Memorandum

Brooks, Pierce, McLendon, Humphrey and Leonard, L.L.P.

To: Members, Guilford County Board of Education

From: W. Erwin Fuller, Jr.

Date: July 26, 2007

Re: Former Rena Bullock School Property (11.007 Acres), Pleasant Garden, N.C.

At its meeting on April 27, 2006, the Guilford County Board of Education approved the sale on a negotiated bid basis of the former Rena Bullock School property to Juanita Gladney Staton for $163,000.00, of which total property purchase price a bid deposit of $8,150.00 had already been made by Mrs. Staton. The Board's approval of this property sale was specifically contingent upon the property transfer being closed on or before June 27, 2006.

During the several weeks immediately preceding June 27, 2006, I had a number of telephone conversations with Mrs. Staton, who advised me that she was experiencing delays in obtaining all the funds necessary to accomplish this property transfer closing. At Mrs. Staton's request, the Board of Education twice extended the time within which the property transfer to her could be closed to afford her more time to complete her financing arrangements. Mrs. Staton was not able to finalize her financing arrangements by the last extended property transfer closing date of July 21, 2006.

During the weeks and months which have passed since July 21, 2006, Mrs. Staton has continued to stay in touch with me and to advise me of her continuing interest in purchasing the former Rena Bullock School property and of her continuing efforts to work out financing arrangements which would permit her to accomplish that objective. I have advised Mrs. Staton during each of these conversations that she technically no longer has any legal right to require the sale to her of this property because the time specified for the closing of this property transfer to her had expired.

In response to her request for one or more further closing extensions, I have advised Mrs. Staton that I would not come back to the Board of Education with a request on her behalf for any further property transfer closing extension(s) until I had in hand from her a cash deposit of the property purchase price balance ($154,850.00) or other evidence of her financial ability to actually close this property transfer if the Board, in the exercise of its discretion, should grant a further closing date extension for her.

On Friday, July 13, 2007, Mrs. Staton brought to my office a BB&T official check for $34,867.00 plus a BB&T commitment letter for a loan to her of $120,000.00 to be secured by a first mortgage lien position regarding the former Rena Bullock School property. At the time this

BB&T official check and BB&T loan commitment letter were delivered to me, Mrs. Staton requested that I ask the Board of Education on her behalf to further extend the closing date for her purchase of the former Rena Bullock School property to not later than August 10, 2007, and by this memo, I am making that request.

In my judgment, the purchase price which Mrs. Staton has agreed to pay for the former Rena Bullock School property is higher than what the property would bring if it were put back on the market and readvertsied on a negotiated bid sale basis. I am advised that a recent appraisal of this property was in the range of $140,000.00, and all of the structures on this site are in poor condition. For your information, the approved property sale to Mrs. Staton was on an AS IS BASIS, and the Guilford County Board of Commissioners declined its statutory option to purchase this property in December of 2000.

RECOMMENDATION: I recommend that the Guilford County Board of Education grant a further and final extension to Juanita Gladney Staton to purchase the former Rena Bullock School property on an AS IS BASIS for a total price of $163,000.00 (including a 5% bid deposit of $8,150.00 made in March, 2006), subject to the specific condition that the closing of this property transfer be accomplished on or before August10, 2007.