annually interest at the rate of 10 percent (10%) per annum on the outstanding balance of the installment payments, until all installment payments have been made on or before December 31, 1997. In this regard, C.S. Burke III (Mr. Burke), Senior Vice President of Burke & Herbert Bank and Trust Company of Alexandria, Virginia, after reviewing the terms of the transaction, stated, in a letter dated December 29, 1994, that the terms of the proposed transaction are commercially reasonable with regard to common banking practices of which he is familiar, carry a reasonable rate of interest, and have terms which conform to standard lending practices. It is further represented that Mr. Burke will determine that the interest rate paid by JBT on the outstanding balance of the installment payments will not be less than the fair market interest rate, as of the date the transaction is entered. With regard to the payment of interest by JBT, Loretta S. Sebastian, vice president and secretary of JBT, has represented in a letter dated December 28, 1994, that she is the corporate official responsible for ensuring that all installment payments, plus interest payable to the IRA, shall be paid timely and completely by JBT when due.

It is anticipated that the outstanding balance of the installment payments at no time will exceed 25 percent (25%) of the value of the assets of the IRA and will be secured by the value of the Stock and by a recorded first mortgage interest in the value of two (2) parcels of real property (the Properties). It is represented that upon satisfactory payment of the third and final installment payment to the IRA, the mortgages encumbering the Properties shall be cancelled and the 36.2 shares of JBT Stock then held by JBT shall be retired.

6. The two Properties which JBT will pledge to secure the outstanding balance of the installment payments are described as three bedroom residential townhouse condominiums in the Mill Creek Condominium development. The Properties, located at 758 and 762 Belle Field Road on Solomons Island in Dowell, Maryland, are rented for $950 and $995 a month, respectively. Both of the Properties were five (5) years of age in 1993, and are listed in good condition.

7. On September 1, 1993, the Properties were appraised by Ruth Hendricks and John W. Hersman, SRA, of Maryland Appraisal Services, Inc., located in Prince Frederick, Maryland. The appraisers are independent in that they have no present or prospective interest in the Properties and no personal interest or bias with respect to the parties involved. The appraisers are qualified to value the Properties in that each is certified by the State of Maryland and are members of professional organizations.

As of June 1, 1993, the property located at 758 Belle Field Road was appraised at $200,000. As of June 2, 1993, the property located at 762 Belle Field Road was appraised at $195,000. It is represented that the aggregate appraised fair market value of the two Properties is $395,000 which will constitute approximately 198% of the total installment payments due to the IRA after the downpayment has been made by JBT.

8. It is represented that selling the Stock to JBT is in the interest of the IRA and that the proposed transaction will increase the liquidity of the IRA and facilitate distributions required by law. In this regard, as Mr. Toomey is presently seventy (70) years of age, and it is represented that in the near future the IRA will need more cash than it currently holds in order to make distributions in a timely manner and in the correct amount to Mr. Toomey.

Further, as the JBT Stock constitutes more than 50% of the value of the total assets of the IRA, the IRA's portfolio lacks diversification. In this regard, it is represented that the proposed transaction is in the interest of the IRA in that a non-liquid, non-performing asset will be replaced at not less than its fair market value by an asset that is both liquid and performing.

9. It is represented that the transaction is feasible in that the IRA will incur no commissions, fees, or other expenses in connection with the transaction. In this regard, Mr. Toomey has represented that he will be personally responsible for any and all costs incurred as a result of the proposed transaction. Further, Mr. Toomey represents that the cost of the exemption application and of notifying interested persons will be borne by JBT.

10. It is represented that the purchase price for the Stock proposed by JBT is protective of the IRA in that the IRA will receive the *greater* of $410,146 or the fair market value of the Stock on the date of the sale, as determined by a qualified independent appraiser. In this regard, for the purpose of determining the fair market value of the Stock, a valuation of JBT and its subsidiaries was prepared in a *Business Valuation Report* dated July 20, 1994, by Councilor, Buchanan & Mitchell, P.C., a certified public accounting firm with offices in Bethesda, Maryland (the CPA). According to the CPA, the value of JBT and its subsidiaries, as of December 31, 1993, was $15,107,258, and the value of the 1,000 shares of Stock issued and outstanding equaled $15,107 per share. However, in the opinion of the CPA, a 25 percent (25%) discount on the adjusted net assets of JBT should be imposed for lack of marketability. In this regard, the CPA considered the illiquidity of JBT's corporate assets and the related costs to market and consummate sales transactions for the unrelated business operations of the JBT subsidiaries, as negative influences on the value of JBT. Accordingly, the CPA determined that the discounted value per share of the Stock equalled $11,330. Based on this evaluation, it is represented that the aggregate fair market value of the 36.2 shares of the JBT Stock held by the IRA was $410,146, as of December 31, 1993. It is represented that neither the professionals who worked on this valuation nor the officers or directors of the CPA have any financial interest in JBT, nor was the fee contingent on the value reported for the Stock.

It is further represented that the terms of the proposed transaction are no less favorable to the IRA than those negotiated at arm's length with unrelated third parties in similar circumstances. In this regard, Mr. Burke, an independent qualified third party has determined that the terms of the proposed transaction are commercially reasonable and conform to standard lending practices and that the interest rate is reasonable. It is further represented that Mr. Burke will determine that the interest rate paid by JBT on the outstanding balance of the installment payments will not be less than the fair market interest rate, as of the date the transaction is entered.

Further, the interests of the IRA will be protected throughout the duration of the transaction. In this regard, it is represented that a new legal document will be drawn that appoints Advest Bank as trustee for the limited and express purpose of holding and enforcing the provisions of the proposed transaction. It is anticipated that the assets which are the subject this proposed exemption will be held separately from other IRA assets which are under the custody of Advest, Inc. To accomplish this, a separate custody account will be established at Advest Bank. It is represented that Advest Bank will be responsible for collecting from JBT the installment payments and the interest when due. It is represented that the cash so received by Advest Bank will be transferred on a trustee-to-trustee basis into the IRA at Advest Inc. In the event JBT defaults, it is represented that Advest Bank will foreclose on the Properties which serve