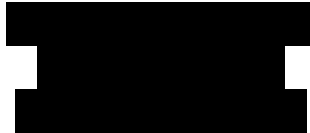


APPRAISAL OF REAL PROPERTY
FOR
COMFORT INN HOTEL

850 Speedway Industrial Drive
Lincoln, Talladega County, Alabama

AS OF:
SEPTEMBER 24, 2007

PREPARED FOR



PREPARED BY
FLETCHER & COMPANY
REAL ESTATE APPRAISALS AND CONSULTATION
P.O. Box 884
GRIFFIN, GA 30224
(770) 227-4008



KEN A. FLETCHER

FLETCHER & COMPANY
Real Estate Appraisals
P. O. Box 884 • 770-227-4008
Griffin, Georgia 30224

September 28, 2007



RE: Self Contained Appraisal Report
Comfort Inn Hotel (60 Rooms)
850 Speedway Industrial Drive
Lincoln, Talladega County, Alabama

Dear Sir or Madam:

In accordance with your request I have personally inspected the above captioned property for the purpose of estimating the Market Value in the Fee Simple Interest. The effective date of this appraisal is September 24, 2007.

Submitted herewith is my report containing pertinent facts and data gathered in my investigation.

The method of appraising is detailed in the attached narrative report. As of September 24, 2007 it is my opinion that the Market Value with Fee Simple Interest in the subject property is:

Final Estimate of Value, as of September 24, 2007 is:

Two Million Eight Hundred Ninety Thousand Dollars "As Is"

(\$2,890,000)

Real Estate \$2,780,000 with \$110,000 Allocated To FF&E & Intangibles

Prospective Estimate of Value, Estimated Franchise Branding Update 3 to 6 Months (January 1, 2008):

Three Million Forty Thousand Dollars

(\$3,040,000)

Real Estate \$2,820,000 with \$220,000 Allocated To FF&E & Intangibles

The undersigned appraiser states that his employment was not conditioned upon his producing a specific value or a value within a given range. Further employment or the payment of the fee is not dependent upon producing specified values.

It has been a pleasure to serve you in this matter

Nathan Fitzwater
State of Georgia

Respectfully submitted,

FLETCHER & COMPANY
Ken A. Fletcher
State of Georgia

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We have met the requirements of 12 CFR (Code of Federal Regulations) Part 323, concerning appraisal standards for federally related transactions per the Federal Deposit Insurance Company (FDIC).

{I}

SUMMARY OF SALIENT FACTS AND CONCLUSIONS

Intended Uses of Appraisal:	██
Property Type:	Comfort Inn Hotel (60 Rooms)
Property Address:	850 Speedway Industrial Drive, Lincoln, Talladega County, Alabama
Tax ID #	03-08-33-3-000-013.001 and 03-08-33-3-000-014.002
Owner:	████████████████
Borrower:/Purchaser:	██
Site Size:	2.17 Acres or 94,525 SF
Improvements:	Three Story Interior Corridor Hotel with 32,785 SF Detached Residence 1,070 SF
Year Built:	1999
Zoning:	B2, General Business
Interest Appraised:	Estimate the Market Value of the Fee Simple Interest
Effective Date of Appraisal:	September 24, 2007
Date of Report:	September 28, 2007
Highest & Best Use:	Current Use
Final Estimate of Value:	\$2,890,000 “As Is” \$3,040,000 “Prospective Value”

Marketing Time 6 to 12 Months

The subject property is being purchased “as is” for a contracted purchase price of \$2,750,000 as per the contract provided. The hotel is required to be updated by the Comfort Inn Franchise, which will cost the new purchaser some \$200,000 to \$300,000, which reportedly includes some equipment change out along with various required interior upgrades. Therefore, the appraiser has provided both an “As Is” Value and a Prospective “As if Complete Value”.

INTRODUCTION

Assumptions and Limiting Conditions

The appraisal is made subject to the following conditions and assumptions:

1. Any legal description or plats reported herein are assumed to be accurate. Any sketches, plats or drawings included in this report are included to assist the reader in visualizing the property. I have made no survey of the property and assume no responsibility in connection with such matters.
2. No responsibility is assumed for matters legal in nature. Title is assumed to be good and marketable and in fee simple unless discussed otherwise in this report. The property is appraised as free and clear of existing liens, assessments and encumbrances, except as noted in the attached report.
3. The appraiser does not assume responsibility for sub-surface soil conditions. No geological reports have been furnished to the appraiser.
4. Unless otherwise noted, it is assumed that there are no encroachments, zoning or restriction violations affecting the subject property.
5. The property is assumed to be under competent and aggressive management.
6. Information, estimates, and opinions used in this appraisal are obtained from sources considered reliable; however, no liability for them can be assumed by the appraiser.
7. The value estimates reported herein apply to the entire property and any proration or division of the total into fractional interests will invalidate the value estimate, unless such proration or division of interests is set forth in the report.
8. This report may not be used for any purpose other than as stated in the report, by any other than the client without previous consent of the appraiser and his client and then only with proper qualifications.
9. The appraiser assumes the reader or user of this report has been provided with copies of all leases and amendments, if any, encumbering this property.
10. Neither all nor any part of the contents of this report shall be conveyed to the public through advertising, public relations, news sales or other media, without the prior written consent and approval of the author. This pertains particularly to valuation conclusions, the identity of the appraiser or firm with which he is associated.
11. The final value estimate has been concluded on the basis that the property is environmentally compliant. Further the acreage was based on information provided by the owner and/or

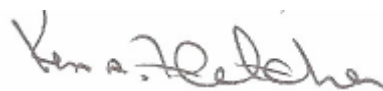
public records. If the actual acreage or developable unit is different than the amounts used in this report, the appraiser reserves the right to modify this report.

12. The final value estimate has been concluded on the basis that the subject is not subject to flooding. For an official determination a certified survey is recommended.

Certification

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

- The statements of fact contained in this report are true and correct.
- I have made a personal inspection of the property that is the subject of this report.
- Nathan Fitzwater provided significant professional assistance in the preparation of this report and the analysis within and made a personal inspection of the property.
- The reported analyses, opinions, and conclusions in this review report are limited only by the assumptions and limiting conditions stated in this review report, and are my personal, unbiased professional analyses, opinions, and conclusions.
- 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. I have no bias with respect to the property that is the subject of this report.
- My engagement in this assignment or in any future assignment is not contingent upon developing or reporting predetermined results.
- My compensation is not contingent upon the reporting of a predetermined value or direction in value that favors the cause of the client, the amount of the value estimate, the attainment of a stipulated result, or the occurrence of a subsequent event.
- My analyses, opinions, and conclusions were developed, and this review report was prepared in conformity with the Georgia Real Estate Appraiser Classification and Regulation Act and the rules and regulations of the Georgia Real Estate Appraisers Board.



Ken Fletcher



Nathan Fitzwater

Appraiser Competency

Ken A. Fletcher and Nathan Fitzwater are experienced in the valuation of commercial, retail, office, industrial, land acquisition and development, condemnation, recreational and special purpose properties. For additional information on the competency of the appraiser, please review the Qualifications of Appraiser in this report.

The appraiser's have extensive experience in appraising various types of hotel facilities similar to the subject property and are considered to be competent in performing an appraisal on the subject property.

Definitions

Market Value

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 are 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 best interests;
3. a reasonable time is allowed for exposure in the open market;
4. payment is made in terms of cash in United States 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.”²

Fee Simple Interest or Estate

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

Real Property

“All interests, benefits, and rights inherent in the ownership of physical real estate; the bundle of rights with which the ownership of the real estate is endowed.” In some states, real property is defined by statute and is synonymous with real estate. See also personal property; real estate.⁴

Improvements

“Buildings or other relatively permanent structures or developments located on, or attached to, land.”⁵

² “12 CFR, Part 34.42 (g) June 17, 1994”

³ *The Dictionary of Real Estate Appraisal*, 4th Ed., (Chicago Appraisal Institute, 2002), p. 113

⁴ *Ibid*, 234.

⁵ *Ibid*, 142

Personal Property

“Identifiable tangible objects that are considered by the general public as being ‘personal’ -for example, furnishings, artwork, antiques, gems and jewelry, collectibles, machinery and equipment; all tangible property that is not classified as real estate.”⁶

Intangible Personal Property

“Property that has no physical existence beyond merely representational, nor any extrinsic value; includes rights over tangible real and personal property, but not rights of use and possession. Its value lies chiefly in what it represents. Examples include corporate stock, bonds, money on deposit, goodwill, restrictions on activities (for example, patents and trademarks), and franchises. Note: Thus, in taxation, the rights evidenced by outstanding corporation stocks and bonds constitute intangible property of the security holders because they are claims against the assets owned and income received by the corporation rather than by the stockholders and bondholders; interests in partnerships, deeds, and the like are not ordinarily considered intangible property for tax purposes because they are owned by the same persons who own the assets and receive the income to which they attach.”⁷

Goodwill

“The intangible asset that arises as a result of a name, reputation, customer patronage, location, products, and similar factors that have not been separately identified and/or valued but that generate economic benefits.”⁸

Exposure Time

“The estimated length of time the property interest being appraised would have been offered on the market prior to a hypothetical consummation of a sale at market value on the effective date of the appraisal.”⁹

It is our opinion that the estimated exposure time for the subject property prior to the effective date of this report would have been less than twelve months.

⁶ *Uniform Standards of Professional Appraisal Practice*, 2006 Edition (The Appraisal Foundation), p.4.

⁷ *The Dictionary of Real Estate Appraisal*, 4th Ed., (Chicago Appraisal Institute, 2002), p. 148.

⁸ *The Dictionary of Real Estate Appraisal*, 4th Ed., (Chicago Appraisal Institute, 2002), p. 128.

⁹ *Uniform Standards of Professional Appraisal Practice*, 2006 Edition (The Appraisal Foundation), p. 90.

Marketing Time

“an opinion of the amount of time it might take to sell a real or personal property interest at the concluded market value level during the period immediately after the effective date of an appraisal.”¹⁰

With regard to marketability, primary consideration has been given to the subject's overall location, features, the socioeconomic characteristics of the area, and probable near-term and long-term market demand for the property.

The marketing time for the appraised is based on a review of real estate sales, some of which are provided later in this report, together with conversations with brokers and other real estate professionals in the subject market.

The estimated marketing time is estimated less than twelve months based on current market conditions.

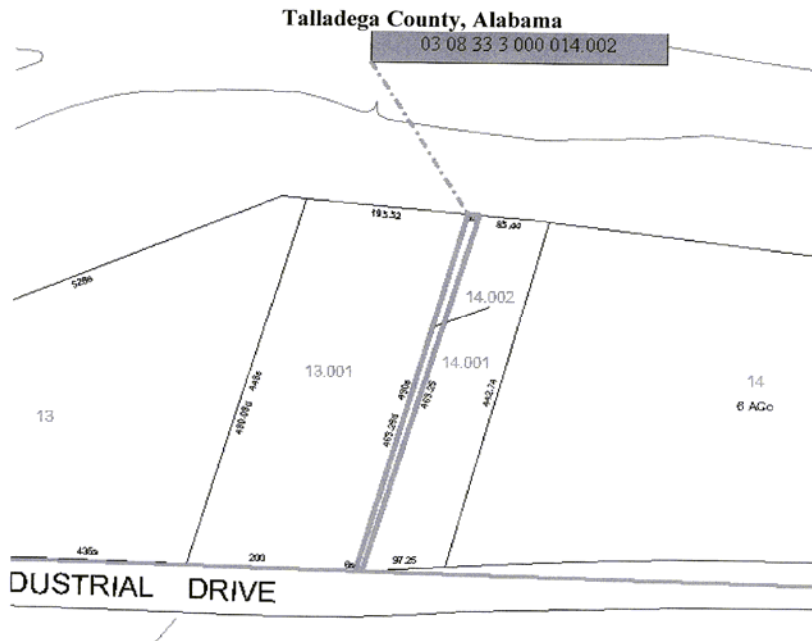
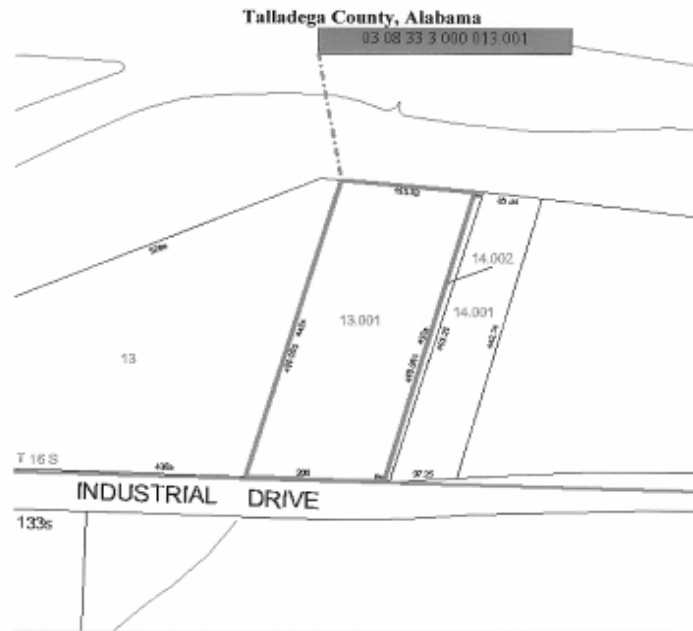
Market conditions are considered favorable with reasonable interest rates and no financing concessions necessary.

