

An Appraisal of

**LAND AND IMPROVEMENTS
200 NORTH AVENUE G
JOHNSON CITY, TEXAS 78636**

Prepared For

**COUNTY OF BLANCO
P.O. BOX 471
JOHNSON CITY TEXAS 78636**

As of June 20, 2013

Prepared By

**R & R PROPERTY SPECIALISTS
P.O. BOX 214
JOHNSON CITY, TEXAS
78636**

(830) 868-2359

**WILL MARASEK
TX-1330580-R**

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June 20, 2013

County of Blanco
c/o County Judge
P.O. Box 471
Johnson City, Texas 78636

Re: An appraisal of the land and improvements located at 200 North Avenue G, Johnson City, Blanco County, Texas.

Dear Sirs:

In accordance with your request, I have made a thorough inspection and analysis of the above referenced property as of June 20, 2013. In addition, I have investigated the available facts and data pertinent to the value estimate. The purpose of my appraisal is to estimate the Fee Simple Market Value of the subject property.

The term “*Market Value*” is defined as follows:

“the most probable price which a property should bring in a competitive and open market under all conditions requisite to a fair sale, the buyer and seller, each acting prudently, knowledgeably and assuming the price is not affected by undue stimulus. Implicit in this definition is the consummation of a sale as of a specified date and the passing of title from seller to buyer under whereby; buyer and seller are typically motivated—both parties are well informed or well advised and each acting in what he considers his own best interest—a reasonable time is allowed for exposure in the open market—payment is made in terms of cash in U. S. dollars or in terms of financial arrangements comparable thereto; and the price represents the normal consideration for the property sold unaffected by special or creative financing or sales concessions granted by anyone associated with the sale.”

The appraiser has made every attempt to conform to the Uniform Standards of Professional Appraisal Practice, the FDIC and O. C. C. guidelines. Due to the brevity of this report at the request of the client, data normally found within a narrative report may not be contained herein. However, all data required to perform a complete narrative is contained in our files and may be made available upon request.

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County of Blanco
c/o County Judge
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June 20, 2013

In the appraiser's opinion the estimated marketing time for the subject property and other commercial properties in the subject's marketing area is 3 to 12 months. This assumption is based on the current demand for commercial properties within the subject's marketing area and the conservative value estimate arrived at herein.

By reason of my investigation and analysis of data contained in this report, other information in our files and my experience in the real estate and appraisal profession, it is my opinion that the Estimated Market Value for the subject property, as of June 20, 2013 is:

ESTIMATED MARKET VALUE

TWO HUNDRED SEVENTY FIVE THOUSAND DOLLARS
(\$275,000)

The following pages of this report and addenda contain information gathered in the course of my investigation and set forth the methods employed in the completion of this assignment.

We thank you for the privilege of serving you and if we may be of further assistance, please advise.

Respectfully Submitted,

R & R PROPERTY SPECIALISTS


Will Marasek
TX-1330580


Steve Wenzel
1332726-TRAINEE

EXECUTIVE SUMMARY

Assignment Date

Primary Client	County of Blanco
Appraisal Purpose	Estimate Market Value
Appraisal Date	June 20, 2013
Report Date	June 20, 2013

Report Identification

Property Appraised	Land and Improvements located at 200 North Avenue G, North, Johnson City, Blanco County, Texas. +/- .21 acres or +/- 8,971 square feet
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Land

Size

Improvements

Type/Area in Square Feet	The subject property is improved with a commercial building of 7,581 square feet.
Condition	Average

Highest and Best Use

As Vacant	Commercial
As Improved	Commercial

Market Approach – Vacant Land

Value Estimate	\$ 50,000
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Market Approach – Improved Properties

Value Estimate	\$ 341,000
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Cost Approach

Value Estimate	\$ 480,000
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Income Approach

Value Estimate	\$ 203,000
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<u>Final Market Value Estimate</u>	\$ 275,000
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INTRODUCTION OF THE APPRAISAL

Purpose of the Appraisal

The purpose of this appraisal is to estimate the Market Value of the subject property in a Fee Simple Interest, land and improvements constructed thereon, as of the effective date of this appraisal.

Function of the Appraisal

It is the function or intended use of this appraisal to establish an Estimated Market Value that will assist the client in asset management decisions regarding the subject property.

Date of the Appraisal

The effective date of the Value Estimate, for purposes of this report is June 20, 2013.

Property Rights Appraised

The property rights appraised herein are fee simple interest of the subject property.

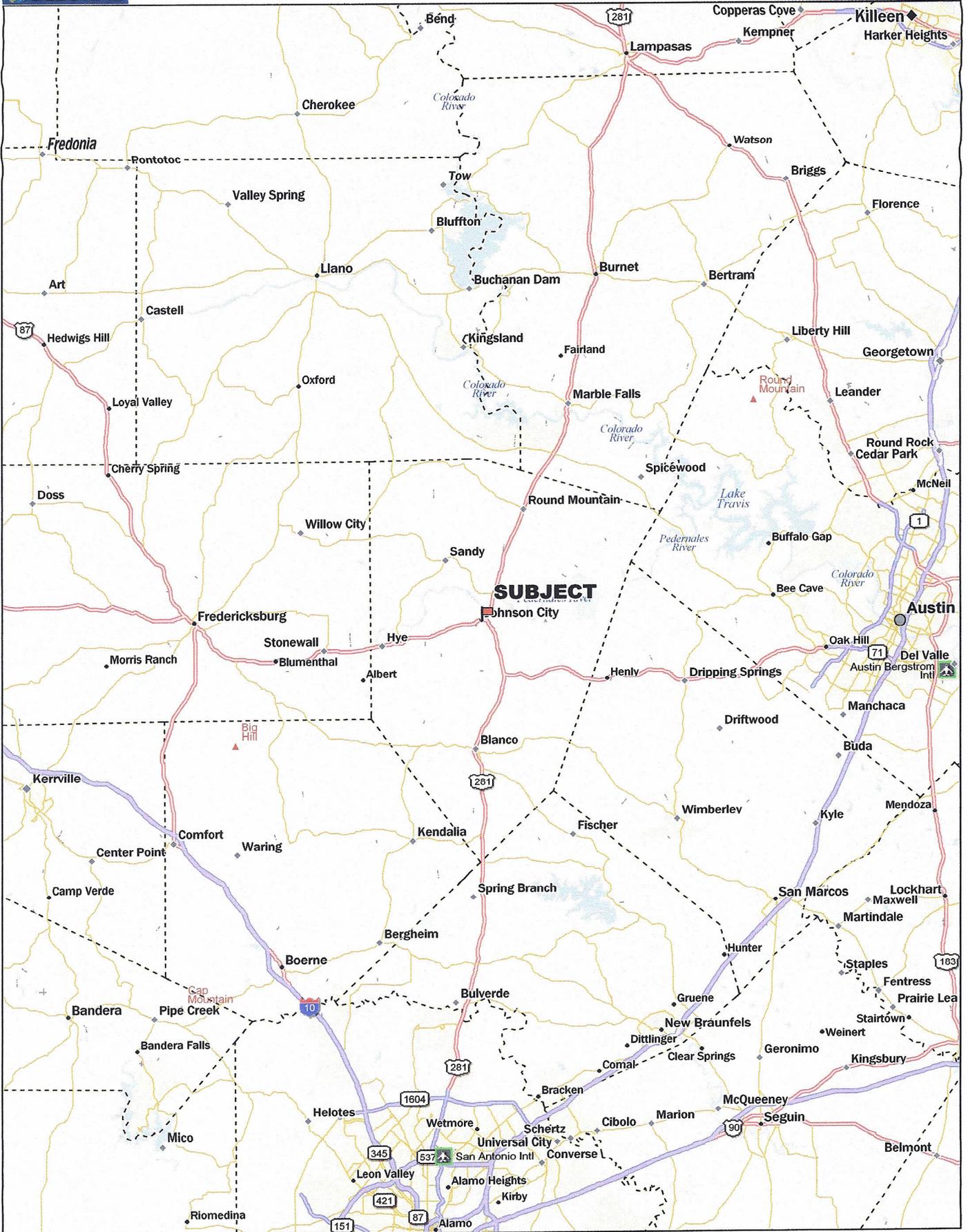
“an absolute fee; a fee without limitations to any particular class of heirs or restrictions, but subject to eminent domain, escheat police power and taxation. An inheritable estate.”

