



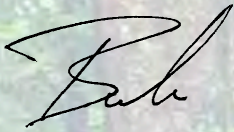
NATIVE
INTELLIGENCE 2011

NATIVE INTELLIGENCE™

THE POWER TO PERFORM

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*The Norton Agency is a diversified financial service company serving the North Georgia region since 1928. For three generations, the name you can **TRUST** in Northeast Georgia.*



THE POWER TO PERFORM

Change...

The war cry has sounded. The earth has parted and swallowed up a portion of the economy and the rest of the earth is shaken to its core. North Georgia has not been immune to the hyperinflation of land and home values, over-abundant lending or the development frenzy. But statistically our market CHANGE is not as profound as other regions of the nation. Yes, we are in pain but it's bearable. Our moderate climate, affordable housing, and our non-unionized skilled work force still make compelling arguments for relocation – business relocation as well as personal.

Norton Native Intelligence™ sees ourselves moving into a period of stability. The accelerated decline has bottomed out, and we now face the reality of a long uphill climb. It's a **JUNGLE** out there, hand to hand combat for jobs, market share and in some cases scratching for sheer survival. The howling wolves in the distance are ever present, The Natives are restless, consumer confidence remains stagnant and the tigers are at prey. It's a **JUNGLE** out there for loans, credit and capital. Wild beasts continue to stockpile cash for an anticipated long winter. Guerrilla marketing for the remaining customers is in full force.

But in the midst of the **JUNGLE** the survivors stand tall, bold and defiant against the pelting storm of the torrential forest rain. Battered, bruised but keenly focused ahead. It's these businesses and leaders we salute and to whom we pay homage. Strong clear leadership brings our communities out of the dark wilderness and into the sunny bright light of opportunity. For 83 years Norton and its business family have fought back the jungle, walked through darkness and pressed ahead while we build a better future for our children and our children's children. We will continue to build that foundation protecting one family at a time with our insurance products, improving the economy one house sale at a time and investing side by side with our partners, making money with our clients not off our clients.

Rest assured we are a long way from being completely out of the **JUNGLE**, but we are clearly on the right path. **Call us**, Norton stands ready to lead you forward.

Robert V. Norton
President
Norton Insurance

Frank K. Norton, Jr.
President
The Norton Agency

NORTON NATIVE INTELLIGENCE™ FORECAST 2011
MAY BE DOWNLOADED AT WWW.NORTONCOMMERCIAL.COM/INTELLIGENCE.HTML
FOR ADDITIONAL INFORMATION CONSULT NORTON COMMERCIAL 770.297.4800

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2011 INFORMATION SOURCES

- Norton Native Intelligence™
- US Census
- First MLS
- GAMLIS
- Metrostudy's
- Realty Trac
- Smart Numbers
- North Georgia College and State University
- National Association of Realtors
- University of Georgia Selig Center
- Georgia State University for Economic Forecasting Center
- The Beasley Report
- Case-Shiller Index



2011 FORECAST INTRODUCTION

It's difficult to describe what we do. Hunters and gatherers of data, minutia, consumer trends, and demographics we are poring over mountains of empirical mumbo jumbo to make sense of the reality of today's market. Recently one of our academic colleges called Norton Native Intelligence™ **Psycho-Economists**. We kind of like and embrace that moniker. First, we are indeed Psycho, wild about data and market opportunities even in the midst of economic Armageddon. Second, we love the fundamentals of economics: supply and demand, feast or famine and the inherent qualities that drive manufacturing, service and financial markets. This notion of Psycho-Economics has great appeal. We better define it as understanding the underlying facets of consumer behavior translated into shifts in spending patterns, demand for housing or hoarding of cash in electronic piggy banks. The science of data collection meets the act of data interpretation. Psycho-Economics may not be a real word today but it is clearly what Norton Native Intelligence™ is all about. Delivering a story of reality, truth and opportunity from the raw data collected. Sifting through the collected material and charting a course for new construction, renovating our aging infrastructure, creating new jobs and protecting our natural resources (the reasons we're here).

Norton Native Intelligence™ synthesizes the tens of thousands of micro bits of data obtained through the Psycho-Economic collection process, analysis and interpretation to produce its annual Top 10 Trends.

Pain, Sadness, Despair, Stubbornness, Embarrassment

These emotions run deep as we enter into 2011 but the ever-present truth as you will read is that entrepreneurship is alive and well deep in the bowels of North Georgia's economy. Creativity pours out amongst the standing businesses and government leadership. Hope is not a business plan. Clearly one must roll up one's sleeves, dig deep within, risk personal and financial capital and move forward. North Georgia is moving forward. To repeat a phrase used in Norton's own recruiting effort...

"Together we get stronger every day."

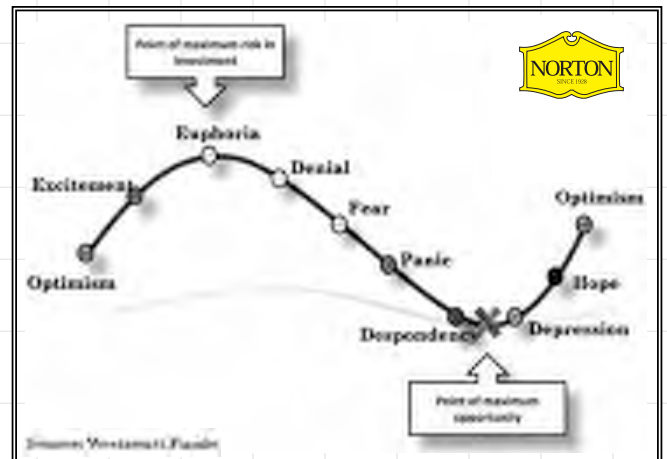


EXECUTIVE BOOKMARK READING LIST 2011 - 2012

While each year we consume a diet of countless newspapers (6 Dailies/19 weeklies), numerous magazines and now the vast pool of Internet news blogs and postings, our forecasts are enriched by the number of books we read each year. We invite our readers to seek out these books and learn more about the Deep Think of other 21st century viewpoints.

2011 - 2012 Bookmarks & Resources

<i>Rework</i>	Jason Fried & David Hanson
<i>Rainmaker</i>	Jeffrey Fox
<i>Bacardi & the Long Fight for Cuba</i>	Tom Gjelten
<i>The Absolutely Critical Non-Essentials</i>	Dr. Paddi Lund
<i>Buy, Close, Move In</i>	Ilyce Glink
<i>Outliers</i>	Malcolm Gladwell
<i>What the Dog Saw</i>	Malcolm Gladwell
<i>Thinkertoys</i>	Michael Michalko
<i>Who's Your City</i>	Richard Florida
<i>The New Elite</i>	Jim Taylor, Doug Harrison and Stephen Kraus



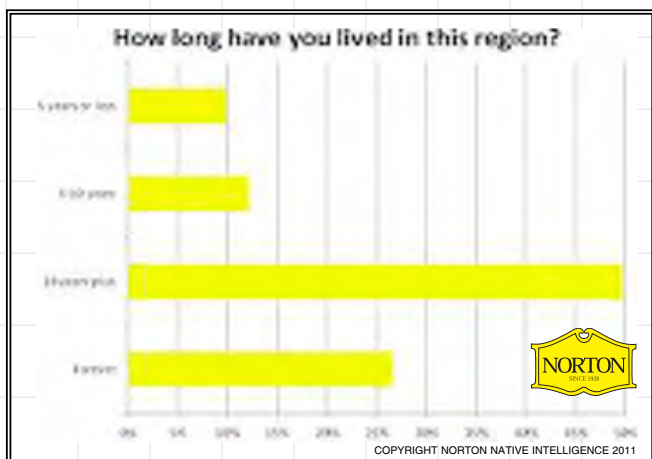
2011 NORTH GEORGIA SENTIMENT SURVEY

The success or failure of any community lies deep within the mood of its people. How we feel about the past, the present and especially the future affects our spending, business expansion, savings and day-to-day patterns of life. For the second year we have gathered input from the many readers of our “Norton Native Intelligence™ Market Watch” E-Newsletter. The idea for the study originated with my college aged (Georgia Tech) son, Frank III (Tripp), and our goal is to annually take the **temperature** of the businesses and citizens of North Georgia. It is our hope that over time, the survey might be used as a barometer of impending trends, community actions and push you forward.


Norton Native Intelligence™ has carefully crafted a series of questions, the first are “control” questions allowing us to divide the remaining answers into business background, years of residence in the region and county of residence. The remaining questions zero in on issues Norton Native Intelligence™ believes important to our region. It is our goal that five or six of these are repeated each year in order to track changes in the mood and attitude in the region. The primary vehicle for survey distribution is the The Norton Agency’s Market Watch electronic newsletter base which now contains over 24,000 unique North Georgia email addresses.

OUR RESULTS

By press time close to 1500 Norton Market Watch subscribers completed our survey. We continue to be



overwhelmed and humbled by our readership. The mood of those surveyed continues to be cautiously optimistic with an overwhelming majority, 44.5%, thinking our region’s economy will begin sustained improvement in 2012, and another 23% believe it will not occur until 2013. This differs greatly with our 2010 survey. At that time those interviewed had higher expectations that sustained recovery would begin in 2010. The optimistic mood seems to have tempered as the length, depth and breadth of the market correction protracts. The vast majority, 79% of responses, indicate, however, that they recognize our region (North, North Atlanta / North Georgia) has fared better than other regions in the country and that we benefit from a stable foundation of business activity. North Georgians remain optimistic about our future.

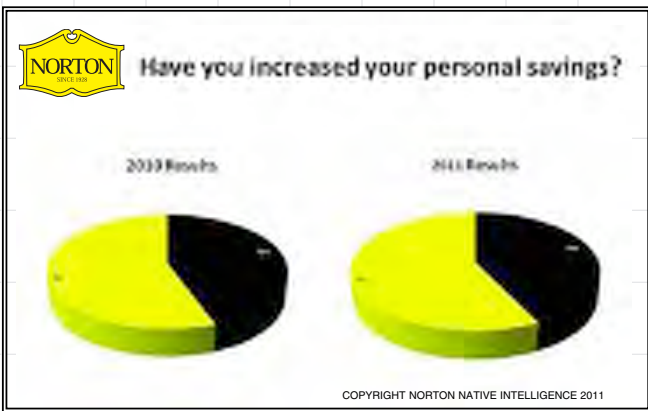
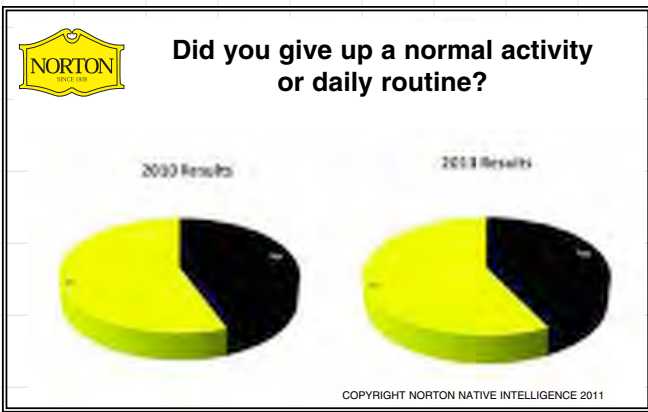
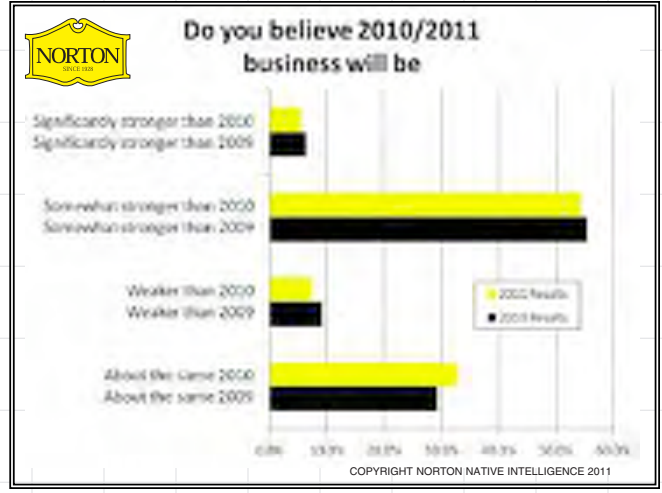
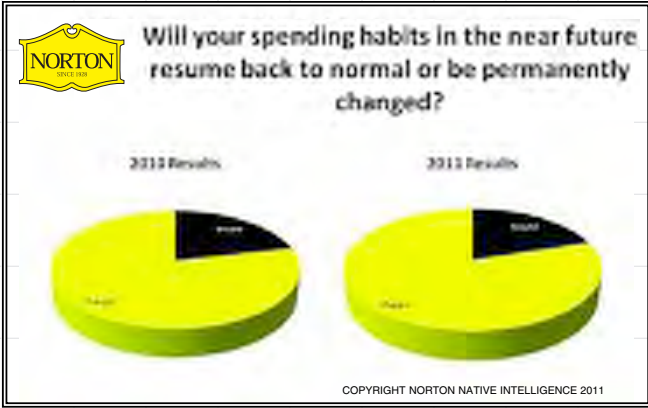
 Do you plan to increase your...	Yes	No
	Hiring in 2011	25.6%
Expansion in 2011	30.1%	69.9%
Production 2011	58.6%	41.4%
Cut backs in 2011	21.6%	78.4%
Personal Investments in 2011	45.6%	54.4%

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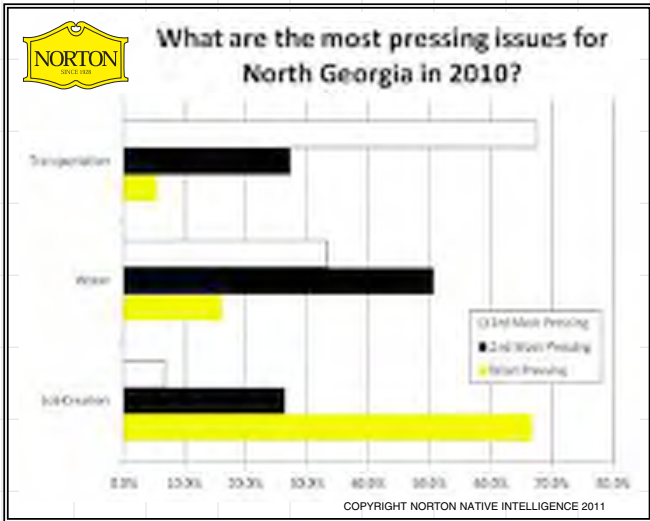
SPENDING

We once again asked the question “**Do you plan to increase your**”? Where it applied our respondents said: The answers reflect little to no change from one year to another. One respondent told us “2011 will be 2010’s ugly twin sister, not really worse, no better, and you know what you’re getting.” The glimmers of hope and opportunity are that 45.6% intend to make personal investments and that 25.6% of respondents said they had to hire additional personnel with 30.1% planning business expansions. Personal wealth is an overriding psychological factor and boosts a market. It also should be noted that for two years the leading response is to increase production/productivity, 58.6% and 59.0% (2010). When crossing this data against the hiring responses, Norton Native Intelligence™ believes this to be a clear sign that business is pushing productivity with existing and reduced employment.

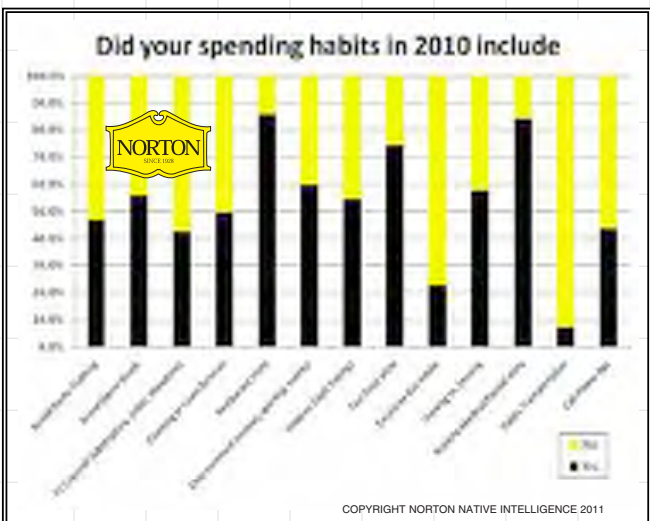
For our questions relating to changes in business and consumer expenditures, 42.8% of those surveyed indicated



that they did give up items or patterns of spending. An overwhelming number indicated that “eating out,” entertainment and travel were the significant lifestyle adjustments. Other interesting and notable responses; “Giving up “free” time to work inside,” gym memberships, Rotary Club dues, new cars, HBO, the cleaning lady, frou-frou coffees, lawn and household maintenance, dry cleaning and giving money to charities. These reflect fundamental changes in patterns of daily life, a return to home cooking,

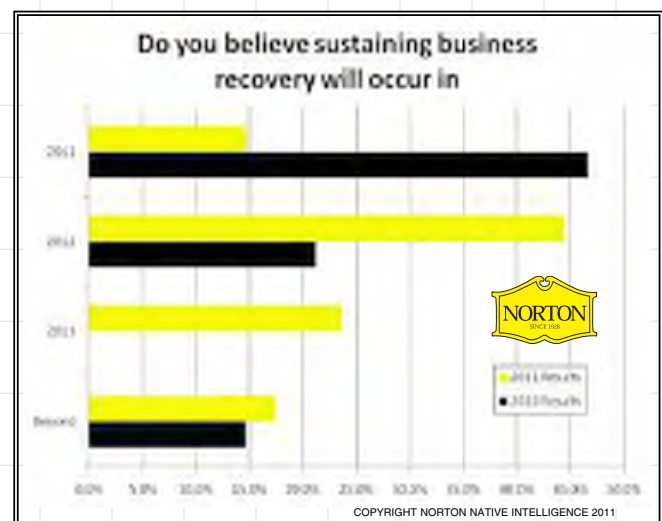
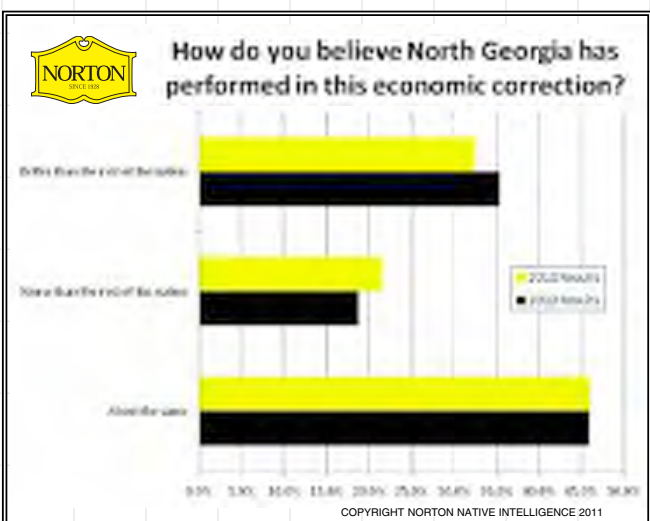


backyard activities, nesting and simpler priorities. Our most important question and a pre-test of North Georgia's future was "will your spending habit in the near future resume back to normal or be permanently changed? 80% of the responses said permanently changed. Loud and clear the citizens of our region expect a much different consumer future. This market collapse will remain indelibly imprinted in our psyche and become a defining mark for the populous.



Finally, we asked the question "what is the most pressing issue for North Georgia in 2010 and why?" The strongest measure was job creation at 67%, then water at 27% and transportation at 7%. The most written additional comments related to competent City and County leadership, budget management and downsizing local government (see Trend 8). Other concerns mentioned include;

- Treatment of Immigrants
- What about agriculture, poultry, production?
- Resolving the housing crisis
- Health care costs
- Education – high school graduation rate improvement
- Competitive provider vs. Windstream
- Business access to capital from banks
- High property taxes
- Improved intergovernmental cooperation
- Government helps business not hinders business
- Sustaining real estate values
- Gasoline/fuel taxes
- Loss of reputation – can't count on someone's word
- Decline of personal wealth due to housing value decline.



Norton Native Intelligence™ appreciates those who participated in our sentiment study on North Georgia. Clearly, while we have issues, the mood is on the upswing and the resolve of the people in our region is to drive through it.

“PERSPECTIVES ON THE FUTURE OF NORTH GEORGIA, 40 VIEWS OF TOMORROW”.

While The Norton Agency annually offers its views on the North Georgia Region, we believe that now more than ever it's important to seek broad views and understanding of our unique dynamic. The following were comments and observations compiled by Norton Native Intelligence™ when we posed 3 questions to a list of Regional and Georgia business leaders. We have called this section “Perspectives on the future of North Georgia, 40 Views of Tomorrow.” Our 3 questions include:

Long-term what is North Georgia's greatest challenge/opportunity?

If you had one economic wish for your county, this region or state, what would that be?

In North Georgia what makes us....us?

We asked them to shoot straight, tell us like it is. Unfortunately, space did not permit us to include all of the answers but their answers gave us a clear tone and direction for our community and show the commitment to building a stronger, better region for our children's children. We thank these individuals for their leadership, foresight, time, talent and resources.

Long-term what is North Georgia's greatest challenge/opportunity?

NI: The number one issue was clearly water followed by the state of the regional economy.

Dick Valentine

President, United Community Bank, Hall County

“Water issues...poor graduation rate from high school...poor SAT performance...the real estate depression's lingering effect... transportation issues in Atlanta will help drive growth north... therefore, we need east/west access...bloated government and reduction of government employees and services will have an economic slowing effect.”

Long-term what is North Georgia's greatest challenge/opportunity?

JIM MATHIS

President

North Georgia Community Foundation

“Inspired Leadership: With the tremendous changes that we are seeing in the North Georgia region every day we must call on inspired leaders who cannot only see tomorrow but also the future. I once heard Wayne Rollins described as a visionary who could not only see the hills before him, but also could see what was on the other side of the hill, out of sight to most everyone else. This is what we may lose and that is our opportunity to gain.”

Joel Williams

General Manager, WDUN

“To make Gainesville/Hall County the niche destination in Northeast Georgia that includes retail, entertainment, medical, retirement and industry so that the region has its own identity and staying power to compete with and not be overtaken by metro Atlanta.”

Lauren “Bubba” McDonald

Georgia Public Service Commission

“Water/Water/Water is our challenge. Being in this region of the state with above average schools, non-union work force, reliable and affordable energy places us ahead of other regions for opportunities and quality growth.”

Buster Evans

Superintendent, Forsyth County School System

“Resolve water access issues—creation of jobs—stabilization in real estate markets and pricing.”

Brian Willman

Senior Vice President, Community Bank Executive Georgia & South Carolina, Regions Bank

“Obtaining more quality manufacturing as well as large service based businesses. I believe we rely too heavily on the North Georgia Health System, real estate and the poultry industry.”

Mike Berg

Chairman, Dawson County Commission

“Challenge would be more low infrastructure high tax base business. Opportunity would be the interest in tourism.”

Jim Walters

President, Walters Management

“Our challenge will be the development of our infrastructure and the further development of our transportation system. Reservoir development is critical for the next decade; transportation, water, and infrastructure development are key to economic expansion. Our opportunities will rest with our ability to deliver on the above.”

Martha Zoller

Radio Talk Host, WXKT 103.7 FM

“To maintain a good balance of job creation and to have enough water to maintain the growth that goes with that.”

Michael Adams

President, University Of Georgia

“North Georgia's greatest challenge is, indeed, its greatest opportunity, and that's economic development. However, this progress needs to be generated, and we need to think strategically. We cannot sit around and wait for it to come to us, because there is too much competition from other states in the region and, quite frankly, internationally for the types of businesses, industries and high tech jobs that can help this region grow.”

Tom Oliver

Chairman, Hall County Commission

“I believe the greatest challenge is to stabilize real estate prices which will maintain revenue sources for county government.”

Will Schofield
Superintendent, Hall County School System

“The characteristics of future growth. With planning and foresight we can realize a future that includes a better quality of life for our children and grandchildren. Conversely, without leadership and vision, we could see many of the qualities we value suffer.”

Shane Short
President, Jackson County Chamber of Commerce

“Georgia’s greatest challenge is water and transportation. If we are hit with another drought and if the “water wars” are not worked out to our advantage, the challenge to recruit business is going to be difficult, even if it’s just a perception. I also believe that the I-85 corridor must be expanded to add additional lanes. With the growth in population and business, it is imperative that we make this corridor easy to navigate. This also includes north-south and parallel roads to access I-85 from the various communities.”

Kit Dunlap
President, Greater Hall Chamber Of Commerce

“WATER - Access to drinking water for our future growth. We can control our own destiny here in Hall County with Cedar Creek and Glade Farm Reservoirs. We can also supply water to other counties. Yes, we want to have Lake Lanier as the prime water supply, but these others are necessary for our future.”

