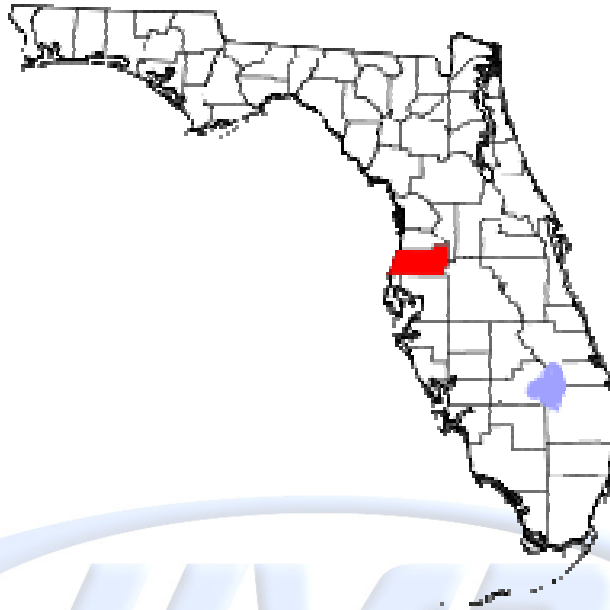


PASCO COUNTY ANALYSIS



Pasco County is located on the west coast of Florida and is part of the Tampa-St.Petersburg-Clearwater MSA. It is bordered on the north by Hernando County and on the south by Hillsborough and Pinellas Counties. Polk and Sumter Counties lie to the east and the Gulf of Mexico borders to the west. The land area of Pasco is about 475,000 acres (742 square miles). The MSA includes the counties of Pinellas, Hillsborough, Pasco, Polk, and Hernando; however, the population is concentrated in Pinellas and Hillsborough counties. Municipalities located in Pasco County include: New Port Richey, Zephyrhills, Dade City and Port Richey.

Population

As of 2008, Pasco County was the twelfth most populous county in the state with a population of 471,028, which was up 9,526 from 2007 (461,502). This reflects a 2.1% increase over a 1-year period, which is higher than Florida's population growth as a whole, which was 0.71% from 2008 to 2009. According to the Site to Do Business (stdbonline.com) the median age was 44.9 in 2000 and decreased to 45.9 in 2008. The projected median age for 2013 is 47.1. For the State of Florida, the median age was 38.7 in 2000 and increased to 41.0 in 2008. The projected median age for 2013 is 42.2. Both Pasco County and the State of Florida are anticipated to experience continued growth, however at lower rates than those experienced in the past.

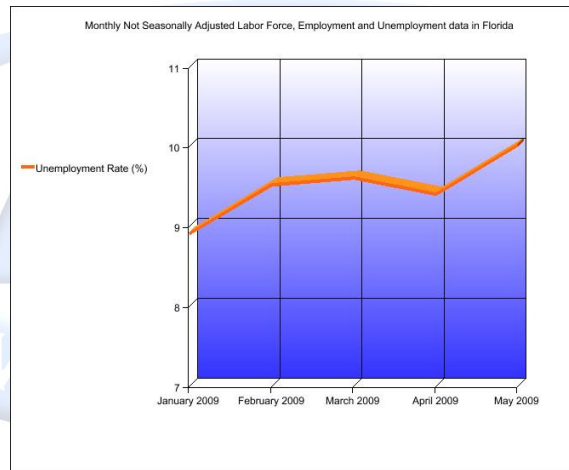
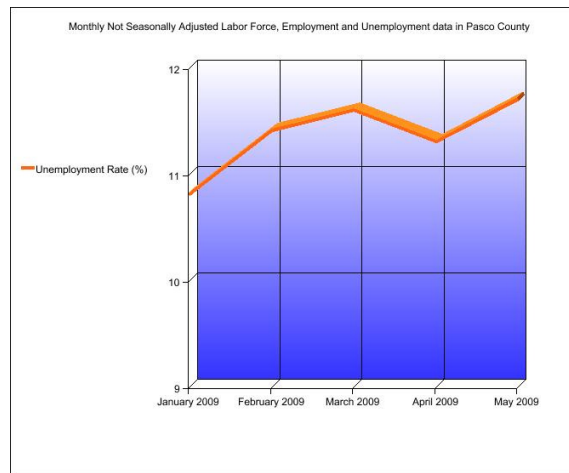
Employment

Historically, agriculture has been an important component of Pasco County's economy that traditionally focused on cattle ranching and citrus crops. However, a new direction in agriculture is taking place. Responding to the cyclical effect of the climate on citrus, new forms of crops, that are unaffected by seasonal change, are being developed in conjunction with the University of Florida. These include soybeans, hay and wheat. Trade and service industries, which serve the needs of recreation, tourism, and expanding urbanization, are the largest non-agricultural industries in the County. Pasco County has shown significant growth in electronics, health management, metal fabrication, optics, plastics and medical instrumentation keeping pace with the changing business climate of the Tampa Bay region.

