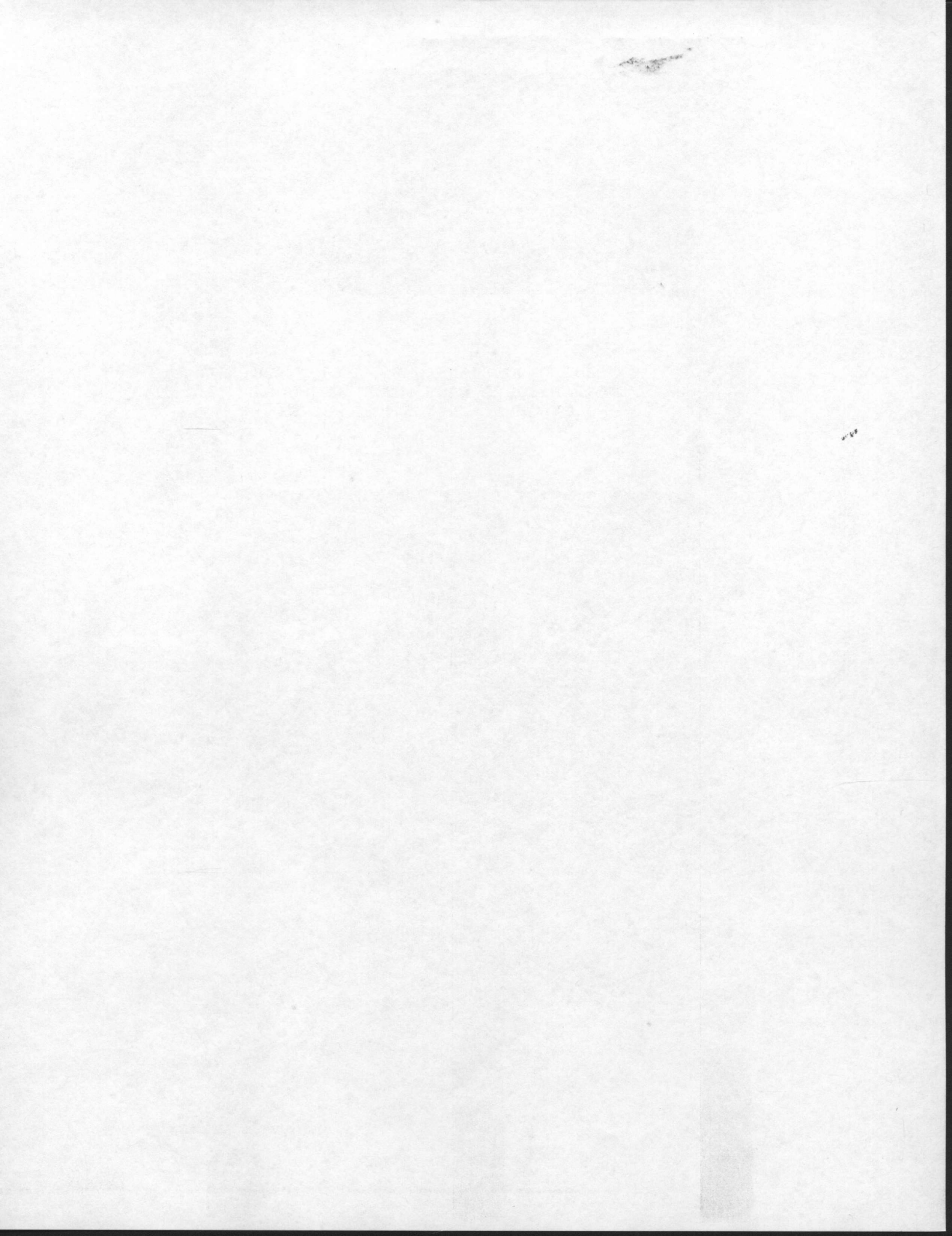


BOQ BUILDINGS 2603, 2605, 2607, 2617
MARINE CORPS BASE, CAMP LEJEUNE
JACKSONVILLE, NORTH CAROLINA

REALTY SERVICES
of
EASTERN CAROLINA, INC.
New Bern, North Carolina



REVIEW CERTIFICATE

Property of BOQ Buildings 2603, 2605, 2607, and 2617
Marine Corps Base, Camp Lejeune
Jacksonville, North Carolina

The attached rental appraisal report, prepared by Mr. R. Earl Jones, MAI and dated 5 Feb 1987 has been reviewed. The reviewer has made a personal inspection of the subject facilities and is familiar with each comparable rental utilized by Mr. Jones.

The basic building structures, room designs, layouts and amenities are adequately described within the appraisal report. Of particular note, and quite appropriately pointed out by the appraiser is the fact that, although the buildings and rooms are constantly maintained, their basic age, unfunctional design and basic bone structure in many ways reflects their true age.

Mr. Jones has selected eight comparable nearby motels as the basis for estimating the value of the subject units. All of these motel units utilized by Mr. Jones are the best comparable data available. They are, however, dissimilar in many ways and Mr. Jones has made adjustments for these dissimilarities. The adjustments made by Mr. Jones are felt to be appropriate and the values reflected within his appraisal adequately estimate the rental value of the subject units. Therefore, based on this reviewer's review of the attached appraisal report and the supporting data contained therein the following rental schedule as reflected by Mr. Jones is approved:

A. Building 2306

Single room with community bath	\$ 5.00 per day
Two room suite and bath	\$18.00 per day

B. Building 2605

Two room suite with private bath	\$18.00 per day
----------------------------------	-----------------

C. Building 2607

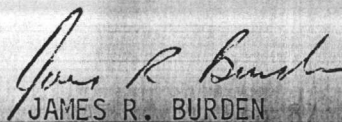
Two room suite with private bath	\$18.00 per day
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D. Building 2617

Single room with shared bath	\$12.00 per day
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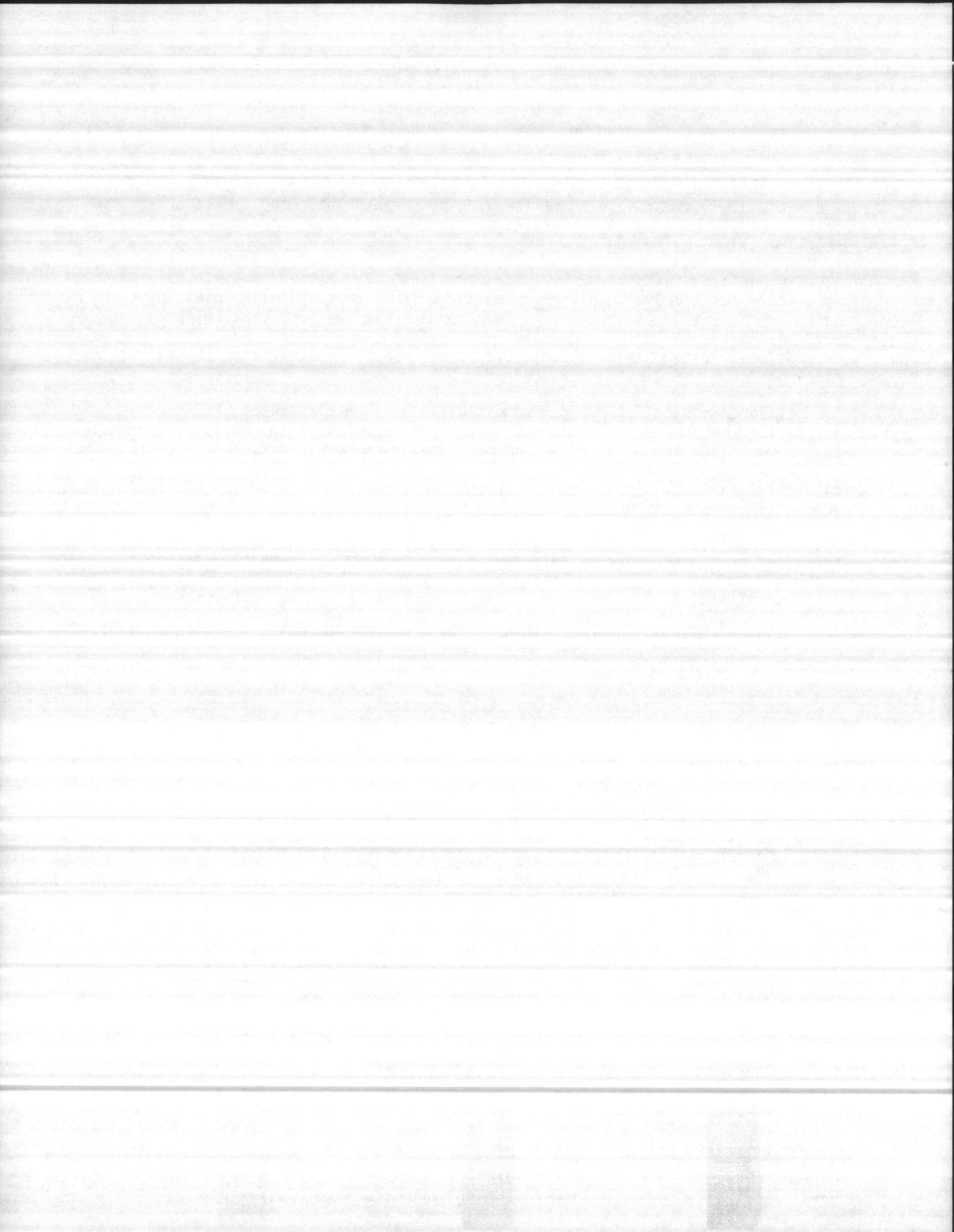
There is one type of room that is not reflected by the appraisal of Mr. Jones. Within building 2605, there are two single rooms with private bath. Based on the rational and method of appraisal by Mr. Jones, this 264 sq. ft. room should be valued at six cents per square foot or \$15.84 per day, which should be rounded off to \$16.00 per day.

DATE: 20 Feb 87


JAMES R. BURDEN

STAFF APPRAISER

Naval Facilities Engineering Command



A RENTAL APPRAISAL

OF

BOQ BUILDINGS 2603, 2605, 2607, 2617
MARINE CORPS BASE, CAMP LEJEUNE
JACKSONVILLE, NORTH CAROLINA

FOR

MR. JAMES R. BURDEN, MAI, ASA
APPRAISAL/NATURAL RESOURCES BRANCH
REAL ESTATE DIVISION
DEPARTMENT OF THE NAVY
ATLANTIC DIVISION
NAVAL FACILITIES ENGINEERING COMMAND
NORFOLK, VIRGINIA 23511-6287

BY

R. EARL JONES, MAI
REALTY SERVICES OF EASTERN CAROLINA, INC.
1333 SOUTH GLENBURNIE ROAD
POST OFFICE BOX 5069
NEW BERN, NORTH CAROLINA 28561

K163-1,2

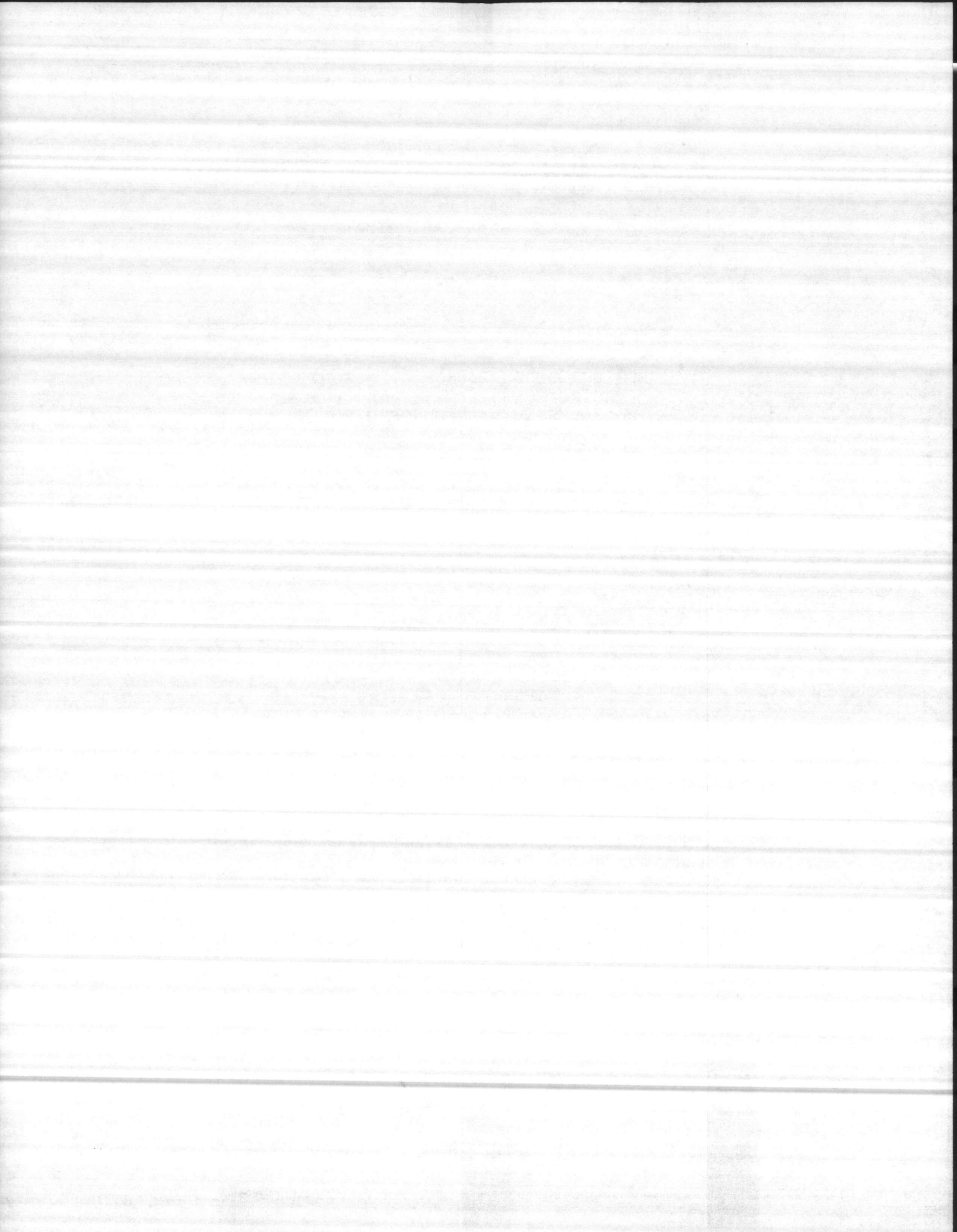
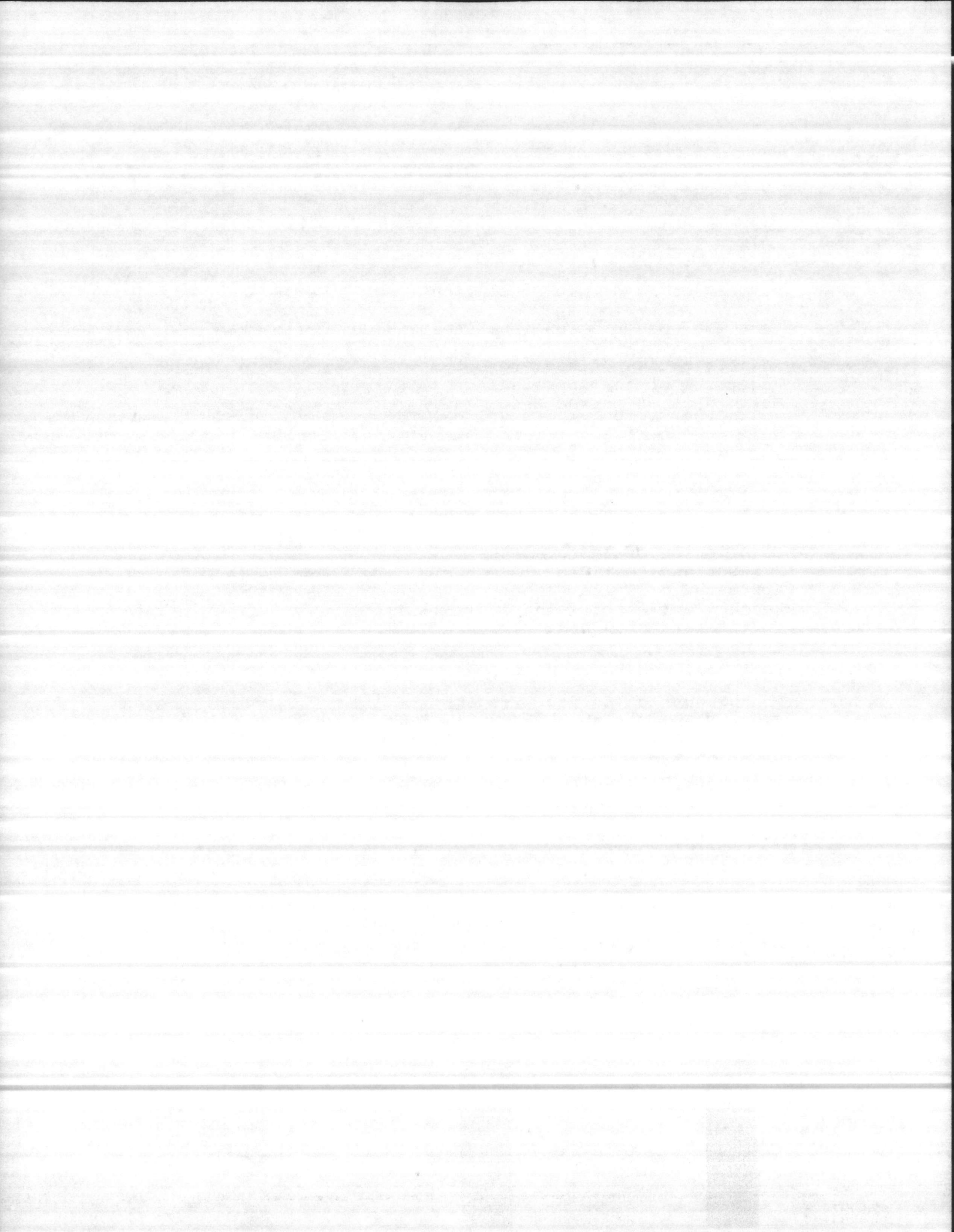


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REALTY SERVICES of EASTERN CAROLINA, INC.

Appraisers, Consultants and Brokers

1333 South Glenburnie Road
Post Office Box 5069
New Bern, North Carolina 28561
(919) 633-6484

CURTIS D. JERNIGAN, MAI
CHARLES J. MOODY, III, MAI

R. EARL JONES, MAI, RM
C. PHILLIP NELSON

February 9, 1987

Mr. James R. Burden, MAI, ASA
Appraisal/Natural Resources Branch
Real Estate Division
Department of the Navy
Atlantic Division
Naval Facilities Engineering Command
Norfolk, Virginia 23511-6287

Dear Mr. Burden:

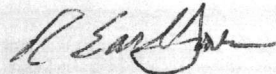
At your request, I have personally examined and appraised a typical room within Buildings 2603, 2605, 2607 and 2617 located at Marine Corps Base, Camp Lejeune, Jacksonville, Onslow County, North Carolina for the purpose of reporting to you my opinion of the fair market rental value of the property as of February 5, 1987.

Based on the examination and study thereof, it is my opinion that the fair market rental value of this property on a per day basis as of the above date is:

Bldg. 2603	1. Single Room/Community Head	\$ 5.00/day
	2. Two Room and Bath Suite	\$18.00/day
Bldg. 2605	1. Two Room and Bath Suite	\$18.00/day
Bldg. 2607	1. Two Room and Bath Suite	\$18.00/day
Bldg. 2617	1. Single Room and Shared Bath	\$12.00/day

The following appraisal report presents a review of the appraisal and my analysis of the data along with other materials on which the estimate of fair market rental value is predicated.

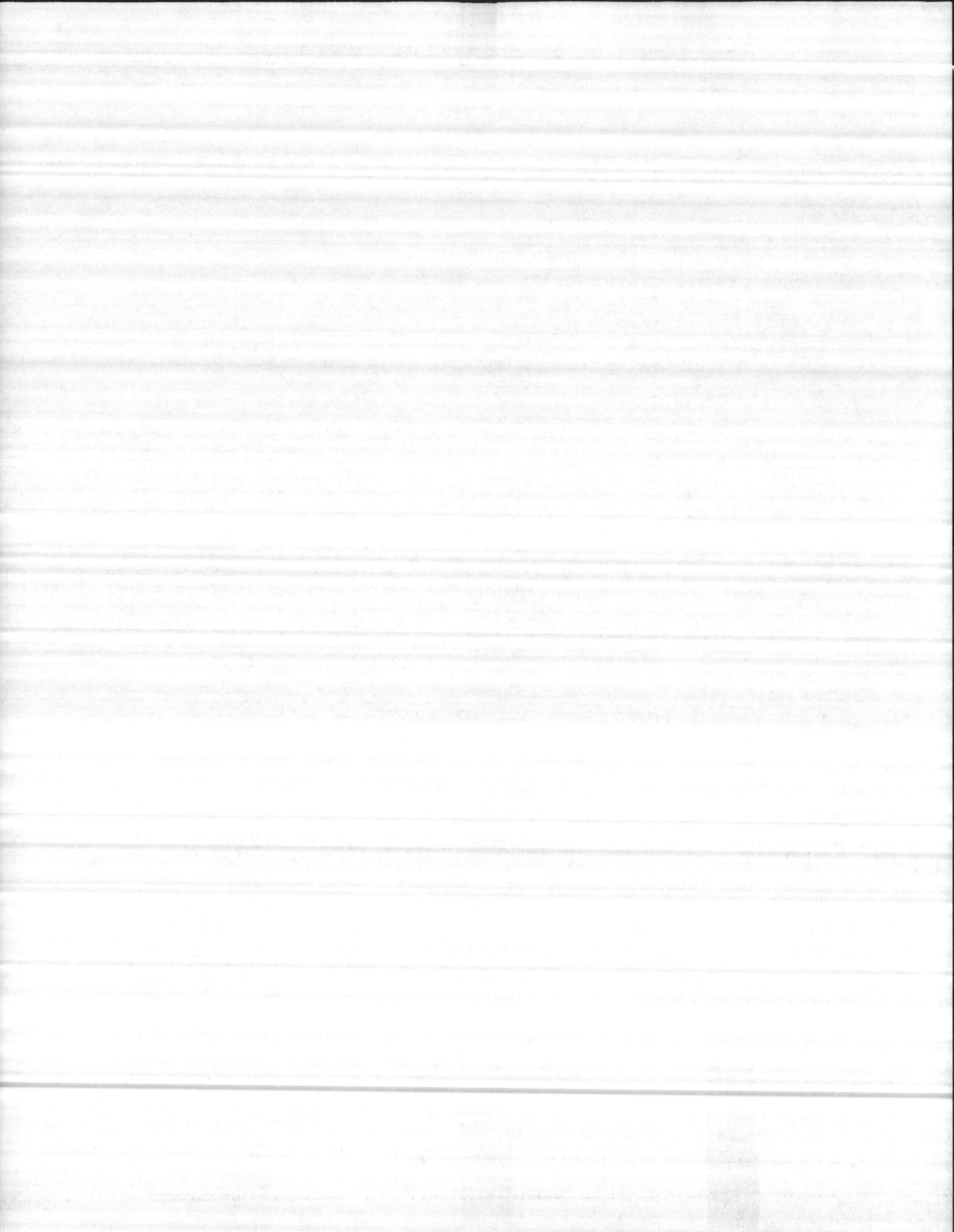
Respectfully submitted,



R. Earl Jones, MAI

REJ:khd
Enclosure
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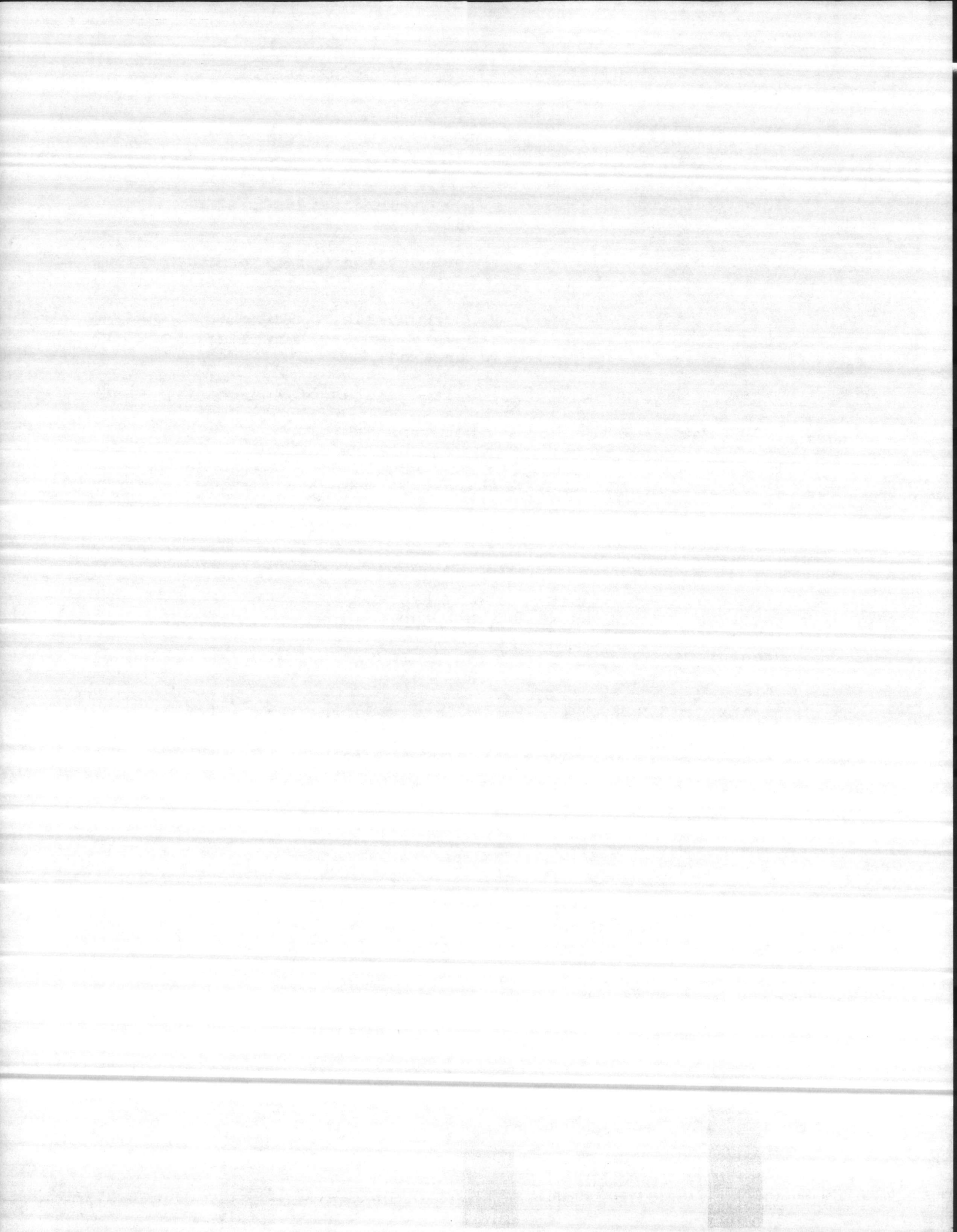
iii



