revenue Service or the courts; rather, such opinions represent each of Co-Bond Counsel's professional judgment based on its review of existing law, and in reliance on the representations and covenants that each of Co-Bond Counsel deems relevant to such opinions. Co-Bond Counsel's opinions express the professional judgment of the attorneys rendering the opinion regarding the legal issues expressly addressed therein. By rendering its opinion, each of Co-Bond Counsel does not become an insurer or guarantor of the result indicated by that expression of professional judgment, of the transaction on which the opinions are rendered, or of the future performance of the County, nor does the rendering of such opinion guarantee the outcome of any legal dispute that may arise out of the transaction.

ORIGINAL ISSUE DISCOUNT

The respective initial public offering prices of all of the 2008 Bonds (collectively, the "Discount Bonds"), are less than the amounts payable at maturity. An amount not less than the difference between the initial public offering prices of the Discount Bonds and the amounts payable at maturity constitutes original issue discount. Under existing federal income tax law and regulations, the original issue discount on a Discount Bond is interest not includable in the gross income of an owner who purchases such Discount Bonds in the original offering at the initial public offering price thereof and holds it to maturity, and such owner will not realize taxable gain upon payment of such Discount Bond at maturity. Owners who purchase Discount Bonds at a price other than the initial offering price or who do not purchase Discount Bonds in the initial public offering should consult their tax advisors with respect to the consequences of the ownership of such Discount Bonds.

An owner who purchases a Discount Bond in the initial offering at the initial offering price and holds such Discount Bond to maturity is deemed under existing federal income tax laws and regulations to accrue excluded income with respect to the original issue discount on the "constant interest rate" method prescribed in Section 1288 of the Code from the date of the original issue. Thus, an owner of such Discount Bond who purchases it in the original offering at the initial offering price and who later disposes of such Discount Bond prior to maturity will be deemed to have accrued excluded income computed in accordance with the method described above. If the amount the owner realizes on disposition of such Discount Bond does not exceed the initial public offering price plus the amount of original issue discount accrued to the date of disposition, the owner will not realize taxable gain on such disposition. If the disposition price is in excess of this amount, the owner will realize taxable gain only to the extent of such excess.

The amount of original issue discount that accrues on any Discount Bond may be included in certain other computations for purposes of computing the alternative minimum tax imposed by the Code. Consequently, owners of Discount Bonds should be aware that the accrual of original discount in each year may result in alternative minimum tax liability although such owners have not received any cash attributable to original issue discount in such year.

PROSPECTIVE PURCHASERS OF DISCOUNT BONDS SHOULD CONSULT THEIR OWN TAX ADVISORS WITH RESPECT TO THE DETERMINATION, FOR FEDERAL INCOME TAX PURPOSES, OF ACCRUED ORIGINAL ISSUE DISCOUNT AND THE STATE AND LOCAL TAX CONSEQUENCES OF OWNING OR DISPOSING OF DISCOUNT BONDS.

LEGALITY FOR INVESTMENT

Sections 159-140 and 159B-21 of the N.C.G.S., as amended, provide in effect that the 2008 Bonds are securities in which all public officers and public bodies of the State and its political subdivisions and agencies and all insurance companies, trust companies, banking associations, investment companies, banks, savings banks, building and loan associations, savings and loan associations, credit unions, pension or retirement funds, other financial institutions engaged in business in the State, executors, administrators, trustees and other fiduciaries may properly and legally invest funds, including capital in their control or belonging to them. Such sections also provide in effect that the 2008 Bonds are securities which may properly and legally be deposited with and received by any State or municipal officer or any agency or political subdivision of the State for any purpose for which the deposit of notes, notes or obligations of the State is now or may hereafter be authorized by law. No representation is made as to the eligibility of 2008 Bonds for investments or any other purpose under any law of any other state.

CONTINUING DISCLOSURE

The 2008 Bonds are being issued initially in authorized denominations of \$100,000 and integral multiples of \$5,000 in excess thereof and are being offered to fewer than thirty-five accredited investors. Accordingly, the 2008 Bonds are exempt from the continuing disclosure requirements of the Rule adopted by the SEC under the Securities Exchange Act of 1934, as amended. Notwithstanding the exemption from the Rule, the County, the Developer and the Trustee, as disclosure dissemination agent, have agreed to provide certain information relating to the construction of the Project, the progress of the Project and the collection of Incremental Revenues (the "Information"). The specific nature of the information to be contained in the Information and the notices of material events is described in Appendix I, "FORM OF CONTINUING DISCLOSURE AGREEMENT" attached hereto. Additionally, if the 2008 Bonds receive an investment grade rating from a nationally-recognized rating agency, the Rule may apply to the 2008 Bonds and the County and the Developer have agreed to enter into an undertaking to provide continuing disclosure as required by the Rule.

UNDERWRITING

Wachovia Securities (the "Underwriter") has entered into a Bond Purchase Agreement with the County to purchase the 2008 Bonds. The Underwriter will purchase the 2008 Bonds at an aggregate purchase price of \$12,546,991.40 (reflecting the par amount of the 2008 Bonds less original issue discount of \$160,449.20 and an underwriting discount of \$252,559.40 (1.95% of the par amount)). The obligation of the Underwriter to pay for the 2008 Bonds is subject to certain terms and conditions set forth in the Bond Purchase Agreement, including the delivery of specified opinions of counsel and of a certificate of the County and the Developer that there has been no material adverse change in their respective condition (financial or otherwise) from that set forth in this Limited Offering Memorandum.

Wachovia Securities is the trade name under which Wachovia Corporation conducts its investment banking, capital markets and institutional securities business through Wachovia Capital Markets, LLC, member NYSE, NASD, SIPC and through other bank, non-bank and broker-dealer subsidiaries of Wachovia Corporation, including Wachovia Bank, National Association.

The Underwriter may offer and sell the 2008 Bonds to certain dealers (including dealer banks and dealers depositing the 2008 Bonds into investment trusts) and others at a price different from the public offering price stated on the cover page of this Limited Offering Memorandum. Such initial public offering price may be changed from time to time by the Underwriter.

MISCELLANEOUS

The references, excerpts and summaries of all documents referred to herein do not purport to be complete statements of the provisions of such documents and reference is directed to all such documents for full and complete statements of all matters of fact relating to the 2008 Bonds, the security for and the source for repayment for the 2008 Bonds and the rights and obligations of the holders of the 2008 Bonds.

Use of the words "shall" or "will" in this Limited Offering Memorandum or in summaries of documents to describe future events or continuing obligations is not intended as a representation that such event or obligation will occur but only that the document contemplates or requires such event to occur or obligation to be fulfilled.

The information contained in this Limited Offering Memorandum has been compiled from official and other sources deemed by the Underwriter, the County, the Town and the Developer to be reliable and, while not guaranteed as to completeness or accuracy, is believed by the Underwriter, the County, the Town and the Developer to be correct as of its date.

The County has duly authorized the distribution of this Limited Offering Memorandum.

COUNTY OF BUNCOMBE, NORTH CAROLINA

By: /s/ Donna B. Clark, Finance Director

APPENDIX A

DEFINITIONS AND SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE

In addition to summaries of the provisions of the General Indenture and Series Indenture, Number 1 contained under the captions "THE 2008 BONDS," "SECURITY AND SOURCES OF PAYMENT" and elsewhere in this Limited Offering Memorandum, the following is a brief summary of certain provisions of the General Indenture and the Series Indenture, Number 1 applicable to the 2008 Bonds. This summary is not intended to be definitive and is qualified in its entirety by express reference to the General Indenture and Series Indenture, Number 1 for the complete terms thereof.

DEFINITIONS OF CERTAIN TERMS

"Account" or "Fund" means one of the special funds or accounts created and established under the General Indenture.

"Accounting Principles" mean generally accepted accounting principles and practices applicable to governmental entities.

"Accreted Value" means (1) on a Compounding Date with respect to any Capital Appreciation Bond, an amount equal to the principal amount of such Capital Appreciation Bond at the date of delivery to the original purchasers thereof plus the interest accrued on such Capital Appreciation Bond from such date to that Compounding Date as shown in the Series Indenture under which it is issued, or (2) as of any date of computation with respect to any Capital Appreciation Bond, an amount equal to the principal amount of such Capital Appreciation Bond at the date of delivery to the original purchasers thereof plus the interest accrued on such Capital Appreciation Bond from such date to the date of computation, calculated based on the assumption that Accreted Value as shown in the Series Indenture under which it is issued accrues during any period in equal daily amounts on the basis of a year of 360 days consisting of twelve months of thirty days each.

"Authenticating Agent" means with respect to any given Series of Bonds, the Registrar or any other entity appointed in the related Series Indenture to act as an authenticating agent for such Series of Bonds or a portion thereof.

"Authorized Denomination" means \$100,000 or any integral multiple of \$5,000 in excess thereof, until the 2008 Bonds carry an Investment Grade Rating at which time the amount may be reduced to \$5,000 or any integral multiple thereof.

"Bond" means one of the obligations delivered pursuant to the General Indenture, including all Series of Bonds issued pursuant to a Series Indenture.

"Bond Act" means the North Carolina Project Development Financing Act, Article 6 of Chapter 159 of the General Statutes, and as the same may hereafter be amended.

"Bond Counsel" means an attorney or firm of attorneys of nationally recognized standing in the field of law relating to municipal, state and public agency financing, selected by the County and not unacceptable to the Trustee.

"Bond Fund" means the Fund so designated and established by the General Indenture.

"Business Day" means any day other than (a) a day on which banking institutions in New York, New York, or in the State or in the cities in which the Trustee or the Paying Agent have their respective principal offices are authorized to close or (b) a day on which the New York Stock Exchange is closed.

"Capital Appreciation Bonds" means any Bonds, however denominated in the related Series Indenture, as to which interest is compounded periodically on each Compounding Date and which are payable in an amount equal to the then-current Accreted Value only at maturity, earlier redemption or other payment date therefor.

"Certificate" means (1) a signed document either attesting to or acknowledging the circumstances, representations or other matters therein stated or set forth or setting forth matters to be determined pursuant to the General Indenture or (2) the report of an accountant as to audit or other procedures called for by the General Indenture.

"Code" means the Internal Revenue Code of 1986, as amended. Each reference to a section of the Code is deemed to include the United States Treasury Regulations in effect with respect thereto.

"*Compounding Date*" means, with respect to any Capital Appreciation Bond, the dates set forth in the Series Indenture under which it is issued.

"*Costs of Issuance*" means all items of expense, directly or indirectly payable by or reimbursable to the County, related to the authorization, sale and issuance of Bonds.

"*County*" means the County of Buncombe, North Carolina.

"*County Representative*" means the County Manager or the Finance Officer of the County and, in the case of any act to be performed or duty to be discharged, any other member, officer or employee of the County then authorized to perform such act or discharge such duty.

"*Derivative Agreement*" means an interest rate swap, cap, collar, floor, forward, option, put, call or other agreement however denominated, relating to the Bonds.

"*Developer*" means Reynolds Mountain Partners, LLC, a North Carolina limited liability company, and its successors and assigns.

"*Development Agreement*" means the Development, Acquisition and Financing Agreement dated as of August 1, 2008 among the Town, the County and the Developer.

"*Development District Act*" means Section 158-7.3 of the General Statutes of North Carolina.

"*Development Financing District*" means that area of the Town described in the Development Financing Plan.

"*Development Financing Plan*" means the Development Financing Plan for the Woodfin Downtown Corridor Development Financing District defined by the Town under the Plan Resolution.

"*Event of Default*" means any of the events specified as such in the General Indenture and a Series Indenture.

"*Federal Securities*" means (a) direct obligations of the United States of America for the payment of which the full faith and credit of the United States of America is pledged; (b) obligations issued by any agency controlled or supervised by and acting as an instrumentality of the United States of America, the payment of the principal of and interest on which is fully guaranteed as full faith and credit obligations of the United States of America (including any securities described in (a) or (b) issued or held in the name of the Trustee in book entry form on the books of the Department of Treasury of the United States of America), which obligations, in either case, are held in the name of the Trustee and are not subject to redemption or purchase prior to maturity at the option of anyone other than the Owner; (c) any bonds or other obligations of the State or of any agency, instrumentality or local governmental unit of the State which are (i) not callable prior to maturity or (ii) as to which irrevocable instructions have been given to the trustee or escrow agent of such bonds or other obligations by the obligor to give due notice of redemption and to call such bonds for redemption on the date or dates specified, and which are rated by Moody's, if the Bonds are rated by Moody's and S&P, if the Bonds are rated by S&P, within the highest rating category and which are secured as to principal, redemption premium, if any, and interest by a fund consisting only of cash or bonds or other obligations of the character described in clause (a) or (b) hereof which fund may be applied only to the payment of such principal of and interest and redemption premium, if any, on such bonds or other obligations on the maturity date or dates thereof or the specified redemption date or dates pursuant to such irrevocable instructions, as appropriate; or (d) direct evidences of ownership of proportionate interests in future interest and principal payments on specified obligations described in (a) held by a bank or trust company as custodian, under which the owner of the investment is the real party in interest and has the right to proceed directly and individually against the obligor on the underlying obligations described in (a), and which underlying obligations are not available to satisfy any claim of the custodian or any person claiming through the custodian or to whom the custodian may be obligated.

"*Final Maturity Date*" means any date specified with respect to any Series of Bonds as long as such date is on or before March 6, 2037, thirty years after the creation of the Development Financing District in compliance with Section 159-107(g) of the North Carolina General Statutes, unless otherwise amended.

"*Finance Officer*" means the Director of Finance of the County or any successor to her functions.

"*Financeable Costs*" means the costs of improvements authorized by Section 159-103 of the North Carolina General Statutes, as amended, and reasonably incurred in connection with the Development Financing District, including but not limited to the costs of (1) acquisition of all property, real or personal, tangible or intangible, and all interests in connection therewith

including all rights-of-way and easements therefor, (2) physical construction, installation and testing, including the costs of labor, services, materials, supplies and utility services used in connection therewith, (3) architectural, engineering, legal, financial advisory and other professional services, (4) premiums for insurance policies taken out and maintained during construction, to the extent not paid for by a contractor for construction and installation, (5) any taxes, assessments or other charges which become due during construction, (6) expenses incurred by the County or on its behalf with its approval in seeking to enforce any remedy against any contractor or sub-contractor in respect of any default under a contract relating to construction, (7) Costs of Issuance being financed, (8) Interest on the Bonds during the construction in the Development Financing District, (9) miscellaneous expenses incidental thereto and (10) reimbursements of such Financeable Costs properly incurred prior to the issuance of the Bonds.

"Financial Consultant" means an independent person or firm with recognized expertise for advising governmental entities with respect to financial forecasting and analysis of municipal utilities from time to time employed by the County and not unacceptable to the Trustee.

"Fiscal Year" means a twelve-month period commencing on the first day of July of any year, or such other twelve-month period adopted as the Fiscal Year of the County.

"Fitch" means Fitch, Inc., a corporation organized and existing under the laws of the State of New York, its successors and their assigns, and, if such corporation for any reason no longer performs the functions of a securities rating agency, *"Fitch"* will be deemed to refer to any other nationally recognized securities rating agency approved by the LGC and designated by the Finance Officer of the County by notice to the Trustee.

"General Indenture" means the General Trust Indenture dated as of August 1, 2008 between the County and the Trustee, and any amendments and supplements thereto.

"Incremental Revenue Fund" means the fund of that name established and maintained by the Trustee under the General Indenture.

"Incremental Revenues" means that portion, if any, of *ad valorem* property taxes arising from the levies on taxable property in the Development Financing District which are required by the Bond Act to be deposited in the Incremental Revenue Fund, including amounts payable under the Minimum Assessment Agreement in each Fiscal Year during which any Bonds are Outstanding under the Indenture.

"Interest" means (1) the amount designated as interest on any Bonds and (2) payments due from the County under a Derivative Agreement other than for the termination thereof.

"Interest Payment Date" means each February 1 and August 1, beginning February 1, 2009.

"Interlocal Agreement" means the Interlocal Agreement dated as of August 1, 2008, by and between the Town and the County relating to the Development Financing District.

"Investment Earnings" means the interest received on, or the gain or loss from the purchase and sale of, any Investment Securities held in the funds and accounts established hereunder, except to the extent such amounts are required to be rebated to the United States of America.

"Investment Grade Rating" means a rating of (1) Baa3 or higher from Moody's, (2) BBB- or higher from S&P or (3) BBB- or higher from Fitch.

"Investment Securities" means (1) Federal Securities or (2) any other investments (a) which at the time of investment are authorized investments under the investment policy of the County, (b) which are legal investments under Sections 159-30 of the General Statutes of North Carolina, as amended.

"LGC" means the North Carolina Local Government Commission or any successor to its functions under the laws of the State, or its authorized representative.

"Mail" means first-class United States mail, postage prepaid.

"Minimum Assessment Agreement" means the Minimum Assessment Agreement dated as of August 1, 2008, among the Developer, the Town and the County.

"*Moody's*" means Moody's Investors Service, a corporation organized and existing under the laws of the State of Delaware, its successors and their assigns, and, if such corporation for any reason no longer performs the functions of a securities rating agency, "*Moody's*" will be deemed to refer to any other nationally recognized rating agency approved by the LGC and designated by the Finance Officer of the County by notice to the Trustee.

"*Outstanding*" means all Bonds which have been authenticated and delivered by the Trustee under the General Indenture, except:

- (a) Bonds canceled after purchase in the open market or because of payment (it being understood that a payment to an Owner of the purchase price of a Bond, as prescribed in the related Series Indenture, is not payment of a Bond) at or redemption prior to maturity or on acceleration;
- (b) Bonds deemed paid under the General Indenture;
- (c) Bonds for the payment of the Principal of, redemption premium, if any, and Interest on which Federal Securities have been irrevocably set aside; and
- (d) Bonds in lieu of which other Bonds have been authenticated under the General Indenture.

"*Owner*" means, with respect to any 2008 Bond, a registered owner of a 2008 Bond.

"*Paying Agent*" means any entity appointed in a Series Indenture to act as a paying agent for a Series of Bonds.

"*Project Fund*" means the Fund so designated and established under the General Indenture.

"*Person*" means any individual, corporation, partnership, joint venture, association, joint-stock company, trust, unincorporated organization, or government or any agency or political subdivision thereof.

"*Plan Resolution*" means the resolution adopted by the Board of Aldermen of the Town on November 21, 2006 approving the Development Financing Plan and the establishing the Development Financing District.

"*Pledged Revenues*" means (1) the Incremental Revenues; and (2) all Investment Earnings from the foregoing.

"*Principal*" means the principal amount of an Outstanding Bond (including as to Capital Appreciation Bonds, the Accreted Value thereof except with respect to the order of priority of payment of Bonds after an event of default under the General Indenture, in which case, "*Principal*" means the principal amount of such Capital Appreciation Bonds on their date of delivery and the balance of the Accreted Value will be "*Interest*") payable as a Sinking Fund Payment or at maturity.

"*Principal and Interest Requirements on the Bonds*" means, with respect to any particular Fiscal Year, an amount equal to the sum of (i) all Interest payable on the Outstanding Bonds during such Fiscal Year excluding any capitalized Interest payable from the proceeds of a Series of the Bonds, plus (ii) any Principal Installments of the Outstanding Bonds during such Fiscal Year.

(a) For purposes of computing "*Principal and Interest Requirements on the Bonds*," the rate of interest used to determine (i) above will be a rate per annum equal to (1) with respect to Bonds which bear interest at a fixed rate, the rate of interest borne or to be borne by such Bonds, and (2) with respect to Bonds which bear interest at a variable or periodically determined rate of interest, the rate which is equal to the greater of (A) the average of all the interest rates in effect on the Bonds (or, as certified by a financial institution or investment banking firm acceptable to the Finance Officer, which would have been in effect on the Bonds had such Bonds been Outstanding) during the immediately preceding twelve-month period plus 100 basis points or (B) the average of all the interest rates in effect on the Bonds (or, as certified by a financial institution or investment banking firm acceptable to the Finance Officer, which would have been in effect on the Bonds had such Bonds been Outstanding) during the immediately preceding one-month period plus 100 basis points. If the County has entered into a Derivative Agreement under which it will receive payments calculated on a notional amount equal to all or a portion of the aggregate Principal amount of a Series of the Bonds and will make payments calculated on the same notional amount, the interest used to calculate (1) above will be the amount to be paid by the County, and the amount to be received will be deducted; payments on a variable or periodic basis under such an agreement will be calculated in accordance with clause (2) above.

(b) For purposes of computing "*Principal and Interest Requirements on the Bonds*," the Principal Installments for each Series of Bonds used to determine (ii) above will be the actual planned Principal Installments, except as follows:

(1) for a Series of Bonds, the Principal Installments of which are payable in consecutive annual periods and the Principal Installment for one Fiscal Year of which is at least 10% but not more than 25% of the original principal amount of the Series of Bonds, the Principal Installment for any Fiscal Year in which no Principal is due will be assumed to be the largest required annual Principal Installment with respect to the Series of Bonds multiplied by a fraction whose numerator is the number of Fiscal Years the Series of Bonds has been Outstanding and whose denominator is the number of Fiscal Years after issuance of the Series of Bonds in which no Principal is due;

(2) for a Series of Bonds, 25% or more of the Principal Installments of which are payable in a single Fiscal Year, the Principal Installment in any Fiscal Year will be assumed to be the result derived by dividing (A) the outstanding aggregate Principal amount of such Series of Bonds by (B) the number of full years in the remaining term of such Series of Bonds, but if the date of calculation is within 12 months of the final maturity date of such Series of Bonds and a binding commitment by an institutional lender or municipal underwriting firm exists to provide moneys to refinance the aggregate Principal of such Series of Bonds then Outstanding, then the payment terms contained in the commitment are to be used for purposes of calculating Principal for such Series of Bonds; and

(3) for a Series of Bonds issued as notes or other obligations with a term of less than two years which are issued in anticipation of the issuance of a Series of Bonds ("*Take Out Obligations*"), result derived by dividing (A) the outstanding principal amount of such notes or other obligations by (B) the number of full years expected to be in the term of the Take Out Obligation as certified to the Trustee by the Finance Officer.

"*Principal Installment*" means, as of any date of calculation, (i) the aggregate Principal amount of Outstanding Bonds (including as to Capital Appreciation Bonds, the Accreted Value thereof) due on a certain future date, reduced by the aggregate Principal amount of such Bonds which would be retired by reason of the payment when due and application in accordance with the General Indenture of Sinking Fund Payments payable before such future date, plus (ii) any Sinking Fund Payments due on such certain future date, together with the aggregate amount of the premiums, if any, applicable on such Sinking Fund Payments.

"*Principal Payment Date*" means any date on which Principal is due and payable.

"*Qualified Reserve Fund Substitute*" means (i) an irrevocable letter of credit, naming the Trustee as beneficiary, issued by any domestic or foreign bank, or any branch or agency thereof, whose long-term debt obligations are rated by Moody's and S&P in one of the two highest rating categories without regard to gradation within category or (ii) a surety bond issued by a financial institution whose long-term rating is in one of the two highest rating categories of Moody's and S&P without regard to gradation within category or (iii) a policy of reserve fund insurance issued by an insurance company whose claims-paying ability is rated by Moody's and S&P in one of the two highest rating categories without regard to gradation within category.

"*Rating Agency*" means Moody's, S&P and Fitch.

"*Record Date*" means the 15th day of the month next preceding the Interest Payment Date.

"*Redemption Date*" means the date on which 2008 Bonds have been called for redemption or are to be redeemed pursuant to Series Indenture, Number 1.

"*Redemption Price*" means, with respect to any 2008 Bond, the principal amount thereof plus the applicable premium, if any, payable on redemption thereof plus accrued interest to the Redemption Date.

"*Registrar*" means any entity appointed in a Series Indenture to act as the Registrar for a Series of Bonds or a portion thereof.

"*Reserve Fund*" means the Fund so designated and established pursuant to the General Indenture.

"*Reserve Requirement*" means, as of any date of calculation, the collective amount required to be on deposit in the Reserve Fund as determined by the Series Indentures under which all Series of Bonds secured by an account in the Reserve Fund are issued.

"*S&P*" means Standard & Poor's Ratings Services, a Division of The McGraw-Hill Companies, Inc., a corporation organized and existing under the laws of the State of New York, its successors and their assigns, and, if such corporation for any reason no longer performs the functions of a securities rating agency, "*S&P*" will be deemed to refer to any other nationally

recognized securities rating agency approved by the LGC and designated by the Finance Officer of the County by notice to the Trustee.

"Series of Bonds" or "Series" means any series of Bonds issued under the General Indenture and pursuant to a Series Indenture.

"Series Indenture" means any indenture or other document supplementing the General Indenture, executed by the County and effective in accordance with the General Indenture, providing for the issuance of a Series of Bonds.

"Series Indenture, Number 1" means Series Indenture, Number 1 dated as of August 1, 2008 between the County and the Trustee and any amendments or supplements adopted in accordance therewith.

"Sinking Fund Payment" means, as of any particular date of calculation, the amount required to be paid by the County on a certain future date for the retirement of Outstanding Bonds which mature after said future date, but does not include any amount payable by the County by reason of the maturity of a Bond or by call for redemption at the election of the County.

"State" means the State of North Carolina.

"Town" means the Town of Woodfin, North Carolina.

"Trustee" means the Trustee with respect to the Bonds and any other person at any time substituted in its place as provided in the General Indenture.

"Trust Estate" means all property and rights conveyed by the County under the Granting Clauses of the General Indenture.

"2008 Bonds" means the County of Buncombe, North Carolina Project Development Financing Bonds (Woodfin Downtown Corridor Development), Series 2008 issued under the General Indenture and Series Indenture, Number 1.

"2008 Bonds Account" means the account by that name in the Reserve Fund created pursuant to Series Indenture, Number 1.

"2008 Bonds Reserve Requirement" means the amount designated in the Series Indenture, Number 1.

"2008 Capitalized Interest Account" means the account by that name in the Project Fund created pursuant to Series Indenture, Number 1.

"2008 Construction Account" means the account by that name in the Project Fund created pursuant to Series Indenture, Number 1.

"2008 Working Capital Account" means the account by that name in the Project Fund created pursuant to Series Indenture, Number 1.

PLEDGE UNDER THE GENERAL INDENTURE

The County has assigned and pledged to the Trustee, to the extent provided in the General Indenture (1) all Pledged Revenues, (2) the Minimum Assessment Agreement and all receipts and revenues therefrom, and (3) all moneys and securities held by the Trustee or any other depositories in any and all of the funds and accounts established under the General Indenture and (4) any additional property that may, by delivery or by writing of any kind, be subjected to the lien of the General Indenture, by the County or by anyone on its behalf, and the Trustee is authorized to receive the same at any time as additional security under the General Indenture. The General Indenture does not convey, mortgage, pledge or create any lien on any real estate or tangible personal property owned by the County or on any revenues of the County other than the Pledged Revenues.

FUNDS AND ACCOUNTS

Under the General Indenture, the County has established the following special funds:

- (1) Incremental Revenue Fund;
- (2) Bond Fund;
- (3) Project Fund; and
- (4) Reserve Fund.

The Trustee or the County may also create such other Funds or Accounts as it deems necessary or desirable in the administration of the General Indenture.

Incremental Revenue Fund. The County will cause all Pledged Revenues to be deposited in the Incremental Revenue Fund. There will also be deposited in the Incremental Revenue Fund any other amounts required to be deposited therein pursuant to the General Indenture or any Series Indenture and any other amounts available therefor and determined by the County to be deposited therein.

The Trustee will cause transfers to be made from the Incremental Revenue Fund as follows:

FIRST: To the Bond Fund, on or before the 5th day of the month preceding an Interest Payment Date, an amount such that (after taking into consideration amounts then on deposit in the Bond Fund allocated to pay Interest due with respect to the Bonds), there will be in the Bond Fund an amount equal to the Interest due on the next Interest Payment Date;

SECOND: To the Bond Fund, on or before the 5th day of the month preceding an Interest Payment Date, an amount such that (after taking into consideration amounts then on deposit in the Bond Fund allocated to pay Principal due with respect to the Bonds), if the same amount is transferred thereto on each succeeding Interest Payment Date, there will be in the Bond Fund an amount equal to the Principal due on the next Principal Payment Date;

THIRD: To the Bond Fund, the amount necessary to pay the next August Interest Payment Date.

FOURTH: At any time as may be required after payment of or the reserve of funds for the above obligations, to the provider of any Qualified Reserve Fund Substitute in satisfaction of the then current obligations of the County incurred in connection therewith;

FIFTH: At any time as may be required after payment of or the reserve of funds for the above obligations, to the Trustee for deposit in the Reserve Fund (i) the amount necessary for the balance therein to equal the Reserve Requirement, but if the Revenues are insufficient therefor, to each Account of the Reserve Fund *pro rata* on the basis of the Reserve Requirement for each Series of Bonds secured by an Account of the Reserve Fund or (ii) if the Reserve Fund is less than 90% of the Reserve Requirement as a result of a valuation of investments therein, the amount necessary for the balance therein to equal the Reserve Requirement; but the Trustee is not required to transfer on any Interest Payment Date more than an amount such that if the same amount were deposited on the next Interest Payment Date, the Reserve Fund would equal the Reserve Requirement;

SIXTH: At any time as may be required after payment of or the reserve of funds for the above obligations, to the Trustee for deposit in the Bond Fund, the amount necessary to make up any deficiency therein in accordance with the priorities described under "**FUNDS AND ACCOUNTS--Bond Fund**" below;

SEVENTH: At any time as may be required after payment of or the reserve of funds for the above obligations, to the Persons entitled to payment of fees and expenses for professional services rendered related to the Bonds;

EIGHTH: On or after August 2, 2013, in any year in which the Developer's Property is assessed at the Standard Assessment Amount, as defined in the Minimum Assessment Agreement, by the 15th day of each Fiscal Year, to the Town and the County in the proportion certified to the Trustee by a Finance Officer Certificate, the balance remaining in the Incremental Revenue Fund as of the last day of the preceding Fiscal Year.

Bond Fund. The Trustee will disburse amounts deposited in the Bond Fund as follows:

- (1) On each Interest Payment Date, to the Persons entitled thereto, Interest due on such date.
- (2) Subject to the provisions below requiring the application thereof to the payment or redemption of any particular Bond, on each Principal Payment Date, to the Owners, the amounts required for the payment of the Principal due on such date.
- (3) On each Redemption Date, to the Owners, the amount required for redemption of Bonds called for redemption.

If on an Interest Payment Date or a Principal Payment Date, the amounts in the Bond Fund, following transfers required below from the Bond Fund, are insufficient to pay in full the Interest or Principal, the amounts in the Bond Fund will be applied *pro rata* first to the Persons entitled to Interest and then to the Persons entitled to Principal.

If on any Interest Payment Date or Principal Payment Date, there is a deficiency in the Bond Fund, the amount of such deficiency will be made up from the following Funds and in the order or priority set forth below:

- (1) the Account of the Reserve Fund securing a Series of Bonds to pay the Principal of and Interest on such Series of the Bonds, to the extent such deficiency is attributable to the Series of the Bonds secured by that Account of the Reserve Fund; and
- (2) Project Fund.

Project Fund. There will be deposited from time to time in the Project Fund all amounts required to be deposited therein pursuant to, and expended in accordance with, any Series Indenture and any other amounts available therefor and determined by the County to be deposited therein. The Trustee will establish a separate account within the Project Fund related to each Series of Bonds. In conjunction with the issuance of the 2008 Bonds, the Trustee shall established a 2008 Bonds Account within the Project Fund.

Reserve Fund. The County has established a 2008 Bonds Account of the Reserve Fund under Series Indenture, Number 1, with respect to the 2008 Bonds. There shall be deposited in to the 2008 Bonds Account of the Reserve Fund an amount equal to the 2008 Bonds Reserve Requirement.

INVESTMENTS

The Trustee will invest moneys held in the Bond Fund, the Project Fund and the Reserve Fund, at the written direction of the County, in Investment Securities. The County will invest all Funds and Accounts held by it pursuant to the General Indenture in such Investment Securities as it determines in its sole discretion. The proceeds of any remarketing of a Series of the Bonds will be held uninvested or will be invested in Federal Securities maturing not later than the earlier of 30 days or the date needed for payment. The County will invest, and as to the Bond Fund, the Reserve Fund and the Project Fund, will direct the Trustee (in writing or orally with subsequent confirmation in writing) to invest, all moneys pursuant to the investment instructions as provided in connection with a Series of Bonds. Whenever the Trustee has not received written direction from the County and moneys in a Fund or Account created under the General Indenture or a Series Indenture are therefore uninvested, the Trustee shall invest the moneys in Federal Securities maturing the earlier of (i) the date such moneys are needed to meet an obligation under the General Indenture or a Series Indenture or (ii) 30 days after such investment.

All Investment Earnings from the investment of money held in the Incremental Revenue Fund will be credited to the Incremental Revenue Fund.

COVENANTS OF THE COUNTY

The County has agreed to comply with certain covenants in the General Indenture. The following is a summary of a few of such covenants:

Payment of Bonds. The County will duly and punctually pay or cause to be paid, as provided in the General Indenture, the Principal of and the Interest on every Bond or the Redemption Price thereof, at the dates and places and in the manner stated in the Bonds, according to the true intent and meaning thereof and will duly and punctually pay or cause to be paid all Sinking Fund Payments, if any, becoming payable with respect to any of the Bonds and all other payments of Interest required under the General Indenture.

Foreclosure. The County will use the *in rem* method in foreclosing on any real property subject to the Minimum Assessment Agreement, to the extent permitted by law.

Accounts and Reports. The County will keep, or cause to be kept, proper books of record and account in which complete and accurate entries will be made relating to the Incremental Revenues, which will at all reasonable times be subject to the inspection of the Trustee and the Owners or their representatives duly authorized in writing.

The County will file with the Trustee and the LGC, within 180 days after the close of each Fiscal Year, a copy of an audited annual financial report as to the Incremental Revenues during such Fiscal Year.

Issuance of Additional Bonds.

(a) The County will not issue any other obligations, except on the conditions and in the manner provided in the General Indenture, payable from the Pledged Revenues, having priority to or being on a parity with the lien of the Bonds issued pursuant to the General Indenture, nor voluntarily create or cause to be or suffer to be created any debt, lien, pledge, assignment, encumbrance or any other charge having priority to or being on a parity with the lien of the Bonds issued pursuant to the General Indenture.

(b) The County may issue Bonds to refund all or any Principal amount of the Bonds; if, however, the debt service in any Fiscal Year on the Outstanding Bonds remaining Outstanding after the issuance of the refunding Bonds will increase as a result of such refunding or if the maximum annual Principal and Interest Requirements on the Bonds after the issuance of the refunding Bonds exceeds the maximum annual Principal and Interest Requirements on the Bonds before the issuance of the refunding Bonds, then the County must satisfy the requirements in paragraph (d) below.

(c) No Series of Bonds, other than the 2008 Bonds and the Bonds described in paragraph (b) above will be issued hereunder unless:

(1) (A) the Pledged Revenues for any 12 consecutive months of the 18 months preceding the issuance of the Series of Bonds, as certified by the Finance Officer, were at least equal to 125% of (1.25 times) the Principal and Interest Requirements on all Bonds previously issued under the General Indenture for such Fiscal Year in which the issuance is to occur; and

(B) the Pledged Revenues, as projected by a report of a Financial Consultant filed with the Trustee, for the first two Fiscal Years following (I) the date capitalized interest, if any, provided from the proceeds of the proposed Series of Bonds is expended in the case of the acquisition of assets for or construction of improvements related to the Development Financing District or (II) the date the proposed Series of Bonds is issued in any other case, are at least equal to 125% of (1.25 times) the maximum Principal and Interest Requirements on all Bonds previously issued under the General Indenture and on the additional Series of Bonds proposed for issuance in each such Fiscal Year and any subsequent Fiscal Year during which the Bonds are Outstanding (in each case such Principal and Interest Requirements being net of any amounts on deposit in the Reserve Fund attributable to each such Series of Bonds); and

- (2) Developer is in compliance with all provisions of the Minimum Assessment Agreement; and
- (3) no Event of Default under the General Indenture has occurred and is continuing; and
- (4) the other Starting Conditions, as defined in the Development Agreement, have been met; the Bonds, when added to the Bonds Outstanding under the Indenture, do not exceed the Ceiling Amount, as defined in the Development Agreement; and the Developer is in compliance with the terms of the Development Agreement.

No Change in Development Financing District. The County will not at any time reduce the boundaries of the Development Financing District in any manner that will reduce the total current equalized assessed value in the Development Financing District below the total current equalized assessed value immediately before such reduction.

Foreclosure Methodology. The County will use the *in rem* method in foreclosing on any real property subject to the Minimum Assessment Agreement, to the extent permitted by law.

SUPPLEMENTAL INDENTURES

Supplemental Indentures Effective On Filing With the Trustee. For any one or more of the following purposes and at any time or from time to time, a Supplemental Indenture of the County may be executed and delivered, which, on the filing with the Trustee of a copy thereof certified by a County Representative and execution by the Trustee, will be fully effective in accordance with its terms:

- (a) to close the General Indenture against, or provide limitations and restrictions in addition to the limitations and restrictions contained in the General Indenture on, the delivery of Bonds or the issuance of other evidences of indebtedness;
- (b) to add to the covenants and agreements of and the limitations and restrictions on the County in the General Indenture other covenants and agreements or limitations and restrictions to be observed by the County which are not contrary to or inconsistent with the General Indenture as theretofore in effect;
- (c) to surrender any right, power or privilege reserved to or conferred on the County by the terms of the General Indenture, but only if the surrender of such right, power or privilege is not contrary to or inconsistent with the covenants and agreements of the County contained in the General Indenture;
- (d) to confirm, as further assurance, any pledge under, and the subjection to any lien or pledge created or to be created by, the General Indenture of the Trust Estate, including the Pledged Revenues or any other revenues or assets;
- (e) to modify any of the provisions of the General Indenture in any respect whatsoever, but only if (1) such modification will be, and be expressed to be, effective only after all Bonds Outstanding at the date of the adoption of such Supplemental Indenture cease to be Outstanding and (2) such Supplemental Indenture will be specifically referred to in the text of all Bonds delivered after the date of the adoption of such Supplemental Indenture and of Bonds issued in exchange therefor or in place thereof; or
- (f) to provide for the delivery of a Qualified Reserve Fund Substitute.

provided that any changes do not, in the opinion of Bond Counsel, adversely affect the interests of the owners of the Bonds.

Supplemental Indentures Effective On Consent of Trustee. For any one or more of the following purposes and at any time or from time to time, a Supplemental Indenture may be executed and delivered, which, on (i) the filing with the Trustee of a

copy thereof certified by a County Representative, and (ii) the filing with the Trustee and the County of an instrument in writing, made by the Trustee consenting thereto, will be fully effective in accordance with its terms: (1) to cure any ambiguity, supply any omission or cure or correct any defect or inconsistent provision in the General Indenture; (2) to insert such provisions clarifying matters or questions arising under the General Indenture, which, in the opinion of Bond Counsel, as are necessary or desirable and are not contrary to or inconsistent with the General Indenture as theretofore in effect; or (3) to effectuate such changes which do not adversely affect the interests of the Owners.

Any such Supplemental Indenture may also contain one or more of the purposes specified under the caption "**SUPPLEMENTAL INDENTURES—Effective on Filing with the Trustee**" above and, in that event, the consent of the Trustee required by the General Indenture will be applicable only to those provisions of such Supplemental Indenture as contain one or more of the purposes set forth in the preceding paragraph.

Supplemental Indentures Effective On Consent of Owners. Exclusive of Supplemental Indentures covered under the preceding two captions, the written consent of the Owners of not less than a majority in aggregate Principal amount of the Bonds Outstanding, will be required for the execution by the County and the Trustee of any indenture or indentures supplemental to the General Indenture; provided, however, that without the consent of the Owners of all the Bonds Outstanding nothing in the General Indenture contained will permit, or be construed as permitting: (a) a change in the terms of redemption or maturity of the Principal amount of or the Interest on any Outstanding Bond, or a reduction in the Principal amount of or premium payable on any redemption of any outstanding Bond or the rate of interest thereon; (b) the deprivation of the Owner of any Bond Outstanding of the lien created by the General Indenture (other than as originally permitted by the General Indenture); (c) a privilege or priority of any Bond over any other Bond; or (d) a reduction in the aggregate Principal amount of the Bonds required for consent to such Supplemental Indenture.

If at any time the County requests the Trustee to enter into a Supplemental Indenture for any of the purposes set forth in the preceding paragraph, the Trustee will, on being satisfactorily indemnified with respect to expenses, cause notice of the proposed execution of such Supplemental Indenture to be given by mail to the Owners of the Bonds Outstanding at the address shown on the registration books maintained by the Registrar. Such notice will briefly set forth the nature of the proposed Supplemental Indenture and will state that copies thereof are on file at the designated corporate trust office of the Trustee for inspection by all Owners. If, within 60 days (or such longer period prescribed by the County) following the giving of such notice, the Owners of not less than a majority in aggregate Principal amount of the Bonds Outstanding (and in the case of Supplemental Indentures involving (a) through (d) above, the Owners of all of the Bonds Outstanding) at the time of the execution of any such Supplemental Indenture have consented to and approved the execution thereof as provided in the General Indenture, no Owner will have any right to object to any of the terms and provisions contained therein, or in the operation thereof, or in any manner to question the propriety of the execution thereof, or to enjoin or restrain the Trustee or the County from executing the same or from taking any action pursuant to the provisions thereof.

DEFAULTS AND REMEDIES

Events of Default. If any of the following events occur, it is defined and deemed an "Event of Default" under the General Indenture:

- (a) A failure to pay the Principal of or premium, if any, on any Bond when the same becomes due and payable, whether at the stated maturity thereof or on proceedings for redemption including sinking fund redemptions;
- (b) A failure to pay any installment of Interest when the same becomes due and payable; and
- (c) A failure by the County to observe and perform any covenant, condition, agreement or provision (other than as described in subsections (a) and (b) above) contained in the Bonds or in the General Indenture on the part of the County to be observed or performed, which failure continues for a period of 30 days after written notice, specifying such failure and requesting that it be remedied, has been given to the County by the Trustee, which may give such notice in its discretion and must give such notice at the written request of Owners of not less than 25% of the aggregate Principal amount of the Bonds, unless the Trustee, or the Trustee and Owners of a Principal amount of Bonds not less than the Principal amount of Bonds the Owners of which requested such notice, as the case may be, agrees in writing to an extension of such period prior to its expiration.

Remedies on Default. On the occurrence and continuance of any Event of Default, the Trustee in its discretion may, and on the written direction of registered owners of not less than a majority in aggregate Principal amount of the Bonds Outstanding and receipt of indemnity to its satisfaction, must, in its own name and as the trustee of an express trust: (i) by mandamus, or other suit, action or proceeding at law or in equity, enforce all rights of the Owners, and require the County or any third party to carry out any agreements with or for the benefit of the Owners and to perform its duties under the General Indenture; (ii) take custody of the Storm Water Management Fund, the Capital Improvement Fund and the Surplus Fund; or (iii) take whatever action at law or in equity may appear necessary or desirable to enforce its rights against the County.

No right or remedy is intended to be exclusive of any other rights or remedies, but each and every such right or remedy will be cumulative and in addition to any other remedy given under the General Indenture or thereafter existing at law or in equity or by statute. If any Event of Default has occurred and if requested by the Owners of a majority in aggregate Principal amount of Bonds Outstanding and indemnified as provided in the General Indenture, the Trustee will be obligated to exercise such one or more of the rights and powers conferred by the General Indenture as the Trustee, being advised by counsel, deems most expedient in the interests of the Owners.

Priority of Payments After Default. If, on the happening and continuance of any Event of Default, the funds held by the Trustee are insufficient for the payment of the Principal or Redemption Price then due of and Interest then due on the Bonds, such funds (other than funds held for the payment of particular Bonds which have theretofore become due at maturity or by redemption) and any other amounts received or collected by the Trustee acting pursuant to the General Indenture, after making provision for the payment of any expenses necessary in the opinion of the Trustee to protect the interest of the Owners and for the payment of the charges and expenses and liabilities incurred and advances made by the Trustee in the performance of its duties under the General Indenture, will be applied, subject to the restrictions contained under the caption "DEFAULT AND REMEDIES--Subordination of Claims for Interest" below, as follows:

FIRST: To the payment to the Persons entitled thereto of all installments of Interest then due in the order of the maturity of such installments, and, if the amounts available are not sufficient to pay in full any installment, then to the payment thereof ratably, according to the amounts due on such installment, to the persons entitled thereto, without any discrimination or preference;

SECOND: To the payment to the Persons entitled thereto of the unpaid Principal or Redemption Price of any Bonds which have become due and, if the amounts available are not sufficient to pay in full all the Bonds due, then to the payment thereof ratably, according to the amounts of Principal or Redemption Price due on such date, to the persons entitled thereto, without any discrimination or preference; and

THIRD: To be held for the payment to the Persons entitled thereto, as the same become due, of the Principal or Redemption Price of and Interest on the Bonds which thereafter become due and, if the amounts available are not sufficient to pay in full all the Bonds due on any date, together with such Interest, payment will be made ratably according to the amount of Principal due on such date to the Persons entitled thereto, without any discrimination or preference.

The setting aside of such moneys in trust for the proper purpose, will constitute proper application by the Trustee, and the Trustee will incur no liability whatsoever to the County, to any Owner or to any other person for any delay in applying such moneys, so long as the Trustee acts with reasonable diligence, having due regard for the circumstances, and ultimately applies the same in accordance with such provisions of the General Indenture. Whenever the Trustee will exercise discretion in applying such moneys, it will fix the date (which must be an Interest Payment Date unless the Trustee deems another date more suitable) on which such application is to be made. The Trustee will not be required to make payment to any Owner unless its Bond is presented to the Trustee for appropriate endorsement or for cancellation if fully paid.

Owners' Right to Direct Proceedings. Anything in the General Indenture to the contrary notwithstanding, the Owners of a majority in aggregate Principal amount of the Bonds Outstanding will have the right, at any time, to the extent permitted by law, by instruments in writing executed and delivered to the Trustee, to direct the time, method and place of conducting all proceedings to be taken in connection with the enforcement of the terms and conditions of the General Indenture, or for the appointment of a receiver, and any other proceedings under the General Indenture; provided that such direction may not be otherwise than in accordance with the provisions of the General Indenture. The Trustee will not be required to act on any direction given to it until the indemnity described in the General Indenture is furnished to it by such Owners.

Limitation on Rights of Owners. No Owner will have any right to institute any suit, action, mandamus or other proceeding in equity or at law under the General Indenture, for the protection or enforcement of any right under the General Indenture unless such Owner has given to the Trustee written notice of the Event of Default or breach of duty on account of which such suit, action or proceeding is to be taken, and unless the Owners of not less than 25% in aggregate Principal amount of the Bonds Outstanding have made written request of the Trustee after the right to exercise such powers or right of action, as the case may be, has accrued, and has afforded the Trustee a reasonable opportunity either to proceed to exercise the powers in the General Indenture granted or granted under the law or to institute such action, suit or proceeding in its name and unless, also, there has been offered to the Trustee reasonable indemnity against the costs, expenses and liabilities to be incurred therein or thereby, and the Trustee has refused or neglected to comply with such request within a reasonable time. Such notification, request and offer of indemnity are by the General Indenture declared in every such case, at the option of the Trustee, to be conditions precedent to the execution of the powers under the General Indenture or for any other remedy under the General Indenture or by law. It is understood and intended that no one or more Owners will have any right in any manner whatever by his or their action to affect, disturb or prejudice the security of the General Indenture, or to enforce any right under the General Indenture or under law with respect to the Bonds or the General Indenture, except in the manner in the General Indenture provided, and that all proceedings at law or in equity must be instituted, had and maintained in the manner in the General Indenture provided and for the benefit of all Owners.

Each Owner by its acceptance of a Bond will be deemed to have agreed that any court in its discretion may require, in any suit for the enforcement of any right or remedy under the General Indenture or any Series Indenture or in any suit against the Trustee for any action taken or omitted by it as Trustee, the filing by any party litigant in such suit of an undertaking to pay the reasonable costs of such suit, and that such court may in its discretion assess reasonable costs, including reasonable pre-trial, trial and appellate attorneys' fees, against any party litigant in any such suit, having due regard to the merits and good faith of the claims or defenses made by such party litigant. The provisions of this paragraph will not apply to any suit instituted by the Trustee, to any suit instituted by Owners of at least 25% in aggregate Principal amount of the Bonds Outstanding, or to any suit instituted by any Owner for the enforcement of the payment of any Bond on or after the respective due date thereof expressed in such Bond.

Notice of Event of Default. The Trustee will give to the Owners and the LGC notice of each Event of Default under the General Indenture known to the Trustee within 90 days after actual knowledge of the occurrence thereof, unless such Event of Default has been remedied or cured before the giving of such notice; provided that, except in the case of default in the payment of the Principal or Redemption Price of or Interest on any of the Bonds, or in the making of any payment required to be made into the Bond Fund, notice will be given immediately after its occurrence.

Subordination of Claims for Interest. No claim for interest appertaining to any of the Bonds which in any way at or after maturity has been transferred or pledged separate and apart from the Bond to which it appertains will, unless accompanied by such Bond, be entitled, in case of an Event of Default under the General Indenture, to any benefit by or from the General Indenture, except after the prior payment in full of the Principal of all of the Bonds then due and of all claims for interest then due not so transferred or pledged.

DEFEASANCE

If the County pays or causes to be paid or is deemed to have paid to the Owner of any Bond the Principal of and Interest due and payable, and thereafter to become due and payable on such Bond, or any portion of such Bond in any integral multiple of the authorized denomination thereof, such Bond or portion thereof will cease to be entitled to any lien, benefit or security under the General Indenture. If the County pays or causes to be paid the Principal of, premium, if any, and Interest due

and payable on all Outstanding Bonds, pays or causes to be paid all other sums payable by the County, including all fees, expenses and other amounts payable to the Trustee and any Paying Agent and all amounts owing to the provider of a Qualified Reserve Fund Substitute, then the right, title and interest of the Trustee in and to the Trust Estate will thereupon cease, terminate and become void.

Any Bond will be deemed to be paid within the meaning of the General Indenture and for all purposes of the General Indenture when (a) payment of the Principal and premium, if any, of such Bond plus Interest thereon to the due date thereof (whether such due date is by reason of maturity or upon redemption) either (i) has been made or caused to be made in accordance with the terms thereof, or (ii) has been provided for by irrevocably depositing with the Trustee in trust and irrevocably set aside exclusively for such payment and, in either case, the Trustee has received verification from an independent certified public accounting firm or other bona fide arbitrage rebate calculating and reporting agent acceptable to the Trustee that the moneys or Federal Securities deposited with the Trustee, together with investment earnings thereon, will be sufficient to pay when due the Principal and premium, if any, of and Interest due and to become due on the Bond on and before the redemption date or maturity date thereof, (1) moneys, sufficient to make such payment or (2) non-callable Federal Securities maturing as to principal and interest in such amount and at such time as will insure the availability of sufficient moneys to make such payment, and (b) all necessary and proper fees, compensation and expenses of the Trustee and any Paying Agent pertaining to the Bonds with respect to which such deposit is made have been paid or the payment thereof provided for to the satisfaction of the Trustee. At such times as a Bond is deemed to be paid under the General Indenture, as aforesaid, such Bond will no longer be secured by or entitled to the benefits of the General Indenture, except for the purposes of any such payment from such moneys or Federal Securities.

Notwithstanding the foregoing paragraph, no deposit under clause (a)(ii) of the immediately preceding paragraph will be deemed a payment of such Bonds as aforesaid until (a) proper notice of redemption of such Bonds has been previously given in accordance with the applicable Series Indenture, or if said Bonds are not to be redeemed within the next 35 days, until the County has given the Trustee, in form satisfactory to the Trustee, irrevocable instructions to notify, as soon as practicable, the Owners of such Bonds in accordance with the applicable Series Indenture, that the deposit required by (a)(ii) above has been made with the Trustee and that said Bonds are deemed to have been paid in accordance with the requirements set forth under this caption "DEFEASANCE" and stating the maturity or redemption date on which moneys are to be available for the payment of the Principal and premium, if any, of said Bonds plus Interest thereon to the due date thereof, or (b) the maturity of such Bonds.

APPENDIX B

APPRAISAL

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FRED H. BECK AND ASSOCIATES
*Real Estate Appraisers
& Consultants*

**SELF-CONTAINED
APPRAISAL REPORT**

The Village at Reynolds Mountain (Proposed)
Both sides of Weaverville Road
Woodfin, Buncombe County, North Carolina 28804

PREPARED FOR

Wachovia Securities
Attn: Ryan Maher, Director
380 Knollwood Street, Suite 620
Winston-Salem, NC 27103

DATE OF REPORT

June 9, 2008

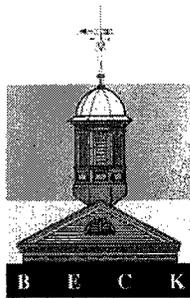
EFFECTIVE DATES OF APPRAISAL

May 2, 2008 "As Is"
August 1, 2008 "Upon Completion of Horizontal Infrastructure of Phase V"

APPRAISED BY

FRED H. BECK & ASSOCIATES, LLC
Fred H. Beck, Jr., MAI, CCIM, MRICS
Charles W. Hicks

8924 Blakeney Professional Drive, Charlotte, North Carolina 28277
Phone: 704.544.4884 / Fax: 704.544.6520 / Website: www.fredhbeck.com



FRED H. BECK AND ASSOCIATES
*Real Estate Appraisers
& Consultants*

June 9, 2008

Wachovia Securities
Attn: Ryan Maher, Director
380 Knollwood Street, Suite 620
Winston-Salem, NC 27103

Reference: The Village at Reynolds Mountain (Proposed)
Both sides of Weaverville Road
Woodfin, Buncombe County, North Carolina 28804

Dear Mr. Maher:

As requested, we have inspected the above mentioned property for the purpose of providing an opinion of its market value. Based on our inspection and analysis of the information obtained, it is our opinion that the market value of the fee simple estate in the subject property "as is" as of May 2, 2008 and the "prospective future value upon completion of infrastructure of Phase V" as of August 1, 2008, is as follows:

VALUE - "AS IS" - PHASE V LAND	\$9,425,000
VALUE - "AS IS" - PHASE VI & VII LAND	\$11,850,000
PROSPECTIVE FUTURE VALUE, "UPON COMPLETION OF INFRASTRUCTURE"	
PHASE V LAND AUGUST 1, 2008	\$25,680,000
PHASE VI LAND 0.96 ACRES AUGUST 1, 2008	\$965,000

These values are based on a marketing time of nine months supported by the data and reasoning set forth in the attached narrative. Your attention is invited to the Assumptions and Limiting Conditions attached and made a part of this report. We certify that we have no present or contemplated future interest in the property appraised and that our fee for this assignment is in no way contingent upon the value estimate supplied.

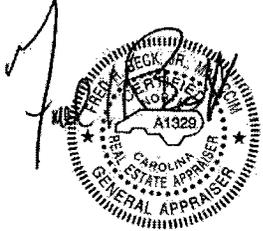
The following report complies with the standards and regulations outlined in Title XI of the Federal Financial Institutions Reform, Recovery, and Enforcement Act of 1989 (FIRREA). In addition, the report conforms to the Office of the Comptroller of the Currency's (OCC) appraisal standards. This includes compliance with the Uniform Standards of Professional Appraisal Practice (USPAP) of the Appraisal Institute as promulgated by the Appraisal Standards Board of the Appraisal Foundation; compliance with USPAP including the ethics and competency provisions.

"Special conditions include (i) this Report may be relied upon by Wachovia Bank National Association (and its successors and assigns) in determining whether to make a mortgage loan and/or a mezzanine loan (collectively, the "Loan") secured by or relating to the property which is the subject of this Report (the "Property"), (ii) this Report may be relied upon by any actual or prospective purchaser, participant, transferee, assignee or servicer (and each of their respective successors and assigns) of all or any portion the Loan, (iii) this Report may be relied upon by any actual or prospective investor (including agent or advisor) in any securities evidencing a beneficial interest in or backed by all or any portion of the Loan; any rating agency actually or prospectively rating any such securities, any indenture trustee; any fellow underwriter; and any institutional providers(s) from time to time of any liquidity facility or credit support for such financings (iv) this Report or a reference to this Report may be included, summarized or quoted in any offering circular, registration statement, prospectus and any other document, and in any medium (including, without limitation, in CD-ROM form) and distributed in connection with a securitization or transaction involving any portion of the Loan and/or such securities, (v) persons who acquire the Loan interest in the Loan may rely on the Report, and (vi) this Report speaks only as of its date in the absence of a specific written update of the Report signed and delivered by Fred H. Beck & Associates, LLC."

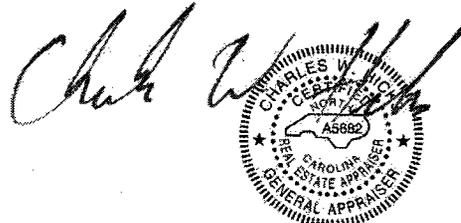
The undersigned hereby acknowledges considerable input, investigation, and analysis by Charles W. Hicks, who contributed to the information set forth in the attached narrative. Thank you for the opportunity to be of service and please let us know if you have any questions.

Respectfully Submitted,

Fred H. Beck & Associates, LLC



Fred H. Beck, Jr., MAI, CCIM, MRICS
State-Certified General Real Estate Appraiser
N.C. Certificate No. A1329



Charles W. Hicks
State-Certified General Real Estate Appraiser
N.C. Certificate No. A5682

CERTIFICATE OF THE APPRAISER

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

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



FRED H. BECK, JR., MAI, CCIM, MRICS

State-Certified General Real Estate Appraiser
N.C. Certificate No. A1329

8924 Blakeney Professional Drive, Charlotte, North Carolina 28277
Phone: 704.544.4884 / Fax: 704.544.6520 / Website: www.fredhbeck.com

CERTIFICATE OF THE APPRAISER

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

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



CHARLES W. HICKS

State-Certified General Real Estate Appraiser
N.C. Certificate No. A5682

SUMMARY OF IMPORTANT FACTS AND CONCLUSIONS
The Village at Reynolds Mountain (Proposed)

Property/Location	Both sides of Weaverville Road, Woodfin, Buncombe County, North Carolina 28804
Property Owner	Reynolds Village Residential Partners, LLC, Reynolds Mountain Partners, LLC, and 127 Weaverville Road, LLC
Date of Report	June 9, 2008
Effective Dates of Appraisal	May 2, 2008 "As Is" and August 1, 2008 "Upon Completion of Horizontal Infrastructure of Phase V"
Property Rights Appraised	Fee Simple
Zoning	Various
Tax Map Reference	Various, please refer to page 1 of the report for detailed parcel numbers.
Land Area	164.67-Acres total. 52.36 acres to Phase V and 112.31 to Phases VI and VII
Present Use	Undeveloped land
Highest and Best Use	Mixed-Use Development (high-density residential and supporting commercial use)
Appraisal Procedures	Cost Approach Development Valuation Analysis

Land Valuation Phase V 52.36 Acres "As Is"	\$9,425,000
Value by Cost Approach Phase V Land	\$21,147,000
Value by Development Valuation Analysis Phase V Land	\$25,680,000
Value by Discounted Cash Flow Analysis Phase VI Shopping Center Lease	\$4,951,000
Land Valuation Phase VI 0.60 Acres	\$496,000
Land Valuation Phase VI 2.04 Acres	\$1,333,000
Land Valuation Phase VI 0.40 Acres	\$307,000
Land Valuation Phase VI 0.96 Acres	\$753,000
Land Valuation Phase VII 100.25 Acres	<u>\$4,010,000</u>
Land Values & Leasehold Value from shopping Center Phases VI & VII	\$11,850,000
Land Valuation Phase VI 0.96 Acres "At Completion of Infrastructure"	\$965,000

VALUE - "AS IS" - PHASE V LAND
\$9,425,000

Value - "As Is" - PHASES VI & VII LAND
\$11,850,000

PROSPECTIVE FUTURE VALUE - "UPON COMPLETION OF INFRASTRUCTURE" - PHASE V LAND
AUGUST 1, 2008
\$25,680,000

PROSPECTIVE FUTURE VALUE - "UPON COMPLETION OF INFRASTRUCTURE" - PHASE VI LAND 0.96 ACRES
AUGUST 1, 2008
\$965,000

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IDENTIFICATION OF THE SUBJECT PROPERTY

The property being appraised within this report is a proposed mixed-use land development located along both sides of Weaverville Road (U.S. Highway 25) within the Town of Woodfin, Buncombe County, North Carolina 28804. The total site size of the entire Reynolds Mountain Development is 164.67 acres. This appraisal will value Phase V of the development "as is" and "Upon Completion of Horizontal Infrastructure." The remaining land, which will be available for future development of Phases VI & VII, will be valued "as is." The tables below will show the tax map numbers, and sizes of each of the parcels within the development. The first table will show Phase V and the second table will show the remaining land for future development.

Phase V	
Parcel Number	Size Acres
9730.08-87-0907	31.15
9730.08-78-7600	8.33
9730.12-76-7375	0.35
9730.12-86-0990	1.54
9730.11-77-2193	9.12
9730.11-67-9134	0.34
9730.07-78-2498	1.04
9730.07-78-3385	0.49
Total Acres	52.36

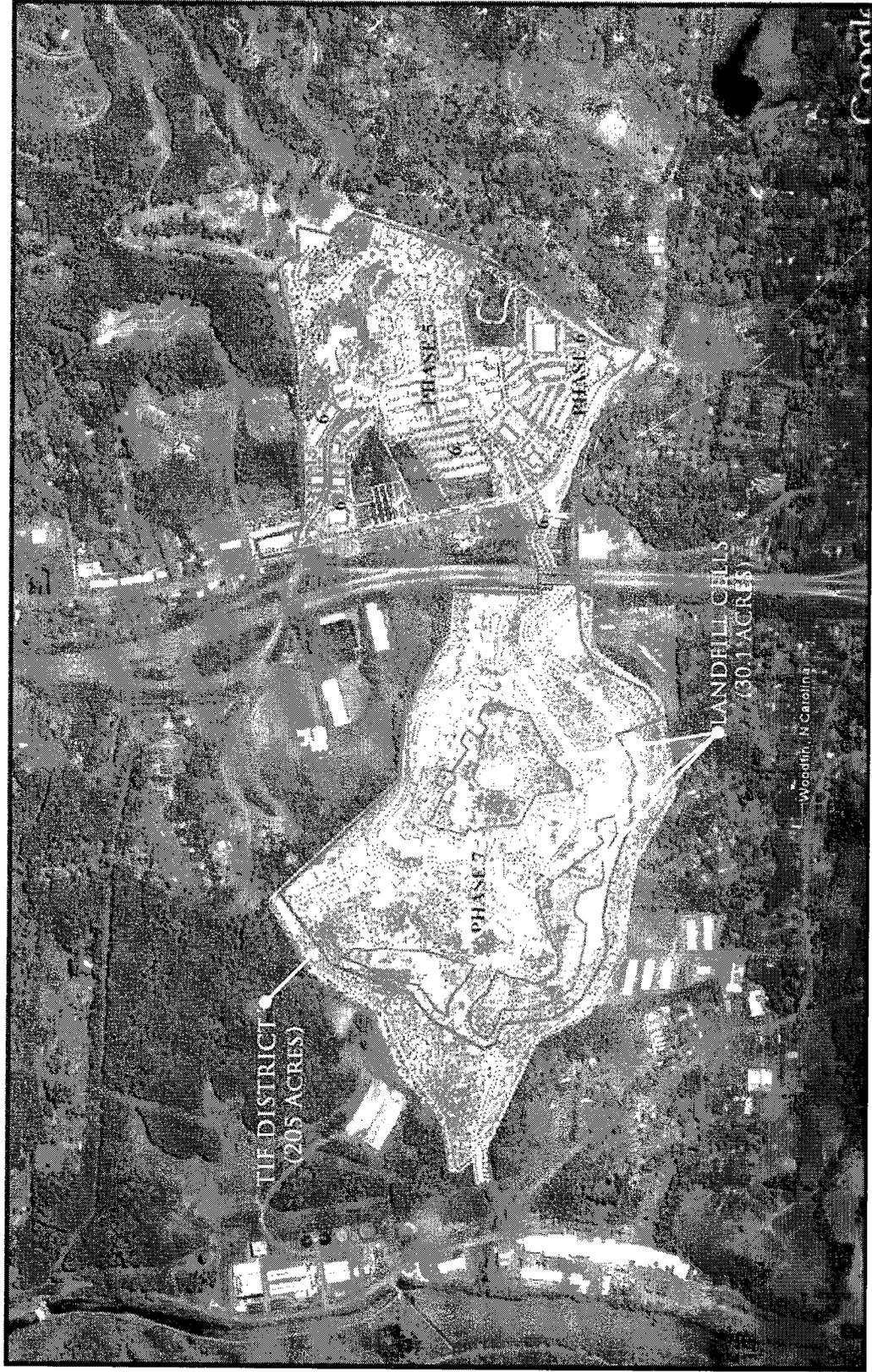
Parcel 9730.11-67-9134 of Phase V has a two-story vacant historical building. The building will be renovated in the future, however, for our analysis, we will provide only a shell value of the building. Phase V has been approved by the Woodfin Zoning Board by a conditional use permit to allow for the construction of 350 residential dwellings. In addition to the residential features of the site, more than 275,000 square feet of retail and office space has been approved to be developed within Phase V. Of this allowed the developer plans to build the equivalent of 234* residential units and also build 183,095 square feet of retail and office space within Phase V. Approximately 25,000 square feet will be office space and the remaining 158,095 square feet will be retail space. Both the proposed residential and commercial space is well within the amount allowed under the zoning conditional use permit.

* The development program for one major building pad in Phase V has not been finalized. Its size and location could accommodate a hotel, condominium project, or a mixed-use project. For purposes of this appraisal, it was assumed that the project would consist of 65 for-sale residential units (which are included in the 234 unit total) having an average end point price of \$497,000 and its effect on subject property's valuation is presented separately.

Remaining Land For Future Development	
Parcel Number	Size Acres
9730.12-76-7811 (Phase VI)	8.06
9730.11-66-8789 (Phase VI)	0.6
9730.07-68-9563 (Phase VI)	2.04
9730.11-66-7976 (Phase VI)	0.4
9730.07-68-5880 (Phase VI)	0.96
9730.10-47-2365 (Phase VII)	100.25
Total Acres	112.31

The remaining land for Phases VI & VII will have a mix of single family and multi-family uses. Some commercial space will also be developed within these two phases. The property being valued within this analysis is proposed to be developed adjoining the Reynolds Mountain master planned residential community. A legal description of the property and the tax maps are included in the Addenda. More detailed information concerning the property is included within this report.

PROJECT PHASING MAP WITH TIF DISTRICT OVERLAY



APPRAISER COMPETENCY

Fred H. Beck, Jr., MAI, CCIM, MRICS, a North Carolina Certified General Appraiser, has been appraising mixed-use land for over 8 years. In the past two years, Fred H. Beck & Associates, LLC, have appraised numerous mixed-use properties in North Carolina and South Carolina. Therefore, we have met the requirements of the USPAP Competency Provision.

INTENDED USE

The intended use of this report is to assist the client, **WACHOVIA SECURITIES**, in bond underwriting, and/or disposition of the asset.

INTENDED USER

The intended user of this report is **WACHOVIA SECURITIES**.

"Special conditions include (i) this Report may be relied upon by Wachovia Bank National Association (and its successors and assigns) in determining whether to make a mortgage loan and/or a mezzanine loan (collectively, the "Loan") secured by or relating to the property which is the subject of this Report (the "Property"), (ii) this Report may be relied upon by any actual or prospective purchaser, participant, transferee, assignee or servicer (and each of their respective successors and assigns) of all or any portion the Loan, (iii) this Report may be relied upon by any actual or prospective investor (including agent or advisor) in any securities evidencing a beneficial interest in or backed by all or any portion of the Loan; any rating agency actually or prospectively rating any such securities, any indenture trustee; any fellow underwriter; and any institutional providers(s) from time to time of any liquidity facility or credit support for such financings (iv) this Report or a reference to this Report may be included, summarized or quoted in any offering circular, registration statement, prospectus and any other document, and in any medium (including, without limitation, in CD-ROM form) and distributed in connection with a securitization or transaction involving any portion of the Loan and/or such securities, (v) persons who acquire the Loan interest in the Loan may rely on the Report, and (vi) this Report speaks only as of its date in the absence of a specific written update of the Report signed and delivered by Fred H. Beck & Associates, LLC."

TYPE OF REPORT

According to the Uniform Standards of Professional Appraisal Practice, Standards Rule 2-2, an appraisal report must be prepared under one of the following three options: Self Contained Appraisal Reports, Summary Appraisal Reports, or Restricted Appraisal Reports. These three report types are described as follows:

SELF-CONTAINED APPRAISAL REPORT

Should contain all information significant to the solution of the appraisal problem. "Describe" is the distinguishing term related to the Self-Contained Appraisal Report.

SUMMARY APPRAISAL REPORT

Should contain a summary of all information significant to the solution of the appraisal problem. "Summarize" is the distinguishing term related to the Summary Appraisal Report.

RESTRICTED APPRAISAL REPORT

Should contain a brief statement of information significant to the solution of the appraisal problem. "State" is the distinguishing term related to the Restricted Appraisal Report.

This report is prepared as a **SELF-CONTAINED APPRAISAL REPORT**.

DEFINITION OF MARKET VALUE

The following definition of market value is approved by the Office of the Comptroller of the Currency of the United States of America, Chapter 12, Code of Federal Regulation, Part 34.42 (f). Market Value is defined as:

"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:

1. Buyer and seller are typically motivated;
2. both parties are well informed or well advised and acting in what they consider their own best interests;
3. a reasonable time is allowed for exposure in the open market;
4. payment is made in terms of cash in U.S. dollars or in terms of financial arrangements comparable thereto; and
5. the price represents the normal consideration for the property sold unaffected by special or creative financing or sales concessions granted by anyone associated with the sale."

PROPERTY RIGHTS APPRAISED

There are three primary types of property rights, which may be appraised. They are Fee Simple Estate, Leased Fee Estate, and Leasehold Estate. They are defined as follows:

FEE SIMPLE ESTATE

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

LEASED FEE ESTATE

An ownership interest held by a landlord with the rights of use and occupancy conveyed by lease to others. The rights of the lessor (the leased fee owner) and the leased fee are specified by contract terms contained within the lease.

LEASEHOLD ESTATE

The interest held by the lessee (the tenant or renter) through a lease conveying the rights of use and occupancy for a states term under certain conditions.

In this report, we have been asked to provide an opinion of value of the **FEE SIMPLE ESTATE** in the real property "As Is" as of May 2, 2008 for Phase V and Phases VI and VII and "Upon Completion of Horizontal Infrastructure of Phase V" as of August 1, 2008.

VALUES ESTIMATED

Values are typically estimated on the basis of one or more of the following situation.

Market Value "As Is" on the Appraisal Date: Market Value "As Is" on the appraisal date is an estimate of the market value of a property in the condition observed upon inspection and as it physically and legally exists without hypothetical conditions, assumptions or qualifications as of the date the appraisal is prepared.

Prospective Future Value Upon Completion of Construction: Prospective future value "upon completion" of construction is the prospective future value of a property on the date that construction, conversion or rehabilitation is completed, based upon market conditions forecast to exist as of that completion date. The value estimate at this stage of value should be stated in current dollars as of a current date.

Prospective Future Value Upon Reaching Stabilized Occupancy: Prospective future value "upon reaching stabilized occupancy" is the prospective future value of a property when all improvements have been physically constructed and the property has been leased to its optimum level of long-term occupancy at the market rent level. The value estimate at this stage of value should be stated in current dollars as of a current date.

In this report, the opinion of value for the subject property is appraised on the basis of **MARKET VALUE "AS IS"** and **"PROSPECTIVE FUTURE VALUE UPON COMPLETION OF HORIZONTAL INFRASTRUCTURE."**

LEGAL CONSTRAINTS

The property is subject to the provisions of the Town of Woodfin Zoning Ordinance. According to the Town of Woodfin Zoning Department, the sites are zoned for mixed use development and include C-S, Community Shopping District, MV, Mountain Village District, and R-43, Residential District. Phase V is all zoned C-S, with a small portion being zoned R-43. All the property to the west side of Weaverville Road is zoned MV. Based on our investigation, there appeared to be no other legal constraints, which would impact the value or marketability of the subject property.

INSPECTION OF THE PROPERTY

The subject property was inspected on May 2, 2008. Photographs were taken at that time.

DATE OF REPORT

The date of this report is June 9, 2008.

EFFECTIVE DATES OF THE APPRAISAL

The effective dates of value are May 2, 2008 "**AS IS**" and August 1, 2008 "**UPON COMPLETION OF HORIZONTAL INFRASTRUCTURE FOR PHASE V.**"

STATEMENT OF OWNERSHIP

According to the Buncombe County public records, the property appraised in this report is held in the ownership names as shown in the following tables.

HISTORY OF PROPERTY

The title to the subject undeveloped land is currently held in the name of the entity detailed in the preceding section, which the same entity as Reynolds Mountain Partners, LLC, is both having the same corporate charter, except with respect to parcel number 9730.12-76-7811, which is controlled by Reynolds Mountain Partners, LLC pursuant to an 75 year lease, which ends on June 2083. The details of the recent transfers are also presented in the following chart.

Phase V							
Parcel Number	Size Acres	Deed Book/Page	Grantor	Grantee	Sale Date	Sale Price	
9730.08-87-0907	31.15	4202/537	Bradley S. Rachman & Kirk C. Boone	Reynolds Village Residential Partners, LLC	3/14/2006	\$0.00	
9730.08-78-7600	8.33	4202/537	Bradley S. Rachman & Kirk C. Boone	Reynolds Village Residential Partners, LLC	3/14/2006	\$0.00	
9730.12-76-7375	0.35	4202/537	Bradley S. Rachman & Kirk C. Boone	Reynolds Village Residential Partners, LLC	3/14/2006	\$0.00	
9730.12-86-0990	1.54	4202/537	Bradley S. Rachman & Kirk C. Boone	Reynolds Village Residential Partners, LLC	3/14/2006	\$0.00	
9730.11-77-2193	9.12	4202/537	Bradley S. Rachman & Kirk C. Boone	Reynolds Village Residential Partners, LLC	3/14/2006	\$0.00	
9730.11-67-9134	0.34	4253/1340	WM Holcombe	Reynolds Mountain Partners, LLC	7/14/2006	\$475,000	
9730.07-78-2498	1.04	4399/1187	Beverly J. Lankford, Sally J. Barnett, & David W. Gosnell	Reynolds Mountain Partners, LLC	5/4/2007	\$500,000	
9730.07-78-3385	0.49	4382/1576	John H. and David W. Gosnell	Reynolds Mountain Partners, LLC	3/30/2007	\$220,000	
Total Acres	52.36						

Remaining Land For Future Development							
Parcel Number	Size Acres	Deed Book/Page	Grantor	Grantee	Sale Date	Sale Price	
9730.12-76-7811	8.06	2295/711	Various	LG Enterprises, LLC	6/22/2000	\$0.00	
9730.11-66-8789	0.6	4382/1293	Charles D. Wilson	Reynolds Mountain Partners, LLC	3/30/2007	\$750,000	
9730.07-68-9563	2.04	4484/1999	PMHB, LLC	Reynolds Mountain Partners, LLC	11/5/2007	\$1,300,000	
9730.11-66-7976	0.4	4539/620	Jeanette S. Ray	Reynolds Mountain Partners, LLC	3/28/2008	\$308,800	
9730.10-47-2365	100.25	4382/1579	Town of Woodfin	Reynolds Mountain Partners, LLC	3/30/2007	\$2,300,000	
9730.07-68-5880	0.96	4459/432	Thomas C. Lackey	127 Weaverville Road, LLC	9/6/2007	\$1,305,000	
Total Acres	112.31						

SCOPE OF THE APPRAISAL

The 2006 edition of Uniform Standards of Professional Appraisal Practice (USPAP) reflects extensive changes resulting from the Appraisal Standards Board's examination of the proper role of the scope of work and departure concepts in the appraisal process. The primary changes from previous practice are the elimination of the Departure Rule and the introduction of the Scope of Work Rule. By eliminating the Departure Rule, related terms such as related terms Binding Requirement, Specific Requirement, Complete Appraisal, and Limited Appraisal were also eliminated. The most visible change in appraisal practice is the discontinued use of "Complete" and "Limited" to describe the appraisal process.

The term **SCOPE OF WORK** is defined as "the type and extent of research and analyses in an assignment."[†] The Scope of Work Rule does not introduce new requirements. The change is instead a matter of emphasis. The process of problem identification and development of an appropriate scope of work, both previously existing USPAP requirements, are more heavily emphasized in the Scope of Work Rule. The intent is to simplify the understanding of the development process. Greater emphasis is placed on scope of work disclosure to provide the intended users with an understanding of the actions of the appraiser to arrive at the assignment conclusions. The **SCOPE OF WORK RULE** states that for each assignment, the appraiser must (1) identify the problem to be solved; (2) determine and perform the scope of work necessary to develop credible assignment results; and (3) disclose the scope of work in the report.[‡]

The first step is to **identify the problem to be solved**. Proper identification of the appraisal problem, which is necessary to determine the appropriate scope of work, requires the appraiser to identify the following assignment elements:

- client and any other intended users;
- intended use of the appraiser's opinions and conclusions;
- type and definition of value;
- effective date of the appraiser's opinions and conclusions;
- subject of the assignment and its relevant characteristics; and
- assignment conditions (assumptions, extraordinary assumptions, hypothetical conditions, etc.)

This information provides the appraiser with the basis for determining the type and extent of research and analyses to include in the development of an appraisal.

[†] *Uniform Standards of Professional Appraisal Practice and Advisory Opinions* (2006 ed.). Washington, DC: The Appraisal Foundation. 2006. Page 4, Line 144.

[‡] *Uniform Standards of Professional Appraisal Practice and Advisory Opinions* (2006 ed.). Washington, DC: The Appraisal Foundation. 2006. Page 12, Lines 382-387.

Based on the appraisal problem to be solved, the next step is to **determine and perform the scope of work necessary to develop credible assignment results**. The scope of work must include the research and analyses that are necessary to develop credible assignment results. Scope of work includes, but is not limited to:

- ❑ the extent to which the property is identified;
- ❑ the extent to which tangible property is inspected;
- ❑ the type and extent of data researched; and
- ❑ the type and extent of analyses applied to arrive at opinions or conclusions.

The credibility of assignment results is always measured in the context of the intended use. Credible results require support by relevant evidence and logic; assignment conditions may not limit the scope of work to such a degree that the assignment results are not credible in the context of the intended use. Furthermore, the act of determining the scope of work is an ongoing process in an assignment and information or conditions discovered during the assignment might require that the appraiser reconsider the scope of work.

The final step is to **disclose the scope of work in the report**. The appraisal report must contain sufficient information to allow intended users to understand the scope of work performed. Sufficient information includes disclosure of research and analyses performed and may include disclosure of research and analyses not performed. Again, USPAP places greater emphasis on scope of work disclosure to provide the intended users with an understanding of the specific actions taken to arrive at the assignment conclusions.

GENERAL SCOPE OF WORK

The following steps were completed for this assignment:

1. We identified the subject;
2. We understood and clearly stated the intended use and user of the report;
3. We applied appropriate appraisal methodology in accordance with USPAP;
4. We analyzed the comparable data to arrive at a probable range of value via each approach utilized;
5. We reconciled the results of each approach into a credible final opinion of value, as defined herein; and
6. We estimated a reasonable exposure time and marketing time associated with the value opinion.

AREA AND NEIGHBORHOOD ANALYSIS

An inspection of the surrounding residential and commercial area and neighborhood was conducted on May 2, 2008. Information on the surrounding area was obtained from various publications, our files, and discussions with real estate professionals familiar with the area.

SITE DESCRIPTION AND ANALYSIS

The site was inspected on the same above-mentioned dates. In addition to an inspection of the premises, tax and legal descriptions were also researched at this time, and dates previous to and subsequent to this date. Photographs were taken on May 2, 2008. In process of completing this appraisal report, a survey and legal descriptions of the assembled properties being valued were researched. We relied on the survey in determining the total area of the undeveloped property. We were provided with a development site plan and a phased construction budget, which detailed the current acreages and planned developments on the various phases of the proposed development. We relied on the information presented in the determination of the areas to be included in the various development components. We assume that the areas to be developed are accurate. Should plans for development change, the conclusions rendered herein could require reanalysis.

IMPROVEMENT DESCRIPTION AND ANALYSIS

All development infrastructure anticipated to be established with regard to the proposed mixed-use land development, were gleaned from information presented for our consideration, provided by the developer, and our knowledge regarding the requirements of this type development. Should the costs change, the conclusions rendered herein could require reanalysis.

COST APPROACH

An investigation of land sales of similar type properties throughout the subject neighborhood and Buncombe County was conducted. Land sales were obtained from several sources to include the Buncombe County Tax Department and local real estate offices. Budgeted subdivision development costs were provided by the developer of the subject property and compared to subdivision development costs of other comparable developments.

DEVELOPMENT VALUATION METHOD

This method combines both the Income and Sales Comparison Approaches. In this technique, the retail value of the individual condominium units is estimated based on comparable properties and pre-sold units at the subject property. Additional market information is used to document absorption of the units. Expenses incurred after completion of construction during the sellout process are deducted from sales revenues. The resulting net income stream is discounted to a present value.

SALES COMPARISON APPROACH (LAND ONLY)

We are to value the subject using the most comparable land sales within the subject's neighborhood and in similar locations in Buncombe County. Sources for land sales include the respective tax assessor's offices, public records, information contained in our files, and real estate brokers.

EXTRAORDINARY ASSUMPTIONS

Please refer to the typical Assumptions and Limiting Conditions in the Addenda for further clarification of the conditions significant to this assignment.

HYPOTHETICAL CONDITIONS

There are no hypothetical conditions in this assignment.

SUPPLEMENTAL STANDARDS

Our firm has a master agreement and an executed engagement letter from the client, a copy of which is provided in the addenda of this report.

JURISDICTIONAL EXCEPTIONS

There are no jurisdictional exceptions in this assignment.

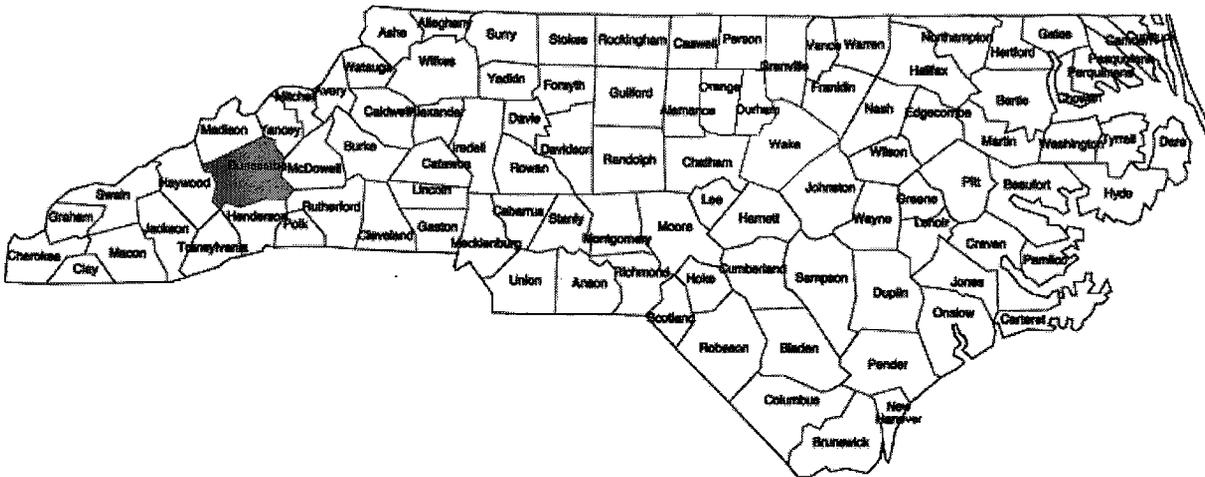
METROPOLITAN PROFILE ASHEVILLE AND BUNCOMBE COUNTY, NORTH CAROLINA

INTRODUCTION

The value of real property is directly related to historic, economic, demographic, and political forces within its metropolitan area. Those forces are analyzed by the appraiser and used in determining appreciation (or depreciation), highest and best use, reconciliation to the three approaches, and the final value estimate. The following narrative is provided to illustrate the metropolitan components of the market, which influence property values.

LOCATION

The Town of Woodfin, the City of Asheville, and Buncombe County are located in western North Carolina in the Appalachian Mountains. In this area of the mountain range, they are referred to as the Blue Ridge Mountains. The county is bounded by Henderson, Haywood, Madison (which together with Buncombe County, comprise the Asheville Metropolitan Statistical Area), McDowell, and Yancey Counties. Buncombe County was named after Colonel Edward Buncombe (1742-1778), a Revolutionary soldier. The county is comprised of 656.6 square miles of land area. The City of Asheville is the county seat of Buncombe County. Asheville is 240 miles west of the state capital of Raleigh, 115 miles northwest of the City of Charlotte, 113 miles east of the City of Knoxville, TN, and 204 miles northeast of the City of Atlanta, GA.



POPULATION

The following statistics at the town and county levels are available through Clarita's, Inc. Projections are based upon the 2000 census and are applied to an urban growth simulation model.

Historical & projected population statistics are summarized as follows:

AREA POPULATION STATISTICS							
Area	Census 1990	Census 2000	Annual Change	Estimate 2008	Annual Change	Projection 2013	Annual Change
Town of Woodfin, N.C.	2,979	3,162	0.6%	3,364	0.8%	3,507	0.8%
City of Asheville, N.C.	65,637	68,889	0.5%	70,962	0.4%	72,865	0.5%
Buncombe County, N.C.	174,362	206,330	1.7%	226,674	1.2%	239,990	1.1%
Asheville, N.C. MSA	308,013	369,171	1.8%	405,691	1.2%	429,133	1.1%
Haywood County, N.C.	46,954	54,033	1.4%	56,945	0.7%	58,641	0.6%
Henderson County, N.C.	69,744	89,173	2.5%	101,523	1.6%	109,383	1.5%
Madison County, N.C.	16,953	19,635	1.5%	20,549	0.6%	21,119	0.5%
McDowell County, N.C.	35,681	42,151	1.7%	43,693	0.5%	44,582	0.4%

Source: Claritas, Inc.

The chart details the trend in population for the region from 1990 to 2008 and projections between 2008 and 2013. Between 1990 and 2000, the local population of the Town of Woodfin experienced an annual increase of 0.6% and an annual increase of 0.5% and 1.7% within the City of Asheville and Buncombe County respectively. Between 2000 and 2008, each data set showed continued increases in population with the largest increase occurring within Henderson County, followed by Buncombe County and the Asheville, MSA. The population trends exhibited over the last seven years is projected to continue over the next five years, at a similar rate for each data set. The next five years forecast figures of 0.8% per year for the Town of Woodfin, 0.5% per year for the City of Asheville, and 1.1% for Buncombe County and Asheville, NC MSA.

HOUSEHOLDS

The following housing statistics are available through Clarita's, Inc. Again, projections are based upon the 2000 census and are applied to an urban growth simulation model. Historical household statistics for the area are summarized as follows:

AREA HOUSEHOLD STATISTICS							
Area	Census 1990	Census 2000	Annual Change	Estimate 2008	Annual Change	Projection 2013	Annual Change
Town of Woodfin, N.C.	1,302	1,394	0.7%	1,516	1.1%	1,602	1.1%
City of Asheville, N.C.	28,659	30,690	0.7%	32,046	0.5%	33,208	0.7%
Buncombe County, N.C.	70,625	85,776	2.0%	95,514	1.4%	102,004	1.3%
Asheville, N.C. MSA	125,215	154,290	2.1%	172,533	1.4%	184,458	1.3%
Haywood County, N.C.	19,216	23,100	1.9%	24,977	1.0%	26,083	0.9%
Henderson County, N.C.	28,886	37,414	2.6%	43,407	1.9%	47,338	1.7%
Madison County, N.C.	6,488	8,000	2.1%	8,635	1.0%	9,033	0.9%
McDowell County, N.C.	13,680	16,604	2.0%	17,588	0.7%	18,156	0.6%

Source: Claritas, Inc.

The previous discussion of area population trends is also applicable to the historical and projected household trends. Historically, the numbers of households within each area increased significantly between 1990 and 2000, with significant but slightly lower rates of increase between 2000 and 2008. The Town of Woodfin shows an annual increase of 1.1%, Asheville shows an annual increase of 0.5%, and Buncombe County and Asheville, NC, MSA show an annual increase of 1.4% respectively from 2000 to 2008. Clarita's, Inc., projects an increase in the number of households in each region over the next five years.

INCOME TRENDS

2008 income statistics for the area are summarized in the table below.

2008 INCOME STATISTICS			
Area	Average Household	Median Household	Per Capita
Town of Woodfin, N.C.	\$43,752	\$32,275	\$20,701
City of Asheville, N.C.	\$51,016	\$37,782	\$23,452
Buncombe County, N.C.	\$55,939	\$42,588	\$23,906
Asheville, N.C. MSA	\$54,444	\$41,886	\$23,537
Haywood County, N.C.	\$49,848	\$39,580	\$22,121
Henderson County, N.C.	\$55,679	\$42,883	\$24,343
Madison County, N.C.	\$44,993	\$35,909	\$19,403
McDowell County, N.C.	\$44,196	\$35,729	\$18,040
Source: Claritas, Inc.			

Growth rates have been near the annual rates of inflation during this time. Median household income, which is the most common item of comparison, indicates a moderate to middle-income community for each selected area.

RETAIL SALES

The chart on the following page shows the historical gross retail sales for fiscal years 2000/01 to 2006-07 (July 1 – June 30) for the City of Asheville and Buncombe County.

GROSS RETAIL SALES		
Fiscal Year	City of Asheville	Buncombe County
2000-2001	\$2,503,372,346	\$3,385,178,057
2001-2002	\$2,543,012,573	\$3,431,308,897
2002-2003	\$2,511,904,302	\$3,429,967,246
2003-2004	\$2,686,034,592	\$3,648,143,729
2004-2005	\$3,066,748,907	\$4,123,101,836
2005-2006	\$2,283,135,332	\$2,966,135,312
2006-2007	\$2,560,472,315	\$3,336,213,094

Source: NC Department of revenue

Retail sales grew consistently from year 2000-01 through year 2004-05 in the City of Asheville, NC and Buncombe County, NC. Asheville and Buncombe County have consistently grown but dropped 2005-06. However, the drop was due to a reporting change. The information reported on the monthly sales and use tax report has changed as of the July 2005 report. Previously, from 2000 to 2005, the table above had reported gross collections and **gross retail sales**. The monthly reports, beginning in the fiscal year 2005-06, now show gross collections and **taxable sales**.

ECONOMY

Based on a demographic analysis of data compiled through Clarita's, Inc., employment figures for Asheville and Buncombe County are detailed on the following tables and analyzed in the following discussions. The figures for 2008 are estimated.

EMPLOYMENT TRENDS						
Employed Population Age 16+	Asheville			Buncombe County		
	2000	2008	Change	2000	2008	Change
Totals	32,757	33,577	2.50%	100,924	112,011	10.99%

Source: Clarita's, Inc.

2008 EMPLOYMENT STATISTICS

The following current estimated employment statistics were obtained from Clarita's, Inc.

ESTIMATED 2008 EMPLOYMENT STATISTICS				
Description	City of Asheville, N.C.		Buncombe County, N.C.	
	Total	% Tot	Total	% Tot
OVERALL CLASSIFICATION				
For-Profit Private Workers	22,974	68.4%	78,436	70.0%
Non-Profit Private Workers	3,048	9.1%	9,246	8.3%
Local Government Workers	1,854	5.5%	5,918	5.3%
State Government Workers	2,101	6.3%	6,297	5.6%
Federal Government Workers	828	2.5%	2,804	2.5%
Self-Employed Workers	2,709	8.1%	9,060	8.1%
Unpaid Family Workers	63	0.2%	250	0.2%
Total Employment	33,577	100.0%	112,011	100.0%
INDUSTRY CLASSIFICATION				
Management, Business, & Financial Operations	3,833	11.4%	12,950	11.6%
Professional and Related Occupations	7,776	23.2%	22,903	20.4%
Service Industries	5,909	17.6%	17,257	15.4%
Sales and Office	8,734	26.0%	28,632	25.6%
Farming, Fishing, and Forestry	117	0.3%	345	0.3%
Construction, Extraction, and Maintenance	2,818	8.4%	11,266	10.1%
Production, Transportation, & Material Moving	4,390	13.1%	18,658	16.7%
Total Employment	33,577	100.0%	112,011	100.0%
Source: Claritas, Inc.				

Over the past decade, the US economy has undergone a major shift from a manufacturing-focused economy to a service-oriented one. As a result of this change, the Bureau of Labor Statistics (BLS) of the US Department of Labor has mandated the nationwide implementation of a new industry classification system, the North American Industry Classification System (NAICS), to replace the old system, the Standard Industrial Classification (SIC) system. The following table details the 3rd Quarter 2007 annual average employments within Buncombe County, divided into each employment by sector with their average weekly wages for Buncombe County, NC and the State of North Carolina.

EMPLOYMENT & WAGES, BY SECTOR (3rd QUARTER 2007)

Industry Description	BUNCOMBE COUNTY			NORTH CAROLINA		
	Average Employ.	% Total	Avg. Wkly Wage	Average Employ.	% Total	Avg. Wkly Wage
Total All Industries	116,304	100.0%	\$647	3,980,819	100.0%	\$777
Total Government	11,720	10.1%	N/A	658,669	16.5%	\$869
Total Private Industry	101,584	87.3%	\$620	3,322,142	83.5%	\$784
Agriculture, Forestry, Fishing, & Hunting	204	0.2%	\$420	25,914	0.7%	\$558
Mining	99	0.1%	\$815	3,792	0.1%	\$1,616
Utilities	469	0.4%	\$1,110	15,112	0.4%	\$1,717
Construction	7,171	6.2%	\$698	248,293	6.2%	\$708
Manufacturing	12,338	10.6%	\$834	542,361	13.6%	\$947
Wholesale Trade	3,840	3.3%	\$774	178,861	4.5%	\$1,098
Retail Trade	14,835	12.8%	\$453	459,069	11.5%	\$462
Transportation & Warehousing	3,922	3.4%	\$716	118,168	3.0%	\$704
Information	1,671	1.4%	\$783	73,616	1.8%	\$1,187
Finance & Insurance	2,750	2.4%	\$1,027	152,004	3.8%	\$1,999
Real Estate and Rental & Leasing	1,445	1.2%	\$615	51,300	1.3%	\$738
Professional & Technical Services	4,681	4.0%	\$890	184,068	4.6%	\$1,093
Management of Companies and Enterprises	726	0.6%	\$979	69,688	1.8%	\$2,131
Administrative & Waste Services	7,504	6.5%	\$432	236,530	5.9%	\$507
Educational Services	7,372	6.3%	\$677	373,711	9.4%	\$689
Health Care & Social Assistance	20,881	18.0%	\$812	520,646	13.1%	\$702
Arts, Entertainment, & Recreation	2,363	2.0%	\$499	49,150	1.2%	\$552
Accommodation & Food Services	14,791	12.7%	\$298	328,825	8.3%	\$258
Other Services Ex. Public Administration	3,117	2.7%	\$446	101,081	2.5%	\$476
Public Administration	5,647	4.9%	\$786	224,432	5.6%	\$759
Unclassified	447	0.4%	\$639	24,190	0.6%	\$617

Source: North Carolina Department of Commerce/Tourism

As shown on the exhibit, historical trends for all areas surveyed indicate relatively high level or private sector employment opportunities, with the largest represented categories being health care & social assistance, and retail trade related occupations. Over the past several years these categories have retained their prominence.

LABOR FORCE

The following table shows employment growth and unemployment rates for the last eleven years (averages for the year), and for February 2008 for City of Asheville, Buncombe County, Asheville MSA, and the State of North Carolina.

AREA LABOR FORCE STATISTICS												
Annual Average of Year:	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	Feb. 2008
City of Asheville, N.C.												
Total Civilian Labor Force	N/A	N/A	N/A	N/A	N/A	36,216	36,830	36,994	37,036	37,850	37,940	37,875
Total Employment	N/A	N/A	N/A	N/A	N/A	33,866	34,574	34,951	35,508	36,530	36,663	36,279
Total Unemployment	N/A	N/A	N/A	N/A	N/A	2,350	2,256	2,043	1,528	1,320	1,277	1,596
Unemployment Rate	N/A	N/A	N/A	N/A	N/A	6.5%	6.1%	5.5%	4.1%	3.5%	3.4%	4.2%
Buncombe County, N.C.												
Total Civilian Labor Force	105,318	105,360	105,079	107,642	108,700	111,054	113,031	113,696	115,725	119,180	119,352	119,231
Total Employment	102,243	102,521	102,654	104,252	103,980	105,436	107,638	108,812	110,700	114,730	115,146	113,942
Total Unemployment	3,075	2,839	2,425	3,390	4,720	5,618	5,393	4,884	5,025	4,450	4,206	5,289
Unemployment Rate	2.9%	2.7%	2.3%	3.1%	4.3%	5.1%	4.8%	4.3%	4.3%	3.7%	3.5%	4.4%
Asheville, N.C., MSA												
Total Civilian Labor Force	177,591	177,225	178,235	185,076	187,620	191,857	194,946	196,017	199,315	204,894	205,323	205,264
Total Employment	172,093	171,557	173,590	179,045	178,990	181,635	185,380	187,479	190,625	197,215	197,930	195,860
Total Unemployment	5,498	5,668	4,645	6,031	8,630	10,222	9,566	8,538	8,690	7,679	7,393	9,404
Unemployment Rate	3.1%	3.2%	2.6%	3.3%	4.6%	5.3%	4.9%	4.4%	4.4%	3.7%	3.6%	4.6%
STATE & NATIONAL RATES												
North Carolina	3.9%	3.5%	3.3%	3.7%	5.6%	6.6%	6.5%	5.5%	5.3%	4.7%	4.7%	5.4%
United States	4.9%	4.5%	4.2%	4.0%	4.7%	5.8%	6.0%	5.5%	5.1%	4.6%	4.6%	5.2%

Source: NC Employment Security Commission & US Bureau of Labor Statistics

As shown above, the unemployment rates in Buncombe County have remained lower than those for the State of North Carolina over the past eleven years and for February 2008. The employment growth in the area is led by the strong healthcare industry, rebounding tourism, emerging professional services, a strong housing market, and stable population growth. Over the last five years the health services sector alone has created twice as many jobs as any other industry sector. According to the Asheville Convention and Visitors Bureau, hotel/motel sales are up 11% for the year. Similar to the statewide decline, the Asheville MSA manufacturing employment has decreased 22% over the last five years. According to the Asheville Metro Business Research Center, the decline in manufacturing employment has slowed down significantly and the industry is expected reverse this trend and stabilize in the near future with a global economic turnaround increasing demand for transportation and machinery.

