

APPRAISAL REPORT OF

190 Bridle Court
Banner Elk, NC 28604

AS OF

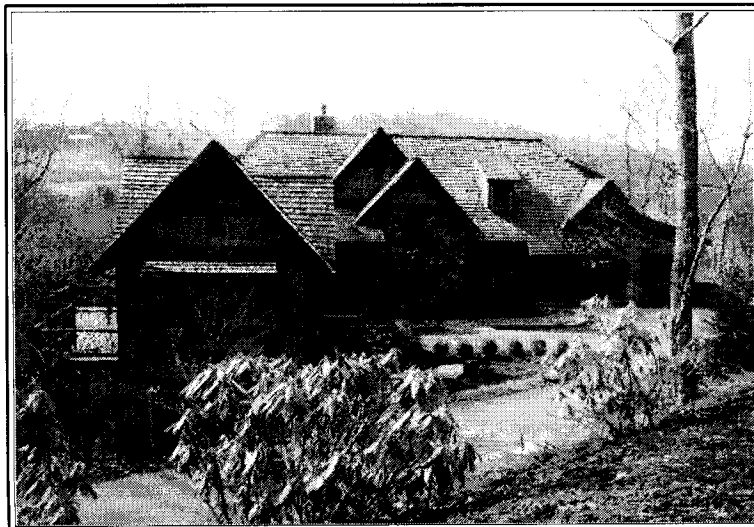
03-24-2011

PREPARED FOR

National Bank of Tennessee
262 East Broadway
Newport, TN 37821

PREPARED BY

Landon E. Phillips
Phillips Appraisals Inc.
PO Box 1781
Jefferson, NC 28640



Uniform Residential Appraisal Report

The purpose of this summary appraisal report is to provide the lender/client with an accurate, and adequately supported, opinion of the market value of the subject property.																																																																																																																																																											
Property Address 190 Bridle Court				City Banner Elk		State NC		Zip Code 28604																																																																																																																																																			
Borrower John L. & T. J. Turley				Owner of Public Record		Same		County Avery																																																																																																																																																			
Legal Description Deed Book 325 Deed Page 715																																																																																																																																																											
Assessor's Parcel # 183802983514				Tax Year 2010		R.E. Taxes \$ 7000 Est.																																																																																																																																																					
Neighborhood Name Elk River				Map Reference 1838-02		Census Tract 9903																																																																																																																																																					
Occupant <input checked="" type="checkbox"/> Owner <input type="checkbox"/> Tenant <input type="checkbox"/> Vacant <input type="checkbox"/> Special Assessments \$ <input type="checkbox"/> None <input checked="" type="checkbox"/> PUD HOA \$ 3,300 <input checked="" type="checkbox"/> per year <input type="checkbox"/> per month																																																																																																																																																											
Zoning Rights Appraised <input checked="" type="checkbox"/> Fee Simple <input type="checkbox"/> Leasehold <input type="checkbox"/> Other (describe)																																																																																																																																																											
Assignment Type <input type="checkbox"/> Purchase Transaction <input checked="" type="checkbox"/> Refinance Transaction <input type="checkbox"/> Other (describe)																																																																																																																																																											
Lender/Client National Bank of Tennessee Address PO Box 669, Newport, TN 37821																																																																																																																																																											
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Contract Price \$ N/A Date of Contract N/A Is the property seller the owner of public record? <input type="checkbox"/> Yes <input type="checkbox"/> No Data Source(s) N/A																																																																																																																																																											
Is there any financial assistance (loan charges, sale concessions, gift or downpayment assistance, etc.) to be paid by any party on behalf of the borrower? <input type="checkbox"/> Yes <input type="checkbox"/> No																																																																																																																																																											
If Yes, report the total dollar amount and describe the items to be paid. N/A																																																																																																																																																											
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Neighborhood Description EMPLOYMENT STABILITY DUE TO A VARIETY OF SMALL EMPLOYERS IS AVERAGE. CONVENIENCE TO SHOPPING, SCHOOLS, AND RECREATIONAL FACILITIES IS ADEQUATE. THERE IS LITTLE PUBLIC TRANSPORTATION NEAR THE SUBJECT BUT THIS HAS LITTLE OR NO EFFECT ON THE VALUE BECAUSE THERE IS NO PUBLIC TRANSPORTATION IN THE AVERY COUNTY AREA OTHER THAN PUBLIC SCHOOL BUSES.																																																																																																																																																											
Market Conditions (including support for the above conclusions) THIS IS A MODERATELY ACTIVE MARKET. NO SPECIAL FINANCING, LOAN DISCOUNTS, INTEREST BUYDOWNS, OR CONCESSIONS WERE FOUND FOR THE SUBJECT OR COMPARABLE SALES IN THIS MARKET. THE SUBJECT NEIGHBORHOOD PROVIDES A GOOD ENVIRONMENT FOR THE PROPERTY BEING APPRAISED. THE PUBLIC SCHOOLS, PARKS, VIEW, AND NOISE LEVEL ARE TYPICAL.																																																																																																																																																											
Dimensions See attached deed Area 1.362 Acres Shape Irregular View Good																																																																																																																																																											
Specific Zoning Classification No County Zoning Zoning Description No County Zoning in Avery County but has neighborhood restrictions																																																																																																																																																											
Zoning Compliance <input type="checkbox"/> Legal <input type="checkbox"/> Legal Nonconforming (Grandfathered Use) <input checked="" type="checkbox"/> No Zoning <input type="checkbox"/> Illegal (describe)																																																																																																																																																											
Is the highest and best use of subject property as improved (or as proposed per plans and specifications) the present use? <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No If No, describe.																																																																																																																																																											
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Are the utilities and/or off-site improvements typical for the market area? <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No If No, describe.																																																																																																																																																											
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Uniform Residential Appraisal Report

There are 5+ comparable properties currently offered for sale in the subject neighborhood ranging in price from \$ 3,100,000 to \$ 4,590,000	
There are 5 comparable sales in the subject neighborhood within the past twelve months ranging in sale price from \$ 3,050,000 to \$ 4,200,000	
FEATURE	SUBJECT
Address	190 Bridle Court Banner Elk, NC 28604
Proximity to Subject	5.36 miles SE
Sale Price	\$ N/A
Sale Price/Gross Liv. Area	\$ 0.00 sq. ft.
Data Source(s)	Public Records/MLS/Files
Verification Source(s)	inspection
VALUE ADJUSTMENTS	DESCRIPTION
Sale or Financing	None noted
Concessions	
Date of Sale/Time	03-08-2011
Location	Sub/Gated/Golf
Leasehold/Fee Simple	Fee Simple
Site	1.362 Acres
View	Good
Design (Style)	Contemp Rustic
Quality of Construction	Excellent
Actual Age	New
Condition	Average
Above Grade	Total Bdrms Baths
Room Count	10 4 4f2h
Gross Living Area	6,408 sq. ft.
Basement & Finished	0 sf
Rooms Below Grade	None
Functional Utility	Average
Heating/Cooling	GFWA/Central
Energy Efficient Items	Average
Garage/Carport	2 Car Gar. Att.
Porch/Patio/Deck	Deck, Porch
Fireplaces	2 Fireplaces
Development	Elk River
Net Adjustment (Total)	\$ 549,452
Adjusted Sale Price of Comparables	\$ 2,524,056
I <input checked="" type="checkbox"/> did not research the sale or transfer history of the subject property and comparable sales. If not, explain	
My research <input checked="" type="checkbox"/> did not reveal any prior sales or transfers of the subject property for the three years prior to the effective date of this appraisal.	
Data source(s) Public Records	
My research <input checked="" type="checkbox"/> did not reveal any prior sales or transfers of the comparable sales for the year prior to the date of sale of the comparable sale.	
Data source(s) Public Records	
Report the results of the research and analysis of the prior sale or transfer history of the subject property and comparable sales (report additional prior sales on page 3).	
ITEM	SUBJECT
Date of Prior Sale/Transfer	None Noted Past
Price of Prior Sale/Transfer	36 Months
Data Source(s)	Public Records
Effective Date of Data Source(s)	03-29-2011
Analysis of prior sale or transfer history of the subject property and comparable sales There is no current agreement of sale pending for the subject or any of the comparables.	
Summary of Sales Comparison Approach Most Weight Given to comparables #2 and #3 due to location within gated golf course communities as the subject is. With Comparable #3 lying within the same community as the subject property.	
Due to limited number of total sales in the past 18 months for high end residential products comparables for the last 36 months were used. Due to the limited number of sales in this quality, size, and location in any one 12 month period it is not always possible as can be seen by the difference in sales time of the comparables above to find similar quality, size and location comparables within the past 12 months. This is typical with homes of this size, value range, quality, and location. Most are custom builds as the subject is for the primary original property owner not for secondary sale.	
The lower value in this appraisal versus an appraisal last April is due to limited local comparables than were available in the last appraisal.	
Indicated Value by Sales Comparison Approach \$ 2,900,000	
Indicated Value by: Sales Comparison Approach \$ 2,900,000 Cost Approach (if developed) \$ 3,072,860 Income Approach (if developed) \$ 0	
The cost approach and the sales comparison approach are mutually supportive and fall within a close range. Both were given equal emphasis in estimating a final value.	
This appraisal is made <input checked="" type="checkbox"/> "as is," <input type="checkbox"/> subject to completion per plans and specifications on the basis of a hypothetical condition that the improvements have been completed, <input type="checkbox"/> subject to the following repairs or alterations on the basis of a hypothetical condition that the repairs or alterations have been completed, or <input type="checkbox"/> subject to the following required inspection based on the extraordinary assumption that the condition or deficiency does not require alteration or repair: Home is 99% complete just needs some paint touch ups and removal of very little construction equipment. See Comment Addendum	
Based on a complete visual inspection of the interior and exterior areas of the subject property, defined scope of work, statement of assumptions and limiting conditions, and appraiser's certification, my (our) opinion of the market value, as defined, of the real property that is the subject of this report is \$ 2,900,000 as of 03-24-2011, which is the date of inspection and the effective date of this appraisal.	

Uniform Residential Appraisal Report

The report is prepared in compliance with the Graham, Leach, Bliley Act.

