

INVOICE

FROM:

Knox Appraisals, LLC
 428 Gayle Boulevard
 Winterville, NC 28590

Telephone Number:

Fax Number:

INVOICE NUMBER

1795

DATE

07/11/2006

REFERENCE

Internal Order #:

Lender Case #:

Client File #:

Main File # on form: 1795

Other File # on form:

Federal Tax ID:

Employer ID:

TO:

Mortgage Professionals of NC
 1021-A Red Banks Road
 Greenville, NC 27858

Telephone Number: 252-439-0500

Fax Number: 252-439-0497

Alternate Number:

E-Mail:

DESCRIPTION

Lender: Mortgage Professionals of NC Client: Mortgage Professionals of NC
 Purchaser/Borrower: William Lane
 Property Address: 107 East Landing Street
 City: Kill Devil Hills
 County: Dare State: NC Zip: 27948
 Legal Description: As recorded in deed book 1653, page 20 DCR.

FEES

AMOUNT

Appraisal Fee

500.00

SUBTOTAL

500.00

PAYMENTS

AMOUNT

Check #: Date: Description:
 Check #: Date: Description:
 Check #: Date: Description:

SUBTOTAL

TOTAL DUE

\$

500.00

SUMMARY OF SALIENT FEATURES

SUBJECT INFORMATION	Subject Address	107 East Landing Street
	Legal Description	As recorded in deed book 1653, page 20 DCR.
	City	Kill Devil Hills
	County	Dare
	State	NC
	Zip Code	27948
	Census Tract	
	Map Reference	988415542895
SALES PRICE	Sale Price	\$ Refinance
	Date of Sale	N/A
CLIENT	Borrower / Client	William Lane
	Lender	Mortgage Professionals of NC
DESCRIPTION OF IMPROVEMENTS	Size (Square Feet)	2,894
	Price per Square Foot	\$
	Location	Average
	Age	1 Yr./Eff. 1
	Condition	Average
	Total Rooms	9
	Bedrooms	4
	Baths	5
APPRAISER	Appraiser	Roger P. Knox, Jr.
	Date of Appraised Value	July 11, 2006
VALUE	Final Estimate of Value	\$ 1,000,000

Knox Appraisals, LLC
428 Gayle Boulevard
Winterville, NC 28590

Mortgage Professionals of NC
1021-A Red Banks Road
Greenville, NC 27858

Re: Property: 107 East Landing Street
Kill Devil Hills, NC 27948
Borrower: William Lane
File No.:

In accordance with your request, we have appraised the above referenced property. The report of that appraisal is attached.

The purpose of this appraisal is to estimate the market value of the property described in this appraisal report, as improved, unencumbered fee simple title of ownership.

This report is based on a physical analysis of the site and improvements, a locational analysis of the neighborhood and city, and an economic analysis of the market for properties such as the subject. The appraisal was developed and the report was prepared in accordance with the Uniform Standards of Professional Appraisal Practice.

The value conclusions reported are as of the effective date stated in the body of the report and contingent upon the certification and limiting conditions attached.

It has been a pleasure to assist you. Please do not hesitate to contact me or any of my staff if we can be of additional service to you.

Sincerely,


Roger P. Knox, Jr.



Uniform Residential Appraisal Report

File # 1795

The purpose of this summary appraisal report is to provide the lender/client with an accurate, and adequately supported, opinion of the market value of the subject property.

Property Address 107 East Landing Street	City Kill Devil Hills	State NC	Zip Code 27948
Borrower William Lane	Owner of Public Record William Lane	County Dare	
Legal Description As recorded in deed book 1653, page 20 DCR.			
Assessor's Parcel # 003529000	Tax Year 2005	R.E. Taxes \$ 2,000.00 (e)	
Neighborhood Name Kill Devil Hills	Map Reference 988415542895	Census Tract	
Occupant <input type="checkbox"/> Owner <input type="checkbox"/> Tenant <input checked="" type="checkbox"/> Vacant	Special Assessments \$ 0.00	<input type="checkbox"/> PUD	HOA \$ N/A <input type="checkbox"/> per year <input type="checkbox"/> per month
Property Rights Appraised <input checked="" type="checkbox"/> Fee Simple <input type="checkbox"/> Leasehold <input type="checkbox"/> Other (describe)			
Assignment Type <input type="checkbox"/> Purchase Transaction <input checked="" type="checkbox"/> Refinance Transaction <input type="checkbox"/> Other (describe)			
Lender/Client Mortgage Professionals of NC	Address 1021-A Red Banks Road, Greenville, NC 27858		
Is the subject property currently offered for sale or has it been offered for sale in the twelve months prior to the effective date of this appraisal? <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No			
Report data source(s) used, offering price(s), and date(s). The subject was transferred in September of 2005, no transfer amount was noted per the County Tax Office.			

I <input type="checkbox"/> did <input type="checkbox"/> did not analyze the contract for sale for the subject purchase transaction. Explain the results of the analysis of the contract for sale or why the analysis was not performed. N/A
Contract Price \$ Refinance Date of Contract N/A Is the property seller the owner of public record? <input type="checkbox"/> Yes <input type="checkbox"/> No Data Source(s) N/A
Is there any financial assistance (loan charges, sale concessions, gift or downpayment assistance, etc.) to be paid by any party on behalf of the borrower? <input type="checkbox"/> Yes <input type="checkbox"/> No
If Yes, report the total dollar amount and describe the items to be paid. N/A

Note: Race and the racial composition of the neighborhood are not appraisal factors.