Buncombe County has experienced 132 reported closings affecting 8,467 people and 52 reported layoffs affecting 2,527 people since 1990 to the present. The following table illustrates the reported closing and layoffs in Buncombe County since 1990:

INDUSTRY

Although agricultural activities still play an important role in the county, the area is continuing to diversify its economic base with the predominant industry being health care, manufacturing, and retail trades. The major employers in Buncombe County are detailed in following table.

LARGEST EMPLOYERS BUNCOMBE COUNTY, NC		
Company	Product/Service	Employees
Mission Health & Hospitals	Hospitals	3,000 +
Buncombe County Public Schools	Educational Services	3,000 +
Ingles Markets, Inc. (Home Office)	Food & Beverage Stores	3,000 +
Buncombe County Government	Government	1,000 - 2,999
The Biltmore Company	Museums, Historical Sites, & Similar Institutions	1,000 - 2,999
VA Medical Center -Asheville	Hospitals	1,000 - 2,999
The Grove Park Inn Resort & Spa	Accommodation	1,000 - 2,999
CarePartners	Nursing & Residential Care Facilities	750 - 999
BorgWarner Turbo & Emissions Systems	Transportation Equipment Manufacturing	750 - 999
Sonopress, LLC	Computer & Electronic Product Manufacturing.	750 - 999
Wal-Mart Stores, Inc.	General Merchandise Stores	750 - 999
Asheville City Schools	Educational Services	500 - 749
University of North Carolina at Asheville	Educational Services	500 - 749
Eaton Corporation - Electrical Division	Electrical Equipment	500 - 749
Thermo Fisher Scientific, Inc.	Machinery Manufacturing	500 - 749
MB Hayes Corp.	Construction of Buildings	500 - 749
Sitel	Administrative & Support Services	400 - 499
Black Mountain Center	Nursing & Residential Care Facilities	400 - 499
McDonald's Corp. - Corporate Office	Food & Beverage Stores	400 - 499
Asheville - Buncombe County Tech Community College	Educational Services	400 - 499
Protocol Services, Inc.	Computer & Electronic Product Manufacturing	300 - 399
Kearfott Guidance & Navigation Corp.	Computer & Electronic Product Manufacturing	300 - 399
Unison Engine Components	Transportation Equipment Manufacturing	300 - 399
NC DOT (Buncombe County)	Administration of Economic Programs	300 - 399
Burger King Restaurants (Carrols Corp.)	Food & Beverage Stores	300 - 399
Taylor & Murphy Construction Company, Inc.	Heavy & Civil Engineering Construction	300 - 399
APAC-Atlantic, Inc.	Petroleum & Coal Products Manufacturing	300 - 399

Source: Buncombe County Economic & Development Board

We have spoken with Matt Stone of the Buncombe County Building and Inspections Department. Mr. Stone has provided us with historical data on the number of permits issued for Buncombe County. We have researched the building permits issued for Buncombe County from 2001 to 2007.

This table includes a total of permits issued for single-family residential and multi-family residential.

BUNCOMBE COUNTY BUILDING PERMITS FOR CALENDAR YEARS 2001 THROUGH 2007								
Building Permits	2001	2002	2003	2004	2005	2006	2007	Total
New Residential	946	1,045	1,179	1,298	1,547	1,307	1,046	8,368
New Mobile Homes	615	672	505	409	405	360	389	3,355
Residential - Additions / Renovations	408	434	416	413	489	538	622	3,320
New Commercial	109	128	73	127	101	109	102	749
Commercial - Additions / Renovations	131	145	130	129	177	155	166	1,033
Multi-family - Buildings	63	81	29	11	26	92	91	393
Multi-family - # of units	189	527	138	260	257	303	287	1,961

Source: Buncombe County Building & Inspections Department

The total multi-family permits issued since 2001 were 1,961 units in Buncombe County. As of March 2008, Buncombe County had issued permits on approximately 11 multi-family units. We were not provided with these statistics for the City of Asheville, NC.

EDUCATION

The Asheville area provides an array of educational opportunities as shown in the following table:

PUBLIC SCHOOLS FOR ASHEVILLE, BUNCOMBE COUNTY, & SURROUNDING COUNTIES					
Public Schools	Asheville	Buncombe County	Haywood County	Henderson County	Madison County
Elementary	6	23	12	16	5
Secondary	2	9	3	4	2
Combined	1	0	0	1	0
Student Enrollment (06-07)	3,825	25,828	7,977	13,161	2,674

Source: NC Public Schools Statistical Profile, 2006

According to the North Carolina Directory of Non-Public Schools, there are 12 independent and 21 religious schools in Buncombe County. Two-year colleges in the area are Asheville Buncombe Technical Community College and four-year colleges include:

- University of North Carolina Asheville
- Warren Wilson College
- Montreat College
- Western Carolina University
- Appalachian State University
- Mars Hill College
- Brevard College

The University of North Carolina Asheville is located 4 miles south of the subject site.

TRANSPORTATION

The Asheville area has a good transportation network and can readily reach most markets in the eastern part of the United States within one day. It includes U.S. Highways 19/23, 25, 25A, 70 and 74. Interstate highways include I-40, I-26, and I-240. I-40 provides access to areas east of Asheville to Wilmington in the eastern portion of North Carolina, and west to Tennessee and Arkansas. I-26 provides access to areas south of Asheville to the cities of Spartanburg, Columbia, and Charleston, South Carolina. The area is also served by the Asheville Regional Airport, which includes American Eagle, Conair, US Airways, and Midway Connection. There are over 40 motor freight carriers serving the area and Norfolk Southern Railroad provides rail freight service. Amtrak provides passenger service to Greenville, SC, which is a connector on eastern U.S. Amtrak routes.

COMMUNITY SERVICES

The Asheville area has eight banks with forty branches, three Savings & Loans with six locations, and 11 credit unions with 13 locations. Medical facilities include three hospitals with 1,368 beds, 18 nursing homes with 1,551 beds, 430 doctors and 101 dentists. Communication facilities include nine newspapers; seven radio stations, four television stations, and 20 post offices. The City of Asheville has a Council/Manager form of government and Buncombe County has a Commissioner/Manager form of government. The area is adequately served by over 200 religious facilities for Protestant, Catholic, Greek Orthodox, and Jewish faiths. Asheville contains 62 hotels/motels with 5,721 rooms, and the area also contains two regional malls.

CLIMATE

The annual averages for the climate in Buncombe County are shown as follows:

Annual Average Temperature	55 Degrees F
Average January Daily Temperature	36 Degrees F
Average July Daily Temperature	73 Degrees F
Average Annual Rainfall	47.6"
Average Annual Snowfall	15.7"
Average Elevation	2,165 feet

SUMMARY

Located in western North Carolina, the Asheville area is a stable, diversified community providing a good environment for people to live and work. It has a good transportation network, adequate utilities, a good employment base, and a stable population base. It provides a good environment for locally oriented real estate investments in good locations, and is considered a good area for real estate investment. The Chamber of Commerce/Economic Development Division is aggressively marketing to new industry/companies to move to their area. The Town of Woodfin, City of Asheville, and Buncombe County are well positioned to attract residential and commercial growth, and the area should remain strong for several years to come. We conclude the overall economic conditions in Buncombe County appear to be good.

RETAIL MARKET OVERVIEW

The *Karnes Report* indicated that as of the 4th Quarter 2007 there was approximately 6,494,010 square feet of multi-tenant retail space in the greater Asheville market. The overall occupancy was estimated to be 90.90%. A summary of the Asheville market is shown in the chart below:

Submarket	# of Bldgs	Total Sq. Ft.	Sq. Ft. Vacant	Vacancy Rate	Average Rent	Sq. Ft. Under Construction	Sq. Ft. Proposed	Net Absorption Current	Net Absorption 2006
CBD	34	564,437	93,559	16.60%	\$16.81	0	0	-6,162	9,350
East	23	2,329,130	151,973	6.50%	\$11.96	68,738	0	-688	-6,940
North	29	723,891	34,237	4.70%	\$14.10	0	0	-976	-976
Northwest	7	198,098	3,000	1.50%	\$11.00	0	0	15,000	16,200
South	44	1,227,385	130,335	10.60%	\$16.83	339,014	47,000	-652	9,046
Southeast	1	40,470	0	0	N/A	0	0	0	0
Southwest	4	682,719	48,509	7.10%	\$11.03	0	0	0	3,966
West	28	727,880	129,722	17.80%	\$11.85	0	120,300	0	-3,029
Totals	170	6,494,010	591,335	9.10%	\$14.31	407,752	167,300	6,522	27,617

The subject property will be located in the North submarket of Asheville and currently contains 723,891 square feet of space. The North submarket occupancy was estimated at 95.30%. The average rental rate for the North submarket is \$14.10 per square foot.

The retail market in Asheville is dominated by two regional malls. The largest is the Asheville Mall located in the eastern portion of Asheville at Interstate 240 and Tunnel Road, and Biltmore Square, located in southwest Buncombe County at Interstate 26 and Brevard Road. These two malls share a market which is primarily all of Buncombe County, and secondarily western North Carolina.

Asheville Mall is an enclosed mall containing approximately 897,676 square feet. It is anchored by J.C. Penney, Belk, Dillard's, Sears, and Montgomery Ward. It was developed in 1973, expanded and remodeled in 1989, and expanded again in 1994. Rental rates for local space range from \$14.00 to \$30.00, and it is near full occupancy. Biltmore Square Mall, opened in 1989, contains approximately 700,000 square feet. It is anchored by Belk, and Dillard's. Rental rates for local space range from \$12.00 to \$24.00 per square foot, which would include restaurant leases.

The major retail thoroughfare in Asheville is along Tunnel Road, South Tunnel Road, and Ridge Road, from the Beaucatcher tunnel near the CBD south to Fairview Road. This thoroughfare includes the Asheville Regional Mall, neighborhood shopping centers, stand alone discount department stores, and power centers. Rental rates for local space (excluding the mall) vary primarily on the age of the property, but generally

range from \$12.00 to \$22.00 per square foot. Larger, single-tenant facilities range from \$5.00 - \$12.00 per s.f. Occupancies are high for the newer centers, estimated to be from 97% to 100%.

The subject is located in the North submarket of Asheville and is the fourth largest retail submarket containing 723,891 square feet within 29 buildings. It is considered that area that is bounded to the east by Town Mountain Road (N.C. Highway 694) and the Blue Ridge Parkway, west by the French Broad River, south by Interstate 240, and to the north by the Madison County line. It is bisected by Interstate 26. Rental rates for local shop space typically range from \$4.00 per s.f. to \$32.00 per s.f. with an average of \$14.10 per square foot, which has increased from the 3rd Quarter of 2006 of \$10.84 per square foot. The following summarizes the rental comparables for comparable retail space in the Asheville Submarket.

COMPARABLE OFFICE RENTALS							
Name	Address	Total Size	SF Vacant	Occupancy	Rent Range Per SF	Quoted Rent Per SF	Type of Lease
One Town Square at Billmore Park	One Towne Square Boulevard	60,428	184	99.7%	\$20.98 - \$25.00	\$26.00	NNN
Two Town Square at Billmore Park	Two Town Square Boulevard	58,819	8,439	85.7%	\$15.41 - \$21.00	\$23.00	NNN
Proposed Billmore Park at Town Square - 1st Building Coming Available	Towne Square Boulevard	190,814	190,814	0.0%	\$26.00	\$26.00	NNN
Gerber Village - Building G (1st Floor) - 2006	20 Fall Pippin Lane	7,227	4,257	41.1%	\$21.00 - \$25.00	\$28.00	NNN
Gerber Village - Building D (1st Floor) 2007	10 Crispin Court	17,086	6,569	61.6%	\$20.00 - \$25.50	\$26.00	NNN
Grove Arcade Building	1 Page Avenue	210,000	199,500	5.0%	\$10.00 - \$24.00	\$17.25	NNN
West Gate Shopping Center	Westgate Parkway	100,000	38,732	61.3%	\$8.50 - \$20.00	\$20.00	NNN
Merrimon Square	640 Merriman Avenue	21,600	0	100.0%	\$10.53 - \$26.37	N/A	NNN
Unanchored Retail Strip Center	1020 Merriman Avenue	8,400	1,176	86.0%	\$18.00 - \$22.00	\$22.00	NNN
Unanchored Retail Strip Center	707 Meriman Avenue	10,000	0	100.0%	\$18.00 - \$24.00	N/A	NNN
Unanchored Retail Strip Center	535 Meriman Avenue	18,000	1,800	90.0%	\$16.00 - \$20.00	N/A	NNN

Retail rental rates for space in the chart above indicates a range of \$15.00 to a high of \$42.15 per square feet. In other areas of the city and county, depending on the location, age and condition of the improvements, retail rental rates range from \$15.00 to \$30.00 per square foot, triple net.

Market lease terms in the Asheville area vary depending upon the location and age of the center. Older retail centers and free standing retail buildings in inferior locations typically have lease terms of 2 to 3 years in length, with minimal or partial pass through of expenses. Tenant build-out above a "Vanilla Box" condition may be incurred by the landlord on a case by case basis, dependent upon the type of tenant, occupancy of the center, length of the lease, and the lease rental rate. Leasing commissions typically average 5% of base rent over the term of the lease.

For newer centers, tenants typically have lease terms of from 3 to 5 years, with a full pass through of expenses which typically include common area maintenance (CAM), taxes, and insurance charges. Tenants receive a "Vanilla Box" space which is a space

typically finished with acoustical ceiling and recessed lighting, painted sheetrock walls, restroom and sink, and concrete floor. Free standing retail buildings may have longer lease terms of 5 to 15 years in length. Expense pass through for inline tenants of CAM, taxes, and insurance typically average \$0.80 to \$3.00 per s.f. Tenant finish costs typically average from \$1.00 to \$5.00 per s.f.

During the 4th quarter 2007, net absorption totaled 6,522 square feet for the overall market of Asheville. In the subject's North submarket, there were no new projects completed and the net demand for the year-to-date 2007 was -976 square feet. This has resulted in the vacancy rate of 4.7% for the North submarket.

We are aware of three mixed-use projects under construction or proposed for the subject's Asheville market. The details of each project are listed below:

4th Quarter 2007 Retail Completion		
Submarket	Total Sq. Ft.	Year Built
Northwest	15,000	2007
South	7,896	2007
Total Completions	22,896	

4th Quarter 2007 Retail Under Construction		
Submarket	Name	Total Sq. Ft.
East	Asheville Mall Expansion	68,738
South	Biltmore Park Town Square	24,000
South	Shops @ Meridian Place	28,868
South	The Overlook @ Lake Julian	50,000
South	Biltmore Village	36,146
South	Biltmore Park Town Square	200,000
Total Under Construction		407,752

4th Quarter 2007 Retail Proposed		
Submarket	Name	Total Sq. Ft.
South	Gerber Village	8,000
South	Biltmore Village	15,000
South	Biltmore Park Town Square II	24,000
West	West Gate Out Parcel	11,500
West	Main Street Enda Village	11,300
West	Main Street Enda Village	13,000
West	Main Street Enda Village	11,500
West	Main Street Enda Village	29,900
West	Main Street Enda Village	43,100
Total Proposed		167,300

Barriers to Entry include legal constraints, as local planning officials carry out stringent approvals for new projects, as well as the mountainous terrain in the Asheville area. The terrain provides limitations that prevent typical urban sprawl development in outward directions from the CBD. Some infill locations within the city have a higher potential for commercial and office development than new sites, which often have difficult topography issues. For this reason, office developments and retail developments in Asheville tend to take place in areas that become available and have the proper zoning instead of the systematic, spread out urban and suburban approach to development that is found in other areas of North and South Carolina.

OFFICE MARKET OVERVIEW

On the supply side, the Asheville office market is considered to be marginally stabilized at an overall occupancy of 86.50%. The market shows evidence of modest rental rate increases, and absorption appears to be increasing albeit slower than the historical figures due to the slowing of the economy, especially within the retail sector. Newer facilities of quality construction and above average locations have the highest occupancies and rental rates.

According to summary figures as of the fourth quarter 2007 (**latest available**) that was provided to us by the *Karnes Report* organization, which tracks retail and office markets in Asheville, the total office market in Asheville contains 4,037,541 square feet. The Asheville Central Business District (CBD) is the largest submarket of the Asheville office market with just over 2.1 million square feet. The majority of the buildings downtown is older facilities, some of which have been renovated to meet modern office requirements. The city and county government offices are located in the Asheville CBD.

The following summarizes Asheville's office market statistics derived from the *Karnes* report.

Karnes Report - Asheville Office Market 4th Quarter 2007										
Submarket	# of Bldgs.	Total Sq. Ft.	Sq. Ft. Vacant	Vacancy Rate	Average Rent	Sq. Ft. Under Construction	Sq. Ft. Proposed	Net Absorption Current	Net Absorption 2006	
CBD	106	2,117,820	208,837	9.90%	\$17.41	73500	0	-7,584	5,526	
East	7	48,068	2,036	4.20%	\$9.00	0	0	0	3,512	
North	33	295,839	56,451	19.10%	\$14.50	30,764	9,000	6,170	6,170	
Northwest	6	29,587	14,783	50.00% N/A		0	0	0	-3,640	
South	74	1,112,893	183,730	16.50%	\$18.90	128,865	120,000	-6,675	32,830	
Southeast	2	8,948	4148	46.4	\$23.00	0	24,000	0	0	
Southwest	5	193,354	19,582	10.10%	\$17.88	0	0	11,722	12,626	
West	25	231,032	55,103	23.90%	\$12.17	0	68,963	415	2,200	
Totals	258	4,037,541	544,670	13.50%	\$17.19	233,129	221,963	4,048	59,224	

Other areas of Asheville and Buncombe County that contain office facilities focus primarily along major thoroughfares. They include Biltmore Avenue and McDowell Avenue between the CBD and southward to Interstate - 40. Additional clusters of varying size can be found further south on Hendersonville Road between Interstate - 40 and the Arden-Skyland area in the southern part of the county; along Patton Avenue and Haywood Road in west Asheville; along U.S. 70 in east Asheville; on Charlotte Street and Merrimon Avenue just north of the CBD (in the subject's submarket); on Piney Mountain Road near Chunn's Cove Road and I-240; and along Interstate 26 near Biltmore Mall at Ridgfield Park and further south on I-26 at Biltmore Farms.

Rental rates in the area are relatively homogenous. The subject will be located along Merriman Avenue (once it gets re-routed to extend through the subject development in the Town of Woodfin) or **North Submarket**, which is the third largest submarket in Asheville with slightly under 300,000 square feet. This submarket shows one of the lowest average rental rate at **\$14.50 per square foot** and exhibits a vacancy rate of **19.1% overall**, with 30,764 under construction and an additional 9,000 square feet of proposed space. The following summarizes the rental comparables for comparable new office space in the Asheville Submarket.

COMPARABLE OFFICE RENTALS								
Name	Address	Total Size	SF Vacant	Occupancy	Rent Range Per SF	Quoted Rent Per SF	Type of Lease	Expense Stop
One Town Square at Biltmore Park	One Towne Square Boulevard	60,428	184	99.7%	\$15.64 - \$42.15	\$34.24	Full Service	\$6.80
Two Town Square at Biltmore Park	Two Town Square Boulevard	58,819	8,439	85.7%	\$15.70 - \$34.75	\$23.80	Full Service	\$6.80
Proposed Biltmore Park at Town Square - 1st Building Coming Available	Towne Square Boulevard	45,000	20,000	55.6%	\$26.00	\$26.00	Full Service	\$6.80
Gerber Village - Building C (2006)	2 Gerber Road	8,864	8,864	0.0%	\$22.00	\$22.00	Full / Gross	N/A
Gerber Village - Building G (2nd Floor) - 2006	20 Fall Pippin Lane	6,522	4,517	30.7%	\$16.00 - \$25.00	\$25.00	Full / Gross	N/A
Gerber Village - Building D (2nd Floor) 2007	10 Crispin Court	9,295	9,295	0.0%	\$20.00	\$20.00	Full / Gross	N/A
Gerber Village - Building H Lofts - 2006	22 Fall Pippin Lane	8,587	3,378	60.7%	\$15.00 - \$16.00	\$16.00	Full / Gross	N/A
Grove Arcade Building	1 Page Avenue	210,000	199,500	5.0%	\$18.50 - \$25.00	\$25.00	Full Service	N/A
Nettlewood	76 - 84 Peachtree Road	30,000	14,714	51.0%	\$18.50 - \$24.40	\$23.58	Full / Gross	N/A
Reynolds Mountain # 703 - Ashco Bldg.	75 Weaverville Road	4,846	4,846	0.0%	\$17.00	\$17.00	NNN	N/A
Proposed Reynolds Mountain - Building 508 (part of Proposed subject development)	40 North Merriman Avenue	30,764	15,382	50.0%	N/A	\$24.00	Full Service	\$6.00

Office rental rates for the downtown area for modern or renovated buildings are in the \$13.00 to \$17.00 per square foot range, full service. In other areas of the city and county, depending on the location, age and condition of the improvements, office rental rates range from \$12.00 to \$26.00 per square foot, full service. Expense increases are typically passed through to tenants over a base year stop, although it was mentioned that some buildings have variations as to what expenses a tenant may pay directly.

For newer, Class A facilities, the market rent was estimated to be approximately \$20.00 to \$24.00 per square foot range. For the properties located in the \$26.00 to \$30.00 per square foot range, deals are slow to get done since your local base tenants are not biting on these rents. This rate is full service, with expense stops estimated to be from \$4.50 to \$6.80 per square foot. Rental rate increases during the term are based primarily on a portion of CPI or three percent. Medical offices in the Asheville area typically rent from \$1.00 to \$2.50 per square foot higher, under the same terms and conditions. These types of facilities usually have more rooms which are smaller, higher tenant finish quality, and added plumbing and electric facilities. The *Karnes Report* indicated the overall average rent in the Asheville market was \$15.79 per square foot and in the North submarket it was \$10.69 per square foot. We believe these are full service rental rates, although the survey did not specify.

Rental terms vary. Some facilities indicate variations of the type of expenses that were incurred by tenants. For instance, several office properties require tenants to pay their own janitorial and utilities, or tenants reimburse common area maintenance (CAM) charges to the landlord in addition to their base rent, usually with base rental rates adjusted commensurately downward if tenants directly pay or reimburse a portion of operating expenses.

Several facilities, including the subject, lease office space on a full service rent basis. Rental rates resemble those cited in the previous paragraphs adjusted downward to reflect that the tenant is paying the operating expenses. It also appeared that the Asheville office market was price sensitive, especially for Class B space, even it was in good locations.

Barriers to Entry include legal constraints, as local planning officials carry out stringent approvals for new projects, as well as the mountainous terrain in the Asheville area. The terrain provides limitations that prevent typical urban sprawl development in outward directions from the CBD. Some infill locations within the city have a higher potential for commercial and office development than new sites, which often have difficult topography issues. For this reason, office developments and retail developments in Asheville tend to take place in areas that become available and have the proper zoning instead of the systematic, spread out urban and suburban approach to development that is found in other areas of North and South Carolina.

Occupancy is relatively strong, although the *Karnes Report* indicates that the 4th quarter 2007 overall office occupancy in Asheville is approximately 86.50%. In the North submarket as of the 4th Quarter 2007, the overall occupancy was estimated to be 80.90%. Leasing activity had been relatively slow during the economic downturn from late 2001 when occupancy was approximately 82% or 83%. The improving regional economy has caused leasing activity to increase its current rate of approximately 90.2%. However, many local participants indicated many of the vacancies that are occurring in the local market are located in older centers where owners are expecting long-term leases at higher rates than what should be in order for an older center. We suspect the current occupancy rate to be higher based on conversations with leasing agents in the area. Newer or renovated facilities in good locations are experiencing higher occupancies. Older facilities in the downtown area with limited parking were thought to have the highest vacancies.

The market appears to favor Class A properties in good locations, and it is these properties are experiencing the highest occupancies and the highest rental rates.

Although overall the market appears to be price sensitive, it is the Class A properties that typically realize increased rental rates first when the market is improving. Additionally, regional and national companies that are in Asheville or are considering a move to Asheville consider rental rates for Class A facilities in Asheville a relative bargain to other metropolitan cities in North and South Carolina, where rental rates for comparable office space may be 10% to 25% greater than in Asheville.

It is estimated that rent *growth rates* during the past two years have been two to four percent annually. The most recent office development has taken place along Hendersonville Road in the Nettlewood office development, as well as in a 750-acre master planned community known as Biltmore Farms located at the northeast quadrant of Long Shoals Road and I-26, whose centerpiece is known as Town Square. Mixed-use office and retail buildings here are labeled One Town Square and Two Town Square, while the 100 and 200 Technology Buildings have office space only.

Absorption of space in the North Submarket totaled 6,170 square feet for Year-To-Date 2007. The subject has currently begun pre-leasing on one of its proposed buildings, which is Reynolds Mountain #703. This building will contain approximately 30,764 square feet. According to Eddie Dewey of Spake Real Estate, approximately 15,382 square feet has been pre-leased to YMCA facility and the remaining space is being quoted at \$24.00 per square foot, full service with a \$6.00 expense stop.

Expense reimbursements: expense categories that are typically passed through to tenants, on a full service basis, include taxes, insurance, non-structural repairs and maintenance, utilities, janitorial, wages and salaries, security, and in some instances, management fees. Expenses typically incurred by the landlord are capital reserves, professional fees, leasing fees, and structural repairs. For newer, Class A non-medical properties, expenses typically run from \$5.00 to \$6.80 per square foot.

Tenant improvements for Class A facilities were reported to range from \$18.00 to \$30.00 per square foot for non-medical tenants for first generation space. For second generation space in similar facilities, tenant improvements would typically range from \$5.00 to \$20.00 per square foot depending upon lease term, quality of the tenant, and anticipated rental rate. Leasing commissions typically range from 4% to 6% for most new tenants.

CONDOMINIUM MARKET OVERVIEW

We have provided specific data demonstrating the growth and income levels in Asheville and Buncombe County in comparison to the state of North Carolina in the neighborhood section of our report. The local market area shows specific data/trends in the area of the subject that population, housing, income, and additional factors are all on positive trends, which is expected to continue into the near future. The data was provided by Claritas, Inc. Individuals are moving to Asheville for employment and/or lifestyle. In our interviews with developers of other competitive condominium projects in the Asheville area, we found that 50% to 60% of the buyers were moving from within Asheville and Buncombe County and the balance were from other areas of North Carolina and other states. The states of Florida, Georgia, New Jersey, New York, and Ohio were of particular note, especially for high end properties. Many of the buyers from inside Asheville were moving up or were downsizing empty nesters.

Job growth has fueled strong and consistent population growth for the Asheville area. The continued strength and growth of the various industries are the catalyst for growth in the local economy in general and in the real estate market in particular.

Luxury residential condominiums are a perfect fit for the Asheville market, especially in the general neighborhood of the subject property. Condominium style living has increased in popularity during the past five years in the City of Asheville. With a quality project brought in at a market price, a developer could be expected to be very successful.

Based on our discussion with Realtors who are involved in sale transactions of the comparable properties, typical buyers are aged 40 to 60 years old. However, we believe the buyers for the subject units may include some purchasers in their 60s or 70s. Most are transplants from other areas of the country who desire neo-traditional suburban living but who like the freedom of luxury condominium living. We believe the subject units will cater to these individuals but will also include two other important segments. We believe that some of the future owners of the subject units will come from nearby upper end subdivisions to include the Biltmore Forest subdivision. This subdivision features relatively large homes in an affluent setting. The population in that subdivision is aging. We believe some of the older residents who have large homes may desire to downsize and move to a condominium that features limited maintenance. The proximity of the subject units to shopping and medical is excellent.

The other important market segment of prospective purchasers for the subject units are likely to be commuters into the downtown area who work in and around the major hospitals and central business district of Asheville. Memorial Mission Hospital and St. Joseph Hospital merged several years ago creating a significant medical force in Western North Carolina. There are numerous medical practices that associate with these hospitals. Some of the specialty physicians that work in the medical community of Asheville come from other areas of North Carolina or the Southeast to work several days a week in the Asheville area. This is very important given the fact that the general economy in the Asheville area and in the Southeast is not as strong as a year ago. However, medical professionals have not felt this downturn as strongly as the remainder of the work force.

We have provided several charts that detail sales of condominiums and townhomes. The first chart will show sales of condominiums and the prices they sold at in 2007 and the period from October 2007 to December 2007. This was the latest data available for our analysis. The second chart will show sales of condominiums priced over \$300,000 that have sold over the last several years in the Asheville area. These charts are detailed below.

Condominium Sales By Price Level (Newly Built)			
	Under \$350,000	\$350,000 to \$750,000	Above \$750,000
10/07 - 12/07	107	9	0
2007	383	30	8

The chart above shows that a majority of the sales of condominium units are from \$350,000 and below. The next highest level of sales comes from the range of \$350,000 to \$750,000. The subject will have 225 units or 96.15% all within these two price ranges. The remaining 9 units will be priced at \$840,000. Therefore, we believe that based on the above chart and the sales within the area, the subject prices are reasonable.

The chart below breaks out the sales by period and shows the number of sales and average prices the condominium units sold for.

Condominium & Townhome Sales By Period (Newly Built)								
Type	# of Sales	Average Price	# of Sales	Average Price	# of Sales	Average Price	# of Sales	Average Price
	10/07 - 12/07	10/07 - 12/07	10/06 - 12/06	10/06 - 12/06	2007	2007	2006	2006
Condos	116	\$215,237	242	\$183,843	421	\$229,698	572	\$201,423
Townhomes	72	\$250,764	69	\$248,790	271	\$247,661	213	\$272,031

As can be seen there has been a decrease in the number of condominium unit sales over the past few periods. This is mainly due to the slowing economy, however, we expect the downturn in the economy to turn around by year end 2008 and we would expect condominium sales to pick up. Townhome sales market has not been affected as much as the condominium sales market. This is mainly due to the fact that there are a much smaller number of townhome developments in the market.

The subject will have asking prices ranging from \$300,000 to \$840,000 or \$298 to \$355 per square foot. We have reviewed over ten communities in the Asheville area. Sales of these communities ranged from \$169,900 to \$635,000 or \$185 to \$393 per square foot. Many of these units are inferior in age/condition and in location. A similar community, but larger in scale, will have condominium and townhome units above the retail and office. This is the Town Square at Biltmore Park Development. Asking prices for units above the retail and office ranges from \$205,750 to \$437,500 or on average, \$250 per square foot. We believe that the asking prices at the subject are reasonable based on this information.

DESCRIPTION OF NEIGHBORHOOD

DEFINITION

Within a community, there is a marked tendency toward the grouping of land uses. The areas devoted to these various uses are termed "physical neighborhoods". The term neighborhood, in this context, is further defined as follows:

"A portion of a larger community, or an entire community, in which there is a homogenous grouping of inhabitants, buildings or business enterprises. Inhabitants of a neighborhood usually have a more than casual community of interests and a similarity of economic level or cultural background. Neighborhood boundaries may consist of well defined, natural or man-made barriers or they may be, more or less, well defined by distinct change in land use or in the character of the inhabitants."

LOCATION/BOUNDARIES

The subject property is located just north of the City of Asheville within the Town of Woodfin, NC. The subject neighborhood is situated along the eastern portion of Weaverville Road (U.S. Hwy. 19, Business), between Beaverdam Road and Reynolds Mountain Boulevard within the Reynolds Mountain community. The proposed development will be located along the western portion of Senator Reynolds Road and re-routed Merrimon Avenue through the center of the project. When North Merrimon Avenue is re-routed, the heart of downtown Woodfin will be centered in the proposed subject development's master plan community. The subject property is located within the downtown district of Woodfin, approximately 3.0 miles north of downtown Asheville, NC. The subject neighborhood is located in an area that encompasses the Town of Woodfin. The neighborhood boundaries are detail as follows:

North	Reems Creek Road
South	Merrimon Avenue/Beaverdam Road
East	Elk Mountain Scenic Highway
West	French Broad River

LAND USE

Land uses within the neighborhood are mostly commercial, office, and light industrial with scattered residential uses located off U.S. Highway 19, Business (Weaverville Road) and U.S. Highway 25 (North Merrimon Avenue). Some of the commercial/business oriented uses found along both sides of U.S. Highway 19,

Business (Weaverville Road) in the Woodfin area and heading north include but are not limited to the following:

- Curras Restaurant;
- Farside Farms Market;
- Harbor Oak Plaza (Get Roasted Coffee House; Franks Roman Pizza, New Bridge Used Books, Jerry's Bibles & Books, Miss B's Consignment Shop, Pinnacle Engineers PC, Insurance North, and Handyman Connection);
- BP Shell Service Station;
- Red's 66 Service Station;
- Green's Outdoor Landscape & Nursery;
- Ledford's Produce;
- Lone Bird Studio;
- Hot Spot Service Station;
- ABC Store;
- Garland's Green House;
- Bellagio Bistro;
- Ambiance Optique;
- Weaver Nails;
- Designers Outlet;
- Appearances Salon & Spa;
- Days Inn;
- Town & Country Apartments;
- Bake Shoppe;
- Fox Run Veterinary Service;
- Newbridge Café;
- Newbridge Apartments;
- Town & Country Square (Gail's Mattress Outlet, Gail's Variety Shop; Flower's Discount Bakery Store, Electric Tan & Salon, Magic Shop, Bustle's Hardware, and Tim's Sewing Machine Sales & Service);
- Ference Cheese, Inc.;
- Allstate;
- Blue Ridge Lamp & Shade;
- Emory Electric;
- Stone Ridge Business Park (Subway; Camaraderie Café, Blue Ridge Kennels; Cleveland Family Service, Upper Cut, Care Partners, Karate, Healing Solutions, and The Floor Show);
- Creative Image;
- North Area Self Storage;
- Hoagie Philly House;
- Stephens Upholstering;
- Carolina Baptist; Gibbs Radio Company;
- 1st choice Insurance;
- The Fireplace Restaurant;
- Do It Best Hardware;

There are more commercial developments located south along U.S. Highway 25 (North Merriman Avenue) heading towards downtown Asheville. Some of the commercial developments include but are not limited to the following:

- Asheville Ballet;
- Reece Tire Deals;
- Pizza Hut;
- Country Corner Apartments;
- Nick's Grill;
- Home Folks Diner;
- Accucare;
- Secrets of Duchess;
- Wet Paint;
- Frazier's Steak & Seafood;
- Citgo Service Station;
- Lakeview Park;
- Beaver Lake;
- Shoppes at Beaver Lake (Studio Custom Framing & Fine Art, Paris Bakery & Café, The Arch, Waggers Dog Depot; and Bella Chic Salon & Spa);
- Beverly Hanks & Associates Realtors;
- Artisan Catering & Deli;
- Ski Country Sports;
- Ingles Grocery Store;
- Starbucks;
- The Kutters Edge;
- Northland Shopping Center (Fresh Market, CiCi's Nail Salon, Margaret's Hallmark, Coin Laundry, B. Julian Ltd., and Marco's Pizzeria & Restaurant);
- Capital Bank;
- BP Service Station;
- Mountain Java;
- Bank of America Branch Bank;
- Save-More-Foods;
- Rite Aid Pharmacy;
- Stein Mart;
- Exxon Service Station;
- Walgreen's;
- Northside Grill & Bar;
- BB&T Branch Bank;
- Pappa Johns;
- Subway;
- UPS Store;
- Blockbuster Video;
- Houser Shoes;
- Wachovia Branch Bank;
- McDonald's;
- State Farm Insurance;
- Asheville Savings Bank;
- The Medicine Shoppe;
- The Toy Box;

The neighborhood is provided with supportive uses, including a mall, strip shopping centers, public schools, and houses of worship.

The following is a list of supporting uses located near the subject property:

Supporting Use	Distance From Subject
Business areas	0.25 - 3.0 miles
Asheville Country Club	1.0 miles east
Asheville Regional Airport	18.3 miles south
Highland Hospital	1.5 miles south
St. Joseph Hospital	8.0 miles southeast
Memorial Mission Hospital	8.25 miles southeast
Charter Hospital	8.5 miles southeast
City of Asheville	3.0 miles south
Biltmore Estate	10.4 miles southeast
Grove Park Inn	2.5 miles southeast
Woodfin Elementary School	0.5 miles southwest
Catholic Community School	0.5 miles southeast
Asheville Middle School	4.75 miles southeast
Asheville High School	7.75 miles southeast
University of North Carolina Asheville	2.5 miles south
Major Food Chains	0.25 - 3.0 miles
Restaurants	0.0 - 3.0 miles
Town of Woodfin Fire Department	0.50 miles southwest
Town of Woodfin Police Department	0.50 miles southwest
Fast Food Establishments	0.10 - 3.0 miles
Convenience Store/Service Stations	0.10 - 3.0 miles

The primary residential development in the neighborhood is single-family residences in established residential subdivision communities. The typical residences in the neighborhood have typical price ranges from \$100,000 to \$400,000, according to Claritas data. The majority of residences in the neighborhood are indicated to have been built in 1960 through 1980, according to Claritas data. The claritas statistics, as they are based on 2000 census data, do not accurately address the new development inclusive of the adjoining Reynolds Mountain planned residential development. The housing market was considered to be increasing in value, with single-family houses ranging from \$750,000 to \$2,000,000 in sections of the Reynolds Mountain development.

Residential developments in the immediate neighborhood include the adjoining developed phase 1 and the developing phase 2 of The Village at Reynolds Mountain, and the established area of northwestern Greater Asheville. This area includes the Asheville Country Club as well as neighborhoods in immediate proximity of the University of North Carolina – Asheville campus. According to information obtained from Claritas Inc., the following information was gleaned:

	1-Mile Radius	3-Mile Radius	5-Mile Radius
2000 Median All Owner-Occupied Housing Value	\$125,000	\$91,176	\$89,689
2008 Estimated Median All Owner-Occupied Housing Value	\$181,633	\$209,834	\$172,413
2008 Median Year Built	1967	1967	1968
2008 1 Unit Detached (percentages)	68.73%	63.80%	62.25%
2008 1 Unit Attached (percentages)	1.03%	2.91%	2.42%
2008 2 Units	1.52%	3.68%	3.48%
2008 3 to 19 Units	8.97%	13.65%	14.66%
2008 20 to 49 Units (percentages)	0.65%	1.22%	2.23%
2008 50 or More Units (percentages)	0.33%	0.22%	3.19%
2008 Mobile Home or Trailer	18.71%	14.50%	11.74%
2008 Boat, RV, Van, etc.	0.00%	0.01%	0.03%
Source: Claritas, Inc.			

GROWTH PATTERNS

Growth in the neighborhood has been increasing. The area of Woodfin has shown steady growth in the last ten years. Woodfin's convenient location to the downtown area of Asheville, have made it attractive for people to live in the area. The location is also in close proximity to University of North Carolina Asheville. Over the next decade, continued growth is expected to generate numerous job opportunities for the local community.

The main reason that the current growth along with projected future growth is to occur is the convenient access of the area to Interstate 26/US Highway 19/23. This convenient access will continue to promote residential development in the area for residents who work in the downtown area of Asheville as well as other parts of Asheville. As retail and office development occurs in the subject neighborhood, the convenient access in to and out of the area will be an advantage compared to other areas of Asheville that lack this type of non-congested easy access, especially compared to the downtown area that lacks adequate free parking and more modern retail and office developments. South Asheville has become more congested since the majority of the growth has occurred in this area over the past 20 years. Also, given the limited amount

of developable land due to the rolling topography in the area, the subject neighborhood is the last undeveloped area with gently sloping topography north of Asheville along Interstate 26/US Highway 19/23. The area north of the subject has much steeper topography, which makes development less likely. Therefore, the subject neighborhood is considered an excellent area for a mixed-use development and the "end point" for commercial development and high density residential development north of Asheville.

DEMOGRAPHICS

Population growth has been on an upward trend within the subject neighborhood. Selected Demographics from the town of Woodfin, Asheville, and Buncombe County are shown in the table below:

**POPULATION
BASED ON LOCATION OF SUBJECT PROPERTY**

	Woodfin	Asheville	Buncombe Co.
2013 (Projection)	3,507	72,865	239,990
2008	3,364	70,962	226,674
2000	3,162	68,889	206,330
% Change 2008-13	4.25%	2.68%	5.87%
% Change 2000-08	6.39%	3.01%	9.86%

**INCOME
BASED ON LOCATION OF SUBJECT PROPERTY**

	Woodfin	Asheville	Buncombe Co.
2008 Median Household Income	\$35,482	\$51,230	\$65,684
2008 Average Household Income	\$49,295	\$64,926	\$52,664
2008 Median Home Value	\$109,080	\$173,758	\$165,321
2008 % College Graduates	19.51%	37.01%	32.11%

As may be noted, population has increased over the past ten years within both the towns of Woodfin and Asheville and Buncombe County. The differences in lower incomes and home values from Woodfin to Asheville and Buncombe County is the fact that Woodfin for a long time has been mainly a rural area of Buncombe County with a large amount of undeveloped area. This is the main reason for the differences in the chart above. However, as developments like the subject and a few other high end subdivisions occur in the Woodfin area, the differences should narrow between Woodfin compared to the City of Asheville and Buncombe County.

TRAFFIC ARTERIES/TRANSPORTATION

U.S. Highway 19, Business (Weaverville Road) is a two-lane roadway that extends to U.S. Highway 25 (North Merriman Avenue) just south of Reynolds Mountain to the south and Weaverville, N.C. to the north. Access throughout the subject neighborhood is primarily by way of either U.S. Highway 25 (North Merriman Avenue) or N.C. Highway 19 / 23 / U.S. Highway 70 / Interstate 26. U.S. Highway 25 (North Merriman Avenue) is a two-lane roadway that currently ends at the city limit of Asheville along the southern boundary of the subject's master plan development. However, U.S. Highway 25 (North Merriman Avenue) will be re-routed to extend north through the Village development in the subject neighborhood extending north towards traffic light at N.C. Highway 19 / 23 / U.S. Highway 70 / Interstate 26. This will give the main corridor to the subject neighborhood a North Merriman Avenue address. U.S. Highway 25 (North Merriman Avenue) provides the subject neighborhood access to downtown Asheville approximately three miles to the south. Also, due to Woodfin's convenient location to Asheville, existing N.C. Hwy. 19 / 23 / U.S. Highway 70 / Interstate 26 serves as commuter traffic for people working outside Buncombe County area and provide access to I-240 and I40.

The nearest commercial airport is the Asheville Regional Airport, which is located approximately 18.3 miles to the south of Woodfin.

UTILITIES

The subject neighborhood is located in the Town of Woodfin, and the City of Asheville, and is served by all of the utilities provided by the Town of Woodfin, the City of Asheville, and Buncombe County. These utilities include water and sewer service. Electricity service is provided by Carolina Power & Light Company, natural gas service provided through PSNC Energy, a division of Scanna Energy, and telephone service provided through Bell South in conjunction with various long distance vendors.

ZONING

Zoning in the subject neighborhood is promulgated through the Town of Woodfin, the City of Asheville, and Buncombe County Planning and Zoning Departments. The primary zonings in the area of the subject property are commercial at intersections and along the major thoroughfares with residential zoning interspersed behind the commercial frontages. Residential zoning classifications for single family and multi-family facilities are found in surrounding neighborhoods, with varying densities represented.

ENVIRONMENTAL CHARACTERISTICS

Primary characteristics include any nuisances or hazards resulting from inferior or improper land uses within the subject neighborhood. Based upon our inspection, uses within the neighborhood do not appear to be a nuisance or hazard. The topography of the land is moderately sloping, to mountainous, which is associated with the topography generally found in this area of the state. There were no known environmental nor nuisance characteristics observed which would prove detrimental to development in the subject neighborhood. A Phase I environmental study for the subject property was provided for our consideration in this analysis. It revealed no adverse environmental conditions. The values indicated within this analysis are contingent on there being no environmental factors existing with regard to the subject area.

CONCLUSION

The neighborhood is located in northwestern section of Greater Asheville, North Carolina. The area has experienced population and household increases over the past ten years, with the trend anticipated to continue, albeit at a slower pace, over the near term, based on historical empirical evidence. The median household income levels indicate a traditional suburban middle to upper middle-income setting. Area highways adequately service the area. There has been slow but steady recent development in the area in recent years, since 2000. Areas such as the subject, will serve to strengthen the immediate areas following well beyond the immediate region. Therein, the new developments, including the subject development, will dramatically alter the future growth patterns, beyond what would be forecast from empirical evidence. In considering the four cycles of neighborhood development (growth, stability, decline, and revitalization), the subject neighborhood is considered to be in a growth stage.

SITE DESCRIPTION

LOCATION

The proposed Phase V development site is situated mainly along Weaverville Road between Old Beaverdam Road to the south and the Interstate 26/Weaverville Connector Road to the north. Only a small portion of the site is located along the western side of Weaverville Road. Phase VI is all located to the east of Weaverville Road located mainly to the north and south of Phase V. All of Phase VII land is located to the west of Interstate 26, extending west toward the French Broad River. The entire development is located within the town of Woodfin, Buncombe County, North Carolina. The Village at Reynolds Mountain development site is located in the northeastern section of Woodfin, North Carolina. The site is situated in central Buncombe County.

ASSESSORS PARCEL NUMBER

The proposed development sites, to be developed with the The Village at Reynolds Mountain, mixed-use land development are recorded in the Buncombe County Tax Assessor office and are identify by the tax map parcel numbers shown in the tables below. The first table shows Phase V and the second table is all the land for future development for Phases VI and VII.

Phase V Parcel Number

- 9730.08-87-0907
- 9730.08-78-7600
- 9730.12-76-7375
- 9730.12-86-0990
- 9730.11-77-2193
- 9730.11-67-9134
- 9730.07-78-2498
- 9730.07-78-3385

Phases VI & VII Future Development

- 9730.12-76-7811
- 9730.11-66-8789
- 9730.07-68-9563
- 9730.11-66-7976
- 9730.10-47-2365
- 9730.07-68-5880

SIZE/DIMENSIONS

We were not provided with a current survey of the property. The size of Phase V is 52.36 acres. The size of Phases VI & VII land remaining for future development is 112.31 acres. Therefore, the total size of all three phases is 164.70 acres.

TOPOGRAPHY

The topography of the property is rolling to moderate grade slopes. The property is at road grade along Weaverville Road to the west with a moderate upward slope to the east along the base area of Reynolds Mountain.

Surface runoff is anticipated to be accommodated by storm drainage systems to adjoining runoff retention areas, as required by the Town of Woodfin Board of Aldermen and the Planning and Zoning Adjustment Board. The subject property was found to be located on Department of Housing and Urban Development/Federal Insurance Administration Flood Hazard Boundary Map – Community Numbers 37021C0189 C, (Buncombe County, North Carolina,), having an effective map revised date of May 6, 1996. Thereon, the subject property is indicated to be located in a "Zone X" area. "Zone X" areas are outside of the 500-year flood plain are not considered areas of immediate flood hazard potential. As of the date of inspection, there was no noted evidence of standing water. The proposed drainage systems are anticipated to be professionally designed and should serve the mixed-use land development adequately. No topographical features or conditions, considered to negatively impact marketability, were noted.

SOIL & ENVIRONMENTAL ANALYSIS

We were not provided with soil analysis; however, we were provided with a Phase I Environmental. No environmental hazards were noted. Within this analysis we have assumed that the site is free of environmental concerns. This area of North Carolina is rated among the highest in Radon zones due to subsurface rock formations. Within the analysis, no warranty is implied as to the suitability of the soil for development. The values rendered herein are premised on the assumption that no adverse soil conditions exist. The site has a "Brownfield Status." A brownfield site is land previously used for industrial purposes or certain commercial uses that may be contaminated by low concentrations of hazardous waste or pollution and has the potential to be reused once it is cleaned up. The state's environmental agency in cooperation with the EPA have entered into an agreement, known as a "Brownfield Agreement," which is mainly an agreement by the developer to perform those actions deemed by the department to be essential to make the property suitable for the proposed reuse. At the heart of the program is a covenant not-to-sue offered to a prospective developer of a

Brownfield property. A copy of the Brownfield Agreement is included in the Addenda for the reader's reference to better understand the agreement and its intent.

EASEMENTS/ENCROACHMENTS

The subject property is impacted by typical utility easements provided to utility providers, which extend along the boundaries of the property. The property is also anticipated to include sub-surface storm drainage easements, which will extend across the property to runoff-retention areas.

LEGAL CONSTRAINTS

The subject is located in the Town of Woodfin, North Carolina. Therein, the property is subject to zoning and use ordinances promulgated under the auspices of Town of Woodfin Board of Aldermen and the Planning and Zoning Adjustment Board. We conferred with Mr. Jason Young, Zoning Administrator, with the Town of Woodfin, North Carolina, and confirmed that the subject property's development plan was approved by the Town of Woodfin Board of Aldermen and the Planning and Zoning Adjustment Board. The property is currently zoned either, C-S, Community Shopping District or MV, Mountain Village District, by the Town of Woodfin, North Carolina. According to Mr. Young, "The Reynolds Village development is a Conditional Use development within the Mountain Village that has been fully approved by the Town of Woodfin for a mixed use commercial/residential development. The approved development includes a mixture of single family, multi-family, civic and professional space, as well as traditional retail shopping. The Conditional Use permit, however, grants the right to build out as described in the attached site plan. The unit numbers for residential and the square footage numbers on the various spaces are granted in their entirety." A copy of the site plan is included in the addenda of this report. The development components are shown on the developer's pro forma and construction budget. A copy is included in the Addenda.

ACCESS / FRONTAGE

The Reynolds Mountain planned residential development, and the subject sites, are accessible by several routes, which include Interstate 26/19, Merrimon Avenue from Asheville to the south and Weaverville Road from Weaverville, North Carolina to the north.

The major traffic arteries through the neighborhood include Merrimon Avenue/Weaverville Road, and Interstate Highway 26/Route 19/23. Merrimon Avenue extends in a southwest-north direction and connects the City of Asheville CBD with the Woodfin and Weaverville, North Carolina areas. It is a four-lane roadway in most areas.

with a center turning lane. Intersections with other major roadways include turn lanes and traffic signals. Interstate Highway 26 West/Route 19/23/70 serves as an interstate highway adjoining Asheville, to the south, with Johnson City Tennessee, to the north. Interstate Highway 26 West/Route 19/23/70 is a limited access highway with interchanges.

The proposed subject mixed-use land development will have direct access to Merrimon Avenue/Weaverville Highway by way of interior streets to be established within the development. There are a number interior streets currently planned, all extending off Senator Reynolds Road. All interior streets are anticipated to be two-lane undivided local streets. There are brick sections planned at the entrance, with a roundabout planned between the frontage out-parcels and the interior retail locations.

According to our site plan, The Village at Reynolds Mountain will create a new downtown shopping district. The current road exiting Merrimon Avenue into Newbridge Shopping Center will be called North Merrimon Avenue and will extend north through the Redmon property. It will exit through other properties in a northwesterly direction back to Weaverville Road at the light with Weaverville Road and Interstate-26 (U.S. 19/23/70). The out parcel components of the Village at Reynolds Mountain will be located at the intersection of the proposed North Merrimon Avenue and Senator Reynolds Road.

The Village at Reynolds Mountain will include a traffic signal to be installed at the intersection of Senator Reynolds Road and Merrimon Avenue/Weaverville Highway. Otherwise within the proposed development the orderly traffic flow will be maintained by intersection signage. The subject development is anticipated to be benefited by good visual accessibility from Merrimon Avenue/Weaverville Highway and Senator Reynolds Road, as it will have professionally designed manicured entranceways into the area. The physical accessibility of the proposed mixed-use land development is also anticipated to be good.

UTILITIES

All utilities and services, available in the neighborhood, inclusive of water, waste-removal, electricity, telephone, natural gas and refuse removal are also available to the subject site. These include services detailed on the following exhibit.

AVAILABLE UTILITIES/SERVICES			
Electrical	Carolina Power & Light		
Natural Gas	PSNC Energy, a Scanna Company, in limited areas		
Water	Woodfin Utilities Department		
Waste Water Removal	Woodfin Utilities Department		
Telephone	Local	Bell South	
	Long Distance	Various Vendors	
Fiber Optic		Time Warner	BellSouth

SUMMARY

It is our opinion that the proposed subject property does not have any characteristics that would impede its development potential. Also, the physical accessibility of the subject property is anticipated to be adequate, i.e. the ingress and egress onto the property. The proposed mixed-use land development appears designed to be adequately served by entranceways, with a traffic signal allowing for smooth traffic ingress and egress. This level of accessibility is equivalent to the competing residential, office and retail properties in the immediate area. Based on our inspection and review of the available plans for development, the proposed mixed-use land development property appears to be designed to fulfill the purpose for which it is to be developed in each of the categories enumerated in detail in the preceding paragraphs.

DESCRIPTION OF THE IMPROVEMENTS

GENERAL DESCRIPTION

The subject property is a mixed-use land development, which is proposed. The infrastructure to be installed includes roadways, runoff retention areas, and utilities accommodations for commercial out-parcels, interior commercial/retail tracts, condominium development land, and townhome development land, based on demand. Under this analysis of the development presented herein, development of the property will render the individual pads, lots, parcels, and tracts accessible and ready for sale and development.

SITE IMPROVEMENTS

The following site improvements are anticipated on the subject property:

- Landscaping consisting of grass, shrubs, and small ornamental trees at the main entranceway along the eastern side of Weaverville Road, along the interior intersections of the development, and along the frontages of Weaverville Road accommodating the streetscape plan with trees, side development with trees and sidewalks.
- All interior roadways paved in asphalt surface with brick trim work at the major intersections on Senator Reynolds Road, with roll-up concrete curbs and gutters.
- Water drainage systems and storm sewer, interior sidewalks and street lights.
- Utilities infrastructure to accommodate water, sewer, gas, telephone, fiber optic, as required by arrangement with various vendors.
- Site grading to allow for surface runoff to the runoff retention areas.

ASSESSMENTS AND TAXES

The valuation of the subject property for taxation is completed by the Buncombe County Tax Assessor's Office. Real estate taxes on the subject property are levied by Buncombe County, North Carolina and the Town of Woodfin. The taxable values, for both Buncombe County, North Carolina and the Town of Woodfin, are determined by the Buncombe County tax assessor's office. Taxes are based on 100 percent of the estimated market value (ad valorem). To calculate the tax bill, the ad valorem tax appraised value is multiplied by the tax rate attributable to the appropriate counties and municipalities and divided by 100. Any additional fees, such as solid waste fees or fire department levies are added on the bill as separate items. The real estate tax rates for Buncombe County are determined by county government. These rates are based on 100 percent of the assessed value.

The tax rate for the Town of Woodfin in 2007-2008 is indicated to be \$0.790 per \$100 of valuation, for Buncombe County and the Town of Woodfin. All tax rates include schools budgets and fire district accommodations, where appropriate. Historic tax rates for these areas are detailed as follows:

Tax Rates - Subject Property						
Jurisdiction	2007-2008	2006-2007	2005-2006	2004-2005	2003-2004	2002-2003
Buncombe County	\$ 0.525	\$ 0.530	\$ 0.590	\$ 0.590	\$ 0.590	\$ 0.590
Town of Woodfin	0.265	0.265	0.285	0.285	0.285	0.325
Total	\$ 0.790	\$ 0.795	\$ 0.875	\$ 0.875	\$ 0.875	\$ 0.915

Based on our research the subject property is currently maintained as multiple tax map parcel numbers. For the 2007/08 tax year, the properties are shown as being held in the name of Reynolds Village Residential Partners, LLC or Reynolds Village Mountain Partners, LLC. The sizes of the tracts should change upon recording of future surveys, and upon development with streets.

The valuations, concluded by the assessor, which were utilized in the 2007 assessment, are as follows:

Phase	Parcel #	Land Size	Bldg. Value	Land Value	Total Value
V	9730.08-87-0907	31.15	\$ -	\$ 360,600	\$ 360,600
V	9730.08-78-7600	8.33	\$ -	\$ 620,500	\$ 620,500
V	9730.12-76-7375	0.35	\$ -	\$ 122,200	\$ 122,200
V	9730.12-86-0990	1.54	\$ -	\$ 100	\$ 100
V	9730.11-77-2193	9.12	\$ -	\$ 659,200	\$ 659,200
V	9730.11-67-9134	0.34	\$ 119,000	\$ 152,400	\$ 271,400
V	9730.07-78-2498	1.04	\$ -	\$ 35,300	\$ 35,300
V	9730.07-78-3385	0.49	\$ -	\$ 31,700	\$ 31,700
VI	9730.12-76-7811	8.06	\$ -	\$ 613,100	\$ 613,100
VI	9730.11-66-8789	0.6	\$ 115,800	\$ 120,700	\$ 236,500
VI	9730.07-68-9563	2.04	\$ -	\$ 336,900	\$ 336,900
VI	9730.11-66-7976	0.4	\$ -	\$ 214,700	\$ 214,700
VII	9730.10-47-2365	100.25	\$ 69,700	\$ 2,218,400	\$ 2,288,100
VI	9730.07-68-5880	0.96	\$ -	\$ 202,600	\$ 202,600
		164.67	\$ 304,500	\$ 5,688,400	\$ 5,992,900

The tax burden is shown in the chart below.

Phase	Parcel #	Tax Value	Rate of Assessment	Per	Assessment Value	2007/08 Tax Rate	Tax Burden
V	9730.08-87-0907	\$ 360,600	100%	\$ 100	\$ 3,606	\$0.79	\$ 2,848.74
V	9730.08-78-7600	\$ 620,500	100%	\$ 100	\$ 6,205	\$0.79	\$ 4,901.95
V	9730.12-76-7375	\$ 122,200	100%	\$ 100	\$ 1,222	\$0.79	\$ 965.38
V	9730.12-86-0990	\$ 100	100%	\$ 100	\$ 1	\$0.79	\$ 0.79
V	9730.11-77-2193	\$ 659,200	100%	\$ 100	\$ 6,592	\$0.79	\$ 5,207.68
V	9730.11-67-9134	\$ 271,400	100%	\$ 100	\$ 2,714	\$0.79	\$ 2,144.06
V	9730.07-78-2498	\$ 35,300	100%	\$ 100	\$ 353	\$0.79	\$ 278.87
V	9730.07-78-3385	\$ 31,700	100%	\$ 100	\$ 317	\$0.79	\$ 250.43
VI	9730.12-76-7811	\$ 613,100	100%	\$ 100	\$ 6,131	\$0.79	\$ 4,843.49
VI	9730.11-66-8789	\$ 236,500	100%	\$ 100	\$ 2,365	\$0.79	\$ 1,868.35
VI	9730.07-68-9563	\$ 336,900	100%	\$ 100	\$ 3,369	\$0.79	\$ 2,661.51
VI	9730.11-66-7976	\$ 214,700	100%	\$ 100	\$ 2,147	\$0.79	\$ 1,696.13
VII	9730.10-47-2365	\$ 2,288,100	100%	\$ 100	\$ 22,881	\$0.79	\$ 18,075.99
VI	9730.07-68-5880	\$ 202,600	100%	\$ 100	\$ 2,026	\$0.79	\$ 1,600.54
Totals		\$ 5,992,900			\$ 59,929	\$	\$ 47,343.91

TOTAL 2007 TAX BURDEN \$47,344

ZONING/LAND USE CONTROL

The property is subject to the provisions of the Town of Woodfin Zoning Ordinance. According to the Town of Woodfin Zoning Department, the sites are zoned for mixed use development and include C-S, Community Shopping District, MV, Mountain Village District, and R-43, Residential District. Phase V is all zoned C-3, with a small portion being zoned R-43. All the property to the west side of Weaverville Road is zoned MV.

We conferred with Mr. Jason Young, Zoning Administrator, with the Town of Woodfin, North Carolina, and confirmed that the subject property's development plan was approved by the Town of Woodfin Board of Aldermen and the Planning and Zoning Adjustment Board.

The Town of Woodfin zoning regulations govern the site and according to their records, the property located in Phase V is zoned C-S (Community Shopping District), with a small portion zoned R-43 (Residential District). Most of the properties in the neighborhood are zoned for a mix of commercial and residential purposes.

The purpose and intent of the Community Shopping District is to "...establish as a district in which retail trade and consumer service uses will expand as the community's and region's population increases."

Within the Community Shopping District, the following dimensional requirements shall be complied with. No yards are required except that where a lot abuts a residential district there shall be a side and rear yard clearance of at least 15 feet. All buildings and apparatus shall be designed and landscaped in such a way as to blend in with the surrounding area. The C-S zoning classification is included in the Addenda of this report for the reader's reference. Our review of the zoning ordinance and regulations leads us to the conclusion that the existing improvements are a legal and conforming use of the site. Under a conditional use permit from the Woodfin Zoning Board, Phase V has been approved for the development of 350 residential dwellings, 25,000 square feet of professional office space, and 250,000 square feet of retail space.

The purpose and intent of the Mountain Village District is to "...establish as a district to permit a full range of high density multi-family housing types along with limited institutional, public and commercial uses appropriate within high density residential areas. It is intended that this district be located near employment centers, shopping facilities, roads, and other urban infrastructure capable of handling the demand generated by high density residential development."

Within the Mountain Village District, the following are permitted uses: residential dwellings; single-family detached, single-family zero lot line, multi-family; recreational uses; arboretums, golf courses, passive parks; institutional uses; public/semi-public, community centers, fire/police stations, and libraries. We did not receive a site plan for the subject site; however, based on the MV zoning classification we would anticipate a high-density residential development with some institutional and commercial development.

According to information provided by the developer, it is our understanding that the areas, comprising the streets, will be dedicated to the county and not maintained by the developer. The various parcels adjoining the streets will be granted easements and access right-of-ways. Also, the subject commercial development will likely be subject to cross easements for the commercial and retail parcels to be developed. These cross-easements are considered typical of this type development. Other than easements and restrictions cited above, there are no apparent encumbrances, impacting the subject property that would typically be considered to adversely affect the overall site utility or potential marketability of the property.

HIGHEST AND BEST USE

The highest and best use for land or a property can be defined in two ways; as vacant and as improved.[§] As vacant, the definition is:

"Among all reasonable, alternative uses, the use that yields the highest present land value, after payments are made for labor, capital, and coordination. The use of a property based on the assumption that the parcel of land is vacant or can be made vacant by demolishing any improvements."

As improved, the definition is:

"The use that should be made of a property as it exists. An existing property should be renovated or retained as is so long as it continues to contribute to the total market value of the property, or until the return from a new improvement would more than offset the cost of demolishing the existing building and constructing a new one."

The first type of highest and best use, the highest and best use of land or a site as though vacant, assumes that a parcel of land is vacant or that it can be made vacant through the demolition of any improvements. The question to be answered in this type of analysis is "what use should be made of it and what type of building or other improvement (if any) should be constructed on the land?"

The second type of highest and best use, highest and best use of a property as improved, pertains to the use that should be made of the property, as it exists. Should the existing improvements be maintained, renovated, expanded, partially demolished or should it be replaced with a different type use? The purpose of highest and best use analysis is different for each type of highest and best use examined.

For each type of highest and best use, the criteria used is that the highest and best use must be 1) legally permissible, 2) physically possible, 3) financially feasible, and 4) maximally productive. The subject is anticipated to be a developed with The Village at Reynolds Mountain mixed-use land development that is currently proposed. Therefore, we will present an analysis "As Is", regarding the undeveloped land, and "As Completed."

[§]The Dictionary of Real Estate Appraisal, 3rd ed. (Chicago: The Appraisal Institute, 1993), p. 171.

AS IS

LEGALLY PERMISSIBLE USES

The first criterion for analyzing highest and best uses addresses, which uses are legally permitted under the current zoning regulations. They are best defined as those permitted under the zoning classifications by the Town of Woodfin Board of Aldermen and the Planning and Zoning Adjustment Board. The current zoning districts MV, Mountain Village District, C-S, Community Shopping District, and R-43, Residential District, allows a specified mixture of higher density residential townhomes, condominiums, office/professional use, and retail uses, all within the same area. Based on the surrounding land use patterns, most especially in the recently developed areas along Merrimon Avenue/Weaverville Road, which includes retail development, and recent development, along Reynolds Mountain Boulevard, which has included townhome and apartment development, and office development, utilization for mixed-use land development would appear supported.

PHYSICALLY POSSIBLE USES

The second criterion for examining the highest and best use considers what uses are physically possible. Some uses may be inappropriate due to physical characteristics such as size, shape, available utilities, soil conditions, and/or topographical characteristics. The property is considered functional for development of the mixed-use land development proposed to be completed thereon, i.e. the size of the land, limiting the size of the improvements. Ingress and egress is concluded good and the proposed property has access to all public utilities as well as available privately provided services.

We assume that the soil conditions are adequate, however, we were not provided with a subsoil stability report. This area of North Carolina is among the counties which have the highest concentrations of Radon gas, in the state, due to sub-surface rock formations. We were provided a Phase I Environmental Site Assessment by the developer, which indicated that there were no conditions indicative of a release or threatened release of hazardous substances and petroleum products at or near the subject site. This valuation is premised on the property not being impacted by any detrimental environmental nor soil stability conditions. Based on the physical characteristics of the site, it is our opinion that development of a mixed-use land development would be physically possible on the subject site, contingent on any environmental or subsoil issues being clarified to the satisfaction of the lender prior to collateralization.

FINANCIALLY FEASIBLE USES

The next criterion for analysis in determining highest and best use is that of financial feasibility. In considering the physical characteristics of the property, the current zoning, and surrounding land use pattern, the most likely use is concluded to be development of a mixed-use land development. Based on demand, both by regional builders in the adjoining Reynolds Mountain and the interest expressed in the proposed out-parcel tracts, the area should be capable of attaining strength of demand, especially in light of the expanding economy in the Greater Asheville area over the last 10-years.

Also, the demand for retail space in professionally designed projects, especially in centers with major national anchors, is good. We believe that the proposed development plan with a properly selected plan for development of the interior tracts, with re-development of the existing shopping center, being separately valued herein including a more modern, larger grocery store, would reflect superior performance to the current retail alternatives in the immediate area. In terms of potential commercial draw, the position of the subject, in relation to the existing shopping alternatives in the area, to the south and north, coupled with residential in-fill, represented in the area such as the adjoining Reynolds Mountain planned community, serve to provide a consumer base for the property. Also, the I-26 highway system, immediately west of the subject area, has recently been re-designed, and has become an increasingly important transportation factor for the Greater Asheville area, further bolster the commercial potential of the location.

In terms of office, retail and out-parcel development, we believe that the subject development would represent a superior alternative to the other locations offered in the immediate area. In this market, office and retail space have been centralized, in the more downtown areas, south of the subject area, in the more developed and congested sections of Merrimon Avenue. As the population has expanded northward with the I-26 corridor, so too has the need for service locations. Alternative locations on immediate frontages of Merrimon Avenue/Weaverville Road are currently hampered by lack of depth of the sites, and/or other physical limitations, which we believe will make the subject location a superior choice by comparison.

MAXIMALLY PRODUCTIVE USE

The fourth and final criterion addresses which alternative uses would be maximally productive. The return to the developer of the mixed-use land development, proposed to be developed, would currently outweigh alternative uses in the subject area. Agricultural alternative uses represent a smaller return, and speculative holding is not indicated, especially in light of the expanding population base in the area. The mix of

the various components could be changed from what is currently proposed. Based on our analysis, we conclude that the maximally productive use for the subject property is for development of a mixed-use land development.

AS COMPLETE

The following considerations have been made along with those previously mentioned in the "as is" analysis.

LEGALLY PERMISSIBLE USES

The legally permissible uses of the subject discussed in the "as is" analysis are also applicable to the property upon completion of the infrastructure. The zoning limitations have been met as currently permitted. It is our understanding that minor changes to the current plan of development could occur without major consequence to the proposed development. The use upon completion as a mixed-use land development conforms to zoning regulations, and is an appropriate use of the completed property.

Also, the subject property will be subject to covenants, conditions, restrictions, and easements, which will be established within The Village at Reynolds Mountain mixed-use land development area. These restrictive covenants will establish the framework of the cross easements for the various entities and areas within The Village at Reynolds Mountain area and are considered typical of this type development. The covenants, conditions, restrictions, and easements, which will be established with regard to the subject property, are not foreseen to impact the utility, nor the marketability of the property. Therefore, based on consideration of all limitations on use, the highest and best use of the property is concluded to be a mixed-use land development, or as currently proposed to be developed.

PHYSICALLY POSSIBLE USES

The subject property, upon completion of the infrastructure, would comprise the various component areas of The Village at Reynolds Mountain mixed-use land development. The property, as designed, would be benefited by good visual accessibility and physical accessibility. The subject property was found to be proposed with various component areas, inclusive of townhomes, condominiums, office/professional, and frontage/out-parcels.

The completed property would be benefited by the amenities of the overall area added in process of the development. Therefore, it is our opinion that the completed

development of the subject property, as a mixed-use land development, represents the most likely use of the subject property at completion of the infrastructure, in consideration of physically possible uses.

FINANCIALLY POSSIBLE USES

It was concluded in the "as is" section that a mixed-use land development would be the most financially feasible use of the property. Demand for single family homes and townhomes, as evidenced by the adjoining Reynolds Mountain planned development, is good. It is our opinion that the subject's use as a mixed-use land development represents the most financially feasible use of the property at completion of the infrastructure.

MAXIMALLY PRODUCTIVE USE

The proposed use of the subject property upon completion of the infrastructure as a mixed-use land development represents the maximally productive use of the subject property. According to the approved site plan for The Village at Reynolds Mountain, the maximum allowance for development will be 350 residential units, 25,000 square feet of office space, and 250,000 square feet of retail space. In conclusion, it is our opinion that the use of the subject property as designed as the The Village at Reynolds Mountain Mixed-Use Land Development is a highest and best use of the subject site "Upon Completion."

CONCLUSION

In summary, it is our opinion that development of a mixed-use land development is the highest and best use of the subject property, "as is" and "upon completion," based on the fact that the value conclusions from the Development Valuation Analysis are greater than the value conclusions from the Cost Approach. These uses represent legally permissible, physically possible, financially feasible, and optimally productive uses of the property.

EXPOSURE/MARKETABILITY ANALYSIS

The subject property is a 164.67-acre undeveloped mixed-use tract (52.36-acres for Phase V & 112.31-acres for future development of Phases VI and VII). Typical purchasers would likely be a residential/commercial developer or land speculator. The sources considered were local real estate brokers and The Peter F. Korpacz *Real Estate Investor Survey* (1st Quarter 2008). The brokers we interviewed are active in selling commercial land.

SUBJECT PROPERTY WITHOUT DEVELOPMENT IN PLACE

After considering all sources available, it is our opinion that in the current economic cycle the subject property, without development of the horizontal infrastructure, would have a marketing time of six to twelve months to be successfully sold, provided that the property is professionally marketed at a reasonable asking price. Additionally we are required to identify the exposure time associated with the estimated value. Exposure time, unlike marketing time, is considered to immediately precede the effective date of the appraisal. Exposure time may be defined 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 estimate based upon an analysis of past events assuming a competitive and open market."*

We are of the opinion that the above discussion relative to the marketing expectation is also applicable to market conditions immediately preceding the date of this appraisal, and therefore, estimate an exposure time of six to twelve months for the property. Based on conversations with commercial real estate brokers, including those cited above, typical sales costs on properties such as the subject would be approximately five to ten percent.

DEVELOPED WITH ALL INFRASTRUCTURE IN PLACE & ALL PARCELS AVAILABLE FOR SALE:

After considering all sources available, it is our opinion that in the current economic cycle the subject would require six to twelve months to be successfully sold, provided that the horizontal infrastructure of the development were in place and a reasonable asking price and professional marketing efforts are applied. Additionally we are required to identify the exposure time associated with the estimated value. Exposure time, unlike marketing time, is considered to immediately precede the effective date of the appraisal. Exposure time may be defined as follows:

**Uniform Standards of Professional Appraisal Practice* (Washington D.C.: The Appraisal Foundation, 1996), p 75.

"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 estimate based upon an analysis of past events assuming a competitive and open market."††

We are of the opinion that the above discussion relative to the marketing expectation is also applicable to market conditions immediately preceding the date of this appraisal, and therefore, estimate an exposure time of six to twelve months for the property. Based on conversations with commercial real estate brokers, including those cited above, typical sales costs on properties such as the subject would be approximately five to ten percent.

(..continued)

††*Uniform Standards of Professional Appraisal Practice* (Washington D.C.: The Appraisal Foundation, 1996), p 75.

METHOD OF VALUATION

The appraisal process typically involves three approaches in determining value, which consists of the Cost Approach, Income Approach and Sales Comparison Approach. A brief description of each technique, along with the Development Valuation Analysis, is as follows:

THE COST APPROACH

An appraisal procedure using depreciated replacement or reproduction costs of improvements plus land value as a basis for estimating market value. The underlying assumption is that an informed purchaser will pay no more than the cost of producing a substitute property with the same utility as the subject property.

THE INCOME APPROACH

An appraisal procedure using capitalization of expected future income as a basis for estimating market value. The underlying assumption is that an informed purchaser will pay no more for the subject property than would have to be paid for another property with an income stream of comparable amount, duration and quality.

THE SALES COMPARISON APPROACH

An appraisal procedure using sale prices of properties similar to the subject property as a basis for estimating market value. The underlying assumption is that an informed purchaser will pay no more for a property than would have to be paid for a similar property of comparable utility.

DEVELOPMENT VALUATION ANALYSIS

The development valuation analysis or development method as defined in the appraisal process is a combination of the market and income approaches. In the initial step, the market approach is used in order to estimate the wholesale value of the individual units being considered. Absorption is then estimated and sales revenue is projected. In addition, carrying costs and expenses are deducted and the net income is discounted.

APPRAISAL PROCEDURES

In our analysis of the subject, we will first look at Phase V and will provide an "as is" and "at completion of infrastructure" opinion of value. The cost approach and development valuation analysis will be utilized for Phase V to determine the land value and the value of the historical vacant building, along with infrastructure costs. The Development Valuation analysis includes the Sales Comparison Approach and deducts carrying costs over the sellout period. The Income Approach has been omitted because of a lack of adequate rental data. For the remaining land for future development for Phases VI & VII, we will also provide an "as is" value from the cost approach, along with an income approach for the Food lion and shop space. The computations, which accompany each approach, will be outlined on the following pages for the reader's reference.

THE COST APPROACH – PHASE V

The Cost Approach provides a value indication that is the sum of the estimated land value and the depreciated cost of the improvements. The Cost Approach is based upon the principle of substitution. This principle assumes that a rational, informed purchaser will pay no more for a property than the cost of acquiring an acceptable substitute with like utility assuming that no costly delay will be encountered in making the substitution. The steps in the Cost Approach are as follows:

1. Estimate land value as though vacant and available to be developed to its highest and best use.
2. Estimate reproduction or replacement cost of the improvements, which includes direct cost, indirect cost, and entrepreneurial profit.
3. Estimate the amount of accrued depreciation.
4. Deduct accrued depreciation from total reproduction or replacement cost.
5. Add depreciated cost of improvements to land value.

These steps will be discussed on the following pages.

LAND VALUATION

We have conducted regional research with respect to properties having similar potential for development and have found several recent sales of comparable properties located in Asheville, Buncombe County, North Carolina. These sales are believed to provide the most reliable indication of value for the subject property, and data sheets on each of the sales utilized are provided on the following pages. An adjustment chart follows the data sheets and reflects our analysis of the similarities and dissimilarities relative to the subject property with an explanation of adjustments enclosed for the reader's reference. The chart illustrates an analysis of the differences between the sales and subject property, with percentage adjustments used to reflect buyer reactions to the different physical characteristics. Although each adjustment is not absolute, the primary objective of the chart is to share our thought process with the reader. The price paid per acre has been selected as the most applicable unit of comparison for the subject property in comparison to other acreage tracts.

COMPARABLE LAND SALE ONE

LOCATION	Located along northern and southern portion of Alexander Road between Gill Road and Monticello Road
CITY, COUNTY, STATE	Weaverville, Buncombe County, NC
GRANTOR	HMVHN-3VHM, LLC
GRANTEE	Wal-Mart Stores East, LP
DEED REFERENCE	Book 4391, Page 119
DATE OF SALE	April 18, 2007
TAX ID NUMBER	9733.04-70-6364
SITE SIZE - ACRES	20.745 Acres
SITE SIZE - SQUARE FEET	903,652 Sq. Ft.
FRONTAGE	Approx. 842.19 linear feet along Alexander Road
TOPOGRAPHY	Rolling
UTILITIES	All public
ZONING	Commercial
IMPROVEMENTS	None at time of sale
PRESENT USE	Vacant
PROPOSED USE	Construct a Wal-Mart store
HIGHEST & BEST USE	Commercial
SALES PRICE	\$3,645,000
TERMS OF SALE	Arms-length
PRICE PER ACRE	\$175,705
PRICE PER SQUARE FOOT	\$4.03
COMMENTS	None

COMPARABLE LAND SALE TWO

LOCATION Northern Portion of Airport Road, East of Rutledge Road
 CITY, COUNTY, STATE Arden, Buncombe County, NC

Tract 1

GRANTOR Pulliam Developers, LLC
 GRANTEE Wal-Mart Stores East, LP
 DEED REFERENCE Book 4367, Page 1197
 DATE OF SALE February 28, 2007
 TAX ID NUMBER 9653.05-19-0543

Tract 2

GRANTOR Winston W. Pulliam, a free trader, Winston W. Pulliam, Jr., unmarried,
 Peter M. Hall, unmarried, and Brenda T. Hall, unmarried

GRANTEE Wal-Mart Stores East, LP
 DEED REFERENCE Book 4367, Page 1193
 DATE OF SALE February 28, 2007
 TAX ID NUMBER 9653.05-19-0981

SITE SIZE - ACRES 36.837 Acres (5.298 Acres - Tract 1; 31.539 Acres - Tract 2)
 SITE SIZE - SQUARE FEET 1,604,620 Sq.Ft.
 FRONTAGE 1,443.27 linear feet of frontage along Airport Road
 TOPOGRAPHY Gently rolling
 UTILITIES All public
 ZONING EMP, Employment District by Buncombe County (Limestone Township)
 IMPROVEMENTS Vacant at the time of sale
 PRESENT USE Vacant
 PROPOSED USE Construction of a Wal-Mart Supercenter
 HIGHEST & BEST USE Commercial

SALES PRICE \$7,643,000
 TERMS OF SALE Arms-length
 PRICE PER ACRE \$207,482
 PRICE PER SQUARE FOOT \$4.76

COMMENTS The sales was for two tracts. Tract 1 was for \$1,325,000 for 5.298 acres and Tract 2 was for \$6,318,000 for 31.539 acres.

COMPARABLE LAND SALE THREE

LOCATION	19 McKenna Road
CITY, COUNTY, STATE	Arden, Buncombe County, NC
GRANTOR	Southridge Associates, LLC
GRANTEE	Lowe's Home Centers, Inc.
DEED REFERENCE	Book 3889, Page 677
DATE OF SALE	January 6, 2005
TAX ID NUMBER	9643.02-67-3062.000
SITE SIZE - ACRES	15.680 acres
SITE SIZE - SQUARE FEET	683,021 Sq. Ft.
FRONTAGE	Limited along McKenna Road and Rockwood Road
TOPOGRAPHY	Rolling
UTILITIES	All public
ZONING	EMP, Employment District by Buncombe County (Limestone Township)
IMPROVEMENTS	Vacant at the time of sale
PRESENT USE	Lowe's Home Improvement Store containing 137,491 s.f. built in 2005
HIGHEST & BEST USE	Commercial
SALES PRICE	\$2,900,000
TERMS OF SALE	Arms-length
PRICE PER ACRE	\$184,949
PRICE PER SQUARE FOOT	\$4.25
COMMENTS	The site was sold off of the larger tract that was acquired by Southridge Associates, LLC on April 21, 2003 containing 40.874 acres. Southridge purchased the tract for \$3,600,000, without any entitlements.

COMPARABLE LAND SALE FOUR

LOCATION	152 Bleachery Boulevard
CITY, COUNTY, STATE	Asheville, Buncombe County, NC
GRANTOR	Harley D, LLC
GRANTEE	Six Oaks, LLC
DEED REFERENCE	Book 3844, Page 58
DATE OF SALE	November 19, 2004
TAX ID NUMBER	9658.19-61-1751.000
SITE SIZE - ACRES	18.470 acres
SITE SIZE - SQUARE FEET	804,553 Sq.Ft.
FRONTAGE	Approx. 332.58 linear feet along Bleachery Blvd. and 615.67 linear feet along I-240
TOPOGRAPHY	Level to gently rolling
UTILITIES	All public
ZONING	UV, Urban Village District
IMPROVEMENTS	None at time of sale
PRESENT USE	Vacant
PROPOSED USE	Mixed-use development
HIGHEST & BEST USE	Commercial
SALES PRICE	\$5,250,000
TERMS OF SALE	Arms-length
PRICE PER ACRE	\$284,245
PRICE PER SQUARE FOOT	\$6.53
COMMENTS	A portion of the site has been improved with Riverbend, a mixed-use development. It is our understanding that 12.50-acre portion of the site is now being offered at \$19.56/s.f. with entitlements. This sale is reported to show the value increment associated with transferrable development rights.

LAND ADJUSTMENT GRID

SALE NUMBER	SUBJECT	1	2	3	4
DESCRIPTION	Weaverville Road Woodfin, NC	Alexander Road Weaverville, NC	Airport Road Arden, NC	19 McKenna Road Arden, NC	152 Bleachery Blvd. Asheville, NC
ZONING	C-S	Commercial	EMP	EMP	UV
DATE OF SALE		Apr-07	Feb-07	Jan-05	Nov-04
SIZE (ACRE)	52.360	20.745	36.837	15.680	18.470
SALES PRICE		3,645,000	7,643,000	2,900,000	5,250,000
PRICE PER ACRE		175,705	207,482	184,949	284,245
PROPERTY RIGHTS					
FINANCING					
CONDITIONS OF SALE					
TIME		3.00%	3.00%	10.00%	10.00%
ADJUSTED PRICE		180,976	213,706	203,444	312,669
LOCATION		15.0%	-10.0%	-10.0%	-10.0%
SIZE		-15.0%	-5.0%	-15.0%	-15.0%
SHAPE					
IMPROVEMENTS					
TOPOGRAPHY					
ZONING					
UTILITIES					
ACCESS/FRONTAGE					-20.0%
UTILITY EASEMENTS					
OTHER					
TOTAL ADJUSTMENTS		0.0%	-15.0%	-25.0%	-45.0%
ADJUSTED VALUE		180,976	181,650	152,583	171,968

EXPLANATION OF ADJUSTMENTS

The following are generally accepted adjustment categories. The first four categories - real property rights appraised, financing, conditions of sale, and market conditions (time) are cumulative. Normally, a sale should be adjusted for the cumulative adjustment where the remaining adjustments such as location and other physical characteristics are applied. Location, physical characteristics and other adjustments are additive, and may be in any order. An explanation of each adjustment category is as follows:

PROPERTY RIGHTS APPRAISED

The real property rights conveyed is the first adjustment because the appraisal of the subject property rights can only be compared to similar property rights. All comparable sales are considered fee simple property rights, requiring no adjustments.

FINANCING

A financing adjustment is actually a specific motivation adjustment and often is not capable of being accurately derived from the mathematical discounting process. The most reliable financing adjustment is from paired sales that are generally not available through sales information. Cash equivalency is the adjustment of a sales price to an

equivalent price if sold for cash absent the contract terms of the loan. The adjustment may be negative to reflect favorable terms to positive to reflect unfavorable terms. All of the comparable sales were cash transactions; therefore, no financing adjustments were necessary.

CONDITIONS OF SALE (MOTIVATION)

Typical adjustments under this category include adjustments for plottage, purchasing additional land for expansion, or other typically motivated sales. All the sales are considered arms-length and no adjustment is necessary.

MARKET CONDITIONS (TIME)

It is market conditions and not the passage of time that cause prices to change. This is an example of the principle of change. A market conditions adjustment is a cumulative adjustment. The comparable sales closed between November 2004 and April 2007. Positive adjustments have been applied to the comparable sales based on approximately 3% per year in appreciation.

LOCATION

The location of the comparable sales used in this report is compared to the subject. Large-scale factors directly related to location as well as trends and characteristics such as population, labor supply, transportation and existing land uses were considered in selecting sales located in the Greater Asheville area. The subject is located on the easterly margin of Weaverville Road in the Town of Woodfin, North Carolina. Comparable sales two, three, and four are located in areas of Asheville superior to the subject site in regard to location. Therefore, a negative adjustment is applied to these sales. Comparable sale one is located in an area less populated than the subject and is considered inferior to the subject site in regard to location. A positive adjustments is applied to this sale.

SIZE/SHAPE

Adjustments are considered based on optimum size, shape, and overall utility of the comparable sales as compared to the subject. Economies of scale are often considered in this adjustment when market proof supports the premise that the larger the property size, the lower the unit price and vice versa. The subject site contains 52.36-acre. The sales range from 15.68-acres to 36.837-acres. The comparable sales are smaller than the subject site and negative adjustments are applied to each of the sales. In regard to shape, no adjustments are deemed necessary.

TOPOGRAPHY

The effects of topography are considered in this adjustment and the relative differences between the comparables and the subject are considered. The topographies of the subject site and the comparable sales are rolling with moderate elevations. No adjustments are deemed necessary.

ZONING

This adjustment is considered when different classifications of zoning are analyzed. Potential government restrictions are considered in this adjustment. The subject site has a C-S zoning classification from the Town of Woodfin. The C-S classification is a mixed-use classification allowing high-density residential (condominium and townhomes) and supporting commercial development. All the comparable sales are located in similar zoning districts compared to the subject. Therefore, no adjustment for zoning is necessary.

UTILITIES

This category considers the approximate cost and availability of municipal and private utilities as these costs relate to valuing the subject land. The subject property has the availability of all municipal utilities. The comparable sales have the availability of all municipal utilities. No adjustments are deemed necessary.

ACCESS/FRONTAGE

Adjustments were made for differences in accessibility and road frontage as a whole. Typically, the more road frontage, the more favorable a site is considered. The access and frontage for the subject site is considered good with the proposed re-routing of Weaverville Road, through the middle of the subject. The subject's access and frontage is similar enough to comparable sales one, two, and three that no adjustments were deemed necessary. Sale four has a limited amount of access/frontage that is considered inferior to the subject. Therefore, a negative adjustment was applied to this sale.

RECONCILIATION AND FINAL VALUE

Before adjustments, the comparable land sales ranged from \$175,705 to \$284,245 per acre. After making the indicated adjustments, the sales range from \$152,583 to \$181,650 per acre. As a measure of central tendency, the average of the indications was \$171,794 per acre. The two most recent sales indicated the higher end of the value range on a per acre basis. Adjustments were made for location, size, topography, zoning, and utilities. All of the comparable sales were considered to be good indicators of value; however, more weight was placed on sales one and two, which were most similar in location and had the smallest net adjustments. Based upon the above analysis, we have summarized our opinion of value for the subject in the table below.

	Size (ACRE)	Value Per Acre	Value
Subject Property "As Is"	52.36	\$180,000	\$9,425,000

FINAL OPINION OF LAND VALUE – PHASE V – AS IS – MAY 2, 2008
\$9,425,000

IMPROVEMENT VALUATION – PHASE V

In order to estimate the value of the improvements, this appraiser reviewed the **Marshall Valuation Service** cost manual published by Marshall & Swift. The **Marshall Valuation Service** is an authoritative appraisal guide for developing replacement cost, depreciated values and insurable values of buildings and other improvements. It provides costs for a wide range of construction classes and types of occupancies. Modifiers are included to make the cost applicable to any size building in any locality. The service is updated monthly to bring up to date cost multipliers, building cost indexes and complete revisions of sections of the manual. The class of construction is the basic subdivision in the **Marshall Valuation Service**, dividing all buildings into five basic cost groups by type of framing (supporting columns and beams), walls, floors, roof structures and fire proofing.

- Class A buildings have fire proofed structural steel frames with reinforced concrete or masonry floors and roofs.
- Class B buildings have reinforced concrete frames and concrete or masonry floors or roofs.
- Class C buildings have masonry or concrete exterior walls and wood or steel roof and floor structures, except for concrete slab on grade.
- Class D buildings generally have wood frame, floor and roof structure. They may have a concrete floor on grade and other substitute materials, but is considered combustible construction. This class includes the wood pole frame buildings.
- Class S buildings have frames, roofs, and walls of incombustible metal. This class includes the pre-engineered metal buildings.

The base per square foot cost derived by using the **Marshall Valuation Service** includes the following costs.

1. Average architect and engineers fees, in turn including plans, plan check and building permits and survey to establish building lines and building grades.
2. Normal interest on building funds during period of construction and processing fee or service charge.
3. Sales taxes on materials are included.
4. Normal site preparation including excavation for foundation and back fill.
5. Utilities from structure to lot line figured for typical set back
6. Contractor's overhead and profit including job supervision, workman's compensation, fire and liability insurance, unemployment insurance, etc., are included.

BASE COST PER SQUARE FOOT

We examined the **Marshall Valuation Service** cost guide and estimated a replacement cost for the subject property using the Segregated Cost Method. The total cost we estimated amounted to \$80.00 per square foot, as found in Section 40, pages 391 to 400 (June 2006). ~~This cost is for the shell only of the subject improvements. The costs were~~

good cost from stores and commercial buildings (walls, roof, and floors). An additional allowance is made for location and date of the Marshall Service Cost figures. Adjustments are made by applying the applicable cost multipliers indicated by the cost guide. The computation of the adjusted base cost per square foot is shown below:

COMPUTATION OF ADJUSTED BASE COST PER SQUARE FOOT

UNIT COST - MAIN BUILDINGS	Retail
Base Cost	\$80.00
Unit Modifiers (Sprinklers)	0.00
Sub-total	\$80.00
Current Multiplier	1.05
Local Multiplier	0.93
Height Multiplier	1.000
Size/Perimeter Multiplier	1.000
Adjusted Unit Cost	\$78.12

Based on the unit costs estimated above, the preliminary cost new of the primary structure(s) is calculated below.

ADJUSTED BASE COST			
	Unit Cost	Size	Cost
Ashco Historical Building	\$78.12	3,907 Sq.Ft.	\$305,215
Total Buildings		3,907 Sq.Ft.	\$305,215

SITE IMPROVEMENTS

Next, the cost new of the site improvements is estimated, also using the MARSHALL VALUATION SERVICE manual as a guide, as well as the developer's projections. These costs are estimated in the table below. Most of the cost estimates are self-explanatory. This cost was provided by the developer.

SITE IMPROVEMENTS			
Description	Size	Unit Cost	Cost New
Grading & Clearing			\$2,153,451
Rock (Trench, Mass and Ripped Rock)			\$1,347,130
Parks & Recreation			\$264,000
Pedestrian Circulation			\$922,540
Roadways & Parking			\$1,604,995
Sewer & Water			\$1,964,100
Traffic & Streetscape			\$944,000
Total Site Improvements			\$9,200,216

SOFT COSTS & ENTREPRENEUR'S PROFIT

To the above base cost estimates, we have applied an allowance to cover soft costs and a developer's overhead and profit. Soft Costs are incurred to cover leasing commissions, professional fees, and other expenses not included in the **Marshall Valuation Service** cost guidelines. Soft costs are most often expressed as a percentage of total hard costs and typically range from three to six percent. For the subject, we have used the developers soft costs of \$854,831 or 8.99%.

The developer's fee or profit is necessary in order to attract a developer and provide him with an incentive to invest in the property. The implied profit and the development of this project are actually the difference in the cost of the land and improvements and the price of the project achievable in the market. A typical allocation of developer's overhead and profit is 10 to 20 percent. However, this is only a general estimate, as different developers require different amounts or profit and the actual profit cannot be measured until the property is sold. It is our belief that a profit of 15.00% would be appropriate to induce a developer to start development. The total development cost, including entrepreneur's profit, is calculated in the table below:

Total Project Costs		
Building Improvements		\$305,215
Additions/Site Improvements		\$9,200,216
Soft Costs		\$854,831
Total		\$10,360,262
Entrepreneur's Profit	15%	\$1,554,039
Total Development Cost		\$11,914,301

EXPLANATION OF DEPRECIATION

All types of accrued depreciation affecting the subject improvements were considered. Accrued depreciation is defined as "the difference between reproduction cost new as of the date of the appraisal and the present contributory value of the improvements." Accrued depreciation is divided into three basic categories: physical deterioration (which includes curable and incurable), functional obsolescence (including curable and incurable), and economic obsolescence (which is always incurable). The following is a discussion of each type of depreciation and the observed depreciation applicable to the subject property.

PHYSICAL DETERIORATION - CURABLE

This type of depreciation is defined as "that loss in value from costs new which can be recovered or offset through correction, repair or replacement of defective items causing the loss, providing the resultant value increase approximates the cost of the work." This category of depreciation is divided into two types - deferred maintenance items and anticipated future maintenance items. The deferred maintenance items are those items, which need to be addressed immediately. No items of deferred maintenance were considered significant enough to warrant a deferred maintenance deduction.

INCURABLE PHYSICAL DETERIORATION

This type of depreciation is defined as "items of deterioration that cannot be practically or economically corrected at present." This type of depreciation is calculated for all structural components, which are not included in the curable physical deterioration section. This type of deterioration is classified into two types - short lived and long-lived items. The short lived items, also referred to as anticipated future maintenance items, are components which have a remaining economic life shorter than the remaining economic life of the structure. A depreciation schedule showing the subject property's short-lived items is presented in the table on the following page.

SHORT-LIVED DEPRECIATION							
Description	Size/Area	Unit Cost	Cost New	Eff. Age	Econ. Life	% Depr.	Accrued Depr.
Roof Cover	3,907 Sq.Ft.	\$3.00	\$11,721	15	20	75%	\$8,791
Total			\$11,721				\$8,791

The second type of incurable physical deterioration is classified as the long-lived items. The long-lived items are defined as "a building component that is expected to have a remaining economic life that is the same as the remaining life of the entire structure." The subject improvements are old and have an overall average effective age of 30 years. Buildings of this type should last approximately 50 years, leaving a remaining economic life for the subject property of 20 years. The schedule showing the computation of incurable physical deterioration is presented on the next page.

LONG-LIVED DEPRECIATION		
Total Development Cost		\$12,115,716
Less:		
Curable Items	\$0	
Repl. Cost - Short-Lived Items	\$11,721	\$11,721
Depreciable - Long-Lived Portion		\$12,103,995
Effective Age	30	
Economic Life	50	
Percent Depreciation	60.00%	
Accrued Long-Lived Depr.		\$183,129

FUNCTIONAL OBSOLESCENCE

Functional obsolescence is defined as "that loss from costs new as of the date of the appraisal which is caused by superadequacy, inadequacy, attractive style or, inefficient layout or design." Items causing functional obsolescence are contained within the property boundaries. Functional obsolescence can either be curable or incurable; it is curable only when it is profitable to cure the item. Incurable, functional obsolescence involves items of inutility, which would not be economical to correct because the value would not increase so much as the cost of correction. We concluded that a market exists for facilities similar to the subject which have been designed and constructed with features and fixtures specific to retail centers, and are therefore of the opinion that the subject property does not suffer any loss in value due to functional obsolescence.

ECONOMIC OBSOLESCENCE

This type of depreciation is defined as "that loss from costs new as of the date of the appraisal due to causes external to the property boundaries." To measure this type of obsolescence the appraiser capitalizes the rent loss due to the external factor for the pro rata share applicable to the building. The economic obsolescence can be quantified as the difference between the Cost Approach value and the final value. We have concluded that no economic obsolescence exists at the subject property.

COST APPROACH SUMMARY – PHASE V

Having estimated the total development cost new and depreciation from all causes, the cost approach is summarized below:

COST APPROACH SUMMARY	
Total Development Cost New	\$11,914,301
Less Depreciation:	
Curable Physical	\$0
Short-Lived Incurable	\$8,791
Long-Lived Incurable	\$183,129
Functional Obsolescence	\$0
External Obsolescence	\$0
Total Accrued Depreciation	\$191,920
Depreciated Cost	\$11,722,381
Estimated Land Value	\$9,425,000
Estimated Value by Cost Approach	\$21,147,381

ESTIMATED VALUE FROM THE COST APPROACH

At Completion of Infrastructure - As of August 1, 2008 \$21,147,000

DEVELOPMENT VALUATION ANALYSIS – PHASE V

The development valuation analysis or development method as defined in the appraisal process is a combination of the market and income approaches. In the initial step, the market approach is used in order to estimate the retail value of the individual units being considered. Retail value is described as the lot price paid to subdivision developers by homebuilders. Additional market information is used to document absorption of the lots in the marketplace. Subtracted from sales revenue based on the estimated absorption of the lots are appropriate carrying charges or expenses involved in the development of the project. The resulting net incomes are discounted into a present worth in order to obtain an opinion of value for the property by the development valuation analysis. In this process, we must distinguish between gross sellout, which is the aggregate of the individual retail lot prices, and the discounted or wholesale value, which is market value.

