

MARKET CONDITIONS WORKSHEET

The subject property is 2134 Cleary's Lane, Knoxville, TN 234567

The purpose of this analysis is to determine if the subject's market area is to establish price and activity trends to determine if the market is in a state of declining prices and to establish reasonable market condition adjustments in the Direct Comparison Approach.

The subject's market area is a residential suburb located in mid-west Knoxville. It is made up 3 or 4 residential neighborhoods. This market is primarily made up of 25 to 35 year old detached single-family dwellings. There are some pockets of newer homes, attached housing, and some apartment complexes. The area is in a state of revitalization and is becoming very popular to young buyers who typical do some rehabilitation to the homes. Funds are available to purchasers at terms considered acceptable. Rates are low, however, lending standards are somewhat tightened requiring a slightly larger down payment than was required over the past few years.

(Chart 1)

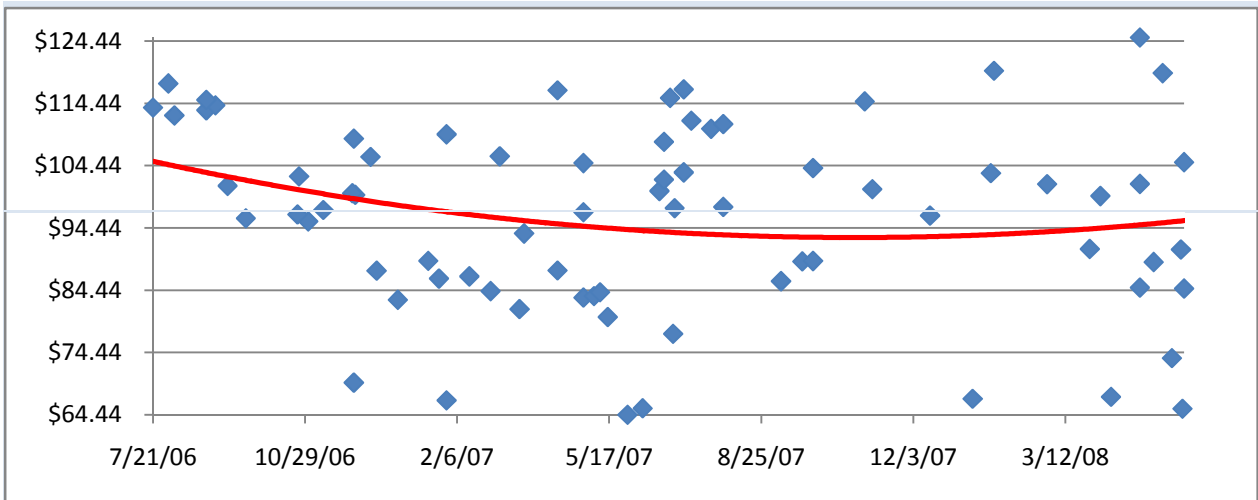


Chart 1 represents the relationship of the (unadjusted) sales price per gross living area (above grade) over time for 74 sales. This information shows that the market was declining, but now has stabilized and is currently showing a slight increase. These sales are taken directly from the subject's neighborhood which make the information very reliable.

(Chart 2)

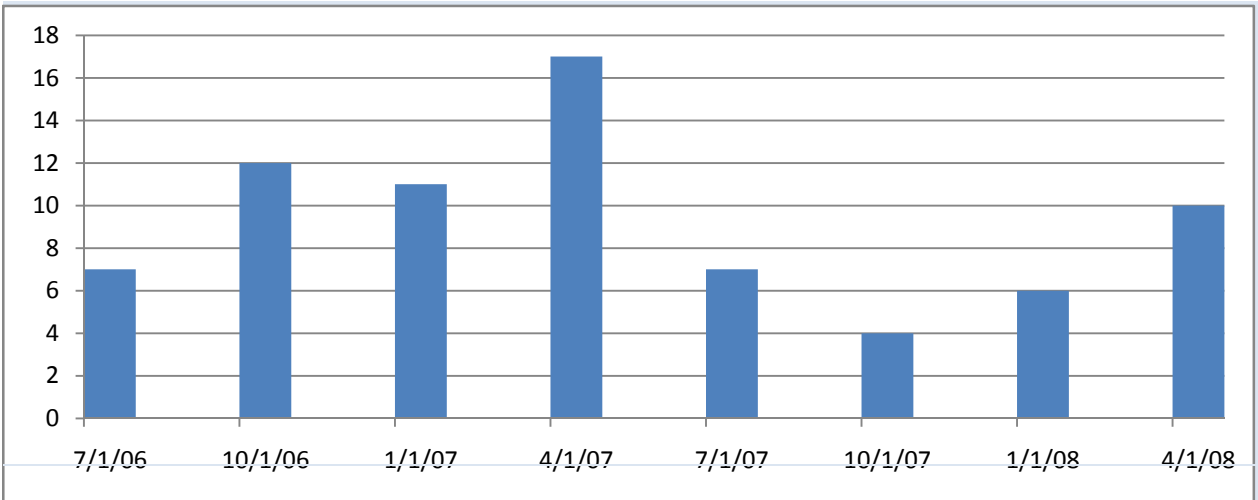


Chart 2 uses the same data that was used in Chart 1. It shows the market activity over time. Each bar in the graph represents a quarter of a year. It shows that there was a drastic slowdown in sales in mid-2007. However, sales activity began rebounding in the fall of 2007.

Listings in the area were considered to verify that there was not a supply of homes offered at prices below what the sales data indicates.

The greater Knoxville area has been affected by the general nation-wide housing crunch, however, it has faired better than most areas. The information and analysis show that the subject's market area did suffer to a limited degree. Both the general values and market activity slowed down. However, around the Fall of 2007 the market rejuvenated in both values and activity. Based on this information the subject property, as of the effective date of the appraisal, is not in a declining market.