

**Example of Appraisal by W. Eddie Speed**

Summary Valuation of  
Real Estate Secured Note Receivable  
Present Market Cash Value  
as of  
March 23, 2010

Prepared for:  
Joe Davis  
Chief Financial Officer  
Southern Baptists of Texas Convention  
4500 State Highway 360  
Grapevine, TX 76051

Prepared by:  
Eddie Speed, President  
Colonial Funding Group, LLC  
1725 E. Southlake Blvd, Ste 102  
Southlake, Texas 76092

March 23, 2010

Joe Davis  
Chief Financial Officer  
Southern Baptists of Texas Convention  
4500 State Highway 360  
Grapevine, TX 76051

Dear Mr. Davis,

Pursuant to your request, enclosed you will find our estimate of the “Cash Market Value” as of March 23, 2010, regarding the payment stream, or cash flow, associated with the promissory note secured by the real property at Liberty Baptist Churn, 1720 West NW Highway, Suite 350 Garland, Dallas County, Texas 75041.

Based on our analysis of the materials, documentation and information that you submitted to us, the total cash market value of the payment stream of this particular note is:

\$10,000.00 (Ten Thousand Dollars)

The Purpose of the Valuation and the Assumptions and Limiting Conditions that this report is subject to are contained in the following pages. The Resume of the writer is located in the end of the report.

Respectfully,

W. Eddie Speed  
President

## Location of Collateral Property

1720 West NW Highway, Suite 350 Garland, Dallas County, Texas 75041

## Purpose of the Valuation

The purpose of the valuation is to estimate the cash market value of the payment stream or cash flow associated with a specific promissory note or contract secured by real property.

**DEFINITION OF PRESENT CASH MARKET VALUE:** The most probable price which a cash flow, associated with a real estate note, should bring in a competitive and open market under all conditions requisite to a fair sale, the buyer and seller in an arms length transaction, each acting prudently, 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 assignments of payments from seller to buyer under conditions whereby: (1) buyer and seller are typically motivated; (2) both parties are well informed or well advised, and each acting in what he considers his 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 price represents the normal consideration for the payment(s) being sold unaffected by special or creative financing or sales concessions\* granted by anyone associated by the sale.

- Adjustments 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. Any costs paid by a buyer, would be reflected in a reduced cash value and a higher yield requirement to compensate for the additional expense incurred. Special or creative financing adjustments can be made by comparisons to financing terms offered by a third party institutional buyer 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 writer's judgment.

Primary Factors That Affect the Value of a Real Estate Note:

1. Buyer credit profile
2. Collateral – asset type, condition, and location
3. Down Payment – buyer equity

4. Seasoning – history of payments made
5. Terms of payment including monthly payment, interest rate, balloon payment etc
6. Paperwork – sufficiency of documentation supporting the transaction

The function of this valuation is to assist the client, Mr. Joe Davis, in the establishment of the current cash value of the payment stream associated with the promissory note or contract secured by the subject property herein.

All of the information provided to us for our determination of value was provided by Mr. Davis. The basic information included payment history, copies of the note or contract documents, closing statement, title information, assessment of current collateral condition and value, borrower credit, and property sale information reflecting data as of March 23, 2010.

## CERTIFICATION

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

- The statements of fact contained in this report are true and correct.
- The reported analyses, opinions, and conclusions are limited only by the reported assumptions and limiting conditions, and are our personal, unbiased professional analyses, opinions, and conclusions.
- The Evaluator has no personal interest in or bias with respect to the subject matter of the report or the participants to the sale and holder of the note instrument. The “Estimate of Present Cash Market Value” in the report is not based in whole or in part upon the race, color, or national origin of the prospective owners or occupants of the property, or upon the race, color, or national origin of the present owners or occupants of the properties in the vicinity of the property.
- Our compensation is not contingent upon the reporting of a pre-determined value or direction in value that favors the cause of the client, the amount of the value estimate, the attainment of a stipulated result, or the occurrence of a subsequent event.
- No one provides significant professional assistance to the person signing this report.
- This real estate note valuation assignment was not based on a requested minimum valuation, a specific valuation, or approval of a loan.
- All conclusions and opinions concerning the real estate notes that are set forth in the report were prepared by the writer whose signature appears on the report. No change of any time in the report shall be made by anyone other than the writer and the writer shall have no responsibility for any such unauthorized change.

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Eddie Speed, President  
Colonial Funding Group, LLC

## ASSUMPTIONS AND LIMITING CONDITIONS

The certification of the writer appearing in the appraisal report is subject to the following conditions and to such other specific conditions as are set forth by the writer in this report.

1. The value shown is the present “cash” market values of the payment stream, or cash flow, associated with the note or contract.
2. The cash market value is contingent upon (1) adequate credit evaluation of each buyer, (2) good and marketable title, and (3) the real estate property securing the payment stream appraises at its original sale price or higher.
3. The writer assumes no responsibility for matters of a legal nature affecting the property appraised or the title thereto, nor does the writer render any opinion as to the title, which is assumed to be good and marketable. The payment stream associated with real estate notes are appraised as though each buyer is a responsible buyer.
4. The writer is not required to give testimony or appear in court because of having made the valuation with reference to the subject real estate note unless prior arrangements have been made.
5. The writer assumes that there are no hidden or unapparent conditions of the property, subsoils, or structures, which would render it more or less valuable. The writer assumes no responsibility for such conditions or for engineering which might be required to discover such factors.
6. Information, estimates and opinions furnished to the writer and contained in the report were obtained from sources considered to be reliable and believed to be true and correct. However, no responsibility for accuracy of such items furnished the writer can be assumed by the writer.
7. Neither all, nor any part of the content of the report, or copy thereof (including conclusions as to real estate note value, identity of the writer, professional designations, reference to any professional organization, or the firm with which the writer is connected) shall be used for any purposes by anyone but the client specified in the report, without previous written consent of the writer, nor shall it be conveyed by anyone to the public through advertising public relations, news, sales, or other media, without written consent and approval of the writer.