George Allen
Chairman Rabun County Development Authority

“Water in general, we need to protect it and infrastructure - water, sewer, fiber optics.”

Hunter Bicknell
Chairman, Jackson County Commission

“Creation of more and better paying jobs.”

John Dillard
President, Dillard House

“Protecting the natural resources while growing. Attracting more capital and stronger banks to our area.”

Andy Oxley
Chief Operating Officer, Mid South Region, D.R. Horton Inc.

“Expanding and diversifying the employment base to take advantage of the great geography, transportation, and natural resources of the area.”

Jackie Wallace
President, United Way of Hall County

“Producing an educated, qualified workforce to sustain economic growth. Although we have great schools in our community, they need the support and engagement of the entire community in their work.”

Denise Deal
Community Volunteer

“Greatest Challenge – Becoming the region/community we want to be for the future. Great ideas exist – it is communities, regions and the State of Georgia working together to make the ideas and goals a reality – it can be done!! Greatest Opportunity – We have the leadership in place, locally and regionally to make things happen – we should seize the moment!”

Paul Broun, MD
Congressman, 10th District Georgia

“With Georgia’ unemployment well above the national average, job creation is the greatest challenge and opportunity. Small business owners continue to attribute the lack of growth to uncertainty. While Washington cannot solve every problem, there are several policies my colleagues and I will be pushing in the next year that will ease the pain for families and businesses. The stimulus package left most Americans disappointed. It increased the federal debt and failed to stimulate the economy. I have introduced the JOBS Act, which rather than waste more taxpayer dollars, would eliminate the corporate tax rate, capital gains, and dividend taxes, and allow 100 percent business expensing. The first step to creating jobs is allowing businesses to keep their hard-earned money so they can keep and create jobs. In addition, I propose overhauling the Federal Internal Revenue Tax Code. The current tax code is too complicated, provides unnecessary and enormous financial and accounting costs, and is too high for many job creators, which affects all Georgians. I propose revamping our code to ensure Americans can better manage their financial planning and only invest in the Constitutional duties of the federal government.”

Steve Gooch
State Senator, Georgia 51st District

“North Georgia’s long term opportunity is our “quality of life.” People who find the North Georgia Mountains for the first time usually fall in love with its small towns, cultural and recreational activities, fresh air, and wonderful people. Often it turns out to be just what they have been looking for as they prepare for retirement. Our long term challenge is going to be finding the resources to provide the government and private sector services that will be needed including but not limited to an educated work force, infrastructure such as adequate roads, sewer, and water services, exceptional health-care facilities and providers, and high quality parks and recreational facilities.”

R. Perry Tomlinson
Regional President, North Georgia Region, Branch Banking & Trust Co.

“North Georgia’s greatest challenge... Meth addictions, the need for manufacturing or highly skilled jobs, the need for advanced degree or technical jobs, over built residential infrastructure. North Georgia’s greatest opportunity; Maximizing the tourist and recreational assets in Mountains and Lakes; Expanding th Wine Country experience, Connecting in market jobs and our local Colleges and Universities, Mentoring around entrepreneurship and the free enterprise system.”

In North Georgia, what makes us....us?

JOEL WILLIAMS
General Manager
WDUN

“It’s multifaceted. Our history, our sense of community, not just in our town but through the region as a whole. Many towns and counties in our area share a common bond. Last but not least, foresight. We are where we are today because people had the foresight to keep thinking, creating and promoting both business and a geographic area. We have to continue that.”

— Forty Views continued on page 32 —

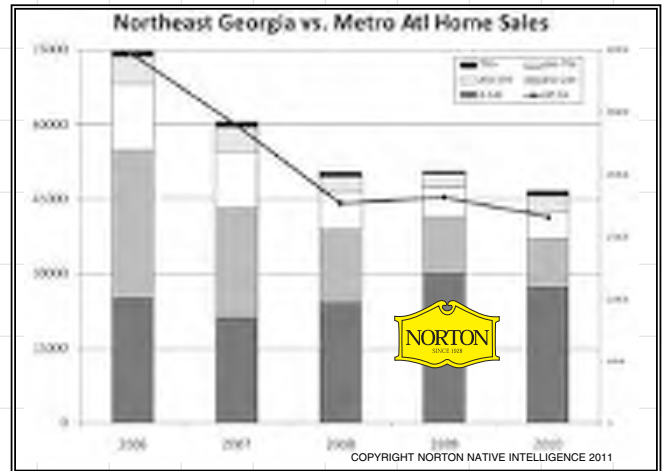
2011 TRENDS

- ① Headed to Evolution Not Recovery
- ② Mythical Multiple Bottoms
- ③ The First Law of Cash
- ④ A Paradox of Ownership
- ⑤ The Million Dollar Dilemma
- ⑥ Medical Overtakes Poultry as #1 Industry
- ⑦ Out of the Ashes Rises The Phoenix
- ⑧ Phantom Real Estate
- ⑨ Our Holographic Government Collapses
- ⑩ To The Survivors Belong the Spoils

① HEADED TO EVOLUTION NOT RECOVERY

There's much discussion today about the real estate and economic recovery. After discussions with businesses and economists coast to coast, analyzing the raw numbers and reading 1000's of pages of commentary, Norton Native Intelligence™ has drawn its own conclusions.

The root of our consternation is the word RECOVER which assumes that real estate, financial markets and retail consumerism will return Recover to the pre- 2007 levels. While the leading indicators clearly point to our improvement (recovery), inventory dropping, low interest rates, job loss stability - In our humble opinion the market will **never RECOVER**. Real estate as a source of shelter and a source of super wealth accumulation

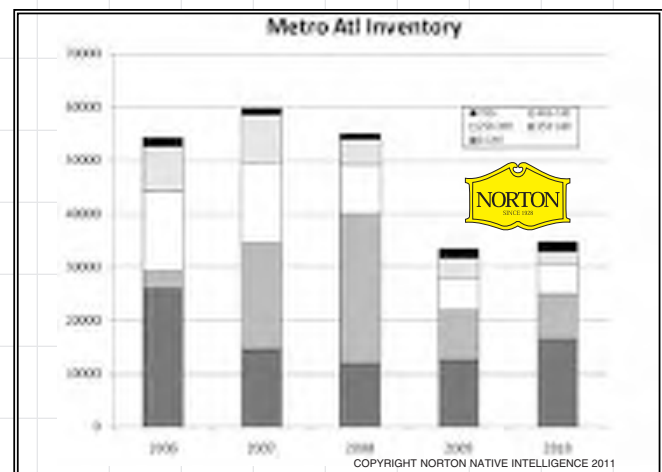


has been forever shaken; financial markets lender and community banking have had a sobering wake-up call. Local government revenue diminishes and the pain trickles down to the deepest economic roots.

Consumers have pulled back, stockpiling piggy banks not closets, and have refocused their interest toward value priced consumables, the basic bare necessities, not extravagant luxuries. Investment capital is sitting dormant on the sidelines collecting meager interest, but no longer at risk for further free fall. The markets are clearly in a state of **Recovery**, but they are not **Recovering**.

A better term is **Evolve** and **Evolution**. The market BUSINESS core is in a massive effort to streamline overhead, trim fat from corporate budgets, push manufacturing productivity and production but with far less personnel, pallet-stuffed warehouse space and stacking people on top of people in office cubicles. **The frill is gone.**

The great cardiologists tell open heart patients and heart attack victims and their families to expect recovery of the patient's



How Many Years to Get Job Market Back to Normal?

Jobs added per month	Assumed new jobs needed for growing population per month	How many years?
100,000	100,000	Treading water and never back to normal
200,000	100,000	6.3 years
300,000	100,000	3.2 years
400,000	100,000	2.1 years



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The Bottom for Credit Scores **The Bottom for Bank Failures** **The Bottom for Unemployment**

And on and on...

The reality is that there are many multiple bottoms; it's a matter of perspective, micro markets and micro pricing. We, as "Psycho-Economist," recognize the importance of that benchmark to the modern psyche. The reality is that yes, we have hit bottom in some product and price points and are well underway on a steep pull up; in other products we have hit bottom and are bouncing along waiting for a lift and then yet others are a distance away from hitting bottom.

It's only natural that because of this search for bottom, some buyers are sidelined, fearful of catching the falling knife of prices. Stability of our markets is fundamental to full recovery; banks must be comfortable in order to lend money, buyers must be confident that a purchase today is at least going to be worth the same in the future.

It's those with keen vision that see the Lost City of Gold as they hack through a jungle of tangled vines, cross swamps and mud pits and fight through the haze of smoke. It's those with vision that ignore "bottom" conversations and plunge forward capitalizing on the once-in-a-life-time pricing.

health but also to expect major personality and life choice shifts. The "near" death experience profoundly alters the psyche, alters forever priorities, changes habits, traits and the resulting course of the future.

The economy has had a massive heart attack with this market meltdown and now slow correction or rehabilitation. We are in physical and fiscal rehab. The market is getting better...it is in a state of recovery but the future will be vastly different. As a society we will shift priorities, adjust spending habits. We will long remember this toxic shock to our system but hopefully learn from our past transgressions. The evolution is well under way. The challenge for all of us is to evolve our personal and business habits and survive or face extinction.

3 THE FIRST LAW OF CASH

Last year we wrote about two South Hall County Roads, Cash and Credit where the road "Credit" is but a small connector to a much longer "Cash" Road. What a wonderful metaphor on the state of the economy and the evolution of American and North Georgia business. But this trend has intensified as gale force winds pelt the banks. Regulators scramble to prop up financial markets and high leveraged businesses while their reliance on short term borrowing is caught like a deer in the headlights. Small and Medium Community Banks want sound assets, zero risks and perfect credit history...and often they want total relationship borrowing. In the face of Grinch-like regulators, who can blame them? Boards of Directors, fresh-faced bank officials, and in fact most banking institutions today have never been through times like these and are mentally, financially and scholarly unprepared to face this **tsunami**.

So we turn into a Cash based financial market: Hoarding cash reserves, conserving, downsizing our spending, delaying major purchases has become a North Georgia pastime.

Invest in the stock market.....Not on your life

Trade in bonds.....Are you crazy?

Buy commodities when gold is in a meteoric rise....Not smart

Keep the money stuffed in a mattress....Not a great idea with looming inflation

So what's the public to do? Norton Native Intelligence™ conversations with investors, large and small, small business owners and average citizens universally smack of the stockpiling cash mentality and downsizing expectations.

Another side of this cash market is....REALLOCATION.
We first observed this through Norton's own sales numbers for

2 MYTHICAL BOTTOMS

"Have we hit bottom yet?" is probably the most frequently asked question of Norton's 135 residential and commercial brokers or Norton Native Intelligence™ Market Watch editors. It's the belief that the "mythical" bottom signals relief that it's over and just going to get better. Regardless of the economic model, PSYCHOLOGICALLY "BOTTOM" makes us feel better, gives us comfort that while a slow climb out is ahead, progress is forward.

When asked this question, we typically respond, which bottom? Which perspective? Which Product? You see, there are in the opinion of Norton Native Intelligence™ multiple bottoms.

The Bottom for Prices

The Bottom for Inventory

The Bottom for New Homes

The Bottom for Commercial

The Bottom for Land

The Bottom for Apartment Inventory

The Bottom for Retail

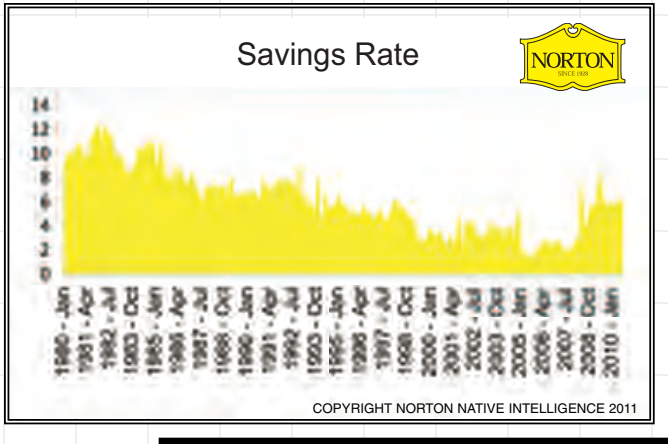
The Bottom for Foreclosures

The Bottom for Downsizing

The Bottom for Second Homes

The Bottom for Builders

The Bottom for Lake Sales



discretionary housing purchases. In the last 18 months second home numbers have inched upward, slow and steady. We have experienced strong sales of Lake Lanier homes under \$500,000, cabin sales in Lumpkin, Rabun, Towns, White and Habersham under \$200,000. These are simple dwellings, interim Value Packed getaways scattered across all points of the region.

But the real news is that drilling down into these sales, 90% were bought ALL CASH. While 2nd home lending is still limited, these buyers are reallocating their asset baskets. Cashing in bonds, diverting funds from money markets, diverting stock portfolios in order to **save** in their “perceived” safe haven.....2nd home real estate. In some cases we see folks investing in small recreational land tracts (still \$200,000 to \$400,000 in total value). Norton Native Intelligence™ believes this reallocated trend will increase over the years ahead not only from reallocation buyers, but also 2nd homes will once again be purchased with inheritance windfalls. The average North Georgian (and American) has lost some of the faith in the security of the Wall Street wizards and at the same time needs a place to decompress from the pressure of their urban surroundings, congested traffic or their intense employment or fast paced businesses.

The last aspect of this Cash Market is the “free market” system of cash in everyday transactions. Buyers of goods and services are asking is there a cash discount vs. putting it on credit? Norton day in and day out receives ALL CASH offers (steeply discounted) for many properties. Many home sellers will take a small cash discount for **REAL** offers with **REAL** earnest money, limited conditions and prompt closings. Some cannot because of existing mortgages; but that doesn’t mean a \$500,000 home cannot be bought for \$250,000 Cash. Banks and institutions similarly respect and honor the value of cash but are constrained by loan loss reserves, loss sharing agreements or corporate directives.

We think cash is king and will rule the kingdom for quite some time. The importance of cash to traders has spanned eons, crossed continents and cultures, so stuff your pocket with cash, focus on what you want to buy and become the 21st Casba.

4 THE PARADOX OF OWNERSHIP

The noise is confusing. An article in the Wall Street Journal told of the historic lifetime opportunity to buy at depressed prices coupled with legendary low interest rates. But three weeks later another article was published in the same paper telling the reader to hold off buying, rent instead of purchase since it was cheaper in the long run to rent and pay utilities than pay the combined cost of home ownership (payments, upkeep, insurance, taxes). Housing has been commoditized, inventory lining the shelves, the industrial manufacturing machines of the national builders working raw materials and labor like supply chain management have revolutionized the “stick built” housing industry. Pulte buys sheetrock by the boxcar load. D. R. Horton owns production capacity of granite quarries, cabinet manufacturers and plays the “futures market” for housing commodities. The onezy, twozey builders struggle to compete.

Housing was once shelter from the cold, and then it became a safe secure asset class. Somewhere in the 2000’s that changed and housing became a piggy bank and sometimes ATM machine with the ever increasing home values. Homeowners viewed the various housing indexes like NASDAQ or the Dow Jones. Well, the pendulum has swung in the opposite direction, and housing is one again SHELTER and SECURITY. Today’s homeowners must recognize the value of equity, the concept of paying down a mortgage and the long-term appreciation associated with equity build up and replacement cost inflation.

However, the rental question is a valid consideration for some marketing segments. Industries moving executive personnel from coast to coast once advised the relocating executive to “Buy New” so that they could quickly sell the home upon the next corporate transfer. Today, those companies are strongly encouraging (70%) rental options for short and mid-term business assignments. They fear falling prices, overhanging inventories and the evolution of exiting housing stock. Even in our area, we have seen a number of relocating physicians entering into the employment market and renting vs. buying, despite the killer prices and low interest rates. Anecdotally, some have other homes to sell but the large majority rent because of the one or two year contracts they are signing with the hospitals or multi-specialty clinics. “We’re not sure we are going to like it

Long-term what is North Georgia’s greatest challenge/opportunity?

MIKE COTTRELL
President, Cottrell Industries

“Our greatest challenge will be to create enough high paying jobs to support the future growth of our population. Our greatest opportunity is to attract hi-tech companies by expanding fiber optic infrastructure throughout this region.”

here, and we are not sure they are going to like us” was the response from one renting physician. Socially, Norton Native Intelligence™ has concerns that short- term, rental based physicians give a transient character to our community fabric. Hard to put down roots, assimilate into the community, get true CONNECTIVITY with North Georgia.

But it gives great opportunity to the landlords holding the rental housing stock. Occupancies will surge, demand will increase and profits to landlords skyrocket. Expect the great debate to continue.

5 THE MILLION DOLLAR DILEMMA

The world, post 2008, reprioritized its “wants” and focused itself on its “needs.” Never so apparent as this trend in million dollar houses, McMansions loaded with gold plate, electronic gadgetry and marble or granite from the four corners of the world. These mini South Forks, Tara reproductions, Camelot reincarnations are sitting on the sideline of the recovery boom. According to the combined MLS systems there are over 1400 million dollar plus homes actively on the market in the Atlanta North Region. Over 90 million dollar homes are in Rabun County alone. Overall this is a 4 years’ supply at the current burn rate. The dichotomy of the market is even more prevalent on Lake Lanier where the supply of homes with boat docks is 7 MONTH supply under \$500,000 and the supply of homes over 1 million dollars with a boat dock is

16 YEARS.

Ouch, Ouch, Ouch. While this buyer segment is perhaps temporarily on the sidelines trying to refigure their wealth plan and allocation of assets (see Trend 3 – First Law of Cash) we just hope it is temporary.

However, million dollar homes are selling in isolated situations and isolated micro-markets. Steep discounts, price cuts and aggressive owner financing has become the norm for this product class. We see that million dollar homes just coming on the market will (if priced competitively) sell in the first 90 days or could sit on the market for years. We call these “Hawk Buyers” floating, hovering high over the market keenly gazing with piercing eyes on the latest FMLS listing post then swooping down snatching the sometimes defenseless hapless seller and setting their claws deep into the sharp opportunity. Buyers today want a steal.... “Only in America” can one buy a \$3 million dollar home (replacement cost) for \$1.5 million (current market value).

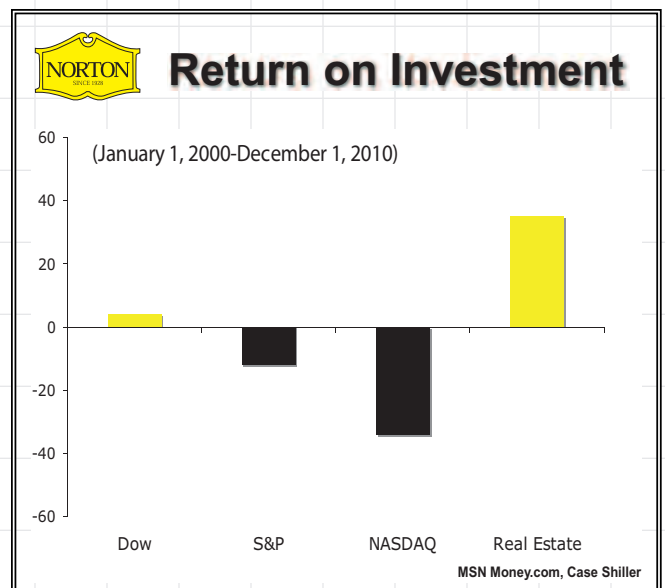
The dilemma would normally just relate to supply, too much product flooding the market, demand has fallen off a cliff and with a nation in a state of re-prioritizing it could signal a long return cycle. Million dollar buyers (the few, the brave) in most cases want a double screamer deal....that’s when the seller is screaming at the closing table (their losses) and the buyer screams in the halls after the closing that they got a great deal. No one wants to go to a friend’s cocktail party and tell their friends they just bought a new house only to be told that they paid “TOO MUCH.” The other segment of the million dollar buyer mentality is that many, if they do spend that much money would rather build their DREAM home than buy someone else’s dream and modify.

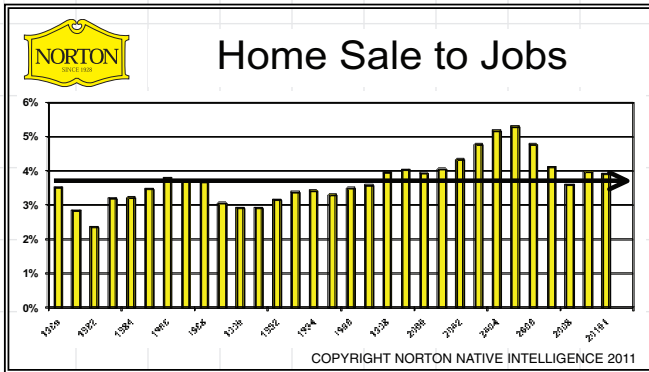
The old saying a million dollars today is not what a million dollars was years ago is ever so true in today’s housing conundrum.

Long-term what is North Georgia’s greatest challenge/opportunity?

PHILIP WILHEIT
President
Wilheit Packaging

“I think one of our greatest challenges and truly an opportunity will be the water issue. We have a real opportunity here in Gainesville/Hall to be a leader in this area with the Glade Farms Reservoir pending project and Cedar Creek already on line. I think this can give our community great leverage with our neighbors and should help insure quality economic development in the future—next 50 years. Obviously another great challenge will be taking care of the needs—not wants—of our community with limited financial resources. I see for the next several years that we will have to do more, a lot more, with less access to an increasing tax digest.”





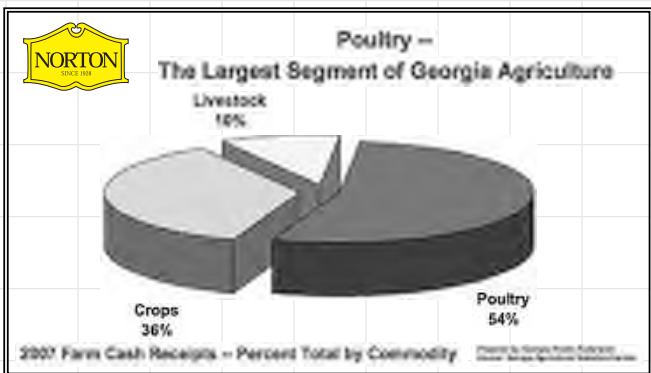
6 MEDICAL OVERTAKES POULTRY AS OUR #1 INDUSTRY

This year we are proud to partner with North Georgia College & State University, Mike Cottrell School of Business. The students of a Special Studies Class led by Dr. John Scott and Frank Norton, Jr., studied, researched and the students wrote our Trend #6.

North Georgia is the “Poultry Capital of the World.” But with Georgia’s population expanding and aging, does poultry still dominate? Research suggests the birds may be flying the coop as the health care industry moves in. Though data suggests poultry farms are decreasing and economists predict the industry is receding, there is very little evidence to indicate the poultry industry in North Georgia is shrinking. Poultry comprises 54% of the agricultural industry in Georgia and employs over 100,000 workers. Poultry contributes \$18.4 billion dollars to Georgia’s economy through egg farms, broiler farms and related industries.

Poultry Weaknesses and Opportunities

The chart below depicts the impact poultry has on Georgia’s economy. The poultry industry employs workers who may not be



able to find work in other fields—those who shy away from high-tech jobs and those without higher educations. With these workers, Georgia is able to produce an astonishing 2,439 metric tons of broilers. If Georgia were a country, it would rank 6th in the WORLD for broiler production, behind the United States, China, Brazil, Mexico and India.

Though broiler growth from years 2008-2009 was somewhat lower than previous years, Norton Native Intelligence™ see it rebounding through the population’s growing desire to choose chicken over other meats. According to the American Meat Institute, the consumption of poultry is increasing, while beef and pork consumption is decreasing. Per capita chicken consumption increased from 77.9 pounds in the year 2000 to 90.6 pounds in 2007, according to the USDA.

In North Georgia, what makes us....us?

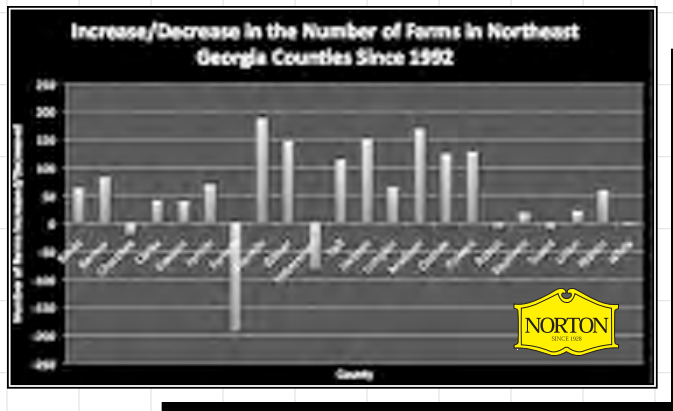
JIM MATHIS
President
North Georgia Community Foundation

“A sense of Community: Many places are just that, a place along a cluttered highway. North Georgia is different. Different because it has not lost its sense of the importance of community. It can be seen in our schools, in our families, in our churches and in the way we govern and make decisions. Not just a few but many folks working to make the North Georgia Region a great place to live, work and raise a family. All with a focus on doing those things that make us better as a people living in a beautiful part of the world.”

