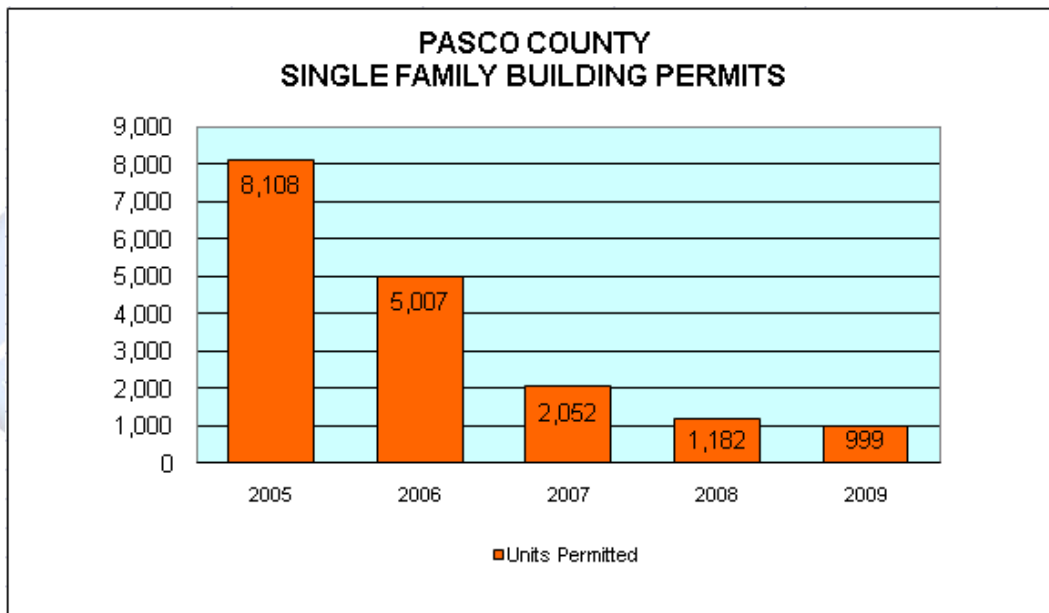


PASCO COUNTY SINGLE FAMILY RESIDENTIAL MARKET ANALYSIS

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.

Supply: For an overview of the current residential market we have studied the historical building permit data for Pasco County. This data was obtained from reports prepared by the Bureau of Economic and Business Research, from the University of Florida. For comparative purposes the number of single family permits is shown for each full year for the past five years.



The residential market experienced increasing demand through 2005, and the number of building permits also increased during this time. However, the market began to cool off in 2006. As shown in the chart above, building permits decreased significantly from 2005 through 2009, indicating an 88% total decline. Single family permit activity decreased 38% from 2005 to 2006, another 59% from 2006 to 2007, another 42% from 2007 to 2008, and another 15% from 2008 to 2009. From this data, we can clearly see that the supply of housing units in Pasco County has decreased dramatically over the last few years. While the decline appears to be slowing recently, it is still not clear if we have hit the bottom of the market.

Demand: We have researched the Multiple Listing Service (MLS) for all single family home sales in Pasco County to define an overall trend in the market. The following table summarizes this data. The table below shows the number of sales, the average sales price, and the average days on the market.

MULTIPLE LISTING SERVICE STATISTICS FOR SINGLE FAMILY HOMES IN PASCO COUNTY			
Year	# of Sales	Average Sales Price	Average Days on Market
2003	7,865	\$134,628	195
2004	9,119	\$162,218	42
2005	9,967	\$216,596	35
2006	6,833	\$237,618	53
2007	4,800	\$219,400	98
2008	4,540	\$170,160	117
2009	5,421	\$143,587	116

As the table indicates, the number of sales in the County was at its peak in 2005 and from there steadily decreased through 2008. The 2009 statistics indicate an increase in sales activity. However, we estimate a portion of the recent sales volume is attributed to the foreclosure market, which typically sells at a lower price point. This has become evident over the last two years as the average sale price for homes in the county has decreased dramatically. The average sale price for homes in 2009 was \$143,587, which is a 40% decline from the high experienced in 2006 of \$237,618. The average days on the market indicates a decrease from 195 days in 2003 to a low of 35 days in 2005, but a steady increase thereafter until it was 117 days in 2008, which is an increase of 234% from the low in 2005. These figures indicate that while the average home value appreciated to the peak year of 2006, thereafter they have declined, and the time it takes to sell the homes has also increased. Finally, another statistic is the current number of active listings in the subject area as of March 2010. There are currently 3,945 single family homes for sale in the county (listed with the MLS). We conclude from all of these MLS statistics that, currently, marketing time is quite lengthy, and asking prices have declined over the last few years to a level below that experienced in 2004.

Conclusion: There has been a significant downturn in the residential market since the highs experienced in 2005 and into 2006. The 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. Based on all the available data it is difficult to forecast the future prospects for housing in the Pasco County market area. It is currently at much lower levels of demand, as well as supply than in previous years. It is our opinion that while this correction may not be over, we have probably seen the worst but do not expect a rebound in the very near future until existing supply is absorbed, home prices stabilize, and stability occurs in the financial markets.