The intended user of this appraisal report is the lender/client. The intended use is to evaluate the property that is the subject of this appraisal for a mortgage finance transaction, subject to the stated scope of work, purpose of the appraisal, reporting requirements of this appraisal report form, and definition of market value. No additional intended users are identified by the appraiser.

The scope of work for this report includes: receipt of a letter of engagement from the client, collection of data, assembling pertinent data, preparation of work file, analyzing relevant data, inspecting the property at a level required to complete the report, preparation of this report for delivery to the client and delivery of the report to the client.

There is not adequate information available for presentation of an income approach to value determination, and it is not considered to be necessary to present an adequate value indicator for subject property.

Sales comparison properties shown in this report are located in either the same neighborhood as subject or in neighborhoods similar to subject, unless otherwise stated. Comparables were selected based on the principle of substitution within the market area. The comparables used in this report were selected by this appraiser and were not provided by a third party. Unless stated otherwise in this report, all sales comparison properties were considered in rendering the final opinion of value.

This is a Complete Appraisal Summary Report as defined in the Uniform Standards of Professional Appraisal Practice. The purpose of this appraisal is to estimate market value in fee simple. I certify that, to the best of my knowledge and belief, 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 and the Standards of Professional Appraisal Practice of the Appraisal Institute. I also certify that the use of this report is subject to the requirements of the Appraisal Institute relating to the review by its duly authorized representatives.

The term "inspected" used in the report or in computerized forms shall be deemed to mean "viewed or observed" and shall not carry any other meaning.

The appraiser has provided services on this property in the past 36 months.

COST APPROACH TO VALUE (not required by Fannie Mae.)

Provide adequate information for the lender/client to replicate your cost figures and calculations.

Support for the opinion of site value (summary of comparable land sales or other methods for estimating site value)

ESTIMATED <input type="checkbox"/>	REPRODUCTION OR <input type="checkbox"/>	<input checked="" type="checkbox"/> REPLACEMENT COST NEW	OPINION OF SITE VALUE	= \$	400,000
Source of cost data	Marshall & Swift/Local Contractors	Dwelling	6,408 Sq. Ft. @ \$ 330	= \$	2,114,640
Quality rating from cost service	Avg	Effective date of cost data	2007	Sq. Ft. @ \$	= \$
Comments on Cost Approach (gross living area calculations, depreciation, etc.)	Porches/Decks/Fireplaces				
RCN data obtained from Marshall and Swift Residential Cost Handbook, current ed. See attached sketch for floor plan. Minor deviations in square footage, if any, are not likely to influence the final estimated value. The estimated remaining economic life using the age/life method is years.	Garage/Carport	682	Sq. Ft. @ \$ 210	= \$	143,220
	Total Estimate of Cost-new				
	Less Physical	0	Functional	0	External
	Depreciation	0	0	0	= \$ (0)
	Depreciated Cost of Improvements				
	"As-is" Value of Site Improvements				
Estimated Remaining Economic Life (HUD and VA only)	Years	Indicated Value By Cost Approach			

INCOME APPROACH TO VALUE (not required by Fannie Mae.)

Estimated Monthly Market Rent \$	N/A	X Gross Multiplier	N/A	= \$	0	Indicated Value by Income Approach
Summary of Income Approach (including support for market rent and GRM)						

PROJECT INFORMATION FOR PUDs (if applicable)

Is the developer/builder in control of the Homeowner's Association (HOA)? ☐ Yes ☐ No Unit type(s) ☐ Detached ☐ Attached

Provide the following information for PUDs ONLY if the developer/builder is in control of the HOA and the subject property is an attached dwelling unit.

Legal Name of Project

Total number of phases	Total number of units	Total number of units sold
Total number of units rented	Total number of units for sale	Data source(s)

Was the project created by the conversion of existing building(s) into a PUD? ☐ Yes ☐ No If Yes, date of conversion.

Does the project contain any multi-dwelling units? ☐ Yes ☐ No Data source.

Are the units, common elements, and recreation facilities complete? ☐ Yes ☐ No If No, describe the status of completion.

Are the common elements leased to or by the Homeowner's Association? ☐ Yes ☐ No If Yes, describe the rental terms and options.

Describe common elements and recreational facilities. N/A

Phillips Appraisals Inc.
EXTRA COMPARABLES 4-5-6

File No. TurleyJohn5
Case No.

Borrower John L. & T. J. Turley

Property Address 190 Bridle Court

City Banner Elk County Avery State NC Zip Code 28604

Lender/Client National Bank of Tennessee Address 262 East Broadway, Newport, TN 37821

FEATURE		SUBJECT		COMPARABLE SALE # 4			COMPARABLE SALE # 5			COMPARABLE SALE # 6						
Address		190 Bridle Court Banner Elk, NC 28604		471 Hawks Nest Road Boone, NC 28607			1035 Ridge Drive Linville, NC 28646			Lot G-21 Eagles Nest Banner Elk, NC 28604						
Proximity to Subject				18.64 miles E			4.72 miles SE			1.55 miles N						
Sale Price		\$ N/A		\$ 4,100,000			\$ 2,425,000			\$ 2,200,000						
Sale Price/Gross Liv. Area		\$ 0.00 sq. ft.		\$ 683.79 sq. ft.			\$ 499.18 sq. ft.			\$ 715.91 sq. ft.						
Data Source(s)				Public Records/Appraisal Files			Public Records			MLS/Public Records						
Verification Source(s)				inspection			Inspection			Inspection						
VALUE ADJUSTMENTS		DESCRIPTION		DESCRIPTION		+(-) \$ Adjustment	DESCRIPTION		+(-) \$ Adjustment		DESCRIPTION		+(-) \$ Adjustment			
Sale or Financing				None noted			None Noted			None Noted						
Concessions																
Date of Sale/Time				09-23-2009			02-06-2009			04-06-2009						
Location		Sub\Gated/Golf		Sub/Good		+200,000	Sub/Gated/Golf			Sub/Gated/Good		+150,000				
Leasehold/Fee Simple		Fee Simple		Fee Simple			Fee Simple			Fee Simple						
Site		1.362 Acres		5.00 Acres		Incl'd Above	2.66 Acres		+300,000	2.14 Acres		Incl'd Above				
View		Good		Good			Average		Incl'd Above	Average						
Design (Style)		Contemp Rustic		Contemp			Contemp			Contemp/Rustic						
Quality of Construction		Excellent		Average			Good			Good						
Actual Age		New		A4/E2		+82,000	A5/E2		+48,500	New						
Condition		Average		Average			Average			Average						
Above Grade		Total	Bdms.	Baths	Total	Bdms.	Baths	Total	Bdms.	Baths	Total	Bdms.	Baths			
Room Count		10	4	4f2h	21	7	7.50	-21,000	9	3	4.50	-3,000	7	3	3.50	+3,000
Gross Living Area		6,408 sq. ft.		5,996 sq. ft.		+49,440	4,858 sq. ft.		+186,000	3,073 sq. ft.		+400,200				
Basement & Finished		0 sf		5,200		-156,000	2,856		-85,680	0		0				
Rooms Below Grade		None		3750 sf fin		-225,000	2856sf fin		-171,360	None		0				
Functional Utility		Average		Average			Average			Average						
Heating/Cooling		GFWA/Central		GFWA/CA			GFWA/CA			GFWA/CA						
Energy Efficient Items		Average		Average			Average			Average						
Garage/Carport		2 Car Gar. Att3Car		GarAtt/3CarBlt-inGar		-15,000	3 Car Gar Att		-7,500	1 Car Det Gar		+7,500				
Porch/Patio/Deck		Deck,Porch		Porch/deck			Porch/Deck			Porch/Deck						
Fireplaces		2 Fireplaces		10 Fireplaces		-40,000	2 Fireplaces		0	3 Fireplaces		-5,000				
Development		Elk River		None			Linville Ridge			Eagles Nest						
Net Adjustment (Total)				+ X -		\$ -125,560	X + -		\$ 266,960	X + -		\$ 555,700				
Adjusted Sale Price of Comparables				Net Adj: -3% Gross Adj : 19%		\$ 3,974,440	Net Adj: 11% Gross Adj: 33%		\$ 2,691,960	Net Adj: 25% Gross Adj: 26%		\$ 2,755,700				
Report the results of the research and analysis of the prior sale or transfer history of the subject property and comparable sales																
ITEM		SUBJECT		COMPARABLE SALE # 4			COMPARABLE SALE # 5			COMPARABLE SALE # 6						
Date of Prior Sale/Transfer		None Noted Past		None Noted Past			None Noted Past			None Noted Past						
Price of Prior Sale/Transfer		36 Months		12 Months			12 Months			12 Months						
Data Source(s)		Public Records		Public Records			Public Records			Public Records						
Effective Date of Data Source(s)		03-29-2011		03-29-2011			03-29-2011			03-29-2011						
Analysis of prior sale or transfer history of the subject property and comparable sales See Comment Addendum																

Uniform Residential Appraisal Report

Case No.

This report form is designed to report an appraisal of a one-unit property or a one-unit property with an accessory unit, including a unit in a planned unit development (PUD). This report form is not designed to report an appraisal of a manufactured home or a unit in a condominium or cooperative project.

This appraisal report is subject to the following scope of work, intended use, intended user, definition of market value, statement of assumptions and limiting conditions, and certifications. Modifications, additions, or deletions to the intended use, intended user, definition of market value, or assumptions and limiting conditions are not permitted. The appraiser may expand the scope of work to include any additional research or analysis necessary based on the complexity of this appraisal assignment. Modifications or deletions to the certifications are also not permitted. However, additional certifications that do not constitute material alterations to this appraisal report, such as those required by law or those related to the appraiser's continuing education or membership in an appraisal organization, are permitted.

SCOPE OF WORK: The scope of work for this appraisal is defined by the complexity of this appraisal assignment and the reporting requirements of this appraisal report form, including the following definition of market value, statement of assumptions and limiting conditions, and certifications. The appraiser must, at a minimum: (1) perform a complete visual inspection of the interior and exterior areas of the subject property, (2) inspect the neighborhood, (3) inspect each of the comparable sales from at least the street, (4) research, verify, and analyze data from reliable public and/or private sources, and (5) report his or her analysis, opinions, and conclusions in this appraisal report.

INTENDED USE: The intended use of this appraisal report is for the lender/client to evaluate the property that is the subject of this appraisal for a mortgage finance transaction.