The growing preference to consume chicken may allow the poultry industry to continue to play a role as a major contributor to North Georgia's economy.

Land Grab

Recent data suggests that poultry is still strong in Georgia and it continues to hold the largest share of all Georgia agricultural industries. But poultry struggles to hold its ground as population growth and development utilize valuable farmland. Agriculture becomes more expensive as housing growth and development bid up



the price of land. Above, the graph illustrates the amount of increase or decrease in farms for the North Georgia Region. Counties closest to the ever-expanding metropolitan Atlanta area have experienced a decrease in farms while there are more farms in the northern counties, where land is cheaper and more readily available.

Healthcare Growth is Accelerating

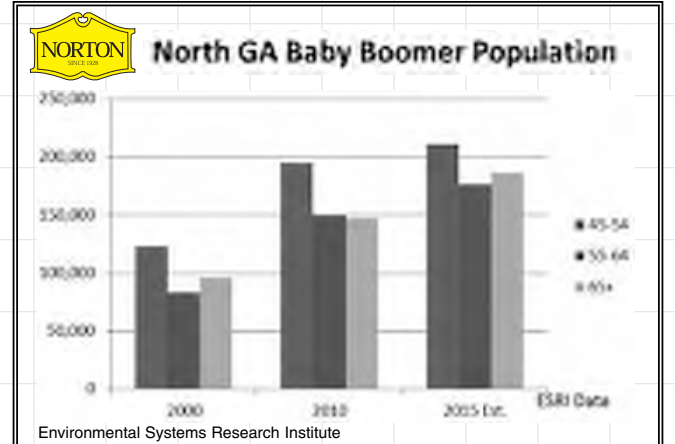
Poultry growth is slowing but healthcare is booming. What drives this growth? The most prominent factors are the growing North Georgia population, aging baby boomers, longer average life expectancy, increases in 3rd party payments, technological advances that allow more treatment to be administered and the increase in diabetes cases.

Population Boom

While final census numbers are still being tabulated North Georgia's population has grown from 844,723 people in 2000 to 1,106,231 in 2009—a 3% rate of growth—compared to a 1% growth rate for the entire United States. This means there are over a quarter of a million additional patients with healthcare needs in the region! With this growth, the income related to the healthcare industry has also increased—a 3% growth rate in revenue.

The Baby Boom

The aging baby boomers cause healthcare spending to grow. The baby boomers—born between the years 1946 and 1964—make up 78 million of the 310 million people in the U. S... From 2000 to 2010, the number of people aged 45 and older increased by approximately 65%.



Healthcare expenditures made by people aged 65 years and older account for a whopping 43% of total health care spending. This number will only increase as the baby boomers age. According to the Agency of Health and Research Quality, consumers 65 and older spent, on average, \$11,089 per year (in 2002), while consumers under 65 spent an average of \$3,352 per year. The chart below shows total healthcare expenditures by age group. The baby boomer generation is driving future health care spending.

Third party payments encourage people to purchase more health care services than they would if paying out of pocket. According to the Congressional Budget Office, consumers' out-of-pocket costs related to personal healthcare have deeply declined from 52% in 1965 to 14% in 2005. So Medicare spending and health-care services consumed will grow as the boomers age.

Six Million Dollar Men and Women

Technological advances expand the number and kind of procedures to treat ailments that were formerly untreatable. Economists see this as the most prominent reason health care spending is growing. These cutting-edge procedures are often expensive, including angiography, angioplasty, dialysis, and hip and knee replacements. Georgia is spending more on health care costs, on average, than other states because it is considered one of the unhealthiest states, with an estimated 27% of the population considered obese.

Healthcare Jobs

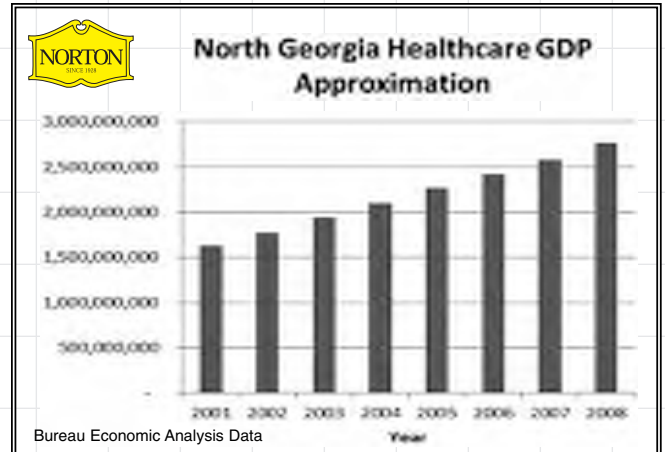
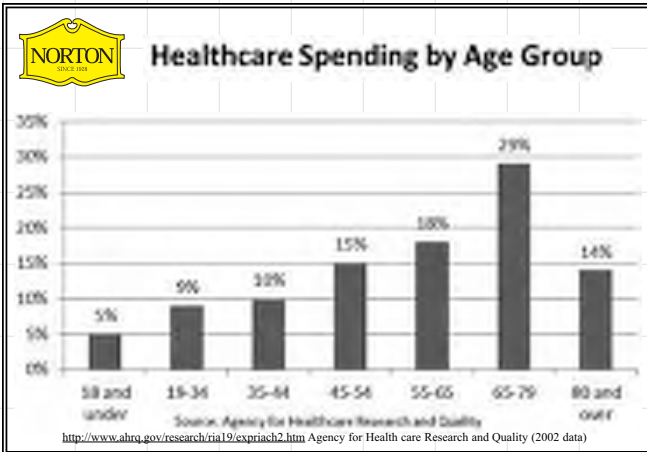
The healthcare industry is a prominent component of the U.S. economy. According to the Bureau of Labor Statistics, "one of the largest industries in 2008, healthcare provided 14.3 million jobs for wage and salary worker

Bureau Economic Analysis Data

The size of the national healthcare market is proportional to the size of North Georgia's healthcare market. On average, healthcare is responsible for 8.8% of the employment in the North Georgia region (Georgia County Guide) providing 39,241 jobs in 2008. Per the U.S. Bureau of Labor Statistics, the size of the industry is expected to grow 22.5% by 2018, which would

native intelligence™

TOP TEN TRENDS



increase the number of jobs available in North Georgia by an estimated 8,831. The following table shows the 2008 healthcare and social services employment and the projected number of these jobs available by county in the North Georgia region.

Healthcare Dollars

In 2007, the total amount of personal healthcare expenses in the United States was \$1866.4 billion. Personal healthcare expenses include direct patient, private third party, and government

payments. The Medicare payments alone account for 29.1% of all personal healthcare expenses. Per the Georgia County Guide, the 2007 Medicare payments for the North Georgia region were \$1.4 million. In 1998, the amount spent on personal healthcare expenses was \$1,010 billion, compared to \$1,952.3 billion in 2008—a 7% annual growth rate. **This growth is enormous and likely to top the growth of the poultry industry.**

Payroll expenses are a large source of economic impact which the healthcare industry has on the economy. The annual healthcare payroll for the North Georgia region grew from \$922,655,000 in 2002 to \$1,468,613,000 in 2007, according to the Census—a 10% annual rate. **Healthcare revenue for the North Georgia region increased from \$2,241,477,000 in 2002 to \$3,781,634,000 in 2007—11% annual rate.**

COUNTY	2008	2018 (Projection)
Banks County	72	89
Barrow County	1,171	1,434
Cherokee County	4,133	5,063
Clarke County	9,393	11,507
Dawson County	322	394
Fannin County	895	1,097
Forsyth County	4,430	5,427
Franklin County	668	843
Gilmer County	508	623
Habersham County	752	921
Hall County	8,760	10,731
Jackson County	569	698
Lumpkin County	809	991
Madison County	232	284
Oconee County	1,128	1,382
Pickens County	1,001	1,226
Rabun County	420	515
Stephens County	872	1,068
Towns County	486	596
Union County	500	613
Walton County	1,707	2,091
White County	391	479
North Georgia Region (total)	41,227	48,072

Note: Numbers may not add to totals because of rounding
 Sources: 2008 Employment Stats - Georgia County Guide - Online Edition, Bureau of Labor Statistics

Poultry is Decelerating, Healthcare is Accelerating
 Poultry is still strong in North Georgia, but healthcare is growing at a faster rate. The growth of the metropolitan Atlanta area will bring more development, higher population growth, and stronger demand for healthcare. Is North Georgia prepared? Are there hospitals, trauma centers, and other important infrastructure in place to fill the region's needs? The North Georgia area is positioned for incredible opportunities to grow and thrive, but should focus on taking the necessary steps to lay the groundwork for the healthcare services that the population will demand.

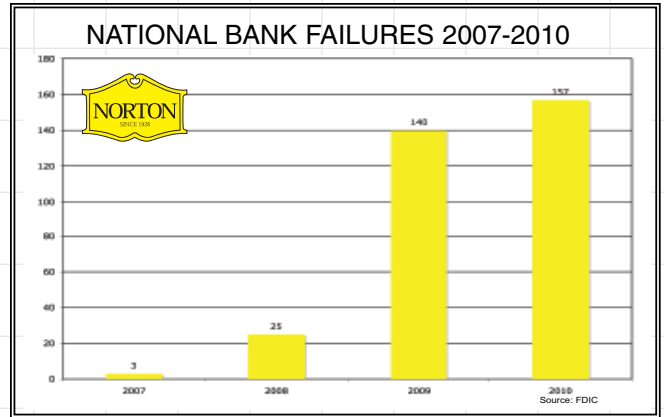
7 OUT OF THE ASHES RISES THE PHOENIX

With a predicted decline of Metro Atlanta Builder Fraternity (2006-2012) 85%, Norton Native Intelligence™ has expressed great concern with the slashed and burned “Shermanesque” Atlanta construction landscape. But in the last half of 2010, we saw signs of hope sprouting from the charred remains. While the nation’s production builders, Pulte, D.R. Horton, Beazer, Lennar expand their formidable market share (now 48% of all new Metro Atlanta home permits) we see a new generation of builders emerge, The Phoenix. These are well-known

Long-term what is North Georgia's greatest challenge/opportunity?

DARRELL SNYDER
Regional Area Manager
Georgia Power Company

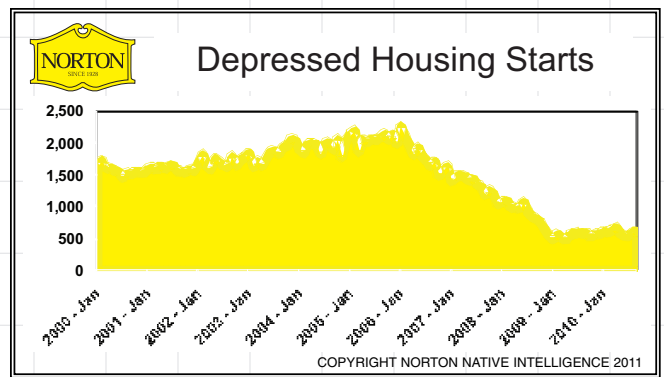
"We must continue to focus on providing quality educational opportunities. With a reduction in funding sources, this will continue to be a challenge. A good education is an essential foundation for so many areas - quality job applicants, successful small businesses, skills for industrial automation, etc. The most successful communities will find new opportunities that provide students with the workforce and technology skills that are needed for today and the future. Helping to keep each student engaged in learning and having more parents involved in the success of their children is critical."



Manufacturing shuttered its doors laying off 1000+ employees and closing 19 separate facilities scattered like rocks across the hills and valleys of three states. Our firm, hired by the bank credit consortium, mobilized and sold the entire lot, one by one, over a 16- month period. Small machinery shops, tourism, antique flea markets and light assembly filled the void of former Orbit cut and sew operations. These creditors were lucky, very lucky. Since that time it seems that big manufacturing, mostly textile based, has retreated from the nooks and crannies of our mountains leaving behind some gems and some not- so- well positioned real estate.

- Fruit of the Loom** — **Rabun**
- Talon** — **White**
- Batesville Casket** — **Stephens**
- Habersham Mills** — **Habersham**

Add to these small retail mom & pop fruit stands, aging gas stations, trading posts and taverns along U.S. Highways 60, 129, 441. It's the combination of these orphaned real estate properties which we dub phantoms, aging, functionally obsolete and tucked into the overgrown landscape. Some are on the market, most are not, languishing in the hot sun. While the locals all remember their legacy, the general public does not. These buildings are generally below the radar for industrial and



regional Metro Atlanta builder machines vastly pared down reincarnated in their sons, sons-in-law or daughter's name. Builders are using their wife's credit, their children's or grandchildren's trust funds to slowly step out of the abyss and begin a new life, a new homes building entity, not a rehabilitated or reengineered business, but entirely new companies, full of energy and unshackled from lot, land and standing home inventories. They are freshening up Dad's old plans, required to equitize (our word) the construction process with 50-60% equity to construction loan, in some cases are inching forward building one or two homes at a time, four or five lot takedowns and a much more narrowly- focused marketing strategy.

Norton Native Intelligence™ believes they, along with custom home and the industry giants, will help accelerate our lot inventory reduction, reignite a minor building engine and push the entire economy forward.

8 PHANTOM REAL ESTATE

Ride along the major and sometimes minor roads throughout this great region and most likely you will zip past and miss them. **The phantoms** we call them, isolated, lone structures, ghosts of industry and commerce past. Some are marked by rusty hulks of water towers, metal sheathed storage sheds, cisterns, cracking parking lots with sprouts of weeds, husky mountains of debris and acres and acres of empty space.

Some are luckier than others. In the early 1990's Orbit

business recruitment. Unfortunately, many counties search for the Holy Grail of industrial recruiting will be a failure. In 2011, industrial demand is focused on cheap space, newly constructed, high ceiling heights, cheap labor and instant accessibility to the major markets along I-85 and I-75 and not on mountain roads, clogged with local and tourist traffic, and located in the outer regions of the Big A (Atlanta).

There are a few solutions. Creative forces are at work in Rabun County turning the 1,200,000 s.f. (under one roof) Fruit of the Loom building into a multi-tenant industrial fortress. The old House of Tyrol site in White County will become a new medical complex.

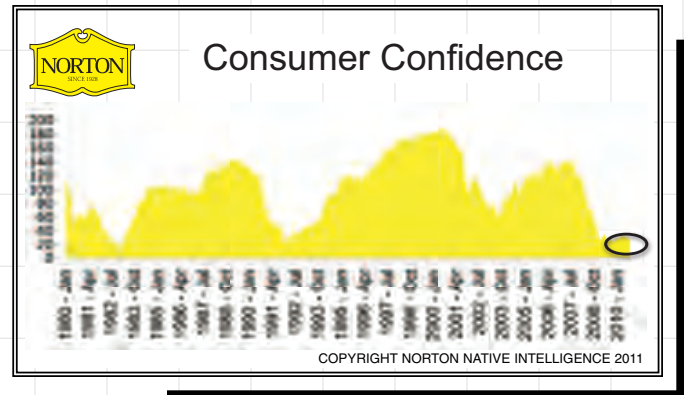
But Norton Native Intelligence™ sees most of these albatrosses hanging around until they rot, are bulldozed or sold for scrap.

9 **“OUR HOLOGRAPHIC” GOVERNMENT COLLAPSES**

Over the last 10 years, the cities and counties across North Georgia, as across the Nation, without really understanding the full dynamics or unintended consequences, have been building “holographic” government infrastructure on the backs of the local taxpayers (individual and business). We now shockingly realize that taxes have been the Government’s version of crack cocaine. Bright, gleaming police cars, gluttony pensions, 5 weeks of paid vacation, outrageous double-dipping retirement and employment policies. Soaring facilities, city halls, jails, police & fire stations, courthouses and a legion of recreational “country clubs” and state run golf courses stand as stately edifices - monuments to the glory of the politicians and the excess of the roaring economy (pre 2007). It’s now recognized that tax bases were annually inflated by the economic rising tide. Splost revenue was inflated by over-zealous consumer expenditures and service fees on top of more service fees fueled the political governmental mentality akin to a “Spring Break – Gone Wild” movie. But in the words of investor Warren Buffett:

“Now that the tide has gone out, we can see who’s been swimming naked!”

In our haste to spread our lottery-esque windfalls, no one took into account what it really truly cost to run and staff a 424-bed jail in Jackson County nor calculate the HVAC and lifeguard bill for The Frances Meadows Community Center, the clipping and grass cutting bill for thousands of parks in Gwinnett, the security staffing cost for all of these new courthouses, or the maintenance costs of expansive secondary schools and gymnasiums (some of which are better facilities than most college campuses), man the fire trucks or provide personnel to oversee hundreds of new ordinances and charges. In a bloated economy, no one watches the store. The spin and hype of community boosterism overwhelms the psyche, envelopes the mind with well-intentioned PROGRESS. An invincibility mindset



emerges: “Never, no, not here. We’re different.” The argument “well if we don’t use the State/(Federal) grant we’ll lose it” doesn’t stand muster either. That money isn’t free, it’s still the citizens’ hard-earned scrip. So today we have roads that serve little to no purpose in South Georgia. We run “Red Rabbit” transportation systems that have abysmal occupancy (did they really tint the windows so we could not see that they were empty?) and full scale video production facilities in many counties broadcasting meetings on cable TV to audiences of less than a handful. We have hook and ladder fire trucks following 2 police cars and an emergency response van to every car fender bender when one response vehicle might do.

Alas, we have built a great, gleaming monumental infrastructure called 21st century civilization, only now the taxpayer and local businesses are trying to hurdle a bigger mountain to financially support it. No one wants to talk about nor touch the declining values on a county’s tax base nor, heaven forbid, approve an increase in millage rates, nor cut back on any department’s budgets. In the eyes of most local county managers everything is sacred, everything is essential government services. While businesses have swallowed the bitter pill of downsizing, local governments have been impotent in their actions. It’s hard to fathom how they can pat themselves on the back and ‘hold’ budgets and taxes at “par”

If you had one economic wish for your county, this region or state, what would it be?

JIM WALTERS
President
Walters Management

“That we consolidate the city and county governments including police and fire departments and realize the economic benefit of smaller, non-duplicated services that would make us the envy of the North Georgia area. We have suffered far too long with the inefficiencies that are the result of dual governments.”

Long-term what is North Georgia's greatest challenge/opportunity?

MARTHA NESBITT
President
Gainesville State College

"I see the need to prepare more people with baccalaureate degrees. We are currently below the national average. Education and economic health go hand in hand. We want to attract businesses and institutions that rely on an educated work force. That is part of the challenge to promote quality growth, not just growth. More educated citizens make higher incomes, pay more taxes, and volunteer and contribute more to the community and need fewer services from local government."

when most North Georgia businesses have slimmed their overhead 15 to 30%. It's too hard to take away an entitlement once it's been given. Raising fees for services, permits, user fees, sprinkler fees, fire protection surcharges, water/sewer rates, garbage collection, business applications is not the panacea either. The citizens are too smart, businesses too savvy for those actions, and they are starting to wake up and voice their concerns, first privately in the coffee shops, then at the ballot box. The quiet pro business revolution is simmering. "How do we continue to feed the monster?"

Ronald Reagan said, "When a business or individual spends more than it makes it goes bankrupt. When government does, it sends you the bill."

It's time to re-prioritize government services into two buckets – "must haves" and "like to haves" then strongly demand they shift financial resources accordingly. The pain for the most part will be temporary, the noise loud. Norton Native Intelligence™ encourages action to downsize the government and "right size" the tax revenue stream. Other thoughts include:

- **Norton Native Intelligence™ is fully supportive of SPLOST as a funding mechanism, it's the rational spending and stewardship of the proceeds that raises questions.**
- Evaluate "gifts" or "grants" of State or Federal money based on long term reoccurring costs to the citizens. Look carefully at employment stimulus grants for the same unintended consequences of forward financial commitments and long term taxpayer burdens. **Free is not free.**
- All counties and the State need to find a way to improve the efficiency of the education delivery system to hold down cost (both secondary and primary). The lottery has been a miraculous windfall but we can no longer rely on that sustainable flow of income.

- Find a way to scale back, warehouse or eliminate services that no longer serve the masses. "If it don't cash flow – let it go."
- Reduce planning, permitting and inspection staffs to a sound, solid core. County governments must face the reality that there won't be a construction development boom for 8 to 10 years. They're not needed for planning and zoning, but we also caution against shifting them to long-range growth planning or new ordinance creation, that's just playing a shell game with human resources.
- Face the reality that government does not exist for the sake of employees. It exists to assist and govern non-government employees.
- Stewardship of spending, Hall County recently paid less than \$50.00 per square foot for the Liberty Mutual Building on 31 acres for administrative space. And the City of Gainesville recently completed a new Public Safety office building reportedly over \$310.00 per square foot – on 12 acres±.
- **Become business friendly, not revenue enhanced.** Strip laws, ordinances and fees passed over the last 10 years to the bone. Look at the full ordinance cost of enforcement and implementation. Recently, it took Norton's staff 3 manpower hours to fill out 3 applications, produce a scaled drawing to permit a temporary "party" tent on our office front lawn, private property. These applications were processed by numerous employees, and later, once erected, was inspected by a Fire Marshall for safety. **The permit cost was \$5.00.** Permits for permit sake is just one word – **BUREAUCRACY.**

The stark reality is that government got too big because we thought we had unlimited SUSTAINABLE resources. In the boom times North Georgia governments artificially pumped up tax collection rates and over spent. In 2007 -2009 as the revenues shrank, many local governments depleted reserves to maintain the status quo and now face empty coffers. We do note that some are attempting to replenish. We have all enjoyed the fruits of a holographic government dazzling the citizens with virtual magic and little or no substance.

As newly elected North Georgia Senator Butch Miller said recently "the citizens have wanted a smaller government....and now they are going to get it."

70
**TO THE SURVIVORS
 BELONG THE SPOILS**

While Norton at times is perceived to be the ever-optimist, it's in our DNA to seek out opportunities in the midst of rock and rubble, the bright glimmering light in the darkness of want and despair. While the chaotic market stumbles along, the shrewd astute investors are quietly buying up and holding assets in all product classes: retail, land, lots, commercial, multi-family, and yes housing.


Noted Wall Street Investor, John Paulson is quoted this past fall saying,

“If you don’t own a home, buy one. If you own one home buy another. If you own two homes buy a third and lend your relatives money to buy a home.”

9.29.2010




These are indeed unprecedented times but equally unprecedented times for investment commitments. At year end, financial experts indicate over 4 trillion dollars is stuck away in mattress type accounts gathering dust, but safe, distant and limited from further free fall risk. There are “full of brave” souls stepping up and making **legacy** investments, long term plays on the future and investors understanding the reality of cycles, dynamics of the directions of growth and fundamental qualities of location, location, location. These investors are stockpiling wealth which will transcend generations.

Some of the wealthiest families throughout our region made the same property plays in the 1930’s...Turner, Banks, Mashburn, Noblin and Dunlap just to name a few. The patriarch of these families capitalized on market corrections, assembled land asset holdings now being enjoyed three generations later. Never before have we seen values plummet as rapidly as we have from 2006-2010 and smart money has seen bottom amid the bright light of appreciation hovering above it. Like the TV show Survivor, the games are over. Some people have been voted off the island. But Out Wit, Out Last and Out Play are powerful phrases for the principles of 2011 and 2012 investing. **Whether it’s banking, business, industry, construction investment or real estate, to the survivors belong the spoils.**



Value by Sale Category

Type of Sale	% of Value
Non-Distressed Sale	100%
Short Sale	81%
Foreclosure Sale	59%

Realty Trac Foreclosure Report 12/02/2010



In North Georgia, what makes us....us?