¹⁰ *Uniform Standards of Professional Appraisal Practice*, 2006 Edition (The Appraisal Foundation), p. 128.

Assignment Description

Property Identification

The subject property was constructed for its current use as a hotel facility, located at 850 Speedway Industrial Drive, Lincoln, Talladega County, Alabama. The building is a three-story interior corridor hotel structure that was originally constructed in 1999. The facility was in average condition for its age at the time of inspection. The total site contains approximately 2.17 acres, or 94,525 square feet. The property is identified in the following tax maps.



Appraisal Objective and Property Rights

The objective of this appraisal is to estimate the current fee simple market value of the subject property's real estate assets.

Intended Use and Intended Users

Per Standard Rule 1-2 of USPAP, the intended use and users of the appraisal must be stated. [REDACTED] requires a market value appraisal of the Fee Simple Interest in the subject property for collateral evaluation purposes. The intended user of the report would be [REDACTED]. All information contained within this report is confidential between the client and the undersigned appraiser(s). Any information contained in this report cannot be released to a third party without the written consent of the client.

Effective Date of the Appraisal / Report Date

The final estimate of market value represents our opinion estimates as of September 24, 2007, the most recent date of the property inspection. The report date is September 28, 2007.

Statement of Ownership and Sales History

Standards Rule 1-5 of USPAP requires an analysis of all agreements of sale, options, or listings, and at least a three-year sales history for the subject property. The subject property was purchased in 2005 by the current seller for \$2,200,000 and required some \$300,000 in renovations after purchase. The subject property was under contract to be purchased at the time of this appraisal for \$2,750,000. There have been no other transfers of the subject in the past three years.

The Scope of Work

According to Advisory Opinion 28 of USPAP, an appraisal 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.”¹

The primary purpose of the appraisal is to meet the requirements of Title XI of the Federal Financial Institutions Reform, Recovery, and Enforcement Act (“FIRREA”) of 1989 with respect to real estate-related financial transactions as we understand these requirements. [REDACTED] requires a market value appraisal of the subject property in order to determine its collateral value for loan underwriting purposes. This self contained appraisal report covers a detailed collection and analysis of data, property inspections, and the application of the accepted approaches to value. This report sets forth the rationale, assumptions, conditions and significant facts upon which the final value is based. All of the generally accepted approaches to value have been considered within this report.

The scope of the assignment is to prepare a narrative self contained appraisal report of the subject property as requested by [REDACTED]. The appraiser was requested to provide a market value appraisal of a hotel facility located at 850 Speedway Industrial Drive, Lincoln, Talladega County, AL. The following is a discussion of the various inspections, analysis and data collection considered and utilized in arriving at a conclusion of value. In order to properly estimate the market value of the subject property, the appraiser has found it necessary to apply all three value approaches that constitute a credible appraisal as per the requirements of the Uniform Standards of Appraisal Practice. All of the three value approaches, which are inclusive of the Sales Comparison Approach, the Cost Approach, and the Income Approach are considered to be the acceptable means by which to value similar property types as necessitated by the appraisal profession, which is comprised of the appraiser’s peers who are deemed to be also competent in valuing such properties. Therefore, the appraiser has applied the Sales Comparison Approach, the Cost Approach, and the Income Approach to value in the valuation process as it applied to the subject property.

The following is a brief discussion of the various inspections and analysis and data collection and analysis considered and utilized in arriving at a conclusion of value.

1. An inspection and analysis of area and neighborhood factors which would have an impact on the subject property.
2. An inspection and analysis of the physical features of the subject property and any factors which would have a positive or negative influence on value.
3. Property consideration of the present zoning and a discussion of highest and best use of the subject.

¹ Ibid. P. 213.

4. The collection, analysis, and verification of market data considered pertinent to arriving at the value estimates made by the Sales Comparison, Cost and Income Approach (when applicable).
5. The value indications for the three approaches are then reconciled into a final estimate of value.
6. An inspection and analysis of the physical features of the subject property and any factors which would have a positive or negative influence on value.
7. Property consideration of the present zoning and a discussion of highest and best use of the subject.
8. The collection, analysis, and verification of market data considered pertinent to arriving at the value estimates made by the Sales Comparison, Cost and Income Approach (when applicable).
9. The value indications for the three approaches are then reconciled into a final estimate of value.

The appraisal has been prepared in accordance with Uniform Standards of Professional Appraisal Practice requirements (USPAP).

We have met the requirements of 12 CFR (Code of Federal Regulations) Part 323, concerning appraisal standards for federally related transactions per the Federal Deposit Insurance Company (FDIC).

Property Identification

Property Data

Description of Site

Location:	850 Speedway Industrial Drive, Lincoln, Talladega County, Alabama
Land Area:	Approximately 2.17 Acres or 94,525 SF. The appraiser reserves the right to modify the concluded value if the actual size from a new survey is found to vary significantly from the size derived from the survey provided at the time of the appraisal.
Shape:	The subject property is considered rectangular in shape.
Frontage:	The dimensions of the site are located on a copy of the survey located in the addenda of this report.
Topography:	The site is best described as level with the improvements with adequate drainage areas.
Utilities:	All Available
Environmental:	There were no visible signs of hazards from the visit to the site. This report assumes that there are no environmental hazards present that would impact the value of the property.
Flood Plain:	According to the FEMA Flood Map. 11121C0125D, dated, 9/28/2007, the subject is located in Zone X. Zone X is defined as areas determined to be outside the 500-year floodplain. This report assumes that the property is not in a flood hazard area and will not be subject to flooding. For official determination, a certified survey is recommended.
Easements:	The appraiser is not aware of any detrimental easements or encroachments encumbering the site other than typical utility and access easements.

Real Estate
Taxes:

The subject's assessed value is illustrated in the following tax bill document. Based on the value conclusion in this report, the subject is under assessed for tax ad valorem purposes.

Tax Information

Parcel Number: 030833300013001 Total Taxable Value: 2,461,480
 Account Number: 102313 Assessment Value: 492,300
 Pin Number: 51383 Acres: 0

Owner Name: GAYATRI LLC Tax District: 05
 850 SPEEDWAY INDUSTRIAL DR Tax Year:
 LINCOLN, AL 35096 Tax Due: 0.00

If taxes are not paid by Feb 1st, 2007. Please call 1-256-761-2123.
 For any question about Real Property Taxes (Building and Land) call 1-256-761-2123.
 For any question about Personal Property Taxes call 1-256-480-7057.

Payment History		
Tax Year	Amount	Paid
2006	19,199.70	Yes
2005	19,199.70	Yes
2004	15,603.90	Yes
2003	15,603.90	Yes
2002	15,603.90	Yes
2001	15,603.90	Yes
2000	14,994.72	Yes
1999	404.04	Yes
1998	352.24	Yes

Talladega County, Alabama Disclaimer
 All data on this site is subject to change.
 Values are not finalized!
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Tax Information

Parcel Number: 030833300014002 Total Taxable Value: 12,600
 Account Number: 102314 Assessment Value: 2,520
 Pin Number: 60004 Acres: 0

Owner Name: GAYATRI LLC Tax District: 05
 2625 ZELDA ROAD Tax Year:
 MONTGOMERY, AL 36107 Tax Due: 0.00

If taxes are not paid by Feb 1st, 2007. Please call 1-256-761-2123.
 For any question about Real Property Taxes (Building and Land) call 1-256-761-2123.
 For any question about Personal Property Taxes call 1-256-480-7057.

Payment History		
Tax Year	Amount	Paid
2006	98.28	Yes

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 Values are not finalized!
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Zoning:

The subject site is zoned B2, General Business by Lincoln, AL. The use as a hotel represents a compatible use with the surrounding neighborhood, which consists of various free standing retail and convenience/gas station improvements along the major thoroughfare, with single family residential developments along the secondary streets. An excerpt from the Lincoln zoning ordinance is located in the Addenda section of this report.

Description of Improvements

The building is a three-story story framed structure that was reportedly built in 1999. The building contains 32,785 SF with a detached manager's residence that contains 1,070 SF of similar construction. The hotel has typical common areas and guestrooms.

The major construction components of the subject property are as follows:

Foundation:	Reinforced concrete slab foundation with drainage
Structural:	Frame Construction with Elevator Service
Exterior Walls:	Stucco
Roof Covering:	Corrugated metal roofing panels on a pitched roof
Interior Finish:	Drywall on studs finished in various wall coverings and carpet and tile floors throughout
HVAC:	Typical thru-wall units in rooms with public areas centrally heated and cooled
Electrical & Plumbing:	Standard electrical throughout with each room wired for cable television and high-speed internet. Each guestroom and all public restroom areas have adequate plumbing fixtures to service clientele.
Site Improvements:	Site improvements consist of asphalt/concrete paving/curbing and exterior lighting and signage and a pool area.
Physical Condition:	The subject building was originally built in 1999 and is currently in good physical condition. The parking lot was also considered to be in good condition.
Functional Utility:	The subject building is designed for and utilized as a hotel. The subject improvements are considered to be of average type construction and parking is typical of similar facilities in the market. The building layout is designed for a hotel and considered functional when compared to competing buildings in the market.

Actual Age, Effective Age,
Remaining Economic Life:

The subject building was constructed in 1999 and has an actual age of 8 years and an effective age of 8 years. The total economic life is estimated at 45 years, of which 35 years are remaining.

Room Make-up

1-Excutive King
12 Regular Kings
11 King Suites
29 Double Queens
3 Queen Suites
4 Handicap Suites
60 Total

Subject Photos



















Area & Neighborhood Overview

The purpose of this analysis is to review the historic and projected economic and demographic data to determine whether Talladega County and the subject neighborhood will experience future economic growth, stability, or decline. The subject property is located just off of an interstate exit of I-20 in Lincoln with the town having two main exits.

The subject town of Lincoln has a good overall location between Talladega Super Speedway and Logan Martin Lake in Talladega County. This is just some 44 miles east of Birmingham Alabama and 100 miles to the west of Atlanta. The areas most notable attraction is the Speedway which hosts multiple NASCAR races throughout the year hosting some 150,000 new persons into the area at these times. The Coosa River and Lake Logan Martin provide many avenues of recreation as well as beautiful waterfront homes in Lincoln. The main access into the area is I-20 which connects Atlanta and Birmingham, which are considered to be the main business and economic centers of the southeast. Growth between these two metropolises continues as the areas in between are becoming less rural in nature. The other main transportation routes in the area consist of US Highway 78 and Alabama State Route 77. Lincoln is the eight fastest growing city in Alabama which has been spurred by the introduction of a large HONDA manufacturing facility in the area, which is just a few miles from the subject property. New residential and business growth has been positive in the subject's area for the past several years. Lincoln has good capacity for growth which is supported by its own water system, waste water systems, communication systems, senior citizens accommodations, libraries, and fire/rescue and police departments. The city has consistently been expanded emergency service departments, utility infrastructure and maintains various industrial and commercial development sites for businesses interested in locating in the area.

Recreation

Recreation opportunities in the area are abundant with six different lakes in the county. There are also thousands of acres of pristine hunting land which are accented by the Lake Martin Recreation Area, Talladega Super Speedway and Talladega National Forest. Additional facilities throughout the county make the area very accommodating to golfers, joggers, boaters, cyclists, hunters, fishermen, hikers, tennis players, water skiers, power walkers, NASCAR fans, football fans, etc.

Education

Talladega County is comprised of three school systems: Sylacauga City System, Talladega City System and the Talladega County School System. The Alabama Institute for the Blind and Deaf is also located in Talladega and offers an excellent education to students from across the state of Alabama and throughout the southeast.

Local college facilities area considered good with Central Alabama Community College that offers a wide variety of academic and technical training and Talladega College which is a nationally accredited liberal arts school.

Other colleges located within a 50 mile radius of Talladega County include Auburn University, Jacksonville State University, University of Alabama at Birmingham and the University at Montevallo.

Healthcare

The Coosa Valley Medical Center is part of the largest medical system in Alabama. This is a 148 bed acute care facility with good quality emergency services; various women's services including obstetrics and gynecology; pediatrics; internal medicine; family medicine; cardiology; general surgery; orthopedic surgery; urology; nuclear medicine and various supporting services such as CT SCAN, MRI, X-ray and laboratory. New additions have added a state of the art ambulatory care center. The facilities also include a state of the art cancer center for radiation and medical oncology. Other healthcare professionals, including dentists, optometrists, registered nurses and chiropractors provide additional services. Two nursing homes, a dialysis center, and other treatment programs can service other healthcare needs of area residents.

Baptist Medical Center Citizens is a 122 bed, acute care hospital accredited by the Joint Commission on Accreditation of Health Care Organizations. This modern facility offers the community a wide variety of programs and services and is staffed with approximately 320 employees. Some of the services include one-day surgery, a comprehensive diagnostic center, physical, occupational and speech therapy, SportsFirst Fitness and Wellness Center, cardiac rehabilitation, pain management and many more. From specialty services such as cardiology, orthopedics, and ophthalmology to family practice and internal medicine, Baptist Citizens offers a broad range of physician specialties. The residents of North Talladega County have access to emergency medicine 24-hours 7 days a week and the assurance that care is delivered by specialty trained physicians and nurses.

Various economic indicators and population data area located on the following pages and are indicative that the subject's area should be able to maintain positive growth with the overall local economy improving. This in turn can be expected to positively impact property values for the next several years, which is supported by the available resources as listed in the preceding.