INTENDED USER: The intended user of this appraisal report is the lender/client.

DEFINITION OF MARKET VALUE: The most probable price which a property should bring in a competitive and open market under all conditions requisite to a fair sale, the buyer and seller, each acting prudently, knowledgeably and assuming the price is not affected by undue stimulus. 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 each acting in what he or she considers his or her own best interest; (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.

*Adjustments to the comparables must be made for special or creative financing or sales concessions. No adjustments are necessary for those costs which are normally paid by sellers as a result of tradition or law in a market area; these costs are readily identifiable since the seller pays these costs in virtually all sales transactions. Special or creative financing adjustments can be made to the comparable property by comparisons to financing terms offered by a third party institutional lender that is not already involved in the property or transaction. Any adjustment should not be calculated on a mechanical dollar for dollar cost of the financing or concession but the dollar amount of any adjustment should approximate the market's reaction to the financing or concessions based on the appraiser's judgment.

STATEMENT OF ASSUMPTIONS AND LIMITING CONDITIONS: The appraiser's certification in this report is subject to the following assumptions and limiting conditions:

1. The appraiser will not be responsible for matters of a legal nature that affect either the property being appraised or the title to it, except for information that he or she became aware of during the research involved in performing this appraisal. The appraiser assumes that the title is good and marketable and will not render any opinions about the title.
2. The appraiser has provided a sketch in this appraisal report to show the approximate dimensions of the improvements. The sketch is included only to assist the reader in visualizing the property and understanding the appraiser's determination of its size.
3. The appraiser has examined the available flood maps that are provided by the Federal Emergency Management Agency (or other data sources) and has noted in this appraisal report whether any portion of the subject site is located in an identified Special Flood Hazard Area. Because the appraiser is not a surveyor, he or she makes no guarantees, express or implied, regarding this determination.
4. The appraiser will not give testimony or appear in court because he or she made an appraisal of the property in question, unless specific arrangements to do so have been made beforehand, or as otherwise required by law.
5. The appraiser has noted in this appraisal report any adverse conditions (such as needed repairs, deterioration, the presence of hazardous wastes, toxic substances, etc.) observed during the inspection of the subject property or that he or she became aware of during the research involved in performing this appraisal. Unless otherwise stated in this appraisal report, the appraiser has no knowledge of any hidden or unapparent physical deficiencies or adverse conditions of the property (such as, but not limited to, needed repairs, deterioration, the presence of hazardous wastes, toxic substances, adverse environmental conditions, etc.) that would make the property less valuable, and has assumed that there are no such conditions and makes no guarantees or warranties, express or implied. The appraiser will not be responsible for any such conditions that do exist or for any engineering or testing that might be required to discover whether such conditions exist. Because the appraiser is not an expert in the field of environmental hazards, this appraisal report must not be considered as an environmental assessment of the property.
6. The appraiser has based his or her appraisal report and valuation conclusion for an appraisal that is subject to satisfactory completion, repairs, or alterations on the assumption that the completion, repairs, or alterations of the subject property will be performed in a professional manner.

APPRAISER'S CERTIFICATION: The Appraiser certifies and agrees that:

1. I have, at a minimum, developed and reported this appraisal in accordance with the scope of work requirements stated in this appraisal report.
2. I performed a complete visual inspection of the interior and exterior areas of the subject property. I reported the condition of the improvements in factual, specific terms. I identified and reported the physical deficiencies that could affect the livability, soundness, or structural integrity of the property.
3. I performed this appraisal in accordance with the requirements of the Uniform Standards of Professional Appraisal Practice that were adopted and promulgated by the Appraisal Standards Board of The Appraisal Foundation and that were in place at the time this appraisal report was prepared.
4. I developed my opinion of the market value of the real property that is the subject of this report based on the sales comparison approach to value. I have adequate comparable market data to develop a reliable sales comparison approach for this appraisal assignment. I further certify that I considered the cost and income approaches to value but did not develop them, unless otherwise indicated in this report.
5. I researched, verified, analyzed, and reported on any current agreement for sale for the subject property, any offering for sale of the subject property in the twelve months prior to the effective date of this appraisal, and the prior sales of the subject property for a minimum of three years prior to the effective date of this appraisal, unless otherwise indicated in this report.
6. I researched, verified, analyzed, and reported on the prior sales of the comparable sales for a minimum of one year prior to the date of sale of the comparable sale, unless otherwise indicated in this report.
7. I selected and used comparable sales that are locationally, physically, and functionally the most similar to the subject property.
8. I have not used comparable sales that were the result of combining a land sale with the contract purchase price of a home that has been built or will be built on the land.
9. I have reported adjustments to the comparable sales that reflect the market's reaction to the differences between the subject property and the comparable sales.
10. I verified, from a disinterested source, all information in this report that was provided by parties who have a financial interest in the sale or financing of the subject property.
11. I have knowledge and experience in appraising this type of property in this market area.
12. I am aware of, and have access to, the necessary and appropriate public and private data sources, such as multiple listing services, tax assessment records, public land records and other such data sources for the area in which the property is located.
13. I obtained the information, estimates, and opinions furnished by other parties and expressed in this appraisal report from reliable sources that I believe to be true and correct.
14. I have taken into consideration the factors that have an impact on value with respect to the subject neighborhood, subject property, and the proximity of the subject property to adverse influences in the development of my opinion of market value. I have noted in this appraisal report any adverse conditions (such as, but not limited to, needed repairs, deterioration, the presence of hazardous wastes, toxic substances, adverse environmental conditions, etc.) observed during the inspection of the subject property or that I became aware of during the research involved in performing this appraisal. I have considered these adverse conditions in my analysis of the property value, and have reported on the effect of the conditions on the value and marketability of the subject property.
15. I have not knowingly withheld any significant information from this appraisal report and, to the best of my knowledge, all statements and information in this appraisal report are true and correct.
16. I stated in this appraisal report my own personal, unbiased, and professional analysis, opinions, and conclusions, which are subject only to the assumptions and limiting conditions in this appraisal report.
17. I have no present or prospective interest in the property that is the subject of this report, and I have no present or prospective personal interest or bias with respect to the participants in the transaction. I did not base, either partially or completely, my analysis and/or opinion of market value in this appraisal report on the race, color, religion, sex, age, marital status, handicap, familial status, or national origin of either the prospective owners or occupants of the subject property or of the present owners or occupants of the properties in the vicinity of the subject property or on any other basis prohibited by law.
18. My employment and/or compensation for performing this appraisal or any future or anticipated appraisals was not conditioned on any agreement or understanding, written or otherwise, that I would report (or present analysis supporting) a predetermined specific value, a predetermined minimum value, a range or direction in value, a value that favors the cause of any party, or the attainment of a specific result or occurrence of a specific subsequent event (such as approval of a pending mortgage loan application).
19. I personally prepared all conclusions and opinions about the real estate that were set forth in this appraisal report. If I relied on significant real property appraisal assistance from any individual or individuals in the performance of this appraisal or the preparation of this appraisal report, I have named such individual(s) and disclosed the specific tasks performed in this appraisal report. I certify that any individual so named is qualified to perform the tasks. I have not authorized anyone to make a change to any item in this appraisal report; therefore, any change made to this appraisal is unauthorized and I will take no responsibility for it.
20. I identified the lender/client in this appraisal report who is the individual, organization, or agent for the organization that ordered and will receive this appraisal report.

Uniform Residential Appraisal Report

21. The lender/client may disclose or distribute this appraisal report to: the borrower; another lender at the request of the borrower; the mortgagee or its successors and assigns; mortgage insurers; government sponsored enterprises; other secondary market participants; data collection or reporting services; professional appraisal organizations; any department, agency, or instrumentality of the United States; and any state, the District of Columbia, or other jurisdictions; without having to obtain the appraiser's or supervisory appraiser's (if applicable) consent. Such consent must be obtained before this appraisal report may be disclosed or distributed to any other party (including, but not limited to, the public through advertising, public relations, news, sales, or other media).

22. I am aware that any disclosure or distribution of this appraisal report by me or the lender/client may be subject to certain laws and regulations. Further, I am also subject to the provisions of the Uniform Standards of Professional Appraisal Practice that pertain to disclosure or distribution by me.

23. The borrower, another lender at the request of the borrower, the mortgagee or its successors and assigns, mortgage insurers, government sponsored enterprises, and other secondary market participants may rely on this appraisal report as part of any mortgage finance transaction that involves any one or more of these parties.

24. If this appraisal report was transmitted as an "electronic record" containing my "electronic signature," as those terms are defined in applicable federal and/or state laws (excluding audio and video recordings), or a facsimile transmission of this appraisal report containing a copy or representation of my signature, the appraisal report shall be as effective, enforceable and valid as if a paper version of this appraisal report were delivered containing my original hand written signature.

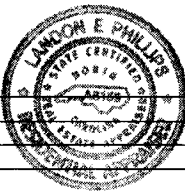
25. Any intentional or negligent misrepresentation(s) contained in this appraisal report may result in civil liability and/or criminal penalties including, but not limited to, fine or imprisonment or both under the provisions of Title 18, United States Code, Section 1001, et seq., or similar state laws.

SUPERVISORY APPRAISER'S CERTIFICATION: The Supervisory Appraiser certifies and agrees that:

1. I directly supervised the appraiser for this appraisal assignment, have read the appraisal report, and agree with the appraiser's analysis, opinions, statements, conclusions, and the appraiser's certification.
2. I accept full responsibility for the contents of this appraisal report including, but not limited to, the appraiser's analysis, opinions, statements, conclusions, and the appraiser's certification.
3. The appraiser identified in this appraisal report is either a sub-contractor or an employee of the supervisory appraiser (or the appraisal firm), is qualified to perform this appraisal, and is acceptable to perform this appraisal under the applicable state law.
4. This appraisal report complies with the Uniform Standards of Professional Appraisal Practice that were adopted and promulgated by the Appraisal Standards Board of The Appraisal Foundation and that were in place at the time this appraisal report was prepared.
5. If this appraisal report was transmitted as an "electronic record" containing my "electronic signature," as those terms are defined in applicable federal and/or state laws (excluding audio and video recordings), or a facsimile transmission of this appraisal report containing a copy or representation of my signature, the appraisal report shall be as effective, enforceable and valid as if a paper version of this appraisal report were delivered containing my original hand written signature.