Neighborhood Characteristics	One-Unit Housing Trends	One-Unit Housing	Present Land Use %
Location <input type="checkbox"/> Urban <input checked="" type="checkbox"/> Suburban <input type="checkbox"/> Rural	Property Values <input type="checkbox"/> Increasing <input checked="" type="checkbox"/> Stable <input type="checkbox"/> Declining	PRICE	One-Unit 55 %
Built-Up <input type="checkbox"/> Over 75% <input checked="" type="checkbox"/> 25-75% <input type="checkbox"/> Under 25%	Demand/Supply <input type="checkbox"/> Shortage <input checked="" type="checkbox"/> In Balance <input type="checkbox"/> Over Supply	\$ (000) (yrs)	2-4 Unit 5 %
Growth <input type="checkbox"/> Rapid <input checked="" type="checkbox"/> Stable <input type="checkbox"/> Slow	Marketing Time <input type="checkbox"/> Under 3 mths <input checked="" type="checkbox"/> 3-6 mths <input type="checkbox"/> Over 6 mths	20 Low 05	Multi-Family 5 %
Neighborhood Boundaries The subject is located in Kill Devil Hills, North Carolina.		999+ High 100+	Commercial 20 %
		400+/- Pred. 30+/-	Other 15 %

Neighborhood Description **The subject is accessible to the services and conveniences sought by the typical buyer in this price category. The land use is mostly single-family detached. Dwellings are generally well cared for and compatible in style and values. No negative locational features are observed.**

Resale potential should be good.

Market Conditions (including support for the above conclusions) **Supply and demand appear to be in balance. Property values appear to be stable. Marketing times should be between 3 to 6 months if prices competitively. Typical financing is conventional. FHA and VA are available. Seller Concessions are not uncommon.**

Dimensions Subject to recorded survey in Dare County. Area +/- .18 Acres (Tax Office) Shape Rectangular View Average
Specific Zoning Classification Residential Zoning Description Residential
Zoning Compliance <input checked="" type="checkbox"/> Legal <input type="checkbox"/> Legal Nonconforming (Grandfathered Use) <input type="checkbox"/> No Zoning <input type="checkbox"/> Illegal (describe)
Is the highest and best use of subject property as improved (or as proposed per plans and specifications) the present use? <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No If No, describe
Utilities Public Other (describe) Public Other (describe) Off-site Improvements - Type Public Private
Electricity <input checked="" type="checkbox"/> <input type="checkbox"/> Water <input checked="" type="checkbox"/> <input type="checkbox"/> Street Asphalt <input checked="" type="checkbox"/> <input type="checkbox"/>
Gas <input type="checkbox"/> <input type="checkbox"/> Sanitary Sewer <input type="checkbox"/> <input checked="" type="checkbox"/> Septic Alley None <input type="checkbox"/> <input type="checkbox"/>
FEMA Special Flood Hazard Area <input type="checkbox"/> Yes <input type="checkbox"/> No FEMA Flood Zone See Addend FEMA Map # See Attached Addendum FEMA Map Date See Addendum
Are the utilities and off-site improvements typical for the market area? <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No If No, describe
Are there any adverse site conditions or external factors (easements, encroachments, environmental conditions, land uses, etc.)? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No If Yes, describe
See Attached Addendum.

General Description	Foundation	Exterior Description	materials/condition
Units <input checked="" type="checkbox"/> One <input type="checkbox"/> One with Accessory Unit	<input checked="" type="checkbox"/> Concrete Slab <input type="checkbox"/> Crawl Space	Foundation Walls	Slab/Avg
# of Stories Three	<input type="checkbox"/> Full Basement <input type="checkbox"/> Partial Basement	Exterior Walls	Hardy Plank/Avg
Type <input checked="" type="checkbox"/> Det. <input type="checkbox"/> Att. <input type="checkbox"/> S-Det./End Unit	Basement Area None sq.ft.	Roof Surface	Comp. Shingles/Avg
<input checked="" type="checkbox"/> Existing <input type="checkbox"/> Proposed <input type="checkbox"/> Under Const.	Basement Finish %	Gutters & Downspouts	None
Design (Style) Three Story/Avg	<input type="checkbox"/> Outside Entry/Exit <input type="checkbox"/> Sump Pump	Window Type	Sh-Vinyl/Avg
Year Built 2005	Evidence of <input type="checkbox"/> Infestation	Storm Sash/Insulated	Insulated/Avg
Effective Age (Yrs) 1	<input type="checkbox"/> Dampness <input type="checkbox"/> Settlement	Screens	Screens/Avg
Attic <input type="checkbox"/> None	Heating <input checked="" type="checkbox"/> FWA <input type="checkbox"/> HWBB <input type="checkbox"/> Radiant	Amenities	<input type="checkbox"/> Woodstove(s) #
<input type="checkbox"/> Drop Stair <input type="checkbox"/> Stairs	<input type="checkbox"/> Other Fuel Electric	<input checked="" type="checkbox"/> Fireplace(s) # 1	<input checked="" type="checkbox"/> Fence
<input type="checkbox"/> Floor <input checked="" type="checkbox"/> Scuttle	Cooling <input checked="" type="checkbox"/> Central Air Conditioning	<input checked="" type="checkbox"/> Patio/Deck	<input checked="" type="checkbox"/> Porch
<input type="checkbox"/> Finished <input type="checkbox"/> Heated	<input type="checkbox"/> Individual <input type="checkbox"/> Other	<input checked="" type="checkbox"/> Pool	<input type="checkbox"/> Other

