File No. 0042652

LAND APPRAISAL REPORT

File No. 0042652

IDENTIFICATION

Borrower STEPHENSON, BOYD W., JR — Census Tract 9701 — Map Reference 30 A-16 & 22B

Property Address MEADOWDALE ROAD

City MONTEREY — County HIGHLAND — State VA — Zip Code 24465

Legal Description EAST SIDE OF MEADOWDALE RD LOT 4

Sale Price $ NA — Date of Sale NA — Loan Term ___ yrs — Property Rights Appraised [X] Fee [ ] Leasehold [ ] De Minimis PUD

Actual Real Estate Taxes $ ___ (yr) — Loan charges to be paid by seller $ ___ — Other sales concessions ___

Lender/Client BLUE GRASS VALLEY BANK — Address P.O. BOX 516, MONTEREY, VA 24465

Occupant VACANT — Appraiser JAMES H. WOODS — Instructions to Appraiser NONE

NEIGHBORHOOD

Location	[ ] Urban	[ ] Suburban	[X] Rural
Built Up	[ ] Over 75%	[X] 25% to 75%	[ ] Under 25%
Growth Rate	[ ] Fully Dev. [ ] Rapid	[X] Steady	[ ] Slow
Property Values	[ ] Increasing	[X] Stable	[ ] Declining
Demand/Supply	[ ] Shortage	[X] In Balance	[ ] Oversupply
Marketing Time	[ ] Under 3 Mos.	[X] 4-6 Mos.	[ ] Over 6 Mos.

Present Land Use 50% 1 Family ___% 2-4 Family ___% Apts ___% Condo ___% Commercial ___% Industrial 50% Vacant ___%

Change in Present Land Use [X] Not Likely [ ] Likely (*) [ ] Taking Place (*) (*) from ___ To ___

Predominant Occupancy [X] Owner [ ] Tenant ___% Vacant

Single Family Price Range $ 80,000 to $ 500,000 Predominant Value $ 200,000

Single Family Age NEW yrs. to 100 yrs. Predominant Age 45 yrs.

	Good	Avg.	Fair	Poor
Employment Stability	[ ]	[X]	[ ]	[ ]
Convenience to Employment	[ ]	[X]	[ ]	[ ]
Convenience to Shopping	[ ]	[X]	[ ]	[ ]
Convenience to Schools	[ ]	[X]	[ ]	[ ]
Adequacy of Public Transportation	[ ]	[X]	[ ]	[ ]
Recreational Facilities	[ ]	[X]	[ ]	[ ]
Adequacy of Utilities	[ ]	[X]	[ ]	[ ]
Property Compatibility	[X]	[ ]	[ ]	[ ]
Protection from Detrimental Conditions	[X]	[ ]	[ ]	[ ]
Police and Fire Protection	[X]	[ ]	[ ]	[ ]
General Appearance of Properties	[X]	[ ]	[ ]	[ ]
Appeal to Market	[X]	[ ]	[ ]	[ ]

Comments including those factors, favorable or unfavorable affecting marketability (e.g. public parks, schools, view, noise): THE SUBJECT IS LOCATED NORTH OF RT. 84, ALONG MEADOWDALE RD, SOUTH OF HIGHTOWN.

SITE

Dimensions UNKN = 9.662 ACRE Sq. Ft. or Acres — [ ] Corner Lot

Zoning classification GA — Present Improvements [X] do [ ] do not conform to zoning regulations

Highest and best use [ ] Present use [ ] Other (specify) ___

	Public	Other (Describe)
Elec.	[X]	
Gas	[ ]	
Water	[ ]	
San. Sewer	[ ]	
	[ ] Underground Elec. & Tel.	

OFF SITE IMPROVEMENTS: Street Access [X] Public [ ] Private; Surface ASPHALT; Maintenance [X] Public [ ] Private; [ ] Storm Sewer [ ] Curb/Gutter; [ ] Sidewalk [ ] Street Lights

Topo ROLLING; Size TYPICAL; Shape RECTANGULAR; View GOOD; Drainage GOOD

Is the property located in a HUD Identified Special Flood Hazard Area? [X] No [ ] Yes

Comments (favorable or unfavorable including any apparent adverse easements, encroachments, or other adverse conditions): ___

MARKET DATA ANALYSIS

The undersigned has recited three recent sales of properties most similar and proximate to subject and has considered these in the market analysis. The description includes a dollar adjustment reflecting market reaction to those items of significant variation between the subject and comparable properties. If a significant item in the comparable property is superior to or more favorable than the subject property, a minus (-) adjustment is made thus reducing the indicated value of subject. If a significant item in the comparable is inferior to or less favorable than the subject property, a plus (+) adjustment is made thus increasing the indicated value of the subject.

ITEM	SUBJECT PROPERTY	COMPARABLE NO. 1		COMPARABLE NO. 2		COMPARABLE NO. 3	
Address	MEADOWDALE ROAD MONTEREY	ROUTE 220 HIGHLAND CO.		RT. 220 LOT 7 HIGHLAND CO.		DOG BARK RD. HIGHLAND CO.	
Proximity to Subject		4 MILES		4 MILES		1 MILE	
Sales Price	$ NA		$ 8,000		$ 10,672		$ 12,000
Price	$		$ 80,000		$ 51,000		$ 46,000
Data Source		PUBLIC RECORD		PUBLIC RECORD		PUBLIC RECORD	
Date of Sale and Time Adjustment	DESCRIPTION NA	DESCRIPTION 1/08	+(-)$ Adjust.	DESCRIPTION 9/07	+(-)$ Adjust.	DESCRIPTION 1/07	+(-)$ Adjust.
Location	GOOD	GOOD		GOOD		GOOD	
Site/View	9.662 ACRES	10 ACRES		4.824 ACRES	2,000	4 ACRES	-3,000
Sales or Financing Concessions	NONE	NONE		NONE		NONE	
Net Adj. (Total)		[ ] + [ ] -	$	[ ] + [X] -	$ -2,000	[ ] + [X] -	$ -3,000
Indicated Value of Subject		Net: 62.5%	$ 5,000	Net: 18.9%	$ 8,672	Net: 25.0%	$ 9,000

Comments on Market Data: ALL THREE SALES ARE GOOD INDICATORS OF VALUE AND ARE GIVEN EQUAL WEIGHT.

RECONCILIATION

Comments and Conditions of Appraisal: THE PER ACRE VALUE FOR THIS TRACT RANGE FROM $8,000 - $9,000.

Final Reconciliation: IT IS FELT THE PER ACRE VALUE FOR THIS TRACT IS $9,000. 9.662 ACRES @ $9,000/ ACRE = $86,958 SAY $87,000.

I ESTIMATE THE MARKET VALUE, AS DEFINED, OF SUBJECT PROPERTY AS OF MARCH 10, 2008 to be $ 87,000

JAMES H. WOODS — [ ] Did [ ] Did Not Physically Inspect Property

Appraiser(s) — Review Appraiser (if applicable)

(12K)