A value conclusion is rendered as of a specific point in time. When a significant period of time has elapsed since the original valuation, the opinion of value previously rendered may no longer be appropriate in light of existing market conditions. The development valuation analysis is an important, and sometimes, controversial part of modern appraisal practice. This method should be used where the supported highest and best use for the site is for subdivision use. This type of analysis is typically used since comparable market information is seldom available for single transactions involving subdivided property. The subdivision method is a useful tool when comparable market data is not available. The concept of a development model is typically thought of in reference to residential development; however, it may have application to industrial and office subdivisions or other staged development.

Computer models are often used to analyze the projected income, absorption and expenses involved in such a development and have facilitated the mathematical processes that utilize the market data necessary for the development valuation analysis. For purposes of this report, we have analyzed retail lot sales purchased by prospective homebuilders in developments in Buncombe County and surrounding counties. These sales are for subdivision lots in subdivisions similar to the subject. This information is used to determine value for the 234 condominium units, and retail and office parcels in the subject development, Phase V. Once the retail lot values have been determined, the current gross sellout value will be the sum of the value of each individual lot. The current gross sellout value is not to be construed to be the same as the discounted market value.

The discounted market value for the project is derived by subtracting the expenses that are predicted to occur during the absorption period, from the sales revenues. These expenses are considered appropriate carrying costs for development of the project. The resulting net incomes are then discounted into a net present value.

LAND VALUE AT COMPLETION OF INFRASTRUCTURE

Upon completion of the site infrastructure consisting of roadways, sidewalks, street lights, water, sewer, and other underground utilities, the property will have a different character than exists today. Therefore, in order to provide an opinion of value for the property upon completion of the site infrastructure, we compare the property to other similarly zoned retail and office land sales with similar infrastructure in place.

The chart on the following page shows retail and office land sales and the land sale price per square foot based on the size of building that was built after the sale. We also consider the sale price per acre for each comparable sale. Since the subject property already has entitlements approved and in place, we believe the most accurate method of valuation is via the land valuation per square foot of the proposed entitlement size. However, sales with this information may be somewhat limited so we also considered the sale price per square foot.

For the residentially zoned property, we utilized a benchmark of the sale price per unit for our land valuation and a land value based on a percent of the end unit price of the proposed residential units.

As mentioned Phase V has been approved for construction of 350 residential dwellings. In addition to the residential features of the site, more than 275,000 square feet of retail and office space has been approved to be developed within Phase V. The developer plans to build equivalent of 234 residential units^{††} and a combined total of 183,095 square feet of retail and office space within Phase V. Approximately 25,000 square feet will be office space and the remaining 158,095 square feet will be retail space. The balance of the entitlements will be used in Phase V at a later date.

^{††} The development program for one major building pad in Phase V has not been finalized. Its size and location could accommodate a hotel, condominium project, or a mixed-use project. For purposes of this appraisal, it was assumed that the project would consist of 65 for-sale residential units (which are included in the 234 unit total) having an average end point price of \$497,000 and its effect on subject property's valuation is presented separately.

We have presented retail and office sales in the following chart showing the sale price of the land based on the size of the building improvements proposed for the comparable sites.

We were unable to find professional office land sales within the Asheville area with this information so we utilized medical office land sales in the Asheville area, which would be a little higher than what we would expect professional office land sales to be. We have utilized professional office buildings in the Charlotte area.

Property Type	Location	Sale Date	Sale Price	Building Size / SF	Building Sale Price Per SF
Retail	Weaverville, NC	Apr-07	\$3,645,000	175,000	\$20.83
Retail	Asheville, NC	Jan-05	\$852,000	30,400	\$28.03
Retail	Arden, NC	Jan-05	\$2,900,000	137,491	\$21.09
Retail	Charlotte	Mar-06	\$3,495,500	100,000	\$34.96
Retail	Charlotte	Feb-05	\$3,600,000	123,814	\$29.08
Med. Office	Asheville, NC	Sep-03	\$900,000	29,779	\$30.22
Med. Office	Asheville, NC	Apr-05	\$481,500	10,032	\$48.00
Med. Office	Asheville, NC	Jul-05	\$1,030,000	25,402	\$40.55
Office	Charlotte, NC	Dec-04	\$500,000	19,980	\$25.03
Office	Charlotte, NC	Nov-05	\$798,000	44,200	\$18.05
Office	Charlotte, NC	May-00	\$824,000	41,191	\$20.00

Retail sale one is located in Weaverville, NC and was developed with a Wal-Mart Supercenter Store. The location is inferior to the subject along with the fact that a land sale for a large single-tenant building typically sells at a lower price per square foot as compared to land that has a highest and best use with a significant amount of higher rent shop space. Therefore, we would expect the subject sale price per square foot for the retail space to be well above the \$20.83 per square foot.

Retail sale two is located in Asheville, NC and was developed with a retail strip center. The location is superior to the subject. However, this sale will lack the visibility and access the subject will have. Overall, this sale is considered similar to the subject. We would expect a similar price per square foot for the retail space to be around the \$28.00 per square foot.

Retail sale three is located in Arden, NC and was developed with a Lowes Home Improvement Store. The location is inferior to the subject along with the fact that a land sale for a large single-tenant building typically sells at a lower price per square foot as compared to land that has a highest and best use with a significant amount of higher

rent shop space. Therefore, we would expect the subject sale price per square foot for the retail space to be well above the \$21.09 per square foot.

Retail sales four and five are located in Charlotte and show a range higher than the retail sales from Asheville. These sales range from \$29.08 to \$34.96 per square foot. These sales are superior in location and we would expect the subject to have a per square foot value below these two sales.

The above retail sales are for raw land. The subject will have all roadways, parking, and landscaping in place. Based on the costs provided to us by the developer and the above comparables, we have estimated a value of **\$115.00** per square foot of the proposed improvements for the subject's retail land. This increases by 4.0% each year. We found several ready pad sites similar to what the subject will be. These ranged from \$100 to \$151 per square foot. Therefore, our estimate is considered reasonable.

All three land sales in the Asheville area were medical office. The sales were all located in Asheville at the intersection of Hendersonville Road and Interstate 240, a superior location compared to the subject's proposed office space. The land sales ranged from \$30.22 to \$48.00 per square foot of the building improvements proposed for each respective site. Typically, professional office land sales are significantly lower than medical office land sales. We reviewed other professional office land sales in Charlotte. These sales ranged from \$18.05 to \$25.03 per square foot of the proposed building improvements planned for each site. Again, these are for raw land. The subject will have all roadways, parking, and landscaping in place. Based on the costs provided to us by the developer and the above comparables, we have estimated a value of **\$80.00** per square foot of the proposed improvements for the subject's office land. This increases by 4.0% each year. We found several ready pad sites similar to what the subject will be. These ranged from \$48 to \$100 per square foot. Therefore, our estimate is considered reasonable.

CONDOMINIUM LAND VALUE

Phase V of the subject will have the equivalent of 234 residential condominium units. The proposed prices for condominiums within Phase V will range from \$300,000 to \$840,000 or from \$298.00 to \$350.00 per square foot with an average sale price for the units of \$489,513 or \$304.73 per square foot. We believe this price point to be reasonable for the subject property based upon other sales in the Reynolds Mountain Community. Sales of townhomes and condominiums in Reynolds Mountain have ranged between \$699,900 and \$1,200,000 or \$254 per square foot and \$441 per square foot. The villa home sales in Reynolds Mountain have ranged between \$1,099,900 and

\$1,550,000 or \$371 per square foot and \$454 per square foot. We have also compared the subject asking prices to other similar communities in the Asheville area. They are detailed along with the subject in the table below:

Property	Price Range	Price/SF Range	SF Range
Crest Mountain	\$495,000 - \$1,395,000	\$377 - \$493	1,154 - 2,871
The River	\$220,000 - \$648,000	\$285 - \$402	768 - 1,674
Biltmore Park Town Square	\$205,750 - \$437,500	\$250	823 - 1,750
Skyloft Asheville	\$229,900 - \$585,000	\$244 - \$318	850 - 1,947
Subject	\$300,000 - \$840,000	\$298 - \$350	1,000 - 2,400

Based on the above chart the asking prices at the subject are within the range of similar communities in the Asheville area. Therefore, we consider the asking prices to be reasonable and market.

RECONCILIATION OF CONDOMINIUM PAD VALUE

The developers of The Villages at Reynolds Mountain provided us with the proposed end point pricing for the different condominium units, which we determined to be at market value, based on the above comparable sales along with the other communities in the Reynolds Mountain Development. The end-point prices are shown in the table below.

Condominiums	# Proposed Units	SF of Unit	Price per SF	End Point Price	Total Sales
Terraces - 2BR/2BA	21	1,900	\$298.00	\$566,200	\$11,890,200
Terraces - 3BR/3BA	9	2,400	\$350.00	\$840,000	\$7,560,000
Porch Homes	36	2,155	\$301.55	\$649,840	\$23,394,240
Courtyards	32	1,700	\$303.00	\$515,100	\$16,483,200
One Bedroom Lofts above Retail	36	1,000	\$300.00	\$300,000	\$10,800,000
Two Bedroom Lofts above Retail	35	1,200	\$300.00	\$360,000	\$12,600,000
Lodge Units	65	1,400	\$355.00	\$497,000	\$32,305,000
	234			Total Sales	\$115,032,640

CONDOMINIUM PAD VALUE

The percent ratio of land to end point pricing typically is higher for a mid rise condominium project versus a townhome. Townhome ratios in the Reynolds Mountain area has ranged from 16.00% to 21.00%, with an average of around 18.00%. This is due to the fact that a mid rise condominium project has a higher density than a townhome project given the same size tract of land. We have determined through our experience analyzing the market that the percentage of land value to end point pricing for condominium units is about 2.0% higher than same ratio for townhomes.

We have provided several communities in the Asheville area to support this amount. The table below shows the comparable properties. The ratios for communities in the Asheville area have ranged from 14.80% to 24.88%, with an average of 19.87%.

Townhome Developments			
Location	Average Lot Price	Average Unit Price	Lot Cost %
Asheville, NC	\$60,000	\$289,654	20.71%
Hendersonville, NC	\$71,333	\$286,684	24.88%
Asheville, NC	\$33,500	\$165,011	20.30%
Asheville, NC	\$50,000	\$269,448	18.56%
Hendersonville, NC	\$50,000	\$337,900	14.80%
Asheville, NC	\$50,000	\$250,040	20.00%
Average	\$52,472	\$266,456	19.87%

Therefore, based on our townhome ratio of 18%, it is our opinion that the land value to end point pricing for mid rise condominiums would be 20%. This is within the range of the comparable data above. For the proposed units above the retail and office spaces, this would be lower than the 20%, closer to 15.0%. These percentages will be applied to the average end point price of the condominium units to determine the pad value attributed to each condominium unit. Our estimated condominium pad values are shown in the following table.

Condominiums	# Proposed Units	End Point Price	% As Land Value	Pad Value	Pad Sales
Terraces - 2BR/2BA	21	\$ 566,200	20%	\$ 113,240	\$ 2,378,040
Terraces - 3BR/3BA	9	\$ 840,000	20%	\$ 168,000	\$ 1,512,000
Porch Homes	36	\$ 649,840	20%	\$ 129,968	\$ 4,678,848
Courtyards	32	\$ 515,100	20%	\$ 103,020	\$ 3,296,640
1BR Lofts above Retail	36	\$ 300,000	15%	\$ 45,000	\$ 1,620,000
2BR Lofts above Retail	35	\$ 360,000	15%	\$ 54,000	\$ 1,890,000
	169			Total Pad Sales	\$ 15,375,528
				Avg. Pad Value	\$ 90,979

Condominiums	# Proposed Units	End Point Price	% As Land Value	Pad Value	Pad Sales
Lodge Units	65	\$ 497,000	20%	\$ 99,400	\$ 6,461,000
	65			Total Pad Sales	\$ 6,461,000
				Avg. Pad Value	\$ 99,400

The total overall average price per pad based on the above calculations is \$90,979, rounded to \$91,000 for the 169 proposed residential units and \$99,400, rounded to \$99,500 for the 65 proposed residential lodge units. These prices will be used in the sell out of the 169 and 65 units. This price will remain steady for two years and begin increasing by 3.0%, once the economy begins to recover.

CONDOMINIUM ABSORPTION

We reviewed several residential condominium developments that were recently developed or proposed in the area to determine an absorption rate for the subject. Many developers were reluctant to provide detailed information about sales for their properties. We therefore, relied on market information about how many units have been sold in each project and estimated that most developers market their units at least one year prior to construction. Absorption for the condos ranged from 0 to 30 units per month, with an average absorption of approximately 7 units per month. We have looked at several comparable condominium developments and their absorption rates.

Reynolds Mountain Townhomes located near the subject's Phase V, had a total of 36 units with prices ranging from \$699,900 to \$1,200,000. According to information provided to us by the developer, the absorption for this development was 1.80 units per month. The prices for these units are higher than the subject's proposed units. Therefore, we would expect a higher absorption rate than this.

Lexington Station located in downtown Asheville, had a total of 66 units with prices ranging of \$225,000 to \$525,000. The absorption for this development was 6.0 units per month over an eleven month period. The Sky Lofts of Asheville, located just east of downtown Asheville, is currently under construction and will have a total of 69 units. Prices at this development range from \$229,000 to \$585,000. The developer reported an absorption rate of 5.0 units per month over a six month period. However, as we have previously mentioned, the condominium market in the Asheville area has slowed, and we would not expect this strong absorption rates to continue as shown by Lexington Station and The Sky Lofts.

Due to the slowing of the economy, which has resulted in slowing condominium sales, we have projected an absorption rate of 2.0 units per month. However, by 2010, the economic slowdown should have ended and the market could be in a recovery mode. We would expect the sales of the condominium units to pick up to around 4.0 units per month. This will be shown in our sell out analysis of the condominiums.

SELLOUT EXPENSES

Sellout expenses are those expenses that will likely be incurred during the sellout of the finished condo pad. Expenses will include closing costs, marketing and advertising costs, real estate sales commissions, miscellaneous costs and developer's profit. Real estate taxes, insurance and general and administrative expenses will be included in miscellaneous costs.

CLOSING, ADVERTISING, & MARKETING COSTS

We have estimated the costs related to the pads will be about 2.5% of gross sales. It is assumed that all the units will all close within a four to eight week period after completion of the subject.

REAL ESTATE SALES COMMISSIONS

According to the developer, sales commissions are being paid to brokers in the amount of 5.0% of total revenues. Typical real estate commissions on smaller homes in the area are about 4.0% to 6.0% of the total sales price. Therefore, the developer's estimate of 5.0% is within the range and considered reasonable.

MISCELLANEOUS COSTS

Miscellaneous costs for the subject include hazard insurance and some general and administrative expenses. Since a majority of the subject units are estimated to be pre-sold, only a minimal amount of insurance was necessary along with a minimal amount of general and administrative costs. We have estimated a cost of 0.25% of gross sales revenues of the units only.

ENTREPRENEURIAL PROFIT

We have included a reasonable allocation for entrepreneurial profit. This is intended to reflect the inherent risk incurred in the development of a project similar to the subject. When determining a profit allocation to subtract from the anticipated cash flow, we have analyzed varying degrees of profit that may be necessary in order to attract a purchaser to a development project of this type. Condominium pads typical demand a profit allocation of between 10% and 15% of the gross sales price on the pads that sale. We have estimate the profit requirement on the subject property to be about 12% on the unsold pads.

DISCOUNT RATE

According to the Korpacz, discount rates for the national luxury apartment market ranged from 6.0% to 11.00%, with an average of 8.28%. This was the most comparable

information to use to determine a discount rate for the subject condo property. We have used a 12.0% discount rate to discount the cash flow back to a present value. This discount rate is just above the upper end of the above range.

VALUE OF PROCEEDS FROM SELLOUT OF IMPROVEMENTS – 169 RESIDENTIAL UNITS

The total bulk value from the sellout of the 169 condominium units is \$9,027,318 or \$9,027,000 rounded. The chart below shows the gross sales and expenses likely to be incurred during the sellout of the units.

Discounted Sellout								
Period			Year 1	Year 2	Year 3	Year 4	Year 5	Total
Residential Condo Sales			169	145	121	73	25	
Remaining Unsold Units			24	24	48	48	25	
Entitled Units Sold This Period								
Land Value Price Per Pad			\$91,000	\$91,000	\$93,730	\$96,542	\$99,438	
Total Sales			\$ 2,184,000	\$ 2,184,000	\$ 4,499,040	\$ 4,634,011	\$ 2,485,954	\$ 15,987,005
Less Expenses								
Closing Costs, Marketing & Advertising	2.50%		\$ 54,600	\$ 54,600	\$ 112,476	\$ 115,850	\$ 62,149	\$ 399,675
Real Estate Commissions	5.00%		\$ 109,200	\$ 109,200	\$ 224,952	\$ 231,701	\$ 124,298	\$ 799,350
Miscellaneous (Taxes, Ins. & G&A)	0.25%		\$ 5,460	\$ 5,460	\$ 11,248	\$ 11,585	\$ 6,215	\$ 39,968
Entrepreneurial Profit - Unsold Units	12.0%		\$ 262,080	\$ 262,080	\$ 539,885	\$ 556,081	\$ 298,314	\$ 1,918,441
Total Expenses			\$ 431,340	\$ 431,340	\$ 888,560	\$ 915,217	\$ 490,976	\$ 3,157,434
Net Income			\$ 1,752,660	\$ 1,752,660	\$ 3,610,480	\$ 3,718,794	\$ 1,994,978	\$ 12,829,572
Discount Factor	12.0%	1.00000	0.892857	0.797194	0.711780	0.635518	0.567427	
PV of Cash Flow			\$ 1,564,875	\$ 1,397,210	\$ 2,569,868	\$ 2,363,361	\$ 1,132,004	\$ 9,027,318
Total PV of Cash Flows			\$ 9,027,318					
Rounded			\$ 9,027,000					

**"Value Upon Completion of Infrastructure" – August 1, 2008 – PHASE V – 169 Residential Condominium Units
\$9,027,000**

VALUE OF PROCEEDS FROM SELLOUT OF IMPROVEMENTS – 234 RESIDENTIAL UNITS

The total bulk value from the sellout of the 234 condominium units is \$12,082,327 or \$12,082,000 rounded. The chart below shows the gross sales and expenses likely to be incurred during the sellout of the units.

Discounted Sellout									
Period		Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Total	
Residential Condo Sales									
Remaining Unsold Units		169	145	121	73	25	-		
Entitled Units Sold This Period		24	24	48	48	25	-		
Land Value Price Per Pad		\$91,000	\$91,000	\$93,730	\$96,542	\$99,438	\$102,421		
Sales from 169 Units		\$2,184,000	\$2,184,000	\$4,499,040	\$4,634,011	\$2,485,954	\$0	\$15,987,005	
Residential Lodge Sales									
Remaining Unsold Units		-	-	-	-	65	41		
Entitled Units Sold This Period		-	-	-	-	24	41		
Land Value Price Per Pad		\$99,500	\$99,500	\$102,485	\$105,560	\$108,726	\$111,988		
Sales from 65 Lodge Units						\$2,609,432	\$4,591,513	\$7,200,945	
Total Sales		\$ 2,184,000	\$ 2,184,000	\$ 4,499,040	\$ 4,634,011	\$ 5,095,386	\$ 4,591,513	\$ 23,187,950	
Less Expenses									
Closing Costs, Marketing & Advertising	2.50%	\$ 54,600	\$ 54,600	\$ 112,476	\$ 115,850	\$ 127,385	\$ 114,788	\$ 579,699	
Real Estate Commissions	5.00%	\$ 109,200	\$ 109,200	\$ 224,952	\$ 231,701	\$ 254,769	\$ 229,576	\$ 1,159,398	
Miscellaneous (Taxes, Ins. & G&A)	0.25%	\$ 5,460	\$ 5,460	\$ 11,248	\$ 11,585	\$ 12,738	\$ 11,479	\$ 57,970	
Entrepreneurial Profit - Unsold Units	12.0%	\$ 262,080	\$ 262,080	\$ 539,885	\$ 556,081	\$ 611,446	\$ 550,982	\$ 2,782,554	
Total Expenses		\$ 431,340	\$ 431,340	\$ 888,560	\$ 915,217	\$ 1,006,339	\$ 906,824	\$ 4,579,620	
Net Income		\$ 1,752,660	\$ 1,752,660	\$ 3,610,480	\$ 3,718,794	\$ 4,089,047	\$ 3,684,689	\$ 18,608,330	
Discount Factor	12.0%	1.00000	0.892857	0.797194	0.711780	0.635518	0.567427	0.506631	
PV of Cash Flow		\$ 1,564,875	\$ 1,397,210	\$ 2,569,868	\$ 2,363,361	\$ 2,320,235	\$ 1,866,778	\$ 12,082,327	
Total PV of Cash Flows		\$ 12,082,327							
Rounded		\$ 12,082,000							

**"Value Upon Completion of Infrastructure" – August 1, 2008 – PHASE V – 234 Residential Condominium Units
\$12,082,000**

ABSORPTION OF RETAIL AND OFFICE SPACE

In projecting absorption rates, we have examined retail and office space in the Asheville and Woodfin markets. The subject will have a total of 183,095 square feet of retail and office space. This is allocated as 158,095 square feet of retail space and 25,000 square feet of office space. We have review several new retail and office properties in the area to determine a reasonable absorption for the subject's retail and office space. Meridian Place located along the western side of Hendersonville Road is currently under construction and will contain a total of 28,907 square feet of retail space. Approximately 10,000 square feet has been preleased within two months, resulting in an absorption rate of 5,000 square feet per month. Shops on Rockwood a retail center located off of Airport Road in South Asheville is a recently completed

center with a total of 30,400 square feet of retail space. The property was 100% occupied at completion of construction and had an indicated absorption rate of 3,378 square feet per month. Gerber Village, which is located along the eastern side of Hendersonville Road has a total of 59,300 square feet of retail space and 27,454 square feet of office space. The retail space had an absorption rate of 3,706 square feet per month. The office space had an absorption rate of 2,288 square feet per month. Considering the comparables above and the current economic slow down, we have projected an absorption of 3,500 square feet per month for retail space and 1,500 square feet per month for the office space. We consider this reasonable based on the above comparables.

SELLOUT EXPENSES

Sellout expenses are those expenses that will likely be incurred during the sellout of the finished retail and office space. Expenses will include closing costs, real estate sales commissions, miscellaneous costs and developer's profit. Real estate taxes, insurance and general and administrative expenses will be included in miscellaneous costs. We have estimated that the retail space would be leased up over a four year period and the office space would be leased up over a two year period. Our estimate is below the recent absorption in the market due to the slow down in the economy. Therefore, our estimates are considered reasonable. Expenses that will be applied to the expected pre-sold units are sales commissions and closing costs.

CLOSING COSTS

We have estimated the closing costs related to the pre-sold units will be about 0.25% of gross sales.

REAL ESTATE SALES COMMISSIONS

According to the developer, sales commissions are being paid to brokers in the amount of 5.0% of total revenues. Typical real estate commissions on smaller homes in the area are about 5.0% to 6.0% of the total sales price. Therefore, the developer's estimate of 5.0% is considered reasonable.

MISCELLANEOUS

Miscellaneous costs for the subject include hazard insurance and some general and administrative expenses. Since all of the subjects are estimated to be pre-sold, only a minimal amount of insurance was necessary along with a minimal amount of general and administrative costs. We have estimated a cost of 0.20% of gross sales revenues of the units only.

ENTREPRENEURIAL PROFIT

We have included a reasonable allocation for entrepreneurial profit. This is intended to reflect the inherent risk incurred in the development of a project similar to the subject. When determining a profit allocation to subtract from the anticipated cash flow, we have analyzed varying degrees of profit that may be necessary in order to attract a purchaser to a development project of this type. Retail and office space typical demand a profit allocation of between 12% and 15% of the gross sales price on the units that sale after completion of construction. We have estimate the profit requirement on the subject property to be about 15%. This pre-sale reduced profit requirement is because the seller will want to be rewarded for pre-selling some of the space. The purchaser of the property would have the responsibility of closing out all the space and selling the un-sold square footage.

DISCOUNT RATE

According to the Korpacz, discount rates for the national strip shopping center market ranged from 6.0% to 10.0%, with an average of 8.34%. For the national suburban office market, rates ranged from 7.0% to 12.50%, with an average of 8.74%. This was the most comparable information to use to determine a discount rate for the subject property. We have used a 10.0% discount rate to discount the cash flow back to a present value.

VALUE OF PROCEEDS FROM SELLOUT OF IMPROVEMENTS

The total bulk value from the sellout of the retail and office square foot along with the land for the condominiums, as is as of May 2, 2008, is \$13,597,815 or \$13,598,000 rounded. The chart below shows the gross sales and expenses likely to be incurred during the sellout of the space.

SUMMARY OF DISCOUNTED SELLOUT

Discounted Sellout							
Period			Year 1	Year 2	Year 3	Year 4	Total
Retail Portion SF Entitlement							
Remaining Unsold SF			158,095	116,095	74,095	32,095	
Entitled SF Sold This Period			42,000	42,000	42,000	32,095	
Land Value Price Per SF of Entitled Area			\$115	\$120	\$124	\$129	
Total Sales From Unsold Retail SF			\$ 4,830,000	\$ 5,023,200	\$ 5,224,128	\$ 4,151,789	
Office Portion SF Entitlement							
Remaining Unsold SF			25,000	7,000	-	-	
Entitled SF Sold This Period			18,000	7,000	-	-	
Land Value Price Per SF of Entitled Area			\$80	\$83			
Total Sales From Unsold Office SF			\$ 1,440,000	\$ 582,400	\$ -	\$ -	
Total Sales			\$ 6,270,000	\$ 5,605,600	\$ 5,224,128	\$ 4,151,789	\$ 21,251,517
Less Expenses							
Closing Costs	0.25%		\$ 15,675	\$ 14,014	\$ 13,060	\$ 10,379	\$ 53,129
Real Estate Commissions	5.00%		\$ 313,500	\$ 280,280	\$ 261,206	\$ 207,589	\$ 1,062,576
Miscellaneous (Taxes, Ins. & G&A)	0.20%		\$ 12,540	\$ 11,211	\$ 10,448	\$ 8,304	\$ 42,503
Entrepreneurial Profit - Unsold Units	15.0%		\$ 940,500	\$ 840,840	\$ 783,619	\$ 622,768	\$ 3,187,727
Total Expenses			\$ 1,282,215	\$ 1,146,345	\$ 1,068,334	\$ 849,041	\$ 4,345,935
Net Income			\$ 4,987,785	\$ 4,459,255	\$ 4,155,794	\$ 3,302,748	\$ 16,905,582
Discount Factor	10.0%	1.00000	0.909091	0.826446	0.751315	0.683013	
PV of Cash Flow			\$ 4,534,350	\$ 3,685,335	\$ 3,122,309	\$ 2,255,821	\$ 13,597,815
Total PV of Cash Flows		\$ 13,597,815					
Rounded		\$ 13,598,000					

"Value Upon Completion of Infrastructure" – August 1, 2008 – PHASE V – Retail & Office
\$13,598,000

The combined value from the Development Valuation Method for the residential condominiums and the commercial portion is **\$25,680,000** (\$12,082,000 + \$13,598,000).

LEASEHOLD SHOPPING CENTER PHASE VI DISCOUNTED CASH FLOW ANALYSIS

The income approach is an appraisal procedure, which capitalizes an expected income stream into an indication of market value. The underlying premise is that an informed purchaser will pay no more for the subject property than he would have to pay for another property, which has an income stream of comparable quantity, quality and durability. We will pursue an estimate of value through direct capitalization of the subject property's stabilized net operating income. The second method is to estimate value using the discounted cash flow method using the ARGUS Financial Analysis software program (Version 13.0). The first step undertaken in the direct capitalization approach is to make an estimate of the gross potential income for the subject property. Additionally, in order to assess the risk associated with the lease income, we will examine the contract rent in light of other leases from the market, and determine the relationship between contract rent and market rent. A brief description of each lease comparable is provided herein.

Thereafter, a vacancy estimate is made based on market conditions at the time of the appraisal. We would typically apply a stabilized percentage in the direct capitalization method. The next step involves estimating the expenses, which can reasonably be expected in order to maintain the income stream set forth in the estimate of gross potential income. By deducting vacancy and expenses from gross potential income, an indication of net operating income is derived. It is this figure, which is capitalized in order to arrive at a value using the direct capitalization method and a discounted cash flow.

The following pages are lease comparable properties that will enable us to ascertain a market rent for the subject property.

LEASE COMPARABLE NUMBER ONE

BUILDING NAME	Forest Ridge Shopping Center
LOCATION	Hendersonville Road, Asheville, NC
BUILDING TYPE	One-story community shopping center anchored by Wal-Mart.
LESSEE	Various Tenants, including Pools & Spas, GNC, Radio Shack, CATO, Subway, and Ultra Tan.
LEASABLE AREA	164,672 Square Feet
CONSTRUCTION TYPE	Brick and Stucco
YEAR BUILT	1988
CONDITION	Average
OCCUPANCY RATE	97% leased
BASE RENTAL RATE – LOCAL SHOP SPACE	\$14.00 to \$20.00 per square foot triple net
EFFECTIVE RENTAL RATE	Same as above (no concessions)
EXPENSE PASS THRU'S	All except for structural reserves – CAM surcharge typically 15%.
RENEWALS	CPI
LEASING COMMISSION – NEW TENANTS	5% of gross lease amount
LEASING COMMISSIONS – RENEWAL TENANTS	2% of gross lease amount
TYPICAL LEASE TERM	5 for local shops, and 10 years for anchor
ESCALATIONS	Some at CPI, others at fixed steps typically at 3% per year
RENT CONCESSIONS	None
PARKING	Surface parking
COMMENTS	Wal Mart is the anchor tenant. This property is located on the east side of Hendersonville Road, south of the subject property. Property is inferior to the subject in age/condition.

LEASE COMPARABLE NUMBER TWO

BUILDING NAME	South Forest Shopping Center
LOCATION	East side of Hendersonville Road, Asheville, NC
BUILDING TYPE	One-story neighborhood shopping center anchored by a Ingles Food Store.
LESSEE	Various Tenants, including US Post Office, Body Shop Fitness, ASA Shoes, Yesterday's Tree, and Verve.
LEASABLE AREA	139,265 square feet
CONSTRUCTION TYPE	Brick and Stucco
YEAR BUILT	1963
CONDITION	Average to Good
OCCUPANCY RATE	95% leased
BASE RENTAL RATE – LOCAL SHOP SPACE	\$14.00 to \$18.00 per square foot triple net
EFFECTIVE RENTAL RATE	Same as above (no concessions)
EXPENSE PASS THRU'S	All except for structural reserves – CAM surcharge typically 15%.
RENEWALS	CPI
LEASING COMMISSION – NEW TENANTS	5% of gross lease amount
LEASING COMMISSIONS – RENEWAL TENANTS	2% of gross lease amount
TYPICAL LEASE TERM	5 for local shops, and 10 years for anchor
ESCALATIONS	Some at CPI, others at fixed steps typically at 3% per year
RENT CONCESSIONS	None
PARKING	Surface parking
COMMENTS	Ingles Food Store is the anchor tenant. This property is located along the east side of Hendersonville Road, north of the subject property. Center is inferior in age/condition and anchor tenancy compared to the subject.

LEASE COMPARABLE NUMBER THREE

CENTER NAME	K-Mart Anchored Center
LOCATION	1830 Hendersonville Road
	Asheville, Buncombe County, NC
BUILDING TYPE	One-story building
CENTER SIZE	137,419 s.f.
CONSTRUCTION TYPE	Masonry, brick, and glass
UPFITTING QUALITY	Average
YEAR BUILT	1979
CONDITION	Average
LOCAL TENANTS	Various tenants include K-Mart, Cue N Spirits, Urgent Care, and Dollar General.
RENT RANGES – LOCAL SPACE	\$8.00 - \$10.00 per s.f.
LEASE TERMS	3 to 5 years
RENT ESCALATIONS	Stepped or increases at CPI
EXPENSE / CONTRIBUTION	NNN - Pro rata share of CAM, taxes, and insurance
TENANT IMPROVEMENT ALLOWANCE	Varies depending on tenant
CONCESSIONS	None – tenants to receive a "vanilla box" upon occupancy
OCCUPANCY – OVERALL	100%
COMMENTS	The center is located along the east side of Hendersonville Road designed as space that can be utilized for office, retail, or live/work spaces. The newest tenant, 5 Guys Burgers, signed a lease in November 2007 for a term of 10 years at a lease rate of \$28.50 per s.f. NNN.

LEASE COMPARABLE NUMBER FOUR

BUILDING NAME	Plaza at Biltmore Square Shopping Center
LOCATION	980 Brevard Road, Asheville, NC
BUILDING TYPE	One-story neighborhood shopping center anchored by K-Mart.
LESSEE	Various Tenants, including CATO, Your Floor Stop, Army Navy, Biltmore Plaza Cleaners, Little Guy, Endless Summer, and various other tenants.
LEASABLE AREA	180,201 Square Feet
CONSTRUCTION TYPE	Brick and Stucco
YEAR BUILT	1990
CONDITION	Average to Good
OCCUPANCY RATE	93.06% leased
BASE RENTAL RATE – LOCAL SHOP SPACE	\$4.00 to \$16.39 per square foot triple net
EFFECTIVE RENTAL RATE	Same as above (no concessions)
EXPENSE PASS THRU'S	All except for structural reserves
RENEWALS	CPI
LEASING COMMISSION – NEW TENANTS	5% of gross lease amount
LEASING COMMISSIONS – RENEWAL TENANTS	2% of gross lease amount
TYPICAL LEASE TERM	5 for local shops, and 10 years for anchor
ESCALATIONS	Some at CPI, others at fixed steps typically at 3% per year
RENT CONCESSIONS	None
PARKING	Surface parking
COMMENTS	K-Mart is the anchor tenant. Center has a superior location compared to the subject. Center is similar also superior in age/condition to the subject.

We selected retail centers in established commercial areas in Asheville, NC. They are established retail facilities that would likely attract the same type of small shop tenant that would be expected to occupy the subject property. They are considered the most reliable lease comparable properties in the area. All rents quoted in the comparable properties are triple-net with tenants paying their pro rata share of CAM, taxes, and insurance, similar to the subject property.

Presented below is a summary of executed leases in the subject property.

Tenant Name	Size	Rate	Rent	Exp P.T.	Lease Begin	Lease End
Food Lion	25,000	\$6.20	\$155,000	CAM, Taxes, & Insurance	Feb-90	Feb-10
Impressive Salon	1,600	\$5.00	\$8,004	CAM, Taxes, & Insurance	Apr-95	Dec-08
Ballroom Management	3,221	\$5.59	\$18,000	CAM, Taxes, & Insurance	May-02	M to M
The Sisters McMullen	1,647	\$6.56	\$10,800	CAM, Taxes, & Insurance	Aug-03	Jul-08
Tuesday Morning	7,151	\$7.00	\$50,085	CAM, Taxes, & Insurance	Jan-98	Jan-12
New China	2,440	\$6.60	\$16,104	CAM, Taxes, & Insurance	Jan-01	Dec-10
Kaylynne's Florist	1,693	\$4.96	\$8,400	CAM, Taxes, & Insurance	May-99	Apr-09
RMDG	8,450	\$7.10	\$60,000	CAM, Taxes, & Insurance		M to M
	51,202		\$326,393			

ESTIMATE OF MARKET RENT

The subject's rental rates are compared to the rental rates from comparable properties in the table below.

SMALL SHOP SPACE

The subject's contractual rental rates for in line space range from \$4.96 to \$7.10 per square foot. The comparable rental rates on the shop spaces range from \$4.00 to \$20.00 per square foot. The subject's local shop spaces are currently below the range of the comparable properties. This is due to the fact that the tenants have been in place for a period of time and the landlord has decided to avoid raising the rental rates in order to keep the property full. Market rental rates are different for each of these spaces depending upon size and location within the shopping center. In our Argus analysis we concluded that based on the market that market rent for the small shop space is \$10.00 per square foot. This is considered reasonable based on the comparable properties. For our analysis, we will have the subject leases expire and renew at the market rent of \$10.00 per square foot.

For the Food Lion Store, which lease expires in February 2010, we have had them exercising all four, five-year options, since we believe the rent is below market and favors the Food Lion Store.

RENT ROLL ANALYSIS

The object of our assignment is to estimate the lease hold estimate of the subject property; therefore, contractual lease income will be recognized.

POTENTIAL RENTAL INCOME CONCLUSION

Within this analysis, potential rental income is estimated based on market rental rates. Further, this method of calculation rental income is most prevalent in the local market and is consistent with the method used to derive overall capitalization rates from the parable sales data. The subject property is currently 100% leased, and subject to the terms of existing leases. We believe that 95% occupancy reflects stabilization. The previously presented rent roll indicates that if we use all the occupied tenant spaces, leased at their contractual rates, then the potential gross revenue would be \$326,393. Our ARGUS projection indicates that potential gross revenues are **\$342,749**. This is higher than the income indicated by the rent roll due to the fact that the income from Argus reflects some of the tenants rolling over to the estimated market rent of \$10.00 per square foot.

OTHER INCOME

Other income includes income from miscellaneous sources such as security deposits from tenants that have defaulted on their lease, income from telephone booths and soft drink machines, etc. The subject's historical data has reported no other income. Therefore, based on the subject's historical data other income is estimated at **\$0.00**.

EXPENSE REIMBURSEMENTS

A review of the lease comparables shows that tenants typically reimburse to the landlord the cost of all operating expenses, in addition to their base and step rentals. Most of the subject's leases have similar pass-through provisions. Our estimate, based on figures from the ARGUS analysis is **\$53,493**.

TOTAL POTENTIAL GROSS REVENUE

Total potential gross revenue is the summation of the two components of revenue: Base Rent of \$342,749, and Expense Reimbursements of \$53,493. The total stabilized potential gross revenue is **\$396,242 or \$7.74/sf**.

VACANCY AND COLLECTION LOSS

The subject's estimated stabilized occupancy rate was previously discussed in the Market Analysis. The subject is currently 100% leased. The comparable properties located in the area range from 93.06% to 100%. Based on these considerations, we chose a rate 5.00% of tenant income. Based on computations of existing contractual rent income of all tenants except the credit tenant (Food Lion), this amounts to **\$10,756**.

EFFECTIVE GROSS REVENUE

Effective gross revenue is total gross revenue of \$396,242 less vacancy and collection loss of \$10,756 to arrive at an effective gross income of **\$385,486**.

OPERATING EXPENSE ANALYSIS

In estimating the operating expenses for the subject, we have analyzed expense data from The Dollars and Cents of Shopping Centers, and other comparable properties. We were not provided with any historical data from the subject property. The table below presents the available operating expense for the comparable properties.

COMPARABLE EXPENSE PROPERTIES

Description	Comparable 1		Comparable 2		Comparable 3		Comparable 4	
	97,261 / SF Amount	Built 1994 Per SF	127,637 / SF Amount	Built 2003 Per SF	107,028 / SF Amount	Built 1985 Per SF	77,550 / SF Amount	Built 1993 Per SF
CAM	\$111,300	\$1.14	\$75,306	\$0.59	\$94,178	\$0.88	\$64,456	\$0.83
Taxes	\$73,508	\$0.76	\$39,567	\$0.31	\$69,084	\$0.65	\$55,702	\$0.72
Insurance	\$8,573	\$0.09	\$44,673	\$0.35	\$16,813	\$0.16	\$6,722	\$0.09
Management	\$37,723	\$0.39	\$33,186	\$0.26	\$55,780	\$0.52	\$23,319	\$0.30
Other	\$0	\$0.00	\$8,935	\$0.07	\$0	\$0.00	\$13,020	\$0.17
Total Operating Expenses	\$231,104	\$2.38	\$201,667	\$1.58	\$235,855	\$2.21	\$163,219	\$2.11

2007 Dollars & Cents

	2007 Dollar & Cents
CAM	\$0.93
TAX	\$1.04
INSURANCE	\$0.27
MANAGEMENT	\$0.54
RESERVES	N/A
Total	\$2.78

EXPENSE ESTIMATE

The following subsections represent the analysis for the estimate of each category of the subject's expenses.

COMMON AREA MAINTENANCE

Reimbursable CAM includes utilities, trash removal, landscaping, and repairs and maintenance to common areas, and amounts to \$0.75 per square foot or **\$38,402**. CAM charges on the comparable rental properties ranged from \$0.59/SF to \$1.14/SF. Dollars & Centers reported an average CAM expense of \$0.93/SF. We believe our estimate to be reasonable based on the comparable expenses.

REAL ESTATE TAXES

As we discussed earlier in this report under ASSESSMENTS And TAXES, our projected tax on the subject property is **\$4,843**. This excludes the site, since the subject is on a ground lease. Our estimate is consistent with the tax comparable properties presented earlier in the ASSESSMENTS And TAXES section.

PROPERTY INSURANCE

Property insurance expenses typically include fire and extended coverage and owner's liability coverage. The comparable expenses ranged from \$0.09 to \$0.35 per square foot. The Dollars and Cents of Shopping Center data indicate a median insurance cost of \$0.27 per square foot. Given these figures and considering the subject's historical expense levels, we have applied an insurance expense of **\$0.20 per square foot or \$10,240**.

GROUND RENT PAYMENTS

Based on the lease information provided to us, the ground rent payments as of May 2008 is \$3,600 per month or 43,200 per year. As of July 1, 2008, this rent increases to \$3,800 per month or 45,600 per year. The ground rent continues to increase every five years and expires in June 2083.

MANAGEMENT FEE

Professional management fees in the local market range from 3.00% to 5.00% of effective gross income. A 4.0% management fee has been estimated for the subject, which amounts to an expense of **\$15,419**.

RESERVES FOR REPLACEMENT

Although the market recognizes "net" leases, whereby most common area maintenance expenses are passed through to the tenant, there are still some maintenance expenses, which are not typically reimbursed by the tenants. These include structural and roof maintenance, and/or reserves for the same. There is little data with regard to actual costs of roof and structural maintenance, as these costs can vary significantly from year to year. Based on our discussions with managers of similar retail centers, we believe an allowance of **\$0.07 per square foot or \$3,584**, is reasonable.

OPERATING EXPENSE CONCLUSION

Operating expenses amount to **\$117,688** or \$2.30 per square foot. The subject's operating expenses are considered reasonable in comparison to the comparables based on a per square foot analysis. The subject's stabilized expense ratio is 30.53%, which is within the range of the comparables and the Dollars and Cents range of 14.50% to 39.05%. Overall, the expense estimate for the subject appears reasonable based on an examination of all available data.

NET OPERATING INCOME CONCLUSION

The subject's net operating income amounts to **\$267,798** or \$5.23 per square foot. We have not applied an overall rate to the current NOI and have elected to place all emphasis on or Discounted Cash Flow Analysis, as detailed on the following pages.

DISCOUNTED CASH FLOW ANALYSIS

The DCF assumptions concluded for the subject are summarized as follows:

SUMMARY OF DCF ASSUMPTIONS	
General Assumptions	
Stabilized Start Date	May-08
Term of analysis	10 Years
Basis	Fiscal
Software	Argus 13.0
Growth Rate Assumptions	
Income Growth	3.00%
Expense Growth	3.00%
Real Estate Tax Growth	3.00%
Occupancy Assumptions	
Current Occupancy	100.00%
Stabilized Occupancy	95.0%
Estimated Lease-up Period	N/A
Avg. Occupancy Over Projection Period	95.0%
Financial Assumptions	
Discount Rate	10.00%
Terminal Capitalization Rate	8.00%
Other Assumptions	
Renewal Probability	75.0%
Leasing Commissions	5.0% / 2.0%
Tenant Improvements	None
Cost of Sale	3.00%
Capital Expenses (Deferred Maintenance)	\$0.00

GENERAL ASSUMPTIONS

The DCF analysis utilizes a 10-year projection period with fiscal year inflation and discounting. This is consistent with current investor assumptions. The analysis is done with ARGUS software.

GROWTH RATE ASSUMPTIONS

The inflation and growth rates for the DCF analysis have been estimated by analyzing the expectations typically used by buyers and sellers in the local marketplace. Published investor surveys, an analysis of the Consumer Price Index (CPI) as well as our survey of brokers and investors active in the local market form the foundation for the selection of the appropriate growth rates.

SUMMARY GROWTH RATE ASSUMPTIONS			
SUMMARY OF GROWTH RATES			
Growth Rate Indicator	Rent	Expenses	General Inflation
US Department of Labor			
10 Year Average CPI			2.90%
Korpacz Survey, 1st Quarter 2008			
Retail Neighborhood	2.91%	3.10%	3.00%
Retail National Power Center	3.13%	3.00%	3.00%
Surveyed Market Participants	3.00%	3.00%	3.00%

Based on the foregoing, the following growth rates have been estimated.

INCOME GROWTH

Market rental rates and ancillary income are projected to grow at 3.00% per year. This may be conservative given increases in rental rates over the past two years. However, the long-term growth rate for rental rates will likely be below the level of the past two years. This estimate is toward the middle end of the survey range, but consistent with local market participants.

EXPENSE GROWTH

Expenses, including reserves for replacement are projected to grow at 3.00% per year. The subject area is stable and average costs of living are typical in the market.

LEASING ASSUMPTIONS

The previously concluded estimated income and expenses have been utilized as the basis for year one of the holding period. All subsequent years vary according to the growth rate assumptions applied to the year one estimate.

VACANCY AND COLLECTION LOSS

Vacancy and collection loss is a function of the interrelationship between absorption, lease expiration, renewal probability, estimated downtime between leases, and a collection loss factor based on the relative stability and credit of the subject's tenant base. As shown on the Summary of Comparable Rentals, the comparable properties reported vacancy rates ranging from 0% to 7% of the total shopping center leasable area. The subject's current occupancy is 100%. Based on this information and data contained in the Market Analysis, a stabilized vacancy of 5.00% has been estimated for the subject on only the non-credit shop spaces.

FINANCIAL ASSUMPTIONS

TENANT IMPROVEMENTS AND LEASING COMMISSIONS

Most of the comparable shopping centers in the general area did not regularly incur tenant improvement costs upon leasing retail space. As a result, we have not estimated any tenant improvement allowance. We also did not include any allowances since the subject rents are so low. We have projected that most of the shop tenants would have a 75% renewal probability. Based on our research in the market, leasing commissions are typically based on 5% of the total effective gross rent over the base lease term for new tenants and 2% of the effective gross rent for renewal tenants.

DISCOUNT RATE ANALYSIS

The results of the most recent Korpacz survey are summarized in the following table:

DISCOUNT RATES - SHOPPING CENTERS			
Investor Survey	Rate Range		Average
Retail Neighborhood	6.00%	10.00%	8.34%
Retail National Power Center	6.75%	11.50%	8.23%
Fred H. Beck & Associates Estimate			10.00%

The subject is considered to be a retail neighborhood center property in the market. Because of the subject's age/condition, location in a stable market area, a discount rate near the middle of the range indicated in the preceding table is considered appropriate.

TERMINAL CAPITALIZATION RATE

The reversionary value of the subject is based on an assumed sale at the end of the holding period based on capitalizing the Year 11 NOI at a terminal capitalization rate. Typically, for properties similar to the subject, terminal capitalization rates are 25 to 50 basis points higher than going-in-capitalization rates (OAR's). Based on our information of comparable sales, which show a range of going in rates ranging from 7.00% to 8.25%, we would select an overall rate for the subject of 7.75%.

TERMINAL CAPITALIZATION RATES - SHOPPING CENTERS			
Investor Survey	Rate Range		Average
Retail Neighborhood	6.00%	10.00%	7.78%
Retail National Power Center	6.50%	9.50%	7.55%
Fred H. Beck & Associates Estimate			7.75%

In addition to the risk of uncertainty, the risk of over building is considered best reflected in the terminal capitalization rate. As such, a terminal rate of 7.75% was considered appropriate in light of the current supply and new supply for the market over the next few years.

DISCOUNTED CASH FLOW CONCLUSION

The DCF Schedule and value conclusions are depicted on the pages listed in the Addenda of this report. Our conclusion is a value of \$3,812,567, rounded to \$3,813,000 "as is."

Added to this is the excess land from the total of 8.06 acres. We have estimated based on typical building to land ratios, the subject site would have approximately 3.5 acres of excess land. For the subject we must determine the fee simple land value. Once we have estimated the land value, we will allocate this amount out based on the 3.5 acres of excess land. The comparable sales are shown in the table below:

Location	Sale Date	Zoning	Site Size / Acres	Sale Price	Price Per Acre
Asheville, NC	11/1/2007	HB	5.72	\$ 2,000,000	\$ 349,650
Asheville, NC	6/12/2007	HB	3.84	\$ 1,300,000	\$ 338,542
Arden, NC	2/28/2007	EMP	5.30	\$ 1,325,000	\$ 250,000
				Average	\$ 312,731

All the comparable sales provide a good indication of the subject value. Sale two is similar in size compared to the subject. Sale one is the most recent sale out of the three sales. The range of the sales was from \$250,000 to \$349,650 per acre, with an average of \$312,731 per acre. Sale three was developed with a Super Wal-Mart Center, which usually purchases land at a discount from the seller. This is typically done to increase land values around the center. Therefore, less emphasis was placed on this sale. Therefore, we have estimated a land value of \$325,000 per acre. Based on a land size of 3.50 acres of excess land, the excess land value amounts to \$1,137,500 (3.5 Acres x \$325,000) rounded to \$1,138,000. Adding this to the value from the Discounted Cash Flow analysis of \$3,813,000, the total value amounted to \$4,951,000 (\$3,813,000 + \$1,138,000). Therefore, the value from this method is **\$4,951,000**.

VALUES BY DISCOUNTED CASH FLOW

Value by Discounted Cash Flow As Is - As of May 2, 2008 - **\$4,951,000**

LAND VALUATION – PHASE VI – 0.60 ACRES – PARCEL 9730.11-66-8789

We conducted research in the subject neighborhood and surrounding area including the town of Woodfin and communities surrounding the City of Asheville. We found several land sales within close proximity to our subject property.

LAND SALE COMPARABLE ONE

SALE ONE	
LOCATION	150 Airport Road, Arden, Buncombe County, NC
GRANTOR	Various
GRANTEE	United Community Bank
DEED REFERENCE	4345 / 730
TAX CODE	7643.02-08-2046, 1213, 1046, and 07-2900
DATE OF SALE	1/11/07
SIZE	2.14 Acres
FRONTAGE	Good
TOPOGRAPHY	Level to gently sloping
UTILITIES	All Public
ZONING	HB, Highway Business
IMPROVEMENTS	None at the time of sale
PRESENT USE	Bank
HIGHEST AND BEST USE	Commercial
SALES PRICE	\$1,999,000
TERMS OF SALE	Cash
PRICE PER SQUARE FOOT	\$21.44
COMMENTS	This site is located on Airport Road. Location is superior to the subject.

LAND SALE COMPARABLE TWO

LAND SALE TWO	
LOCATION	339 Rockwood Road, just west of Airport Road, Arden, Buncombe County, NC
GRANTOR	Crown/Asheville, LLC
GRANTEE	TPT, Inc.
DEED REFERENCE	4390 / 964
TAX CODE	9643.02-75-2300
DATE OF SALE	4/17/07
SIZE	1.93 Acres
FRONTAGE	Good along Rockwood Road
TOPOGRAPHY	Level to gently sloping
UTILITIES	All public
ZONING	Commercial
IMPROVEMENTS	None at time of sale
PRESENT USE	Vacant
HIGHEST AND BEST USE	Commercial
SALES PRICE	\$1,810,000
TERMS OF SALE	Cash
PRICE PER SQUARE FOOT	\$21.53
COMMENTS	Property is adjacent to New Airport Road.

LAND SALE COMPARABLE THREE

LAND SALE THREE	
LOCATION	150 Airport Road, Arden, Buncombe County, NC
GRANTOR	Marie Nesby
GRANTEE	United Community Bank
DEED REFERENCE	4345 / 730
TAX CODE	9653.05-08-2046
DATE OF SALE	January 12, 2007
SIZE	1.25 Acres; 54,450 SF
FRONTAGE	100 feet along Airport Road
TOPOGRAPHY	Level to gently sloping
UTILITIES	All public
ZONING	EMP
IMPROVEMENTS	Vacant at time of sale
PRESENT USE	Vacant
HIGHEST AND BEST USE	Commercial
SALES PRICE	\$899,000
TERMS OF SALE	Cash
PRICE PER SQUARE FOOT	\$16.51
COMMENTS	The site is close to many retail outlets. Growing area and is considered a great location for a restaurant.

LAND SALE COMPARABLE FOUR

LAND SALE FOUR	
LOCATION	332 Rockwood Road, Arden, Buncombe County, NC
GRANTOR	Biltmore Lake, LLC
GRANTEE	Nancy Crawford
DEED REFERENCE	4340 / 854
TAX CODE	9643.02-65-6483
DATE OF SALE	June 20, 2006
SIZE	1.50 Acres; 65,340 SF
FRONTAGE	Adequate along Rockwood Road
TOPOGRAPHY	Level to gently sloping
UTILITIES	All public
ZONING	HB
IMPROVEMENTS	Vacant at time of sale
PRESENT USE	Vacant
HIGHEST AND BEST USE	Commercial
SALES PRICE	\$1,275,000
TERMS OF SALE	Cash
PRICE PER SQUARE FOOT	\$19.51
COMMENTS	The site has frontage along Interstate 26, however, has limited frontage along Rockwood Road. Access to the site is from Rockwood Road.

LAND SALES ADJUSTMENT CHART – 0.60 ACRES

SALE NUMBER	Subject	1	2	3	4
ZONING	MV	HB	HB	EMP	HB
SALE DATE		Jan-07	Apr-07	Apr-07	Jun-06
SIZE - SF	26,136	93,218	84,071	54,450	65,340
SALES PRICE		\$1,999,000	\$1,810,000	\$899,000	\$1,275,000
PRICE PER SF		\$21.44	\$21.53	\$16.51	\$19.51
PROPERTY RIGHTS					
FINANCING					
CONDITIONS OF SALE					
TIME	3.00%	4%	3%	3%	6%
ADJUSTED PRICE PER SF		\$22.30	\$22.18	\$17.01	\$20.68
LOCATION		-25%	-25%	-25%	-25%
SIZE		15%	15%	15%	15%
SHAPE					
TOPOGRAPHY/EASEMENTS					
ZONING					
UTILITIES					
ACCESS/FRONTAGE					10%
TOTAL ADJUSTMENTS		-10%	-10%	-10%	0%
ADJUSTED VALUE PER SF		\$20.07	\$19.96	\$15.31	\$20.68
ANALYSIS	Range	\$ 15.31 /SF	to	\$ 20.07 /SF	
	Median	\$ 20.02 /SF			
	Mean	\$ 19.01 /SF			

EXPLANATION OF ADJUSTMENTS

The following are generally accepted adjustment categories. The first four categories - real property rights appraised, financing, conditions of sale, and market conditions (time) are cumulative. Normally, a sale should be adjusted for the cumulative adjustment where the remaining adjustments such as location and other physical characteristics are applied. Location, physical characteristics and other adjustments are additive, and may be in any order. An explanation of each adjustment category is as follows:

PROPERTY RIGHTS APPRAISED

The real property rights conveyed are the first adjustment because the appraisal of the subject property rights can only be compared to similar property rights. All of the comparable sales are considered to be a fee simple transaction, which is the same property rights conveyed in the subject, and no adjustments were necessary.

FINANCING

A financing adjustment is actually a specific motivation adjustment and often is not capable of being accurately derived from the mathematical discounting process. The

most reliable financing adjustment is from paired sales that are generally not available through sales information. Cash equivalency is the adjustment of a sales price to an equivalent price if sold for cash absent the contract terms of the loan. The adjustment may be negative to reflect favorable terms to positive to reflect unfavorable terms. All of the comparable sales were cash transactions; therefore, no financing adjustments were necessary.

CONDITIONS OF SALE (MOTIVATION)

Typical adjustments under this category include adjustments for plottage, purchasing additional land for expansion, or other typically motivated sales. All the sales are considered arms-length and no adjustment is necessary.

MARKET CONDITIONS (TIME)

It is market conditions and not the passage of time that cause prices to change. This is an example of the principle of change. A market conditions adjustment is a cumulative adjustment. The comparable sales closed between June 2006 and April 2007. Positive adjustments have been applied to the comparable sales based on approximately 3% per year in appreciation.

LOCATION

The location of the comparable sales used in this report is compared to the subject. Large-scale factors directly related to location as well as trends and characteristics such as population, labor supply, transportation and existing land uses were considered in selecting sales located in the Greater Asheville area. The subject is located along Weaverville Road (US Highway 25), Woodfin, in Buncombe County, North Carolina. The comparable sales are located in newly developing areas of southern Asheville superior to the subject site. Therefore, a negative adjustment was necessary to the sales.

SIZE/SHAPE

Adjustments are considered based on optimum size, shape, and overall utility of the comparable sales as compared to the subject. Economies of scale are often considered in this adjustment when market proof supports the premise that the larger the property size, the lower the unit price and vice versa. The subject site contains 0.60-acre or 26,136 square feet of land. The sales range from 54,450 square feet to 93,218 square feet. The comparable sales are larger than the subject site and positive adjustments are applied to the sales.

TOPOGRAPHY

The effects of topography are considered in this adjustment and the relative differences between the comparables and the subject are considered. The subject site is level along Weaverville Road, however, slopes in the rear of the site. The comparable sales have similar topographies as compared to the subject and no adjustment is necessary to the sales.

ZONING

This adjustment is considered when different classifications of zoning are analyzed. Potential government restrictions are considered in this adjustment. All the comparable sales allow for commercial development and are considered similar to the subject property. No adjustment is warranted for zoning.

UTILITIES

This category considers the approximate cost and availability of municipal and private utilities as these costs relate to valuing the subject land. The subject property and all of the comparable sales have the availability of all municipal utilities and no adjustments are applied.

ACCESS/FRONTAGE

Adjustments were made for differences in access and road frontage. Typically, the more road frontage a lot has, the more favorable it is considered. A corner lot usually brings higher prices, as it tends to have more frontage and greater visibility. The subject site has adequate frontage along Weaverville Road and Woodfin Avenue. Comparable sales one, two, and three have access and frontage similar to the subject and required no adjustment. Sale four has inferior frontage compared to the subject and a positive adjustment is applied to this sale.

RECONCILIATION AND FINAL VALUE

After considering a number of comparable sales, we selected four to compare to the subject property. Before adjustments, the sales ranged from \$16.51 to \$21.53 per square foot. After adjustments as indicated, the adjusted range was \$15.31 to \$20.68 per square foot, with an average of \$19.01 per square foot. The comparable land sales are considered good indicators of value for the subject property. All of the sales were taken into account. We gave a little more credence to sales one, two, and four. We selected a unit value of \$20.50 per square foot for the subject site. \$20.50 x 26,136 square feet in the subject site, results in a value of \$535,788, which we have rounded to \$536,000. The subject site has an old building, which will be demolished at a cost of \$40,000. Therefore, this must be deducted from the land value, which indicates a value of \$496,000 (\$536,000 - \$40,000).

FINAL OPINION OF LAND VALUE "AS IS" - PHASE VI - 0.60 ACRES - PARCEL 9730.11-66-8789

May 2, 2008

\$496,000

LAND VALUATION – PHASE VI – 2.04 ACRES – PARCEL 9730.07-68-9563

We conducted research in the subject neighborhood and surrounding area including the town of Woodfin and communities surrounding the City of Asheville. We found several land sales within close proximity to our subject property.

LAND SALE COMPARABLE ONE

SALE ONE	
LOCATION	150 Airport Road, Arden, Buncombe County, NC
GRANTOR	Various
GRANTEE	United Community Bank
DEED REFERENCE	4345 / 730
TAX CODE	7643.02-08-2046, 1213, 1046, and 07-2900
DATE OF SALE	1/11/07
SIZE	2.14 Acres
FRONTAGE	Good
TOPOGRAPHY	Level to gently sloping
UTILITIES	All Public
ZONING	HB, Highway Business
IMPROVEMENTS	None at the time of sale
PRESENT USE	Bank
HIGHEST AND BEST USE	Commercial
SALES PRICE	\$1,999,000
TERMS OF SALE	Cash
PRICE PER SQUARE FOOT	\$21.44
COMMENTS	This site is located on Airport Road. Location is superior to the subject.

LAND SALE COMPARABLE TWO

LAND SALE TWO	
LOCATION	339 Rockwood Road, just west of Airport Road, Arden, Buncombe County, NC
GRANTOR	Crown/Asheville, LLC
GRANTEE	TPT, Inc.
DEED REFERENCE	4390 / 964
TAX CODE	9643.02-75-2300
DATE OF SALE	4/17/07
SIZE	1.93 Acres
FRONTAGE	Good along Rockwood Road
TOPOGRAPHY	Level to gently sloping
UTILITIES	All public
ZONING	Commercial
IMPROVEMENTS	None at time of sale
PRESENT USE	Vacant
HIGHEST AND BEST USE	Commercial
SALES PRICE	\$1,810,000
TERMS OF SALE	Cash
PRICE PER SQUARE FOOT	\$21.53
COMMENTS	Property is adjacent to New Airport Road.

LAND SALE COMPARABLE THREE

LAND SALE THREE	
LOCATION	150 Airport Road, Arden, Buncombe County, NC
GRANTOR	Marie Nesby
GRANTEE	United Community Bank
DEED REFERENCE	4345 / 730
TAX CODE	9653.05-08-2046
DATE OF SALE	January 12, 2007
SIZE	1.25 Acres; 54,450 SF
FRONTAGE	100 feet along Airport Road
TOPOGRAPHY	Level to gently sloping
UTILITIES	All public
ZONING	EMP
IMPROVEMENTS	Vacant at time of sale
PRESENT USE	Vacant
HIGHEST AND BEST USE	Commercial
SALES PRICE	\$899,000
TERMS OF SALE	Cash
PRICE PER SQUARE FOOT	\$16.51
COMMENTS	The site is close to many retail outlets. Growing area and is considered a great location for a restaurant.

LAND SALE COMPARABLE FOUR

LAND SALE FOUR	
LOCATION	332 Rockwood Road, Arden, Buncombe County, NC
GRANTOR	Biltmore Lake, LLC
GRANTEE	Nancy Crawford
DEED REFERENCE	4340 / 854
TAX CODE	9643.02-65-6483
DATE OF SALE	June 20, 2006
SIZE	1.50 Acres; 65,340 SF
FRONTAGE	Adequate along Rockwood Road
TOPOGRAPHY	Level to gently sloping
UTILITIES	All public
ZONING	HB
IMPROVEMENTS	Vacant at time of sale
PRESENT USE	Vacant
HIGHEST AND BEST USE	Commercial
SALES PRICE	\$1,275,000
TERMS OF SALE	Cash
PRICE PER SQUARE FOOT	\$19.51
COMMENTS	The site has frontage along Interstate 26, however, has limited frontage along Rockwood Road. Access to the site is from Rockwood Road.

LAND SALES ADJUSTMENT CHART – 2.04 ACRES

SALE NUMBER	Subject	1	2	3	4
ZONING	MV	HB	HB	EMP	HB
SALE DATE		Jan-07	Apr-07	Apr-07	Jun-06
SIZE - SF	88,862	93,218	84,071	54,450	65,340
SALES PRICE		\$1,999,000	\$1,810,000	\$899,000	\$1,275,000
PRICE PER SF		\$21.44	\$21.53	\$16.51	\$19.51
PROPERTY RIGHTS					
FINANCING					
CONDITIONS OF SALE					
TIME	3.00%	4%	3%	3%	6%
ADJUSTED PRICE PER SF		\$22.30	\$22.24	\$17.06	\$20.65
LOCATION		-25%	-25%	-25%	-25%
SIZE					
SHAPE					
TOPOGRAPHY/EASEMENTS		-5%	-5%	-5%	-5%
ZONING					
UTILITIES					
ACCESS/FRONTAGE					10%
TOTAL ADJUSTMENTS		-30%	-30%	-30%	-20%
ADJUSTED VALUE PER SF		\$15.61	\$15.57	\$11.94	\$16.52
ANALYSIS	Range	\$ 11.94 /SF	to	\$ 15.61 /SF	
	Median	\$ 15.59 /SF			
	Mean	\$ 14.91 /SF			

EXPLANATION OF ADJUSTMENTS

The following are generally accepted adjustment categories. The first four categories - real property rights appraised, financing, conditions of sale, and market conditions (time) are cumulative. Normally, a sale should be adjusted for the cumulative adjustment where the remaining adjustments such as location and other physical characteristics are applied. Location, physical characteristics and other adjustments are additive, and may be in any order. An explanation of each adjustment category is as follows:

PROPERTY RIGHTS APPRAISED

The real property rights conveyed are the first adjustment because the appraisal of the subject property rights can only be compared to similar property rights. All of the comparable sales are considered to be a fee simple transaction, which is the same property rights conveyed in the subject, and no adjustments were necessary.

FINANCING

A financing adjustment is actually a specific motivation adjustment and often is not capable of being accurately derived from the mathematical discounting process. The

most reliable financing adjustment is from paired sales that are generally not available through sales information. Cash equivalency is the adjustment of a sales price to an equivalent price if sold for cash absent the contract terms of the loan. The adjustment may be negative to reflect favorable terms to positive to reflect unfavorable terms. All of the comparable sales were cash transactions; therefore, no financing adjustments were necessary.

CONDITIONS OF SALE (MOTIVATION)

Typical adjustments under this category include adjustments for plottage, purchasing additional land for expansion, or other typically motivated sales. All the sales are considered arms-length and no adjustment is necessary.

MARKET CONDITIONS (TIME)

It is market conditions and not the passage of time that cause prices to change. This is an example of the principle of change. A market conditions adjustment is a cumulative adjustment. The comparable sales closed between June 2006 and April 2007. Positive adjustments have been applied to the comparable sales based on approximately 3% per year in appreciation.

LOCATION

The location of the comparable sales used in this report is compared to the subject. Large-scale factors directly related to location as well as trends and characteristics such as population, labor supply, transportation and existing land uses were considered in selecting sales located in the Greater Asheville area. The subject is located along Weaverville Road (US Highway 25), Woodfin, in Buncombe County, North Carolina. The comparable sales are located in newly developing areas of southern Asheville superior to the subject site. Therefore, a negative adjustment was necessary to the sales.

SIZE/SHAPE

Adjustments are considered based on optimum size, shape, and overall utility of the comparable sales as compared to the subject. Economies of scale are often considered in this adjustment when market proof supports the premise that the larger the property size, the lower the unit price and vice versa. The subject site contains 0.60-acre or 88,862 square feet of land. The sales range from 54,450 square feet to 93,218 square feet. The comparable sales are similar in size compared to the subject site and no adjustment is necessary to the sales.

TOPOGRAPHY

The effects of topography are considered in this adjustment and the relative differences between the comparables and the subject are considered. The subject site is level along Weaverville Road, however, slopes in the rear of the site. The comparable sales have superior topographies as compared to the subject and a negative adjustment is necessary to the sales.

ZONING

This adjustment is considered when different classifications of zoning are analyzed. Potential government restrictions are considered in this adjustment. All the comparable sales allow for commercial development and are considered similar to the subject property. No adjustment is warranted for zoning.

UTILITIES

This category considers the approximate cost and availability of municipal and private utilities as these costs relate to valuing the subject land. The subject property and all of the comparable sales have the availability of all municipal utilities and no adjustments are applied.

ACCESS/FRONTAGE

Adjustments were made for differences in access and road frontage. Typically, the more road frontage a lot has, the more favorable it is considered. A corner lot usually brings higher prices, as it tends to have more frontage and greater visibility. The subject site has adequate frontage along Weaverville Road. Comparable sales one, two, and three have access and frontage similar to the subject and required no adjustment. Sale four has inferior frontage compared to the subject and a positive adjustment is applied to this sale.

RECONCILIATION AND FINAL VALUE

After considering a number of comparable sales, we selected four to compare to the subject property. Before adjustments, the sales ranged from \$16.51 to \$21.53 per square foot. After adjustments as indicated, the adjusted range was \$11.94 to \$16.52 per square foot, with an average of \$14.91 per square foot. The comparable land sales are considered good indicators of value for the subject property. All of the sales were taken into account. We gave a little more credence to sales one, two, and three. We selected a unit value of \$15.00 per square foot for the subject site. \$15.00 x 88,862 square feet in the subject site, results in a value of \$1,332,930, which we have rounded to \$1,333,000.

FINAL OPINION OF LAND VALUE "AS IS" - PHASE VI - 2.04 ACRES - PARCEL 9730.07-68-9563

May 2, 2008

\$1,333,000

LAND VALUATION – PHASE VI – 0.40 ACRES – PARCEL 9730.11-66-7976

We conducted research in the subject neighborhood and surrounding area including the town of Woodfin and communities surrounding the City of Asheville. We found several land sales within close proximity to our subject property.

LAND SALE COMPARABLE ONE

SALE ONE	
LOCATION	150 Airport Road, Arden, Buncombe County, NC
GRANTOR	Various
GRANTEE	United Community Bank
DEED REFERENCE	4345 / 730
TAX CODE	7643.02-08-2046, 1213, 1046, and 07-2900
DATE OF SALE	1/11/07
SIZE	2.14 Acres
FRONTAGE	Good
TOPOGRAPHY	Level to gently sloping
UTILITIES	All Public
ZONING	HB, Highway Business
IMPROVEMENTS	None at the time of sale
PRESENT USE	Bank
HIGHEST AND BEST USE	Commercial
SALES PRICE	\$1,999,000
TERMS OF SALE	Cash
PRICE PER SQUARE FOOT	\$21.44
COMMENTS	This site is located on Airport Road. Location is superior to the subject.

LAND SALE COMPARABLE TWO

LAND SALE TWO	
LOCATION	339 Rockwood Road, just west of Airport Road, Arden, Buncombe County, NC
GRANTOR	Crown/Asheville, LLC
GRANTEE	TPT, Inc.
DEED REFERENCE	4390 / 964
TAX CODE	9643.02-75-2300
DATE OF SALE	4/17/07
SIZE	1.93 Acres
FRONTAGE	Good along Rockwood Road
TOPOGRAPHY	Level to gently sloping
UTILITIES	All public
ZONING	Commercial
IMPROVEMENTS	None at time of sale
PRESENT USE	Vacant
HIGHEST AND BEST USE	Commercial
SALES PRICE	\$1,810,000
TERMS OF SALE	Cash
PRICE PER SQUARE FOOT	\$21.53
COMMENTS	Property is adjacent to New Airport Road.

LAND SALE COMPARABLE THREE

LAND SALE THREE	
LOCATION	150 Airport Road, Arden, Buncombe County, NC
GRANTOR	Marie Nesby
GRANTEE	United Community Bank
DEED REFERENCE	4345 / 730
TAX CODE	9653.05-08-2046
DATE OF SALE	January 12, 2007
SIZE	1.25 Acres; 54,450 SF
FRONTAGE	100 feet along Airport Road
TOPOGRAPHY	Level to gently sloping
UTILITIES	All public
ZONING	EMP
IMPROVEMENTS	Vacant at time of sale
PRESENT USE	Vacant
HIGHEST AND BEST USE	Commercial
SALES PRICE	\$899,000
TERMS OF SALE	Cash
PRICE PER SQUARE FOOT	\$16.51
COMMENTS	The site is close to many retail outlets. Growing area and is considered a great location for a restaurant.

LAND SALE COMPARABLE FOUR

LAND SALE FOUR	
LOCATION	332 Rockwood Road, Arden, Buncombe County, NC
GRANTOR	Biltmore Lake, LLC
GRANTEE	Nancy Crawford
DEED REFERENCE	4340 / 854
TAX CODE	9643.02-65-6483
DATE OF SALE	June 20, 2006
SIZE	1.50 Acres; 65,340 SF
FRONTAGE	Adequate along Rockwood Road
TOPOGRAPHY	Level to gently sloping
UTILITIES	All public
ZONING	HB
IMPROVEMENTS	Vacant at time of sale
PRESENT USE	Vacant
HIGHEST AND BEST USE	Commercial
SALES PRICE	\$1,275,000
TERMS OF SALE	Cash
PRICE PER SQUARE FOOT	\$19.51
COMMENTS	The site has frontage along Interstate 26, however, has limited frontage along Rockwood Road. Access to the site is from Rockwood Road.

LAND SALES ADJUSTMENT CHART – 0.40 ACRES

SALE NUMBER	Subject	1	2	3	4
ZONING	MV	HB	HB	EMP	HB
SALE DATE		Jan-07	Apr-07	Apr-07	Jun-06
SIZE - SF	17,424	93,218	84,071	54,450	65,340
SALES PRICE		\$1,999,000	\$1,810,000	\$899,000	\$1,275,000
PRICE PER SF		\$21.44	\$21.53	\$16.51	\$19.51
PROPERTY RIGHTS					
FINANCING					
CONDITIONS OF SALE					
TIME	3.00%	4%	3%	3%	6%
ADJUSTED PRICE PER SF		\$22.30	\$22.18	\$17.01	\$20.68
LOCATION		-25%	-25%	-25%	-25%
SIZE		15%	15%	15%	15%
SHAPE					
TOPOGRAPHY/EASEMENTS					
ZONING					
UTILITIES					
ACCESS/FRONTAGE					10%
TOTAL ADJUSTMENTS		-10%	-10%	-10%	0%
ADJUSTED VALUE PER SF		\$20.07	\$19.96	\$15.31	\$20.68
ANALYSIS	Range	\$ 15.31 /SF	to	\$ 20.07 /SF	
	Median	\$ 20.02 /SF			
	Mean	\$ 19.01 /SF			

EXPLANATION OF ADJUSTMENTS

The following are generally accepted adjustment categories. The first four categories - real property rights appraised, financing, conditions of sale, and market conditions (time) are cumulative. Normally, a sale should be adjusted for the cumulative adjustment where the remaining adjustments such as location and other physical characteristics are applied. Location, physical characteristics and other adjustments are additive, and may be in any order. An explanation of each adjustment category is as follows:

PROPERTY RIGHTS APPRAISED

The real property rights conveyed are the first adjustment because the appraisal of the subject property rights can only be compared to similar property rights. All of the comparable sales are considered to be a fee simple transaction, which is the same property rights conveyed in the subject, and no adjustments were necessary.

FINANCING

A financing adjustment is actually a specific motivation adjustment and often is not capable of being accurately derived from the mathematical discounting process. The

most reliable financing adjustment is from paired sales that are generally not available through sales information. Cash equivalency is the adjustment of a sales price to an equivalent price if sold for cash absent the contract terms of the loan. The adjustment may be negative to reflect favorable terms to positive to reflect unfavorable terms. All of the comparable sales were cash transactions; therefore, no financing adjustments were necessary.

CONDITIONS OF SALE (MOTIVATION)

Typical adjustments under this category include adjustments for plottage, purchasing additional land for expansion, or other typically motivated sales. All the sales are considered arms-length and no adjustment is necessary.

MARKET CONDITIONS (TIME)

It is market conditions and not the passage of time that cause prices to change. This is an example of the principle of change. A market conditions adjustment is a cumulative adjustment. The comparable sales closed between June 2006 and April 2007. Positive adjustments have been applied to the comparable sales based on approximately 3% per year in appreciation.

LOCATION

The location of the comparable sales used in this report is compared to the subject. Large-scale factors directly related to location as well as trends and characteristics such as population, labor supply, transportation and existing land uses were considered in selecting sales located in the Greater Asheville area. The subject is located along Weaverville Road (US Highway 25), Woodfin, in Buncombe County, North Carolina. The comparable sales are located in newly developing areas of southern Asheville superior to the subject site. Therefore, a negative adjustment was necessary to the sales.

SIZE/SHAPE

Adjustments are considered based on optimum size, shape, and overall utility of the comparable sales as compared to the subject. Economies of scale are often considered in this adjustment when market proof supports the premise that the larger the property size, the lower the unit price and vice versa. The subject site contains 0.40-acre or 17,424 square feet of land. The sales range from 54,450 square feet to 93,218 square feet. The comparable sales are larger than the subject site and positive adjustments are applied to the sales.

TOPOGRAPHY

The effects of topography are considered in this adjustment and the relative differences between the comparables and the subject are considered. The subject site is level along Weaverville Road, however, slopes in the rear of the site. The comparable sales have similar topographies as compared to the subject and no adjustment is necessary to the sales.

ZONING

This adjustment is considered when different classifications of zoning are analyzed. Potential government restrictions are considered in this adjustment. All the comparable sales allow for commercial development and are considered similar to the subject property. No adjustment is warranted for zoning.

UTILITIES

This category considers the approximate cost and availability of municipal and private utilities as these costs relate to valuing the subject land. The subject property and all of the comparable sales have the availability of all municipal utilities and no adjustments are applied.

ACCESS/FRONTAGE

Adjustments were made for differences in access and road frontage. Typically, the more road frontage a lot has, the more favorable it is considered. A corner lot usually brings higher prices, as it tends to have more frontage and greater visibility. The subject site has adequate frontage along Weaverville Road and Woodfin Avenue. Comparable sales one, two, and three have access and frontage similar to the subject and required no adjustment. Sale four has inferior frontage compared to the subject and a positive adjustment is applied to this sale.

RECONCILIATION AND FINAL VALUE

After considering a number of comparable sales, we selected four to compare to the subject property. Before adjustments, the sales ranged from \$16.51 to \$21.53 per square foot. After adjustments as indicated, the adjusted range was \$15.31 to \$20.68 per square foot, with an average of \$19.01 per square foot. The comparable land sales are considered good indicators of value for the subject property. All of the sales were taken into account. We gave a little more credence to sales one, two, and four. We selected a unit value of \$20.50 per square foot for the subject site. $\$20.50 \times 14,424$ square feet in the subject site, results in a value of \$357,192, which we have rounded to \$357,000. The subject site has an old building, which will be demolished at a cost of \$50,000. Therefore, this must be deducted from the land value, which indicates a value of \$307,000 ($\$357,000 - \$50,000$).

FINAL OPINION OF LAND VALUE "AS IS" - PHASE VI - 0.40 ACRES - PARCEL 9730.11-66-7976

May 2, 2008

\$307,000

LAND VALUATION – PHASE VI – 0.96 ACRES – PARCEL 9730.07-68-5880

We conducted research in the subject neighborhood and surrounding area including the town of Woodfin and communities surrounding the City of Asheville. We found several land sales within close proximity to our subject property.

LAND SALE COMPARABLE ONE

SALE ONE	
LOCATION	150 Airport Road, Arden, Buncombe County, NC
GRANTOR	Various
GRANTEE	United Community Bank
DEED REFERENCE	4345 / 730
TAX CODE	7643.02-08-2046, 1213, 1046, and 07-2900
DATE OF SALE	1/11/07
SIZE	2.14 Acres
FRONTAGE	Good
TOPOGRAPHY	Level to gently sloping
UTILITIES	All Public
ZONING	HB, Highway Business
IMPROVEMENTS	None at the time of sale
PRESENT USE	Bank
HIGHEST AND BEST USE	Commercial
SALES PRICE	\$1,999,000
TERMS OF SALE	Cash
PRICE PER SQUARE FOOT	\$21.44
COMMENTS	This site is located on Airport Road. Location is superior to the subject.

LAND SALE COMPARABLE TWO

LAND SALE TWO	
LOCATION	339 Rockwood Road, just west of Airport Road, Arden, Buncombe County, NC
GRANTOR	Crown/Asheville, LLC
GRANTEE	TPT, Inc.
DEED REFERENCE	4390 / 964
TAX CODE	9643.02-75-2300
DATE OF SALE	4/17/07
SIZE	1.93 Acres
FRONTAGE	Good along Rockwood Road
TOPOGRAPHY	Level to gently sloping
UTILITIES	All public
ZONING	Commercial
IMPROVEMENTS	None at time of sale
PRESENT USE	Vacant
HIGHEST AND BEST USE	Commercial
SALES PRICE	\$1,810,000
TERMS OF SALE	Cash
PRICE PER SQUARE FOOT	\$21.53
COMMENTS	Property is adjacent to New Airport Road.

LAND SALE COMPARABLE THREE

LAND SALE THREE	
LOCATION	150 Airport Road, Arden, Buncombe County, NC
GRANTOR	Marie Nesby
GRANTEE	United Community Bank
DEED REFERENCE	4345 / 730
TAX CODE	9653.05-08-2046
DATE OF SALE	January 12, 2007
SIZE	1.25 Acres: 54,450 SF
FRONTAGE	100 feet along Airport Road
TOPOGRAPHY	Level to gently sloping
UTILITIES	All public
ZONING	EMP
IMPROVEMENTS	Vacant at time of sale
PRESENT USE	Vacant
HIGHEST AND BEST USE	Commercial
SALES PRICE	\$899,000
TERMS OF SALE	Cash
PRICE PER SQUARE FOOT	\$16.51
COMMENTS	The site is close to many retail outlets. Growing area and is considered a great location for a restaurant.

LAND SALE COMPARABLE FOUR

LAND SALE FOUR	
LOCATION	332 Rockwood Road, Arden, Buncombe County, NC
GRANTOR	Biltmore Lake, LLC
GRANTEE	Nancy Crawford
DEED REFERENCE	4340 / 854
TAX CODE	9643.02-65-6483
DATE OF SALE	June 20, 2006
SIZE	1.50 Acres; 65,340 SF
FRONTAGE	Adequate along Rockwood Road
TOPOGRAPHY	Level to gently sloping
UTILITIES	All public
ZONING	HB
IMPROVEMENTS	Vacant at time of sale
PRESENT USE	Vacant
HIGHEST AND BEST USE	Commercial
SALES PRICE	\$1,275,000
TERMS OF SALE	Cash
PRICE PER SQUARE FOOT	\$19.51
COMMENTS	The site has frontage along Interstate 26, however, has limited frontage along Rockwood Road. Access to the site is from Rockwood Road.

LAND SALES ADJUSTMENT CHART – 0.96 ACRES

SALE NUMBER	Subject	1	2	3	4
ZONING	MV	HB	HB	EMP	HB
SALE DATE		Jan-07	Apr-07	Apr-07	Jun-06
SIZE - SF	41,818	93,218	84,071	54,450	65,340
SALES PRICE		\$1,999,000	\$1,810,000	\$899,000	\$1,275,000
PRICE PER SF		\$21.44	\$21.53	\$16.51	\$19.51
PROPERTY RIGHTS					
FINANCING					
CONDITIONS OF SALE					
TIME	3.00%	4%	3%	3%	6%
ADJUSTED PRICE PER SF		\$22.30	\$22.18	\$17.01	\$20.68
LOCATION		-25%	-25%	-25%	-25%
SIZE		10%	10%	5%	10%
SHAPE					
TOPOGRAPHY/EASEMENTS					
ZONING					
UTILITIES					
ACCESS/FRONTAGE					10%
TOTAL ADJUSTMENTS		-15%	-15%	-20%	-5%
ADJUSTED VALUE PER SF		\$18.96	\$18.85	\$13.61	\$19.65
ANALYSIS	Range	\$ 13.61 /SF	to	\$ 18.96 /SF	
	Median	\$ 18.91 /SF			
	Mean	\$ 17.77 /SF			

EXPLANATION OF ADJUSTMENTS

The following are generally accepted adjustment categories. The first four categories - real property rights appraised, financing, conditions of sale, and market conditions (time) are cumulative. Normally, a sale should be adjusted for the cumulative adjustment where the remaining adjustments such as location and other physical characteristics are applied. Location, physical characteristics and other adjustments are additive, and may be in any order. An explanation of each adjustment category is as follows:

PROPERTY RIGHTS APPRAISED

The real property rights conveyed are the first adjustment because the appraisal of the subject property rights can only be compared to similar property rights. All of the comparable sales are considered to be a fee simple transaction, which is the same property rights conveyed in the subject, and no adjustments were necessary.

FINANCING

A financing adjustment is actually a specific motivation adjustment and often is not capable of being accurately derived from the mathematical discounting process. The

most reliable financing adjustment is from paired sales that are generally not available through sales information. Cash equivalency is the adjustment of a sales price to an equivalent price if sold for cash absent the contract terms of the loan. The adjustment may be negative to reflect favorable terms to positive to reflect unfavorable terms. All of the comparable sales were cash transactions; therefore, no financing adjustments were necessary.

CONDITIONS OF SALE (MOTIVATION)

Typical adjustments under this category include adjustments for plottage, purchasing additional land for expansion, or other typically motivated sales. All the sales are considered arms-length and no adjustment is necessary.

MARKET CONDITIONS (TIME)

It is market conditions and not the passage of time that cause prices to change. This is an example of the principle of change. A market conditions adjustment is a cumulative adjustment. The comparable sales closed between June 2006 and April 2007. Positive adjustments have been applied to the comparable sales based on approximately 3% per year in appreciation.

LOCATION

The location of the comparable sales used in this report is compared to the subject. Large-scale factors directly related to location as well as trends and characteristics such as population, labor supply, transportation and existing land uses were considered in selecting sales located in the Greater Asheville area. The subject is located along Weaverville Road (US Highway 25), Woodfin, in Buncombe County, North Carolina. The comparable sales are located in newly developing areas of southern Asheville superior to the subject site. Therefore, a negative adjustment was necessary to the sales.

SIZE/SHAPE

Adjustments are considered based on optimum size, shape, and overall utility of the comparable sales as compared to the subject. Economies of scale are often considered in this adjustment when market proof supports the premise that the larger the property size, the lower the unit price and vice versa. The subject site contains 0.96-acre or 41,818 square feet of land. The sales range from 54,450 square feet to 93,218 square feet. The comparable sales are larger than the subject site and positive adjustments are applied to the sales.

TOPOGRAPHY

The effects of topography are considered in this adjustment and the relative differences between the comparables and the subject are considered. The subject site is level along Weaverville Road. The comparable sales have similar topographies as compared to the subject and no adjustment is necessary to the sales.

ZONING

This adjustment is considered when different classifications of zoning are analyzed. Potential government restrictions are considered in this adjustment. All the comparable sales allow for commercial development and are considered similar to the subject property. No adjustment is warranted for zoning.

UTILITIES

This category considers the approximate cost and availability of municipal and private utilities as these costs relate to valuing the subject land. The subject property and all of the comparable sales have the availability of all municipal utilities and no adjustments are applied.

ACCESS/FRONTAGE

Adjustments were made for differences in access and road frontage. Typically, the more road frontage a lot has, the more favorable it is considered. A corner lot usually brings higher prices, as it tends to have more frontage and greater visibility. The subject site has adequate frontage along Weaverville Road. Comparable sales one, two, and three have access and frontage similar to the subject and required no adjustment. Sale four has inferior frontage compared to the subject and a positive adjustment is applied to this sale.

RECONCILIATION AND FINAL VALUE

After considering a number of comparable sales, we selected four to compare to the subject property. Before adjustments, the sales ranged from \$16.51 to \$21.53 per square foot. After adjustments as indicated, the adjusted range was \$13.61 to \$19.65 per square foot, with an average of \$17.77 per square foot. The comparable land sales are considered good indicators of value for the subject property. All of the sales were taken into account. We gave a little more credence to sales one, two, and four. We selected a unit value of \$18.00 per square foot for the subject site. \$18.00 x 41,818 square feet in the subject site, results in a value of \$752,724, which we have rounded to \$753,000.

FINAL OPINION OF LAND VALUE "AS IS" - PHASE VI - 0.96 ACRES - PARCEL 9730.07-68-5880

May 2, 2008

\$753,000

This parcel is part of Phase VI, however, the infrastructure costs for Phase V, will enhance the value of this site and will make this a pad ready site. We have allocated the infrastructure costs of Phase V to this site in Phase VI. The allocated costs amounted to \$211,765, rounded to \$212,000. This included a 15% profit. Therefore, the value "at completion of infrastructure" for this site amounts to \$965,000.

FINAL OPINION OF LAND VALUE "At Completion of Infrastructure"

PHASE VI - 0.96 ACRES - PARCEL 9730.07-68-5880

August 1, 2008

\$965,000

LAND VALUATION – PHASE VII – 100.25 ACRES – PARCEL 9730.10-47-2365

Phase VII of the subject development at one time was a landfill for the City of Asheville. The site closed in 1976 and since then has remained relatively unused. Now the developer has plans to develop the site in the future. This must be approved by the state environmental agency in cooperation with the EPA under the term Brownfield Status. This is further explained below.

The subject site (100.25 Acres) is known as a "Brownfield Land" or simply a Brownfield. Brownfield land is land previously used for industrial purposes or certain commercial uses that may be contaminated by low concentrations of hazardous waste or pollution and has the potential to be reused once it is cleaned up. Land that is more severely contaminated and has high concentrations of hazardous waste or pollution, such as a Superfund or hazardous waste site, does not fall under the Brownfield classification.

Investigation and Cleanup of Brownfield sites are regulated by state environmental agencies in cooperation with the EPA. The Brownfield's Property Reuse Act of 1997 sets forth the authority for the Department of Environment and Natural Resources to work with prospective developers to put these brownfield sites back into reuse. At the heart of the program is the Brownfield's agreement, in effect, a covenant not-to-sue offered to a prospective developer of a brownfield property. Under the agreement, a prospective developer agrees to perform those actions deemed by the department to be essential to make the property suitable for the proposed reuse. In return, the department agrees to limit the liability of the prospective developer to those actions described in the agreement. While these defined liability benefits are extended to the prospective developer, the Brownfield's agreement in no way changes the legal liability for the responsible parties at the site. The Act provides the department with the discretion to enter into agreements. Furthermore, it specifically states that there must be a "public benefit commensurate with the liability protection provided" under the agreement. According to the subject's Brownfield Agreement, the benefits to the community will include:

- A return to productive use of the property.
- An increase in the property's productivity.
- A spur to additional community redevelopment, through improved neighborhood appearance and otherwise.
- Tax revenue for affected jurisdictions.

Also, the Brownfield agreement must state the work to be performed, which for the subject includes the following:

- A description of specific areas where remediation is to be conducted.
- The remediation method or methods to be employed.
- The resources that the developer will make available.
- Applicable remediation standards
- A schedule and the method or methods for evaluating the remediation.

The remediation cost estimated by the developer is \$800,000. Also, according to the developer, even though this is an extremely benign Brownfield site, the developer has environmental insurance in place that would deal with any potential environmental claims for the next 10 years. The subject site is located along the western side of US Highway 19. Access to the site is by way of Weaverville Road, in front of the main entrance into Reynolds Mountain. We believe the subject is benefited by it's location with excellent views, size, and proposed uses, the Brownfield status would not affect the value of the subject site. A copy of the Brownfield agreement is included in the Addenda of this report for the reader's reference.

We conducted research in the subject neighborhood and surrounding area including the town of Woodfin and communities surrounding the City of Asheville. We found several land sales within close proximity to our subject property.

LAND SALE COMPARABLE ONE

COMPARABLE LAND SALE ONE	
LOCATION	Both easterly and westerly margins of Dogwood Road, north of US Highway 19/23/74, Buncombe County, NC
GRANTOR	Nappier Turner Construction Co., Inc.
GRANTEE	Candler Dogwood Development, LLC
DEED REFERENCE	Not recorded as of appraisal date
TAX CODE	9607.14-24-9488 and 9607.10-35-7558
DATE OF SALE	November 3, 2006
SIZE	82.07 Acres
FRONTAGE	Adequate access on Dogwood Road
TOPOGRAPHY	Moderate to steep elevations
UTILITIES	Electric, telephone, and water
ZONING	No Zoning
IMPROVEMENTS	None as of the sale date
PRESENT USE	Vacant
HIGHEST AND BEST USE	Single-family residential development
SALES PRICE	\$3,200,000
TERMS OF SALE	Cash or equivalent
PRICE PER ACRE	\$38,991
COMMENTS	This sale was verified with the listing real estate broker, James Wilson (828) 684-4344. The property was on the market for 5-days when it sold.

LAND SALE COMPARABLE TWO

COMPARABLE LAND SALE TWO	
LOCATION	Southerly margin of Reems Creek Road, west of Parker Cove Road. Weaverville, Buncombe County, NC
GRANTOR	James Boyd Robertson and wife, Blancke Roberts Robertson
GRANTEE	Reems Creek Development Group, LLC
DEED REFERENCE	4262 / 1478
TAX CODE	9752.03-33-7457.000
DATE OF SALE	August 1, 2006
SIZE	65.52 Acres
FRONTAGE	Adequate access from Reems Creek Road
TOPOGRAPHY	Moderate to steep elevations
UTILITIES	Electric and, telephone
ZONING	R-3, Residential
IMPROVEMENTS	None as of the sale date
PRESENT USE	Vacant
HIGHEST AND BEST USE	Single-family residential development
SALES PRICE	\$1,900,000
TERMS OF SALE	Cash or equivalent
PRICE PER ACRE	\$28,999
COMMENTS	The site is in close proximity to Weaverville, Woodfin, and North Asheville.

LAND SALE COMPARABLE THREE

COMPARABLE LAND SALE THREE	
LOCATION	Southerly margin of Willow Road, across from Hagen Drive, Henderson County, NC
GRANTOR	John D. Saxon, Jr. and wife, Frances T. Saxon
GRANTEE	Willow Road, LLC
DEED REFERENCE	31250 / 799
TAX CODE	9557-16-6313
DATE OF SALE	November 8, 2005
SIZE	70.53 Acres
FRONTAGE	Adequate access from Willow Road
TOPOGRAPHY	Gently sloping with small lake
UTILITIES	Electric, telephone, & natural gas
ZONING	OU, Residential District
IMPROVEMENTS	None as of the sale date
PRESENT USE	Vacant
HIGHEST AND BEST USE	Single-family residential development
SALES PRICE	\$2,211,500
TERMS OF SALE	Cash or equivalent
PRICE PER ACRE	\$31,355
COMMENTS	The sale has a small stream and small lake on the site.

LAND SALE COMPARABLE FOUR

COMPARABLE LAND SALE FOUR	
LOCATION	Northerly margin of Bob Barnwell Road, about 1.6-miles east of Merrills Cove Road, SE of Asheville, Buncombe County, NC
GRANTOR	William B. Taylor (Single)
GRANTEE	Leslie W. McMahon, Trustee for the Remington PH Trust
DEED REFERENCE	4077 / 827-832
TAX CODE	9666-20-91-8593
DATE OF SALE	July 20, 2005
SIZE	182.49 Acres
FRONTAGE	Adequate on Bob Barnwell Road
TOPOGRAPHY	Rolling to mountainous
UTILITIES	E & T
ZONING	None
IMPROVEMENTS	None of Value
PRESENT USE	Vacant Land
HIGHEST AND BEST USE	Single-Family Residential Use
SALES PRICE	\$4,250,000
TERMS OF SALE	Cash
PRICE PER ACRE	\$23,289
COMMENTS	The property is located on the south side of Butler Mountain, southeast of Asheville, NC.

LAND SALES ADJUSTMENT CHART – 100.25 ACRES

SALE NUMBER	Subject	1	2	3	4
ZONING	MV	None	R-3	OU	None
SALE DATE		Nov-06	Aug-06	Nov-05	Jul-05
SIZE - ACRES	100.25	82.07	65.52	70.53	182.49
SALES PRICE		\$3,200,000	\$1,900,000	\$2,211,500	\$4,250,000
PRICE PER SF		\$38,991	\$28,999	\$31,355	\$23,289
PROPERTY RIGHTS					
FINANCING					
CONDITIONS OF SALE					
TIME	3.00%	5%	5%	8%	9%
ADJUSTED PRICE PER ACRE		\$40,941	\$30,449	\$33,863	\$25,385
LOCATION					
SIZE		-5%	-5%	-5%	20%
SHAPE					
TOPOGRAPHY/EASEMENTS					
ZONING			15%	15%	
UTILITIES		5%	15%	15%	15%
ACCESS/FRONTAGE					
TOTAL ADJUSTMENTS		0%	25%	25%	35%
ADJUSTED VALUE PER ACRE		\$40,941	\$38,061	\$42,329	\$34,270
ANALYSIS	Range	\$38,061	to	\$42,329	
	Median	\$39,501			
	Mean	\$38,900			

EXPLANATION OF ADJUSTMENTS

The following are generally accepted adjustment categories. The first four categories - real property rights appraised, financing, conditions of sale, and market conditions (time) are cumulative. Normally, a sale should be adjusted for the cumulative adjustment where the remaining adjustments such as location and other physical characteristics are applied. Location, physical characteristics and other adjustments are additive, and may be in any order. An explanation of each adjustment category is as follows:

PROPERTY RIGHTS APPRAISED

The real property rights conveyed are the first adjustment because the appraisal of the subject property rights can only be compared to similar property rights. All of the comparable sales are considered to be a fee simple transaction, which is the same property rights conveyed in the subject, and no adjustments were necessary.

FINANCING

A financing adjustment is actually a specific motivation adjustment and often is not capable of being accurately derived from the mathematical discounting process. The most reliable financing adjustment is from paired sales that are generally not available

through sales information. Cash equivalency is the adjustment of a sales price to an equivalent price if sold for cash absent the contract terms of the loan. The adjustment may be negative to reflect favorable terms to positive to reflect unfavorable terms. All of the comparable sales were cash transactions; therefore, no financing adjustments were necessary.

CONDITIONS OF SALE (MOTIVATION)

Typical adjustments under this category include adjustments for plottage, purchasing additional land for expansion, or other typically motivated sales. All the sales are considered arms-length and no adjustment is necessary.