According to the Bureau of Labor Statistics (labormarketinfo.com) employment trends for both Pasco County and the State of Florida have followed a similar pattern since 2000, and from 2002- 2006 this pattern was very positive as the unemployment rate steadily decreased with an increase from 2006 to 2008 as shown in the charts below.



For the first five months of 2009, Pasco County and the State of Florida have continued to experience a steady increase in unemployment.



Florida's unemployment rate for May 2009 was 10.2%, which reflected the highest rate in 15 years. As comparison, the unemployment rate for the state in May 2008 was 5.5%. From May 2008 to May 2009 the state lost a total of 417,500 jobs and the hardest hit was the construction industry. In Pasco County, the May 2009 unemployment rate was 11.7%, up from 6.8% in May 2008.

Major Employers: The following chart lists the top 24 major employers in Pasco County.

1	Pasco County School District	9,783
2	Pasco County Government	2,290
3	State of Florida Government	1,297
4	Pasco County Sheriff	1,261
5	Community Hospital	1,050
6	HCA Health Services of Florida	1,000
7	Regional Medical Center Bayonet Point	977
8	Saddlebrook Resort	720
9	Florida Hospital of Zephyrhills	944
10	Pasco-Hernando Community College	622
11	Walmart Supercenter (Port Richey)	600
12	Pall Aeropower Corp	558
13	U.S. Postal Service	555
14	Harbor Behavioral Health	500
15	Walmart Supercenter (New Port Richey)	500
16	Walmart Supercenter (Port Richey #2)	450
17	DialAmerica Marketing Inc.	400
18	Saint Leo University	400
19	Morton Plant Mease North Bay	400
20	Pasco Regional Medical Center	385
21	Florida Medical Clinic	350
22	Florida Department of Corrections	330
23	Zephyrhills Spring Water Co.	325
24	Wal Den Greene	280

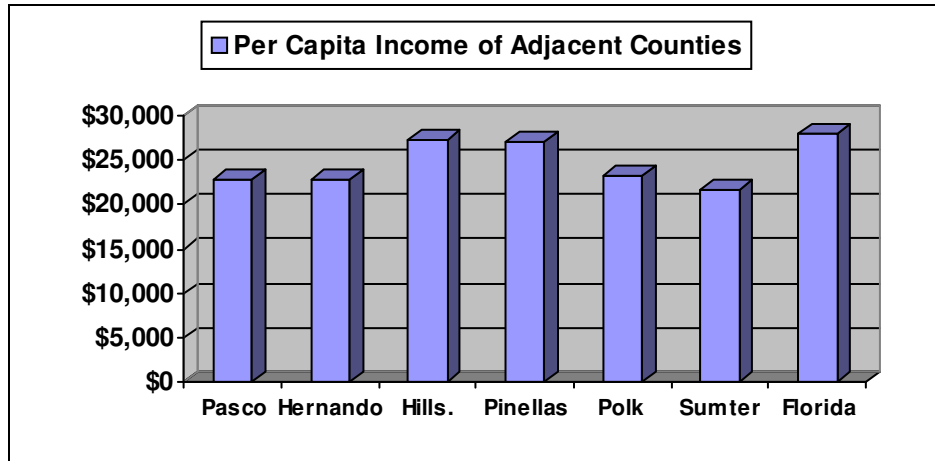
Source: Harris (eflorida.com 1/09) & www.pascoedc.com

Income

Personal income is also a significant factor in determining the real estimate demand in a given market. Pasco County's per capita income has historically achieved a growth rate similar to that of the United States.