APPRAISER

Signature [Signature]
 Name Landon E. Phillips
 Company Name Phillips Appraisals Inc.
 Company Address PO Box 1781
Jefferson, NC 28640
 Telephone Number 828-964-1958
 Email Address phillipsappraisalsinc@gmail.com
 Date of Signature and Report 03-31-2011
 Effective Date of Appraisal 03-24-2011
 State Certification # A-6159
 or State License # _____
 or Other (describe) _____ State # _____
 State NC
 Expiration Date of Certification or License 06-30-2011

**ADDRESS OF PROPERTY APPRAISED**

190 Bridle Court
Banner Elk, NC 28604

APPRAISED VALUE OF SUBJECT PROPERTY \$ 2,900,000

LENDER/CLIENT

Name Bill Newman
 Company Name National Bank of Tennessee
 Company Address 262 East Broadway
Newport, TN 37821
 Email Address campbell@firstpeoplesbank.net

SUPERVISORY APPRAISER (ONLY IF REQUIRED)

Signature _____
 Name _____
 Company Name _____
 Company Address _____
 Telephone Number _____
 Email Address _____
 Date of Signature _____
 State Certification # _____
 or State License # _____
 State _____
 Expiration Date of Certification or License _____

SUBJECT PROPERTY

- ☐ Did not inspect subject property
☐ Did inspect exterior of subject property from street
 Date of Inspection _____
☐ Did inspect interior and exterior of subject property
 Date of Inspection _____

COMPARABLE SALES

- ☐ Did not inspect exterior of comparable sales from street
☐ Did inspect exterior of comparable sales from street
 Date of Inspection _____

Phillips Appraisals Inc.
COMMENT ADDENDUM

File No. TurleyJohn5
Case No.

Borrower John L. & T. J. Turley

Property Address 190 Bridle Court

City Banner Elk County Avery State NC Zip Code 28604

Lender/Client National Bank of Tennessee Address 262 East Broadway, Newport, TN 37821

CONDITION OF IMPROVEMENTS

The subject property appears to be in average condition. Physical depreciation is based on an effective age and an economic life of 60 years. There were no external inadequacies observed.

This home has 12 foot ceilings on both of the main floors, the wood flooring and trim wood are from reclaimed logs according to the contractor, the home features a typical high end electronics package and media room which is standard for homes in this price range. The home includes custom baths with stone tile and some ceramic with custom stone counter tops and glass doors.

The subject property lies within Elk River Development, which consists of a Golf Course, Equestrian Facility, Jet Port, tennis facilities, fitness center and club house.

ADVERSE ENVIRONMENTAL CONDITIONS

No environmental inadequacies such as hazardous waste or toxic substances were found and this appraiser is not qualified to detect such substances. Private wells and septs are common for the area and do not hinder marketability.

SALES COMPARISONS COMMENTS

Avery County is a rural area in the northwest mountains of North Carolina and sometimes good comparable sales in this price range are difficult to find. Therefore comparable sales in this area often have larger adjustments than is normally considered acceptable. This appraiser feels that the three comparable sales used in this appraisal are the best available in determining an estimate of market value. Many comparables were considered in making this appraisal. The three sales displayed are considered to be the most comparable and best indicators of value. Each comparable was given some weight in determining the value.

Distance to Comparables is greater than typically desired by most lenders due to the mountainous terrain and local topography. Also that the subject property has over 5500sq.ft of heated space. The majority of homes this size are custom builds in the area. As the comparables are indicated we do have spec houses such as the subject in the area being built for over \$3,000,000. This is typical for custom homes of this size in the local area and does not affect marketability.

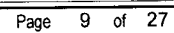
Age of Comparables is greater than the 12 months desired by lenders, on 4 of the 6 comparables, due to the custom nature of the subject property. As above noted most homes of this style and quality are custom homes within the area built for the land owner. Sales occur at the rate of 1-3 per year between 1.7 million and above as with financing currently being harder to come by to purchase these properties due to the down turn in lending as a whole across the United States in 2008 and early 2009 most homes of this style and size are being built by the land owner to live in. As they can build with cash over time as opposed to having to finance the whole price at one time. This has lead to older comparables as can be seen in this appraisal only 2 homes of this quality and size sold in the 2010-2011 calendar year within Avery and Watauga county. With only one lying within a gated golf course community such as the subject. Though approximately 6-10 new constructions of similar size, quality and style were started within the 2010-2011 calendar year within Avery county. This is typical for such homes as the subject property, and does not affect marketability of the subject property.

CONDITIONS OF APPRAISAL

This appraisal is a "Complete Summary Appraisal Report" as defined in the Uniform Standards of Professional Appraisal Practices. Insufficient data exist to utilize the income approach to indicate market value. This appraisal was not based upon a requested minimum valuation, a specific valuation, or the approval of a loan.

File No. TurleyJohn5
Case No.

262 East Broadway, Newport, TN 37821



Phillips Appraisals Inc.
SKETCH ADDENDUM

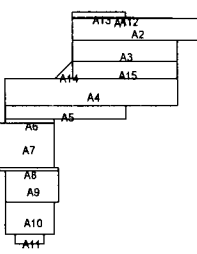
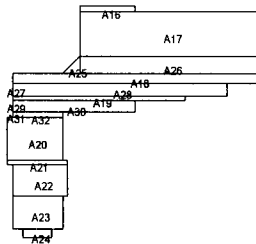



File No. TurleyJohn5
Case No.

Borrower John L. & T. J. Turley

Property Address 190 Bridle Court

City Banner Elk County Avery State NC Zip Code 28604

Lender/Client National Bank of Tennessee Address 262 East Broadway, Newport, TN 37821

SKETCH CALCULATIONS	Perimeter	Area
	<p>A1 : $0.5(19.5 + 46.4) \times 0.1 =$</p> <p>A2 : $46.4 \times 8.0 =$</p> <p>A3 : $37.9 \times 8.0 =$</p> <p>A4 : $62.1 \times 9.7 =$</p> <p>A5 : $43.7 \times 4.5 =$</p> <p>A6 : $17.9 \times 1.8 =$</p> <p>A7 : $20.4 \times 15.7 =$</p> <p>A8 : $21.9 \times 1.3 =$</p> <p>A9 : $19.4 \times 11.6 =$</p> <p>A10 : $17.9 \times 11.6 =$</p> <p>A11 : $10.5 \times 3.5 =$</p> <p>A12 : $0.5 \times 0.0 \times 2.2 =$</p> <p>A13 : $19.5 \times 2.2 =$</p> <p>A14 : $0.5 \times 6.2 \times 6.2 =$</p> <p>A15 : $37.9 \times 6.2 =$</p> <p>First Floor</p>	<p>4.9</p> <p>371.0</p> <p>302.2</p> <p>602.4</p> <p>196.6</p> <p>32.2</p> <p>320.3</p> <p>28.5</p> <p>225.0</p> <p>207.6</p> <p>36.8</p> <p>0.0</p> <p>42.4</p> <p>19.4</p> <p>235.7</p> <p>2625.0</p>
	<p>A16 : $19.5 \times 2.2 =$</p> <p>A17 : $64.4 \times 16.1 =$</p> <p>A18 : $0.5(88.6 + 88.6) \times 3.5 =$</p> <p>A19 : $0.5(62.1 + 62.1) \times 1.7 =$</p> <p>A20 : $20.4 \times 15.7 =$</p> <p>A21 : $21.9 \times 1.3 =$</p> <p>A22 : $19.4 \times 11.6 =$</p> <p>A23 : $17.9 \times 11.6 =$</p> <p>A24 : $10.5 \times 3.5 =$</p> <p>A25 : $0.5 \times 6.2 \times 6.2 =$</p> <p>A26 : $64.4 \times 6.2 =$</p> <p>A27 : $0.5 \times 0.0 \times 4.4 =$</p> <p>A28 : $77.2 \times 4.4 =$</p> <p>A29 : $0.5 \times 0.0 \times 4.5 =$</p> <p>A30 : $43.7 \times 4.5 =$</p> <p>A31 : $0.5 \times 0.0 \times 1.8 =$</p> <p>A32 : $17.9 \times 1.8 =$</p> <p>Second Floor</p>	<p>42.9</p> <p>1036.8</p> <p>308.2</p> <p>105.6</p> <p>320.3</p> <p>28.5</p> <p>225.0</p> <p>207.6</p> <p>36.7</p> <p>19.4</p> <p>400.7</p> <p>0.0</p> <p>339.7</p> <p>0.0</p> <p>196.7</p> <p>0.0</p> <p>32.2</p> <p>3300.3</p>
	<p>A33 : $6.0 \times 4.0 =$</p> <p>A34 : $15.8 \times 14.0 =$</p> <p>A35 : $3.5 \times 4.0 =$</p> <p>A36 : $25.3 \times 5.5 =$</p> <p>A37 : $6.0 \times 14.0 =$</p> <p>Third Floor</p>	<p>24.0</p> <p>221.2</p> <p>14.0</p> <p>139.1</p> <p>84.0</p> <p>482.3</p>
	Total Living Area	6407.6
	<p>A38 : $18.0 \times 8.0 =$</p> <p>A39 : $26.5 \times 17.8 =$</p> <p>A40 : $15.1 \times 4.4 =$</p> <p>Attached Garage</p>	<p>144.0</p> <p>471.7</p> <p>66.4</p> <p>682.1</p>
	Total Garage Area	682.1
	<p>A41 : $10.0 \times 6.0 =$</p> <p>Porch</p>	<p>60.0</p> <p>60.0</p>

Phillips Appraisals Inc.
SKETCH ADDENDUM



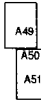

File No. TurleyJohn5
Case No.