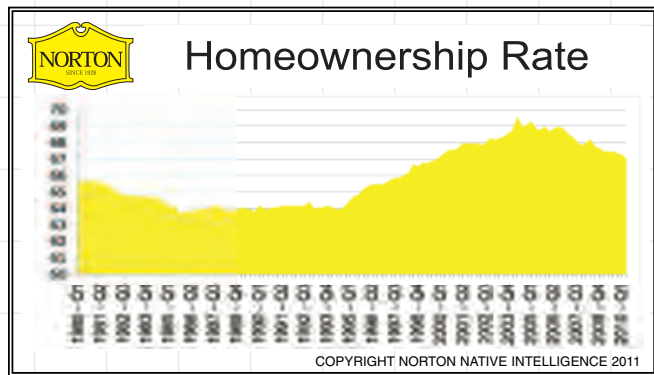
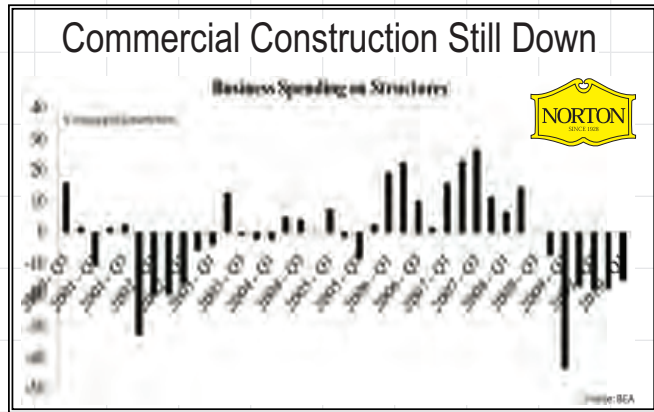
KIT DUNLAP
President
Greater Hall Chamber of Commerce

“LEADERSHIP....Individuals who believe in community and all the things that make a great quality of life. These LEADERS giving of their time and talent to work in their communities and together in our region.”

Long-term what is North Georgia’s greatest challenge/opportunity?

FRANK GINN
State Senator
Georgia 47th District

“Developing leadership with the backbone to address politically sensitive issues. Call a spade a spade.”



N-PAD

At Norton Native Intelligence™ sometimes our minds are filled with tangled facts, figures, random musings and profound observations on the market, products, pricing, the economy and the like. This year we introduce N-PAD, Flashes of Norton Native Intelligence™. Like quick thoughts typed on an I-PAD this is Norton Native Intelligence™ way of transcribing the techno-color of North Georgia's Market.

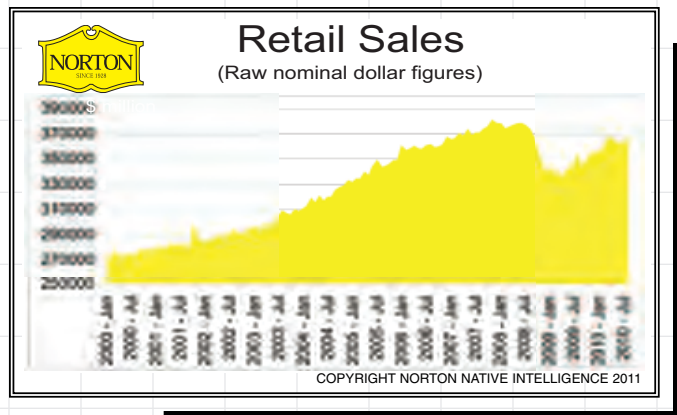
A TRICKLE DOWN ECONOMY

We believe this time we have truly learned the lesson of a trickle down economy. Housing slumps, building material sales fall off, construction labor drops, mortgage products become toxic, venerable Wall Street houses evaporate, banking collapses, financial markets find themselves in turmoil, the stock market value drops, consumer confidence is shaken, spending spirals to a stop, stores are bankrupt, layoff and massive unemployment, homes drop value, job related foreclosures, bank assets soar and everyone in every corner feels the stress.

Yes, the economy is a complex web of industry, money, capital and manpower. Some sources estimate that housing/growth/financial at one time represented 35-40% of the GNP. For counties without a major industrial base like Forsyth, Barrow, Jackson, Lumpkin or Cherokee it represented 70-75%. Housing /growth were those counties largest if not sole economic engine. The housing growth trickle down has been profound.

RECOVERY

Norton Native Intelligence™ sees true lasting signs of recovery in parts of North Georgia. We freely admit that the downturn, while expected, was more severe than anticipated and much longer in duration. Everyone has been looking for the mythical bottom. Bottom has been a long hard trail and while glimmers of light are seen, the reality is that long term sustained pervasive recovery is some time away. We continue to see the pain of this market on one hand but unbelievable opportunities are unfolding before our eyes. It is now clearly evident that **RECOVERY** will parallel continued foreclosures, business



If you had one economic wish for your county, this region or state, what would it be?

MARTHA ZOLLER
Radio Talk Host
WXKT 103.7 FM

“For elected officials to understand it's our money and to use as little as possible so that we can make our own economic dreams come true.”

failures and credit collapse. Only when the toxic assets are passed from borrower to bank to third party investors and finally to **end user** once again, will the stormy seas of the economy truly settle.

SIGNS OF RECOVERY

Sporadic closings of higher priced housing product \$300,000-\$400,000-\$500,000-\$750,000, then one million+ broke out in March 2010 and have continued through the year. **OPPORTUNITIES... INCREDIBLE LIFE TIME PURCHASE** opportunities have attracted the well capitalized, previously sidelined buyer. Pricing has fallen to below replacement cost and real value is finally being recognized.

RETAILERS are repositioning themselves to offer value, durability and quality for a modest price, from value meals at McDonalds, to dollar days at Wal-Mart, the American consumer is on the hunt for more for less. Spending is returning but at a price.

INDUSTRIAL expansion long on hold is seeing a limited comeback. Most inventories have been reduced as production units were slowed or cut back/out. Now we see southern manufacturing dusting off the rust and starting back up. That is evident in spikes in purchases of raw goods and materials and some recent industrial leasing activity of Big Box users along the I-85 pipeline.

NEW CONSTRUCTION

With the site development industry laid waste and upwards of 146,000 vacant finished lots in inventory, the new housing industry has largely taken a holiday but vertical construction is rebounding in tempered measure in specific hot elementary zones. The National Builders are focused on block level micro markets and will lead recovery of the housing components.

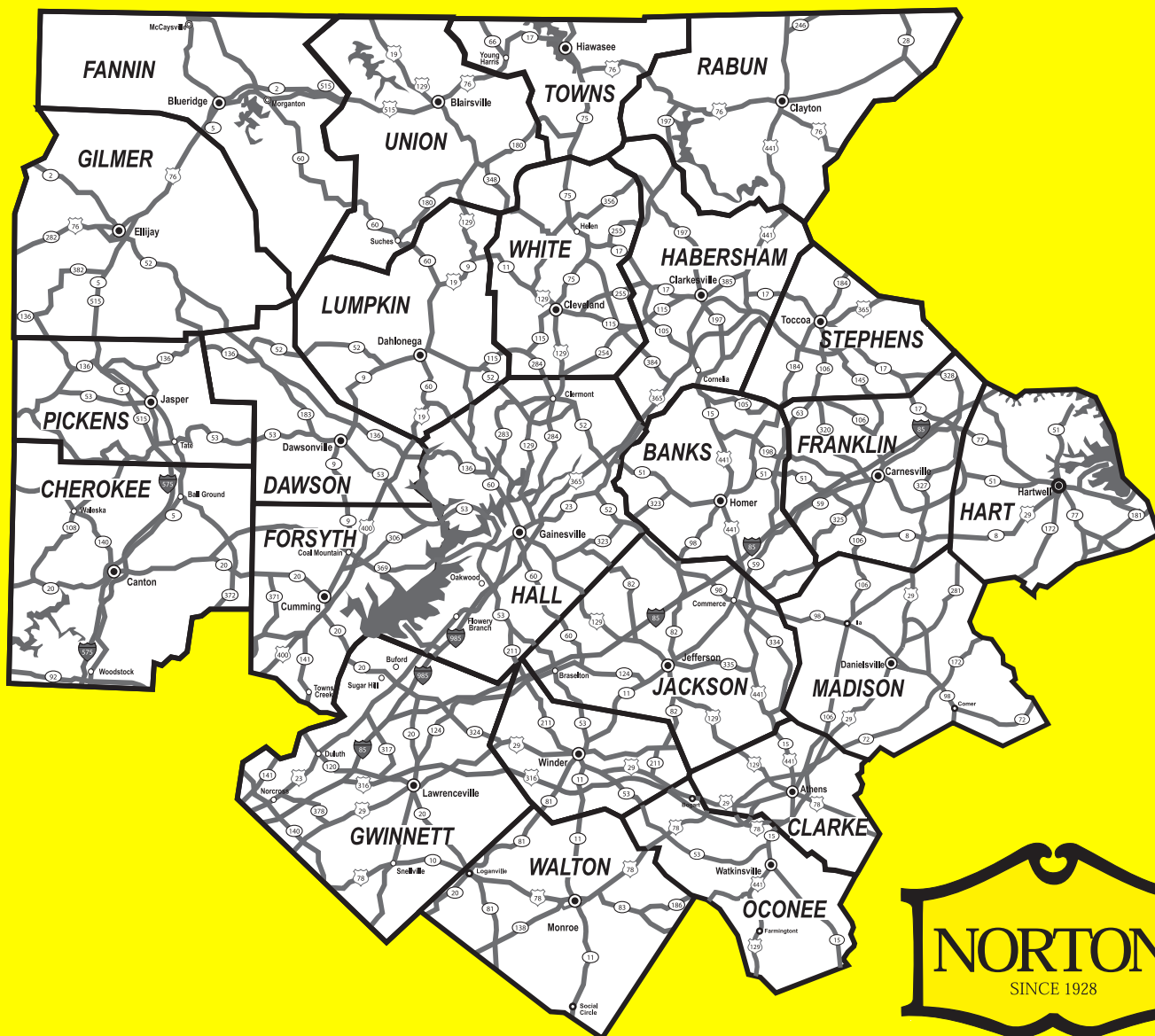
VALUATION

There is an “Old West” standoff on commercial values. The banks are pelted with losses, the appraisers have been intimidated by the Federal Regulators and the buyers are hiding for cover or sitting on their cash as they are bracing for another market

— N-Pad continued on page 21 —

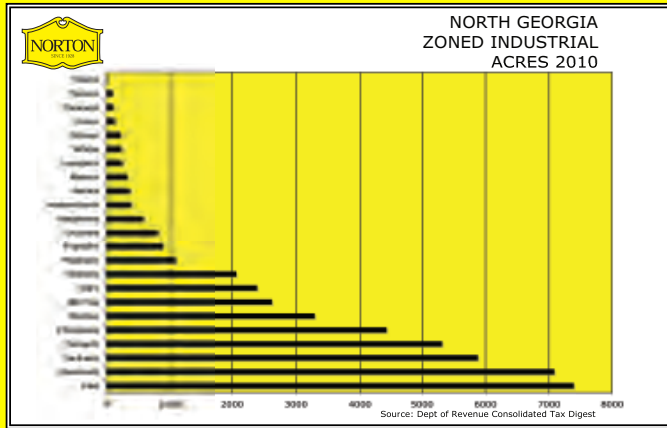
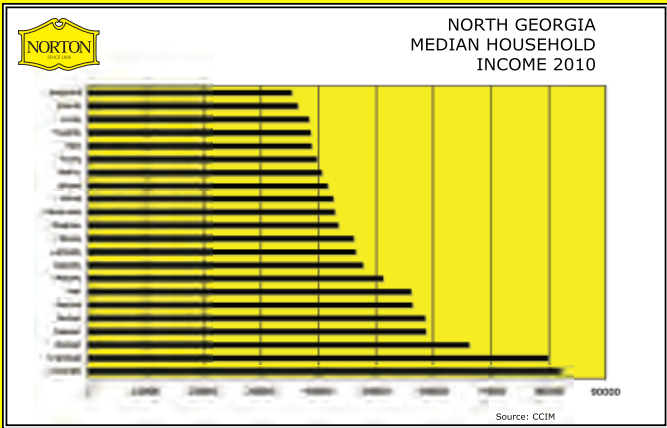
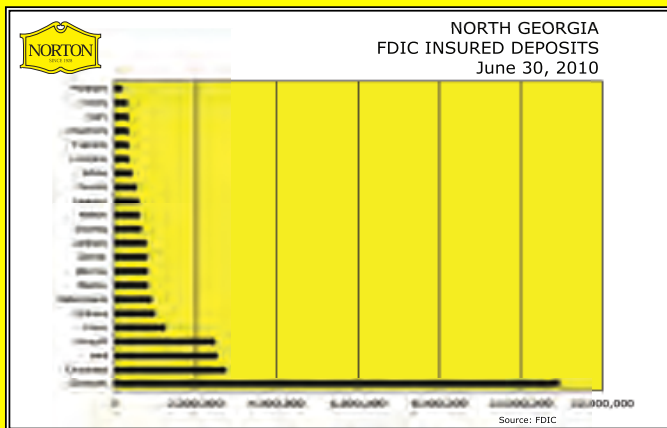
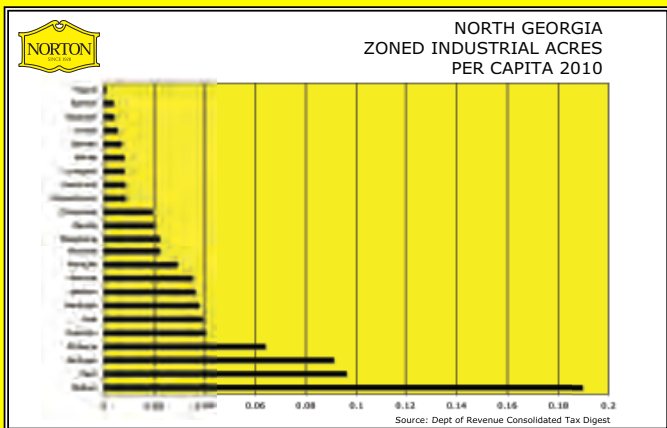
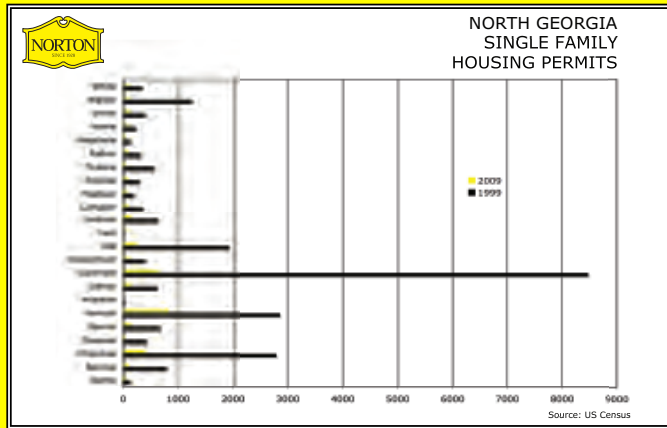
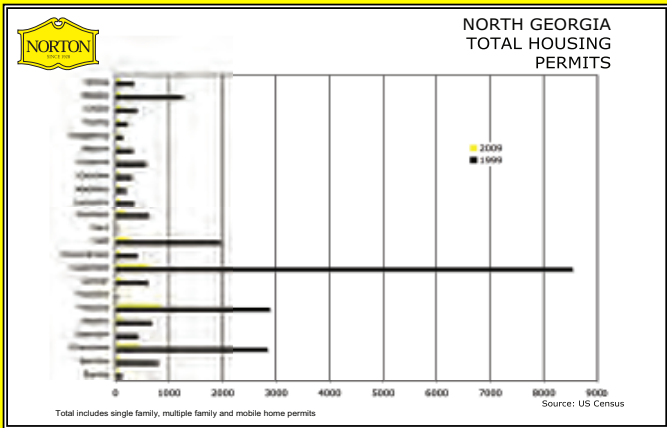
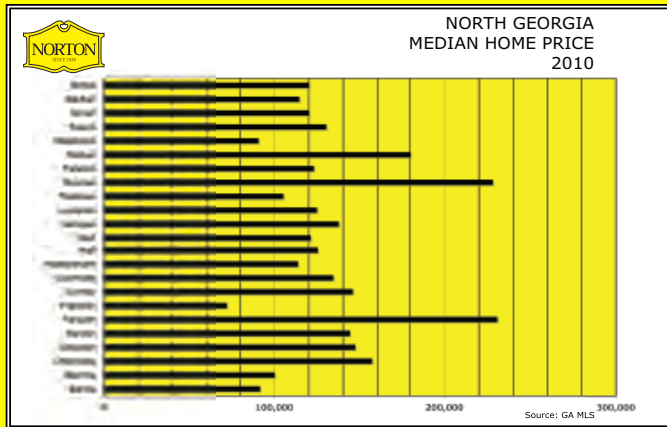
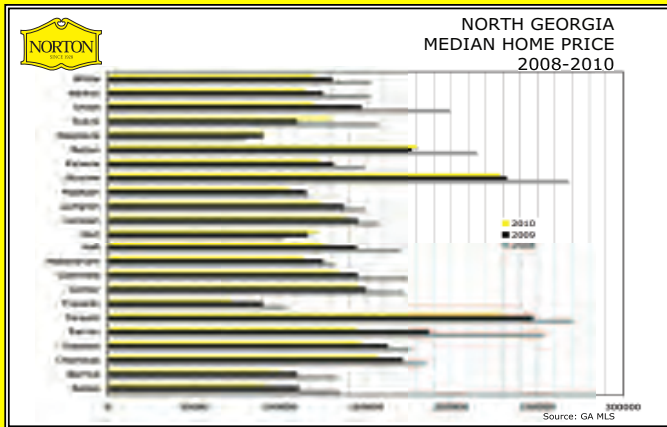
North Georgia Intelligence Quick Reference Guide

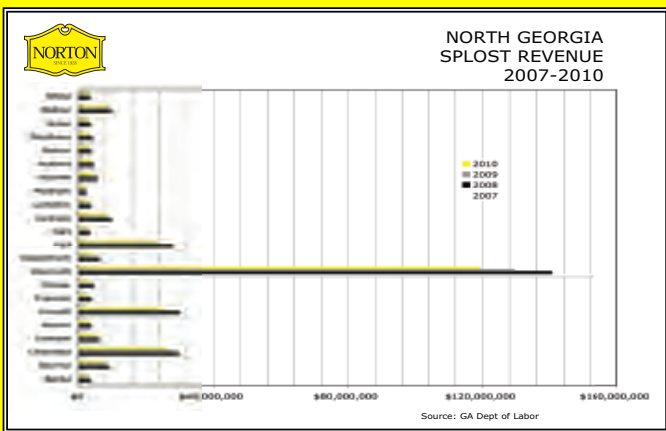
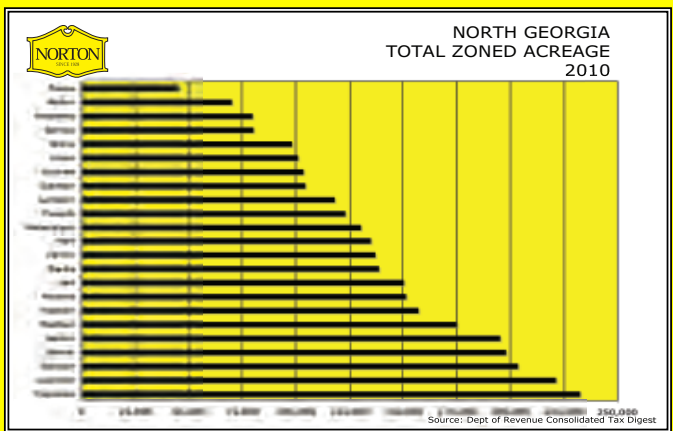
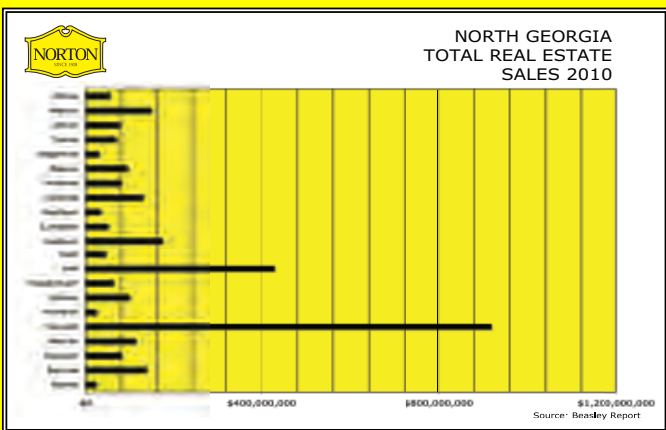
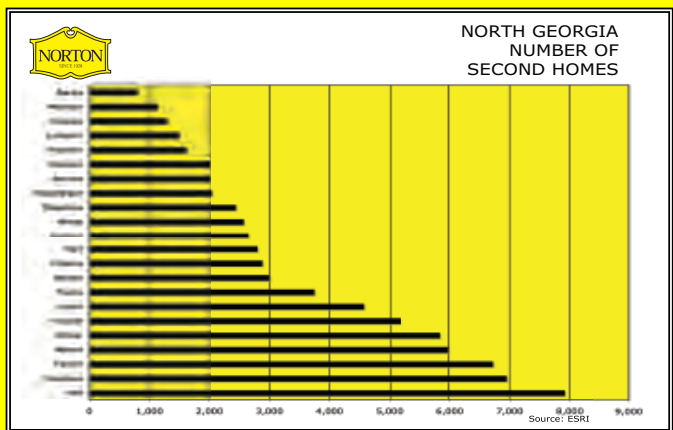
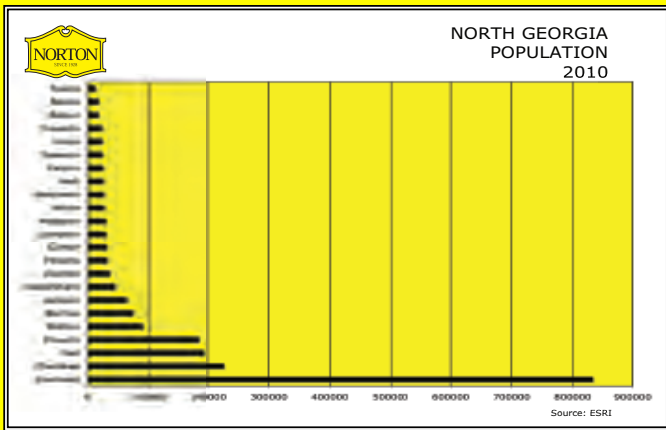
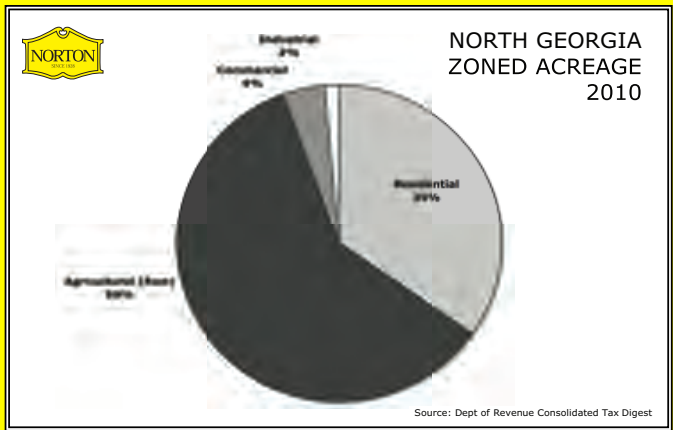
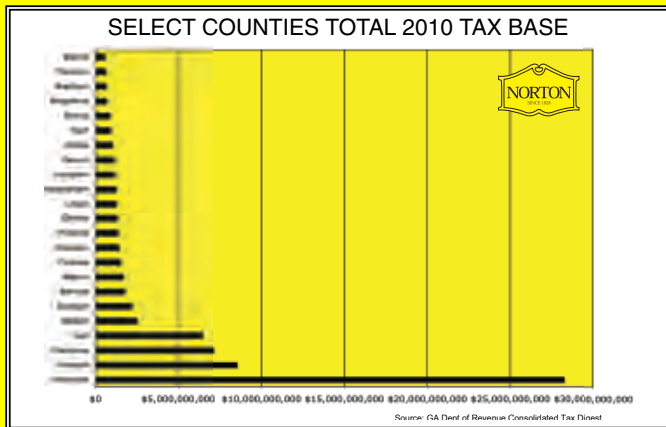
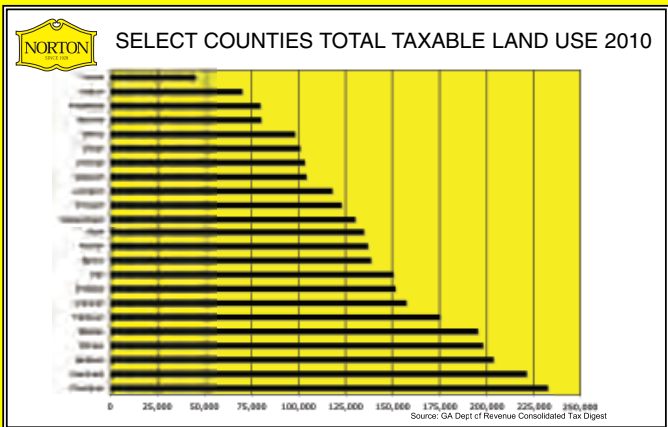
North Georgia's dynamic demographics and economic indexes are critically important to the tens of thousands of business, political and individual decisions. This section in pull out form gives quick reference to our region's counties and the comparative dynamics. Norton Native Intelligence™ is committed to provide a clear stream of information to better inform the citizens of North Georgia. For deeper information on any micro market contact Norton Commercial/Acreage. 770-287-4800