Community Details

Community Name: Lincoln
 Latitude: 33.593156
 Incorporated: Yes
 Area of State: Central

County: Talladega
 Longitude: -86.138879
 Foreign Trade Zone: No

Metropolitan Area: Talladega-Sylacauga
 Enterprise Zone: Yes

Other cities in county:

Population and Income Estimates

	City	County
(2006) Population estimate:	4574	80357
(2000) Population:	4577	80321
(1990) Population:	3429	74107
(2006) Age breakdown		
0 - 20:	1145	22485
21 - 64:	2834	46794
65 - over:	595	11078
(2006) Median Age:	41	38
(2006) No. of households:	1901	31859
(2006) Income		
Avg. household:	57851	49610
Median household:	44493	38761
Per capita:	24044	19831
(2006) Population within 30 miles:	379220	276511

Source: Claritas

Note: County radius is from county seat.

Transportation

Highways Distance from city to

Interstates in county: I-20,
 Federal highways in county: 78,
 Distance from city to nearest interstate: 0 miles

Atlanta	106 miles
Birmingham	41 miles
Huntsville	109 miles
Jacksonville	452 miles
Memphis	275 miles
Mobile	293 miles
Montgomery	126 miles
Nashville	234 miles
New Orleans	373 miles
Savannah	355 miles

Source: MapQuest, Inc.

Note: Distances reflect standard driving routes.

Aviation

Commercial Air Service

Nearest commercial air service: **Birmingham International Airport**

Location: **Birmingham, AL**

Distance from city to: **42 miles**
Runway length: **10000 feet**

Number of daily flights: **164**

Major carriers: **US Airways, Northwest
Continental, American
Southwest, Midway Airlines
Delta, United Express**

General Aviation Service

Nearest general aviation facility: **Talladega Municipal Airport**

Location: **Talladega**

Distance from city to: **7 miles**
Runway length: **6002 feet**

Lightest: **Yes**

Tie-downs: **Yes**

Hangers: **Yes**

ILS: **Yes**

Repair service: **Yes**

Source: *EDPA Survey of Commercial Airports: Alabama Department of Transportation/Aeronautics Bureau: www.dot.state.al.us*

Rail

Railroads serving county: **CSX Transportation, Norfolk Southern**

Source: *Alabama Department of Transportation/Intermodal Division, www.dot.state.al.us
County Labor Analysis*

(2005) Labor Force

Civilian labor force number: **49076**

Annual unemployment number: **1853**

Annual employment number: **38223**

Annual unemployment rate: **4.6%**

Source: *Alabama Department of Industrial Relations: www.dir.state.al.us*

(2005) County Employment by Industry

Total: **30111**
Mining: *
Construction: **1261**
Manufacturing: **10910**
Wholesale & Retail: **4617**
Transportation & Warehousing: **524**
Utilities & Information: **275**
Finance & Insurance: **620**
Real Estate, Rental & Leasing: **180**
Health Care & Social Assistance: **2521**
Accommodation & Food Services: **1808**
Prof, Tech & Business Services: **2778**
State & Local Government: **4752**
Other: **485**

Source: *Alabama Department of Industrial Relations: www.dir.state.al.us*

Note: * Indicates non-disclosable data; included in "Other". (Figures may not add to total due to rounding)

(2005) County Wages by Industry

Total: **\$1,040,743,600**
Mining: *
Construction: **\$46,602,600**
Manufacturing: **\$523,210,700**
Wholesale & Retail: **\$93,965,300**
Transportation & Warehousing: **\$14,837,100**
Utilities & Information: **\$12,545,400**
Finance & Insurance: **\$20,823,700**
Real Estate, Rental & Leasing: **\$3,525,100**
Health Care & Social Assistance: **\$75,391,200**
Accommodation & Food Services: **\$18,760,300**
Prof, Tech & Business Services: **\$74,174,700**
State & Local Government: **\$132,044,000**
Other: **\$24,863,700**

Advantage Alabama

(2000) Workforce Commuting Patterns

County Residents Working in the County: 20563

County Residents Working outside the County: 10880

Top Five Counties Receiving Workers

- 1: Calhoun
- 2: Jefferson
- 3: St. Clair
- 4: Shelby
- 5: Clay

Mean Travel Time to Work: 25.1 mins. Source: Claritas

Outside Residents Working in County: 5258

Top Five Counties Sending Workers

- 1: Calhoun
- 2: Coosa
- 3: Shelby
- 4: Clay
- 5: St. Clair

(2006) County Population 25+ by Educational Attainment

Graduate/Professional degree: 4.3 %

Bachelor degree: 7 %

Associate degree: 4.5 %

Some college, no degree: 19.6 %

High school graduate (GED): 34.1 %

9-12th grade (no diploma): 20.5 %

Less than 9th grade: 10 %

Source: U.S. Census Bureau

Major Employers in Talladega County ([download this information in excel](#))

Name	Product	# Employees
Honda Manufacturing of AL, LLC	Automobiles/Engines	4500
Talladega Co. Bd. Of Education	Education	952
Nemak Alabama	Motor Vehicle Parts	700
Alabama Inst. For Deaf & Blind	Education	628
Coosa Valley Medical Center	Medical Care	580
New South Express	Motor Vehicle Parts	577
Bowater Newsprint Coosa Pines	Paper Mill	497
Legacy Cabinets	Cabinets	440
Georgia Pacific	Plywood, Fine Chips, Pine Core	430
Wal-Mart Sylacauga	Retail	425

Source: Local economic development contacts

Major Manufacturing Employers in Talladega County ([download this information in excel](#))

Name	Product	# Employees
Honda Manufacturing of AL, LLC	Automobile Engines	4500
Nemak Alabama	Motor Vehicle Parts	700
New South Express	Motor Vehicle Parts	577

http://www.espa.org/buo/je/wcommunitydetail2.asp?city_0106=1035013_drf79302074_4k50 PM

Advantage Alabama

Bowater Newsprint Coosa Pines
 Legacy Cabinets
 Georgia Pacific
 MasterBrand Cabinets

Paper Mill
 Cabinets
 Plywood, Pine Chips, Pine Core
 Ready-to-Assemble Cabinets

497
 440
 430
 400

Source: *Local economic development contacts*

Education

(2005) K-12 Information

School System Serving City: Talladega County Schools

of elementary: 8

of middle: 3

of junior high: 5

of high: 8

System enrollment: 7837

Spending per pupil: \$7029.73

ACT avg. score: 18.8

Other systems serving county: Sylacauga City Schools, Talladega City Schools,

of independent schools in county: 0

Source: *Alabama Department of Education; www.alsde.edu*

Note: *Detailed information on Alabama's public school systems and individual schools can be accessed on the Alabama Department of Education website; http://www.alsde.edu/html/reports_menu.asp.*

A school with multiple grade levels may be represented in more than one category. For example, a school with Grades K-12 contains elementary, junior high, and high school levels and would be counted in each school category. Therefore, the breakdown total of school categories may be greater than the total number of public schools within the county.

Post-Secondary Information
 (Institutions located in county and contiguous
 Alabama counties)

Two-year colleges serving area: Central

Alabama

Comm

College

Childersburg

Campus

Gadsden

State

Comm

College

Ayers

Campus

Jefferson

State

Community

College @

Moody

Jefferson

State

Community

College @

Pell City

Jefferson

State

Community

College

Shelby

Four-year colleges serving area: Jacksonville State University Talladega College University of Montevallo

Source: Alabama Commission on Higher Education
 Note: Information on Alabama's two and four year colleges can be found on the Commission's website <http://www.ache.state.al.us/Colleges&Universities/InstitutionalMap.htm>

Tax Structure
 (2006) General tax Structure

Ad Valorem Tax

Alabama has a state property tax rate of 6.5 mills (3 mills for education). Both county and city can levy property tax. All real and personal business property is assessed at 20% of fair market value. [Details.](#)

Other Business Related Taxes

	City	County (Inside City Limits)	County (Outside Incorporated Areas)	State
Sales Tax General Rate	4 %	1 %	3 %	4 %
Use Tax General Rate	4 %	1 %	3 %	%
Sales Tax on Mfg. Machinery	0.75 %	0.5 %	1 %	1.5 %
Use Tax on Mfg. Machinery	0.75 %		1 %	%
Occupational Tax	%		%	

Source: Alabama Department of Revenue; www.ador.state.al.us
 Note: Information on business-related taxes is available on the Alabama Department of Revenue website at www.ador.state.al.us/bus.html. Construction materials are taxed at the general rate. Inventories and goods-in-process are not taxed.
 Utilities

Advantage Alabama

Supplier(s) to city:
Electricity: Alabama Electric Co-op
Natural Gas: Southern Natural Gas
Provision(s) to city:
Water: City of Lincoln
Sewer: City of Lincoln
Telecommunications: Century Tel

Distributor(s) to city:
Coosa Valley Electric Co-op
Alabama Gas Corporation
Source Type:
Ground Water

Source: Alabama Department of Environmental Management <http://www.adem.state.al.us>; EPA Survey of utilities.
Note: Capacities vary from station to station.

Climate

Temperature

Annual average: 60° F
Altitude above sea level: 500 feet

January Average: 41° F
Precipitation (Annual Average Rainfall): 56 inches

July Average: 78° F

Source: National Climatic Data Center; US Geological Survey; US Department of Agriculture, Natural Resources Conservation Service

Healthcare

County
of hospitals: 2
of beds: 270
of doctors: 65
of RNs: 660

County
of dentists: 15
of nursing homes: 3
of assisted living facilities: 4
of specialized care assisted living: 2

Source: State Health Planning and Development Agency; Alabama Board of Medical Examiners; Alabama Board of Nursing; Board of Dental Examiners of Alabama

Governance

Type Government

City: Mayor-Council

County: County Commission

Source: Alabama League of Municipalities

Note: Additional information can be found on the Alabama League of Municipalities' website at www.alabama.org/directory_by_municipality.htm

Banks

of Financial Institutions in county: 9

Combined Total Deposits: \$804,900,000

Source: Federal Deposit Insurance Corporation

Communications

of daily newspapers in county: 1

of non-daily newspapers in county: 0

of radio stations in county: 5

of TV stations in county: 2

Source: Alabama Press Association; Alabama Broadcasters Association

Recreation

http://www.alabamaparks.com/county/advantage_alabama.asp

Advantage Alabama

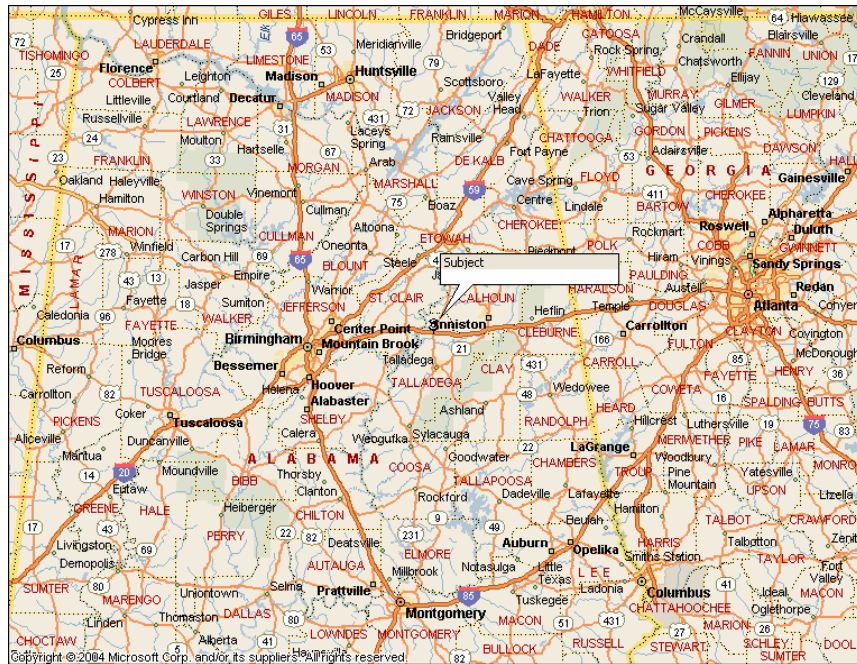
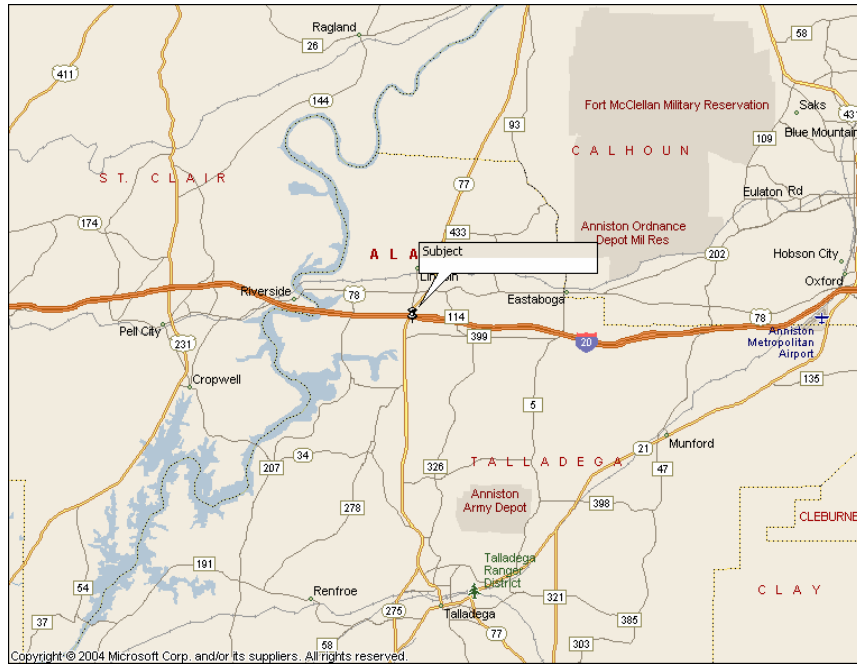
City	1	County	4
# of libraries:	0	# of golf courses:	3
# of country clubs:	0	# of museums:	2
# of hotels/motels:	0		8
	2		18
Nearest State Park:		Cheaha	
Distance from city to:		43 miles	