Appliances <input checked="" type="checkbox"/> Refrigerator <input checked="" type="checkbox"/> Range/Oven <input checked="" type="checkbox"/> Dishwasher <input checked="" type="checkbox"/> Disposal <input checked="" type="checkbox"/> Microwave <input type="checkbox"/> Washer/Dryer <input type="checkbox"/> Other (describe)
Finished area above grade contains: 9 Rooms 4 Bedrooms 5 Bath(s) 2,894 Square Feet of Gross Living Area Above Grade
Additional features (special energy efficient items, etc.). The subject has a wrap porch, a wood deck, a covered stoop, a fence, an in-ground pool, a covered porch, a fireplace and a one car garage.
Describe the condition of the property (including needed repairs, deterioration, renovations, remodeling, etc.). No deferred maintenance is evident. The subject is in average condition for it's age. No functional or external inadequacies apparent upon a visual inspection. The floorplan is marketable and the mechanical systems appear to function properly.

Are there any physical deficiencies or adverse conditions that affect the livability, soundness, or structural integrity of the property? Yes No If Yes, describe

Does the property generally conform to the neighborhood (functional utility, style, condition, use, construction, etc.)? Yes No If No, describe

Uniform Residential Appraisal Report

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There are 0 comparable properties currently offered for sale in the subject neighborhood ranging in price from \$ N/A to \$ N/A							
There are 0 comparable sales in the subject neighborhood within the past twelve months ranging in sale price from \$ N/A to \$ N/A							
FEATURE	SUBJECT	COMPARABLE SALE # 1	COMPARABLE SALE # 2	COMPARABLE SALE # 3			
Address	107 East Landing Street Kill Devil Hills	100 Lovers Lane Kill Devil Hills	103 Sun Dancer Court Nags Head	5504 W Seachase Drive Nags Head			
Proximity to Subject		0.80 miles	4.16 miles	3.36 miles			
Sale Price	\$ Refinance	\$ 1,175,000	\$ 1,003,000	\$ 1,150,000			
Sale Price/Gross Liv. Area	\$ sq.ft.	\$ 459.34 sq.ft.	\$ 355.93 sq.ft.	\$ 484.21 sq.ft.			
Data Source(s)		MLS/Tax Records	MLS/Tax Records	MLS/Tax Records			
Verification Source(s)		Exterior Inspection	Exterior Inspection	Exterior Inspection			
VALUE ADJUSTMENTS	DESCRIPTION	DESCRIPTION	+(-) \$ Adjustment	DESCRIPTION	+(-) \$ Adjustment	DESCRIPTION	+(-) \$ Adjustment
Sales or Financing Concessions		Conv Dom 365 None Stated		Conv Dom 156 None Stated		Cash Dom 147 None Stated	
Date of Sale/Time		02/03/2006		12/22/2005		10/03/2005	
Location	Average	Average		Average		Soundfront	-231,900
Leasehold/Fee Simple	Fee Simple	Fee Simple		Fee Simple		Fee Simple	
Site	+/- .18 Ac/Avg	14.65 Ac/Avg	-144,700	.27 Ac/Avg		+/- .20 Ac/Avg	
View	Average	Average		Average		Average	
Design (Style)	Three Story/Avg	1.5 Story/Avg		2.5 Story/Avg		2.5 Story/Avg	
Quality of Construction	Hardy Plank/Avg	Wood/Avg		Wood/Avg		Wood/Avg	
Actual Age	1 Yr./Eff. 1	6 Yrs./Eff. 3	+1,000	7 Yrs./Eff. 4	+1,500	11 Yrs./Eff. 7	+3,000
Condition	Average	Average		Average		Average	
Above Grade	Total Bdrms. Baths	Total Bdrms. Baths		Total Bdrms. Baths		Total Bdrms. Baths	
Room Count	9 4 5	8 4 2.5	+5,000	10 6 4.5	+1,000	8 5 4.5	+1,000
Gross Living Area	2,894 sq.ft.	2,558 sq.ft.	+43,680	2,818 sq.ft.		2,375 sq.ft.	+67,470
Basement & Finished Rooms Below Grade	None	None		None		None	
Functional Utility	Average	Average		Average		Average	
Heating/Cooling	FWA/CAC	Heat Pump/CAC		Heat Pump/CAC		Heat Pump/CAC	
Energy Efficient Items	Insult. Windows	Insult. Windows		Insult. Windows		Insult. Windows	
Garage/Carport	1-Car Garage	2-Car Dt. Garage	-5,000	1-Car Carport	+2,000	2-Car Carport	-1,000
Porch/Patio/Deck	Porches	Porches		Porches		Porches	
	1-Fireplace	1-Fireplace		1-Fireplace		1-Fireplace	
	Fence, Pool	None Stated	+10,000	Fence, Pool		None Stated	+10,000
Net Adjustment (Total)		<input type="checkbox"/> + <input checked="" type="checkbox"/> -	\$ 90,020	<input checked="" type="checkbox"/> + <input type="checkbox"/> -	\$ 4,500	<input type="checkbox"/> + <input checked="" type="checkbox"/> -	\$ 151,430
Adjusted Sale Price of Comparables		Net Adj. 7.7 % Gross Adj. 17.8 %	\$ 1,084,980	Net Adj. 0.4 % Gross Adj. 0.4 %	\$ 1,007,500	Net Adj. 13.2 % Gross Adj. 27.3 %	\$ 998,570

I did did not research the sale or transfer history of the subject property and comparable sales. If not, explain

My research did did not reveal any prior sales or transfers of the subject property for the three years prior to the effective date of this appraisal.