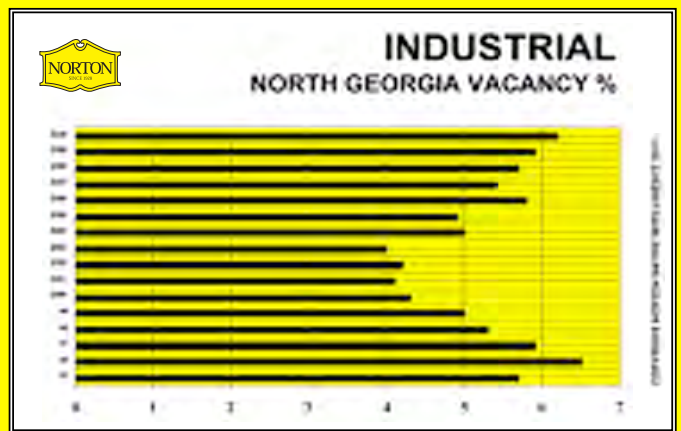
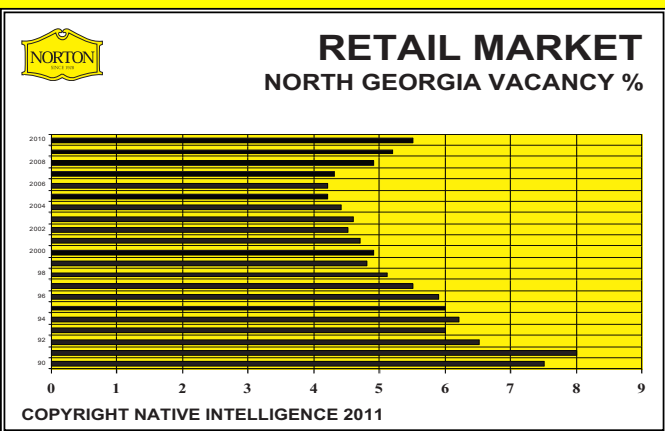
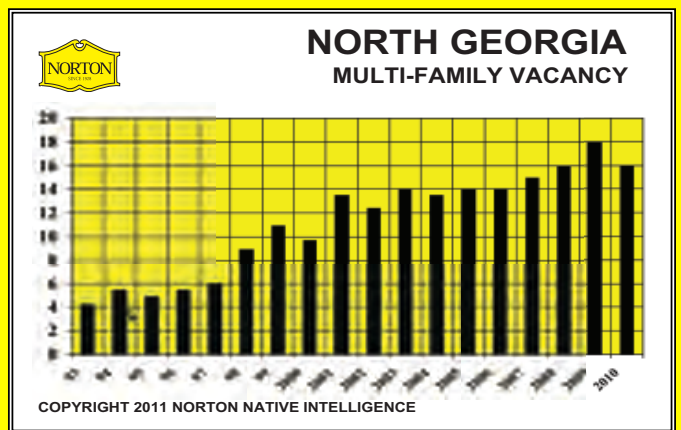
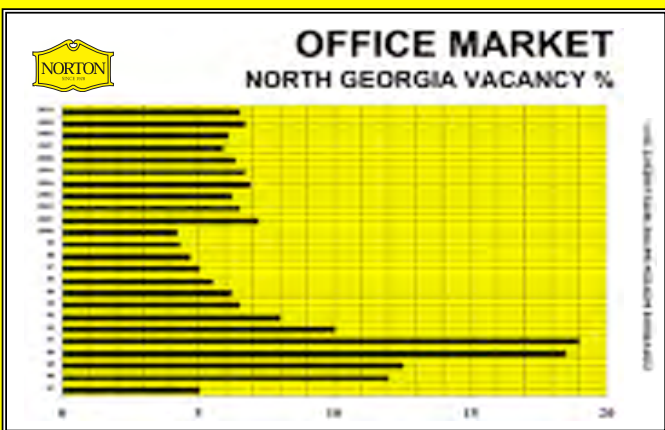
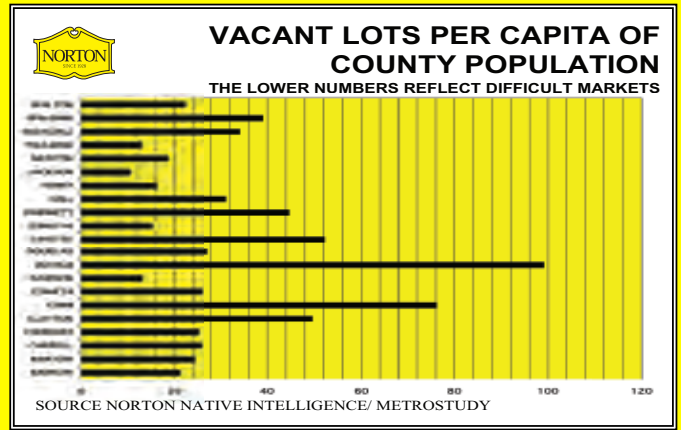
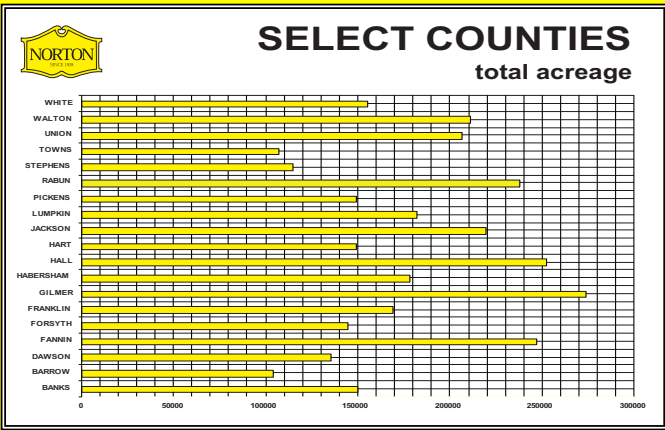
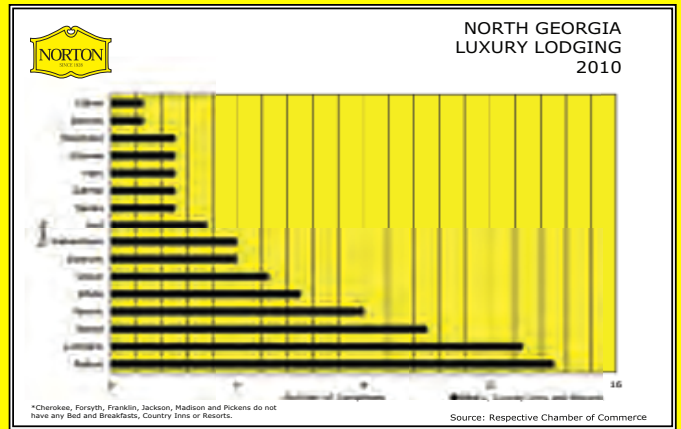
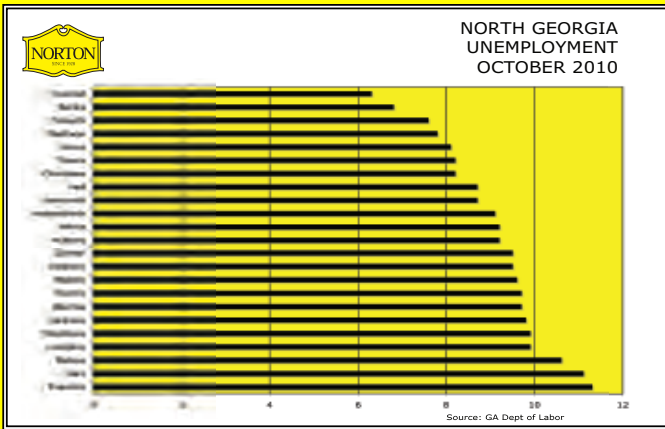
PULL OUT SECTION







PULL OUT SECTION



correction. **CASH TODAY CONTROLS THE TRANSACTION; CASH CONTROLS THE MARKET.** The real value of commercial property today is in what is the end use?...Then we must back into a land value based on goods and services, store sales volumes and profits which ultimately build an economic model determining the occupancy cost as a function of the land cost.

“Hey, that’s **REAL ESTATE 101**”

Only the market, the developers, lenders and users lost their way and a 2008 wake-up call reinforced the fundamentals. Profit must be maintained regardless of the euphoria, spin and hype. The theory that a greater fool will come along to buy that hyper-inflated property, pay lower CAP rate multipliers or make it up in volume are no longer valid. Perspectives have changed. Riding around in 2006 the retailers would say “Wow, what a great project.” Today going by the same project they say “What were they smoking?” Too much capital chased deals, some banks lent 110%-120% of raw land cost...the winners of the era were the sellers. While residential and small industrial sectors may be on the road to recovery, we are just at the beginning of the metamorphosis of the commercial real estate business and the infancy of commercial investment recovery. History has always shown us that we always correct faster than we think we will. While banks continue to loan money for owner occupied facilities, Norton Native Intelligence™ believes the commercial market may not fully correct itself (stabilize) until two factors – the real value of undeveloped land is realized by banks and banks start up the lending engine for all product classes. It’s all about CAPITAL and **TURN of CAPITAL..**

BANKING

Some of our best friends, most loyal clients and keen business people are bankers. North Georgia, a once bright and

wonderful sparkling land of opportunity, is now a barren forest of bank pain. The opportunities are still there like the old joke of a kid digging in a room full of crap saying “with all the *#*#*%*#*”, there must be a pony in here somewhere.... We just need to search a little longer for them.

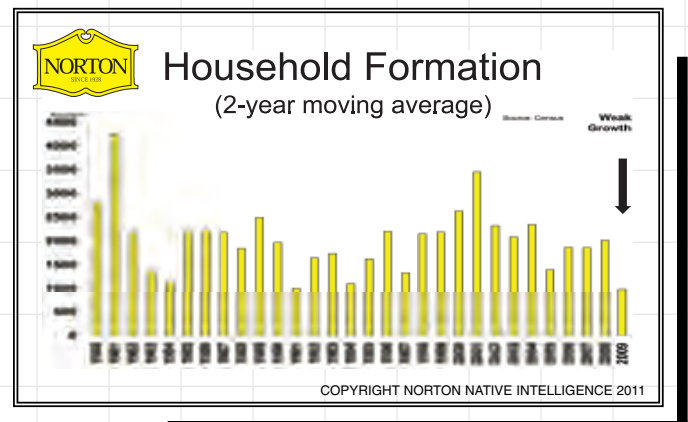
Today’s bankers work on a thin layer of crepe paper covering a viper filled pit of ever changing QUICKSAND...changing deposit ratios, capital requirement, FDIC markdowns, insurance rates and shareholder values.

The FDIC loss sharing agreements signed by acquiring banks constrict the sale of toxic assets. One professional likened the process to slow water drip torture in marketing, pricing and selling. A Mexican Hat Dance.

There is also inconsistent approach among some bankers and banks, large, medium and small toward the reality of new pricing, forcing many to just **PRETEND** and **EXTEND** the developers loan akin to the Scarlett O’Hara dreams..“Tomorrow will be another day.”

APARTMENT

Apartment developers “the smartest guys on the planet” built retail because that’s where the money was. The retail developers “the smartest guys in the universe” built apartments because that’s where the money was. Both sectors got out of their wheelhouse and vacancy soared.



If you had one economic wish for your county, this region or state, what would it be?

STEVE GOOCH
State Senator, Georgia 51st District
“One economic wish I have for my region is a more balanced tax base in especially the rural counties. Most of the mountain counties are heavily weighted in residential development and national forest leaving a heavy burden on the working family. More commercial and green industry is needed to provide a more proportionate tax base and higher paying jobs. High tech jobs will be created with the completion of the fiber optics project now underway by the North Georgia Network.”

THE 2010 BUYER

The best way to describe the 2010 buyer of commercial, land or housing is they put on a mask and set out to **STEAL SOMETHING.** The vulture funds have crawled out from under every rock and seeking 15-30% annual returns. Some commercial buyers target 25% of what was paid in 2006-2007. Norton Native Intelligence™ thinks you must stratify the market and buyers must be realistic in their expectation drilling down to specific opportunities **MICRO MARKET by MICRO MARKET** and not all are created equal. Lots in South Forsyth are now commanding premium post recovery prices while developed lots in Henry or Clayton counties are a problem because they **are** in Henry and Clayton counties.

DEEP SAVINGS...SMALL LUXURIES

We as a nation have become once again savers: storing up nuts for the winter, a rainy day. We're paying off our credit cards in record numbers, buying bulk toilet paper and stocking up private label canned tomatoes. It is estimated that savings have soared from .005% in 2006 to .04% in 2010. Whether its money market or piggy banks, savings, deep saving is back in vogue.

At the same time we see the general population treating themselves to small luxuries; the Starbucks coffee, the bi-monthly nail and pedicure, Mom buying one new outfit a season at Nordstroms and then all her kids clothes at Target. We are shuffling priorities, shifting wants and needs and focusing on indulgences to round out the sacrifices made every day. Luxury car makers are retooling models to offer more for less; Tiffany's is selling more lower end silver bracelets, but still wrapping them in their trademark BLUE BOX. Norton Native Intelligence™ foresees a radical shift in 21st century spending. Value priced goods and services, everyday consumables account for 95% of today's retail economy but the Kate Spade outlet at North Georgia Premium Outlet is slamming it. Homes are being foreclosed on, people evicted from apartments, but they are still holding on to their 48" flat screen and pay their cable bill before their rent.

NEW SINGLE FAMILY CONSTRUCTION

With limited new starts, the surge in buyers brought on by the Federal Housing Tax Credit and the confusing commercial credit situation, new home construction will remain at historic low levels for 3 to 5 years. In fact Norton Native Intelligence™ predicts that a return of voluptuous crazy speculative construction will not return any earlier that 2017 and most likely beyond. The fundamental way homes were previously completed and sold is over. The speculative home or speculative village, row after row of completed, dressed to kill decorated, with well manicured yards have most likely been driven to extinction. Banker after banker tells us never again will they loan so much money for a predictive market.

HOUSING

Housing hit bottom in 2008 and is slowly home sale by home sale improving. Inventories of new homes continues to set new lows. New construction is pacing the 1950's and resale home prices are stabilizing. SUN TRUST'S regional economist reported that single family home prices were in fact increasing in 40% of the Southeast markets during 2010. Florida single family markets are leading the rise. The freefall continues to be in the condominium (not fee simple attached townhome) market. Condominiums across the country were the center of the hurricane for escalating prices in 2000-2006, driving the national home price index WACKY and since 2007 driven the same index into a downward spiral. Since 80% of the condominium buyers were non-primary home buyers, (speculators, investors, second home users and flippers) you could really look at condos as a "real estate commercial futures" and many small investors played the condo futures market.

The good news is stability of pricing for homes \$250,000 and under, they make up 80% of America's occupied housing stock.



Real wealth in Albany, NY and Albany, GA remains in personal real estate holdings as part of one's retirement portfolio or family legacy.

History tells us that the deeper the recession the stronger the recovery. If you look at recessions since World War II, they show strong growth after deep recessions. If history repeats its pattern, we are in for a doozie of a recovery. The wild card will be the mortal damage to the financial institutions.

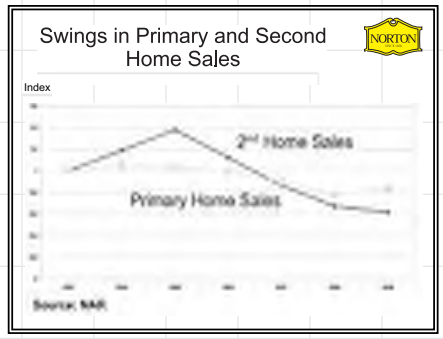
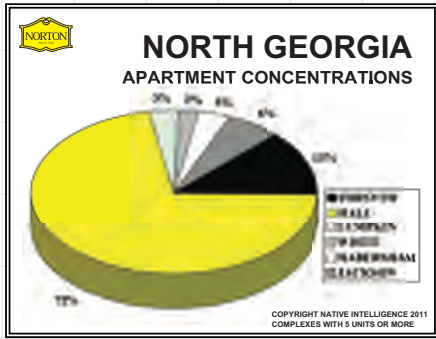
INDUSTRIAL

Recovery is happening according to the textbooks. This recovery is being driven by businesses spending money, not by consumer or labor. Business drives forth, selling out of inventory, shutting down production lines. Once bottom is perceived they knock the rust off the equipment and start to spend money. They ramp back up production to refill their warehouses. Rather than hire additional labor, however, industry heaps extra work on existing employees, productivity is squeezed. While this is unsustainable, it starts the engines back up. As productivity slows due to over-taxed workers, businesses will rehire labor and employment will return.

If you had one economic wish for your county, this region or state, what would it be?

JOEL WILLIAMS
General Manager
WDUN

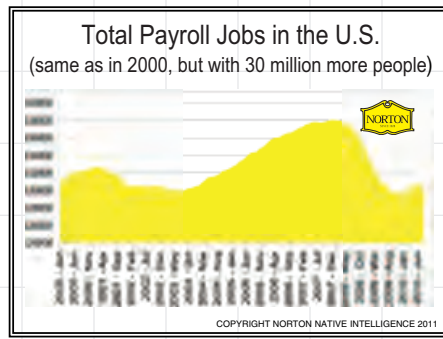
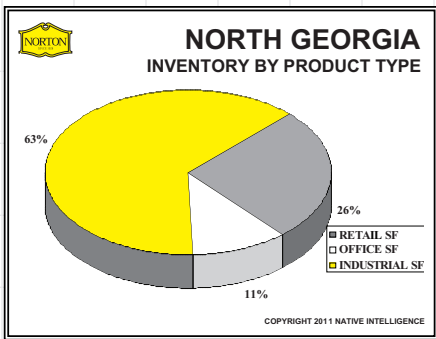
"Make Green Street a destination. Stay with some of the ideas from downtown with underground utilities, brick sidewalks, lamp posts, etc. This would tie in the square to Green and on to the Civic Center. It's time to enhance the historic value of the area instead of letting the area rest on its own history. By creating a picturesque and historic area we will enhance its future."



Impact of Rates on Payment

Rate	\$100,000	\$150,000	\$200,000	\$250,000	\$300,000
6.00	\$1,211	\$1,776	\$2,341	\$2,906	\$3,471
5.75	\$1,170	\$1,700	\$2,218	\$2,774	\$3,334
5.50	\$1,099	\$1,600	\$2,150	\$2,704	\$3,273
5.25	\$1,030	\$1,500	\$2,080	\$2,634	\$3,210
5.00	\$1,012	\$1,490	\$2,066	\$2,619	\$3,193
4.75	\$1,017	\$1,493	\$2,069	\$2,623	\$3,197
4.50	\$1,022	\$1,497	\$2,073	\$2,627	\$3,201
	\$100,000	\$150,000	\$200,000	\$250,000	\$300,000
	-18%	-7.56%	-5%	-3.53%	LOAN

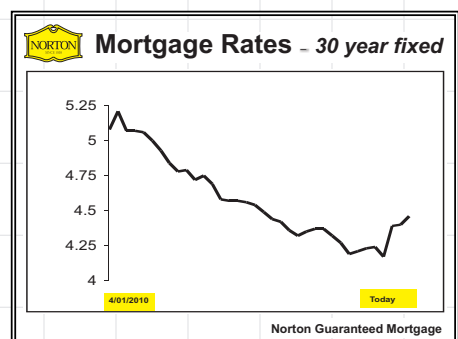
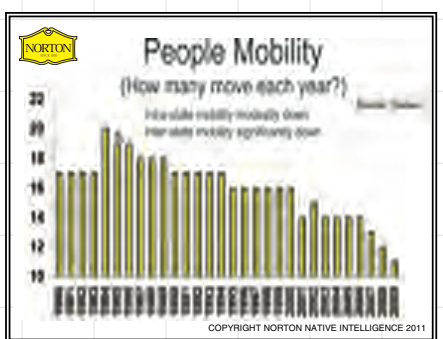
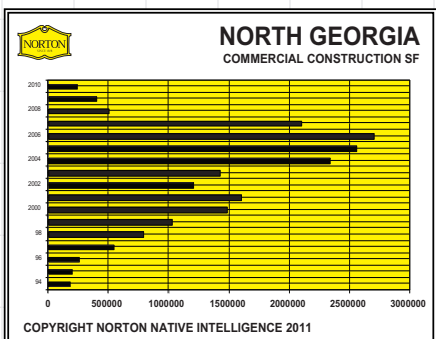
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Month's Supply of Distressed Homes

Month	Supply
Jan	10
Feb	10
Mar	10
Apr	10
May	10
Jun	10
Jul	10
Aug	10
Sep	10
Oct	10
Nov	10
Dec	10

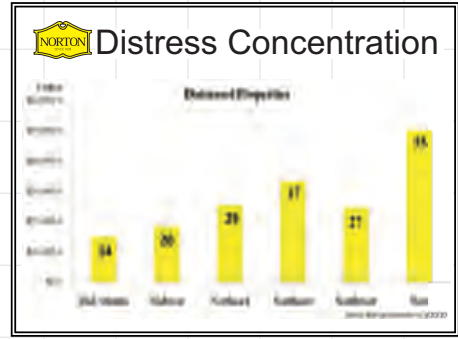
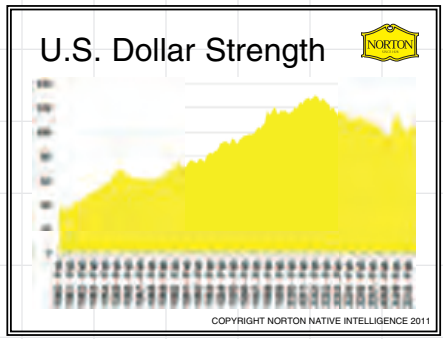
CoreLogic Shadow Inventory Report 11/2010



Economic Outlook

	2007	2008	2009	2010	2011
GDP	2.0%	0.4%	-2.4%	3.1%	2.9%
CPI	2.9%	3.8%	-0.3%	1.5%	1.6%
Job Growth	1.1%	-0.6%	-4.3%	-0.6%	0.9%
Unemployment	4.6%	5.8%	9.3%	9.8%	9.5%

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In North Georgia, what makes us....us?

DICK VALENTINE
President
Untied Community Bank, Hall County

“Lake, mountains, access to Atlanta without being there...work ethic and local culture...diverse industrial base...not just chickens anymore.”

Norton Native Intelligence™ has been tracking North Atlanta and North Georgia business and seeing major movement in industrial business sectors. After hours plumbers are rebuilding systems, transport logistics reporting major surges in flat bed truck movement.

LIFE AFTER THE TAX CREDIT

The Federal Home Buyer’s Tax Credit has died....long live the real market. While many thought the market for home sales would have shrunk and dried up, sales, new contracts for both May and June 2010 exceeded those of May and June 2009. Sure the program was phenomenally successful instigating reduced and stabilized home prices and sales soared. Norton’s residential volume January to April 2010 was 32% ahead of 2009. We ended up with annual gains of 27%.

The economy is improving and consumers once in financial shell shock are relieved that Armageddon did not occur. This means that the public is spending more, strengthening the economy. A stronger economy means job recovery is on the horizon. The more jobs in the market the more demand for housing.

The real story is all about **PRICE**. A house priced right, regardless of a promised tax credit, sells first. The buyer incentives of tax credit match, decorator allowances, club memberships pale in comparison to the incentive of **PRICE**. This coupled with historic low interest rates of 4.5± % fixed 30 year mortgage trump the need for a tax credit. Single family ownership is an American institution and the opportunity widens with below market pricing and aggressive product exposure by brokers like Norton.

RETAIL SITES

The “best of the best” are still commanding premiums. Main Street crossing Main Street sites remain prime. But a parcel 100 feet away not at the intersection with a right- in and right- out curb cut and no median break might as well be in Timbuktu. Retail shells built in anticipation of future growth and at downtown Atlanta rates are empty and forlorn. The owners new or old will have to scratch their heads for alternative uses, churches, schools, medical, government, technical colleges, flea markets or bulldoze back into the earth.

Successful retail development going forward will be in areas with strong residential characteristics, strong and stable business



growth, high barriers of entry (few competitive sites) and fundamentals of micro market demand. Properties will be packaged for long term hold. For retail development, a repeat of 2006 may be 20 years away.