Source: *Alabama Bureau of Tourism & Travel*; www.800alabama.com
Note: *Hotels and motels include bed and breakfast style inns.*

 back  view images  google map  printable  property search

http://www.epa.gov/bio/viewcommunitystatistic.asp?city_code=1000 (7 of 7) 10/20/17 4:46:50 PM

Location Maps



Market Analysis

The subject property is situated in Lincoln, Talladega County, AL. The property is a limited service hotel that was originally constructed as a Holiday Inn Express. The previous owner lost the branding for the Holiday Inn and subsequently the hotel was converted over to a Comfort Inn. Lincoln has a town population of around 4,500 with an overall county population of around 80,000 people. It is noted that the subject is located on an interstate exit of I-20 and has excellent visibility to the east bound traffic. Lincoln is situated around two main interstate exits 168 and 165 of which these are low density developed exits with sporadic commercial retail developments such as C-stores and restaurants. The 168 exit on which the subject is located would be considered to be the main exit, with this exit providing direct access to one of the main entrances for the Talladega Motor speedway. The subject hotel due to its excellent proximity to the speedway is typically the first choice for race fans and race related vendors the two times that the race event comes to Lincoln each year, whereas the hotel is fully booked for several days at premium rates. The subject's main competition is from the Days Inn Located on the subject's street, which has slightly lower rates with overall similar desirability. There are smaller truck stop motels on each of the two Lincoln exits that are not considered to provide direct competition to the subject property.

Competing hotels to the subject are some 15 to 18 miles to the east in the Oxford/Anniston areas, which have fairly large scale industry and development with these hotels mainly serving business visitors and interstate traffic and are not considered to directly compete with the subject property. In a westerly direction the nearest direct competition is some 7 to 10 miles away towards Pell City.

The subject is situated well in that the new Honda facilities just a few miles away are experiencing significant growth. In turn these types of large operations tend to require supporting businesses such as component suppliers, that tend to operate in the immediate area and often open their own facilities in order to accommodate the needs of there large clients like Honda. This often requires various visits to the properties via company employees for temporary stays. Often these persons due not travel extensively and tend not to go out of there way in search of certain hotels that offer frequents traveler programs. In discussions with local government officials in the area, the Honda facilities and there supporting companies area slated for strong continued growth over the next several years. The hotels located in the Talladega area are somewhat inconvenient to these facilities making the business related travelers less likely to travel into those areas when the more convenient alternative is the subject property. It is noted that the downtown area of Talladega is some 15 miles to the south. The subject's immediate area conveniences are also supported by adequate sit-down and fast food outlets and C-stores, some within walking distance. Another supporting asset of the subject property is considered to be Lake Logan Martin, which is less than 4 miles to the west, which attracts various water enthusiasts who often require lodging, with the subject well suited to these visitors in terms of price and convenience.

In summary, the subject is situated in a relatively new developing market that is anchored by such notables as the Honda manufacturing facility and the Talladega Superspeedway. Due to the areas good access, future growth can be expected with increases in population as the Honda facility continues to grow along with the draw and the tremendous growth that NASCAR has seen in the past several years. Continued growth of the subject's occupancy levels is expected for the foreseeable future.

HIGHEST AND BEST USE

Highest and Best Use is a real estate valuation principle that dictates that the market trends to put property to its most profitable use, and that use which provides the greatest benefits of ownership. The Appraisal of Real Estate, 12th Edition, defines highest and best use as:

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

Because the principle of highest and best use reflects the actions of the market, generally accepted professional appraisal practice requires that the subject property must be valued under this premise. If the property being appraised is improved with a structure, two highest and best use analyses are required; the highest and best use of the land as though vacant, and the highest and best use of the total property as developed. The highest and best use analysis is developed using the following four criteria. The highest and best use must be Legally Permissible, Physically Possible, Financially Feasible, and Maximally Productive.

Land as if Vacant

Physically Possible – As previously mentioned, the subject property contains 2.17 acres. Many uses would be physically possible including commercial, office, service, or other compatible uses; however, developments requiring large parcels would not be possible due to the size and configuration of the site.

Legally Permissible - In estimating the highest and best use of a property, the legally permissible uses are typically determined by the zoning constraints of the jurisdiction in which the property is located. The subject parcel is located within the City of Lincoln and is under the jurisdiction of the City. The property is zoned B2, General Business. The subject is located in a neighborhood that is predominately composed of retail that is typical for interstate exits such as food retail and C-stores. According to Lincoln officials the subject's current use as a hotel is a legal and conforming use and is compatible with the surrounding land uses.

Financially Feasible and Maximally Productive Uses - After determining which uses are physically possible and legally permissible, it is necessary to determine what potential uses are economically feasible. A use that produces an overall positive return, be it cash flow or return on investment, is economically feasible. From the list of economically feasible uses, the one use that produces the greatest return is chosen. This is the maximally productive use and, therefore, is the highest and best use of the property. This thought process could be described as a detailed process of elimination.

The appraiser was not engaged in nor has performed a feasibility study whether new construction of a hotel development would or would not be financially feasible at the present time. However,

according to the buyer, the property's operation is reportedly profitable; therefore, new development of a hotel property may be profitable to develop.

Maximally Productive – Of all the financially feasible uses, each use is analyzed to determine which use will return the highest profit or which use will be the maximally productive use.

Highest and Best Use as if Vacant - Of the available alternative uses that are physically and legally acceptable, the best alternative use for the subject site as if vacant would be to hold undeveloped until construction of a new retail/service development is determined financially productive.

Land as Currently Improved

The building is currently operating as hotel. The purpose of this analysis is to determine whether to leave the improvements as they are, to modify them, or to tear them down.

Physically Possible and Legally Permissible Uses - It would be physically possible and legally permissible to renovate the improvements, to leave the improvements as they are, or to tear them down. The subject facility is considered to be functional and it is in good condition. Therefore, it would be physically possible to leave the improvements as they are or to remove them and to construct similar improvements.

Economically Feasible and Maximally Productive Uses – The property is currently operated as a hotel. The highest and best use, as improved, is considered to be its current use. The improvements represent a higher value than the land alone.

Therefore, based primarily upon the type and quality of the subject improvements, the subject's conformance with types and quality of land uses in the area, the lack of any apparent alternative use that would provide a higher return to the land, and demonstrated market acceptance of the subject property, as reflected in the valuation section of this report, it is my opinion that the current Highest and Best Use for the improved property is the continued use as a building that is used for the purposes of an a hotel operation.

VALUATION

THE VALUATION PROCESS

The valuation process is the orderly program in which data used to estimate the value of the subject property are acquired, classified, analyzed, and presented. The first step in the process is to define the appraisal problem, i.e., identify the real estate, the effective date of value estimate, the property rights being appraised, and the type of value sought. Once this has been accomplished, the Appraiser collects and analyzes the factors that affect the market value of the subject property. These factors are addressed in the area and neighborhood analysis, the site and improvement analysis, and the highest and best use analysis, and in the application of the three approaches to value: The sales comparison approach, the cost approach, and the income capitalization approach.

The sales comparison approach is used to estimate the value of the land as though vacant and/or the property as improved. The Appraiser gathers data on sales of comparable properties and analyzes the nature and conditions of each sale, making logical adjustments for dissimilar characteristics. Typically, a common denominator is found. For land value, the unit of comparison is usually price per square foot or per acre.

The second approach applied is the cost approach to value. Accrued depreciation is deducted from the new cost of the improvements and this figure is added to the land value to indicate the value of the whole property. The third approach applied is the income capitalization approach and is predicated on the assumption that a definite relationship exists between the amount of income a property can earn and its value. In other words, value is created by the expectation of benefits to be derived in the future. In this approach, the anticipated annual net income of the subject property is processed to produce an indication of value. Net income is the income generated before payment of any debt service. Income is converted into value through capitalization, in which net income is divided by a capitalization rate. Factors such as risk, time, interest on capital invested, and recapture of the depreciating assets are considered in selecting the capitalization rate.

The final step in the valuation process is the reconciliation or correlation of the value indications. In the reconciliation, the Appraiser considers the relative applicability of each approach used, examines the range of the value indications, and gives most weight to the approach that appears to produce the most reliable solution to the appraisal problem. The purpose of the appraisal, the type property, and the adequacy and reliability of each approach to value are all taken into consideration. To apply the three approaches to value, information pertaining to the fair market value of the subject property must be derived from the market because the Appraiser seeks to anticipate the actions of buyers and sellers in the market.

APPROACH TO VALUE

In order to properly estimate the market value of the subject property, the appraiser has found it necessary to apply all three value approaches that constitute a credible appraisal as per the requirements of the Uniform Standards of Appraisal Practice. The applied approaches are considered to be the acceptable means by which to value similar property types as necessitated by the appraisal profession, which is comprised of the appraiser's peers who are deemed to be also competent in valuing such properties. Therefore, the appraiser has applied the Sales Comparison Approach, Cost Approach, and Income Approach to value.

Sales Comparison Approach

This indication of value for the subject property is based on an analysis of the sales of similar properties located in similar market areas. A search was conducted for the most comparable or similar type facilities in the subject property's market area. The following sales are considered to be the most comparable and current sales data from which to compare the subject and have been adjusted for accordingly. A comparable analysis is set forth as follows:

Comparable Sales Summary – Detail Comparable Data Obtained In the Addenda

Sale No.	Size Building	Overall Price / SF And GIM	Price Per Room	Date of Sale
1	48,668 SF	\$104.19/3.69	\$56,868	5/2007
2	44,719 SF	\$141.43/3.72	\$84,000	5/2007
3	17,000 SF	\$73.52/2.86	\$26,596	6/2005
4	26,419 SF	\$90.84/2.40	\$39,344	4/2007

*Estimated Based on Conversations with Seller

Analysis Discussion

The above are of both low quality and high quality hotel/motels in the subject's market. As is typical often hotels are purchased in relation to their gross income potential, which is less speculative than NOI which can be impacted by fluctuations in various expenses and directly impacted by poor management. In the hotel industry the stronger branded properties tend to be at the higher end of the GIM range which is illustrated by the sales of the Holiday Inn Express and Hampton Inn which are sales #1 and #2. Sales #3 and #4 have less desirable branding and do not have a strong frequent traveler benefit plan, which gives sales #1 and #2 strong pre-booking capabilities.

In relation to sale #4 a Sleep Inn, it is noted that the purchaser indicated that the property was not marketed on the open market and the property would have been expected to sale for more based on the gross income producing potential. Sale #3 is an older Econolodge exterior corridor and is the oldest of the comparable uses but was exposed to the market and has a fairly strong GIM based on its gross income levels.

Based on the appraiser experience with similar operations and various interviews with hotel investors and operators, the most accurate reflection of value under the Market Approach is via the Gross Income Multipliers associated with each operation. Market participants utilize the gross income multipliers typically as a rule of thumb when purchasing such facilities. This reasoning is based on the factual data that a properly constructed and managed facility will have very predictable expenses as compared to income due to widely available industry data. Estimating value by square

footage is less accurate due to different structural designs of various properties and non-income producing square footage areas. The value estimate calculated via the Gross Income Multipliers is illustrated in the following.

The total estimated revenue or gross income obtainable by the subject property has been concluded at \$68,750 per month or \$825,000 per year for the facility, based on the recent operating history. The estimated value of the subject property utilizing the Gross Income Multipliers associated with similar facilities is calculated in the following.

“As Is”

$$\text{Then: } \$825,000 \times 3.25 = \mathbf{\$2,681,000}$$

A per room calculation has also been performed on the subject property

$$60 \text{ Rooms @ } \$45,000 \text{ per room} = \mathbf{\$2,700,000}$$

Indicated Market Value of Subject Property via the Market Approach Called: (\$2,700,000)

“As If 100% Completed In Relation To the Required Updating”

$$\text{Then: } \$880,000 \times 3.25 = \mathbf{\$2,860,000}$$

A per room calculation has also been performed on the subject property.

$$60 \text{ Rooms @ } 48,000 \text{ per room} = \mathbf{\$2,880,000}$$

Indicated Market Value of Subject Property via the Market Approach Called: (\$2,875,000)

In the search for comparable sales data, the appraiser found it necessary to utilized comparable sales with sales dates of greater than one year in order to compile sufficient data for analysis.

COST APPROACH

In the cost approach, value is established based on the cost of reproducing or replacing the property, less depreciation from physical deterioration, functional obsolescence, and economic/external obsolescence. The cost figures are based on similar size, quality, and type construction using the Marshall & Swift Cost Systems.