Summary of Important Conclusions

My investigation in connection with this appraisal revealed the following conclusions:

Identification	BOQ Buildings 2603, 2605, 2607, 2617
Location	Intersection of Seth Williams Blvd. and Charles Street, Marine Corps Base, Camp Lejeune, Jacksonville Township, Onslow County, Jacksonville, North Carolina
Owner of Record	United States of America
Land Area	Not applicable
Improvements	Four buildings; each is a two story, concrete frame, brick veneer unaccompanied personnel housing facility
Zoning	None-Federal property exempt from zoning
Frontage	Not applicable
Present Use	Unaccompanied officer's personnel housing
Highest and Best Use	Military defense installation
Neighborhood	Military defense installation
Interest Appraised	Fair market rental value
Date of Valuation	February 5, 1987



The rental value indications for the subject property are as follows:

Indicated Rental Value by the Cost Approach Not Utilized

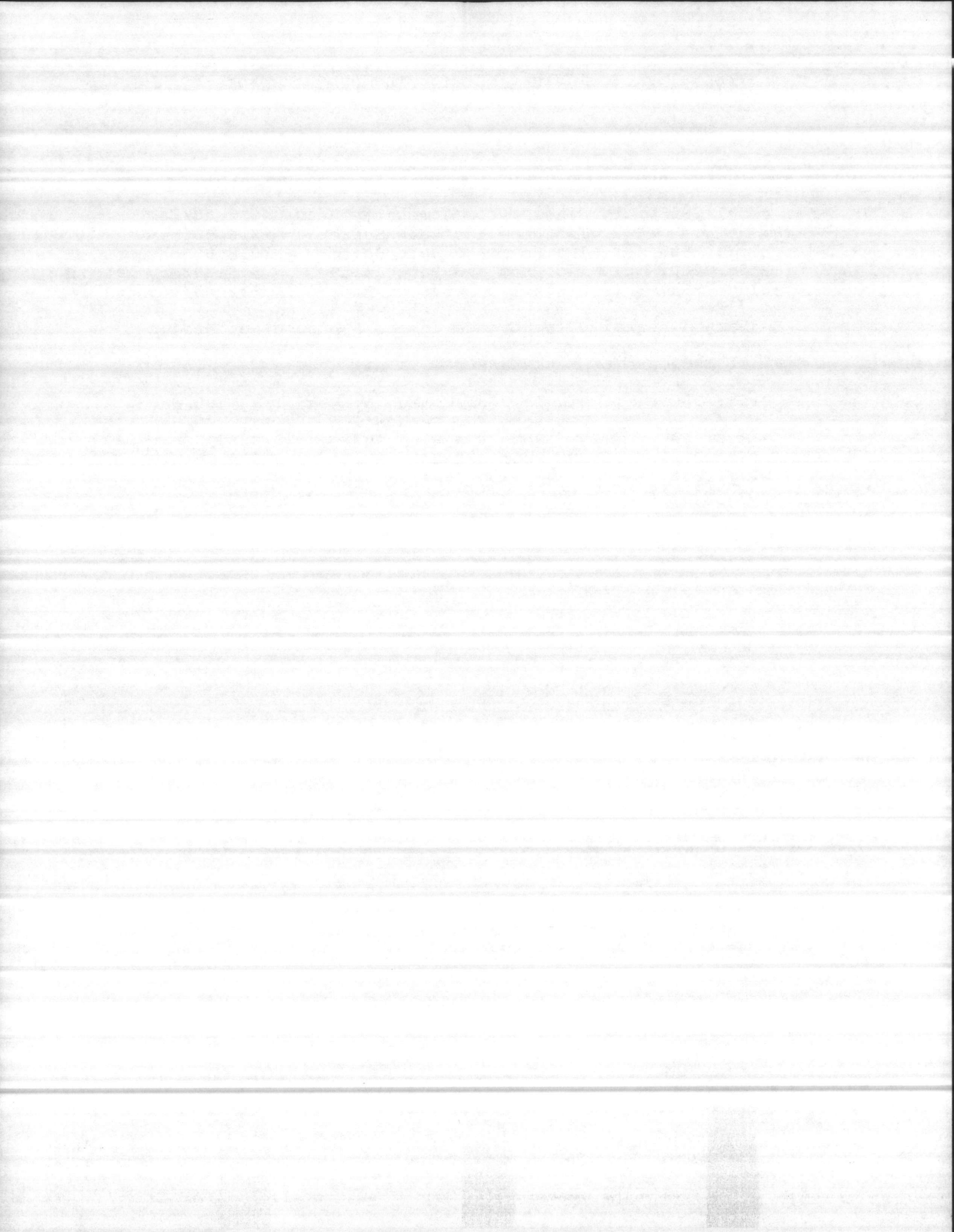
Indicated Rental Value by the Market Data Approach:

Bldg. 2603	1. Single Room/Community Head	\$ 5.00/day
	2. Two Room and Bath Suite	\$18.00/day
Bldg. 2605	1. Two Room and Bath Suite	\$18.00/day
Bldg. 2607	1. Two Room and Bath Suite	\$18.00/day
Bldg. 2617	1. Single Room/Shared Bath	\$12.00/day

Indicated Rental Value by the Income Approach Not Utilized

Final Estimate of Market Rental Value:

Bldg. 2603	1. Single Room/Community Head	\$ 5.00/day
	2. Two Room and Bath Suite	\$18.00/day
Bldg. 2605	1. Two Room and Bath Suite	\$18.00/day
Bldg. 2607	1. Two Room and Bath Suite	\$18.00/day
Bldg. 2617	1. Single Room/Shared Bath	\$12.00/day



The source of this definition is the American Institute of Real Estate Appraisers, Real Estate Appraisal Terminology, Ballinger Publishing Company, Cambridge, Massachusetts, Byrl N. Boyce, 1981, Page 160.

PROPERTY RIGHTS APPRAISED

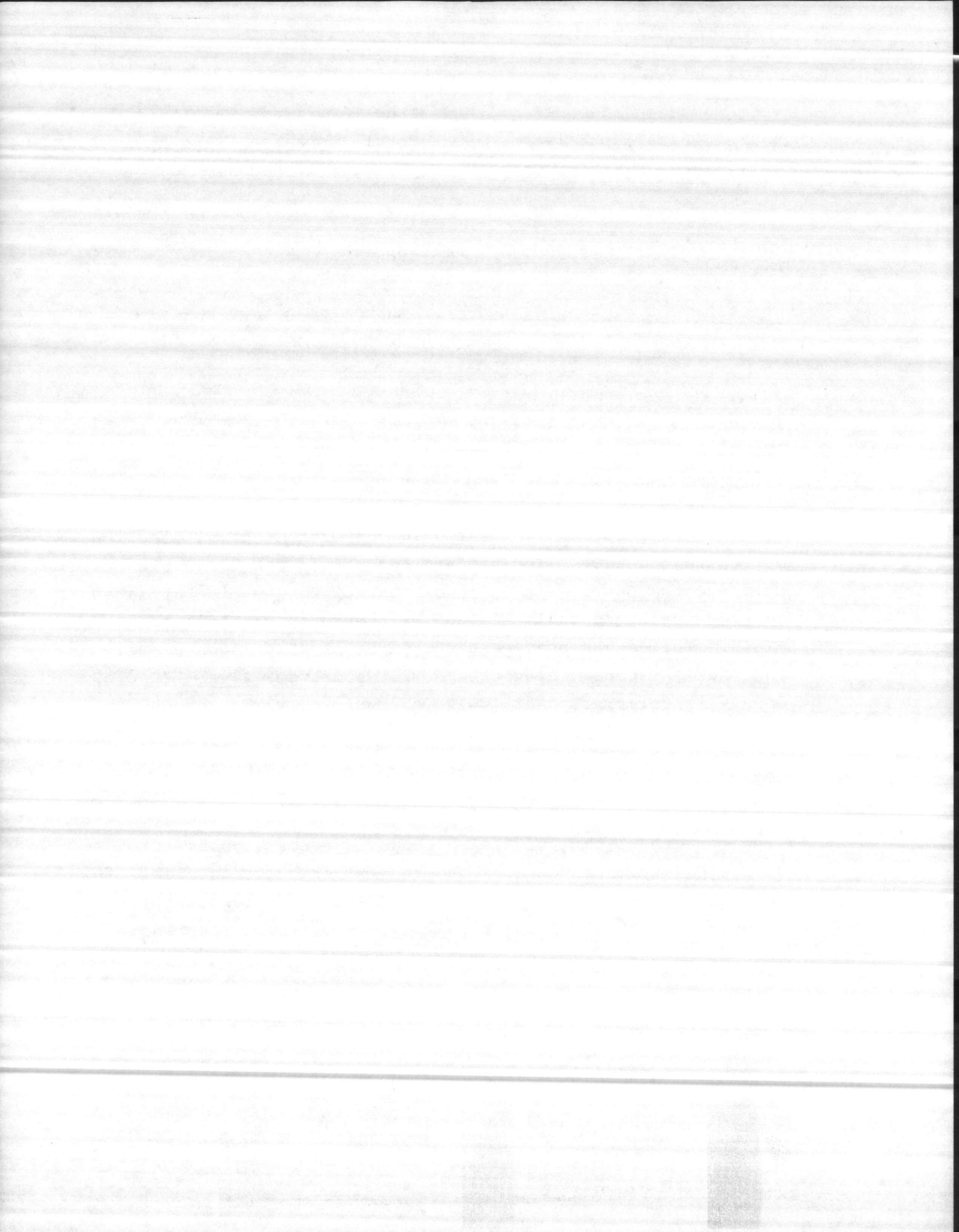
The estate appraised is the fair market rental value.

DATE VALUATION APPLIES

The date on which this value estimate applies is February 5, 1987.

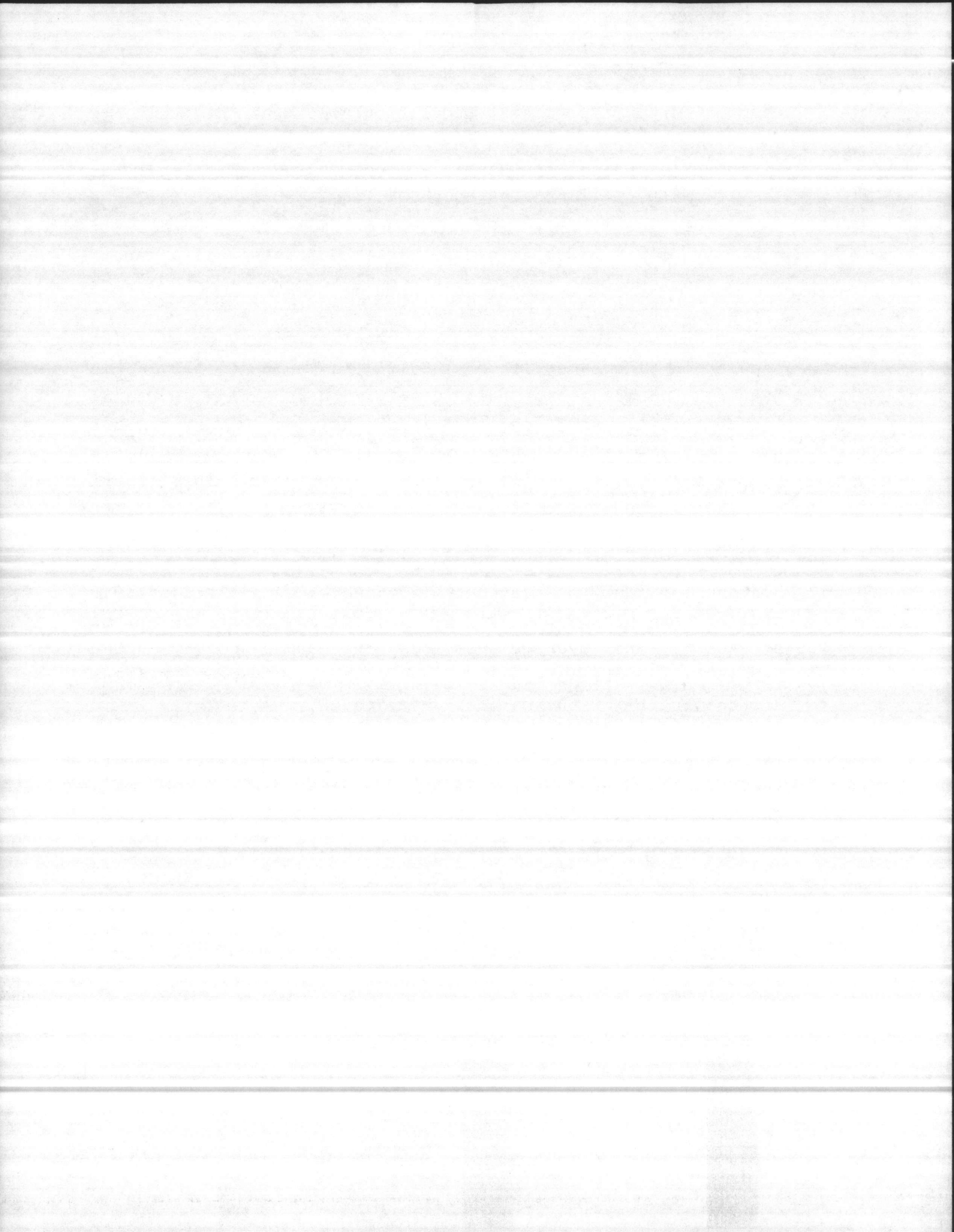
AREA DATA

The subject property is located in the east central section of Onslow County, North Carolina within the boundaries of Marine Corps Base, Camp Lejeune. Onslow County is situated in the east central section of the North Carolina coastal plain. The county encompasses an area of 814 square miles and has an average elevation of 23' above sea level. Onslow County is relatively rural with approximately 75 percent of the land area being utilized for agriculture and forestry. The urban and built-up areas account for approximately 3 percent of the county's land area. Jones and Carteret Counties adjoin Onslow County on the north. Duplin County lies to the west of Onslow County. Pender county adjoins Onslow County on the south and the Atlantic Ocean lies to the east. Jacksonville, the county seat of Onslow County and Swansboro with a population of 964, are the principal municipalities within Onslow County. The Jacksonville



Chamber of Commerce latest population report as of February 7, 1984 shows a total number of active duty and retired military including dependants in the Jacksonville area at 96,918 with at least 15,000 additional people not included in either category. This would make a total of approximately 112,000 people in the Jacksonville area. Other incorporated towns within the county are Chadwick Acres, Holly Ridge and Richlands. The population of these towns ranges from 15 to 815. Onslow County's civilian population increased from 103,126 in 1970 to 112,165 in 1980. The increase in Onslow County's per capita personal income between 1970 and 1978 is slightly below that for the state and the nation. However, the current base payroll is approximately \$400 million dollars per year. This figure does not include the federal non military payroll. The composition of employment by place of work in Onslow County is divided into 10.6 percent manufacturing and 89.4 percent nonmanufacturing. Government (29.6 percent) and trade (19.9 percent) are Onslow County's two largest components by place of work. The average unemployment in Onslow County during the 1970-1979 period was in line with the North Carolina average but below the national average.

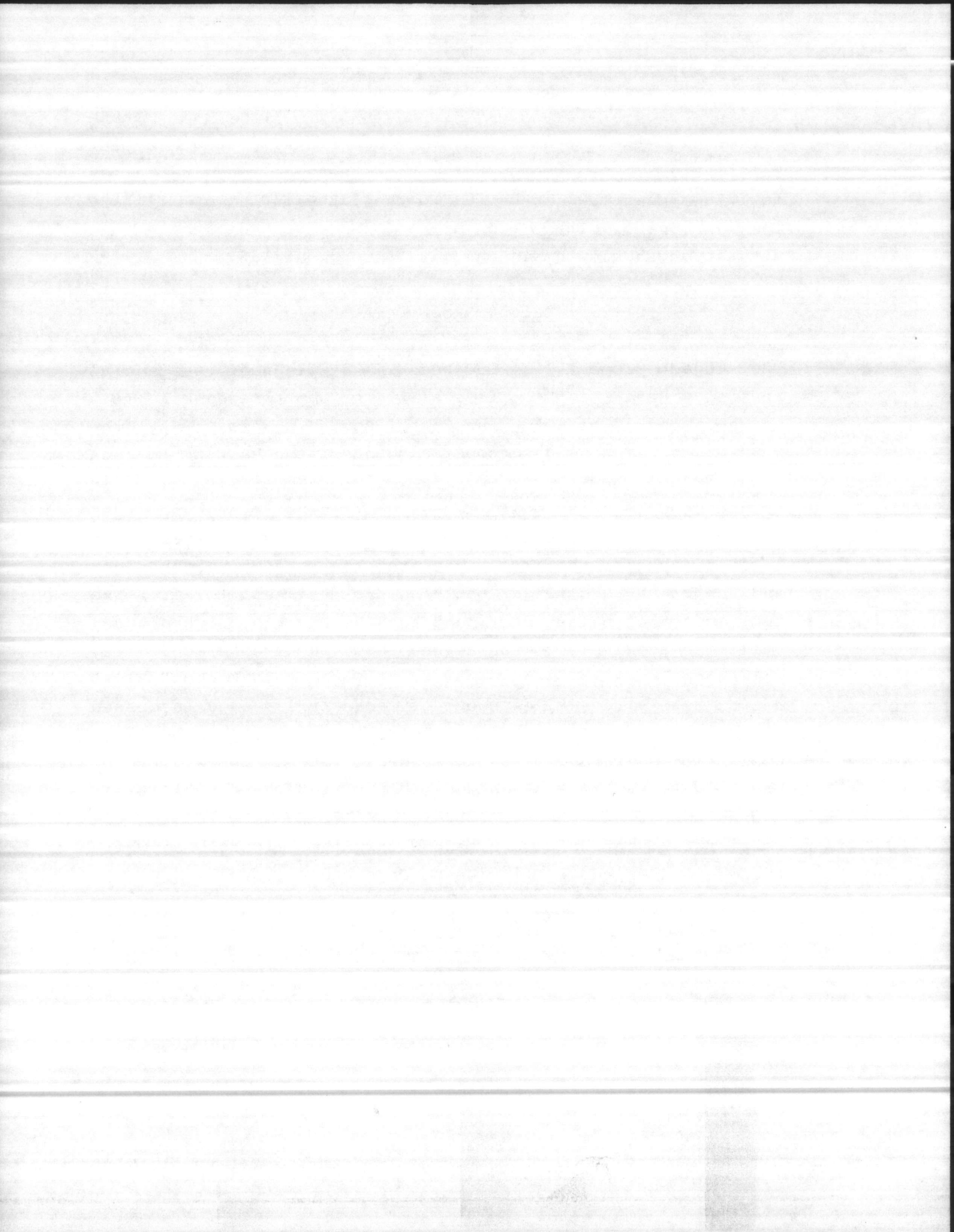
Jacksonville lies north of and provides basic retail services for the United States Marine Corps Base, Camp LeJeune. Jacksonville is the wholesale and distribution center for this facility. Jacksonville and Onslow County are served by U.S. Highway 17 and 258 and by N.C. Highway 53 and 24. Common carrier transportation provided by 12 motor carrier freight lines, 1 bus line, 2 railroads and schedule airline service. Recent growth in Onslow County has taken place primarily along the northern portion of the city



limits in the Western Boulevard vicinity. The real estate market in the Onslow County - Jacksonville area has been relatively active when compared to other surrounding areas for the past few months due to the large influx of military family moving. The economic forecast indicates this situation should remain the same throughout 1987.

NEIGHBORHOOD DATA

The subject property is located in a planned residential housing area for officers in Camp Lejeune. This neighborhood is bound on the north, south and west by the New River. The neighborhood is bound on the east by Lejeune High School and Stone Street. Located within this neighborhood is a golf course, officers club, and other related officers quarters. The New River Air Station is located across the New River from the subject neighborhood and the runway and flight patterns are designed to minimize the impact of noise and flight hazards on this neighborhood. Utilities available to the neighborhood include electricity, telephone, water and sewer. The neighborhood lies approximately five miles south of Jacksonville and accessed by Brewster Boulevard from Holcomb Boulevard, both two lane asphalt paved roads. With the exception of the proximity of the New River Air Station and other Marine Corps Facilities, there appear to be no objectionable noise, odors or detrimental influences noted within the neighborhood which would exert an adverse influence on subject property.



ZONING

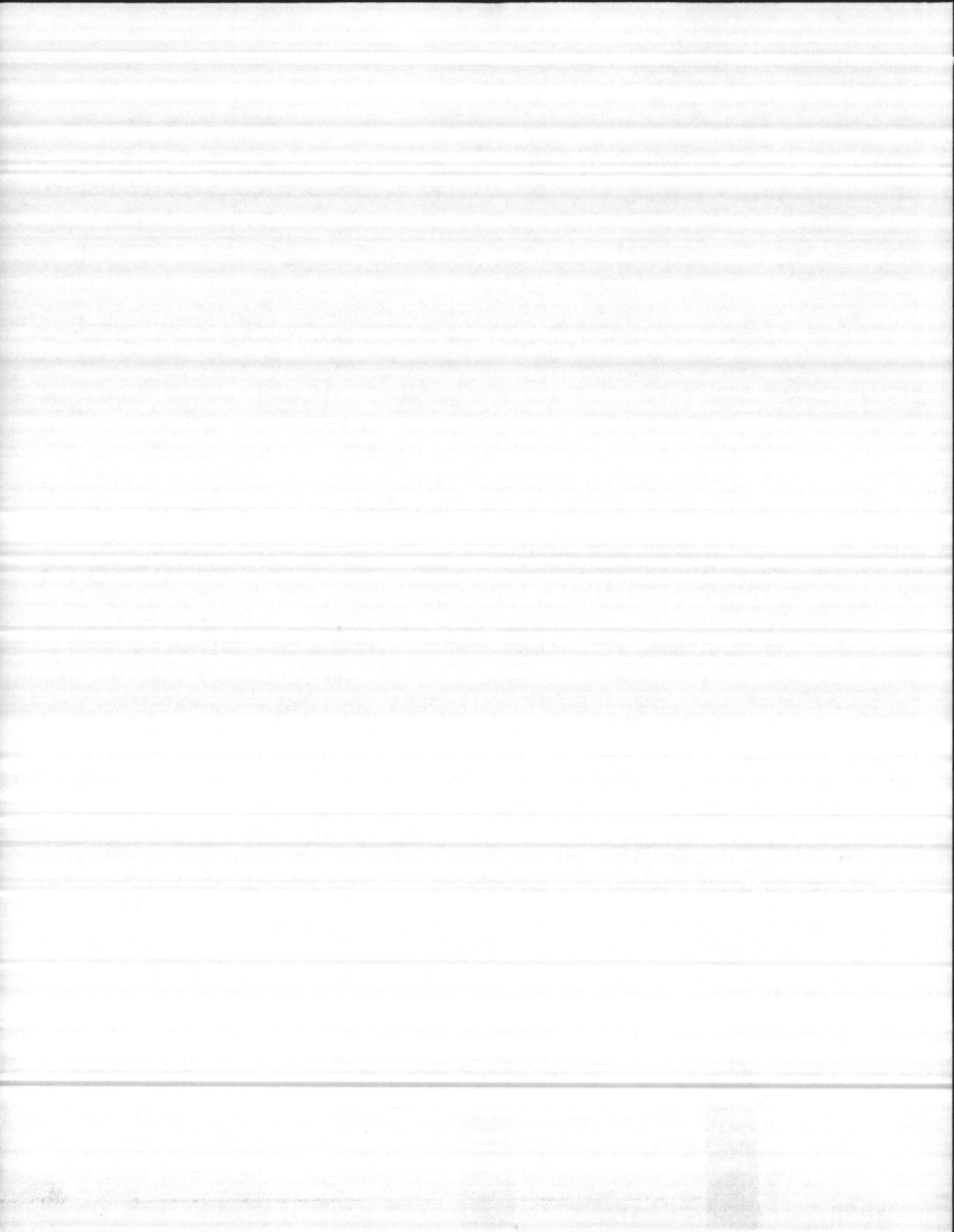
The subject property is located within a federal defense installation and is not subject to local zoning.

REAL ESTATE TAXES AND ASSESSMENTS

The subject property is located within a federal defense installation and is exempt from local ad valorem taxes.

SITE DATA

The subject property is located at the intersection of Williams Boulevard and Charles Street south of Brewster Boulevard. The property is located within the boundaries of the Marine Corps Base, Camp Lejeune. A specific site for subject property has not been delineated, therefore, a physical description giving metes and bounds is not possible. The site does appear adequate for residential housing and is attractively landscaped and surrounded by well kept lawns and grounds. The site has a limited view of the New River and is situated in the immediate area of the Officers Club and swimming pool. Utilities available to the site include electricity, telephone, water and sewer. All of these utilities are connected to the site and are currently in use. The site is located in an area identified as the Officers Quarters Area surrounding a golf course and clubhouse facility as well as the Officers Club. These facilities are located by themselves in a rather isolated area at the western end of Brewster Boulevard fronting the New River.



finished basically the same with different furnishings. The living room is furnished with television, couch, chair, small refrigerator and a desk and chair. The bedroom is furnished with a queen bed, dresser night stand, desk and chair.