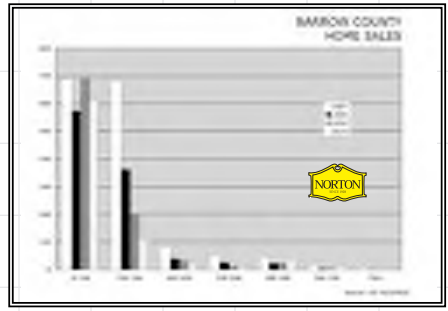
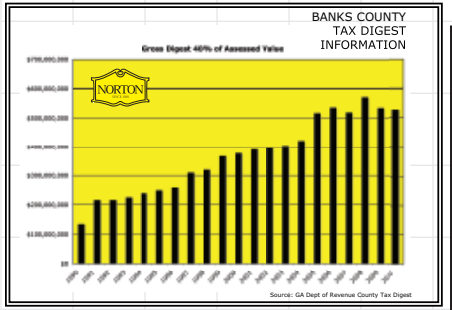
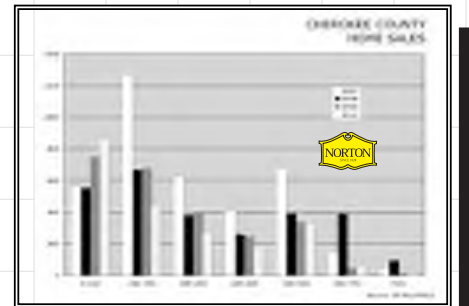
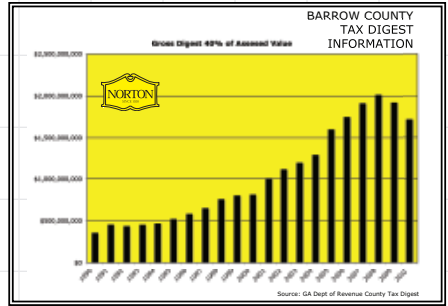
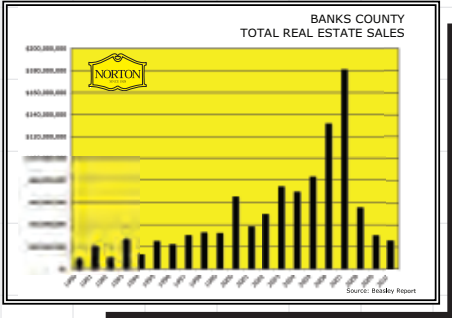
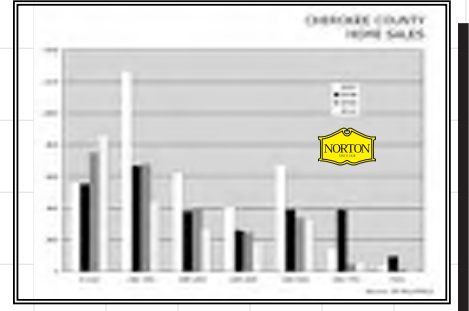
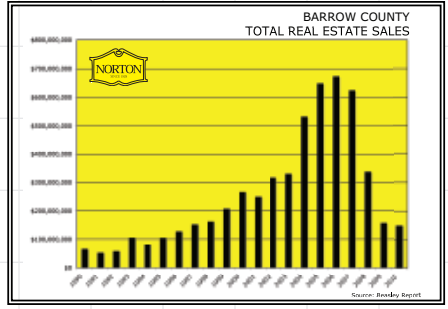
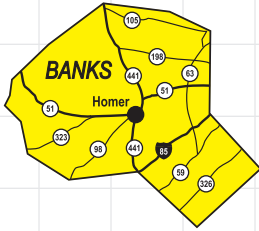
TIMBERLAND

The search for alternative investment strategies has once again focused on long term real estate holding as a hedge against inflation and portfolio diversification. Timberland and long term recreational properties have started to trade as inflated prices have deflated. Buyers are recognizing value and the ability to provide a stable legacy to leave to children and grandchildren. We have seen a number of small timber tracts trade in the 3\$-500K range (\$1800-\$5000 per acre) as buyers sought portfolio diversification. It is important to note that ownership of this asset class has metamorphosized over the past 25 years as ownership of investment grade timberlands in the USA has shifted from the forest product sector to institutional investors, private wealth and publicly traded REIT’s. Individual and corporate investors own more than 21.2 million acres of agricultural land across America, an increase of over 5.3 million acres since 2006.

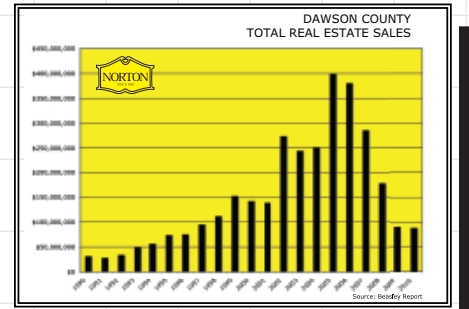
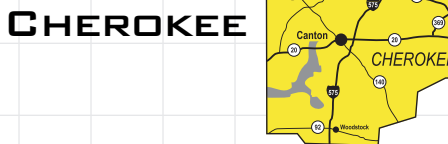
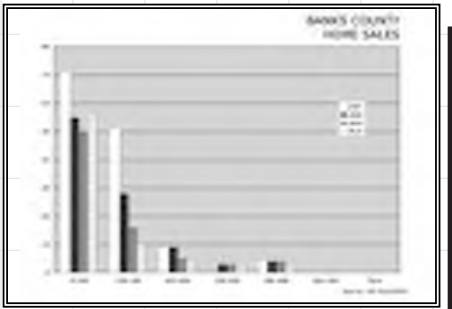
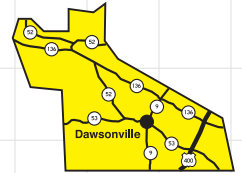
Year	Farm Real Estate Value/Acre	Cropland Value/Acre	Pasture Value/Acre
2010	\$3,900	\$3,690	\$5,400
2009	\$4,100	\$4,050	\$6,000
2008	\$4,300	\$4,540	\$7,450
2007	\$4,350	\$4,290	\$7,850
2006	\$3,800	\$3,620	\$7,100
2005	\$3,140	\$2,740	\$5,500

Land values and cash Rents 2010 Summary, September 2010

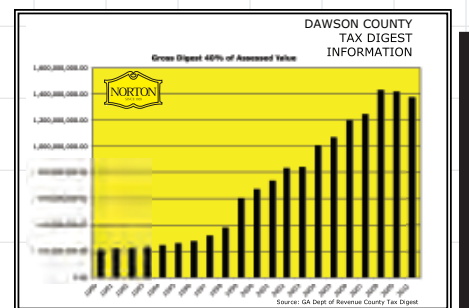
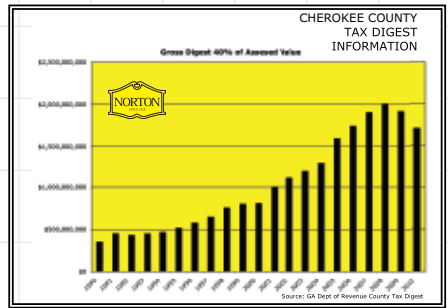
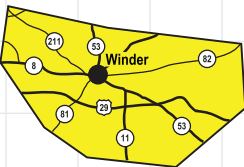
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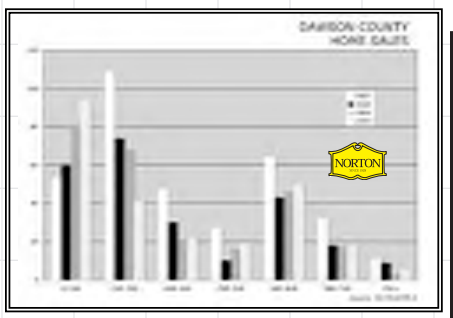


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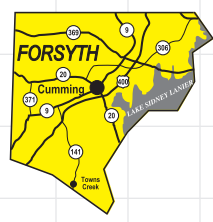


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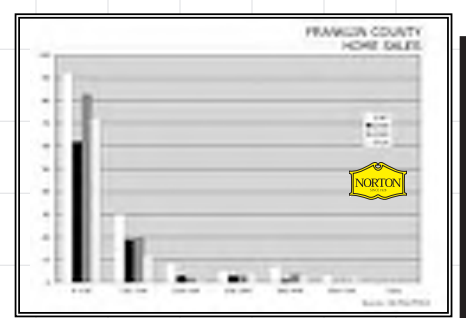
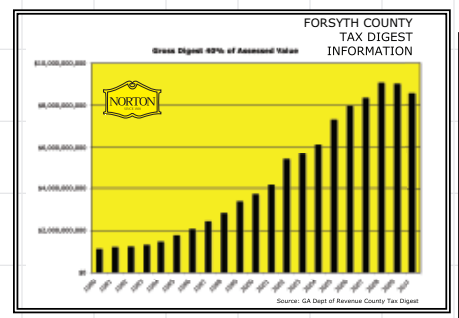
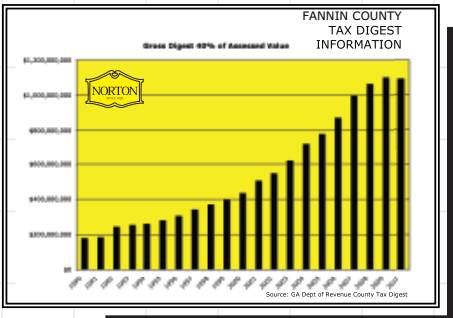
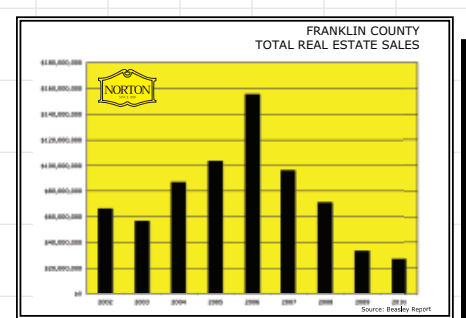
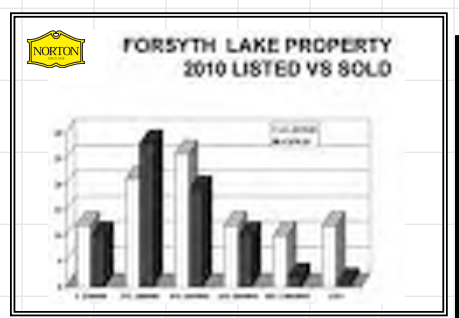
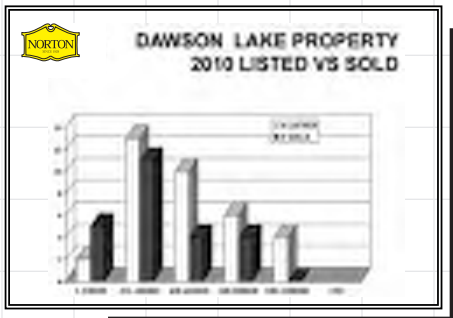
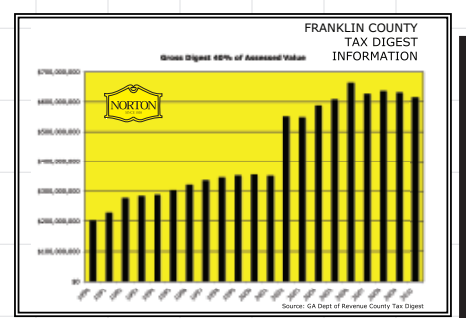
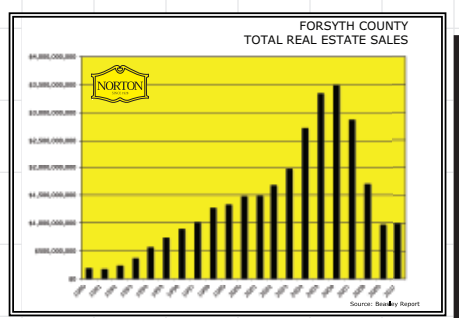
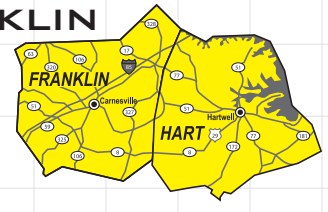




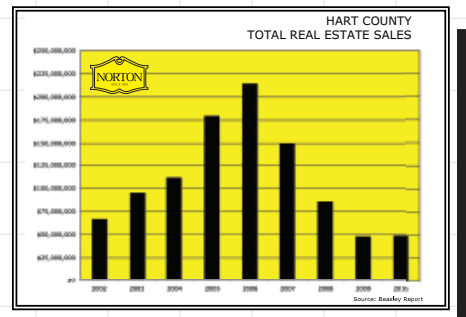
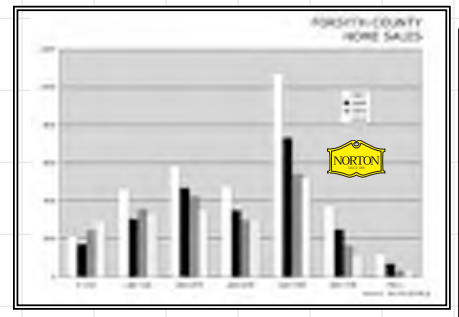
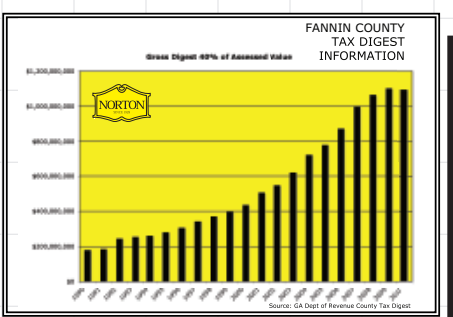
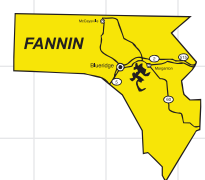
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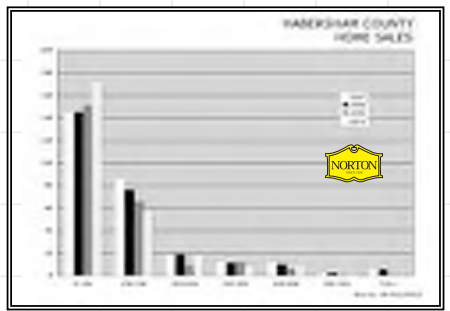
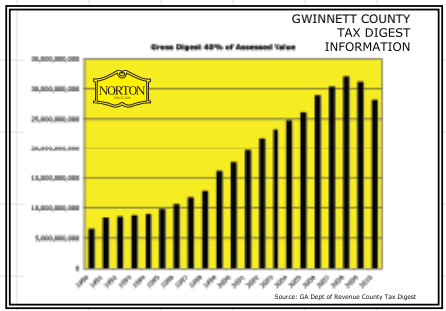
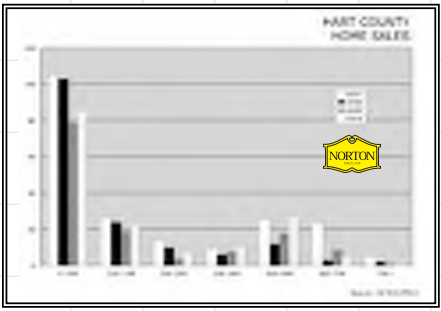
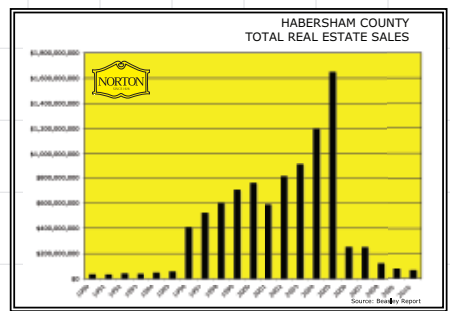
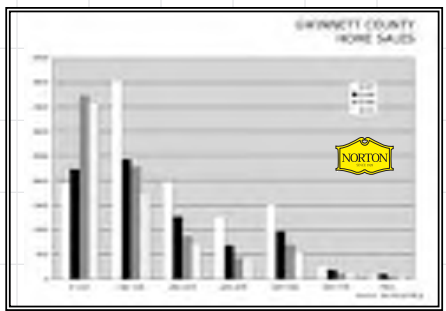
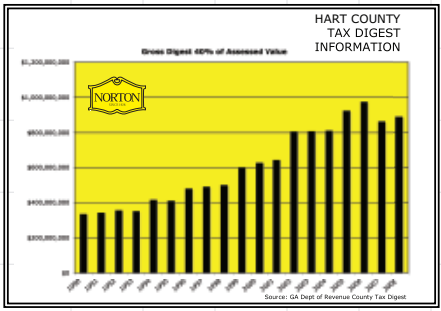


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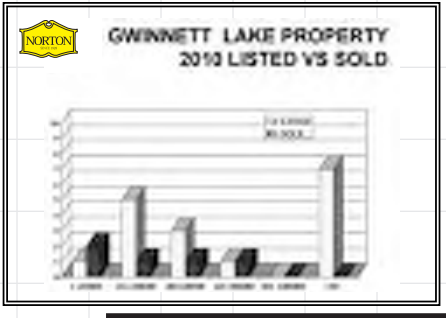
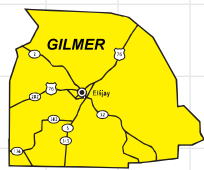


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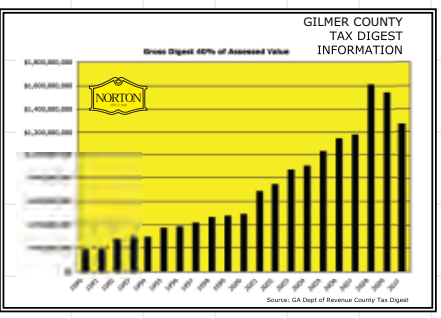
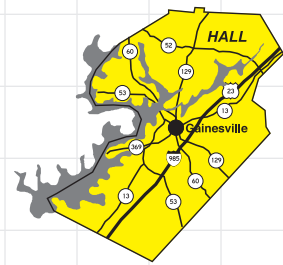




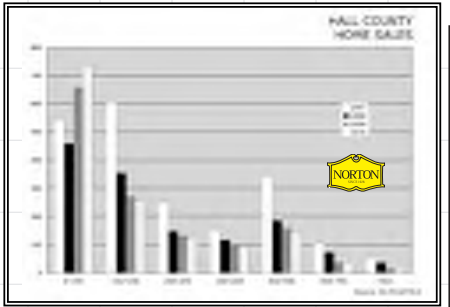
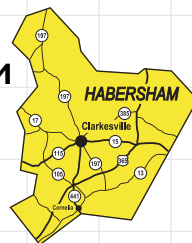
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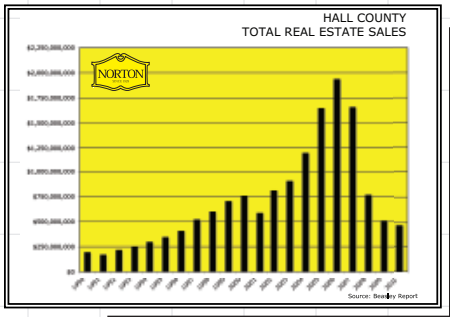
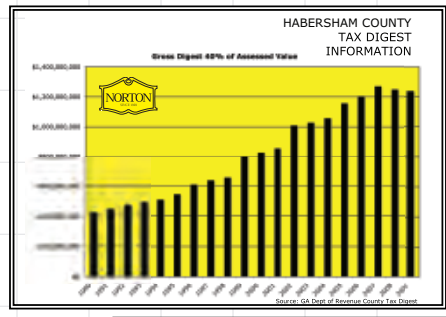
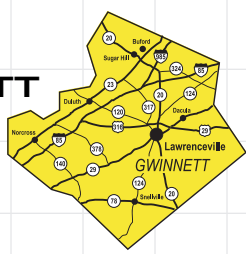
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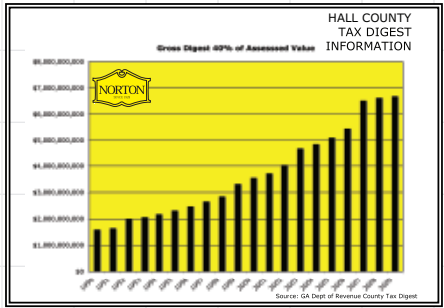


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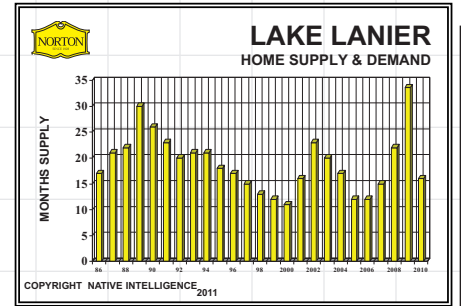
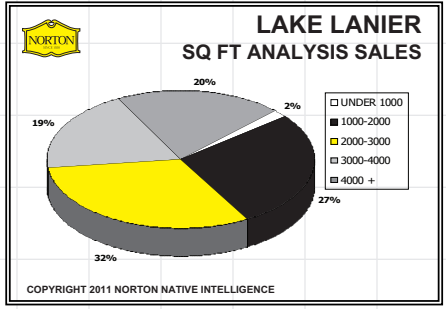
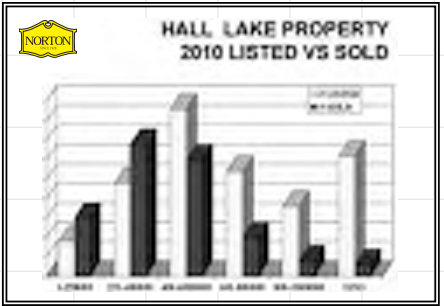
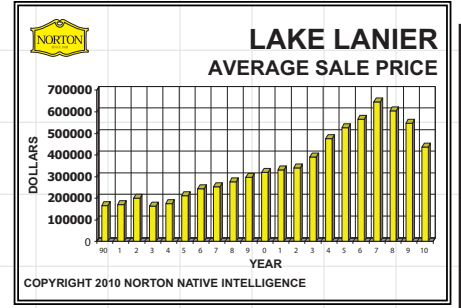
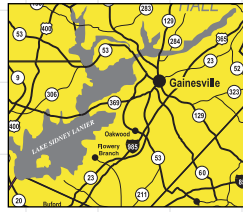


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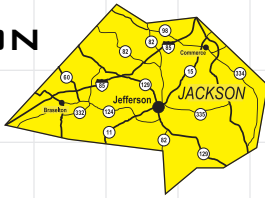