The initial step in the Cost Approach is to estimate the value of the land in order to add this value to the cost of improvements less depreciation.

Land Value Analysis

The land will be valued as though vacant and available for highest and best use. The subject site consists of a total of 2.17 Acres or 94,525 SF. Comparable sales of similar properties were identified for comparison to the subject. A comparative analysis is set forth as follows:

Sale No.	Size Tract (Acres)	Size Tract (SF)	Price Per SF	Date of Sale
1	.67	29,098	\$5.92	7/2002
2	.89	38,881	\$6.17	10/2002
3	.82	35,719	\$8.39	7/2006

Explanation of Adjustments – Detail Comparable Data Located in Addenda

Cash Equivalency - All of the sales were cash or cash equivalency sales that did not require cash equivalent adjustments.

Conditions of Sale – No condition of sale adjustments were made to the comparable sales.

Market/Time - The time adjustment represents a dollar/percentage change (plus or minus) applied to the sale for appreciation and/or depreciation in land values within the area. The land sales range in date from 7/2002 to 7/2006. Adjustments for time of sale were warranted for sales 1, 2 and 3. These sales occurred over one year ago but were used for their location and overall similarities.

Location - Location adjustments are made to comparable sales to recognize perceived value differences in relation to neighborhood influences, access to commercial services, location aesthetics, commercial density, overall exposure and visibility, and overall market demand. Sales 3 required an adjustment for location. This sale is considered to be in a superior location.

Size - Smaller parcels tend to sell for higher prices per square foot than larger parcels due to a higher demand for smaller parcels. All of the sales were adjusted downward for this characteristic.

Shape - Tracts that may be irregular in shape in a way that limits the divisibility and/or overall utility will create a negative impact on value. Lots that are irregular in shape tend to be less desirable to the market. All sales are of a typical shape and therefore did not require an adjustment for this factor.

Zoning – The zoning dictates what type of improvements and uses are allowed within the site. If a tract has a zoning that significantly limits the use of the site, the tract is obviously worth less. On the other hand, if the zoning of the tract allows a majority of commercial uses, the value is more. All sales have comparable zoning requirements and did not receive adjustments.

Available Utilities – If a tract does not have sewer available, the tract is limited in use since high water use businesses such as restaurants, carwashes, and large developments would not be allowed. By not having sewer, the density of the tract is also limited since septic drain fields will have to be installed causing less developable land. All sales have comparable access to utilities available to the subject site.

Access – The subject is located just along I-20, which is a major interstate corridor throughout the county. The sales have relatively similar overall access.

Topography/Site Conditions – The topography of a tract can be crucial. If a tract has a steep grade or rolling topo, grading costs can multiply and therefore a developer could not pay the same for the land as other competing tracts to compensate for the additional grading costs. Site conditions are also crucial for commercial development. Any low or flood areas could affect the density, parking, and building size that could be constructed for a development. A developer typically pays for the developable land of a site that has poor site conditions. The sales all have similar topography to the subject requiring no adjustments.

Frontage/Divisibility - Frontage can make a significant difference in value. If a land tract has above average frontage and can be further subdivided into smaller tracts from existing road frontage with very little development costs, the value can be much higher. Also a tract with frontage on multiple roads is desirable due to access. The tracts are deemed similar from this aspect.

Land Value Conclusion –

Based on the comparable sales and giving consideration for the above described characteristics, a value of \$5.00 per SF was estimated to be reasonable for the subject's land.

Then: 2.17 Acres or 94,525 SF @ \$5.00/SF = \$472,626

Indicated Value for the Subject Site via the Market Approach:

Called \$470,000

In the search for comparable sales data, the appraiser found it necessary to utilized comparable sales with sales dates of greater than one year in order to compile sufficient data for analysis.

Adjustment Grid

LAND SALES ADJUSTMENT GRID							
Client:	United Central Bank of Garland, Texas			Contract #:	N/A		
Property:	Comfort Inn			App. Date:	24-Sep-07		
Comparable Sales							
Comparable Number	Subject	L-1		L-2		L-3	
LOCATION	850 Speedway Ind Dr.	Magnolia Street		Honda Drive		AL State Hwy 21	
City	Lincoln	Lincoln		Lincoln		Oxford	
County	Talladega	Talladega		Talladega		Calhoun	
	AL	AL		AL		AL	
SALE PRICE	-	\$172,500		\$240,000		\$300,000	
Land Area in SF	94,525	29,098		38,881		35,719	
Sale Price/SF	-	\$5.93		\$6.17		\$8.40	
PROPERTY RIGHTS CONVEYED							
Adjusted Price per SF/Adjustment		\$5.93	0%	\$6.17	0%	\$8.40	0%
FINANCING TERMS							
Adjusted Price per SF/Adjustment		\$5.93	0%	\$6.17	0%	\$8.40	0%
CONDITIONS OF SALE							
Adjusted Price per SF/Adjustment		\$5.93	0%	\$6.17	0%	\$8.40	0%
MARKET CONDITIONS							
Adjustment @	0.0% /yr	Jul-02		Oct-02		May-06	
Adjusted Price per SF		20.0%		20.0%		5.0%	
		\$7.11		\$7.41		\$8.82	
LOCATIONAL & PHYSICAL CHARACTERISTICS							
OVERALL LOCATION	Good	Comparable	0%	Comparable	0%	Superior	-20%
ACCESS/VISIBILITY	Good	Comparable	0%	Comparable	0%	Comparable	0%
TOPOGRAPHY	Good	Comparable	0%	Comparable	0%	Comparable	0%
SHAPE	Rectangular	Comparable	0%	Comparable	0%	Comparable	0%
SIZE (SF)	94,525	Superior	-25%	Superior	-25%	Superior	-25%
ZONING	B2, Business	Comparable	0%	Comparable	0%	Comparable	0%
UTILITIES	All	Comparable	0%	Comparable	0%	Comparable	0%
FRONTAGE	Good	Comparable	0%	Comparable	0%	Comparable	0%
ADJ. SALES PRICE PER SF		\$5.34	-25%	\$5.56	-25%	\$4.85	-45%
Range of Adjusted Sale Price				\$4.85 to \$5.56			
Concluded Value Per SF				\$5.00			
Concluded Value				\$470,000			

REPLACEMENT COST

Cost of Reproduction new is defined as the estimated amount required to reproduce a duplicate or a replica of the entire property at one time in like kind and materials in accordance with current market prices for materials, labor, and manufactured equipment; contractors' overhead and profit; and fees; but without provision for overtime, bonuses for labor, or premiums for materials.

Cost of Replacement new is defined as the estimated amount required to replace the entire property at one time with a modern new unit using the most current technology and construction materials that will duplicate the production capacity and utility of an existing unit at current market prices for materials, labor, and manufactured equipment; contractors' overhead and profit; and fees; but without provision for overtime, bonuses for labor, or premiums or materials.

Physical Deterioration is defined as the loss in value from wear and tear in operation and exposure to the elements. Total depreciation was estimated based on the observed condition, with consideration given to the age and economic life of the improvements and market conditions. The subject improvements were constructed in 1999. The subject property has been maintained and has an estimated effective age of 8 years. The economic life for facilities of this nature is usually 40 to 60 years. Considering an economic life of 45 years the subject property's depreciation is estimated at 18% (8 years / 45 years). There were no items of deferred maintenance noted with the facility at the time of inspection. The depreciation for the "As if Complete Scenario" was reduced accordingly"

Functional Obsolescence is a reduction in the capacity of the improvement to perform the function for which it is intended in accordance with current standards of acceptability, and hence a decline in their functional utility. The decrease in utility is termed Functional Obsolescence because the structural component or element is outmoded or inefficient according to current market standards of performance for the type space provided. Functional obsolescence is intrinsic to the structure and the property and may be either curable or incurable or both. It stems from market-perceived inadequacies in layout, space configuration, equipment, occupancy cost, and the capacity of space in question to support the intended use both operationally and physically. The subject does not suffer from any type Functional Obsolescence.

External Obsolescence is defined as a loss in the property value resulting from adverse causes outside the property. The appraiser concludes that the subject does not suffer from any type External Obsolescence

“As Is”

COST APPROACH SUMMARY

REPLACEMENT COST NEW:				
Main Structure	33,855 SF @	\$70.00	\$2,369,850	
Building Subtotal				\$2,369,850
Less Depreciation:				
Physical	18.00%		\$426,573	
Functional	0%		\$0	
External	0%		\$0	
Total			(\$426,573)	
Building Subtotal				\$1,943,277
Hard Costs:				
Pool			\$25,000	
Asphalt			\$85,000	
Site Work			\$40,000	
FF&E			\$100,000	
Total Hard Costs				\$250,000
Soft Costs:				
Mobilization & Insurance/Permit			\$15,000	
Design Fees/Architect/Engineering			\$30,000	
Total Soft Costs:				\$45,000
Building Subtotal				\$2,238,277
Developers Profit	15%			\$335,742
Subtotal				\$2,574,019
REPLACEMENT COST NEW (rounded)				\$2,570,000
Plus: Land Value				\$470,000
INDICATED VALUE VIA COST APPROACH				\$3,040,000

“As If 100% Complete With Required Updates”

COST APPROACH SUMMARY

REPLACEMENT COST NEW:				
Main Structure	33,855 SF @	\$70.00	\$2,369,850	
Building Subtotal				\$2,369,850
Less Depreciation:				
Physical	15.00%		\$355,478	
Functional	0%		\$0	
External	0%		\$0	
Total			(\$355,478)	
Building Subtotal				\$2,014,373
Hard Costs:				
Pool			\$25,000	
Asphalt			\$85,000	
Site Work			\$40,000	
FF&E			\$190,000	
Total Hard Costs				\$340,000
Soft Costs:				
Mobilization & Insurance/Permit			\$15,000	
Design Fees/Architect/Engineering			\$30,000	
Total Soft Costs:				\$45,000
Building Subtotal				\$2,399,373
Developers Profit	15%			\$359,906
Subtotal				\$2,759,278
REPLACEMENT COST NEW (rounded)				\$2,760,000
Plus: Land Value				\$470,000
INDICATED VALUE VIA COST APPROACH				\$3,230,000

INCOME APPROACH

(Direct Capitalization)

The subject property was originally constructed and flagged as a Holiday Inn Express with the previous owner losing the franchise with the subject changing over to a Comfort Inn. The appraiser has analyzed the most recent months of operation in relation to income and has also analyzed other similar hotels income in relation to other properties in the subject's market. The typical asking room rate for the subject is \$69.00. The average room rate is approximately \$58.00 to \$60.00 after discounts. The appraiser has analyzed the typical room rates for other similar hotels in the subject's market in order to check for the reasonableness of the subject's rates.

945 Speedway Industrial Blvd Lincoln, AL	Days Inn	\$57.00 to \$62.00 Rack Rate \$52.00 Average Rate Similar Branding and Quality as Compared to Subject
88 Colonial Drive Oxford, AL	Sleep Inn	\$76.00 Rack Rate \$68.00 Average Rate Similar Branding and Quality as Compared to Subject
240 Vaughn Lane Pell City, AL	Holiday Inn Express	\$90.00 Rack Rate High \$70.00s to Low \$80.00's Average Rate Superior Branding and Quality as Compared to Subject
220 Vaughn Lane Pell City, AL	Hampton Inn Express	\$90.00 Rack Rate Mid \$80.00s to High \$80.00's Average Rate Superior Branding and Quality as Compared to Subject
25 Elm Street Oxford, AL	Econolodge	\$47.99 to \$51.00 Rack Rate \$45.00 Average Rate Inferior Branding and Quality as Compared to Subject

The initial step in estimating the value of the subject via the Income Approach is to determine the property's potential revenue and its operating costs, which will yield an estimated Net Operating Income. Based on the above comparable data and the appraiser's extensive experience in the subject's market, the rack rate for the subject is reasonable with an estimated average rate of \$58.00 estimated after discounts.

The NOI will be capitalized at a market capitalization rate to yield an estimated value.

Revenue Estimate

The average daily room rate as per information provided by the property owner and as supported by the preceding comparable data, has been estimated at \$58.00 per room, which is in line with other similar quality hotels in the market area. Based on the appraiser's experience with the appraisal of other similar hotel facilities, similar surrounding markets, and based on occupancy surveys conducted in the subject's market, a likely occupancy rate has been estimated at 65% "As Is" and

65% “As if Updated In Relation To Franchise Requirements” for the subject property due to its good location directly on the interstate.

The subject property’s operating revenues and occupancy levels are expected to increase steadily over the next few years due to the good economic growth of the area. The expected growth in revenue can also be attributable to the current planned required interior upgrades which occur in similar hotels approximately every three years which is required by the brand even if the property is in excellent condition.

Operating Cost

In review of the subject’s actual typical yearly expenses and the appraiser’s significant experience in appraising other similar hotel properties, it was found that typical hotel expense ratios would be reasonable at approximately 65% for the subject property. The following data was obtained through the Korpacz Real Estate Investor Survey.

TABLE EL-1 LODGING FORECASTS		
<u>Segment</u>	<u>2007</u>	<u>2008</u>
Midprice without F&B		
Occupancy	65.7%	65.3%
ADR	\$87.47	\$93.39
RevPAR Growth	+ 6.4%	+ 6.2%
Economy		
Occupancy	57.3%	57.1%
ADR	\$53.74	\$55.44
RevPAR Growth	+ 2.8%	+ 3.2%
Source: <i>Hospitality Directions – U.S. Edition</i> , published by PricewaterhouseCoopers LLP; August 2007		

In review of operating statements for 2006-2007 the annualized income for 2007 was \$828,000 compared to \$805,000 in 2006 with approximately 60% expenses annualized and occupancy levels of approximately 60% increasing from approximately 57% in 2006 with occupancy increasing.