# W. Eddie Speed

## Education

Before discovering the unique opportunities in seller financing and launching his career, Eddie Speed graduated from Texas Christian University with a degree in Ranch Management.

## Specialty Training

During the past 30 years, Eddie Speed has received extensive training in real estate and seller financing. His comprehensive studies and one-on-one mentoring have come from such industry leaders as Jack Miller, Pete Fortunato, Dyches Boddiford, Barney Zick, Quincy Long, and Walter Wofford. As a result of his continuing education and passion for the seller financing, Eddie has emerged as one of the leading specialists in his field.

## Experience

Since 1980, Eddie has dedicated his professional life to the specialty of seller financing. He has purchased more than 30,000 notes, and has achieved a lifetime sales volume in excess of 0.5 billion dollars. Eddie holds the distinction of brokering more notes than any other individual in the business. His knowledge, experience and insights are unsurpassed in this industry.

### **Business Ownership:**

In the note-buying industry, Eddie's experience began with the establishment of a successful two-person shop that expanded into a corporation of more than 50 employees. Over the years, he has introduced innovative ideas and strategies that have altered the way the industry operates today.

### **Training and Mentoring:**

While purchasing seller-financed notes from real estate investors, Eddie recognized a serious need and growing demand for seller-financing instruction. As a result, he began training and mentoring professionals on how to create the highest-quality notes.

Many A-list corporate real estate investors, such as HomeVestors of America and United Mortgage Trust (a public RIET), have turned to Eddie for help in launching or advancing their own seller finance systems and liquidations.

To reach a broader audience, Eddie has created a variety of seminars, workshops, online training modules, and publications. Among his most popular training courses are "Know Notes," "Discover Notes," "Rich Rewards," "Non-Performing Notes," "Fortunes in Seller Financing," and "Creative Lending and Financing."

Eddie's renowned mentoring services have provided additional expertise to advanced students wishing to accelerate their rate and level of success.

Approximately 8 years ago, Eddie began training and later established Note School ([www.noteschool.com](http://www.noteschool.com)) so that anyone interested in pursuing seller financing would have ready access to professional training materials and other resources. Eddie's instructional materials and services have assisted thousands of students in various aspects of seller financing, as well as launching their note careers.

As a result of his numerous and diverse educational offerings, Eddie is recognized as having trained more successful note brokers than anyone else in the industry.

## **Awards**

In 2006, Eddie received the NoteWorthy Industry Achievement Award. He has also earned annual top-production awards from the leading funding sources of seller-financed notes, including Metropolitan Mortgage and Securities, The Associates, and Bayview Financial.

## **Author**

In addition to producing countless training CDs, online coursework, and publications, Eddie has authored *Streetwise Seller Financing*, which is considered the "bible of seller financing." His most recent publication, *Seller Financing: A Unique and Timely Opportunity*, applies basic seller financing concepts to current market conditions, offering viable solutions to the collapse of the mortgage industry.

## **Appraisal Expertise**

Eddie's extensive knowledge and experience in seller financing have provided him the opportunity to excel in the process of appraising notes. Having brokered tens of thousands of notes for all of the major funding sources, Eddie has become the largest producer of note transactions in the country. A list of some of his most prominent investors is attached. As a result of this activity over the course of decades and during diverse, often tumultuous economic climates, Eddie has honed his appraisal skills to a level of proficiency unsurpassed in this industry.

His expertise as a note appraiser extends to the secondary market, as well, allowing quality transactions with a wide range of investors. Industry insiders often seek his services because of his unique, broad-based qualifications.

Underscoring his expertise, Eddie teaches others how to appraise notes. Note investors, financial advisors and consultants, and other professionals learn the intricacies of this critical function from Eddie's "Note Valuations" training.

## **Major investors to whom Eddie Speed has sold notes:**

- FinanceAmerica (later known as Chrysler First Financial Services)
- Fleet Financial
- Beneficial Finance
- American General Finance
- Signal Consumer Discount
- Metropolitan Mortgage and Securities
- The Associates
- Vanderbilt Mortgage and Finance
- First National Acceptance Corp
- NoteOne
- Bayview Financial
- Investor's Financial Corporation
- Walters Mortgage
- Land Finance Corp
- Developer Finance Corporation
- Grand Bank for Savings, FSB
- AmeriFunds Diversified Funding
- Mackinac Savings Bank, FSB
- Security National Corp

As described earlier, Eddie's sales history extends over three decades and exceeds 30,000 transactions. With a total sales volume in excess of 0.5 billion dollars, he has served large corporations and individual brokers alike. Combined, these have provided him with a range of experiences and knowledge unequalled among his peers in the industry.