

APPRAISAL REPORT OF

**Subdivision Development
Berry Rd
Richland, Ms 39218**

As of January 10, 2018

For: Bank of Forest
P O Box 60
Forest, Ms 39074

By: John I. Jenkins, Jr., SRA
Certified General Real Estate Appraiser, Lic GA-122
P.O. Box 16981
Jackson, Mississippi 39236
(601) 853-7566

John I Jenkins SRA



John I Jenkins, SRA

P O Box 16981, Jackson, Mississippi 39236

Phone: (601) 853-7566 Fax: (601) 853-4454

Email: jjenkins@aol.com

January 23, 2018

Bank of Forest
P O Box 60
Forest, Ms 39074

Attn: Mr. O. B. Triplett IV

Reference: Market Value Appraisal of: Subdivision Development / 506.5 Acres
Berry Drive, Richland, Ms 39218 Borrower: Watermark Properties

Dear Mr. Triplett:

In accordance with your request, I have appraised the Fee Simple Estate of the above referenced real property. My appraisal is based on a personal inspection, investigation of applicable market factors, and an analysis of all data pertinent to the appraisal process. The appraisal has been made in conformity with the requirements of the following:

1. Uniform Standards of Professional Appraisal Practice of the Appraisal Foundation.
2. Code of Professional Ethics and Standards of Professional Practice of the Appraisal Institute.
3. Supplemental Standards of Professional Practice of the Appraisal Institute.

The value stated in this letter is subject to a certain Scope of Work and Assumptions and Limiting Conditions set forth in the body of the accompanying report. This letter does not in itself constitute an appraisal, but merely serves to transmit the appraisal report that follows. After consideration of the factors that tend to influence value, it is my opinion that the market value of the Fee Simple Estate of the previously referenced property, "**Subject to Completion**" on the appraisal date of January 10, 2018 is:

***VALUE SUBJECT TO COMPLETION OF SUBDIVISION DEVELOPMENT:**

***\$ 2,500,000**

AS IS VALUE (Raw Land): \$ 1,600,000.

Respectfully Submitted By:

A blue ink signature of John I Jenkins, Jr.

John I Jenkins, Jr. SRA
State Certified General Appraiser GA#122

John I Jenkins SRA

Table of Contents

Overview.....	1
Salient Information	1
Scope of Work.....	2
Introduction	2
Assignment Elements.....	2
Extent of Services Provided.....	4
Other Intended Use Considerations	5
Miscellaneous Matters	5
Appraisal Development.....	5
Concept Explanations	7
Report Use and Reliance.....	7
Scope of Work Exclusion – Insurable Value	7
Extraordinary Assumptions & Disclosures	8
Hypothetical Conditions	9
Definition of Market Value	10
Definition of Contributory Value	10
Definition of Appraised Estates	11
Non-Disclosure State	11
Assemblage.....	12
Expected Improvements	12
Personal Property & Intangibles.....	12
Supplemental Standards	12
Jurisdictional Exceptions	13
Contingent and Limiting Conditions	14
Disclosures	19
Professional Standards	19
Competency.....	19
Prior Service:	19

Area Data	20
Regional Map	20
Proximity Map	21
Aerial View Map	22
Locational Demographics & Statistics	23
Neighborhood Description	25
Subject Property	27
Legal Description	27
Sale / Listing History	30
Photographs of Subject.....	31
Flood Hazard.....	33
Flood Map	34
Environmental Risks	35
Site Description	36
Tax Plat	37
Real Estate Taxes:.....	38
Zoning	39
Analyses & Conclusions.....	40
Introduction to the Appraisal Process	40
Highest and Best Use	42
Highest and Best Use - As if Vacant	43
Highest and Best Use - As Improved	43
The Cost Approach	44
Introduction	44
AS IS Site Value Analysis	46
The Cost Estimate	55
Value Conclusion.....	55
The Sales Comparison Approach.....	57
Introduction	57
Market Data	58

Value Conclusion (developed / prior to discounting).....	59
The Income Approach.....	60
Introduction	60
Absorption of Lots.....	61
Discounted Cash Flow Analysis	62
Value Conclusion.....	62
Final Reconciliation.....	63
Final Value Conclusion(s)	64
Exposure Time vs Marketing Time	65
Appraiser's Certifications	66
Addenda	68
Digital Signatures	68
Appraisal Institute	68
Declarations	68
Qualifications of Appraiser	69
Engagement Letter	73

Overview

Salient Information

The following information provides a brief description of the subject property and summarizes the conclusions of this appraisal report.

Property Information	
Property Type	Subdivision Development 25 residential lots containing 20 acres +- each (lot size includes roads – actual size is slightly smaller)
Property Address	Berry Drive, Richland, Ms 39218
Site Characteristics Land area (approx.) Zoning Designation Conforming Use Flood Hazard	506 1/2 Acres +- County, Agricultural / Residential Estate Legal Zone X Map # 28121C0330E
Highest & Best Use As If Vacant As Improved	Residential (large acreage) Subdivision Development Currently unimproved
Valuation Information Property Interest Appraised Effective Date of Appraisal	Fee Simple “As Is” January 10, 2018
Market Value Indications Cost Approach Sales Comparison Approach Income Approach Raw Land Value (506.5 acres)	\$ 2,996,923 \$ 3,000,000 (Prior to discounting) \$ 2,150,000 (Discounted cash flow) \$ 1,600,000 (AS IS – Site Value)
Value Conclusion Real Estate	\$ 2,500,000

Scope of Work

Introduction

The Uniform Standards of Professional Appraisal Practice (USPAP) defines Scope of Work as “the type and extent of research and analysis in an assignment. Scope of Work includes, but is not limited to:

The extent to which the property is identified;

The extent to which tangible property is observed;

The type and extend of data researched; and

The type and extent of analyses applied to arrive at opinions and conclusions.

Assignment Elements

The purpose of this assignment is to form one or more opinions about value. This purpose necessitates identification of seven assignment elements listed below.

- | | |
|---|---------------------------------------|
| 1. Intended User: Client (person who engaged the appraisal and an intended user) | Mr. O B Triplett IV
Bank of Forest |
| 2. Other Intended Users | None |
| 3. Purpose of the Appraisal | Provide opinion of Market Value |
| 4. Intended Use of Report | Mortgage Loan |
| 5. Definition of Value used to Form the Value Opinion | Market Value |
| 6. Key Dates | |
| Effective Date of Report
(point in time the value applies) | January 10, 2018 |
| Report Preparation Date | January 18 – 23, 2018 |
| Date Property Appraised was
observed by Appraiser | January 10, 2018 |

Scope of Work

Assignment Elements (continued)

7. Assignment Conditions

Extraordinary Assumptions	Apply, detailed later in report
Hypothetical Conditions	Apply, detailed later in report
Jurisdictional Exceptions	Not Applicable
Supplemental Standards	Not Applicable
Other	Not Applicable

8. Relevant Characteristics

Physical

Existing Property Use	Currently unimproved
Property Use Reflected In Value Opinion	Subdivision Development, 25 residential lots of approximately 20 +- acres each
Sources of Information about the Subject Property included	Site observation Legal Description, Street address

Legal

Category of Property Appraised	Real Property
Estate Appraised	Fee Simple
Environmental Concerns	None Known

Scope of Work

Assignment Elements (continued)

Economic

Effect of Lease(s) on Value	Not Applicable, no leases
Cost Information	
Type of Reconstruction Cost Used	Replacement Cost, if applied
Source of Reconstruction Cost Used	Marshall & Swift Cost Services, if applied.

Extent of Services Provided

Number of Final Value Opinions developed	Two: As Is & Subject to Completion
Value Opinion(s) Reported	As Is Market Value of the Real Property
Extent of Report Preparation	Summary Report
Report Preparation Complies with Requirements set forth in USPAP Standard Rule	2-2(b)
Other Report Requirements	See attached Engagement Letter
Extent of Data Research	Extensive
Data Sources	Local MLS; Private Data Provider; Public Records; Other Appraisers; Real Estate Agents; Buyers and/or Sellers
Documents Considered	Zoning Ordinance
Data Verification	Direct and Indirect methods
Extent of Subject Observation	Cursory Interior and Exterior

Scope of Work

Other Intended Use Considerations

Client's Prior Engagement of Appraisal Services	Occasional
Loan to Value Ratio	75% to 80% (typical)
Atypical Issues	A few atypical issues associated with type of property appraised
Assignment Complexity	Somewhat Complex
Insurable Value	Not an Intended Use

Miscellaneous Matters

Other than signatory, Name(s) of other persons providing significant assistance to the development of the Value Opinion	None
Extent & Type of Assistance	Not Applicable
Scope of Work Agreement	Engagement Letter, no other Written Agreement

Appraisal Development

Appraisal Development is the extent of research and analyses that produce one or more credible opinions of value for one or more specifically identified intended users and an explicitly stated intended use. In this context, credible is defined as "worthy of belief".

Depending on the intended use, intended users, and agreements between the appraiser and the client, the appraisal development process may include several, but not necessarily all of the following tasks:

- Observation of the property
- Research for appropriate market data
- Data verification
- Consideration of influential market area, physical, economic, and governmental factors
- Determination of the subject's Highest and Best Use(s), if appropriate
- Development of one or more applicable approaches to value
- Reconciliation of value indications
- Preparation of the report

Scope of Work

Appraisal Development (continued)

In most cases, the valuation process begins with a Highest and Best Use analysis. This is essential because it establishes a framework for the property selection of comparables. The most reliable comparables will have the same Highest and Best Use as the property being appraised.

If property modification such as new construction is contemplated, a feasibility analysis may be appropriate. In some cases, feasibility may be justified by inferred market evidence such as low vacancy rates, rising rents, absorption rates of properties sold properties, etc.

As a requirement of the Uniform Standards of Professional Appraisal Practice (USPAP), all approaches that are applicable to the interest being appraisal AND necessary to produce credible results must be developed.

The Highest and Best Use; Extent of feasibility developed; and the relevance of each major approach to value are listed below.

Highest & Best Use	Inferred Analysis
Feasibility Analysis	Not Developed
Cost Approach	Applicable, included in report
Sales Comparison Approach	Applicable, included in report
Income Approach	Applicable, included in report

The applicable and necessary approaches were selected for development after consideration of available market data, intended use, and intended user(s). An approach which was considered to be "Not Applicable" was omitted because this methodology is not appropriate for the property interest being appraised, or sufficient data to adequately develop the approach was not available. If an approach judged as "Not Applicable" is included in this report, it was developed solely at the client's request. Data used to develop an inapplicable but included approach will likely have a low degree of comparability to the subject. Therefore, that approach is given no emphasis in the value reported. Furthermore, no liability or responsibility is assumed by the appraiser for an approach that was considered "Not Applicable", but included at the client's request.

Scope of Work

Concept Explanations

Statements have been made in this report about the inspection or observation of the subject property by the appraiser. If the subject was inspected or observed by the appraiser, this viewing was not as thorough as a professional property inspection. A professional inspector determines the precise physical condition, remaining useful life, and operability of major building components such as the structural system, roof covering, electrical system, plumbing and the heating/cooling systems. Ordinarily appraisers do not report on the operability or remaining useful life of building systems. The appraiser typically views real estate to determine only general attributes such as physical condition of the building as a whole, site topography and access, building size, construction quality, floor plan, and functionality of the property as a whole; for the purpose in which it was designed or is being used. For this appraisal, unless attached or indicated elsewhere in this report, no probes, investigations, or studies were made to discover unapparent adverse physical features.

The Highest and Best Use analyses can be categorized into two groups – inferred and fundamental. A Fundamental Analysis is quantified from broad demographic and economic data such as population, household size, and income. Supply is inventoried. Subject specific characteristics are considered. Then, the relationship between supply and demand is weighed to determine a specific Highest and Best Use applicable to the subject. An Inferred Analysis uses local trends and patterns to infer a general Highest and Best Use to the subject. For the Inferred Analysis, the appraiser might consider certain market indicators as prices, market exposure times, rent, vacancy, and listings of similar properties. Inferred Analyses emphasize historical data while Fundamental Analyses are based on future projections. The type of Highest and Best Use analyses is indicated elsewhere within this report.

Report Use and Reliance

This appraisal report was prepared to assist the named lender in underwriting a loan. A prospective borrower is not the appraiser's client and not an intended user simply because the borrower obtains a copy of this report. Even though the borrower may directly or indirectly pay for this appraisal service, the borrower should not rely on or use this report in any other circumstance except as described herein.

Scope of Work Exclusion – Insurable Value

The Cost Approach within this report, if developed, was developed solely to support the subject's market value. Use of this appraisal, in whole or in part, for any other purpose is not an expected nor intended use. Nothing in this appraisal should be used in determining the amount or type of insurance coverage to be placed on the subject property.

Extraordinary Assumptions & Disclosures

An Extraordinary Assumption is defined by USPAP to be an “assumption, directly related to a specific assignment, which, if found to be false, could alter the appraiser’s opinion or conclusions”. Extraordinary assumptions presume as fact otherwise uncertain information.

USPAP Standard Rule 1-2(f) requires the identification of all Extraordinary Assumptions that are necessary for a credible value opinion. This appraisal has the following Extraordinary Assumptions:

The appraiser assumes that features such as the street address, legal description provided, site dimensions, and other information obtained from public sources or provided by the lender or borrower is assumed reasonably correct.

Observation of the subject property was limited to the site inspection only, as the site is currently undeveloped.

Visual observations of the condition of the subject property are assumed reasonably correct, and no significant non-visible conditions exist. No probes or attempts to remove materials to discover unapparent defects were made by the appraiser.

It appears and is assumed that the subject is to connected to public water and electrical system. If not available, it is assumed that the subject is connected to a functioning system that is a community or private system and that said connection is typical for other properties in this area. It is further assumed that these systems possess sufficient capacity to adequately serve the intended use of the subject improvements.

It appears and is assumed that real estate tax information is accurate, and that the subject taxes are typical of other similar properties in this area.

Assumptions and presumptions discussed in the Noteworthy Issues section of this report, and any other sections where assumptions are expressed thru-out this report are incorporated by way of reference into these Extraordinary Assumptions.

A recent title policy was not furnished to the appraiser. If a value-impairment is identified or suggested in a title policy, any other professional report, or some other document that was not available at the time of the appraisal, the appraiser assumes no liability and does not guarantee the value reported.

These Extraordinary Assumptions are an integral premises upon which the conclusion(s) in this report are based. If any of these assumptions are later found to be materially inaccurate, then this report’s conclusion(s) may or may not be credible.

Hypothetical Conditions

USPAP defines Hypothetical Condition as “that which is contrary to what exists but is supposed for the purpose of analysis.” Hypothetical Conditions assume conditions that are contrary to known fact. USPAP Standard Rule 1-2(g) requires the identification of all hypothetical conditions that are necessary for a credible value opinion.