Data Source(s) **Tax Office, MLS Service**

My research did did not reveal any prior sales or transfers of the comparable sales for the year prior to the date of sale of the comparable sale.

Data Source(s) **Tax Office, MLS Service**

Report the results of the research and analysis of the prior sale or transfer history of the subject property and comparable sales (report additional prior sales on page 3).

ITEM	SUBJECT	COMPARABLE SALE #1	COMPARABLE SALE #2	COMPARABLE SALE #3
Date of Prior Sale/Transfer	09/2005	No prior sale within the past	No prior sale within the past	No prior sale within the past
Price of Prior Sale/Transfer	No transfer Amount Noted	12 months per the Tax Office.	12 months per the Tax Office.	12 months per the Tax Office.
Data Source(s)	Tax Office			
Effective Date of Data Source(s)	07/11/2006			

Analysis of prior sale or transfer history of the subject property and comparable sales **The subject was transferred in September of 2005, no transfer amount was noted per the County Tax Office. There has been no transfer of the comparable properties other than noted above, within the past 12 months.**

Summary of Sales Comparison Approach **All sales are from the subject's market area. All sales are as similar in size, design and appeal that could be found. Comparables #2 and #3 are over one mile from the subject. Comparable #3 has a location adjustment for it's superior site location. Comparable #1 has a site adjustment for it's superior site size. All comparables have an age adjustment that was calculated at \$500 per effective year. Time and distance parameters were increased to find the most similar sales. Post adjusted sale prices represent a good opinion of value.**

Indicated Value by Sales Comparison Approach \$ **1,000,000**
 Indicated Value by: Sales Comparison Approach \$ **1,000,000** Cost Approach (if developed) \$ **1,047,347** Income Approach (if developed) \$ **N/A**

The market approach is deemed credible due to the availability of recent sales data. The cost approach is supportive and within an acceptable variance. Both support the final conclusion of value.

This appraisal is made "as is", subject to completion per plans and specifications on the basis of a hypothetical condition that the improvements have been completed, subject to the following repairs or alterations on the basis of a hypothetical condition that the repairs or alterations have been completed, or subject to the following required inspection based on the extraordinary assumption that the condition or deficiency does not require alteration or repair: **Subject appraised in as-is condition. No repairs required.**

Based on a complete visual inspection of the interior and exterior areas of the subject property, defined scope of work, statement of assumptions and limiting conditions, and appraiser's certification, my (our) opinion of the market value, as defined, of the real property that is the subject of this report is \$ **1,000,000**, as of **July 11, 2006**, which is the date of inspection and the effective date of this appraisal.

Uniform Residential Appraisal Report

File # 1795

STANDARD ADDENDUM & ADDITIONAL LIMITING CONDITIONS

The enclosed appraisal report is a 'complete summary report' as defined by USPAP as of 01-01-2005.

Unless otherwise stated, it is assumed the dwelling is structurally sound and free of insect infestation. A professional inspector may be utilized at the lenders discretion.

* No dampness, settlement, nor insect infestation were observed visually.

Mechanical and structural components are deemed operable consistent with typical appraisal expertise and are not warranted.

Wells & Septic systems are typical and accepted if municipal services are not present.

Unless otherwise stated below or in the U.R.A.R. the subject property did not convey within the past 36 months. The appraiser has inquired via MLS and Tax Records but has not searched the title to the property. The appraiser disclaims any liability for any omission or error by these vendors.

Cost approach calculations are garnered from extractions, contractor interviews, and/or Marshall & Swift Residential Cost Handbook. Site values are estimated from experience or prior research. Should the Income Approach be omitted it is due to incomplete sale/rental data.

The appraiser(s) certify that they are competent to perform the appraisal.

Photograph Certification

The appraiser certifies that the subject and comparable photo's have not been altered in any way, although some comparable photos may have been obtained from local MLS Offices, but that the exterior of the comparables were inspected.

The following comments address any deviation from suggested guidelines:

No FEMA Flood Zone information was noted because it could not be determined the specific of the subject on the FEMA Map to verify if the subject is or not in a Flood Zone. For more information the County Planning Office needs to be contacted. There are no apparent adverse easements, encroachments nor other unfavorable conditions affecting the site. The lot is typical to the neighborhood.

COST APPROACH TO VALUE (not required by Fannie Mae)

Provide adequate information for the lender/client to replicate the below cost figures and calculations.