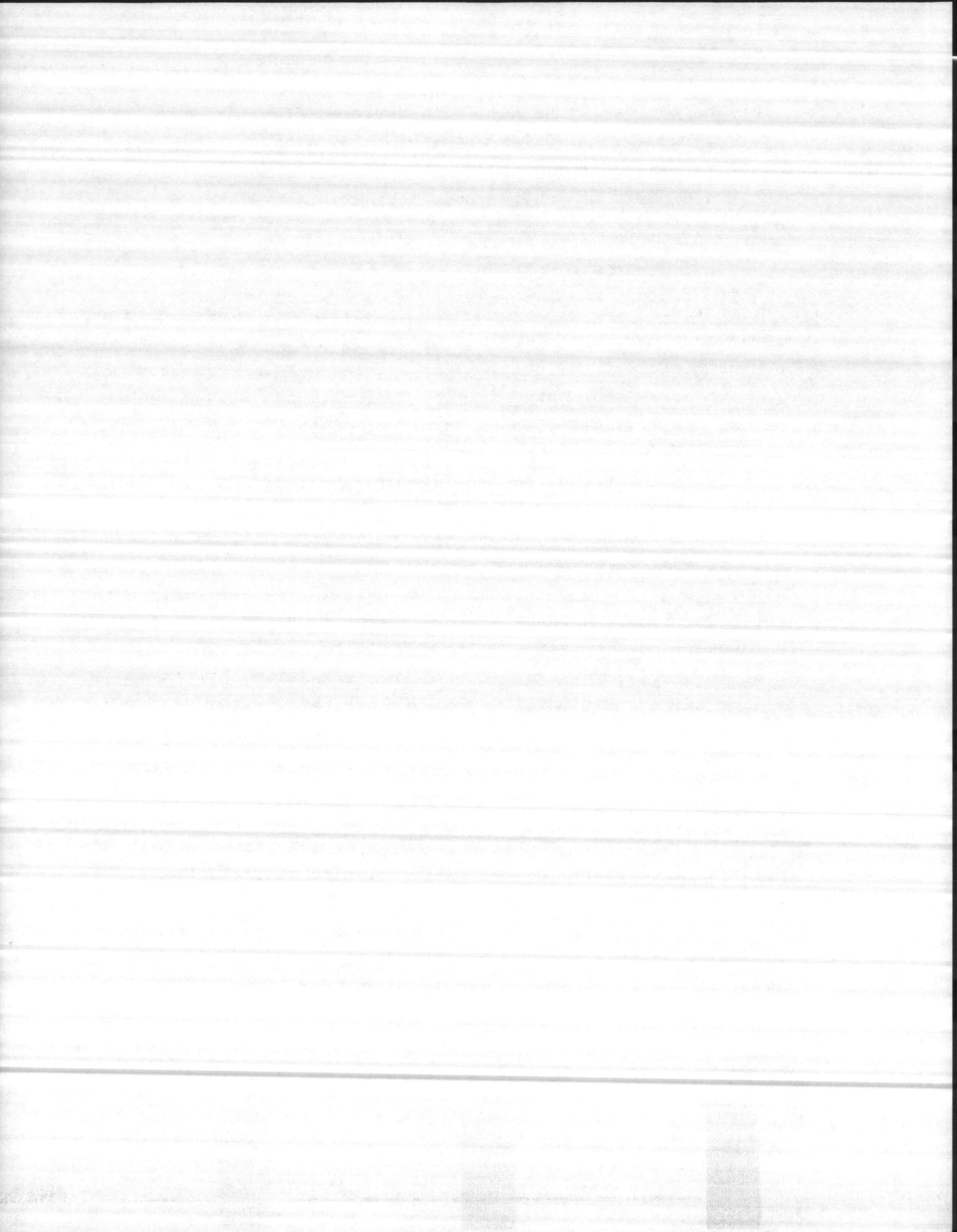
BOQ Building 2605

This building was constructed at the same time as Building 2603 and the exterior dimensions and physical features appear basically the same. The interior makeup consists of 13 two-room and bath suites, 6 single-room with community heads, and 2 single-rooms with private baths, for a total of 21 rental units. This building, like Building 2603, has a laundry, kitchen and recreation room located on the first floor. The primary room type in this building is a two room and bath suite measuring approximately 13' x 35', containing 455 square feet. This rental unit consists of a living room, bedroom, and one bath. This unit is very similar to the two room and bath suites located in Building 2603 with hardwood floors, plaster walls and fluorescent lights.

Heat is provided by steam hot water air handling unit and by window air conditioning. The bath has three fixtures and is finished with ceramic tile. Room furnishings are basically the same as Building 2603 with basically no amenities.

BOQ Building 2607

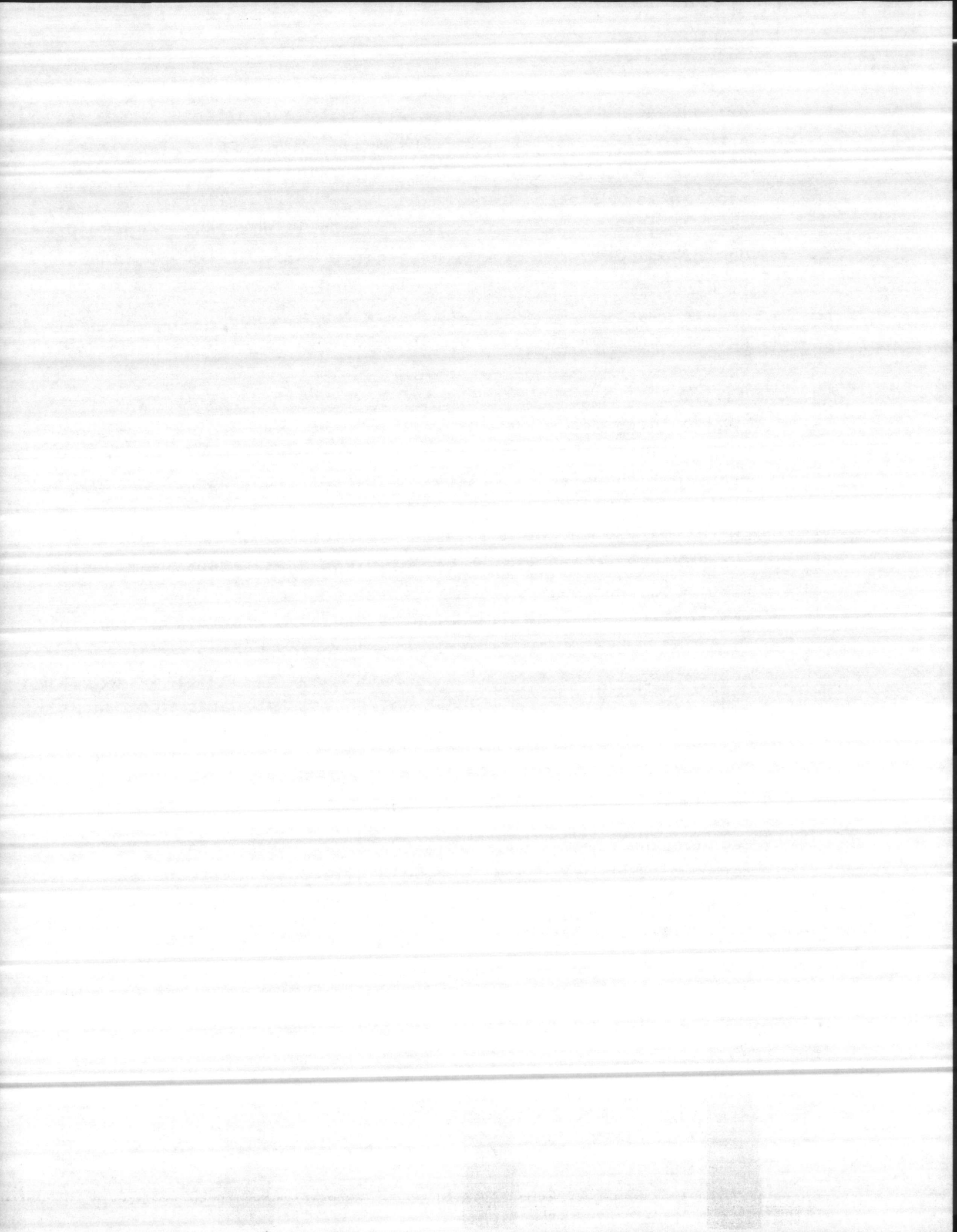
The exterior size, shape and physical characteristics of Building 2607 are basically the same as Buildings 2603 and 2605. All three buildings were constructed at approximately the same time around 1942 of the same quality construction and building materials. The interior makeup of Building 2607 consists of 15 two-room and bath suites measuring



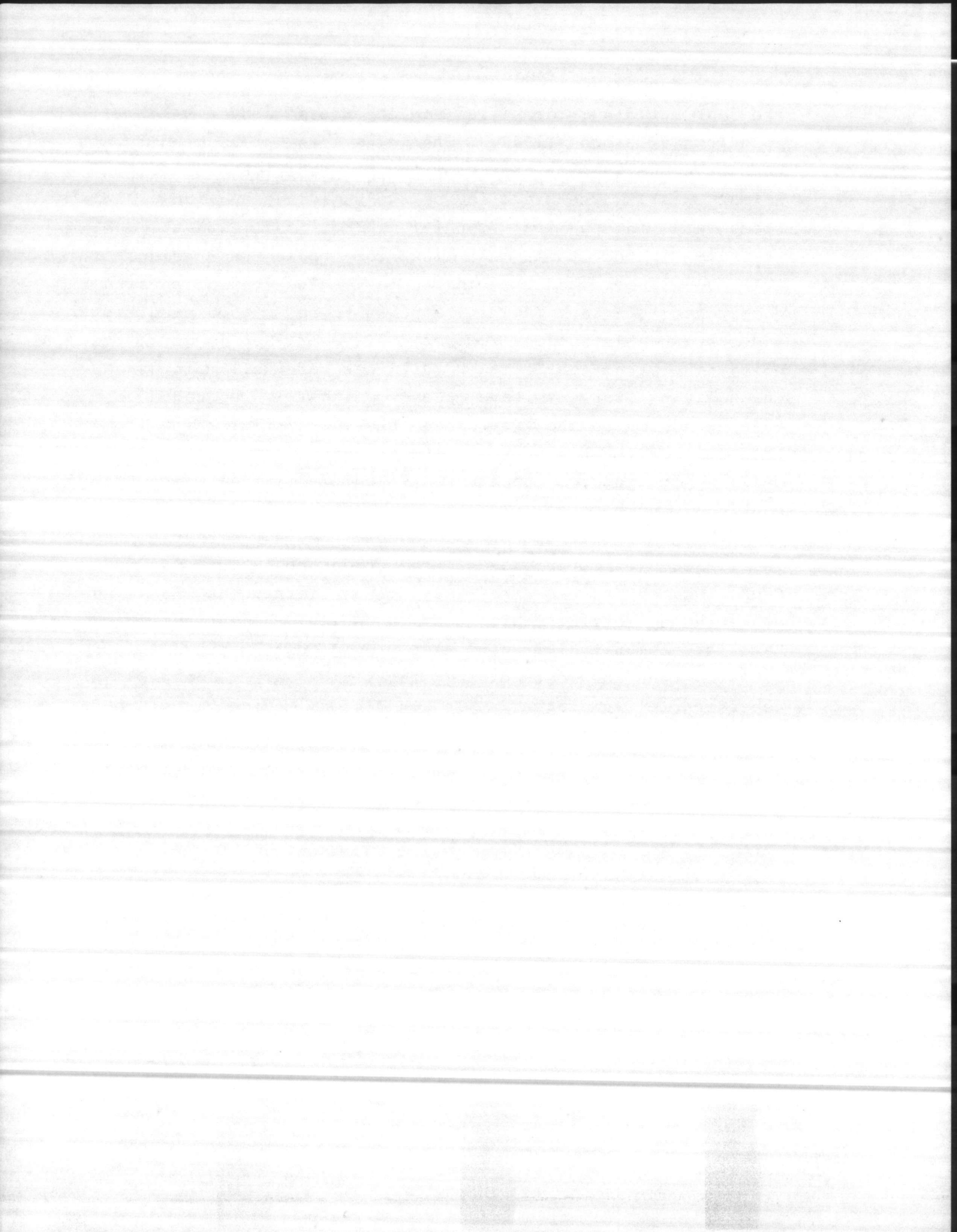
approximately 13' x 35' containing 455 square feet. Each of the rooms are finished similarly. The floors are covered with carpet over hardwood and the walls are plaster. The room size, finish and makeup are very similar to the two-room and bath suites located in Buildings 2603 and 2605 described above. Room furnishings are different in that they are a slightly higher quality and a bar is provided in each room on an honor system. The laundry, kitchen and recreation room on the first floor are very similar to Buildings 2603 and 2605.

BOQ Building 2617

This building is a T-shaped two story concrete frame brick transient housing facility. It contains a gross building area of 21,497 square feet with three stairwells measuring approximately 9.46' x 24.38'. This building was constructed around 1942 at the same time Buildings 2603, 2605 and 2607 were constructed, with basically the same physical features and quality with the exception of having a concrete deck in lieu of wood floor joists. The interior makeup consists of approximately the same with plaster walls and fluorescent lights. Heat is provided by a central hot water steam heat and central air conditioning. The interior makeup of this building consists of 44 single rooms with a shared bath. These rooms including one-half of the shared bath measures approximately 16' x 16-1/2', containing 264 square feet. Each of the rooms is finished similarly. The floor is covered with 12" x 12" asphalt tile on concrete deck. The walls and ceiling are plaster with fluorescent lights. Each bath has two lavatories, a shower, and toilet with ceramic floor and wainscoting. Room furnishings consists of a queen bed, dresser, night stand, chair, and a desk and chair.



The four buildings identified and described above were all constructed around 1942. The exteriors of each building appears to be well maintained with no deterioration beyond normal wear. The interior of the buildings and individual rooms vary in physical condition from fair to average. Several of the rooms and interior halls show signs of cracking plaster and peeling paint. The basic physical components of each building appears to be in good condition and structurally sound. However, this appraiser is quick to point out that while the buildings are well maintained, these living quarters have been continually upgraded and modernized over the years and there are still a few items that reflect the older original design features such as 9' ceiling heights, inadequate bath facilities, and the continual upkeep of plaster and cracking paint. In addition, at this point it should be noted that dining facilities are not provided in the structures. The Officers Club located across the street has infrequent operating hours and no morning dining hours. While these facilities have a community kitchen and provide some microwave food service, the nearest dining facilities are located a considerable distance. In addition, nightclubs and convenience shopping are located a considerable distance away. The site is located off the main traffic arteries of Jacksonville and Onslow County.



HIGHEST AND BEST USE

The highest and best use is defined as:

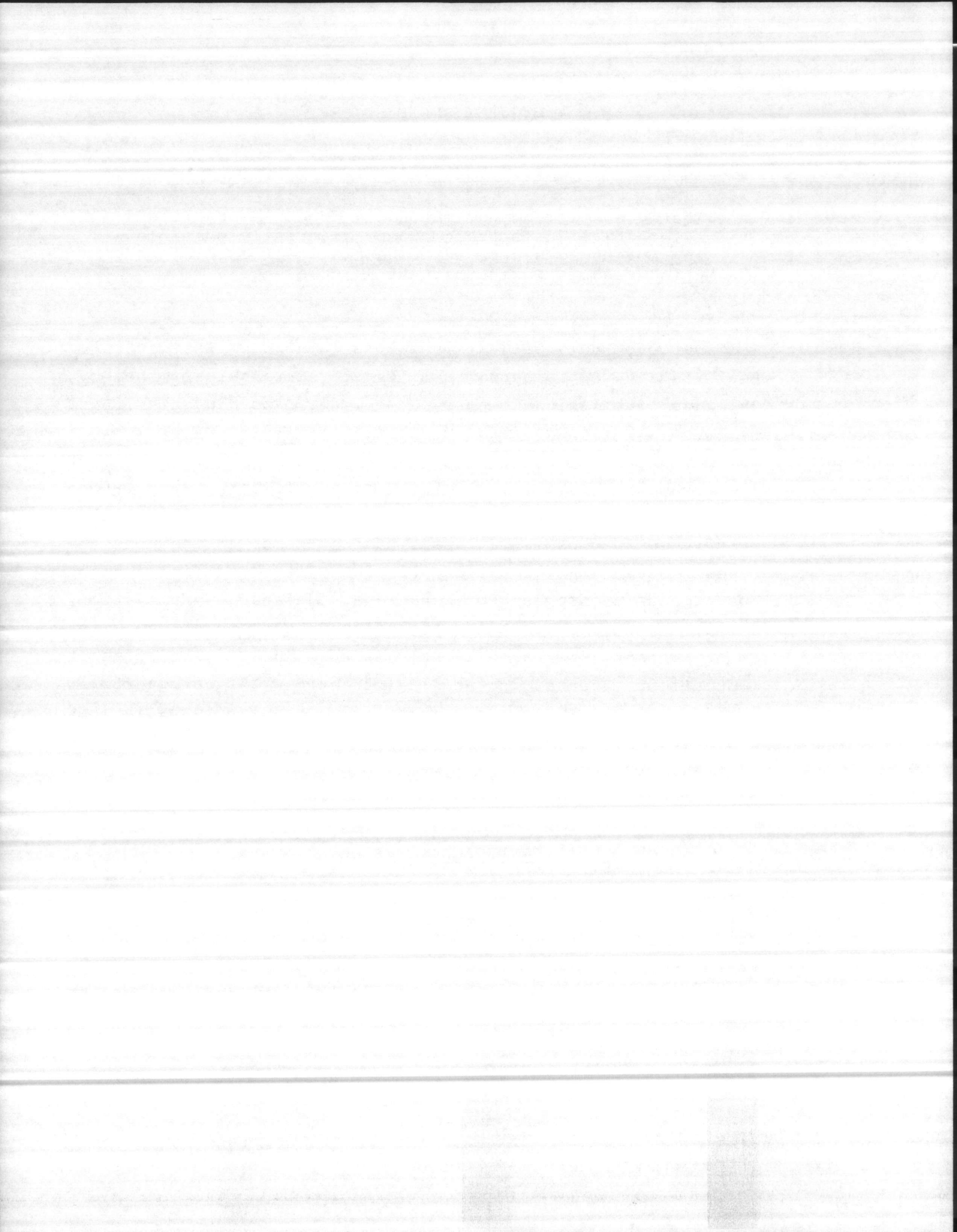
That use, from among reasonably probable and legal alternative uses, found to be physically possible, appropriately supported, financially feasible and which results in the highest land value.

The source of this definition is the American Institute of Real Estate Appraisers, Real Estate Appraisal Terminology, Ballinger Publishing Company, Cambridge, Massachusetts, Byrl N. Boyce, 1981, page 126.

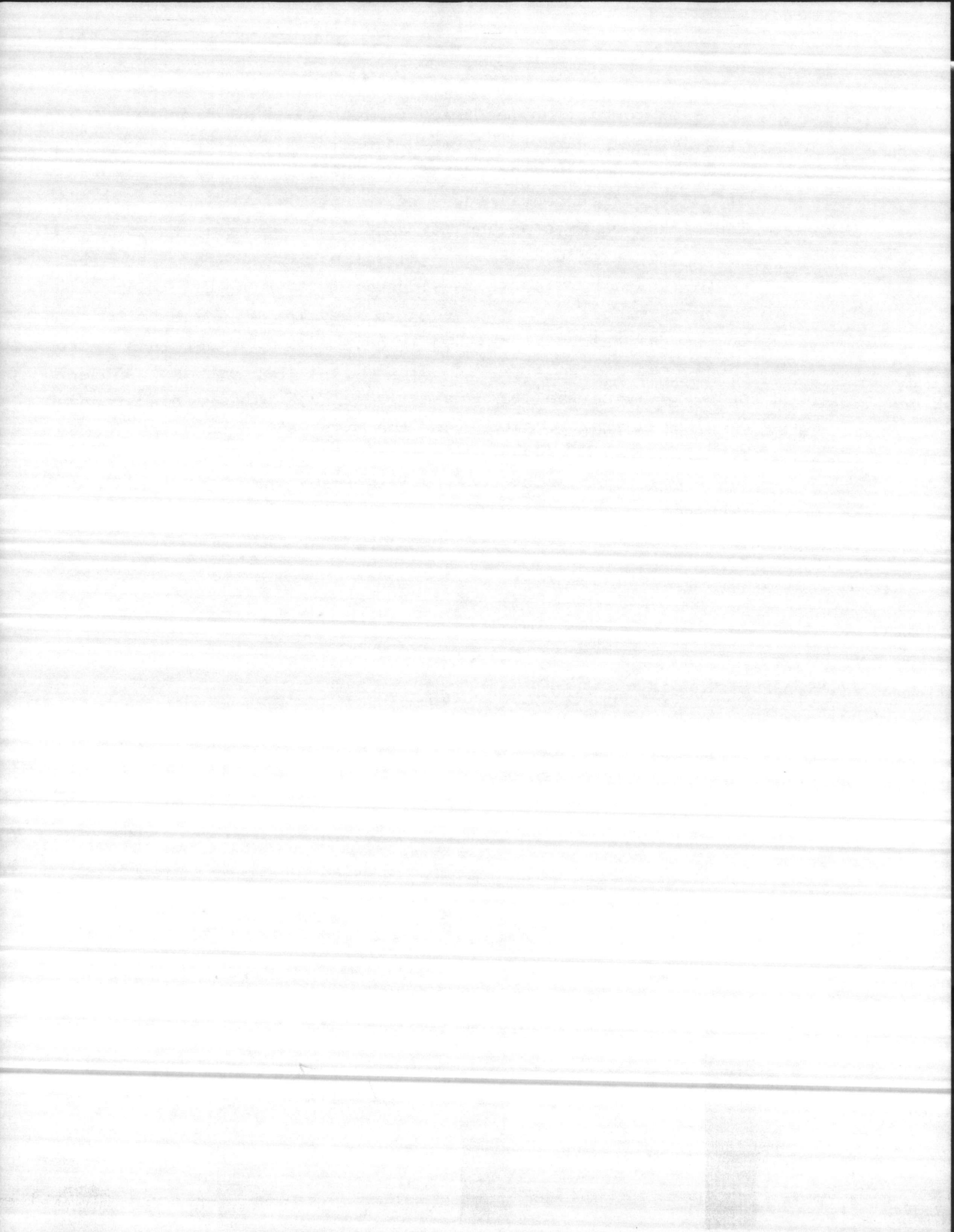
The subject property is located on a military reservation which is not subject to zoning codes. Access to the site is restricted to those individuals having need to be on the base. Given the location of the site and its unique position as a component of a national defense installation, it is my opinion that the highest and best use of the site, as if vacant, is a national defense use. The present improvement located on the site, transient officer quarters, is an appropriate use for a national defense installation. Therefore, it is my conclusion that the highest and best use for subject property is its present use, that is, unaccompanied officer's personnel housing.

APPROACH TO VALUE

Several procedures for the valuation of real property are available to the appraiser. These procedures are commonly known as the cost approach, the market data approach and the income approach to value. In this instance, the market



data, or comparison, approach will be utilized. Rental data of similar quarters located in the civilian sector are analyzed, compared and adjusted to arrive at an indication of the market rental value of the quarters being appraised. The market was researched for comparable rental data in the area and although other sales were considered, the eight rentals used herein are considered to be most similar to subject property. The rental properties were inspected and the rental values were confirmed. Some adjustments were considered necessary for dissimilarities between subject property and the comparable rentals. These adjustments considered the actions of the typical purchaser in the market area. Adjustments were made for variations in location and physical characteristics. The eight comparable rentals are shown in detail on the following pages.



Lodging Comparable #1

Name: Coastal Motel

Location: US Highway 17 South at entrance to New River Air Station

Data Provided By: Patel/Owner

Date: February 6, 1987

Total Number of Rooms: 29

Approximate Room Size: 250-300 Square Feet

Last Renovation/Redecoration: 1 year ago

Exterior Finish: Brick veneer - 1 story

Appearance: Poor

Neighborhood: Declining commercial

Amenity Package:

Room Finish:

Restaurant: None

Floor Cover: Carpet

Cable TV: Provided

Ceiling: Painted drywall

Phone: In-room

HVAC: Window A/C, central heat

Lounge: None

Wallcovering: Painted drywall/block/panel

Pool: None

Bath: 3 fixtures, ceramic tile

Other: None

Other: None

Prevailing Rates: (Commercial)

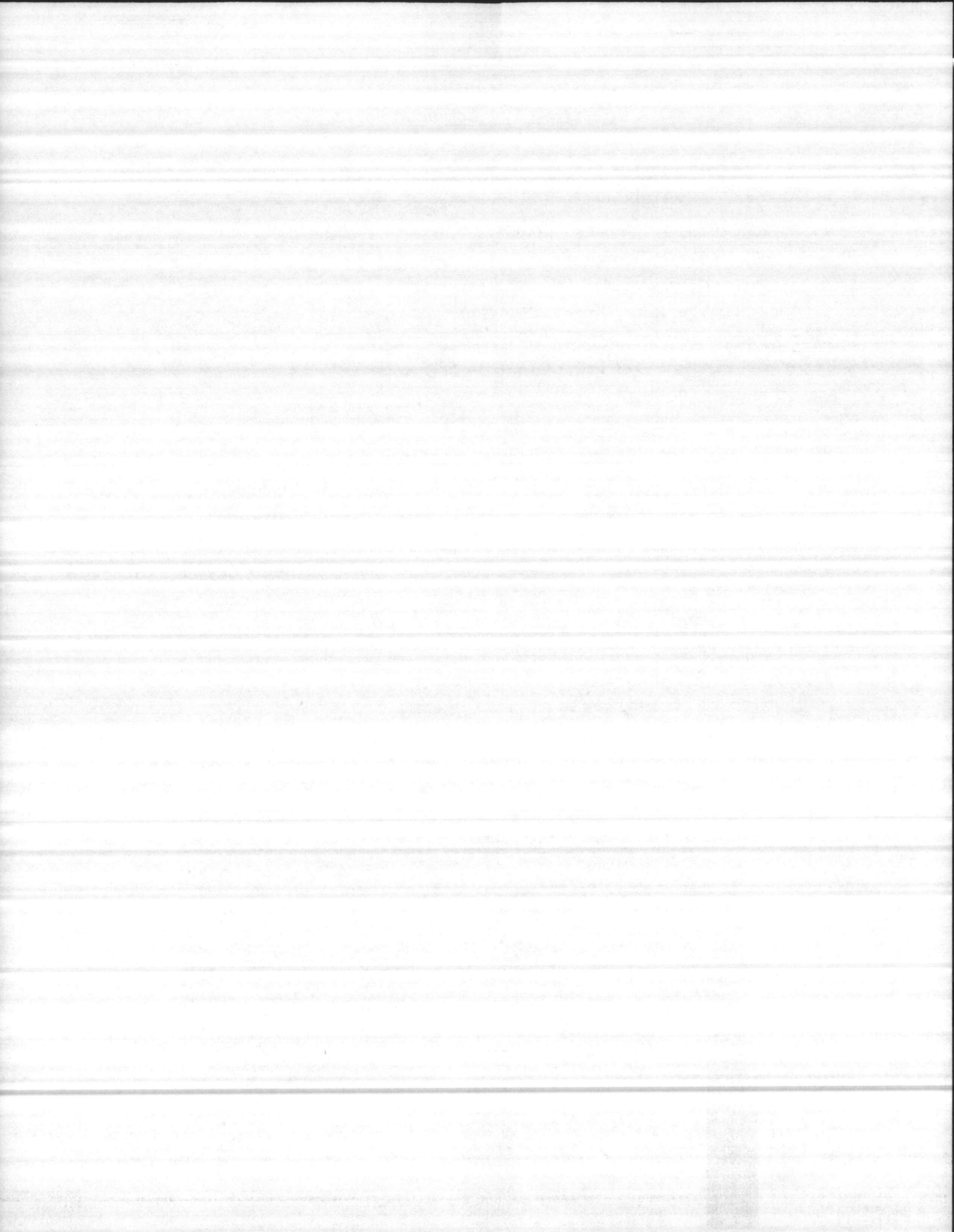
Single: \$22.00/day; \$130/week

Double: Not available

Efficiency: Not available

Suite: Not available





Lodging Comparable #2

Name: Deluxe Motor Lodge

Location: US Highway 17 North at Richlands Avenue

Data Provided By: Patel-Manager/Owner

Date: February 6, 1987

Total Number of Rooms: 50

Approximate Room Size: 288 Square Feet

Last Renovation/Redecoration: Maintained as needed

Exterior Finish: Brick veneer

Appearance: Good

Neighborhood: Viable commercial

Amenity Package:

Room Finish:

Restaurant: Next door

Floor Cover: Carpet

Cable TV: Provided

Ceiling: Stucco or accoustical tile

Phone: In-room

HVAC: Individual room units

Lounge: None

Wallcovering: Paneling or painted drywall

Pool: None

Bath: 3 fixtures, ceramic tile

Other: None

Other: None

Prevailing Rates: (Commercial)

Single: \$22.75

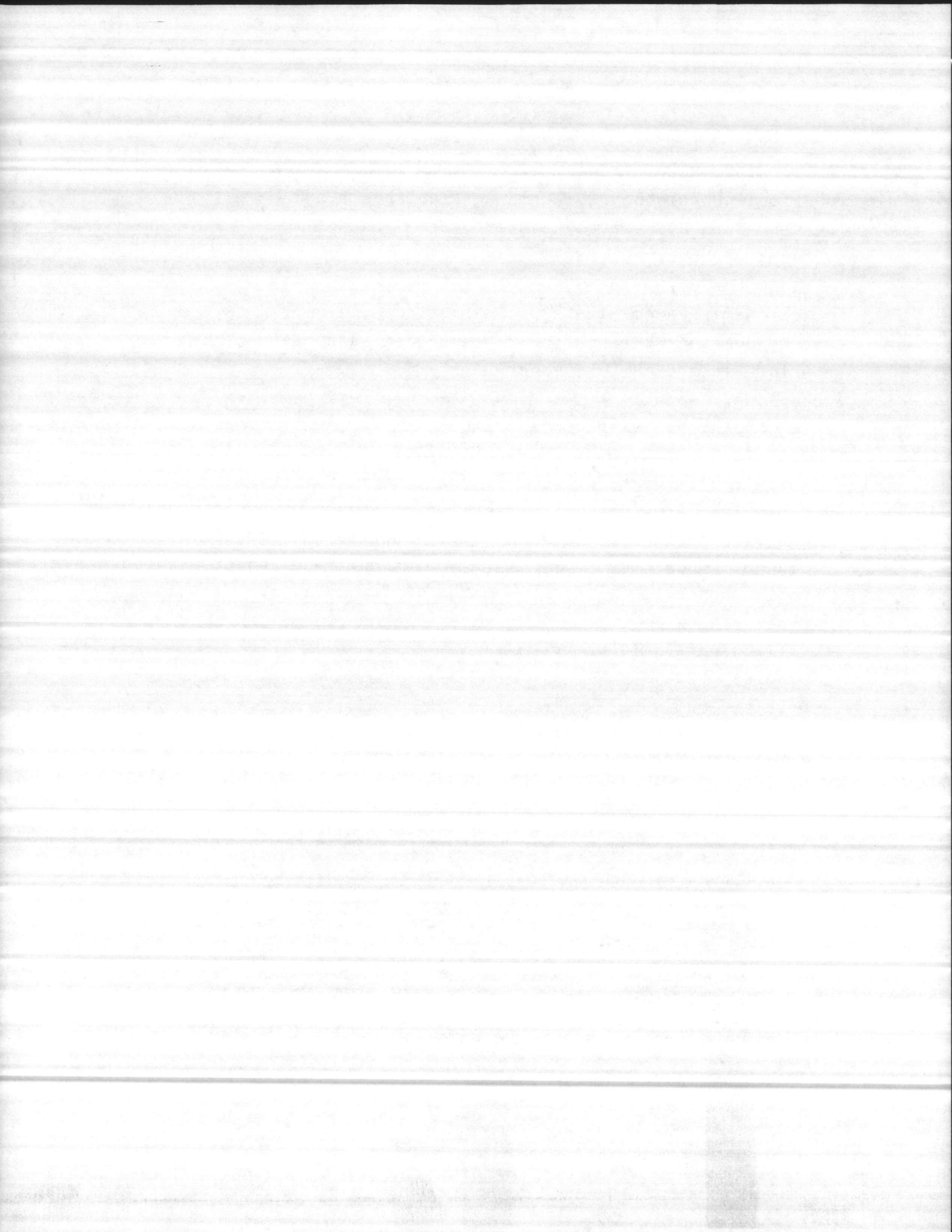
Double: \$26.75

Efficiency: Not available

Suite: Not available

(Weekly rental available for \$140/week single; \$180/week double)





Lodging Comparable #3

Name: Holiday Inn of Jacksonville

Location: 701 Marine Boulevard North

Data Provided By: Bart Bartholemew

Date: February 6, 1987

Total Number of Rooms: 119

Approximate Room Size: 408 Square Feet

Last Renovation/Redecoration: 43 rooms in 1984, complete F.F. & E.

