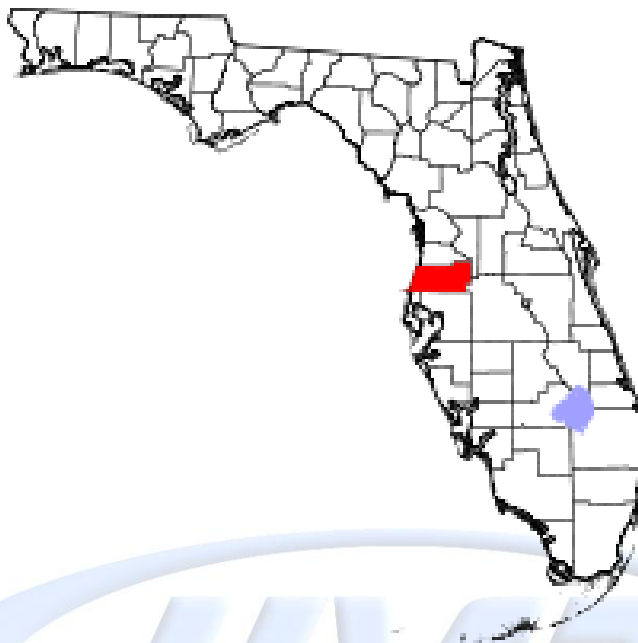


Pasco County Area Analysis



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

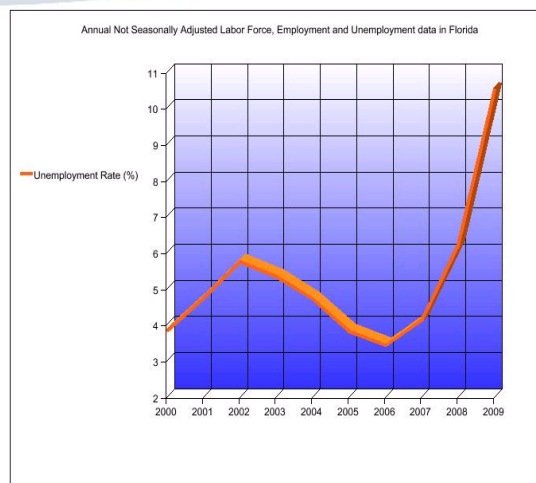
Based on information provided by the State of Florida Office of Economic and Demographic Research, as of 2009, Pasco County was the twelfth most populous county in the state with a population of 439,786. This is above the 2000 census of 344,768, indicating a 2.74% annual growth during this time. The projected 2010 population within the county is 437,517, which is a 0.52% decrease. The county's population growth from 2000 to 2009 was above the average for the United States of 1.79% during this same period. However, the country is projected to experience population growth of 0.70% from 2009 to 2010, while Pasco County is projected to experience a population decline.

According to the Site to Do Business (stdbonline.com) the median age in Pasco County was 44.9 in 2000 and increased to 46.0 in 2009. The projected median age for 2014 is 46.7. For the State of Florida, the median age was 38.7 in 2000 and increased to 41.1 in 2009. The projected median age for 2014 is 41.7. Both Pasco County and the State of Florida are anticipated to experience continued growth over the next five years, 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 through 2006 this pattern was very positive as the unemployment rate steadily decreased with an increase from 2006 to 2009 as shown in the charts below.



Florida's unemployment rate for February 2010 was 12.2%. As comparison, the unemployment rate for the state in February 2009 was 9.3% and in February 2008 was 4.9%. From February 2008 to February 2010 the state lost a total of 591,000 jobs and the hardest hit was the construction industry. In Pasco County, the February 2010 unemployment rate was 14.3%, up from 10.8% in February 2009 and 5.9% in February 2008. From February 2008 to February 2010, Pasco County lost approximately 11,900 jobs.

Major Employers: The following chart lists the top 20 major employers in Pasco County.