Support for the opinion of site value (summary of comparable land sales or other methods for estimating site value) **There were no comparable land sales that could be found in the subjects subdivision, therefore the opinion of site value was obtained from the subject's land tax value.**

ESTIMATED <input checked="" type="checkbox"/> REPRODUCTION OR <input type="checkbox"/> REPLACEMENT COST NEW	OPINION OF SITE VALUE	=\$	500,000
Source of cost data	DWELLING 2,894 Sq.Ft. @ \$ 175.00	= \$	506,450
Quality rating from cost service	None Sq.Ft. @ \$	= \$	
Effective date of cost data	Porches, Fireplace, Fence, Pool	= \$	35,000
Comments on Cost Approach (gross living area calculations, depreciation, etc.)	Garage/Carport 268 Sq.Ft. @ \$ 35.00	= \$	9,380
See separate attached Sketch Addendum for GLA calculations.	Total Estimate of Cost-New	= \$	550,830
	Less Physical	Functional	External
	Depreciation 8,483		= \$(8,483)
	Depreciated Cost of Improvements	= \$	542,347
	"As-is" Value of Site Improvements	= \$	5,000
Estimated Remaining Economic Life (HUD and VA only) 64 Years	INDICATED VALUE BY COST APPROACH	= \$	1,047,347

INCOME APPROACH TO VALUE (not required by Fannie Mae)

Estimated Monthly Market Rent \$ **N/A** X Gross Rent Multiplier **N/A** = \$ **Indicated Value by Income Approach**
 Summary of Income Approach (including support for market rent and GRM)

PROJECT INFORMATION FOR PUDs (if applicable)

Is the developer/builder in control of the Homeowners' Association (HOA)? Yes No Unit type(s) Detached Attached
 Provide the following information for PUDs ONLY if the developer/builder is in control of the HOA and the subject property is an attached dwelling unit.

Legal Name of Project

Total number of phases	Total number of units	N/A	Total number of units sold
Total number of units rented	Total number of units for sale	N/A	Data source(s)

Was the project created by the conversion of existing building(s) into a PUD? Yes No If Yes, date of conversion.

Does the project contain any multi-dwelling units? Yes No Data Source

Are the units, common elements, and recreation facilities complete? Yes No If No, describe the status of completion.

Are the common elements leased to or by the Homeowners' Association? Yes No If Yes, describe the rental terms and options.

Describe common elements and recreational facilities. **N/A**

ADDITIONAL COMMENTS

COST APPROACH

INCOME

PUD INFORMATION

This report form is designed to report an appraisal of a one-unit property or a one-unit property with an accessory unit; including a unit in a planned unit development (PUD). This report form is not designed to report an appraisal of a manufactured home or a unit in a condominium or cooperative project.

This appraisal report is subject to the following scope of work, intended use, intended user, definition of market value, statement of assumptions and limiting conditions, and certifications. Modifications, additions, or deletions to the intended use, intended user, definition of market value, or assumptions and limiting conditions are not permitted. The appraiser may expand the scope of work to include any additional research or analysis necessary based on the complexity of this appraisal assignment. Modifications or deletions to the certifications are also not permitted. However, additional certifications that do not constitute material alterations to this appraisal report, such as those required by law or those related to the appraiser's continuing education or membership in an appraisal organization, are permitted.

SCOPE OF WORK: The scope of work for this appraisal is defined by the complexity of this appraisal assignment and the reporting requirements of this appraisal report form, including the following definition of market value, statement of assumptions and limiting conditions, and certifications. The appraiser must, at a minimum: (1) perform a complete visual inspection of the interior and exterior areas of the subject property, (2) inspect the neighborhood, (3) inspect each of the comparable sales from at least the street, (4) research, verify, and analyze data from reliable public and/or private sources, and (5) report his or her analysis, opinions, and conclusions in this appraisal report.

INTENDED USE: The intended use of this appraisal report is for the lender/client to evaluate the property that is the subject of this appraisal for a mortgage finance transaction.

INTENDED USER: The intended user of this appraisal report is the lender/client.

DEFINITION OF MARKET VALUE: 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, knowledgeably and assuming the price is not affected by undue stimulus. Implicit in this definition is 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 each acting in what he or she considers his or her own best interest; (3) a reasonable time is allowed for exposure in the open market; (4) payment is made in terms of cash in U. S. 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.

*Adjustments to the comparables must be made for special or creative financing or sales concessions. No adjustments are necessary for those costs which are normally paid by sellers as a result of tradition or law in a market area; these costs are readily identifiable since the seller pays these costs in virtually all sales transactions. Special or creative financing adjustments can be made to the comparable property by comparisons to financing terms offered by a third party institutional lender that is not already involved in the property or transaction. Any adjustment should not be calculated on a mechanical dollar for dollar cost of the financing or concession but the dollar amount of any adjustment should approximate the market's reaction to the financing or concessions based on the appraiser's judgment.

STATEMENT OF ASSUMPTIONS AND LIMITING CONDITIONS: The appraiser's certification in this report is subject to the following assumptions and limiting conditions:

1. The appraiser will not be responsible for matters of a legal nature that affect either the property being appraised or the title to it, except for information that he or she became aware of during the research involved in performing this appraisal. The appraiser assumes that the title is good and marketable and will not render any opinions about the title.

2. The appraiser has provided a sketch in this appraisal report to show the approximate dimensions of the improvements. The sketch is included only to assist the reader in visualizing the property and understanding the appraiser's determination of its size.

3. The appraiser has examined the available flood maps that are provided by the Federal Emergency Management Agency (or other data sources) and has noted in this appraisal report whether any portion of the subject site is located in an identified Special Flood Hazard Area. Because the appraiser is not a surveyor, he or she makes no guarantees, express or implied, regarding this determination.

4. The appraiser will not give testimony or appear in court because he or she made an appraisal of the property in question, unless specific arrangements to do so have been made beforehand, or as otherwise required by law.