Exterior Finish: Brick veneer

Appearance: Very good

Neighborhood: Viable commercial

Amenity Package:

Room Finish:

Restaurant: On site

Floor Cover: Carpet

Cable TV: Provided

Ceiling: Swirl finish concrete

Phone: In-room

HVAC: Individual room units

Lounge: On site

Wallcovering: Wallpaper

Pool: On site

Bath: 3 fixtures, ceramic tile

Other: None

Other: None

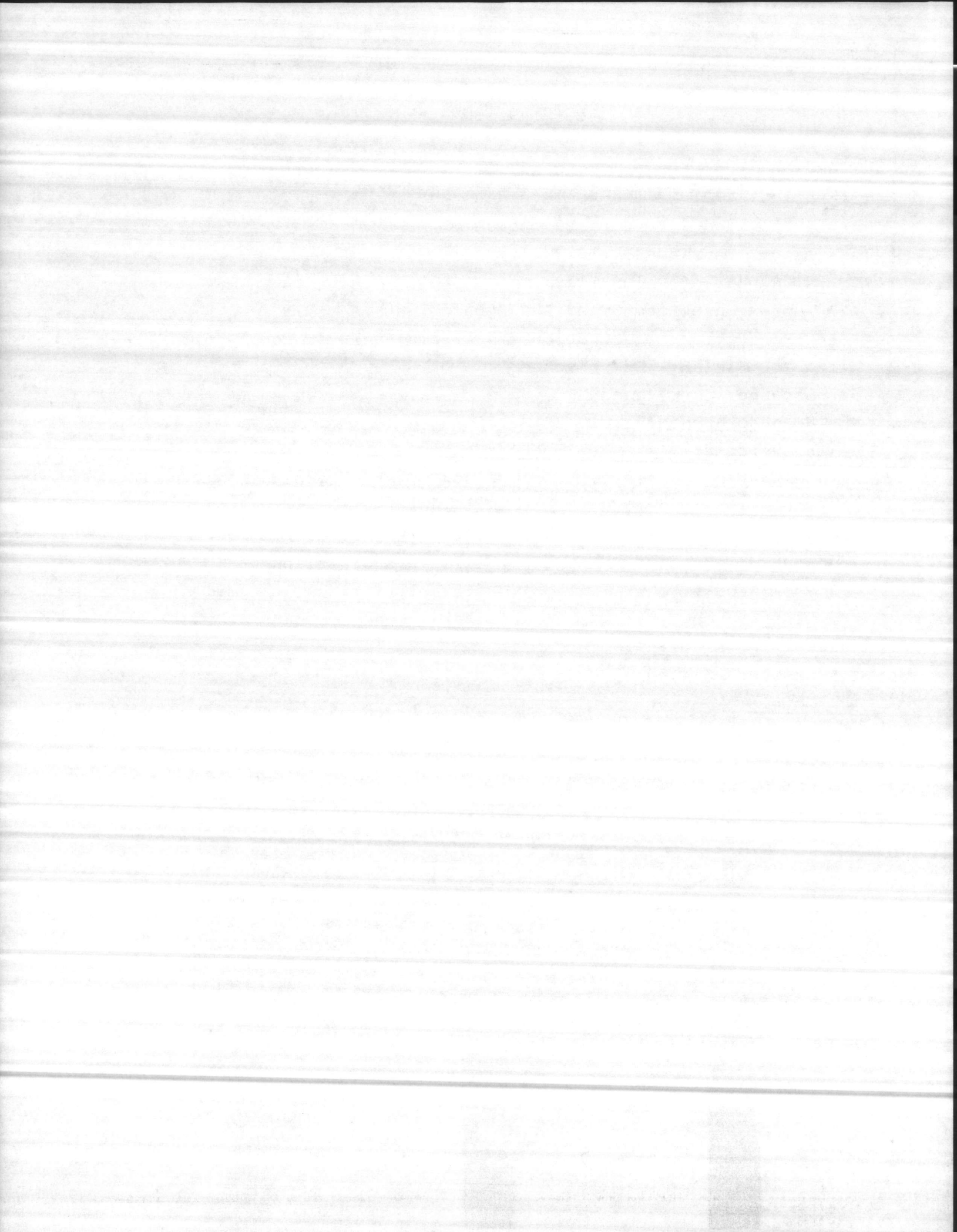
Prevailing Rates: (Commercial)

Single: \$34.00

Double: \$39.00

Efficiency: Not available





Lodging Comparable #4

Name: Onslow Inn

Location: Marine Boulevard South of LeJeune Boulevard Intersection

Data Provided By: On duty clerk

Date: February 6, 1987

Total Number of Rooms: 92

Approximate Room Size: 252 Square Feet

Last Renovation/Redecoration: Well maintained*

Exterior Finish: Painted block, composition wood panels

Appearance: Good*

Neighborhood: Viable commercial

Amenity Package:

Room Finish:

Restaurant: On site

Floor Cover: Carpet

Cable TV: Provided

Ceiling: Painted

Phone: In-room

HVAC: Individual room units

Lounge: Available

Wallcovering: Wallpaper

Pool: On site

Bath: 3 fixtures, ceramic tile

Other: None

Other: None

Prevailing Rates:

Single: \$29.00 (commercial/military)

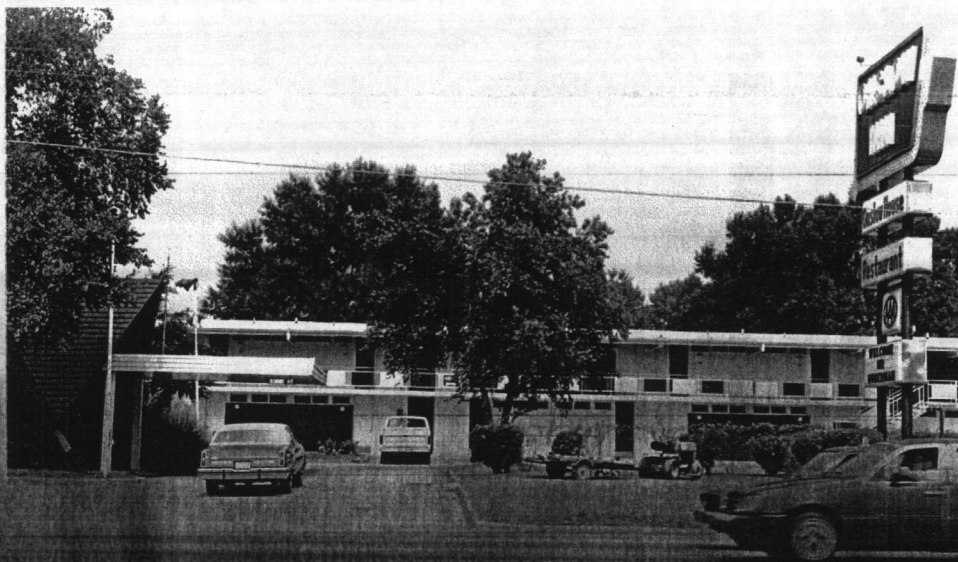
Double: \$34.00 (commercial/military)

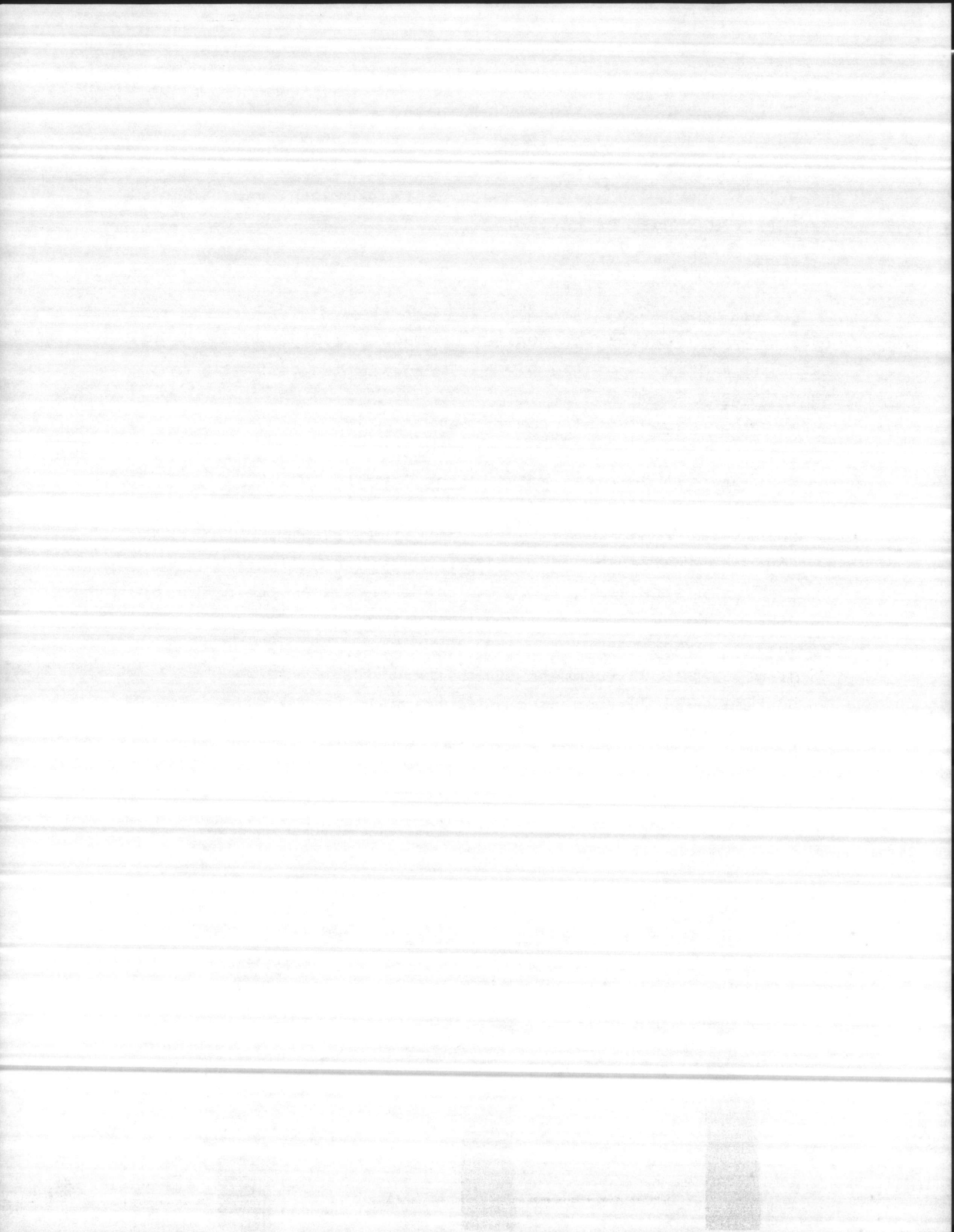
Efficiency: Not available

Suite: Not available

* 150 seat conference room recently completed.

** Was formerly Howard-Johnson Inn; same architectural design prevails.





Lodging Comparable #5

Name: Thunderbird Motor Inn (currently Days Inn)

Location: Marine Boulevard at Henderson Drive

Data Provided By: On duty clerk

Date: February 6, 1987

Total Number of Rooms: 123

Approximate Room Size: 325 Square Feet

Last Renovation/Redecoration: 1 year ago

Exterior Finish: Brick veneer and aluminum panels

Appearance: Good

Neighborhood: Viable commercial

Amenity Package:

Room Finish:

Restaurant: On site

Floor Cover: Carpet

Cable TV: Provided

Ceiling: Spray finish

Phone: In-room

HVAC: Central

Lounge: On site

Wallcovering: Wallpaper

Pool: On site

Bath: 3 fixtures

Other: None

Other: None

Prevailing Rates: (commercial)

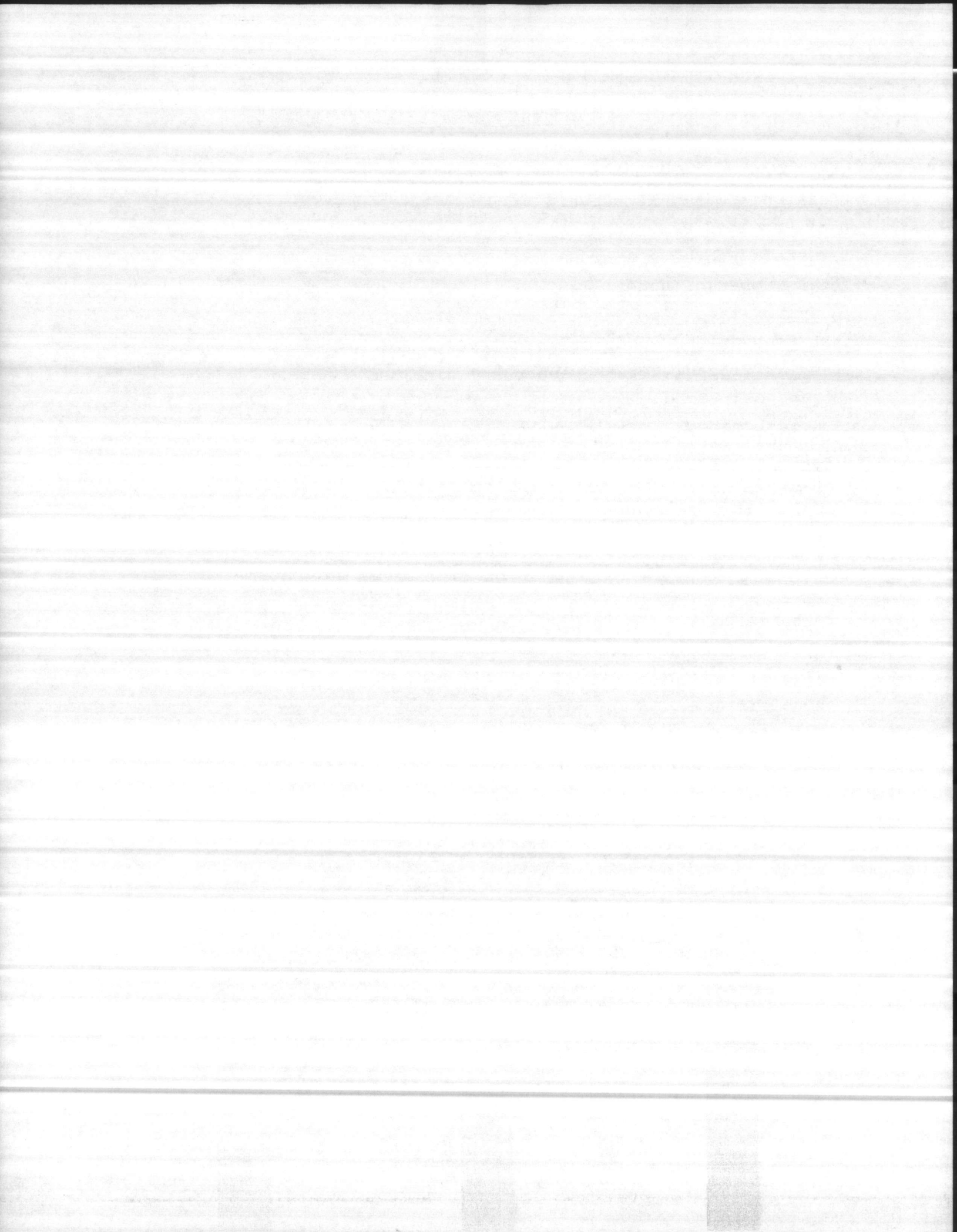
Single: \$24.75

Double: \$27.00 (second floor)

Efficiency: Not available

Suite: Not available





Lodging Comparable #6

Name: Townhouse Master Host Lodge

Location: US Highway 17 North at Roosevelt Drive

Data Provided By: Patel-Manager/Owner

Date: February 6, 1987

Total Number of Rooms: 74

Approximate Room Size: 288 Square Feet

Last Renovation/Redecoration: Currently u/c

Exterior Finish: Brick veneer

Appearance: Fair

Neighborhood: Viable commercial

Amenity Package:

Room Finish:

Restaurant: On site

Floor Cover: Carpet

Cable TV: Provided

Ceiling: Painted stucco

Phone: In-room

HVAC: Individual room units

Lounge: No

Wallcovering: Painted drywall or wallpaper

Pool: On site

Bath: 3 fixtures, ceramic tile

Other: None

Other: None

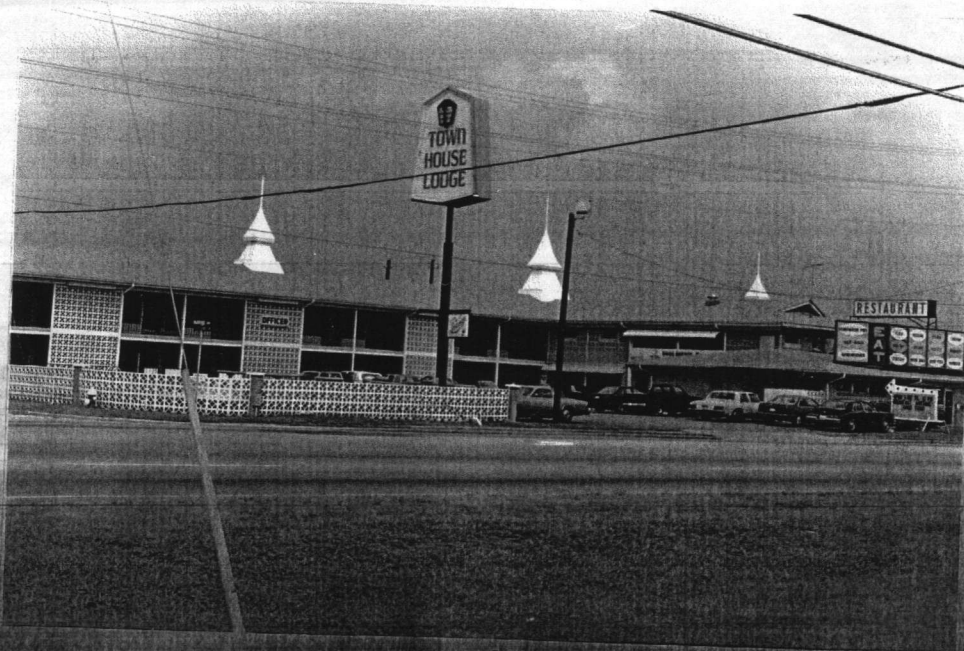
Prevailing Rates: (commercial)

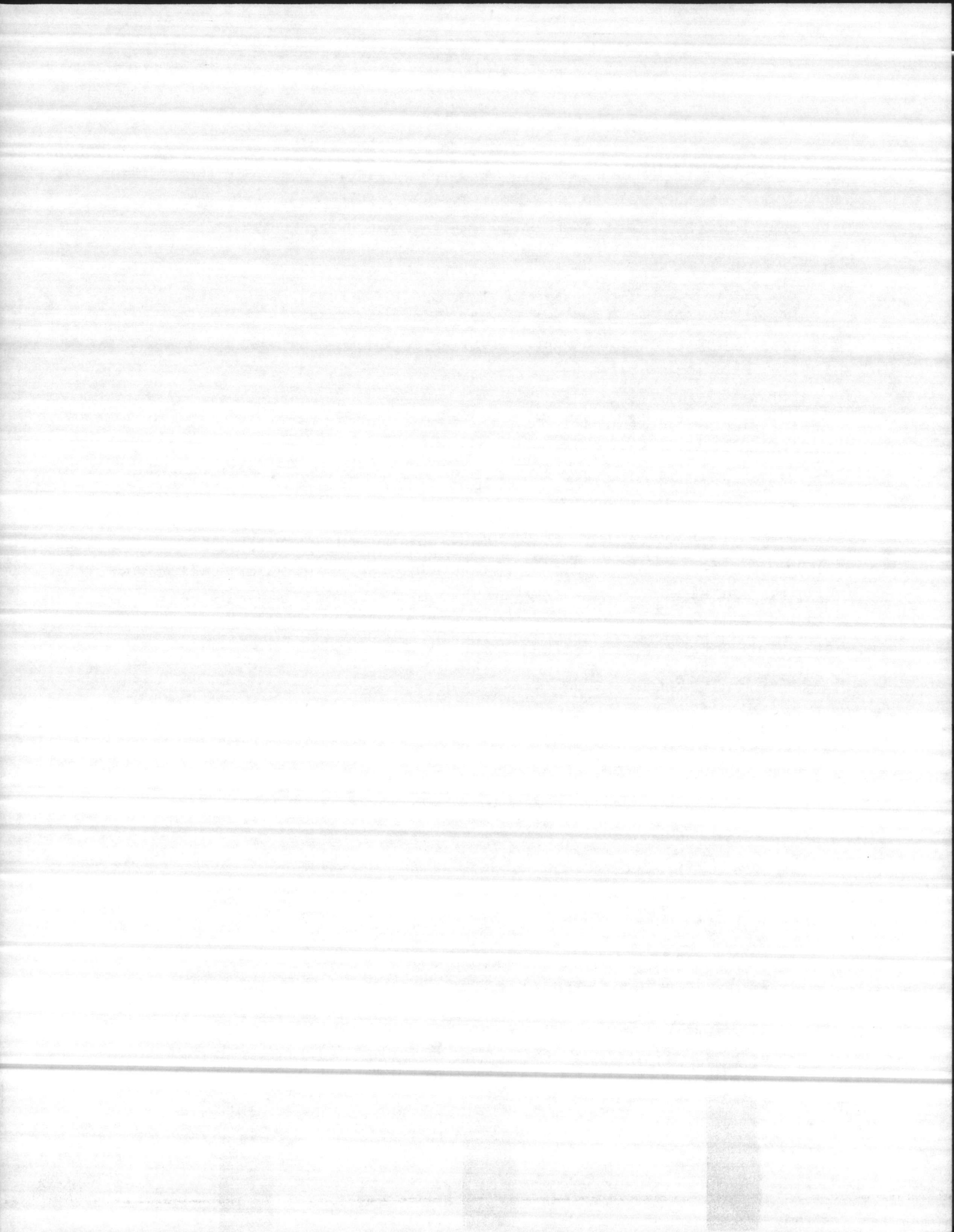
Single: \$22.75

Double: \$26.75

Efficiency: Not available

Suite: Not available





Lodging Comparable #7

Name: Triangle Motor Inn*

Location: US Highway 17 North at NC Highway 24 Intersection

Data Provided By: Capps-Manager

Date: February 6, 1987

Total Number of Rooms: 60

Approximate Room Size: 374 Square Feet

Last Renovation/Redecoration: 2 years

Exterior Finish: Brick veneer

Appearance: Average

Neighborhood: Stable commercial

Amenity Package:

Room Finish:

Restaurant: None

Floor Cover: Carpet

Cable TV: Provided

Ceiling: Drywall spray finish

Phone: In-room

HVAC: Individual room units

Lounge: None

Wallcovering: Wallpaper

Pool: None

Bath: 3 fixtures, ceramic tile

Other: None

Other: None

Prevailing Rates: (commercial)

Single: \$22.75

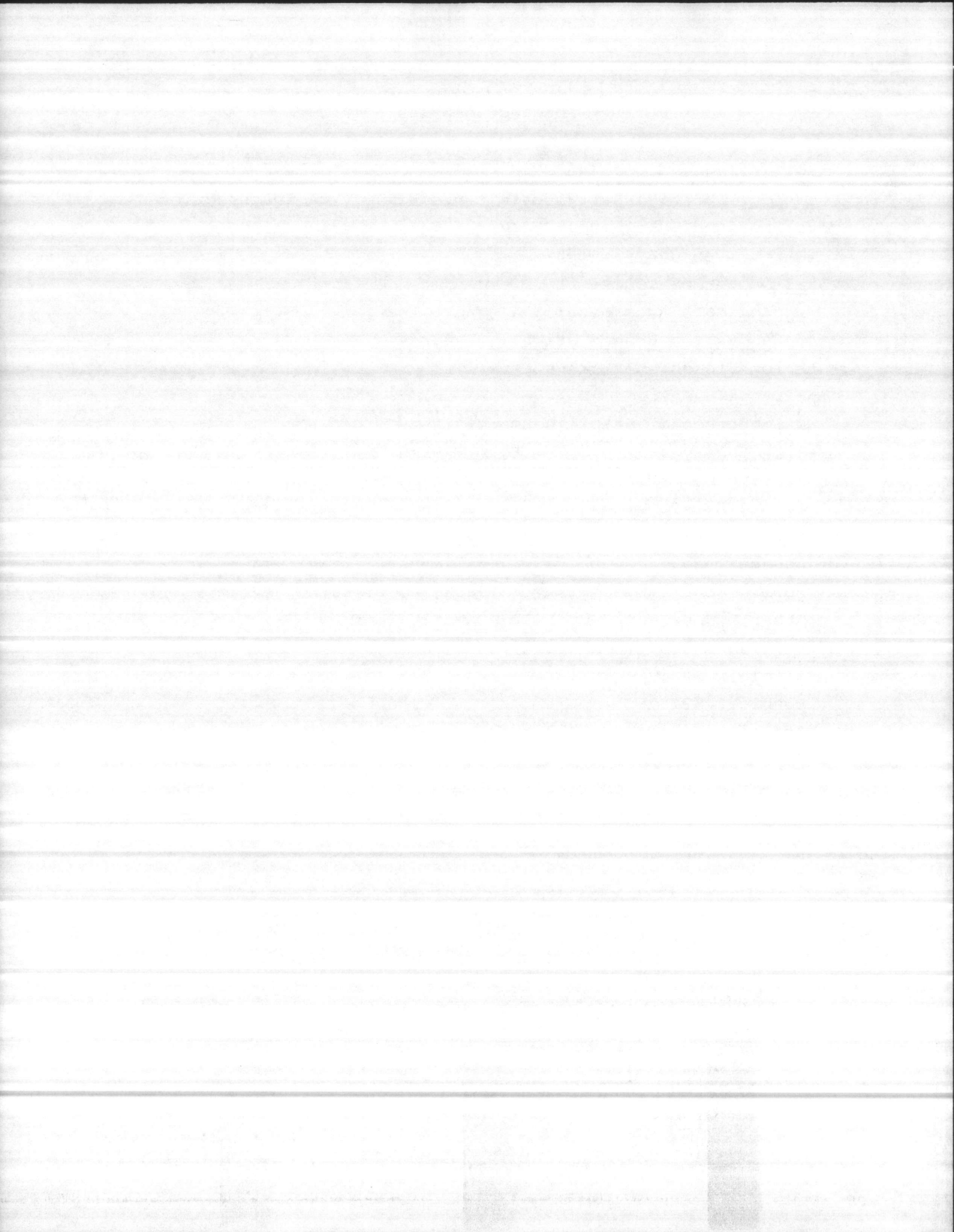
Double: \$27.75

Efficiency: 1 bed-\$133/week; 2 bed-\$161/week

Suite: Not available

* Formerly Red Carpet Inn.