The assumption is made that adequate utilities, including water and electricity, are made available to each site. That the subdivision is developed with an adequate two lane gravel road thru as indicated in plans. That the development is completed and ready for lot sales of approximately twenty acre lots within about six months of the date of the value opinion in this report. That the development and lots are actively marketed for sale until all are sold. And, that the proper permits, licenses, testing, and approvals are secured from proper authorities as dictated for subdivision development in this community.

The assumption is also made that the legal description provided in this report accurately describes the subject parcel of about 506½ acres. The legal description to be verified by a title opinion.

Definition of Market Value

The following definition of Market value was taken from the regulations published by federal regulatory agencies pursuant to Title XI of the Financial Institutions Reform, Recovery, and Enforcement Act (FIRREA) of 1989. Federal agencies publishing this definition include the Federal Reserve System, Federal Deposit Insurance Corporation, Office of Thrift Supervision, and the Office of the Comptroller of the Currency. This same definition is cited in Advisory Opinion 22 of the current version of the Uniform Standards of Professional Appraisal Practice (USPAP).

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 and 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 acting in what they consider their 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 sales 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.¹

*Adjustments to the comparable 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.

Definition of Contributory Value

Contributory Value is the worth a specific component or element contributes to the value of a larger property, or the amount it's absence detracts from the whole. The sum of all contributing parts may or may not equal the value of the whole.

¹ Office of the comptroller of the Currency Under 12CFR, Part 34, Subpart C-Appraisals, 34.42 Definitions [f].)

Definition of Appraised Estates

One or more of the following legal estates or interests are valued in this report. Definitions of these estates are quoted from *The Dictionary of Real Estate Appraisal*, Fourth Edition; published by the Appraisal Institute, copyright 2001.

Fee Simple Estate Absolute ownership unencumbered by or any other interest or estate, subject only to the limitations imposed by the governmental powers of taxation, eminent domain, police power, and escheat.

Leased Fee Estate An ownership interest held by a landlord with the right of use and occupancy conveyed by lease to others. The rights of the lessor (the leased fee owner) and the lessee are specified by contract terms contained within the lease.

Leasehold Estate The interest held by the lessee (the tenant or renter) thru a lease transferring the rights of use and occupancy for a stated term under certain conditions.

For valuation purposes, the Market Value of the Fee Simple Estate is the worth of the property assuming it is not leased, or leased at market rent. Market Value of the Leased Fee Estate is the worth of the property to the landlord (the lessor or owner) as burdened by terms set forth in a lease or leases. Lastly, a Leasehold Estate is the tenant's (or lessee's) interest in a property.

If contract rent (the rent stated in the lease) is below market rent, the tenant enjoys an advantageous position called a positive leasehold interest (which has value). If contract rent exceeds market rent, then the landlord has an advantageous interest (which has value) while the tenant has a negative leasehold interest (which has a negative value).

Non-Disclosure State

Mississippi is a non-disclosure state. In a non-disclosure state essential information such as the sale price of real estate transactions are not listed or disclosed in public records. Therefore, appraisers must gather details from parties involved who have no incentive to cooperate. Often appraisers are compelled to obtain the information from secondary sources. This sometimes decreases reliability of the data. The appraiser has made reasonable attempts, within the context of the Scope of Work, to obtain all key information from seemingly reliable sources, but common sense suggests that sometimes the information provided may not be completely accurate.

Assemblage

USPAP Standard Rule 1-4(e) requires an analysis of the assemblage of various estates or component parts that affect value.

No assemblage is expected, so value is not affected.

Expected Improvements

USPAP Standard Rule 1-4(f) requires an analysis when anticipated public or private improvements, on the site or off the site, affect value.

No new public or private improvements are expected, except those indicated for development of the subdivision. Value is not affected unless public or private improvements are not approved by the governing authority; which is assumed to have been adequately approved as a condition of this appraisal.

Personal Property & Intangibles

Personal property is movable and not permanently affixed to the real estate. Examples of personal property are refrigerators, tables, freestanding ranges, equipment used in a business, etc. An intangible is a nonphysical asset such as franchises, trademarks, patents, goodwill, and mineral rights.

Personal and intangible property included in this appraisal, if any, is considered typical for this type real estate, yet insignificant to the value opinion. Therefore, non-realty is not itemized or valued in this report. This report's final value conclusion(s) **excludes** un-affixed equipment, detached trade fixtures, and chattel unless specifically listed and stated to the contrary.

Supplemental Standards

A supplemental standard is an additional appraisal requirement issued by a governmental agency or other entity that establish public policy.

No supplemental standards were relevant to this appraisal.

Jurisdictional Exceptions

If any portion of the Uniform Standards of Professional Appraisal Practice (USPSP) is contrary to law or public policy, the remainder of USPAP remains in full force and effect.

No jurisdictional exceptions apply to this report.

Contingent and Limiting Conditions

1. By this notice, all persons and firms using or relying on this report in any manner bind themselves to accept these contingent and limiting conditions, and other contingent and limiting conditions contained thru-out this report.
2. These conditions are an integral part of this appraisal report, and are a preface to any certification, definition, description, fact, or analysis contained herein. These conditions are intended to establish as a matter of record that the intended use of this report is to provide one or more value opinions for the subject property. All value opinions are prepared solely for the explicitly identified client and expressly identified other intended users.
3. The liability of the Appraiser is limited solely to the client. There is no accountability, obligation, or liability to any other third party. Other intended users may read but not rely on this report. The Appraisers' maximum liability relating to services rendered under this engagement (regardless of form of action, whether in contract, negligence, or otherwise) is limited to monies paid to John I Jenkins, SRA for that portion of their services, or work product giving rise to liability. In no event shall the Appraiser be liable for consequential, special, incidental, or punitive loss, damage or expense (including lost profits, opportunity costs, etc) even if advised of their possible existence. If this report is placed in the hands of anyone other than the client, the client shall make such party aware of all contingent and limiting conditions, assumptions, disclosures, and related discussions. Use of this report by third parties or anyone other than the intended user shall be solely at the risk of the party using the report.
4. Any value opinion contained in this report is based on a gathering of market information, and an analysis of the gathered information for the effective date of value. The effective date of value is the only point in time that the value applies. Information obtained about the subject property, neighborhood, comparables, or other topics discussed in this report was obtained from sensible sources. In accordance with the extent of research disclosed in the Scope of Work section, all information cited herein was examined for accuracy, is believed to be reliable, and is assumed reasonably accurate. However, no guarantees or warranties are made for this information. No liability or responsibility is assumed for any inaccuracy which is outside the control of the Appraiser, beyond the Scope of Work, or outside reasonable due diligence of the Appraiser.
5. Real estate values are affected by many changing factors. Therefore, any value opinion presented herein is considered credible only on the effective date of value referenced. Each day that passes thereafter, the degree of credibility wanes as the subject changes physically, the economy changes, or market conditions change. The Appraiser reserves the right to amend these analyses and/or the value conclusion(s) contained within this report if erroneous or more factual information is subsequently discovered. No guarantee is made for the accuracy of the estimates or opinions furnished by others and relied on in this report.

Contingent and Limiting Conditions (continued)

6. This appraisal is not an engineering, construction, legal, or architectural study. It is not an examination of survey of any kind. Expertise in these areas is not implied. The appraiser is in no way responsible for any costs incurred to discover, or correct any deficiency in the property. In the case of limited partnerships, syndication offerings, or stock offerings in the real estate, the client agrees that in case of a lawsuit (filed by the lender, partner, or part owner in any form of ownership, tenant, or any other party), the client will hold John I Jenkins, Jr, dba John I Jenkins, SRA, completely harmless. Acceptance of, and/or use of this report by the client, or any third party is prima facie evidence that the user understands, and agrees to all these conditions.
7. Unless specifically stated within this report, the appraiser is unaware of any engineering study made to determine the bearing capacity of the subject land, or nearby lands. Improvements in the vicinity, if any, appear to be structurally sound. It is assumed soil and subsoil conditions are stable and free from features which would cause abnormal costs to arise. It is also assumed existing soil conditions of the subject land have proper load bearing qualities to support the existing or proposed improvements. No investigations for potential seismic hazards were made. This appraisal assumes there are no conditions of the site, subsoil, or structures, whether latent, patent, or concealed that would render the subject property less valuable. Unless specifically stated otherwise in this document, no earthquake compliance report, engineering report, flood zone analysis, hazardous waste, or asbestos analysis was performed, or ordered in conjunction with this appraisal report. The client is strongly urged to retain experts in these fields, if concerned.
8. For appraisals of multifamily property, only a portion of all dwellings were observed. A typical ratio of observed dwellings is 10% of the total number of units; but this ratio declines as the number of dwellings grows. It is assumed, in reaching a value opinion, that the functionality, condition, and finish of the remaining units are similar to the units observed. If unobserved dwellings significantly differ from those that were observed, the appraiser reserves the right to amend these analyses and/or value opinion(s).
9. This valuation may or may not have included an observation of the property by the appraiser. The extent of any observation is disclosed in the Scope of Work section of this report. Any observation by the appraiser is not and should not be misconstrued as a professional property inspection. Comments or descriptions about physical condition of the improvements, if any, are based solely on a superficial visual observation. Electric, heating, cooling, plumbing, water supply, sewer or septic, mechanical equipment, and other systems were not tested. No determinations were made regarding the operability, capacity, or remaining physical life of any component in, on, or under the real estate appraised. All building components are assumed adequate and in good working order unless stated otherwise. Private water wells and private septic systems are assumed sufficient to

Contingent and Limiting Conditions (continued)

comply with federal, state, or local health safety standards, and are assumed to be functioning properly. No liability is assumed for the soundness of structural members since structural elements were not tested or studies to determine structural integrity. The roof cover for all structures is assumed water tight, and to have adequate remaining life, unless otherwise notated. Comments referencing physical condition are included to familiarize the reader with the property. If the client has any concern regarding any of these elements, it is suggested that experts in these fields be retained before relying on this report. No representations are made herein as to these matters unless explicitly stated otherwise in this report.

10. No liability is assumed for matters of legal nature that affect the value of the subject property. Unless a clear statement to the contrary is made in this report, value opinion(s) presented are predicated upon the following assumptions: A) The real property is appraised as though, and assumed free from all value impairments including yet not limited to title defects, liens, encumbrances, title claims, boundary discrepancies, encroachments, adverse easements, environmental hazards, pest infestation, leases, and atypical physical deficiencies; B) All real estate taxes and assessments, of any type, are assumed fully paid; C) The property being appraised is assumed to be owned under responsible and lawful ownership; D) It is assumed the subject property is operated under competent and informed management; E) The subject property was appraised as though, and assumed free of indebtedness; F) The subject real estate is assumed fully compliant with all applicable federal, state, and local environmental regulations and laws; G) The subject is assumed fully compliant with all applicable zoning ordinances, building codes, use regulations, and restrictions of all types; H) All licenses, consents, permits, or other documentation required by relevant legislative or governmental authority, private entity, or organization have been obtained, or can be easily renewed or obtained for a nominal fee.
11. If this appraisal values an interest that is less than the whole fee simple estate, then the following disclosure applies. The value for the fractional interests appraised plus the value of all other complementary fractional interests may or may not equal the value of the entire fee simple estate.
12. An appraised property that is a physical portion of a larger parcel or tract is subject to the following limitations. The value opinion for the property appraised pertains only to that portion defined as the subject. This value opinion should not be construed as applying with equal validity to other complementary portions of the same parcel or tract. The value opinion for the physical portion appraised plus the value of all other complementary physical portions may or may not equal the value of the whole parcel or tract.

Contingent and Limiting Conditions (continued)

13. The allocation of value between the subject's land and improvements, if any, represents the appraiser's judgment only under the existing use of the property. A re-evaluation should be made if the improvements are removed, substantially altered, or the land is utilized for another purpose.
14. The appraiser assumes an owner or a prospective purchaser of the subject is aware of the following: A) This appraisal of the subject property does not serve as a warranty on the condition of the property; B) It is the responsibility of the purchaser to carefully examine the property, and to take all necessary precautions before signing a purchase contract; C) Any estimate for repairs included in this report is a non-warranted opinion of the appraiser.
15. If this appraisal values the subject as though construction, repairs, alterations, remodeling, renovation, or rehabilitation will be completed in the future, it is assumed such work will be completed in a timely fashion, using non-defective materials, and proper workmanship. All previously completed work is assumed to substantially conform to plans, specifications, descriptions, or attachments made or referred to herein. It is also assumed all planned in-progress, or recently completed construction complies with the zoning ordinance, and all applicable building codes. In a prospective valuation, it is understood and agreed the Appraiser is not responsible for the impact on value, caused by unforeseeable events, before completion of the project.
16. Any exhibits in the report are intended to assist the reader in visualizing the subject property and its surroundings. The drawings are not surveys unless specifically identified as such. Drawings are not intended to be exact in size, scale, or detail and no responsibility is assumed for accuracy.
17. Value opinions involve only real estate, and inconsequential personal property, unless explicitly stated otherwise. Value conclusions do not include personal property, un-affixed equipment, trade fixtures, business goodwill, chattel, or franchise items of material worth unless explicitly stated otherwise.
18. Conversion of the subject's income into a market value opinion is based upon typical financing terms that were readily available from a disinterested third party lender on this report's effective date. Atypical financing terms and conditions do not influence market value, but may affect investment value.
19. All information and comments concerning the location, neighborhood, trends, construction, quality, construction costs, value loss, physical condition, rents or other data for the subject represent estimates and opinions of the Appraiser. Expenses shown in the Income Approach, if used, are estimates only, unless

Contingent and Limiting Conditions (continued)

stated otherwise. They are based on past operating history, if available, and are stabilized as generally typical over a reasonable period. The most recent year's taxes, insurance, and other expenses are utilized if considered to be typical expenses over a reasonable period.