Legal Description

+/- 0.21 acres, Block 8, Lot 1, Johnson City, Blanco County, Texas.

Property History

The County of Blanco has owned the subject property for many years.

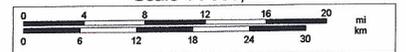


Scale 1 : 800,000

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1" = 12.63 mi Data Zoom 8-0

AREA/NEIGHBORHOOD ANALYSIS

A particular neighborhood may be defined as “a portion of a large community or an entire community in which there is homogeneous grouping of inhabitants, buildings or business enterprises. Inhabitants of a neighborhood usually have more than a casual community of interest and a similarity of economic level and cultural background. Neighborhood boundaries may consist of well-defined natural or man made boundaries or they may be more or less well defined by distinct changes in land use or in the character of inhabitants.” (From the Real Estate Terminology and Handbook, First Addition, Copyright 1975, page 47, by the American Institute of Real Estate Appraisers).

Because various economic, social, political and physical forces which affect a neighborhood also directly influence the individual properties within it, it is imperative that an analysis be conducted in order to determine those factors that may reduce or enhance property values.

Boundaries

The boundaries are the boundaries of Blanco County, Texas.

Location and Accessibility of the Neighborhood

The neighborhood is considered to be the entirety of Blanco County as property values tend to be consistent throughout the county. Johnson City is located approximately 55 miles north of San Antonio, Texas on Highway 281. Accessibility to the neighborhood is considered good. The primary roadway north/south us U.S. Highway 281 and east/west is U.S. Highway 290. In addition easy access is provided to schools, shopping, recreation, and employment areas from the subject neighborhood.

Present Land Use

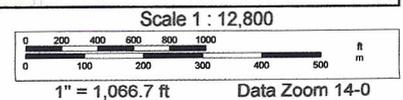
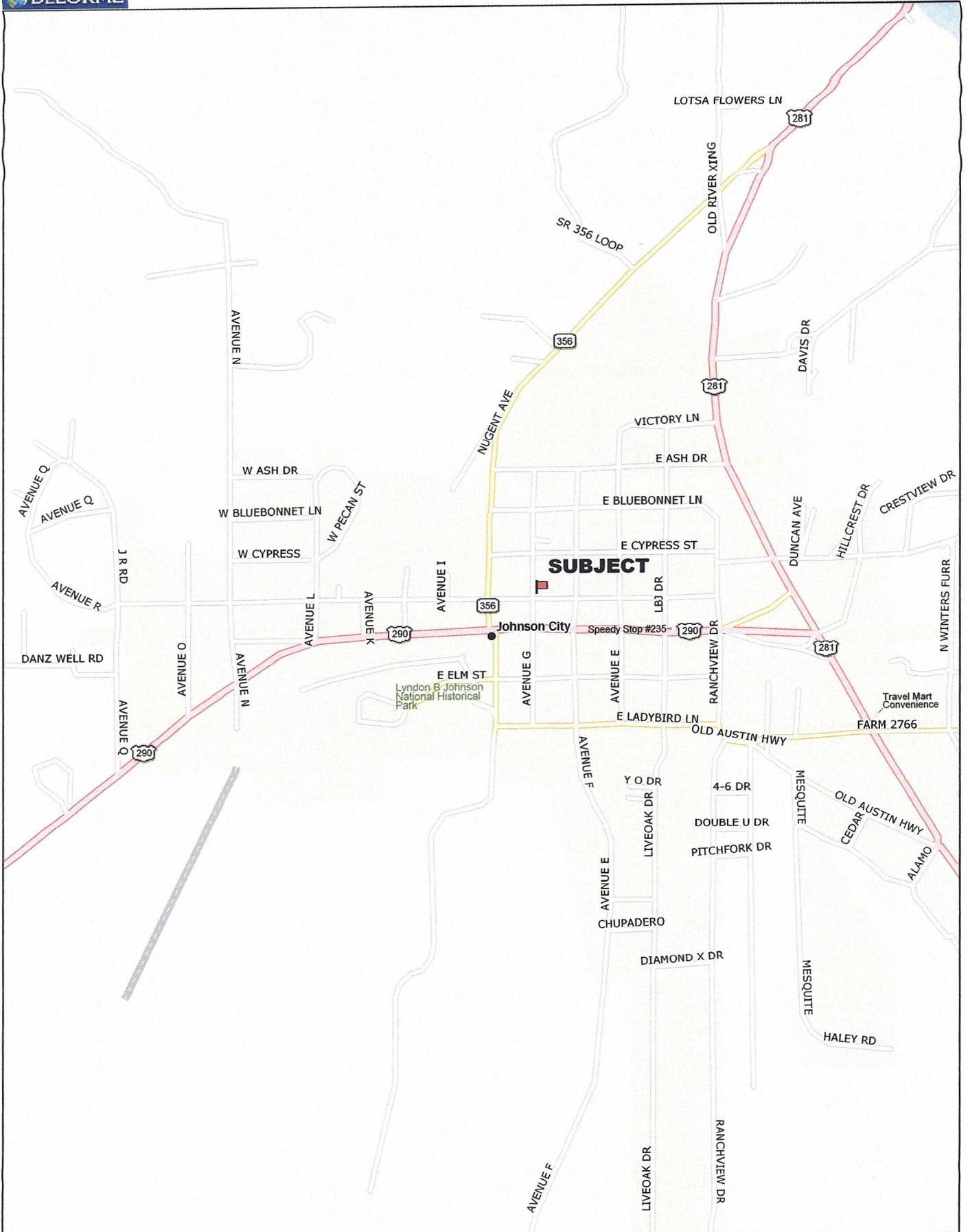
The vast majority of land on U. S. Highway 281 and U.S. Highway 290 is used as commercial property. The majority of the commercial property consists of service-oriented businesses, restaurants and shopping facilities.