Lodging Comparable #8

Name: Ramada Inn

Location: US Highway 17 at Ramada Road, east side of Jacksonville

Data Provided By: McCotter/Owner

Date: February 6, 1987

Total Number of Rooms: 119

Approximate Room Size: 324 Square Feet (12' x 27')

Last Renovation/Redecoration: 1 yr.-construction completed in 1985

Exterior Finish: Block stucco 4-story

Appearance: Good

Neighborhood: Growing commercial

Amenity Package:

Room Finish:

Restaurant: Yes

Floor Cover: Carpet

Cable TV: Provided

Ceiling: Sprayed drywall

Phone: In-room

HVAC: Thru-wall heatpump

Lounge: Yes

Wallcovering:

Pool: Yes

Bath: 3 fixtures, ceramic tile

Other: None

Other: None

Prevailing Rates:

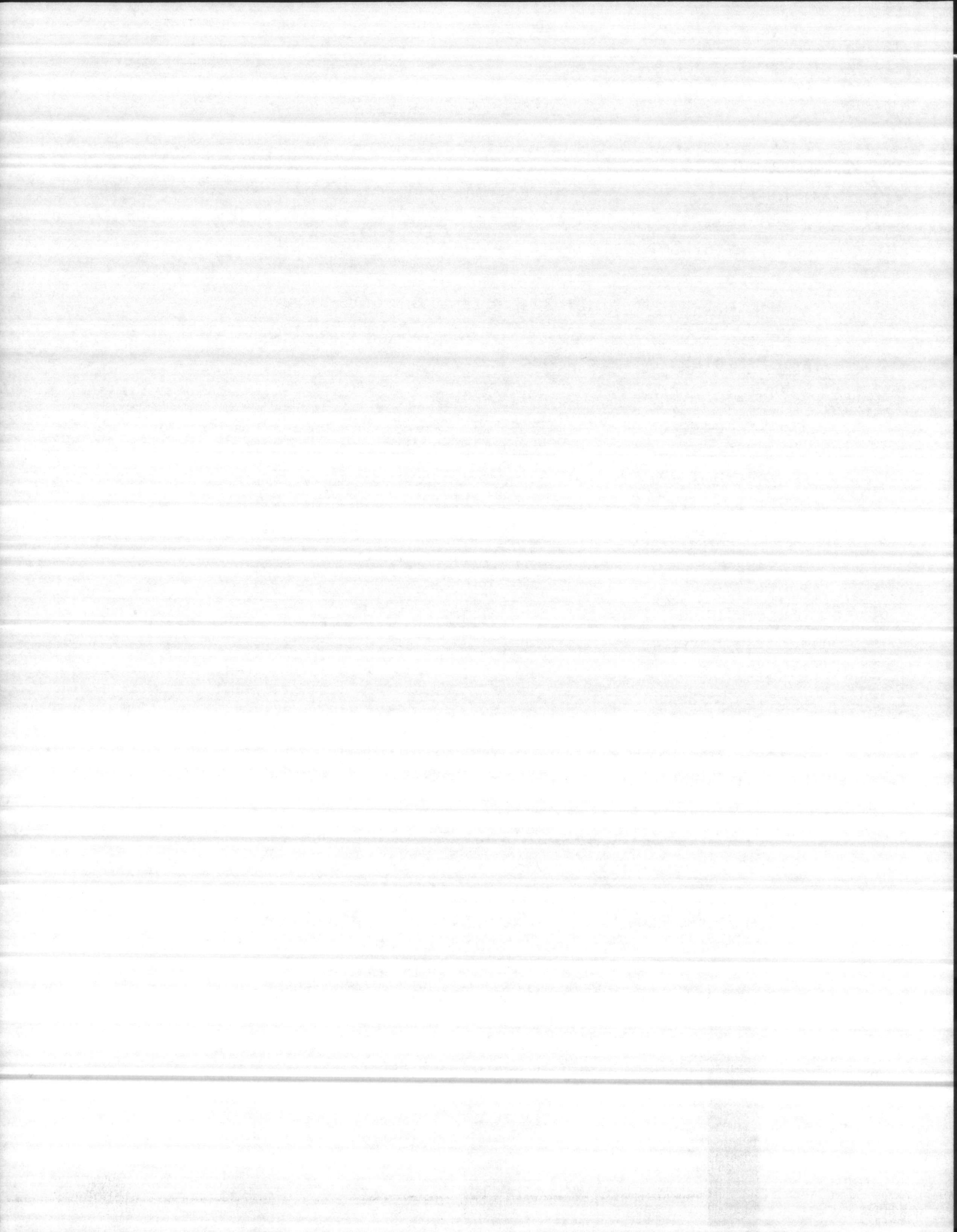
Single: \$34.00

Double: \$39.00

Efficiency: Not available

Suite: Not available

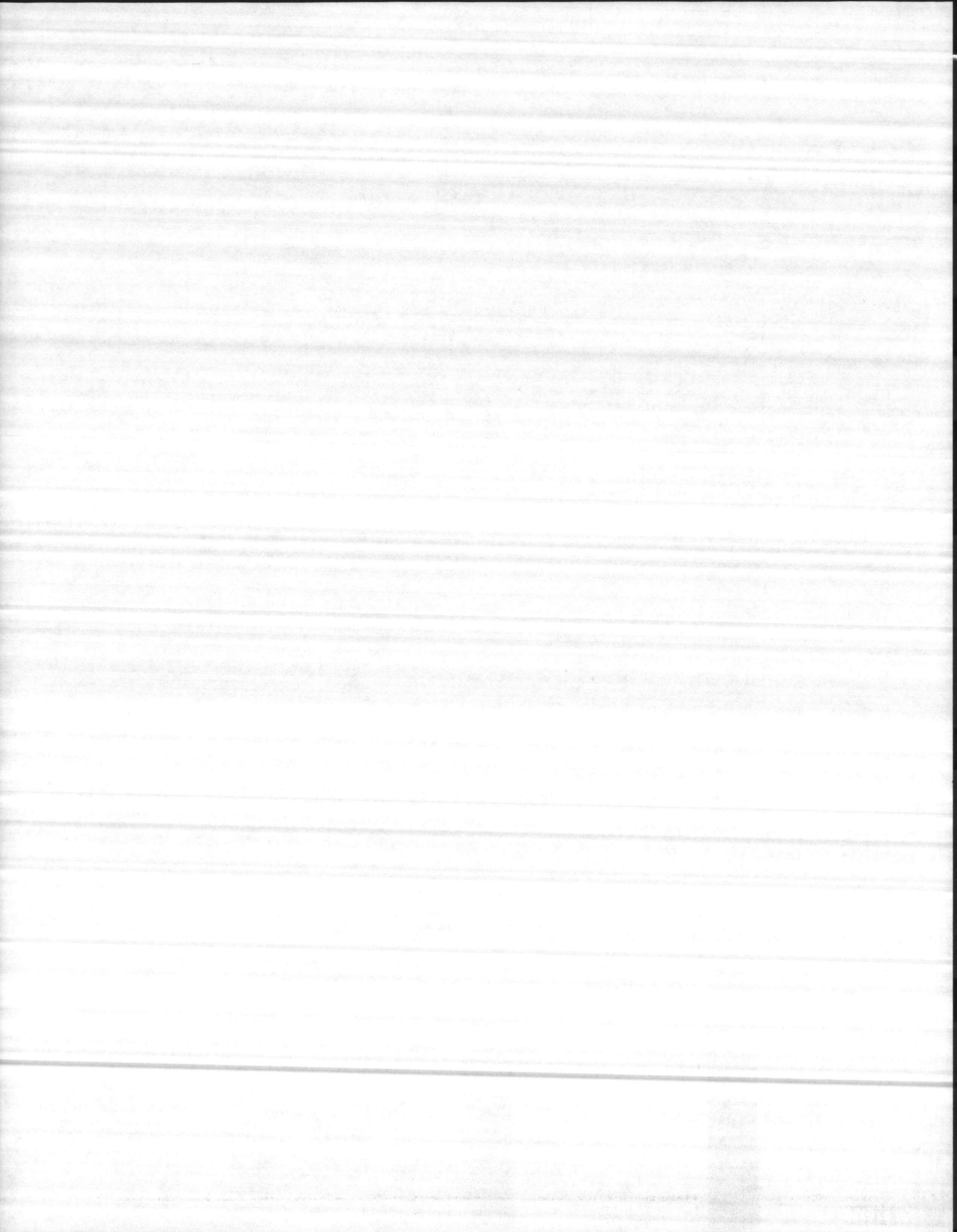




FILE:BOQ

SURVEY OF RENT COMPARABLES

NUMBER	1	2	3	4	5	6	7	8
NAME	Coastal	Deluxe	Holiday Inn	Onslow Inn	Days Inn	Townhouse	Triangle	Ramada Inn
LOCATION	US 17	US 17	US 17	US 17	US 17	US 17	US 17	US 17
TOTAL ROOMS #	29	50	119	92	123	74	60	119
ROOM SIZE(SQ FT)	275	288	408	252	325	288	374	324
CONDITION	Fair	Fair	Good	Good	Average	Fair	Fair	Good
AMENITIES								
Cable TV	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
On-Site Pool	No	No	Yes	Yes	Yes	Yes	No	Yes
On-Site Restaurant	No	No	Yes	Yes	Yes	Yes	No	Yes
On-Site Lounge	No	No	Yes	Yes	Yes	No	No	Yes
In-Room Phones	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Private Bath	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Air Condition	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
RATE (\$/DAY)								
COMMERCIAL-Single	\$22.00	\$22.75	\$34.00	\$29.00	\$24.75	\$22.75	\$22.75	\$33.00
-Double	\$26.00	\$26.75	\$39.00	\$34.00	\$27.00	\$26.75	\$27.75	\$39.00
RATE (\$/SF/DAY)								
COMMERCIAL-Single	0.08	0.08	0.08	0.12	0.08	0.08	0.06	0.10
-Double	0.09	0.09	0.10	0.13	0.08	0.09	0.07	0.12



There are three units of comparison available to the subject for the purpose of estimating the fair market rent. They are:

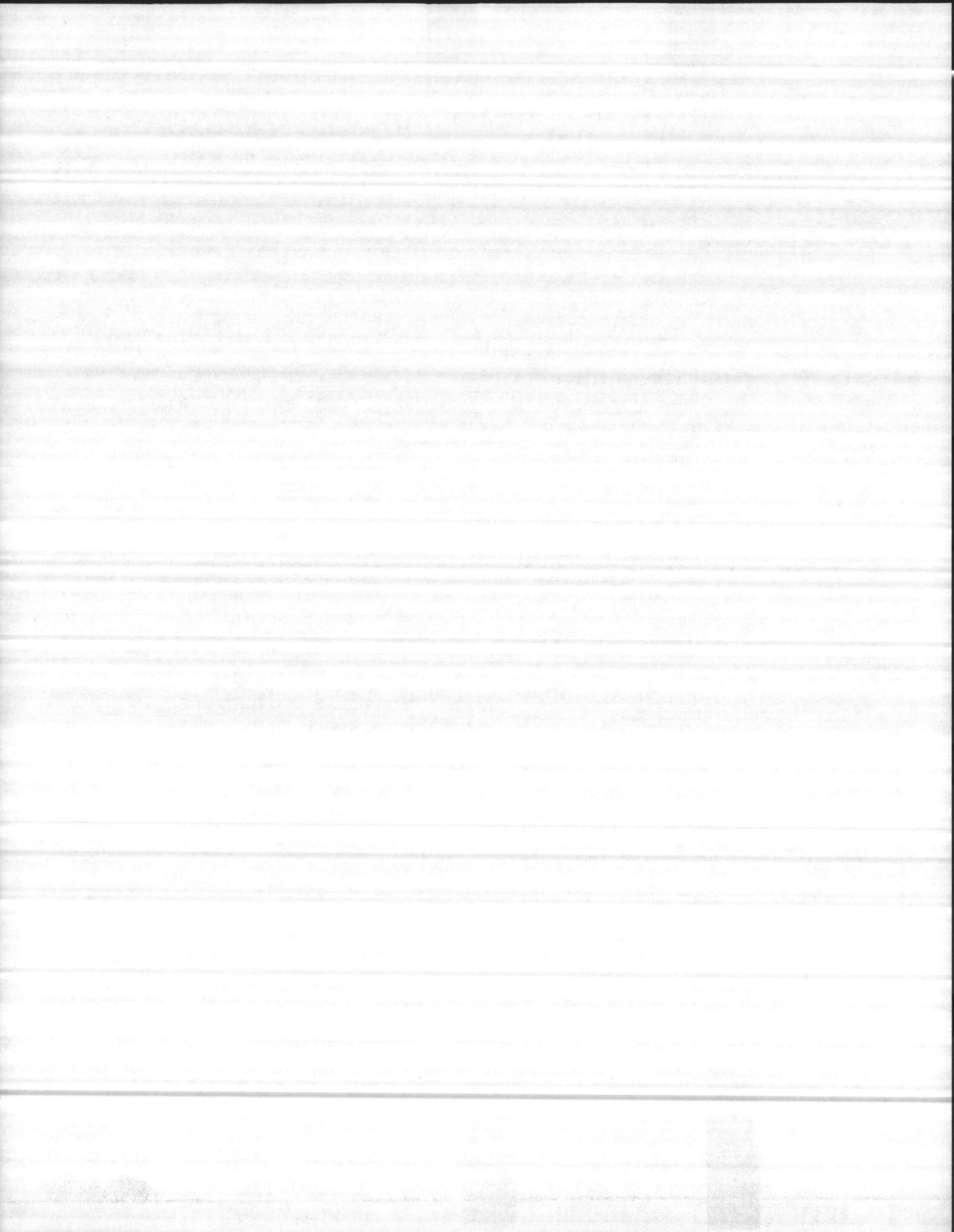
- A. The overall rental rate per day.
- B. The rental rate per square foot per day.
- C. The rental rate per room per day.

All three indicators are valid approaches, however, for this particular analysis, it is this appraiser's judgment that the rental rate per square foot per day is the best indicator as it releases the appraiser from having to make size adjustments.

The rental rate per square foot per day for all eight comparable rentals range from a low of \$.06 per square foot to a high of \$.12 per square foot per day, with a mean of \$.09, a mode of \$.08, and a standard deviation of \$.02 per square foot per day.

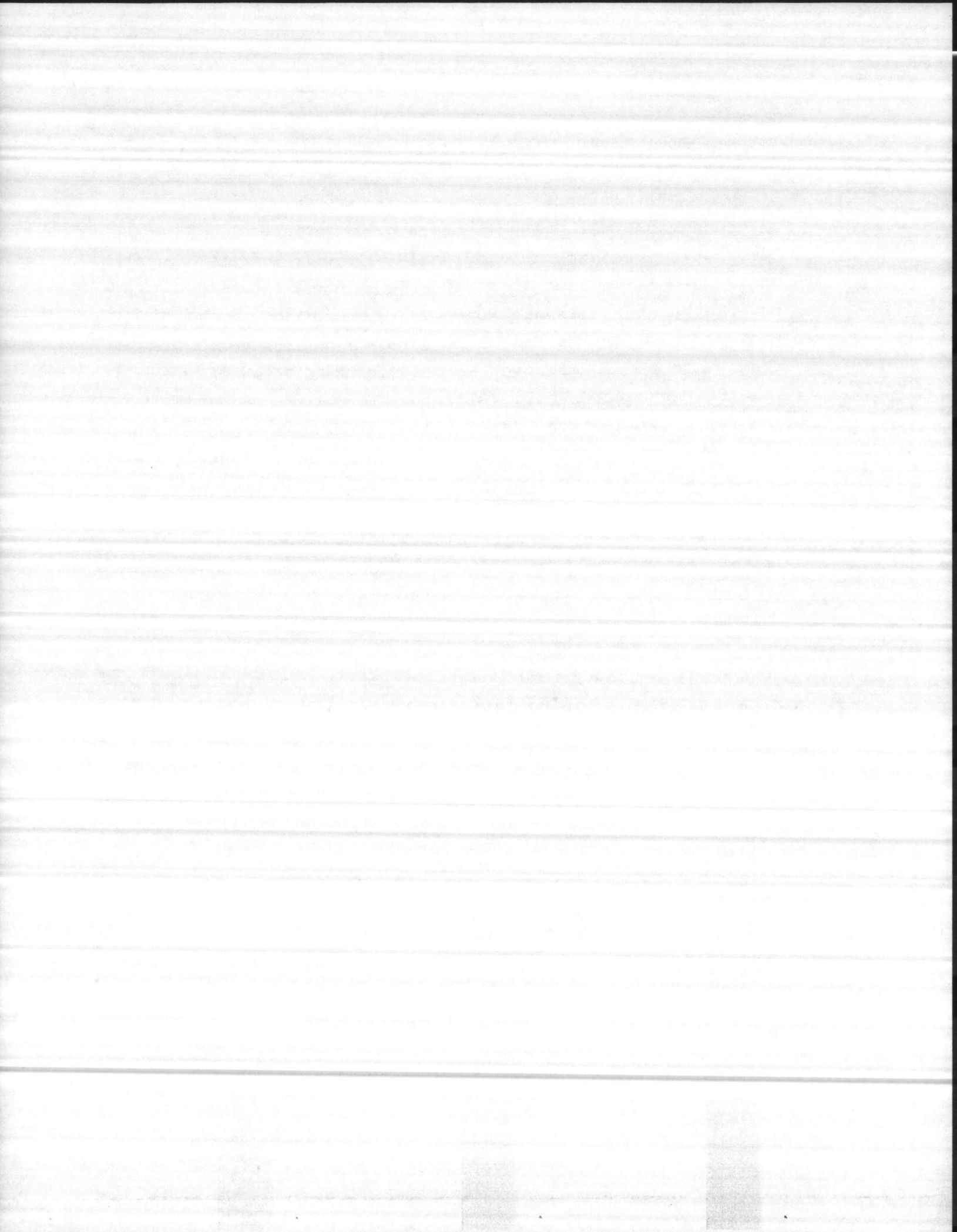
The data gathered presents a wide range of facilities with various amenities and various quoted daily rates. In arriving at a fair market rental for subject property, adjustments were considered necessary for location and amenity package. Where possible, these adjustments were abstracted from the market data summarized above. The amenity package is considered to consist of access to a lounge, access to a pool and restaurant on the site, and in-room bath facilities.

The first adjustment considered necessary for the subject properties is location. Location is a primary concern in the hostelry business with most facilities being located on



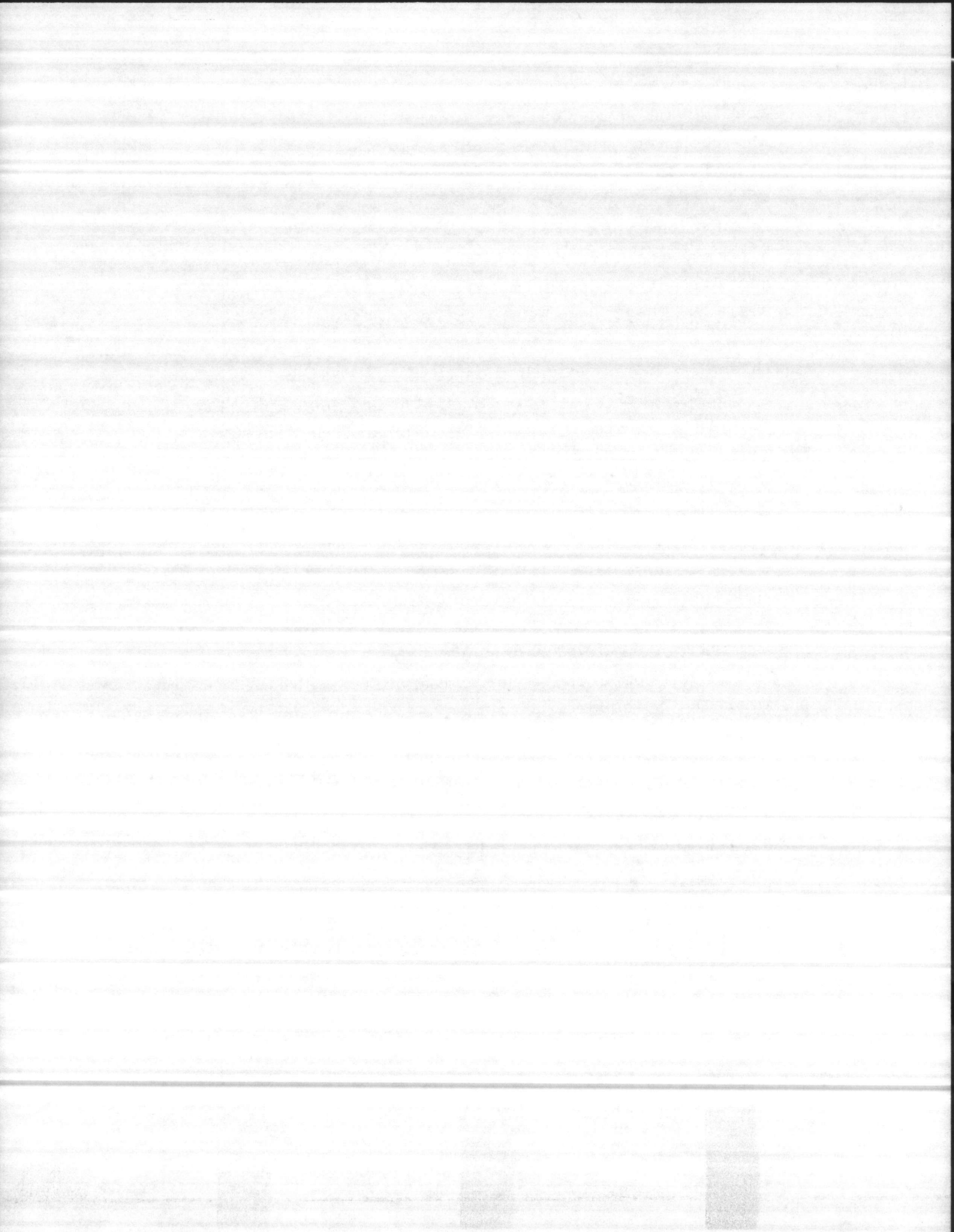
main traffic arteries. The subject property is located within the Marine Corps Base, Camp Lejeune several miles from the nearest major traffic artery, NC Highway 24 or US Highway 17. In order to measure an adjustment for location, a comparison was made between the Deluxe Motor Lodge, Comparable #2 and the Triangle Motor Inn, Comparable #7. The Deluxe is located in an area considered to be superior to that of the Triangle Motor Inn. The room rate per square foot per day for the Deluxe is \$.08 per square foot and the room rate per square foot per day for the Triangle Motor Inn is \$.06 per square foot. All other physical conditions and amenities being considered equal indicates a difference of \$.02 per square foot per day or a reduction of approximately 25 percent for location. The difference of \$.02 per square foot per day is considered to be indicative of the adjustment necessary for the location of subject property. On this basis, the basic price per square foot per day of \$.08 is reduced to \$.06 per square foot for the subject property.