Net Operating Income Calculated “As Is”

The effective gross income is calculated at 60 rooms @ \$58.00 per night x 365 days per year x 65% = \$825,630

Annual Effective Room Revenue of \$825,630 less 65% operating expenses

$$(\$825,630 \times 35\%) = \$288,970 \text{ NOI}$$

“As If 100% Completed In Relation to the Required Updating”

The effective gross income is calculated at 60 rooms @ \$61.00 per night x 365 days per year x 65%
= \$868,335

Annual Effective Room Revenue of \$868,335 less 65% operating expenses

$$(\$868,335 \times 35\%) = \$303,917 \text{ NOI}$$

CAPITALIZATION

Real Estate Investor Surveys

One technique used to determine the proper capitalization rate involves analyzing surveys of real estate investors. These surveys include data on investors operating regionally, nationally, such as representative of insurance companies, commercial banks, pension funds, investment banking firms, syndication firms and investment advisory firms. Such companies invest in all types of real estate properties, including office buildings, retail shopping centers, restaurants, hotels, apartment complexes, and industrial and healthcare facilities. Anticipated yields varied according to perceived risks associated with different types of investment real estate. In addition, OARs are dependent on these types of investors, their cost of capital, expectations about future inflation, and anticipated holding period.

According to the Korpacz Investor Survey, Third Quarter 2007, indicated OAR's for hotel properties range from 6.50% to 14.00%, with an average of 9.58%

Table 28

NATIONAL ECONOMY/LIMITED-SERVICE LODGING SEGMENT Third Quarter 2007			
	CURRENT QUARTER	FIRST QUARTER 2007	YEAR AGO
DISCOUNT RATE (IRR)^a			
Range	10.00% – 18.00%	10.00% – 18.00%	10.00% – 18.00%
Average	12.35%	12.40%	12.50%
Change (Basis Points)	–	– 5	– 15
OVERALL CAP RATE (OAR)^a			
Range	6.50% – 14.00%	6.50% – 14.00%	6.50% – 14.00%
Average	9.58%	9.67%	9.83%
Change (Basis Points)	–	– 9	– 25
RESIDUAL CAP RATE			
Range	7.00% – 14.00%	7.00% – 14.00%	7.00% – 14.00%
Average	10.04%	10.13%	10.21%
Change (Basis Points)	–	– 9	– 17
AVERAGE DAILY RATE CHG. RATE^b			
Range	1.00% – 9.00%	1.00% – 9.00%	1.00% – 9.00%
Average	4.00%	4.00%	3.83%
Change (Basis Points)	–	0	+ 17
OPERATING EXPENSE CHG. RATE^b			
Range	2.00% – 4.00%	2.00% – 4.00%	2.00% – 4.00%
Average	3.10%	3.10%	3.10%
Change (Basis Points)	–	0	0
AVERAGE MARKETING TIME^c			
Range	3.00 – 10.00	3.00 – 10.00	3.00 – 10.00
Average	6.40	6.40	6.40
% Change	–	0	0
<small>a. Rate on unleveraged, all-cash transactions b. Initial rate of change c. In months</small>			

Capitalization Rate Formula

Another accepted method to develop an overall rate is a formula based on expected financial and funds cost. This is as follows:

Assumptions:

Mortgage at 8.25%; 20 year – Monthly Amortization; 75% LTV

Equity at 12%

Holding Period 10 years

No appreciation or depreciation

Method 3: Band of Investment					
Weighted Debt Component:	75%	x	8.25%	=	6.19%
Weighted Equity Component:	25%	x	12.00%	=	3.00%
					9.19%
				Rounded To:	9.20%

Capitalization Rates Extracted From the Market

This method is considered to be reliable when estimating a capitalization rate since it is derived from the competing market and proves what investors are willing to receive as a rate of return within the competing market on similar properties.

The Net Operating Income must be capitalized at an appropriate rate in order to arrive at a value estimate for the subject property. The comparable sales utilized in the Sales Comparison Approach indicated overall capitalization rates of 9.50%, 9.40%, 10.00%. The appraiser notes that overall capitalization rates have been decreasing in recent years, which was considered in relation to the more dated comparable sales information utilized and the justification for the following rates utilized.

“As Is”

$$\text{NOI} = \frac{\$288,970}{10.00\%} = \$2,889,700$$

Indicated Value Via the Income Approach Called = \$2,890,000

“As If 100% Completed In Relation To the Required Updating”

$$\text{NOI} = \frac{\$303,917}{10.00\%} = \$3,039,170$$

Indicated Value Via the Income Approach Called = \$3,040,000

{VI}

RECONCILIATION AND FINAL ESTIMATE

	“As Is”	*“As if 100% Complete”
<u>Market Approach:</u>	\$2,700,000	\$2,875,000
<u>Cost Approach:</u>	\$3,040,000	\$3,230,000
<u>Income Approach:</u>	\$2,890,000	\$3,040,000

* In relation to franchise update

The Market Approach is generally the most reliable indicator of value since it typically reflects actions of buyers and sellers in the market place, especially in an active market.

The Cost Approach traditionally sets the upper limits as it does in this case. This approach is more reliable when appraising new construction or special purpose properties as to the highest and best use and for feasibility.

The Income Approach is the most basic of the three approaches and is normally the starting point for the developer or lender. The Income Approach is considered a reliable indication of value since the typical investor in this type property is concerned with the income producing aspect.

The Sales Comparison Approach, Cost Approach, and Income Approach were reconciled in order to estimate the final value conclusion for the subject property. Therefore, the final value estimate is calculated in the following.

Final Estimate of Value, as of September 24, 2007 is:

Two Million Eight Hundred Ninety Thousand Dollars “As Is”

(\$2,890,000)

Real Estate \$2,780,000 with \$110,000 Allocated To FF&E & Intangibles

**Prospective Estimate of Value, Estimated Franchise Branding Update 3 to 6 Months
(January 1, 2008):**

Three Million Forty Thousand Dollars

(\$3,040,000)

Real Estate \$2,820,000 with \$220,000 Allocated To FF&E & Intangibles

{VII}

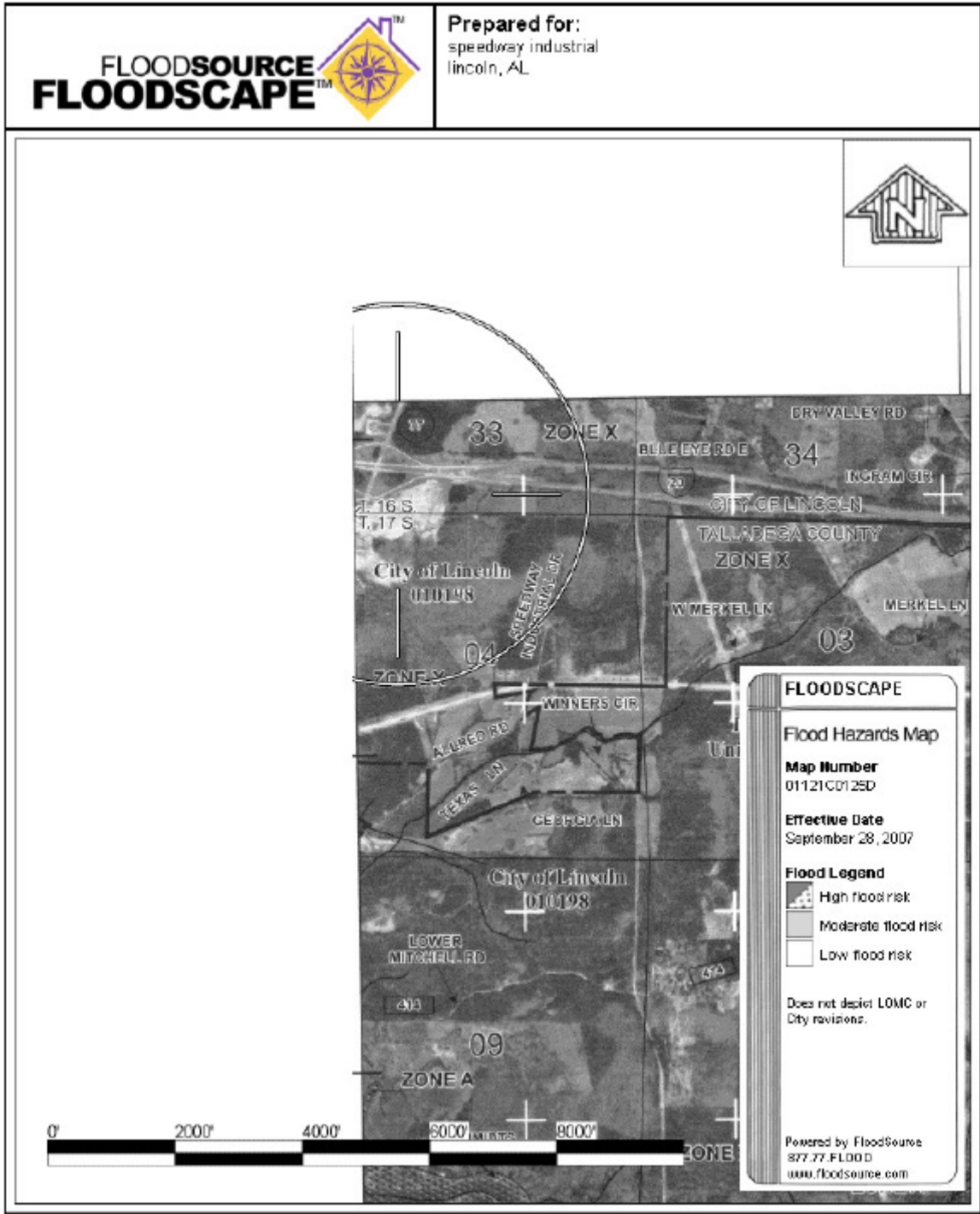
ADDENDA

**Supporting Documents
For
Subject Property**

Exhibit “A”
Engagement Letter

Exhibit "C"

Flood Map



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Exhibit "D"
County Tax Assessment
Tax Information

Parcel Number: 030833300013001	Total Taxable Value: 2,461,480
Account Number: 102313	Assessment Value: 492,300
Pin Number: 51383	Aores: 0
Owner Name: GAYATRI LLC 850 SPEEDWAY INDUSTRIAL DR LINCOLN, AL 35096	Tax District: 05 Tax Year: Tax Due: 0.00

If taxes are not paid by Feb 1st, 2007. Please call 1-256-761-2123.
 For any question about Real Property Taxes (Building and Land) call 1-256-761-2123.
 For any question about Personal Property Taxes call 1-256-480-7057.

Payment History		
Tax Year	Amount	Paid
2006	19,199.70	Yes
2005	19,199.70	Yes
2004	15,603.90	Yes
2003	15,603.90	Yes
2002	15,603.90	Yes
2001	15,603.90	Yes
2000	14,994.72	Yes
1999	404.04	Yes
1998	352.24	Yes

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 Values are not finalized!
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Tax Information

Parcel Number: 030833300014002	Total Taxable Value: 12,600
Account Number: 102314	Assessment Value: 2,520
Pin Number: 60004	Aores: 0
Owner Name: GAYATRI LLC 2625 ZELDA ROAD MONTGOMERY, AL 36107	Tax District: 05 Tax Year: Tax Due: 0.00

If taxes are not paid by Feb 1st, 2007. Please call 1-256-761-2123.
 For any question about Real Property Taxes (Building and Land) call 1-256-761-2123.
 For any question about Personal Property Taxes call 1-256-480-7057.

Payment History		
Tax Year	Amount	Paid
2006	98.28	Yes

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Exhibit "E"

Zoning

SEP-28-2007 08:54 FROM:

TD:17702277329

P.1

B-2

ARTICLE IX USE PROVISIONS FOR COMMERCIAL DISTRICTS (Page 1 of 6)

The provisions of **ARTICLE IX** are intended to protect and preserve certain lands within the city limits of Lincoln, and to promote the most appropriate use of land and buildings in a commercial atmosphere and still be in accordance with the Comprehensive Plan.

Section 902. B-2 General Business Zoning District. The following identifies the uses permitted, and their individual provisions, if any, in the B-2 General Business Zoning District.

Section 902.1 *The purpose of this section is to list the permitted uses that are allowed in the B-2 General Business Zoning District and their requirements.*

GENERAL REQUIREMENTS AND PROVISIONS

- (1) Permits and Responsibilities See ARTICLE XV (15)

RESIDENTIAL USES PERMITTED

- (1) Single Family Dwellings(Ord 03-13) See ARTICLE VIII (8)Section 802

NON-COMMERCIAL USES PERMITTED

- (1) Churches See ARTICLE XX (20)(Section 2001)

CONDITIONAL USES PERMITTED

- (1) Veterinary Clinics (Ord. 03-02) See ARTICLE XX(20)Section 2010

OTHER LAND USES PERMITTED

- (1) Listing of Other Land Uses See Section 902.03

Section 902.02 **Amendments.** Unless otherwise stated herein this section was last amended and/or formatted in accordance with Ord. 02-05.