Growth Rate and Value Trend

The current growth rate of the neighborhood is considered to be stable. Values of both residential and commercial properties appear to be stable and are expected to continue this trend into the foreseeable future.

Sales and Rental Ranges

Sales of both residential and commercial properties appear to be stable and due to the current economy rental rates have been stable.



SITE ANALYSIS

Location

The subject property is located at 200 North Avenue G in Johnson City, Blanco County, Texas.

Acreage/Frontage

The subjects consist of +/- 0.21 acres or +/- 8,971 square feet. The subject has ample frontage on North Avenue G and Pecan Street.

Easements and Encroachments

A survey of the subject property was not provided to the appraiser however a physical inspection revealed only typical utility easements.

Zoning

The subject is zoned commercial.

Availability of Utilities

All utilities are available to the subject site.

Flood Plain

According to the Federal Emergency Management Agency's National Flood Insurance Program, Community Panel #48031C0135-C dated February 6, 1991, for Blanco County, the subject is not located within a designated flood hazard area.

Hazardous and Toxic Waste

The value estimate is based on the assumption that the property is not negatively affected by the existence of hazardous substances or detrimental conditions. The appraiser is not qualified in this field and recommends a study be performed by a professional in this field if the client so chooses.

DESCRIPTION OF IMPROVEMENTS

The subject site is improved with a commercial building containing 7,581 square feet.

The specific construction details are as follows:

Foundation

Concrete

Floors

Carpet/Vinyl

Exterior Walls

Brick/Cinder Block

Interior Walls

Stucco/Panel/Sheetrock

Roof

Metal/Concrete

AC/Heating

CH/CA/Window

Lighting

Florescent/Incandescent

Windows

Steel Frame

Ceiling

Suspended Insulation

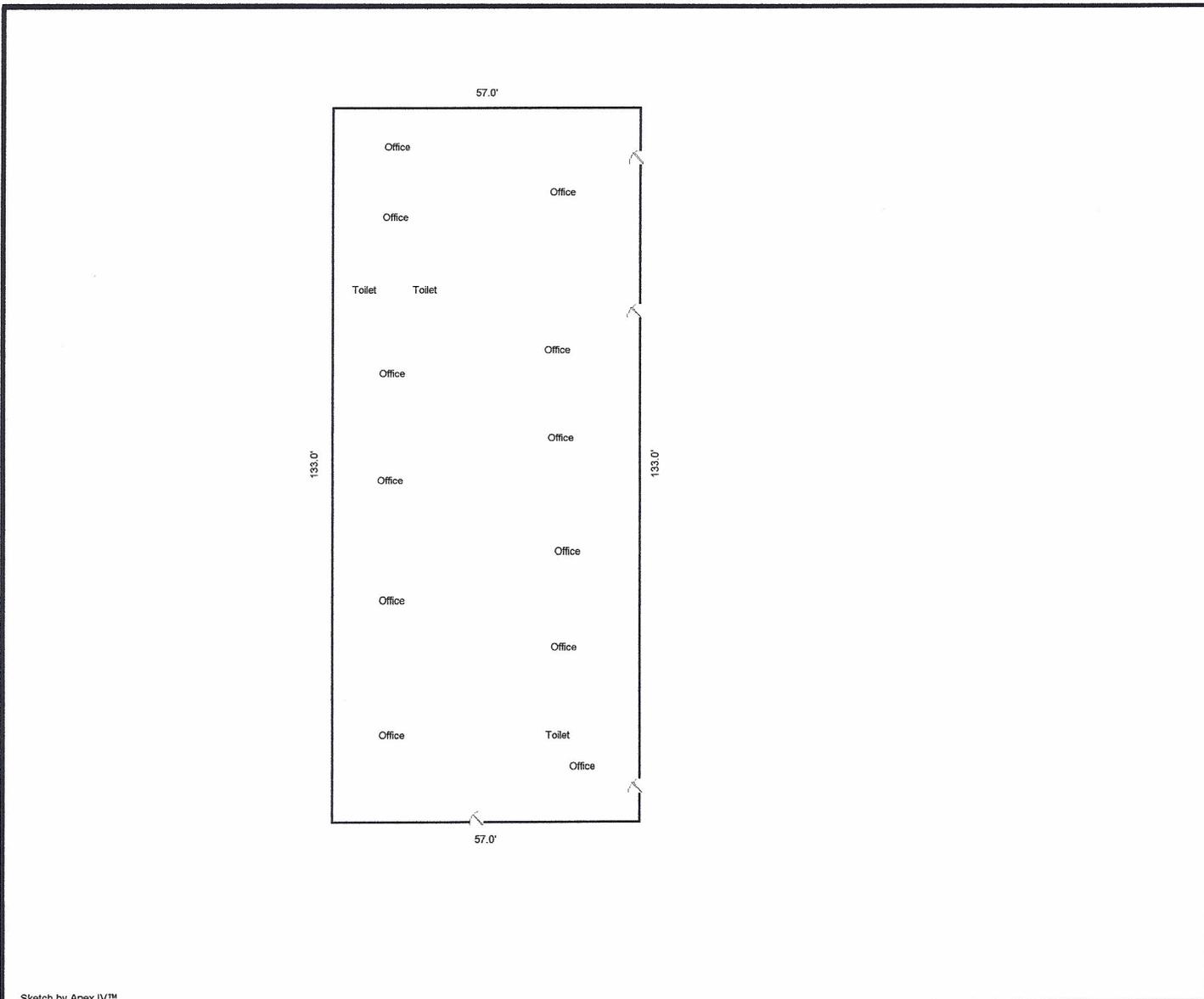
Doors

Solid Exterior/Hollow Interior

Other onsite improvements include parking, a front porch, and exterior lighting.