In analyzing the typical room rent of a single room with community bath for Building 2603, the most similar property in location, size and condition is a single room at the Deluxe Motor Lodge, Comparable #2. As previously discussed, the basic rate of \$.08 per square foot per day was reduced \$.02 per square foot per day for location. The primary difference in physical features between the subject containing 172 square feet and the comparable is the lack of a private bath. In the hostelry business, the lack of this amenity would be a major concern. All modern motel facilities contain a private bath which makes a market abstraction almost impossible. On this basis and in

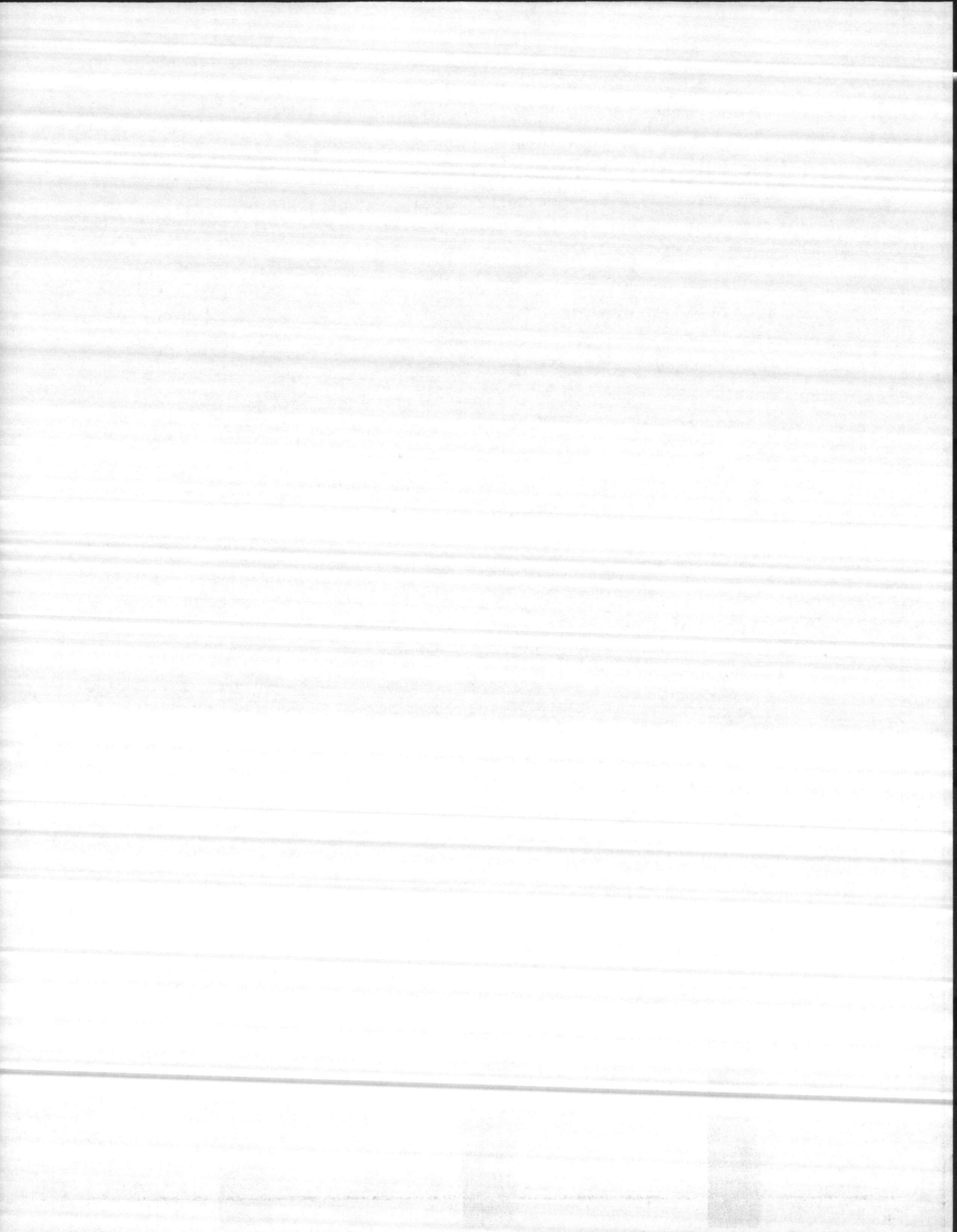


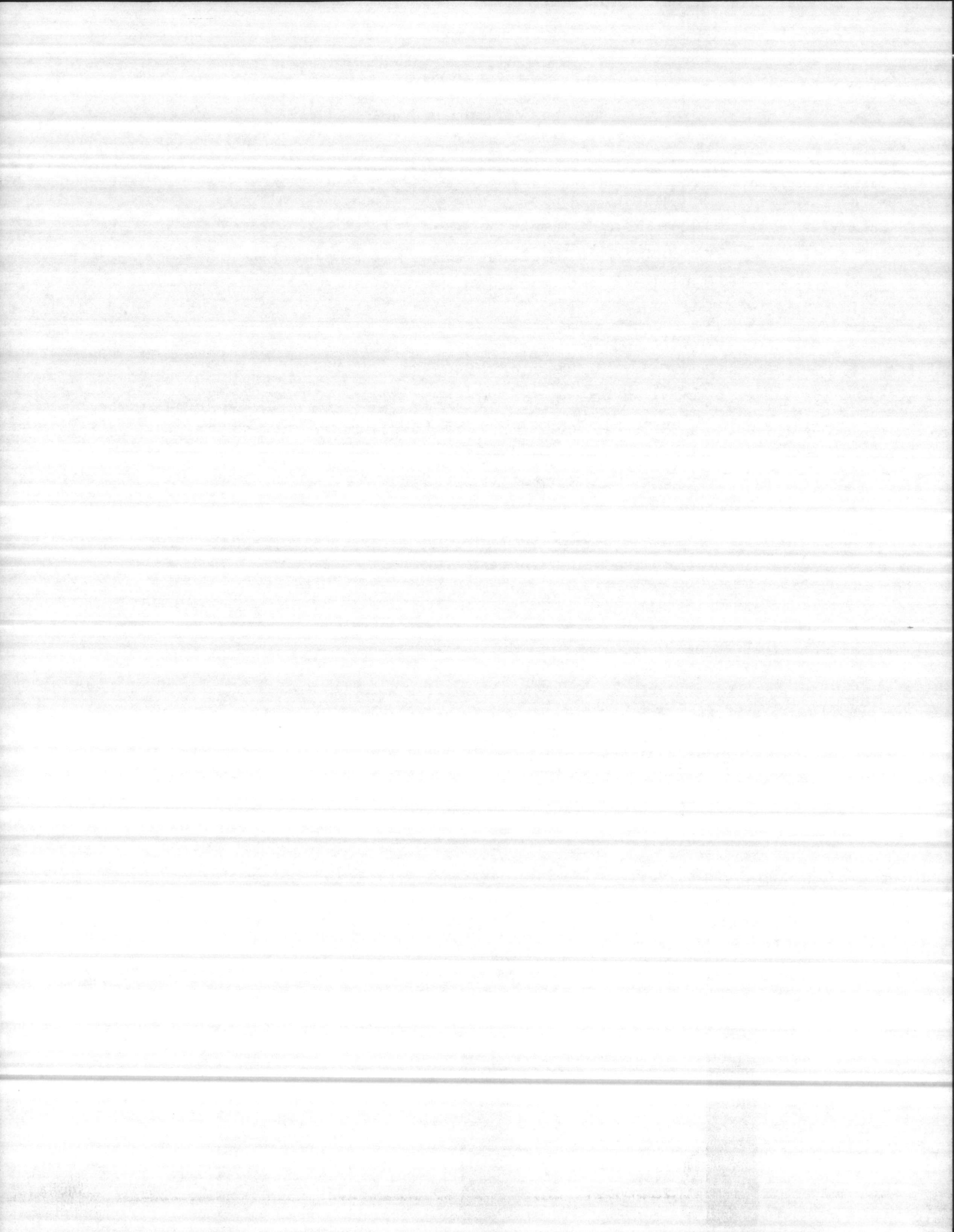
consideration of the cost incurred to install a private bath in each room, a 50 percent reduction is made for the lack of this feature. Based on this analysis, the \$.06 per square foot per day rate is reduced to \$.03 per square foot per day for the lack of a private bath. On this basis, it appears the 172 square foot single room with community bath should rent at approximately \$.03 per square foot per day or \$5.16 per day, rounded to \$5.00 per day.

In analyzing a typical room rent of a two room and bath suite located in Buildings 2603, 2605 and 2607, the most similar property in location, size and condition is a single room at the Triangle Motor Inn. The Triangle Motor Inn has an average room size of 374 square feet, which is larger than most of the other comparable rents. The physical features of the two room and bath suites of the subject property are basically the same as the single rooms with the addition of an extra room utilized for a living room. A single room at the Triangle Motor Inn containing 374 square feet is rented at \$22.75 per day or \$.06 per square foot per day. In comparing the comparable rent for the Triangle Motor Inn to subject property, a reduction was considered necessary for location. The deduction of \$.02 per square foot per day was derived above and reduces the indicated rent per day of subject property from \$.06 per square foot per day to \$.04 per square foot per day. No other adjustments were considered necessary for physical characteristics. On this basis, it appears the 455 square foot two room and bath suite in Buildings 2603, 2605 and 2607 should rent at \$.04 per square foot per day or \$18.20 per day, rounded to \$18.00 per day.



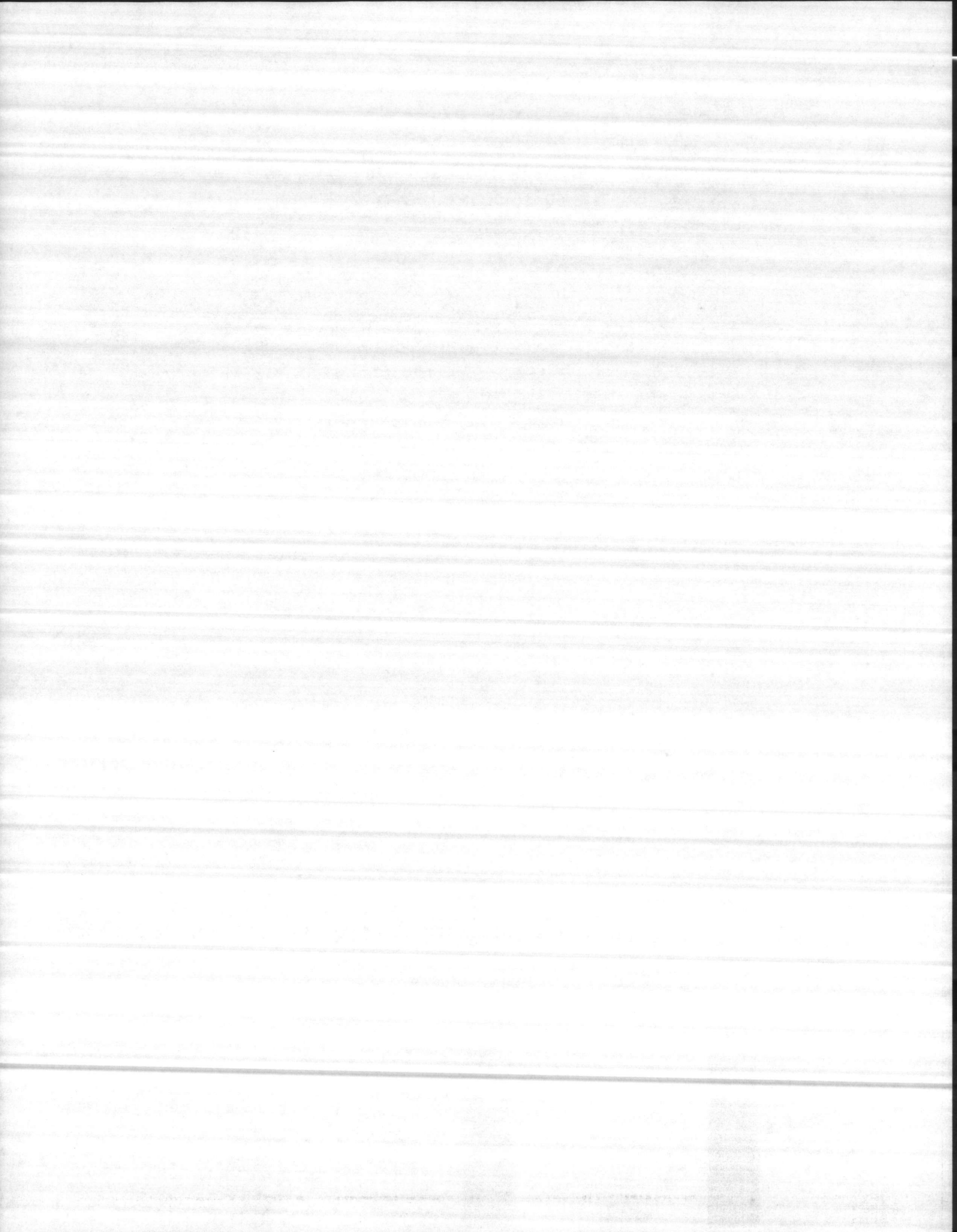
The typical room within BOQ Building 2617 is a single room with a shared bath which contains 264 square feet including one-half of the shared bath. This room type is the most similar to the comparable motel rents found in this analysis with the exception of a shared bath in lieu of a private bath. As previously stated, the dominant rate per square foot per day of the analyzed rental comparisons is \$.08 per square foot per day. After reducing this basic rent of \$.08 per square foot per day, minus \$.02 per square foot per day for location, it indicates a square foot rent per day of \$.06. The only other primary difference between the subject property with 264 square feet and the comparables is the lack of a private bath. As previously noted, in the hostelry business the lack of this amenity would be a major concern. Although the subject property shares a bath with an adjoining room, a reduction is considered necessary for this inconvenience. On this basis, and in consideration of the cost incurred to install a private bath in each room, a 25 percent reduction is made for the lack of this feature. As a result, the adjusted \$.06 per square foot per day rate is reduced 25 percent or \$.015 per day to \$.045 per day. On this basis, it appears the 264 square foot single room with shared bath should rent at approximately \$.045 per day or \$11.88 per day, rounded to \$12.00 per day.





Building 2617

1. Single Room with Shared Bath (264 Sq.Ft.)	
Comparable #2 (Deluxe Motor Lodge)	\$.08/SF per day
Adjustment for location	<u>-.02</u>
	\$.06
Private Bath:	
Semi-private - 25 percent reduction	<u>.015</u>
Indicated Value for Subject:	\$.045/SF/day
(264 SF x \$.045/SF/day = \$11.88 Rounded To: \$12.00/day)	



RECONCILIATION OF VALUE INDICATIONS

The purpose of this appraisal is to estimate the fair market rental value of the subject property as of February 5, 1987 and to that end the data has been processed by the use of three accepted approaches to value. The value indications by these approaches are as follows:

Indicated Rental Value by the Cost Approach Not Utilized

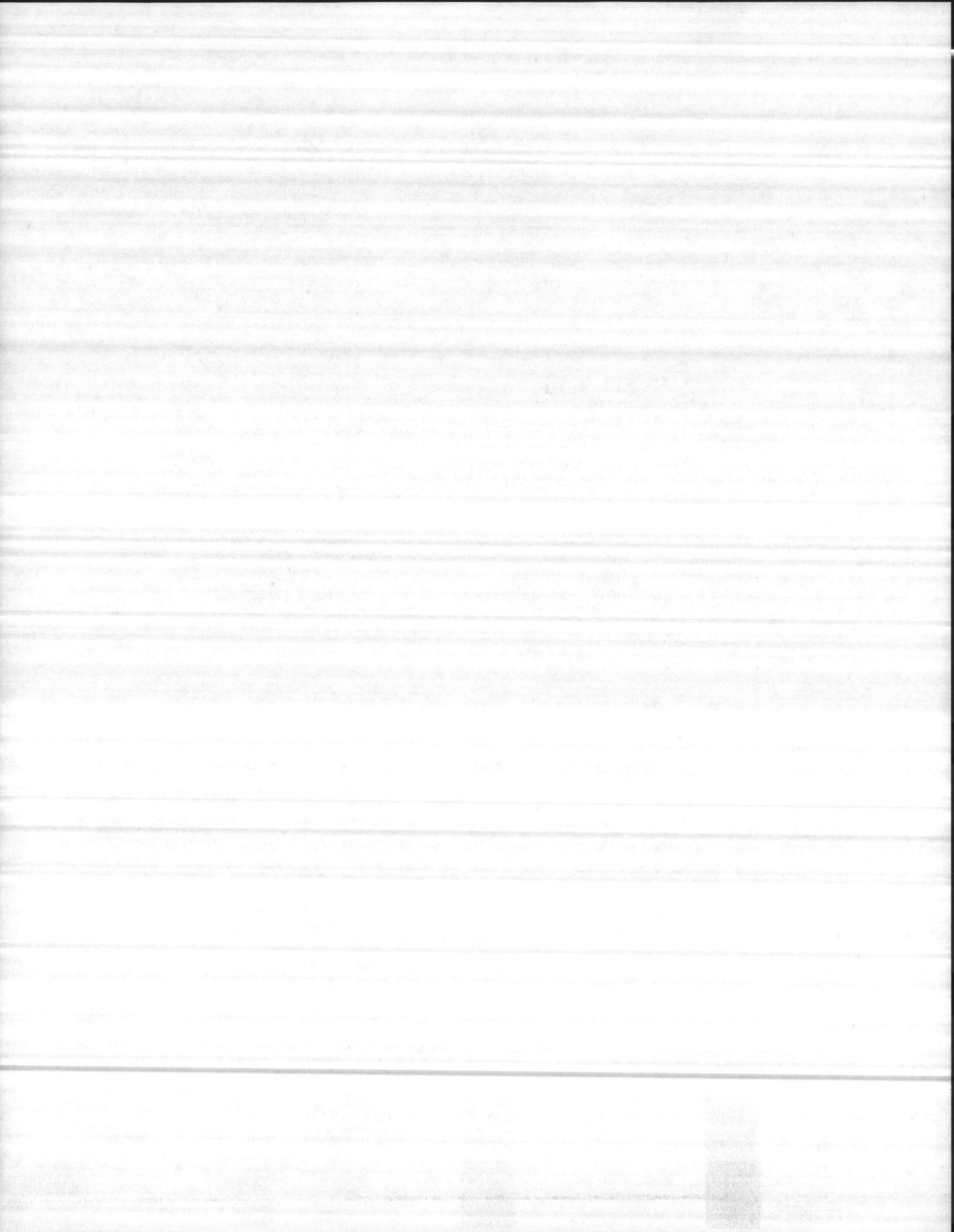
Indicated Rental Value by the Market Data Approach:

Bldg. 2603	1. Single Room/Community Head	\$ 5.00/day
	2. Two Room and Bath Suite	\$18.00/day
Bldg. 2605	1. Two Room and Bath Suite	\$18.00/day
Bldg. 2607	1. Two Room and Bath Suite	\$18.00/day
Bldg. 2617	1. Single Room/Shared Bath	\$12.00/day

Indicated Rental Value by the Income Approach Not Utilized

The cost approach was not considered to be applicable to the appraisal problem. Therefore, the cost approach was not utilized.

The market data approach produces a significant indication of value when the market data is available and the advantages and deficiencies of subject property and the comparable properties are properly weighted and compared. Eight rental comparables were located in subject property's market area. Various adjustments for dissimilarities in location and amenity package were extracted and supported by

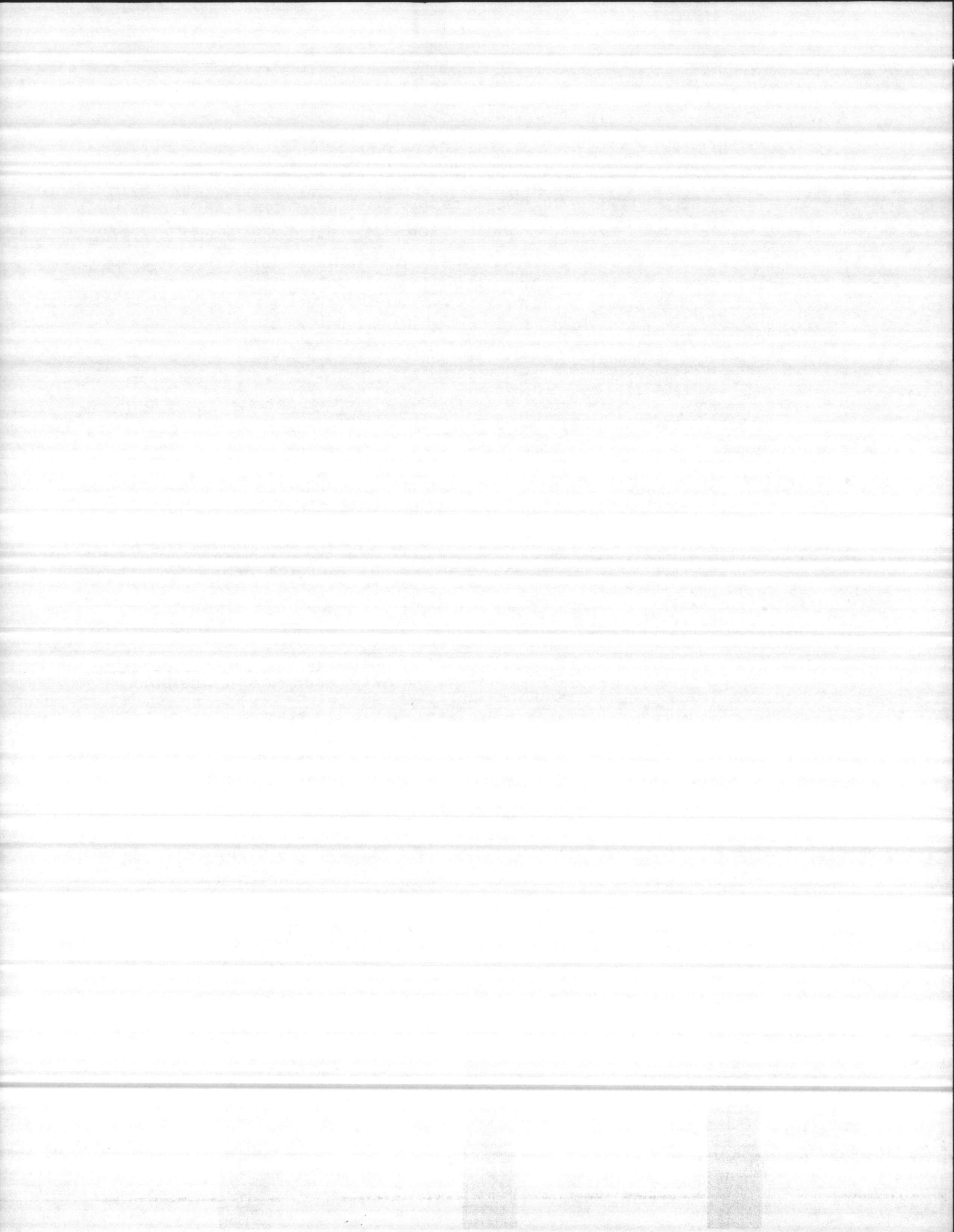


market data. In some instances, the appraiser had to apply a judgmental factor to these adjustments. However, it is believed that these adjustments, as utilized in this appraisal, are reasonably supported by market data and have led to a reliable indication of market rental value. Therefore, the market data approach is considered to have produced the best indication of the fair market rental value of subject property.

The income approach was not considered to be applicable to the appraisal problem. Therefore, the income approach was not utilized in this appraisal.

Therefore, based on the facts, data and conclusions contained within this appraisal, it is my opinion that the market data approach has provided the best indication of value for the fair market rental for subject property. That rental is:

Bldg. 2603	1. Single Room/Community Head	\$ 5.00/day
	2. Two Room and Bath Suite	\$18.00/day
Bldg. 2605	1. Two Room and Bath Suite	\$18.00/day
Bldg. 2607	1. Two Room and Bath Suite	\$18.00/day
Bldg. 2617	1. Single Room/Shared Bath	\$12.00/day

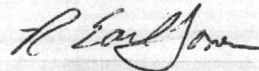


CERTIFICATE OF APPRAISER

I certify that, to the best of my knowledge and belief,...

1. The statements of fact contained in this report are true and correct.
2. The reported analyses, opinions, and conclusions are limited only by the reported assumptions and limiting condition, and are my personal, unbiased professional analyses, opinions, and conclusions.
3. I have no present or prospective interest in the property that is the subject of this report, and I have no personal interest or bias with respect to the parties involved.
4. My compensation is not contingent on an action or event resulting from the analyses, opinions, or conclusions in, or the use of, this report.
5. My analyses, opinions, and conclusions were developed, and this report has been prepared, in conformity with the requirements of the Code of Professional Ethics and the Standards of Professional Practice of the American Institute of Real Estate Appraisers.
6. The use of this report is subject to the requirements of the American Institute of Real Estate Appraisers relating to review by its duly authorized representatives.
7. I am currently certified under the voluntary continuing education program of the American Institute of Real Estate Appraisers.
8. I have made a personal inspection of the property that is the subject of this report.
9. No one provided significant professional assistance to the person signing this report.