MARKET CONDITIONS (TIME)

It is market conditions and not the passage of time that cause prices to change. This is an example of the principle of change. A market conditions adjustment is a cumulative adjustment. The comparable sales closed between November 2005 and August 2006. Positive adjustments have been applied to the comparable sales based on approximately 3% per year in appreciation.

LOCATION

The location of the comparable sales used in this report is compared to the subject. Large-scale factors directly related to location as well as trends and characteristics such as population, labor supply, transportation and existing land uses were considered in selecting sales located in the Greater Asheville area. The subject is located along Weaverville Road (US Highway 25), Woodfin, in Buncombe County, North Carolina. The comparable sales are located in similar areas compared to the subject and no adjustment was necessary to the sales for location.

SIZE/SHAPE

Adjustments are considered based on optimum size, shape, and overall utility of the comparable sales as compared to the subject. Economies of scale are often considered in this adjustment when market proof supports the premise that the larger the property size, the lower the unit price and vice versa. The subject site contains 100.25-acre of land. The sales range from 65.52 acres to 182.49 acres. Comparable sales one, two, and three are smaller than the subject site and a negative adjustment is applied to the sales. Sale four is larger in size compared to the subject and a positive adjustment is applied to this sale.

TOPOGRAPHY

The effects of topography are considered in this adjustment and the relative differences between the comparables and the subject are considered. The subject site is level along Weaverville Road. The comparable sales have similar topographies as compared to the subject and no adjustment is necessary to the sales.

ZONING

This adjustment is considered when different classifications of zoning are analyzed. Potential government restrictions are considered in this adjustment. The subject site has a Mountain Village zoning classification from the Town of Woodfin. The MV classification is a mixed-use classification allowing high-density residential (condominium and townhomes) and supporting commercial development. Comparable sales two and three are zoned for single-family residential development and are inferior to the subject site. Positive adjustments are applied to these two sales. Sale one and four have no zoning regulations, which allows for a variety of uses, which is similar to the subject and no adjustment was applied to these two sales.

UTILITIES

This category considers the approximate cost and availability of municipal and private utilities as these costs relate to valuing the subject land. The subject property has the availability of all municipal utilities. Comparable sale one has the availability of only electricity, telephone, and water. A positive adjustment is made. Comparable sales two, three, and four have the availability of only electricity and telephone. Positive adjustments are applied to these sales.

ACCESS/FRONTAGE

Adjustments were made for differences in accessibility and road frontage as a whole. Typically, the more road frontage, the more favorable a site is considered; however, with residential construction (a large part of mixed-use) this is less important with privacy being a key factor. Access to the roadway is also considered. The access and frontage of the subject site and the comparable sales was similar enough that no adjustments were deemed necessary.

RECONCILIATION AND FINAL VALUE

After considering a number of comparable sales, we selected four to compare to the subject property. Before adjustments, the sales ranged from \$23,289 to \$38,991 per acre. After adjustments as indicated, the adjusted range was \$34,270 to \$42,329 per acre, with an average of \$38,900 per acre. The comparable land sales are considered good indicators of value for the subject property. All of the sales were taken into account. We gave a little more credence to sales one and three. We selected a unit value of \$40,000 per acre for the subject site. \$40,000 x 100.25 acres in the subject site, results in a value of \$4,010,000.

FINAL OPINION OF LAND VALUE "AS IS" - PHASE VII - 100.25 ACRES - PARCEL 9730.10-47-2365

May 2, 2008

\$4,010,000

RECONCILIATION AND FINAL OPINIONS OF VALUE

Final reconciliation is defined as the process of evaluating alternative conclusions and selecting a final estimate of value from the approaches used in this report. We weigh the relative significance, applicability and defensibility of the indication of value derived from each approach and places most credence on the one, which in our professional judgment best approximates the value being sought in the appraisal. Our final opinions of the "as is" and "upon completion of horizontal infrastructure of Phase V", determined in the valuation process are as follows:

Land Valuation Phase V 52.36 Acres "As Is"	\$9,425,000
Value by Cost Approach Phase V	\$21,147,000
Value by Development Valuation Analysis Phase V Commercial & Residential	\$25,680,000
Value by Discounted Cash Flow Analysis Phase VI Shopping Center	\$4,951,000
Land Valuation Phase VI 0.60 Acres	\$496,000
Land Valuation Phase VI 2.04 Acres	\$1,333,000
Land Valuation Phase VI 0.40 Acres	\$307,000
Land Valuation Phase VI 0.96 Acres	\$753,000
Land Valuation Phase VII 100.25 Acres	<u>\$4,010,000</u>
Land Values & Leasehold Value from shopping Center Phases VI & VII	\$11,850,000
Land Valuation Phase VI 0.96 Acres "at completion of Infrastructure"	\$965,000

The vacant land sales are considered to be the best available within the local market and development costs appear reasonable. The cost approach is typically used as a measure of financial feasibility. Based on the difference between the cost approach and the development valuation analysis, The Village at Reynolds Mountain – Phase V is not feasible. However, this value by the Development Valuation Analysis of Phase V does not include almost \$9,500,000 in TIF Grant Money. Therefore, if this were added to the Development Valuation Analysis, this would make the project feasible.

The discounted sellout analysis is a cash flow projection of anticipated income from projected lot sales over the estimated sellout period after deducting for typical expenses and carrying costs. The resulting net income stream is then discounted into a present worth in order to estimate the present value of the property. We are of the opinion that the best indicator of value would be the discounted sellout analysis. This method of valuation most clearly reflects the value of the property if purchased by another developer.

In conclusion, it is our opinion that the final values for The Village at Reynolds Mountain are as follows.

VALUE - "AS IS" - PHASE V LAND
\$9,425,000

Value - "AS IS" - PHASES VI & VII
\$11,850,000

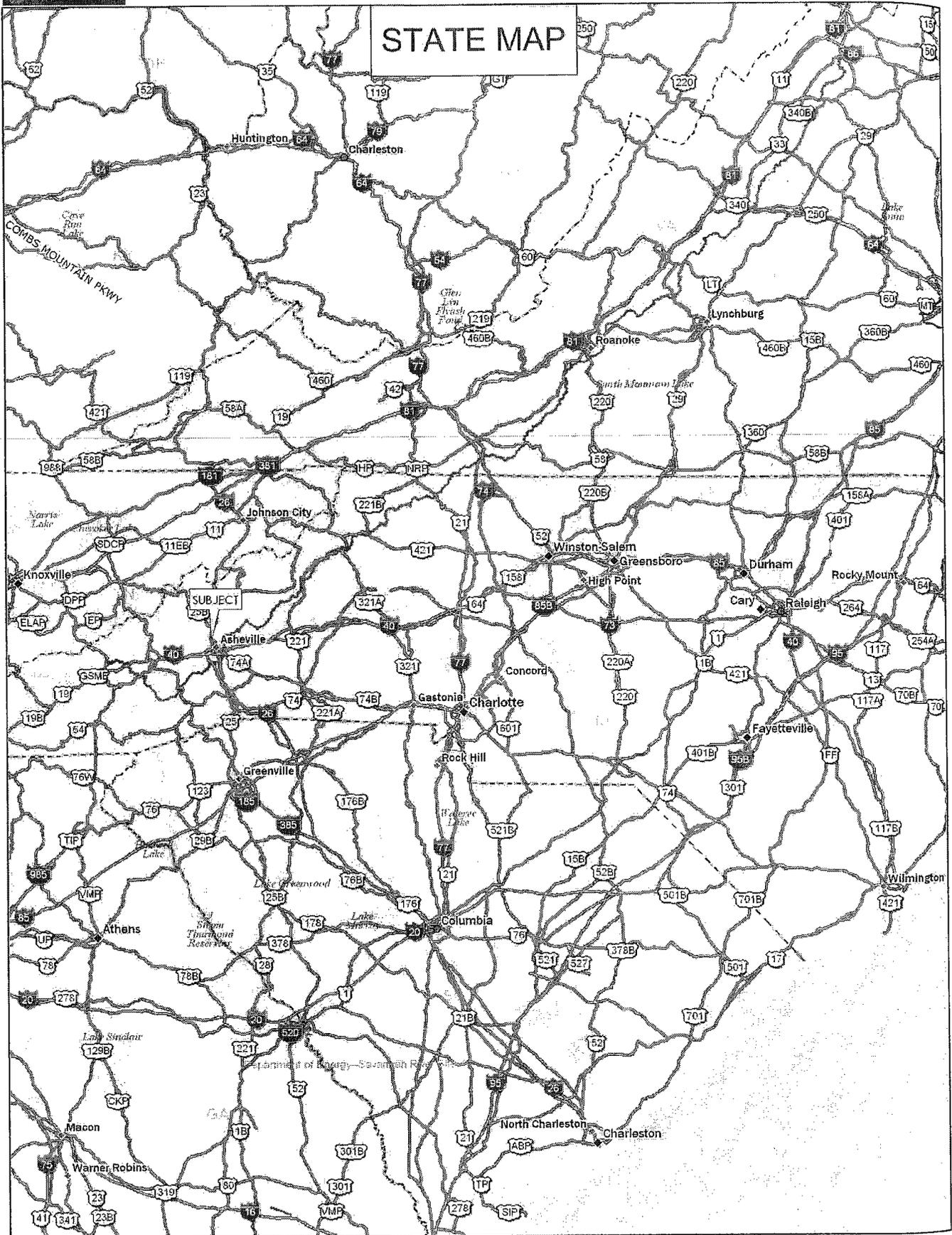
PROSPECTIVE FUTURE VALUE - "UPON COMPLETION OF INFRASTRUCTURE" - PHASE V
AUGUST 1, 2008
\$25,680,000

PROSPECTIVE FUTURE VALUE - "UPON COMPLETION OF INFRASTRUCTURE" - PHASE VI 0.96 ACRES
AUGUST 1, 2008
\$965,000

ADDENDA

STATE MAP
COUNTY MAP
NEIGHBORHOOD MAP
SITE PLAN – PHASE V
PHOTOGRAPHS OF THE SUBJECT
LAND SALES MAPS
DEEDS / LEGAL DESCRIPTION
ZONING DESCRIPTION
TAX CARDS
CONSTRUCTION BUDGET
BROWNFIELD AGREEMENT
ENGAGEMENT LETTER
ASSUMPTION AND LIMITING CONDITIONS
QUALIFICATIONS OF THE APPRAISER

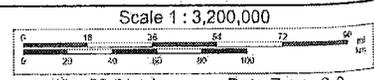
STATE MAP



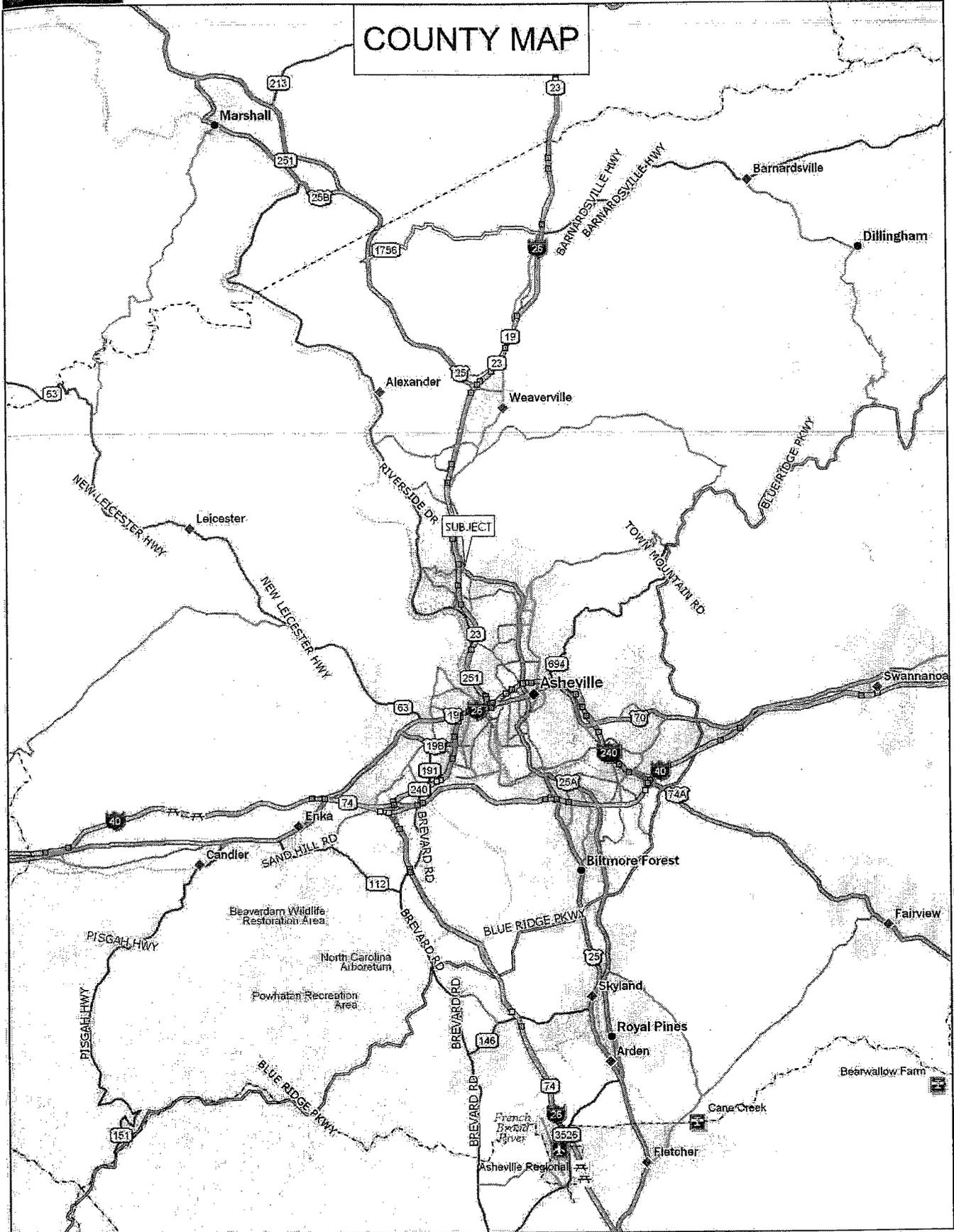
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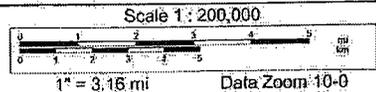
www.delorme.com



COUNTY MAP

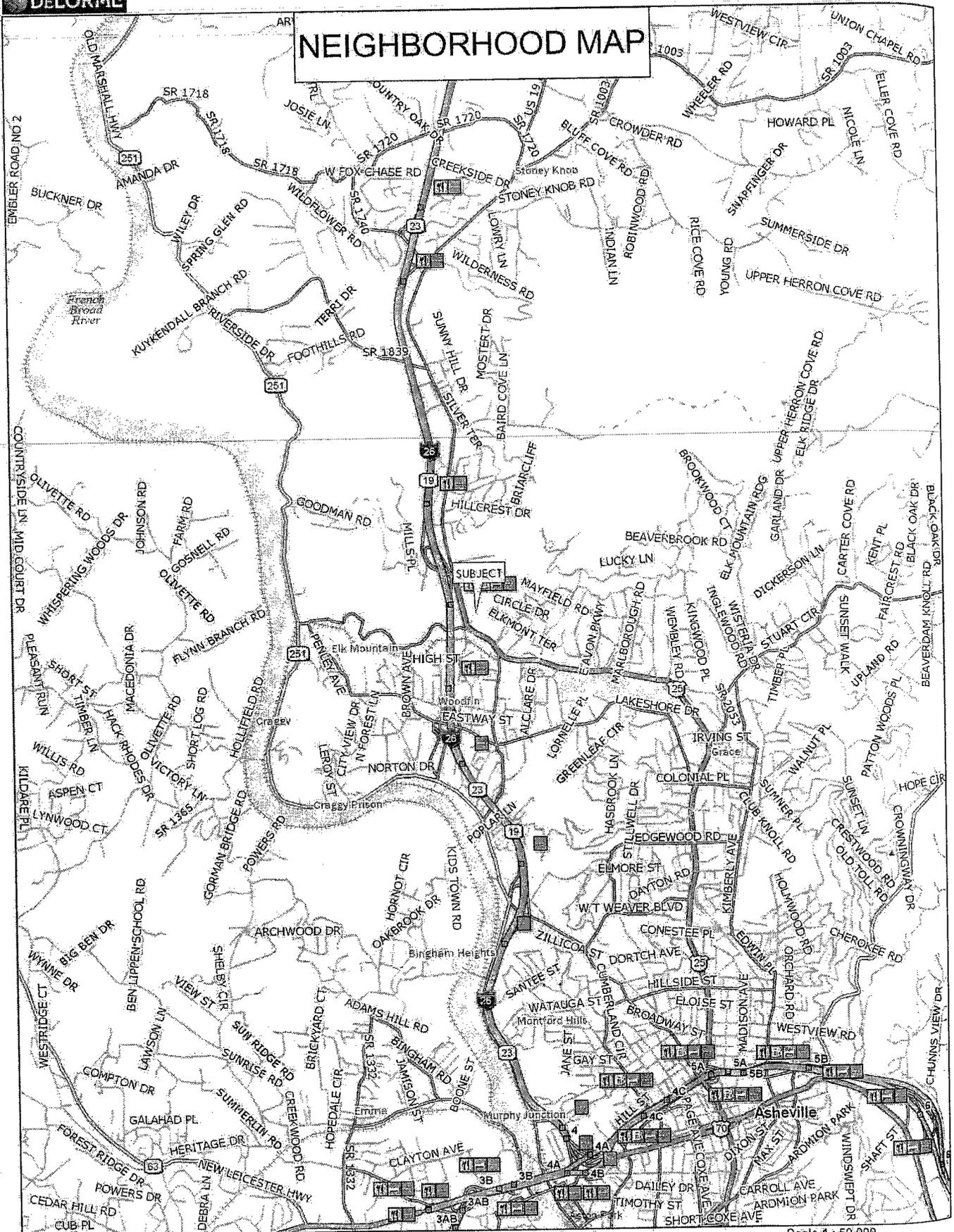


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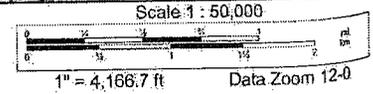
NEIGHBORHOOD MAP



Data use subject to license.

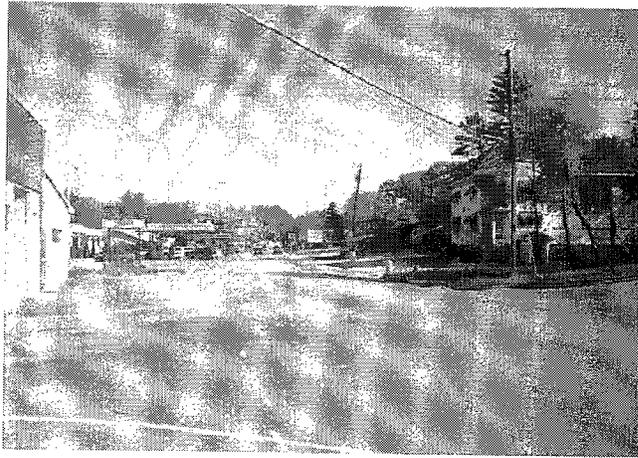
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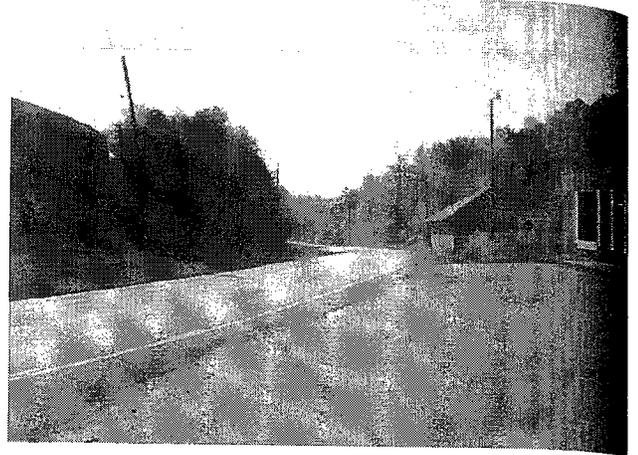




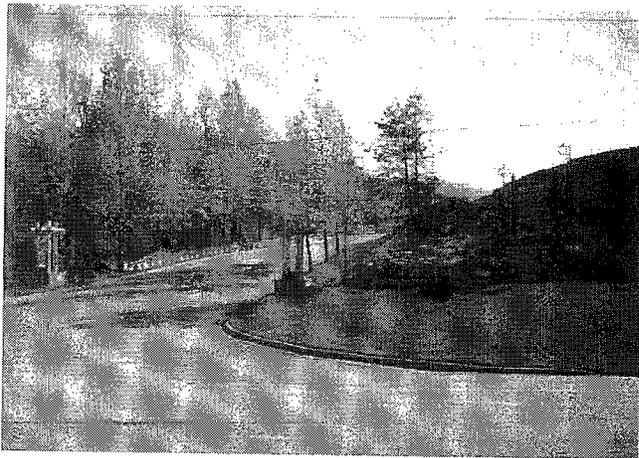
SITE PLAN



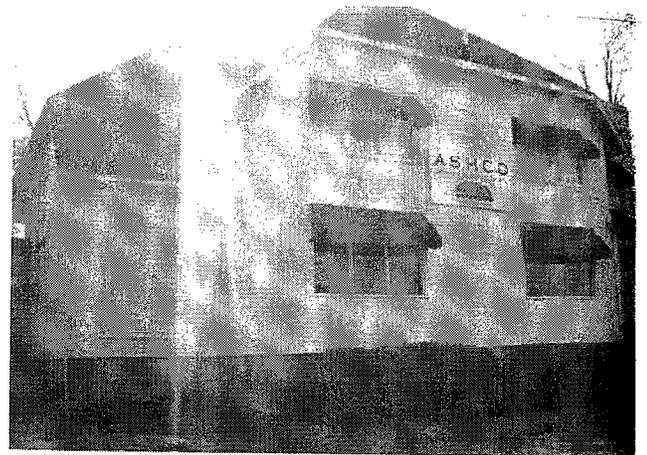
Street scene looking north along Weaverville Road



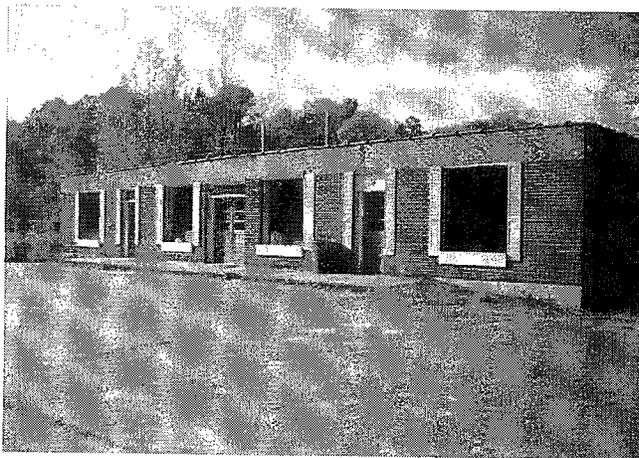
Street scene looking south along Weaverville Road



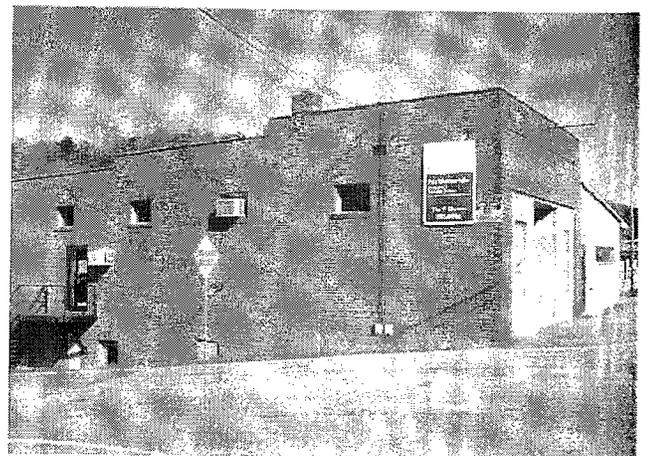
Street scene view of entrance into subject property



View of Ashco Building in Phase V



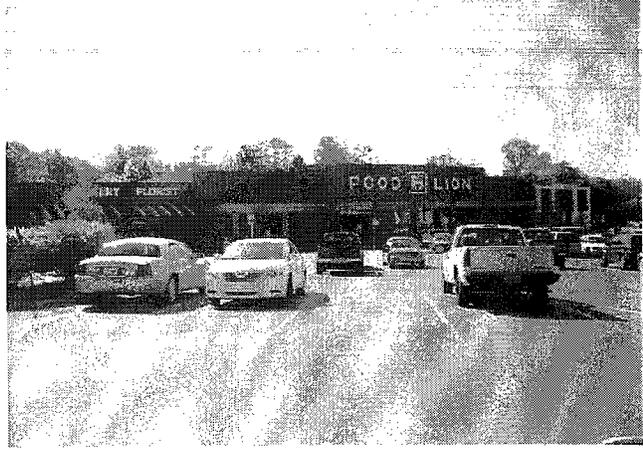
View of building to be demolished



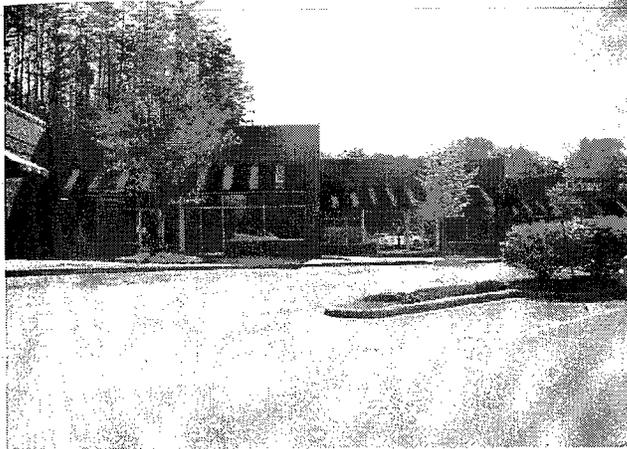
View of building to be demolished



View of future entrance into Phase V



View of Food Lion Store in Phase VI



View of existing shop space in Phase VI



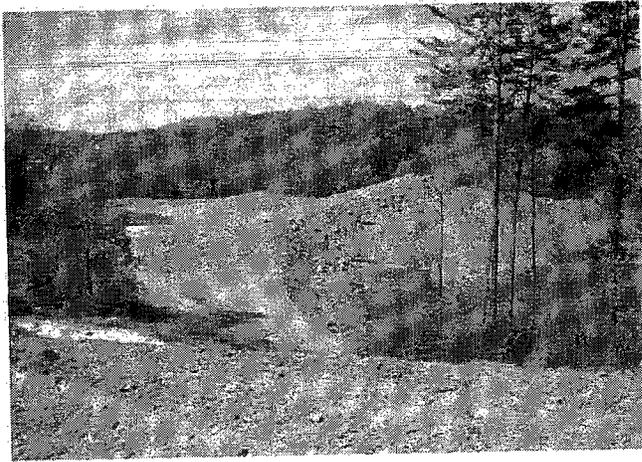
View of entrance into Phase VII land



Interior view of Phase VII Land



Interior view of Phase VII Land



Interior view of Phase VII Land



Interior view of Phase VII Land

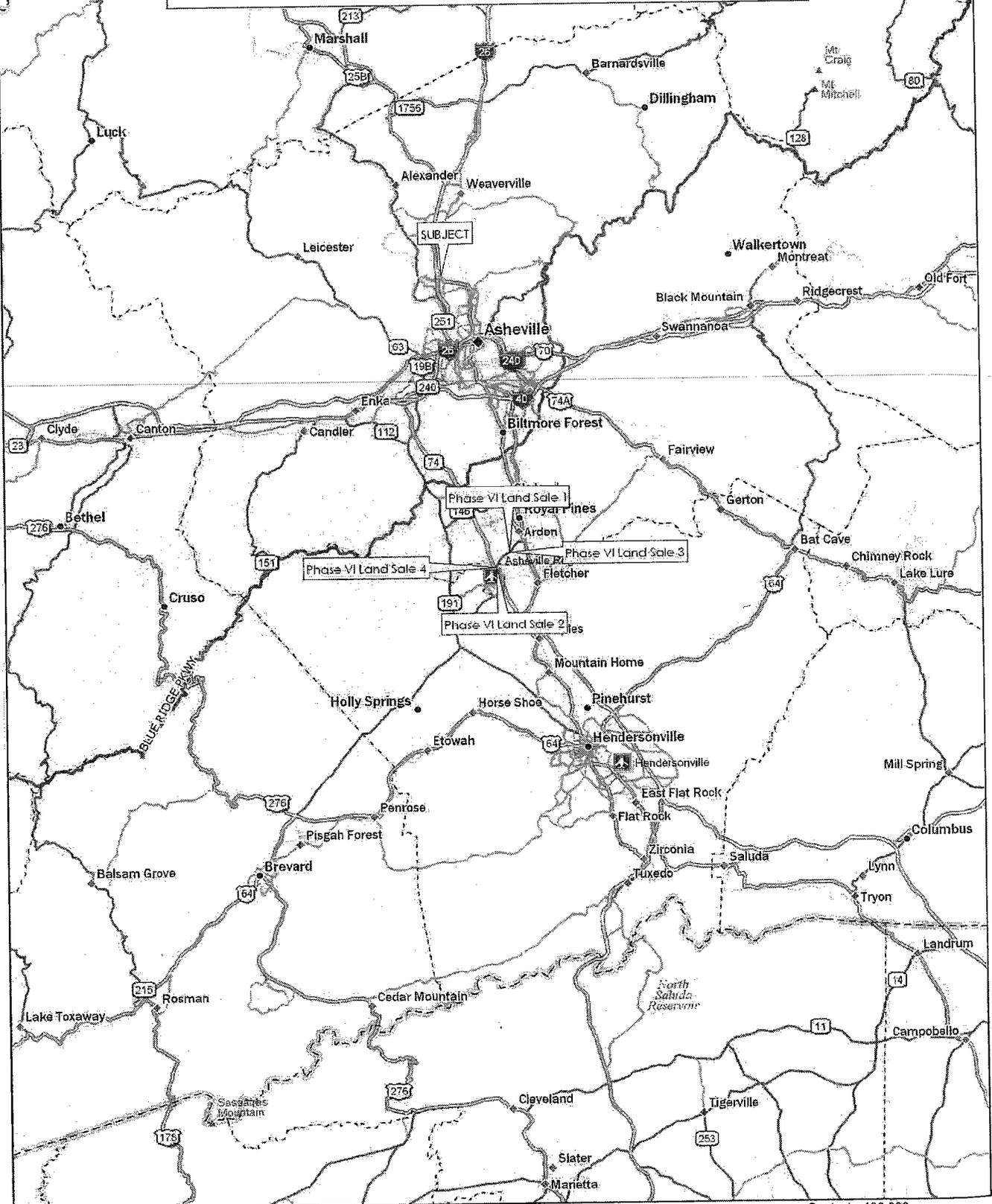


Interior view of Phase VII Land

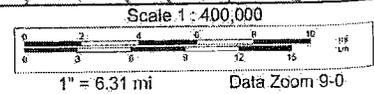
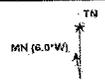


Interior view of Phase VII Land

PHASE VI LAND SALES LOCATION MAP



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BK 2235 PG 712

WITNESSETH:

That the Grantor, for valuable consideration paid by the Grantee, the receipt of which is hereby acknowledged, has and by these presents does grant, bargain, sell and convey unto the Grantee, in fee simple, all that certain lot or parcel of land situated in Buncombe County, North Carolina, and being more particularly described as follows:

TRACT ONE:

That certain property located on Crowell Road, in Lower Hominy Township, and being more particularly described as follows:

BEGINNING at a stake which stands at the northwest corner of Parcel #2 of the American Oil Company property described in a deed from Realty Trades, Inc., a NC corporation and duly recorded in the office of the Register of Deeds for Buncombe County, N.C. in Deed Book 975, at Page 391, and runs thence from said beginning corner thus established and with the northern line of the American Oil Company property North 73 deg. 45 min. East 81.1 feet to a stake, and runs thence North 18 deg. 30' West 138.38 feet to an iron pipe in a fence line and runs thence South 73 deg. 45 min. West 66.8 feet to an iron pipe and runs thence South 12 deg. East 113.5 feet to an iron pipe and runs thence South 1 deg. West 36.64 feet to the BEGINNING.

BEING the same property as that conveyed to Grover Radmon by Deed dated October 29, 1971 and recorded in Deed Book 1049, at Page 430, in the office of the Register of Deeds for Buncombe County, N.C.

TRACT TWO:

BEING all that 8.03 acre tract designated as "Revised Lease Area" as shown on that certain plat recorded in Plat Book 68, at Page 61, in the office of the Register of Deeds for Buncombe County, N.C., reference to which plat is hereby made for a more particular description of said property.

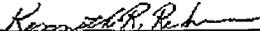
TO HAVE AND TO HOLD the aforesaid lot or parcel of land and all privileges and appurtenances thereto belonging to the Grantee in fee simple.

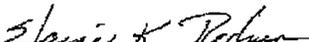
And the Grantor covenants with the Grantee, that Grantor is seized of the premises in fee simple, has the right to convey the same in fee simple, that title is marketable and free and clear of all encumbrances, and that Grantor will warrant and defend the title against the lawful claims of all persons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

Title to the property hereinabove described is SUBJECT TO the following exceptions: easements, restrictions, reservations, rights of way of record and to Buncombe County, NC, ad valorem taxes for 2003 and successive years.

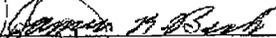
BK 2295 PG 713

IN WITNESS WHEREOF, the Grantor has hereunto set his hand and seal,
the day and year first above written.

 (SEAL)
KENNETH R. REDMON

 (SEAL)
ELAINE K. REDMON

 (SEAL)
HELEN R. BECK

 (SEAL)
JAMES R. BECK

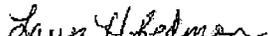
 (SEAL)
FAY R. SMITH

 (SEAL)
EDWARD A. SMITH

 (SEAL)
JAMES R. REDMON SR.

 (SEAL)
RACHEL G. REDMON

 (SEAL)
RICHARD D. REDMON

 (SEAL)
LAURA E. REDMON

BK 2295 PG 714

STATE OF NORTH CAROLINA, COUNTY OF BUNCOMBE

I, a Notary Public of the County and State aforesaid, do hereby certify that JAMES R. REDMON, SR. and wife, RACHEL G. REDMON, personally appeared before me this day and acknowledged the due execution of the foregoing instrument.

WITNESS my hand and Notarial Seal, this 20th day of June, 2000.

Linda L. Ownbey
NOTARY PUBLIC



My Commission Expires: Oct 15, 2004
(NOTARY STAMP-SEAL)

STATE OF NORTH CAROLINA, COUNTY OF BUNCOMBE

I, a Notary Public of the County and State aforesaid, do hereby certify that FAYE R. SMITH and husband, EDWARD A. SMITH, personally appeared before me this day and acknowledged the due execution of the foregoing instrument.

WITNESS my hand and Notarial Seal, this 20th day of June, 2000.

Linda L. Ownbey
NOTARY PUBLIC



My Commission Expires: Oct 15, 2004
(NOTARY STAMP-SEAL)

STATE OF NORTH CAROLINA, COUNTY OF BUNCOMBE

I, a Notary Public of the County and State aforesaid, do hereby certify that HELEN R. BECK and husband, JAMES R. BECK, personally appeared before me this day and acknowledged the due execution of the foregoing instrument.

WITNESS my hand and Notarial Seal, this 22nd day of June, 2000.

Linda L. Ownbey
NOTARY PUBLIC



My Commission Expires: Oct 15, 2004
(NOTARY STAMP-SEAL)

STATE OF NORTH CAROLINA, COUNTY OF BUNCOMBE

I, a Notary Public of the County and State aforesaid, do hereby certify that KENNETH R. REDMON and wife, ELAINE K. REDMON, personally appeared before me this day and acknowledged the due execution of the foregoing instrument.

WITNESS my hand and Notarial Seal, this 21st day of June, 2000.

Linda L. Ownbey
NOTARY PUBLIC



My Commission Expires: Oct 15, 2004
(NOTARY STAMP-SEAL)

BK 2295 PG 715

STATE OF Virginia, COUNTY OF Fairfax

I, a Notary Public of the County and State aforesaid, do hereby certify that RICHARD D. REDMON and wife, LAURA H. REDMON personally appeared before me this day and acknowledged the due execution of the foregoing instrument.

WITNESS my hand and Notarial Seal, this 15th day of July, 2000.

NOTARY'S SIGNATURE: [Signature]
NOTARY PUBLIC

PRINTED NAME OF NOTARY: David Donders

ADDRESS OF NOTARY: 14052 Burke Commons Rd

COMMISSION EXPIRES ON DATE: 1-31-02

(NOTARY STAMP-SEAL)



State of North Carolina, County of Watauga
Each of the foregoing certifies, namely of Linda L. Donders, David Donders

Notary or Notaries public of the State and County designated is hereby certified to be correct.

Filed for registration on this the 22 day of June, 2000 at Blaine

Ottow DeBruhl
OTTO W. DEBRUHL
Register of Deeds, Watauga County

Sharon C. [Signature]
By: Sharon C. [Signature] Register of Deeds

3

Doc ID: 018407610003 Type: CRP

Doc ID: 018407610003 Type: CRP
Recorded: 03/30/2007 at 02:47:01 PM
Fee Amt: \$1,500.00 Page 1 of 3
Excise Tax: \$1,500.00
Workflow# 2367591
Buncombe County, NC
Otto W. DeBruhl Register of Deeds
BK4382 pg 1293-1295

NORTH CAROLINA GENERAL WARRANTY DEED

Excise Tax: \$ 1,500.00

Parcel Identifier No. 9730.11-66-8789.000 Verified by _____ County on the _____ day of _____, 20____
By: _____

Mail/Box to: Van Winkle Law Firm, Cynthia Eller, 11 N. Market St., Asheville, NC 28801 Box 55

This instrument was prepared by: Melnse, Seago & Lay, P.A., P.O. Box 1011, Sylva, NC 28779

Brief description for the Index: _____

THIS DBED made this 30th day of March, 2007, by and between

GRANTOR	GRANTEE
Charles D. Wilson and wife, Lois B. Wilson 662 North Fork Road Barnardsville, NC 28709	Reynolds Mountain Partners, LLC, a North Carolina Limited Liability Company 232 Senator Reynolds Road Asheville, NC 28804

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

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

SEE EXHIBIT "A" ATTACHED HERETO AND INCORPORATED BY EXPRESS REFERENCE AS IF FULLY SET FORTH HEREIN

The property hereinabove described was acquired by Grantor by instrument recorded in Book 959 page 237

A map showing the above described property is recorded in Plat Book _____ page _____

NC Bar Association Form No. L-3 © 1976, Revised © 1977, 2002
Printed by Agreement with the NC Bar Association - 1981 SoftPro Corporation, 333 E. Six Forks Rd., Raleigh, NC 27609

2

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

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

IN WITNESS WHEREOF, the Grantor has duly executed the foregoing as of the day and year first above written.

 (Entity Name)

By: _____
 Title: _____

By: _____ (SEAL)
 Title: _____

By: _____ (SEAL)
 Title: _____

Charles D. Wilson (SEAL)
Charles D. Wilson

Lois B. Wilson (SEAL)
Lois B. Wilson

State of North Carolina - County of BERKSHIRE
 I, the undersigned Notary Public of the County and State aforesaid, certify that Charles D. Wilson and wife, Lois B. Wilson personally appeared before me this day and acknowledged the due execution of the foregoing instrument for the purposes therein expressed. Witness my hand and Notarial stamp or seal this 10th day of March, 2007

My Commission Expires: 01/10/2008
 OFFICIAL SEAL
 Notary Public, North Carolina
 County of Waymond
ROBERTA WYATT

State of North Carolina - County of _____
 I, the undersigned Notary Public of the County and State aforesaid, certify that _____ personally came before me this day and acknowledged that he is the _____ of _____ a North Carolina or _____ corporation/limited liability company/general partnership/limited partnership (strike through the inapplicable), and that by authority duly given and as the act of such entity, he signed the foregoing instrument in its name on its behalf as its act and deed. Witness my hand and Notarial stamp or seal, this _____ day of _____, 20____.

My Commission Expires: _____
 Notary Public

State of North Carolina - County of _____
 I, the undersigned Notary Public of the County and State aforesaid, certify that _____

Witness my hand and Notarial stamp or seal, this _____ day of _____, 20____.

My Commission Expires: _____
 Notary Public

The foregoing Certificate(s) of _____ is/are certified to be correct. This instrument and this certificate are duly registered at the date and time and in the Book and Page shown on the first page hereof.

By: _____ Register of Deeds for _____ County
 Deputy/Assistant - Register of Deeds

NC Bar Association Form No. L-3 © 1976, Revised © 1977, 2002
 Printed by Agreement with the NC Bar Association - 1981 SallPro Corporation, 333 E. Six Forks Rd., Raleigh, NC 27609

EXHIBIT A TO DEED FROM
CHARLES DON WILSON
TO
REYNOLDS MOUNTAIN PARTNERS, LLC

BEGINNING at a p.k. nail set (N 706992.72055872, E 936949.64240219) at the intersection of the Southwestern margin of Weaverville Highway (U.S. Highway 19-23) and the Southeastern margin of N. Woodfin Avenue, said nail being located South 38° 16' 56" West 5168.92 feet (horizontal), 5167.78 feet (grid) from N.C.G.S. Mon. "Reynolds", N = 711,049.260 feet, E = 940,151.269 feet; thence with the Southwestern margin of Weaverville Highway the following four (4) courses and distances: South 30° 32' 12" East 34.30 feet to a calculated point; South 37° 05' 49" East 52.30 feet to a calculated point; South 41° 43' 45" East 51.35 feet to a calculated point; and South 47° 21' 56" East 22.74 feet to a calculated point, being the Northwest corner of property of Woodfin San. Sewer & Water District, Deed Book 1143, Page 417 of the Buncombe County, North Carolina Register of Deeds Office thence leaving said margin of Weaverville Highway and with the Northwestern line of Woodfin South 36° 20' 04" West 36.10 feet to a calculated point; thence with the Southwestern line of Woodfin South 53° 44' 56" East 40.00 feet to a calculated point; thence with the Southeastern line of Woodfin North 36° 15' 04" East 32.96 feet to a calculated point in the Southwestern margin of Weaverville Highway; thence with said margin of Weaverville Highway South 53° 41' 56" East 39.48 feet to a calculated point; and South 59° 14' 54" East 3.52 feet to a calculated point, being the Northwest corner of property of Southern Railway Company; thence leaving said margin of Weaverville Highway and with the line of Southern Railway South 47° 22' 01" West, passing a 5/8-inch rebar at 35.78 feet, a total distance of 48.87 feet to a calculated point on the Northern edge of Beaverdam Creek; thence with the edge of Beaverdam Creek the following six (6) courses and distances: North 77° 50' 23" West 35.69 feet to a calculated point; South 87° 52' 42" West 52.64 feet to a calculated point; North 69° 32' 53" West 52.18 feet to a calculated point; North 54° 29' 30" West 51.18 feet to a calculated point; North 50° 05' 16" West 53.73 feet to a calculated point; and North 59° 18' 07" West 23.22 feet to a p.k. nail set in the Southeastern margin of N. Woodfin Avenue; thence with said margin of N. Woodfin Avenue North 27° 28' 40" East 43.96 feet calculated point and North 51° 50' 40" East 114.20 feet to the Point and Place of Beginning. Containing 0.60 acre, plus or minus, as shown on a survey entitled "Survey for Reynolds Mountain Development of the property of Charles D. Wilson", dated November 6, 2006 prepared by Ed Holmes & Associates, Land Surveyors, PA, D. Brian Hughes, PLS and designated as Drawing No. C06-165.

DMS:4828-8983-0017v1(27747-27747-0001)3/28/2007



Workflow No. 2408825 *W*

Doc ID: 8286199899 Type: CAP
 Recorded: 11/06/2007 at 04:04:07 PM
 Fee Amt: \$2,828.00 Page 1 of 3
 Excise Tax: \$2,828.00
 Workflow: 2408825
 Buncombe County, NC
 Otto W. DeBruhl, Register of Deeds
 BK 4484 Pg 1999-2001

Excise Tax \$2,600.00

Parcel Identifier No. 9730.07-68-8477 (portion)

Mail after recording to Annika M. Brock, McGuire, Wood & Bissette, P.A. (#31)

This instrument was prepared by Sheryl H. Williams of Roberts & Stevens, P.A.

NORTH CAROLINA GENERAL WARRANTY DEED

THIS DEED made this 5th day of November, 2007 by and between

GRANTOR
 PMBB, LLC, a North Carolina limited liability company

GRANTEE
 REYNOLDS MOUNTAIN PARTNERS, LLC, a North Carolina limited liability company

232 Senator Reynolds Road
Asheville, NC 28804

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

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

Being that property described in Exhibit A attached hereto and made a part hereof.

The property hereinabove described was acquired by Grantor by instrument recorded in Deed Book 1976 at Page 55, Buncombe County Registry.

A map showing the above described property is recorded in Plat Book 133 at Page 102, Buncombe County Registry.

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

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

Easements, restrictions, rights of way of record, apparent or in use, and 2007 ad valorem taxes.

IN WITNESS WHEREOF, the Grantor has hereunto set his hand and seal, or if corporate, has caused this instrument to be signed in its corporate name by its duly authorized officers and its seal to be hereunto affixed by authority of its Board of Directors, the day and year first above written.

PMBB, LLC, a North Carolina limited liability company

By: [Signature]
Pratik Bhakta, Member/Manager

Amo

NORTH CAROLINA, Buncombe County

I, a Notary Public of the aforesaid State and County of Buncombe, certify that PRATIK BHAKTA appeared before me and being personally known to me (or proved to me on the basis of satisfactory evidence) to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his authorized capacity as Member-Manager of PMBB, LLC, a North Carolina Limited Liability Company, and that by his signature(s) on the instrument the person(s), or entity upon behalf of which the person(s) acted, executed the instrument. Witness my hand and official stamp or seal, this 5th day of November, 2007.

[Signature]
Notary Public

My commission expires:

11-10-08

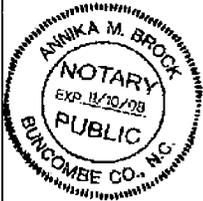


EXHIBIT A

BEING all of Tract 1, containing 2.04 acres, more or less, as shown on a plat recorded in Plat Book 133 at Page 102 of the Buncombe County Registry ("Plat"), reference to which plat is hereby made for a more particular description of said Tract 1.

TOGETHER WITH the benefits and burdens of an easement for construction of a roadway and ingress, egress and regress running from the northwest corner to the southeast corner of Tract 1 and running through a portion of Tract 2, and shown on the Plat as proposed 50 foot private right-of-way, which easement on Tract 2 shall terminate at 5:00pm on November 5, 2008.

Grantor, for itself, its successors and assigns, hereby reserves for itself a signage and access easement over Tract 1 as follows: Grantor may cause to be placed one (1) sign on the lands of Tract 1 for the promotion of a lodging establishment maintained by Grantor on those lands obtained by Grantor in Book 1942, Page 518 and in Book 1854, Page 635, Buncombe County Registry ("Grantor Property"). The location of the signage shall be within that "Proposed Sign Easement" as designated on the Plat. The sign shall be constructed primarily of natural materials, including, but not limited to stone, brick and wood, but not of plastic or metal, unless otherwise authorized in writing by Grantee. The signage shall contain no more than two sides and shall be rectangular in shape with no more than Thirty-Two (32) square feet of surface space on each side. The top of the sign shall be no higher than five feet from the ground.

Grantor, for itself, its successors and assigns, hereby further reserves an easement for ingress, egress and regress over and upon the proposed 50 foot private right-of-way and that proposed 30 foot private right-of-way crossing Tract 1 to the Grantor Property as shown on the Plat. Grantor covenants that it shall not expand or use the easement shown as proposed 30 foot private right-of-way for the benefit of any property other than the Grantor Property.

Grantee, its heirs, successors and assigns, hereby covenants that it shall not construct or allow to be constructed or operated on Tract 1 a hotel, motel, lodging establishment or inn without the written consent of Grantor, its heirs, successors or assigns, which consent, if granted, shall be in writing and recorded in the Buncombe County Registry.

R&S 572506-1

Workflow No. 2435897 **EX**

Doc ID: 020861140002 Type: DAP
 Recorded: 03/20/2008 at 04:48:05 PM
 Fee Amt: \$1,316.00 Page 1 of 2
 Excise Tax: \$1,298.00
 Workflow# 2435898
 Buncombe County, NC
 Otto W. DeBruhl Register of Deeds
BK 4539 PD 620-621

NORTH CAROLINA GENERAL WARRANTY DEED

Excise Tax: \$1,298.00

Parcel Identifier No. _____ Verified by _____ County on the _____ day of _____, 20__
By: _____

Mail/Box to: Annika M. Brock, McGuire, Wood & Blissett, PO Box 3180, Asheville, NC 28802

This instrument was prepared by: Jamelyn R. W. Scott, Warley & Associates, PO Box 2232, Asheville, NC 28802

Brief description for the Index: 70 Weaverville Hwy

THIS DEED made this 20th day of March, 2008, by and between

GRANTOR	GRANTEE
JEANETTE S. RAY, an <u>unremarried</u> widow	REYNOLDS MOUNTAIN PARTNERS, LLC a North Carolina limited liability company
Address: 428 Ky-Fields Weaverville, NC 28787	Address: 232 Senator Reynolds Road Asheville, NC 28804

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

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

WITNESSETH, that the Grantor, for a valuable consideration paid by the Grantee, the receipt of which is hereby acknowledged, has and by these presents does grant, bargain, sell and convey unto the Grantee in fee simple, all that certain lot or parcel of land situated in Beaverdam Township, Town of Woodfin, Buncombe County, North Carolina and more particularly described as follows:

BEGINNING at a point marking the southwestern corner of the Luther Ridge Farm, LLC property (Book 4419, Page 1663, Buncombe County Registry)(now or formerly), said point being in the eastern line of the Thaddeus J. and Lori A. Cole property (Book 3865, Page 653, Buncombe County Registry)(now or formerly); thence with the southern line of the Luther Ridge Farm property North 63° 25' 34" East 159.54 feet to a point marking the southeastern line of the Luther Ridge Farm property, said point being located in the western line of the right-of-way of Weaverville Highway (US Hwy 25); thence with the western line of Weaverville Highway, South 12° 01' 56" East 20.65 feet to a point; thence South 14° 34' 26" East 83.00 feet to a PK nail located within the intersection of Weaverville Highway and the right-of-way of N. Woodfin Avenue; thence generally with the northern line of N. Woodfin Avenue, South 54° 00' 34" West 114.95 feet to a PK nail located within the intersection of N. Woodfin Avenue and the right-of-way of Old Beaverdam Creek Road; thence North 60° 08' 12" West 120.00 feet west to a PK nail; thence North 63° 25' 34" East 33.59 feet; thence North 02 deg 12' 04" West 21.94 feet to the point and place of the BEGINNING, containing 0.40 acres, more or less, per that survey by D. Brian Hughes, PLS, Ed Holmes & associates, dated October 13, 2006 and revised March 18, 2008.

The property hereinabove described was acquired by Grantor by instrument recorded in Book 1487, Page 252, and Book 1694 Page

NC Bar Association Form No. 3 © 1976, Revised © 1977, 2002
Printed by Agreement with the NC Bar Association - 1981

A map showing the above described property is recorded in Plat Book , page .

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

Subject to easements, restrictions and rights of way of record and to taxes for the year 2008, a lien not yet due and payable.

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

IN WITNESS WHEREOF, the Grantor has duly executed the foregoing as of the day and year first above written.

Jeanette S. Ray (SEAL)
Jeanette S. Ray

State of North Carolina - County of Buncombe

I, Janelyn Scott the undersigned Notary Public of the County and State aforesaid, certify that Jeanette S. Ray personally appeared before me this day and acknowledged the due execution of the foregoing instrument for the purposes therein expressed. Witness my hand and Notarial stamp or seal this 20th day of March, 2008.



My Commission Expires: 12-4-2011

Janelyn Scott
Notary Public

UNOFFICIAL

3

AW



Doc ID: 018408280003 Type: CRP
Recorded: 03/30/2007 at 08:35:21 PM
Fee Amt: \$4,820.00 Page 1 of 3
Excise Tax: \$4,600.00
Workflow: 2857550
Buncombe County, NC
Otto W. DeBruhl Register of Deeds
BK 4382 pg 1579-1581

NORTH CAROLINA GENERAL WARRANTY DEED

Excise Tax \$ 4,600.00

Parcel Identifier Nos. 9730-06-37-9805; 9730-10-48-7068; 9730-11-56-4726 and 9730-11-58-8758

Verified by _____ County on the _____ day of _____, 2006 by _____

Mall after recording to Van Winkle, Buck, Wall, Starnes, & Davis, P.A. Attorney's Initials: CWE
Post Office Box 7378, Asheville, NC 28802-7378 BOX 55

This instrument was prepared by: Van Winkle, Buck, Wall, Starnes, & Davis, P.A.

Brief description for the Index: 158 Acres on US Highway 19

THIS DEED made this 30th day of March, 2007, by and between:

GRANTOR	GRANTEE
<p>Town of Woodfin, A North Carolina municipality</p>	<p>Reynolds Mountain Partners, LLC 232 Senator Reynolds Road Asheville, North Carolina 28804</p>

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

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

BEING ALL OF the property shown on a plat entitled "Survey Plat - Exhibit B to the Notice of Brownfields Property, Woodfin Golf Course" recorded in Plat Book 110, Page 82 of the Buncombe County, North Carolina Register of Deeds Office, reference to which plat is hereby made for a more particular description of said property.

2

The property hereinabove described was acquired by Grantor by Instrument recorded in Deed Book 1397, Page 424 and Deed Book 1778, Page 674.

A map showing the above described property is recorded in Plat Book 52, Page 46.

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

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

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

1. Easements to Carolina Power & Light Company recorded in Deed Book 2208, Page 802, Deed Book 1311, Pages 625, 626 & 628, Deed Book 1309, Pages 257, 258 and 259, Deed Book 1188, Pages 735, 736 and 741, Deed Book 1095, Pages 197 and 417, Deed Book 998, Page 211 and Deed Book 989, Page 54.
2. Rights of way to Department of Transportation recorded in Deed Book 1449, Page 325 and Deed Book 1295, Page 882.
3. Right of way to State Highway Commission recorded in Deed Book 990, Page 517.
4. Sewer Line easement to Woodfin Sanitary Water & Sewer District recorded in Deed Book 1041, Page 625.
5. Sewer Line easement to Metropolitan Sewerage District recorded in Deed Book 1026, Page 421.
6. Easement to Metropolitan Sewerage District for manholes, lines, sensors, etc., with access to Telemetry Monitoring Project recorded in Deed Book 1532, Page 427.
7. Easement to Public Service Company of North Carolina recorded in Deed Book 1750, Page 401.
8. Right of way of Southern Railroad.
9. Riparian rights of others to Beaverdam Creek and unnamed branches.

IN WITNESS WHEREOF, Grantor has caused this instrument to be executed by its duly authorized representative the day and year first above written.

Town of Woodfin:

Attest:



TOWN OF WOODFIN
North Carolina Municipality

Cheryl Means
Cheryl Means, Town Clerk

Jerry Vehman
Jerry Vehman, Mayor

3

STATE OF NORTH CAROLINA
COUNTY OF BUNCOMBE

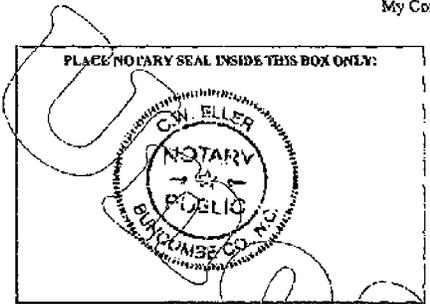
I, C.W. Eller, a Notary Public of Buncombe County, State of North Carolina, certify that Cheryl Mears personally appeared before me this day and acknowledged that she is the Town Clerk of the Town of Woodfin, a municipal corporation, and that by authority duly given and as the act of the corporation the forgoing instrument was signed in its name by its Town Mayor and attested by herself as its Town Clerk.

Date: March 30, 2007

C.W. Eller
Notary Public

C. W. Eller
(Printed Name of Notary)

My Commission Expires: May 22, 2010



DMS:4649-6556-653/rv1|27747-27747-0009|3/29/2007

Official

Workflow No. 2395117 *WV*



Doc ID: 020021870005 Type: CAP
Recorded: 09/05/2007 at 10:09:06 AM
Fee Amt: \$2,636.00 Page 1 of 3
Excise Tax: \$2,610.00
Workflow# 2395117
Buncombe County, NC
Otto W. DeBruhl, Register of Deeds
BK 4459 PG 432-434

\$2,610.00
Excise Tax

Recording Time Book & Page

Mail after recording to: Van Winkle Law Firm, Box 55
Instrument prepared by: Cartner & Cartner Law Firm, PA
7 Orchard St. • Asheville, NC 28801
Parcel Identification No: 9730.07-68-5880.000
Brief Description:

NORTH CAROLINA GENERAL WARRANTY DEED

THIS DEED made this 5 day of September, 2007, by and between

GRANTOR	GRANTEE
THOMAS COITE LACKEY unmarried <i>JCL</i>	127 WEAVERVILLE ROAD, LLC, a NC Limited Liability Company
	232 Senator Reynolds Road Asheville, NC 28804

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

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

Legal Description Attached Hereto as Exhibit "A" & Incorporated Herein.

The property hereinabove described was acquired by Grantor by instrument recorded in Book 1296 at Page 383 of the Buncombe County Registry.

A map showing the above described property is recorded in Plat Book _____ at Page _____ of the _____ County Registry.

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

And the Grantor covenants with the Grantee, that Grantor is seized of the premises in fee simple, has the right to convey the same in fee simple, that title is marketable and free and clear of all encumbrances, and that Grantor will warrant and defend the title against the lawful claims of all persons whomsoever except for the exceptions hereinafter stated. Title to the property hereinabove described is subject to the following exceptions: Subject to easements, restrictions, rights-of-way of record, and the use provisions of any governmental ordinance affecting the property herein conveyed.

IN WITNESS WHEREOF, the Grantor has hereunto set his hand and seal, or if corporate, has caused this instrument to be signed in its corporate name by its duly authorized officers and its seal to be hereunto affixed by authority of its Board of Directors, the day and year first above written.

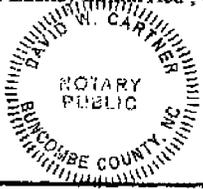
(Corporate Name)

Thomas Coite Lackey (SEAL)
THOMAS COITE LACKEY

By: _____ (SEAL)
Title: PRESIDENT

STATE OF NORTH CAROLINA
COUNTY OF BUNCOMBE

I, a Notary Public in and for Buncombe County and State aforesaid, do hereby certify that the following person(s) personally appeared before me this day, each acknowledging to me that he or she voluntarily signed the foregoing document for the purpose stated therein and in the capacity indicated: **Thomas Coite Lackey unmarried**, Grantors.



DATE: September 5, 2007
David W. Cartner
NOTARY PUBLIC
My Commission Expires: 5/13/2013

The foregoing certificate(s) of _____ is/are certified to be correct. This instrument and this certificate are duly registered at the date and time in the Book and Page shown on the first page hereof.

_____ Register of Deeds for _____ County

By: _____ Deputy/Assistant-Register of Deeds

3

NORTH CAROLINA GENERAL WARRANTY DEED
from Thomas Coite Lackey unmarried
to 127 Weaverville Road, LLC

EXHIBIT "A"

BEING ALL that certain lot or parcel of land situated in Buncombe County, North Carolina and being more particularly described as follows:

BEGINNING at a concrete monument, said concrete monument being located in the Eastern margin of US 19-23, said concrete monument also marking the Southwesternmost corner of the that tract of land described in Deed Book 748, Page 32 of the Buncombe County Registry and also marking the northwesternmost corner of that tract of land owned by Zeta Ball as recorded in Deed Book __, Page __, Buncombe County Registry, and from the BEGINNING POINT thus established and with the Eastern margin of said U.S. Hwy 19-23, North 13 deg. 05 min. 00 sec. West 343.60 feet to a railroad spike, thence leaving the margin of said road, North 52 deg. 13 min. 00 sec. East 31.27 feet to an iron pin; thence North 64 deg. 41 min. 00 sec. East 73 feet to an iron pin; thence down and with the Western boundary of a tract of land conveyed to Silver Investment Company and more particularly described in Deed Book 1231, Page 67, Buncombe County Registry; thence South 13 deg. 19 min. 00 sec. East 212.17 feet to an iron pin; thence South 30 deg. 33 min. 00 sec. East 186.90 feet to an iron pipe; thence with the Northern line of the property of Zeta Ball, South 83 deg. 35 min. 00 sec. West 157.78 feet to the point and place of BEGINNING.

BEING ALSO the same property as described in that deed from Sam M. Yeary, et al to Thomas C. Lackey in Deed Book 1296, Page 383 of the Buncombe County Registry.

see Official

5.

NON-STANDARD FILING



Doc ID: 019875440036 Type: GRP
Recorded: 05/04/2007 at 11:21:35 AM
Fee Amt: \$1,028.00 Page 1 of 4
Excise Tax: \$1,000.00
No-Kflow# 2882712
Buncombe County, NC
Otto W. Baber, Jr. Register of Deeds
BK 4399 PG 1187-1191

NORTH CAROLINA GENERAL WARRANTY DEED

Excise Tax \$ 1,000 Parcel Identifier No. 9730-07-78-249B Verified by Buncombe County on the day of _____, 2007

By: _____

Mail/Box to: Van Winkle Law Firm (SMP) Box 55

This instrument was prepared by: George W. Saenger, Attorney-at-Law

Brief description for the Index: 40 Woodhill Drive, Woodfin, NC

THIS DEED made this 24 day of April, 2007, by and between

GRANTOR

GRANTEE

BEVERLY JEAN LANKFORD and husband, DAVID LEE LANKFORD, SALLY JANE BARNETT (unmarried), BRENDA JOAN GOSNELL and husband, DAVID WELLS GOSNELL

REYNOLDS MOUNTAIN PARTNERS, LLC

Mailing Address:
232 Senator Reynolds Drive
Asheville, NC 28804

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

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

WITNESSETH, that the Grantors, for a valuable consideration paid by the Grantee, the receipt of which is hereby acknowledged, have and by these presents does grant, bargain, sell and convey unto the Grantee in fee simple, all that certain lot or parcel of land situated in Buncombe County, North Carolina and more particularly described as follows:

SEE ATTACHED EXHIBIT A and incorporated herein by reference.

2

The property hereinabove described was acquired by Grantors by instrument recorded in Deed Book 2059 at Page 0098, Buncombe County Registry. Tho three femme grantors are the daughters of Tony Smith Hollar, deceased in Buncombe County. They inherited the property from their father pursuant to the terms of his Will.

A map showing the above described property is recorded in Plat Book ___ page ___.

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

And the Grantors covenant with the Grantee, that Grantors are seized of the premises in fee simple, has the right to convey the same in fee simple, that title is marketable and free and clear of all encumbrances, and that Grantors will warrant and defend the title against the lawful claims of all persons whomsoever except for the exceptions hereinafter stated. Title to the property hereinabove described is subject to the following exceptions:

Subject to easements, restrictions and rights-of-way of record.

IN WITNESS WHEREOF, Grantors have hereunto set their hands and seals the day and year first above written.

Beverly Jean Lankford (SEAL)
BEVERLY JEAN LANKFORD

David Lee Lankford (SEAL)
DAVID LEE LANKFORD

____ (SEAL)
SALLY JANE BARNETT

Brenda Joan Gosnell (SEAL)
BRENDA JOAN GOSNELL

David Wells Gosnell (SEAL)
DAVID WELLS GOSNELL

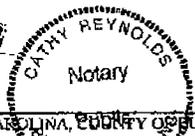
STATE OF NORTH CAROLINA, COUNTY OF BUNCOMBE

I certify that the following person(s) personally appeared before me this day, each acknowledging to me he or she voluntarily signed the foregoing document for the purpose stated therein and in the capacity indicated: BEVERLY JEAN LANKFORD and husband, DAVID LEE LANKFORD.

Witness my hand and official stamp or seal, this the 25 day of April, 2007

Cathy Reynolds
Notary Public
Cathy Reynolds
Print Name of Notary Public

My Commission Expires: 10-10-09
[SEAL]



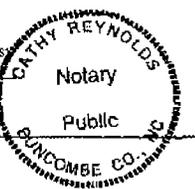
STATE OF NORTH CAROLINA, COUNTY OF BUNCOMBE

I certify that the following person(s) personally appeared before me this day, each acknowledging to me that he or she voluntarily signed the foregoing document for the purpose stated therein and in the capacity indicated: BRENDA JOAN GOSNELL, and husband, DAVID WELLS GOSNELL.

Witness my hand and official stamp or seal, this the 25 day of April, 2007

Cathy Reynolds
Notary Public
Cathy Reynolds
Print Name of Notary Public

My Commission Expires: 10-10-09
[SEAL]



The property hereinabove described was acquired by Grantors by instrument recorded in Deed Book 2059 at Page 0098, Buncombe County Registry. The three femme grantors are the daughters of Tony Smith Hollar, deceased in Buncombe County. They inherited the property from their father pursuant to the terms of his Will.

A map showing the above described property is recorded in Plat Book _____ page _____.

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

And the Grantors covenant with the Grantee, that Grantors are seized of the premises in fee simple, has the right to convey the same in fee simple, that title is marketable and free and clear of all encumbrances, and that Grantors will warrant and defend the title against the lawful claims of all persons whomsoever except for the exceptions hereinafter stated. Title to the property hereinabove described is subject to the following exceptions:

Subject to easements, restrictions and rights-of-way of record.

IN WITNESS WHEREOF, Grantors have hereunto set their hands and seals the day and year first above written.

(SEAL)
BEVERLY JEAN LANKFORD

(SEAL)
DAVID LEE LANKFORD

Sally Jane Barnett
(SEAL)
SALLY JANE BARNETT

(SEAL)
BRENDA JOAN GOSNELL

(SEAL)
DAVID WELLS GOSNELL

STATE OF NORTH CAROLINA, COUNTY OF BUNCOMBE

I certify that the following person(s) personally appeared before me this day, each acknowledging to me that he or she voluntarily signed the foregoing document for the purpose stated therein and in the capacity indicated: BEVERLY JEAN LANKFORD and husband, DAVID LEE LANKFORD.

Witness my hand and official stamp or seal, this the ____ day of _____, 20__.

Notary Public

Print Name of Notary Public

My Commission Expires:

[SEAL]

STATE OF NORTH CAROLINA, COUNTY OF BUNCOMBE

I certify that the following person(s) personally appeared before me this day, each acknowledging to me that he or she voluntarily signed the foregoing document for the purpose stated therein and in the capacity indicated: BRENDA JOAN GOSNELL, and husband, DAVID WELLS GOSNELL.

Witness my hand and official stamp or seal, this the ____ day of _____, 20__.

Notary Public

Print Name of Notary Public

My Commission Expires:

[SEAL]

4

STATE OF GEORGIA
COUNTY OF Cobb

I certify that the following person(s) personally appeared before me this day, each acknowledging to me that he or she voluntarily signed the foregoing document for the purpose stated therein and in the capacity indicated:
SALLY JANE BARNETT (unmarried).

Witness my hand and official stamp or seal, this the 26 day of April, 2007.

[Signature]

Notary Public
R. A. Barr

Print Name of Notary Public



Unofficial

EXHIBIT "A"

BEGINNING on a locust tree about 40 feet Southwest from the building, and runs North 15° West 100 feet to a stone; thence North 79° East 160 feet to a walnut; thence South 59° East 258 feet to a pine in a hollow; thence down the hollow South 22° West 100 feet; thence South 30° West 105 feet to a stone; thence West 135 feet to a locust on the East bank of a private road; thence North 30° West crossing said road 98 feet to a locust on West bank of the road; thence North 44° West 120 feet to the BEGINNING; containing one and three-fourth acres.

The locust tree; the beginning of the above-described tract, is situated South 64° 30' East 395 feet from the beginning corner of a tract of land conveyed by H. M. Weir, as Trustee, to Tony Ball and wife. Being the same land and premises as described in a Trustee's Deed, dated February 24, 1970, between S. Thomas Walton, Substitute Trustee, and Marshall H. Plémmons, recorded in Deed Book 1014, Page 337, Buncombe County Registry.

unofficial

3

DW



Doc ID: 014408280903 Type: CRP
 Recorded: 03/30/2007 at 03:33:46 PM
 Fee Amt: \$440.00 Page 1 of 3
 Excise Tax: \$440.00
 Workflow# 295766E
 Buncombe County, NC
 Otto W. DeBruhl, Registrar of Deeds
 BK 4382 pg 1576-1578

NORTH CAROLINA GENERAL WARRANTY DEED

Excise Tax \$ 440.00 Parcel Identifier No. 9730.07-78-3385 Verified by Buncombe County on the day of _____, 2007

By: _____

Mail/Box to Cynthia W. Eller, Esq., Van Winkle Law Firm, Box 55

This instrument was prepared by: George W. Saenger, Attorney-at-Law

Brief description for the Index: 31 Woodhill Drive, Asheville, NC

THIS DEED made this 30 day of March, 2007, by and between

GRANTOR

GRANTEE

JOAN H. GOSNELL and husband,
DAVID WELLS GOSNELL

REYNOLDS MOUNTAIN PARTNERS, LLC

Mailing/Address:
232 Senator Reynolds Road
Asheville, NC 28804

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

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

WITNESSETH, that the Grantors, for a valuable consideration paid by the Grantee, the receipt of which is hereby acknowledged, have and by these presents does grant, bargain, sell and convey unto the Grantee in fee simple, all that certain lot or parcel of land situated in Buncombe County, North Carolina and more particularly described as follows:

SEE ATTACHED EXHIBIT A and incorporated herein by reference.

The property hereinabove described was acquired by Grantors by instrument recorded in Deed Book 1568 at Page 518, Buncombe County Registry.

A map showing the above described property is recorded in Plat Book ____ page ____.

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

And the Grantors covenant with the Grantee, that Grantors are seized of the premises in fee simple, has the right to convey the same in fee simple, that title is marketable and free and clear of all encumbrances, and that Grantors will warrant and defend the title against the lawful claims of all persons whomsoever except for the exceptions hereinafter stated. Title to the property hereinabove described is subject to the following exceptions:

Subject to easements, restrictions and rights-of-way of record.

IN WITNESS WHEREOF, Grantors have hereunto set their hands and seals the day and year first above written.

Joan H. Gosnell (SEAL)
JOAN H. GOSNELL

David Wells Gosnell (SEAL)
DAVID WELLS GOSNELL

STATE OF NORTH CAROLINA
COUNTY OF BUNCOMBE

I certify that the following person(s) personally appeared before me this day, each acknowledging to me that he or she voluntarily signed the foregoing document for the purpose stated therein and in the capacity indicated: JOAN H. GOSNELL and husband, DAVID WELLS GOSNELL.

Witness my hand and official stamp or seal, this the 29 day of March, 2007.

Sharon M. Bartlett
Notary Public
Sharon M. Bartlett
Print: Name of Notary Public

My Commission Expires:
1-11-2012

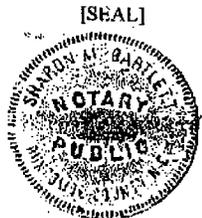


EXHIBIT A
TO
DEED
FROM
DAVID WELLS & JOAN H. GOSNELL
TO
REYNOLDS MOUNTAIN PARTNERS, LLC

BEGINNING at a 3/4-inch iron pin found, said pin being the Southwesternmost corner of property of Reynolds Village Residential Partners, LLC as described in Deed Book 4202, Page 537 of the Buncombe County, North Carolina Register of Deeds Office (the "Registry"); thence North 36° 48' 41" East 192.07 feet to a 3/4-inch iron pin found, the TRUE POINT AND PLACE OF BEGINNING; thence South 85° 09' 53" West 131.72 feet to an iron pin found - leaning, said pin being located in the Eastern edge of a paved drive; thence along said paved drive North 30° 36' 38" West 70.84 feet to a point, being the Southwest corner of property of Tony S. Hollar as described in Deed Book 2059, Page 98 of the Registry; thence leaving said paved drive and with the Southern line of Hollar North 67° 16' 33" East 291.77 feet to a 12-inch hacked pine located in the line of Reynolds Village Residential Partners, LLC as aforesaid; thence with the line of Reynolds Village South 24° 08' 40" West 89.66 feet to an EHA-iron pin found; and South 38° 52' 06" West 103.74 feet to the True Point and Place of Beginning. Containing 0.49 acre, more or less, as shown on a survey entitled "Boundary Survey for David Wells & Joan H. Gosnell" dated December 11, 2008 prepared by Ed Holmes & Associates, Land Surveyors, P.A. W. Edwin Holmes, PLS. and designated as Drawing No. C06-191.

DMS:4847-9882-9249v1127747-27747-3001378/2007

Unofficial

CW

Doc ID: 037589300003 Type: CRP
 Recorded: 07/14/2006 at 02:51:40 PM
 Fee Art: 0979.00 Page 1 of 3
 Excise Tax: 9950.00
 Workfile# 2044400
 Buncombe County, NC
 Otto V. DeBruhl, Registrar of Deeds
 BK 4253 PG 1340-1342

Excise Tax \$950.00

Recording Time, Book and Page

NORTH CAROLINA GENERAL WARRANTY DEED

Tax Lot No. _____ Parcel Identifier No. 9730-11-07-9134
 Verified by _____ County on the _____ day of _____, 20____
 by _____

Mail after recording to Cynthia W. Eller **BOX 55**
 (TITLE NOT EXAMINED BY PREPARER)

This instrument was prepared by James M. Edwards, PO BOX 206, CANDLER NC 28715

Brief Description for the index: 75 Waverlyville Road, Woodfin, Buncombe County, NC

THIS DEED made this the 14th day of July, 2006

GRANTOR

GRANTEE

**ROY W. TIPTON and wife,
 LINDA M. TIPTON**

REYNOLDS MOUNTAIN PARTNERS, LLC
 337 Senator Reynolds Road
 Asheville, North Carolina 28906

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

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

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

SEE ATTACHED SCHEDULE "A"

The property herein above described was acquired by Grantor by instrument recorded in _____ Book, _____ Page.

A map showing the above described property is recorded in _____ Book, _____ Page.

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

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

Title to the property herein above described is subject to the following exceptions:

N.C. Stat. Assoc. Form No. 30-1917
 Printed by Agreement with the N.C. Stat. Assoc.
 #200

2

IN WITNESS WHEREOF, the Grantor has hereunto set his/her hand and seal, or, if corporate, has caused this instrument to be signed in its corporate name by its duly authorized officers and its seal to be hereunto affixed by authority of its Board of Directors, the day and year first above written.

Roy W. Tipton (SEAL)
ROY W. TIPTON

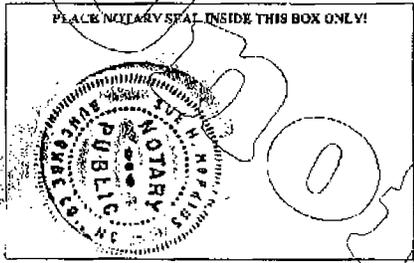
Linda M. Tipton (SEAL)
LINDA M. TIPTON

STATE OF NORTH CAROLINA
COUNTY OF BUNCOMBE

I certify that the following person(s) personally appeared before me this day, each acknowledging to me that he or she voluntarily signed the foregoing document for the purpose stated therein and in the capacity indicated: ROY W. TIPTON

Date: 7/14/2006

Sue H. Hopkins
Notary Public
SUE H. HOPKINS
(Printed Name of Notary)
My Commission Expires: 5/22/2010

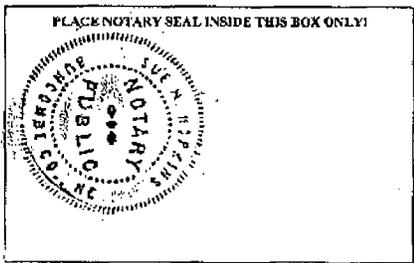


STATE OF NORTH CAROLINA
COUNTY OF BUNCOMBE

I certify that the following person(s) personally appeared before me this day, each acknowledging to me that he or she voluntarily signed the foregoing document for the purpose stated therein and in the capacity indicated: LINDA M. TIPTON

Date: 7/14/2006

Sue H. Hopkins
Notary Public
SUE H. HOPKINS
(Printed Name of Notary)
My Commission Expires: 5/22/2010



3

SCHEDULE "A"

BEGINNING on a stake on the northeast margin of a road or street, the southwest corner of Lot No. 1 of the Fred Carter map and a short distance northeast of what was formerly Newbridge Station of the Asheville and East Tennessee Railroad, thence North 13 deg. 30 min. West with the eastern margin of said road or street 100 feet to a stake; thence with the lines of R.D. Buckner North 66 deg. East 150 feet to a stake; thence South 13 deg. 30 min. East 100 feet to a stake in the northern margin of another street; thence with said margin of said street or road South 66 deg. West 150 feet to the point or place of BEGINNING and being the southwest portion of Lots No. 1 and 2 of said Fred Carter map.

AND BEING the same property as recorded in Deed Book 1226 at Page 595, Buncombe County Registry. Reference is further made to the Estate of William R. Holcombe as the same is filed in estate file 93 E 0322, Buncombe County Clerk of Superior Court's Office.

Unofficial

NO: 4816-3075-4348, Ver 1

Workflow No. 2017343

Doc ID: 017291200004 Type: DRP
 Recorded: 04/03/2006 at 12:53:10 PM
 Fee Amt: \$23.00 Page 1 of 4
 Excise Tax: \$0.00
 Workflow# 2017343
 Buncombe County, NC
 Orto W. Dabruhl Register of Deeds
 BK 4202 PG 537-540

NORTH CAROLINA CORRECTION WARRANTY DEED

Excise Tax \$ 0.00
 Tax Lot No. _____ Parcel Identifier No. 2730.08-78-7600, 9730.08-87-0819, 9730.12-76-7373
 Verified by _____ County on the _____ day of _____, 2006 by _____
 Mail after recording to Van Winkle, Buck, Wall, Starnes, & Davis, P.A. Attorney's Initials: CWF
Post Office Box 7376, Asheville, NC 28802-7376 **BOX 55**
 This instrument was prepared by: Van Winkle, Buck, Wall, Starnes, & Davis, P.A.
 Brief description for the Index: 51.45 acres, Woodfin, NC

THIS DEED made this 14th day of March, 2006, by and between:

GRANTOR	GRANTEE
BRADLEY S. RACHMAN and wife, AMY S. RACHMAN an undivided one-half interest	REYNOLDS VILLAGE RESIDENTIAL PARTNERS, LLC
And	
KIRK C. BOONE and wife, KRISTEN BOONE an undivided one-half interest	232 Senator Reynolds Road Asheville, NC 28804

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

WITNESSETH, that Grantor, for a valuable consideration paid by Grantee, the receipt of which is hereby acknowledged, has and by these presents does grant, bargain, sell and convey unto Grantee in fee simple, all of his undivided one-third interest in all that certain lot or parcel of land situated in the City of Woodfin, Buncombe County, North Carolina, and more particularly described as follows:

SEE EXHIBIT A ATTACHED HERETO AND INCORPORATED HEREIN BY THIS REFERENCE.

This Deed is corrected to include the legal description, which was inadvertently omitted from the Deed recorded in Deed Book 4189, Page 951.

The property hereinabove described was acquired by Grantor by instrument recorded in Deed Book 4121, Page 188 and Deed Book 4154, Page 559.

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

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

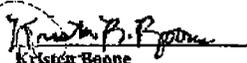
Title to the property hereinabove described is subject to the following exceptions:
Easements, covenants, conditions and restrictions of record; 2006 ad valorem taxes; and utilities physically located on the property

IN WITNESS WHEREOF, Grantors have hereunto set their hands and seals the day and year first above written.

 (SEAL)
Bradley S. Rachman

 (SEAL)
Amy S. Rachman

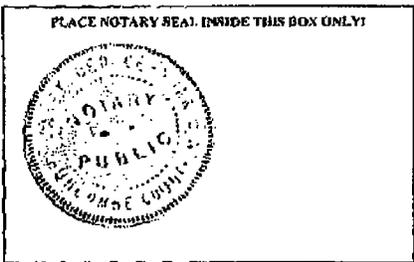
 (SEAL)
Kirk C. Boone

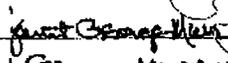
 (SEAL)
Krista Boone

STATE OF NORTH CAROLINA
COUNTY OF BUNCOMBE

I, Janet George-Munn a Notary Public for the State and County aforesaid, certify that Bradley S. Rachman and Amy S. Rachman personally appeared before me this day and acknowledged the execution of the foregoing instrument.

Witness my hand and official stamp or seal, this the 14th day of March, 2006

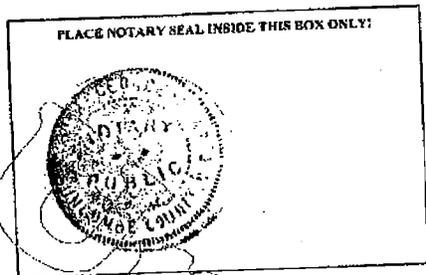



Janet George-Munn Notary Public
(Printed Name of Notary)
My Commission Expires: 9/26/2006

STATE OF NORTH CAROLINA
COUNTY OF BUNCOMBE

I, Jamet George Murr, a Notary Public for the State and County
aforesaid, certify that Kirk C. Boone and Kristen Boone personally appeared before me this day and
acknowledged the execution of the foregoing instrument.

Witness my hand and official stamp or seal, this the 14th day of March, 2006.



Jamet George Murr
Jamet George Murr, Notary Public
(Printed Name of Notary)
My Commission Expires: 7/26/2006

Not Official

4 8

EXHIBIT A

Parcel 1: Being a right of first refusal, as limited and set forth below, for Grantee to purchase the tract described as the Right of First Refusal Tract below, upon the following terms and conditions:

At any time subsequent to the date hereof, but prior to ten (10) years herefrom, should Grantor receive an offer to purchase the Right of First Refusal Tract or any portion thereof which Grantor wishes to accept (the "Buy Offer"), Grantor shall, prior to being firmly bound to any Buy Offer, offer to sell the Right of First Refusal Tract, or said portion, to Grantee on the same terms and conditions set forth in the Buy Offer in the form of a document to which the Buy Offer is attached (the "Sell Offer"). Grantee shall have ten (10) business days from Grantor's furnishing the Sell Offer to Grantee for Grantee to accept or reject the same and to pay the deposit required therewith. If Grantee fails to accept the Sell Offer and pay the required deposit to Grantor by the end of said tenth (10th) business day, then Grantor may sell the Right of First Refusal Tract, or said portion, to the offeror of the Buy Offer on substantially the same terms and conditions as set forth therein. This right of refusal shall terminate upon the first to occur of the tenth (10th) anniversary of this deed, the sale of the entire Right of First Refusal Tract or, with respect to a partial sale, a sale of any portion of the Right of First Refusal Tract sold in a partial sale thereof; provided, however, that this right of first refusal shall, until the tenth (10th) anniversary hereof, survive any partial sale with respect to the portion of the Right of First Refusal Tract (if any) remaining owned by the Grantor after said partial sale. No transfer of the Right of First Refusal Tract, or any portion thereof, whether by conveyance, devise or descent, to a family member or a Member of Grantor or a trust or other entity controlled by any of them or to their benefit is subject to this right of first refusal, but a subsequent sale by such exempted person or entity is subject to this right of first refusal. The "Right of First Refusal Tract" is described as follows: Being Tract 6 of 8.06± acres shown on the plat entitled "Survey for Redmon Real Estate, L.L.C., et al.", dated 10/10/05 and recorded in Buncombe County Plat Book 100 at page 42 (the "Plat").

Parcel 2: Being Tract 1 of 31.15± acres, Tract 2 of 9.23± acres, Tract 3 of 8.72± acres, Tract 4 of 0.35± acres and Tract 5 of 1.54± acres, all as shown on the Plat.

Official

Town of Woodfin
Proposed Zoning District – Mountain Village (MV)

(A) The Mountain Village (MV) Residential District is established as a district to permit a full range of high density multi-family housing types along with limited institutional, public and commercial uses appropriate within high density residential areas. It is intended that this district be located near employment centers, shopping facilities, roads and other urban infrastructure capable of handling the demand generated by high density residential development. T

(B) *Permitted uses.*

Residential.

Dwellings, multi-family

Dwellings, single-family detached

Dwellings, single-family zero lot line

Recreational.

Arboretums

Golf courses

Passive parks

Recreational uses, governmental

Recreational uses, related to residential development

Institutional.

Public/semi-public.

Community centers

Fire/police stations

Libraries

Other.

(C) *Prohibited uses.* Any use not specifically listed as a permitted use or a use by right, subject to special requirements, or a conditional use in the Mountain Village Residential District is prohibited.

(D) *Conditional uses.*

Ancillary non-residential uses in residential districts

Light Commercial Retail Operations in Compliance with the Standards Outlined in the Transitional Zoning District Definition

Accessory apartments

Accessory structures

Adult day care centers

Adult day care homes

Antenna

Assisted living facilities

Bed and breakfast inns

Boardinghouses

Child day care centers

Child day care homes
 Family care homes
 Fraternity and sorority houses
 Group homes
 Home occupations
 Places of worship
 Public utilities and related facilities
 Recreational uses, restricted to membership, non-profit
 Residential related community services
 Schools
 Townhouses
 Vacation rentals
 Wireless telecommunication facilities, concealed
 Wireless telecommunication facilities, co-located
 Wireless telecommunication facilities, microcell

Development standard bonuses for residential zoning districts

Level III projects

(f) *Development standards.*

- (1) *Density standards.* The maximum residential density in the MV District shall be one dwelling unit per 2,500 square feet of lot area.
- (2) *Structure size standards.* None required.
- (3) *Lot size standards.* The minimum lot size in the MV District shall be 5,000 square feet for multi-family development; 2,500 square feet for attached single family development and 3,500 square feet for detached single family development.
- (4) *Lot width standards.* Lots in the MV District shall have a minimum width of 50 feet.
- (5) *Setback standards.* The following minimum setbacks shall be required for uses in the MV District.

TABLE INSET:

Front:		15 ft.
Side:	Single family detached and multi-family 4 or fewer units per building:	6 ft.
	More than 4 units per building:	6 ft. when adjacent to multi-family and non-residential uses; when adjacent to single family uses, 6 ft. for first unit in the building, 2 ft. additional for each additional unit in the building up to a maximum required setback of 40 ft.
Rear:	Single-family detached and multi-family with 4 or fewer units per	15 ft.

	parking	
	More than 4 units per building	15 ft. for first units, 2 ft. additional for each additional unit up to a maximum required setback of 40 ft.

The landscape and buffering standards may require additional setback; if so, the most restrictive requirement shall apply.

The minimum spacing between structures shall, in addition, be as per the Buncombe County Fire Code.

(6) *Impervious surface standards.* None.

(7) *Height standards.* The maximum height of structures in the MV District shall be 50 feet.

(8) *Landscaping/buffering standards.* Landscaping and/or buffering shall be provided as required by section....

(9) *Parking/loading standards.* Parking and loading facilities shall be provided as required by sectionof this chapter.

(10) *Recreational/open space standards.* Open space shall be provided as required by sectionof this chapter.

Community-Shopping Zoning

The Community-Shopping District (C-S) is intended to accommodate a wide variety of commercial activities along with complementary public uses, jobs, high-density residential and services concentrated in mixed-use developments along strategic points of the primary transit system.

The purpose of the Community Shopping zone will be to minimize the distance individuals will need to travel between home, work, and necessary services. The mixture of acceptable uses will include everything from normally accepted commercial applications to light industry to high-density residential. In addition, to reducing dependence upon our increasingly stressed transportation system, the revised Community Shopping zone will allow maximum developmental value to be achieved along designated strategic corridors. It is the intention of the Community Shopping Zone to enhance and diversify development of Woodfin's strategic corridors and to permit commercial, residential and industrial uses that are compatible with the long-range development goals of the Town.

The proposed definition will read as follows:

Community Shopping Zoning (C-S) The following mixed-use district is established:

The purpose of the Community Shopping Zone is to provide for a significant and steady increase in the economic development of the Town of Woodfin. This zone will allow maximum latitude for potential development along designated strategic corridors in close proximity to major transportation corridors. In addition to opening designated sections of the Town for rapid, but controlled development the mixture of uses contained within the Community Shopping Zone is expected to reduce demands on local transportation infrastructure, thereby preserving quality of life within the Town.

- A. The Community Shopping Zone is intended to provide for commercial, light industrial, and limited high-density residential uses in specific areas that are in close proximity to major transportation corridors.
- B. Suitable development of a Residential nature will be allowed as a Conditional Use within the Community Shopping Zone within the confines developed by the Planning and Zoning Board.
- C. Suitable development of certain Light Industrial applications will be allowed as a Conditional Use within the confines developed by the Planning and Zoning Board.
- D. This ordinance will allow for the specific prohibition of certain Residential and Light Industrial applications within the Community Shopping Zone.
- E. Within the Community Shopping District the following dimensional requirements shall be complied with:

- (1) No yards are required except that where a lot abuts a residential district there shall be a side and rear yard clearance of at least 15 feet.
- (2) Off-Street Loading and Unloading. Buildings constructed or converted to commercial use after September 16, 1973 shall provide off-street loading and unloading berths as required in § 150.066.
- (3) A densely planted and maintained buffer strip shall be planted on any side or rear yard which abuts a residential area. Such a buffer need not extend nearer to a street right-of-way line than the established building line of the adjoining lot. No buffer shall be required on any side or rear yard, which abuts a public street.
- (4) All buildings and apparatus shall be designed and landscaped in such a way as to blend in with the surrounding area.

SEE ATTACHED TABLE FOR SPECIFIC CHANGES TO WHAT IS AND IS NOT ALLOWED IN THE NEW COMMERCIAL SHOPPING ZONE.