B-2 GENERAL BUSINESS ZONING DISTRICT (continued)**Page 3 of 7**

- Section 902.15 Amusement, theaters, and recreational businesses.
- Section 902.16 Mortuaries.
- Section 902.17 Business and technical schools.
- Section 902.18 Broadcasting stations.
- Section 902.19 Health, medical, dental, and nursing services for humans including clinics, hospitals, laboratories, offices and sanitariums.
- Section 902.20 Public utility structures and lands provided that a buffer is placed along the side and rear yards.
- Section 902.21 ✓ Parking structures and areas.
- Section 902.22 Principal use signs.
- Section 902.23 Accessory signs.
- Section 902.24 Outdoor advertising signs.
- Section 902.25 Off-street parking and loading spaces for vehicles in an operating condition only.
- Section 902.26 ✓ Mini-storage Facility
- Section 902-27 Communication Towers (Ord 2000-01).
- Section 902.28 *Access and Curb Cuts.* Access to each business activity located on a lot which is at least 10,000 square feet in area shall be only at clearly defined and marked entrances and exits no greater than 25 feet in width separated by a curb or similar barrier to vehicular movement of at least 25 feet in length; providing that this shall not preclude the construction of special turnout lanes in the center of or along the side of the abutting roadway.
- Section 902.29 Should any present property owner exercise any undue hardship as the result of these Ordinances they may apply to the Board of Adjustment for variance consideration.

B-2 GENERAL BUSINESS ZONING DISTRICT (continued)

Section 902.30 Note that where doubt exists as to whether a use is similar to those uses identified above, the Planning Commission shall approve or deny the location of the use in question.

Section 902.31 *Amendments.* Unless otherwise indicated herein this entire section was last amended in accordance with Ord. 97-08.

GENERAL REQUIREMENTS AND PROVISIONS

- Section 902.31 **General Requirements and Provisions:** *This reference to General Requirements and Provisions is intended to be merely a guide and is reproduced in each zoning district solely for the purpose of reference, and to serve as a reminder that ARTICLE XV (15) ADMINISTRATION AND ENFORCEMENT, of this ordinance should be carefully studied and observed, as ARTICLE XV shall be the overriding authority for any reproduction of these excerpts from ARTICLE XV. In case there is an error or conflict in this reproduction, then ARTICLE XV shall be the sole and final authority.* (These requirements shall apply to all permitted uses in this zoning district).
- Section 902.32 *The purpose of this section is to identify general requirements and provisions for the permitted uses in the B2 General Business Zoning District.*
- Section 902.33 **Permits:** A permit from the city of Lincoln must be obtained from the Enforcement Officer before any preparation begins on any property in all Zoning Districts for, but not limited to, the following:
- (a) To **construct** any type of dwelling, Modular Home, structure, accessory structure, sign, swimming pool, building or accessory building that conforms with the zoning.
 - (b) To **move in** any dwelling, Modular Home, structure, accessory structure, Manufactured Home, building or accessory building.
 - (c) To **renovate, or change the present exterior physical appearance of**, any type of **existing** and zoning conforming dwelling, Modular Home, structure, accessory structure, building, sign, Manufactured Home, swimming pool or accessory building that is estimated to cost **in excess of \$5000.00** (Ord.02.18).
 - (1) Therefore, if the estimated cost of any **exterior** alterations or renovations, that change the present exterior physical appearance will be **under \$5000.00**, then no permit shall be **necessary**. If the estimated cost will be **over \$5000.00**, then a permit will be necessary for the **full estimated cost**. (Ord.02.18).

B-2 GENERAL BUSINESS ZONING DISTRICT (continued) Page 6 of 7

GENERAL REQUIREMENTS AND PROVISIONS (continued)

(2) To further define changing the physical appearance, this ordinance refers to, but is not limited to, such renovations as: changing the roof style, adding a room, or any type of addition to the exterior of the structure.(Ord.02-18).

(d) To *move out* any dwelling, Modular Home, structure, accessory structure, sign, Manufactured Home, building or accessory building. *There shall be "no charge" for the permit to "move out" any of the foregoing*, as it is felt that this provides an opportune time for the Enforcement Officer to alert the property owner if they happen to be moving out a "non-conforming use" that was only permitted under the "grandfather" safety clause and that another similar *non-conforming use* could not be placed back on the property if it did not conform with the current zoning of the zoning district in question. (Ord. 99-04). (Reference Section 1501 of the Ordinance).

(e) Before the Enforcement Officer can consider the issuance of any permit, the applicant must present to the Enforcement Officer, or his or her alternative, a certificate from the Talladega County Health Department that a perk test has been made and that the property in question qualifies for the installation of a septic sewage system that meets with their requirements.(Ord. 99-04)

Section 902.34 Before a Certificate of Occupancy can be issued, all conditions listed in this permitted use section must be met.

Section 902.35 The city of Lincoln must have an active Enforcement Officer, or his or her designated alternative available, before the issuance of any permit can be considered.

Section 902.36 *Minimum lot size requirement.* There are no minimum lot size requirements.(Ord. 01-33)

Section 902.37 *Street set-back requirement.* There is a required 25 foot set-back requirement from all Major and Minor streets.(Ord.01-33)

Section 902.38 *Property line set-back requirements.*

(a) There shall be no minimum side yards requirement. However a buffer strip is requirement.(Ord.01-33)

B-2 GENERAL BUSINESS ZONING DISTRICT (continued) Page 7 of 7

GENERAL REQUIREMENTS AND PROVISIONS (continued)

(b) There shall be a 12 foot set-back requirement from the rear property line. Also a buffer strip requirement. (Ord. 01-33)

Section 902.39 **Height.** The maximum height of any structure shall be 35 feet. (Ord.01-33)

Section 902.40 **Owner Responsibility:** It shall be the total responsibility of the property owner to secure all necessary, but not limited to, local, county, state and federal approvals and to verify that all sanitary, environmental, building and fire codes are met.

Section 902.41 **Amendments.** Unless otherwise indicated herein, this entire section was last amended and/or formatted in accordance with Ord No:97-08.

Exhibit ‘F’
Purchase Agreement

**Supporting Documents
For
Comparable Sales**

Exhibit "G"
Profiles for Improved Sale

Improved Sale 1

Property Identification

1. **Property Type:** Hotel - Interior Corridor
2. **Address:** 240 Vaughn Lane
(Holiday Inn Express)
Pell City, St. Clair County, AL
3. **Tax ID:** 23-07-25-0-001-029.008

Sale Data

4. **Grantor:** Various Party LLC
5. **Grantee:** Pell City Hospitality II
6. **Sale Price:** \$5,175,000 (Based on Gross Income)
7. **Price Per Room:** \$56,868 (91 Rooms)
8. **Sale Date:** 5/2007
9. **Deed Book/Page:** 2007-7608
10. **Verification:** Members of Selling LLC
11. **Condition of Sale:** Arm's Length
12. **Financing:** All Cash to Seller

Property Data

12. **Building Size:** 49,668 SF Square Feet
13. **Land Area:** 1.85 Acres
14. **Year Built:** 2005
15. **Zoning:** Commercial
16. **Utilities:** All Available
17. **Comments:**

Sale of Hotel In Pell City, AL. 91 Rooms With A Gross Income of \$1,400,000 and GIM of 3.69. 50% to 60% occupancy at time of sale. Average room rate high \$70.00s to low \$80.00's. Two hotels next to each other sold same time on separate deeds. Estimated NOI \$490,000 with OAR 9.5%.



Improved Sale 2

Property Identification

1. **Property Type:** Hotel - Interior Corridor
2. **Address:** 220 Vaughn Lane – Hampton Inn
Pell City, St. Clair County, AL
3. **Tax ID:** 23-07-25-0-001-029.008

Sale Data

4. **Grantor:** Various Party, LLC
5. **Grantee:** Pell City Hospitality I
6. **Sale Price:** \$6,325,000
7. **Price Per Room:** \$84,000
8. **Sale Date:** 5/2007
9. **Deed Book/Page:** 2007-7595
10. **Verification:** Public Records/Agent
11. **Condition of Sale:** Arm's Length
12. **Financing:** All Cash to Seller

Property Data

12. **Building Size:** 44,719 Square Feet
13. **Land Area:** 1.77 Acres
14. **Year Built:** 2001
15. **Zoning:** Commercial
16. **Utilities:** All Available
17. **Comments:**

Sale of hotel in Pell City, AL. 75 Rooms with a gross income of \$1,700,000 and GIM of 3.72. 60% to 70% occupancy at time of sale. Average room rate mid \$80.00s to high \$80.00's. Two hotels next to each other sold same time on separate deeds. Estimated NOI \$595,000 with OAR 9.4%



Improved Sale 3

Property Identification

1. **Property Type:** Exterior Corridor - Motel
2. **Address:** 25 Elm Street
Oxford, Calhoun County, AL
3. **Tax ID:** 21-09-30-4-002-001.000

Sale Data

4. **Grantor:** Kanwar, Inc
- Grantee:** Jaiambe LLC
5. **Sale Price:** \$1,250,000
6. **Price Per Room:** \$26,596 (47 rooms)
7. **Sale Date:** 6/2005
8. **Deed Book/Page:** 3063-704
9. **Verification:** Public Records and Loop Net
10. **Condition of Sale:** Arm's Length
11. **Financing:** All Cash to Seller

Property Data

12. **Building Size:** 17,000 Square Feet
13. **Land Area:** 2.11 Acres
14. **Year Built:** 1987
15. **Zoning:** Commercial
16. **Utilities:** All Available
17. **Comments:**

Exterior Corridor With Reported Gross Revenue of \$437,000 at the time of sale or GIM of 2.86. Rack Rates \$47.99 to \$51.00 with average estimated room rate of \$45.00. Estimated NOI \$131,000 with an estimated OAR of 10.50%.



Improved Sale 4

Property Identification

1. **Property Type:** Sleep Inn - Interior Corridor Hotel
2. **Address:** 88 Colonial Drive
Oxford, Calhoun County, AL
21-08-27-0-000-009.008
3. **Tax ID:**

Sale Data

4. **Grantor:** Geeta Motel, Inc
5. **Grantee:** Oxford Hospitality LLC
6. **Sale Price:** \$2,400,000
7. **Price Per Room:** \$39,344
8. **Sale Date:** 4/2007
9. **Deed Book/Page:** 3091-255
10. **Verification:** Public Records and Tax Assessor
11. **Condition of Sale:** Arm's Length
12. **Financing:** All Cash to Seller

Property Data

12. **Building Size:** 26,419 Square Feet
13. **Land Area:** 1.35 Acres
14. **Year Built:** 1998
15. **Zoning:** Commercial
16. **Utilities:** All Available
17. **Comments:**

Hotel Income financials from owner not available. Rack rate was \$76.99 per night with average room rate said to be high \$60.00's – This property had extensive competition in the immediate area. Spoke with employee that had worked at the hotel - She indicated yearly gross as high as \$1,000,000 but that it varied. Would indicate a gross income multiple of 2.40. In discussions with tax assessor its was said that the owner verified the sales price but that the property was not marketed and could have obtained a higher sales price. Indicated yearly occupancy was 70% to 80%. Employee also said that hotel had sold and that sales price seemed correct.



Exhibit "H" Location Map for Improved Sales

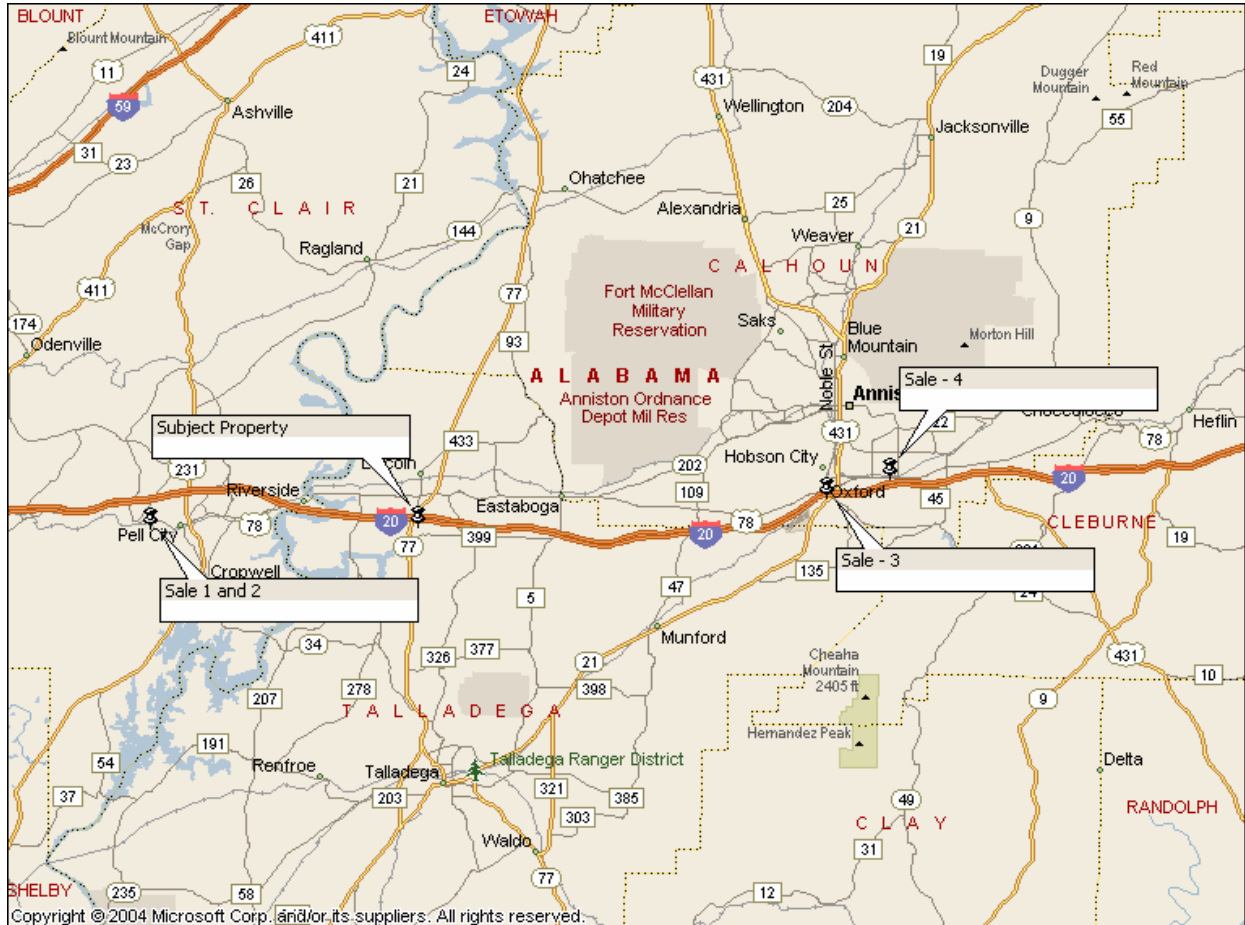


Exhibit "I"
Profiles for Land Sales

Land Sale 1

Property Identification

- | | |
|--------------------------|---|
| 1. Property Type: | Vacant Land |
| 2. Property Description: | Commercial Parcel |
| 3. Address: | Magnolia Street
Lincoln, Talladega County, AL
Error! Hyperlink reference not valid. |
| 4. Tax ID: | |

