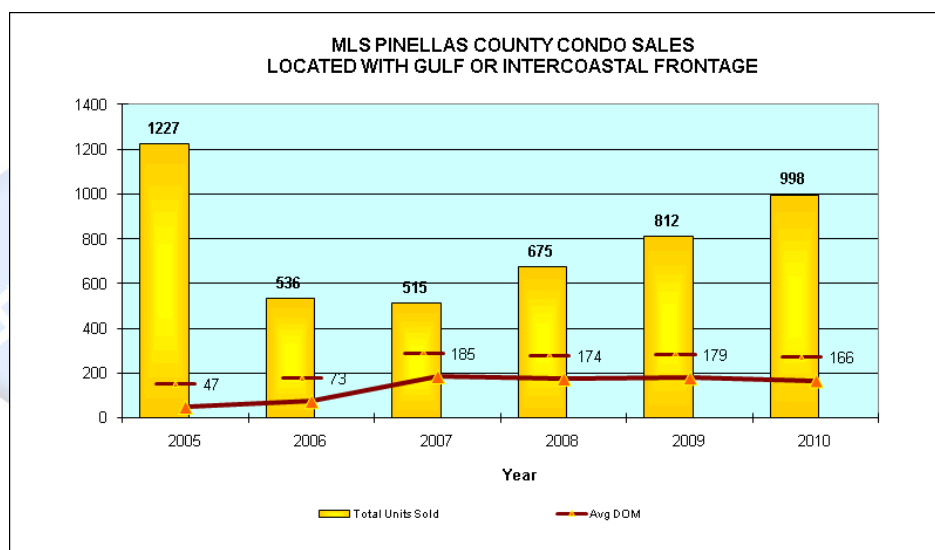


CONDOMINIUM MARKET ANALYSIS

In our research for this appraisal we interviewed a number of market participants including sales agents, lenders, and investors. All participants echoed the same feelings that the once hot market from approximately 2001 to 2005 began cooling in 2006 and we may or may not have reached the bottom of that cycle. For this reason we surveyed various data sources to understand the current real estate market for the subject property.

Demand: The subject property is a waterfront condominium project located in Pinellas County. We have researched the Multiple Listing Service (MLS) for all Gulf of Mexico and Intracoastal waterfront condominium units in Pinellas County to define an overall trend in the market. The following chart summarizes this data.



The above data indicates a significant drop in total sales from 2005 to 2006-2007. Since this time, it appears that sales volume for water frontage units has increased into 2010. In addition, the average number of days on market (DOM) has increased significantly since 2005. In 2005, the average days on market was 47, compared to the 2007 average days on market of 185, an increase of 294%. The average days on market decreased slightly into 2010 to 166 days.

We have also analyzed the average sales prices and the ratio of sales price to asking price over the last six years. This information is shown in the following table.

Year	Average Sale Price	Average List Price	Average Ratio SP/LP
2005	\$575,108	\$595,722	97%
2006	\$578,010	\$611,518	95%
2007	\$576,292	\$622,464	93%
2008	\$462,559	\$513,693	90%
2009	\$338,290	\$376,825	90%
2010	\$354,505	\$386,411	92%

The average sale price increased to a high of \$578,010 in 2006. The average decreased significantly from 2006 through 2009 (41%) to \$338,290. This average increased approximately 5% in 2010 to a current level of \$354,505. The ratio of sale price to list price decreased from 97% in 2005 to a low of 90% in 2008 and 2009. This ratio increased slightly in 2010 to 92%.

While it appears that sales activity in this market has picked up since the downturn in 2006, the average days on market has increased and the ratio of sales to list price has decreased. Therefore, while units do continue to sell, they are taking much longer to close and require a larger discount. In addition, we estimate a portion of the sales volume is attributed to the foreclosure market, which typically sells at a lower price point. This has become evident over the last several years as the average sale price for waterfront condominium units in the county has decreased dramatically.

Supply: A search of active listings using the same parameters produced 1,100 listings with the average days on the market for these listings of 142. At the rate of sales for 2010 (83 units per month) the 1,100 listings indicate an approximate 13 month supply. However, it should be noted that not all for sale units are listed in the MLS. Therefore, this supply estimate is most likely a low indication.

Broker Interviews: We interviewed several local brokers that are familiar with the Clearwater Beach condominium market. Paul Vonfeldt is a broker with Sunstar Real Estate that had two of the subject units listed for sale for the previous owner. In addition, Mr. Vonfeldt currently has an additional unit listed within the subject building that is not a part of the subject. Mr. Vonfeldt indicated that sales activity on the subject units was low and he felt these units were priced above market. Paul stated that the market seems to be picking up with more calls and showings as inventory levels continue to decline. Mr. Vonfeldt also indicated that he markets units in another beach project and has sold units at higher prices this year than he received for the same type units last year. Paul stated that if the subject units would be priced right, he doesn't think he would have any problem getting them sold within a 60 to 90 day marketing period.

We also spoke to Julie Folden, a broker with Coldwell Banker. Ms. Folden has been working with beach properties for over 20 years and will be marketing the subject units for Anderen Bank. Ms. Folden indicated that the condominium market is still depressed. However, she has seen an increase in activity if the property is priced correctly. Julie stated that if the subject units are priced right, she believes they could sell in a typical 3 month marketing period or by the end of the year for all of the units.

Conclusion: There has been a significant downturn in the residential market since the highs experienced in 2005 and into 2006. The condominium market was overbuilt during the boom from 2001 through 2005. This excess inventory of units caused a decrease in pricing and an increase in marketing time. The subject property was completed in 2007 and 8 of the 13 total units have sold. While the market is currently experiencing a downturn, we expect sales activity to pick up as prices have decreased substantially and the economy begins to recover over the next few years.