List of Permitted Uses	C-S
Air conditioning & heating equipment manufacturing	
Alcohol & alcohol beverage manufacturing	C
Amusement, recreational, and sporting goods manufacturing	C
Animal hospitals	C
Any form of agriculture or horticulture, including the sale of products on the property where produced	X
Apparel and clothing manufacturing, including hosiery	C
Apple packaging sheds	
Assembly halls, coliseums, armories, ballrooms, and similar structures	X
Auction sales, except livestock	C
Automobile parts & supplies, retail	X

Automobile parts & accessories, manufacturing	C
Automobile repair garages, but excluding body works and open storage of wrecked cars	X
Automobile repair garages, including body works, but excluding open storage of wrecked cars	C
Automobile sales, new & used	X
Automobile wrecking & junk yards	
Bakeries & other establishments manufacturing prepared food products for wholesale distribution	X
Bakeries, retail	X
Banks & other financial institutions, including loan and finance companies	X
Barber & beauty shops	X
Bedding & carpet manufacturing & cleaning establishments	C
Belting & brake	C

lining manufacturing	
Boat & trailer repairs & manufacturing	C
Boat & trailer sales	X
Bottling works	C
Bowling alleys & skating rinks	X
Building materials storage & sales yards	C
Business colleges, barber & beauty colleges & schools, music & dance studios	X
Business machines manufacturing	C
Cabinet, caskets, and woodworking	C
Car wash	X
Carbon & battery products manufacturing	
Catalogue sales	X
Churches & their customary related uses	C
Clubs & lodges, fraternities, sororities, & social, civic & other similar organizations operating on a nonprofit basis	C

Coffee, tea, and spices processing	C
Contractors' offices with storage yards	C
Customary incidental home occupation	X
Dairy bars & ice cream manufacturing for retail sales on the premises only	X
Drugs, medicines & cosmetics manufacturing	C
Dry cleaning & laundry pickup stations	X
Dry cleaning & laundry plants	C
Electrical appliances & electronic equipment manufacturing	C
Electrical wholesale supply houses & repair shops	C
Exterminators	C
Farm machinery, sales, and repairs	C
Feed & seed stores	C
Felt & sandpaper manufacturing	C
Floral shops	X
Flour & feed mills	

Freezer lockers and ice plants	C
Funeral homes 7 mortuaries	C
Furniture manufacturing	C
Furriers and fur storage	X
Game & amusement rooms, including pool halls	C
Glass, ceramic & tile manufacturing	C
Group development	C
Hardware & house wares manufacturing	C
Hotels, inn & motels	X
Industrial supplies & equipment, sales & service	C
Industrial trade schools & research laboratories	C
Insulation materials and wallboard manufacturing	C
Jewelry repair and pawn shops	X
Kindergartens and day nurseries	C
Launderette and Laundromats	X
Leather products,	C

including luggage and shoe manufacturing	
Libraries, museums, and art galleries	X
Locksmiths and gunsmiths	X
Manufactured home display areas	C
Meat markets, retail only, but excluding the killing or dressing of any flesh or fowl	X
Medical & dental clinics	X
Metal fabricating plants including boiler and tank works	
Miniature golf	X
Musical instruments manufacturing	C
Newspaper offices	X
Noncommercial public or private parks, playgrounds, community centers, clubs & lodges, golf courses, swimming pools, fishing lakes	C
Office supplies & equipment, sales & service	X
Offices,	X

business, professional & public	
Opticians & optical goods stores	X
Outdoor recreation uses such as go-cart tracks & riding stables	C
Paper products manufacturing	C
Photographic studios & camera supply stores	X
Physical culture & reducing salons	X
Plastic products manufacturing	
Plating works	
Plumbing & heating supply houses	C
Pottery, porcelain or vitreous china manufacturing	
Printing & reproduction establishments	X
Precision instruments manufacturing	C
Printing, engraving & publishing establishments	X
Printing plants	C
Public elementary schools &	X

private schools having curricula approximately the same as ordinarily given in public schools	
Public safety facilities such as fire & police stations and rescue squad headquarters	C
Public works & public utility facilities	C
Public works & public utility facilities such as transformer stations, pumping stations, water towers, and telephone exchanges	C
Public works & public utility facilities, but excluding service & storage yards	C
Radio & television stations	C
Radio & television repair shops	X
Residential	
Single-family dwellings	C
Two-family dwellings	C
Multi-family dwellings	C

Class A "double wide" Manufactured homes	
Rest & convalescent homes	C
Restaurants; including drive- in restaurants	X
Retail establishments such as department, clothing, fabric, shoe, variety, notion, drug, hardware, furniture, appliance, floor covering, paint, antique, art goods, jewelry, gift, music, toy, sporting goods, book & stationary, magazine, candy, tobacco, pet & hobby & craft stores, but not excluding similar retail outlets	X
Sawmills, planing mills, pallet & basket factories	
Service stations	C
Sheet metal, roofing, plumbing, heating & refrigeration shops	C

Shoe repair & shine shops	X
Small electric and appliance repair shops	X
Tailor, dressmaking, and millinery shops	X
Taxicab stands	C
Telephone & telegraph offices	X
Textile & cordage manufacturing	C
Theaters, indoor	X
Trailer manufacturing	C
Truck stop	C
Warehousing, except for the storage of dangerous or offensive items such as uncured hides & explosives	C
Wholesale establishments	C
Wholesale storage of gasoline & oil products, including bottled gas and oxygen	
Window & door manufacturing	C



County of Buncombe, North Carolina
Web Property Record Card
9730.07-78-2498.000



Owner Information		Parcel Information		2008 Total Property Value: 59,500
Owners:	REYNOLDS MOUNTAIN PARTNERS LLC	Status:	Active	
Address:	232 SENATOR REYNOLDS RD ASHEVILLE NC, 28804	Account:	8212726	
Property Location:	40 WOOD HILL DR	Deed Date:	5/4/2007	
Taxing Districts		Deed Book/Page:	4399 / 1187	
County:	Buncombe County	Plat Book/Page:	0000 / 0000	
City:	Woodfin	Legal Reference:	WARRANTY OR SPL/COMP	
Fire:	Woodfin	Location:	40 WOOD HILL DR	
School:		Class:	SINGLE FAMILY RES.	
		Neighborhood:	REYNOLDS MT WVL	
		Subdivision:		
		Sub Lot:		
		Zoning:	RESIDENTIAL DISTRICT	
		Conservation/Easement:	N	
		Flood:	N	

Ownership History						
Date	Price	Legal Ref	Deed Book/Page	Qual	Vacant	Seller
5/4/2007	\$500,000	WARRANTY OR SPL/COMP	4399 / 1187	Y	N	8171449 - TONY S HOLLAR
11/13/1998	\$0	WARRANTY OR SPL/COMP	2059 / 0098	N	N	8129943 - TONY S HOLLAR & HELEN
11/13/1998	\$0	WARRANTY OR SPL/COMP	2059 / 0098	N	N	2928500 - HELEN HOLLAR

Assessment History										
Year	Acct	Acres	Land	Bldgs	Other Impr	Assessed	Desc	Exemptions	Deferred	Taxable
2008	8212726	1.04	35300	24200	0	59500		0	0	59500
2007	8171449	1.04	35300	24200	0	59500		0	0	59500
2006	8171449	1.04	35300	24200	0	59500		0	0	59500
2005	8171449	1.04	20800	22000	0	42800		0	0	42800
2004	8171449	1.04	20800	22000	0	42800		0	0	42800
2003	8171449	1.04	20800	22000	0	42800		0	0	42800
2002	8129943	1.04	20800	22000	0	42800		0	0	42800
2001	8129943	1.04	18400	30200	0	48600		0	0	48600

Land Data	Total Acres: 1.04	2008 Land Value: 35,300	Other Improvements	2008 Value: 0
Segment#	Units	Description	Improv#	Description
1	1.04 Acres	LOT		

Building Structures											
Res. Building ID	Style	Sq Feet	Bsmt SqFt	Bsmt Finished	Year Built	Grade	Condition	Value			
1	1.0-STY CONVENTIONAL	1084	0	0	1914	C	P	24200			
Refinement	Description								Built-ins	Units	
Foundation	PIERS-WD/STL/MSNY								Full Bath(s)	1	
Roof TY/MT	GABLE W/ COMP. SHGL.								Bedrooms(s)	3	
Roof Structure	WOOD JOIST										
Floor Finish	SOFTWOOD										
Interior Finish	DRYWALL/SHEETROCK										
Heating	NO CENTRAL SYSTEM										
Air Condition	NONE(NO CENTRAL A/C)										

					200ft
Section	SqFt	# Stories			
BASE AREA	1084	1.00			
OPEN PORCH	150	1.00			
OPEN PORCH	192	1.00			

2008 Total Building Value: 24,200



County of Buncombe, North Carolina
Web Property Record Card
9730.07-78-3385.000



Owner Information		Parcel Information		2008 Total Property Value: 124,800
Owners:	REYNOLDS MOUNTAIN PARTNERS LLC	Status:	Active	
Address:	232 SENATOR REYNOLDS RD ASHEVILLE NC, 28804	Account:	8212726	
Property Location:	31 WOOD HILL DR	Deed Date:	3/30/2007	
Taxing Districts		Deed Book/Page:	4382 / 1576	
County:	Buncombe County	Plat Book/Page:	0000 / 0000	
City:	Woodfin	Legal Reference:	ACREAGE ADJUSTMENT	
Fire:	Woodfin	Location:	31 WOOD HILL DR	
School:		Class:	SINGLE FAMILY RES.	
		Neighborhood:	REYNOLDS MT WV	
		Subdivision:		
		Sub Lot:		
		Zoning:	RESIDENTIAL DISTRICT	
		Conservation/Easement:	N	
		Flood:	N	

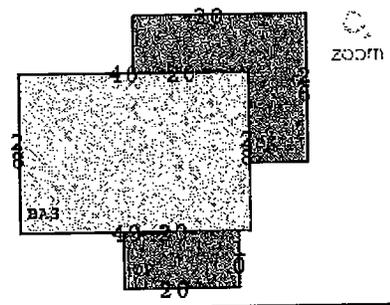
Ownership History						
Date	Price	Legal Ref	Deed Book/Page	Qual	Vacant	Seller
3/30/2007	\$220,000	ACREAGE ADJUSTMENT	4382 / 1576	Y	N	8018569 - JOAN H GOSNELL & DAVID WELLS TE

Assessment History										
Year	Acct	Acres	Land	Bldgs	Other Impr	Assessed	Desc	Exemptions	Deferred	Taxable
2008	8212726	0.49	31700	93100	0	124800	0	0	0	124800
2007	8018569	0.61	32200	93100	0	125300	0	0	0	125300
2006	8018569	0.61	32200	93100	0	125300	0	0	0	125300
2005	8018569	0.61	32100	53800	0	85900	0	0	0	85900
2004	8018569	0.61	32100	53800	0	85900	0	0	0	85900
2003	8018569	0.61	32100	53800	0	85900	0	0	0	85900
2002	8018569	0.61	32100	53800	0	85900	0	0	0	85900
2001	8018569	0.61	13100	59600	0	72700	0	0	0	72700

Land Data		Total Acres: 0.61	2008 Land Value: 31,700		Other Improvements		2008 Value: 0	
Segment#	Units	Description	Improv#	Description	Year	Units		
1	0.49 Acres	LOT						

Building Structures										
Res. Building ID	Style	Sq Feet	Bsmt	SqFt	Bsmt	Finished	Year Built	Grade	Condition	Value
1	1.0-STY CONVENTIONAL	1120	1120	0			1984	C	F	93100
Refinement	Description						Built-Ins			Units
Foundation	CONVENTIONAL						Full Bath(s)			1
Roof TY/MT	GABLE W/ COMP. SHGL.						Bedrooms(s)			2
Roof Structure	WOOD JOIST						Basement Gr # Cars			1
Floor Finish	W/W CARPET									
Interior Finish	DRYWALL/SHEETROCK									
Heating	ELECTRIC									
Air Condition	NONE(NO CENTRAL A/C)									

Section	SqFt	# Stories
BASE AREA	1120	1.00
OPEN PORCH	200	1.00
WOOD DECK	460	1.00



2008 Total Building Value: 93,100



Buncombe County Tax Information System

[Buncombe County Home](#) | [Tax](#) | [New Search](#) | [New Tax Download](#)
 | [GIS](#) | [ROD](#)

Parcel Id - 9730.11-66-7976.000

New Parcel Id

Work-In-Progress: Y - explanation

Parcel Information

Parcel ID	Status	Acres	Property Location	
9730.11-66-7976.000	Active	0.37	70 WEAVERVILLE RD	
Deed Book/Page	Deed Date	Legal Reference	Plat Book/Page	
4539 / 0620	3/20/2008	WARRANTY OR SPL/COMP	0PVT / 0SVY	
Class	Neighborhood	Mortgage Company		
MULTI-USE COMMERCIAL	W'VILLE HWY FRONT			
County	City	Fire	School	Township
Buncombe County	Woodfin	Woodfin		Beaverdam

Account Information

Owner Name(s)	Mailing Address	City/State/Zip
REYNOLDS MOUNTAIN PARTNERS LLC	232 SENATOR REYNOLDS RD	ASHEVILLE, NC 28804

Total Parcel Assessment

WIP	Land +	Building +	Improvements -	Deferment -	Exemptions =	Total
Y	0	0	0	0	0	0

Ownership History

Date	Price	Legal Reference	Deed Book/Page	Account Seller
8/13/1987	\$102,000	WARRANTY OR	1487 / 0252	4969600 MAX D RAY &

SPL/COMP			JEANETTE S		
Bill#	Acct	Name1	Name2	Value	Due
<u>20024969600.001</u>	<u>4969600</u>	<u>MAX D RAY & JEANETTE S</u>		<u>214,700</u>	<u>\$0.00</u>
<u>20034969600.001</u>	<u>4969600</u>	<u>MAX D RAY & JEANETTE S</u>		<u>214,700</u>	<u>\$0.00</u>
<u>20044969600.001</u>	<u>4969600</u>	<u>MAX D RAY & JEANETTE S</u>		<u>214,700</u>	<u>\$0.00</u>
<u>20054969600.001</u>	<u>4969600</u>	<u>MAX D RAY & JEANETTE S</u>		<u>214,700</u>	<u>\$0.00</u>
<u>20064969600.001</u>	<u>4969600</u>	<u>MAX D RAY & JEANETTE S</u>		<u>308,800</u>	<u>\$0.00</u>
<u>20078150952.002</u>	<u>8150952</u>	<u>JEANETTE S RAY</u>		<u>308,800</u>	<u>\$0.00</u>



County of Buncombe, North Carolina
 Web Property Record Card
 9730.08-87-0907.000

Owner Information		Parcel Information		2008 Total Property Value: 360,600
Owners:	REYNOLDS VILLAGE RESIDENTIAL PARTNERS LLC	Status:	Active	
Address:	232 SENATOR REYNOLDS RD ASHEVILLE NC, 28804	Account:	8208758	
Property Location:	MERRIMON AVE	Deed Date:	4/3/2006	
Taxing Districts		Deed Book/Page:	4202 / 0537	
County:	Buncombe County	Plat Book/Page:	0100 / 0048	
City:	Woodfin	Legal Reference:	CORRECTION DEED	
Fire:	Woodfin	Location:	MERRIMON AVE	
School:		Class:	VACANT/TIMBER	
		Neighborhood:	REEMS CREEK SOUTH	
		Subdivision:	REDMON REAL ESTATE LLC	
		Sub Lot:	1	
		Zoning:	COMMERCIAL DISTRICT	
		Conservation/Easement:	N	
		Flood:	N	

Ownership History						
Date	Price	Legal Ref	Deed Book/Page	Qual Vacant	Seller	
4/3/2006	\$0	CORRECTION DEED	4202 / 0537	N - N Y	8206470 BRADLEY S RACHMAN	
				KIRK C BOONE		
12/19/2005	\$600,000	CORRECTION DEED	4154 / 0559	N - N Y	8204534 BRADLEY S RACHMAN	
				KIRK C BOONE & THOMAS DREW DRAKE		
10/13/2005	\$3,000,000	CORRECTION DEED	4121 / 0188	N - N Y	8147775 REDMON REAL ESTATES LLC	

Assessment History										
Year	Acct	Acres	Land	Bldgs	Other Impr	Assessed	Desc	Exemptions	Deferred	Taxable
2008	8208758	31.15	360600	0	0	360600		0	0	360600
2007	8208758	31.15	360600	0	0	360600		0	0	360600
2006	8206470	31.15	360600	0	0	360600		0	0	360600

Land Data Total Acres: 31.15		2008 Land Value: 360,600		Other Improvements		2008 Value: 0	
Segment#	Units	Description	Improv#	Description	Year	Units	
1	26.92 Acres	CLASS 1					
2	4.23 Acres	CLASS 2					

2008 Total Building Value: 0



County of Buncombe, North Carolina
Web Property Record Card
 9730.05-78-7600.000

Owner Information		Parcel Information		2008 Total Property Value: 620,500	
Owners:	REYNOLDS VILLAGE RESIDENTIAL PARTNERS LLC	Status:	Active	Account:	8208758
Address:	232 SENATOR REYNOLDS RD ASHEVILLE NC, 28804	Deed Date:	4/3/2006	Deed Book/Page:	4202 / 0537
Property Location:	111 WOOD HILL DR	Plat Book/Page:	0071 / 0072	Legal Reference:	CORRECTION DEED
Taxing Districts	County: Buncombe County	Location:	111 WOOD HILL DR	Class:	COMMERCIAL VACANT
City:	Woodfin	Neighborhood:	REYNOLDS MT WV	Subdivision:	GROVER & LILLIAN REDMON
Fire:	Woodfin	Sub Lot:		Zoning:	RESIDENTIAL DISTRICT
School:		Conservation/Easement:	N	Flood:	N

Date	Price	Legal Ref	Deed Book/Page	Qual	Vacant	Seller
4/3/2006	\$0	CORRECTION DEED	4202 / 0537	N-N	Y	8208470 BRADLEY S RACHMAN
KIRK C BOONE						
12/19/2005	\$600,000	CORRECTION DEED	4154 / 0559	N-N	Y	8204534 BRADLEY S RACHMAN
KIRK C BOONE & THOMAS DREW DRAKE						
10/13/2005	\$478,134	CORRECTION DEED	4121 / 0188	Y	Y	8147775 REDMON REAL ESTATES LLC
6/22/2000	\$0	CORRECTION DEED	2295 / 0699	N-N	Y	8146333 KENNETH R REDMON ETAL UI
5/3/2000	\$0	CORRECTION DEED	2271 / 0160	N-N	Y	4995300 GROVER REDMON & LILLIAN P
10/30/1998	\$200,000	CORRECTION DEED	2057 / 0007	Y	N	7977302 ANNIE M BOBBIE R BALL & BETTIE

Assessment History										
Year	Acct	Acres	Land	Bldgs	Other Impr	Assessed	Desc	Exemptions	Deferred	Taxable
2008	8208758	8.2	620500	0	0	620500		0	0	620500
2007	8208758	8.2	620500	0	0	620500		0	0	620500
2006	8206470	8.2	620500	0	0	620500		0	0	620500
2005	8147775	8.2	399800	0	0	399800		0	0	399800
2004	8147775	8.2	399800	0	0	399800		0	0	399800
2003	8147775	8.2	399800	0	0	399800		0	0	399800
2002	8147775	8.2	399800	0	0	399800		0	0	399800
2001	8147775	8.2	161700	0	0	161700		0	0	161700

Land Data	Total Acres: 8.2	2008 Land Value: 620,500	Other Improvements	2008 Value: 0
Segment#	Units	Description	Improv#	Description Year Units
1	8.2 Acres	LOT		

2008 Total Building Value: 0



County of Buncombe, North Carolina
 Web Property Record Card
 9730.12-76-7375.000

Owner Information		Parcel information		2008 Total Property Value: 122,200	
Owners:	REYNOLDS VILLAGE RESIDENTIAL PARTNERS LLC	Status:	Active	Account:	8208758
Address:	232 SENATOR REYNOLDS RD ASHEVILLE NC, 28804	Deed Date:	4/3/2006	Deed Book/Page:	4202 / 0537
Property Location:	MERRIMON AVE	Plat Book/Page:	0068 / 0061	Legal Reference:	CORRECTION DEED
Taxing Districts		Location:	MERRIMON AVE	Class:	COMMERCIAL VACANT
County:	Buncombe County	Neighborhood:	W/VILLE HWY FRONT	Subdivision:	GROVER & LILLIAN P REDMON
City:	Woodfin	Sub Lot:		Zoning:	
Fire:	Woodfin	Conservation/Easement:	N	Flood:	Y
School:					

Date	Price	Legal Ref	Deed Book/Page	Qual Vacant	Seller
4/3/2006	\$0	CORRECTION DEED	4202 / 0537	N - N Y	8206470 BRADLEY S RACHMAN
KIRK C BOONE					
12/19/2005	\$600,000	CORRECTION DEED	4154 / 0559	N - N Y	8204534 BRADLEY S RACHMAN
KIRK C BOONE & THOMAS DREW DRAKE					
10/13/2005	\$3,000,000	CORRECTION DEED	4121 / 0188	N - N Y	8147775 REDMON REAL ESTATES LLC
8/22/2000	\$0	CORRECTION DEED	2295 / 0699	N - N Y	8146333 KENNETH R REDMON ETAL UI
5/3/2000	\$0	CORRECTION DEED	2271 / 0160	N - N Y	4995300 GROVER REDMON & LILLIAN P

Year	Acct	Acres	Land	Bldgs	Other Impr	Assessed	Desc	Exemptions	Deferred	Taxable
2008	8208758	0.35	122200	0	0	122200	0	0	0	122200
2007	8208758	0.35	122200	0	0	122200	0	0	0	122200
2006	8206470	0.35	122200	0	0	122200	0	0	0	122200
2005	8147775	0.35	14300	0	0	14300	0	0	0	14300
2004	8147775	0.35	14300	0	0	14300	0	0	0	14300
2003	8147775	0.35	14300	0	0	14300	0	0	0	14300
2002	8147775	0.35	14300	0	0	14300	0	0	0	14300
2001	8147775	0.35	11600	0	0	11600	0	0	0	11600

Land Data	Total Acres: 0.35	2008 Land Value: 122,200	Other Improvements	2008 Value: 0
Segment#	Units	Description	Improv#	Description Year Units
1	0.35 Acres	LOT		

2008 Total Building Value: 0



County of Buncombe, North Carolina
Web Property Record Card
 9730.12-86-0990.000

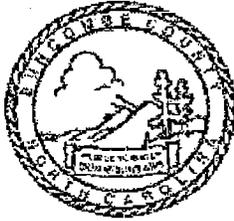
Owner Information		Parcel Information		2008 Total Property Value: 100
Owners:	REYNOLDS VILLAGE RESIDENTIAL PARTNERS LLC	Status:	Active	
Address:	232 SENATOR REYNOLDS RD ASHEVILLE NC, 28804	Account:	8208758	
Property Location:	MERRIMON AVE	Deed Date:	4/3/2006	
Taxing Districts:		Deed Book/Page:	4202 / 0537	
County:	Buncombe County	Plat Book/Page:	0100 / 0048	
City:	Woodfin	Legal Reference:	CORRECTION DEED	
Fire:	Woodfin	Location:	MERRIMON AVE	
School:		Class:	ROADWAY ESMT	
		Neighborhood:	W/VILLE HWY REAR	
		Subdivision:	REDMON REAL ESTATE LLC	
		Sub Lot:	5	
		Zoning:		
		Conservation/Easement:	N	
		Flood:	N	

Ownership History					
Date	Price	Legal Ref	Deed Book/Page	Qual Vacant	Seller
4/3/2006	\$0	CORRECTION DEED	4202 / 0537	N-N Y	8206470 BRADLEY S RACHMAN
KIRK C BOONE					
12/19/2005	\$800,000	CORRECTION DEED	4154 / 0559	N-N Y	8204534 BRADLEY S RACHMAN
KIRK C BOONE & THOMAS DREW DRAKE					

Assessment History										
Year	Acct	Acres	Land	Bldgs	Other Impr	Assessed	Desc	Exemptions	Deferred	Taxable
2006	8208758	1.54	100	0	0	100		0	0	100
2007	8208758	1.54	100	0	0	100		0	0	100
2008	8206470	1.54	100	0	0	100		0	0	100

Land Data		Total Acres: 1.54	2008 Land Value: 100		Other Improvements		2008 Value: 0	
Segment#	Units	Description	Improv#	Description	Year	Units		
1	1.54 Acres	LOT						

2008 Total Building Value: 0



County of Buncombe, North Carolina
Web Property Record Card
 9730.11-77-2193.000

Owner information		Parcel Information		2008 Total Property Value: 659,200
Owners:	REYNOLDS VILLAGE RESIDENTIAL PARTNERS LLC	Status:	Active	
Address:	232 SENATOR REYNOLDS RD ASHEVILLE NC, 28804	Account:	8208758	
Property Location:	WEAVERVILLE RD	Deed Date:	4/3/2006	
Taxing Districts		Deed Book/Page:	4202 / 0537	
County:	Buncombe County	Plat Book/Page:	0068 / 0051	
City:	Woodfin	Legal Reference:	CORRECTION DEED	
Fire:	Woodfin	Location:	WEAVERVILLE RD	
School:		Class:	COMMERCIAL VACANT	
		Neighborhood:	WVILE HWY FRONT	
		Subdivision:	GROVER & LILLIAN P REDMON	
		Sub Lot:		
		Zoning:	COMMERCIAL DISTRICT	
		Conservation/Easement:	N	
		Flood:	N	

Ownership History						
Date	Price	Legal Ref	Deed Book/Page	Qual Vacant	Seller	
4/3/2006	\$0	CORRECTION DEED	4202 / 0537	N - N Y	8206470 BRADLEY S RACHMAN	
					KIRK C BOONE	
12/19/2005	\$600,000	CORRECTION DEED	4154 / 0559	N - N Y	8204534 BRADLEY S RACHMAN	
					KIRK C BOONE & THOMAS DREW DRAKE	
10/13/2005	\$3,000,000	CORRECTION DEED	4121 / 0188	N - N Y	8147775 REDMON REAL ESTATES LLC	
6/22/2000	\$0	CORRECTION DEED	2295 / 0699	N - N Y	8146333 KENNETH R REDMON ETAL UI	
5/3/2000	\$0	CORRECTION DEED	2271 / 0160	N - N Y	8011305 GROVER REDMAN & LILLIAN P	

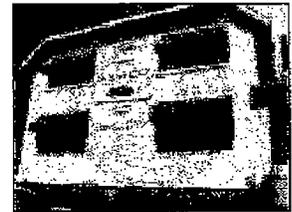
Assessment History										
Year	Acct	Acres	Land	Bldgs	Other Impr	Assessed	Desc	Exemptions	Deferred	Taxable
2008	8208758	9.12	659200	0	0	659200		0	0	659200
2007	8208758	9.12	659200	0	0	659200		0	0	659200
2006	8206470	9.12	659200	0	0	659200		0	0	659200
2005	8147775	9.12	444600	0	0	444600		0	0	444600
2004	8147775	9.12	444600	0	0	444600		0	0	444600
2003	8147775	9.12	444600	0	0	444600		0	0	444600
2002	8147775	9.12	444600	0	0	444600		0	0	444600
2001	8147775	9.12	171800	0	0	171800		0	0	171800

Land Data	Total Acres: 9.12	2008 Land Value: 659,200		Other Improvements	2008 Value: 0
Segment#	Units	Description	Improv#	Description	Year Units
1	9.12 Acres	LOT			

2008 Total Building Value: 0



County of Buncombe, North Carolina
 Web Property Record Card
 9730.11-67-9134.000



Owner Information		Parcel Information		2008 Total Property Value: 271,400	
Owners:	REYNOLDS MOUNTAIN PARTNERS LLC	Status:	Active	Account:	8212726
Address:	232 SENATOR REYNOLDS RD ASHEVILLE NC, 28804	Deed Date:	7/14/2006	Deed Book/Page:	4253 / 1340
Property Location:	75 WEAVERVILLE RD	Plat Book/Page:	0119 / 0132	Legal Reference:	WARRANTY OR SPL/COMP
Taxing Districts		Location:	75 WEAVERVILLE RD	Class:	RETAIL SALES
County:	Buncombe County	Neighborhood:	W'VILLE HWY FRONT	Subdivision:	REYNOLDS MOUNTAIN PARTNERS
City:	Woodfin	Sub Lot:		Zoning:	COMMERCIAL DISTRICT
Fire:	Woodfin	Conservation/Easement:	N	Flood:	N
School:					

Ownership History						
Date	Price	Legal Ref	Deed Book/Page	Qual	Vacant	Seller
7/14/2006	\$475,000	WARRANTY OR SPL/COMP	4253 / 1340	Y	N	2916800 - WM R HOLCOMBE & FAYE F

Assessment History										
Year	Acct	Acres	Land	Bldgs	Other Impr	Assessed	Desc	Exemptions	Deferred	Taxable
2008	8212726	0.34	152400	119000	0	271400		0	0	271400
2007	8212726	0.34	152400	119000	0	271400		0	0	271400
2006	2916800	0.36	153200	119000	0	272200		0	0	272200
2005	2916800	0.36	71500	128700	0	200200		0	0	200200
2004	2916800	0.36	71500	128700	0	200200		0	0	200200
2003	2916800	0.36	71500	128700	0	200200		0	0	200200
2002	2916800	0.36	71500	128700	0	200200		0	0	200200
2001	2916800	0.38	59200	92400	0	151600		0	0	151600

Land Data	Total Acres: 0.36	2008 Land Value: 152,400	Other Improvements	2008 Value: 0
Segment#	Units	Description	Improv#	Description
1	0.34 Acres	LOT		

Com. Bldg ID	Bldg Class	Occupancy	Sq Feet	Bsmt SqFt	Year Built	Grade	Condition	Value
1	MAS LOAD B	SERVICE OCCUPANCY	4846	2148	1920	C	N	119000

Refinement Units

Section	SqFt	# Stories
RETAIL STORES C	2148	2.00
RETAIL STORES C	550	1.00
OPEN PORCH	36	1.00
OPEN PORCH	48	1.00

2008 Total Building Value: 119,000

**GIS
Parcel
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PIN NUMBER	OWNER	MAILING ADDRESS	SITUS ADDRESS	ACRE	DEED	PLAT	VALUE
9730-07-70-2498	REYNOLDS MOUNTAIN PARTNERS LLC	232 SENATOR REYNOLDS RD	ASHEVILLE NC	28804	40	WOOD HILL DR 1.04 4399/1187 05/04/2007 0000/0000 \$0	

35,300
27,200

GIS
Parcel
Record
Report

<u>PIN</u> <u>NUMBER</u>	<u>OWNER</u>	<u>MAILING</u> <u>ADDRESS</u>	<u>SITUS</u> <u>ADDRESS</u>	<u>ACRE</u>	<u>DEED</u>	<u>PLAT</u>	<u>VALUE</u>
9730-07-78-3385	REYNOLDS MOUNTAIN PARTNERS LLC	232 SENATOR REYNOLDS RD	ASHEVILLE NC	28804 31	WOOD HILL	DR 0.49 4382/1576 03/30/2007 0000/0000 S0	

31,700
93,100



County of Buncombe, North Carolina
 Web Property Record Card
 9730.12-76-7811.000

Owner information		Parcel Information		2008 Total Property Value: 613,100
Owners:	LG ENTERPRISES LLC	Status:	Active	
Address:	C/O KENNETH R REDMON 283 ERWIN HILLS RD ASHEVILLE NC, 28806	Account:	8148579	
Property Location:	55 WEAVERVILLE RD	Deed Date:	6/22/2000	
Taxing Districts		Deed Book/Page:	2295 / 0711	
County:	Buncombe County	Plat Book/Page:	0068 / 0061	
City:	Woodfin	Legal Reference:	WARRANTY OR SPL/COMP	
Fire:	Woodfin	Location:	55 WEAVERVILLE RD	
School:		Class:	LEASEHOLD/COMMERCIAL	
		Neighborhood:	WVILE HWY FRONT	
		Subdivision:	GROVER & LILLIAN P REDMON	
		Sub Lot:		
		Zoning:		
		Conservation/Easement:	N	
		Flood:	N	

Ownership History						
Date	Price	Legal Ref	Deed Book/Page	Qual	Vacant	Seller
6/22/2000	\$0	WARRANTY OR SPL/COMP	2295 / 0711	N-N	N	8146076 - KENNETH R REDMON ETAL UI
6/22/2000	\$0	WARRANTY OR SPL/COMP	2295 / 0711	N-N	N	8148076 - KENNETH R REDMON ETAL UI
6/3/2000	\$0	WARRANTY OR SPL/COMP	2271 / 0164	N-N	N	8125701 - GROVER REDMAN & LILLIAN P

Assessment History										
Year	Acct	Acres	Land	Bldgs	Other Impr	Assessed	Desc	Exemptions	Deferred	Taxable
2008	8148579	8.03	613100	0	0	613100	0	0	0	613100
2007	8148579	8.03	613100	0	0	613100	0	0	0	613100
2006	8148579	8.03	613100	0	0	613100	0	0	0	613100
2005	8146076	8.03	481800	0	0	481800	0	0	0	481800
2004	8146076	8.03	481800	0	0	481800	0	0	0	481800
2003	8146076	8.03	481800	0	0	481800	0	0	0	481800
2002	8146076	8.03	481800	0	0	481800	0	0	0	481800
2001	8146076	8.03	245900	0	0	245900	0	0	0	245900

Land Data		Total Acres: 8.03	2008 Land Value: 613,100		Other Improvements		2008 Value: 0	
Segment#	Units	Description	Improv#	Description	Year	Units		
1	8.03 Acres	LOT						

2008 Total Building Value: 0



County of Buncombe, North Carolina
 Web Property Record Card
 9730.11-66-8789.000

Owner Information		Parcel Information		2008 Total Property Value: 236,500
Owners:	REYNOLDS MOUNTAIN PARTNERS LLC	Status:	Active	
Address:	232 SENATOR REYNOLDS RD ASHEVILLE NC, 28804	Account:	8212726	
Property Location:	68 WEAVERVILLE RD	Deed Date:	3/30/2007	
Taxing Districts		Deed Book/Page:	4382 / 1293	
County:	Buncombe County	Plat Book/Page:	0000 / 0000	
City:	Woodfin	Legal Reference:	ACREAGE ADJUSTMENT	
Fire:	Woodfin	Location:	68 WEAVERVILLE RD	
School:		Class:	AUTO REPAIR/TIRE	
		Neighborhood:	WVILLE HWY FRONT	
		Subdivision:		
		Sub Lot:		
		Zoning:	COMMERCIAL DISTRICT	
		Conservation/Easement:	N	
		Flood:	Y	

Ownership History						
Date	Price	Legal Ref	Deed Book/Page	Qual	Vacant	Seller
3/30/2007	\$750,000	ACREAGE ADJUSTMENT	4382 / 1293	Y	Y	6597200 - CHARLES D WILSON

Assessment History											
Year	Acct	Acres	Land	Bldgs	Other Impr	Assessed	Desc	Exemptions	Deferred	Taxable	
2008	8212726	0.6	120700	114800	1000	236500		0	0	236500	
2007	6597200	0.63	121200	114800	1000	237000		0	0	237000	
2006	6597200	0.63	121200	114800	1000	237000		0	0	237000	
2005	6597200	0.63	78300	122600	1000	201900		0	0	201900	
2004	6597200	0.63	78300	122600	1000	201900		0	0	201900	
2003	6597200	0.63	78300	122600	1000	201900		0	0	201900	
2002	6597200	0.63	78300	122600	1000	201900		0	0	201900	
2001	6597200	0.63	55500	112600	1000	169100		0	0	169100	

Land Data	Total Acres: 0.63	2008 Land Value: 120,700	Other Improvements	2008 Value: 1,000
Segment#	Units	Description	Improv#	Description Year Units
1	0.6 Acres	LOT	1	SHED, FRAME 1963 510

Com. Bldg ID	Bldg Class	Occupancy	Sq Feet	Bsmt SqFt	Year Built	Grade	Condition	Value
1	MAS LOAD B	REPAIR GAR/BODY SHOP	3296	2272	1963	C	F	114800

Refinement Units

Section	SqFt	# Stories
SERVICE GARAGES C	2272	1.00
SERVICE GARAGES C	1024	1.00

2008 Total Building Value: 114,800



County of Buncombe, North Carolina
 Web Property Record Card
 9730.67-68-9563.000

Owner Information		Parcel Information		2008 Total Property Value: 336,900						
Owners:	REYNOLDS MOUNTAIN PARTNERS LLC	Status:	Active							
Address:	232 SENATOR REYNOLDS RD ASHEVILLE NC, 28804	Account:	8212726							
Property Location:	WEAVERVILLE RD	Deed Date:	11/5/2007							
Taxing Districts		Deed Book/Page:	4484 / 1999							
County:		Plat Book/Page:	0133 / 0102							
City:		Legal Reference:	WARRANTY OR SPL/COMP							
Fire:		Location:	WEAVERVILLE RD							
School:		Class:	COMMERCIAL VACANT							
		Neighborhood:	REYNOLDS MT WV							
		Subdivision:	REYNOLDS MOUNTAIN DEVELOPMENT							
		Sub Lot:	1							
		Zoning:	COMMERCIAL DISTRICT							
		Conservation/Easement:	N							
		Flood:	N							
Ownership History										
Date	Price	Legal Ref	Deed Book/Page	Qual	Vacant Seller					
11/5/2007	\$1,300,000	WARRANTY OR SPL/COMP	4484 / 1999	Y	Y 8118548 - PMHB LLC					
Assessment History										
Year	Acct	Acres	Land	Bldgs	Other Impr	Assessed	Desc	Exemptions	Deferred	Taxable
2008	8212726	2.04	336900	0	0	336900		0	0	336900
Land Data		Total Acres: 2.04		2008 Land Value: 336,900		Other Improvements		2008 Value: 0		
Segment#	Units	Description		Improv#	Description	Year	Units			
1	2.04 Acres	LOT								

2008 Total Building Value: 0

GIS
Parcel
Record
Report

<u>PIN NUMBER</u>	<u>OWNER</u>	<u>MAILING ADDRESS</u>	<u>SITUS ADDRESS</u>	<u>ACRE</u>	<u>DEED</u>	<u>PLAT</u>	<u>VALUE</u>
9750-11-66-7976	REYNOLDS MOUNTAIN PARTNERS LLC	232 SENATOR REYNOLDS NC	ASHEVILLE NC	28804	70	WEAVERVILLE RD C.37	4539/0620 03/20/2003 0PV7/0SVY \$328800



County of Buncombe, North Carolina
 Web Property Record Card
 9730.10-47-2365.000

Owner Information		Parcel Information		2008 Total Property Value: 2,288,100
Owners:	REYNOLDS MOUNTAIN PARTNERS LLC	Status:	Active	
Address:	232 SENATOR REYNOLDS RD ASHEVILLE NC, 28804	Account:	8212726	
Property Location:	70 OLD BEAVERDAM CREEK RD	Deed Date:	3/30/2007	
Taxing Districts		Deed Book/Page:	4382 / 1579	
County:	Buncombe County	Plat Book/Page:	0110 / 0062	
City:	Woodfin	Legal Reference:	WARRANTY OR SPL/PARC	
Fire:	Woodfin	Location:	70 OLD BEAVERDAM CREEK RD	
School:		Class:	*COMMERCIAL*	
		Neighborhood:	W/VILLE HWY REAR	
		Subdivision:	BROWNFIELDS PROPERTY EXHIBIT B	
		Sub Lot:		
		Zoning:		
		Conservation/Easement:	N	
		Flood:	N	

Ownership History					
Date	Price	Legal Ref	Deed Book/Page	Qual	Vacant Seller
3/30/2007	\$2,300,000	WARRANTY OR SPL/PARC	4382 / 1579	Y	Y 8077977 - TOWN OF WOODFIN

Assessment History										
Year	Acct	Acres	Land	Bldgs	Other Impr	Assessed	Desc	Exemptions	Deferred	Taxable
2008	8212726	156.09	2218400	56800	12900	2288100		0	0	2288100

Land Data		Total Acres: 156.09	2008 Land Value: 2,218,400		Other Improvements		2008 Value: 12,900	
Segment#	Units	Description	Improv#	Description	Year	Units		
1	156.09 Acres	LOT	1	QUONSET	1999	912		
			2	UTILITY BLD.UNFIN	1999	144		

Com. Bldg ID	Bldg Class	Occupancy	Sq Feet	Bsmt SqFt	Year Built	Grade	Condition	Value
1	WOOD FRAME		1150	0	1999	D	N	56800

Refinement Units

Section	SqFt	# Stories
MULTI-USE BUILDING	1150	1.00
WOOD DECK	48	1.00

2008 Total Building Value: 56,800



County of Buncombe, North Carolina
 Web Property Record Card
 9730.07-68-5880.000



Owner Information		Parcel Information		2008 Total Property Value: 475,000
Owners:	127 WEAVERVILLE ROAD LLC	Status:	Active	
Address:	232 SENATOR REYNOLDS RD ASHEVILLE NC, 28804	Account:	8223985	
Property Location:	127 WEAVERVILLE RD	Deed Date:	9/6/2007	
Taxing Districts		Deed Book/Page:	4459 / 0432	
County:	Buncombe County	Plat Book/Page:	0000 / 0000	
City:	Woodfin	Legal Reference:	WARRANTY OR SPL/COMP	
Fire:	Woodfin	Location:	127 WEAVERVILLE RD	
School:		Class:	CONVENIENCE STORE	
		Neighborhood:	REYNOLDS MT WV	
		Subdivision:		
		Sub Lot:		
		Zoning:	COMMERCIAL DISTRICT	
		Conservation/Easement:	N	
		Flood:	N	

Ownership History				
Date	Price	Legal Ref	Deed Book/Page	Qual Vacant Seller
9/6/2007	\$1,305,000	WARRANTY OR SPL/COMP	4459 / 0432	Y Y 3476495 - LACKEY THOMAS C

Assessment History											
Year	Acct	Acres	Land	Bldgs	Other	Impr	Assessed	Desc	Exemptions	Deferred	Taxable
2008	8223985	0.95	202600	270600	1800		475000		0	0	475000
2007	3476495	0.95	202600	270600	1800		475000		0	0	475000
2006	3476495	0.95	202800	270600	1800		475000		0	0	475000
2005	3476495	0.95	95000	116000	1800		212800		0	0	212800
2004	3476495	0.95	95000	116000	1800		212800		0	0	212800
2003	3476495	0.95	95000	116000	1800		212800		0	0	212800
2002	3476495	0.95	95000	116000	1800		212800		0	0	212800
2001	3476495	0.95	111200	104200	1800		217200		0	0	217200

Land Data	Total Acres: 0.95	2008 Land Value: 202,600	Other Improvements	2008 Value: 1,800
Segment#	Units	Description	Improv# Description	Year Units
1	0.95 Acres	LOT	1 ALUM/STEEL CANOPY	1983 960

Com. Bldg ID	Bldg Class	Occupancy	Sq Feet	Bsmt SqFt	Year Built	Grade	Condition	Value
1	PREFAB STL	CONVENIENCE GAS STA	2880	0	1983	C	N	194040

Refinement Units

Section	SqFt	# Stories
GAS/MINI MART FOOD S	960	1.00
GAS/MINI MART FOOD S	1920	1.00

Com. Bldg ID	Bldg Class	Occupancy	Sq Feet	Bsmt SqFt	Year Built	Grade	Condition	Value
2	MAS LOAD B	CONVENIENCE GAS STA	2288	0	1977	C	N	78582

Refinement Units

Section	SqFt	# Stories
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Reynolds Village
Phase V Total Infrastructure Costs

CATEGORY	DESCRIPTION	TOTAL
Mobilization	Mobilization	125,000
Grading & Clearing	Erosion Control	210,000
Grading & Clearing	Grading (Cut/Fill)	990,000
Grading & Clearing	Retaining Walls (Segmental)	962,925
Grading & Clearing	Selective Clearing	25,000
Rock	Trench, Mass, and Ripped Rock	1,347,130
Parks & Recreation	Village Center Park	264,000
Pedestrian Circulation	Sidewalks	250,000
Pedestrian Circulation	Concrete Unit Pavers	657,540
Pedestrian Circulation	Trailhead Elements	15,000
Roadways & Parking	18" Curb & Gutter	274,995
Roadways & Parking	Asphalt Paving	625,000
Roadways & Parking	Bridge	150,000
Roadways & Parking	Common Area Buffers / Screening	555,000
Sewer	Connect To Existing Line	6,000
Sewer	Grease Trap	40,000
Sewer	4" & 6" Service	130,800
Sewer	8" PVC Mainline (10'-12')	300,000
Sewer	Manhole (0' - 6')	112,500
Storm Water	Structures - Inlets/Manholes	222,000
Storm Water	Structures - F.E.S.	12,000
Storm Water	24" HDPE Pipe	222,600
Storm Water	Water Quality	350,000
Traffic & Streetscape Elements	Primary Elements	150,000
Traffic & Streetscape Elements	Roadway Lighting	345,000
Traffic & Streetscape Elements	Secondary Elements	55,000
Traffic & Streetscape Elements	Wayfinding Elements	44,000
Traffic & Streetscape Elements	Signalization - North N. Merrimon	150,000
Traffic & Streetscape Elements	Signalization - Senator Reynolds	200,000
Water	6" Waterline	60,000
Water	8" Waterline	175,000
Water	Phase V Initial Waterline	150,000
Water	Domestic Water Service	159,200
Water	Hydrant Assembly	24,000
TOTAL HARD COSTS		9,359,690
Engineering Fees		330,000
Performance Bonds		88,000
Attorney Fees		55,000
TIF Consulting Fee		150,000
Landscape Design Fees		110,000
Surveying Fees		137,500
TOTAL SOFT COSTS		870,500
TOTAL HARD AND SOFT COSTS		10,230,190

NORTH CAROLINA DEPARTMENT OF ENVIRONMENT AND NATURAL RESOURCES

IN THE MATTER OF: [Name of Prospective Developer]

UNDER THE AUTHORITY OF THE)
BROWNFIELDS PROPERTY REUSE ACT)
OF 1997, N.C.G.S. § 130A-310.30, et seq.)

BROWNFIELDS AGREEMENT re:
[site name]
[site address]
[BF Project Number]

I. INTRODUCTION

This Brownfields Agreement ("Agreement") is entered into by the North Carolina Department of Environment and Natural Resources ("DENR") and [name of Prospective Developer] (collectively the "Parties") pursuant to the Brownfields Property Reuse Act of 1997, N.C.G.S. § 130A-310.30, et seq. (the "Act").

[Introductory information, consistent with Statement of Facts, about Prospective Developer, its address, its business form and where it's chartered, and its proposed use of property, with location and brief description of property.] A map showing the location of the property, which is the subject of this Agreement is attached hereto as Exhibit 1.

The Parties agree to undertake all actions required by the terms and conditions of this Agreement. The purpose of this Agreement is to settle and resolve, subject to reservations and limitations contained in Section VIII (Certification), Section IX (DENR's Covenant Not to Sue and Reservation of Rights) and Section X (Prospective Developer's Covenant Not to Sue), the potential liability of [name of Prospective Developer] for contaminants at the property which is the subject of this Agreement.

The Parties agree that [name of Prospective Developer]'s entry into this Agreement, and the actions undertaken by [name of Prospective Developer] in accordance with the Agreement, do not constitute an admission of any liability by [name of Prospective Developer].

The resolution of this potential liability, in exchange for the benefit [name of Prospective Developer] shall provide to DENR, is in the public interest.

II. DEFINITIONS

Unless otherwise expressly provided herein, terms used in this Agreement which are defined in the Act or elsewhere in N.C.G.S. 130A, Article 9 shall have the meaning assigned to them in those statutory provisions, including any amendments thereto.

1. "Property" shall mean the Brownfields Property which is the subject of this Agreement, and which is described and depicted in Exhibit 1 of this Agreement.

2. "Prospective Developer" shall mean [name of Prospective Developer].

III. STATEMENT OF FACTS

3. [Facts relating to the Property that are relevant; and that do not relate to actions or parties that are outside of this Agreement.] The Property comprises _____ acres. Prospective Developer has committed itself to redevelopment for no uses other than _____.

4. The Property is bordered to the north by [_____] [land used for _____] [and owned by _____], to the south by _____, to the east by _____, and to the west by _____.

a. Prospective Developer obtained or commissioned the following reports, referred to hereinafter as the "Environmental Reports," regarding the Property:

Title	Prepared by	Date of Report

5. For purposes of this Agreement, DENR relies on the following representations by Prospective Developer as to prior use of the Property:

a. [List of representations here]

6. The most recent environmental sampling at the Property reported in the Environmental Reports occurred on _____, 200_. The following table(s) set forth, for contaminants present at the Property above unrestricted use standards, the maximum concentration found at each sample location and the applicable standard:

a. Groundwater contaminants (in micrograms per liter, the equivalent of parts per billion), the standards for which are in Title 15A of the North Carolina Administrative Code, Subchapter 21, Rule .0202:

Groundwater Contaminant	Sample Location	Date of Max. Concentration Sampling	Maximum Concentration above Std. (mg/l.)	Standard (mg/L)

b. Soil contaminants (in milligrams per kilogram, the equivalent of parts per million), the standards for which are derived using the Guidelines of the Inactive Hazardous Sites Branch of DENR's Superfund Section:

Soil Contaminant	Sample Location	Depth	Date of Max. Concentration Sampling	Maximum Concentration above Std. (mg/kg)	Standard (mg/kg)

7. For purposes of this Agreement DENR relies on Prospective Developer's representations that Prospective Developer's involvement with the Property has been limited to obtaining or commissioning the Environmental Reports, preparing and submitting to DENR a Brownfields Letter of Intent dated _____, 200_, and the following:

8. On _____, 200_, Prospective Developer [~~purchased~~][~~contracted to purchase~~] the Property (if either applies)

9. Prospective Developer has provided DENR with information, or sworn certifications regarding that information on which DENR relies for purposes of this Agreement, sufficient to demonstrate that:

- a. Prospective Developer and any parent, subsidiary, or other affiliate has substantially complied with federal and state laws, regulations and rules for protection of the environment, and with the other agreements and requirements cited at N.C.G.S. § 130A-310.32(a)(1);
- b. As a result of the implementation of this Agreement, the Property will be suitable for the uses specified in the Agreement while fully protecting public health and the environment;
- c. Prospective Developer's reuse of the Property will produce a public benefit commensurate with the liability protection provided Prospective Developer hereunder;
- d. Prospective Developer has or can obtain the financial, managerial and technical means to fully implement this Agreement and assure the safe use of the Property; and
- e. Prospective Developer has complied with all applicable procedural requirements.

10. Prospective Developer has paid the \$2,000 fee to seek a brownfields agreement required by N.C.G.S. § 130A-310.39(a)(1). Pursuant to N.C.G.S. § 130A-310.39(a)(2), the procedure upon which Prospective Developer and DENR have agreed for payment of the full cost to DENR and the North Carolina Department of Justice ("DOJ") of all activities related to this Agreement is that Prospective Developer shall pay any amount by which DOJ's hours, multiplied by \$36.24, exceed the \$2,000 fee referenced above in this paragraph. (DENR has incurred no costs.)

IV. BENEFIT TO COMMUNITY

11. The redevelopment of the Property proposed herein would provide the following public benefits:

- a. A return to productive use of the Property; [~~use only where property's idle~~]
- b. An increase in the Property's productivity; [~~use where property's currently in use~~]
- _. A spur to additional community redevelopment, through improved neighborhood appearance and otherwise; [~~use where surrounding area's depressed~~]
- _. [~~Use where # known: "approximately ___"] jobs;~~
- _. Tax revenue for affected jurisdictions;
- _. [~~"Additional" (if applicable)]["retail"],["office"],["other?"] space for the area; and~~
- _. "~~Smart growth~~" through use of land in an already developed area, which avoids development of land beyond the urban fringe ("~~greenfields~~").
- _. Additional benefits supplied by PD

V. WORK TO BE PERFORMED

12. [~~Include here provisions relating to agency approvals, reporting, any required financial assurances, any petroleum underground storage tanks, etc, and:~~

- a. Any remediation to be conducted on the property, including:

i. A description of specific areas where remediation is to be conducted.

ii. The remediation method or methods to be employed.

iii. The resources that Prospective Developer will make available.

iv. A schedule of remediation activities.

v. Applicable remediation standards.

vi. A schedule and the method or methods for evaluating the remediation.]

_. By way of the Notice of Brownfields Property referenced below in paragraph __, Prospective Developer shall impose the following land use restrictions under the Act, running with the land, to make the Property safe for the uses specified in this Agreement while fully protecting public health and the environment.

_. No use other than the following may be made of the Property: [list use(s) we've approved]

_. Surface water and underground water at the Property may not be used for any purpose without the approval of DENR or its successor in function.

_. No activities that encounter, expose, remove or use groundwater (for example, installation of water supply wells, fountains, ponds, lakes or swimming pools, or construction or excavation activities that encounter or expose groundwater) may occur on the Property without prior sampling and analysis of groundwater to the satisfaction of DENR or its successor in function in any areas proposed for such activities, and submittal of the analytical results to DENR or its successor in function. If such results disclose to DENR or its successor in function contamination in excess of North Carolina's groundwater quality standards, the proposed activities may not occur without the approval of DENR or its successor in function on such conditions as DENR or its successor in function imposes, including at a minimum compliance with plans and procedures, approved pursuant to applicable law, to protect public health and the environment during the proposed activities.

_. Soil underlying paved surfaces and buildings at the Property may not be exposed without prior sampling and analysis of such soil to the satisfaction of DENR or its successor in function, and submittal of the analytical results to DENR or its successor in function. If such results disclose contamination in excess of the applicable standards as determined by DENR or its successor in function, the soil may not be exposed without the approval of DENR or its successor in function on such conditions as DENR or its successor in function imposes, including at a minimum compliance with plans and procedures, approved pursuant to applicable law, to protect public health and the environment during the activities that would expose such soil.

_. Soil not previously sampled for contaminants may not be exposed without a minimum of five (5) business days advance written notice to DENR or its successor in function. At the time such soil is exposed, DENR or its successor in function may inspect and sample, or require sampling of, the exposed soil for contaminants. If soil contamination is discovered that DENR or its successor in function determines would likely contaminate groundwater even if capped, or that may pose an imminent threat to public health or the environment if exposed, as much soil as DENR or its successor in function requires shall be removed and disposed of in accordance with applicable law, and any other actions that DENR or its successor in function requires to make the Property suitable for the uses specified in this Agreement while fully protecting public health and the environment shall be taken. If soil contamination is discovered that DENR or its successor in function determines would not contaminate groundwater if capped, or pose an imminent threat to public health or the environment if exposed, as much soil as DENR or its successor in function requires shall be removed and disposed of in accordance with applicable law or capped to the satisfaction of DENR or its successor in function.

Soil, landscaping and contours at the Property may not be disturbed without the approval of DENR or its successor in function, except for mowing and pruning of above-ground vegetation.

No mining may be conducted on or under the Property, including, without limitation, extraction of coal, oil, gas or any other minerals or non-mineral substances.

No basements may be constructed on the Property unless they are, as determined by DENR or its successor in function, vented in conformance with applicable building codes.

None of the contaminants known to be present in the environmental media at the Property, including those listed in paragraph of this Agreement, may be used or stored at the Property without the prior approval of DENR or its successor in function, except in de minimis amounts for cleaning and other routine housekeeping activities.

The Property may not be used as a park or for sports of any kind, including, but not limited to, golf, football, soccer and baseball, without the approval of DENR or its successor in function.

The Property may not be used for agriculture, grazing, timbering or timber production.

The Property may not be used as a playground, or for child care centers or schools.

The Property may not be used for kennels, private animal pens or horse-riding. During January of each year after this Agreement becomes effective, the then current owner of any part of the Property shall submit a notarized Land Use Restrictions Update to DENR or its successor in function certifying that the Notice of Brownfields Property containing these land use restrictions remains recorded at the _____ County, North Carolina Register of Deeds' office, and that the land use restrictions are being complied with **[Add here any additional items PD needs to certify annually].**

[Use if applicable.] Within thirty (30) days after the effective date of this Agreement, Prospective Developer shall notify DENR that it is ready to effect the abandonment of all groundwater monitoring wells, injection wells, recovery wells, piezometers and other man-made points of groundwater access at the Property in accordance with Subchapter 2C of Title 15A of the North Carolina Administrative Code. Unless DENR notifies Prospective Developer within ten (10) days of receiving such notification to refrain from such abandonment, Prospective Developer shall effect said abandonment and shall, within thirty (30) days after concluding such abandonment, provide DENR a report setting forth the procedures and results.

The desired result of the above-referenced **["remediation and" if there's active remediation]** land use restrictions is to make the Property suitable for the uses specified in the Agreement while fully protecting public health and the environment.

The guidelines, including parameters, principles and policies within which the desired results are to be accomplished are the Guidelines of the Inactive Hazardous Sites Branch of DENR's Superfund Section, as embodied in their most current version.

The consequences of achieving or not achieving the desired results will be that the Property is or is not suitable for the uses specified in the Agreement while fully protecting public health and the environment.

VI. ACCESS/NOTICE TO SUCCESSORS IN INTEREST

Commencing upon the **[date that it acquires title to the Property]** "effective date of this Agreement" **if Prospective Developer already owns Property]**, Prospective Developer agrees to provide to DENR, its authorized officers, employees, representatives, and all other persons performing response actions under DENR oversight, an irrevocable right of access at all reasonable times to the Property and to any other property to which access is required for the implementation of response actions at the Property, to the extent access to such other property is controlled by the Prospective Developer, for the purposes of performing or overseeing response actions at the Property under applicable law. DENR agrees to provide

reasonable notice to the Prospective Developer of the timing of response actions to be undertaken at the Property. Notwithstanding any provision of this Agreement, DENR retains all of its authorities and rights, including enforcement authorities related thereto, under the Act and any other applicable statute or regulation, including any amendments thereto.

_____. DENR has approved, pursuant to N.C.G.S. § 130A-310.35, a Notice of Brownfields Property for the Property containing, inter alia, the land use restrictions set forth in Section V (Work to Be Performed) of this Agreement and a survey plat of the Property. Pursuant to N.C.G.S. § 130A-310.35(b), within 15 days of the effective date of this Agreement Prospective Developer shall file the Notice of Brownfields Property in the County, North Carolina Register of Deeds' office. Within three days thereafter, Prospective Developer shall furnish DENR a copy of the documentary component of the Notice containing a certification by the register of deeds as to the Book and Page numbers where both the documentary and plat components of the Notice are recorded, and a copy of the plat with notations indicating its recordation.

_____. This Agreement shall be attached as Exhibit A to the Notice of Brownfields Property. Subsequent to recordation of said Notice, any deed or other instrument conveying an interest in the Property shall contain the following notice: "The property which is the subject of this instrument is subject to the Brownfields Agreement attached as Exhibit A to the Notice of Brownfields Property recorded in the _____ County land records, Book _____, Page _____." A copy of any such instrument shall be sent to the persons listed in Section XV (Notices and Submissions), though financial figures related to the conveyance may be redacted.

_____. The Prospective Developer shall ensure that assignees, successors in interest, lessees and sublessees of the Property shall provide the same access and cooperation. The Prospective Developer shall ensure that a copy of this Agreement is provided to any current lessee or sublessee on the Property as of the effective date of this Agreement and shall ensure that any subsequent leases, subleases, assignments or transfers of the Property or an interest in the Property are consistent with this Section, Section V (Work to be Performed) and Section XI (Parties Bound/Transfer of Covenant) of this Agreement.

VII. DUE CARE/COOPERATION

_____. The Prospective Developer shall exercise due care at the Property with respect to regulated substances and shall comply with all applicable local, State, and federal laws and regulations. The Prospective Developer agrees to cooperate fully with any remediation of the Property by DENR and further agrees not to interfere with any such remediation. DENR agrees, consistent with its responsibilities under applicable law, to use reasonable efforts to minimize any interference with the Prospective Developer's operations by any such remediation. In the event the Prospective Developer becomes aware of any action or occurrence which causes or threatens a release of contaminants at or from the Property, the Prospective Developer shall immediately take all appropriate action to prevent, abate, or minimize such release or threat of release, and shall, in addition to complying with any applicable notification requirements under N.C.G.S. 130A-310.1 and 143-215.84, and Section 103 of CERCLA, 42 U.S.C. § 9603, or any other law, immediately notify DENR of such release or threatened release.

VIII. CERTIFICATION

_____. By entering into this agreement, the Prospective Developer certifies that, without DENR approval, it will make no use of the Property other than that committed to in the Brownfields Letter of Intent dated _____ by which it applied for this Agreement. That use is _____.

_____. Prospective Developer also certifies that to the best of its knowledge and belief it has fully and accurately disclosed to DENR all information known to Prospective Developer and all information in the possession or control of its officers, directors, employees, contractors and agents which relates in any way to any regulated substances at the Property and to its qualification for this Agreement, including the requirement that it not have caused or contributed to the contamination at the Property.

IX. DENR'S COVENANT NOT TO SUE AND RESERVATION OF RIGHTS

Unless one of the following applies, Prospective Developer shall not be liable to DENR, and DENR covenants not to sue Prospective Developer, for remediation of the Property except as specified in this Agreement:

- a. The Prospective Developer fails to comply with this Agreement.
- b. The activities conducted on the Property by or under the control or direction of the Prospective Developer increase the risk of harm to public health or the environment, in which case Prospective Developer shall be liable for remediation of the areas of the Property, remediation of which is required by this Agreement, to the extent necessary to eliminate such risk of harm to public health or the environment.
- c. A land use restriction set out in the Notice of Brownfields Property required under N.C.G.S. 130A-310.35 is violated while the Prospective Developer owns the Property, in which case the Prospective Developer shall be responsible for remediation of the Property to current standards.
- d. The Prospective Developer knowingly or recklessly provided false information that formed a basis for this Agreement or knowingly or recklessly offers false information to demonstrate compliance with this Agreement or fails to disclose relevant information about contamination at the Property.
- e. New information indicates the existence of previously unreported contaminants or an area of previously unreported contamination on or associated with the Property that has not been remediated to current standards, unless this Agreement is amended to include any previously unreported contaminants and any additional areas of contamination. If this Agreement sets maximum concentrations for contaminants, and new information indicates the existence of previously unreported areas of these contaminants, further remediation shall be required only if the areas of previously unreported contaminants raise the risk of the contamination to public health or the environment to a level less protective of public health and the environment than that required by this Agreement.
- f. The level of risk to public health or the environment from contaminants is unacceptable at or in the vicinity of the Property due to changes in exposure conditions, including (i) a change in land use that increases the probability of exposure to contaminants at or in the vicinity of the Property or (ii) the failure of remediation to mitigate risks to the extent required to make the Property fully protective of public health and the environment as planned in this Agreement.
- g. The Department obtains new information about a contaminant associated with the Property or exposures at or around the Property that raises the risk to public health or the environment associated with the Property beyond an acceptable range and in a manner or to a degree not anticipated in this Agreement.
- h. The Prospective Developer fails to file a timely and proper Notice of Brownfields Property under N.C.G.S. 130A-310.35.

Except as may be provided herein, DENR reserves its rights against Prospective Developer as to liabilities beyond the scope of the Act, including those regarding petroleum underground storage tanks pursuant to Part 2A, Article 21A of Chapter 143 of the General Statutes.

This Agreement does not waive any applicable requirement to obtain a permit, license or certification, or to comply with any and all other applicable law, including the North Carolina Environmental Policy Act, N.C.G.S. § 113A-1, et seq.

X. PROSPECTIVE DEVELOPER'S COVENANT NOT TO SUE

___ . In consideration of DENR's Covenant Not To Sue in Section IX of this Agreement and in recognition of the absolute State immunity provided in N.C.G.S. § 130A-310.37(b), the Prospective Developer hereby covenants not to sue and not to assert any claims or causes of action against DENR, its authorized officers, employees, or representatives with respect to any action implementing the Act, including negotiating, entering, monitoring or enforcing this Agreement or the above-referenced Notice of Brownfields Property.

XI. PARTIES BOUND & TRANSFER/ASSIGNMENT NOTICE

___ . This Agreement shall apply to and be binding upon DENR, and on the Prospective Developer, its officers, directors, employees, and agents. Each Party's signatory to this Agreement represents that she or he is fully authorized to enter into the terms and conditions of this Agreement and to legally bind the Party for whom she or he signs.

___ . No later than fourteen (14) days prior to any transfer or assignment by Prospective Developer of any interest in the Property, Prospective Developer shall provide in writing to DENR the transferee or assignee's name, mailing address, telephone and facsimile numbers, and e-mail address.

XII. DISCLAIMER

___ . This Agreement in no way constitutes a finding by DENR as to the risks to public health and the environment which may be posed by regulated substances at the Property, a representation by DENR that the Property is fit for any particular purpose, nor a waiver of Prospective Developer's duty to seek applicable permits or of the provisions of N.C.G.S. § 130A-310.37.

___ . This Agreement does not confer any rights, benefits or obligations that are not conferred by N.C.G.S. § 130A-310.33(a)(1)-(5)'s provision of the Act's liability protection to certain persons to the same extent as to a prospective developer.

XIII. DOCUMENT RETENTION

___ . The Prospective Developer agrees to retain and make available to DENR all business and operating records, contracts, site studies and investigations, and documents relating to operations at the Property, for ten years following the effective date of this Agreement, unless otherwise agreed to in writing by the Parties. At the end of ten years, the Prospective Developer shall notify DENR of the location of such documents and shall provide DENR with an opportunity to copy any documents at the expense of DENR.

XIV. PAYMENT OF ENFORCEMENT COSTS

___ . If the Prospective Developer fails to comply with the terms of this Agreement, including, but not limited to, the provisions of Section V (Work to be Performed), it shall be liable for all litigation and other enforcement costs incurred by DENR to enforce this Agreement or otherwise obtain compliance.

XV. NOTICES AND SUBMISSIONS

___ . Unless otherwise required by DENR or a Party notifies the other Party in writing of a change in contact information, all notices and submissions pursuant to this Agreement shall be sent by prepaid first class U.S. mail, as follows:

a. For DENR:

N.C. Division of Waste Management
Brownfields Program
401 Oberlin Road, Suite 150

Raleigh, NC 27605

b. For Prospective Developer:

Name
Company
Address
City, State, ZIP

Notices and submissions sent by prepaid first class U.S. mail shall be effective on the third day following postmarking. Notices and submissions sent by hand or by other means affording written evidence of date of receipt shall be effective on such date.

XVI. EFFECTIVE DATE

___ This Agreement shall become effective on the date the Prospective Developer signs it, after receiving it, signed, from DENR. Prospective Developer shall sign the Agreement within seven (7) days following such receipt.

XVII. TERMINATION OF CERTAIN PROVISIONS

___ If any Party believes that any or all of the obligations under Section VI (Access/Notice to Successors in Interest) are no longer necessary to ensure compliance with the requirements of the Agreement, that Party may request in writing that the other Party agree to terminate the provision(s) establishing such obligations; provided, however, that the provision(s) in question shall continue in force unless and until the Party requesting such termination receives written agreement from the other Party to terminate such provision(s).

XVIII. CONTRIBUTION PROTECTION

___ With regard to claims for contribution against Prospective Developer in relation to the subject matter of this Agreement, Prospective Developer is entitled to protection from such claims to the extent provided by N.C.G.S. § 130A-310.37(a)(5)-(6). The subject matter of this Agreement is all remediation taken or to be taken and response costs incurred or to be incurred by DENR or any other person in relation to the Property.

___ The Prospective Developer agrees that, with respect to any suit or claim for contribution brought by it in relation to the subject matter of this Agreement, it will notify DENR in writing no later than 60 days prior to the initiation of such suit or claim.

___ The Prospective Developer also agrees that, with respect to any suit or claim for contribution brought against it in relation to the subject matter of this Agreement, it will notify DENR in writing within 10 days of service of the complaint on it.

XIV. PUBLIC COMMENT

___ This Agreement shall be subject to a public comment period of at least sixty days starting the day after publication of the approved summary of the Notice of Intent to Redevelop a Brownfields Property required by N.C.G.S. § 130A-310.34 in the North Carolina Register, or the day after publication of the same in a newspaper of general circulation serving the area in which the Property is located, whichever occurs later. After expiration of that period, or following a public meeting if DENR holds one pursuant to N.C.G.S. § 130A-310.34(c), DENR may modify or withdraw its consent to this Agreement if comments received disclose facts or considerations which indicate that this Agreement is inappropriate, improper or inadequate.

IT IS SO AGREED:

NORTH CAROLINA DEPARTMENT OF ENVIRONMENT AND NATURAL RESOURCES

By: _____
Linda M. Culpopper Date
Deputy Director, Division of Waste Management

IT IS SO AGREED:

[Name of Prospective Developer]

By: _____
Name typed or printed: Date
Title typed or printed:



April 15, 2008

Wachovia Securities
 Attn: Ryan Maher, Director
 380 Knollwood Street, Suite 620
 Winston-Salem, NC 27103
 Phone: 336-721-6823
 Fax: 336-724-2024
 Email: Ryan.Maher@wachovia.com

RE: Bid/Engagement Letter
 Reynolds Mountain Project
 Woodfin, NC

Dear Mr. Maher:

We propose to perform a **Self-Contained Appraisal** for the above referenced property. We will prepare this report in accordance with the Uniform Standards of Professional Appraisal Practice (USPAP) and FIRREA requirements. The Final Reports for the referenced assignment will be addressed and delivered to the addressee of this letter. **Three (3) hard copies and one complete copy in Adobe (PDF) Format of the final report will be provided. Our total fee for this assignment is as follows:**

Reynolds Mountain Project - Woodfin, NC

\$20,000.00

Please note that the invoice for this assignment will be addressed and directed to Reynolds Mountain Partners, LLC and payment will be due within two weeks of submission of the reports.

Changes that are made to the property after the final hard copy has been submitted that are different from the original requests will be treated as a separate assignment and will be billed as such. Fees for these assignments are to be determined at the time of such request. If additional hard copies of the appraisal reports are needed, please be advised that there will be an additional PRE-PAID processing charge of \$100 per copy, payable upon receipt.

Upon written acceptance of this engagement letter within five (5) business days, and provided the appraiser receives all necessary materials to complete the assignment in a timely manner, the proposed due date for the REPORT will be on or before 30 Days from written acceptance of this engagement letter. Please indicate acceptance of these terms with your signature and return your acceptance via fax to 704-544-6520, confirming approval for Fred H. Beck & Associates, LLC to proceed with this assignment. An original hard copy of this letter will not follow.

8924 Blakeney Professional Drive, Charlotte, North Carolina 28277
 Phone: 704.544.4884 / Fax: 704.544.6520 / Website: www.fredhbeck.com

Please indicate acceptance of these terms with your signature and return your acceptance via fax to 704-544-6520 confirming approval for Fred H. Beck & Associates, LLC to proceed with this assignment. An original hard copy of this letter will not follow.

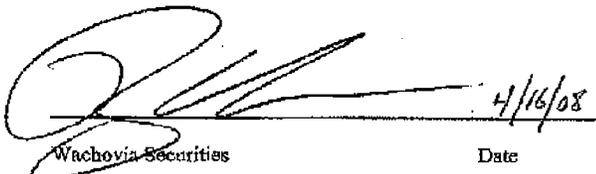
Accepting this agreement is confirmation by the undersigned that Fred H. Beck & Associates, LLC will be compensated for all services provided as stated in this engagement letter. Changes are not to be made to this letter unless agreed upon and initialed by both parties listed on this letter.

Sincerely yours,



Fred H. Beck, Jr., MAI, CCIM

Accepted and Agreed:


Date 4/16/08

Wachovia Securities
Attn: Ryan Maher, Director
380 Knollwood Street, Suite 620
Winston-Salem, NC 27103
Phone: 336-721-6823
Fax: 336-724-2024
Email: Ryan.Maher@wachovia.com

ASSUMPTIONS AND LIMITING CONDITIONS

GENERAL ASSUMPTIONS

1. The owner of record is assumed to have a free and clear fee simple title with no encumbrances that cannot be cleared through normal channels.
2. The information on which this appraisal is based on has been obtained from sources normally used by **Fred H. Beck & Associates, LLC** and is considered to be reliable, but is in no sense guaranteed.
3. The information furnished by others is believed to be reliable. No warranty is given for its accuracy.
4. **Fred H. Beck & Associates, LLC** reserves the right to alter its opinions of value on the basis of information withheld or not discovered in the normal course of a diligent investigation.
5. The appraiser assumes no responsibility for the legal description or matters of a legal nature affecting the property or the title thereto. The appraiser does not render any opinion as to title, which is assumed to be good and marketable.
6. Responsible ownership and competent property management are assumed.
7. It is assumed that there is full compliance with all applicable federal, state and local environmental regulations and laws unless noncompliance is stated, 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 all required licenses, certificates of occupancy, consents or other legislative or administrative authority from any local, state or national government or private entity or organization have been or can be obtained or renewed for any use on which the value estimate contained in this report is based.
10. The appraiser is not required to give testimony or appear in court because of having made this appraisal with reference to the property in question, unless arrangements have been previously made therefore. The fee charged for this appraisal does not include payment for court testimony or for further consultation.
11. No opinion of an engineering nature is intentionally expressed or implied and no responsibility is assumed for matters of this nature.
12. No survey was made especially for this appraisal. Property lines, area, etc., of record or otherwise provided, are assumed to be correct.
13. No engineering survey has been made by the appraiser. Except as specifically stated, size and area were taken from sources considered reliable and no encroachment of real property improvements is assumed to exist.
14. Maps, plats and exhibits are for illustration only as an aid in visualizing matters discussed within the report. They should not be considered as surveys or relied upon for any other purpose.
15. 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.
16. No opinion is expressed as to the value of subsurface oil, gas or mineral rights. The property is not subject to surface entry for the exploration or removal of such materials except as is expressly stated.
17. Disclosure of the contents of the appraisal is governed by the Bylaws and Regulations of the professional organizations with which **Fred H. Beck & Associates, LLC** is affiliated.
18. Acceptance of and/or use of this report constitutes acceptance of these assumptions and limiting conditions.
19. This report is intended to comply with the Code of Ethics and Standards of Professional Appraisal practice of the Appraisal Institute. It is further intended to comply with the Uniform Standards of Professional Appraisal Practice (USPAP) and the guidelines set forth by the Financial Institution's Report, Recovery and Enforcement Act of 1989 (FIRREA).

LIMITING CONDITIONS

1. Possession of this report, or a copy, does not carry with it the right of publication.
2. Neither all nor any part of the contents of this report (especially any conclusions as to value, identity of the appraisers or firm with which they are connected or any reference to the Appraisal Institute or the MAI or SRA designations) shall be disseminated to the public through the advertising media or any other public means of communication without the prior written consent and approval of **Fred H. Beck & Associates, LLC** and the signatories of the report. Acceptance of and/or use of this report constitutes acceptance of these restrictions.
3. 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.
4. The forecasts, projections or operating estimates contained herein are based upon current market conditions, anticipated short term supply and demand factors and a continued stable economy. These forecasts are, therefore, subject to changes in future conditions.
5. Load bearing capacity of subsoil is assumed to be adequate for the present utilization, but no borings or engineering studies have been made especially for this appraisal and the value conclusion could be affected by such information.
6. We have not been supplied with building plans and specifications, site plans, surveys or occupancy permits. No responsibility or representation is assumed or made for any costs associated with obtaining same for any deficiencies discovered before or after they are obtained.
7. We have personally inspected the subject property and found no obvious evidence of structural deficiencies except as stated in this report; however, no responsibility for hidden defects or conformity to specific governmental requirements, such as fire, building and safety or occupancy codes, can be assumed without provision of specific professional or governmental inspections.
8. No termite inspection report was made available. We personally inspected the subject property and found no significant evidence of termite damage or infestation.
9. Unless otherwise stated in this report, we make no representation or warranties as to the adequacy or condition of appliances, electrical systems, plumbing and heating, air conditioning, presence of insulation, adequacy or condition of structural systems or any other subsystem within the property. We assume no responsibility for any costs incurred to discover or correct any deficiencies present in the property.
10. Unless otherwise stated, no consideration in the valuation process has been given mineral deposits (oil, gas, coal, gravel, etc.) or timber, if any, that may be found on the subject.
11. 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 appraisers, however, are 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.
12. On January 26, 1992, The Americans with Disabilities Act (ADA) took effect. This report has not considered this act and the impact it may have on the subject with respect to renovation cost and general compliance. Should a report be provided which indicates a possible renovation, we reserve the right to amend this report.
13. The appraisers have prepared this report in compliance with the competency provision explicitly detailed in the Uniform Standards of Professional Appraisal Practice (USPAP). The appraisers are fully experienced in the appraisal of this product type (see Qualifications).

**QUALIFICATIONS OF THE APPRAISER
FRED H. BECK, JR., MAI, CCIM, MRICS**

**FRED H. BECK & ASSOCIATES, LLC
8924 Blakeney Professional Drive
Charlotte, NC 28277**

EDUCATION

Bachelor of Science Degree - Appalachian State University, Boone, NC
Business Administration

Completed The Appraisal Institute Courses:

- Course 1A - Real Estate Appraisal Principles
- Course 1B - Capitalization Theory and Techniques
- Course II - Urban Properties
- Course IV - Litigation
- Standards of Professional Practice - Part A and B

Commercial Investment Real Estate Institute:

- C1101 - Financial Analysis for Commercial Real Estate
- C1201 - Market Analysis for Commercial Real Estate
- C1404 - Tax Planning for Commercial Real Estate

EXPERIENCE

- Formed Fred H. Beck & Associates, LLC - November 5, 1994
- Formed Stout-Beck & Associates, Inc. - July 1987
- Appraising real estate since 1973

PROFESSIONAL AFFILIATIONS

- Member, The Appraisal Institute (MAI #7073)
- Member, Commercial Investment Real Estate Institute (CCIM #5568)
- State-Certified General Real Estate Appraiser, North Carolina Certificate No. A1329
- State-Certified General Real Estate Appraiser, South Carolina Certificate No. CG1117
- State-Certified General Real Estate Appraiser, Georgia Certificate No. 2627
- State-Certified General Real Estate Appraiser, Tennessee License ID No. 3523
- State-Certified General Real Estate Appraiser, Virginia License No. 4001 013461
- Real Estate Brokers License, North Carolina No. 26399
- Real Estate Brokers License, South Carolina No. 2713
- Real Estate Brokers License, Georgia No. 216546
- Real Estate Brokers License, Tennessee No. 311532
- Member, North Carolina National Association of Realtors
- Member, Metrolina Commercial Board of Realtors
- Member, The Royal Institution of Chartered Surveyors (MRICS #1246747)

8924 Blakeney Professional Drive, Charlotte, North Carolina 28277
Phone: 704.544.4884 / Fax: 704.544.6520 / Website: www.fredhbeck.com

**QUALIFICATIONS OF THE APPRAISER
CHARLES W. HICKS**

**FRED H. BECK & ASSOCIATES, LLC
8924 Blakeney Professional Drive
Charlotte, NC 28277**

EDUCATION

Bachelor of Science Degree - East Carolina University, Greenville, NC (1994)
Urban & Regional Planning; Minors in Finance & Economics

Completed The Appraisal Institute Courses:

- R-1 Introduction to Real Estate Appraisal
- R-2 Principles of Real Property Valuation
- R-3 Advanced Techniques of Real Property Valuation
- G-1 Introduction to Income Capitalization
- G-2 Advanced Income Capitalization Procedures
- G-3 Applied Income Property Valuation

EXPERIENCE

Fred H. Beck & Associates, LLC – Charlotte, NC (1995 – Present)

- Staff appraiser specializing in the appraisal of commercial and investment properties.

Simonini & Builders, Inc. - Charlotte, NC (1994 - 1995)

- Residential Construction Management

Guy Higgins & Associates Real Estate Appraisers - Greenville, NC (1993-1994)

- Collection and Analysis of market data

PROFESSIONAL AFFILIATIONS

State-Certified General Real Estate Appraiser
North Carolina Certificate No. A5682

State-Certified General Real Estate Appraiser
South Carolina Certificate No. CG5432

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APPENDIX C

TAX INCREMENT PROJECTION REPORT

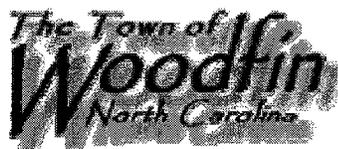
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WOODFIN DOWNTOWN CORRIDOR FINANCING DISTRICT

TAX INCREMENT PROJECTION STUDY

August 1, 2008

PREPARED FOR:



PREPARED BY:

MUNICAP, INC.

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WOODFIN DOWNTOWN CORRIDOR FINANCING DISTRICT

TAX INCREMENT PROJECTION STUDY

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WOODFIN DOWNTOWN CORRIDOR FINANCING DISTRICT

TAX INCREMENT PROJECTION STUDY

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I. Executive Summary

PURPOSE OF STUDY

The purpose of this study is to project estimates of tax revenues resulting from the proposed development within the Woodfin Downtown Corridor Financing District (the "District"). Specifically, this study focuses on the portion of the District consisting of the commercial and residential development at the proposed Woodfin Town Center (the "Private Development") in the Town of Woodfin, North Carolina (the "Town"). In addition to these specific developments, the remaining portion of the District that is not part of the real property parcels associated with the Private Development (hereafter referred to as the "background District") is assumed to increase at a specific rate of inflation in Scenario B. In order to calculate incremental revenues, it is first necessary to estimate assessed values that will be generated by the growth within the District over an established base value. This study provides projected assessed value information for the following set of assumptions:

Scenario A

- The Private Development is completed as proposed by Reynolds Mountain Partners, LLC;
- Property values for both the Private Development and the background District remain static for the period reviewed in this study; and
- Buncombe County (the "County"), and Town real property tax revenues are considered.

Scenario B

- The Private Development is completed as proposed by Reynolds Mountain Partners, LLC;
- Property values for both the Private Development and the background District increase at a net three percent rate of inflation, including net changes in values and tax rates;
- Both County and Town real property tax revenues are considered; and
- Values are projected to increase only in the years property is reassessed.

ORGANIZATION OF STUDY

This report begins with a discussion of the assessment and tax collection process in the County. Following the discussion of assessment and taxation procedures is a description of the District. The report then evaluates the historical appreciation of real property near or within the District. After a narrative describing the existing District, the study provides an account of the proposed new Private Development, including an estimate of the projected

market and assessed values for the proposed properties. This portion of the study includes a presentation of the assessed values as calculated for each of the scenarios listed earlier. The study then analyzes recent projects in the County comparable to the proposed Private Development within the District.¹ Included in this section is an analysis of the assessed values achieved by these comparable properties.

The concluding section of the report uses the estimates for assessed values to calculate incremental tax revenues.

RESULTS OF STUDY

In summary, the study concludes that the Private Development will result in an estimated \$122 million in incremental assessed value at build-out in current dollars. Table A illustrates the projected assessed values allocable to the Private Development at Woodfin Town Center.

TABLE A²
Projected Assessed Values

	<i>Base Value</i>	<i>Projected Value</i>	<i>Incremental Value</i>
The Private Development	\$2,218,800	\$123,367,226	\$121,148,426

As outlined earlier, the assessed values displayed in Table A are the basis for estimating incremental real property taxes. The projected incremental taxes are estimated as shown below³:

<i>Source</i>	<i>Annual Incremental Taxes</i>	<i>30 Year Total</i>
Scenario A (no appreciation)		
Private Development incremental taxes	\$248,473 to \$1,078,221	\$30,379,449
Background District incremental taxes	\$19,484	\$584,527
Scenario A total incremental taxes	\$267,957 to \$1,097,705	\$30,963,976
Scenario B (3% appreciation)		
Private Development incremental taxes	\$248,473 to \$2,492,325	\$47,532,417
Background District incremental taxes	\$19,484 to \$177,988	\$2,507,162
Scenario B total incremental taxes	\$274,130 to \$2,670,313	\$50,039,579

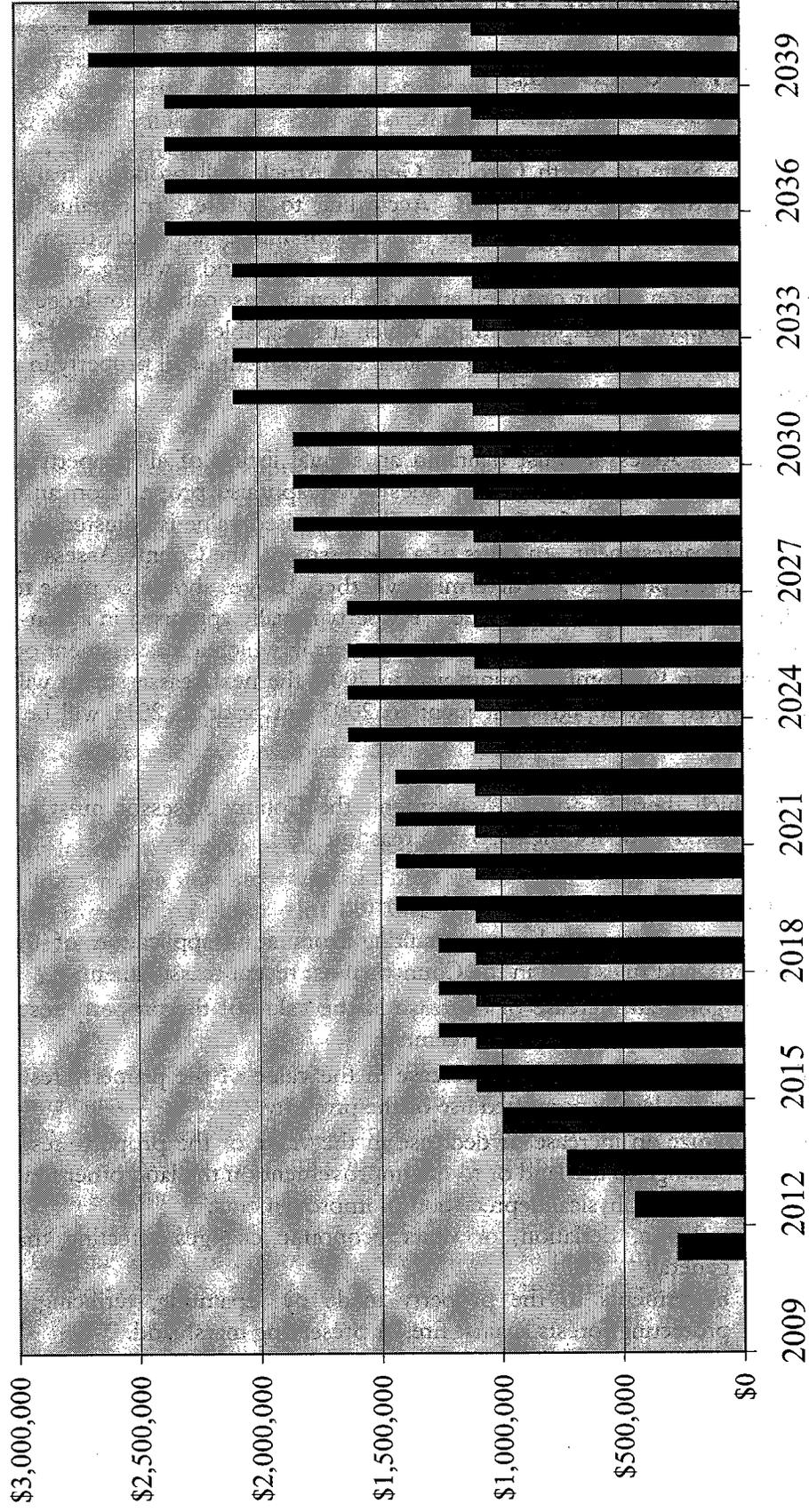
The attached Chart 1 at the end of this executive summary graphically expresses the projected incremental taxes over time.

¹ Comparison properties are discussed in subsequent sections in this report.

² The methodology used to calculate assessed values is explained in subsequent sections of this report.

³ The methodology used to calculate incremental taxes is explained in subsequent section of this report.

**CHART 1: Incremental Taxes -- 30 Year Projection
(Private Development and Background District)**



■ Incremental Taxes -- Scenario A ■ Incremental Taxes -- Scenario B

II. Assessment and Tax Collection Procedures

ASSESSMENT PROCEDURES

Overview

Pursuant to the State of North Carolina General Articles, all property, real and personal, shall be appraised at its "true value." According to statute, "true value" is defined as "market value," or "the price estimated in terms of money at which the property would change hands between a willing and financially able buyer and a willing seller, neither being under any compulsion to buy or to sell and both having reasonable knowledge of all the uses to which the property is adapted and for which it is capable of being used." The County Assessor is charged with the listing, appraisal, and assessment of all property in the county in accordance with the provisions of law.

While the County Assessor must maintain an annual listing of all property subject to ad valorem taxation, the County Assessor does not reappraise property on an annual basis. After the initial assessment of real property, the appraised value is adjusted only in years of the quadrennial reassessment. In years of a reassessment, the County Assessor must review the values of all real property and determine whether changes should be made to bring those values in line with the current true value. Property initially appraised in a non-reassessment year is retroactively valued to the date of the last year in which a reassessment occurred. The last reassessment in Buncombe County was in 2007; the next reassessment will be in 2011. Therefore, property developed subsequent to 2007 but prior to 2011 will be retroactively appraised to 2007 values.

In years in which there is not a reassessment, the County Assessor must adjust a given property's appraised value for the following reasons:

- To correct a clerical or mathematical error;
- To correct an appraisal error resulting from a misapplication of the schedules, standards, and rules used in the County's most recent reassessment;
- To recognize an increase or decrease in the value of the property resulting from a conservation or preservation agreement;
- To recognize an increase or decrease in the value of the property resulting from a change in the legally permitted use of the property;
- To recognize an increase or decrease in the value of the property resulting from a physical change to the land or to the improvement on the land other than:
 - normal, physical depreciation of improvements;
 - inflation, deflation, or other economic changes affecting the County in general;
 - betterments to the property made by repainting, terracing, landscaping, protecting forests against fire, or preserving marshland.

Schedule

Property is assessed as of its condition on January 1 of each year. The County Assessor does not conduct mid-year reassessments, regardless of changes to the physical status of the site. Thus, construction occurring subsequent to January 1 of the current year will not be reflected in assessment values until January 1 of the following year. Similarly, if there is physical damage to property after January 1, such as a fire or natural calamity, the decrease in property value will not be reflected in assessed value until the following year.

Tax bills for real estate are mailed to Buncombe County property owners in July of each year. Taxes on real estate are due on September 1 and are payable through January 5 without interest. If January 5 falls on a holiday, a Saturday, or a Sunday, the payment period is extended to the next business day. Detailed schedules of the assessment, appellate, and taxation processes are included in the discussion of taxation as Tables C and D.

Methodology

North Carolina statute requires appraised values to be based on fair market value, as established by uniform appraisal standards. To accomplish this goal, the County Assessor develops a regression model based on sales prices and a number of other factors, including location, build-quality, features and amenities, size, projected use, and, if applicable, projected rent. For new or improved property, the County Assessor enters information for each of these factors into the multiple regression model, which produces an estimate of appraised values. The model is continually refined to produce results that closely reflect sales prices. These results are then adjusted to prevailing values as of the date of the most recent reassessment. In developing their model, the County uses several accepted real estate valuation methods. Examples of these methods used include:

Cost Approach – As the name implies, the Cost Approach values property on the basis of the costs of development. The value of a structure is determined by estimating the cost to replace the building with a new structure and then subtracting depreciation. This method assumes the cost of replacing the existing building plus the value of the land equals market value. The steps in applying the Cost Approach include:

- Estimating the site value (land and site improvements) through review of comparable sales;
- Estimating the cost of replacing the existing building with one of similar usefulness (reflecting current building design and materials); and
- Deducting all sources of depreciation, including physical deterioration (“wear and tear” on a building) and functional and economic obsolescence. Functional obsolescence is the reduced ability of the building to perform the function it was originally designed and built for. Economic obsolescence refers to external forces that affect the ability of the building to continue to perform, including changes in transportation corridors, new types of building design demanded by the market, etc.

The Cost Approach is relied upon most often when the property being appraised is new or nearly new and income is not yet stabilized, where there are no comparable sales, or where the improvements are relatively unique or specialized. For example, in Buncombe County, this approach is used to create models for free-standing restaurants and for the initial values

of income-producing properties. It is anticipated by the Buncombe County Assessor that virtually all of the non-residential development at the Private Development will initially be appraised using the Cost Approach.

Sales Comparison Approach – The Sales Comparison Approach is based on the premise that the value of a specific property is set by the price an informed purchaser would pay for a comparable property, offering similar desirability and usefulness. For instance, if recent sales of condominium units within the same building indicate an increase in market values, all assessed values for condominiums in the building will be reassessed to reflect this increase in market value. This requires an understanding of all market variables, including location, property size, physical features and economic factors. The process of identifying and analyzing comparable property sales is repeated until a satisfactory range of value indicators for the subject property is established and a final estimate of value is possible. The limitations of the Sales Comparison Approach are that it requires recent and accurate sales data for similar properties. In Buncombe County, the Sales Comparison Approach is relied upon to create models for for-sale residential property.

Income Capitalization Approach – The Income Capitalization Approach to value is based on the premise that the value of a property is directly related to the income it will generate. The County Assessor analyzes both the property's ability to produce future income and its expenses, and then estimates the property's value. The County Assessor develops a capitalization rate by analyzing the sales of similar income properties and determining the relationship between the sale price and net income.

The steps in applying the Income Capitalization Approach are to determine the stabilized, net-operating income by:

- Estimating potential gross income from all sources;
- Deducting an allowance for vacancy and bad debts; and
- Deducting all direct and indirect operating expenses.

The resulting net-operating income is capitalized by a market rate, which reflects the property type and effective date of valuation to produce an estimate of overall property value.

To determine the potential gross income, the Office of the County Assessor determines market rents by analyzing rents, both within the property being assessed and in comparable properties in the neighborhood and making an allowance for vacancy and collection loss.

To determine the effective gross income, the County Assessor's Office deducts operating expenses.

The County Assessor's Office determines the capitalization rate by analyzing sales (comparing net operating income to sale price) in the same market to determine rates of return. The capitalization rate will vary depending on the attractiveness of a property as an investment, income risks and physical factors.

The County Assessor relies upon the Income Capitalization Approach to create models for appraising properties that produce a rental income from single or multiple tenants. The capitalized value of the income stream provides an estimate of the market value of the property (land and improvements).

Appeals

Property owners in the State of North Carolina have the right to object to property assessments on the basis of the fair market value. The first step in the appeal process is requesting an informal review by an appraiser in the County Assessor's Office. Informal Review Requests must be initiated by completing an Informal Review Form attached to the Notice of Real Estate Assessed Value. This form must be completed and returned to the County Assessor's Office within 30 days of the date on the Notice of Real Estate Assessed Value or on or before the Board of Equalization and Review adjourn. An appraiser then reviews the property along with the information provided to support the appeal, and adjustments may be made based on the review. Once the informal review is complete, another Notice of Real Estate Assessed Value is sent to the property owner, who may accept the value or appeal further.

The next step is a more formal appeal to the Board of Equalization and Review. The members of this board are appointed by the County Commissioners and are citizens of Buncombe County who are familiar with the local real estate market. Appeals to the Board of Equalization and Review must be initiated by submitting a written request. This request must be returned to the Office of the County Assessor within 30 days of the date on the Notice of Real Estate Assessed Value or anytime prior to the adjournment of the Board. The adjournment date for the Board is advertised in the local newspaper and usually occurs in late April. Once the request is received, the property owner is asked to complete an Application for Hearing Form. Upon the Board's receipt of the form, the property owner is notified of the date of the appointment before the Board.

If, after receiving the decision of the Board of Equalization and Review, the property owner is still unsatisfied with the value, an appeal may be made to the North Carolina Property Tax Commission. The members of the Commission are appointed by the Governor, the Lieutenant Governor, and the Speaker of the House. Applications must be filed within thirty (30) days of the date of the Notice of Decision of the Board of Equalization and Review. Appeals of decisions by the Commission can be made to the North Carolina Court of Appeals and are based on the record made at the hearing before the Commission.

TAXATION PROCEDURES

Overview

The Buncombe County Tax Administration Office takes the appraised value provided by the County Assessor's Office (itself a part of the Tax Administration Office), along with the tax rates set by the governing authorities of entities with authority to tax within the County, applies any applicable exemptions, and calculates taxes for each property. The County Tax Administration Office then mails bills to owners.

Credits and Exemptions

Homestead Exemption for Elderly & Disabled – Qualifying owners benefit by having the greater of \$25,000 or 50% of the value of their permanent residence excluded from taxation. To qualify, the property owner must meet the following requirements on January 1 of the year he/she applies:

1. Is at least 65 years of age or totally and permanently disabled.
2. Has an income for the prior year of not more than the statutory limit. For 2008 applications based on 2007 income, that limit is \$25,000.
3. Is a Buncombe County resident.

Income is the adjusted gross income, as defined in Section 62 of the Internal Revenue Code, plus all other moneys received from every source, other than gifts or inheritances. For married applicants residing with their spouses, the income of both spouses must be included, whether or not the property is in both names. The application period is January 1 to June 1.

Other Property Tax Exemptions – North Carolina General Statutes allow for certain types of property to be exempt from property taxes if they meet the requirements specified by the statutes. Some types of exempt property may include, but are not limited to:

- Property used for religious purposes
- Property set aside for burial purposes
- Property used for educational, scientific, or literary purposes
- Property used for charitable purposes

To apply for exemption, an application must be filed with the County Assessor's Office during the regular listing period, which is the month of January.

In addition to the above exemptions, property tax deferral is provided by this program for qualifying property involved in agricultural, horticultural, or forestry management. This report assumes that none of the property within the Private Development will qualify for any of the above mentioned exemptions.

Tax Rates

Tax rates are set on an annual basis by applicable governing authorities. The tax rates for 2007 in the District are as follows:

<i>Town of Woodfin rate =</i>	\$0.265 per \$100 of assessed value
<i>Woodfin Fire District rate =</i>	\$0.100 per \$100 of assessed value
<i>Buncombe County rate =</i>	\$0.525 per \$100 of assessed value
<i>Total rate =</i>	\$0.890 per \$100 of assessed value

Several properties in Buncombe County are subject to additional special levies. The resultant tax levy, however, is not considered eligible for use by the District and is not included in this study.

Both County and Town tax rates have fluctuated in past years. It is likely that this tax rate will continue to change over time; for projecting estimated future tax revenue in this report, however, a static rate of \$0.890 per \$100 of assessed value is used for property in the District. It should be noted that, as of this writing, the 2008 tax rates have not yet been established. It is possible that the tax rates will change materially.

Interest

All property taxes paid after the due date (January 5) are delinquent and subject to interest. Interest accrues at the rate of two percent (2%) for all real property for the first calendar month or any fraction thereof and three-fourths of one percent (3/4%) for each subsequent month or fraction thereof until paid.

North Carolina General Statutes require advertisement of tax liens on real estate. If property taxes remain unpaid, the names of owners and amounts owed are advertised in the local newspaper, usually in late April.

In addition to foreclosure on real estate, there are other alternatives available to the Tax Administration Office to enforce collections. These can begin as soon as a tax falls delinquent. They include garnishment of wages, attachment of bank accounts or rents, and levy on personal property. The Tax Administration Office does accept partial payments on accounts prior to the due date. To avoid enforcement of collections, the bill must be paid in full by the due date. The Tax Administration Office accepts full or partial payments prior to issuing annual tax bills.

Timeline

The County Tax Administration Office calculates taxes owed, compiles a schedule of all taxable property in the County and the value of each such property, and sends bills beginning in July. If the bill and assessment are accepted, billing proceeds as scheduled. If not, the property owner enters the appellate process; the property owner is still liable for 100% of the amount billed during the appellate process.

The Town of Woodfin and Buncombe County taxes are due on September 1 and payable without interest through January 5. Interest begins to accrue immediately following the due date. There is not a set date, however, for foreclosure efforts to begin. Perhaps due to the aggressive application of interest, Buncombe County has enjoyed historically high collection rates.⁴

Table B on the following page outlines the assessment and appellate timelines.

⁴ According to the Buncombe County Tax Administration Office, the ratio of total timely tax collections to total tax levy for the years 2003-2007 was 98.848%.

TABLE B
Assessment and Appellate Timeline

<i>Process</i>	<i>Date</i>
Property assessed "as of" date	January 1
First Notice of Real Estate Assessed Value mailed (in year of reassessment only) -- 30 day initial appeal period begins upon receipt of notification that value has changed and terminates on or before the Board of Equalization and Review adjourn	March
Second Notice of Real Estate Assessed Value mailed -- 30 day appeal period to Board of Equalization begins upon receipt	April
Notice of Decision of the Board of Equalization and Review -- 30 day appeal period to North Carolina Property Tax Commission begins upon receipt	May
Appeals to North Carolina Court of Appeals	Through year end
Source – Buncombe County Assessor's Office	

Table C outlines the taxation timeline.

TABLE C
Taxation Timeline

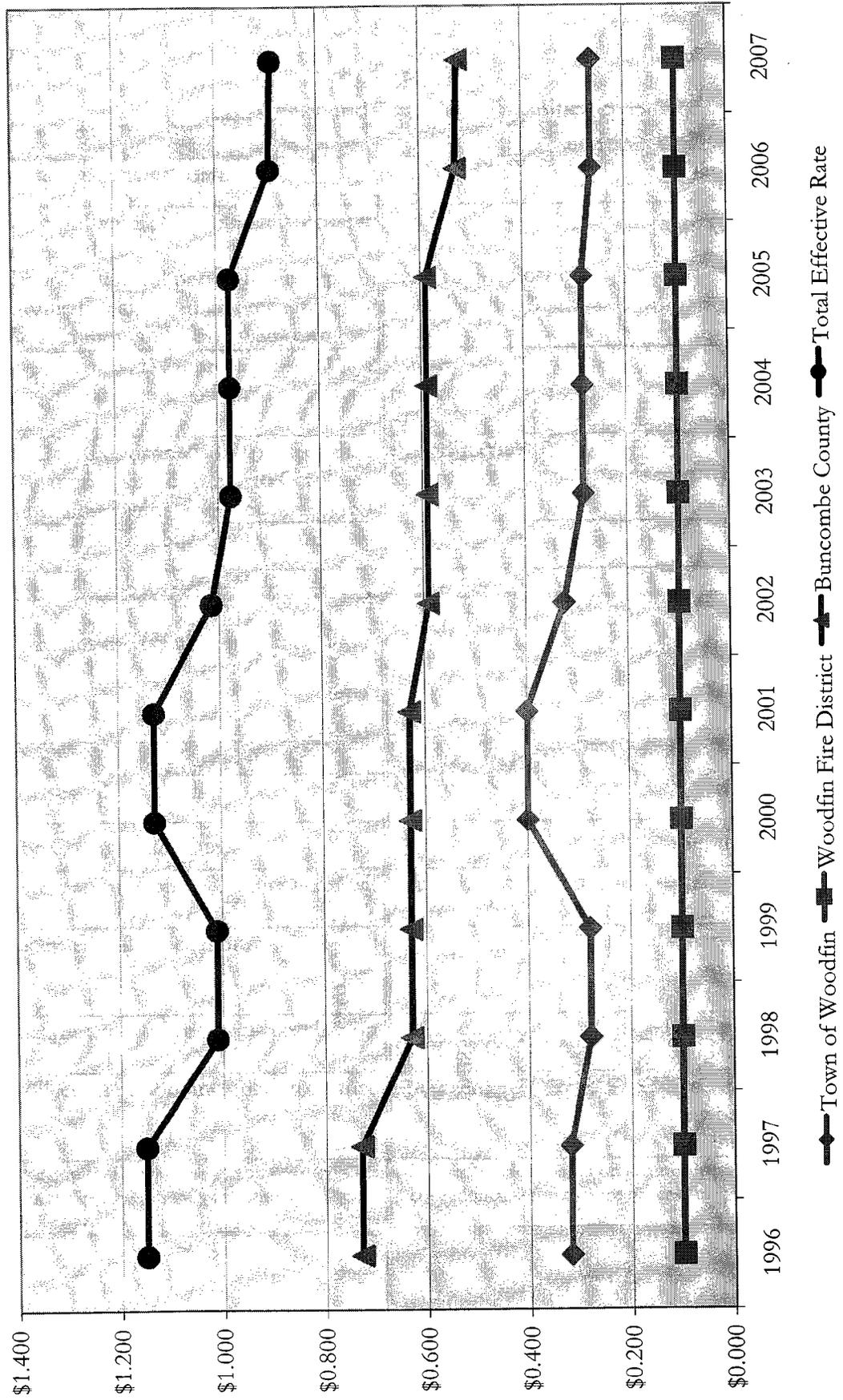
<i>Process</i>	<i>Date</i>
Property assessed "as of" date	January 1
Buncombe County taxes due	September 1
Final day to pay Buncombe County taxes without penalty	January 5 of following year
Interest accrues at 2% per month	January 6 through January 31 of following year
Interest accrues at ¾% per month each month thereafter	Until paid in full
Forced collection period, including foreclosure proceedings	No set time frame, may begin after February 1
Source – Buncombe County Tax Administration Office. This schedule is based on statutorily permitted timing assumptions and represents only an estimate. The actual collection and foreclosure process may take appreciably longer.	

