

Effective Date of Value: February 24, 2004 was the date of inspection and that is the date of valuation.

Appraisal Development and Reporting Process: In preparing this appraisal, the appraiser

- inspected the subject property;
- gathered information regarding the subject property from the Durham County Register of Deeds, Tax Office, and the Durham County Planning Department;
- gathered information on sales of lands and improved properties and rental rates of improved office properties; and
- confirmed and analyzed the data necessary to provide opinions of the current market value

This Summary Appraisal Report is a brief recapitulation of the appraiser's data, analyses, and conclusions. Other supporting documentation is retained in the appraiser's file.

Description of the Subject Property:

The Land: The subject property is located in the downtown of Durham, North Carolina. The greater downtown area is situated north of NC 147 (Durham Freeway) and south of Interstate 85. The core of the downtown is east of Duke Street, west of Dillard Street, north of NC 147 and south of Geer Street. The subject is near the center of downtown. A map identifying the subject's location is attached in the addenda. The subject land consists of two non-contiguous lots. The 315 East Chapel Hill Street lot is the site of the subject 41,810 square foot office building which serves as the headquarters of Mutual Community Savings Bank. This rectangular-shaped lot has about 65 feet of frontage on the north side of East Chapel Hill Street and 128 feet on Holland Street Mall. East Chapel Hill Street is a one-way, east-bound, curb and gutter, dual lane street with some parallel street parking in front of the subject office building. Holland Street Mall is a paved pedestrian walkway leading northward from East Chapel Hill Street. Holland Street provides foot access to surface parking lots along Foster Street and Morgan Street. The lot slopes gently downward from the street front. It contains about 0.187 acre, 8,145 square feet.

The other subject lot is a 50' x 113' rectangular-shaped lot located along Holland Street, one building lot removed from the other subject lot. It contains about 6,403 square feet. The Holland Street lot is paved, striped and otherwise improved as parking for 21 vehicles used by Mutual Savings Bank. It has an entry gate with entry card reader and an exit gate. This lot adjoins a surface lot owned by the City of Durham. Access to this lot is by a paved drive to Morgan Street to the north. This site is level and at grade with the adjoining drive.

The combined land area is 14,548 square feet.

Public water, sewer, electricity, telephone and other city services are available.

The Improvements: The improvements on the lot consists of a six level steel, masonry, concrete and glass office building that contains an estimated gross building area of 41,810 square feet. The levels include the first floor which is the street level entry on East Chapel Hill Street, a mezzanine, three upper floors and a basement which has an outside grade entry onto Holland Street Mall. Built in 1968, the building has been a bank headquarters and multi-tenant office building over its life. It is now the home office of Mutual Community Savings Bank.

Calculation of building areas reported in this appraisal are based upon the dimensions shown on the copies of the building plans provided to us. Various sources of information identify the gross building area to be in excess of 42,000 square feet. 41,810 square feet is used in this report.

The building features include: Steel structure; brick, concrete, steel and glass exterior; concrete floors; front and rear six stop, Westinghouse 2500 lb. elevators; and single ply roof cover over concrete on metal roof deck. Interior finishes descriptions follow. The actual age of the building is 36 years. The effective age of the building is estimated to be 36 years. The anticipated economic life is 50 years indicating a remaining economic life of 14 years.

The estimated 41,810 square feet of gross floor area consists of about 32,945 square feet of finished areas and about 8,865 square feet of areas within elevators, stairwells, chases, and mechanical areas. The estimated total net rentable area is 26,440 square feet of office space and 1,880 square feet of basement storage space.

The estimated net rentable office area of 26,440 square feet consists of 9,130 square feet on the first floor and mezzanine used by the bank and 17,310 square feet of space on the other levels for office use. Copies of the floor plans are included in the addenda.