20. The Appraiser has no expertise in the field of insect, termite, or pest infestation. The Appraiser is **not** qualified to detect the presence of these or any other unfavorable infestation. The Appraiser has no knowledge of the existence of any infestation on, under, above, or within the subject real estate; unless explicitly stated within this report. No overt evidence of infestation is apparent to the untrained eye. The Appraiser has not specifically inspected or tested the subject property to determine the presence of infestation; No effort was made to dismantle or probe the structure; No effort was exerted to observe enclosed, encased, or otherwise concealed evidence of infestation. The presence of any infestation, prior infestation, and/or damage would likely diminish the value of the property. All value opinions in this report assume there is no infestation of any type affecting the subject real estate. No responsibility is assumed by the Appraiser for any infestation or for any expertise required to discover any infestation. The client is urged to retain an expert in this field, if concerned.
21. Effective January 26, 1992, the Americans with Disabilities Act (ADA) – a national law, affects all non-residential real estate or the portion of any property which is non-residential. The appraiser has not observed the subject property to determine whether the subject conforms to the requirements of the ADA. It is possible a compliance survey, together with a detailed analysis of ADA requirements, could reveal that the subject is not fully compliant. If such a determination was made, the subject's value may or may not be adversely affected. Since the appraiser has no direct evidence or knowledge pertaining to the subject's compliance or lack of compliance, this appraisal does not consider possible noncompliance or its effect on the subject's value.
22. The appraiser is not required to give testimony or appear in court because of having prepared this report unless arrangements have been previously made. If the appraiser is subpoenaed pursuant to court order, the client agrees to compensate the appraiser for his court appearance time, court preparation time, and travel time at his regular hourly rate plus expenses. In the event the real property appraised is, or becomes the subject of litigation, a condemnation, or other legal proceeding, it is assumed the Appraiser will be given reasonable advance notice, and reasonable additional time for court preparation.
23. All opinions are those of the signatory appraiser based on the information contained in this report. The appraiser assumes no responsibility for changes in market conditions, or for the inability of the client, or any other party to achieve their desired results based upon the appraised value.

Contingent and Limiting Conditions (continued)

Some of the assumptions or projections made herein can vary depending upon evolving events. Some assumptions may never occur and unexpected events or circumstances may occur. Therefore, actual results achieved during the projection period may vary from those set forth in this report. Compensation for the appraisal services is dependent solely on the development and delivery of this report, and no other event or occurrence.

24. No part of this report shall be published or disseminated to the public by the use of advertising media, public relations media, news media, sales media, electronic devices, or other media without the prior written consent of the appraiser. This restriction applies particularly to analyses, opinions, and conclusions; the identity of the appraiser, and any reference to the Appraisal Institute or its MAI, SRPA, or SRA designations. Furthermore, no part of this report may be reproduced or incorporated into any information retrieval system without the written permission of the appraiser.

Disclosures

Professional Standards

The leading professional appraisal organizations, the U. S. Congress, all State Legislatures, and numerous legal jurisdictions recognize the Uniform Standards of Professional Appraisal Practice (USPAP), promulgated by the Appraisal Foundation. Revised bi-annually to keep it contemporary, these standards set forth ethical practices and proper procedures for a competent appraisal.

This Appraisal fully complies with all relevant portions of the USPAP version in effect on the date this report was prepared. This Appraisal also complies with the Financial Institutions Reform, Recovery, and Enforcement Act (FIRREA), a federal law.

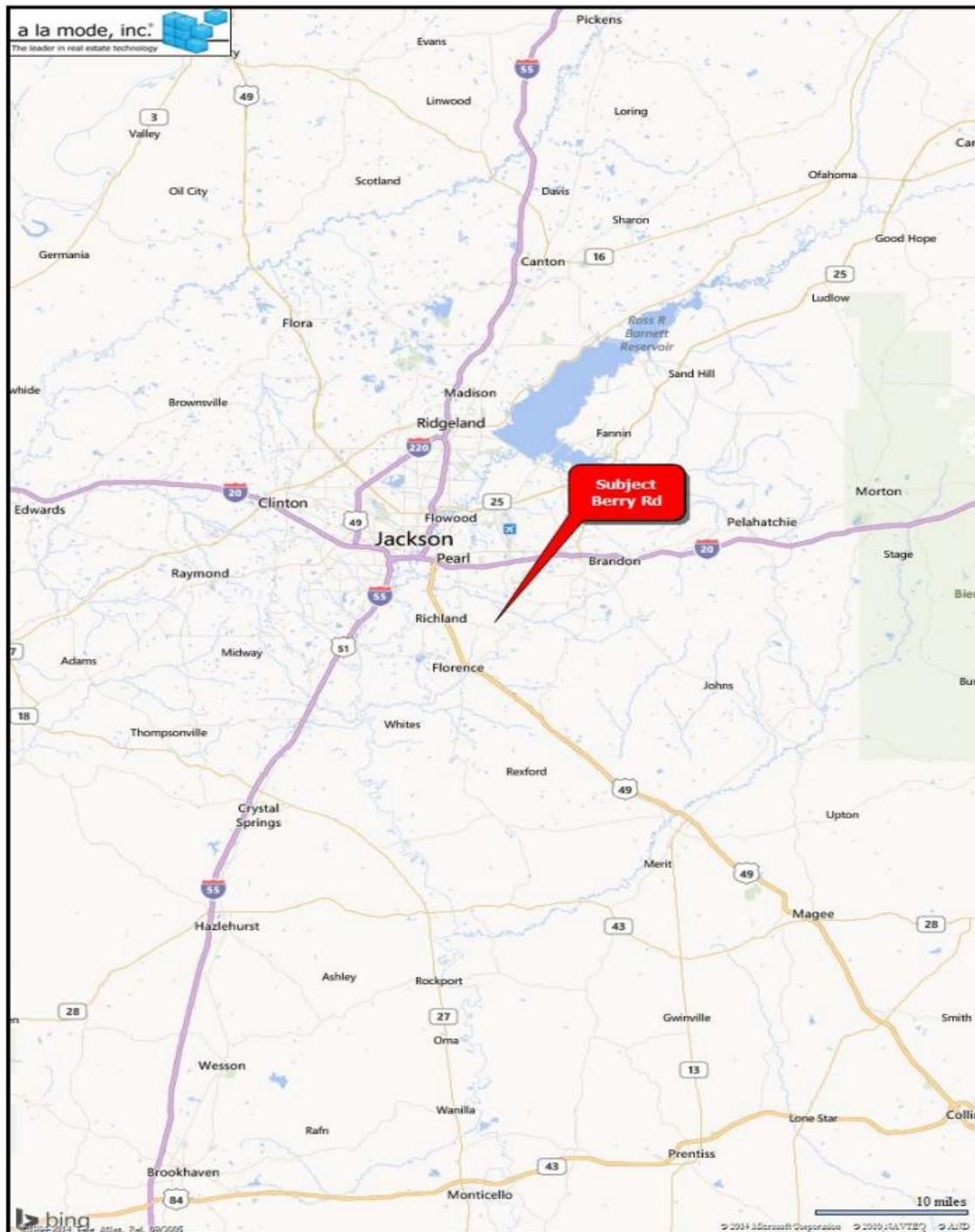
Competency

The Appraiser signing this report is licensed to appraise real property in the State of Mississippi. I, John I Jenkins, Jr, the Appraiser, affirm that I have the experience, knowledge, and education to value this type of property. I have previously appraised similar real estate.

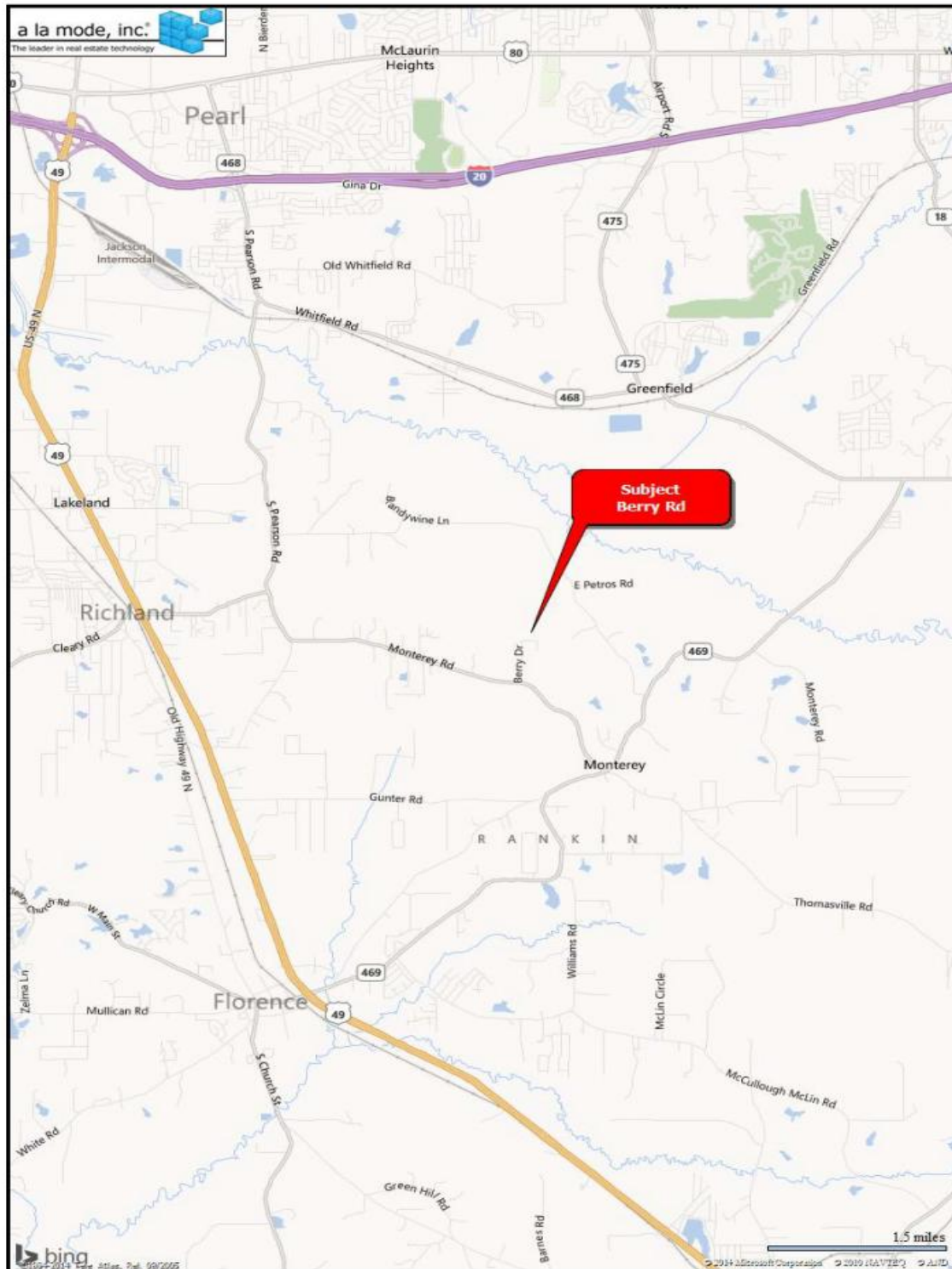
Prior Service: I have appraised varying portions of the subject property on several different occasions within the past three years. I appraised a portion of the subject property for this same lender (Bank of Forest) in 2016. I appraised other portions of the subject property for the borrower for a lawsuit (not related to the bank) in 2017.

Area Data

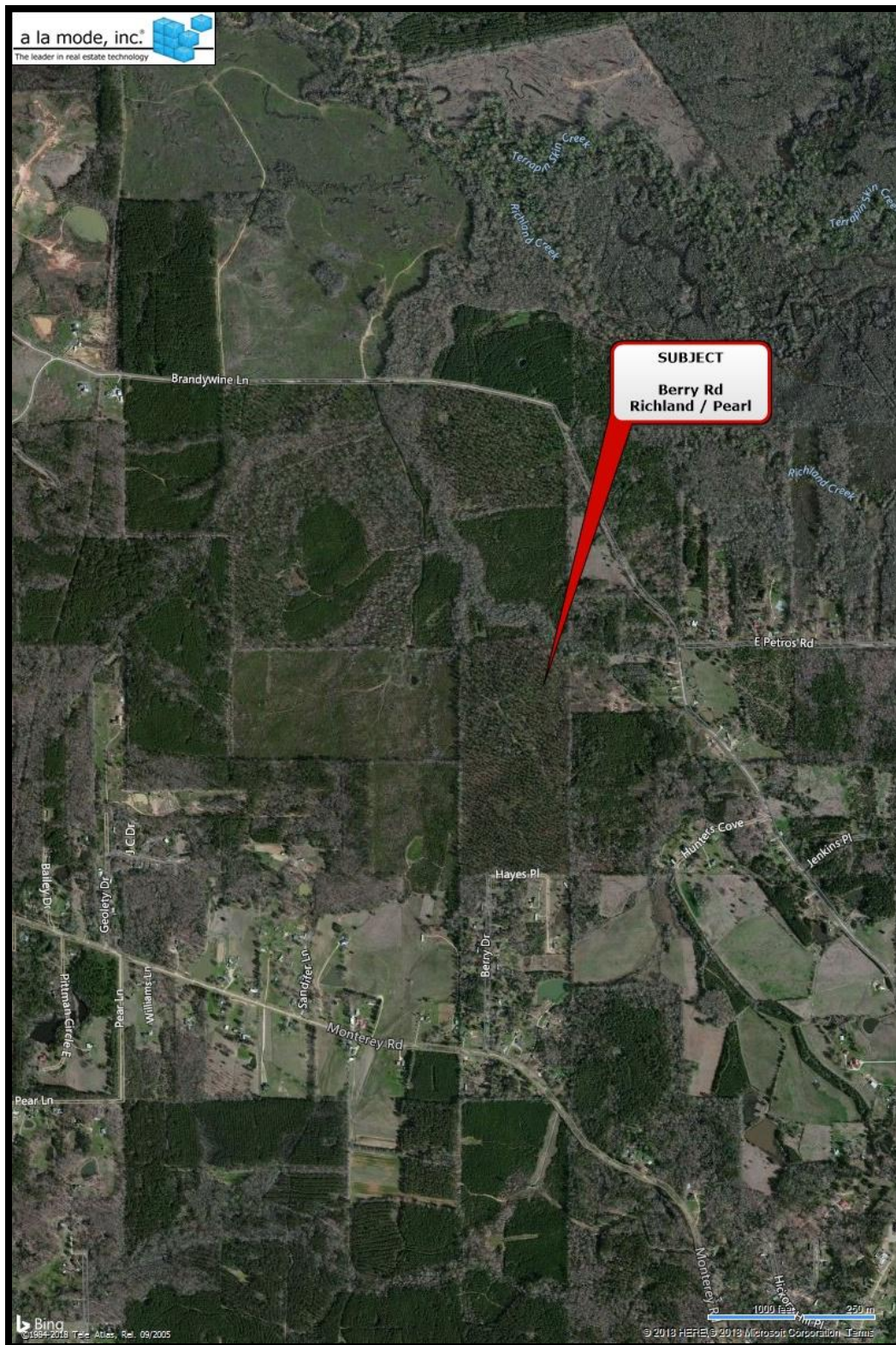
Regional Map



Proximity Map



Aerial View Map



Locational Demographics & Statistics

Richland, Mississippi

As of the census of 2010, there were 115,327 people, 42,089 households, and 31,145 families residing in the county.