TABLE D
Historic Tax Rates, 1996-2007⁵

Year	Town of Woodfin Tax Rate Per \$100 A.V.	Woodfin Fire District Tax Rate Per \$100 A.V.	Buncombe County Tax Rate Per \$100 A.V.	Total Available Tax Rate
1996	\$0.320	\$0.100	\$0.730	\$1.150
1997	\$0.320	\$0.100	\$0.730	\$1.150
1998	\$0.280	\$0.100	\$0.630	\$1.010
1999	\$0.280	\$0.100	\$0.630	\$1.010
2000	\$0.400	\$0.100	\$0.630	\$1.130
2001	\$0.400	\$0.100	\$0.630	\$1.130
2002	\$0.325	\$0.100	\$0.590	\$1.015
2003	\$0.285	\$0.100	\$0.590	\$0.975
2004	\$0.285	\$0.100	\$0.590	\$0.975
2005	\$0.285	\$0.100	\$0.590	\$0.975
2006	\$0.265	\$0.100	\$0.530	\$0.895
2007	\$0.265	\$0.100	\$0.525	\$0.890

⁵Source: Buncombe County Tax Office and Buncombe County Comprehensive Annual Financial Report, FY 2006.

CHART 2: Historic Tax Rates, 1996-2007



III. Historical Appreciation in Values

Property values typically appreciate over time. Because Buncombe County only reassesses property on a four-year basis, and because those reassessments are “horizontal adjustments” that use a modeling system for all properties rather than individual reassessments, it is not possible to track the historic appreciation of assessed values in Buncombe County for specific property types or specific parcels.

Information is available for the total increase in taxable assessed value for both the County and Town. Though this information contains the increase in taxable value due to both appreciation and new construction, the figures indicate steady and robust growth, as outlined below in Table E, and expressed graphically in Chart 3.

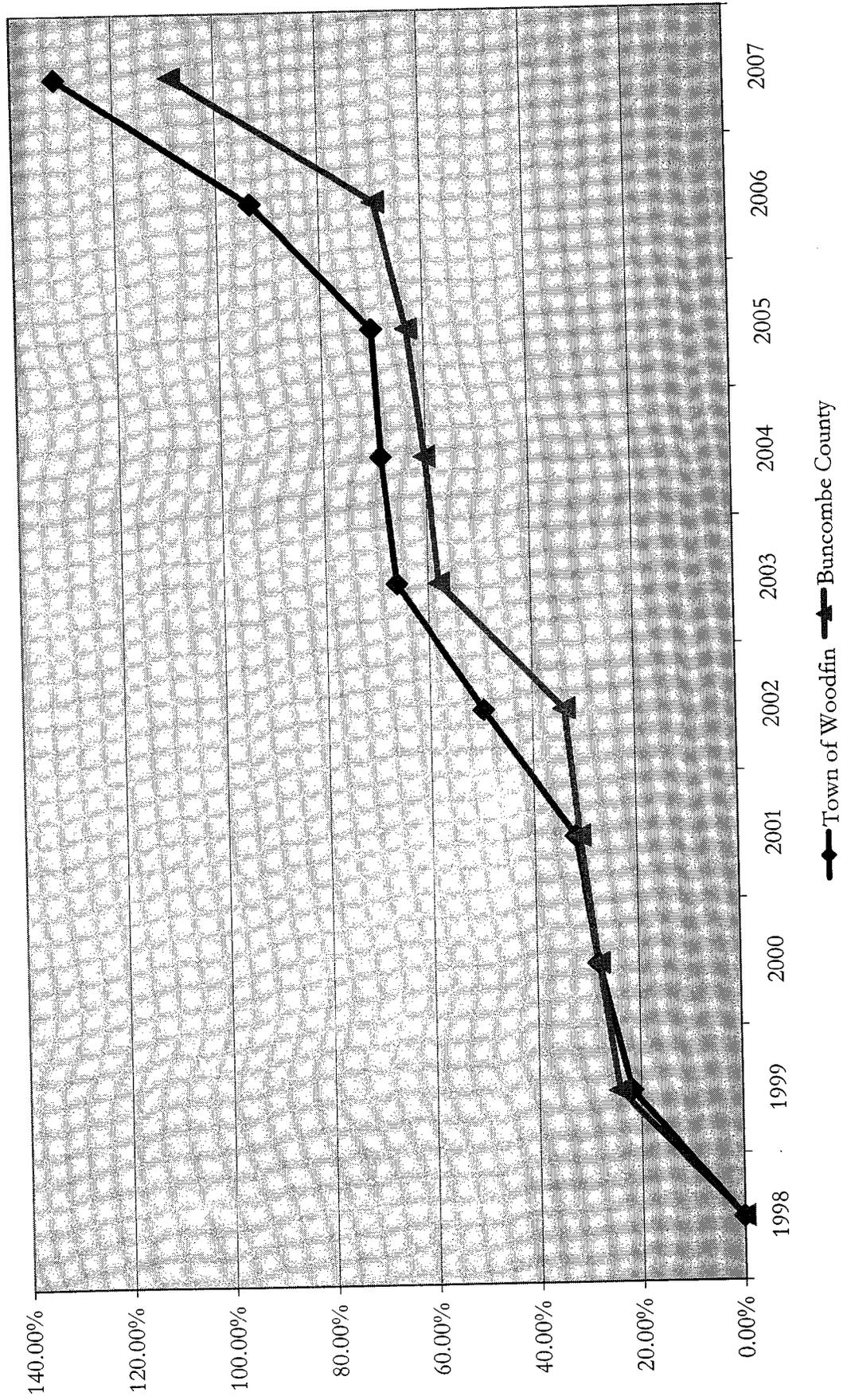
Table E
Annual Increase in Taxable Assessed Value (1998-2007)

<i>Jurisdiction</i>	<i>Average Increase</i>
Town of Woodfin	14.6%
Buncombe County	12.1%
*Buncombe County Tax Department	

Further evidence of strong appreciation in values comes from the County Assessor’s Office, which advised during the preparation of this report to depreciate current projections of assessed value by 8% for each year between this year and the year of the previous horizontal adjustment. This indicates an implied appreciation rate of 8% since the last horizontal adjustment.

Based on the information outlined in this section, a future appreciation rate of 3% for all property types has been used in this study to project future appreciated assessed values.

CHART 3: Historic Increase in Assessed Value, 1998-2007



IV. Description of Woodfin Downtown Corridor District

DESCRIPTION OF DISTRICT

The District is a development financing district created pursuant to Section 7.3 of the Local Development Act. The District is comprised of approximately 235 acres of real property located in the Town of Woodfin. A detailed rendering of the proposed TIF District is included as Exhibit A. The location of the proposed Private Development is at the intersection of Senator Reynolds Road and Weaverville Road (U.S. Highway 25), with the tract extending along the northerly and southerly margins of Senator Reynolds Road, east of Weaverville Road, Town of Woodfin, Beaverdam Township, Buncombe County, North Carolina 28804. It will be called The Village at Reynolds Mountain and is situated on total of 50.36-acres; however, horizontal development will encompass only 42.79-acres, with 7.57-acres of excess land.

Exhibit A at the end of this section provides an image of the Woodfin TIF District, with Phase V highlighted.

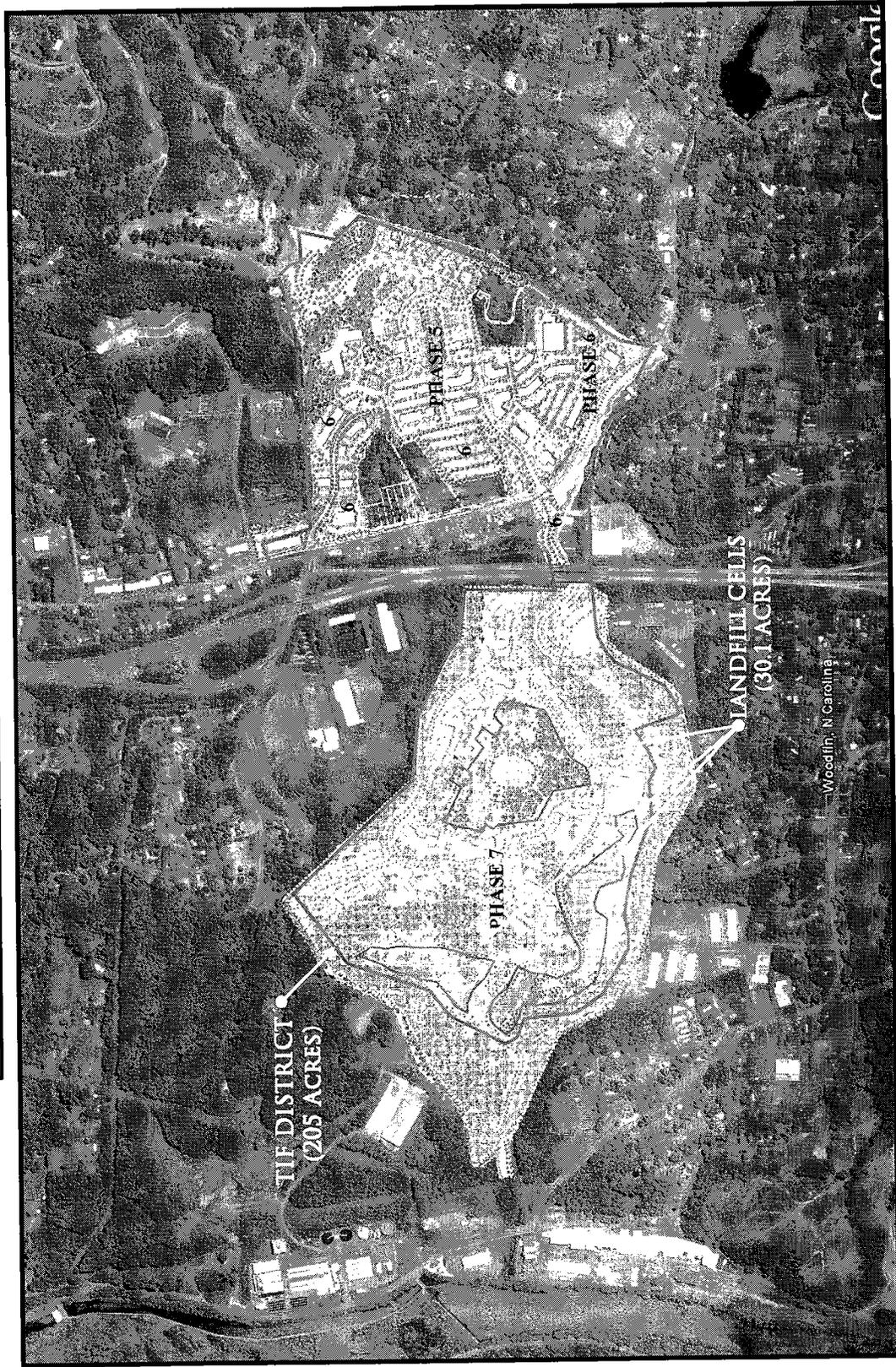
REGIONAL ECONOMY

Buncombe County is part of the Asheville, North Carolina Metropolitan Statistical Area. The population estimate for 2006 was 222,174. The median income for a household in the county was \$36,666, and the median income for a family was \$45,011. Males had a median income of \$30,705 versus \$23,870 for females. The per capita income for the county was \$20,384. Based on information provided in the County's Annual Financial Report, there are several positive indicators for the future of the regional economy. These include:

- Total employment increased 1.9 percent over the year. Employment totals are at a new all-time high at 170,600. Over 5,200 new jobs were added and the unemployment rate at 3.2 percent remains below the state and nation rate.
- Volvo Construction Equipment North America, Inc. a manufacturer of heavy construction equipment is planning to spend a total of \$56.6 million to expand their product line.
- J. Crew Distribution Center, a retail company, is planning to spend a total of \$15 million for an expansion of their local distribution center operations.
- Silver-Line Plastics, a manufacturer of PVC pipe, is planning to spend a total of \$3 million for an expansion of their operations.
- General fund revenue from retail sales increased 13.0 percent from fiscal year 2005 to fiscal year 2006.
- Residential building permits increased 14.0 percent from calendar year 2004 to 2005 and the total value of the permits increased 31.3 percent.
- Tourism hotel/motel sales are up 14.0 percent for the year. Employment in the leisure and hospitality industry is up 3.0 percent over the past year.
- Strong growth in the tax base in recent years.⁶

⁶ Source: *Buncombe County Comprehensive Annual Financial Report, 2006.*

**Exhibit A:
Woodfin Downtown Corridor Financing District**



V. Proposed Development

OVERVIEW

The proposed Private Development site comprises approximately 235 acres in the Town of Woodfin. As planned by Reynolds Mountain Partners, LLC, the Private Development will be a vibrant mixed use community featuring 169 residential units and over 180,000 square feet of commercial development. Development is underway for several of the structures, and is projected to continue through 2013. Current plans include eight mixed-use buildings, with uses indicated below in Table F.

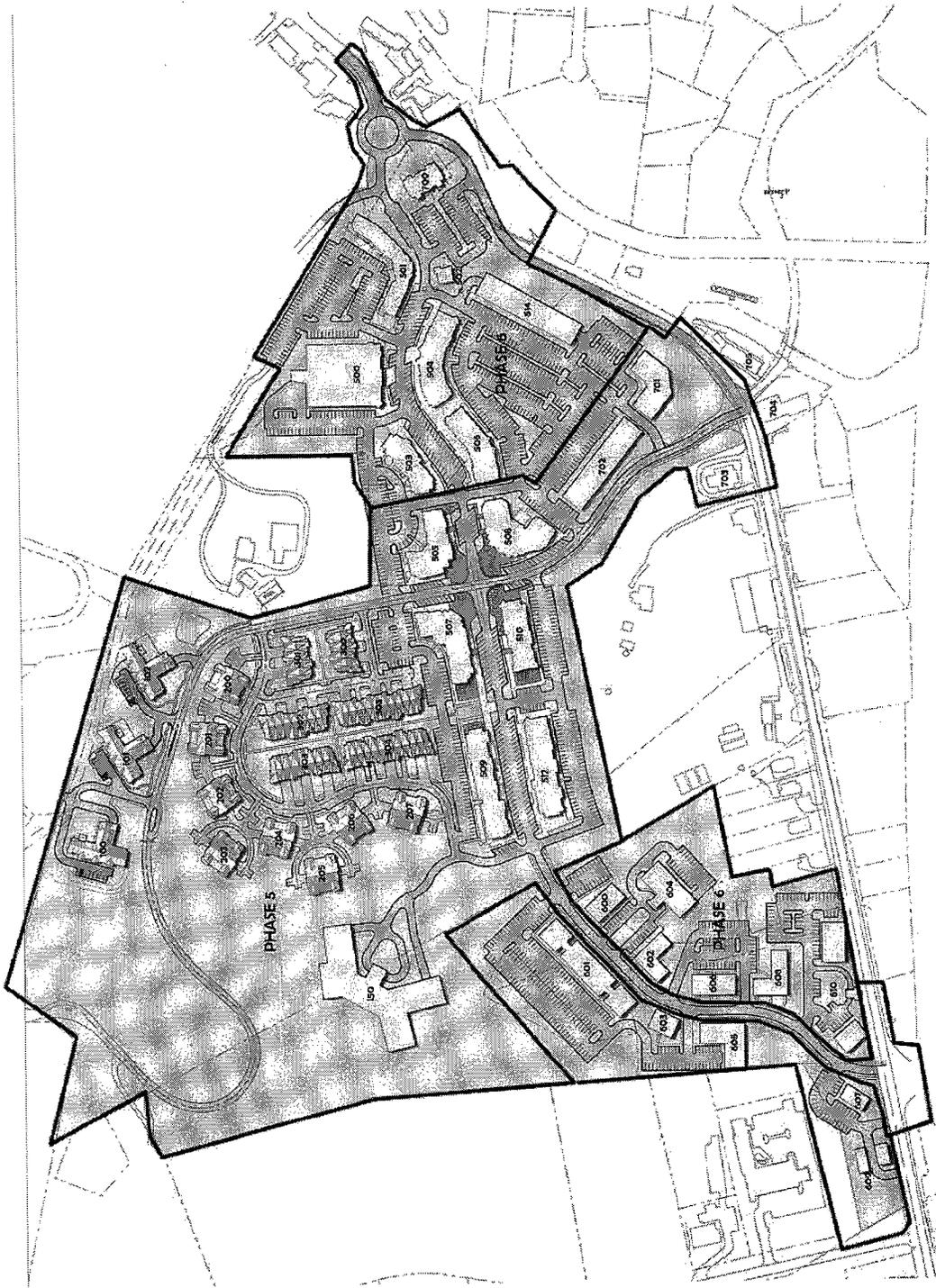
TABLE F
Projected Private Development¹

<i>Project Component</i>	<i>Projected Completion</i>	<i>Projected Units/Sq. Ft.</i>
<i>Residential</i>		<i>Units</i>
Terrace condominiums	2013	30
Courtyard condominiums	2013	32
Porch condominiums	2013	36
One-bedroom lofts	2013	36
Two-bedroom lofts	2013	35
Total Residential		169
<i>Commercial</i>		<i>Square Feet</i>
Total Commercial	2012	183,095

¹Source: Reynolds Mountain Partners, LLC.

Exhibit B provides an overview of the master site plan for the Private Development.

EXHIBIT B - CURRENT PRIVATE DEVELOPMENT PLAN



VI. Projection of Market and Assessed Value

ESTIMATED MARKET VALUE

As outlined in the discussion on assessment procedures in Buncombe County, assessed values are based on values as appraised by the Assessor's Office, which, in turn, are meant to represent fair market value. Different property types are appraised using different methods. This section of the report includes the estimated market value and an explanation of the methodology used for the projected development within the District.

Assumptions

The properties are first assumed to be on the tax roll as developed property values based on estimates by the developers of when the property will be substantially completed. Although a substantial portion of this project is already under construction, and although the Assessor's Office will likely pick up some of the construction value during the buildout period, no interim construction values are estimated in this report. Table G shows when properties are expected to first be assessed, based on the pro forma provided by Reynolds Mountain Partners, LLC.

**TABLE G
Projected Completion Dates**

<i>Project Component</i>	<i>Estimated Date of Substantial Completion</i>	<i>Date Improved Value Appears on Assessor's Roll</i>
Terrace condominiums	2009-2013	2010-2014
Courtyard condominiums	2009-2013	2010-2014
Porch condominiums	2009-2013	2010-2014
One-bedroom lofts	2009-2013	2010-2014
Two-bedroom lofts	2009-2013	2010-2014
Commercial	2009-2012	2010-2012
¹ Project components showing estimated dates of substantial completion in more than one year are assumed to consist of multiple, individually assessable properties.		

Based on interviews with the Buncombe County Assessor's Office, all newly developed commercial property in the Private Development will be appraised using the cost approach to valuation, while the sales-comparison approach will be used for assessing residential property.

As noted in the discussion of assessment procedures, property is reassessed every four years in Buncombe County, with property developed in non-assessment years retroactively valued to the date of the last County-wide reassessment. Since the last reassessment was in 2007, newly developed property in the Private Development will be assessed as of this date.

The approach suggested by the Assessor's Office – and employed in this study – is to predict future assessments of commercial property by using a cost estimate utilizing Marshall & Swift software and to predict future assessments of residential property based on projected sales prices. These values represent current estimates of market and assessed value, which must be trended back to the date of the last reassessment. According to the Assessor's Office, this should be done at a rate of 8% per year.

Table H on the following page shows the projection of total assessed value prior to any discount of values due to the date of the last horizontal adjustment.

TABLE H
Projected Appraised Value at Buildout in Current Dollars

<i>Project Component</i>	<i>Assessed Value Per Unit/Sq. Ft.</i>	<i>Units/Sq. Ft.</i>	<i>Total Estimated Appraised Value</i>
Terrace condominiums	\$648,340	30	\$19,450,200
Courtyard condominiums	\$515,100	32	\$16,483,200
Porch condominiums	\$649,840	36	\$23,394,240
One-bedroom lofts	\$300,000	36	\$10,800,000
Two-bedroom lofts	\$360,000	35	\$12,600,000
Commercial	\$165	183,095	\$40,639,586
Buncombe County Total			\$123,367,226

A detailed calculation of the estimated property values, along with documentation of information sources, is included in the attached appendices at the end of this report. These appendices show the projected appraised values over a 30 year period, both with and without appreciation.

Total projected value for all of the Private Development in the District is estimated at \$123,367,226, which includes the values outlined in Table H, plus \$10,380,104 in land value associated with the commercial portion of the development. This figure represents the value of the land on a cost basis, as calculated by Fred H. Beck & Associates, LLC in "Self-Contained Appraisal Report" (June 9, 2008). The appraisal report references a total estimated value on a cost basis of \$21,147,000, and also estimates approximately 53% of the value, or \$11,197,699, being attributable to commercial property. According to the Buncombe County Real Estate Assessment Office, land values will include costs of improvements upon reassessment, but will not include entrepreneurial profit. Accordingly, estimates of entrepreneurial profit in "Self-Contained Appraisal Report" (\$817,595) have been netted out of cost estimates to arrive at the figure of \$10,380,104, which translates to a value of \$902,618 per acre. Estimates of projected land value over a 30 year period both with and without appreciation are included in the Appendices that accompany this report."

INCREMENTAL ASSESSED VALUE

Potential Incremental Assessed Value

As described in Section II of this report, the State of North Carolina mandates that property types be assessed at 100% of appraised value according to property use. Therefore, the estimated total assessed value for the Private Development in Buncombe County is \$123,367,226, all of which is assumed to be subject to taxation. The current assessed value for the property to be developed as part of the Private Development is \$2,218,800. As a result, the incremental assessed value for the Private Development is \$121,148,426.

$$\begin{aligned} & \text{Total assessed value } (\$123,367,226) - \text{base value } (\$2,218,800) = \\ & \text{Incremental assessed value } (\$121,148,426) \end{aligned}$$

Detailed calculations of incremental assessed values for Buncombe County over a 30 year period, both with and without appreciation, are included in the attached appendices at the end of this report.

Background Incremental Assessed Value

In addition to the amounts outlined above, the background District area in Buncombe County had an assessed value of \$11,638,700 in Assessment Year 2007. As of this writing, values for Assessment Year 2008 were not available. Any future assessments that are higher than the established 2007 base value, however, will be considered as incremental assessed value and will result in additional incremental real property taxes within the District.

VII. Comparable Properties

Overview

This section compares the projected appraised values of the subject properties to the appraised values of comparable properties. The purpose of doing these comparisons is to provide a check on the values calculated in the previous section of the study. Generally, it is expected that newly developed property will achieve similar values to comparable existing property in the same market area. A straightforward comparison between estimated and historic values serves as a helpful indicator as to whether the estimated values are reasonable. The two major challenges in making these comparisons are:

1. Accurately identifying the true market area in which the subject property will be competing; and
2. Accurately identifying similar projects that truly allow for a direct comparison of the subject property.

These challenges were evident in the Woodfin Downtown Corridor Financing District, for a variety of reasons. First, the area surrounding the Private Development is relatively undeveloped compared with the rest of Buncombe County. Second, most of the proposed development within the District introduces new product to an area where there are few similar projects available for comparison. To try to offset these inherent obstacles, this study uses a wide sample of the projects in Buncombe County believed to be most directly comparable to the Private Development.

Results - Residential Properties

In comparing residential properties, this study looked at sales data for the existing nearby townhomes developed by Reynolds Mountain Partners, LLC, as well as recent sales from projects the developer views as directly comparable. The results are summarized below in Table I. Due to the recent nature of some of these projects, the assessed values were not available at the time of this writing. Therefore, sales prices rather than assessed values are shown.

TABLE I
Subject vs. Sample Property -- Residential

<i>Property</i>	<i>Average Sales Price Per Unit</i>	<i>Average Sales Price Per Sq. Ft.</i>
Sample of comparable properties	\$739,239	\$328
Reynolds Mountain townhomes	\$1,024,351	\$349
Subject properties	\$489,513	\$305

Chart 4 shows the values of the proposed development compared to the actual appraised values of existing properties in terms of per unit and per square foot.

Results - Commercial Property

This analysis used a variety of newer commercial property from throughout Buncombe County for purposes of comparison. Because these values represent current appraised values, the projected values have been trended back to the date of the horizontal reassessment at the depreciation rate of 8% per year. A summary of these findings is shown below in Table J.

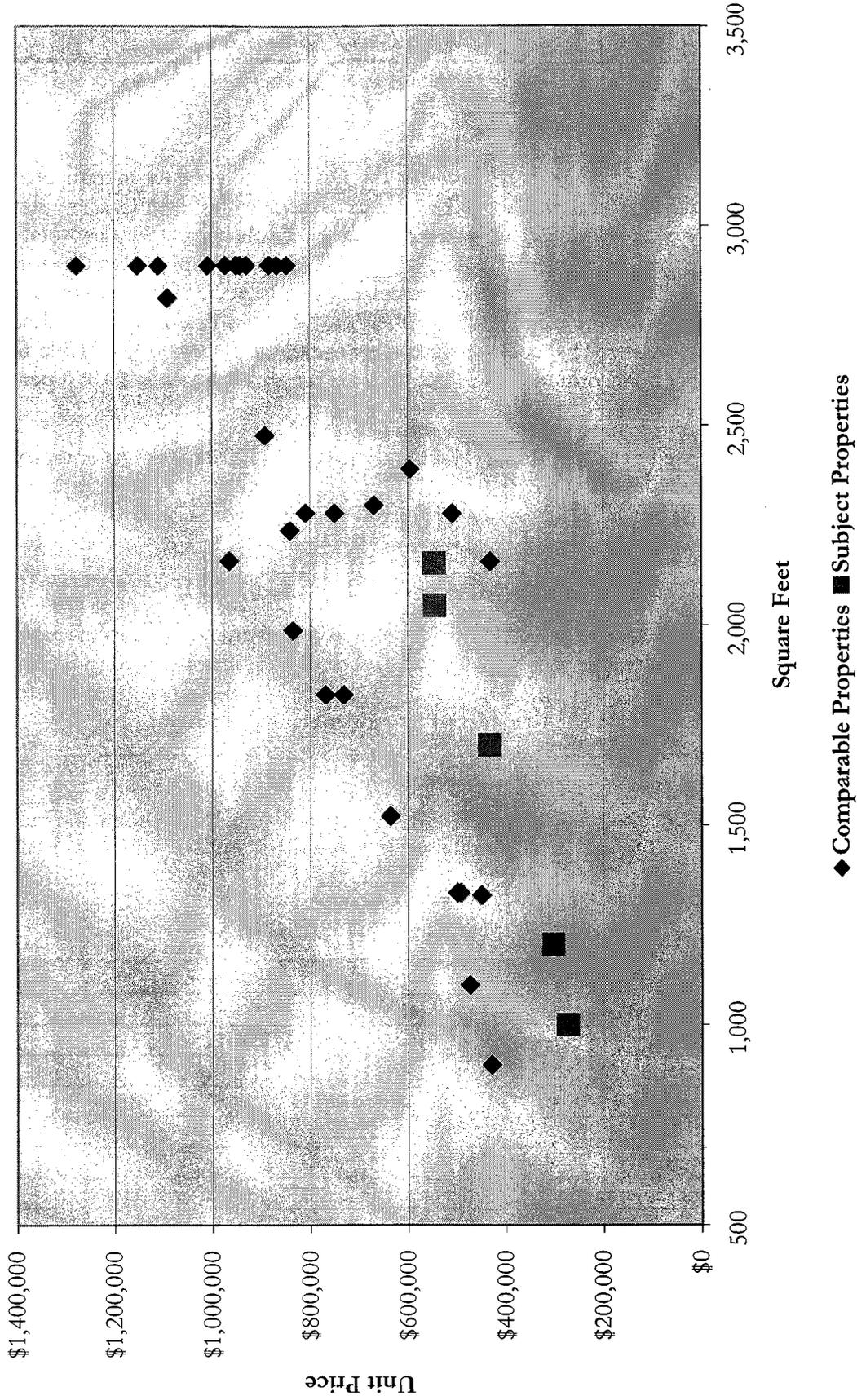
TABLE J
Subject vs. Sample Property -- Commercial

<i>Property</i>	<i>Average Appraised Value Per Sq. Ft.</i>
Comparables - retail	\$78
Comparables - restaurants	\$205
Comparables - office	\$157
Subject property - other commercial	\$154

As Tables I and J show, the estimated values for the Private Development are generally in line with the observed values for comparable properties in Buncombe County.

The attached appendices at the end of this report list the comparable residential and commercial property used in this study.

CHART 4: Subject vs. Comparable Properties, Sales Price Per Unit



VIII. Projection of Incremental Revenue

INCREMENTAL TAXES

Methodology

The incremental property value created within the District will produce incremental revenue in the form of additional real property taxes. In accordance with North Carolina statute, this incremental revenue is calculated by subtracting the base value from the new total assessed value to get the net "incremental value," which is then multiplied by the total taxes. Currently, the total tax rate per \$100 of assessed value is \$0.525 for Buncombe County, \$0.265 for the Town of Woodfin, and \$0.100 for the Woodfin Fire District, as described in Section II of this report. This study assumes that these tax levies will be eligible for use in paying debt service. Accordingly, the total tax rate for this analysis is \$0.890 per \$100 of assessed value.

The current assessed value for the Private Development is \$2,218,800. At completion, it is estimated to be reassessed at \$123,367,226; therefore, incremental value is estimated to be \$121,148,426. Total gross taxes on the property at build-out would be:

$$\begin{aligned} & \text{Private Development:} \\ & (\$121,148,426 \div 100 \times \$0.89) = \$1,078,221 \end{aligned}$$

This same methodology is applied to the background increment, as the current base value of \$11,638,700 is assumed to increase over time. In Scenario A, it is assumed to increase in the next horizontal adjustment only. In Scenario B, it is assumed to increase consistently at a rate of 3% annually, realized in the years of the horizontal readjustment.

Results

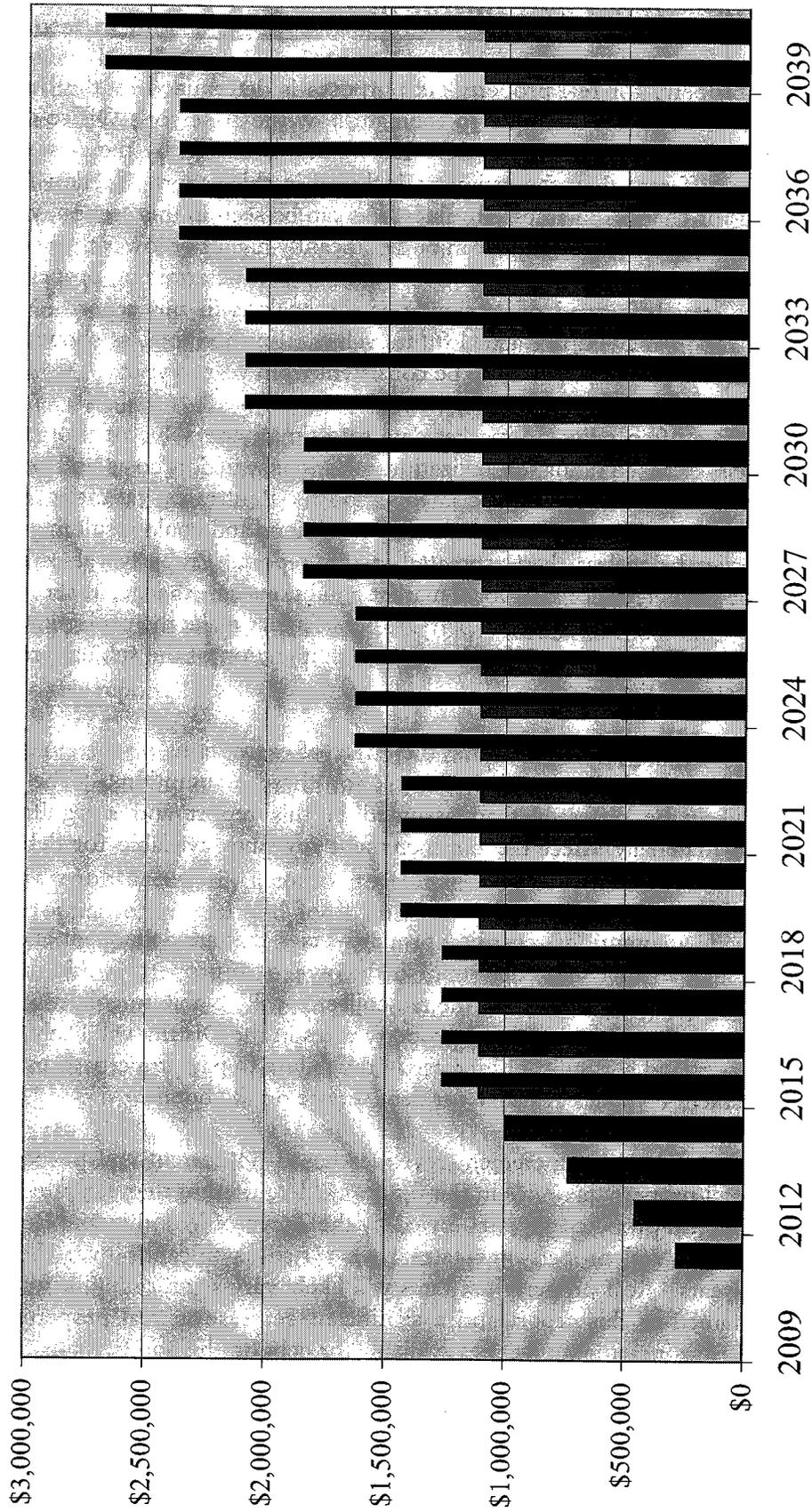
Using the values calculated in Section VI and the methodology listed above, the incremental tax revenues for the District are shown below in Table K.

TABLE K
Projected Incremental Taxes

<i>Source</i>	<i>Annual Incremental Tax</i>	<i>30 Year Total</i>
Scenario A (no appreciation)		
Private Development incremental taxes	\$248,473 to \$1,078,221	\$30,379,449
Background District incremental taxes	\$19,484	\$584,527
Scenario A total incremental taxes	\$267,957 to \$1,097,705	\$30,963,976
Scenario B (3% appreciation)		
Private Development incremental taxes	\$248,473 to \$2,492,325	\$47,532,417
Background District incremental taxes	\$19,484 to \$177,988	\$2,507,162
Scenario B total incremental taxes	\$267,957 to \$2,670,313	\$50,039,579

Detailed calculations of these figures are included in the attached appendices. Tax increment over a 30 year period for each scenario is shown graphically in Chart 5.

**CHART 5: Incremental Taxes -- 30 Year Projection
(Private Development and Background District)**



■ Incremental Taxes -- Scenario A ■ Incremental Taxes -- Scenario B

IX. Assumptions and Tax Limitations

The valuation of property for real property tax purposes is determined by the Buncombe County Assessor's Office. This report attempts to estimate how the Assessor's Office may estimate the value of the subject properties in the future. The values estimated by the Assessor's Office will almost certainly be different than the estimates included in this report. Section III of this report includes an analysis of changes in assessed values. As can be seen in this section, values can change significantly over time, and these changes can be significantly higher or lower than values in previous years. The history of values in Section III demonstrates that determining property values for tax purposes is not as straightforward or as simple as the analysis in this report. Many factors not considered in this report may impact actual future values. Furthermore, as shown by the values in Section III, property values are not likely to be consistent from year to year.

The Assessor's Office often relies on market data to estimate the value of property. Market rent rates, vacancy levels, expense ratios, capitalization rates, construction costs and other assumptions may change or be different than estimated in this report. Rent rates, vacancies, and expenses for the subject properties may be different than market conditions and could result in property values of the subject properties being less than estimated in this report. Property values can be appealed, competition can be greater, national or local market conditions can change; in short, there are many factors that can affect the valuation of property. These factors make the projection of future values an imprecise exercise. The successful development and operation of the subject properties is critical to the values estimated in the report.

This report has made assumptions regarding the effect of exemptions on incremental real property taxes. There is no historical or statistical basis for these assumptions. The actual effect of exemptions will likely be different than assumed in this report and a significant increase in exemptions would materially affect the tax increment revenues available for debt service on the bonds.

This report has made assumptions regarding property taxes that are delinquent and not paid. This study does not include an analysis to determine if the owners of property within the District will be able or willing to pay property taxes or if the tax collector will be able to collect unpaid taxes. The actual delinquencies in the payment of real property taxes in the District will likely be different than assumed in this report and a significant increase in the failure to pay property taxes would materially affect the tax increment revenues available for debt service on the bonds.

This report estimates future tax increment revenues based on current real property tax rates and does not assume real property tax rates in the future will be different than tax rates in 2007. Chart 3 shows the historical real property tax rates levied by the Town of Woodfin and Buncombe County. As shown by Chart 3, real property tax rates have varied significantly over the years and have declined in some years. Real property tax rates will likely vary significantly in future years and be different than assumed in this report and a significant decrease in real property tax rates could materially affect the tax increment revenues available for debt on the bonds.

This report includes projections of tax increment revenues based on no appreciation and two percent annual appreciation. Changes in values will not be consistent from year to year. Future values are estimated based on values in 2008. Values in any future year may be less than values in 2008.

This report assumes that the subject properties will be developed as projected in this report. A delay in the development of properties or changes to the program of development would reduce tax increment revenues during the years of the delay and could result in there being inadequate tax revenues to pay debt service on the bonds. No analysis has been conducted to determine if the subject properties are likely to be developed as projected.

This report assumes that a portion of residential properties will not serve as the primary residence of the property owner and will therefore be assessed at a higher rate and not be eligible for certain credits and exemptions. The proportion of residential properties that will not serve as the legal residence of the property owner was based entirely on developer estimates. MuniCap, Inc. has not conducted any analysis to determine if the proportion of homes serving as legal residences is likely to be as projected. A change in this proportion could substantially affect future values.

This report includes a summary of provisions on the laws of the State of North Carolina, Buncombe County, and Town of Woodfin relating to the assessment of property, collection of property taxes, and tax allocation districts. This summary is general in nature, is not intended to be definitive, and is qualified in its entirety by the applicable provisions of law.

The limited offering memorandum includes additional information on the proposed Private Development, as well as information regarding the District, the collection of property taxes, and other matters relevant to this report, including risk factors related to the bonds. This report should be reviewed in conjunction with the limited offering memorandum and all relevant information therein applies to this report.

Numerous sources of information were relied on in the preparation of this report. These sources are believed to be reliable; however, no effort has been made to verify information obtained from other sources.

In summary, this report necessarily incorporates numerous estimates and assumptions with respect to property performance, general and local business and economic conditions, the absence of material changes in the competitive environment and other matters. Some estimates or assumptions will inevitably not materialize and unanticipated events and circumstance will occur. As a result, actual results will vary from the estimates in this report and the variations may be material.

Other assumptions made in the preparation of this report and limiting conditions to this report are as follows:

1. There are no zoning, building, safety, environmental or other federal, state, or local laws, regulations, or codes that would prohibit or impair the development, marketing or operation of the subject properties in the manner contemplated in this report, and the subject properties will be developed, marketed and operated in compliance with all applicable laws, regulations, and codes.
2. No material changes will occur in (a) any federal, state or local law, regulation or code affecting the subject properties or (b) any federal, state or local grant, financing or other program to be utilized in connection with the subject properties.
3. The local, national and international economies will not deteriorate and there will be no

significant changes in interest rates or in rates of inflation or deflation.

4. The subject properties will be served by adequate transportation, utilities and governmental facilities.
5. The subject properties will not be subjected to any war, energy crises, embargo, strike, earthquake, flood, fire or other casualty or act of God.
6. The subject properties will be developed, marketed, and operated in a highly professional manner.
7. There are no existing, impending or threatened litigation that could hinder the development, marketing, or operation of the subject properties.
8. MuniCap, Inc. does not have expertise in and has no responsibility legal, environmental, architectural, geologic, engineering, and other matters related to the development and operation of the subject properties.

**WOODFIN TOWN CENTER
BUNCOMBE COUNTY, NC**

Appendix A: Summary of Development¹

Year Ending	Tenaces (Units)		Courtyards (Units)		Porches (Units)		Loft 1BR (Units)		Loft 2BR (Units)		Outparcels/Commercial (SF)	
	Annual	Cumulative	Annual	Cumulative	Annual	Cumulative	Annual	Cumulative	Annual	Cumulative	Annual	Cumulative
31-Dec-07	0	0	0	0	0	0	0	0	0	0	0	0
31-Dec-08	0	0	0	0	0	0	0	0	0	0	0	0
31-Dec-09	4	4	5	5	5	5	5	5	5	5	48,642	48,642
31-Dec-10	4	8	5	10	5	10	5	10	5	10	48,642	97,284
31-Dec-11	9	17	8	18	10	20	10	20	11	21	48,641	145,925
31-Dec-12	9	26	9	27	10	30	10	30	10	31	37,170	183,095
31-Dec-13	4	30	5	32	6	36	6	36	4	35	0	183,095
31-Dec-14	0	30	0	32	0	36	0	36	0	35	0	183,095
31-Dec-15	0	30	0	32	0	36	0	36	0	35	0	183,095
31-Dec-16	0	30	0	32	0	36	0	36	0	35	0	183,095
31-Dec-17	0	30	0	32	0	36	0	36	0	35	0	183,095
31-Dec-18	0	30	0	32	0	36	0	36	0	35	0	183,095
31-Dec-19	0	30	0	32	0	36	0	36	0	35	0	183,095
31-Dec-20	0	30	0	32	0	36	0	36	0	35	0	183,095
31-Dec-21	0	30	0	32	0	36	0	36	0	35	0	183,095
31-Dec-22	0	30	0	32	0	36	0	36	0	35	0	183,095
31-Dec-23	0	30	0	32	0	36	0	36	0	35	0	183,095
31-Dec-24	0	30	0	32	0	36	0	36	0	35	0	183,095
31-Dec-25	0	30	0	32	0	36	0	36	0	35	0	183,095
31-Dec-26	0	30	0	32	0	36	0	36	0	35	0	183,095
31-Dec-27	0	30	0	32	0	36	0	36	0	35	0	183,095
31-Dec-28	0	30	0	32	0	36	0	36	0	35	0	183,095
31-Dec-29	0	30	0	32	0	36	0	36	0	35	0	183,095
31-Dec-30	0	30	0	32	0	36	0	36	0	35	0	183,095
31-Dec-31	0	30	0	32	0	36	0	36	0	35	0	183,095
31-Dec-32	0	30	0	32	0	36	0	36	0	35	0	183,095
31-Dec-33	0	30	0	32	0	36	0	36	0	35	0	183,095
31-Dec-34	0	30	0	32	0	36	0	36	0	35	0	183,095
31-Dec-35	0	30	0	32	0	36	0	36	0	35	0	183,095
31-Dec-36	0	30	0	32	0	36	0	36	0	35	0	183,095
31-Dec-37	0	30	0	32	0	36	0	36	0	35	0	183,095
31-Dec-38	0	30	0	32	0	36	0	36	0	35	0	183,095
Total	30	32	36	36	36	36	35	35	35	35	183,095	183,095

¹Source: Reynolds Mountain Partners, LLC.

**WOODFIN TOWN CENTER
BUNCOMBE COUNTY, NC**

Appendix B-1: Assessed Value - Terraces

Year Ending	Tax Year Ending	Inflation ¹	SF Per Unit	Value Per SF ²	Value Per Unit	Total Units	Total Value	
							Scenario A	Scenario B
31-Dec-07	5-Jan-09	84%	2,050	\$316	\$648,340	0	\$0	\$0
31-Dec-08	5-Jan-10	92%	2,050	\$316	\$648,340	0	\$0	\$0
31-Dec-09	5-Jan-11	100%	2,050	\$316	\$648,340	4	\$2,593,360	\$2,593,360
31-Dec-10	5-Jan-12	100%	2,050	\$316	\$648,340	8	\$5,186,720	\$5,186,720
31-Dec-11	5-Jan-13	100%	2,050	\$316	\$648,340	17	\$11,021,780	\$11,021,780
31-Dec-12	5-Jan-14	100%	2,050	\$316	\$648,340	26	\$16,856,840	\$16,856,840
31-Dec-13	5-Jan-15	113%	2,050	\$316	\$648,340	30	\$19,450,200	\$21,891,371
31-Dec-14	5-Jan-16	113%	2,050	\$316	\$648,340	30	\$19,450,200	\$21,891,371
31-Dec-15	5-Jan-17	113%	2,050	\$316	\$648,340	30	\$19,450,200	\$21,891,371
31-Dec-16	5-Jan-18	113%	2,050	\$316	\$648,340	30	\$19,450,200	\$21,891,371
31-Dec-17	5-Jan-19	127%	2,050	\$316	\$648,340	30	\$19,450,200	\$24,638,931
31-Dec-18	5-Jan-20	127%	2,050	\$316	\$648,340	30	\$19,450,200	\$24,638,931
31-Dec-19	5-Jan-21	127%	2,050	\$316	\$648,340	30	\$19,450,200	\$24,638,931
31-Dec-20	5-Jan-22	127%	2,050	\$316	\$648,340	30	\$19,450,200	\$24,638,931
31-Dec-21	5-Jan-23	143%	2,050	\$316	\$648,340	30	\$19,450,200	\$27,731,334
31-Dec-22	5-Jan-24	143%	2,050	\$316	\$648,340	30	\$19,450,200	\$27,731,334
31-Dec-23	5-Jan-25	143%	2,050	\$316	\$648,340	30	\$19,450,200	\$27,731,334
31-Dec-24	5-Jan-26	143%	2,050	\$316	\$648,340	30	\$19,450,200	\$27,731,334
31-Dec-25	5-Jan-27	160%	2,050	\$316	\$648,340	30	\$19,450,200	\$31,211,861
31-Dec-26	5-Jan-28	160%	2,050	\$316	\$648,340	30	\$19,450,200	\$31,211,861
31-Dec-27	5-Jan-29	160%	2,050	\$316	\$648,340	30	\$19,450,200	\$31,211,861
31-Dec-28	5-Jan-30	160%	2,050	\$316	\$648,340	30	\$19,450,200	\$31,211,861
31-Dec-29	5-Jan-31	181%	2,050	\$316	\$648,340	30	\$19,450,200	\$35,129,225
31-Dec-30	5-Jan-32	181%	2,050	\$316	\$648,340	30	\$19,450,200	\$35,129,225
31-Dec-31	5-Jan-33	181%	2,050	\$316	\$648,340	30	\$19,450,200	\$35,129,225
31-Dec-32	5-Jan-34	181%	2,050	\$316	\$648,340	30	\$19,450,200	\$35,129,225
31-Dec-33	5-Jan-35	203%	2,050	\$316	\$648,340	30	\$19,450,200	\$39,538,252
31-Dec-34	5-Jan-36	203%	2,050	\$316	\$648,340	30	\$19,450,200	\$39,538,252
31-Dec-35	5-Jan-37	203%	2,050	\$316	\$648,340	30	\$19,450,200	\$39,538,252
31-Dec-36	5-Jan-38	203%	2,050	\$316	\$648,340	30	\$19,450,200	\$39,538,252
31-Dec-37	5-Jan-39	229%	2,050	\$316	\$648,340	30	\$19,450,200	\$44,500,651
31-Dec-38	5-Jan-40	229%	2,050	\$316	\$648,340	30	\$19,450,200	\$44,500,651

¹Property is re-assessed every 4 years. Values in years prior to 12/31/09 are discounted by 8%, based on discussions with Real Estate Assessment Manager for Buncombe County.

²Value per square foot based on projected average selling price for all homes at Woodfin Town Center by Reynolds Mountain. Average sales prices for nearby townhomes sold by Reynolds Mountain have averages \$349 per square foot. (See Schedule H).

**WOODFIN TOWN CENTER
BUNCOMBE COUNTY, NC**

Appendix B-2: Assessed Value - Courtyards

Year Ending	Tax Year Ending	Inflation ¹	SF Per Unit	Value Per SF ²	Value Per Unit	Total Units	Total Value	
							Scenario A	Scenario B
31-Dec-07	5-Jan-09	84%	1,700	\$303	\$515,100	0	\$0	\$0
31-Dec-08	5-Jan-10	92%	1,700	\$303	\$515,100	0	\$0	\$0
31-Dec-09	5-Jan-11	100%	1,700	\$303	\$515,100	5	\$2,575,500	\$2,575,500
31-Dec-10	5-Jan-12	100%	1,700	\$303	\$515,100	10	\$5,151,000	\$5,151,000
31-Dec-11	5-Jan-13	100%	1,700	\$303	\$515,100	18	\$9,271,800	\$9,271,800
31-Dec-12	5-Jan-14	100%	1,700	\$303	\$515,100	27	\$13,907,700	\$13,907,700
31-Dec-13	5-Jan-15	113%	1,700	\$303	\$515,100	32	\$16,483,200	\$18,551,987
31-Dec-14	5-Jan-16	113%	1,700	\$303	\$515,100	32	\$16,483,200	\$18,551,987
31-Dec-15	5-Jan-17	113%	1,700	\$303	\$515,100	32	\$16,483,200	\$18,551,987
31-Dec-16	5-Jan-18	113%	1,700	\$303	\$515,100	32	\$16,483,200	\$18,551,987
31-Dec-17	5-Jan-19	127%	1,700	\$303	\$515,100	32	\$16,483,200	\$20,880,425
31-Dec-18	5-Jan-20	127%	1,700	\$303	\$515,100	32	\$16,483,200	\$20,880,425
31-Dec-19	5-Jan-21	127%	1,700	\$303	\$515,100	32	\$16,483,200	\$20,880,425
31-Dec-20	5-Jan-22	127%	1,700	\$303	\$515,100	32	\$16,483,200	\$20,880,425
31-Dec-21	5-Jan-23	143%	1,700	\$303	\$515,100	32	\$16,483,200	\$23,501,102
31-Dec-22	5-Jan-24	143%	1,700	\$303	\$515,100	32	\$16,483,200	\$23,501,102
31-Dec-23	5-Jan-25	143%	1,700	\$303	\$515,100	32	\$16,483,200	\$23,501,102
31-Dec-24	5-Jan-26	143%	1,700	\$303	\$515,100	32	\$16,483,200	\$23,501,102
31-Dec-25	5-Jan-27	160%	1,700	\$303	\$515,100	32	\$16,483,200	\$26,450,697
31-Dec-26	5-Jan-28	160%	1,700	\$303	\$515,100	32	\$16,483,200	\$26,450,697
31-Dec-27	5-Jan-29	160%	1,700	\$303	\$515,100	32	\$16,483,200	\$26,450,697
31-Dec-28	5-Jan-30	160%	1,700	\$303	\$515,100	32	\$16,483,200	\$26,450,697
31-Dec-29	5-Jan-31	181%	1,700	\$303	\$515,100	32	\$16,483,200	\$29,770,493
31-Dec-30	5-Jan-32	181%	1,700	\$303	\$515,100	32	\$16,483,200	\$29,770,493
31-Dec-31	5-Jan-33	181%	1,700	\$303	\$515,100	32	\$16,483,200	\$29,770,493
31-Dec-32	5-Jan-34	181%	1,700	\$303	\$515,100	32	\$16,483,200	\$29,770,493
31-Dec-33	5-Jan-35	203%	1,700	\$303	\$515,100	32	\$16,483,200	\$33,506,952
31-Dec-34	5-Jan-36	203%	1,700	\$303	\$515,100	32	\$16,483,200	\$33,506,952
31-Dec-35	5-Jan-37	203%	1,700	\$303	\$515,100	32	\$16,483,200	\$33,506,952
31-Dec-36	5-Jan-38	203%	1,700	\$303	\$515,100	32	\$16,483,200	\$33,506,952
31-Dec-37	5-Jan-39	229%	1,700	\$303	\$515,100	32	\$16,483,200	\$37,712,369
31-Dec-38	5-Jan-40	229%	1,700	\$303	\$515,100	32	\$16,483,200	\$37,712,369

¹Property is re-assessed every 4 years. Values in years prior to 12/31/09 are discounted by 8%, based on discussions with Real Estate Assessment Manager for Buncombe County.

²Value per square foot based on projected average selling price for all homes at Woodfin Town Center by Reynolds Mountain. Average sales prices for nearby townhomes sold by Reynolds Mountain have averages \$349 per square foot. (See Schedule H).

**WOODFIN TOWN CENTER
BUNCOMBE COUNTY, NC**

Appendix B-3: Assessed Value - Porches

Year Ending	Tax Year Ending	Inflation ¹	SF Per Unit	Value Per SF ²	Value Per Unit	Total Units	Total Value	
							Scenario A	Scenario B
31-Dec-07	5-Jan-09	84%	2,155	\$302	\$649,840	0	\$0	\$0
31-Dec-08	5-Jan-10	92%	2,155	\$302	\$649,840	0	\$0	\$0
31-Dec-09	5-Jan-11	100%	2,155	\$302	\$649,840	5	\$3,249,200	\$3,249,200
31-Dec-10	5-Jan-12	100%	2,155	\$302	\$649,840	10	\$6,498,400	\$6,498,400
31-Dec-11	5-Jan-13	100%	2,155	\$302	\$649,840	20	\$12,996,800	\$12,996,800
31-Dec-12	5-Jan-14	100%	2,155	\$302	\$649,840	30	\$19,495,200	\$19,495,200
31-Dec-13	5-Jan-15	113%	2,155	\$302	\$649,840	36	\$23,394,240	\$26,330,423
31-Dec-14	5-Jan-16	113%	2,155	\$302	\$649,840	36	\$23,394,240	\$26,330,423
31-Dec-15	5-Jan-17	113%	2,155	\$302	\$649,840	36	\$23,394,240	\$26,330,423
31-Dec-16	5-Jan-18	113%	2,155	\$302	\$649,840	36	\$23,394,240	\$26,330,423
31-Dec-17	5-Jan-19	127%	2,155	\$302	\$649,840	36	\$23,394,240	\$29,635,123
31-Dec-18	5-Jan-20	127%	2,155	\$302	\$649,840	36	\$23,394,240	\$29,635,123
31-Dec-19	5-Jan-21	127%	2,155	\$302	\$649,840	36	\$23,394,240	\$29,635,123
31-Dec-20	5-Jan-22	127%	2,155	\$302	\$649,840	36	\$23,394,240	\$29,635,123
31-Dec-21	5-Jan-23	143%	2,155	\$302	\$649,840	36	\$23,394,240	\$33,354,592
31-Dec-22	5-Jan-24	143%	2,155	\$302	\$649,840	36	\$23,394,240	\$33,354,592
31-Dec-23	5-Jan-25	143%	2,155	\$302	\$649,840	36	\$23,394,240	\$33,354,592
31-Dec-24	5-Jan-26	143%	2,155	\$302	\$649,840	36	\$23,394,240	\$33,354,592
31-Dec-25	5-Jan-27	160%	2,155	\$302	\$649,840	36	\$23,394,240	\$37,540,888
31-Dec-26	5-Jan-28	160%	2,155	\$302	\$649,840	36	\$23,394,240	\$37,540,888
31-Dec-27	5-Jan-29	160%	2,155	\$302	\$649,840	36	\$23,394,240	\$37,540,888
31-Dec-28	5-Jan-30	160%	2,155	\$302	\$649,840	36	\$23,394,240	\$37,540,888
31-Dec-29	5-Jan-31	181%	2,155	\$302	\$649,840	36	\$23,394,240	\$42,252,600
31-Dec-30	5-Jan-32	181%	2,155	\$302	\$649,840	36	\$23,394,240	\$42,252,600
31-Dec-31	5-Jan-33	181%	2,155	\$302	\$649,840	36	\$23,394,240	\$42,252,600
31-Dec-32	5-Jan-34	181%	2,155	\$302	\$649,840	36	\$23,394,240	\$42,252,600
31-Dec-33	5-Jan-35	203%	2,155	\$302	\$649,840	36	\$23,394,240	\$47,555,673
31-Dec-34	5-Jan-36	203%	2,155	\$302	\$649,840	36	\$23,394,240	\$47,555,673
31-Dec-35	5-Jan-37	203%	2,155	\$302	\$649,840	36	\$23,394,240	\$47,555,673
31-Dec-36	5-Jan-38	203%	2,155	\$302	\$649,840	36	\$23,394,240	\$47,555,673
31-Dec-37	5-Jan-39	229%	2,155	\$302	\$649,840	36	\$23,394,240	\$53,524,329
31-Dec-38	5-Jan-40	229%	2,155	\$302	\$649,840	36	\$23,394,240	\$53,524,329

¹Property is re-assessed every 4 years. Values in years prior to 12/31/09 are discounted by 8%, based on discussions with Real Estate Assessment Manager for Buncombe County.

²Value per square foot based on projected average selling price for all homes at Woodfin Town Center by Reynolds Mountain. Average sales prices for nearby townhomes sold by Reynolds Mountain have averages \$349 per square foot. (See Schedule H).

**WOODFIN TOWN CENTER
BUNCOMBE COUNTY, NC**

Appendix B-4: Assessed Value - Loft 1BR

Year Ending	Tax Year Ending	Inflation ¹	SF Per Unit	Value Per SF ²	Value Per Unit	Total Units	Total Value	
							Scenario A	Scenario B
31-Dec-07	5-Jan-09	84%	1,000	\$300	\$300,000	0	\$0	\$0
31-Dec-08	5-Jan-10	92%	1,000	\$300	\$300,000	0	\$0	\$0
31-Dec-09	5-Jan-11	100%	1,000	\$300	\$300,000	5	\$1,500,000	\$1,500,000
31-Dec-10	5-Jan-12	100%	1,000	\$300	\$300,000	10	\$3,000,000	\$3,000,000
31-Dec-11	5-Jan-13	100%	1,000	\$300	\$300,000	20	\$6,000,000	\$6,000,000
31-Dec-12	5-Jan-14	100%	1,000	\$300	\$300,000	30	\$9,000,000	\$9,000,000
31-Dec-13	5-Jan-15	113%	1,000	\$300	\$300,000	36	\$10,800,000	\$12,155,495
31-Dec-14	5-Jan-16	113%	1,000	\$300	\$300,000	36	\$10,800,000	\$12,155,495
31-Dec-15	5-Jan-17	113%	1,000	\$300	\$300,000	36	\$10,800,000	\$12,155,495
31-Dec-16	5-Jan-18	113%	1,000	\$300	\$300,000	36	\$10,800,000	\$12,155,495
31-Dec-17	5-Jan-19	127%	1,000	\$300	\$300,000	36	\$10,800,000	\$13,681,117
31-Dec-18	5-Jan-20	127%	1,000	\$300	\$300,000	36	\$10,800,000	\$13,681,117
31-Dec-19	5-Jan-21	127%	1,000	\$300	\$300,000	36	\$10,800,000	\$13,681,117
31-Dec-20	5-Jan-22	127%	1,000	\$300	\$300,000	36	\$10,800,000	\$13,681,117
31-Dec-21	5-Jan-23	143%	1,000	\$300	\$300,000	36	\$10,800,000	\$15,398,218
31-Dec-22	5-Jan-24	143%	1,000	\$300	\$300,000	36	\$10,800,000	\$15,398,218
31-Dec-23	5-Jan-25	143%	1,000	\$300	\$300,000	36	\$10,800,000	\$15,398,218
31-Dec-24	5-Jan-26	143%	1,000	\$300	\$300,000	36	\$10,800,000	\$15,398,218
31-Dec-25	5-Jan-27	160%	1,000	\$300	\$300,000	36	\$10,800,000	\$17,330,830
31-Dec-26	5-Jan-28	160%	1,000	\$300	\$300,000	36	\$10,800,000	\$17,330,830
31-Dec-27	5-Jan-29	160%	1,000	\$300	\$300,000	36	\$10,800,000	\$17,330,830
31-Dec-28	5-Jan-30	160%	1,000	\$300	\$300,000	36	\$10,800,000	\$17,330,830
31-Dec-29	5-Jan-31	181%	1,000	\$300	\$300,000	36	\$10,800,000	\$19,506,001
31-Dec-30	5-Jan-32	181%	1,000	\$300	\$300,000	36	\$10,800,000	\$19,506,001
31-Dec-31	5-Jan-33	181%	1,000	\$300	\$300,000	36	\$10,800,000	\$19,506,001
31-Dec-32	5-Jan-34	181%	1,000	\$300	\$300,000	36	\$10,800,000	\$19,506,001
31-Dec-33	5-Jan-35	203%	1,000	\$300	\$300,000	36	\$10,800,000	\$21,954,176
31-Dec-34	5-Jan-36	203%	1,000	\$300	\$300,000	36	\$10,800,000	\$21,954,176
31-Dec-35	5-Jan-37	203%	1,000	\$300	\$300,000	36	\$10,800,000	\$21,954,176
31-Dec-36	5-Jan-38	203%	1,000	\$300	\$300,000	36	\$10,800,000	\$21,954,176
31-Dec-37	5-Jan-39	229%	1,000	\$300	\$300,000	36	\$10,800,000	\$24,709,619
31-Dec-38	5-Jan-40	229%	1,000	\$300	\$300,000	36	\$10,800,000	\$24,709,619

¹Property is re-assessed every 4 years. Values in years prior to 12/31/09 are discounted by 8%, based on discussions with Real Estate Assessment Manager for Buncombe County.

²Value per square foot based on projected average selling price for all homes at Woodfin Town Center by Reynolds Mountain. Average sales prices for nearby townhomes sold by Reynolds Mountain have averages \$349 per square foot. (See Schedule H).

**WOODFIN TOWN CENTER
BUNCOMBE COUNTY, NC**

Appendix B-5: Assessed Value - Loft 2BR

Year Ending	Tax Year Ending	Inflation ¹	SF Per Unit	Value Per SF ²	Value Per Unit	Total Units	Total Value	
							Scenario A	Scenario B
31-Dec-07	5-Jan-09	84%	1,200	\$300	\$360,000	0	\$0	\$0
31-Dec-08	5-Jan-10	92%	1,200	\$300	\$360,000	0	\$0	\$0
31-Dec-09	5-Jan-11	100%	1,200	\$300	\$360,000	5	\$1,800,000	\$1,800,000
31-Dec-10	5-Jan-12	100%	1,200	\$300	\$360,000	10	\$3,600,000	\$3,600,000
31-Dec-11	5-Jan-13	100%	1,200	\$300	\$360,000	21	\$7,560,000	\$7,560,000
31-Dec-12	5-Jan-14	100%	1,200	\$300	\$360,000	31	\$11,160,000	\$11,160,000
31-Dec-13	5-Jan-15	113%	1,200	\$300	\$360,000	35	\$12,600,000	\$14,181,411
31-Dec-14	5-Jan-16	113%	1,200	\$300	\$360,000	35	\$12,600,000	\$14,181,411
31-Dec-15	5-Jan-17	113%	1,200	\$300	\$360,000	35	\$12,600,000	\$14,181,411
31-Dec-16	5-Jan-18	113%	1,200	\$300	\$360,000	35	\$12,600,000	\$14,181,411
31-Dec-17	5-Jan-19	127%	1,200	\$300	\$360,000	35	\$12,600,000	\$15,961,303
31-Dec-18	5-Jan-20	127%	1,200	\$300	\$360,000	35	\$12,600,000	\$15,961,303
31-Dec-19	5-Jan-21	127%	1,200	\$300	\$360,000	35	\$12,600,000	\$15,961,303
31-Dec-20	5-Jan-22	127%	1,200	\$300	\$360,000	35	\$12,600,000	\$15,961,303
31-Dec-21	5-Jan-23	143%	1,200	\$300	\$360,000	35	\$12,600,000	\$17,964,587
31-Dec-22	5-Jan-24	143%	1,200	\$300	\$360,000	35	\$12,600,000	\$17,964,587
31-Dec-23	5-Jan-25	143%	1,200	\$300	\$360,000	35	\$12,600,000	\$17,964,587
31-Dec-24	5-Jan-26	143%	1,200	\$300	\$360,000	35	\$12,600,000	\$17,964,587
31-Dec-25	5-Jan-27	160%	1,200	\$300	\$360,000	35	\$12,600,000	\$20,219,301
31-Dec-26	5-Jan-28	160%	1,200	\$300	\$360,000	35	\$12,600,000	\$20,219,301
31-Dec-27	5-Jan-29	160%	1,200	\$300	\$360,000	35	\$12,600,000	\$20,219,301
31-Dec-28	5-Jan-30	160%	1,200	\$300	\$360,000	35	\$12,600,000	\$20,219,301
31-Dec-29	5-Jan-31	181%	1,200	\$300	\$360,000	35	\$12,600,000	\$22,757,002
31-Dec-30	5-Jan-32	181%	1,200	\$300	\$360,000	35	\$12,600,000	\$22,757,002
31-Dec-31	5-Jan-33	181%	1,200	\$300	\$360,000	35	\$12,600,000	\$22,757,002
31-Dec-32	5-Jan-34	181%	1,200	\$300	\$360,000	35	\$12,600,000	\$22,757,002
31-Dec-33	5-Jan-35	203%	1,200	\$300	\$360,000	35	\$12,600,000	\$25,613,206
31-Dec-34	5-Jan-36	203%	1,200	\$300	\$360,000	35	\$12,600,000	\$25,613,206
31-Dec-35	5-Jan-37	203%	1,200	\$300	\$360,000	35	\$12,600,000	\$25,613,206
31-Dec-36	5-Jan-38	203%	1,200	\$300	\$360,000	35	\$12,600,000	\$25,613,206
31-Dec-37	5-Jan-39	229%	1,200	\$300	\$360,000	35	\$12,600,000	\$28,827,889
31-Dec-38	5-Jan-40	229%	1,200	\$300	\$360,000	35	\$12,600,000	\$28,827,889

¹Property is re-assessed every 4 years. Values in years prior to 12/31/09 are discounted by 8%, based on discussions with Real Estate Assessment Manager for Buncombe County.

²Value per square foot based on projected average selling price for all homes at Woodfin Town Center by Reynolds Mountain. Average sales prices for nearby townhomes sold by Reynolds Mountain have averages \$349 per square foot. (See Schedule H).

**WOODFIN TOWN CENTER
BUNCOMBE COUNTY, NC**

Appendix B-6: Assessed Value - Outparcels/Commercial

Year Ending	Tax Year Ending	Inflation ¹	Cost Per SF ²	Total SF	Improvement Value		Land Value ³		Total Value	
					Scenario A	Scenario B	Value Per Acre	Land Value (A)	Land Value (B)	Scenario A
31-Dec-07	5-Jan-09	84%	\$165	0	\$0	\$0	\$0	\$0	\$0	\$0
31-Dec-08	5-Jan-10	92%	\$165	0	\$0	\$0	\$0	\$0	\$0	\$0
31-Dec-09	5-Jan-11	100%	\$165	48,642	\$8,038,896	\$8,038,896	\$10,380,104	\$10,380,104	\$18,419,000	\$18,419,000
31-Dec-10	5-Jan-12	100%	\$165	97,284	\$16,077,793	\$16,077,793	\$10,380,104	\$10,380,104	\$26,457,896	\$26,457,896
31-Dec-11	5-Jan-13	100%	\$165	145,925	\$24,116,524	\$24,116,524	\$10,380,104	\$10,380,104	\$34,496,627	\$34,496,627
31-Dec-12	5-Jan-14	100%	\$165	183,095	\$30,259,482	\$30,259,482	\$10,380,104	\$10,380,104	\$40,639,586	\$40,639,586
31-Dec-13	5-Jan-15	113%	\$165	183,095	\$30,259,482	\$34,057,314	\$10,380,104	\$10,380,104	\$45,740,212	\$45,740,212
31-Dec-14	5-Jan-16	113%	\$165	183,095	\$30,259,482	\$34,057,314	\$10,380,104	\$10,380,104	\$45,740,212	\$45,740,212
31-Dec-15	5-Jan-17	113%	\$165	183,095	\$30,259,482	\$34,057,314	\$10,380,104	\$10,380,104	\$45,740,212	\$45,740,212
31-Dec-16	5-Jan-18	113%	\$165	183,095	\$30,259,482	\$34,057,314	\$10,380,104	\$10,380,104	\$45,740,212	\$45,740,212
31-Dec-17	5-Jan-19	127%	\$165	183,095	\$30,259,482	\$38,331,806	\$10,380,104	\$10,380,104	\$51,481,011	\$51,481,011
31-Dec-18	5-Jan-20	127%	\$165	183,095	\$30,259,482	\$38,331,806	\$10,380,104	\$10,380,104	\$51,481,011	\$51,481,011
31-Dec-19	5-Jan-21	127%	\$165	183,095	\$30,259,482	\$38,331,806	\$10,380,104	\$10,380,104	\$51,481,011	\$51,481,011
31-Dec-20	5-Jan-22	127%	\$165	183,095	\$30,259,482	\$38,331,806	\$10,380,104	\$10,380,104	\$51,481,011	\$51,481,011
31-Dec-21	5-Jan-23	143%	\$165	183,095	\$30,259,482	\$43,142,786	\$10,380,104	\$10,380,104	\$57,942,332	\$57,942,332
31-Dec-22	5-Jan-24	143%	\$165	183,095	\$30,259,482	\$43,142,786	\$10,380,104	\$10,380,104	\$57,942,332	\$57,942,332
31-Dec-23	5-Jan-25	143%	\$165	183,095	\$30,259,482	\$43,142,786	\$10,380,104	\$10,380,104	\$57,942,332	\$57,942,332
31-Dec-24	5-Jan-26	143%	\$165	183,095	\$30,259,482	\$43,142,786	\$10,380,104	\$10,380,104	\$57,942,332	\$57,942,332
31-Dec-25	5-Jan-27	160%	\$165	183,095	\$30,259,482	\$48,557,586	\$10,380,104	\$10,380,104	\$65,214,605	\$65,214,605
31-Dec-26	5-Jan-28	160%	\$165	183,095	\$30,259,482	\$48,557,586	\$10,380,104	\$10,380,104	\$65,214,605	\$65,214,605
31-Dec-27	5-Jan-29	160%	\$165	183,095	\$30,259,482	\$48,557,586	\$10,380,104	\$10,380,104	\$65,214,605	\$65,214,605
31-Dec-28	5-Jan-30	160%	\$165	183,095	\$30,259,482	\$48,557,586	\$10,380,104	\$10,380,104	\$65,214,605	\$65,214,605
31-Dec-29	5-Jan-31	181%	\$165	183,095	\$30,259,482	\$54,651,990	\$10,380,104	\$10,380,104	\$73,399,612	\$73,399,612
31-Dec-30	5-Jan-32	181%	\$165	183,095	\$30,259,482	\$54,651,990	\$10,380,104	\$10,380,104	\$73,399,612	\$73,399,612
31-Dec-31	5-Jan-33	181%	\$165	183,095	\$30,259,482	\$54,651,990	\$10,380,104	\$10,380,104	\$73,399,612	\$73,399,612
31-Dec-32	5-Jan-34	203%	\$165	183,095	\$30,259,482	\$61,511,297	\$10,380,104	\$10,380,104	\$82,611,910	\$82,611,910
31-Dec-33	5-Jan-35	203%	\$165	183,095	\$30,259,482	\$61,511,297	\$10,380,104	\$10,380,104	\$82,611,910	\$82,611,910
31-Dec-34	5-Jan-36	203%	\$165	183,095	\$30,259,482	\$61,511,297	\$10,380,104	\$10,380,104	\$82,611,910	\$82,611,910
31-Dec-35	5-Jan-37	203%	\$165	183,095	\$30,259,482	\$61,511,297	\$10,380,104	\$10,380,104	\$82,611,910	\$82,611,910
31-Dec-36	5-Jan-38	203%	\$165	183,095	\$30,259,482	\$61,511,297	\$10,380,104	\$10,380,104	\$82,611,910	\$82,611,910
31-Dec-37	5-Jan-39	229%	\$165	183,095	\$30,259,482	\$69,231,506	\$10,380,104	\$10,380,104	\$92,980,433	\$92,980,433
31-Dec-38	5-Jan-40	229%	\$165	183,095	\$30,259,482	\$69,231,506	\$10,380,104	\$10,380,104	\$92,980,433	\$92,980,433

¹Property is re-assessed every 4 years. Values in years prior to 12/31/09 are discounted by 8%, based on discussions with Real Estate Assessment Manager for Buncombe County.

²Cost per square foot for outparcels/commercial based on Marshall & Swift cost estimate run by MuniCap, Inc.

³See Appendix I. Land values based on conclusions in "Self Contained Appraisal Report," Fred H. Beck & Associates, LLC, June 8, 2008. According to Real Estate Assessment Manager for Buncombe County, land valuation will pick up hard costs but not entrepreneur

**WOODFIN TOWN CENTER
BUNCOMBE COUNTY, NC**

Appendix C: Total Assessed Value (Scenario A)

Year Ending	Tax Year Ending	Assessed Value								Total
		Terraces	Courtyards	Porches	Loft 1BR	Loft 2BR	Commercial	Outparcels/ Commercial		
31-Dec-07	5-Jan-09	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
31-Dec-08	5-Jan-10	\$0	\$0	\$0	\$1,500,000	\$1,800,000	\$18,419,000	\$0	\$0	\$30,137,060
31-Dec-09	5-Jan-11	\$2,593,360	\$2,575,500	\$3,249,200	\$3,000,000	\$3,600,000	\$26,457,896	\$18,419,000	\$0	\$49,894,016
31-Dec-10	5-Jan-12	\$5,186,720	\$5,151,000	\$6,498,400	\$6,000,000	\$7,560,000	\$34,496,627	\$34,496,627	\$0	\$81,347,007
31-Dec-11	5-Jan-13	\$11,021,780	\$9,271,800	\$12,996,800	\$9,000,000	\$11,160,000	\$40,639,586	\$40,639,586	\$0	\$111,059,326
31-Dec-12	5-Jan-14	\$16,856,840	\$13,907,700	\$19,495,200	\$10,800,000	\$12,600,000	\$40,639,586	\$40,639,586	\$0	\$123,367,226
31-Dec-13	5-Jan-15	\$19,450,200	\$16,483,200	\$23,394,240	\$10,800,000	\$12,600,000	\$40,639,586	\$40,639,586	\$0	\$123,367,226
31-Dec-14	5-Jan-16	\$19,450,200	\$16,483,200	\$23,394,240	\$10,800,000	\$12,600,000	\$40,639,586	\$40,639,586	\$0	\$123,367,226
31-Dec-15	5-Jan-17	\$19,450,200	\$16,483,200	\$23,394,240	\$10,800,000	\$12,600,000	\$40,639,586	\$40,639,586	\$0	\$123,367,226
31-Dec-16	5-Jan-18	\$19,450,200	\$16,483,200	\$23,394,240	\$10,800,000	\$12,600,000	\$40,639,586	\$40,639,586	\$0	\$123,367,226
31-Dec-17	5-Jan-19	\$19,450,200	\$16,483,200	\$23,394,240	\$10,800,000	\$12,600,000	\$40,639,586	\$40,639,586	\$0	\$123,367,226
31-Dec-18	5-Jan-20	\$19,450,200	\$16,483,200	\$23,394,240	\$10,800,000	\$12,600,000	\$40,639,586	\$40,639,586	\$0	\$123,367,226
31-Dec-19	5-Jan-21	\$19,450,200	\$16,483,200	\$23,394,240	\$10,800,000	\$12,600,000	\$40,639,586	\$40,639,586	\$0	\$123,367,226
31-Dec-20	5-Jan-22	\$19,450,200	\$16,483,200	\$23,394,240	\$10,800,000	\$12,600,000	\$40,639,586	\$40,639,586	\$0	\$123,367,226
31-Dec-21	5-Jan-23	\$19,450,200	\$16,483,200	\$23,394,240	\$10,800,000	\$12,600,000	\$40,639,586	\$40,639,586	\$0	\$123,367,226
31-Dec-22	5-Jan-24	\$19,450,200	\$16,483,200	\$23,394,240	\$10,800,000	\$12,600,000	\$40,639,586	\$40,639,586	\$0	\$123,367,226
31-Dec-23	5-Jan-25	\$19,450,200	\$16,483,200	\$23,394,240	\$10,800,000	\$12,600,000	\$40,639,586	\$40,639,586	\$0	\$123,367,226
31-Dec-24	5-Jan-26	\$19,450,200	\$16,483,200	\$23,394,240	\$10,800,000	\$12,600,000	\$40,639,586	\$40,639,586	\$0	\$123,367,226
31-Dec-25	5-Jan-27	\$19,450,200	\$16,483,200	\$23,394,240	\$10,800,000	\$12,600,000	\$40,639,586	\$40,639,586	\$0	\$123,367,226
31-Dec-26	5-Jan-28	\$19,450,200	\$16,483,200	\$23,394,240	\$10,800,000	\$12,600,000	\$40,639,586	\$40,639,586	\$0	\$123,367,226
31-Dec-27	5-Jan-29	\$19,450,200	\$16,483,200	\$23,394,240	\$10,800,000	\$12,600,000	\$40,639,586	\$40,639,586	\$0	\$123,367,226
31-Dec-28	5-Jan-30	\$19,450,200	\$16,483,200	\$23,394,240	\$10,800,000	\$12,600,000	\$40,639,586	\$40,639,586	\$0	\$123,367,226
31-Dec-29	5-Jan-31	\$19,450,200	\$16,483,200	\$23,394,240	\$10,800,000	\$12,600,000	\$40,639,586	\$40,639,586	\$0	\$123,367,226
31-Dec-30	5-Jan-32	\$19,450,200	\$16,483,200	\$23,394,240	\$10,800,000	\$12,600,000	\$40,639,586	\$40,639,586	\$0	\$123,367,226
31-Dec-31	5-Jan-33	\$19,450,200	\$16,483,200	\$23,394,240	\$10,800,000	\$12,600,000	\$40,639,586	\$40,639,586	\$0	\$123,367,226
31-Dec-32	5-Jan-34	\$19,450,200	\$16,483,200	\$23,394,240	\$10,800,000	\$12,600,000	\$40,639,586	\$40,639,586	\$0	\$123,367,226
31-Dec-33	5-Jan-35	\$19,450,200	\$16,483,200	\$23,394,240	\$10,800,000	\$12,600,000	\$40,639,586	\$40,639,586	\$0	\$123,367,226
31-Dec-34	5-Jan-36	\$19,450,200	\$16,483,200	\$23,394,240	\$10,800,000	\$12,600,000	\$40,639,586	\$40,639,586	\$0	\$123,367,226
31-Dec-35	5-Jan-37	\$19,450,200	\$16,483,200	\$23,394,240	\$10,800,000	\$12,600,000	\$40,639,586	\$40,639,586	\$0	\$123,367,226
31-Dec-36	5-Jan-38	\$19,450,200	\$16,483,200	\$23,394,240	\$10,800,000	\$12,600,000	\$40,639,586	\$40,639,586	\$0	\$123,367,226
31-Dec-37	5-Jan-39	\$19,450,200	\$16,483,200	\$23,394,240	\$10,800,000	\$12,600,000	\$40,639,586	\$40,639,586	\$0	\$123,367,226
31-Dec-38	5-Jan-40	\$19,450,200	\$16,483,200	\$23,394,240	\$10,800,000	\$12,600,000	\$40,639,586	\$40,639,586	\$0	\$123,367,226

WOODFIN TOWN CENTER
BUNCOMBE COUNTY, NC

Appendix D: Total Assessed Value (Scenario B)

Year	Tax Year	Inflation	Assessed Value										Total	
			Ending	Factor	Terraces	Courtyards	Porches	Loft 1BR	Loft 2BR	Outparcels/ Commercial	Total			
31-Dec-07	5-Jan-09	84%	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
31-Dec-08	5-Jan-10	92%	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
31-Dec-09	5-Jan-11	100%	\$2,593,360	\$2,575,500	\$3,249,200	\$1,500,000	\$1,800,000	\$1,800,000	\$18,419,000	\$30,137,060	\$18,419,000	\$30,137,060	\$18,419,000	\$30,137,060
31-Dec-10	5-Jan-12	100%	\$5,186,720	\$5,151,000	\$6,498,400	\$3,000,000	\$3,600,000	\$3,600,000	\$26,457,896	\$49,894,016	\$26,457,896	\$49,894,016	\$26,457,896	\$49,894,016
31-Dec-11	5-Jan-13	100%	\$11,021,780	\$9,271,800	\$12,996,800	\$6,000,000	\$7,560,000	\$7,560,000	\$34,496,627	\$81,347,007	\$34,496,627	\$81,347,007	\$34,496,627	\$81,347,007
31-Dec-12	5-Jan-14	100%	\$16,856,840	\$13,907,700	\$19,495,200	\$9,000,000	\$11,160,000	\$11,160,000	\$40,639,586	\$111,059,326	\$40,639,586	\$111,059,326	\$40,639,586	\$111,059,326
31-Dec-13	5-Jan-15	113%	\$21,891,371	\$18,551,987	\$26,330,423	\$12,155,495	\$14,181,411	\$14,181,411	\$45,740,212	\$138,850,899	\$45,740,212	\$138,850,899	\$45,740,212	\$138,850,899
31-Dec-14	5-Jan-16	113%	\$21,891,371	\$18,551,987	\$26,330,423	\$12,155,495	\$14,181,411	\$14,181,411	\$45,740,212	\$138,850,899	\$45,740,212	\$138,850,899	\$45,740,212	\$138,850,899
31-Dec-15	5-Jan-17	113%	\$21,891,371	\$18,551,987	\$26,330,423	\$12,155,495	\$14,181,411	\$14,181,411	\$45,740,212	\$138,850,899	\$45,740,212	\$138,850,899	\$45,740,212	\$138,850,899
31-Dec-16	5-Jan-18	113%	\$21,891,371	\$18,551,987	\$26,330,423	\$12,155,495	\$14,181,411	\$14,181,411	\$45,740,212	\$138,850,899	\$45,740,212	\$138,850,899	\$45,740,212	\$138,850,899
31-Dec-17	5-Jan-19	127%	\$24,638,931	\$20,880,425	\$29,635,123	\$13,681,117	\$15,961,303	\$15,961,303	\$51,481,011	\$156,277,911	\$51,481,011	\$156,277,911	\$51,481,011	\$156,277,911
31-Dec-18	5-Jan-20	127%	\$24,638,931	\$20,880,425	\$29,635,123	\$13,681,117	\$15,961,303	\$15,961,303	\$51,481,011	\$156,277,911	\$51,481,011	\$156,277,911	\$51,481,011	\$156,277,911
31-Dec-19	5-Jan-21	127%	\$24,638,931	\$20,880,425	\$29,635,123	\$13,681,117	\$15,961,303	\$15,961,303	\$51,481,011	\$156,277,911	\$51,481,011	\$156,277,911	\$51,481,011	\$156,277,911
31-Dec-20	5-Jan-22	127%	\$24,638,931	\$20,880,425	\$29,635,123	\$13,681,117	\$15,961,303	\$15,961,303	\$51,481,011	\$156,277,911	\$51,481,011	\$156,277,911	\$51,481,011	\$156,277,911
31-Dec-21	5-Jan-23	143%	\$27,731,334	\$23,501,102	\$33,354,592	\$15,398,218	\$17,964,587	\$17,964,587	\$57,942,332	\$175,892,165	\$57,942,332	\$175,892,165	\$57,942,332	\$175,892,165
31-Dec-22	5-Jan-24	143%	\$27,731,334	\$23,501,102	\$33,354,592	\$15,398,218	\$17,964,587	\$17,964,587	\$57,942,332	\$175,892,165	\$57,942,332	\$175,892,165	\$57,942,332	\$175,892,165
31-Dec-23	5-Jan-25	143%	\$27,731,334	\$23,501,102	\$33,354,592	\$15,398,218	\$17,964,587	\$17,964,587	\$57,942,332	\$175,892,165	\$57,942,332	\$175,892,165	\$57,942,332	\$175,892,165
31-Dec-24	5-Jan-26	143%	\$27,731,334	\$23,501,102	\$33,354,592	\$15,398,218	\$17,964,587	\$17,964,587	\$57,942,332	\$175,892,165	\$57,942,332	\$175,892,165	\$57,942,332	\$175,892,165
31-Dec-25	5-Jan-27	160%	\$31,211,861	\$26,450,697	\$37,540,888	\$17,330,830	\$20,219,301	\$20,219,301	\$65,214,605	\$197,968,181	\$65,214,605	\$197,968,181	\$65,214,605	\$197,968,181
31-Dec-26	5-Jan-28	160%	\$31,211,861	\$26,450,697	\$37,540,888	\$17,330,830	\$20,219,301	\$20,219,301	\$65,214,605	\$197,968,181	\$65,214,605	\$197,968,181	\$65,214,605	\$197,968,181
31-Dec-27	5-Jan-29	160%	\$31,211,861	\$26,450,697	\$37,540,888	\$17,330,830	\$20,219,301	\$20,219,301	\$65,214,605	\$197,968,181	\$65,214,605	\$197,968,181	\$65,214,605	\$197,968,181
31-Dec-28	5-Jan-30	160%	\$31,211,861	\$26,450,697	\$37,540,888	\$17,330,830	\$20,219,301	\$20,219,301	\$65,214,605	\$197,968,181	\$65,214,605	\$197,968,181	\$65,214,605	\$197,968,181
31-Dec-29	5-Jan-31	181%	\$35,129,225	\$29,770,493	\$42,252,600	\$19,506,001	\$22,757,002	\$22,757,002	\$73,399,612	\$222,814,932	\$73,399,612	\$222,814,932	\$73,399,612	\$222,814,932
31-Dec-30	5-Jan-32	181%	\$35,129,225	\$29,770,493	\$42,252,600	\$19,506,001	\$22,757,002	\$22,757,002	\$73,399,612	\$222,814,932	\$73,399,612	\$222,814,932	\$73,399,612	\$222,814,932
31-Dec-31	5-Jan-33	181%	\$35,129,225	\$29,770,493	\$42,252,600	\$19,506,001	\$22,757,002	\$22,757,002	\$73,399,612	\$222,814,932	\$73,399,612	\$222,814,932	\$73,399,612	\$222,814,932
31-Dec-32	5-Jan-34	181%	\$35,129,225	\$29,770,493	\$42,252,600	\$19,506,001	\$22,757,002	\$22,757,002	\$73,399,612	\$222,814,932	\$73,399,612	\$222,814,932	\$73,399,612	\$222,814,932
31-Dec-33	5-Jan-35	203%	\$39,538,252	\$33,506,952	\$47,555,673	\$21,954,176	\$25,613,206	\$25,613,206	\$82,611,910	\$250,780,169	\$82,611,910	\$250,780,169	\$82,611,910	\$250,780,169
31-Dec-34	5-Jan-36	203%	\$39,538,252	\$33,506,952	\$47,555,673	\$21,954,176	\$25,613,206	\$25,613,206	\$82,611,910	\$250,780,169	\$82,611,910	\$250,780,169	\$82,611,910	\$250,780,169
31-Dec-35	5-Jan-37	203%	\$39,538,252	\$33,506,952	\$47,555,673	\$21,954,176	\$25,613,206	\$25,613,206	\$82,611,910	\$250,780,169	\$82,611,910	\$250,780,169	\$82,611,910	\$250,780,169
31-Dec-36	5-Jan-38	203%	\$39,538,252	\$33,506,952	\$47,555,673	\$21,954,176	\$25,613,206	\$25,613,206	\$82,611,910	\$250,780,169	\$82,611,910	\$250,780,169	\$82,611,910	\$250,780,169
31-Dec-37	5-Jan-39	229%	\$44,500,651	\$37,712,369	\$53,524,329	\$24,709,619	\$28,827,889	\$28,827,889	\$92,980,433	\$282,255,290	\$92,980,433	\$282,255,290	\$92,980,433	\$282,255,290
31-Dec-38	5-Jan-40	229%	\$44,500,651	\$37,712,369	\$53,524,329	\$24,709,619	\$28,827,889	\$28,827,889	\$92,980,433	\$282,255,290	\$92,980,433	\$282,255,290	\$92,980,433	\$282,255,290

**WOODFIN TOWN CENTER
BUNCOMBE COUNTY, NC**

Appendix E: Total Incremental Background Real Property Taxes (Scenario A)

Year Ending	Tax Year Ending	Inflation	Total Assessed Value	Less: Base Value ¹	Incremental Assessed Value	Real Property Tax (Per \$100 AV) ²	Total Incremental Real Property Taxes
31-Dec-07	5-Jan-09	84%	\$11,638,700	(\$11,638,700)	\$0	\$0.890	\$0
31-Dec-08	5-Jan-10	92%	\$11,638,700	(\$11,638,700)	\$0	\$0.890	\$0
31-Dec-09	5-Jan-11	100%	\$13,827,939	(\$11,638,700)	\$2,189,239	\$0.890	\$19,484
31-Dec-10	5-Jan-12	100%	\$13,827,939	(\$11,638,700)	\$2,189,239	\$0.890	\$19,484
31-Dec-11	5-Jan-13	100%	\$13,827,939	(\$11,638,700)	\$2,189,239	\$0.890	\$19,484
31-Dec-12	5-Jan-14	100%	\$13,827,939	(\$11,638,700)	\$2,189,239	\$0.890	\$19,484
31-Dec-13	5-Jan-15	113%	\$13,827,939	(\$11,638,700)	\$2,189,239	\$0.890	\$19,484
31-Dec-14	5-Jan-16	113%	\$13,827,939	(\$11,638,700)	\$2,189,239	\$0.890	\$19,484
31-Dec-15	5-Jan-17	113%	\$13,827,939	(\$11,638,700)	\$2,189,239	\$0.890	\$19,484
31-Dec-16	5-Jan-18	113%	\$13,827,939	(\$11,638,700)	\$2,189,239	\$0.890	\$19,484
31-Dec-17	5-Jan-19	127%	\$13,827,939	(\$11,638,700)	\$2,189,239	\$0.890	\$19,484
31-Dec-18	5-Jan-20	127%	\$13,827,939	(\$11,638,700)	\$2,189,239	\$0.890	\$19,484
31-Dec-19	5-Jan-21	127%	\$13,827,939	(\$11,638,700)	\$2,189,239	\$0.890	\$19,484
31-Dec-20	5-Jan-22	127%	\$13,827,939	(\$11,638,700)	\$2,189,239	\$0.890	\$19,484
31-Dec-21	5-Jan-23	143%	\$13,827,939	(\$11,638,700)	\$2,189,239	\$0.890	\$19,484
31-Dec-22	5-Jan-24	143%	\$13,827,939	(\$11,638,700)	\$2,189,239	\$0.890	\$19,484
31-Dec-23	5-Jan-25	143%	\$13,827,939	(\$11,638,700)	\$2,189,239	\$0.890	\$19,484
31-Dec-24	5-Jan-26	143%	\$13,827,939	(\$11,638,700)	\$2,189,239	\$0.890	\$19,484
31-Dec-25	5-Jan-27	160%	\$13,827,939	(\$11,638,700)	\$2,189,239	\$0.890	\$19,484
31-Dec-26	5-Jan-28	160%	\$13,827,939	(\$11,638,700)	\$2,189,239	\$0.890	\$19,484
31-Dec-27	5-Jan-29	160%	\$13,827,939	(\$11,638,700)	\$2,189,239	\$0.890	\$19,484
31-Dec-28	5-Jan-30	160%	\$13,827,939	(\$11,638,700)	\$2,189,239	\$0.890	\$19,484
31-Dec-29	5-Jan-31	181%	\$13,827,939	(\$11,638,700)	\$2,189,239	\$0.890	\$19,484
31-Dec-30	5-Jan-32	181%	\$13,827,939	(\$11,638,700)	\$2,189,239	\$0.890	\$19,484
31-Dec-31	5-Jan-33	181%	\$13,827,939	(\$11,638,700)	\$2,189,239	\$0.890	\$19,484
31-Dec-32	5-Jan-34	181%	\$13,827,939	(\$11,638,700)	\$2,189,239	\$0.890	\$19,484
31-Dec-33	5-Jan-35	203%	\$13,827,939	(\$11,638,700)	\$2,189,239	\$0.890	\$19,484
31-Dec-34	5-Jan-36	203%	\$13,827,939	(\$11,638,700)	\$2,189,239	\$0.890	\$19,484
31-Dec-35	5-Jan-37	203%	\$13,827,939	(\$11,638,700)	\$2,189,239	\$0.890	\$19,484
31-Dec-36	5-Jan-38	203%	\$13,827,939	(\$11,638,700)	\$2,189,239	\$0.890	\$19,484
31-Dec-37	5-Jan-39	229%	\$13,827,939	(\$11,638,700)	\$2,189,239	\$0.890	\$19,484
31-Dec-38	5-Jan-40	229%	\$13,827,939	(\$11,638,700)	\$2,189,239	\$0.890	\$19,484
Total							\$584,527

¹See Appendix H.

²Based on the tax rate for Bucombe County, Town of Woodfin and Woodfin Fire.

**WOODFIN TOWN CENTER
BUNCOMBE COUNTY, NC**

Appendix F: Total Incremental Background Real Property Taxes (Scenario B)

Year Ending	Tax Year Ending	Inflation	Total Assessed Value	Less: Base Value ¹	Incremental Assessed Value	Real Property Tax (Per \$100 AV) ²	Total Incremental Real Property Taxes
31-Dec-07	5-Jan-09	84%	\$11,638,700	(\$11,638,700)	\$0	\$0.890	\$0
31-Dec-08	5-Jan-10	92%	\$11,638,700	(\$11,638,700)	\$0	\$0.890	\$0
31-Dec-09	5-Jan-11	100%	\$13,827,939	(\$11,638,700)	\$2,189,239	\$0.890	\$19,484
31-Dec-10	5-Jan-12	100%	\$13,827,939	(\$11,638,700)	\$2,189,239	\$0.890	\$19,484
31-Dec-11	5-Jan-13	100%	\$13,827,939	(\$11,638,700)	\$2,189,239	\$0.890	\$19,484
31-Dec-12	5-Jan-14	100%	\$13,827,939	(\$11,638,700)	\$2,189,239	\$0.890	\$19,484
31-Dec-13	5-Jan-15	113%	\$15,563,468	(\$11,638,700)	\$3,924,768	\$0.890	\$34,930
31-Dec-14	5-Jan-16	113%	\$15,563,468	(\$11,638,700)	\$3,924,768	\$0.890	\$34,930
31-Dec-15	5-Jan-17	113%	\$15,563,468	(\$11,638,700)	\$3,924,768	\$0.890	\$34,930
31-Dec-16	5-Jan-18	113%	\$15,563,468	(\$11,638,700)	\$3,924,768	\$0.890	\$34,930
31-Dec-17	5-Jan-19	127%	\$17,516,820	(\$11,638,700)	\$5,878,120	\$0.890	\$52,315
31-Dec-18	5-Jan-20	127%	\$17,516,820	(\$11,638,700)	\$5,878,120	\$0.890	\$52,315
31-Dec-19	5-Jan-21	127%	\$17,516,820	(\$11,638,700)	\$5,878,120	\$0.890	\$52,315
31-Dec-20	5-Jan-22	127%	\$17,516,820	(\$11,638,700)	\$5,878,120	\$0.890	\$52,315
31-Dec-21	5-Jan-23	143%	\$19,715,335	(\$11,638,700)	\$8,076,635	\$0.890	\$71,882
31-Dec-22	5-Jan-24	143%	\$19,715,335	(\$11,638,700)	\$8,076,635	\$0.890	\$71,882
31-Dec-23	5-Jan-25	143%	\$19,715,335	(\$11,638,700)	\$8,076,635	\$0.890	\$71,882
31-Dec-24	5-Jan-26	143%	\$19,715,335	(\$11,638,700)	\$8,076,635	\$0.890	\$71,882
31-Dec-25	5-Jan-27	160%	\$22,189,784	(\$11,638,700)	\$10,551,084	\$0.890	\$93,905
31-Dec-26	5-Jan-28	160%	\$22,189,784	(\$11,638,700)	\$10,551,084	\$0.890	\$93,905
31-Dec-27	5-Jan-29	160%	\$22,189,784	(\$11,638,700)	\$10,551,084	\$0.890	\$93,905
31-Dec-28	5-Jan-30	160%	\$22,189,784	(\$11,638,700)	\$10,551,084	\$0.890	\$93,905
31-Dec-29	5-Jan-31	181%	\$24,974,797	(\$11,638,700)	\$13,336,097	\$0.890	\$118,691
31-Dec-30	5-Jan-32	181%	\$24,974,797	(\$11,638,700)	\$13,336,097	\$0.890	\$118,691
31-Dec-31	5-Jan-33	181%	\$24,974,797	(\$11,638,700)	\$13,336,097	\$0.890	\$118,691
31-Dec-32	5-Jan-34	181%	\$24,974,797	(\$11,638,700)	\$13,336,097	\$0.890	\$118,691
31-Dec-33	5-Jan-35	203%	\$28,109,354	(\$11,638,700)	\$16,470,654	\$0.890	\$146,589
31-Dec-34	5-Jan-36	203%	\$28,109,354	(\$11,638,700)	\$16,470,654	\$0.890	\$146,589
31-Dec-35	5-Jan-37	203%	\$28,109,354	(\$11,638,700)	\$16,470,654	\$0.890	\$146,589
31-Dec-36	5-Jan-38	203%	\$28,109,354	(\$11,638,700)	\$16,470,654	\$0.890	\$146,589
31-Dec-37	5-Jan-39	229%	\$31,637,325	(\$11,638,700)	\$19,998,625	\$0.890	\$177,988
31-Dec-38	5-Jan-40	229%	\$31,637,325	(\$11,638,700)	\$19,998,625	\$0.890	\$177,988
Total							\$2,507,162

¹See Appendix H.

²Based on the tax rate for Bucombe County, Town of Woodfin and Woodfin Fire.