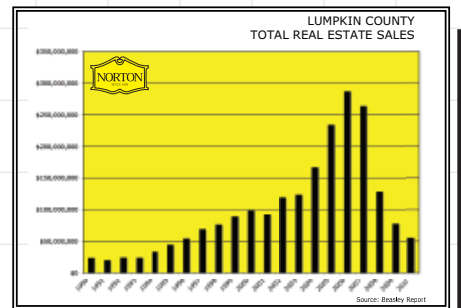
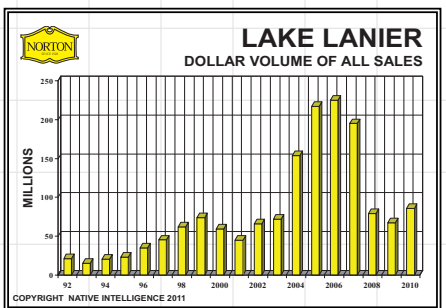
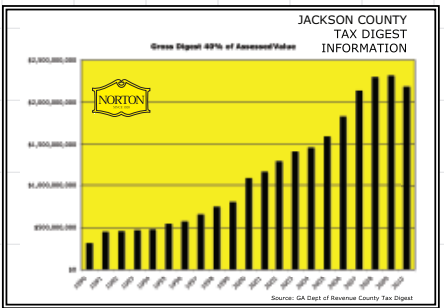
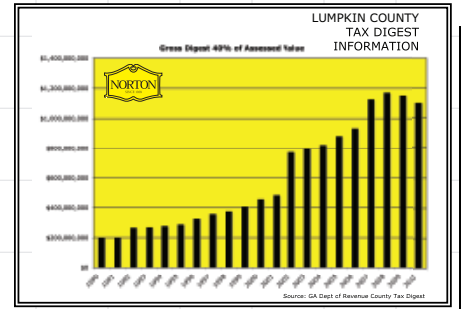
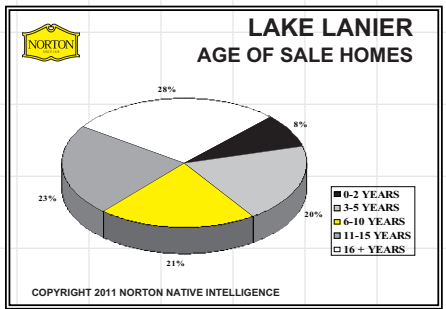
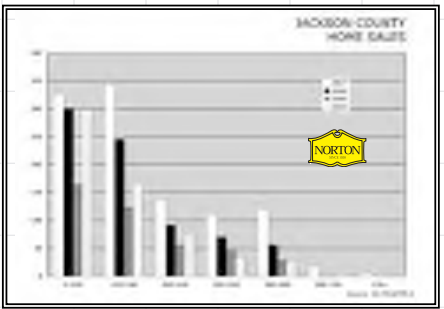
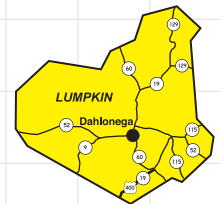
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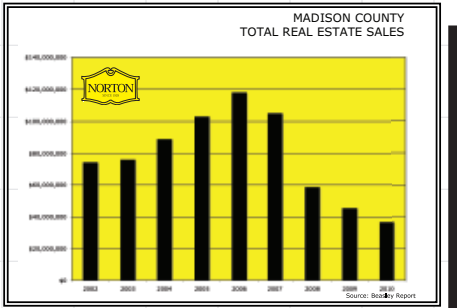
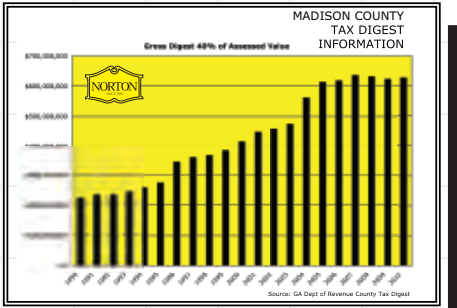
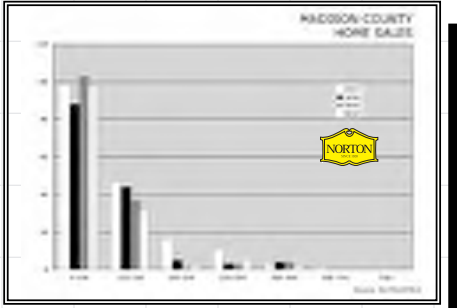
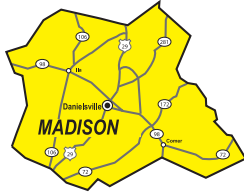
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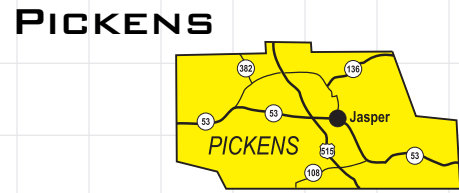
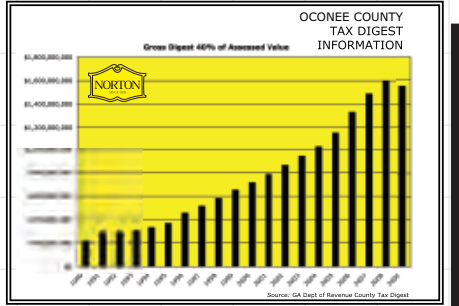
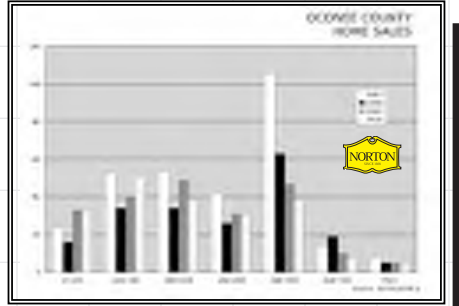
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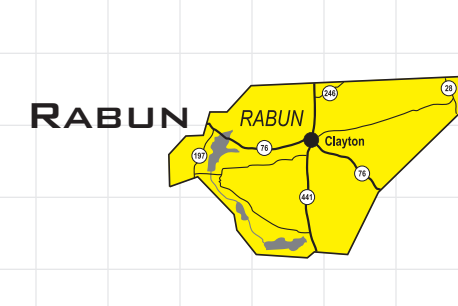
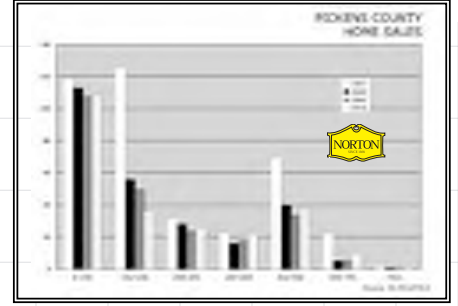
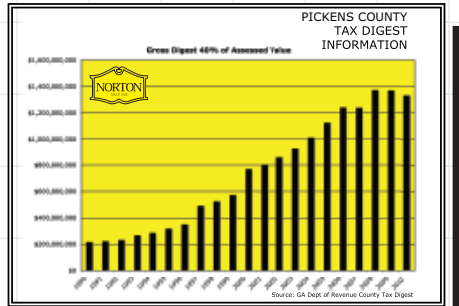
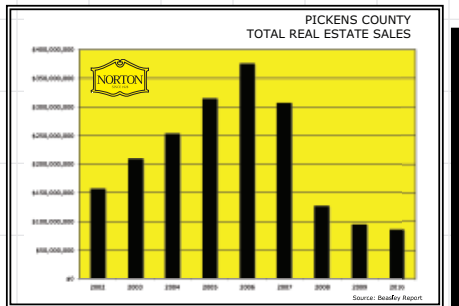
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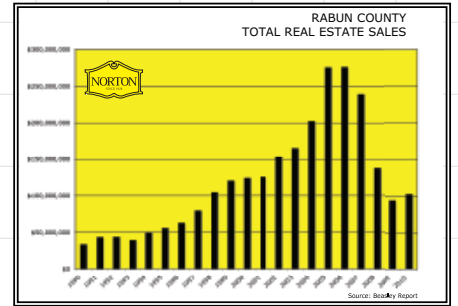
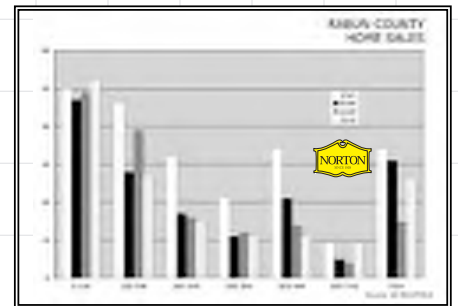
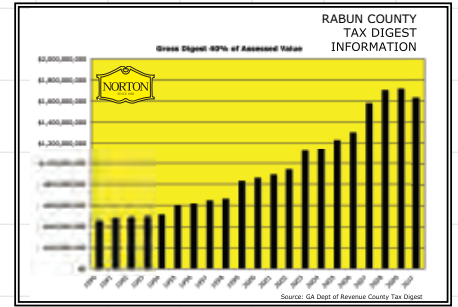
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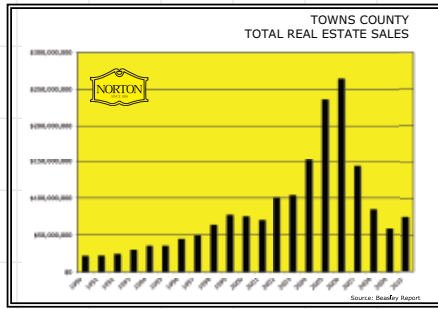
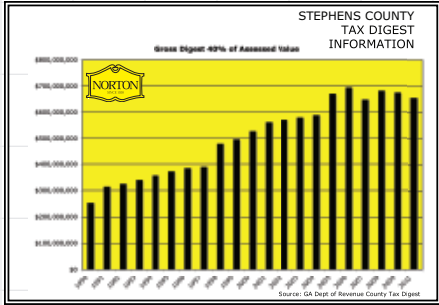
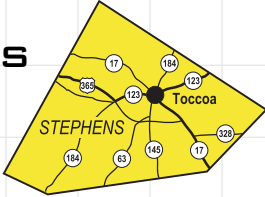
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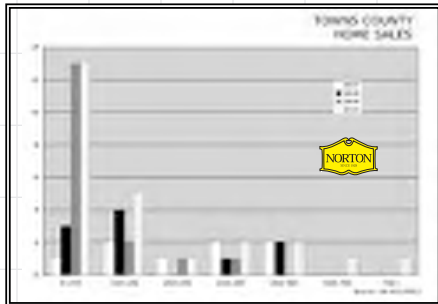
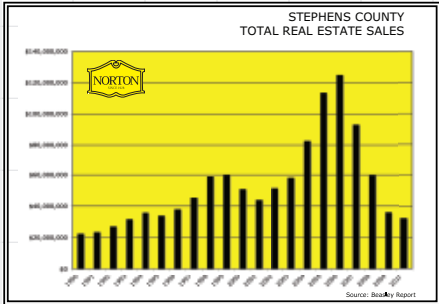
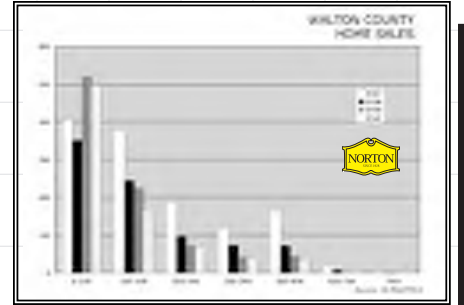
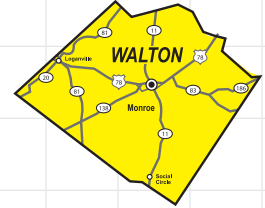
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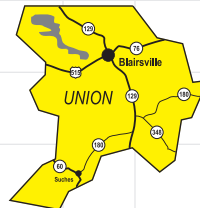
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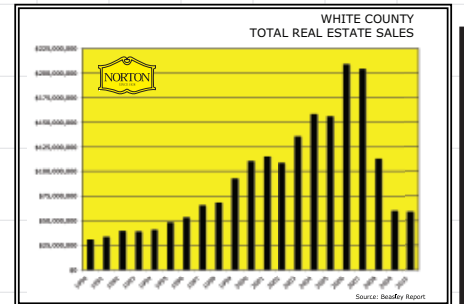
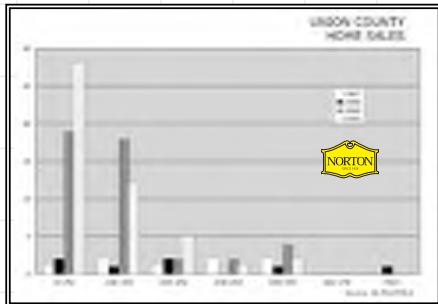
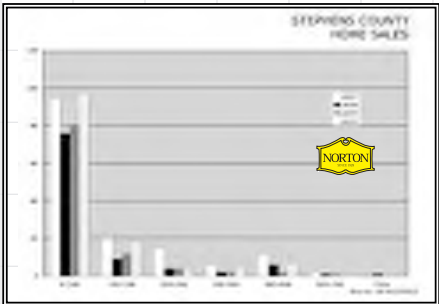
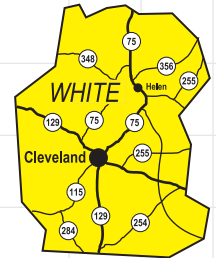
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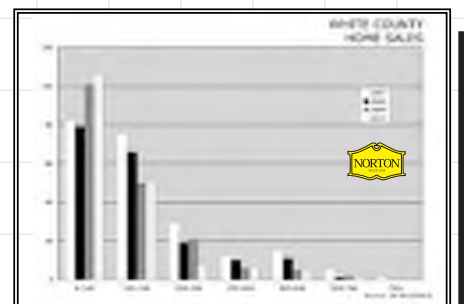
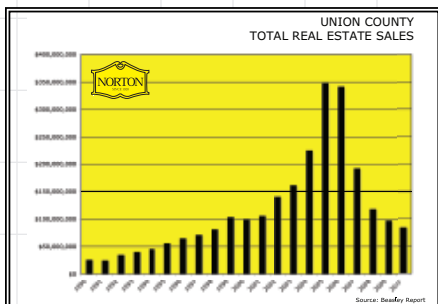
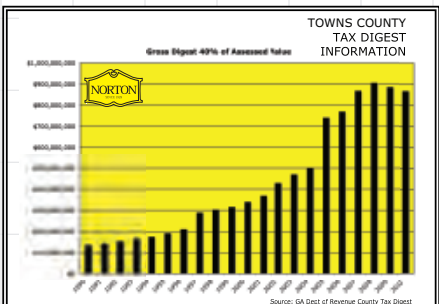
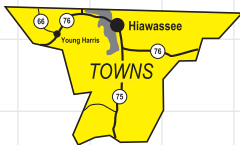
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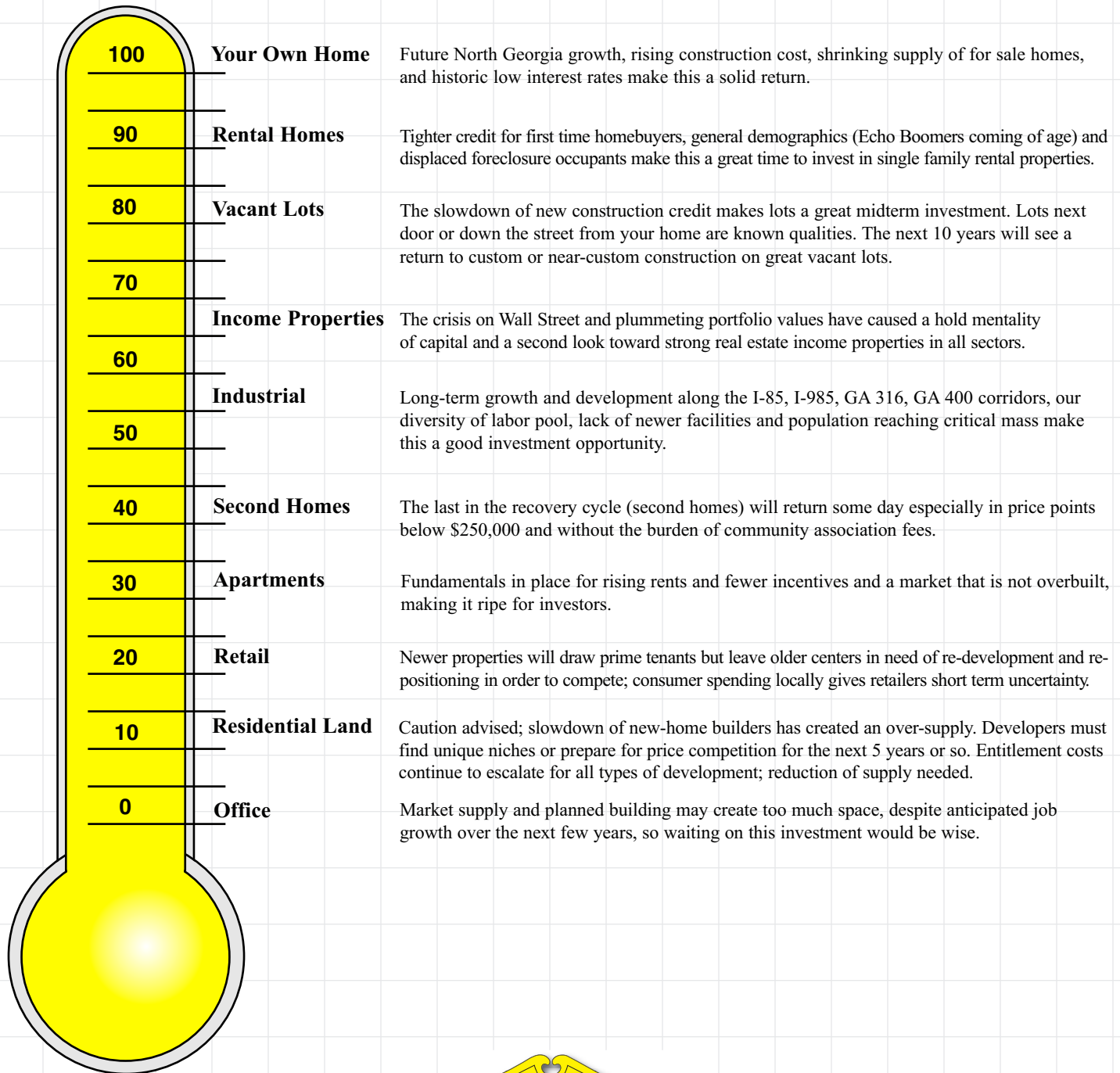
WHITE



TOWNS



NORTH GEORGIA INVESTMENT GAUGE



THE POWER TO PERFORM

— Forty Views continued —

Pat Graham
Former Mayor, City of Braselton

“Our greatest opportunity/challenge is a resolution to the tri-state water war that establishes firm and irreversible water rights to Lake Lanier and other federally controlled reservoirs in the North GA region. Additionally, managing our water resources in a sustainable manner is crucial in order for us to achieve economic prosperity for future generations in our region and state.”

Lee Hawkins, DDS
Former Senator, Georgia 49th District

“I believe that our greatest long term challenge will be providing plentiful water for our growing population and for business. Without an increase in available water, we cannot sustain the present economic environment nor provide for its growth. The lack of available water will limit the potential of this wonderful region.”

Dixie Truelove
Truelove Dairy, Community Volunteer

“Challenge/opportunity: This is a gorgeous area of our state & country. We have it all here - from water to mountains; agriculture to fine dining. It truly is a great place to visit, and I think there is a need for promoting this area and improving roads. While an emphasis is being placed on greater promotion, there is still a need for getting others here. I think for our area to continue to prosper in business, whether it is industry or tourism, we must go ahead and acquire the rights for an east/west corridor across our region. It will never be easy, but it must be done.”

Tommy Jennings
President, Barrow Chamber of Commerce

“The Greatest Challenge is restoring North/Northeast Georgia’s development/real estate/homebuilding community. The housing depression affected so many businesses and investors that the market here is at a precipitous point in time. The opportunity is the availability of raw land at prices unseen in years, and the resulting development by business and industry looking to relocate here.”

Ed Schrader
President, Brenau University

“Maintaining a sufficiently educated workforce to attract and retain mid-level to high level employment opportunities. A more educated workforce results in higher annual tax revenues without raising taxes. Each high school dropout who is replaced by a college graduate in the workforce results in a net \$10,000.00 per year increase in state sales tax revenue.”

**Long-term what is North Georgia’s
greatest challenge/opportunity?**

MAX BURNS
Dean
North Georgia College & State University

“Water. For North Georgia to prosper we must preserve our pristine environment and have the natural resources to continue to meet the demands of growth in our region. If we lose control of our water, we lose control of our destiny.”

**Long-term what is North Georgia’s
greatest challenge/opportunity?**

FRANK GINN
State Senator
Georgia 47th District

“Developing leadership with the backbone to address politically sensitive issues. Call a spade a spade.”

Rope Roberts
Regional Economic Development Director, Georgia Power

“The greatest challenge/opportunity is for local governments (city & county) to work with the private sector to plan and build their communities to encourage the desired growth. This includes government removing barriers that will help start and sustain businesses in order to grow their economic base while the private sector should work with the government to build what they plan for is the desired growth.”

Butch Miller
State Senator, Georgia 49th District

“Both the greatest challenge and opportunity rests in reaching a long term agreement on the water in Lake Lanier. We have this great resource sitting right outside our window, but its future is uncertain until we have a pact with Alabama and Florida. We have other issues, such as attracting new jobs, but our first goal must be reaching a settlement on water.”

Tom Graves
Congressman, 9th District Georgia

“Georgia’s greatest challenge – and opportunity – is job growth and economic development. Georgia was able to position itself for strong economic growth over the past 30 years by keeping taxes low and resisting excessive regulation. Just the same, Georgia is positioned for strong growth over the next 30 years as it continues to provide a level playing field for all of its citizens by keeping its commitment to a pro-entrepreneurial, pro-business economic environment.”

If you had one economic wish for your county, this region or state, what would it be?

Dick Valentine
President
United Community Bank, Hall County

“Solve the water issue and designate Lake Lanier properly for its use over the last 50 years”

Max Burns
Dean; Mike Cottrell School of Business
North Georgia College & State University

“A highly skilled workforce. The key to our economic future is a skilled workforce. It attracts entrepreneurs, start-ups, expansion minded enterprises and even the major players. There are three fundamentals to economic growth: infrastructure, a skilled workforce and leadership. It’s time to develop the workforce of the 21st Century.”

Buster Evans

Superintendent, Forsyth County School System

“Reduction of unemployment levels for the State to below the 6 percent rank with county and region rates dropping proportionately.”

Brian Willman

Senior Vice President, Community Bank Executive Georgia & South Carolina, Regions Bank

“That we would have unemployment around 6% and that we would develop some type of niche industry that our surrounding states like SC and Alabama have done, i.e. NASA and Automotive.”

Mike Berg

Chairman, Dawson County

“Balanced growth.”

Martha Nesbitt

President, Gainesville State College

“One economic wish: that our unemployment rate would be as low as possible. I believe that part of that requires a well-diversified economic base so that the downturn in one or two sectors does not have a traumatic effect on the whole economy.”

Jim Mathis

President, North Georgia Community Foundation

“Sustainable job growth: Jobs are the engine of a healthy economy. We have been very fortunate over the years to attract new jobs that are a good fit for our region. We must continue to seek and acquire quality jobs that will sustain our economy over the long term.”

James McCoy

President, Forsyth County Chamber of Commerce

“To create a meaningful focus and strategy on the primary infrastructure issues that will leverage greater investment in the region. Creating an integrated approach to access water, great transportation and high quality education opportunities will push us well ahead of other regions in the country.”

Michael Adams

President, University of Georgia

“This country, this state, and every school district within Georgia should view education as an investment with a high return, not an expense. That does not mean that we should not be prudent when it comes to spending. But every indicator shows that an educated citizenry is a productive citizenry, and that the very success of our society is dependent upon that. The founding fathers of our state believed in that concept, and they said as much 225 years ago in the University of Georgia’s charter. I am concerned that we are falling behind in that investment. Some states around us have much higher investments in students, as do many other nations around the world. We must remember that we are competing globally for talent and the world economy will create good jobs around highly skilled and trained people.”

Tom Oliver

Chairman, Hall County Commission

“For the FDIC to participate with local banks to create opportunities for local businesses.”

Will Schofield

Superintendent, Hall County School System

“To live within our means and realize that we all have an obligation to support, financially and with our talents, the services we have come to expect.”

In North Georgia, what makes us....us?

Andy Oxley

Chief Operating Officer

Mid South Region

D.R. Horton, Inc.

“Resiliency and the belief that it will always get better.”

Philip Wilheit

President, Wilheit Packaging

“My economic wish for our community would be that we continue to add quality manufacturing industry to our tax base to provide the jobs for our citizens that will give them a higher quality of life. I think with the leadership that we have in place at the Capitol certainly puts us in a good position to prosper.”

Charles Laughinghouse

Former Chairman, Forsyth County Commission

“My one wish would be for a network of reservoirs linked together to provide an adequate supply of water for the region.”

Shane Short

President, Jackson County Chamber of Commerce

“My wish is that as a region we can provide quality jobs with good salaries for our people. Too many have to commute out of the region for their employment.”

In North Georgia, what makes us....us?

DENISE DEAL

Community Volunteer

“We are connected! – Commerce from this community reaches the far corners of our World and we often lose sight of this perspective. We have community, we have historical perspective and we are one of the most philanthropic communities/regions in the State – we get it! We get that you can have the small town feeling of connectedness and yet operate on a global perspective. You can raise a family here and call it home, and be very successful professionally. That combination is gold – maintaining it and protecting it – that is platinum! This community and region have the global perspective to take us to the next level – never let a far-reaching horizon stand in the way of positive progress! Set a goal, surround yourself with great leaders and go for it!”

Kit Dunlap

President, Greater Hall Chamber of Commerce

“The “water wars” between GA, AL and FL were solved. Congress has to reauthorize Lake Lanier as a drinking water source.”

Hunter Bicknell

Chairman, Jackson County Commission

“Additional lanes on Interstate 85 from the I-985 split to South Carolina.”

John Dillard

President, Dillard House

“Restore the energy the state had under Gov. Carl Sanders.”

Andy Oxley

Chief Operating Officer, Mid South Region, D.R. Horton, Inc.

“That the last four years had not happened and affected so many great people in the industry.”

Mike Cottrell

President, Cottrell Industries

“My one economic wish for my county the region and the state is that we would get serious about economic development. We no not do enough compared to other states to compel companies to locate, relocate or expand to our state. Also, we need to improve our transportation system. A northern East-West connector between I-75 and I-85 would be instrumental.”

Denise Deal

Community Volunteer

“Regionally speaking – Create a major hotel/conference center on Lake Lanier that combines a high-end retail element (or use an existing facility to do the same). Statewide perspective – Make Georgia the place to be

for bio/medical and life sciences business – we have the structure in place with some tweaking. We need to make it a priority.”

R. Perry Tomlinson

Regional President, North Georgia Region, Branch Banking & Trust Co.

“More tourist destination points and discretionary spending available.”

Pat Graham

Former Mayor, City of Braselton

“The economic downturn has resulted in unemployment levels in excess of 10%. Our once flourishing economy was far too dependent upon the residential housing market. My economic wish is for job growth across a broad range of sectors including; manufacturing, medical, distribution, and bio-technology, and tourism.”