Borrower John L. & T. J. Turley

Property Address 190 Bridle Court

City Banner Elk County Avery State NC Zip Code 28604

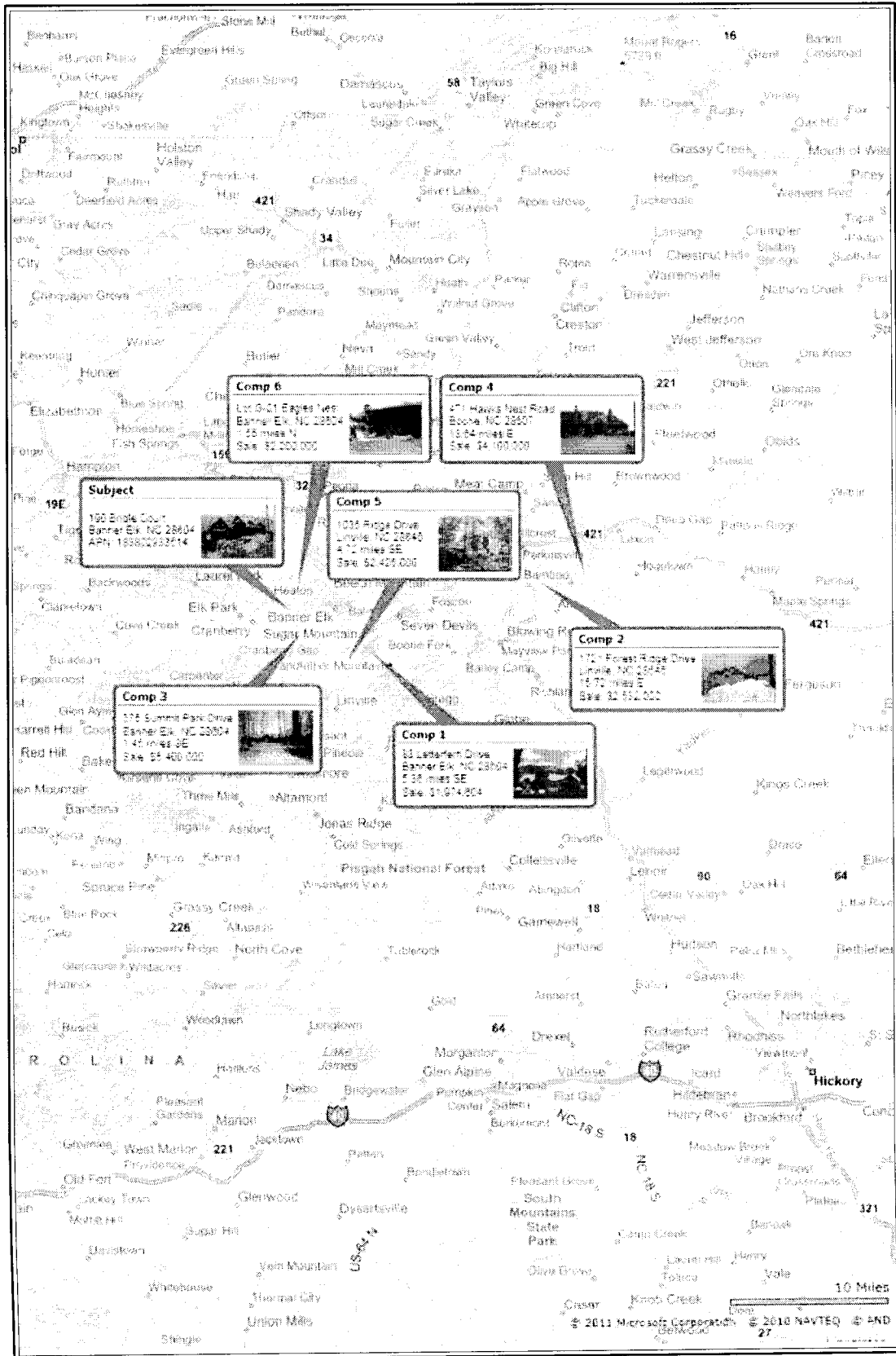
Lender/Client National Bank of Tennessee Address 262 East Broadway, Newport, TN 37821

SKETCH CALCULATIONS		Perimeter	Area
	A42 : 6.0 x 6.0 =		36.0
	Porch2		36.0
	Total Porch Area		96.0
	A43 : 0.5 x 13.9x0.2 =		1.4
	A44 : 24.2 x 6.8 =		164.2
	A45 : 0.5 x 10.3x10.3 =		53.3
	A46 : 13.9 x 10.3 =		143.5
	A47 : 0.5 x 6.2x6.2 =		19.4
	A48 : 18.0 x 6.2 =		112.0
	Deck1		493.8
	A49 : 11.7 x 16.6 =		194.2
	A50 : 7.5 x 0.4 =		3.0
	A51 : 10.0 x 18.0 =		180.0
	Deck2		377.2
	A52 : 0.5 x 13.9x0.2 =		1.4
	A53 : 24.2 x 6.8 =		164.2
	A54 : 0.5 x 10.3x10.3 =		53.3
	A55 : 13.9 x 10.3 =		143.5
	A56 : 0.5 x 6.2x6.2 =		19.4
	A57 : 18.0 x 6.2 =		112.0
	Deck3		493.8
Total Patio/Deck Area			1364.8

Phillips Appraisals Inc.
LOCATION MAP ADDENDUM

File No. TurleyJohn5
Case No.

Borrower	John L. & T. J. Turley						
Property Address	190 Bridle Court						
City	Banner Elk	County	Avery	State	NC	Zip Code	28604
Lender/Client	National Bank of Tennessee		Address 262 East Broadway, Newport, TN 37821				



Phillips Appraisals Inc.
PLAT MAP

File No. TurleyJohn5
Case No.

Borrower John L. & T. J. Turley

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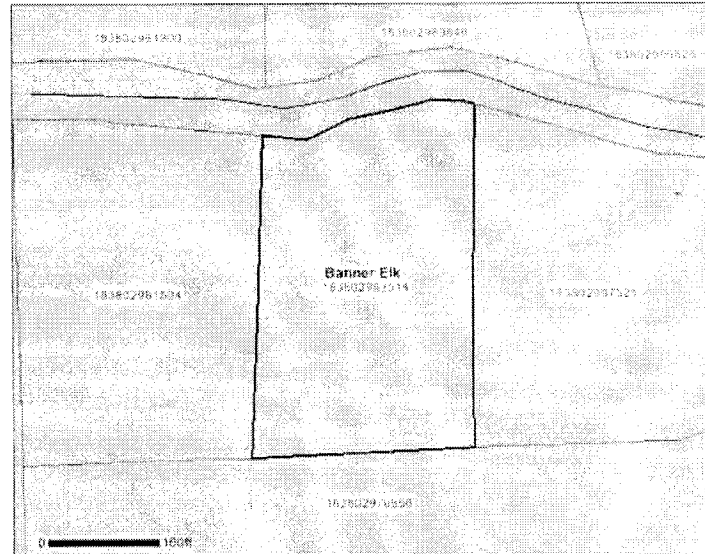
City Banner Elk County Avery State NC Zip Code 28604

Lender/Client National Bank of Tennessee Address 262 East Broadway, Newport, TN 37821

Avery Co. -- Printable Map

Page 1 of 1

Avery County, NC



DISCLAIMER: The information contained on this page is NOT to be construed or used as a "legal description". Map information is believed to be accurate but accuracy is not guaranteed.

Parcels

Tax Parcel No.: 153802983514
Brief Description: ERDC SADDLE RIDGE 190
ADDRESS: 101 BRIDLE CT
Owner:
TURLEY, JOHN L &
TURLEY, T J
PO BOX 10226
KNOXVILLE TN 37939-0226

Deed Book: 325 Pg. 715
Deed Date: 12/14/1999
ACREAGE: 1.000LT
Bldg Value: \$1,635,000
Land Value: \$225,000
Other Bldg Val: \$0
AYB: 2006

Fire District:
Physical Location:

101 BRIDLE CT
Banner Elk

Other Attributes

at point 1138374 888626

Townships:
Township: Banner Elk

Census Tracts:
STCNTRBG: 370119901 2

<http://www.averync.net> Anderson & Associates, Inc. <http://www.averync.net>

<http://arcins.webgis.net/nc/avery/printable2.asp>

3/31/2011

Phillips Appraisals Inc.
SUBJECT PHOTO ADDENDUM

File No. TurleyJohn5
Case No.

Borrower John L. & T. J. Turley

Property Address 190 Bridle Court

City Banner Elk County Avery State NC Zip Code 28604

Lender/Client National Bank of Tennessee Address 262 East Broadway, Newport, TN 37821



**FRONT OF
SUBJECT PROPERTY**
190 Bridle Court
Banner Elk, NC 28604



**REAR OF
SUBJECT PROPERTY**



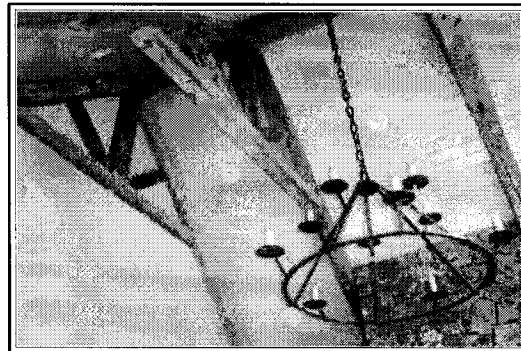
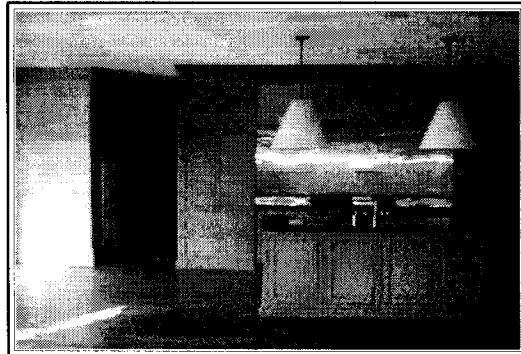
STREET SCENE

Borrower John L. & T. J. Turley

Property Address 190 Bridle Court

City Banner Elk County Avery State NC Zip Code 28604

Lender/Client National Bank of Tennessee Address 262 East Broadway, Newport, TN 37821