5. The appraiser has noted in this appraisal report any adverse conditions (such as needed repairs, deterioration, the presence of hazardous wastes, toxic substances, etc.) observed during the inspection of the subject property or that he or she became aware of during the research involved in performing the appraisal. Unless otherwise stated in this appraisal report, the appraiser has no knowledge of any hidden or unapparent physical deficiencies or adverse conditions of the property (such as, but not limited to, needed repairs, deterioration, the presence of hazardous wastes, toxic substances, adverse environmental conditions, etc.) that would make the property less valuable, and has assumed that there are no such conditions and makes no guarantees or warranties, express or implied. The appraiser will not be responsible for any such conditions that do exist or for any engineering or testing that might be required to discover whether such conditions exist. Because the appraiser is not an expert in the field of environmental hazards, this appraisal report must not be considered as an environmental assessment of the property.

6. The appraiser has based his or her appraisal report and valuation conclusion for an appraisal that is subject to satisfactory completion, repairs, or alterations on the assumption that the completion, repairs, or alterations of the subject property will be performed in a professional manner.

APPRAISER'S CERTIFICATION: The Appraiser certifies and agrees that:

1. I have, at a minimum, developed and reported this appraisal in accordance with the scope of work requirements stated in this appraisal report.
2. I performed a complete visual inspection of the interior and exterior areas of the subject property. I reported the condition of the improvements in factual, specific terms. I identified and reported the physical deficiencies that could affect the livability, soundness, or structural integrity of the property.
3. I performed this appraisal in accordance with the requirements of the Uniform Standards of Professional Appraisal Practice that were adopted and promulgated by the Appraisal Standards Board of The Appraisal Foundation and that were in place at the time this appraisal report was prepared.
4. I developed my opinion of the market value of the real property that is the subject of this report based on the sales comparison approach to value. I have adequate comparable market data to develop a reliable sales comparison approach for this appraisal assignment. I further certify that I considered the cost and income approaches to value but did not develop them, unless otherwise indicated in this report.
5. I researched, verified, analyzed, and reported on any current agreement for sale for the subject property, any offering for sale of the subject property in the twelve months prior to the effective date of this appraisal, and the prior sales of the subject property for a minimum of three years prior to the effective date of this appraisal, unless otherwise indicated in this report.
6. I researched, verified, analyzed, and reported on the prior sales of the comparable sales for a minimum of one year prior to the date of sale of the comparable sale, unless otherwise indicated in this report.
7. I selected and used comparable sales that are locationally, physically, and functionally the most similar to the subject property.
8. I have not used comparable sales that were the result of combining a land sale with the contract purchase price of a home that has been built or will be built on the land.
9. I have reported adjustments to the comparable sales that reflect the market's reaction to the differences between the subject property and the comparable sales.
10. I verified, from a disinterested source, all information in this report that was provided by parties who have a financial interest in the sale or financing of the subject property.
11. I have knowledge and experience in appraising this type of property in this market area.
12. I am aware of, and have access to, the necessary and appropriate public and private data sources, such as multiple listing services, tax assessment records, public land records and other such data sources for the area in which the property is located.
13. I obtained the information, estimates, and opinions furnished by other parties and expressed in this appraisal report from reliable sources that I believe to be true and correct.
14. I have taken into consideration the factors that have an impact on value with respect to the subject neighborhood, subject property, and the proximity of the subject property to adverse influences in the development of my opinion of market value. I have noted in this appraisal report any adverse conditions (such as, but not limited to, needed repairs, deterioration, the presence of hazardous wastes, toxic substances, adverse environmental conditions, etc.) observed during the inspection of the subject property or that I became aware of during the research involved in performing this appraisal. I have considered these adverse conditions in my analysis of the property value, and have reported on the effect of the conditions on the value and marketability of the subject property.
15. I have not knowingly withheld any significant information from this appraisal report and, to the best of my knowledge, all statements and information in this appraisal report are true and correct.
16. I stated in this appraisal report my own personal, unbiased, and professional analysis, opinions, and conclusions, which are subject only to the assumptions and limiting conditions in this appraisal report.
17. I have no present or prospective interest in the property that is the subject of this report, and I have no present or prospective personal interest or bias with respect to the participants in the transaction. I did not base, either partially or completely, my analysis and/or opinion of market value in this appraisal report on the race, color, religion, sex, age, marital status, handicap, familial status, or national origin of either the prospective owners or occupants of the subject property or of the present owners or occupants of the properties in the vicinity of the subject property or on any other basis prohibited by law.
18. My employment and/or compensation for performing this appraisal or any future or anticipated appraisals was not conditioned on any agreement or understanding, written or otherwise, that I would report (or present analysis supporting) a predetermined specific value, a predetermined minimum value, a range or direction in value, a value that favors the cause of any party, or the attainment of a specific result or occurrence of a specific subsequent event (such as approval of a pending mortgage loan application).
19. I personally prepared all conclusions and opinions about the real estate that were set forth in this appraisal report. If I relied on significant real property appraisal assistance from any individual or individuals in the performance of this appraisal or the preparation of this appraisal report, I have named such individual(s) and disclosed the specific tasks performed in this appraisal report. I certify that any individual so named is qualified to perform the tasks. I have not authorized anyone to make a change to any item in this appraisal report; therefore, any change made to this appraisal is unauthorized and I will take no responsibility for it.
20. I identified the lender/client in this appraisal report who is the individual, organization, or agent for the organization that ordered and will receive this appraisal report.