There were 42,089 households out of which 36.70% had children under the age of 18 living with them, 58.10% were married couples living together, 12.20% had a female householder with no husband present, and 26.00% were non-families. 21.90% of all households were made up of individuals and 6.20% had someone living alone who was 65 years of age or older. The average household size was 2.62 and the average family size was 3.07.

In the county the population was spread out with 25.90% under the age of 18, 9.10% from 18 to 24, 32.40% from 25 to 44, 23.00% from 45 to 64, and 9.50% who were 65 years of age or older. The median age was 35 years. For every 100 females there were 95.60 males. For every 100 females age 18 and over, there were 92.50 males.

The median income for a household in the county was \$44,946, and the median income for a family was \$51,707. Males had a median income of \$36,097 versus \$26,096 for females. The per capita income for the county was \$20,412. About 7.30% of families and 9.50% of the population were below the poverty line, including 12.20% of those under age 18 and 11.70% of those age 65 or over.

Pearl, Mississippi

Pearl is a city in Rankin County, Mississippi. The population was 25,092 at the 2010 census. It is part of the Jackson Metropolitan Statistical Area.

Today, Pearl is a growing community across the Pearl River, for which the city was named, from Jackson. It is Mississippi's 13th largest city and the largest city in Rankin County.

As of the census[2] of 2000, there were 21,961 people, 8,608 households, and 6,025 families residing in the city. The population density was 1,005.9 people per square mile (388.4/km²). There were 9,128 housing units at an average density of 418.1 per square mile (161.4/km²). The racial makeup of the city was 81.18% White, 16.24% African American, 0.22% Native American, 0.79% Asian, 0.03% Pacific Islander, 0.78% from other races, and 0.75% from two or more races. Hispanic or Latino of any race were 2.03% of the population.

There were 8,608 households out of which 34.4% had children under the age of 18 living with them, 50.2% were married couples living together, 15.6% had a female householder with no husband present, and 30.0% were non-families. 25.0% of all households were made up of individuals and 7.4% had someone living alone who was

65 years of age or older. The average household size was 2.55 and the average family size was 3.05.

In the city the population was spread out with 26.4% under the age of 18, 10.1% from 18 to 24, 31.8% from 25 to 44, 21.4% from 45 to 64, and 10.3% who were 65 years of age or older. The median age was 34 years. For every 100 females there were 90.8 males. For every 100 females age 18 and over, there were 86.6 males.

The median income for a household in the city was \$37,617, and the median income for a family was \$42,013. Males had a median income of \$30,860 versus \$24,610 for females. The per capita income for the city was \$17,136. About 9.2% of families and 12.2% of the population were below the poverty line, including 17.3% of those under age 18 and 12.4% of those age 65 or over.

Rankin County has the third highest per capita income in the state of Mississippi

Neighborhood Description

A neighborhood is an area which exhibits a higher degree of uniformity than a larger area. Two major delineating characteristics of a neighborhood are:

- 1) the properties within the neighborhood are subject to the same economic, social, governmental, and environmental influences.
- 2) land uses and physical characteristics of improvements to the land within the neighborhood often exhibit a high degree of similarity. There are normally a variety of complimentary land uses within the neighborhood, which usually exhibit similar architectural styles or are similar in age.

The boundaries of a neighborhood generally coincide with physical boundaries or characteristics such as a major thoroughfare, a river, or a railroad. As such, these boundaries are often easily identifiable.

The subject property is located in Richland, Mississippi, which is a suburb of Jackson, located about 5 miles south of the downtown business district of Jackson, in Rankin County. The subject's immediate neighborhood is comprised of residential properties located between Richland and Pearl; with ease of access to Hwy 49 in Richland and I-20 in Pearl. The area has experienced significant growth in the past few years, both from residential and commercial properties.

The subject property is located along Berry Drive and Hayes Place, just off Monterey Road; between Richland and Pearl.

Properties in the neighborhood typically sell well, with marketing periods of four to six months considered normal. There was a relatively low vacancy rate of all property types noted in the neighborhood.

A summary description of neighborhood features is on the following page.

<i>Neighborhood Land Uses</i>	<i>%</i>
Single Family	60%
Multi Family	0%
Condominiums	0%
Retail	0%
Office	0%
Industrial	0%
Institutional	0%
Public Use	0%
Other (Unimproved)	40%
Total	100%

<i>Proximity Features</i>	<i>Description</i>
Expected Changes in Economic Base	None
Protection from Adverse Conditions	Average
Demand for Similar Properties	Average
Potential for Other Like Property Development	Minimal
Building Age Range (approximate)	0 to 60 Years
Over-Supply of Properties Similar to Subject	None
General Appearance of Properties	Average
Location	Suburban
Land Use Change	Not Likely
Interstate Highway Access	2 miles
Employment Centers	5 Miles
Property Compatibility	Average
Appeal to Market	Average

Subject Property

Legal Description

A professional surveyor and/or legal counsel should verify the following legal description prior to relying upon it. This description is provided for the purposes of the appraisal report as a description of the subject property and is assumed to be accurate. This description should not be relied on as the description for any conveyance or the property, or for any other document.

See Following Pages.

THE SECURITY TITLE GUARANTEE CORPORATION OF BALTIMORE
Six South Calvert Street
Baltimore, Maryland 21202

Exhibit A

TRACT ONE:

All that part of Section 4, Township 4 North, Range 2 East, Rankin County, MS, lying South of E. Petross Road, less and except the SW1/4 of SW1/4 and less and except that part lying East of Woods Road., as depicted on the plat attached to that certain Special Warranty Deed filed for record in Book 2014 at Page 23783.

Section 4, Township 4 North, Range 2 East, Rankin County, MS

Tract 1) All that part of the South Half of the Northwest Quarter lying South of E. Petross Rd.; and

Tract 2) The North Half of the Southwest Quarter; and

Tract 3) All that part of the Southwest Quarter of the Southwest Quarter of the Northeast Quarter lying and being situated South of E. Petross Rd., and West of a line fifteen (15) feet West of and parallel with the centerline of a thirty (30) foot wide private woods road as now laid out and in use traversing the East Half of the Southwest Quarter of the Southwest Quarter of the Northeast Quarter in a generally Northwest-Southeast direction, as depicted and designated as "Woods Road #2 on the map or plat attached to that certain special warranty deed filed in Book 2014 at Page 23783, and

Tract 4) All that part of the North Half of the Northwest Quarter of the Southeast Quarter lying and being situated West of a line fifteen (15) feet West of and parallel with the centerline of a thirty (30) foot wide private woods road as now laid out and in use traversing the North Half of the Northwest Quarter of the Southeast Quarter in a generally Northwest-Southeast direction as depicted and designated as "Woods Road #2 on the map or plat attached to that certain Special Warranty Deed filed in Book 2014 at Page 23783.

A perpetual nonexclusive road easement for ingress, egress, regress and utility purposes on over and along that certain thirty (30) foot wide private woods road as now laid out and in use in the South Half of the Southwest Quarter of the Northeast Quarter and the North Half of the Northwest Quarter of the Southeast Quarter for the benefit of SST's property as hereinabove less and excepted for the Premises and as depicted and designated as Woods Road #2 on the map or plat to this certain Special Warranty Deed filed in Book 2014 at Page 23783.

And also:

An access and utility easement across the South Half of the Northwest Quarter, and the Southwest Quarter of the Southwest Quarter of the Northeast Quarter of Section 4, Township 4 North, Range 2 East Rankin County, Mississippi, more particularly describes as follows, to-wit:

A perpetual nonexclusive thirty (30) foot wide easement for ingress, egress and utility purposes, being fifteen (15) feet on either side of a centerline more particularly described as commencing at the point of intersection of the South margin of East Petross Road, as now laid out and constructed, and the West line of said Section 4; thence run South along said Section Line for fifteen (15) feet, to and for a Point of Beginning; thence run Easterly, fifteen feet South of and Parallel with the South margin of East Petross Road for 3,175 feet more or less to a point fifteen (15) feet West of the centerline of a thirty (30) foot wide private woods road as now laid out and in use traversing the East Half of the Southwest Quarter of the Southwest Quarter of the Northeast Quarter

ST-N-24
(Rev. 06/06)

in a generally Northwest-Southeast direction, as depicted and designated as Woods Road #2 on the map or plat attached to that certain Special Warranty Deed filed in Book 2014 at Page 23783.

And also:

An appurtenant non-exclusive, uninterrupted, perpetual access easement and right of way for vehicular and pedestrian ingress and egress less and excepted from that certain Partial Release Of The Right of Ingress And Egress recorded in Book 2004 at Page 3158 (the "Partial Release") and previously reserved unto the Grantor in that certain Special Warranty Deed recorded in Book 1013 at Page 515 (collectively the "Easement"). Said Easement is more fully identified on the Partial Release as Exhibit B.

LESS AND EXCEPT any part of the above easements lost/vacated in Rankin County Chancery Court Cause No. 15-1364.

TRACT TWO

The East Half of the Northeast Quarter (E1/2 of NE1/4) of Section 9, Township 4 North, Range 2 East, Rankin County, Mississippi.

Northwest Quarter of Northeast Quarter (NW1/4 of NE1/4) and Northeast Quarter of Northwest Quarter (NE1/4 NW1/4) of Section 9, Township 4 North, Range 2 East, Rankin County, Mississippi.

AND ALSO: That certain right of way across Southwest Quarter of Southwest Quarter (SW1/4 SW1/4), Section 4, and Northwest Quarter of Northwest Quarter (NW1/4 NW1/4) Section 9, all in Township 4 North, Range 2 East, reserved to the grantors in that certain deed to C.C. Johnson recorded in Book 138 at Page 93 of the records of said county and state.

AS TO TRACTS ONE AND TWO ABOVE:

And also, an ingress/egress roadway easement over the lands of Watermark Properties, LLC, said roadways being already developed or existing and in use, or roadways proposed for future development, running through the lands of grantor and having access off of the public roads known as Berry Road and Hayes Place North. The purpose of these roadway easements is for access to all of grantors land as described herein located in Rankin County, MS.

Sale / Listing History

Public records and/or a private data-reporting service were used to search for prior sales of the subject real estate. This research indicated no recorded conveyance of the subject during the three years preceding this report's effective date. The borrower indicated that there was no conveyance of the property during this period.

There are no known contracts pending nor offers pending on the subject.

The subject has not been offered For Sale in the past three years. Portions of the subject have been offered for sale privately, but no public listing was noted.

A portion of the subject land containing approx. 116.52 acres was acquired on 2/25/2015 for an undisclosed price. Mississippi is a non-disclosure state. Sale price is not public record.

Subject's Current Ownership

<i>Owner</i>	<i>Information Source</i>
Watermark Properties	Public Records

Photographs of Subject



Interior View of property



Interior View of property



Interior view of property



Interior view of property



Existing roads
thru subject property



Existing roads
thru subject property



Berry Road
Subject frontage on left



Subject Frontage
on right

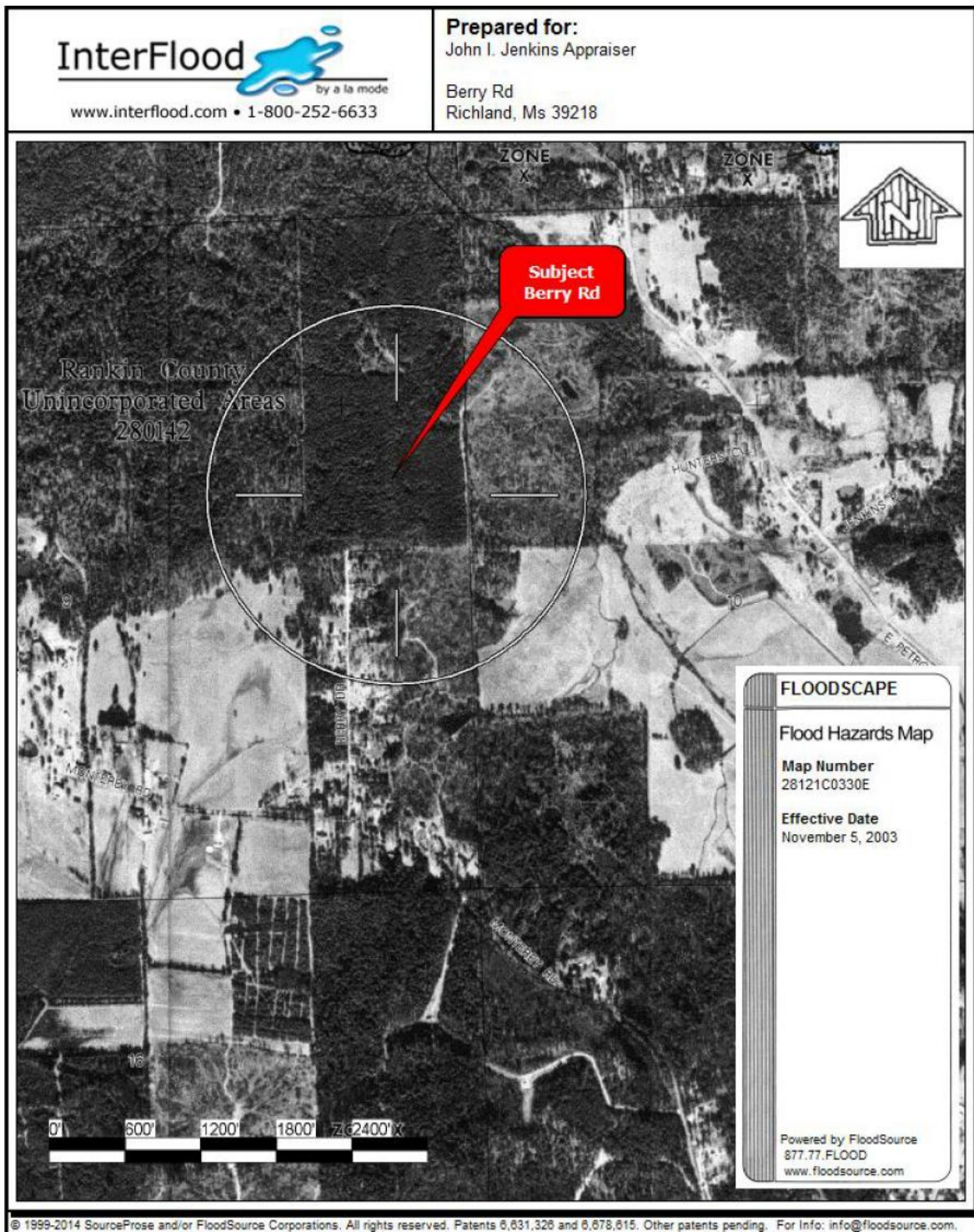
Flood Hazard

The following flood information, appropriate for the subject's site, was obtained from the Federal Emergency Management Agency (FEMA) as reported by InterFlood Flood Mapping Services.