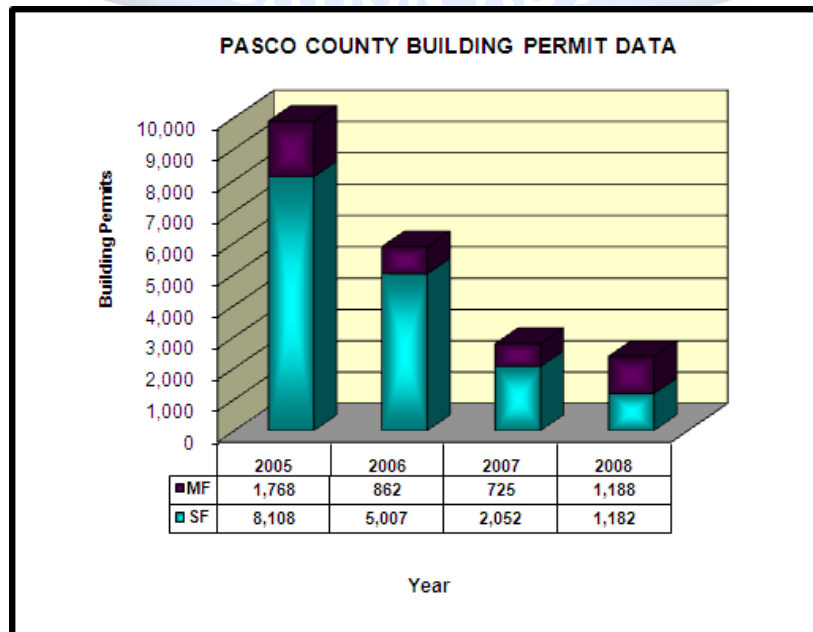
According to the Florida Legislature Office of Economic and Demographic Research, from 2000 to 2006, Pasco County has achieved per capita income growth at an average annual compound rate of 2.83%. For the same time period, the average annual compound rate of growth for Florida was 3.68% and 3.00% for the United States.

Per Capita Income (2008) The following chart compares the per capita income of Pasco County with surrounding counties including Hernando, Pinellas, Hillsborough, Polk, and Sumter counties and the state of Florida average. (*Site to do Business*)



Housing

From 2005 to 2008, there were 20,892 single family and multi-family permits issued in Pasco County. From 2001 to 2005, the trend indicated a steady increase in housing starts. At the end of 2005 the residential market began to slow down, and this trend has continued into 2008. The permits issued in 2006 (5,869) reflect a 40.6% decrease from 2005 (9,876) and a 52.7% decrease from 2006 to 2007 (2,777). For 2008, 2,370 permits were issued, which is a 14.7% decrease from 2007. This downward trend is expected to continue in the short term (1 to 2 years), as there is currently an abundance of inventory on the market.



Governmental and Political Characteristics

Pasco County government consists of a five member Board of Commissioners elected at large to alternating four-year terms. Chairmen are elected annually. An appointed County Administrator oversees county government and manages all county personnel as well as the commission approved county budget.

Pasco County government provides many of the services that are normally the function of municipalities. Thus, municipal population has grown relatively slowly while the total county population has soared. There are six incorporated municipalities in the county: Dade City (the county seat), New Port Richey, Port Richey, San Antonio, St. Leo, and Zephyrhills. Unincorporated communities include Aripeka, Darby, Crystal Springs, Holiday, Hudson and Land O' Lakes.

The state of Florida and its municipalities do not levy personal income taxes; however a major source of county and state revenue is from property taxes. Residential property owners receive a homestead exemption on their primary residences. The homestead exemption is a constitutional benefit of a \$25,000 exemption from the property's assessed value. It is granted to those applicants with legal or beneficial title in equity to real property as recorded in official records who are bona fide Florida residents living in a dwelling and making it their permanent home on January 1 of the taxable year. The exemption results in approximately a \$500 savings to Florida residents on their property tax.

On January 29, 2008, Florida voters approved an additional \$25,000 homestead exemption to be applied to the value between \$50,000 and \$75,000. If a home is worth \$75,000 or more, the owner would receive the full exemption benefit. If the home is worth between \$50,000 and \$75,000, he or she would receive a pro-rated exemption amount. This exemption does not apply to school taxes. No additional application is required. Property taxes are anticipated to increase in future years to help fund infrastructure costs.

Education

Pasco County has continued to experience strong growth in kindergarten through 12th grade student population over the past several years, and is the 14th largest school system in Florida. Higher education is offered by St. Leo University, a private liberal arts institution located in Dade City. Additionally, the Pasco - Hernando Community College, located on the outskirts of New Port Richey, offers a two-year degree program, along with specialized and vocational courses. The college has three campuses and is considered one of the newest, and most modern of the 28 junior colleges throughout the State.