Basement: The basement is divided into mechanical-electric-telecom room, data processing, bank support offices, employees lounge, two storage rooms (one with heating/cooling), janitor's closet and a set of men's and women's restrooms. The finished areas have vinyl composition tile or carpet coverings on concrete floor, painted or wallpapered drywall partitions, wood and metal doors, suspended (2' x 2') tile or celotex ceiling, and fluorescent fixtures (either flush mounted or lay-in). Finishes are in average condition though the restrooms are dated. The lounge has base and wall cabinets and a double-bay sink. The mechanical room has a painted concrete floor and lights. The dry storage room has drywall, vinyl composition tile floor cover and lights. The gross floor area is 8,070 square feet of which 4,720 square feet is in finished area and 3,350 square feet is mechanical, dry storage or service areas such as elevators, stairwells and chases. The estimated rentable area is 2,310 square feet of office and 1,880 square feet of storage area.

First Floor: The first floor houses the vault, customer service and banking areas of the bank. The banking lobby has carpeted floors; exterior glass wall or wood paneling partition finishes; canister, suspended or lay-in lighting fixtures; and cathedral or blown gypsum ceiling. There is a set of employee restrooms and a water fountain. The gross floor area is 6,560 square feet of which 5,330 square feet is finished area and 1,230 square feet is in service areas such as elevators, stairwells, chases and other mechanical areas. The estimated net rentable area is 5,330 square feet. There is a 450 square foot covered slate entry fronting East Chapel Hill Street at the main entrance.

Mezzanine: The mezzanine houses the corporate offices of the bank. The finishes include carpeted floors; painted drywall or wood paneled partitions; acoustical ceiling; fluorescent or incandescent lighting; and good quality wood doors. There is a set of restrooms, a janitor's closet and front and rear elevator/stairwell access as with the other floors. The gross floor area is 5,150 square feet of which about 3,800 square feet is finished areas and 1,350 square feet is in service areas such as elevators, stairwells, chases and mechanical areas. The estimated net rentable area is 3,800 square feet.

Second Floor: The second floor has two offices used by the bank and the balance of the area used for non-bank tenants. There are currently seven rental offices. The finishes include carpeted floors, vinyl demountable partitions, lay-in ceiling and light system and wood doors. There is a set of restrooms, janitorial closet and service areas. The gross floor area is estimated to be 7,200 square feet of which about 6,365 square feet is finished area and 835 square feet is elevators, stairwells, chases and mechanical areas. The estimated net rentable area is 5,000 square feet.

Third Floor: The third floor is leased to non-bank tenants. There are currently five offices. Finishes are carpet, painted drywall or demountable partitions, lay-in ceiling and light system, and restrooms as on the second and fourth floors. The gross floor area is 7,200 square feet of which about 6,365 square feet is finished area and 835 square feet is in elevators, stairwells, chases and mechanical areas. The estimated net rentable area is 5,000 square feet.

Fourth Floor: The fourth floor is leased to non-bank tenants except for the bank board room and a file storage room. Finishes are similar to the second and third floors, except that the board room has a set of wall and base cabinets with sink, two burner range and microwave. The gross floor area is 7,200 square feet of which about 6,365 square feet is finished area and 835 square feet is in elevators, stairwells, chases and mechanical areas. The estimated net rentable area is 5,000 square feet.

Tax, Zoning & Legal: The sites are identified as Durham Tax Parcels 103006 and 103003. Parcel 103006 (improved with the building) has a tax value of \$2,426,514 which is allocated \$65,514 to land and \$2,361,000 to improvements. 2003 taxes were \$31,739. Parcel 103003 has a tax value of \$53,615 allocated \$2,040 to improvements and \$51,575 to land. 2003 taxes were \$701. The subject lots are shown on the Durham GIS map on the following page.

The subject lots are zoned CBD, Downtown Central Business District which permits a variety of office, retail, and commercial uses. The current use is a permitted use.

The subject is described in a deed recorded in Durham Deed Book 1773, page 112. The subject are also shown on Plat Books 130-6 and 128-114. Copies of the deed and plats are included in the addenda. The purchase price in 1992 was \$700,000.