Sale Data

- | | |
|----------------------|----------------------|
| 5. Grantor: | Gasier |
| Grantee: | Waffle House Capital |
| 6. Sale Price: | \$172,500 |
| 7. Price Per SF: | \$5.92 |
| 8. Sale Date: | 7/2002 |
| 9. Deed Book/Page: | 785-524 |
| 10 | |
| . Verification: | Seller |
| 11 | |
| . Condition of Sale: | Arm's Length |
| 12 | |
| . Financing: | All Cash to Seller |

Property Data

- | | | | |
|--------------|-------------------------|----|-----------|
| 13 | | | |
| . Land Area: | .67 Acres | or | 29,098 SF |
| 14 | | | |
| . Zoning: | B-2 – Business District | | |
| 15 | | | |
| . Utilities: | All Available | | |
| 16 | | | |
| . Comments: | | | |

Vacant tract located opposite side of I-20 from subject improved with a Waffle House Restaurant

Land Sale 2

Property Identification

- | | |
|--------------------------|--|
| 1. Property Type: | Vacant Land |
| 2. Property Description: | Commercial Tract |
| 3. Address: | Honda Drive
Lincoln, Talladega County, AL |
| 4. Tax ID: | N/A |

Sale Data

- | | |
|------------------------|--------------------|
| 5. Grantor: | Grainger |
| Grantee: | Jolly |
| 6. Sale Price: | \$240,000 |
| 7. Price Per SF: | \$6.17 |
| 8. Sale Date: | 10/2002 |
| 9. Deed Book/Page: | 790-542 |
| 10. Verification: | Public Records |
| 11. Condition of Sale: | Arm's Length |
| 12. Financing: | All Cash to Seller |

Property Data

- | | | | |
|----------------|---------------|----|-----------|
| 13. Land Area: | .89 Acres | or | 38,881 SF |
| 14. Zoning: | Commercial | | |
| 15. Utilities: | All Available | | |
| 16. Comments: | | | |

Vacant commercial land tract purchased near Honda Plant for commercial use

Land Sale 3

Property Identification

1. **Property Type:** Vacant Land
2. **Property Description:** Commercial Parcel
3. **Address:** AL State Hwy 21
Oxford, Calhoun County, GA
Lot 2 Final Plat
Wal-Mart
4. **Tax ID:**

Sale Data

5. **Grantor:** Chick-Fil-A
6. **Grantee:** SS Blackstock
6. **Sale Price:** \$300,000
7. **Price Per SF:** \$8.39
8. **Sale Date:** 7/2006
9. **Deed Book/Page:** 3079-484
10. **Verification:** Public Records
11. **Condition of Sale:** Arm's Length
12. **Financing:** All Cash to Seller

Property Data

13. **Land Area:** .82 Acres or 35,719 SF
14. **Zoning:** ASC Area Shopping Center
15. **Utilities:** All Available
16. **Comments:**
Vacant commercial land tract purchased to develop a carwash

Exhibit "J"

Location Map for Land Sales

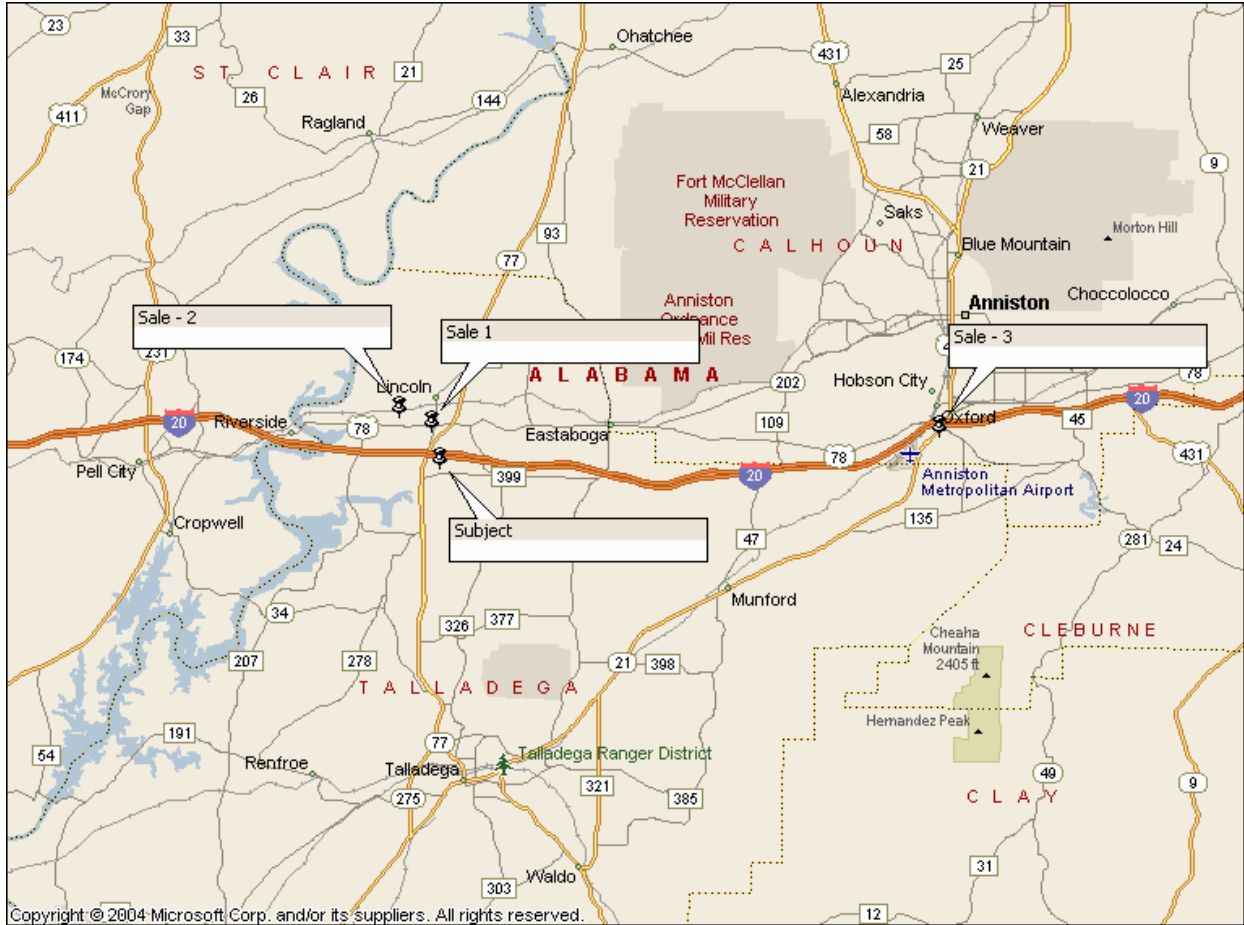


Exhibit “K”
Business Value

The overall value as reconciled consists of three components which are inclusive of real property, personal property, and business value. It is considered difficult to separate business value from the total value. The real property consists of land and the improvements, with the personal property consisting of FF&E.

Appraiser Qualifications License & Resume

KEN A. FLETCHER
122 West Solomon Street
Griffin, Georgia
Appraisals

Commercial – Industrial – Land – Residential

Appraisal Service Since 1971

Appraisal of properties for:

First Bank of Pike
United Bank
First National Bank of Griffin
First National Bank of Barnesville
United Community Bank
BB & T
Regions Bank
West Central Georgia Bank of Thomaston
Georgia Banking Company
Colony Bank and Trust
McIntosh State Bank
First Georgia Bank
Heritage Bank
Park Avenue Bank

Peachtree Bank of Gwinnett
Southern Community Bank
Georgia Power Company
First Liberty Building & Loan
Security Bank
Spalding County
Horizon Bank
City of Griffin
Main Street Bank
Neighborhood Community Bank
Bank of Coweta
First City Bank
Farmers and Merchants Community Bank

Attorneys:

Larry Evans – Griffin
John Newton – Griffin
Sid Esary – Griffin
Dick Mullins – Griffin
Hal Sturdivant – Griffin
Sam Sullivan – Griffin
Wade Crumbley - McDonough

Drew Whalen – Griffin
Tim Cramer – Griffin
John Carlisle – Griffin
Jack Park – Griffin
John M. Cogburn – Griffin
Smith, Welch & Brittain – McDonough

Accountants – CPA:

P. Lewis Robinson – McDonough
Paul Cook – Griffin
C. Randall Howell – Griffin
Steve Manley – Acquisition Services

Alton Knight – Griffin
M. Barry Erwin – Griffin

Qualified as Valuation Expert Witness: Superior Court of Spalding, Pike, Fayette, Lamar, Henry, Rockdale, Fulton, and Upson Counties. U. S. Bankruptcy Court, Savannah, Newnan, and Atlanta, Georgia.
U. S. Tax Court – Northern District Atlanta

Education:

Graduate of the University of Georgia – 1970
Degree: BBA
Major: Real Estate and Urban Development
Licensed Real Estate Broker
State of Georgia –
Certified General Real Estate Appraiser – No. 596

KENNETH A. FLETCHER
596
STATUS ACTIVE
CERTIFIED GENERAL REAL PROPERTY APPRAISER

THIS APPRAISER CLASSIFICATION EXPIRES IF YOU FAIL TO PAY RENEWAL FEES OR IF YOU FAIL TO COMPLETE ANY REQUIRED EDUCATION IN A TIMELY MANNER. SEE REVERSE SIDE.

State of Georgia
Real Estate Appraisers Board
Suite 1000 – International Tower
229 Peachtree Street, N.E.
Atlanta, GA 30303-1605

ORIGINALLY LICENSED
06/15/1981
END OF RENEWAL
08/31/2007



Real Estate Commissioner
CHARLES CLARK

Nathan S. Fitzwater
P.O. Box 1291
Griffin, GA 30224

Real Estate Appraiser - Commercial - Industrial - Residential - Land
Phone: 404-483-7072

Appraisal of properties for:

Southern Community Bank - Atlanta Area	Regions Bank - Atlanta Area
Heritage Bank - Atlanta Area	CSR-Rinker Concrete Corporation
Liberty Building and Loan - Newnan, GA	Lafarge Concrete Corporation
United Bank of Griffin	Spondivits Restaurants, Inc.
First National Bank of Griffin	McIntosh State Bank - Atlanta
First National Bank of Barnesville	Alma Exchange Bank, Alma, GA
City of Senoia, GA	Bank Mortgage
Walker Concrete and Transportation - Atlanta	Telerent Leasing Corporation
Prudential Real Estate of America	Citicorp Financial Services
Willis Petroleum Company, Griffin, GA	Eastman Chemical Company
The Bank of Georgia - Atlanta Area	Kentucky Clay Corporation
BB&T - Atlanta Area	Pepsi Cola - USA
First Union - Atlanta Area	Overnite Transportation
Health South	Tyson Poultry Corporation
Integrity Development, Inc. - Atlanta	Quebecor World Color
West Central Bank, Thomaston, GA	Navajo India Reservation

Education:

1993 - 1998 Georgia Southern University, Statesboro, GA
Bachelor of Business Administration Degree in Finance, 1998. Member
GSI Finance Association

Appraisal Courses:

Course 110 Appraisal Principles
Course 120 Appraisal Procedures
Course 310 Basic Income Capitalization
Course 510 Advanced Income Capitalization
Course 520 Highest and Best Use Analysis
Course 530 Advanced Sales Comparison and Cost Approaches
American Society of Appraisers: Course SE100 USPAP

Georgia Registered Real Estate Appraiser #210926



Fletcher & Company