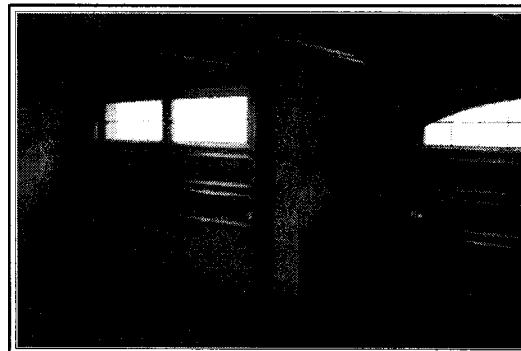
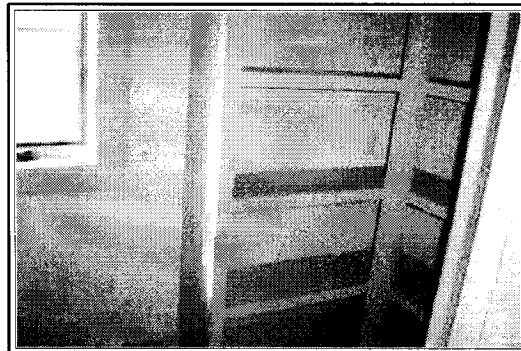
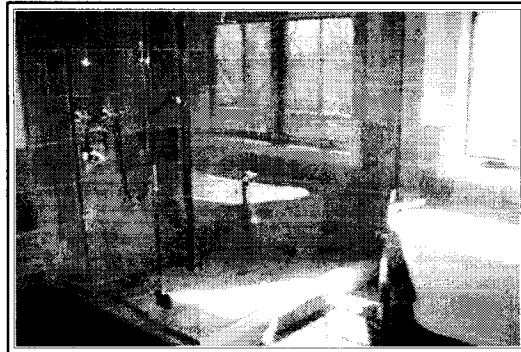
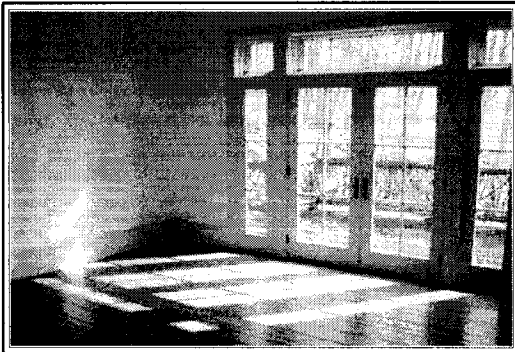


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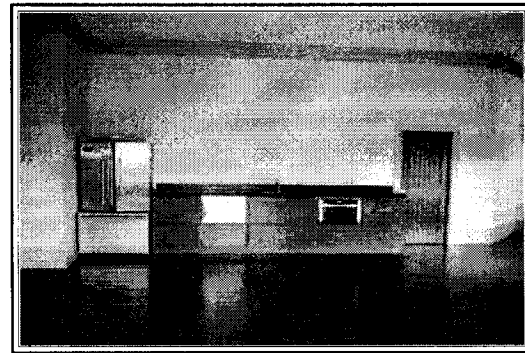
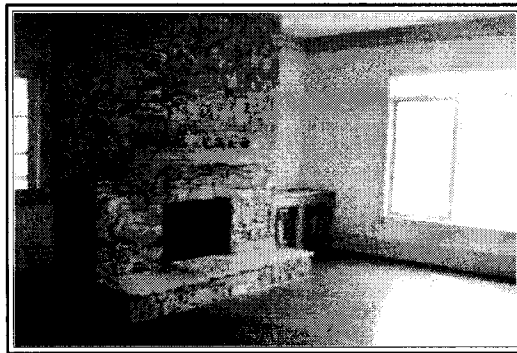
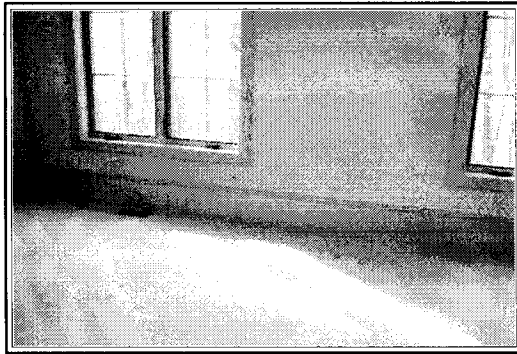
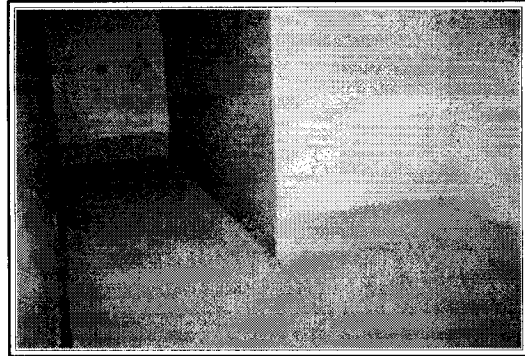
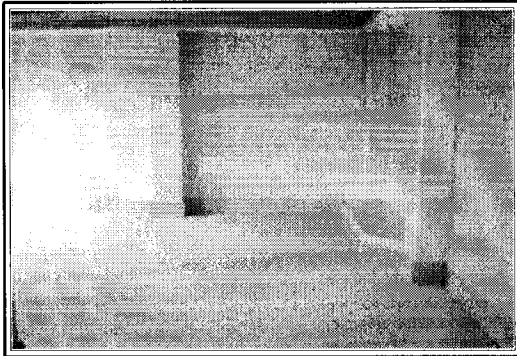


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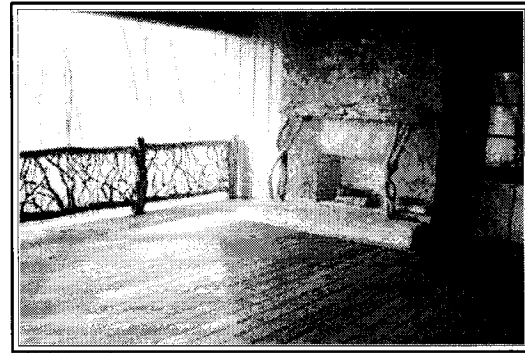
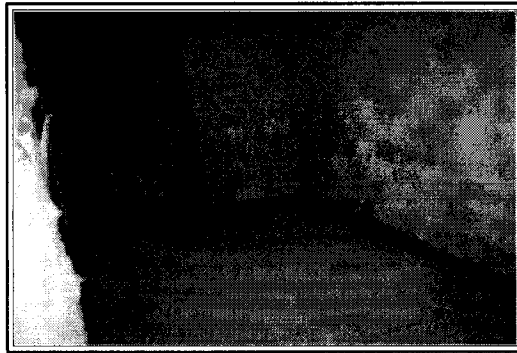
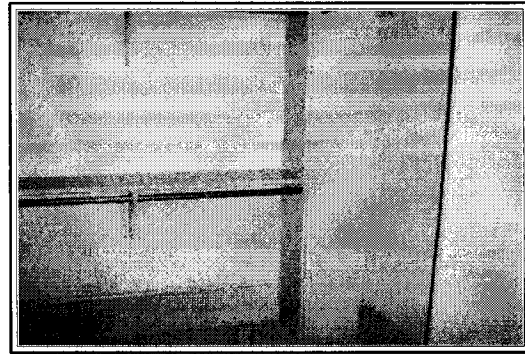
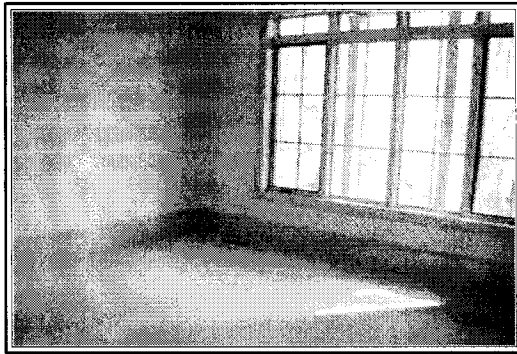
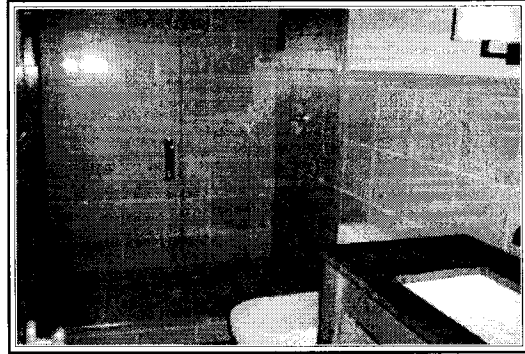
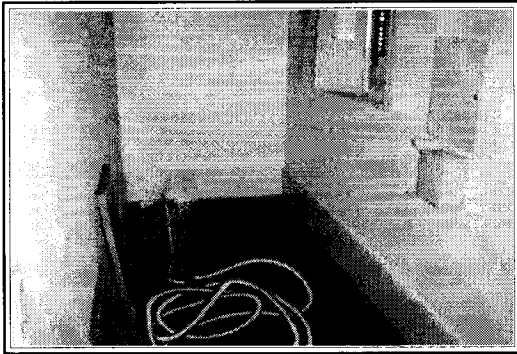


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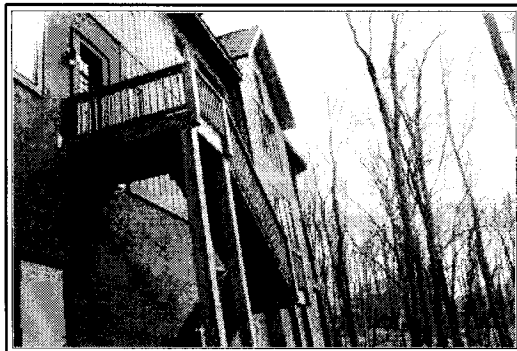
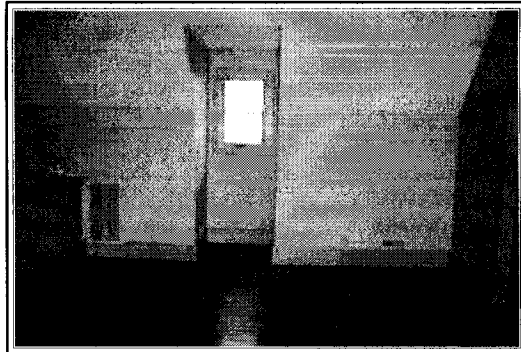
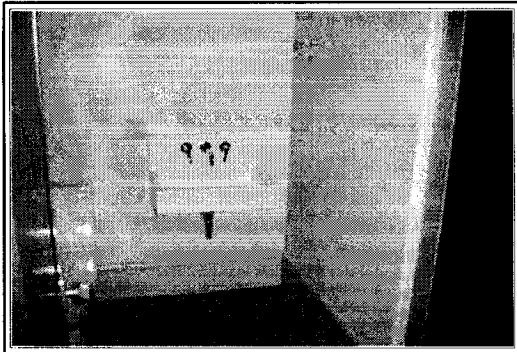