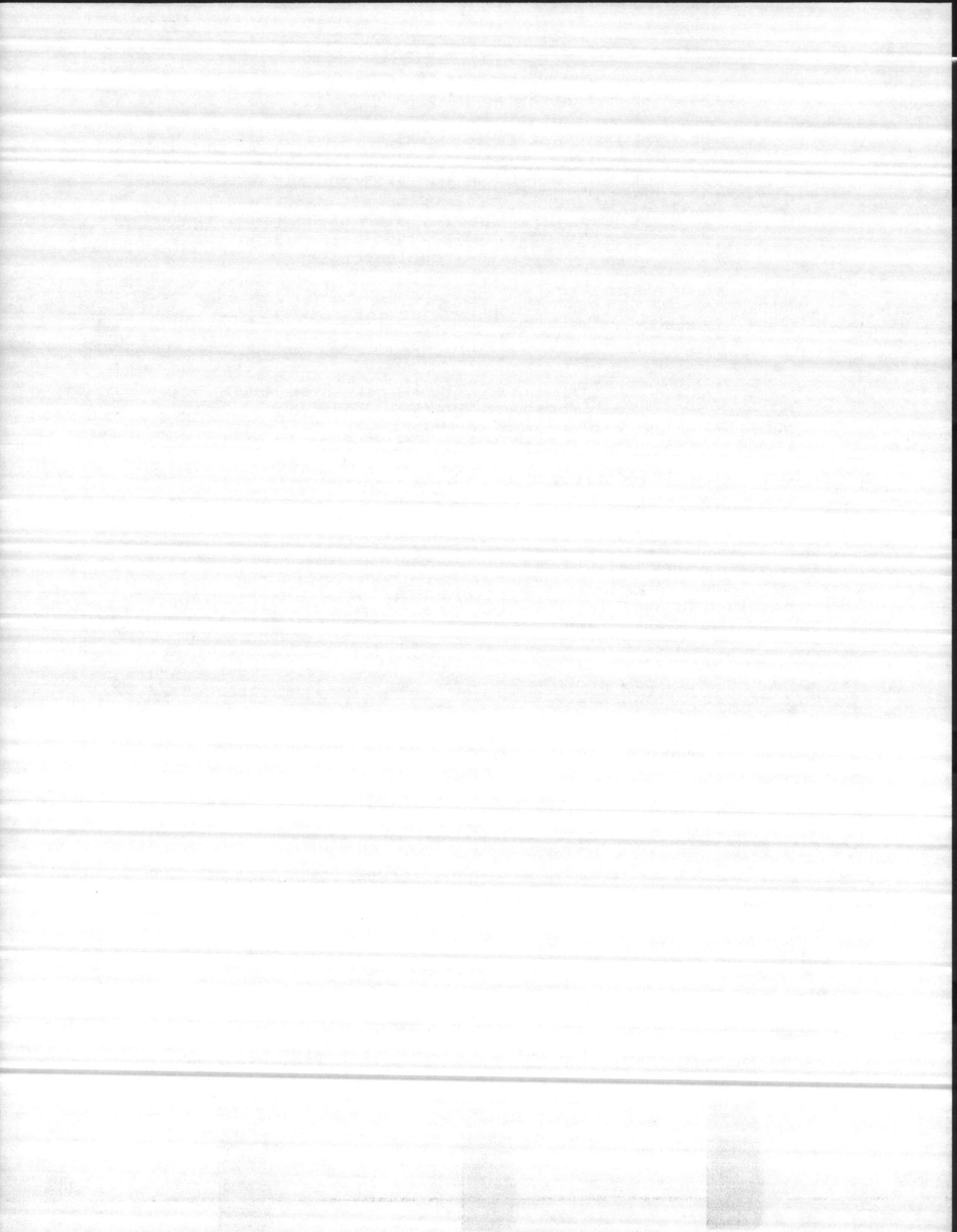
Respectfully submitted,



R. Earl Jones, MAI

K001-8.4

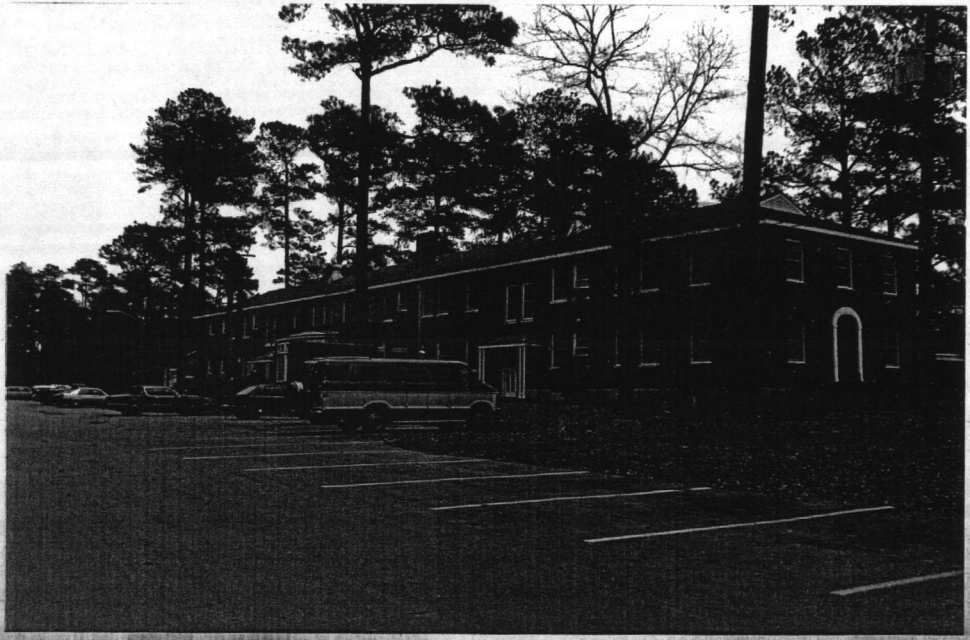
K001-8.4



PHOTOGRAPHS OF SUBJECT PROPERTY

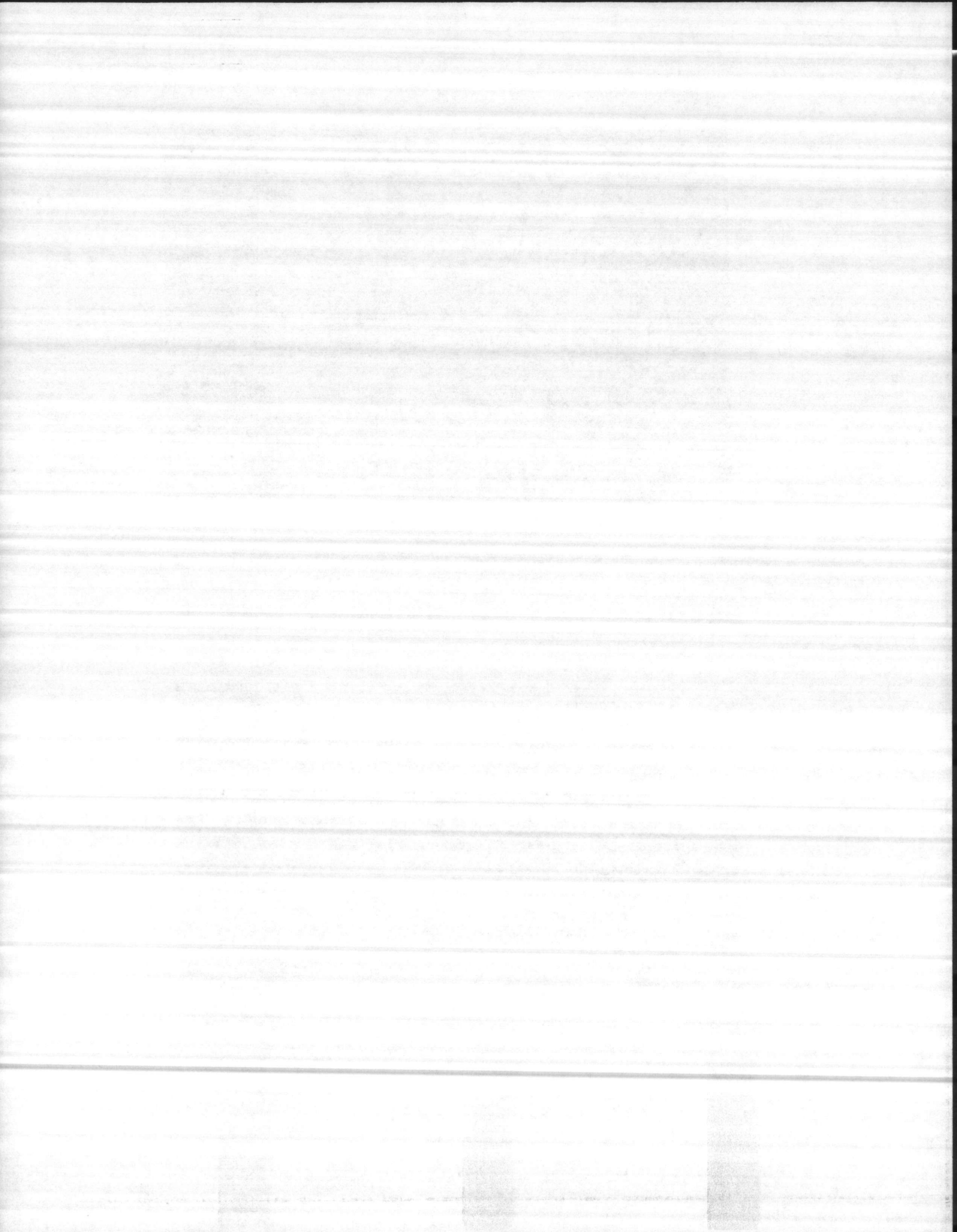


BOQ BUILDING 2605 - FRONT VIEW



BOQ BUILDING 2605 - REAR VIEW

BOQ BUILDING 2605



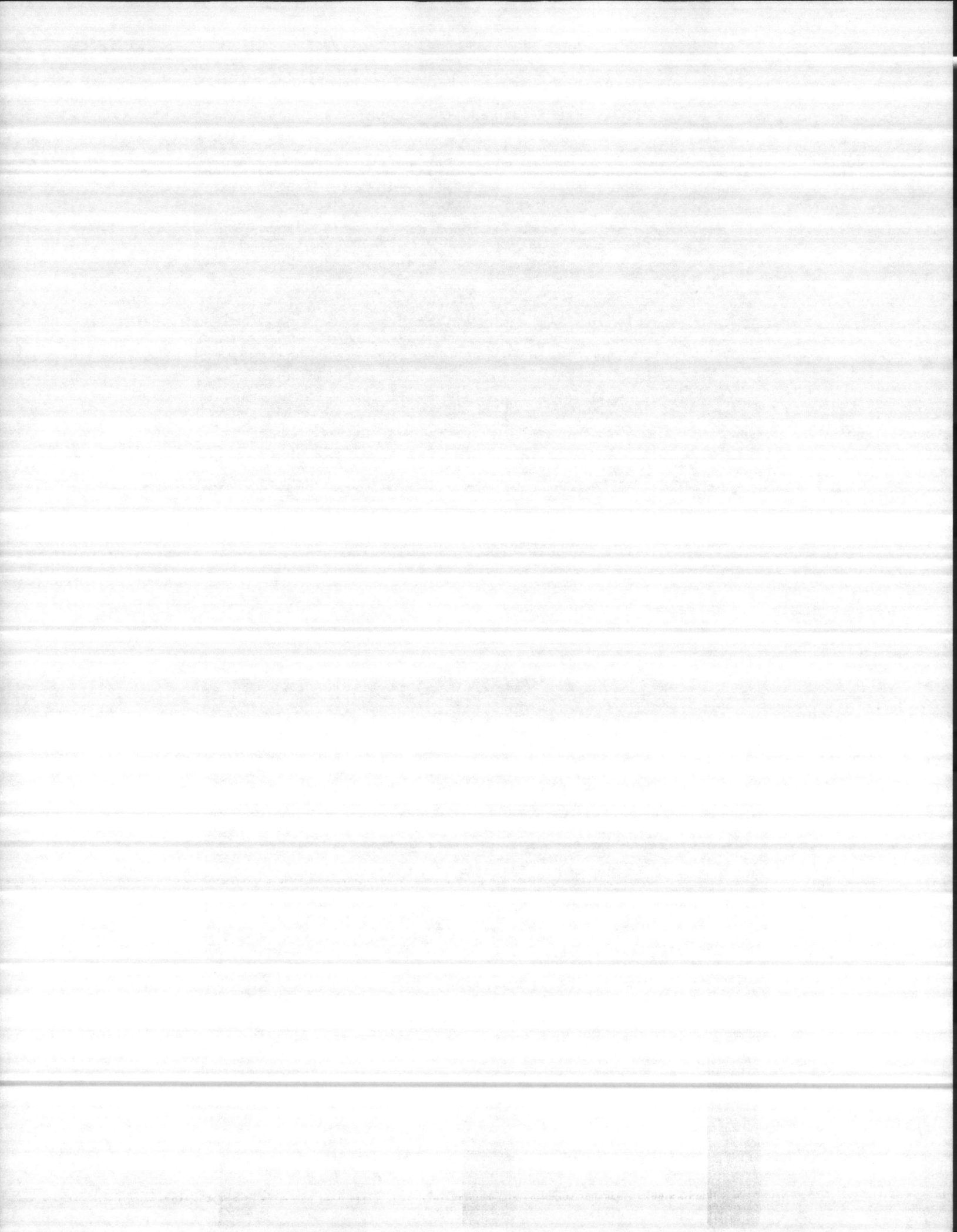
PHOTOGRAPHS OF SUBJECT PROPERTY



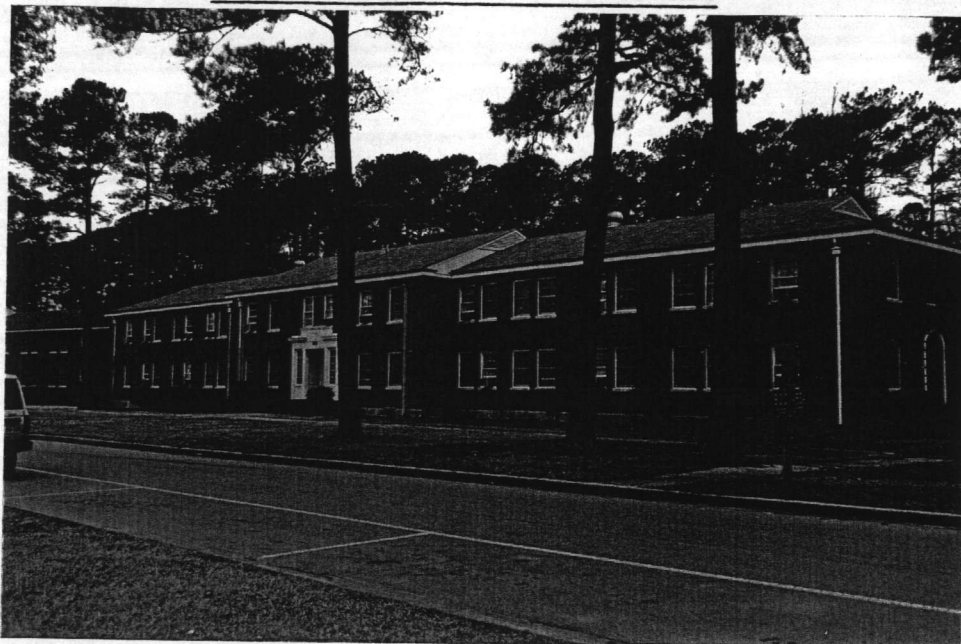
BOQ BUILDING 2607 - FRONT VIEW



BOQ BUILDING 2607 - REAR VIEW



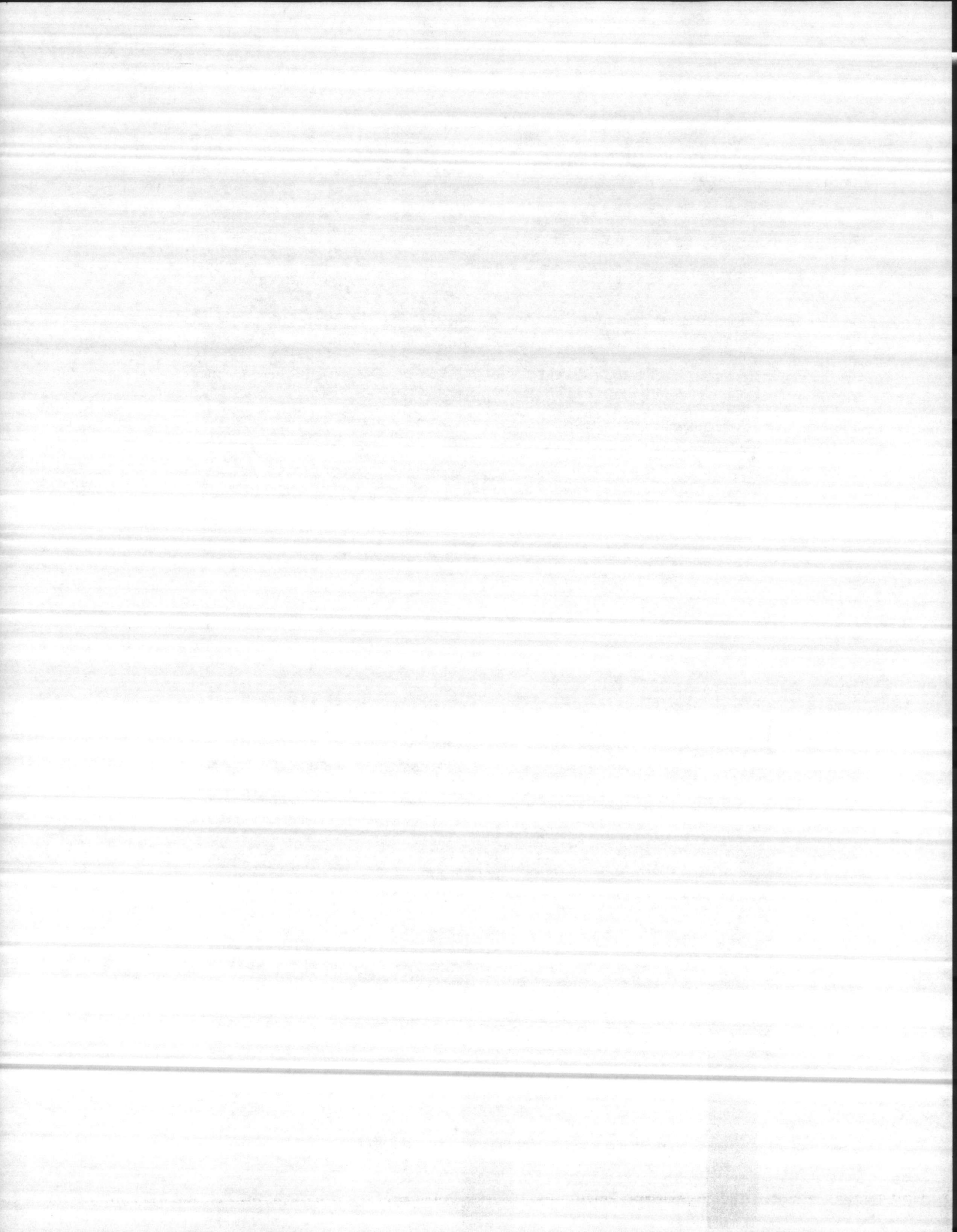
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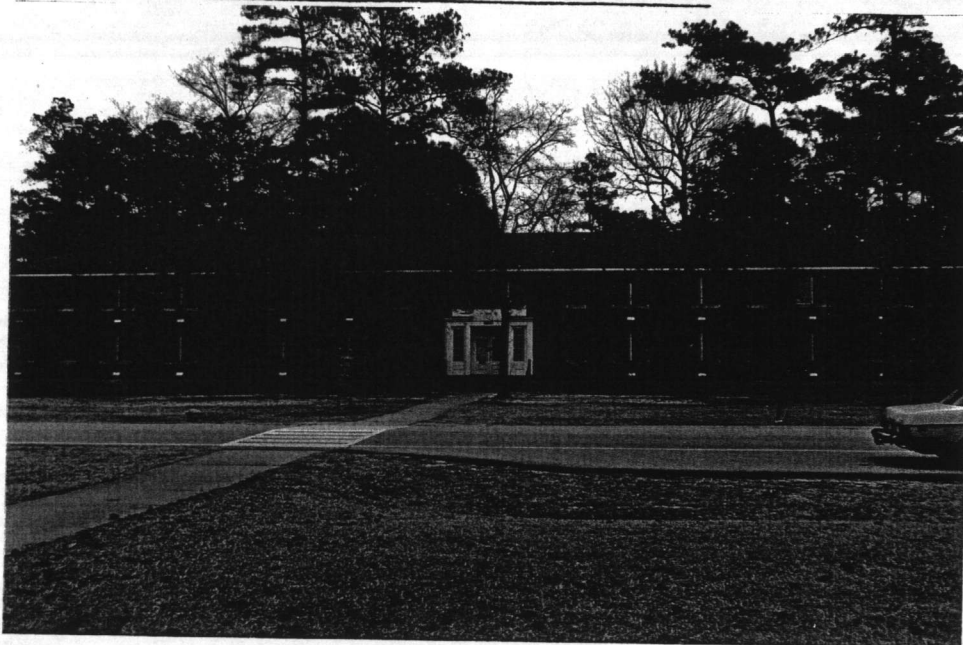
BOQ BUILDING 2603 - FRONT VIEW



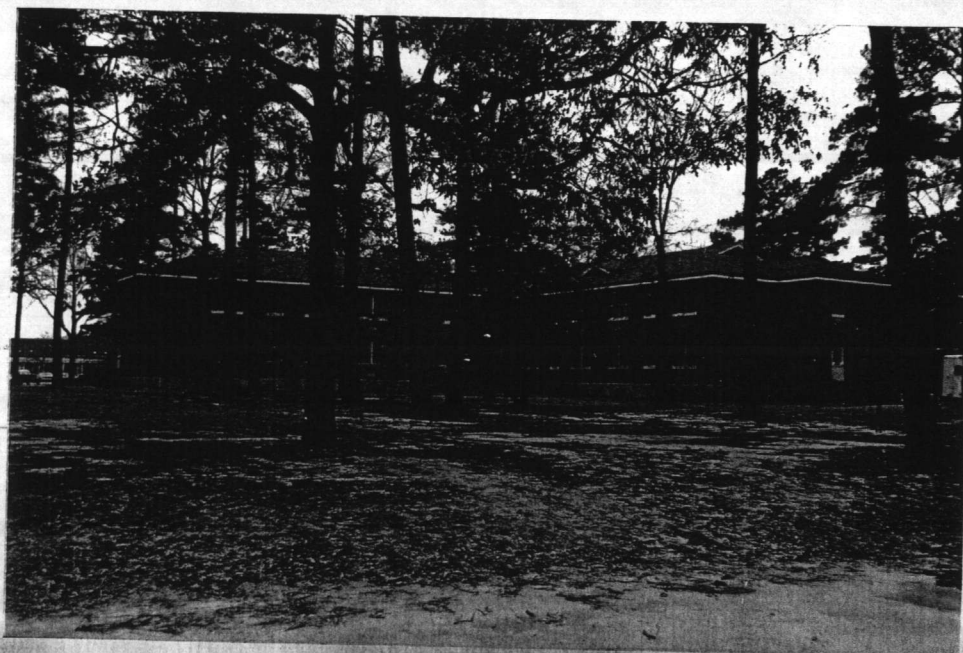
BOQ BUILDING 2603 - REAR VIEW



PHOTOGRAPHS OF SUBJECT PROPERTY



BOQ BUILDING 2617 - FRONT VIEW



BOQ BUILDING 2617 - REAR VIEW

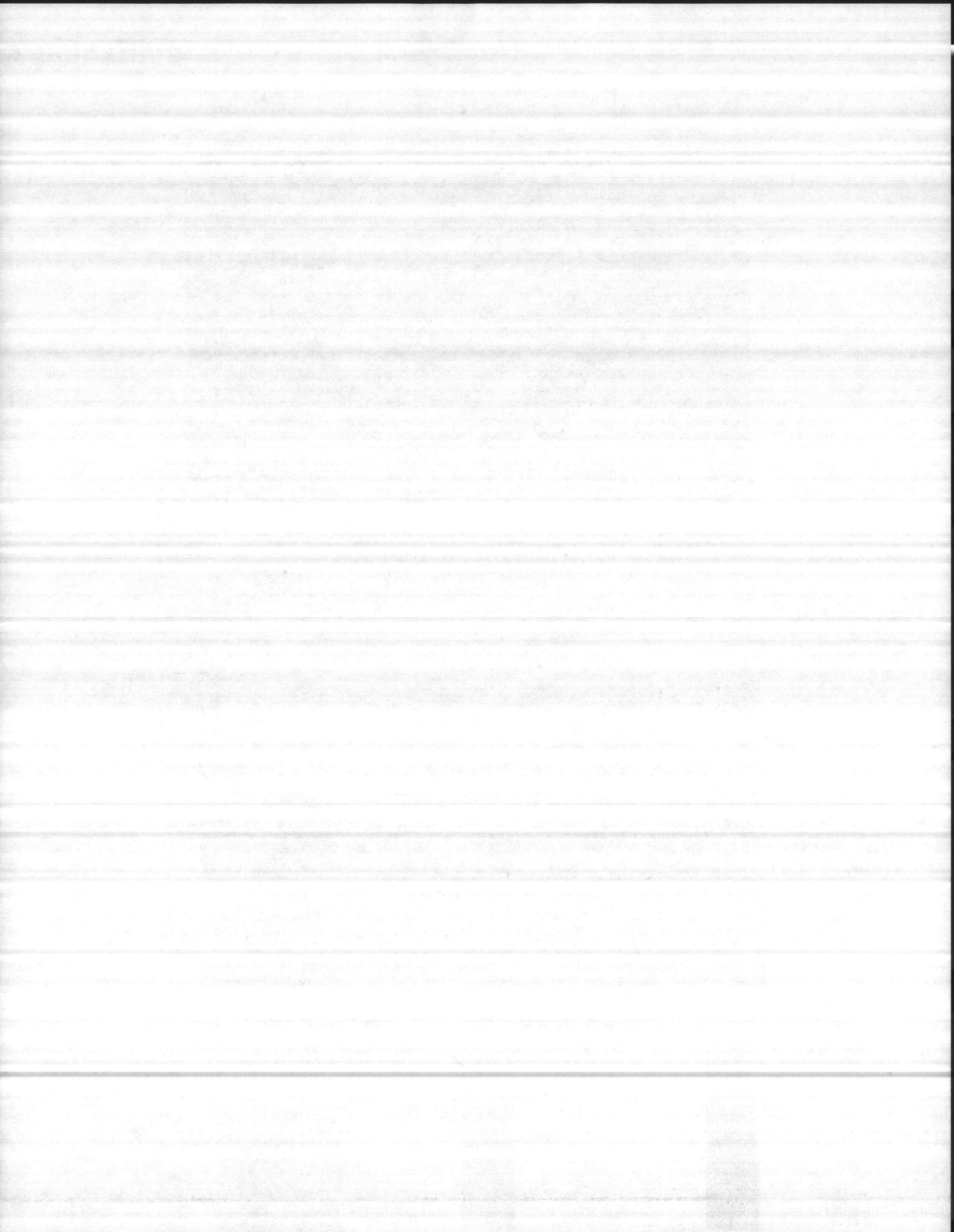
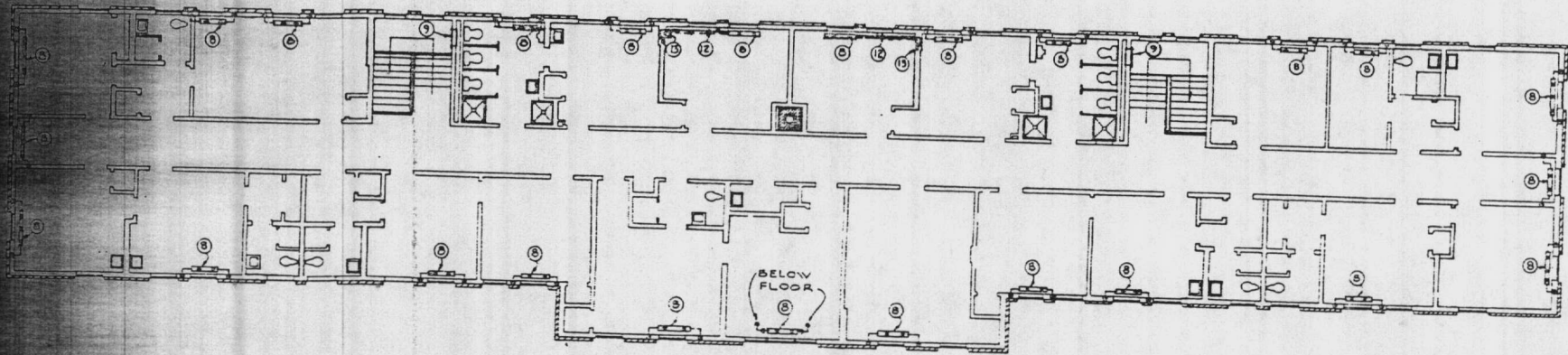