Flood Map #	Flood Map Date	Flood Zone
28121C330E	11/05/2003	X

Flood Maps published by FEMA are not precise. If anyone desires a precise determination of the subject's flood hazard classification, a professional engineer, licensed surveyor, or local governmental authority should make an exact determination.

Flood Map



Environmental Risks

Disclosure

During the course of this appraisal, the appraiser did not detect or attempt to discover any environmental hazard on, under, above, or within the subject real estate. No evidence of any environmental hazard is apparent to the untrained eye. It should be known that the appraiser did not view the subject property with the intent of detecting any environmental hazard. It is beyond the expertise of the appraiser to detect or determine the chemical nature of any substance or gas. No effort was made to dismantle or probe any part of the property to discover enclosed, encased, or concealed hazards. No effort was exerted to ascertain the presence of any environmental hazard.

Unless indicated elsewhere in this report, the appraiser was not provided the results of any environmental testing on or near the property being appraised. Neither observation of the subject property, or research conducted as a part of a typical real estate appraisal suggested the presence of any hazardous substance or detrimental environmental condition affecting the subject. Nearby sites were not investigated to determine whether they are contaminated. Public information and other Internet sources were not researched to determine the presence of hazardous substances or detrimental environmental conditions in the subject's vicinity.

It is assumed the no hazardous substance or gas adversely affects the subject real estate. If the subject is adversely influenced by a hazardous condition, then the subject's market value would be impaired.

Recommendation

The presence of any hazardous condition usually diminishes market value. The value opinion formed in this report assumes there is no environmental hazard affecting the subject real estate. No responsibility is assumed by the appraiser for any hazard, or for any expertise required to discover any environmentally hazardous condition. The client is urged to retain an expert in this field, if concerned.

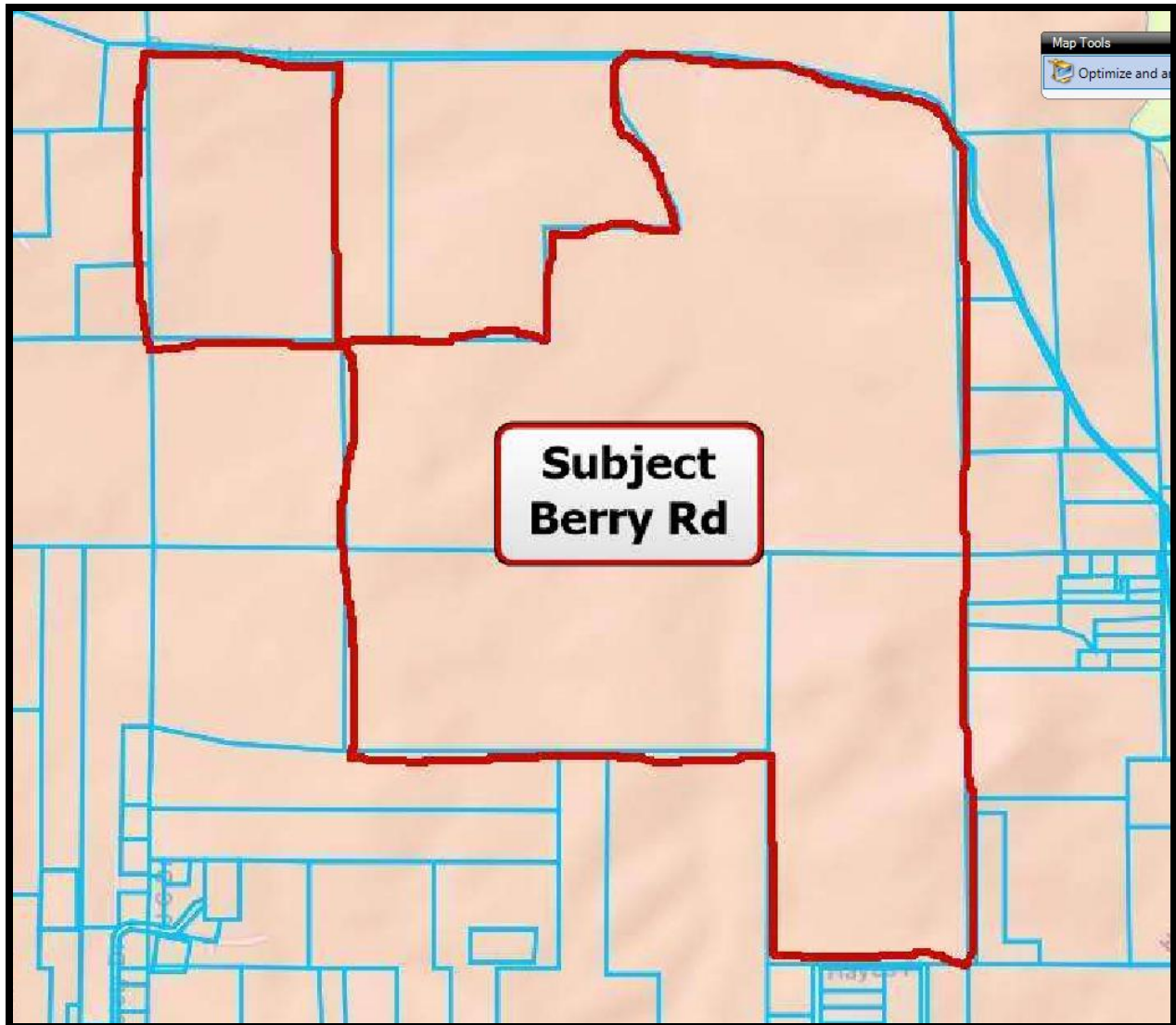
Site Description

Location	Berry Dr & Hayes Place, Richland, Ms 39218
Frontage	Berry Dr & Hayes Place
Size	506.5 Acres +- (to be divided into 20 acre +- lots)
Shape	Irregular
Zoning	Agricultural & Residential / RE-1 (Estate, 3 ac minimum)
Topography	Rolling
Utilities	Public (water and electricity are to be installed to lots)
Other	None

Site Improvements

Site improvements will include a gravel private road with water & electricity available. Developer indicated several lakes/ponds also to be developed. It is assumed that site (acreage) sales will include the lakes/ponds (ie often land fronting the lake/pond will go to the center of the lake/pond and is included in the site acreage). It is assumed no public or jointly owned lakes/ponds are to be included.

Tax Plat



Real Estate Taxes:

The properties are split up/purchased at different times, making it difficult to determine which parcel numbers constitute the 506.5 acres. However, the following appear to be representative of the subject 506.5 acres.

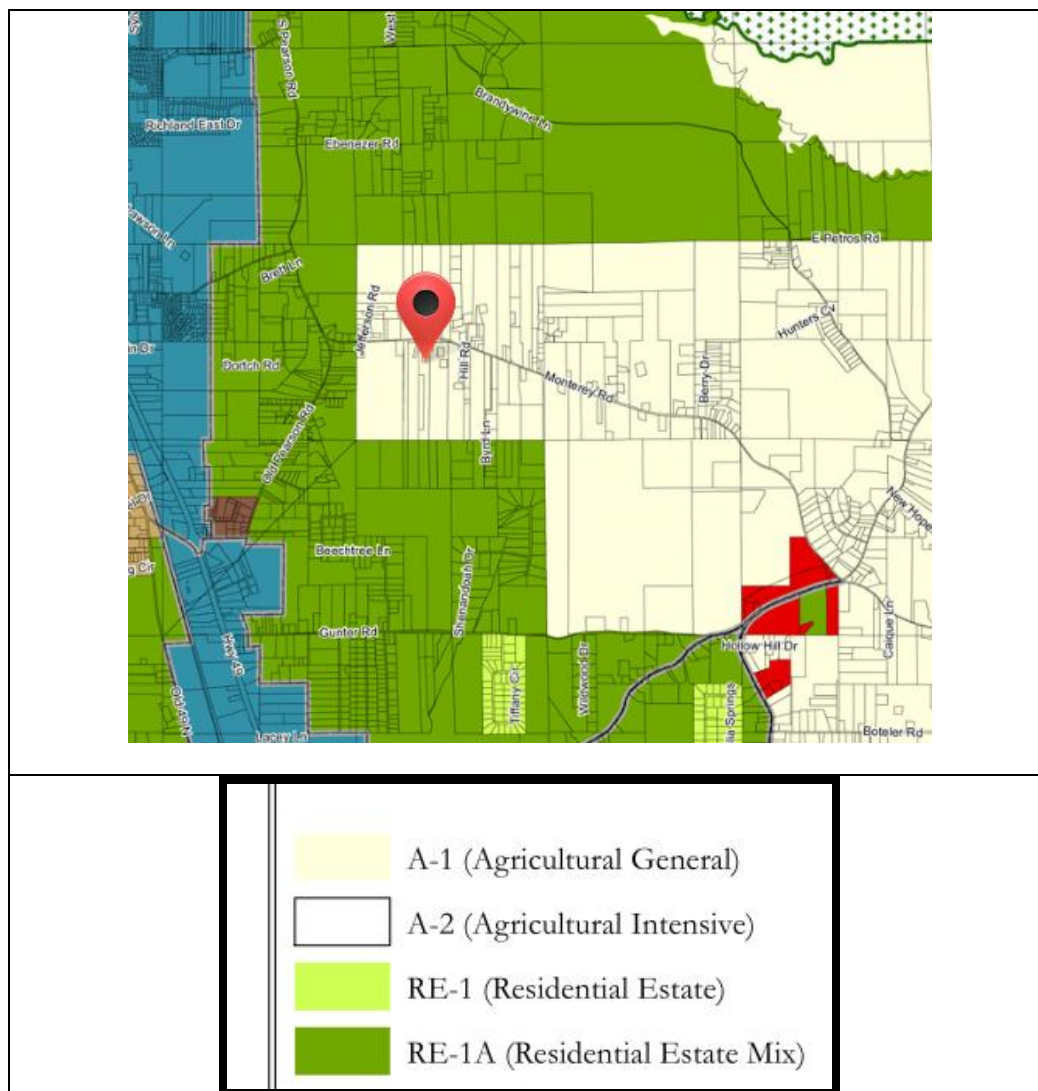
PARCEL #	OWNER	DATE ACQUIRED	TAX AMOUNT
F06 000039 00000	Watermark Properties LLC	04/16/2008	\$ 238.80
F06 000040 00000	Watermark Properties LLC	07/02/2013	\$ 237.25
F06 000065 00000	Watermark Properties LLC	02/25/2015	\$ 420.36
F06 000065 00020	Watermark Properties LLC	11/19/2014	\$ 740.64

TOTAL TAX AMOUNT: \$ 1,637.05

Zoning

Zoning laws are designed to insure that the improvements to land, or the use to which the land or improvements is put, conforms to surrounding land use patterns. Ultimately, these laws sustain the value of the real estate. They also enable governmental entities to develop and implement comprehensive plans, to coordinate new development, and to provide services such as transportation systems and municipal utilities.

General Zoning	Specific Zoning Code	Use (ie legal)
Agricultural Residential	A-1 RE-1	Legal (for residential) Residential Estate



Analyses & Conclusions

Introduction to the Appraisal Process

There are three primary valuation methods for appraising real estate consisting of land and building(s) – the Cost Approach, the Sales Comparison Approach, and the Income Approach. Unless stated otherwise, only those approaches considered applicable and necessary to produce credible results are developed in this report.

This section of the appraisal begins with an evaluation of the "Highest and Best Use" of the subject site "as vacant" and, if applicable, "as improved" This section then presents the application of the various methods used to estimate the value of the subject property. The three approaches to value are briefly summarized below:

- I) The Cost Approach - The fundamental principle supporting the Cost Approach is the principle of substitution. This principle acknowledges that no prudent investor will pay more for a property than the amount for which they can obtain a similar site and construct a building of equal desirability and utility without an undue time delay. First, the value of the land, as vacant and available to be developed to its highest and best use, is estimated, and the cost to construct similar improvements to the land is estimated. The estimated loss in value from all causes is subtracted from this amount, resulting in a value estimate for the subject property. Because of the difficulty associated with accurately estimating accrued depreciation, the value estimate from The Cost Approach is, generally, more credible when valuing recently constructed improvements or improvements for which a limited market exists (special purpose properties i.e. churches, museums, schools, etc.).
- II) The Sales Comparison Approach - The underlying principles supporting The Sales Comparison Approach are the principles of substitution and of contribution. The principle of contribution maintains that the value of a particular component is measured in terms of its contribution to the value of the whole property, or as the amount that its absence would detract from the value of the whole. Under this presumption, the value of the subject property is estimated by comparing the subject property with recent sales of similar properties, using a similar unit of comparison i.e. per square foot, per rental unit, etc. Their actual sales price is adjusted to reflect the price a buyer might pay, under current market conditions, for a property with characteristics similar to the subject property. The reliability of the value estimate using the Sales Comparison Approach is directly related to the date of sale and similarity of the Comparable Sales selected.

- III) The Income Approach - The final valuation method, The Income Approach, is supported by the principle of anticipation. The principle of anticipation is the perception that value is created by the expectation of benefits to be derived in the future. In the case of an income producing property, these benefits consist of periodic income to the property and the net proceeds from the sale of the property at the end of the holding period (often referred to as the reversion). A stabilized level of income and expenses is estimated for the subject property and the resultant net operating income is capitalized into value. The value estimate resulting from The Income Approach is normally the most reliable value estimate for income producing properties.

The final step in the appraisal process is the reconciliation and final value estimate. In the reconciliation, the appraiser considers the quantity and quality of the data used, and the merits of each approach used to estimate the value of the subject property. In light of these factors and all other relevant factors, a single or "final" value estimate is concluded.

Highest and Best Use

The purpose of this section of the appraisal is to explore the possible uses for the subject property, and to conclude a use which maximizes the overall property value. The conclusion of the highest and best use for a property allows the appraiser to identify sales of properties, which have similar potential uses, known as "comparable sales". The prices of these sales measure the effective demand for real estate with characteristics similar to the subject property. Thus, after adjusting the comparable sales for dissimilarities with the subject site, their adjusted sales prices may be used to provide an opinion of the value of the subject property.

"Highest and Best Use" is defined in The Appraisal of Real Estate, 9th Edition, published by the American Institute of Real Estate Appraisers, as "the reasonably probable and legal use of vacant land or an improved property, which is physically possible, appropriately supported, financially feasible, and results in the highest value." Thus, the highest and best use must meet the following constraints.

- 1) The use must be physically possible.
- 2) The use must be legally permissible.
- 3) The use must be financially feasible.
- 4) The use must optimize the value.

For vacant tracts of land, the highest and best use analysis serves to identify comparable sales, as explained above. In addition to evaluating the highest and best use "as vacant", improved properties typically require an additional highest and best use analysis which considers the highest and best use of the property in light of the current improvements.