Transportation

The transportation network has seen tremendous progress over the past few years. A growing highway system speeds access to any point in the Tampa Bay area and Florida. I-75 forms a vital link to I-4, I-275, downtown Tampa, Tampa International Airport, and the Port of Tampa. The Veterans Expressway is a 43-mile toll road that extends from the Courtney Campbell Causeway and I-275, to its terminus at U.S. Highway 98, just north of the Citrus-Hernando County line. The 42-mile Suncoast Parkway connects the Veterans Expressway in northwest Hillsborough County and links Hillsborough with Pasco and Hernando counties, providing both a valuable link in Florida's Intrastate Highway System and an alternative north-south through Florida's west coast. The Suncoast Parkway provides valuable and needed additional traffic capacity to meet local traffic demands, as well as safety improvements and other benefits.

In central Pasco County, Interstate 75 and U.S. Highway 41 link Pasco County with Hernando County to the north and Hillsborough County to the south. U.S. Highway 301 provides north/south access in the eastern area of Pasco County. Primary east/west arteries are State Roads 52 and 54, extending to the eastern edge of Pasco County and linking New Port Richey and Bayonet Point to Polk and Sumter Counties. Planning for a major expressway to relieve congestion in three Tampa Bay counties is underway. The proposed bi-county expressway would run diagonally from northeast Pinellas County to Interstate 75 near State Road 52 and would relieve congestion on State Road 54 and U.S. Highway 41. The bi-county expressway would benefit Pasco County by enabling motorists to travel from Interstate 75 to the county's northern border directly. Construction could start in ten years. Pasco's transportation arteries allow Pasco residents to travel to metropolitan areas (Tampa/St. Petersburg) and regional attractions throughout the State of Florida.

The County is served by the Seaboard Coastline Railroad, by Amtrak via Tampa, and the Autotrain, which transports cars and passengers from northern points to Sanford, Florida. Additionally, two airports; the Hidden Lake Airport and the Flying Aero, Inc., serve the west Pasco area, both offering limited private and public service. The Central Pasco community is serviced by the airport at Tampa Downs, also known as Topp of Tampa, which has a 3,700 foot paved runway.

Quality of Life

Medical facilities in western Pasco County include the Bayonet Point/Hudson Regional Medical Center, with a patient capacity of 200. HCA in New Port Richey has a 402-bed capacity. Riverside also in New Port Richey has 122 beds. In east Pasco (Zephyrhills) the medical center has 85 beds, and Humana, which is located in Dade City, has 120 beds. Additionally, several nursing and convalescent homes serve the area. Hospitals

located in northern Hillsborough County serve residents in central and eastern Pasco County.

A wide variety of recreational activities are available year round due to the subtropical climate that the County enjoys. Tempered by the Gulf of Mexico breezes, the county experiences an annual mean temperature of 71.8 degrees F and an annual precipitation of 53.67 inches. Swimming, fresh and salt-water fishing, and boating are but a few of the outdoor activities available. In addition, the county boasts a number of outstanding golf courses of varying layouts and handicaps. A wildlife area of several thousand acres has been set aside in an effort to expand the park system.

Organized activities within the County are also abundant. Recurring annual events include Pasco County Fair, Rattlesnake Festival, Pioneer Museum Day, and Country Music - Craft Festival. The Pioneer Florida Museum in Dade City attracts hundreds of visitors every year. The City of New Port Richey has a large recreational center offering a wide variety of programs.

Pasco County is convenient to most of the major tourist attractions in Florida. Busch Gardens, one of the largest tourist attractions in the state, is located in Hillsborough County. Disney World and other related attractions are about a two-hour drive east on Interstate 4.

Summary and Conclusion

Despite negative factors regarding unemployment and the downturn in both the residential and commercial real estate markets and the credit crisis, the overall long term economic outlook for Pasco County and the State of Florida is still positive. Total population for both areas is projected to increase slightly. More importantly, both areas are projected to experience employment growth in the future. Based on this analysis, it is anticipated that the State of Florida and Hillsborough County will continue to grow and prosper, albeit at a slower pace than at the height of the real estate market of a few years ago. In time, the expected growth should provide an economic base that supports demand for real estate in the subject neighborhood and for the subject property. These conditions should stimulate increases in general property values.