**WOODFIN TOWN CENTER
BUNCOMBE COUNTY, NC**

Appendix G: Total Incremental Real Property Taxes (Scenario A)

Year Ending	Tax Year Ending	Inflation	Total Assessed Value	Less: Base Value ¹	Incremental Assessed Value	Real Property Tax (Per \$100 AV) ²	Phase I		Background		Total		
							Incremental Property Taxes						
31-Dec-07	5-Jan-09	84%	\$0	(\$2,218,800)	\$0	\$0.890	\$0	\$0	\$0	\$0	\$0	\$0	
31-Dec-08	5-Jan-10	92%	\$0	(\$2,218,800)	\$0	\$0.890	\$0	\$0	\$19,484	\$0	\$19,484	\$267,957	
31-Dec-09	5-Jan-11	100%	\$30,137,060	(\$2,218,800)	\$27,918,260	\$0.890	\$248,473	\$424,309	\$19,484	\$443,794	\$443,794	\$443,794	
31-Dec-10	5-Jan-12	100%	\$49,894,016	(\$2,218,800)	\$47,675,216	\$0.890	\$704,241	\$968,681	\$19,484	\$723,725	\$723,725	\$723,725	
31-Dec-11	5-Jan-13	100%	\$81,347,007	(\$2,218,800)	\$79,128,207	\$0.890	\$1,078,221	\$1,484,226	\$19,484	\$988,165	\$988,165	\$988,165	
31-Dec-12	5-Jan-14	100%	\$111,059,326	(\$2,218,800)	\$108,840,526	\$0.890	\$1,078,221	\$1,484,226	\$19,484	\$1,097,705	\$1,097,705	\$1,097,705	
31-Dec-13	5-Jan-15	113%	\$123,367,226	(\$2,218,800)	\$121,148,426	\$0.890	\$1,078,221	\$1,484,226	\$19,484	\$1,097,705	\$1,097,705	\$1,097,705	
31-Dec-14	5-Jan-16	113%	\$123,367,226	(\$2,218,800)	\$121,148,426	\$0.890	\$1,078,221	\$1,484,226	\$19,484	\$1,097,705	\$1,097,705	\$1,097,705	
31-Dec-15	5-Jan-17	113%	\$123,367,226	(\$2,218,800)	\$121,148,426	\$0.890	\$1,078,221	\$1,484,226	\$19,484	\$1,097,705	\$1,097,705	\$1,097,705	
31-Dec-16	5-Jan-18	113%	\$123,367,226	(\$2,218,800)	\$121,148,426	\$0.890	\$1,078,221	\$1,484,226	\$19,484	\$1,097,705	\$1,097,705	\$1,097,705	
31-Dec-17	5-Jan-19	127%	\$123,367,226	(\$2,218,800)	\$121,148,426	\$0.890	\$1,078,221	\$1,484,226	\$19,484	\$1,097,705	\$1,097,705	\$1,097,705	
31-Dec-18	5-Jan-20	127%	\$123,367,226	(\$2,218,800)	\$121,148,426	\$0.890	\$1,078,221	\$1,484,226	\$19,484	\$1,097,705	\$1,097,705	\$1,097,705	
31-Dec-19	5-Jan-21	127%	\$123,367,226	(\$2,218,800)	\$121,148,426	\$0.890	\$1,078,221	\$1,484,226	\$19,484	\$1,097,705	\$1,097,705	\$1,097,705	
31-Dec-20	5-Jan-22	127%	\$123,367,226	(\$2,218,800)	\$121,148,426	\$0.890	\$1,078,221	\$1,484,226	\$19,484	\$1,097,705	\$1,097,705	\$1,097,705	
31-Dec-21	5-Jan-23	143%	\$123,367,226	(\$2,218,800)	\$121,148,426	\$0.890	\$1,078,221	\$1,484,226	\$19,484	\$1,097,705	\$1,097,705	\$1,097,705	
31-Dec-22	5-Jan-24	143%	\$123,367,226	(\$2,218,800)	\$121,148,426	\$0.890	\$1,078,221	\$1,484,226	\$19,484	\$1,097,705	\$1,097,705	\$1,097,705	
31-Dec-23	5-Jan-25	143%	\$123,367,226	(\$2,218,800)	\$121,148,426	\$0.890	\$1,078,221	\$1,484,226	\$19,484	\$1,097,705	\$1,097,705	\$1,097,705	
31-Dec-24	5-Jan-26	143%	\$123,367,226	(\$2,218,800)	\$121,148,426	\$0.890	\$1,078,221	\$1,484,226	\$19,484	\$1,097,705	\$1,097,705	\$1,097,705	
31-Dec-25	5-Jan-27	160%	\$123,367,226	(\$2,218,800)	\$121,148,426	\$0.890	\$1,078,221	\$1,484,226	\$19,484	\$1,097,705	\$1,097,705	\$1,097,705	
31-Dec-26	5-Jan-28	160%	\$123,367,226	(\$2,218,800)	\$121,148,426	\$0.890	\$1,078,221	\$1,484,226	\$19,484	\$1,097,705	\$1,097,705	\$1,097,705	
31-Dec-27	5-Jan-29	160%	\$123,367,226	(\$2,218,800)	\$121,148,426	\$0.890	\$1,078,221	\$1,484,226	\$19,484	\$1,097,705	\$1,097,705	\$1,097,705	
31-Dec-28	5-Jan-30	160%	\$123,367,226	(\$2,218,800)	\$121,148,426	\$0.890	\$1,078,221	\$1,484,226	\$19,484	\$1,097,705	\$1,097,705	\$1,097,705	
31-Dec-29	5-Jan-31	181%	\$123,367,226	(\$2,218,800)	\$121,148,426	\$0.890	\$1,078,221	\$1,484,226	\$19,484	\$1,097,705	\$1,097,705	\$1,097,705	
31-Dec-30	5-Jan-32	181%	\$123,367,226	(\$2,218,800)	\$121,148,426	\$0.890	\$1,078,221	\$1,484,226	\$19,484	\$1,097,705	\$1,097,705	\$1,097,705	
31-Dec-31	5-Jan-33	181%	\$123,367,226	(\$2,218,800)	\$121,148,426	\$0.890	\$1,078,221	\$1,484,226	\$19,484	\$1,097,705	\$1,097,705	\$1,097,705	
31-Dec-32	5-Jan-34	181%	\$123,367,226	(\$2,218,800)	\$121,148,426	\$0.890	\$1,078,221	\$1,484,226	\$19,484	\$1,097,705	\$1,097,705	\$1,097,705	
31-Dec-33	5-Jan-35	203%	\$123,367,226	(\$2,218,800)	\$121,148,426	\$0.890	\$1,078,221	\$1,484,226	\$19,484	\$1,097,705	\$1,097,705	\$1,097,705	
31-Dec-34	5-Jan-36	203%	\$123,367,226	(\$2,218,800)	\$121,148,426	\$0.890	\$1,078,221	\$1,484,226	\$19,484	\$1,097,705	\$1,097,705	\$1,097,705	
31-Dec-35	5-Jan-37	203%	\$123,367,226	(\$2,218,800)	\$121,148,426	\$0.890	\$1,078,221	\$1,484,226	\$19,484	\$1,097,705	\$1,097,705	\$1,097,705	
31-Dec-36	5-Jan-38	203%	\$123,367,226	(\$2,218,800)	\$121,148,426	\$0.890	\$1,078,221	\$1,484,226	\$19,484	\$1,097,705	\$1,097,705	\$1,097,705	
31-Dec-37	5-Jan-39	229%	\$123,367,226	(\$2,218,800)	\$121,148,426	\$0.890	\$1,078,221	\$1,484,226	\$19,484	\$1,097,705	\$1,097,705	\$1,097,705	
31-Dec-38	5-Jan-40	229%	\$123,367,226	(\$2,218,800)	\$121,148,426	\$0.890	\$1,078,221	\$1,484,226	\$19,484	\$1,097,705	\$1,097,705	\$1,097,705	
Total											\$30,379,449	\$584,527	\$30,963,976

¹See Appendix H.
²Based on the tax rate for Buncombe County, Town of Woodfin and Woodfin Fire.

**WOODFIN TOWN CENTER
BUNCOMBE COUNTY, NC**

Appendix H: Total Incremental Real Property Taxes (Scenario B)

Year	Tax Year	Ending	Inflation	Total Assessed Value	Less: Base Value ¹	Incremental Assessed Value	Real Property Tax (Per \$100 AV) ²	Phase I Incremental Real Property Taxes	Background Incremental Real Property Taxes	Total Incremental Real Property Taxes
31-Dec-07	5-Jan-09	84%	\$0	(\$2,218,800)	\$0	\$0.890	\$0	\$0	\$0	\$0
31-Dec-08	5-Jan-10	92%	\$0	(\$2,218,800)	\$0	\$0.890	\$0	\$0	\$0	\$0
31-Dec-09	5-Jan-11	100%	\$30,137,060	(\$2,218,800)	\$27,918,260	\$0.890	\$248,473	\$19,484	\$267,957	
31-Dec-10	5-Jan-12	100%	\$49,894,016	(\$2,218,800)	\$47,675,216	\$0.890	\$424,309	\$19,484	\$443,794	
31-Dec-11	5-Jan-13	100%	\$81,347,007	(\$2,218,800)	\$79,128,207	\$0.890	\$704,241	\$19,484	\$723,725	
31-Dec-12	5-Jan-14	100%	\$111,059,326	(\$2,218,800)	\$108,840,526	\$0.890	\$968,681	\$19,484	\$988,165	
31-Dec-13	5-Jan-15	113%	\$138,850,899	(\$2,218,800)	\$136,632,099	\$0.890	\$1,216,026	\$34,930	\$1,250,956	
31-Dec-14	5-Jan-16	113%	\$138,850,899	(\$2,218,800)	\$136,632,099	\$0.890	\$1,216,026	\$34,930	\$1,250,956	
31-Dec-15	5-Jan-17	113%	\$138,850,899	(\$2,218,800)	\$136,632,099	\$0.890	\$1,216,026	\$34,930	\$1,250,956	
31-Dec-16	5-Jan-18	113%	\$138,850,899	(\$2,218,800)	\$136,632,099	\$0.890	\$1,216,026	\$34,930	\$1,250,956	
31-Dec-17	5-Jan-19	127%	\$156,277,911	(\$2,218,800)	\$154,059,111	\$0.890	\$1,371,126	\$52,315	\$1,423,441	
31-Dec-18	5-Jan-20	127%	\$156,277,911	(\$2,218,800)	\$154,059,111	\$0.890	\$1,371,126	\$52,315	\$1,423,441	
31-Dec-19	5-Jan-21	127%	\$156,277,911	(\$2,218,800)	\$154,059,111	\$0.890	\$1,371,126	\$52,315	\$1,423,441	
31-Dec-20	5-Jan-22	127%	\$156,277,911	(\$2,218,800)	\$154,059,111	\$0.890	\$1,371,126	\$52,315	\$1,423,441	
31-Dec-21	5-Jan-23	143%	\$175,892,165	(\$2,218,800)	\$173,673,365	\$0.890	\$1,545,693	\$71,882	\$1,617,575	
31-Dec-22	5-Jan-24	143%	\$175,892,165	(\$2,218,800)	\$173,673,365	\$0.890	\$1,545,693	\$71,882	\$1,617,575	
31-Dec-23	5-Jan-25	143%	\$175,892,165	(\$2,218,800)	\$173,673,365	\$0.890	\$1,545,693	\$71,882	\$1,617,575	
31-Dec-24	5-Jan-26	143%	\$175,892,165	(\$2,218,800)	\$173,673,365	\$0.890	\$1,545,693	\$71,882	\$1,617,575	
31-Dec-25	5-Jan-27	160%	\$197,968,181	(\$2,218,800)	\$195,749,381	\$0.890	\$1,742,169	\$93,905	\$1,836,074	
31-Dec-26	5-Jan-28	160%	\$197,968,181	(\$2,218,800)	\$195,749,381	\$0.890	\$1,742,169	\$93,905	\$1,836,074	
31-Dec-27	5-Jan-29	160%	\$197,968,181	(\$2,218,800)	\$195,749,381	\$0.890	\$1,742,169	\$93,905	\$1,836,074	
31-Dec-28	5-Jan-30	160%	\$197,968,181	(\$2,218,800)	\$195,749,381	\$0.890	\$1,742,169	\$93,905	\$1,836,074	
31-Dec-29	5-Jan-31	181%	\$222,814,932	(\$2,218,800)	\$220,596,132	\$0.890	\$1,963,306	\$118,691	\$2,081,997	
31-Dec-30	5-Jan-32	181%	\$222,814,932	(\$2,218,800)	\$220,596,132	\$0.890	\$1,963,306	\$118,691	\$2,081,997	
31-Dec-31	5-Jan-33	181%	\$222,814,932	(\$2,218,800)	\$220,596,132	\$0.890	\$1,963,306	\$118,691	\$2,081,997	
31-Dec-32	5-Jan-34	181%	\$222,814,932	(\$2,218,800)	\$220,596,132	\$0.890	\$1,963,306	\$118,691	\$2,081,997	
31-Dec-33	5-Jan-35	203%	\$250,780,169	(\$2,218,800)	\$248,561,369	\$0.890	\$2,212,196	\$146,589	\$2,358,785	
31-Dec-34	5-Jan-36	203%	\$250,780,169	(\$2,218,800)	\$248,561,369	\$0.890	\$2,212,196	\$146,589	\$2,358,785	
31-Dec-35	5-Jan-37	203%	\$250,780,169	(\$2,218,800)	\$248,561,369	\$0.890	\$2,212,196	\$146,589	\$2,358,785	
31-Dec-36	5-Jan-38	203%	\$250,780,169	(\$2,218,800)	\$248,561,369	\$0.890	\$2,212,196	\$146,589	\$2,358,785	
31-Dec-37	5-Jan-39	229%	\$282,255,290	(\$2,218,800)	\$280,036,490	\$0.890	\$2,492,325	\$177,988	\$2,670,313	
31-Dec-38	5-Jan-40	229%	\$282,255,290	(\$2,218,800)	\$280,036,490	\$0.890	\$2,492,325	\$177,988	\$2,670,313	
Total										
										\$50,039,579
										\$47,532,417
										\$2,507,162

¹See Appendix H.

²Based on the tax rate for Bucombe County, Town of Woodfin and Woodfin Fire.

**WOODFIN TOWN CENTER
BUNCOMBE COUNTY, NC**

Appendix I: Comparables (Commercial)

Type	Address	PIN#	Assessed Value	SF	AV Per SF	Year Built
<u>Retail</u>						
Target	115 River Rd.	9658.18-22-7016	\$10,601,600	125,482	\$84	2003
Target	15 Mckenna Rd.	9643.02-66-8974	\$10,165,800	123,362	\$82	2004
Lowe's	19 Mckenna Rd.	9643.02.67-3062	\$8,970,900	137,491	\$65	2005
Strip Shopping Center	55 Weaverville Hwy.	9730.12-76-7811	\$2,988,900	54,175	\$55	1990
Strip Shopping Center	4 Olde Eastwood Vil. Blvd.	9667.15-73-2836	\$1,600,600	17,125	\$93	2003
Kerr Drug Store	275 McDowell St.	9648.14-43-1062	\$1,345,500	11,294	\$119	1996
CVS	320 New Leicester HWY.	9629.14-32-3547	\$1,003,000	10,880	\$92	2003
Strip Shopping Center	1341 Parkwood Rd.	9628.12-86-6480	\$1,670,300	14,590	\$114	2004
Retail average					\$78	
<u>Restaurants</u>						
Restaurant	635 Merrimon Ave.	9649.06-39-9791	\$2,059,100	12,916	\$159	2000
Restaurant	1655 Hendersonville Rd.	9655.05-09-5053	\$1,407,000	4,954	\$284	1994
Cracker Barrel	5 Crowell Rd.	9617.08-89-7166	\$2,614,000	10,540	\$248	1992
Red Lobster	139 Tunnel Rd.	9658.05-08-3787	\$1,587,100	6,601	\$240	2003
Restaurant	121 Tunnel Rd.	9658.05-09-1277	\$2,185,700	9,189	\$238	1994
Restaurant	Mineral Springs Rd.	9658.05-08-1573	\$1,719,600	12,131	\$142	2005
Restaurant average					\$205	
<u>Office</u>						
Office	1272 Hendersonville Rd.	9656.09-05-1144	\$800,000	5,168	\$155	1989
Office	216 Ashland Ave.	9648.10-27-9114	\$1,401,100	8,840	\$158	1989
Office	190 Biltmore Ave.	9648.06-47-3801	\$1,749,900	10,583	\$165	2004
Office	1075 Hendersonville Rd.	9656.05-08-1722	\$959,700	6,468	\$148	2005
Office	760 Merrimon Ave.	9740.18-31-8202	\$640,900	4,268	\$150	2005
Office average					\$157	
<u>Banks</u>						
Capitol Bank	918 Merrimon Ave.	9740.14-43-3023	\$601,300	1,808	\$333	1975
Bank of America	892 Merrimon Ave.	9740.14-42-3645	\$588,800	2,448	\$241	1973
First Citizens Bank	625 Merrimon Ave.	9649.06-39-9445	\$1,234,600	3,882	\$318	1986
BB&T	850 Merrimon Ave.	9740.18-42-2280	\$629,000	2,314	\$272	2000
Ashville Savings Bank	907 Smokey Park Hwy.	9617.13-23-4996	\$1,081,100	3,651	\$296	2003
Bank	1653 Hendersonville Rd.	9655.05-09-5360	\$1,352,100	4,251	\$318	1997
First Citizens Bank	1104 Brevard Rd.	9626.15-74-1866	\$740,800	2,879	\$257	1992
Ashville Federal Bank	1879 Hendersonville Rd.	9655.09-15-7122	\$1,087,100	2,942	\$370	1990
Bank average					\$303	

**WOODFIN TOWN CENTER
BUNCOMBE COUNTY, NC**

Appendix J: Residential Sales Prices, Developer Comparables¹

Address	Sales Price	Square Feet	Year Built	Price Per Sq. Ft.
109 Points West Dr.	\$891,480	2,900	2006	\$307
11 Bourne Ln.	\$668,750	2,475	1982	\$270
115 Points West Dr.	\$1,090,595	2,900	2005	\$376
12 S. Lexington #504	\$499,900	1,510	2007	\$331
12 S. Lexington #503	\$492,900	1,522	2007	\$324
12 S. Lexington #600	\$809,000	2,300	2006	\$352
121 Points West Dr.	\$1,108,802	2,900	2006	\$382
123 Points West Dr.	\$972,576	2,900	2006	\$335
127 Points West Dr.	\$1,276,930	2,900	2006	\$440
129 Points West Dr.	NA	NA	NA	NA
14 Points West Dr.	\$867,625	2,900	2006	\$299
21 Battery Park #305	\$965,000	2,280	2006	\$423
21 Battery Park #4C	\$732,190	1,985	2003	\$369
21 Battery Park #4F	\$636,000	1,825	2003	\$348
21 Battery Park #4G	\$450,000	1,330	2003	\$338
21 Battery Park #5A	\$767,825	2,025	2003	\$379
21 Battery Park #5E	\$841,170	2,280	2003	\$369
21 Battery Park #5F	\$629,625	1,825	2003	\$345
21 Battery Park #5G	\$450,000	1,330	2003	\$338
21 Ridge Terrace	\$432,000	2,235	1987	\$193
22 Ridge Terrace	\$595,000	2,819	1986	\$211
30 Stoney Ridge	\$525,000	2,160	1989	\$243
310G3 Broadway Ave.	\$750,000	2,392		\$314
32 Curbside Dr.	\$461,000	2,160	1996	\$213
33 Patton Ave.	\$474,000	1,324	2006	\$358
400 Charlotte St. #302	\$510,000	2,280	1982	\$224
52 Biltmore #400	\$835,000	2,040	2006	\$409
6 Points West Dr.	\$847,260	2,900	2005	\$292
64 Points West Dr.	\$942,993	2,900	2005	\$325
8 Points West Dr.	\$1,007,768	2,900	2006	\$348
82 Points West Dr.	\$949,900	2,900	2005	\$328
83 Points West Dr.	\$1,151,585	2,900	2006	\$397
84 Points West Dr.	\$429,000	1,100	1923	\$390
89 Points West Dr.	\$882,590	2,900	2006	\$304
91 Points West Dr.	\$929,900	2,900	2005	\$321
Average market value	\$25,873,364	78,897		\$328

¹Source: MLS Residential Sales / Buncombe County Tax Assessors Office.

**WOODFIN TOWN CENTER
BUNCOMBE COUNTY, NC**

Appendix K: Sales Prices, Reynolds Mountain Townhome Sales¹

Lot Number	Sales Price	Square Feet	Sold/Closed	Price Per Sq. Ft.
400	\$849,361	2,920	Closed	\$291
401	\$1,008,718	2,920	Closed	\$345
401	\$874,459	2,920	Closed	\$299
403	\$885,629	2,920	Closed	\$303
407	\$1,023,115	2,920	Sold	\$350
408	\$903,400	2,920	Sold	\$309
409	\$741,680	2,920	Sold	\$254
410	\$886,629	2,920	Sold	\$304
411	\$931,336	2,920	Sold	\$319
412	\$914,540	2,920	Sold	\$313
413	\$944,511	2,920	Closed	\$323
414	\$1,143,702	2,920	Closed	\$392
415	\$1,177,642	2,920	Closed	\$403
416	\$1,160,934	2,920	Closed	\$398
417	\$882,494	2,920	Closed	\$302
418	\$1,031,330	2,920	Closed	\$353
421	\$1,180,518	2,920	Sold	\$404
423	\$890,840	2,920	Closed	\$305
424	\$822,286	2,920	Closed	\$282
425	\$1,094,821	2,920	Closed	\$375
426	\$1,049,926	2,920	Closed	\$360
427	\$1,114,703	2,920	Closed	\$382
428	\$988,840	2,920	Closed	\$339
429	\$1,288,432	2,920	Closed	\$441
430	\$1,053,270	2,920	Closed	\$361
431	\$1,097,491	2,920	Sold	\$376
434	\$1,214,830	2,920	Closed	\$416
435	\$899,670	2,920	Closed	\$308
436	\$1,465,097	2,920	Sold	\$502
437	\$1,033,635	2,920	Closed	\$354
438	\$1,197,979	2,920	Closed	\$410
440	\$892,490	2,920	Closed	\$306
441	\$1,085,330	2,920	Closed	\$372
442	\$1,000,726	2,920	Closed	\$343
443	\$896,270	2,920	Closed	\$307
444	\$1,250,017	3,600	Closed	\$347
Average market value	\$36,876,651	105,800		\$349

¹Information provided by Reynolds Mountain.

**WOODFIN TOWN CENTER
BUNCOMBE COUNTY, NC**

Appendix L: Land Value

Comparables

Type	Address	PIN#	Land Value	Acres	AV Per Acre	Year Built
Retail						
Target	115 River Rd.	9658.18-22-7016	\$3,351,800	12.07	\$277,697	2003
Target	15 Mckenna Rd.	9643.02-66-8974	\$2,989,400	11.70	\$255,504	2004
Lowe's	19 Mckenna Rd.	9643.02.67-3062	\$3,172,100	15.68	\$202,302	2005
Strip Shopping Center	4 Olde Eastwood Vil. Blvd.	9667.15-73-2836	\$368,000	1.93	\$190,674	2003
Kerr Drug Store	275 McDowell St.	9648.14-43-1062	\$595,200	1.24	\$480,000	1996
CVS	320 New Leicester HWY.	9629.14-32-3547	\$234,000	0.62	\$377,419	2003
Strip Shopping Center	1341 Parkwood Rd.	9628.12-86-6480	\$773,800	1.30	\$595,231	2004
Retail average					\$257,842	
Restaurants						
Restaurant	635 Merrimon Ave.	9649.06-39-9791	\$1,078,000	0.98	\$1,100,000	2000
Restaurant	1655 Hendersonville Rd.	9655.05-09-5053	\$931,800	1.33	\$700,602	1994
Cracker Barrell	5 Crowell Rd.	9617.08-89-7166	\$1,869,600	3.75	\$498,560	1992
Red Lobster	139 Tunnel Rd.	9658.05-08-3787	\$888,000	1.11	\$800,000	2003
Restaurant	121 Tunnel Rd.	9658.05-09-1277	\$1,344,000	1.68	\$800,000	1994
Restaurant average					\$690,554	
Office						
Office	1272 Hendersonville Rd.	9656.09-05-1144	\$368,700	0.45	\$819,333	1989
Office	216 Ashland Ave.	9648.10-27-9114	\$710,000	0.71	\$1,000,000	1989
Office	190 Biltmore Ave.	9648.06-47-3801	\$630,000	0.63	\$1,000,000	2004
Office	1075 Hendersonville Rd.	9656.05-08-1722	\$369,700	0.46	\$803,696	2005
Office	760 Merrimon Ave.	9740.18-31-8202	\$320,000	0.32	\$1,000,000	2005
Office average					\$933,230	
Banks						
Capitol Bank	918 Merrimon Ave.	9740.14-43-3023	\$430,000	0.43	\$1,000,000	1975
Bank of America	892 Merrimon Ave.	9740.14-42-3645	\$370,000	0.37	\$1,000,000	1973
First Citizens Bank	625 Merrimon Ave.	9649.06-39-9445	\$748,000	0.68	\$1,100,000	1986
BB&T	850 Merrimon Ave.	9740.18-42-2280	\$320,000	0.32	\$1,000,000	2000
Ashville Savings Bank	907 Smokey Park Hwy.	9617.13-23-4996	\$567,300	0.90	\$630,333	2003
Bank	1653 Hendersonville Rd.	9655.05-09-5360	\$825,300	1.48	\$557,635	1997
First Citizens Bank	1104 Brevard Rd.	9626.15-74-1866	\$294,000	1.05	\$280,000	1992
Ashville Federal Bank	1879 Hendersonville Rd.	9655.09-15-7122	\$751,300	1.26	\$596,270	1990
Bank average					\$663,467	
Value from Market Study¹						
Cost approach						
Total valuation	\$21,147,000					
Less: entrepreneur's profit	(\$1,544,039)					
Net costs	\$19,602,961					
Percentage of value:						
Residential	47%					
Commercial	53%					
Net commercial value						
using cost approach	\$10,380,104					
Commercial acres	11.5					
Commercial value per acre	\$902,618					

¹Self-Contained Appraisal Report," Fred H. Beck & Associates, LLC, June 8, 2008.

**WOODFIN TOWN CENTER
BUNCOMBE COUNTY, NC**

Appendix M: Base Value

Developer Owned Property

Address	PIN#	Land ¹	Building ¹	Improvements ¹	Total Assessed Value ²
Merrimon Ave.	9730.08-87-0907	\$360,600	\$0	\$0	\$360,600
Weaverville Rd.	9730.11-77-2193	\$659,200	\$0	\$0	\$659,200
Merrimon Ave.	9730.12-76-7375	\$122,200	\$0	\$0	\$122,200
Merrimon Ave.	9730.12-86-0990	\$119,600	\$0	\$0	\$100
111 Wood Hill Dr.	9730.08-78-7600	\$620,500	\$0	\$0	\$620,500
40 Wood Hill Dr.	9730.07-78-2498	\$35,300	\$24,200	\$0	\$59,500
31 Wood Hill Dr.	9730.07-78-3385	\$31,700	\$93,100	\$0	\$125,300
75 Weaverville Rd.	9730.11-67-9134	\$152,400	\$119,000	\$0	\$271,400
Total base value		\$2,101,500		\$0	\$2,218,800

Remaining Parcels Within District

Address	PIN#	Land ¹	Building ¹	Improvements ¹	Total Assessed Value ²
55 Weaverville Rd.	9730.12-76-7811	\$613,100	\$0	\$0	\$613,100
NOT FOUND	9730.06-37-9605	-	-	-	\$0
NOT FOUND	9730.11-56-4726	-	-	-	\$0
NOT FOUND	9730.11-56-8758	-	-	-	\$0
NOT FOUND	9730.10-46-7056	-	-	-	\$0
70 Weaverville Rd.	9730.11-66-7976	\$0	\$0	\$0	\$308,800
68 Weaverville Rd.	9730.11-66-8789	\$120,700	\$114,800	\$1,000	\$237,000
Old Weaverville Rd.	9730.11-66-9777	\$3,700	\$0	\$0	\$0
Old Weaverville Rd.	9730.11-76-2528	\$1,500	\$0	\$0	\$37,000
Old Weaverville Rd.	9730.11-76-3513	\$36,900	\$0	\$0	\$36,900
8 Weaverville Rd.	9730.11-76-4500	\$106,100	\$0	\$1,600	\$107,700
8 Weaverville Rd.	9730.12-76-5315	\$178,100	\$47,900	\$7,500	\$233,500
NOT FOUND	9730.11-66-5785	-	-	-	\$0
NOT FOUND	9730.11-66-9664	-	-	-	\$0
85 Weaverville Rd.	9730.11-77-0458	\$483,800	\$239,300	\$0	\$723,100
72 Weaverville Rd.	9730.11-67-7143	\$0	\$0	\$0	\$255,000
94 Old Beaver Dam Creek Rd.	9730.11-67-5129	\$72,000	\$0	\$0	\$72,000
80 Weaverville Rd.	9730.11-67-6370	\$166,800	\$105,000	\$0	\$271,800
81 Weaverville Rd.	9730.11-67-6424	\$160,700	\$0	\$0	\$160,700
82 Weaverville Rd.	9730.07-67-5596	\$220,900	\$74,600	\$2,000	\$297,500
90 Weaverville Rd.	9730.07-67-5868	\$204,600	\$129,000	\$41,900	\$375,500
104 Weaverville Rd.	9730.07-68-5046	\$74,600	\$25,900	\$300	\$100,800
106 Weaverville Rd.	9730.07-68-5134	\$74,100	\$24,700	\$0	\$98,800
110 Weaverville Rd.	9730.07-68-5228	\$190,400	\$58,700	\$2,300	\$251,400
Weaverville Rd.	9730.07-67-4498	\$150,500	\$0	\$0	\$150,500
127 Weaverville Rd.	9730.07-68-5880	\$0	\$0	\$0	\$475,000
NOT FOUND	9730.07-68-8477	-	-	-	\$481,000
23 Wood Hill Dr.	9730.07-78-0089	\$55,100	\$150,100	\$0	\$203,200
103 Weaverville Rd.	9730.07-68-7137	\$76,000	\$57,700	\$200	\$133,900
Weaverville Rd.	9730.07-68-7141	\$6,300	\$0	\$0	\$6,300
11 Wood Hill Dr.	9730.07-68-8149	\$23,300	\$137,100	\$0	\$160,400
Weaverville Rd.	9730.07-68-8007	\$55,400	\$0	\$0	\$55,400
99 Weaverville Rd.	9730.07-68-8012	\$58,500	\$56,700	\$0	\$115,200
94 Weaverville Rd.	9730.07-67-8928	\$52,700	\$0	\$0	\$52,700
97 Weaverville Rd.	9730.07-67-8933	\$135,100	\$46,800	\$0	\$181,900
95 Weaverville Rd.	9730.07-67-8847	\$129,200	\$62,800	\$0	\$192,000
91 Weaverville Rd.	9730.07-67-9860	\$293,300	\$51,700	\$1,200	\$346,200
100 Reynolds Mountain Blvd.	9730.12-77-9272	\$336,600	\$807,600	\$10,600	\$1,154,800
96 Old Beaver Dam Creek Rd.	9730.11-67-6066	\$28,900	\$46,000	\$0	\$74,900
55 Weaverville Rd.	9730.12-76-7811	\$613,100	\$0	\$0	\$2,988,900
83 Weaverville Rd.	9730.11-77-0458	\$483,800	\$239,300	\$0	\$247,000
80 Weaverville Rd.	9730.11-67-6370	\$166,800	\$105,000	\$0	\$2,200
81 Weaverville Rd.	9730.11-67-6424	\$160,700	\$0	\$0	\$344,700
NOT FOUND	9730.11-66-5785	-	-	-	\$91,900
Total base value		\$5,531,300		\$68,600	\$11,638,700

¹Assessed land, building and improvement values provided by Buncombe County Geographic Information Systems Department.

²Total assessed value is the certified 2007 assessed taxable value provided by the Buncombe County Tax Director.

APPENDIX D
MINIMUM ASSESSMENT AGREEMENT

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MINIMUM ASSESSMENT AGREEMENT

WOODFIN DOWNTOWN CORRIDOR

August 1, 2008

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MINIMUM ASSESSMENT AGREEMENT

This Minimum Assessment Agreement (the "Agreement") is made and entered into this 1st day of August, 2008 by and among the Town of Woodfin, a North Carolina municipal corporation (the "Town"), Buncombe County, a political subdivision of the State of North Carolina (the "County") and Reynolds Mountain Partners, LLC, a North Carolina limited liability company (the "Developer") in accordance with the provisions of Section 159-108 of the North Carolina General Statutes.

STATEMENT OF PURPOSE

In accordance with the provisions of and subject to the conditions set forth in the DF Plan and Development Agreement, as defined below, the Parties hereto enter into this Agreement for the purposes set forth herein.

ARTICLE 1

DEFINED TERMS

In addition to other terms defined in the body of this Agreement, for purposes of this Agreement, each of the following capitalized terms shall have the meaning set forth below:

"Act" shall mean the North Carolina Project Development Financing Act, codified at N.C. Gen. Stat. § 159-101, *et. seq.*

"Adjusted Base Valuation of Developer's Property" shall mean an amount computed in accordance with the following formula: (i) first, determine the Base Valuation of all of the real and personal property acquired by the Developer within the District; (ii) second, allocate that portion of the Base Valuation solely attributable to land to all of the Developer's Property *pro rata* on a per acre basis; and (iii) third, allocate actual Base Valuation determined for all improvements, fixtures and personal property comprising part of the Developer's Property to the actual improvement, fixture or item of personal property so assessed.

"Administrator" means the designee of the County for purposes of providing assistance related to the District and the DF Bonds to the County, including the County tax assessor, as set forth herein and as otherwise provided for in the agreement with the Administrator. The Administrator shall initially be MuniCap, Inc.; however, MuniCap, Inc., may be replaced as the Administrator by any other Qualified Independent Financial Consultant selected by the County at any time.

"Aggregate Excess Debt Coverage Amount" shall mean for all Fiscal Years that the Developer's Property is assessed at the Minimum Assessment Amount, the sum of the amount by which *ad valorem* tax payments made with respect to the Developer's Property as a result of such Minimum Assessment Amount in each such Fiscal Year (which when added to the Tax Increment Increase Amounts attributable to Other District Property for the applicable Fiscal Year) exceeds the Debt Coverage Amount for each such Fiscal Year.

"Agreement" is defined in the introductory paragraph hereof.

“Assessed Value” for purposes of Sections 2.3, 2.4 and 2.5 hereof, with respect to any parcel of Developer’s Property shall mean, for (i) the period prior to September 30, 2010, the amount set forth for such parcel in the Current Appraisal (adjusted as necessary in the event the parcel to be released under Section 2.3 differs in size or configuration from the parcel most nearly corresponding thereto in the Current Appraisal) and (ii) after such date, the Standard Assessment Amount for such parcel (as may be adjusted from time to time pursuant to Section 2.5 hereof).

“Available Tax Increment” shall mean, as to each Fiscal Year after the Fiscal Year ending June 30, 2007, the amount of the ad valorem property taxes levied by the County and the Town on all taxable property within the District based on the Standard Assessment Amount, as applicable to all such taxable property, that is required to be placed in the Revenue Increment Fund for such Fiscal Year as certified by the Administrator.

“Base Valuation” shall mean for each item or parcel of taxable property within the District the assessed value determined by the County’s tax assessor for *ad valorem* tax purposes for such item or parcel as of January 1, 2006, adjusted, from time to time as specified under N.C. Gen. Stat. § 159.107(b).

“Bona Fide Transferee” shall mean any Person who is not affiliated with the Developer and who (i) acquires a portion of the Developer’s Property upon which there has been constructed one or more completed buildings the final certificate of occupancy for which is issued after the effective date hereof; or (ii) who acquires a portion of the Developer’s Property with the intention of constructing one or more buildings thereon for his own use or occupancy or to hold as an investment.

“Business Day” shall mean a day of the year that is not a Saturday, Sunday, legal holiday or day in which national banks are not required or authorized to close in North Carolina.

“Capitalized Interest” means that portion of the DF Bonds proceeds, set aside, reserved designated or otherwise available under the terms of the Indenture to be used for the payment of periodic interest due on the DF Bonds.

“Commission” refers to the North Carolina Local Government Commission.

“County” shall mean the County of Buncombe, a political subdivision of the State of North Carolina.

“Current Appraisal” shall mean that certain appraisal of a portion of the Developer’s Property prepared for Wachovia Securities by Fred H. Beck & Associates, Charlotte, North Carolina and dated June 9, 2008.

“Debt Coverage Amount” means, with respect to each Fiscal Year during which any DF Bonds are outstanding under the DF Plan, an amount of money which is equal to the sum of annual interest and principal amortization payments, required reserve payments and other required payments with respect to such DF Bonds for such Fiscal Year, less Capitalized Interest for such Fiscal Year.

“Developer” refers to Reynolds Mountain Partners, LLC, a North Carolina limited liability company, and its successors and assigns, as the Developer and initial owner of the Developer’s Property, and any subsequent owner of Developer’s Property, by transfer or otherwise, subject to the provisions of Section 2.3 hereof.

“Developer’s Property” refers to all real and personal property owned by the Developer and subject to *ad valorem* taxation by the Town and County and located in the District on the date hereof (as set forth on Exhibit B hereto) and any other property located in the District and subsequently acquired by the Developer while this Agreement remains in effect, less and except all tax parcels that are Released Property.

“Development Agreement” means and refers to that certain Development, Acquisition and Financing Agreement entered into by the Parties to this Agreement contemporaneously with the execution hereof, as amended from time to time hereafter.

“DF Bonds” shall mean project development financing debt instruments issued by the County in accordance with the provisions of the Act and the Indenture and pursuant to the DF Plan.

“DF Plan” refers to the Development Financing Plan for Woodfin Downtown Corridor Development Financing District adopted pursuant to N.C. Gen Stat. § 158-7.3 by the Board of Aldermen of the Town on November 21, 2006, and the Board of Commissioners of the County on November 21, 2006 and approved by action of the North Carolina Local Government Commission on March 6, 2007.

“District” shall mean that certain approximately 205 acre parcel or parcels of real property located in the Town of Woodfin, Buncombe County, North Carolina more particularly described on Exhibit A attached hereto and which is denoted as “Woodfin Downtown Corridor Financing District.”

“Fiscal Year” shall mean the fiscal year of the City and County which extends from July 1 to June 30th of the immediately following calendar year. For example, fiscal year 2008 extends from July 1, 2007 to June 30, 2008.

“Governmental Parties” refers to the Town and County collectively.

“Indenture” shall mean that certain General Trust Indenture dated as of August 1, 2008, and any series indenture supplemental thereto between the County and the Trustee, pursuant to which DF Bonds shall be issued.

“Minimum Assessment Amount” means the amount so determined in the manner set out in Section 2.1 hereof with respect to the Developer’s Property.

“Minimum Assessment Schedule” is defined in Section 2.1 hereof.

“Other District Property” refers to all real and personal property subject to ad valorem taxation by the Town and County that is located in the District and which is not Developer’s Property and includes, without limitation, all Released Property.

"Parties" shall mean the parties to this Agreement and **"Party"** in the singular shall mean any one of the parties hereto as the context requires.

"Person" shall mean any natural person, firm, partnership, association, corporation, limited liability company, trust, entity, public body, authority, governmental unit or other entity, or the successor or assigns of any such natural person, firm, partnership, association, corporation, limited liability company, trust, entity, public body, authority, governmental unit or other entity, as applicable.

"Public Development" shall have the same meaning as attributed to such term in the DF Plan.

"Qualified Independent Financial Consultant" shall mean the Administrator or such other financial advisory firm or financial consulting firm reasonably acceptable to the County with an established reputation for transactions such as the DF Bonds and which is experienced in and capable of making the determination, report or projection for which the Administrator is required hereunder.

"Released Property" means any portion of Developer's Property that is treated as Released Property under Section 2.3 hereof.

"Revenue Increment Fund" shall mean the fund established for the District pursuant to N.C. Gen. Stat. § 159-107(c).

"Standard Assessment Amount" is defined in Section 2.1 hereof.

"Tax Increment Increase Amount" shall mean, as to each Fiscal Year after the Fiscal Year ending June 30, 2006, the amount of the *ad valorem* property taxes levied by the County and the Town on all taxable property within the District (or lesser portion thereof as the context may provide) based on the Standard Assessment Amount or Minimum Assessment Amount, as applicable for such taxable property, that is required to be placed in the Revenue Increment Fund for such Fiscal Year.

"Town" shall mean the Town of Woodfin, a North Carolina municipal corporation.

"Trustee" shall mean the Person then serving as the trustee under the applicable Indenture pursuant to which the most recent DF Bonds were issued.

"Uncovered Principal Balance" shall mean, as of the beginning of each Fiscal Year, the principal amount of DF Bonds then outstanding less the percentage of such outstanding principal amount that is equal to the percentage of the applicable Debt Coverage Amount for such Fiscal Year that is expected to be covered by Available Tax Increments, as certified by the Administrator.

In addition to the foregoing, certain other defined terms used in this Agreement will be defined in the context of their first use. Any references in this Agreement to a specific statute contained in the North Carolina General Statutes shall be deemed to include such statute as subsequently amended from time to time hereafter.

ARTICLE 2

DEVELOPER'S OBLIGATIONS REGARDING MINIMUM ASSESSMENT

Section 2.1 Minimum Assessment for Developer's Property.

Effective as of January 1, 2007 and continuing through and including the Fiscal Year in which the District terminates in accordance with the DF Plan or the earlier termination of this Agreement in accordance with its terms, all of the Developer's Property will be assessed at the greater of (i) the Standard Assessment Amount or (ii) the sum of (A) the Minimum Assessment Amount and (B) the Adjusted Base Valuation of Developer's Property. For purposes hereof, the "Standard Assessment Amount" shall be the assessed value for the Developer's Property that would be determined by the County's tax assessor in accordance with standards utilized by the tax assessor for assessing value of property of the same type as Developer's Property elsewhere in the County, as may be adjusted by the County's tax assessor from time to time pursuant to the provisions of Section 2.5 hereof, and subject to any statutory appeal procedures available to Developer. For purposes hereof the "Minimum Assessment Amount" is the assessed value of all Developer's Property (allocated to each parcel of Developer's Property on a pro rata basis in proportion to the respective Standard Assessment Amounts for each such parcel) necessary in the aggregate to yield a Tax Increment Increase Amount (when added to the Tax Increment Increase Amounts attributable to Other District Property and any amounts remaining in the Revenue Increment Fund from any preceding Fiscal Year and available under the terms of the Indenture to be used for the payment of the Debt Coverage Amount) equal to the sum of (A) in the case of the first issuance of DF Bonds under the DF Plan to the extent still outstanding, the Debt Coverage Amount with respect thereto for such Fiscal Year, plus (B) in the case of subsequent issuances of DF Bonds to the extent still outstanding an amount equal to the amount by which 120% of the Debt Coverage Amount with respect thereto for such Fiscal Year exceeds the Aggregate Excess Debt Coverage Amount.

Commencing with the first issuance of DF Bonds under the DF Plan, the County tax assessor, with the assistance, if necessary, of the Administrator, will prepare a schedule each Fiscal Year which calculates the Minimum Assessment Amount for each parcel of Developer's Property (the "Minimum Assessment Schedule"). The Minimum Assessment Schedule will be amended each time the Debt Coverage Amount changes, or the tax rate for the Town or County changes. The County will cause the County tax assessor to make the then current Minimum Assessment Schedule available for examination by the Developer.

Section 2.2 Intentionally Omitted.

Section 2.3 Release of Property.

The Developer and the Town and County contemplate that circumstances may make it desirable from time to time to release parcels of Developer's Property from the obligation to be allocated a Minimum Assessment Amount if such parcel meets one of the conditions set forth below. Any parcel so released shall only be released from being assessed at amounts higher than the Standard Assessment Amount, not as District property. Upon compliance with one of the conditions set forth in this Section 2.3, then upon the request of and at the expense of Developer,

the County's tax assessor shall execute an instrument of release in a form satisfactory for recordation.

(i) The property listed on Exhibit C shall be Released Property upon a written request by Developer.

(ii) Upon written application by the Developer with respect to one or more parcels the Town and County shall designate such parcel or parcels as Released Property so long as (A) the parcel is being conveyed to a Bona Fide Transferee and (B) following such release, the sum of (1) the Assessed Value of the remaining Developer's Property plus (2) the face amount of all Acceptable Substitute Collateral is equal to or greater than 200% of the Uncovered Principal Balance. Any release requested under this Section 2.3(ii) shall be effective commencing in the first Fiscal Year following the date that either a temporary or final certificate of occupancy is issued by the applicable governmental authority for all buildings to be constructed on such parcel.

Developer's right to request a release under this Section 2.3 is a personal right and shall not be considered to run with the land and shall not be exercisable by any other owner of a parcel of Developer's Property so long as Developer owns any portion of the Developer's Property.

Section 2.4 Acceptable Substitute Collateral.

For purposes of the computation set forth in Section 2.3, Acceptable Substitute Collateral shall mean an irrevocable letter of credit with an initial term of one year for the benefit of the Trustee delivered by Developer to the Trustee that satisfies the terms set forth below. The letter of credit must be: (i) drawn on a national banking association with a credit rating of not less than AA- from Standard and Poor's or the equivalent rating from any other nationally recognized credit rating service, (ii) payable upon presentation when coupled with a certification from the County that either (A) the Developer has defaulted in making any payment due of *ad valorem* taxes levied based on a Minimum Assessment Amount and that all cure periods have lapsed or (B) that the Developer has not provided a substitute letter of credit at least 30 days prior to the termination of the letter of credit. Such letter of credit must also provide that not later than 60 days prior to the expiration of its then current term, the issuer of the letter of credit shall either provide notice to the Trustee and the Developer of the termination thereof or such letter of credit shall be automatically renewed for a period of one year. If the Developer does not provide a substitute for such letter of credit that meets the requirements hereof within 30 days of the receipt of notice of the termination then the Trustee may make a drawing as set forth above. If this Agreement terminates prior to the term of a letter of credit, then the Trustee will cause the Trustee to return the letter of credit to the Developer. Additionally, at any time after Acceptable Substitute Collateral has been received by the Trustee, the Assessed Value of the Developer's Property equals or exceeds 200% of the Uncovered Principal Balance, then upon written request of Developer, the Trustee shall return the letter of credit to the Developer. In addition to the foregoing if, after supplying the Acceptable Substitute Collateral, the Assessed Value of the Developer's Property (as adjusted pursuant to Section 2.5) has increased, but does equal or exceed 200% of the Uncovered Principal Balance, the upon written request of the Developer, the Trustee shall cooperate with the Developer to reduce the face amount of the Acceptable Substitute Collateral (via a substitution, amendment or other appropriate means) so that the sum

of (i) either the Assessed Value of the Developer's Property or such Assessed Value as adjusted pursuant to Section 2.5, plus (ii) the face amount of the Acceptable Substitute Collateral after such reduction, equals 200% of the Uncovered Principal Balance.

Any proceeds of any drawing under the letter of credit which are not used to satisfy any *ad valorem* taxes levied against the Minimum Assessment Amount shall be returned to the Developer upon the earlier of the discharge of the Bonds or the termination of this Agreement.

Section 2.5 Assessed Value.

Any time after September 30, 2010 that Developer reasonably believes that the fair market value of one or more parcels differs materially from the Standard Assessment Amount for such parcel or parcels for the then current Fiscal Year, Developer may in accordance with North Carolina General Statutes and at its sole cost, have such parcel or parcels appraised by an experienced, reputable third party appraiser and present the resulting appraisal and any other information deemed pertinent by Developer to the County's tax assessor for review. The County's tax assessor may accept or reject any or all of the information presented by Developer and may, in his sole discretion, make an appropriate adjustment to the Standard Assessment Amount for said parcel or parcels. Any such adjustment to the Standard Assessment Amount shall be effective immediately for purposes of computing *ad valorem* taxes due for the then current Fiscal Year and for purposes of the computations set forth in Sections 2.3 and 2.4 hereof.

Section 2.6 Use of Excess Debt Service Coverage Amounts.

The Town and County agree that to the extent *ad valorem* tax payments are made with respect to the Developer's Property in any Fiscal Year that are based on the Minimum Assessment Amount and such payments (when added to the Tax Increment Increase Amounts attributable to Other District Property) exceed the Debt Coverage Amount for such Fiscal Year, such excess shall not be disbursed to the Town and County from the Revenue Increment Fund, but shall be retained in such Revenue Increment Fund and be added to the Aggregate Excess Debt Coverage Amount for purposes of calculating future payments from the Developer under Section 2.1 hereof.

ARTICLE 3

TERMINATION

This Agreement will continue in full force and effect until the termination of the District in accordance with the provisions of the Act; provided, however, if the Development Agreement is terminated in accordance with Section 7.1 or 7.2 of the Development Agreement, this Agreement will automatically terminate and be of no further force and effect. Upon the request of any party hereto, the other parties will join in the execution and acknowledgement of the termination of this Agreement in recordable form to evidence the termination hereof under this Article III.

ARTICLE 4

COVENANT RUNNING WITH THE LAND

This Agreement will be recorded in the Buncombe County, North Carolina, Public Registry and a copy of which will be on file with the County's tax assessor. The Parties acknowledge that this Agreement is intended to encumber and burden all of the Developer's Property and the provisions of this Agreement will run with such Developer's Property and be binding on all subsequent owners thereof.

ARTICLE 5

MISCELLANEOUS

Section 5.1 Notices.

Any notice, consent or other communication required or contemplated by this Agreement shall be in writing, and shall be delivered in person, by certified mail (return receipt requested), by reputable overnight carrier, by electronic mail or by telefax, to the intended recipient at the addresses set forth below or such other address as the addressee advises the other Parties of in a written notice sent in accordance with the provisions of this Section:

Town of Woodfin
90 Elk Mountain Rd.
Asheville, NC 28804
Attention: Town Administrator
Facsimile Number: (828) 253-4700

Buncombe County
35 Woodfin Street
P.O. Box 7526
Asheville, NC 28802
Attention: Finance Director
Facsimile Number: (828) 250-6180

Reynolds Mountain Partners, LLC
55 Weaverville Road, Suite 12
Asheville, NC 28804
Attention: Kirk Boone
Facsimile Number: 828-258-7500

MuniCap, Inc.
6760 Alexander Bell Lane, Suite 220
Columbia, MD 21046
Attention: Keenan Rice
Facsimile Number: (443) 539-4120

Notice shall be effective upon the date of receipt by the intended recipient; provided that any notice which is sent by telefax or electronic mail shall also be simultaneously sent by mail deposited with the U.S. Postal Service, certified mail (return receipt requested), by personal delivery, or by reputable national overnight courier.

Section 5.2 Appeals.

The Developer or any property owner claiming that the amount of the Minimum Assessment Amount for any parcel is in error, including as determined upon the subdivision of Developer's Property as provided for in Section 2.2., as a result of any other error in the preparation of the Minimum Assessment Schedule or otherwise, may file a written notice of appeal to that effect with the County tax assessor not later than sixty days after the later of (i) the date that the Minimum Assessment Schedule in question is provided to the Developer by the County tax assessor or (ii) the due date for the payment of the property tax affected by such alleged error. Such appeal shall not affect the due date of the payment of the property tax that is the subject of the appeal. The County tax assessor shall promptly review the appeal and, if necessary, meet with the Developer or property owner, consider written and oral evidence regarding the alleged error, and decide the appeal. If the decision of the County tax assessor requires the property tax for the parcels that are the subject of the appeal to be modified or changed in favor of the Developer or property owner, then, a cash refund shall be made as soon as reasonably practical. This procedure shall be pursued by the Developer or any property owner as a condition precedent to any other appeal or legal action by such owner.

Section 5.3 Amendments and Modifications.

Neither this Agreement nor any provision hereof may be amended, waived, discharged or terminated except by an instrument in writing signed by all of the Parties hereto such instrument in writing not to be unreasonably withheld or delayed by any Party.

Section 5.4 Entire Agreement.

This Agreement (including its Exhibits) shall constitute the entire agreement among the Parties pertaining to the subject matter hereof and shall supersede all prior agreements and all other understandings, negotiations and discussions, whether oral or written, of the Parties, and

there shall be no warranties, representations or other agreements among the Parties in connection with the subject matter hereof except as specifically set forth in this Agreement.

Section 5.5 Headings and Table of Contents.

The headings and table of contents in this Agreement are for convenience of reference only and shall not limit or otherwise affect the meaning hereof.

Section 5.6 Counterparts.

This Agreement may be executed in any number of counterparts and by different Parties hereto in separate counterparts, each of which when so executed shall be an original, but all of which shall together constitute one (1) and the same instrument.

Section 5.7 Governing Law.

THIS AGREEMENT SHALL BE GOVERNED BY, CONSTRUED AND ENFORCED IN ACCORDANCE WITH THE LAWS OF THE STATE OF NORTH CAROLINA WITHOUT REFERENCE TO THE CONFLICTS OR CHOICE OF LAW PRINCIPLES THEREOF.

Section 5.8 Third Party Beneficiaries.

This Agreement is solely for the benefit of the Parties and their successors and assigns permitted under this Agreement. Except as otherwise specifically provided herein, no provision of this Agreement shall be deemed to confer upon any other Person any remedy, claim, liability, reimbursement, cause of action or right.

Section 5.9 Interpretation.

Each of the Parties has agreed to the use of the particular language of the provisions of this Agreement and any questions of doubtful interpretation shall not be resolved by any rule or interpretation against the drafters, but rather in accordance with the fair meaning thereof, having due regard to the benefits and rights intended to be conferred upon the Parties hereto and the limitations and restrictions upon such rights and benefits intended to be provided.

Section 5.10 Severability.

If any article, section, subsection, term or provision of this Agreement or the application of the same to any party or circumstances shall, to any extent, be invalid or unenforceable, the remainder of the article, section, subsection, term or provision of this Agreement or the application of the same to the Parties or circumstances other than those to which it is held invalid or enforceable shall not be affected thereby and each remaining article, section, subsection, term or provision of this Agreement shall be valid and enforceable to the fullest extent as permitted by law.

Section 5.11 Relation of the Parties.

Nothing contained in this Agreement shall be deemed or construed by the Parties hereto or by any third party to create the relationship of principal and agent, partnership, joint venture, contractor/subcontractor, or any association between the Governmental Parties, on the one hand, and Developer, on the other.

Section 5.12 Gender and Terms.

Whenever the context shall so require, all words herein in any gender shall be deemed to include the masculine, feminine or neuter gender and all singular words shall include the plural and all plural words shall include the singular.

[SIGNATURE PAGES FOLLOW]

TOWN:

TOWN OF WOODFIN

ATTEST:

Title: Town Clerk

[City Seal]

By: _____
Name: _____
Title: Town Manager

This instrument has been pre-audited in the manner required by the Local Government Budget and Fiscal Control Act.

Name: _____
Title: Director of Finance

_____ County, North Carolina

I certify that the following person(s) personally appeared before me this day, each acknowledging to me that he or she voluntarily signed the foregoing document for the purpose stated therein and in the capacity indicated:

Name of principal(s)

Date: _____

Official Signature of Notary Public

_____, Notary Public
Notary printed or typed name

[OFFICIAL SEAL]

My commission expires: _____

COUNTY:

COUNTY OF BUNCOMBE

ATTEST:

Title: Clerk to the Board

By: _____
Name: _____
Title: County Manager

APPROVED AS TO FORM:

_____ County Attorney

This instrument has been pre-audited in the manner required by the Local Government Budget and Fiscal Control Act.

Name: _____
Title: Director of Finance

_____ County, North Carolina

I certify that the following person(s) personally appeared before me this day, each acknowledging to me that he or she voluntarily signed the foregoing document for the purpose stated therein and in the capacity indicated:

Name of principal(s)

Date: _____

Official Signature of Notary Public

_____, Notary Public
Notary printed or typed name

[OFFICIAL SEAL]

My commission expires: _____

DEVELOPER:

REYNOLDS MOUNTAIN PARTNERS,
LLC

By: _____

Name: Kirk C. Boone

Title: Member and Manager

_____ County, North Carolina

I certify that the following person(s) personally appeared before me this day, each acknowledging to me that he or she voluntarily signed the foregoing document for the purpose stated therein and in the capacity indicated:

Name of principal(s)

Date: _____

Official Signature of Notary Public

_____, Notary Public
Notary printed or typed name

[OFFICIAL SEAL]

My commission expires: _____

EXHIBIT A

Description of the District

(Note—District contained within heavily shaded lines, except that three dark shaded areas are excluded from the District)

(Land Fills Noted in "Black" and represent a total of 30.1 acres)

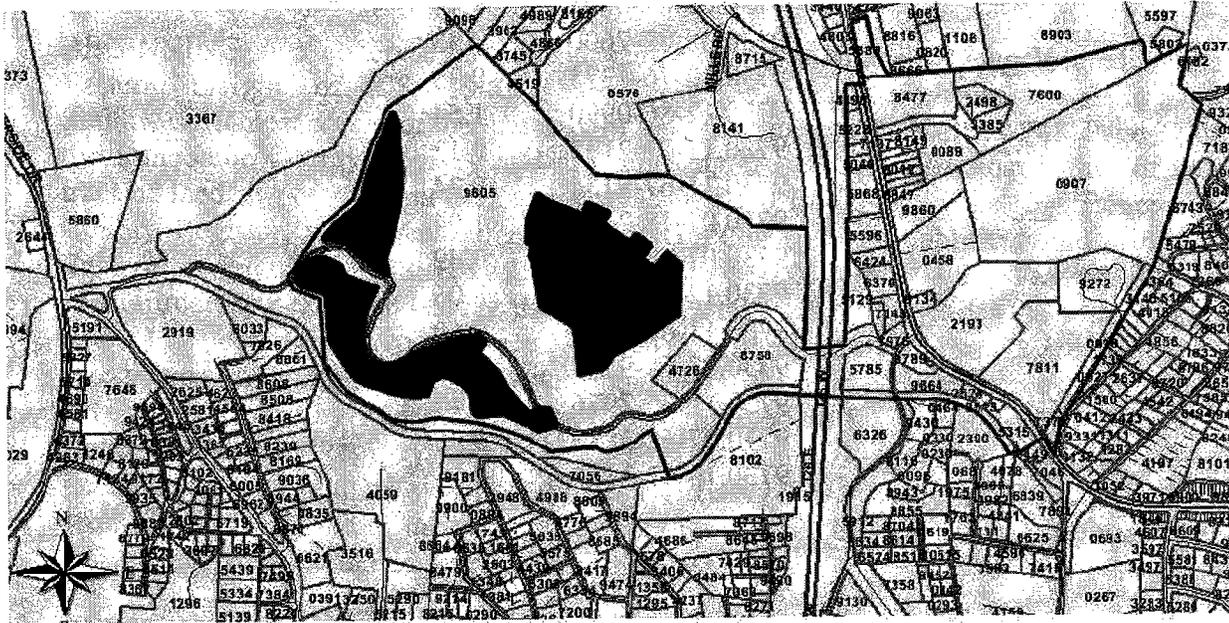


EXHIBIT B

Description of Developer's Property

[List of Current Buncombe County Tax Parcel Identification Numbers]

<u>Tax Parcel Number</u>	<u>Size (Acres)</u>
9730.08-87-0907	31.15
9730.08-87-7600	8.33
9730.12-76-7375	0.35
9730.12-86-0990	1.54
9730.11-77-2193	9.12
9730.11-67-9134	0.34
9730.07-78-2498	1.04
9730.07-78-3385	0.49
9730.12-76-7811	8.06
9730.11-66-8789	0.60
9730.07-68-9563	2.04
9730.11-66-7976	0.40
9730.07-68-5880	0.96
9730.10-47-2365	100.25

EXHIBIT C

Released Property

BEING ALL that certain lot or parcel of land situated in Buncombe County, North Carolina and being more particularly described as follows:

BEGINNING at a concrete monument, said concrete monument being located in the Eastern margin of US 19-23, said concrete monument also marking the Southwesternmost corner of the that tract of land described in Deed Book 748, Page 32 of the Buncombe County Registry and also marking the northwesternmost corner of that tract of land owned by Zeta Ball as recorded in Deed Book ____, Page ____, Buncombe County Registry, and from the BEGINNING POINT thus established and with the Eastern margin of said U.S. Hwy 19-23, North 13 deg. 05 min. 00 sec. West 343.60 feet to a railroad spike, thence leaving the margin of said road, North 52 deg. 13 min. 00 sec. East 31.27 feet to an iron pin; thence North 64 deg. 41 min. 00 sec. East 73 feet to an iron pin; thence down and with the Western boundary of a tract of land conveyed to Silver Investment Company and more particularly described in Deed Book 1231, Page 67, Buncombe County Registry; thence South 13 deg. 19 min. 00 sec. East 212.17 feet to an iron pin; thence South 30 deg. 33 min. 00 sec. East 186.90 feet to an iron pipe; thence with the Northern line of the property of Zeta Ball, South 83 deg. 35 min. 00 sec. West 157.78 feet to the point and place of BEGINNING.

BEING ALSO the same property as described in that deed from Sara M. Yeary, et al to Thomas C. Lackey in Deed Book 1296, Page 383 of the Buncombe County Registry.

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APPENDIX E

FORM OF INVESTOR'S LETTER

_____, 2008

The County of Buncombe, North Carolina

U.S. Bank National Association, as Trustee

Re: \$12,960,000 County of Buncombe, North Carolina Project Development Financing Revenue Bonds (Woodfin Downtown Corridor Development), Series 2008

Ladies and Gentlemen:

The undersigned (the "Investor") hereby represents and warrants to you as follows:

1. The Investor proposes to purchase all or a portion of the aggregate principal amount of the above-referenced Bonds (the "2008 Bonds") issued pursuant to that certain General Trust Indenture dated as of August 1, 2008, as supplemented by the Series Indenture, dated as of August 1, 2008 (the "Indenture"), between the County of Buncombe, North Carolina (the "County") and U.S. Bank National Association, as trustee (the "Trustee"). The Investor understands that the 2008 Bonds are limited obligations of the County and are payable solely from (a) certain funds and accounts held under the Indenture; (b) interest and investment income earned on those funds and accounts; and (c) Incremental Revenues derived from increased property values in the District. The 2008 Bonds will be sold to the Investor in reliance upon the representations and warranties of the Investor set forth herein. The Investor has requested and received those materials it has requested, and of which it is aware, and which the Investor has deemed relevant in connection with its purchase of the 2008 Bonds. The Investor has reviewed the Preliminary Limited Offering Memorandum dated August 1, 2008, and the final Limited Offering Memorandum dated August 8, 2008 (collectively, the "Limited Offering Memorandum"). All capitalized terms used herein and not otherwise defined shall have the meanings ascribed thereto in the Limited Offering Memorandum.

2. The Investor has been provided an opportunity to ask questions of, and the Investor has received answers from, representatives of the County and the Developer, regarding the terms and conditions of the 2008 Bonds, and the Investor has obtained all additional information requested by it in connection with the 2008 Bonds.

3. The Investor has sufficient knowledge and experience in business and financial matters in general, and investments such as the 2008 Bonds in particular, and is capable of evaluating the merits and risks involved in an investment in the 2008 Bonds. The Investor is able to bear the economic risk of, and an entire loss of, an investment in the 2008 Bonds.

4. The Investor is purchasing the 2008 Bonds solely for its own account for investment and has no present intention to resell or distribute the 2008 Bonds, provided that the Investor reserves the right to transfer or dispose of the 2008 Bonds in whole or in part, at any time, and from time to time, in its complete and sole discretion, subject, however, to the acknowledgement and agreement described in paragraph 5 of this Letter.

5. The Investor is a "qualified institutional buyer" as defined in Rule 144A promulgated under the Securities Act of 1933 (the "Securities Act"). The Investor understands and agrees (a) that it is an "accredited investor" as defined in Rule 501(a) promulgated under the Securities Act, (b) that the 2008 Bonds may be offered, resold, pledged or transferred only if they are registered under the Securities Act and applicable state securities laws, or pursuant to available exemptions from the registration requirements of the Securities Act and applicable state securities laws, and (c) that the County is under no obligation to register, and does not intend to register, the 2008 Bonds, and as to whether the 2008 Bonds are appropriate or proper for the Investor based on the Investor's own judgment and upon advice from such advisors as it has deemed necessary.

6. THE INVESTOR ACKNOWLEDGES THAT (I) NO HOLDER OF ANY 2008 BONDS SHALL HAVE THE RIGHT TO COMPEL THE EXERCISE OF ANY TAXING POWER OF THE COUNTY OR THE TOWN OF WOODFIN, NORTH CAROLINA (THE "TOWN") FOR PAYMENT OF PRINCIPAL OR INTEREST THEREON, (II) THE 2008 BONDS ARE NOT GENERAL OBLIGATIONS OF EITHER THE COUNTY OR THE TOWN AND WILL NOT CONSTITUTE AN INDEBTEDNESS OF EITHER THE COUNTY OR THE TOWN WITHIN THE MEANING OF ANY STATUTORY OR CONSTITUTIONAL PROVISION OR LIMITATION, (III) THE FAITH AND CREDIT OF THE COUNTY OR THE TOWN IS NOT PLEDGED TO THE PRINCIPAL OF AND INTEREST ON THE 2008 BONDS, AND (IV) NEITHER THE COUNTY NOR THE TOWN HAS ANY OBLIGATION TO LEVY TAXES TO MAKE PAYMENTS WITH RESPECT TO THE 2008 BONDS.

7. The undersigned is a duly appointed, qualified and acting officer or authorized signatory of the Investor and authorized to make the certifications, represents and warranties contained herein.

Very truly yours,

By: _____

Name: _____

Title: _____

APPENDIX F

DEVELOPMENT, ACQUISITION AND FINANCING AGREEMENT

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DEVELOPMENT, ACQUISITION AND FINANCING AGREEMENT

WOODFIN DOWNTOWN CORRIDOR

AUGUST 1, 2008

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DEVELOPMENT, ACQUISITION AND FINANCING AGREEMENT

This Development, Acquisition and Financing Agreement (the "Agreement") is made and entered into as of the 1st day of August, 2008 by and among the Town of Woodfin, a North Carolina municipal corporation (the "Town"), Buncombe County, a political subdivision of the State of North Carolina (the "County") and Reynolds Mountain Partners, LLC, a North Carolina limited liability company (the "Developer").

STATEMENT OF PURPOSE

WHEREAS, the Town and the County have entered into the Interlocal Agreement, dated as of August 1, 2008, pursuant to and in accordance with Article 20 of Chapter 160A of the North Carolina General Statutes, as amended (the "**Interlocal Act**");

WHEREAS, the Town has created a project development financing district known as the Woodfin Downtown Corridor Financing District (the "**District**"), pursuant to and in accordance with (i) Article 1 of Chapter 158 of the North Carolina General Statutes, as amended, (ii) Article 6 of Chapter 159 of the General Statutes of North Carolina, as amended (the "**Project Development Financing Act**"), and (iii) a resolution duly adopted by the Board of Aldermen of the Town on November 21, 2006;

WHEREAS, the District encompasses a land area of approximately 205 acres located within the geographic boundaries of the Town, including 80 acres of a former landfill;

WHEREAS, the Town and the County have entered into the Development Financing Plan for the Town of Woodfin and Buncombe County, Woodfin Downtown Corridor Development Financing District, dated as of November 21, 2006 pursuant to Section 158-7.3 of the North Carolina General Statutes, as amended;

WHEREAS, Reynolds Mountain Partners, LLC (the "**Developer**") has previously acquired fee simple title to or a leasehold interest in all of the Property within the District and the Developer has proposed a plan to the Town and the County to develop and construct a mixed-use project containing residential, retail office and perhaps, civic components (collectively, the "**Private Project**");

WHEREAS, the Town and the County have determined that the development and construction of the Private Project is in the best interests of the public and will have substantial direct economic benefits to the Town and County in the form of increased *ad valorem* tax revenues, enhanced commercial development, growth and expansion within the Town;

WHEREAS, in order for the Developer to develop the Private Project, the construction of certain public infrastructure improvements is mandatory, consisting of roads (including Corridor Road, Senator Reynolds Road, entry roads and access to commercial and residential roads not yet named), a public sewer line extension, pedestrian walkways, bike trails elements, and all necessary components of the foregoing public infrastructure, such as mobilization, clearing and grubbing, grading, paving, curbs and gutters, flared end sections, curbed inlets, grate inlets, rip rap, detention structures, burying power lines, traffic controls and storm drainage for the streets to be constructed, erosion and sediment control, community re-vegetation and landscaping, water harvesting, bio-retention, wetlands mitigation and stream enhancement and blast rock and trench rock excavation and perhaps a public parking structure is desirable (collectively, the "**Public Project**"); and

WHEREAS, the Town, the County and the Developer have determined that the Developer, as agent of and on behalf of the Town, will develop and construct the Public Project subject to the terms and conditions set forth herein;

WHEREAS, the costs of development, construction and acquisition of the Public Project will be financed by the County, on behalf of the Town, through the issuance of certain public debt by the County as more particularly described in this Agreement (the "**DF Bonds**"); and

WHEREAS, pursuant to the Indenture (as defined below) and the Interlocal Agreement, the Town and the County have pledged a portion of the *ad valorem* taxes to be received by the Town and the County levied on the property within the District to the repayment of the DF Bonds.

NOW, THEREFORE, in consideration of the mutual promises and covenants contained herein and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto hereby agree as follows:

ARTICLE I DEFINED TERMS

In addition to other terms defined in the body of this Agreement, for purposes of this Agreement, each of the following capitalized terms shall have the meaning set forth below:

"Act" shall mean the North Carolina Project Development Financing Act, codified at N.C. Gen. Stat. § 159-101, *et. seq.*

"Act of Bankruptcy" means, with respect to any Party, that (1) such Party shall have commenced a voluntary case under the Bankruptcy Code or under any other insolvency act or law, state or federal, now or hereafter existing, or applied for or consented to the appointment of, or taking of possession by, a receiver, trustee, assignee, custodian or liquidator of all or a substantial part of its assets; (ii) such Party shall have made a general assignment for the benefit of creditors; (iii) such Party shall have been adjudicated bankrupt, or shall have filed a petition or an answer seeking an arrangement with creditors; (iv) such Party shall have taken advantage of any insolvency law, or shall have submitted an answer admitting the material allegations of a petition in bankruptcy or insolvency proceeding; (v) an order, judgment or decree for relief shall have been entered in an involuntary case against such Party, without the application, approval or consent of such Party, by any court of competent jurisdiction appointing a receiver, trustee, assignee, custodian or liquidator, for such Party or for a substantial part of any of its assets, and such order, judgment or decree shall continue unstayed and in effect for any period of ninety (90) consecutive days; or (vi) an involuntary petition in bankruptcy against such Party, shall have continued undismissed for ninety (90) days after the filing thereof.

"Actual Cost" shall mean, with respect to each distinct Phase or component thereof, the aggregate total cost incurred in connection with the development and construction of such Phase or component thereof with respect to the applicable line items on the Budget relating to such Phase or component thereof adjusted by amounts relating to change orders described in Section 3.6, it being acknowledged by the Parties that such Actual Cost may be less than or greater than the corresponding Budgeted Cost.

"Agreement" is defined in the introductory paragraph hereof.

"Applicable Law" shall mean any applicable constitution, treaty, statute, rule, regulation, ordinance, order, directive, code, building code and ordinances, interpretation, judgment, decree,

injunction, writ, determination, award, permit, license, authorization, requirement or decision of, or agreement with, or by, Governmental Authorities.

“Budget” is defined in Section 3.1 hereof.

“Budgeted Cost” shall mean, with respect to a particular Phase or component thereof, the total anticipated development and construction cost for such Phase or component thereof as shown on the applicable Budget.

“Business Day” shall mean a day of the year that is not a Saturday, Sunday, legal holiday or day in which national banks are not required or authorized to close in North Carolina.

“Ceiling Amount” shall mean the sum of \$25,000,000.00, plus the costs incurred by the County in connection with all DF Issuances (such as bond counsel fees and underwriting expenses), to the extent that the County elects to pay such costs from the proceeds of DF Issuances and, plus all amounts set aside as a debt service reserve and as other reserves required to be established under the applicable bond documents.

“Civil Engineer” refers to one or more licensed professional engineering firms engaged by the Developer, from time to time, to develop the Construction Documents.

“Commission” refers to the North Carolina Local Government Commission.

“Completed” is defined in Section 4.1.

“Completion Notice” is defined in Section 4.1.

“Construction Documents” shall have the meaning attributable to such term in Section 3.2 hereof.

“County” shall mean the County of Buncombe, a political subdivision of the State of North Carolina.

“County Board” shall mean the Board of Commissioners of the County.

“Developer” refers to Reynolds Mountain Partners, LLC, a North Carolina limited liability company, and its successors and assigns, as the Developer and initial owner of the Project.

“Development Consultant” is defined in Section 3.4.

“DF Bonds” shall mean project development financing debt instruments issued by the County in accordance with the provisions of the Act with respect to the financing of the construction and acquisition of the Public Project.

“DF Issuance” shall mean any series of DF Bonds issued by the County under the DF Plan and this Agreement.

“DF Plan” refers to the Development Financing Plan for Woodfin Downtown Corridor Development Financing District adopted pursuant to N.C. Gen Stat. § 158-7.3 by the Board of Aldermen of the Town on November 21, 2006, and the Board of Commissioners of the County on November 21, 2006 and approved by action of the North Carolina Local Government Commission on March 6, 2007, as amended from time to time.

"District" shall mean that certain approximately 205 acre parcel or parcels of real property located in the Town of Woodfin, Buncombe County, North Carolina more particularly described on Exhibit A attached to the DF Plan and which is denoted as "Woodfin Downtown Corridor Financing District."

"Fiscal Year" shall mean the fiscal year of the City and County which extends from July 1 to June 30th of the immediately following calendar year. For example, fiscal year 2006 extends from July 1, 2005 to June 30, 2006.

"Force Majeure" shall mean labor disputes not due to a breach of an applicable collective bargaining agreement, a fire, earthquake, flood or similar casualty loss, adverse weather conditions that cannot reasonably be anticipated, construction material shortages due to market unavailability, acts of God, war, national emergency, civil disturbance or disobedience, riot, sabotage, terrorism, threats of sabotage or terrorism, restraint by court order or order of Governmental Authority, and similar occurrence beyond the reasonable control of the party claiming the occurrence of a Force Majeure that make compliance with any Person's material obligations under this Agreement in a timely manner impracticable or impossible and which, in any event, are not foreseeable or a result of the acts or omissions of, or in the control of, the party claiming Force Majeure.

"Funding Date" is defined in Section 4.2.

"Funding Notice" is defined in Section 4.2.

"Governmental Authorities" shall mean any and all jurisdictions, entities, courts, boards, agencies, commissions, authorities, offices, divisions, subdivisions, departments or bodies of any nature whatsoever or any governmental unit (federal, state, county, municipality or otherwise) whether now or hereafter in existence.

"Governmental Parties" refers to the Town and County collectively.

"Indenture" refers to the General Trust Indenture (County of Buncombe, North Carolina, Project Development Financing Bonds {Woodfin Downtown Corridor Development}) dated as of August 1, 2008 between the County and U.S. Bank National Association, as Trustee.

"Minimum Assessment Agreement" refers to that certain Minimum Assessment Agreement entered into by the Developer in its capacity as the owner of property within the District as of the date hereof with the Town and County in accordance with the provisions of N.C. Gen. Stat. § 159-108.

"Parties" shall mean the parties to this Agreement and "Party" in the singular shall mean any one of the parties hereto as the context requires.

"Person" shall mean any natural person, firm, partnership, association, corporation, limited liability company, trust, entity, public body, authority, governmental unit or other entity, or the successor or assigns of any such natural person, firm, partnership, association, corporation, limited liability company, trust, entity, public body, authority, governmental unit or other entity, as applicable.

"Phase" refers to a distinct portion of the Public Project which Developer intends to construct in the Town and the Town intends to acquire pursuant to the terms of this Agreement with each such distinct portion being determined by Developer based on its phasing of the Private Project as a result of market conditions, and reference herein to "Phases" shall refer to more than one such Phase.

"Placement Agent" shall refer to that financial services firm selected by the County from time to time in connection with the issuance, placement and sale of the DF Bonds, it being acknowledged by the Parties hereto that the Placement Agent with respect to the DF Bonds to be issued in connection with the first Phase is A. G. Edwards & Sons, Inc.

"Private Project" shall have same meaning as attributed to such term in the DF Plan.

"Project" shall mean collectively the Public Project and the Private Project.

"Public Project" shall have the same meaning as attributed to such term in the DF Plan.

"Reconciliation Statement" is defined in Section 3.5.

"Requisition" is defined in Section 3.5.

"Requisition Amount" is defined in Section 3.5.

"Standard Assessment Amount" shall have the same meaning as attributed to such term in the Minimum Assessment Agreement.

"Starting Conditions" are defined in Section 3.3.

"Tax Increment Increase Amount" shall have the same meaning as attributed to such term in the Minimum Assessment Agreement.

"Town" shall mean the Town of Woodfin, a North Carolina municipal corporation.

In addition to the foregoing, certain other defined terms used in this Agreement will be defined in the context of their first use. Any references in this Agreement to a specific statute contained in the North Carolina General Statutes shall be deemed to include such statute as subsequently amended from time to time hereafter.

ARTICLE II FINANCING OF THE PRIVATE PROJECT

Section 2.1 Developer Obligations. Developer will develop the Private Project. The Private Project is expected to occur in multiple phases.

(a) Developer is solely responsible for all costs related to the development and construction of the Private Project and is solely responsible for obtaining all financing necessary to fund such costs and neither the Town, nor the County, will have any responsibility or liability for obtaining for, or on behalf of the Developer any such financing.

(b) To the extent that the financing for the Private Project obtained by the Developer requires a lien on any of the Public Project then, on or before the time such encumbered Public Project is conveyed to the Town, as described in Article IV hereof, the Developer shall at its sole cost and expense obtain any and all releases necessary from any such lien such that the Public Project may be conveyed free and clear of any such liens to the Town.

(c) Except as specifically set forth in this Agreement to be the obligation of the Town or the County, the Developer, at its sole costs and expense, will make provision for any and all utility services required for the Private Project and to perform any and all work required to provide hook-ups between the

assets comprising the Private Project and the public utilities assets comprising a portion of the Public Project, including without limitation the installation of such conduits, lines and other facilities within the boundaries of the Private Project as may be required to effectuate such hook-ups. Nothing in this Agreement shall be deemed to relieve the Developer of any obligation it may have to pay the costs of its direct hook-ups to the portion of the Public Project consisting of any public utilities.

ARTICLE III DEVELOPMENT AND CONSTRUCTION OF THE PUBLIC PROJECT

Section 3.1 Developer Obligations.

(a) Provided that DF Bonds adequate to provide payment of the costs are issued by the County, the Developer will develop and construct the Public Project exclusively as agent for, and on behalf of, the Town in accordance with the terms and conditions set forth in this Agreement. The development and construction of the Public Project is expected to occur in multiple phases as mutually agreed upon by Developer, the Town and the County. The parties acknowledge that the first Phase has been approved by the Town and County and is currently being constructed by the Developer in accordance with this Agreement.

(b) With respect to each Phase, the Developer shall prepare for review by the Town a budget (the "Budget") that adequately reflects the estimated costs of development and construction of such Phase. After the Budget is approved as provided in Section 3.2 hereof, such Budget will form the basis of a DF Bond Issuance to fund such costs. Developer will have the right to reallocate line item costs as set forth in Section 3.5 hereof. The parties acknowledge that the Budget for the first Phase has been approved by the Town and County.

Section 3.2 Development of Construction Documents.

(a) The Developer will prepare all construction plans and specifications (the "**Construction Documents**") necessary for the development and construction of the Public Project, such Construction Documents to include the specific Phases of the Public Project. In conjunction with the foregoing, the Developer, acting as agent for and on behalf of the Town, will employ the Civil Engineer.

(b) All Phases of the Public Project will be built to the applicable Governmental Authority's general standards for acceptance of maintenance of public infrastructure of a similar nature in effect as of the date hereof and the Construction Documents shall reflect such standards which the Town will make available to the Developer and Civil Engineer.

(c) Prior to completion of all of the Public Project and its conveyance to the Town in accordance with Section 6.2 of this Agreement (unless this Agreement is terminated earlier), the Town will not change any standards for which it is responsible in any material way.

(d) As the Construction Documents for a particular Phase of the Public Project are completed by the Civil Engineer and the Developer, the Developer shall promptly deliver a full and complete copy of such Construction Documents together with the proposed Budget for such Phase to the Town for approval. The Town shall approve such Construction Documents and Budget within fifteen (15) Business Days after submission by the Developer, or, within such time period, provide to the Developer and the Civil Engineer suggested revisions to such Construction Documents and Budget. If comments are provided by the Town, such comments shall be reviewed by the Developer and the Civil Engineer and revisions made to such Construction Documents and Budget and returned to the Town as promptly as reasonably possible after receipt of the Town's comments. The submission of revised Construction

Documents and Budget and providing comments thereon shall continue until such time as the revisions to each applicable stage of the Construction Documents and Budget are approved by the both the Developer and the Town; provided, however, that the Developer and the Town acknowledge and agree that each set of the Construction Documents and related Budget must be completed and approved as promptly as possible, and the Town agrees to cooperate and work together in good faith to expedite the completion, review and approval process. The parties acknowledge that at the completion of the Construction Documents, further adjustments may be needed to the Budget to reflect actual bids or invoices for the work relating to the Phase. These adjustments to the Budget will be submitted by Developer to the Town as soon as reasonably practical for the Town's approval which will not be unreasonably withheld or delayed. Upon the approval of the completed Construction Documents and Budget for a particular Phase, this Agreement shall be amended and the Developer and the Town will identify the completed Construction Documents as approved. Developer acknowledges that certain Governmental Authorities, other than the Town, must approve certain aspects of the Construction Documents and Developer will have the responsibility for obtaining such approvals. The parties acknowledge and agree that the Construction Documents for the first Phase currently under construction, have been approved.

Section 3.3 Starting Conditions.

(a) In the event that the Developer undertakes the development and construction of any Phase of the Public Project (other than the first Phase which has already been commenced) prior to the fulfillment of each and every condition set forth herein below (the "*Starting Conditions*"), such development and construction of such Phase is at the Developer's own risk and the Town and County shall be under no obligation to finance the costs of development and construction of such Phase:

- (i) DF Bonds have been issued for all prior Phases;
- (ii) Developer has performed all of its obligations hereunder and under the Minimum Assessment Agreement in all material respects;
- (iii) The Construction Documents and Budget for the applicable Phase have been approved by the Town in accordance with the provisions of the Agreement;
- (iv) The conditions for a DF Issuance, other than the "2008 Bonds" (as defined in the Indenture) set forth in Section 6.7(c)(1) and (2) of the Indenture are fulfilled; and;
- (v) The principal amount of DF Bonds to be issued to finance the costs of development and construction of such Phase when added to the aggregate principal amount of all DF Bonds previously issued by the County pursuant to the DF Plan is less than or equal to the Ceiling Amount.

Section 3.4 Construction Contracts.

(a) **Duties of Developer.** The Developer shall cause a reputable and experienced general contractor or general contractors selected by the Developer to commence and thereafter complete construction of the applicable Phase of the Public Project in a good workman-like manner in accordance with the terms of such construction contracts, the Construction Documents, the Budget, and all Applicable Laws. The Developer shall monitor such work and such contractors compliance with the construction contracts, the Construction Documents, the Budget, and all Applicable Laws. The Developer shall from time to time (but no less frequently than quarterly) report on the status of construction as well as the general contractor's compliance with the matters listed in the preceding sentence to the Town in such form and with such level of detail as may be reasonably requested by the

Town. The Developer shall, at its expense (but by first utilizing the applicable DF Bonds proceeds as made available pursuant to Section 5.2 hereof), cause the construction work to be performed on a lien-free basis, and, in the event of the filing of a mechanic's or materialman's lien or liens with respect thereto, shall cause the same to be immediately discharged or bonded over; subject, however, to the right of the Developer, to dispute a claim in good faith, so long as the continuation of such dispute does not permit enforcement of any lien against the applicable Phase or any portion thereof.

(b) **Development Consultant.** The Town reserves the right to retain a single engineering consultant (the "**Development Consultant**"), at its expense, in order to advise the Town in connection with the progress of the construction work. If a Development Consultant is retained, the Developer shall furnish such Development Consultant with copies of all information, reports, documents, notices and other materials required to be provided to the Town or the County under this Agreement, at the same time as the same are furnished to the Town or the County and shall require all contractors to provide reasonable access to the Development Consultant to the Public Project, so the Development Consultant may inspect all work being done.

Section 3.5 Developer's Rights to Shift Costs under the Budget and Approve Change Orders.

(a) **Change Orders.** The Developer's rights to make change orders to the Construction Documents will be subject to the following provisions:

(i) **Change Orders Initiated Per Governmental Requirements.** Change orders required by a Governmental Authority may be made by the Developer without the approval of the Town. The Town shall have the right to review and comment upon any such change order prior to execution thereof. Any cost relating to any such change order that cannot be covered under the Budget will be funded by Developer but will increase the Actual Costs of the applicable Phase payable under Article V below, unless such Governmental Authority initiated change order was required to correct an error in the Construction Documents resulting from the negligence of Developer or the Civil Engineer (in which event there will be no increase in such Actual Costs).

(ii) **Developer Initiated Change Orders.** The Developer may initiate change orders to accelerate the construction schedule or to solve problems of availability of materials or for upgrades to the Public Project from the Construction Documents. Subject to subsection (b) below, no deductive change order (that is, one that reduces the cost of work to be performed under a specific line item in the Budget from the amount shown on the Public Project Budget) may be made without the Town's prior written approval, which shall not be unreasonably withheld or delayed, and no additive change order (that is, one that increases the cost of work to be performed under a specific line item in the Budget from the amount shown on the Budget), which at the time made would exceed the amount remaining unspent in the line item set forth in the Budget as "Contingency", will be made without Town's prior written approval which approval shall be in the Town's sole and absolute discretion. If the Town's approval is received for an additive change order as described in the preceding sentence, then any cost relating to any such change order that cannot be covered under the Budget (including from amounts in the Contingency line item) will be funded by the Developer but will increase the Actual Costs of the applicable Phase of the Public Project payable under Article V below.

(iii) **Change Orders Initiated by the Town.** The Town has the exclusive right in its sole discretion to initiate additive change orders subject to the consent of the Developer which will not be unreasonably withheld or delayed. Any cost increase associated with such a change order that cannot be covered under the Budget (including from amounts in the Contingency line item) will be funded by the Town as a condition to such change order being made.

(b) **Cost Shifting Not Involving Change Orders.** The Developer may shift unspent funds from any line item in the Budget, after completion of the work covered by the relevant line item to the line item in the Public Project Budget entitled "Contingency"; provided that the Developer notify the Town of such shift and demonstrates to the reasonable satisfaction of the Town that all work associated with the applicable line item have been completed and fully paid. The Developer may expend funds from the Contingency Line item of the Budget on any component of the Public Project Budget in which the amount allocated in the line item for such component is less than the Actual Cost of the work or materials or both with respect to such component without the prior written consent of the Town, but the Town will be notified in writing in advance of any such expenditure and will be provided an explanation in reasonable detail for the necessity of such expenditure.

Section 3.6 Quarterly Reports to Town and County. Within 45 days after the end of each calendar quarter during any period in which construction activities relating to the Public Project are ongoing, Developer shall deliver a construction progress report to the Town and County which will contain the following information: (i) a narrative summary of the current status of construction activities relating to the Public Project including Developer's assessment as to whether such construction is on schedule, behind schedule or ahead of schedule, (ii) a comparison of Actual Costs incurred for the Phase under construction with the Budgeted Cost; and (iii) an explanation of any material discrepancy, positive or negative, between the Actual Costs and the Budgeted Costs.

ARTICLE IV FINANCING OF THE PUBLIC PROJECT

Section 4.1 County Obligations.

(a) The costs of development and construction of each Phase of the Public Project shall be financed with proceeds of DF Bonds to be issued by the County, on behalf of the Town, for such Phase of the Public Project from time to time as provided in this Agreement.

(b) Except as otherwise provided in Section 4.1(c) below, at such time as Developer is prepared to commence development and construction of a specified Phase of the Public Project, the Developer will provide written notice (the "**Funding Notice**") to the Town and County of (i) the Phase to be developed and constructed, (ii) the work to be performed during such Phase and (iii) the expected date (the "**Funding Date**") on which proceeds of such DF Issuance are expected to be required to provide for the payment of the costs of development and construction of such Phase of the Public Project, such date specified shall not be sooner than ninety (90) days from the date of the Funding Notice. Upon receipt of the Funding Notice and subject to the limitations set forth in Section 4.1(d) below, the County will apply to the Commission for approval to issue DF Bonds in an amount equal to the lesser of (A) all issuance costs relating to the DF Bonds plus (B) the total costs shown on the Budget, and begin the legal process required to obtain approval for such issuance by the County Board. The parties acknowledge that the Commission and the County Board have approved the DF Plan; however, prior to the time that any DF Bonds may be issued by the County, the Commission and the County Board must approve the terms of each DF Bond Issuance. No less than 60 days before the Funding Date, Developer will submit to the Town and County the Budget for the applicable Phase together with such documentary evidence verifying the costs contained therein to the reasonable satisfaction of the County and Town. Such evidence shall include (i) a schedule of costs relating to such Phase already incurred by Developer as supported by written invoices for such costs, or (ii) written bids from the third party contractors, subcontractors and suppliers, as applicable or (iii) a combination of the schedule and invoices and bids described in clauses (i) and (ii) which evidence costs in an aggregate amount equal to at least sixty percent (60%) of the total costs shown on the Budget. At such time, Developer will also provide evidence, reasonably satisfactory to the County, of the fulfillment of the conditions set forth in Section 3.3(iv). Upon receipt of the Budget

and such documentary evidence, the County will promptly supplement and complete its application to the Commission. Upon request by the County, Developer will promptly supply such other information of a non-proprietary nature, as the Commission may request as part of the Commission's consideration of the application. Upon approval by the Commission and the County Board of a particular DF Bond issuance, the County will take all necessary legal steps to issue such DF Bonds and instruct the Placement Agent to place such DF Bonds and to deliver the proceeds thereof, net of all costs of issuance to the County whereupon the County or the trustee for the DF Issuance will make such proceeds available to fund the costs shown on the Budget pursuant to the procedure set forth in Article III and to acquire the applicable Phase in accordance with the provisions of Section 6.2.

(c) Notwithstanding the requirements of Section 4.1(b) above, the Town and the County acknowledge that the construction of first Phase of the Public Project is under way and that upon receipt of the proceeds of the first DF Issuance, the County, on behalf of the Town will pay the Actual Costs incurred to date with respect to the first Phase upon compliance with the evidentiary requirements of Article V. As a condition to such reimbursement, Developer shall deliver to the Town and County a schedule of the components of the first Phase of the Public Project, which will be initialed by each party and attached hereto as Schedule 4.1.

(d) No DF Issuance after the first one may occur unless the conditions set forth in Section 3.3(iv) are met. The County will not be required to make a DF Issuance if, the principal amount thereof, when added to the principal amounts of all prior DF Issuances would exceed the Ceiling Amount.

(e) The County is not required under the terms of this Agreement to seek to issue or to issue DF Bonds, in the aggregate, in excess of the Ceiling Amount; *provided, however*, that the County may issue DF Bonds in the aggregate in excess of the Ceiling Amount in accordance with Section 4.1(h) below.

(f) To the extent, if any, that Actual Costs of any Phase were not paid from the net proceeds of the applicable DF Issuance ("Unpaid Actual Costs"), such Unpaid Actual Costs may be included by the Developer in the Budget for a subsequent Phase and if included will be paid by the County from the net proceeds of the DF Issuance for such Phase as part of the first Progress Invoice for such Phase.

(g) If after the conveyance of the last Phase of the Public Project and issuance by the County, on behalf of the Town, of the applicable Subsequent DF Issuance for such Phase there are still any Actual Costs, Developer reserves the right at any time thereafter to request the County to issue a Subsequent DF Issuance if, but only if, the conditions set forth in 3.3 (iv) are fulfilled. Upon receipt of a written request from Developer to do so, the County will promptly and in good faith proceed to obtain Commission and Board approval and, if obtained, the County will issue such DF Bonds up to an amount equal to the lesser of (i) an amount which when added to all prior DF Issuances would equal the Ceiling Amount or (ii) such Unpaid Actual Costs plus all related costs of the DF Issuance and distribute the net proceeds to Developer.

(h) If as a result of the limitation imposed by the Ceiling Amount there are still unreimbursed Unpaid Actual Costs, the County is under no further obligation to seek to issue DF Bonds pursuant to the provisions of this Agreement but the parties hereto acknowledge that it is their intention that so long as the conditions set forth in Section 3.3(iv) are fulfilled, then the County would seek to issue more DF Bonds to reimburse the Developer for all Unpaid Actual Costs without regard to limitation imposed by the Ceiling Amount.

**ARTICLE V
COMPENSATION AND PAYMENT TO DEVELOPER**

Section 5.1 Actual Costs. In consideration of the Developer's development and construction the Public Project as agent for, and on behalf of the Town, the Town shall pay the Developer the Phase I Actual Costs for each Phase (collectively, the "*Actual Costs*"), as set forth in Section 5.2 below.

Section 5.2 Progress Invoices.

(a) On or before the tenth Day of each month during the development and construction of each Phase of the Public Project, the Developer shall submit to the County, on behalf of the Town, an invoice with respect to work done on the Phase for which the Developer has not been paid (the "*Progress Invoice*") accompanied by: (i) a certification from the Civil Engineer that the applicable work for the prior month that have been invoiced have been satisfactorily completed in accordance with this Agreement and the Construction Documents; (ii) a Monthly Progress Report with respect to the applicable Phase; and (iii) all other Documentation the Developer is required to submit pursuant to this Agreement. The parties agree that the first Progress Invoice to be submitted by Developer will be for all work done with respect to the first Phase as of the date of submission.

(b) In each Progress Invoice, the Developer shall certify that the Progress Invoice represents the amount to which the Developer is entitled pursuant to the terms of this Agreement and shall also certify as follows:

"There are no known mechanics' or materialmen's liens or claims of liens outstanding at the date of this invoice, all amounts which are due and payable to any third party (including Subcontractors) with respect to the development and construction of the applicable Phase of the Public Project commenced or completed as of the date of this invoice have been paid or included in the amount requested in the current invoice and, except for those bills not paid but so included and amounts disputed between the Developer and the Town or the County, there is no known basis for the filing of any mechanics' or materialmen's liens on the applicable Phase of the Public Project, except with respect to payments to Subcontractors withheld for proper reasons."

(c) If any Progress Invoice is deficient in any material respect, the Developer shall be required to resubmit that Progress Invoice in proper form to the County, on behalf of the Town, before the County, on behalf of the Town, incurs any obligation to pay the entire Progress Invoice; *provided, however,* that, if a Progress Invoice is deficient only with respect to certain items, the County, on behalf of the Town, shall pay those portions that are complete and correct; *provided, further, however,* that nothing in this subsection (c) shall waive or impair the County's or the Town's rights of setoff and recoupment.

(d) Within 20 Days after the County, on behalf of the Town, receives a compliant Progress Invoice and supporting Documentation, but in any event no sooner than the first Business Day of the month following the month that the Developer submits the compliant Progress Invoice to the County, on behalf of the Town, the County, on behalf of the Town, shall pay the Developer amount set forth therein which the Developer (i) listed in the Progress Invoice, (ii) has completed, and (iii) has certified in writing to the County, on behalf of the Town, having been completed. The payment by the County, on behalf of the Town, of any Progress Invoice, including the final Progress Invoice, does not constitute approval or acceptance of any item of cost in that Progress Invoice. County reserves the right to have the Development Consultant review and approve the work covered by the Progress Invoice. Any amount of

Progress Invoice which is disputed by the County or the Town or any material issue raised by the Development Consultant shall be resolved in accordance with Section 11.14 of this Agreement and the County, on behalf of the Town, may withhold payment of the disputed amount pending resolution of the dispute. When the dispute is resolved as provided herein, the County, on behalf of the Town, shall pay any amount owing within five (5) Business Days after the date of the final resolution of such dispute.

(e) Upon the final Completion of each Phase of the Public Project, the Developer shall submit to the County, on behalf of the Town, a final Progress Invoice, which shall set forth all remaining amounts due to the Developer pursuant to this Agreement. The final Progress Invoice with respect to each Phase of the Public Project shall also include a waiver or a bond satisfactory to the County, on behalf of the Town, against any mechanic's and materialmen's liens.

ARTICLE VI CONVEYANCE OF THE PUBLIC PROJECT TO THE TOWN

Section 6.1 Determination of Completion. As each Phase of the Public Project is Completed, the Developer will give written notice thereof (the "Completion Notice") to the Town and the County accompanied by a certification from the Civil Engineer that such Phase is Completed. For purposes hereof an individual Phase of the Public Project will be deemed "Completed" when all work constituting such Phase has been completed in accordance with the Construction Documents for such Phase and complies with the applicable standards of the Town or other applicable Government Authority for acceptance by it for public maintenance. Within fifteen (15) days following such written notice to the Town, the Town will notify Developer as to whether it disagrees with the Civil Engineer's certification with respect to those portions of the Phase that it is required to approve. If the Town fails to provide any notice to Developer within such fifteen (15) day period, it will be deemed to have accepted and agreed with the Civil Engineer's certification. If the Town notifies the Developer that it does not agree, then it shall provide to the Developer a specific list of items that need correction. If Developer agrees with the Town's list of needed corrections, it will promptly correct the items and upon completion, the Civil Engineer will reissue its certification and the Town will have the same rights (and subject to the same time periods and other requirements) to agree or disagree. This process will continue until Town and Developer agree that such Phase is Completed. In the event that either the Town or Developer conclude that such agreement may not be reached, then either party may submit the matter for resolution in accordance with the provisions of Section 11.14 hereof. Developer will be responsible for obtaining the necessary written approvals from other Governmental Authorities which are required to approve any portions of the Phase not approved by the Town.

Section 6.2 Closing.