Given the highest and best use of the property as vacant, the analysis of the highest and best use "as improved" enables the appraiser to determine if the current improvements, if any, make a positive or negative contribution to the overall property value. If the continued existence of the current improvements maximizes the overall property value, the highest and best use, as improved, is the continued maintenance of the existing structures. If the value of the land "as vacant" exceeds the value of the land with the improvements, consideration should be given to the demolition of the existing structures or the replacement of the existing structure with a different type of improvement.

On the page that follows, the highest and best use of the subject property is evaluated.

Highest and Best Use - As if Vacant

Physically Possible Uses - As vacant, there are numerous physically possible uses for the subject site. These uses are limited only by the size, configuration, accessibility and topography of the subject site. **Legally Permissible Uses** - As explained in the Zoning section of this appraisal, the subject site is zoned for commercial use which allows a variety of uses including the subject's current use. **Economically Feasible Uses** - Economically feasible uses are those uses which would provide an adequate return to the investor. Typically, commercial properties in town produce a greater return than other types of properties, such as single or multi-family residential uses. Therefore, some type of commercial use would be more economically feasible.

The available market data produces no evidence of a clear highest and best use for the subject property "as if vacant". Given the subject's location, zoning, and economic feasibility, it is my opinion that the Highest & Best Use of this property, as if vacant, would be some development as a residential subdivision, similar as the plans being appraised.

Highest and Best Use - As Improved

The subject is currently un-improved.

The Cost Approach

Introduction

The Cost Approach indicates what it would cost to buy a similar tract of land as the subject and construct a building similar to the subject. By knowing this, we receive an indication of the amount that should be the upper limit of what a reasonable purchaser would pay for the subject property. The principle incorporated in the Cost Approach is that a rational person will pay no more for a property than the amount at which a site of equal desirability and utility can be obtained, plus the cost to construct the improvements on the site within a reasonable time.

Following are steps taken to develop a Cost Approach:

1. Estimate the land value as if vacant and available for construction
2. Estimate replacement cost (new) of the improvements
3. Estimate accrued depreciation (all causes) to the improvements
 - A. Physical Deterioration
 - B. Functional Obsolescence
 - C. Economic Obsolescence
4. Subtract estimated accrued depreciation from estimated replacement cost new, to obtain the depreciated value of the improvements
5. Finally, add the land value

In this process, the land is valued separately as if vacant. The value of the subject site is based on the amount other purchasers have been paying on a per square foot, front foot, or a per acre basis for land similar to the subject parcel. For further explanation of how comparable sales (vacant land or improved properties) are analyzed and adjusted, see the detailed explanation in the Sales Comparison Approach section of this report.

The appraiser then estimated the cost new to build the improvements. This is accomplished by reference to the Marshall Valuation Service cost estimator, called SwiftEstimator, which is accessed online.

The next step is to estimate the depreciation that has accrued to the existing improvements. The elements of depreciation that are considered are as follows:

Physical Deterioration: a loss in value, resulting from wear and tear on the property, caused by the elements, and/or its age. It could be curable or incurable.

Functional Obsolescence: caused by a functional deficiency or superadequacy--due to size, style, utility, etc. These conditions are contained within the property itself and may also be either curable or incurable.

ECONOMIC OBSOLESCENCE: is the depression in value resulting from the impact of external forces, affecting both land and improvements. Generally, Economic Obsolescence is incurable.

The elements of depreciation are estimated by observation and/or by reference to depreciation tables furnished by the Marshall Valuation Services cost manual. Estimated depreciation is then subtracted from the cost new of the building, to arrive at the "as is" value of the improvements.

Upon determining the depreciated value of the improvements, the appraiser then adds the value of the subject site, to arrive at the value indication by the Cost Approach.

Following are some assumptions built into the Cost Approach as an indicator of value:

- A. a similar site can be purchased in the area
- B. there is sufficient time available to have the building constructed

Following are some limitations to the Cost Approach as an indicator of value:

- A. Physical deterioration, Functional Obsolescence, and Economic Obsolescence cannot be measured precisely
- B. The estimates in this approach depend largely on the experience and judgment of the appraiser.

Depreciation - Depreciation may be estimated thru various methods. However, the most common method is the age-life method whereby the economic life of the property is compared with its effective age. Effective age is the age of the improvements based on its current condition, renovations, upgrades, etc. The age-life method of evaluation depreciation has been used in this report, and is calculated within the following Cost Approach.

AS IS Site Value Analysis

The first step in the Cost Approach is to establish the Site Value. In subject's appraisal, this will be the raw land value and is also representative of the subject's AS IS Value. The Site Analysis follows, starting with the land sales used to establish Site Value.

LAND SALE # 1

LOCATION:	South side of Stull Rd west of Hwy 25, Rankin County, Ms
Tax Parcel (ID):	K14-5, K14-10, K14-11-10, K14-12
GRANTOR:	Michael B Brooke, et al
GRANTEE:	Murphy Real Estate, LLC
SALE DATE:	November 23, 2016
RECORDING DATA:	Book 2016, Page 27068
SITE SIZE (ACRES):	202.55 +- Acres
SALE PRICE:	\$ 749,435
SALE PRICE PER ACRE:	\$ 3,700
ZONING:	RE-1, Residential Estate
UTILITIES:	Electricity, No sewer, There is no access to water to this site. Most homes in this neighborhood have private wells
FLOOD HAZARD:	Yes: About 21 acres is Zone AE / All other is Zone X
COMMENTS:	This property is located on the south side of Stull Rd, east of Hwy 25. Verified by K Mark Brady, appraiser. This property was listed for 155 days prior to this sale.

LAND SALE # 2

LOCATION: West side of Clover Valley Blvd, Rankin County, Ms

TAX PARCEL (ID): K12-2-10 & K11-59

GRANTOR: Barnard Equipment Company, Inc

GRANTEE: Jupiter Development, LLC

DATE: May 29, 2014

RECORDING DATA: Book 2014, Page 10251

SITE SIZE (ACRES): 366.509 +-

SALE PRICE: \$ 1,466,036

SALE PRICE PER ACRE: \$ 4,000

ZONING: RE-1, Residential Estate

UTILITIES: Electricity, Water, no sewer

FLOOD HAZARD: Yes; About 65 acres was zone AE, the remainder is Zone X.

COMMENTS: This property was purchased for development of a single family subdivision of homes in 2.5 acre +- lots. The southern portion of this sale is currently being developed. This sale was verified by Kelli Foster (grantee).

LAND SALE # 3

LOCATION: 132 Big Hill Dr, north side, just north of the intersection of intersection of Highway 25 & Sand Hill Rd, Rankin County, Ms

TAX PARCEL (ID): K15-47

GRANTOR: Margaret Alice McDaniel

GRANTEE: Turkey Lake, LLC

DATE: October 28, 2015

RECORDING DATA: Book 2015, Page 24111

SITE SIZE (ACRES): 142.55 +-

SALE PRICE: \$ 750,000

SALE PRICE PER ACRE: \$ 5,261

ZONING: RE-1, Residential Estate

UTILITIES: Electricity, no water, no sewer

FLOOD HAZARD: None; Zone X, minimal flood risk

COMMENTS: This property was purchased as an investment, with intent to subdivide. This property was listed in the Central Mississippi MLS for 139 days prior to the sale. Verified by Ronnie Richardson, the listing broker.

LAND SALE # 4

LOCATION: Erlich Rd (eastern terminus), Rankin County, Mississippi

TAX PARCEL (ID): E3-150 (portion)

GRANTOR: Aloma Jones Hughes & Robert L Hughes

GRANTEE: Kevin R Myers & William E Loflin

DATE: June 2, 2014

RECORDING DATA: Book 2014, Page 10414

SITE SIZE (ACRES): 128.95 +-

SALE PRICE: \$ 354,613

SALE PRICE PER ACRE: \$ 2,750

ZONING: RE-1A , Residential Estate/Mixed District

UTILITIES: Electricity, Community Water Assoc, No sewer

FLOOD HAZARD: No, Zone X (minimal risk)

COMMENTS: This property had some pre-merchantable timber. Topography was rolling. There was an access point to Erlich Road. This property has been split into 23 residential lots.

LAND SALE # 5

LOCATION: Neely Rd, west end; Richland, Rankin County, Mississippi

TAX PARCEL (ID): D7E-1-10; D7E-2; C7-7-10; C7-6-10

GRANTOR: Flagship Properties, LP

GRANTEE: Mark Scarborough

DATE: January 5, 2012

RECORDING DATA: Book 2012, Pages 436 & 448

SITE SIZE (ACRES): 114.85 +/-

SALE PRICE: \$ 401,975

SALE PRICE PER ACRE: \$ 3,500

ZONING: Agricultural

UTILITIES: Electricity, Water available

FLOOD HAZARD: Yes; 86 acres is located within the regulatory floodway / the remaining portion is Zone AE (minimal flood risk).

COMMENTS: This property is part of the Pearl River bottom, with 86 acres being in the Floodway. The property has a significant stand of timber covering most of it.

LAND SALE # 6

LOCATION: Johns Shiloh Rd, Brandon, Rankin County, Mississippi
About 10 miles from I/S of Shiloh Rd and Louis Wilson in Brandon

LEGAL DESC: Sections 11 & 12, Township 4 North, Range 4 East, Rankin County

GRANTOR: JRVV Timber Properties, LLC

GRANTEE: Josh L & Susan S Thrash

DATE: July 28, 2017

SOURCE: MLS # 278806

SITE SIZE (ACRES): 556.00 +/-

SALE PRICE: \$ 1,545,000

SALE PRICE PER ACRE: \$ 2,779

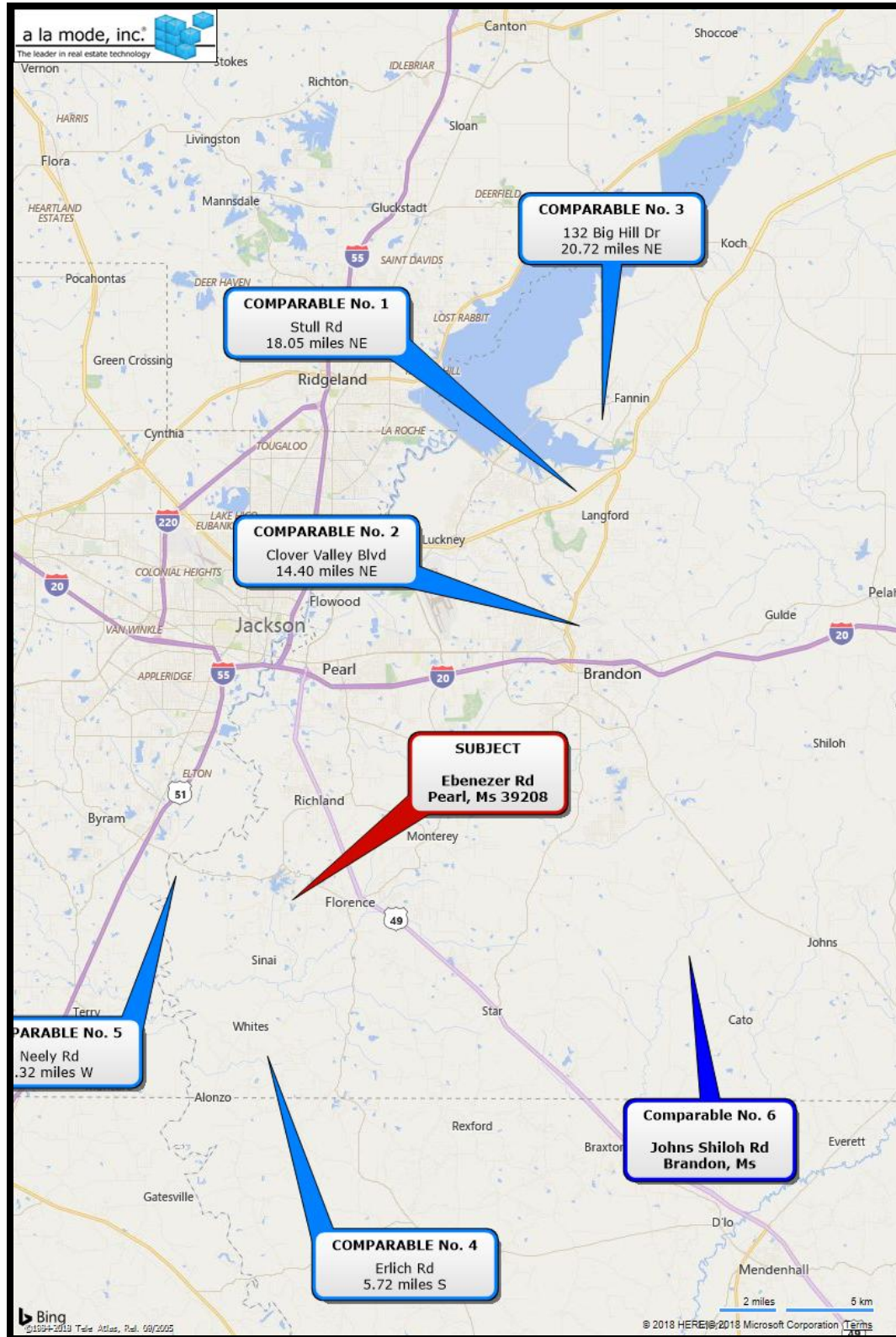
ZONING: Agricultural

UTILITIES: Electricity, Water available

FLOOD HAZARD: Unknown, appears to be minimal flood hazard.

COMMENTS: Hunting land. 349 acres of mature hardwood/pine. Sixty four acres of mature pine. 133 acres of eight year old pine. Timber appraisal in 2015 was \$850,000. Included a 24 x 40 metal bldg. (camp and shop); 8kw generator; 2007 tractor w/attachments.

LOCATION MAP



LAND SALES SUMMARY

Sale Number	Date	Size (Acres)	Price per Acre	Zoning	Flood Status
One	Nov 2016	202.55	\$ 3,700	Res Estate	10% Flood AE
Two	May 2014	366.51	\$ 4,000	Res Estate	18% Flood AE
Three	Oct 2015	142.55	\$ 5,261	Res Estate	No Flood
Four	Jun 2014	128.95	\$ 2,750	Res Estate	No Flood
Five	Jan 2012	114.85	\$ 3,500	Agricultural	75% Floodway
Six	July 2017	556.00	\$ 2,779	Agricultural	Minimal
Subject	N/A	506.5	N/A	Res Estate	Minimal Flood

Discussion of Comparable Land Sales

I have provided the five sales that were found to best represent comparable vacant land within Rankin County; which are summarized in the table above. The comparables produced a value range of \$2,750 per acre to \$5,261 per acre and:

Average Price of \$3,665 per acre

Median Price of \$3,600 per acre.