Uniform Residential Appraisal Report

File # 1795

21. The lender/client may disclose or distribute this appraisal report to: the borrower; another lender at the request of the borrower; the mortgagee or its successors and assigns; mortgage insurers; government sponsored enterprises; other secondary market participants; data collection or reporting services; professional appraisal organizations; any department, agency, or instrumentality of the United States; and any state, the District of Columbia, or other jurisdictions; without having to obtain the appraiser's or supervisory appraiser's (if applicable) consent. Such consent must be obtained before this appraisal report may be disclosed or distributed to any other party (including, but not limited to, the public through advertising, public relations, news, sales, or other media).

22. I am aware that any disclosure or distribution of this appraisal report by me or the lender/client may be subject to certain laws and regulations. Further, I am also subject to the provisions of the Uniform Standards of Professional Appraisal Practice that pertain to disclosure or distribution by me.

23. The borrower, another lender at the request of the borrower, the mortgagee or its successors and assigns, mortgage insurers, government sponsored enterprises, and other secondary market participants may rely on this appraisal report as part of any mortgage finance transaction that involves any one or more of these parties.

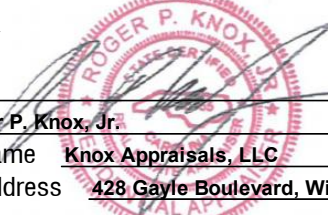
24. If this appraisal report was transmitted as an "electronic record" containing my "electronic signature," as those terms are defined in applicable federal and/or state laws (excluding audio and video recordings), or a facsimile transmission of this appraisal report containing a copy or representation of my signature, the appraisal report shall be as effective, enforceable and valid as if a paper version of this appraisal report were delivered containing my original hand written signature.

25. Any intentional or negligent misrepresentation(s) contained in this appraisal report may result in civil liability and/or criminal penalties including, but not limited to, fine or imprisonment or both under the provisions of Title 18, United States Code, Section 1001, et seq., or similar state laws.

SUPERVISORY APPRAISER'S CERTIFICATION: The Supervisory Appraiser certifies and agrees that:

1. I directly supervised the appraiser for this appraisal assignment, have read the appraisal report, and agree with the appraiser's analysis, opinions, statements, conclusions, and the appraiser's certification.
2. I accept full responsibility for the contents of this appraisal report including, but not limited to, the appraiser's analysis, opinions, statements, conclusions, and the appraiser's certification.
3. The appraiser identified in this appraisal report is either a sub-contractor or an employee of the supervisory appraiser (or the appraisal firm), is qualified to perform this appraisal, and is acceptable to perform this appraisal under the applicable state law.
4. This appraisal report complies with the Uniform Standards of Professional Appraisal Practice that were adopted and promulgated by the Appraisal Standards Board of The Appraisal Foundation and that were in place at the time this appraisal report was prepared.
5. If this appraisal report was transmitted as an "electronic record" containing my "electronic signature," as those terms are defined in applicable federal and/or state laws (excluding audio and video recordings), or a facsimile transmission of this appraisal report containing a copy or representation of my signature, the appraisal report shall be as effective, enforceable and valid as if a paper version of this appraisal report were delivered containing my original hand written signature.

APPRAISER

Signature  _____
 Name Roger P. Knox, Jr.
 Company Name Knox Appraisals, LLC
 Company Address 428 Gayle Boulevard, Winterville, NC 28590
 Telephone Number 252-355-7142
 Email Address _____
 Date of Signature and Report July 11, 2006
 Effective Date of Appraisal July 11, 2006
 State Certification # A5155
 or State License # _____
 or Other (describe) _____ State # _____
 State NC
 Expiration Date of Certification or License 6/30/2007

ADDRESS OF PROPERTY APPRAISED
107 East Landing Street
Kill Devil Hills, NC 27948
APPRAISED VALUE OF SUBJECT PROPERTY \$ 1,000,000
LENDER/CLIENT
 Name _____
 Company Name Mortgage Professionals of NC
 Company Address 1021-A Red Banks Road, Greenville, NC 27858
 Email Address _____

SUPERVISORY APPRAISER (ONLY IF REQUIRED)

Signature _____
 Name _____
 Company Name _____
 Company Address _____
 Telephone Number _____
 Email Address _____
 Date of Signature _____
 State Certification # _____
 or State License # _____
 State _____
 Expiration Date of Certification or License _____

SUBJECT PROPERTY

Did not inspect subject property
 Did inspect exterior of subject property from street
 Date of Inspection _____
 Did inspect interior and exterior of subject property
 Date of Inspection _____

COMPARABLE SALES

Did not inspect exterior of comparable sales from street
 Did inspect exterior of comparable sales from street
 Date of Inspection _____

Subject Photo Page

Borrower/Client William Lane			
Property Address 107 East Landing Street			
City Kill Devil Hills	County Dare	State NC	Zip Code 27948
Lender Mortgage Professionals of NC			



Subject Front

107 East Landing Street
Sales Price **Refinance**
GLA **2,894**
Total Rooms **9**
Total Bedrms **4**
Total Bathrms **5**
Location **Average**
View **Average**
Site **+/- .18 Ac/Avg**
Quality **Hardy Plank/Avg**
Age **1 Yr./Eff. 1**



Subject Rear



Subject Street

Comparable Photo Page

Borrower/Client William Lane			
Property Address 107 East Landing Street			
City Kill Devil Hills	County Dare	State NC	Zip Code 27948
Lender Mortgage Professionals of NC			