Building Sketch (Page - 1)

Borrower/Client County of Blanco			
Property Address 200 North Avenue G			
City Johnson City	County Blanco	State Tx.	Zip Code 78636
Lender N/A			



Sketch by Apex IV™

Comments:

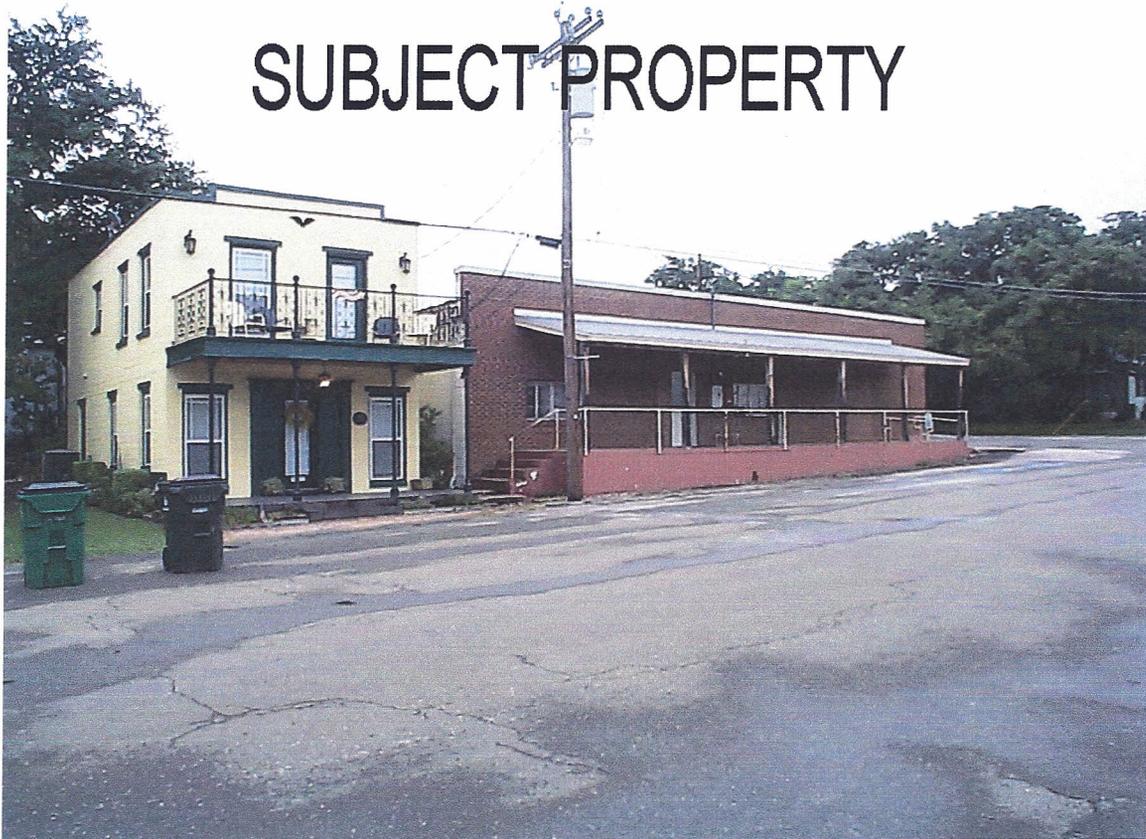
AREA CALCULATIONS SUMMARY			
Code	Description	Size	Net Totals
GLA1	First Floor	7581.00	7581.00

LIVING AREA BREAKDOWN		
Breakdown	Subtotals	
First Floor	7581.00	
57.0 x 133.0		

SUBJECT PROPERTY



SUBJECT PROPERTY



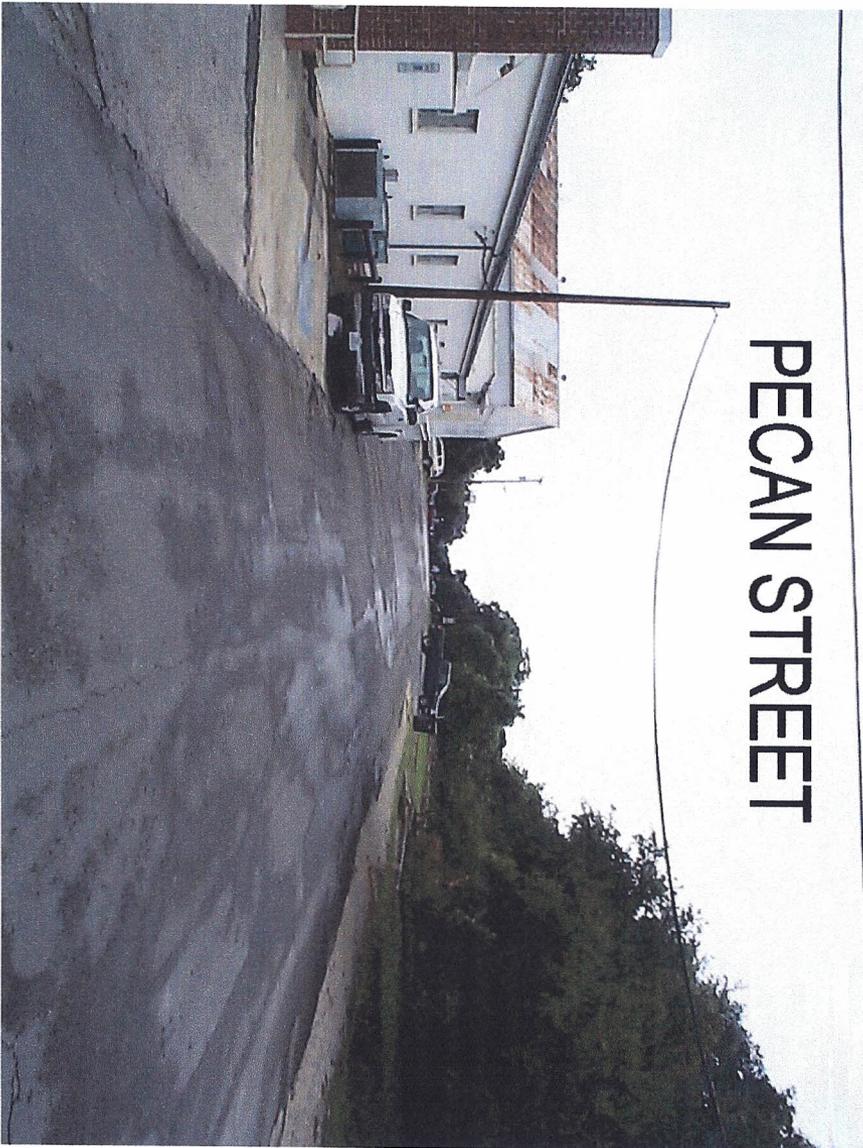
SUBJECT PROPERTY



NORTH AVENUE G



PECAN STREET



HIGHEST AND BEST USE

A portion of the appraisal process is based on the definition of Highest and Best Use. From the definition, it is obvious that the market value of the land and site of an improved property are both estimated under the assumption that potential purchasers will pay prices that will reflect their analysis if the most profitable use of the land, or property, as improved. Four basic steps are followed in the analysis of the Highest and Best Use of the subject site: consideration of the physically possible, legally permissible and financially feasible uses and from feasible uses, choosing the Highest and Best Use that results in the highest net return to the investment in land while remaining compatible with the community standards and pattern of development.