(a) No later than thirty (30) days after the final determination hereunder that the applicable Phase has been Completed, the Developer will convey by deed or other documentation reasonably satisfactory to the Town, the applicable Phase in a lien free condition (but subject to such easements, covenants and restrictions as exist as of the date hereof, or as may be subsequently imposed by the Developer in connection with the Private Project, so long as such subsequently imposed easements, covenants and restrictions do not have a material adverse effect on the use and enjoyment of the Public Project for the purposes for which they are intended) and the Town will pay to Developer the amount for such Phase as determined in accordance with the provisions of Section 6.2 (b) below. All closing costs associated with a transfer of a Phase to the Town shall be paid by the Town.

(b) The amount for each Phase for which DF Bonds were issued and to be paid by the Town at closing is an amount equal to the lesser of (i) the remaining undisbursed net proceeds of the applicable DF Issuance or (ii) the remainder of (A) the Actual Cost for such Phase as demonstrated to the reasonable

satisfaction of the Town (other than those costs expressly excluded from the Actual Costs as provided in Section 3.5(a)(i) above) minus (B) the aggregate disbursements made by the County under Section 5.2 hereof from the net proceeds of the applicable DF Issuances in payment of such Actual Costs.

(c) For any Phase for which all of the Starting Conditions had been met, but the County does not issue DF Bonds for such Phase (unless the reason for such non-issuance is that after proper application and diligent efforts by the County, the Commission refused to authorize the issuance) then the Developer shall be entitled to construct such Phase and recover its Actual Costs from the Town (and upon receipt of such Actual Costs Developer shall convey such Phase to the Town), and for this purpose the Actual Costs will be the lesser of (i) the Actual Cost for such Phase as demonstrated to the reasonable satisfaction of the Town (other than those costs expressly excluded from the Actual Costs as provided in Section 3.5 (a) (i) above) plus all financing costs related to Developer's funding of such costs as demonstrated to the reasonable satisfaction of the Town or (ii) the principal balance of DF Bonds that would have been issued by the County under Section 4.1 (and subject to the limitation set forth in Section 3.3(iv) hereof) had the County elected to do so.

(d) In the event the County does not issue DF Bonds for a Phase because the Commission did not approve the issuance after proper application and diligent efforts were made by the County, then the Town will be under no obligation to develop, construct or acquire such Phase.

ARTICLE VII SMALL BUSINESS ENTERPRISE PLAN/MWBE PROGRAM

The Developer agrees to use reasonable best efforts to require all contractors and subcontractors to follow the Town's and the County's "Government Minority Business Plan", a copy of which is attached hereto as Exhibit A.

ARTICLE VIII REPRESENTATIONS AND WARRANTIES

Section 8.1 Representations and Warranties of Developer. Developer represents and warrants to the County that:

(a) Developer is a duly organized and validly existing limited liability company in good standing under the laws of the State of North Carolina; it is duly qualified to do business and is in good standing in all jurisdictions where the nature of its business or ownership of property makes such qualification necessary and where failure to so qualify would have a material adverse effect on its business or property and has all requisite corporate power and authority to execute and deliver this Agreement.

(b) This Agreement has been duly authorized, executed and delivered by Developer and constitutes the legal, valid and binding obligation of Developer, enforceable against Developer in accordance with its terms, except to the extent enforceability is limited by bankruptcy, reorganization and other similar laws effecting Developer and the rights of creditors generally, and by general principals equity.

(c) To the best of Developer's knowledge, there is no litigation, governmental proceeding or investigation pending or threatened in writing against Developer which would have a material adverse effect on the business or financial condition of Developer or which could have a material effect upon Developer's ability to fulfill its obligations under this Agreement and develop, construct and operate the Project.

Section 8.2 Representations and Warranties of the County. The County represents and warrants to Developer that:

- (a) The County is a validly existing political subdivision of the State of North Carolina.
- (b) The County is authorized and empowered under Applicable Law to enter into this Agreement and deliver and perform all of its obligations under this Agreement.
- (c) No consent or approval of any third party, other than that Commission, is required to execute and deliver this Agreement.
- (d) The person signing this Agreement on behalf of the County has been duly authorized to sign and deliver this Agreement on behalf of the County.

(e) Neither the execution and delivery of this Agreement nor the performance by the County of its obligations hereunder shall (i) violate any statute, rule, judgment, order, decree, stipulation, injunction, charge or other restriction of any governmental authority or any provision of any governing document of the County, or (ii) conflict with, result in a breach of, or constitute a default under, any contract, indenture, mortgage, instrument of indebtedness or other agreement to which the County is party or by which it or its assets are bound, which conflict, breach, or default could reasonably be expected to have a material adverse effect on its ability to perform its obligations hereunder.

(f) This Agreement has been duly authorized, executed and delivered by the County and constitutes the legal, valid and binding obligation of the County, enforceable against the County in accordance with its terms, except to the extent enforceability is limited by bankruptcy, reorganization and other similar laws effecting the County and the rights of creditors generally, and by general principals equity.

(g) To the best of the County's knowledge, there is no litigation, governmental proceeding or investigation pending or, to the knowledge of the County, threatened against the County which would have a material adverse effect on the ability of the County to fulfill its obligations under this Agreement.

Section 8.3 Representations and Warranties of the Town. The Town represents and warrants to Developer that:

- (a) The Town is a municipal corporation duly organized and validly existing under the laws of the State of North Carolina.
- (b) The Town is authorized and empowered under Applicable Law to enter into this Agreement and deliver and perform all of its obligations under this Agreement.
- (c) No consent or approval of any third party other than the Commission, is required to execute and deliver this Agreement.
- (d) The person signing this Agreement on behalf of the Town has been duly authorized to sign and deliver this Agreement on behalf of the Town.

(e) Neither the execution and delivery of this Agreement nor the performance by the Town of its obligations hereunder shall (i) violate any statute, rule, judgment, order, decree, stipulation, injunction, charge or other restriction of any governmental authority or any provision of any governing document of the Town, or (ii) conflict with, result in a breach of, or constitute a default under, any

contract, indenture, mortgage, instrument of indebtedness or other agreement to which the Town is party or by which it or its assets are bound, which conflict, breach, or default could reasonably be expected to have a material adverse effect on its ability to perform its obligations hereunder.

(f) This Agreement has been duly authorized, executed and delivered by the Town and constitutes the legal, valid and binding obligation of the Town, enforceable against the Town in accordance with its terms, except to the extent enforceability is limited by bankruptcy, reorganization and other similar laws effecting the Town and the rights of creditors generally, and by general principals equity.

(g) To the best of the Town's knowledge, there is no litigation, governmental proceeding or investigation pending or, to the knowledge of the Town, threatened against the Town which would have a material adverse effect on the ability of the Town to fulfill its obligations under this Agreement.

ARTICLE IX TERMINATION

Section 9.1 By Developer. The parties acknowledge that the Developer's development of the Private Project is subject to market terms and the conditions and that as a result of such market conditions, Developer may elect not to pursue the Private Project. Therefore, the Parties agree that the Developer may terminate this Agreement at any time so long as no DF Bonds that have been issued by the County remain outstanding. The Developer may effect such termination by providing written notice thereof to the Town and County. A termination by the Developer under this Section 7.1 will automatically result in the termination of the Minimum Assessment Agreement.

Section 9.2 Special Termination Rights. In the event that the Starting Conditions were met with respect to any Phase and the County failed to issue DF Bonds with respect to such Phase, (subject to the limitation set forth in Section 3.3(iv) hereof), then Developer, at its election may elect to terminate this Agreement by giving written notice of such election to the Town and County. A termination pursuant to this Section 7.3 will have the following effects:

(i) If Developer has begun a Phase for which the Starting Conditions were met, but for which no DF Bonds were issued, it may either stop all work on such Phase and the Town will have no obligation to purchase such partially completed Phase, or to complete construction of such Phase whereupon the Town will be obligated to purchase the Phase pursuant to the provisions of this Agreement (except as otherwise provided in Section 6.2(d) hereof).

(ii) Developer will be under no obligation to construct any future Phases, the County will be under no obligation to issue DF Bonds with respect thereto and the Town will be under no obligation to purchase any future Phase.

ARTICLE X DEFAULTS AND REMEDIES

Section 10.1 Developer Defaults.

The following events (each a "Developer Default") shall constitute a default by Developer hereunder:

(a) Developer shall fail to observe or perform any material term or covenant of this Agreement and such default or failure shall continue for a period of thirty (30) days after written notice

thereof has been given to Developer by either of the Governmental Parties specifying in reasonable detail the nature of the breach and the action required to cure; or

(b) Any representation or warranty made by Developer as set forth in this Agreement or any other document entered into in connection herewith shall be false or inaccurate in any material way; or

(c) An Act of Bankruptcy shall have occurred and be continuing with respect to Developer.

In the event a Developer Default shall occur, and Developer shall fail to cure such default within thirty (30) days after written notice thereof, or if such Event of Default is of the nature that it cannot be cured within thirty (30) days and Developer has not commenced efforts to cure the same, then, in such event, either of the Governmental Parties may exercise such rights and remedies as shall be available at law or in equity to it.

Section 10.2 Town Defaults.

The following events (each a "Town Default") shall constitute a default by the Town under this Agreement:

(a) The Town shall fail to observe or perform any material term or covenant of this Agreement and such default or failure either is not cured within the applicable grace period, or shall continue for a period of thirty (30) days after written notice thereof has been given to the Town by Developer specifying in reasonable detail the nature of the breach and the action required to cure; or

(b) Any representation or warranty made by the Town as set forth in this Agreement shall be false or inaccurate in any material way; or

(c) An Act of Bankruptcy shall have occurred with respect to the Town.

In the event a Town Default shall occur, and the Town, as shall fail to cure such default within thirty (30) days after written notice thereof, then, in such event, Developer may either (i) seek specific performance of the Town's obligations hereunder or (ii) exercise any other rights and remedies available at law or in equity (other than any right to consequential damages or lost profits)

Section 10.3 County Defaults.

The following events (each a "County Default") shall constitute a default by the County under this Agreement:

(a) The County shall fail to observe or perform any material term or covenant of this Agreement and such default or failure either is not cured within the applicable grace period, or shall continue for a period of thirty (30) days after written notice thereof has been given to the County by Developer specifying in reasonable detail the nature of the breach and the action required to cure; or

(b) Any representation or warranty made by the County as set forth in this Agreement shall be false or inaccurate in any material way; or

(c) An Act of Bankruptcy shall have occurred with respect to the County.

In the event a County Default shall occur, and the County, as shall fail to cure such default within thirty (30) days after written notice thereof, then, in such event, Developer may either (i) seek specific

performance of the County's obligations hereunder or (ii) exercise any other rights and remedies available at law or in equity (other than any right to consequential damages or lost profits).

**ARTICLE XI
MISCELLANEOUS**

Section 11.1 Notices.

Any notice, consent or other communication required or contemplated by this Agreement shall be in writing, and shall be delivered in person, by certified mail (return receipt requested), by reputable overnight carrier, by electronic mail or by telefax, to the intended recipient at the addresses set forth below or such other address as the addressee advise the other Parties of in a written notice sent in accordance with the provisions of this Section:

Town of Woodfin
90 Elk Mountain Rd.
Asheville, NC 28804
Attention: Town Administrator
Facsimile Number: (828) 253-4700

Buncombe County
35 Woodfin Street
P.O. Box 7526
Asheville, NC 28802
Attention: Finance Director
Facsimile Number: (828) 250-6080

Reynolds Mountain Partners, LLC
55 Weaverville Road, Suite 12
Asheville, NC 28804
Attention: Kirk Boone
Facsimile Number: (828) 258-7500

With respect to any notice sent by any Party hereunder, a copy of such notice shall also be sent to:

Local Government Commission
c/o North Carolina Department of the Treasurer
State and Local Government, Finance Division
4505 Fair Meadow Lane
Raleigh, NC 27607-6449
Attention: Secretary

Notice shall be effective upon the date of receipt by the intended recipient; provided that any notice which is sent by telefax or electronic mail shall also be simultaneously sent by mail deposited with the U.S. Postal Service, certified mail (return receipt requested), by personal delivery, or by reputable national overnight courier.

Section 11.2 Assignment.

Developer may sell, assign or transfer its rights under this Agreement to any Person that acquires all or substantially all of Developer's interest, at the time of the transfer, in the Private Project.

Section 11.3 Amendments and Modifications.

Neither this Agreement nor any provision hereof may be amended, waived, discharged or terminated except by an instrument in writing signed by all of the Parties hereto such instrument in writing not to be unreasonably withheld or delayed by any Party.

Section 11.4 District Size.

So long as any DF Bonds are outstanding, neither the Town or the County will take any action to reduce the size of the District or remove any real property currently in the District therefrom.

Section 11.5 Entire Agreement.

This Agreement shall constitute the entire agreement among the Parties pertaining to the subject matter hereof and shall supersede all prior agreements and all other understandings, negotiations and discussions, whether oral or written, of the Parties, and there shall be no warranties, representations or other agreements among the Parties in connection with the subject matter hereof except as specifically set forth in this Agreement.

Section 11.6 Force Majeure.

Except as otherwise herein expressly provided, if either Party shall be delayed or hindered in, or prevented from, the performance of any covenant or obligation hereunder, as a result of any Force Majeure, and, provided that the Party delayed, hindered or prevented from performing notifies the other party both of the commencement and of the expiration of such delay, hindrance or prevention, (each notice being required within ten (10) Business Days of the respective event), then the performance of such covenant or obligation shall be excused for the period of such delay, hindrance or prevention and the period for the performance of such covenant or obligation shall be extended by the number of days equivalent to the number of days of the impact of such delay, hindrance or prevention. Failure to so provide the foregoing notice will result in waivers of both excuse in performance and extension of time to perform under this Section 8.6 with respect to any such delay, hindrance or prevention.

Section 11.7 Headings.

The headings in this Agreement are for convenience of reference only and shall not limit or otherwise affect the meaning hereof.

Section 11.8 Counterparts.

This Agreement may be executed in any number of counterparts and by different Parties hereto in separate counterparts, each of which when so executed shall be an original, but all of which shall together constitute one (1) and the same instrument.

Section 11.9 Governing Law.

THIS AGREEMENT SHALL BE GOVERNED BY, CONSTRUED AND ENFORCED IN ACCORDANCE WITH THE LAWS OF THE STATE OF NORTH CAROLINA WITHOUT REFERENCE TO THE CONFLICTS OR CHOICE OF LAW PRINCIPLES THEREOF.

Section 11.10 Third Party Beneficiaries.

This Agreement is solely for the benefit of the Parties and their successors and assigns permitted under this Agreement. Except as otherwise specifically provided herein, no provision of this Agreement shall be deemed to confer upon any other Person any remedy, claim, liability, reimbursement, cause of action or right.

Section 11.11 Interpretation.

Each of the Parties has agreed to the use of the particular language of the provisions of this Agreement and any questions of doubtful interpretation shall not be resolved by any rule or interpretation against the drafters, but rather in accordance with the fair meaning thereof, having due regard to the benefits and rights intended to be conferred upon the Parties hereto and the limitations and restrictions upon such rights and benefits intended to be provided.

Section 11.12 Severability.

If any article, section, subsection, term or provision of this Agreement or the application of the same to any party or circumstances shall, to any extent, be invalid or unenforceable, the remainder of the article, section, subsection, term or provision of this Agreement or the application of the same to the Parties or circumstances other than those to which it is held invalid or enforceable shall not be affected thereby and each remaining article, section, subsection, term or provision of this Agreement shall be valid and enforceable to the fullest extent as permitted by law.

Section 11.13 Relation of the Parties.

Nothing contained in this Agreement shall be deemed or construed by the Parties hereto or by any third party to create the relationship of principal and agent, partnership, joint venture, contractor/subcontractor, or any association between the Governmental Parties, on the one hand, and Developer, on the other.

Section 11.14 Gender and Terms.

Whenever the context shall so require, all words herein in any gender shall be deemed to include the masculine, feminine or neuter gender and all singular words shall include the plural and all plural words shall include the singular.

Section 11.15 Dispute Resolution.

Any claim, dispute or other matter arising out of or related to this Agreement shall be subject to mediation as a condition precedent to the institution of legal or equitable proceedings by any party. The Town, County and Developer shall endeavor to resolve claims, disputes and other matters in questions between them by mediation. Request for mediation shall be filed in writing by notice to the other Parties and to the Mediation Center at 189 College St., Asheville, North Carolina. The request may be made concurrently with the filing of legal or equitable proceedings but, in such event, mediation shall precede in advance of legal or equitable proceedings, which shall be stayed pending mediation for a period of thirty (30) days from the date of filing, unless stayed for a longer period by agreement of the Parties or court order. The Parties to the mediation agree to split the mediator's fee and filing fees equally. The mediation shall be held in Asheville, North Carolina unless another location is mutually agreed upon. Written agreements reached in mediation shall be enforced as settlement agreements in any court having jurisdiction thereof.

Section 11.16 No Indirect Damages.

IN NO EVENT SHALL ANY PARTY BE LIABLE UNDER ANY PROVISION OF THIS AGREEMENT FOR ANY SPECIAL, INDIRECT, INCIDENTAL, CONSEQUENTIAL, EXEMPLARY, TREBLE OR PUNITIVE DAMAGES, IN CONTRACT, TORT OR OTHERWISE, WHETHER OR NOT CAUSED BY OR RESULTING FROM THE SOLE OR CONCURRENT NEGLIGENCE OF SUCH PARTY OR ANY OF ITS AFFILIATES OR RELATED PARTIES. NOTWITHSTANDING THE FOREGOING, EXCEPT AS OTHERWISE PROVIDED HEREIN, THIS LIMITATION OF LIABILITY SHALL NOT APPLY TO THIRD-PARTY CLAIMS.

Section 11.17 Time.

Time set forth in this Agreement for the performance of obligations shall be strictly construed, time being of the essence. In the event the date specified or computed under this Agreement or for the performance, delivery, completion or observation of a covenant, agreement, obligation or notice by any Party hereto or for the occurrence of any event provided for herein shall not be a Business Day, then the date for such performance, delivery, completion, observation or occurrence shall automatically be extended to the next calendar day that is a Business Day. Unless otherwise specified, all references to a specific time of day shall be based upon Eastern Standard Time or Eastern Daylight Savings Time, as applicable on the date in question in Asheville, North Carolina.

Section 11.18 Antidiscrimination Clause.

In accordance with Applicable Law, the Parties shall not discriminate on the basis of race, sex, religion, national or ethnic origin, age or disability.

Section 11.19 Insurance.

The County and the Town will be named as additional insureds on the applicable insurance policy or policies maintained by Developer in connection with the development and construction of the Public Project.

[SIGNATURE PAGES FOLLOW]

TOWN:

TOWN OF WOODFIN

ATTEST:

By: _____

Name: _____

Title: Town Manager

Title: Town Clerk

[City Seal]

This instrument has been pre-audited in the manner required by the Local Government Budget and Fiscal Control Act.

Name: _____

Title: Director of Finance

COUNTY:

COUNTY OF BUNCOMBE

ATTEST:

By: _____

Name: _____

Title: County Manager

Title: Clerk to the Board

APPROVED AS TO FORM:

County Attorney

This instrument has been pre-audited in the manner required by the Local Government Budget and Fiscal Control Act.

Name: _____

Title: Director of Finance

DEVELOPER:

REYNOLDS MOUNTAIN PARTNERS, LLC

By: _____

Name: Kirk C. Boone

Title: Member and Manager

EXHIBIT A

Buncombe County Government Minority Business Plan

It is the policy of Buncombe County to: (1) provide minorities equal opportunity to participate in all aspects of County contracting and purchasing programs, including but not limited to, participation in procurement contracts for equipment, professional and other services contracts, and construction contracts; (2) prohibit discrimination against any person or business in pursuit of these opportunities on the basis of race, color, sex, religion, disability or national origin, and to conduct its contracting and purchasing programs so as to prevent any discrimination and to resolve all claims of such discrimination.

Buncombe County will actively seek to identify qualified minority businesses and offer them an opportunity to participate as providers of goods and services to the County. It is the intent of this plan to widen opportunities for participation, increase competition and to ensure the proper and diligent use of public funds.

This policy is not intended in any manner to require that contracts be awarded to anyone other than the lowest responsible bidder, not to supersede the requirement of any federal, state or local laws and rules, regulations and policies adopted pursuant thereto.

Buncombe County has a current verifiable goal of twelve percent (12%) for minority participation on building construction or repair projects, ten percent (10%) each for procurement, and services.

DEFINITIONS

1. Minority - a person who is a citizen or lawful permanent resident of the United States and who is:

- a. Black, that is, a person having origins in any of the black racial groups in Africa;
- b. Hispanic, that is, a person of Spanish or Portuguese culture with origins in Mexico, South or Central America, or the Caribbean Islands, regardless of race;
- c. Asian American, that is, a person having origins in any of the original peoples of the Far East, Southeast Asia and Asia, the Indian subcontinent, the Pacific Islands;
- d. American Indian, that is, a person having origins in any of the original peoples of North America; or
- e. Female

2. Minority Business (MBE) - means a business:

- a. In which at least fifty-one percent (51%) is owned by one or more minority persons, or in the case of a corporation, in which at least fifty-one percent (51%) of the stock is owned by one or more minority persons or socially and economically disadvantaged individuals; and
- b. Of which the management and daily business operations are controlled by one or more of the minority persons or socially and economically disadvantaged individuals who own it.

3. Socially and economically disadvantaged individual - means the same as defined in 15 U.S.C. 637: Socially disadvantaged individuals are those who have been subjected to racial or ethnic prejudice or cultural bias because of their identity as a member of a group without regard to their

individual qualities. Economically disadvantaged individuals are those socially disadvantaged individuals whose ability to compete in the free enterprise system has been impaired due to diminished capital and credit opportunities as compared to others in the same business area who are not socially disadvantaged.

MINORITY OUTREACH PLAN AND GUIDELINES

Buncombe County will employ the following strategies to encourage participation from MBEs.

1. Work with minority-focused and small business groups that support MBE inclusion in the solicitation of bids.
2. Place emphasis on the importance of soliciting certified MBE firms for subcontracting opportunities at pre-bid conferences and in the bid documents. Examine specifications to identify special subcontracting opportunities and strongly encourage prime contractors to solicit bids for subcontracts from MBE firms.
3. Provide detailed information to majority contractors concerning the bidding and good faith efforts requirements by holding meetings with the contractors.
4. Assess the effectiveness of the MBE program, and identify opportunities to enhance it by evaluating MBE participation and compliance and reviewing the good faith efforts provided in bid packages.
5. Identify subcontracting opportunities unique to each construction contract and project and concentrate heavily on targeting certified MBE firms that have expressed an interest in Buncombe County projects. Identify these opportunities and contact interested businesses no later than 10 days prior to the bid opening and provide a list of prime contractors who plan to participate in the project.
6. Build new and strengthen existing business relationships through networking. Continue communicating with other North Carolina public agencies to find out how their MBE outreach programs are working and to share "best practices" and ideas to improve programs.
7. Participate in educational opportunities throughout the community as they become available and offer training sessions to share Buncombe County's outreach plan with interested businesses and organizations.
8. Be visible through participation in trade shows and business organizations of interest to MBE firms, majority contractors, and small businesses, and provide information to the general public about the MBE program, and continue outreach efforts to the business community.
9. Enhance Buncombe County's web page by including the outreach plan and guidelines, listing good faith efforts, creating links to MBE resources, and creating awareness of specific subcontracting opportunities.
10. Advertise upcoming bid opportunities in minority-focused media.
11. Work with architects and engineers to make subcontracting opportunities more noticeable and more easily understood by potential contractors and subcontractors.

Certification

Buncombe County requires certification for minority, disadvantaged or women-owned businesses. Any business that desires to participate as an MBE will be required to complete and submit for certification, documents required by any of the agencies listed below. Only those firms holding current certification through at least one of the following agencies will be considered eligible for inclusion in meeting the MBE participation percentage goals:

North Carolina Department of Administration Historically Underutilized Business (HUB) certification

North Carolina Department of Transportation Minority/Disadvantaged/Women-owned Business certification

Small Business Administration 8(a) certification

Other governmental agencies on a case-by-case basis

MINIMUM COMPLIANCE REQUIREMENTS

All written statements or affidavits made by the bidder shall become a part of the agreement between the Contractor and Buncombe County for performance of the contract. Failure to comply with any of these statements, affidavits, or with the minority business guidelines shall constitute a breach of the contract. A finding by Buncombe County that any information submitted either prior to award of the contract or during the performance of the contract is inaccurate, false, or incomplete shall also constitute a breach of the contract. Any such breach may result in termination of the contract in accordance with the termination provisions contained in the contract. It shall be solely at the option of Buncombe County whether to terminate the contract for breach.

In determining whether a contractor for construction projects has made good faith efforts, Buncombe County will evaluate all efforts made by the Contractor and will determine compliance in regard to quantity, diligence, and results of these efforts. Contractors are required to earn at least 50 points for good faith efforts. Failure to file a required affidavit or documentation demonstrating that the contractor made the required good faith effort, is grounds for rejection of the bid. Good faith efforts include:

1. Contacting minority businesses that reasonably could have been expected to submit a quote and that were known to the contractor or available on State or local government maintained lists at least 10 days before the bid or proposal date and notifying them of the nature and scope of the work to be performed. (10 pts.)
2. Making the construction plans, specifications, and requirements available for review by prospective minority businesses, or providing these documents to them at least 10 days before the bid or proposals are due. (10 pts.)
3. Breaking down or combining elements of work into economically feasible units to facilitate minority participation. (15 pts.)

4. Working with minority trade, community, or contractor organizations identified by the Office for Historically Underutilized Businesses and included in the bid documents that provide assistance in recruitment of minority businesses. (10 pts.)
5. Attending any pre-bid meetings scheduled by the public owner. (10 pts.)
6. Providing assistance in getting required bonding or insurance or providing alternatives to bonding or insurance for subcontractors. (20 pts.)
7. Negotiating in good faith with interested minority businesses and not rejecting them as unqualified without sound reasons based on their capabilities. Reasons for rejection of a minority business based on lack of qualification should be documented in writing. (15 points)
8. Providing assistance to an otherwise qualified minority business in need of equipment, loan capital, lines of credit, or joint pay agreements to secure loans, supplies, or letters of credit, including waiving credit that is ordinarily required. Assisting minority businesses in obtaining the same unit pricing with the bidder's suppliers in order to help minority businesses in establishing credit. (25 pts.)
9. Negotiating joint venture and partnership arrangements with minority businesses in order to increase opportunities for minority business participation on a public construction or repair project when possible. (20 pts.)
10. Providing quick pay agreements and policies to enable minority contractors and suppliers to meet cash flow demands. (20 pts.)

APPENDIX G
INTERLOCAL AGREEMENT

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INTERLOCAL AGREEMENT

This **INTERLOCAL AGREEMENT** dated as of August 1, 2008 (the "*Interlocal Agreement*") between the **COUNTY OF BUNCOMBE, NORTH CAROLINA**, a political subdivision of the State of North Carolina (the "*County*") and the **TOWN OF WOODFIN, NORTH CAROLINA**, a municipal corporation organized under the laws of the State of North Carolina (the "*Town*");

WITNESSETH

WHEREAS, under Article 20 of Chapter 160A of the North Carolina General Statutes, as amended (the "*Interlocal Act*"), municipalities and counties are authorized to enter into interlocal cooperation undertakings with other local governments for the joint exercise of any power, function, public enterprise, right, privilege, or immunity of local governments in North Carolina;

WHEREAS, under Article 1 of Chapter 158 of the North Carolina General Statutes, as amended (the "*Local Development Act*"), a unit of local government may define a development financing district and adopt a development financing plan, pursuant to which a unit of local government may finance public improvements that are part of a development project with the proceeds of project development financing debt instruments, issued pursuant to Article 6 of Chapter 159 of the General Statutes of North Carolina, as amended (the "*Project Development Financing Act*");

WHEREAS, the Town has authorized the creation of the Woodfin Downtown Corridor Financing District, a project development financing district (the "*District*"), under a resolution adopted by the Board of Aldermen of the Town on November 21, 2006, within which the Town, the County and Reynolds Mountain Partners, LLC (the "*Developer*"), as agent for and on behalf of the Town, will develop and construct certain public improvements (the "*Public Project*") located within the District in order for the Developer to develop and construct a mixed-use project containing residential, retail office and, perhaps, civic components (collectively, the "*Private Project*") located within the District;

WHEREAS, under the Project Development Financing Act, the Private Project to be developed and constructed in connection with the Public Project affects tax revenues in both the Town and the County and, as such, the Town and the County propose to enter into an interlocal agreement (the "*Interlocal Agreement*") pursuant to the Interlocal Act, authorizing the County to issue Project Development Financing Bonds (the "*Bonds*"), in one or more series, to finance the Public Project;

WHEREAS, pursuant to the Project Development Financing Act, an interlocal agreement may include a provision that a unit may pledge all or any part of the taxes received or to be received on the incremental valuation accruing to the development financing district to the repayment of instruments issued by another unit that is a party to the interlocal agreement;

WHEREAS, pursuant to the Project Development Financing Act, the Town and the County have included in this Interlocal Agreement a provision pledging all of the ad valorem taxes to be received by the Town and the County on the incremental valuations accruing to the District to the repayment of the Bonds to be issued by the County;

WHEREAS, the parties to this Interlocal Agreement desire to set forth their agreement herein;

NOW THEREFORE, the parties hereto agree as follows:

ARTICLE I

DEFINITIONS

The following terms have the meanings herein as set forth therefor, unless the context otherwise requires:

"Board" means the Board of Commissioners of the County of Buncombe, North Carolina.

"Board of Aldermen" means the Board of Aldermen of the Town of Woodfin, North Carolina.

"Bonds" means the Project Development Financing Bonds in an amount necessary to finance \$25,000,000 of the cost of the Public Project, plus necessary reserves, capitalized interest and costs of issuance.

"County" means the County of Buncombe, North Carolina.

"Developer" means Reynolds Mountain Partners, LLC, a North Carolina limited liability company, and its successors and assigns, successor to Cherokee Reynolds Mountain, LLC, which is the developer of the Private Project and the owner of a majority of the property in the District.

"Development Agreement" means the Development, Acquisition and Financing Agreement to be entered into among the Town, the County and the Developer related to the development of the District.

"Development Financing Plan" means the Joint Development Financing Plan for the Town of Woodfin and the County of Buncombe Woodfin Downtown Corridor Development Financing District.

"District" means that approximately 205-acre parcel or parcels of real property located in the Town of Woodfin, the County of Buncombe, North Carolina more particularly described in Exhibit A to the Development Financing Plan and incorporated herein by reference which the Town and the County have each identified as a "development financing district" pursuant to N.C. Gen. Stat. § 158-7.3 and which is denoted as the "Woodfin Downtown Corridor Financing District".

"Fiscal Year" means the twelve-month period beginning on July 1 of each year and ending on the following June 30.

"Interlocal Act" means Section 160A-460 *et seq.*, of the General Statutes of North Carolina, as amended.

"Interlocal Agreement" means this Interlocal Agreement between the Town and the County, and any amendment or supplement thereto.

"Local Development Act" means Section 158-7.1 *et seq.*, of the General Statutes of North Carolina, as amended.

"Minimum Assessment Agreement" means the Minimum Assessment Agreement to be entered into among the Town, the County and the Developer.

"Private Project" means the project set forth in Exhibit E to the Development Financing Plan.

"Project Development Financing Act" means Section 159-101, *et seq.*, of the General Statutes of North Carolina, as amended.

"Public Project" means the project set forth in Exhibit C to the Development Financing Plan.

"Town" means the Town of Woodfin, North Carolina.

ARTICLE II

STATEMENT OF PURPOSE

Under the laws of the State of North Carolina, (1) the Town has the power to create the District, (2) the County and the Town have the power to agree to authorize the County to issue the Bonds and the Town to acquire, construct and equip the Public Project and (3) the Town and the County have the power to pledge all of the revenues generated from the incremental ad valorem tax value within the District for repayment of the Bonds. The Town and the County are entering into this Interlocal Agreement under the Interlocal Act to cooperate in the financing of the Public Project.

ARTICLE III

CREATION OF THE DISTRICT

The Town has authorized the creation of the District under Section 158-7.3 of the North Carolina General Statutes, as amended, by a resolution adopted by the Board of Aldermen on November 21, 2006. The District will become effective when the North Carolina Local Government Commission approves the issuance of the Bonds. If the Town desires to amend the Development Financing Plan or change the District, it will only do so in accordance with Section 158-7.3 of the North Carolina General Statutes, as amended.

While the Town has sole responsibility for the creation of the District, both the Town and the County have adopted the Development Financing Plan. In conjunction with such action, both the Board of Aldermen and the Board adopted a resolution setting forth the findings required by the Local Development Act and certifying that the Public Project, the Development Financing Plan and the District meet the requirements set out in the Local Development Act. Both the Board of Aldermen and the Board have held public hearings, as required by Section 158-7.3(h) of the North Carolina General Statutes, as amended, and the Town has given notice, as required by Section 158-7.3(f) of the North Carolina General Statutes, as amended, to the County.

ARTICLE IV

ISSUANCE OF THE BONDS

The Town and the County agree that, pursuant to the Project Development Financing Act, the County will have sole responsibility for the issuance of the Bonds. The Town agrees to cooperate with the County in order to effectuate the borrowing. The County's issuance of the Bonds is contingent on the execution and delivery of a Minimum Assessment Agreement among the Town, the County and the

Developer under which the Developer has agreed to set the assessed valuation of the property within the District at a level sufficient to generate revenues not less than 100% of annual debt service on the initial issuance of the Bonds and not less than 120% of annual debt service on each subsequent issuance the Bonds. The County's obligation to issue the Bonds is also contingent on the satisfaction of the conditions set forth for the issuance of Bonds in the Development Agreement.

ARTICLE V

OVERSIGHT OF THE PUBLIC PROJECT

The Town and the County agree that the Town will have responsibility for the acquisition, construction and equipping of the Public Project. The Town and the County agree that the County or its assign will hold the proceeds of the Bonds and will have sole responsibility for approval over draws needed to finance acquisition, construction and equipping of the Public Project.

ARTICLE VI

AD VALOREM TAX REVENUES

Section 6.1. ***Pledge of Ad Valorem Tax Revenues.*** Pursuant to Project Development Financing Act, both the Town and the County pledge to contribute their respective allocations of the revenue generated from the incremental ad valorem tax valuation inside the District (including incremental revenues collected within the Woodfin Fire District, as permitted under Section 159-111(b) of the North Carolina General Statutes) to repayment of the Bonds. Such funds will be held in a revenue increment fund created by the County and held by the County or its assign (the "*Revenue Increment Fund*").

Section 6.2 ***Disposition of Excess Revenues.*** Unless otherwise agreed to by the Town and the County, money deposited in the Revenue Increment Fund will be used in the following order or priority: (1) to pay debt service on the Bonds, (2) to meet any other requirements imposed under the documentation under which the Bonds are issued and (3) to the General Fund of the County and the Town in proportion to their rates of ad valorem tax on taxable property located in the District.

ARTICLE VII

MISCELLANEOUS

Section 7.1. ***Amendment.*** This Interlocal Agreement may be amended through a supplement approved in writing by the Town and the County.

Section 7.2. ***Severability.*** If any section of this Interlocal Agreement is deemed to be illegal or otherwise unenforceable, it is the intent of the parties hereto that all other provisions of this Interlocal Agreement shall remain in full force and effect.

Section 7.3. ***Governing Law.*** This Interlocal Agreement is to be governed by and interpreted in accordance with the laws of the State of North Carolina.

Section 7.4. **Time is of the Essence.** Time is of the essence in this Interlocal Agreement.

Section 7.5. **Execution in Multiple Counterparts.** This Interlocal Agreement may be executed in multiple counterparts, each of which constitutes a completed document.

Section 7.6 **Effective Date.** This Interlocal Agreement takes effect on its execution by the Town and the County.

Section 7.7 **Termination.** This Interlocal Agreement terminates on the earlier of (1) the date on which the Bonds are no longer outstanding or (2) the date on which the Town and the County mutually agree to terminate this Interlocal Agreement.

IN WITNESS WHEREOF, the Mayor of the Town and the Chairman of the Board of Commissioners of the County have each executed this Interlocal Agreement to evidence the agreement of the parties hereto and the Town Clerk and the Clerk to the Board of County Commissioners have affixed the seal of the Town and the County, as applicable, this Interlocal Agreement.

TOWN OF WOODFIN, NORTH CAROLINA

[SEAL]

By: _____
Mayor

Attest:

Town Clerk

COUNTY OF BUNCOMBE, NORTH CAROLINA

[SEAL]

By: _____
Chairman

Attest:

Clerk to the Board of County Commissioners

Acknowledged and Agreed to:

WOODFIN FIRE DISTRICT

By: _____

Its: _____

APPENDIX H
DEVELOPMENT FINANCING PLAN

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**DEVELOPMENT FINANCING PLAN FOR
THE TOWN OF WOODFIN AND BUNCOMBE COUNTY,
WOODFIN DOWNTOWN CORRIDOR DEVELOPMENT FINANCING DISTRICT**

Development Financing Plan for Woodfin Downtown Corridor Development Financing District located in the Town of Woodfin, Buncombe County, North Carolina adopted pursuant to N.C. Gen. Stat. § 158-7.3 by the Town of Woodfin Council on _____, 2006, and the County Commission of Buncombe County on _____, 2006.

I. Definitions. For purposes hereof, the following terms shall be defined as set forth below:

(1) “Act” shall mean the North Carolina Project Development Financing Act, codified at N.C. Gen. Stat. § 159-101, et. seq.

(2) “Commission” refers to the North Carolina Local Government Commission.

(3) “County” shall mean Buncombe County, a political subdivision of the State of North Carolina.

(4) “Development Agreement” shall mean that certain Development Acquisition and Financing Agreement to be entered into by the County, the Town and the Owner regarding the development of the Public Development its financing by the County and its acquisition by the Town, as same may be amended from time to time.

(5) “District” shall mean that certain approximately 235 acre parcel or parcels of real property located in the Town of Woodfin, Buncombe County, North Carolina more particularly described on Exhibit A attached hereto and incorporated herein by this reference which the Town and the County have each identified as a “development financing district” pursuant to N.C. Gen. Stat. § 158-7.3 and which is denoted as “Woodfin Downtown Corridor Financing District.”

(6) “Financing” shall refer to project development financing issued by the County as permitted by and subject to the requirements of and limitations set forth in the Act, and the Tri-Party Agreement.

(7) “Interlocal Agreement” shall mean an agreement entered into between the Town and the County pursuant to Article 20 of Chapter 160A of the North Carolina General Statutes.

(8) “Minimum Assessment Agreement” shall mean a Minimum Assessment Agreement among the Owner, the County and the Town pursuant to the provisions of N.C. Gen. Stat. § 159-108.

(9) “Owner” shall mean Cherokee Reynolds Mountain, LLC, a Delaware limited liability company and its successors and assigns.

(10) “Plan” shall mean this Development Financing Plan for Woodfin Downtown Corridor Development Financing District.

(11) "Project" shall mean collectively the Public Development (as defined below) and the Private Development (as defined below).

(12) "Town" shall mean the Town of Woodfin, a North Carolina municipal corporation.

Certain terms used but not otherwise defined above shall have the meanings set forth in the Act, or as set forth within this Plan.

II. Statutory Plan Requirements. Pursuant to N.C. Gen. Stat. § 158-7.3(d), this Plan constitutes the development financing plan for Woodfin Downtown Corridor Financing District. This Plan is a joint plan of the Town and the County in accordance with N.C. Gen. Stat. § 158-7.3(b). The Financing shall be issued by the County and the Town and the County will enter into an Interlocal Agreement which will allocate the responsibilities to repay the Financing on a *pro rata* basis, in accordance with each entity's tax receipts on the incremental *ad valorem* tax value resulting from the Project.

(1) *A description of the boundaries of the development financing district.* The District shall be comprised of that certain real property located in the Town as identified on the District Map provided as Exhibit A and denoted by the Office of the Tax Assessor for the County, as the tax parcels identified on Exhibit B attached hereto and incorporated herein by this reference.

(2) *A description of the proposed development of the district, both public and private.* The public improvements within or serving the District which are subject to this Plan (the "Public Development") will be infrastructure improvements in and around the District, primarily roads (including Corridor Road, Senator Reynolds Road, as well as entry roads and access to commercial and residential roads not yet named), public sewerline and waterline extensions, public landscaping, pedestrian walkways, bike trails and other community elements. Included in such work are all necessary components, such as mobilization, clearing and grubbing, grading, as well as physical improvements. Additionally, the Public Development may include a public parking structure at the town center site. The Public Development work will be undertaken by the Owner in connection with the Owner's Private Development (as defined below). Both the Public Development and the Private Development will be done in phases as dictated by market demands for the Private Development.

The private development to be undertaken by the Owner of the District (the "Private Development") is a mixed-use development. The development combines the 165 acres that includes the 80 acres of former landfill east of Interstate 26 and the 65 acres known as Reynolds Valley west of I-26. The development contemplates approximately 725,000 square feet of residential development with a mix of some or all of the following housing types: low-rise condominiums, mid-rise condominiums, town homes, duplexes and single family detached houses. The commercial portion of the development contemplates approximately 100,000 square feet of retail space and approximately 100,000 square feet of office and other commercial space.

(3) ***The costs of the proposed public activities.*** The cost of construction of the Public Development excluding the cost of obtaining the Financing is currently estimated to be in excess of \$30,000,000. The County will issue up to \$25,000,000 in Financing (not including the costs of issuance) to fund a portion of such costs subject to the conditions set forth in the Development Agreement and Owner would be responsible for the balance of such costs. If after issuing \$25,000,000 in Financing, Town and County ad valorem taxes on the incremental would provide debt service for additional bonds, the County will consider issuing additional Financing in order to reimburse Owner for that portion of the costs of the Public Development incurred by Owner. All of the public improvements would, after completion, be owned by the Town.

(4) ***The sources and amounts of funds to pay for the proposed public activities.*** The County would pay the construction cost for the Public Development on a phase-by-phase basis by issuing Financing in accordance with the Development Agreement. The Town will purchase the Public Development upon completion on a phase-by-phase basis pursuant to the Development Agreement. The Town will finance this acquisition with the proceeds of the Financing to be issued by the County, which the County will make available to the Town. The Owner, Town and County anticipate that the Financing will be issued on a phase-by-phase basis with each individual issuance based on the amount of debt that can be serviced annually from the ad valorem taxes levied by the Town and County on the incremental valuation of all property within the District and available under the Act to be used to repay such Financing. In the case of the first issuance of the Financing, such new incremental tax revenue must be equal to the regular annual debt service payments on the initial Financing (including, principal, interest, and any reserves required in connection with the issuance of such Financing). In the case of subsequent issuances of Financing, the additional tax revenue (over and above what is needed for prior issuances of the Financing) must be equal to or in excess of 120% of the regular annual debt service payments on such subsequent Financing. The formula for issuance is more particularly described in the Development Agreement. All costs of the Public Development not paid from a Financing will be paid by Owner.

It is anticipated that the source of funds to repay the Financing will be the taxes on the incremental increase in the value of the property within the District as described in Section (6) below. Both the Town's ad valorem taxes and the County's ad valorem taxes on the incremental increase in the value of the property from the District will be utilized for such repayment. The respective obligations of the Town and County will be set forth in an Interlocal Agreement.

(5) ***The base valuation of the development financing district.*** The base valuation of the District for ad valorem tax purposes as of January 1, 2006 as shown on the records of the Buncombe County Tax Assessor is Twelve Million Two Hundred Nine Thousand Four Hundred Dollars (\$12,209,400). A copy of the relevant records is attached hereto as Exhibit B and incorporated herein by this reference.

(6) ***The projected incremental valuation of the development financing district.*** The values of the residential development have been established by an independent market analysis by Robert Charles Lesser & Co. LLC. A retail/commercial analysis is being conducted by Real Estate Solutions Group, LLC and will be available for review by the Local Government Commission. Based on the projected absorption and projected values, consistent with the market analysis for the retail and commercial development and the Buncombe County tax assessment

methodologies, the reassessed value of the District upon completion of the entire development results is estimated to be Two Hundred Forty-Five Million (\$245,000,000). This level of valuation is expected to be achieved by 2015, the year all phases of the project are currently expected to be completed. It is understood that such date may be accelerated or deferred based upon market and general economic conditions.

(7) ***The estimated duration of the development financing district.*** The duration of the District is 30 years from the date the District is established by the Commission pursuant to N.C. Gen. Stat § 159-106 or, if earlier, the date the Financing has been fully retired or sufficient funds have been set aside, pursuant to the order authorizing the Financing, to meet all future principal and interest requirements on the Financing.

(8) ***A description of how the proposed development of the district, both public and private, will benefit the residents and business owners of the district in terms of jobs, affordable housing, or services.*** The development creates a unique mixed-use development to serve the residential development occurring within the project and in the Woodfin market area through a pedestrian friendly neighborhood shopping area and other commercial elements. The development will also incorporate a closed landfill with a focus on community activities and public space such as the creation of walking and bike trails and open spaces. The commercial portion of the development will provide goods and services, retail and restaurant shopping opportunities lacking in the market area. The commercial development is projected to create over 400 new permanent jobs as well as over 2,000 construction jobs over the absorption period for the development. The shop space in the retail component affords local entrepreneurs the opportunity to establish new businesses or expand existing businesses.

(9) ***A description of the appropriate ameliorative activities which will be undertaken if the proposed projects have a negative impact on residents or business owners of the district in terms of jobs, affordable housing, services, or displacement.*** It is not believed that either the Private Development or the Public Development will have any material negative impact on residences or businesses of the District. The District is almost entirely controlled by the Owner, and work on much of the public improvements will be self-contained within the District. While there may be some traffic impact from construction, this would not be expected to be of any greater magnitude than any other type of redevelopment in this area and typical precautions will be in place to minimize this disruption in accordance with the standard development practices. Further, the development converts a closed landfill to productive use, removing the stigma of its former use and replacing it with open space. The Private Development and the Public Development also incorporate wetlands mitigation and stream enhancement.

(10) ***Wage Requirement.*** Because the Private Development is not a manufacturing facility, the statutory wage requirements are not applicable.

In accordance with the provisions of N.C. Gen. Stat. § 159-108, Owner will enter into the Minimum Assessment Agreement with the Town and County.

EXHIBITS

- Exhibit A - District Map
- Exhibit B - Tax Parcel Identification Numbers and Current Assessed Value
(per Buncombe County GIS)

EXHIBIT A
District Map

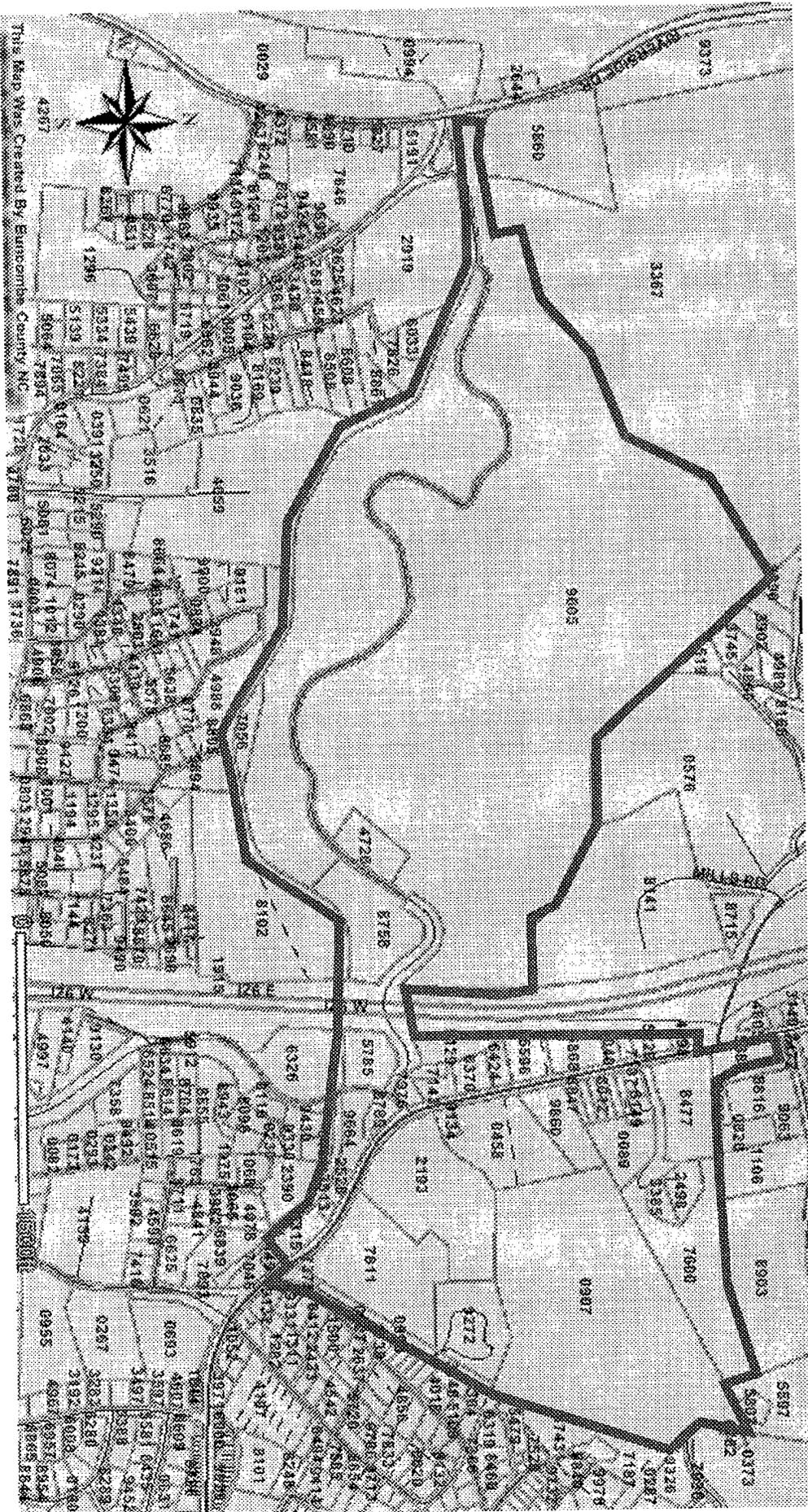


EXHIBIT B
Tax Parcel Identification Numbers
and Current Assessed Value

Parcels in TIF District

Pin Number	Lot Number	Owner Name	Calculated Acreage	Assessed Acreage	Total Market Value	Appraised Value	Tax Value	Neighborhood Code	Land Value	Building Value	Improvement Value
973008787600	7600	& PAR	8.2	8.2	620,500	620,500	620,500	RMB100A	620,500	-	-
973012767811		VILLAGE	15	15	1,950,000	1,950,000	1,950,000			1,950,000	-
973008870907	907	& PAR	31.15	31.15	360,600	360,600	360,600	RCS10A	360,600	-	-
973012767375	7375	& PAR	0.35	0.35	122,200	122,200	122,200	WWF100A	122,200	-	-
973012660990	990	& PAR	1.54	1.54	119,600	100	100	WVR100A	119,600	-	-
973011772193	2193	& PAR	9.12	9.12	659,200	659,200	659,200	WWF100A	659,200	-	-
973012767811	7811	LG ENTERPRISES LLC	8.03	8.03	613,100	613,100	613,100	WWF100A	613,100	-	-
973006379605	9605	TOWN OF WOODFIN	139.64	139.64	2,647,900	2,647,900	2,647,900	WVR100A	2,077,800	56,800	573,300
973011664726	4726	THE TOWN OF WOODFIN	2.05	2.05	41,700	41,700	41,700	R8Z100Z	41,700	-	-
973011568758	8758	THE TOWN OF WOODFIN	5.41	5.41	70,700	70,700	70,700	R8Z100Z	70,700	-	-
973010467056	7056	TOWN OF WOODFIN	12	12	26,000	26,000	26,000	R4K115L	26,000	-	-
973011667976	7976	RAY MAX D & JEANNETTE S	0.37	0.37	308,800	308,800	308,800	WWF100A	153,600	155,200	-
973011668789	8789	WILSON CHARLES D	0.63	0.63	237,000	237,000	237,000	WWF100A	121,200	114,800	1,000
973011669777	9777	WOODFIN SAN WATER & SEWER	0.03	0.03	3,700	3,700	3,700	WWF100A	3,700	-	-
973011762928	2928	BRANDON KNOLLS LLC	0.23	0.23	37,000	37,000	37,000	WWF100A	37,000	-	-
973011764500	4500	JOBIL TMORE PROPERTIES	0.13	0.13	107,700	107,700	107,700	WWF100A	106,100	-	1,600
973012766315	5315	SAN JUAN PARTNERS LLC	1.05	1.05	233,500	233,500	233,500	WWF100A	178,100	47,900	7,500
973011665785	5785	SOUTHERN RAILWAY CO	1.89	1.89	134,400	-	-	WVR100A	134,400	-	-
973011666964	9664	SOUTHERN RAILWAY CO	1.31	1.31	165,700	-	-	WWF100A	165,700	-	-
973011770458	458	C LE	5.3	5.3	723,100	723,100	723,100	WWF100A	483,800	239,300	-
973011679134	9134	HOLCOMBE WM R & FAYE F	0.34	0.34	272,200	272,200	272,200	WWF100A	153,200	119,000	-
973011677143	7143	BRADLEY LARRY G	0.58	0.58	255,000	255,000	255,000	WWF100A	160,500	84,500	-
973011675129	5129	COLE THADDEUS J & LORIA	1.13	1.13	72,000	72,000	72,000	WVR100A	72,000	-	-
973011676370	6370	PEEK EDWARD D	0.86	0.86	271,800	271,800	271,800	WWF100A	166,800	105,000	-
973011676424	6424	ASHEVILLE OIL CO INC	0.59	0.59	160,700	160,700	160,700	WWF100A	160,700	-	-
973007675996	5996	ASHEVILLE OIL CO INC	1.31	1.31	297,500	297,500	297,500	WWF100A	220,900	74,600	2,000
973007675668	5668	COUNCIL JR - JAMES W	1.21	1.21	375,500	375,500	375,500	WWF100A	204,600	129,000	41,900
973007685046	5046	DERMAS GUS J & MINNIE G	0.26	0.26	100,800	100,800	100,800	WWF100A	74,600	25,900	300
973007685134	5134	DERMAS GUS J & MINNIE G	0.23	0.23	98,800	98,800	98,800	WWF100A	74,100	24,700	-
973007665228	5228	INC	0.5	0.5	251,400	251,400	251,400	WWF100A	190,400	58,700	2,300
973007684498	4498	INC	0.29	0.29	150,500	150,500	150,500	WWF100A	150,500	-	-
973007685980	5980	LACKEY THOMAS C	0.95	0.95	475,000	475,000	475,000	WWF100A	202,600	270,600	1,800
973007688477	8477	PMHB LLC	3.81	3.81	481,000	481,000	481,000	RMB100A	481,000	-	-
973007782498	2498	HOLLAR TONY S	1.04	1.04	59,500	59,500	59,500	RMB100A	35,300	24,200	-
973007783368	3368	TE	0.61	0.61	125,300	125,300	125,300	RMB100A	32,200	93,100	-

973007780089	89	LAMB BARBARA J	2.2	2.2	203,200	203,200	203,200	203,200	203,200	RCST10A	53,100	150,100	-
973007687137	7137	CRISS LAURA LAMB	0.33	0.33	162,800	162,800	162,800	162,800	162,800	WVF100A	104,900	57,700	200
973007687141	7141	LAMB BARBARA JEAN R	0.17	0.17	53,200	53,200	53,200	53,200	53,200	WVF100A	53,200	-	-
973007688148	8148	MALTRY GEORGE WAYNE & LIA L	0.48	0.48	160,400	160,400	160,400	160,400	160,400	RCST10A	23,300	137,100	-
973007688007	8007	E	0.27	0.27	55,400	55,400	55,400	55,400	55,400	WVF100A	55,400	-	-
973007688012	8012	E	0.28	0.28	115,200	115,200	115,200	115,200	115,200	WVF100A	56,500	56,700	-
973007678928	8828	E	0.28	0.28	52,700	52,700	52,700	52,700	52,700	WVF100A	52,700	-	-
973007678933	8833	BUCKNER ERIC FRED	0.28	0.28	181,900	181,900	181,900	181,900	181,900	WVF100A	135,100	46,800	-
973007678847	8847	BUCKNER ERIC FRED	0.33	0.33	192,000	192,000	192,000	192,000	192,000	WVF100A	129,200	62,800	-
973007679860	9860	C LE	2.65	2.65	346,200	346,200	346,200	346,200	346,200	WVF100A	283,300	51,700	1,200
973012779272	9272	FABER FREDERICK C & HELEN	3.96	3.96	1,154,800	1,154,800	1,154,800	1,154,800	1,154,800	B&B100A	336,600	807,600	10,600
973011676066	6066	COLE THADDEUS J & LORI A	0.34	0.34	74,900	74,900	74,900	74,900	74,900	WVR100A	28,900	46,000	-
Total				288.94					12,209,400				

APPENDIX I

INFORMATION CONCERNING THE BOOK-ENTRY ONLY SYSTEM

The Depository Trust Company (“DTC”), New York, New York, will act as securities depository for the 2008 Bonds. The 2008 Bonds will be delivered as fully-registered certificates registered in the name of Cede & Co., DTC’s partnership nominee, or such other name as may be requested by an authorized representative of DTC.

One fully-registered certificate in the aggregate principal amount of each maturity (and one for each interest rate within a maturity, if applicable) of each series of the 2008 Bonds will be registered in the name of Cede & Co., as nominee for DTC, and will be deposited with DTC. So long as Cede & Co. is the registered owner of the 2008 Bonds, as DTC’s partnership nominee, references herein to the Owners or Registered Owners of the 2008 Bonds shall mean Cede & Co. and shall not mean the Beneficial Owners of the 2008 Bonds.

The following description of DTC, of procedures and record keeping on beneficial ownership interests in the 2008 Bonds, payment of interest and other payments on the 2008 Bonds to DTC Participants or to Beneficial Owners, confirmation and transfer of beneficial ownership interests in the 2008 Bonds and of other transactions by and between DTC, DTC Participants and Beneficial Owners is based on information furnished by DTC.

DTC, the world’s largest securities depository, is a limited-purpose trust company organized under the New York Banking Law, a “banking organization” within the meaning of the New York Banking Law, a member of the Federal Reserve System, a “clearing corporation” within the meaning of the New York Uniform Commercial Code, and a “clearing agency” registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues and money market instruments (from over 100 countries) that DTC’s participants (“*Direct Participants*”) deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities through electronic computerized book-entry transfers and pledges between Direct Participants’ accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation (“*DTCC*”). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly (“*Indirect Participants*”). DTC has Standard & Poor’s highest rating: AAA. The DTC Rules applicable to its Direct and Indirect Participants are on the file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com and www.dtc.org.

Purchases of the 2008 Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the 2008 Bonds on DTC’s records. The ownership interest of actual purchasers of the 2008 Bonds (“*Beneficial Owners*”) is in turn recorded on the Direct and Indirect Participants’ records. Beneficial Owners will not receive written confirmation from DTC of their purchases. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participants through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the 2008 Bonds are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of the Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in the 2008 Bonds, except in the event that use of the book-entry system for the 2008 Bonds is discontinued.

To facilitate subsequent transfers, all 2008 Bonds deposited by Direct Participants with DTC are registered in the name of DTC’s partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of 2008 Bonds with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the 2008 Bonds; DTC’s records reflect only the identity of the Direct Participants to whose accounts the 2008 Bonds are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants and by Direct and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. Beneficial Owners of the 2008 Bonds may wish to take certain steps to augment transmission to them of notices of significant events with respect to the 2008 Bonds, such as redemptions, tenders, defaults and proposed amendments to the security documents.

Redemption notices will be sent to DTC. If less than all the 2008 Bonds within a maturity are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such maturity to be redeemed.

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to the 2008 Bonds. Under its usual procedures, DTC mails an Omnibus Proxy to the County as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts the 2008 Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Principal and interest payments with respect to the 2008 Bonds will be made to Cede & Co. or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from the County or the Trustee on each payable date in accordance with their respective holdings shown on DTC's records. Payments by Direct and Indirect Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Direct and Indirect Participants and not of DTC, the Board or the Trustee, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of principal and interest to DTC (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the Paying Agent, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of the Direct and Indirect Participants.

DTC may discontinue providing its service as depository with respect to the 2008 Bonds at any time by giving reasonable notice to the County or the Trustee. Under such circumstances, in the event that a successor depository is not obtained, 2007 Bond certificates are required to be printed and delivered. The Board may decide to discontinue the system of book-entry-only transfers through DTC (or a successor securities depository). In that event, 2007 Bond certificates will be printed and delivered to DTC.

THE COUNTY AND THE TRUSTEE SHALL NOT HAVE ANY RESPONSIBILITY OR OBLIGATIONS TO THE DIRECT PARTICIPANTS, TO THE INDIRECT PARTICIPANTS OR TO ANY BENEFICIAL OWNER WITH RESPECT TO (1) THE 2008 BONDS; (2) THE ACCURACY OF ANY RECORDS MAINTAINED BY DTC, ANY DIRECT PARTICIPANT OR ANY INDIRECT PARTICIPANT; (3) THE PAYMENT BY DTC OR ANY DIRECT PARTICIPANT OR INDIRECT PARTICIPANT OF ANY AMOUNT IN RESPECT OF THE PRINCIPAL OR INTEREST WITH RESPECT TO THE 2008 BONDS; (4) ANY NOTICE WHICH IS PERMITTED OR REQUIRED TO BE GIVEN TO OWNERS BY DTC UNDER THE INDENTURES; (5) THE SELECTION BY DTC OR ANY DIRECT OR INDIRECT PARTICIPANT OF ANY PERSON TO RECEIVE PAYMENT IN THE EVENT OF A PARTIAL REDEMPTION OF THE 2008 BONDS; OR (6) ANY CONSENT GIVEN OR OTHER ACTION TAKEN BY DTC OR ITS NOMINEE AS OWNER.

Any provision of the Indentures or of the 2008 Bonds requiring physical delivery of the 2008 Bonds will, with respect to any 2008 Bonds held under a book-entry system, be deemed to be satisfied by a notation on the register maintained by the Trustee that such 2008 Bonds are subject to a book-entry system.

APPENDIX J

FORM OF CONTINUING DISCLOSURE AGREEMENT

CONTINUING DISCLOSURE UNDERTAKING

This Continuing Disclosure Undertaking (the "*Agreement*") is executed and delivered by the County of Buncombe, North Carolina (the "*County*") and Reynolds Mountain Partners, LLC (the "*Developer*"), in connection with the issuance of the County's \$12,960,000 Project Development Financing Revenue Bonds (Woodfin Downtown Corridor Development), Series 2008 (the "*2008 Bonds*"). The 2008 Bonds are being issued pursuant to a General Trust Indenture dated as of August 1, 2008, as supplemented by the Supplemental Indenture, dated as of August 1, 2008 (the "*Indenture*"), between the County and U.S. Bank National Association, as Trustee (the "*Trustee*").

In consideration of the issuance of the 2008 Bonds by the County and the purchase of such 2008 Bonds by the beneficial owners thereof, the County and the Developer covenant and agree as follows:

1. **PURPOSE OF THIS AGREEMENT.** This Agreement is executed and delivered by the County and Developer as of the date set forth below, for the benefit of the beneficial owners of the 2008 Bonds. The County represents that: (a) the 2008 Bonds are the limited obligations of it and no other person; (b) the 2008 Bonds are payable solely from, and are secured by, a pledge of the Trust Estate, including the Incremental Revenues resulting from increases in taxable valuation of taxable property located in the District (as defined in the Indenture); and (c) no other person is expected to become so committed at any time after issuance of the 2008 Bonds. The County and Developer further represent that they are in compliance with each and every other continuing disclosure undertaking they have delivered to date.

2. **DEFINITIONS.** The terms set forth below shall have the following meanings in this Agreement, unless the context clearly otherwise requires.

Annual Financial Information means the financial information and operating data described in Sections 5 and 6.

Annual Financial Information Disclosure means the dissemination of disclosure concerning Annual Financial Information.

Dissemination Agent means any agent designated as such in writing by the County, with such agent being U.S. Bank National Association at the time of execution of this Agreement, and which agent has filed with the County a written acceptance of such designation, and such agent's successors and assigns.

Exchange Act means the Securities Exchange Act of 1934, as amended.

Material Event means the occurrence of any of the events with respect to the 2008 Bonds set forth in Exhibit I that is material, as materiality is interpreted under the Exchange Act.

Material Events Disclosure means dissemination of a notice of a Material Event as set forth in Section 4.

MSRB means the Municipal Securities Rulemaking Board.

Project means the County of Buncombe, Woodfin Downtown Corridor Development, which Project is being developed by the Developer and a portion of which is being financed by the 2008 Bonds.

NRMSIRs means, as of any date, all Nationally Recognized Municipal Securities Information Repositories then recognized by the SEC for purposes of the Rule. As of the date of this Agreement, the NRMSIRs are:

Bloomberg Municipal Repository
100 Business Park Drive
Skillman, New Jersey 08558
Phone: (609) 279-3225
Fax: (609) 279-5962
Email: Munis@Bloomberg.com

Interactive Data Pricing and Reference Data, Inc.
Attn: NRMSIR
100 Williams Street
New York, New York 10038
Phone: (212) 771-6999
Fax: (212) 771-7390 (Secondary Market Information)
(212) 771-7391 (Primary Market Information)
Email: NRMSIR@FTID.com

DPC Data Inc.
One Executive Drive
Fort Lee, New Jersey 07024
Phone: (201) 346-0701
Fax: (201) 947-0107
Email: nrmsir@dpcdata.com

Standard & Poor's Securities Evaluations, Inc.
55 Water Street, 45th Floor
New York, New York 10041
Phone: (212) 438-4595
Fax: (212) 438-3975
Email: nrmsir_repository@sandp.com

The names and addresses of all current NRMSIRs should be verified each time information is delivered to the NRMSIRs pursuant to this Agreement.

Rule means Rule 15c2-12 adopted by the SEC under the Exchange Act, as the same may be amended from time to time.

SEC means the Securities and Exchange Commission.

SID means the public or private repository designated by the State as the state repository and recognized as such by the SEC for purposes of the Rule. As of the date of this Agreement there is no SID.

State means the State of North Carolina.

Undertaking means the obligations of the County and the Developer set forth herein.

Underwriter means each broker, dealer or municipal securities dealer acting as an underwriter in the primary offering of the 2008 Bonds.

3. **CUSIP NUMBER/LIMITED OFFERING MEMORANDUM.** The CUSIP Numbers of the 2008 Bonds are set forth in Exhibit II attached hereto. The Limited Offering Memorandum relating to the 2008 Bonds is dated August 8, 2008 (the "**Limited Offering Memorandum**").

4. **MATERIAL EVENTS DISCLOSURE.** Subject to Section 10 of this Agreement, the County hereby covenants that it will disseminate in a timely manner Material Events Disclosure to each NRMSIR or to the MSRB and to the SID, if any. Notwithstanding the foregoing, notice of optional or unscheduled redemption of any 2008 Bond or defeasance of any 2008 Bond need not be given under this Agreement any earlier than the notice (if any) of such redemption or defeasance is given to the Bondholders pursuant to the Ordinance.

5. **DEVELOPER PROVISION OF INFORMATION.** The Developer shall provide the information set forth in this Section 5 (collectively, the "**Developer Information**") to the Dissemination Agent within forty days of the end of each calendar quarter following the closing of the 2008 Bonds and continuing through the termination of the Undertaking pursuant to Section 10 of this Agreement. The Dissemination Agent shall cause the Developer Information to be provided to the Trustee pursuant to the Indenture within fifteen days of receipt thereof. The Developer Information shall consist of:

a. Information regarding actual sales or leases by the Developer of commercial or residential properties in the Project, if applicable, occurring during the prior three-month period, including number of commercial or residential properties sold or leased and information as to the lessee or transferee;

b. A statement as to the existence of any material legislative, administrative or judicial challenge, to the knowledge of the Developer, to the development of the Project;

c. A statement regarding the existence of any correspondence or the occurrence of any discussions that would have an adverse impact on the construction of the Project, including schedule and budget, with any state or federal environmental entities or any state department of transportation entities;

d. A statement as to the existence of any material challenges to, or issues with respect to, the Developer's title to the real property acquired in connection with the Project;

e. An update of the information under the following headings of the Limited Offering Memorandum reflecting any material changes: "THE DEVELOPER," "THE PLAN OF FINANCE" and "SECURITY AND SOURCES OF PAYMENT FOR THE 2008 BONDS," and

f. A statement that the Developer has complied fully with the terms and conditions of the Development, Finance and Acquisition Agreement (the "*Development Agreement*") and is not aware of any Developer Default thereunder.

6. **COUNTY PROVISION OF INFORMATION.** The County shall provide the information set forth in this Section 6 (the "*County Information*") to the Dissemination Agent within forty days of the end of each calendar year following the closing of the 2008 Bonds and continuing so long as the 2008 Bonds are outstanding. The Dissemination Agent shall cause said information to be provided to the Trustee within fifteen days of receipt thereof. The County Information shall consist of:

a. Report on the number of building permits issued by the County with respect to residential and commercial buildings to be built as part of the Project;

b. A report on the number of occupancy permits issued by the County with respect to residential and commercial buildings to be built as part the Project;

c. Evidence that the proper County authority has been notified of the issuance of an occupancy permit on each residential and commercial building completed as part of the Project and that the County has completed a partial-year assessment on such residential and commercial building;

d. The amount of Incremental Revenues deposited into the Incremental Revenue Fund created by the Indenture during the prior three-month period;

e. The assessed valuation and applicable tax rates in the District;

f. The balance in each of the funds and accounts created in the Indenture and held by the Trustee, including investment earnings thereon, based on reports provided to the County by the Trustee for the prior three-month period; and

g. A statement as to the existence of any material legislative, administrative or judicial challenge, to the knowledge of the County, to the Development Financing Plan, to the Project or the District, to the validity of the 2008 Bonds or to the validity of any act of the County taken in connection with the execution and delivery of the Indenture or the Development Agreement.

7. **DUTY TO UPDATE NRMSIRS/SID.** The County and Developer shall determine, in the manner each deems appropriate, the names and addresses of the then existing NRMSIRS and SID each time it is required to file information with such entities.

8. **CONSEQUENCES OF FAILURE OF THE COUNTY OR DEVELOPER TO PROVIDE INFORMATION.** In the event of a failure of the County or Developer to comply with any provision of this Agreement, the beneficial owner of any 2008 Bond may seek mandamus or specific performance by court order, to cause the County or Developer to comply with its obligations under this Agreement. A default under this Agreement shall not be deemed a default under the Ordinance, and the sole remedy under this Agreement in event of any failure of the County or Developer to comply with this Agreement shall be an action to compel performance.

9. **AMENDMENTS; WAIVER.** Notwithstanding any other provision of this Agreement, the Developer and the County, by resolution or ordinance authorizing such amendment or waiver, may amend this agreement, and any provision of this Agreement may be waived, if:

a. The amendment or waiver is made in connection with a change in circumstances that arises from a change in legal requirements, change in law, or change in the identity, nature, or status of the County or the Developer, or type of business conducted;

b. This Agreement, as amended, or the provision, as waived, would need to have complied with the requirements of the Rule at the time of the primary offering, after taking into account any amendments or interpretations of the Rule, as well as any change in circumstances; and

c. The amendment or waiver does not materially impair the interests of the beneficial owners of the 2008 Bonds, as determined either by parties unaffiliated with the County or an Obligated Person (such as Bond Counsel) at the time of the amendment.

10. **TERMINATION OF UNDERTAKING.** The Undertaking of the County shall be terminated hereunder if the County no longer shall have any legal liability for any of its limited obligation on or relating to repayment of the 2008 Bonds under the Ordinance. The Undertaking of the Developer shall be terminated hereunder on January 1 of the calendar year following any period of two (2) consecutive Fiscal Years where the Standard Assessment Amount for all property within the District (as those two terms are defined in the Minimum Assessment Agreement) was sufficient to pay the maximum annual debt service on all outstanding Bonds issued under the Indenture. The County or Developer, as applicable, shall give notice in a timely manner, if the Undertaking is terminated pursuant to this Section 10, to each NRMSIR or to the MSRB and to the SID, if any.

11. **DISSEMINATION AGENT.** The County may, from time to time, appoint or engage a Dissemination Agent to assist it in carrying out its obligations under this Agreement, and may discharge any such Dissemination Agent, with or without appointing a successor Dissemination Agent.

12. **ADDITIONAL INFORMATION.** Nothing in this Agreement shall be deemed to prevent the County or the Developer from disseminating any other information, using the means of dissemination set forth in this Agreement or any other means of communication, or including any other information in any Annual Financial Information Disclosure or notice of occurrence of a Material Event, in addition to that which is required by this Agreement. If the County chooses to include any information from any document or notice of occurrence of a Material Event in addition to that which is specifically required by this Agreement, the County shall have no obligation under this Agreement to update such information or include it in any future disclosure or notice of occurrence of a Material Event.

13. **BENEFICIARIES.** This Agreement has been executed in order to assist the Underwriter in complying with the Rule; however, this Agreement shall inure solely to the benefit of the County, the Dissemination Agent, if any, and the beneficial owners of the 2008 Bonds, and shall create no rights in any other person or entity.

14. **RECORDKEEPING.** The County shall maintain records of all Annual Financial Information Disclosure and Material Events Disclosure, including the content of such disclosure, the names of the entities with whom such disclosure was filed and the date of filing such disclosure.

15. **ASSIGNMENT.** Neither the County nor the Developer shall transfer its obligations under the Ordinance or this Agreement unless the transferee agrees to assume all obligations of the County and/or the Developer under this Agreement or to an Undertaking under the Rule.

16. **CONTACT PERSON.** The County and Developer each shall designate a contact person from whom Material Events Disclosure and Developer Information can be obtained. The initial contact person is:

COUNTY:
Name [or Title]:
Address:
Telephone:

[INITIAL DISSEMINATION AGENT]:
Name [or Title]:
Address:
Telephone:

DEVELOPER:
Name [or Title]:
Address:
Telephone:

17. **GOVERNING LAW.** This Agreement shall be governed by the laws of the State.

COUNTY:

COUNTY OF BUNCOMBE, NORTH CAROLINA

By: _____

Name: _____

Its: _____

DEVELOPER:

REYNOLDS MOUNTAIN PARTNERS, LLC

By: _____

Name: _____

Its: _____

Date: August 19, 2008

EXHIBIT I

EVENTS WITH RESPECT TO THE 2008 BONDS FOR WHICH MATERIAL EVENTS DISCLOSURE IS REQUIRED

1. Principal and interest payment delinquencies.
2. Non-payment related defaults.
3. Unscheduled draws on debt service reserves reflecting financial difficulties.
4. Adverse tax opinions or events affecting the tax-exempt status of the 2008 Bonds.
5. Modifications to the rights of security holders.
6. Bond calls.
7. Defeasances.
8. Release, substitution or sale of property securing repayment of the securities.
9. Material changes in the Base Valuation (as defined in the Limited Offering Memorandum) of the property in the District.
10. Material delays in the construction of the Project.
11. Damage or destruction of any of the residential or commercial buildings constructed as part of the Project.

EXHIBIT II

CUSIP NUMBERS

<u>Year of Maturity</u>	<u>CUSIP Number</u>
2024	120534 AA0
2034	120534 AB8

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APPENDIX K

FORM OF OPINION OF CO-BOND COUNSEL

August __, 2008

County of Buncombe, North Carolina
Buncombe, North Carolina

U. S. Bank National Association
Charlotte, North Carolina

\$12,960,000
County of Buncombe, North Carolina
Project Development Financing Revenue Bonds
(Woodfin Downtown Corridor Development), Series 2008

Ladies and Gentlemen:

We have acted as co-bond counsel ("*Co-Bond Counsel*") in connection with the issuance and delivery by the County of Buncombe, North Carolina (the "*County*") of \$12,960,000 aggregate principal amount of its Project Development Financing Revenue Bonds (Woodfin Downtown Corridor Development), Series 2008 (the "*Bonds*"). The County is a political subdivision of the State of North Carolina (the "*State*") and is empowered to issue the Bonds pursuant to the North Carolina Project Development Financing Act and the Local Development Act of 1925, being General Statutes of North Carolina, Section 159-101 *et seq.*, as amended, and Section 158.1 *et seq.*, respectively (collectively, the "*Act*"), subject to the approval of the Local Government Commission of North Carolina.

The Bonds are issuable only as fully registered bonds and will be numbered, will bear interest payable at the rates and at the times, and will be subject to redemption, all as provided in the General Trust Indenture dated as of August 1, 2008 (the "*General Indenture*") between the County and U. S. Bank National Association, as trustee (the "*Trustee*") and the provisions of Series Indenture, Number 1 dated as of August 1, 2008 (the "*Series Indenture*" and together with the General Indenture, the "*Indenture*") between the County and the Trustee.

The Bonds are being issued (1) to finance the costs of constructing certain public infrastructure improvements in the Woodfin Downtown Corridor Financing District, (2) to fund interest on the Bonds, (3) to fund a debt service reserve fund for the Bonds and (4) to pay the costs of issuing the Bonds. In connection with the issuance of the Bonds, we have examined:

- (a) the Act;
- (b) an executed copy of the Development, Acquisition and Financing Agreement (the "*Agreement*"), among the County, the Town, and Reynolds Mountain Partners, LLC (the "*Developer*"), dated as of August 1, 2008;
- (c) the Development Financing Plan (the "*Plan*"), adopted by the governing body of the Town and the governing body of the County on November 21, 2006;

(d) an executed copy of the Interlocal Agreement between the Town and the County dated as of August 1, 2008 (the "Interlocal Agreement");

(e) an executed copy of the Minimum Assessment Agreement dated as of August 1, 2008 (the "Minimum Assessment Agreement"), among the Town, the County and the Developer;

(f) executed copies of the General Indenture and the Series Indenture; and

(g) such other laws, documents, instruments, proceedings and opinions as we have deemed relevant in rendering this opinion.

We have also examined a specimen Bond. From such examination, we are of the opinion, under existing law, that:

1. The County is a political subdivision of the State. Pursuant to the Act, the County is empowered to issue the Bonds for the purposes set forth in the General Indenture and to execute, deliver and perform its obligations under the Indenture.

2. The General Indenture, the Series Indenture, the Minimum Assessment Agreement and the Interlocal Agreement have been duly authorized, executed and delivered by the County, and, assuming due authorization and execution by the other parties thereto, are valid, binding and enforceable obligations, respectively, of the County. All right, title and interest of the County in and to the Trust Estate (as defined in the General Indenture) have been validly pledged and assigned to the Trustee and the General Indenture creates a valid security interest in the Trust Estate.

3. The Bonds have been duly authorized, executed and issued in accordance with applicable law, including the Act, and represent valid, binding and enforceable limited obligations of the County. The Bonds are entitled to the benefits and security of the Indenture for the payment thereof in accordance with the terms of the Indenture.

4. The principal of and interest on the Bonds are limited obligations payable by the County solely from the sources described in the Indenture, including that portion, if any, of *ad valorem* property taxes arising from the levies on taxable property in the Woodfin Downtown Corridor Financing District which are required by the Act to be deposited in the Incremental Revenue Fund created under the General Indenture and including amounts payable under the Minimum Assessment Agreement in each Fiscal Year during which any Bonds are Outstanding under the General Indenture. The principal of, premium, if any, and interest on the Bonds are not payable from the general funds of the County, nor do they constitute a legal or equitable pledge, charge, lien or encumbrance on any of its property or on any of its income, receipts or revenues, except the funds which are pledged under the Indenture. Neither the credit nor the taxing power of the State or the County are pledged for the payment of the principal of, premium, if any, or interest on the Bonds, and no owner of the Bonds has the right to compel the exercise of the taxing power by the State or the County or the forfeiture of any of its property in connection with any default thereon.

5. Interest on the Bonds is excludable from gross income for federal income tax purposes and is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals and corporations; however, such interest is taken into account in determining adjusted current earnings for the purpose of computing the federal alternative minimum tax imposed on certain corporations. The opinion set forth in the preceding sentence is subject to the condition that the County complies with all requirements of the Internal Revenue Code of 1986, as amended (the "Code"), that must be satisfied subsequent to the issuance of the Bonds in order that the interest on the Bonds be, or continue to be, excludable from gross income for federal income tax purposes. The County has covenanted to comply with all such requirements. Failure to comply with certain of such requirements may cause the interest on the Bonds to be included in gross income for federal income tax purposes retroactively to the date of issuance of the Bonds. We express no opinion regarding other federal tax consequences arising with respect to the Bonds.

6. Interest on the Bonds is exempt from all State income taxation.

It is to be understood that the rights of the owners of the Bonds and the enforceability of the Bonds and the Indenture may be limited by bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting creditors' rights generally or by equitable principles, whether considered at law or in equity.

Our services as Co-Bond Counsel in connection with the issuance of the Bonds have been limited to rendering the opinions expressed above based on our review of such proceedings and documents as we deem necessary to approve the validity of the Bonds and the tax-exempt status of interest thereon. In rendering the foregoing opinions, we have assumed the accuracy and truthfulness of all public records and of all certifications, documents and other proceedings examined by us that have been executed or certified by public officials acting within the scope of their official capacities and have not verified the accuracy or truthfulness thereof. We have also assumed the genuineness of the signatures appearing on such public records and certifications, documents and other proceedings.

We have not been engaged or undertaken to review the accuracy, completeness or sufficiency of the Preliminary Limited Offering Memorandum or the Limited Offering Memorandum (collectively, the "*Offering Documents*"), or any other offering material relating to the Bonds (except to the extent, if any, stated in the Offering Documents) and we express no opinion herein relating thereto (excepting only the matters set forth as our opinion in the Offering Documents and the section entitled "**TAX EXEMPTION**") or as to the financial resources of the County, or the ability of the County to make the payments required under the Indenture, that may have been relied on by anyone in making the decision to purchase Bonds.

Respectfully submitted,

[EACH OF CO-BOND COUNSEL]

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APPENDIX L
OPTION AGREEMENT

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COUNTY OF BUNCOMBE

STATE OF NORTH CAROLINA

OPTION AND INTERCREDITOR AGREEMENT

Woodfin TIF

THIS OPTION AND INTERCREDITOR AGREEMENT (hereinafter the "Option Agreement") is entered into as of the ___ day of _____, 200__ by and among THE TOWN OF WOODFIN, a North Carolina municipal corporation ("Town"), BUNCOMBE COUNTY, a political subdivision of the State of North Carolina ("County"), REYNOLDS MOUNTAIN PARTNERS, LLC, a North Carolina limited liability company ("Developer") and WACHOVIA BANK, NATIONAL ASSOCIATION, a national banking association ("Lender").

STATEMENT OF PURPOSE

Town, County and Developer are all parties to that certain Development, Acquisition and Financing Agreement (Woodfin Downtown Corridor) dated as of _____, 2007 (the "DAF Agreement"), pursuant to which the County agreed to finance, through the issuance of certain public debt, Developer's development of certain infrastructure improvements (the "Public Improvements") to serve Developer's proposed development of approximately 205 acres inside the municipal limits of the Town (the "Property"). Upon the completion of Developer's development and the Public Improvements, Developer will dedicate the Public Improvements to the Town.

In conjunction with Developer's development of the Property and construction of the Public Improvements and in addition to the public debt to be received from the County, Developer received a loan (the "Loan") from Lender and subsequently recorded that certain Deed of Trust dated as of _____ and recorded in Book ___, Page ___ of the Buncombe County Public Registry (the "Deed of Trust") as security for the Loan. As of the date hereof, Lender has

agreed to subordinate the first lien status of the Deed of Trust to this Option Agreement and record a subordination agreement reflecting such subordination in the Buncombe County Public Registry.

Developer now desires to provide Town and County the option to purchase the Public Improvements in the event of Developer's default under the DAF Agreement or Developer's default under the terms of the Deed of Trust subject to the terms hereof.

NOW THEREFORE, in consideration of Ten and No/00 Dollars (\$10.00), the mutual covenants and conditions herein and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, Town, County, Developer and Lender hereby agree as follows:

A. GRANT OF OPTION.

1. **GRANT OF OPTION.** Developer hereby grants to Town an option to purchase the Option Property (as defined below) on the terms and conditions hereinafter set forth. The option granted by Developer to Town in this paragraph is hereinafter sometimes referred to as the "Purchase Option".

2. **OPTION PROPERTY.** The property that is subject to this Option Agreement (the "Option Property") is as follows: (i) all rights of way and easements over which any of the Public Improvements are to be located and for which DF Bonds have been issued but which have not been previously dedicated or otherwise conveyed to the Town and released from the lien of the Deed of Trust (a preliminary location of such rights of way and easements being shown on **Exhibit A** attached hereto and incorporated herein by reference and referred to herein as the "Site Plans"); (ii) all improvements made to the rights of way and easements described in the preceding clause (i) to the extent same would, upon completion, constitute Public Improvements and (iii) all of Developer's rights under any contracts relating to the design or construction of the improvements referred to in the preceding clause (ii) with the Town to assume all of Developer's obligations under such contracts arising on or after the date of Closing (as defined below).

The parties acknowledge that the Site Plan is preliminary and subject to changes and that upon any alteration of the rights of way and easements shown thereon, the parties hereto will execute and record an amendment to this Option Agreement substituting a revised Site Plan which delineates such alteration.

3. **TERM AND EXERCISE OF OPTION.** Subject to the provisions of Paragraph 4 of this Section A, Town may exercise the Purchase Option any time from the date hereof upon the occurrence of one or both of the following events (each an "Option Event" and collectively, the "Option Events"):

(a) Developer defaults under the DAF Agreement and fails to cure such default within the applicable cure period under the DAF Agreement; or

(b) Developer defaults under the Deed of Trust and fails to cure such default within the applicable cure period under the Deed of Trust.

The Purchase Option can be exercised only by the giving of written notice by Town to Developer and Lender in the manner provided in herein. Upon the exercise of the Purchase Option, this Option Agreement will become a binding contract among the parties in accordance with the provisions hereof.

4. **LENDER'S RIGHT TO CURE.** Notwithstanding anything herein to the contrary, Lender may (but should not be obligated) to cure any event of default under the DAF Agreement or any event of default under the Deed of Trust in order to prevent the occurrence of an Option Event. Town and County hereby agree to give written notice to Lender of any default under the DAF Agreement, which notice shall specify the nature of such default. Lender shall have thirty (30) days after receipt of written notice of default under the DAF Agreement (or thirty (30) days after actual notice of default under the Deed of Trust) to cure such default. If the circumstances are such that said default cannot be reasonably cured within said thirty (30) day period and Lender has commenced and is diligently pursuing such cure, Lender shall be permitted a reasonable period of time in addition to the aforementioned thirty (30) day period during which to cure such event of default. Should Lender elect to cure an event of default under the DAF Agreement or the Deed of Trust, Lender shall assume Developer's rights and obligations under the DAF Agreement with respect to the completion of the then-applicable Phase (as defined in the DAF Agreement) of development of the Public Improvements using any undrawn proceeds of the DF Bonds (as defined in the DAF Agreement) to complete or cause to complete the applicable Public Improvements in the same or substantially similar manner as required by Developer under the DAF Agreement. Upon completion of the applicable Phase of the development of the Public Improvements, Lender shall convey the Public Improvements to Town as required by the DAF Agreement. Town shall not exercise the Purchase Option unless (i) the time period for Lender electing to cure has lapsed without Lender so electing; or (ii) if Lender has elected to so cure, its fails to complete such cure within the time frame set forth above. If such cure has been effected in a timely manner, but Lender subsequently defaults under the DAF Agreement, Town will have the right to exercise the Purchase Option and acquire the Option Property from Lender in accordance with the provisions of this Option Agreement.

5. **PURCHASE PRICE AND PAYMENT.** The purchase price for the Option Property (the "Purchase Price") shall be One and No/100 Dollar (\$1.00). The Purchase Price shall be payable by federal funds wire transfer or other cash equivalent at the Closing (as defined below).

B. CONTRACT TO PURCHASE AND CLOSING PROCEDURES.

1. **PURCHASE AND SALE.** Upon Town's exercise of the Purchase Option after the occurrence of one or both Option Events, Developer shall sell, transfer, assign and convey to Town, and Town shall purchase from Developer the Option Property and the sale shall be closed in accordance with this Section B of this Option Agreement. Town agrees that following the Closing (as defined below) it will use reasonable good faith efforts to complete the Phase of the Public Infrastructure that was to be located on the Option Property to the extent, but only to the extent that undrawn proceeds are available from the DF Bonds

2. **DEVELOPER REPRESENTATIONS.** Developer hereby represents and warrants to Town and County all of the following, which representations and warranties are true

as of the date of this Option Agreement and shall be true as of the date of the Closing (as hereafter defined):

(a) Developer is or will be the sole owner of the Option Property;

(b) The execution, delivery and performance of this Option Agreement by Developer has been duly authorized and no further corporate or other action is necessary to make this Option Agreement valid and binding upon Developer and enforceable against Developer in accordance with the terms hereof, or to carry out the transactions contemplated hereby; and

(c) Developer is a limited liability company duly organized, validly existing and in good standing under the laws of the State of North Carolina and has the power and authority to carry on its business as it is now being conducted.

3. **CLOSING.** After the exercise of the Purchase Option, Town will specify a date (the "Closing") upon which the parties will meet to execute, acknowledge, deliver and as applicable, record all of the required closing documents. All closing documents shall be in a commercially reasonable form and shall contain provisions which are typical for documents of similar type in North Carolina and shall be otherwise reasonably acceptable to the Town and Developer.

4. **CLOSING COSTS.** Developer agrees to pay all of the closing costs arising from this transaction, except that each party shall pay its own attorneys' fees incurred in connection with negotiating and closing the transaction represented by this Option Agreement.

5. **DOCUMENTS TO BE DELIVERED AT CLOSING.** At the Closing, Developer shall execute and acknowledge where necessary and deliver to the Closing Agent, in escrow, in addition to any other documents mentioned elsewhere herein the following:

(a) A North Carolina Special Warranty Deed conveying all right, title and interest to the Option Property to Town;

(b) An assignment of the contracts described in clause (iii) of Paragraph 2 of Section A, which the Town will execute to evidence its assumption thereof from and after Closing;

(c) An affidavit establishing an exemption from the withholding requirements of the Foreign Investment in Real Property Tax Act (FIRPTA), as amended; and

(d) Any other documents reasonably necessary to assign, transfer and convey the assets which are the subject of this Option Agreement to Town.

6. **BROKERS.** Town, County and Developer each represent and warrant to each other that they have not dealt with, consulted, or contracted any real estate or business broker, agent or finder in connection with or in bringing about, the sale of the Option Property. Each party hereby agrees to defend, indemnify and hold each other party harmless from any and all expense, cost, damage, loss and liability including attorneys' fees and the costs and expenses of

litigation, arising out of a breach of the foregoing representations, warranties and covenants by the defaulting party.

7. **DEVELOPER'S DEFAULT.** If Developer defaults with respect to its obligations under this Option Agreement, Town or County shall be entitled to exercise any and all remedies provided at law or in equity, including but not limited to, the right to specific performance; provided, however, in no event shall Developer be liable for any special, consequential, punitive, exemplary or other damages other than the actual compensatory damages sustained by Town or County as a result of such default.

8. **ATTORNEY FEES.** In connection with any litigation or court proceeding arising out of this Option Agreement, the prevailing party shall be entitled to recover all costs incurred, including reasonable attorneys' fees and legal assistants' fees prior to trial, at trial, and on appeal, and in any bankruptcy of creditor's reorganization proceedings, and any probate and estate administrative proceedings.

9. **NOTICES.** Any notice or demand which must or may be given under this Option Agreement or by law shall be in writing and shall be deemed to have been given (i) when physically received by personal delivery (which shall include the receipt of a telecopy facsimile transmission), or (ii) when received by the recipient when sent by United States certified or registered mail, return receipt requested, postage prepaid, or (iii) one (1) business day after being deposited with a nationally known commercial courier service providing next day delivery service (such as Federal Express) addressed to the respective parties at the following addresses:

Town: Town of Woodfin
90 Elk Mountain Rd.
Asheville, NC 28804
Attention: Town Administrator

County: Buncombe County
34 Valley Street
Asheville, NC 28801
Attention: Finance Director

Developer: Reynolds Mountain Partners, LLC
55 Weaverville Road, Suite 12
Asheville, NC 28804
Attention: Kirk Boone

Lender: Wachovia Bank, National Association
4525 Sharon Road, Suite 400
Mail Code NC 9220
Charlotte, North Carolina
28211-3596

Said addresses may be changed by the giving of written notice as provided in this Paragraph.

10. SUCCESSORS AND ASSIGNS. The covenants herein contained shall bind and the benefits and advantages shall inure to the respective heirs, personal representatives, successors and assigns of the parties hereto. The rights of Town to acquire the Option Property under this Option Agreement may be assigned by Town to any entity or entities created by Town for the purpose of holding title to the Public Improvements. Any such assignment by Town shall be subject to the terms and provisions of this Option Agreement, and no such assignment shall release Town of liability for any of its covenants, duties and obligations under this Option Agreement.

11. EFFECTIVE DATE. This Option Agreement shall be effective on the date set forth on the first page hereof, which shall thereafter be the "date of this Option Agreement" or the "Effective Date", as such terms are used in this Option Agreement.

12. INTERPRETATION. The captions and headings herein are for convenience and reference only and in no way define or limit the scope or content of this Option Agreement. Whenever used, the singular number shall include the plural, the plural the singular, and the use of any gender shall include all genders. This Option Agreement shall be interpreted, construed and enforced in accordance with the Laws of the State of North Carolina regardless of where it is executed by the parties, or where performance, as required hereunder is due.

13. AMENDMENTS. This Option Agreement may not be orally amended or changed, but may be amended or changed only by an instrument in writing executed by all parties hereto. No waiver of any provisions of this Option Agreement shall be valid unless in writing and signed by the party against whom it is sought to be enforced.

14. WAIVER. Any condition or right of termination, cancellation or rescission granted by this Option Agreement to Town, County or Developer may be waived by such party, provided such waiver is in writing.

15. COUNTERPARTS. This Option Agreement may be executed in several counterparts, each of which shall constitute an original and all of which together shall constitute one and the same instrument. Any party hereto may execute this Option Agreement by signing any one counterpart.

16. AGREEMENT MODIFICATION. This Option Agreement contains the sole and entire understanding among Town, County and Developer with respect to the option of Town to purchase the Public Improvements and supersedes all prior and contemporaneous discussions and agreements with respect to the sale of the Public Improvements to Town. All promises, inducements, offers, letters of intent, solicitations, agreements, commitments, representations and warranties (oral or written) heretofore made between such parties are merged into this Option Agreement.

17. THIRD PARTY BENEFICIARY. Developer and Lender acknowledge that the County as issuer of the DF Bonds which are being used to finance the cost of the Public Improvements, has a direct interest in Developer's performance under the DAF Agreement. In the event Town fails to enforce any of its rights or seek any of its remedies hereunder, then

County, at its election may enforce directly any rights of Town or seek any remedies to which the Town is entitled; provided, however, if County so elects, Town will thereafter be estopped from so doing.

18. TERMINATION. This Option Agreement will automatically terminate and be of no further force and effect upon the dedication or other conveyance of all of the Public Improvements to be built on or within the Option Property under the DAF Agreement. Upon such termination and at the request of the owner of any property located within the District (as that term is defined in the DAF Agreement), Town and County will execute, acknowledge and record in the Buncombe County Public Registry, a written termination of this Option Agreement.

IN WITNESS WHEREOF, the parties hereto have caused this Option and Intercreditor Agreement to be duly executed as of the date first set forth above.

TOWN:
TOWN OF WOODFIN

ATTEST:

By: _____
Name: _____
Title: Town Manager

Title: Town Clerk

[City Seal]

STATE OF NORTH CAROLINA

COUNTY OF _____

I certify that the following person(s) personally appeared before me this day, each acknowledging to me that he or she voluntarily signed the foregoing document for the purpose stated therein and in the capacity indicated: _____
(name of principal(s))

Date: _____

Official Signature of Notary Public

Notary printed or typed name

[OFFICIAL SEAL]

My commission expires: _____

COUNTY:

COUNTY OF BUNCOMBE

ATTEST:

By: _____
Name: _____
Title: County Manager

Title: Clerk to the Board

APPROVED AS TO FORM:

County Attorney

STATE OF NORTH CAROLINA

COUNTY OF _____

I certify that the following person(s) personally appeared before me this day, each acknowledging to me that he or she voluntarily signed the foregoing document for the purpose stated therein and in the capacity indicated: _____.

(name of principal(s))

Date: _____

Official Signature of Notary Public

Notary printed or typed name

[OFFICIAL SEAL]

My commission expires: _____

DEVELOPER:

REYNOLDS MOUNTAIN PARTNERS,
LLC

By: _____

Name: _____

Title: _____

STATE OF NORTH CAROLINA

COUNTY OF _____

I certify that the following person(s) personally appeared before me this day, each acknowledging to me that he or she voluntarily signed the foregoing document for the purpose stated therein and in the capacity indicated: _____

(name of principal(s))

Date: _____

Official Signature of Notary Public

Notary printed or typed name

[OFFICIAL SEAL]

My commission expires: _____

LENDER:

WACHOVIA BANK, NATIONAL
ASSOCIATION

By: _____
Name: _____
Title: _____

STATE OF NORTH CAROLINA

COUNTY OF _____

I certify that the following person(s) personally appeared before me this day, each acknowledging to me that he or she voluntarily signed the foregoing document for the purpose stated therein and in the capacity indicated: _____.

(name of principal(s))

Date: _____

Official Signature of Notary Public

Notary printed or typed name

[OFFICIAL SEAL]

My commission expires: _____

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