Comparable 1

100 Lovers Lane
 Proximity **0.80 miles**
 Sale Price **1,175,000**
 GLA **2,558**
 Total Rooms **8**
 Total Bedrms **4**
 Total Bathrms **2.5**
 Location **Average**
 View **Average**
 Site **14.65 Ac/Avg**
 Quality **Wood/Avg**
 Age **6 Yrs./Eff. 3**



Comparable 2

103 Sun Dancer Court
 Proximity **4.16 miles**
 Sale Price **1,003,000**
 GLA **2,818**
 Total Rooms **10**
 Total Bedrms **6**
 Total Bathrms **4.5**
 Location **Average**
 View **Average**
 Site **.27 Ac/Avg**
 Quality **Wood/Avg**
 Age **7 Yrs./Eff. 4**

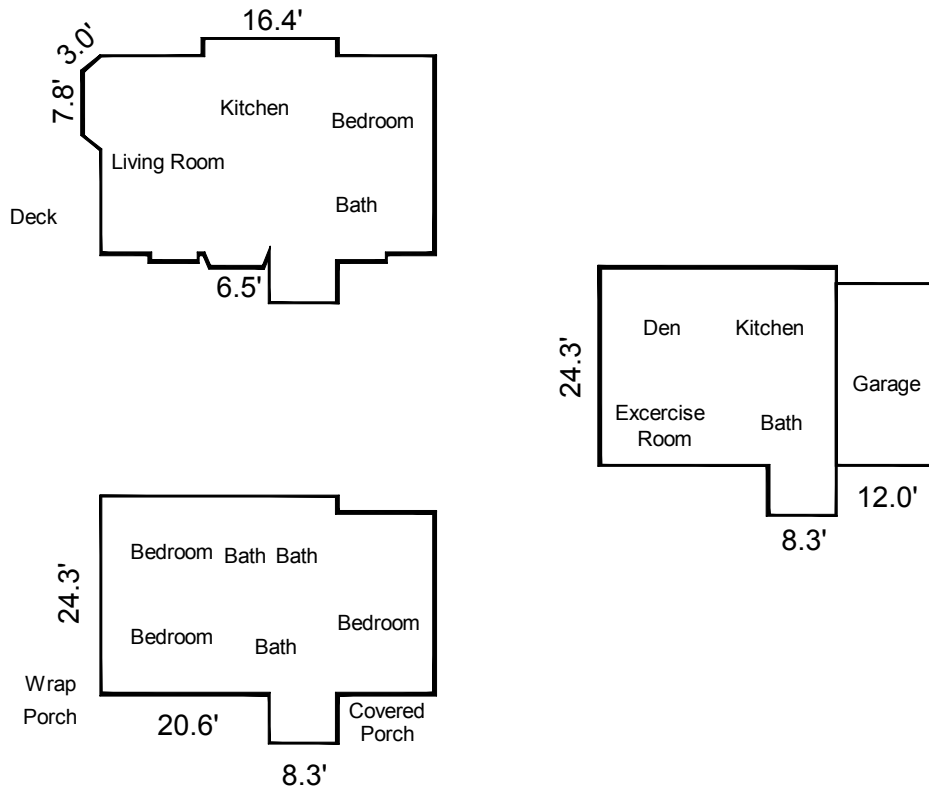


Comparable 3

5504 W Seachase Drive
 Proximity **3.36 miles**
 Sale Price **1,150,000**
 GLA **2,375**
 Total Rooms **8**
 Total Bedrms **5**
 Total Bathrms **4.5**
 Location **Soundfront**
 View **Average**
 Site **+/- .20 Ac/Avg**
 Quality **Wood/Avg**
 Age **11 Yrs./Eff. 7**

Building Sketch (Page - 1)

Borrower/Client William Lane			
Property Address 107 East Landing Street			
City Kill Devil Hills	County Dare	State NC	Zip Code 27948
Lender Mortgage Professionals of NC			



Sketch by Apex IV™

Comments:

AREA CALCULATIONS SUMMARY			
Code	Description	Net Size	Net Totals
GLA1	First Floor	752.1	752.1
GLA2	Second Floor	1019.7	1019.7
GLA3	Third Floor	1122.1	1122.1
GAR	Garage	267.6	267.6
Net LIVABLE Area		(Rounded)	2894

LIVING AREA BREAKDOWN			
Breakdown			Subtotals
First Floor			
	24.3	x	28.9
	6.0	x	8.3
			702.3
Second Floor			
	12.0	x	22.3
	24.3	x	28.9
	6.0	x	8.3
			267.6
			702.3
			49.8
Third Floor			
	1.0	x	6.0
	6.0	x	8.3
	1.0	x	6.0
	2.0	x	16.4
	7.9	x	24.3
	1.7	x	6.5
	0.5	x	0.7
	0.7	x	1.7
	12.7	x	24.3
	20.3	x	24.3
	2.2	x	7.8
	0.5	x	1.8
	2.0	x	2.2
			11.1
			0.6
			0.6
			308.6
			493.3
			17.2
			2.0
			2.2
18 Items		(Rounded)	2894

Location Map

Borrower/Client William Lane			
Property Address 107 East Landing Street			
City Kill Devil Hills	County Dare	State NC	Zip Code 27948
Lender Mortgage Professionals of NC			