Physically Possible Uses

Overall, the physical attributes of the site do not appear constricting in terms of the sites Highest and Best Use. Based on the tract's physical characteristics, it is the appraiser's opinion that any type of commercial development that could be supported, given the limited size of the site and utilities, would be a physically possible use of the site.

Legally Permissible Use

As previously mentioned, the subject site is zoned commercial. In addition, the appraiser is unaware of any deed restrictions, which would prevent any commercial uses. Therefore, it is concluded that, as vacant, any number of commercial uses would be legally permissible uses of the site.

Financially Feasible Uses

There exist few facilities in the area, which could be considered similar to the subject. During the past few years and because of the current economy, these facilities have realized stabilization in demand causing stable rental rates and stable vacancy rates. It is predicted that rates will be stable in the foreseeable future as the area economy as a whole continues to be stable.

Based on the above analysis and considering the location of the subject site, it appears the most financially feasible uses of the site, as vacant, would be any number of commercial uses.

Maximally Productive

Based on the analysis, it is the opinion of the appraiser that the most productive use of the site, as vacant, would be any number of commercial uses.

Analysis of the Site As Improved

The subject is improved with a commercial building of 7,581 square feet. Research has indicated that the rental rates that the subject could command within the open market does yield a net operating income, that when capitalized, exceeds the estimated land value. Therefore, it is the appraiser's opinion that the subject's present improvements represent the highest and best use of the site as improved.

SCOPE OF THE APPRAISAL

Pursuant to the client's authorization, the appraiser has performed a limited scope appraisal. While every attempt has been made to comply with Standard 1 of the Uniform Standards of Professional Practice, the client has requested for brevity sake that the data collected and analyzed be summarized and the actual written report be condensed. The Departure Provision of the USPAP allows the appraiser to: "enter into an agreement to perform an assignment that calls for something less than or different from the work that would be otherwise required by specific guidelines, provided that prior to entering into such an agreement:

1. the appraiser has determined the assignment to be performed is not so limited in scope that the resulting appraisal, review or consulting service would tend to mislead or confuse the client, the users of the report or public; and
2. the appraiser has advised the client that the assignment calls for something, less than, or different from the work required by the specific guidelines and that the report will state the limited differing scope of the appraisal, review or consulting service,"

The estimation of value of real estate is typically derived by an appraisal which relies upon three different valuation techniques. These include the Market Data Approach, Cost Approach and the Income Approach.

The above cited techniques, while interrelated, are based on different market circumstances and will generally indicate a different value. After all factors of each of the approaches have been considered, the indications of value derived from each of the approaches are reconciled to arrive at a final estimation of value. All three approaches were utilized in this report and are discussed on the following pages.

MARKET DATA APPROACH – VACANT LAND

The adjustment process used in the analysis of unimproved similar sold properties consists of a comparison and analysis to the subject by common units of analysis. In the use of this method, a factor of similarity such as the number of acres in the land area is used. Adjustments are then made for superior and inferior positions of the comparable to the subject property. A superior position in a comparable would result in a downward adjustment and no adjustment for a similar position. Comparables based on such unit values tend to establish a pattern which serves as an indicator of the appropriate unit value for the subject.

The appraiser researched the market for comparable land sales in Blanco County. There was one land sale that the appraiser considers to be appropriate for use in this report. This sale was located at 630 North Highway 281 in Johnson City. It contained 108,900 square feet and sold for \$260,000 or \$2.39 per square foot in September 2011. This one sale does not establish a market. The subject property is located on the square in Johnson City and is considered to have a superior location in comparison to this sale. The subject is also considerably smaller than this sale and this factor must be taken into account. There have been sales in the past three to six years that would support the appraisers estimated land value. The appraiser also had discussions with realtors and brokers familiar with the Blanco County/Johnson City market. The consensus was that the estimated land value of the Subject Property is approximately \$5.60 per square foot.

Therefore the estimated value for the subject property is as follows:

8,971 Square Feet @ \$5.60 PSF = \$50,238
Say = \$50,000

FIFTY THOUSAND DOLLARS
(\$50,000)

MARKET DATA APPROACH – IMPROVED PROPERTIES

The Market Data or Sales Comparison Approach is a process of comparing the prices paid for similar property, prices asked by owners and offers made by prospective purchasers willing to buy. Through this approach, a comparison and analysis of the property appraised is applied to similar properties for which market information is available. Adjustments are necessary for any physical, functional and location differences which give an indication of the subject property's value should it be marketed.

A sales search of the Blanco County area revealed few recent commercial building sales. The sales represented were believed to be the most relevant in valuing the subject property. The comparables utilized in the analysis are listed below with a brief synopsis and then the appraiser's conclusion.

IMPROVED SALES SUMMARY					
#	LOCATION	SALE DATE	SALE PRICE	SIZE/SF	PRICE/SF
1	207 North Nugent	1-13	\$150,000	1,801	\$83.29
2	111 North Nugent	7-12	\$128,750	2,430	\$52.98
3	201 East Main	3-12	\$175,000	3,430	\$51.02

In this report, adjustments were considered for such factors as size, location, condition, date of sale and motivation. The sales utilized are felt to reflect current trends in commercial building values within the Blanco County Market. A brief discussion of each sale is as follows:

Comparable One is located at 207 North Nugent in Johnson City. The subject is substantially larger than this sale requiring an adjustment. The location is considered to be similar to the subject. The adjusted per square foot value for this sale is estimated to be \$63.00

Comparable Two is located at 111 North Nugent in Johnson City. As was the case in Comparable Sale #1 the subject is substantially larger than this sale. The location of the subject is considered to be slightly superior. The adjusted per square foot value for this sale is estimated to be \$36.00.