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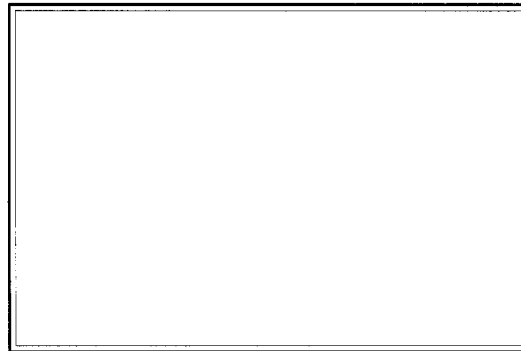
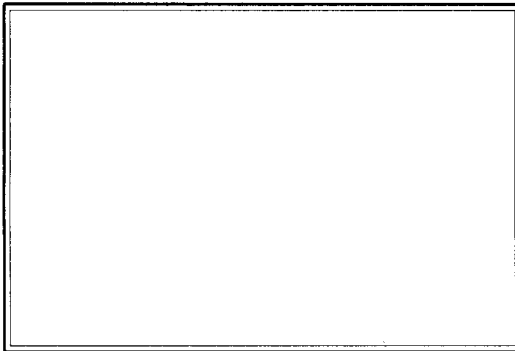
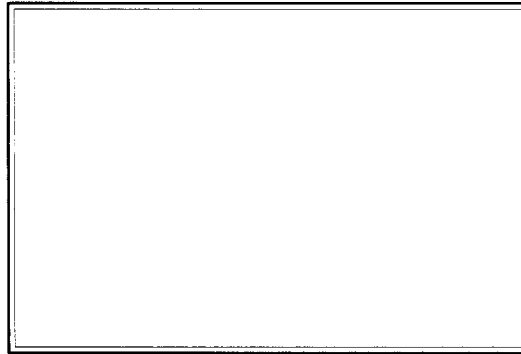
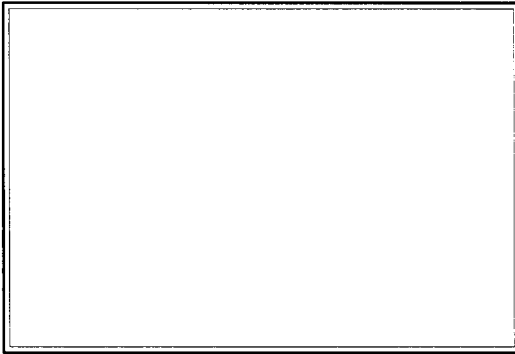


Borrower John L. & T. J. Turley

Property Address 190 Bridle Court

City Banner Elk County Avery State NC Zip Code 28604

Lender/Client National Bank of Tennessee Address 262 East Broadway, Newport, TN 37821



Phillips Appraisals Inc.
COMPARABLES 1-2-3

File No. TurleyJohn5
Case No.

Borrower John L. & T. J. Turley

Property Address 190 Bridle Court

City Banner Elk County Avery State NC Zip Code 28604

Lender/Client National Bank of Tennessee Address 262 East Broadway, Newport, TN 37821



COMPARABLE SALE # 1
88 Letterfern Drive
Banner Elk, NC 28604



COMPARABLE SALE # 2
1721 Forest Ridge Drive
Linville, NC 28646



COMPARABLE SALE # 3
375 Summit Park Drive
Banner Elk, NC 28604

Borrower John L. & T. J. Turley

Property Address 190 Bridle Court

City Banner Elk County Avery State NC Zip Code 28604

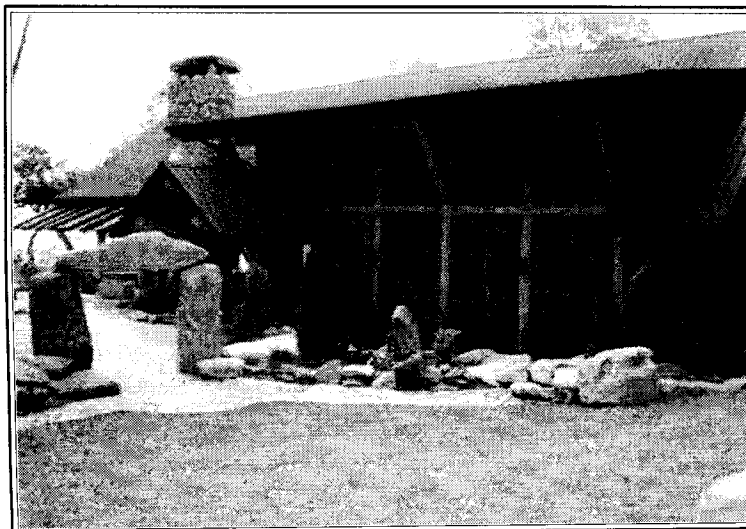
Lender/Client National Bank of Tennessee Address 262 East Broadway, Newport, TN 37821



COMPARABLE SALE # 4
471 Hawks Nest Road
Boone, NC 28607



COMPARABLE SALE # 5
1035 Ridge Drive
Linville, NC 28646



COMPARABLE SALE # 6
Lot G-21 Eagles Nest
Banner Elk, NC 28604

Borrower John L. & T. J. Turley
Property Address 190 Bridle Court
City Banner Elk
Lender/Client National Bank of Tennessee

County

Avery

State

Zip Code

28604

Address 262 East Broadway, Newport, TN 37821

Avery COUNTY
Dec 14 1998 \$210.00
1000002067
NORTH CAROLINA

FILED in Avery County
on Dec 14 1998 at 07:15:37 PM
by Pamela F. Baker
Register of Deeds
BOOK 325 PAGE 715

Exempt Tax: 0000

Recording Fee: Book & Page
File Number: 325-715

State of North Carolina

WARRANTY DEED

County of Avery

This Deed, made this 29th day of November, 1998, by and between

Frank T. Nickell and wife, Carol Nickell
(hereinafter called "Grantor")

and

John L. Turley and wife, T.J. Turley

(hereinafter called "Grantees")

WITNESSETH

Grantor(s) for and in consideration of the sum of TEN DOLLARS AND OTHER GOOD AND VALUABLE CONSIDERATIONS to them paid by the said Grantee(s), the receipt of all of which is hereby acknowledged, have, subject to any exceptions, conditions, provisions, restrictions or reservations herein contained, bargained and sold, and by these presents do grant, bargain, sell and convey unto the said Grantees, their heirs, successors and assigns, all that certain tract(s) or parcel(s) of land lying and being in Banner Elk Township, Avery County, North Carolina, more particularly described as follows:

BEING all of LOT 150, SADDLE RIDGE of the property known as ELK RIVER DEVELOPMENT as shown on plat thereof recorded in Map Book 21 at Page 79 of the Avery County, North Carolina, Public Registry, to which plat reference is made for a more complete description.

This conveyance is subject to the Declaration of Restrictions recorded in Book 140, Page 1419, Avery County, North Carolina, Public Registry, which restrictions are incorporated herein by reference.

The property hereinabove described was acquired by Grantor(s) by instrument recorded in Book 316, Page 428, Avery County Public Registry.

To have and to hold the said premises above described, with every privilege and appurtenance thereunto belonging to the said Grantees, their heirs, successors and assigns, to their only use and behoof forever, subject always to any exceptions, conditions, provisions, restrictions or reservations herein contained.

Ad Valorem property taxes for the current year, and road and utility rights of way of record, if any.

The Grantors covenant with the Grantees, their heirs, successors and assigns, that they are the owners of and are seized of the premises in fee simple, that they have a good right

Prepared by: Al Santi Watson & Capua
P O Box 1931, 642 West King Street
Roanoke, North Carolina 28607

Property Transfer Gate Mark

Date: 12/14/98

By: [Signature]

Borrower John L. & T. J. Turley

Property Address 190 Bridle Court

City Banner Elk

County

Avery

State

Zip Code

28604

Lender/Client National Bank of Tennessee

Address 262 East Broadway, Newport, TN 37821

BOOK 325 PAGE 715

To convey the same in fee simple, that title is marketable and free and clear of all liens and encumbrances, except as herein set forth, and that they will forever warrant and defend the title thereto against the claims of all persons whomsoever.

IN TESTIMONY WHEREOF, the said Grantor have hereunto set their hands and seals, 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.

Frank T. Nickell (SEAL)
Frank T. Nickell

Carol Nickell (SEAL)
Carol Nickell

STATE OF NEW YORK, COUNTY OF 114

I, John L. Turley, a Notary Public, do hereby certify that Frank T. Nickell and wife, Carol H. Nickell personally appeared before me this day and acknowledged the due execution of the foregoing instrument for the purposes therein expressed.

This the 17th day of December, 1989, at Banner Elk, North Carolina.
John L. Turley (SEAL)
Notary Public

My commission expires: 11/11/91

North Carolina, Avery County

The foregoing certificate(s) of John L. Turley is certified to be correct. This instrument was presented for registration this 17th day of December, 1989, at 2:46 A.M., and duly recorded in the Office of the Register of Deeds for Avery County, North Carolina in Book 325 at page 715.

This 17th day of December, 1989.
Tamela T. Raley
Avery County Register of Deeds
by Richard Chapman

CERTIFICATIONFile No. TurleyJohn5
Case No.Borrower John L. & T. J. TurleyProperty Address 190 Bridle CourtCity Banner Elk County Avery State NC Zip Code 28604Lender/Client National Bank of Tennessee Address 262 East Broadway, Newport, TN 37821**F.I.R.R.E.A. ADDENDUM**

I. **PURPOSE OF THE APPRAISAL** The purpose of this report is to estimate the market value of the subject property, as defined herein. The estimate of market value is to be used solely by the client as a basis for lending decisions or portfolio management.