Sale One – This property is smaller site, and is considered inferior in location and has a portion of the site that is in Flood Zone AE. Overall, however, this is considered a good comparable.

Sale Two – This is a smaller site and also has a portion that is situated in Flood Zone AE. This property, however, may be slightly superior in location for development purposes.

Sale Three – This property is significantly smaller, and considered inferior to subject's location for development purposes. The economies of scale (smaller site) would adjust this sale lower in comparing to the subject, but the location may offset some of the adjustment. Overall, it appears that this property has sold higher than typical sales for this area.

Sale Four – This property is significantly smaller, but considered significantly inferior in location for development purposes. Furthermore, this sale may represent a value lower than typical for its market.

Sale Five – This property was agricultural (subject is residential estate) and was noted to have a significant portion in the Floodway. The Highest & Best Use of this parcel appears to always be agricultural or recreational due to the Floodway portion; but this sale was included because it represents a significant value per acre and was closer in proximity to the subject.

Sale Six -- This property is located in a more rural area and less likely for development into acreage home sites. This comp does have considerable timber value; but, again, is inferior for development.

Conclusion of Land Value

Comparable one is the most comparable to subject overall, but is significantly smaller. The smaller site typically sells higher per acre. Comp Six was the only sale comparable to subject's size, but was inferior in location for development.

After analyzing the comparables listed and comparing with the characteristics of the subject, it is my opinion that the value of the subject property is \$3,200 per acre:

$$506.5 \text{ acres} \times \$ 3,200 \text{ per acre} = \$ 1,620,800$$

Value Opinion AS IS: \$ 1,600,000 (rounded)

The Cost Estimate

ITEM	COMMENT	ESTIMATED COST
Land Value	\$ 3,200/acre	\$ 1,600,000
Roads, 2 lakes, 2 ponds (see estimate, next page)		\$ 198,000
Plans, Permits, Licenses, Inspections, Appraisal, Etc		\$ 25,000
Utilities		\$ 125,000
Sales Costs	(10%)	\$ 299,692
Developer Profit	(25%)	\$ 749,231
TOTAL COST:		\$ 2,996,923

Value Conclusion

by the Cost Approach: \$ 2,996,923

Cost Estimate for development

LandPro		QUOTE	
FarmHaven, MS Phone : 927-5000 Prepared By: Matt Richardson Email: MattRichardson625@yahoo.com		DATE 9/20/17 QUOTE # [123456] CUSTOMER ID [123] VALID UNTIL 10/20/17	
CUSTOMER			
Berry Rd. Pearl, MS			
DESCRIPTION	TAXED	AMOUNT	
Build two lakes 1@ 15 acres roughly / location : NE/ rear 1@ 8-10 acres roughly / location: West/ front Build two ponds 1@ 2-3 acres roughly, at the entrance from Berry Rd. 1@ 3-4 acres roughly / located in the NW corner of property . Construct roadway - 800 yds Road prep 1- creek crossing , 2- 6'-8" culverts 100 - loads of clay gravel 4- loads of rip-rap rock All materials, labor and fuel included -		198,000.00	
TERMS AND CONDITIONS			
1. A 30% deposit is required. 2. Project draws may be required depending on the scope and length of the project . 3. Change orders required for all changes. 4. Please email the signed price quote to the address above		Subtotal 198,000.00 Taxable Tax rate Tax due Other TOTAL \$198000.00	
Customer Acceptance (sign below):			
X _____ Sign Name:			
If you have any questions about this price quote, please contact Matt Richardson/ 601-927-5000 / Thank You For Your Business!			

The Sales Comparison Approach

Introduction

As noted in the “Introduction to the Appraisal Process” section of this appraisal, the underlying principle supporting The Sales Comparison Approach is the principle of substitution. The principle of substitution maintains that the value of a particular property is no more than an informed buyer would pay for an equally desirable substitute in an open and competitive market.

For the purpose of an appraisal, the real estate being appraised is referred to as the “subject” or “subject property”. Properties possessing characteristics that are physically and locationally similar to the subject are referred to as “comparables” or “comparable sales”. This approach compares prices, terms, and features of similar, “comparable”, properties that have sold within a reasonable time period.

Quantitative analysis is the preferred method when sufficient market data exists. However, in most small real estate markets, especially for owner-user or special use properties, adjustments are difficult to quantify due to the lack of market data and other resources. Furthermore, a quantitative analysis is often limited by the sheer imperfect nature of real estate markets. With the existence of these situations, appraisers must rely on other accepted methods of comparison. A qualitative analysis ultimately establishes a comparable’s ranking as inferior, similar, or superior to the subject; without numerical adjustment to the comparable.

Numerous sales were considered in the preliminary analysis. However those listed in this appraisal were judged to be the most comparable. Cash equivalency adjustments are required by USPAP and FIRREA. All sales in this report were determined to have conveyed on an “arm’s length” basis with typical financing arrangements unless specifically noted otherwise. An “arm’s length” transaction is an agreement between unrelated parties with typical motivations in a competitive market.

Market Data

Comparable Lot Sales

Address	City	MLS #	Sale Date	Property Type	Site size Acres	Sale Price	Price per Acre
Stevens Dr	Brandon	267904	02/2015	Res Land	18.97	\$123,625	\$ 6,517
169 E Collier Rd	Brandon	275568	06/1025	Res Land	20.0	\$148,000	\$ 7,400
853 Springwater Ranch Rd	Brandon	273726	05/2015	Res Land	29.0	\$188,500	\$ 6,500
S. Pearson Rd	Richland	232360	07/2011	Res Land	8.12	\$ 74,000	\$ 9,113
S. Pearson Rd	Richland	227967	06/2011	Res Land	8.00	\$ 74,000	\$ 9,250
Brandywine Ln	Richland	237452	12/2011	Res Land	6.00	\$ 37,500	\$ 6,250
2 Longhorn Dr	Brandon	248836	01/2015	Res Lot	15.1	\$145,00	\$ 9,602
Ebenezer Rd	Pearl	284108	04/2016	Res Lot	7.73	\$ 72,000	\$ 9,314
Hwy 469 S	Pearl	270918	01/2015	Res Land	27.0	\$195,000	\$7,222
815 E Harper St	Richland	283270	01/2017	Subdivision Development	15.0	\$140,000	\$9,333
Sloan Dr	Richland	290921	11/2016	Res Land	14.25	\$ 68,000	\$ 4,772
Pilgrim Rest Rd	Brandon	274952	06/2015	Res Land	17.05	\$106,500	\$ 6,246
111 Mohr Dr	Brandon	288947	06/2017	Possible Development	55.94	\$485,000	\$ 8,570
PRICE PER ACRE	AVERAGE:	\$ 7,699		MEDIAN:	\$ 7,200		

A range of value is indicated between \$4,772 and \$9,333 per acre; with the majority of the lots selling in the \$8,000 to 9,000 range. The larger land sales (16 – 30 acres) ranged in value from \$6,246 to \$7,400; excluding one with significant development potential into smaller lots. It is my opinion that a value of \$6,000/acre is indicated when subject parcel is developed into 20 acre lots; for a value of \$120,000 per lot.

Therefore, developed into 20 acre minimum lots indicates that each lot value is about \$ 120,000.

Value Indicators: Per Acre \$ 6,000 / Per Lot \$ 120,000

Therefore, a total of 506.5 acres / 20 acre lots = 25 +- Lots (some of the lots may vary in size).

25 lots x \$120,000 ea = \$3,000,000

Value Conclusion (developed / prior to discounting)

By the Sales Comparison Approach **\$3,000,000**

The Income Approach

Introduction

The Income Approach for a subdivision is somewhat different than a typical improved property. The Income Approach is an indicator of the value of the property today, based on the income from the lot sales that the property is capable of producing in the future. This is accomplished by locating and analyzing the absorption rates of similar properties in the subject's neighborhood. Once the appraiser has arrived at an estimate of the property's income stream from the lot sales, he then subtracts the expenses a typical developer incurs, such as the sale costs. In this case, I have used 10% as the cost of sales. This sum is referred to as Net Income. The appraiser then constructs a discount rate (similar to a capitalization rate), which is applied to the income stream generated by the lot sales. The lot prices were already developed via sales comparison in the Sales Comparison Approach of this appraisal report.

The Resultant Sum is the value indication by the Income Approach.

The Income Approach centers around the premise that today's value is the "present worth of future income, plus the projected sales price for the property". This approach, as the name implies, looks only to a property's future income and future sales price as a basis for value. The absorption rate used should indicate how today's value is related to future income and sales price.

The calculations are on the following pages.

Absorption of Lots

There were very few developments of acreage home sites from which to analyze absorption rates. I have included one subdivision in Brandon, North Brandon Estates, as an indicator; and have included just acreage sites thru out Rankin county in the Richland/Pearl/Florence area as an indicator of absorption.

North Brandon Estates, Brandon, Ms

Sale Date	Address	MLS #	Acreage
2/2013	Lot 8 North Brandon Est	243402	2.8
4/2013	Lot 5 North Brandon Est	211918	6.5
6/2013	Tract 30 North Brandon	253378	9.5
6/2013	West ½ Tract 30 N Brandon	N/A	4.76
7/2013	Lot 1 Lamndria, North Brandon Est	244817	2.0
12/13	Lot 20 North Brandon Est	253197	2.1
12/13	Lot 4 North Brandon Est	238898	3.7
2/14	Tract 40 North Brandon Est	248589	9.4

The above is from an older, existing subdivision and lot sales are much slower than if the subdivision were currently being developed and sold. However, an absorption rate of about eight lots per year is indicated. However, subject lots are much larger lots. It is expected that the first year will likely see more lots sold, but an overall average till sold out is estimated to be about five lots per year.

I also analyzed raw land sales in the Rankin county areas of Richland/Pearl/Florence acreage sales ranging from 2.1 to 9.8 acres. That analysis for the period 1/2013 thru 2/2014 revealed about 9 sold properties for and absorption rate of 9 lots per year or $\frac{3}{4}$ lot per month. Again, these were smaller lots.

Due to the scarcity of available data on development lot sales, I have to interpolate the results somewhat. It is my opinion that the subject subdivision, being a new development, would realize about eight lot sales the first year; and about six lot sales per year after the first year. The sales could do better than that, but historically in Rankin county, especially for acreage lots, no other subdivisions have done much better than this rate.

Discounted Cash Flow Analysis

It is my opinion that the absorption will occur as follows: (based on approximately 8 lots sale the first year and about six per year after the first year)

Lots selling at \$120,000 / lot (average) less 10% cost of sale/maintenance, so net sale of lots \$108,000 per lot. The discount rate applied is 12% (per year) and is a combination of interest rate, investor's rate of return required, and risk factor (similar to a capitalization rate).

Month	# Lot Sales	Comment	Gross \$ Received	Net \$ Received	PV for period	PV Today
1 thru 6	0	Development				
7 thru 19	8	8 per year	\$ 960,000	\$ 864,000	\$ 810,366	\$ 764,496
20 thru 29	17	6 per year	\$ 2,040,000	\$ 1,836,000	\$ 1,579,432	\$ 1,381,934
Gross Proceeds:			\$3,000,000	\$2,750,000		
					PRESENT VALUE 1/10/2018:	\$2,146,430

Value Conclusion

of the Income Approach: **\$ 2,150,000 (rounded)**

Final Reconciliation

The purpose of this section of the appraisal report is to consider the reliability of each approach used to form an opinion of the value of the subject property, and to conclude a final opinion of value

In the **Cost Approach** - The value indicated by the Costs Approach is not indicative of the time value of the money, but rather is the value if all the lots were developed and sold at the date of the appraisal. Therefore, this method is not typically relied on for a development appraisal. The value indicated by the Cost Approach was \$ 2,996,923.

The **Sales Comparison Approach** - The value indicated by the Sales Comparison Approach is not indicative of the time value of the money, but rather is the value if all the lots were developed and sold at the date of the appraisal. Therefore, this method is not typically relied on for a development appraisal, except the result is used in the Income Approach. The Sales Comparison Approach has yielded a value indication of \$ 3,000,000.

The **Income Approach** considers the property on the basis of an "absentee investor", who would purchase the property for the purpose of obtaining the income stream generated. Other reasons the investor would be interested, is that of resale value, tax advantages, and appreciation. The value indication by the Income Approach is obtained by estimating the value of the lots, developing an absorption period, developing the income stream generated by the lot sales, and applying a discount rate to the sum of the income stream (after deducting expenses) in an effort to produce a value figure. The discount rate is similar to a capitalization rate. The Income Approach is the preferred method for a development appraisal, and considered the only credible method. The value indication by the Income Approach is \$ 2,150,000.

Final Value Conclusion(s)

A more detailed explanation of the approaches to value is contained in each individual section of this report. After analyzing each approach, based on its supportable data, and the reliability of that data, the appraiser has made conclusions as to the value of the subject property. In arriving at those conclusions, the appraiser has considered the Income Approach to be the most supportable approach and the most credible method of analyzing Market Value, as defined, for the subject. Therefore, my final market value opinion for the subject real estate is:

“Subject To Completion” Market Value of the Real Property

\$ 2,500,000

TWO MILLION FIVE HUNDRED THOUSAND DOLLARS

**THE REPORT IS SUBJECT TO COMPLETION OF THE DEVELOPED LOTS,
STREETS, AND UTILITIES.**

“AS IS VALUE” \$ 1,600,000

Exposure Time vs Marketing Time

Two related but different concepts that are often confused are Exposure Time and Marketing Time. USPAP specifically addresses the confusion.

Exposure Time (Statement 6) “the estimated length of time the property interest being appraised would have been offered on the market **prior** to the hypothetical consummation of a sale at market value on the effective date of the appraisal.”

Marketing Time (Advisory Opinion 7) “an opinion of the amount of time it might take to sell a real or personal property interest at the concluded market value during the period immediately **after** the effective date of the appraisal.”

Therefore, the Exposure Time is backward looking from the effective date of the value opinion (based on factual past events); but the Marketing Time is forward looking (a forecast of expected future occurrences), starting on the effective date of the value opinion.

Both concepts are influenced by price; meaning that a prudent buyer could be enticed to purchase the property in a shorter time period if the price were less. Therefore, the time span cited below coincides with the value opinion(s) formed within this report.

USPAP Standard rule 1-2(c)(iv) requires an opinion of Exposure Time, but not Marketing Time, when the purpose of the appraisal is to estimate Market Value.

Considering all pertinent factors the estimated exposure time for the subject, assuming competitive pricing and prudent marketing efforts, is 12 to 18 months. This period is considered typical for properties of this type.