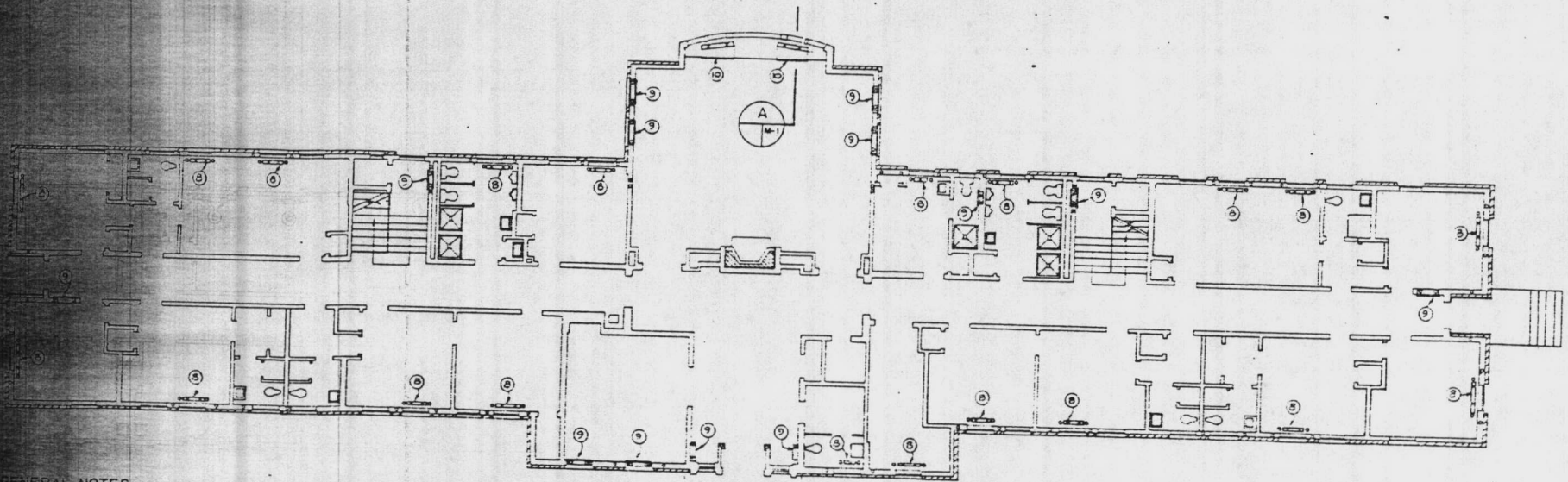
Exhibit B



SECOND FLOOR PLAN-DEMOLITION
SCALE: 1/8"=1'-0"



2607



GENERAL NOTES

BOQ 2603,2605,2607

Floor Plan

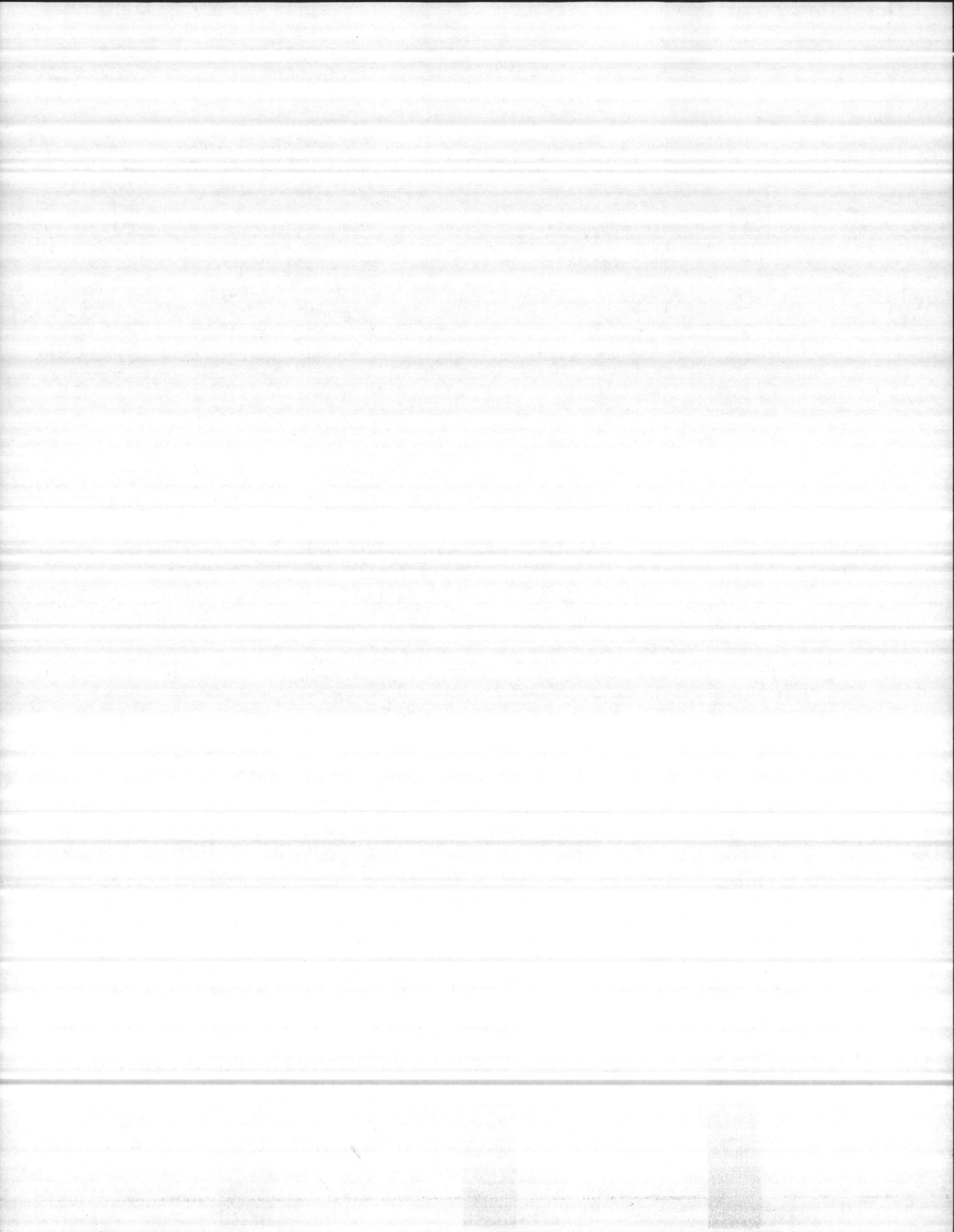
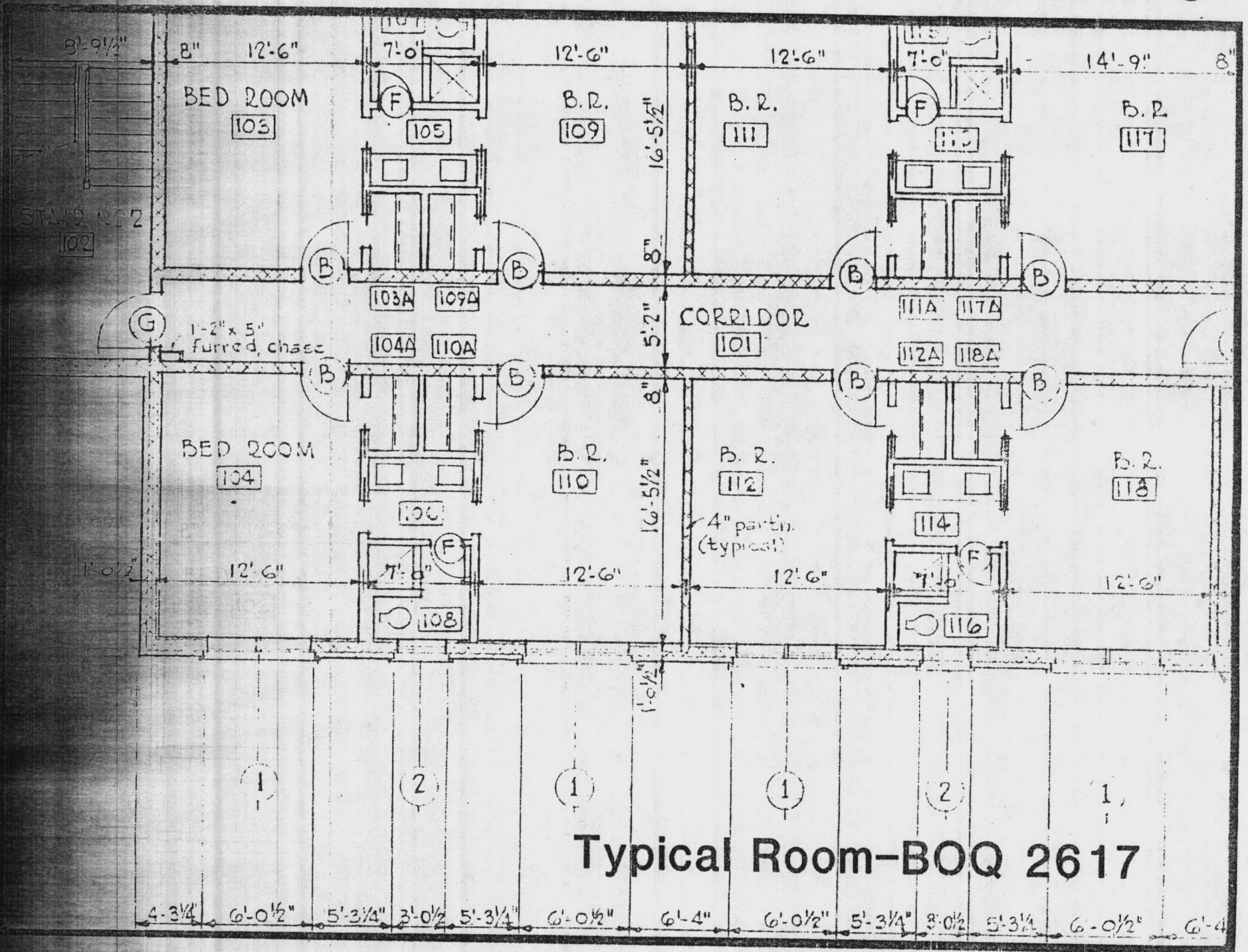
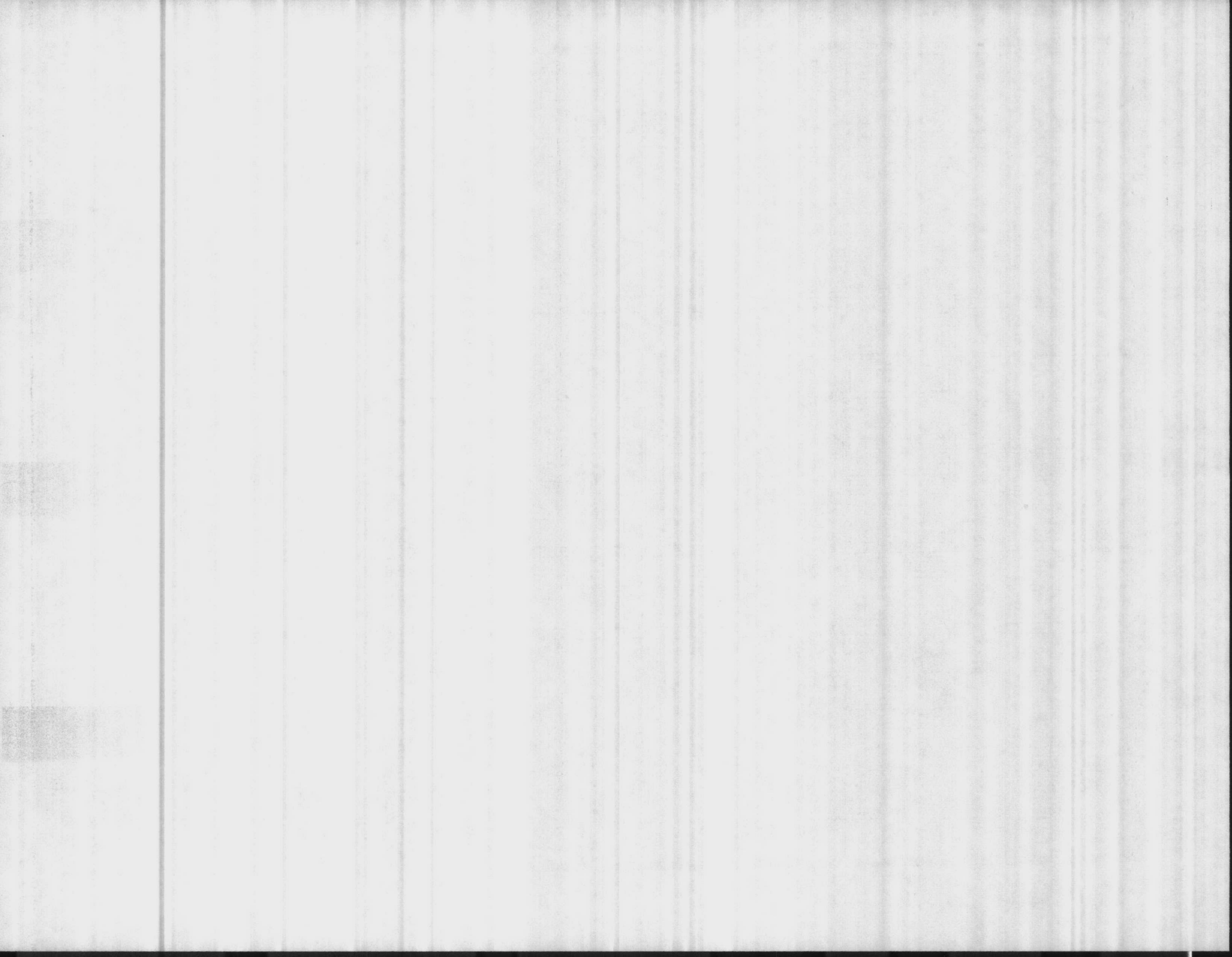
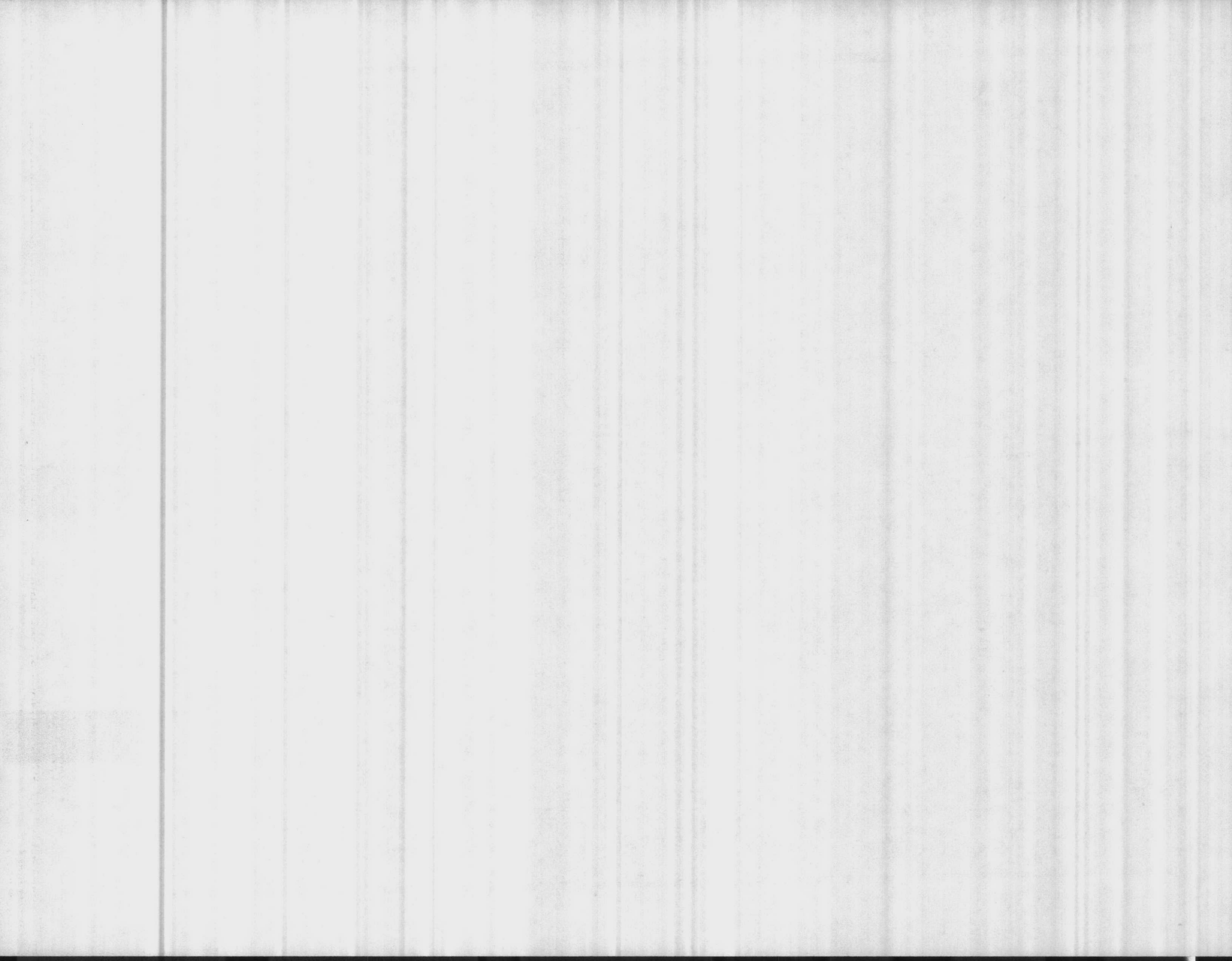


Exhibit C







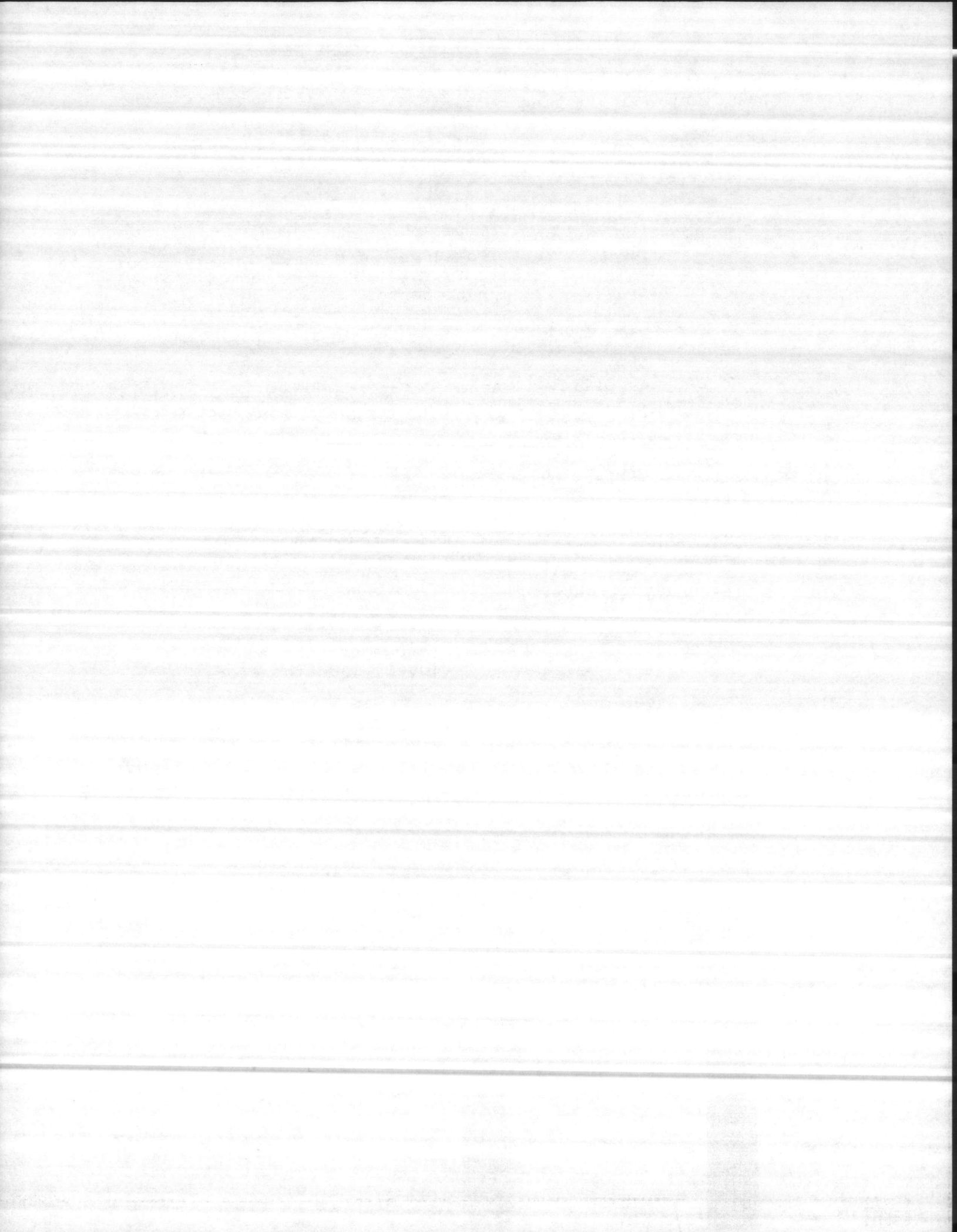
ASSUMPTIONS AND LIMITING CONDITIONS

This appraisal is subject to the following assumptions and qualifying and limiting conditions:

1. This appraisal covers the property as described in the report, and the areas and dimensions as shown herein are assumed to be correct.
2. The appraiser has made no survey of the property and assumes no responsibility in connection with such matters. Any sketch or identified survey of the property included in this report is only for the purpose of assisting the reader to visualize the property.
3. Responsible ownership and competent management are assumed.
4. No responsibility is assumed for matters involving legal or title considerations.
5. The information identified in this report as being furnished by others is believed to be reliable, but no responsibility for its accuracy is assumed.
6. Possession of this report, or a copy thereof, does not carry with it the right of publication, nor may it be used for any purpose by any but the client or clients for whom it was made without the consent of the appraiser or the client or clients.
7. The appraiser is not required to give testimony or attendance in court by reason of this appraisal, unless arrangements have been previously made therefore.
8. The allocation of total value to land or to building as shown in this report is invalidated if used separately or in conjunction with any other appraisal.
9. Disclosure of the contents of this appraisal report is governed by the by-laws and regulations of the American Institute of Real Estate Appraisers of the National Association of Realtors.
10. Neither all nor any part of this report (especially any conclusions as to value, the identity of the appraiser or the firm with which he is connected, or any reference to the American Institute of Real Estate Appraisers or the M.A.I. or R.M. designation) shall be disseminated to the public through advertising media, public relations media, news media, sales media, or any other public means of communication without the prior written consent and approval of the undersigned.



R. Earl Jones, MAI



QUALIFICATIONS OF APPRAISER

R. Earl Jones, MAI, RM
Realty Services of Eastern Carolina, Inc.
1333 South Glenburnie Road
Post Office Box 5069
New Bern, North Carolina 28561

Educational

Bachelor of Science in Business Administration, East Carolina University, 1977

Real Estate Training

Real Estate Appraisal Course VI, American Institute of Real Estate Appraisers, University of North Carolina, 1985

Real Estate Appraisal Course II, American Institute of Real Estate Appraisers, University of North Carolina, 1979

Real Estate Appraisal Course I-B, American Institute of Real Estate Appraisers, University of North Carolina, 1978

Real Estate Appraisal Course VIII, American Institute of Real Estate Appraisers, University of Georgia, 1978

Real Estate Appraisal Course I-A, American Institute of Real Estate Appraisers, University of North Carolina, 1977

License

Licensed Real Estate Broker, State of North Carolina

Professional Affiliation

Member, American Institute of Real Estate Appraisers (MAI) #7363

Residential Member, American Institute of Real Estate Appraisers (RM) #1715

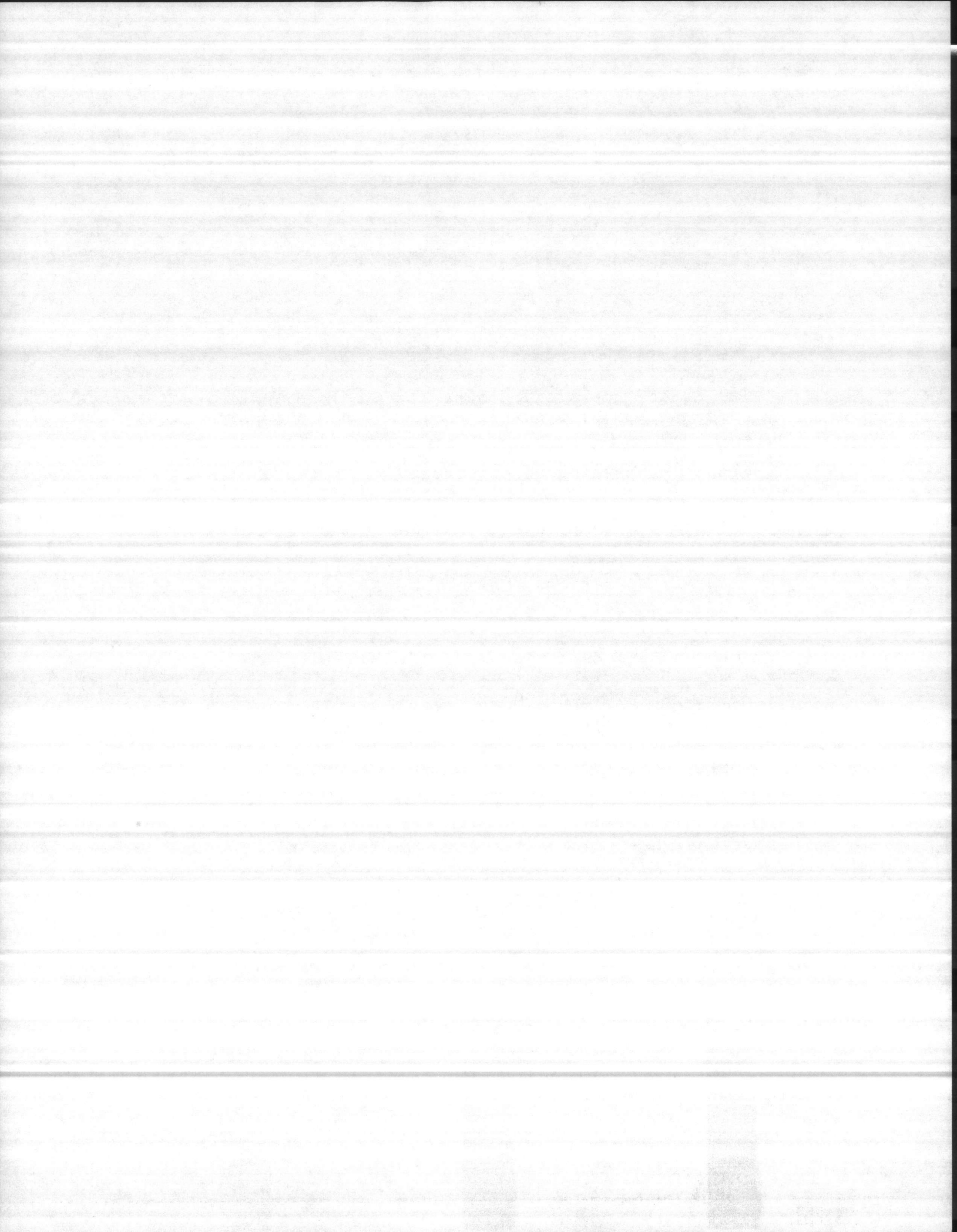
National Association of Real Estate Boards, active member since 1977

North Carolina Association of Realtors, active member since 1977

New Bern Board of Realtors, active member since 1977

Experience and Current Status

Prior to 1983, the appraiser was employed with Jones Appraisal Service in New Bern, North Carolina. Responsibilities included making real estate appraisals for residential, commercial and land properties in Eastern North Carolina. Principal clients served were the Veterans Administration, Federal Housing Administration, savings and loan associations, mortgage loan companies, attorneys and the general public.



Experience and Current Status
(Continued)

Currently he is employed with Realty Services of Eastern Carolina, Inc. as a real estate appraiser. Responsibilities have continued to include making real estate appraisals on residential, commercial and land properties in Eastern North Carolina.