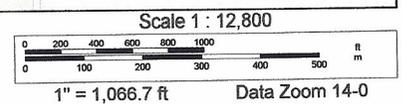
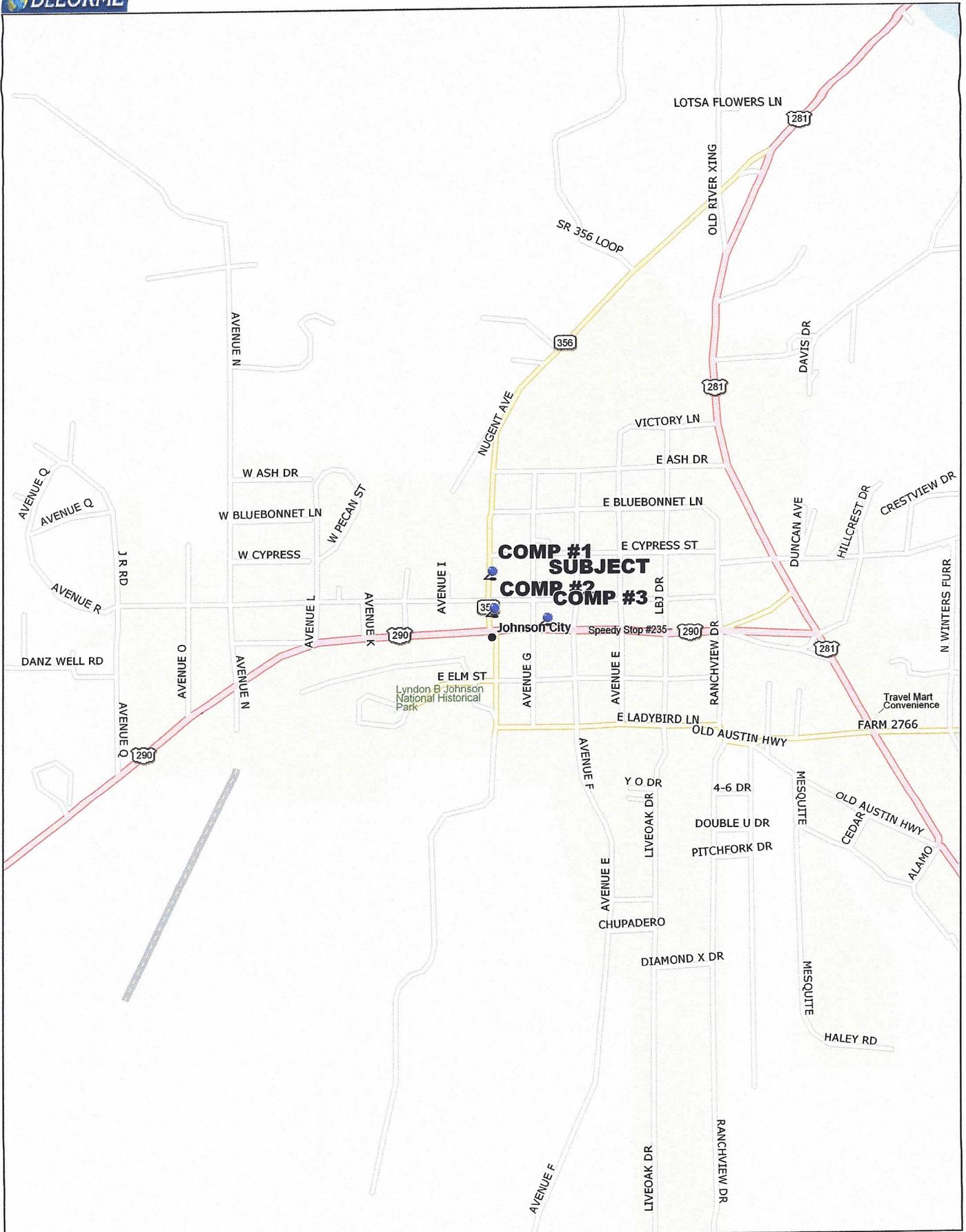
Comparable Three is located at 201 East Main in Johnson City. The subject is larger than this sale making an adjustment necessary. The locations are considered to be similar. This sale was a bank foreclosure making an adjustment for this factor necessary. The adjusted value per square foot for this sale is estimated to be \$40.00.

VALUE CONCLUSION

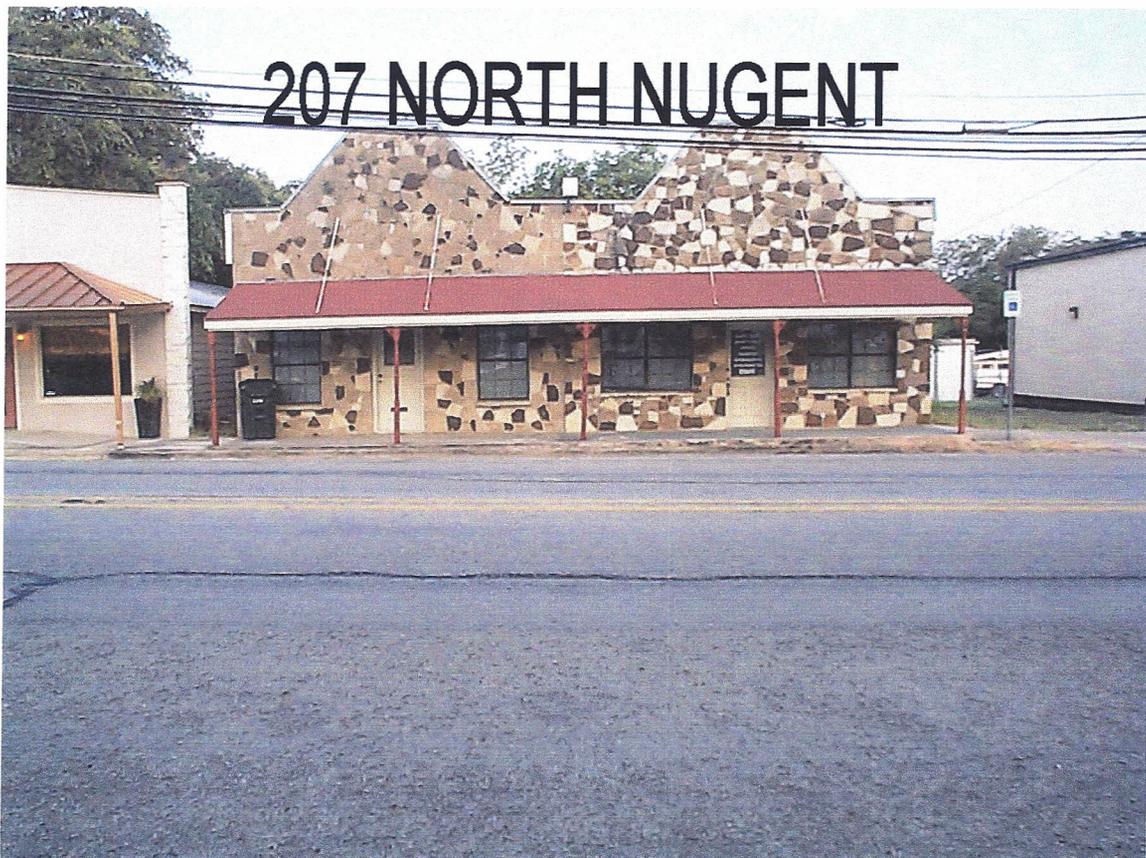
After adjustments, a value range for the subject property is indicated to be \$36.00 to \$63.00 per square foot. All sales were given equal consideration in the value estimate. Therefore, the estimated value of the subject property is \$45.00 per square foot or:

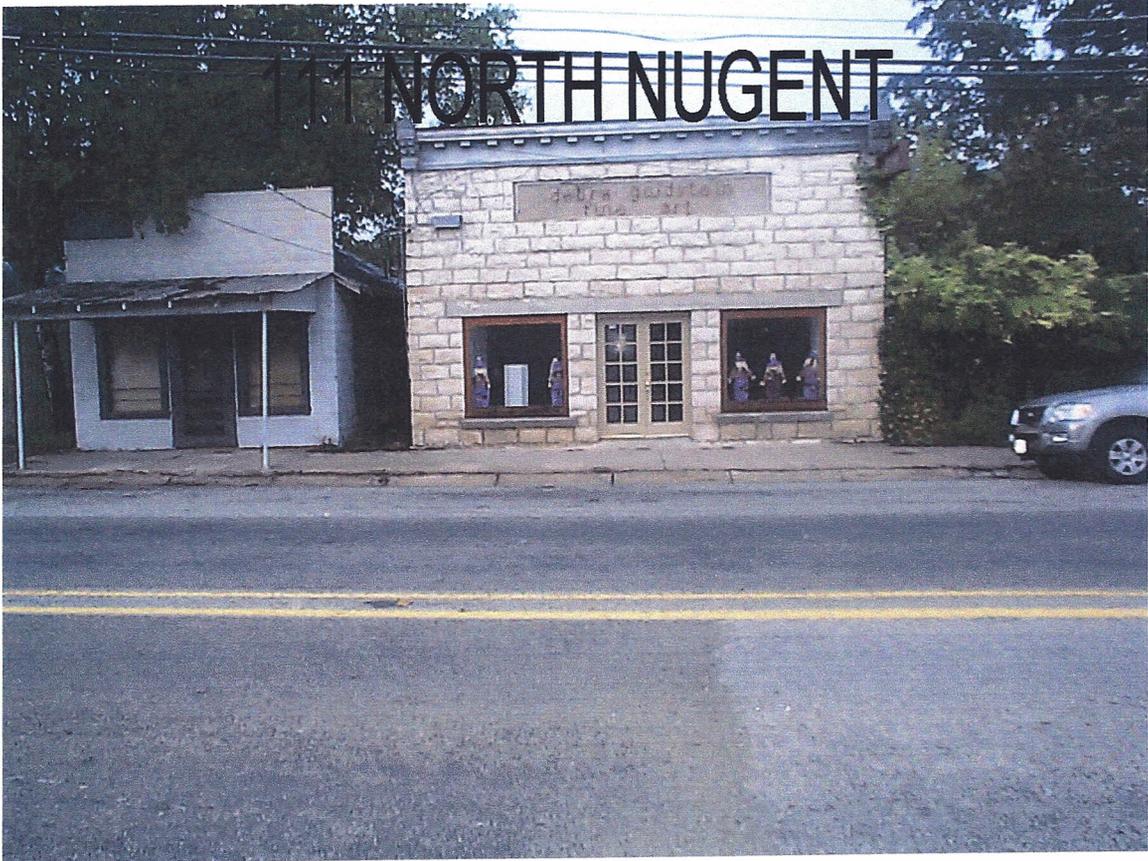
7,581 SF @ \$45.00 PSF = \$341,145
Say = \$341,000

THREE HUNDRED FORTY ONE THOUSAND DOLLARS
(\$341,000)



207 NORTH NUGENT





201 EAST MAIN STREET



COST APPROACH

The Cost Approach to value presumes that no prudent buyer will pay more for a property, including the subject, than an amount necessary to secure an equally desirable site and build a substitute facility, new, presuming no undue time delays. Typically, a buyer will pay less than cost new, depending upon the condition of the subject.

The basic underlying principal of the Cost Approach is the principle of substitution. It is presumed that a prudent buyer will pay no more for property than an amount for which he can purchase an equally desirable facility, presuming no undue delay. It must be stressed that value is not a function of cost.

Cost information was derived through the Marshall Valuation Cost Service and through discussions with various contractors familiar with the local market. The land value estimate was based on sales of similar vacant tracts within the subject's market area.

The reproduction cost new of the improvements, including all fees and overhead, less applicable depreciation is estimated as follows:

REPRODUCTION COST CHART

Building Area		
7,581 SF @ \$ 75 PSF	=	\$568,575
Onsite Improvements		\$5,000
Total Cost New of Improvements	=	\$573,575
Less Depreciation		
Physical Depreciation @ 25%	=	\$143,394
Economic Obsolescence	=	-0-
Functional Obsolescence	=	-0-
Depreciated Cost of Improvements	=	\$430,181
Site Value	=	\$50,000
Total Value	=	\$480,181
Say.....	=	\$480,000

INCOME APPROACH

The Income Approach is an appraisal technique whereby annual income is capitalized into an estimate of value. There are numerous techniques of capitalization and any number of income estimates can be capitalized. There is generally one appropriate technique for any given property and the correct one can be abstracted from the market.

In order to properly utilize the income approach, the appraiser researches rents, vacancies and operating expenses from competing properties and creates a stabilized operating statement for the subject. At that point, the appropriate capitalization technique is selected and applied to the subject's income stream. The following discussion will demonstrate this procedure as it applied to the subject property.