Appraiser's Certifications

The Appraiser certifies 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. The statements of fact contained in this report are true and correct. Reported analyses, opinions, and conclusions are limited only by the assumptions and limiting conditions contained within this report, and are my personal, impartial, unbiased professional analyses, opinions, and conclusions.
2. 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.
3. 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).
4. 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.
5. I performed a complete visual observation of the interior and exterior areas of the subject property. I reported the condition of the improvements in factual, specific terms. However, during this viewing I did not attempt to probe, investigate, study, detect, or discover unfavorable physical features that were not easily visible in a cursory inspection.

6. Names of individuals providing significant real property appraisal assistance to the appraiser signing the report: None.
7. Prior Service: I have appraised varying portions of the subject property on several different occasions within the past three years. I appraised a portion of the subject property for this same lender (Bank of Forest) in 2016. I appraised other portions of the subject property for the borrower for a lawsuit (not related to the bank) in 2017.
8. Based on the information contained herein, and upon my judgment, education, and experience as a real estate appraiser, it is my opinion that the following market value(s) is(are) applicable to the subject property as of January 10, 2018.

“As Is” Market Value of Real Property: \$ 1,600,000

“Value Subject To Completion” of Development: \$ 2,500,000



January 23, 2018

John I. Jenkins, Jr SRA
Ms Certified General Appraiser, Lic GA-122

Addenda

Digital Signatures

The signature(s) affixed to this report, and certification, were applied by the original appraiser(s) or supervisory appraiser and represent their acknowledgements of the facts, opinions and conclusions found in the report. Each appraiser(s) applied his or her signature electronically using a password encrypted method. Hence these signatures have more safeguards and carry the same validity as the individual's hand applied signature. If the report has a hand-applied signature, this comment does not apply.

Appraisal Institute

The Appraisal Institute, the professional organization that awards the MAI and SRA appraisal designations, conducts a program of continuing professional education only for its designated members.

Declarations

I, John I Jenkins, SRA am a designated member of the Appraisal Institute and declare that I have completed the continuing education program of the Appraisal Institute prior to this report's preparation date.

The use of this report is subject to the requirements of the Appraisal Institute relating to review by its duly authorized representatives.

Qualifications of Appraiser

John I. Jenkins, Jr. SRA
Certified General Real Estate Appraiser
Ms Lic # GA-122

Professional Designations:

SRA Designated Member	Appraisal Institute, awarded 1981
REALTOR® Member	National Association of REALTORS® Mississippi Association of REALTORS® Jackson Association of REALTORS®
Jackson Association of REALTORS	President, 2009 Vice President, 2008 Director, 2007
Multiple Listing Service of Jackson	Director, 2001-2002
Society of Real Estate Appraisers (now the Appraisal Institute)	President Jackson, Ms Chapter, 1990
Mississippi Certified General Real Estate Appraiser Lic # GA-122, since 1994	
Real Estate Appraiser since 1979	
Real Estate Broker, Lic # B-5012 since 1977	

College Education:

MBA (Master of Business Admin) – Mississippi College, 1981
 BSBA in Real Estate and Insurance - University of Southern Mississippi, 1978

Employment History:

1985 - Current	Self-Employed Real Estate Appraiser
1981 – 1983	Branch Manager, Depositors Federal S & L
1978 – 1981	Staff Appraiser, Magnolia Federal Bank
1972 - 1976	US Air Force, Keesler AFB, MS; Upper Heyford, England Eglin AFB, Florida

Significant Appraisal Experience:

Experience includes the valuation of a variety of Residential, Commercial, Industrial, and Multi-Family properties and Land ranging in value from \$25,000 to over \$1,000,000 in the State of Mississippi. Primary areas of experience are in Residential homes, Commercial Office Buildings, Funeral Homes, Industrial & Warehouse Facilities, and Two to Four Family Residential Properties.

Courses and Seminars Completed:

Principles of Real Estate (USM)
 Real Estate Law (USM)
 Real Estate Finance (USM)
 Residential Property Valuation (USM)
 Income Property Valuation (USM)
 Course 101, Intro to Appraising Real Property, (60 hrs) - Appraisal Institute, 1978
 Course VIII, Residential Properties, (40 hrs) – Appraisal Institute, 1978
 Course I-B, Capitalization Theory & Techniques, (74 hrs) – Appraisal Institute. 1979
 Case Studies in Valuation (34 hrs) – Appraisal Institute, 1980
 Narrative Report Writing Seminar – Appraisal Institute, 1980
 Recent Developments in Income Property Valuation Seminar – Appraisal Institute, 1985
 Appraising Single Family Residences – Appraisal Institute, 1986
 FHLBB R-41c Seminar (Income Appraisal Guidelines) – Appraisal Institute, 1987
 Uniform Standards of Professional Appraisal Practice (USPAP), 1991
 Standards of Professional Appraisal Practice Update (USPAP) 2007 (most recent listed)
 Depreciation Analysis, (Appraisal Institute seminar) 2000
 Course 201, Principles of Income Property Appraising (60 hrs), 1991
 Foundation Settlement (Appraisal Institute seminar), 2000
 Understanding Limited Appraisals, 2001
 Changes in the Appraisal Profession, 2001
 FHA and the Appraisal Process, 2003
 Buyer Brokerage, Single Agency Seminar, 2003
 Professionals Guide to the Uniform Residential Appraisal Report, 2005
 Evaluating Residential Construction (Appraisal Institute seminar), 2005
 Quality Assurance in Residential Appraisals (Appraisal Institute seminar), 2007
 What Clients Would Like Their Appraisers to Know (Appraisal Institute seminar), 2007
 Liability Management for Residential Appraisers (Appraisal Institute seminar), 2007
 Appraising from Blueprints and Specifications (Appraisal Institute seminar), 2007
 New Technology for Real Estate Appraisers (Appraisal Institute seminar), 2007
 Scope of Work (Appraisal Institute seminar), 2007
 Introduction to GIS Applications (Appraisal Institute seminar), 2008
 Using Your HP12C Financial Calculator (Appraisal Institute seminar), 2008
 Business Practices and Ethics (Appraisal Institute seminar), 2008
 Litigation Appraising - Specialized Topics and Applications (Appraisal Institute course), 2008

Appraisals Performed and/or Accepted by: (partial listing)

Federal National Mortgage Association (FNMA)
 Federal Deposit Insurance Corporation (FDIC)
 Resolution Trust Corporation (RTC)
 Federal Housing Administration (FHA)
 Farmers Home Loan Association (FmHA)
 Bancorp South Bank, Jackson, Ms
 BankPlus, Ridgeland, Ms
 Bank of Yazoo, Jackson, Ms
 Citizens Bank, Laurel, Ms (Brandon)
 Community Bank, Jackson, Ms
 Cross Keys Bank, Jackson, Ms
 ECD/Hope Enterprises Corp, Jackson, Ms
 First Commercial Bank, Jackson, Ms
 Heritage Banking Group, Flowood, Ms
 Madison County Bank, Madison, Ms
 Members Exchange Credit Union, Jackson, Ms
 Omni Bank, Jackson, Ms
 Regions Bank, Madison, Ms
 Scott County Bank, Forests, Ms
 Wachovia Bank, Ridgeland, Ms
 Access Mortgage Partners, Jackson, Ms
 Amerisave Mortgage Corp, Atlanta, Ga
 AmStar Mortgage Group, Baton Rouge, La
 BBL Mortgage Co, Jackson, Ms
 Capitol One Home Loans, Overland Pk, Kansas
 Equity Solutions USA, Jackson, Ms
 Executive Mortgage Corp, Flowood, Ms
 Gateway Mortgage Co, Dallas, Tx
 Hurricane Mortgage Co, Jackson, Ms
 Irvine Hills, LLC, Irvine, Ca
 Loansource Financial Svcs, Madison, Ms
 Mortgage First, Ridgeland, Ms
 Mortgage Consultants, Flowood, Ms
 Mortgage Strategies, Inc, Ridgeland, Ms

 Premier Capital Mortgage Gp, Southaven, Ms
 Residential Mortgage Corp, Jackson, Ms
 Southwest Funding, McKinney, Tx
 Associates Relocation Mgt Co, Washington DC
 Busch Relocation Company, Inc
 Coldwell Banker Relocation Management Svcs
 Meritor Credit, Tampa, Fl
 Primacy Relocation Services, Silver Spring, MD

BankFirst, Madison, Ms
 Bank of Forest, Forest, Ms
 Bank of New Albany, New Albany, Ms
 Magnolia State Bank, Bay Springs, Ms
 Copiah Bank, Crystal Springs, Ms
 Equity Bank SSB, Dallas, Tx
 FirstBank, Jackson, Ms
 Grand Bank, Hattiesburg, Ms
 Liberty Bank & Trust Co, Jackson, Ms

 M & F Bank, Ridgeland, Ms
 Priority One Bank, Brandon, Ms
 Trustmark National Bank, Jackson, Ms
 State Bank & Trust Co, Flowood, Ms

 Advanced Mortgage, LLC, Flowood, Ms
 AMS Mortgage, Madison, Ms
 Axion Mortgage Gp, Kenner, La
 Bridges Mortgage Co, Ridgeland, Ms
 Covenant Mortgage Co of MS, Jackson, Ms
 Enterprise Corp of America, Jackson, Ms
 First Miss Capital Corp, Ridgeland, Ms
 HomeFirst Mortgage, Flowood, Ms
 Home Mortgage Center, Crystal Springs, Ms
 Liberty Mortgage Co, Jackson, Ms
 Mercury Real Estate LLC, Plantation, Fl
 Mortgage Connection, Flowood, Ms
 Mortgage Investors Group, Ridgeland, Ms
 Mortgage Partners Inc, Flowood, Ms
 NFS Loans, Irvine, Ca
 Realty Mortgage Corp, Flowood, Ms
 Silverado Funding LLC Beaverton, Or
 Valuation Services, Warrensville Hgts, Oh
 Argonaut Realty, Detroit, Mi Anhauser
 Chem Exec Relocation, Washington, DC
 Electronic Realty Associates, Shawnee, Ks
 Milwaukee Electric Tool Company Relo
 Sanderson Farms, Inc, Ellisville, Ms

Appraiser's License

<p>State of Mississippi MISSISSIPPI REAL ESTATE APPRAISER LICENSING AND CERTIFICATION BOARD LICENSE # : GA-122</p>		<p>State of Mississippi MISSISSIPPI REAL ESTATE APPRAISER LICENSING AND CERTIFICATION BOARD STATUS: ACTIVE</p>	
<p>JOHN I JENKINS JR. HAS BEEN GRANTED A LICENSE AS A STATE CERTIFIED GENERAL APPRAISER Effective Date: 11/01/2017</p>		<p>JOHN I JENKINS JR. 1991 LAKELAND DR., SUITE J (39216) P. O. BOX 16981 JACKSON, MS 39236</p>	
<p>SIGNATURE OF LICENSEE Robert E. Praytor, Administrator</p>		<p>Mississippi Real Estate Appraiser Licensing and Certification Board</p>	
<p>This is to certify that Whose place of business is located at</p>		<p>License Number ORIGINALLY LICENSED 10/25/1997 GA-122</p>	
<p>is duly licensed as a State Certified General Real Estate Appraiser in the State of Mississippi from the date of issuance. The license will remain in force when properly supported by a current pocket identification card. In witness thereof, the MISSISSIPPI REAL ESTATE APPRAISER LICENSING AND CERTIFICATION BOARD has caused this license to be issued by virtue of the authority vested in it by Section 73-34 of the Mississippi Code of 1972 annotated.</p>			
<p>In witness thereof, we have caused the Official Seal to be affixed, this the 21st day of SEPTEMBER, 2011.</p>			

Engagement Letter

REQUEST FOR APPRAISAL

Part I – Request			
To: Name & Address of Appraiser		From: (Name & Address) O. B. Triplett IV P O Box 724 Forest MS 39074 Phone: 601-469-1339 Fax: 601-469-1339 Cell: 601-507-5133	
Applicant: (Name & Address) Watermark Properties LLC 10 Lakeland Circle Jackson, MS 39216 Contact Phone Number: Scott Allen (601) 914-9906		Lender: (Name & Address) Bank of Forest P O Box 60 Forest MS 39074 Phone: 601-469-3663 Fax: 601-469-1786	
Authorized By: (Signature) <i>Scott Allen</i>		Title: Partner President	Date: 11/20/17
Part II – Property and Mortgage Information			
Property Type: <input type="checkbox"/> Detached <input type="checkbox"/> Attached <input type="checkbox"/> Condo <input type="checkbox"/> PUD <input type="checkbox"/> CO-OP <input checked="" type="checkbox"/> raw land	Occupancy Status: <input type="checkbox"/> Primary Residence <input type="checkbox"/> Second Home <input checked="" type="checkbox"/> Investment Property No. of Units	Type of Loan: <input type="checkbox"/> Conventional <input type="checkbox"/> FHA <input type="checkbox"/> VA <input type="checkbox"/> USDA/Rural Housing Other Development	Lien Position: <input checked="" type="checkbox"/> First Mtge <input type="checkbox"/> Second Mtge
		Loan Purpose: <input type="checkbox"/> Purchase <input type="checkbox"/> Cash-Out Refi <input type="checkbox"/> No Cash-Out Refi <input type="checkbox"/> Construction <input type="checkbox"/> Construction Perm <input checked="" type="checkbox"/> Other Development	
Property Address: 507 acres of raw land, Berry Rd, Richland, MS 39218		Estate Will Be Held In: <input checked="" type="checkbox"/> Fee Simple <input type="checkbox"/> Leasehold	
Legal Description: Legal to follow ASAP			
Listing Agent:		Selling Agent:	
Part III – Appraisal Information			
Appraisal Type: <input type="checkbox"/> Interior/Exterior (1004) <input type="checkbox"/> Land Appraisal <input type="checkbox"/> Fannie Mae 2055 <input type="checkbox"/> Fannie Mae 2055 (Internal) <input type="checkbox"/> Commercial (Restricted Report – Letter) <input checked="" type="checkbox"/> Commercial (Complete Summary Report)		Due Date: 12/05/17	
Estimate of Value Should Be: <input checked="" type="checkbox"/> As Is <input checked="" type="checkbox"/> As Completed	Appraisal Cost:	Appraisal Type(s) Ordered: Commercial (complete summary)	
Payment Method: <input checked="" type="checkbox"/> Invoice Client <input type="checkbox"/> Bill <input type="checkbox"/> Other Bank of Forest c/o O.B. Triplett IV		E-Mail Appraisal To: triplettrealty@bellsouth.net	
Comments: Borrower plans to develop the property into mini-farms of 20 acres to 40 acres. The purpose of the loan is to refi all current debt on the property and provide funds for a two-lane road & several lakes/ponds. Scott Allen can be contacted for specifics regarding anticipated improvements. Please include as-is & as complete values. Allen's phone # (601) 914-9906.			

RE-105

26