II. **SCOPE OF THE APPRAISAL** The following steps were followed in arriving at the final estimate of value included in the appraisal report of the subject property:

1. An investigation was made to determine market trends, influences and other significant factors pertinent to the subject property.
2. A physical inspection of the property was performed. Although due diligence was exercised while at the subject property, the appraiser is NOT an expert in such matters as pest control, structural engineering, hazardous waste, or construction etc. and no warranty is given or implied as to these or other elements outside of analysis of market data. Inspections by various professionals within these fields may be recommended with the final estimate of market value subject to their findings.
3. A more detailed review of the collected data was then performed with the most relevant factors extracted and considered. Sales were examined and confirmed closed from material provided by one or more service(s) that obtain information from public records. Market factors were weighted and their influence on the subject property was determined. A highest and best use analysis was done on the subject property.
4. The appraisal report was then completed in accordance with standards dictated by THE APPRAISAL FOUNDATION in the UNIFORM STANDARDS OF PROFESSIONAL APPRAISAL PRACTICES (USPAP). The report included sufficient data and information needed to lead a reader to a similar conclusion of market value.
5. The appraisal report was then delivered to the client, which constituted the completion of the assignment.

III. **THIS REPORT COMPLIES WITH THE UNIFORM STANDARDS OF PROFESSIONAL APPRAISAL PRACTICES (USPAP)** as adopted by the Appraisal Standards Board of The Appraisal Foundation as of August 9, 1990.

IV. **COMPETENCY OF THE APPRAISER** Unless otherwise noted in writing, the appraiser has done similar assignments and has the knowledge and experience to complete this assignment competently.

V. **SALES HISTORY** The marketing history of the subject was researched for at least one year. Unless otherwise noted in the appraisal report, the subject property has not been listed, sold or transferred in the past twelve months.

VI. **RENTS AND VACANCIES** Unless otherwise noted in the appraisal report, the subject property is currently owner occupied.

VII. **TREND ANALYSIS** Real estate prices have been changing due to current economic conditions and local trends. It is reasonable to assume that this same trend would apply to the subject. Still the average marketing time typically varies between 90-180 days for residences within the county provided the property is competitively priced and properly marketed.

VIII. **DEDUCTIONS AND DISCOUNTS** In keeping with the USPAP, any financing concessions that influence the selling price of a comparable sale were addressed and accounted for to result in a market value of the subject property that is free of discounts, deductions or other seller concessions.

IX. **PROHIBITED INFLUENCES** The appraisal assignment was not conditioned upon the appraisal producing a specific valuation or approval of a loan. Employment of the appraiser was not conditioned upon the appraisal production of a specific value. Neither employment nor compensation are based upon approval of any related loan application.

X. **SELF CONTAINMENT** This appraisal report is intended to be a self contained document containing all information necessary to enable a reader to understand the appraiser's opinion. Any third party studies referred to, such as pest control, structural, soils or hazardous materials have been verified by the appraiser as to their existence, to the extent the assumptions and conclusions are used. If not included with the report, they are maintained with our file and available upon request by the client.

XI. **PERSONAL PROPERTY** Any personal property involved in the transaction has been excluded from the valuation of the real property. Should a transaction which includes personal property of sufficient value to affect the market value of the real property be evident, a separated assessment of the personal property fixtures or intangible items will be included with the report as a separate valuation.

XII. **THREE APPROACHES TO VALUE** The appraiser has made a reasonable effort to apply the three recognized approaches to value. Most single family residences are purchased for owner occupancy and, as such, the INCOME APPROACH does not generally reflect the highest and best use of the property and is not generally a relevant indicator of market value. The use of the INCOME APPROACH to value will be used:

CERTIFICATIONFile No. TurleyJohn5
Case No.Borrower John L. & T. J. TurleyProperty Address 190 Bridle CourtCity Banner Elk County _____ Avery _____ State NC Zip Code 28604Lender/Client National Bank of Tennessee Address 262 East Broadway, Newport, TN 37821

1. At the request of the client for non-owner occupied units.
2. When sufficient market evidence exists in a neighborhood to indicate that rental properties or investor purchases are typical, measurable and their analysis adds to the relevancy and reliability of the appraisal process.

I CERTIFY TO THE BEST OF MY KNOWLEDGE AND BELIEF:

The statements of fact contained in this report are true and correct.

The reported analyses, opinions, and conclusions are limited only by the reported assumptions and limiting conditions, and are my personal unbiased professional analysis, opinions and conclusions.

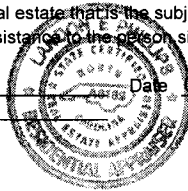
Unless otherwise noted in this report, I have no present or prospective interest in the property that is the subject of this report, and I have no personal interest or bias with respect to the parties involved.

My compensation is not contingent on an action or event resulting from the analyses, opinions or conclusions in, or the use of, the report.

I have made a personal inspection of the real estate that is the subject of this report.

No one provided significant professional assistance to the person signing this report.

Signature _____

Landon E. PhillipsDate 03-31-2011

Market Conditions Addendum to the Appraisal Report

Case No.

The purpose of this addendum is to provide the lender/client with a clear and accurate understanding of the market trends and conditions prevalent in the subject neighborhood. This is a required addendum for all appraisal reports with an effective date on or after April 1, 2009.

Property Address 190 Bridle Court City Banner Elk State NC ZIP Code 28604
 Borrower John L. & T. J. Turley

Instructions: The appraiser must use the information required on this form as the basis for his/her conclusions and must provide support for those conclusions, regarding housing trends and overall market conditions as reported in the Neighborhood section of the appraisal report form. The appraiser must fill in all the information to the extent it is available and reliable and must provide analysis as indicated below. If any required data is unavailable or is considered unreliable, the appraiser must provide an explanation. It is recognized that not all data sources will be able to provide data for the shaded areas below; if it is available, however, the appraiser must include that data in the analysis. If data sources provide all the required information as an average instead of the median, the appraiser should report the available figure and identify it as an average. Sales and listings must be properties that compete with the subject property, determined by applying the criteria that would be used by a prospective buyer of the subject property. The appraiser must explain any anomalies in the data, such as seasonal markets, new construction, foreclosures, etc.

Inventory Analysis	Prior 7-12 Months	Prior 4-6 Months	Current - 3 Months	Overall Trend						
Total # of Comparable Sales (Settled)	2	0	1	<input type="checkbox"/>	Increasing	<input checked="" type="checkbox"/>	X	Stable	<input type="checkbox"/>	Declining
Absorption Rate (Total Sales/Months)	0.33	0.00	0.33	<input type="checkbox"/>	Increasing	<input checked="" type="checkbox"/>	X	Stable	<input type="checkbox"/>	Declining
Total # of Comparable Active Listings	N/A	N/A	19	<input type="checkbox"/>	Declining	<input checked="" type="checkbox"/>	X	Stable	<input type="checkbox"/>	Increasing
Months of Housing Supply (Total Listings/Ab. Rate)	N/A	N/A	57.58	<input type="checkbox"/>	Declining	<input checked="" type="checkbox"/>	X	Stable	<input type="checkbox"/>	Increasing
Median Sales & List Price, DOM, Sale/List %	Prior 7-12 Months	Prior 4-6 Months	Current - 3 Months	Overall Trend						
Median Comparable Sales Price	2,141,007	0	1,974,604	<input type="checkbox"/>	Increasing	<input checked="" type="checkbox"/>	X	Stable	<input type="checkbox"/>	Declining
Median Comparable Sales Days on Market	Unknown	Unknown	Unknown	<input type="checkbox"/>	Declining	<input checked="" type="checkbox"/>	X	Stable	<input type="checkbox"/>	Increasing
Median Comparable List Price	N/A	N/A	2,695,000	<input type="checkbox"/>	Increasing	<input checked="" type="checkbox"/>	X	Stable	<input type="checkbox"/>	Declining
Median Comparable Listing Days on Market	N/A	N/A	295	<input type="checkbox"/>	Declining	<input checked="" type="checkbox"/>	X	Stable	<input type="checkbox"/>	Increasing
Median Sale Price as % of List Price	84.574	0.000	109.761	<input type="checkbox"/>	Increasing	<input checked="" type="checkbox"/>	X	Stable	<input type="checkbox"/>	Declining
Seller-(developer, builder, etc.) paid financial assistance prevalent?		Yes	X No	<input type="checkbox"/>	Declining	<input checked="" type="checkbox"/>	X	Stable	<input type="checkbox"/>	Increasing

Explain in detail seller concessions trends for the past 12 months (e.g. seller contributions increased from 3% to 5%, increasing use of buydowns, closing costs condo fees, options, etc.)

Seller Concessions are not typical in the area for this style of home

Are foreclosure sales (REO sales) a factor in the market? ☐ Yes ☒ No If yes, explain (including the trends in listings and sales of foreclosed properties).

Cite data sources for above information.

Information is a mix of High County Association of Realtors MLS and Public Records

Summarize the above information as support for your conclusions in the Neighborhood section of the appraisal report form. If you used any additional information, such as an analysis of pending sales, and/or expired and withdrawn listings, to formulate your conclusions, provide both an explanation and support for your conclusions.

Information is taken from multiple sources in the every county area due to few homes of this style, size and quality being listed in MLS. Most are listed privately by the owner or with the development in which they reside. This reduces the information available for the 1004MC this is typical for this type of property.

If the subject is a unit in a condominium or cooperative project, complete the following: Project Name:

Subject Project Data	Prior 7-12 Months	Prior 4-6 Months	Current - 3 Months	Overall Trend			
Total # of Comparable Sales (Settled)				<input type="checkbox"/> Increasing	<input type="checkbox"/> Stable	<input type="checkbox"/> Declining	
Absorption Rate (Total Sales/Months)				<input type="checkbox"/> Increasing	<input type="checkbox"/> Stable	<input type="checkbox"/> Declining	
Total # of Active Comparable Listings				<input type="checkbox"/> Declining	<input type="checkbox"/> Stable	<input type="checkbox"/> Increasing	
Months of Unit Supply (Total Listings/Ab. Rate)				<input type="checkbox"/> Declining	<input type="checkbox"/> Stable	<input type="checkbox"/> Increasing	

Are foreclosures sales (REO sales) a factor in the project? ☐ Yes ☐ No If yes, indicate the number of REO listings and explain the trends in listings and sales of foreclosed properties.

Summarize the above trends and address the impact on the subject unit and project.

Signature

Signature

Appraiser Name Landon E. Phillips

Supervisor Name

Company Name Phillips Appraisals Inc.

Company Name

Company Address PO Box 1781, Jefferson, NC 28640

Company Address

State License/Certification # A-6159 State NC

State License/Certification #

State

Email Address phillipsappraisalsinc@gmail.com

Email Address