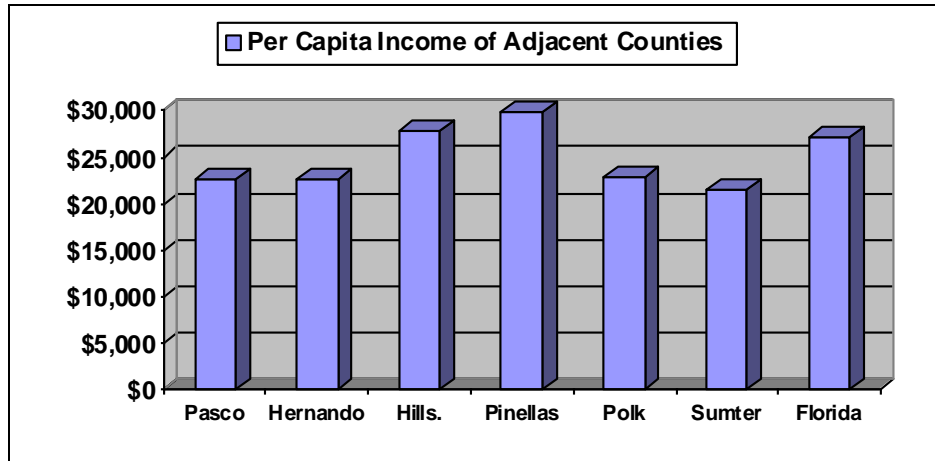
1.	Pasco County School District	9499
2.	Pasco County Government	2290
3.	State of Florida Government	1297
4.	Pasco County Sheriff	1291
5.	Florida Hospital Zephyrhills	1100
6.	Community Hospital	1000
7.	Regional Medical Center Bayonet Point	1000
8.	Florida Medical Clinic	850
9.	Pasco-Hernando Community College	713
10.	Saddlebrook Resort	700
11.	Pall Aerpower Corp.	579
12.	U.S. Postal Service (Pasco County)	550
13.	Harbor Behavioral Health *	500
14.	Saint Leo University	450
15.	Wal* Mart Supercenter (NPR)	450
16.	Morton Plant North Bay Hospital *	400
17.	Pasco Regional Medical Center	378
18.	Florida Department of Corrections *	330
19.	Zephyrhills Bottled Water Co.	325
20.	VLOC, subsidiary of II-VI, Inc.	200

Income

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

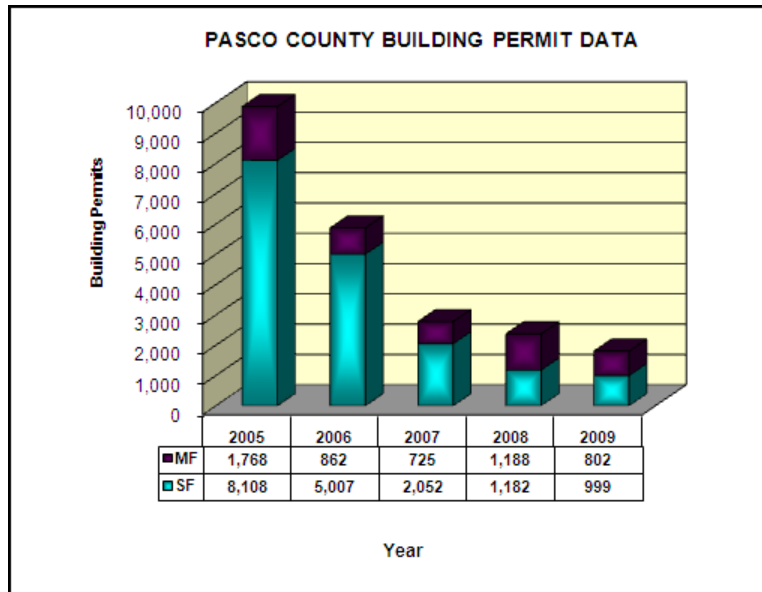
According to Site to Do Business (stdbonline.com), from 2000 to 2009, Pasco County has achieved per capita income growth at an average annual rate of 2.29%. The county's per capita income is projected to grow at an annual rate of 0.49% from 2009 through 2014. From 2000 through 2009, the average annual compound rate of growth for the state of Florida was slightly above Pasco County at 2.59%, with a projected growth of 1.01% over the next 5 years.

Per Capita Income (2009) The following chart compares the per capita income of Pasco County with surrounding counties including Hernando, Hillsborough, Pinellas, Polk, and Sumter counties and the state of Florida average. (Site to do Business)



Housing

From 2005 to 2009, there were 22,693 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 through 2009. The permits issued in 2006 (5,869) reflect a 40.6% decrease from 2005 (9,876) and a 52.7% decrease occurred from 2006 to 2007 (2,777). For 2008, 2,370 permits were issued, which is a 14.7% decrease from 2007. In 2009, 1,801 permits were issued, which indicates a decrease of 24.0% from 2008. 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 over the next five years. 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 Pasco 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.