Lee Hawkins, DDS

Former Senator, Georgia 49th District

“My economic wish would be for a plentiful job market that encourages and enables people to climb the ladder of success with greater opportunities for employment. Our state needs to provide a pro growth business environment and reform the state tax code so as to improve Georgia’s competitiveness in attracting new business, while also focusing on job retention. Improving our economic future, job creation, and reducing unemployment will provide for the potential of improving the quality of life for all citizens.”

Darrell Snyder

Regional Area Manager, Georgia Power Company

“More jobs. Continued success in recruiting new businesses and industries to our State and community is a primary need.”

Tommy Jennings

President, Barrow Chamber of Commerce

“More available buildings ready for move-in for industry. The inability of those who might build these buildings to get financing, and the resultant lack of available buildings has hampered the industrial growth in Barrow County. As far as the region is concerned, the assured availability of water, to convince companies that question the future, is paramount. For the state, a better source of funding for roads than the now-mandated Regional SPLOST, I think makes more sense. An .02 increase in the gas tax, dedicated strictly to roads, seems to be a better sell.”

Frank Ginn

State Senator, Georgia 47th District

“Full employment in jobs which produce globally marketable goods and services. Everything can’t come from China unless we become Chinese.”

Ed Schrader

President, Brenau University

“Stop the statewide effort to reduce budget expenses by firing and/or not replacing public school teachers. Reverse the statewide trend to reduce funding to schools. For the first time in history, last year the per capita income in North Carolina was higher than Georgia. They did that solely by increasing the percentage of college graduates in their workforce.”

Rope Roberts:

Regional Economic Development Director, Georgia Power

“My one wish for this region is for each community to find its strength(s) and build upon it to grow their community in its own unique way. It is the flavor of this region that attracts visitors, newcomers, businesses, and industries. We have regional hubs and rural areas that support the other and are interdependent upon each other’s survival. We must embrace who we are and strive to sustain an economic base that is right for each community.”

If you had one economic wish for your county, this region or state, what would it be?

DIXIE TRUELOVE

**Truelove Dairy
Community Volunteer**

“Agriculture is such a big reason that Hall County and this region has prospered, I would hope that never becomes a memory. As our elected officials, continue to be farther removed from a working farm, my wish would be that a farmers’ voice is always heard. I continue to be amazed at the abilities of the American Farmer, and the fact that, as a group, they are innovative and willing to try new ideas. Agriculture is an economic boom to our county, region, and state through jobs created in the processing and manufacturing industry to the family farm that requires very few services from the county. May we never forget their vital addition to our economic prosperity.”

Butch Miller
State Senator, Georgia 49th District

“For every man and woman seeking work to find a career, I would wish that this region could land a major employer who would generate many jobs and become an economic catalyst for North Georgia.”

Tom Graves
Congressman, 9th District Georgia

“My one economic wish for Georgia is for the federal government to step back. Our economy performs best when federal regulation is kept within its Constitutional bounds and the economic engine is allowed to return to full throttle through an empowered private sector. By limiting the heavy hand of the federal government in Georgia, I hope to give the state legislature and local governments the ability to pursue pro-business economic initiatives without the constraints of Washington red tape.”

In North Georgia, what makes us....us?

Max Burns
Dean; Mike Cottrell School of Business, North Georgia College & State University

“The people! A strong, resilient, hard-working lot. The people of North Georgia want a prosperous region, but one that preserves our heritage and pristine beauty. We all love this region, but hey....its an easy place to love!”

Lauren “Bubba” McDonald
Georgia Public Service Commission

“Our people, faith and compassion for our fellow man.”

Buster Evans
Superintendent, Forsyth County School System

“The high value placed on quality of life issues to include economic prosperity, healthcare, education and recreational opportunity.”

Brian Willman
Senior Vice President, Community Bank Executive Georgia & South Carolina, Regions Bank

“Great location close to city and country life at the same time.”

Mike Berg
Chairman, Dawson County

“It’s people and its topography.”

Martha Nesbitt
President, Gainesville State College

“The best part of North Georgia: beautiful part of the state with Lake Lanier, rivers, foothills and mountains, wonderful recreational facilities, fairly diversified economic base, quality higher education and medical care, and many citizens who give of their time and resources to make North Georgia a better place to live, work, and play.”

In North Georgia, what makes us....us?

John Dillard
President
Dillard House

“REAL PEOPLE rather than the phonies found in many parts of the country.”

Long-term what is North Georgia’s greatest challenge/opportunity?

CHARLES LAUGHINGHOUSE
Former Chairman
Forsyth County Commission

“Water! An adequate water supply is critical to the economic survival of the North Georgia region.

The water issue provides a great opportunity for the governments in the North Georgia region to work together to ensure the survival of the area.”

Jim Walters
President, Walters Management

“Our natural resources are second to no other region in Georgia, i.e., Lake Lanier to the N. Ga. Mountains. We are blessed with a stable agricultural economy that has fueled the growth and development of one of the State’s best regional Hospitals, an enviable school system, and the philanthropic endeavors that will boggle the mind of most other areas of the State.”

James McCoy
President, Forsyth County Chamber of Commerce

“We are people that highly value independence, seek out new opportunities to improve our future, know our past doesn’t limit us but makes us stronger and willing to sacrifice a little today for a greater run tomorrow.”

Martha Zoller
Radio Talk Host, WXKT 103.7 FM

“The perfect blend of faith and history, people and venue. North Georgia is the place for families.”

Michael Adams
President, University of Georgia

“Two things make North Georgia special: its diversity and its location. The North Georgia region offers a great mix of settings from metropolitan living like in Duluth, high density small towns, like Athens and Gainesville, volume industry corridors such as Dalton and Commerce, bucolic mountain settings in Clayton and Hiawassee, agriculture and

If you had one economic wish for your county, this region or state, what would it be?

JACKIE WALLACE
President, United Way of Hall County

“I wish our city and county governments could lay aside their differences and truly work together. It’s disappointing when politics take precedence over needs. If Hall County had a strong unified government, I believe we would be well positioned to face whatever challenges come our way.”

farming towns like Winder. Spread all throughout the region is a diversity of very good state colleges and universities. The great thing about the location is that North Georgia is the primary corridor through which those on the east coast must pass to land in a major economic center like Atlanta. The potential for growth in this geographic region offers great promise.”

Tom Oliver
Chairman, Hall County Commission

“I believe it is the mountains, the lake, the climate and the employment opportunities that have created the great quality of life.”

Philip Wilheit
President, Wilheit Packaging

“An old cliché, but it is true, it is our people that make us unique. I have heard this from industry leaders that have moved into our area for the last 40 years. They are always impressed with the quality of our people, the work ethic they display on a daily basis. I think there are other things as well—more tangible that make us who we are—Lake Lanier, the close proximity to Atlanta to the south and the mountains to the north, our great access to transportation—Highways 400, 985, and I-85 make us a natural hub for distribution. Our local education facilities from k-12 and on to Higher Education, Brenau University, Gainesville State College, North Georgia State College, Lanier Tech, The Featherbone Community. And then there are some of our unique social services such as: Eagle Ranch, Challenged Child, Good News at Noon and Good News at Noon Health and Dental Center, Centerpoint, etc. No other community has these types of organizations and it makes me very proud to be a part of them.”

Charles Laughinghouse
Former Chairman, Forsyth County Commission

“The Quality of Life the region provides - education, recreation, opportunity.”

Shane Short
President, Jackson County Chamber of Commerce

“In North Georgia what makes us the greatest place to live, work, and play is our people. People in North Georgia are committed, hard working, friendly people. That distinguishes us from others because there is a true sense of community here.”

George Allen
Chairman, Rabun County Development Authority

“The friendliness of the people and the livability”

Hunter Bicknell
Chairman, Jackson County Commission

“North Georgia is defined by its natural beauty, open spaces and the character of our hard working self reliant people.”

Jackie Wallace
President, United Way of Hall County

“Hall County has a wonderful variety of educational institutions including public and private schools, military and single gender college prep academies and incredible options for post secondary education. In addition, access to exceptional healthcare that is second to none is unique to Hall County. Hall County also can boast of a plethora of quality non-profit organizations that are working hard every day to meet the needs of our residents.”

Mike Cottrell
President, Cottrell Industries

“North Georgia has some of the most beautiful landscape in the country and surely the most scenic in the state. We have a remarkable history that

If you had one economic wish for your county, this region or state, what would it be?

GEORGE ALLEN
Chairman
Rabun County Development Authority

“That the State’s economic development incentives would be more conducive to small communities.”

dates back to this country’s foundings and our quality of life is extraordinary. As a result, tourism is the number one industry and in general people are proud of their communities and care about the future of the region.”

Paul Broun
Congressman, 10th District Georgia

“North Georgia is such a wonderful place to live because it is rich in diversity. Geographically, the region boasts majestic mountains, rushing rivers, tranquil lakes, open farmland, striking vineyards, graceful falls, quiet country communities, and bustling tourist towns. Culturally, it features well-known festivals and fairs, authentic Appalachian art, and historical artifacts from Native American society. Additionally, North Georgia offers high quality education, however, without a doubt, the people are North Georgia’s most valuable asset. Researchers, farmers, businessmen and women, students, and our residents are hardworking and responsible individuals who daily demonstrate love for our great nation, community, faith, and family.”

If you had one economic wish for your county, this region or state, what would it be?

PAUL BROUN, MD
Congressman, 10th District Georgia

“Economic freedom for Georgians is my wish. As a strict, original intent Constitutionalist, it is my number one priority to build a bridge to transfer power from the federal government back to the “states and the people.” Much of the bureaucracy created in Washington results in waste and abuse of Georgians’ tax dollars. By transferring power back, the states will inherit economic control, and as a result, freedom. Rather than send your tax dollars to Washington and allow bureaucrats to continue to spend your hard-earned money, let’s keep it in Georgia and allow the people to choose when, where and how to spend their money.”

If you had one economic wish for your county, this region or state, what would it be?

LAUREN "BUBBA" MCDONALD
Georgia Public Service Commission

"Less government at all levels, let free enterprise be free."

Steve Gooch
State Senator, Georgia 51st District

"North Georgia is very fortunate with its diversity of farming, tourism, and its close proximity to Metro Atlanta. Within a one hour drive of our region is a population of nearly 5 million people, the world's busiest airport, major sporting arenas, home to numerous fortune 500 companies, world class museums and cultural arts, and major research institutions. We will succeed while others flounder simply because of the economic assets surrounding us."

Lee Hawkins
Former Senator, Georgia 49th District

"North Georgians enjoy a quality of life that is supported by our economic diversity, natural resources, and the availability of outstanding education and healthcare. We remember our conservative values, while looking to the future. The value of faith, family, and integrity are ever present in lives of the people of North Georgia. I believe that is what makes us ... us."

R. Perry Tomlinson
Regional President, North Georgia Region, Branch Banking & Trust Co.

"What makes us: In contrast to Atlanta, the local feel of a community. Our natural resources of lakes and mountains. Our people and how they interact with visitors and newcomers to the area."

Pat Graham
Former Mayor, City of Braselton

"We have an abundance of picturesque towns and cities, resorts & conference centers, recreational opportunities, and a multitude of tourist attractions that, if effectively marketed, can provide a great source of economic benefit to our North Georgia region. We are an area that is attractive to new businesses and offers a high quality of life to our residents. As our economy begins to improve so will the economic vitality of our region."

Darrell Snyder
Regional Area Manager, Georgia Power Company

"Quality of Life makes North Georgia a special and unique place to live. With everything from Lakes and Mountains to sporting events and shopping, North Georgia is a great place to work, enjoy the many recreational activities that are available, and raise a family or retire. The tremendous philanthropy in the area also shows how much people care for each other."

Dixie Truelove
Truelove Dairy, Community Volunteer

"Us: It has to be the people. Those who came before us were strong, forward thinking individuals who assumed they could accomplish anything - or felt there was nothing to lose. They have been an inspiration to many of us and passed along an understanding of working

together to make our community great. It will always be the people who make a community one that others want to be a part of. We have been blessed with those in our community who believe in service, and living in a beautiful area of our state is a bonus!"

Tommy Jennings
President, Barrow Chamber of Commerce

"The can-do spirit of welcoming the growth, and working to make North Georgia better because of it, makes us ...us. The resilience of a battered economy, getting off the ground to make the next day better makes us ...us. And knowing the leadership of State Government is taking an active interest in North Georgia ought to make us ... more of us."

Frank Ginn
State Senator, Georgia 47th District

"History of good work ethic with pride in community. Nice to have a mainly non-union labor force."

Ed Schrader
President, Brenau University

"A more diverse but generally better educated population than most of rural Georgia. Here, I mean diverse regarding geographic and professional background as well as ethnic implications."

Rope Roberts
Regional Economic Development Director, Georgia Power

"The geography, topography and climate makes us different from other parts of Georgia. However, the patchwork of the unique communities spread across the region collectively make us what we are."

Butch Miller
State Senator, Georgia 49th District

"We have a great quality of life and a sense of community. We are far enough away from Atlanta that we have our own identification. People are proud to live here and more and more people want to come here."

Tom Graves
Congressman, 9th District Georgia

"North Georgia is known for the importance it places on heritage, hard work, and hospitality. These values are more important than ever today – growth in our region has occurred in large part because of those values, and they are why North Georgia will continue to be a great place to live, work, play, and raise a family."

Long-term what is North Georgia's greatest challenge/opportunity?

JAMES MCCOY
President
Forsyth County Chamber of Commerce

"Maintaining and expanding the infrastructure that sustains and will grow our economy. Water (and access to managing it) is top of the list. However, transportation infrastructure, education (secondary and higher education) and technology infrastructure are critically important. These are big investments needed to leverage new opportunities."

**A HOUSING SOLUTION
AN ECONOMIC SOLUTION
A NATIONAL SOLUTION**

Housing, home ownership, construction, renovation, development and the chain of material goods filling them are the bedrock of the American Economy. Some reports place the housing industry and its associated components accounting for as much as 30% of the Gross National Product, GNP. **Growth**, America's growth may also be our nation's largest industry when you take into the mix lending, construction, marketing, household goods and services.

The recent boom to bust economic collapse sharply points to the importance of a stable housing market and the financial security of America's citizens. The shaken public has been pelted with soaring foreclosure rates, the exposure of predatory lending practices, hyperinflated home prices—then collapse and mortgage rate interest resets. The homeowners' tax credit program is predicated, upon expiration, to successfully remove some 4 million homes from inventory, but inventories of unsold properties remain at historic levels.

New Homes & Condos Available ⁽¹⁾	500,000 Homes
Resale Homes For Sale ⁽²⁾	3,500,000 Homes
Phantom Foreclosure Inventory ⁽³⁾	1,500,000 Homes
Vacant Developed Lot Inventory ⁽⁴⁾	2,500,000 Lots
Potential Home Mortgage resets 2010-2012 ⁽⁵⁾	3,000,000 Homes
Foreclosures 2009 ⁽⁶⁾	2,600,000 Homes

Source 1 - Census NAR Estimates
2 - National Association of Realtors
3 - Forbes Magazine
4 - Metrostudy
5 - Credit Suisse
6 - Realty Trac

In today's economic climate and investment uncertainty, personally held IRAs, Roth IRAs and 401K plans, while protected from access, have also taken a performance beating. It is estimated that over 1.4 trillion dollars is held in such accounts. The values were decimated in 2008 with slight recovery in 2009. More over, substantial amounts have been moved out of the stock market or indices and are sitting sidelined, untouchable, stagnant in value, but protected from further market losses.

The **bold** solution to the housing based economy is to create a new IRA class of product called the **HOME IRA**, allowing a portion – not all – of one's personal IRA, SEP IRA or 401K to be invested in an individual's personal home, second home or rental property. This new investment class, with modern technology can be tracked separately as a unit of a taxpayer's retirement account just as stock indices, mutual funds or long term CDs are recorded. While not as liquid as other investments, the HOME IRA provides the participant a degree of safety, security and comfort unlike other investment vehicles.

Of course, many safeguards would need to be written into the legislation and IRA mechanics such as:

- No more than 50% of cumulative household IRA, 401K or SEP IRA could be applied to a **HOME IRA**.
- There would be a prohibition of home equity loans against the pledged collateral while the **HOME IRA** is in use.
- The **HOME IRA** could only be used for homeowner down payment, loan reduction/restructure or substantial remodeling, but ordinary upkeep or repair of a home would be prohibited.
- A required third party appraisal for price/investment verification every five years would help monitor and adjust portfolio value.
- Qualifying properties must be within the 50 US states.

The benefits of such a HOME IRA product would ripple through the American economy thousandfold.

- The **HOME IRA** stabilizes the housing market, stimulates both new purchases and major home renovation while continuing to remove outstanding product inventories.
- The provision would allow **HOME IRA** funds to pay down large outstanding mortgages freeing up ordinary taxpayer cash to flow back into the American economy thus stimulating the same.
- Allows the taxpayer using **HOME IRAs** to diversify their personal retirement portfolios through real estate ownership.
- Encourages lower and middle class income groups to invest through the **HOME IRA**, 401K products in order to take future advantage of real estate investment opportunities in personal home ownership.
- The "renovation" feature stimulates the home building, construction component and products supply chain and strengthens small business resulting in stabilization of employment which moves the economy toward full employment.
- Returns small home rental opportunities and investment to the middle class taxpayer and allows local taxpayers to invest money back into their local economy. It also creates a pool of potential rental home inventory, reducing the number of resale homes and provides affordable housing opportunities.
- Stabilizes the hard hit second home markets in Colorado, Florida, the mountain cabin regions and along both coasts, through the access to IRA/401K funds and makes those investments part of a taxpayers overall retirement program.

Conclusion

It is imperative the US economy return to its vibrant dominance on the world stage. Domestic production and employment are critical to the full recovery of our economy and real estate is the leading and integral component. The HOME IRA product and modification to current IRA, 401K regulations jumpstarts if not accomplishes America's goal for full recovery.

*** This idea started from a series of conversations with retired banker and investor Jeff Ash, Ash Family Investments.**



NORTON NATIVE INTELLIGENCE™ DISCLOSURE

Certain of the statements contained herein should be considered “forward-looking statements,” including within the meaning of the Private Securities Litigation Reform Act of 1995. These forward-looking statements may be identified by words such as “may,” “will,” “expect,” “intend,” “indicate,” “anticipate,” “believe,” “forecast,” “estimate,” “plan,” “guidance” “outlook,” “could,” “should,” “continue” and similar terms used in connection with statements regarding the outlook of North Georgia. Such statements include, but are not limited to, statements about the Region: expected demographic and economic performance and operations, expected costs, the revenue and environment, future financing plans and needs, overall economic condition and its communities, business plans, objectives, expectations and intentions. Other forward-looking statements that do not relate solely to historical facts include, without limitation, statements that discuss the possible future effects of current known trends or uncertainties or which indicate that the future effects of known trends or uncertainties cannot be predicted, guaranteed or assured. Such statements are based upon the current beliefs and expectations of the Norton Native Intelligence™ and are subject to significant risks and uncertainties that could cause the region’s actual results and economic position to differ materially from Norton Native Intelligence™ expectations. Such risks and uncertainties include, but are not limited to, the following: the region’s ability to grow new and existing markets, the region’s ability to maintain or expand advantages in comparison to various regional competitors, the impact of high costs; and significant disruptions in the supply of materials; the region’s ability to attract and retain qualified residents; manufacturing; labor costs and relations with its citizens generally and the

impact global instability, including the current instability in the Middle East, the continuing impact of the U.S. military presence in Iraq and Afghanistan and the terrorist attacks of September 11, 2001 and the potential impact of future hostilities, terrorist attacks, infectious disease outbreaks or other global events that affect demographic behavior; adequacy of insurance coverage; reliance on automated systems and the potential impact of any failure or disruption of these systems; the potential impact of future significant wealth; changes in governmental legislation and regulation; competitive practices in the region, including significant tax restructuring activities, production capacity reductions; the regions ability to maintain adequate liquidity; the population fixed obligations and its ability to obtain and maintain financing; changes in prevailing interest rates; the regions ability to attract and retain new residents; the cyclical nature of the housing industry; economic conditions; risks associated with actual or potential investments business transactions to achieve any such synergies in a timely manner, and other risks and uncertainties listed from time to time in the Norton Native Intelligence™ reports to the communities it serves. There may be other factors not identified above of which Norton Native Intelligence™ is not currently aware that may affect matters discussed in the forward-looking statements, and may also cause actual results to differ materially from those discussed. All forward-looking statements are based on information currently available to Norton Native Intelligence™. Except as may be required by applicable law, Norton Native Intelligence™ assumes no obligation to publicly update or revise any forward-looking statement to reflect actual results, changes in assumptions or changes in other factors affecting such estimates. In other words, all we have discussed is one big educated guess.

We thank and acknowledge the tireless work of Matthews Printing Company who has proudly printed this Forecast for 24 years.

THE NORTON FAMILY TREE

ROW 1

Betty Howard
Will Cobb
Greg Green
Frank Norton, Jr.
Carmine Giorgio
Bucky Springle
Jean Ferris
Tommy Howard
JR Johnson
Matt McCord
Alana Tompkins
Strother Randolph
Beth Carmichael
Steve Gooch
Gina Johnson
Alan Samchok
Brad Abernathy
Stephen Lovett

ROW 8

Doug Parks
Ivey Goss
Juanita Clark
Dave Casper
Latoya Ward
Lisa Miller
Peggy Egan
Gayle Forrester
Caren Levine
Brent Jenkins
Wendy Partin
JB Johnston
Connie Carlyle

ROW 9

Nancy Hobson
Jean Ward
Joy Solomon
Jessica Schmidt
Pamela Moss-Dye
Jason Griffith
Larry Jenkins
Edna Haywood
Martin Kite
Marc Kogan
George Hall
Steve Ash

ROW 10

Kim Shadburn
Chris Parks
Pat Harrell
Penny White
Joanna Johnson
Tina Smith
Kela Shirley
B.J. Robinson
Peggy Christie
Susan Godbee
Camille May
Margie Savage

ROW 11

Diane Reed
Tricia Ruth
Doris Sims
Marilyn Pohlman
Sylvia Wells
Lisa Signorile
Chris Collins
Cathy Daniel
Steve Goro
Teresa Fesperman
Cory Souther
Jeanette Fail
Jim Hawkins

ROW 12

Dawn Taylor
John Rice
Tom Shults
Jimmy Wallace
Michelle Mathis
Kathi Stephens
Richard Redfern
Lee Rogers
Melissa Sheker
Lynn Williams
Shane Riedling
Mica Johnson
Mary Meadows
Sherry Roberts

ROW 13

Tammy Smith
Stuart Moore
Pam Glover
Stephanie Sims
Vicki Armour
Patsy Bailey
Amanda Hill
Zack Garvey
Maddie Ash
Nancy Pugh
John Pace
Minni Nelson
Tina Hansard

ROW 14

Sterling Ruffin
Cindy Browning
Ben Payne
Scott Lewis
Susan Smith
Ricky Redfern
Donna McCormick
Darlene Hanson
Greg Smith
Cheryl A. Majors
Ellen Wittel
Ty Talley
Jamie Walker
Linda Glaze

ROW 2

Wade Rhodes
Jane Fleming
Doug Garrison
Frank Norton, Sr.
Betty Norton
Wayne Parker
Becky Peppers
Ed Brown
Wesley Williams
Andy Fox
Bobbie Elrod
Amy Burleson
Jean Nichols

ROW 3

Bob Norton
Kern Parks
Jeff Cass
Kristi Young
Jennifer Skogman
Courtney Waters
Lori Martin
Kim Waters
Norman Moolenaar
Nancy Norton

ROW 4

Patti Atwill
David Tramonte
Jim Haywood
Randy Wells
Amanda Norton
Regina C. Edmondson
Ricky Lewallen
Robin Gravitt
Joyce Waters
Krista Holloway
Sandi Simpson
Sherry Myers
Susan Moss
Tadd Shadburn

ROW 5

John Scott
Regina Cochran
Doyle Kirk
Tracey Worley
Robin Ganyard
Dave Fuller
Jill Fuller
Kathy Barrett
Barbara Hatcher
Dick Runstadler
Ben Gilleland

ROW 6

Sandy Bice
Terry Shadburn
Beverly Edenfield
Wallace Craven
Kim Backman
Brenda Duckett
Barbara Lauman
Shelby Edmonds
Cindy Black
Bill Edwards
Sheila Davis
Dee Charles
Vivian Schoonmaker
Diane Brown

ROW 7

Susie Arbelaez
Jean Neuhaus
Sue Gross
Joe Kenyon
Joyce Voytek
Kami Crawford
Kathryn Farmer
Sam Dixon
Kristy Ivester
Trey Kelly
Barbara Dumont
Kristie Myers







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