Actual income figures for the subject property were not provided to the appraiser as it has been owner occupied. The appraiser researched the market for rental rates for similar properties and found that rates ranged from \$1,700 to \$2,200 per month depending on size, condition, and location. The vacancy factor ranged from 0% to 10% depending on the general condition of the improvements and their location. Typically expenses for this type of property run approximately 20% of effective gross income. Discussions with managers and owners of similar facilities confirmed the appraiser's income and expense estimates. Therefore, the estimated net operating income is as follows:

ESTIMATED NET OPERATING INCOME		
	=	
\$2,000 per month x 12	=	\$24,000
Total Gross Income	=	\$24,000
Less Vacancy & Collection Loss @ 5%	=	\$1,200
Effective Gross Income	=	\$22,800
Less Expenses @ 20 %	=	\$4,560
Net Operating Income	=	\$18,240

VALUE ESTIMATE VIA THE DIRECT CAPITALIZATION METHOD

Capitalization is the process of converting income into value. In real estate valuation, its conversion is accomplished through application of a capitalization rate or “cap” rate which merely expresses a relationship between net income and price. It is similar to the “times earning rate” with regard to stock or “yield rate” relative to a bond and is used as a yardstick to measure the present worth of future benefits. The basic premise of direct capitalization is the net operating income divided by the capitalization rate equals the value of the reversion. The capitalization rate utilized in this analysis was estimated by the Mortgage Equity Analysis-Ellwood Technique described herein.

MORTGAGE EQUITY – ELLWOOD METHOD

The Mortgage-Equity Analysis is a technique used to appraise income properties on a before tax basis. Mortgage terms, principal amortization, equity yield and the investment holding period are used to calculate the Overall Capitalization Rate. This rate is then given consideration when estimating the proper capitalization rate to be applied to the new Operating Income of the property to estimate the value of the subject by the Income Approach.

In analyzing the subject property, we utilize the Ellwood Method with the J-Factor premise which considers increases in income and overall property value over the holding period. The factors utilized in the Mortgage Equity-Ellwood Method are shown on the following page.

MORTGAGE EQUITY CHART	
Equity Yield Rate	0.08000
Income Projection Period	5.00000
Loan to Value Ratio (%)	0.80000
Maximum Available Mortgage Length	20.00000
Mortgage Interest Rate	0.09500
Annual Loan Constant	0.11580
Annual Loan Constant for Projection Period	0.25496
Ratio of Mortgage Paid Off	0.00000
Sinking Fund Factor @ Equity Yield Rate	0.01388
Mortgage Coefficient	-0.03580
Change in Property Value over Projection Period	0.15000
Change in Income over Projection Period	0.15000
J Factor – Ellwood Method	0.50770
CONCLUSION	
Ellwood using J Factor	0.08902
Say.....	9.0%

Capitalizing the stabilized net operating income by a market rate yields a value indication for the subject through the Direct Capitalization Method. The following chart summarizes this calculation:

DIRECT CAPITALIZATION CALCULATION					
NOI	=		<u>\$18,240</u>		
RATE	=	VALUE	9.0%	=	\$202,667
SAY	=				\$203,000

TWO HUNDRED THREE THOUSAND DOLLARS
(\$203,000)

RECONCILIATION

Reconciliation is the process of coordinating the integrating related facts to form a unified conclusion. An orderly connection of interdependent elements is a prerequisite of property reconciliation. This requires a re-examination of specific data, procedures and techniques within the framework of approaches used to derive preliminary estimates. Each approach included in the preceding sections of this report is considered a recognized appraisal technique and was reviewed separately by comparing it to the other approaches in terms of adequacy, accuracy, completeness of reasoning and overall reliability. The value estimates arrived at by the applicable approaches is as follows;

MARKET DATA APPROACH – VACANT LAND

FIFTY THOUSAND DOLLARS
(\$50,000)

MARKET DATA APPROACH – IMPROVED PROPERTIES

THREE HUNDRED FORTY ONE THOUSAND DOLLARS
(\$341,000)

COST APPROACH

FOUR HUNDRED EIGHTY THOUSAND DOLLARS
(\$480,000)

INCOME APPROACH

TWO HUNDRED THREE THOUSAND DOLLARS
(\$203,000)

These individual value conclusions were derived through the application of accepted appraisal principles and concepts. The differences in these estimates were created by variations in the quality and quantity of materials available for examination of analysis and are not indicative of basic conflicts.

After careful consideration and analysis of all the foregoing, it is my judgment and opinion that the Estimated Market Value of the subject property, in Fee Simple, as of June 20, 2013 is:

TWO HUNDRED SEVENTY FIVE THOUSAND DOLLARS
(\$275,000)

CERTIFICATION

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

1. The statements of fact contained in this report are true and correct.
2. My unbiased, professional analyses, opinions and conclusions relative to the available market data are subject to the assumptions and limiting conditions found herein.
3. I have no present or prospective interest in the property that is the subject of this report and I have no personal interest or bias with respect to the parties involved.
4. My compensation is not contingent on an action or event resulting from the analyses, opinions or conclusions or use of this report.
5. My analysis, opinions and conclusions were developed and this report has been prepared in conformity with the minimum reporting requirements of the Code of Ethics and Standards of Professional Practice of the Texas Appraiser Licensing and Certification Board.
6. The use of this report is subject to the requirements of the Texas Appraiser Licensing and Certification Board relating to review by their duly authorized representative.
7. Steve Wenzel has personally inspected the subject property.
8. No one provided significant professional assistance to the person(s) signing this report.
9. The appraised value is not based on a requested minimum valuation, specific valuation or approval of a loan.
10. I am of the opinion that as of June 20, 2013 the Estimated Market Value of the Fee Simple Title of the subject property is best represented as \$275,000.



Will Marasek
TX-1330580



Steve Wenzel
1332726-TRAINEE

ASSUMPTIONS AND LIMITING CONDITIONS

GENERAL CONDITIONS

1. The party for whom this appraisal report was prepared may distribute copies of this appraisal report, in its entirety, to such third parties as may be selected by the party for whom this appraisal report is prepared; however, portions of this appraisal report shall not be given to third parties without prior written consent of the signatory of this appraisal report. Further, neither all nor part of this appraisal shall be disseminated to the general public by the use of advertising media, public relations media, news media, sales media or other media for public communication without prior written consent of the signatory of this appraisal report.
2. That the term Market Value, as used herein, is defined as *"the most probable price which a property should bring a competitive and open market under all conditions requisite to a fair sale, the buyer and seller, each acting prudently, knowledgeably, assuming the price is not affected by undue stimulus. Implicit in this definition is the consummation of sale as of a specified date and the passing of title from seller to buyer under conditions whereby; buyer and seller are typically motivated--both parties are well informed or well advised, and each acting in what he considers his own best interest--a reasonable time is allowed for exposure in the open market--payment is made in terms of cash in U.S. dollars or in terms of financial arrangements comparable thereto; and the price represents the normal consideration for the property sold unaffected by special or creative financing or sales concessions granted by anyone associated with the sale."*
3. That the date of value to which the opinions expressed in this report apply is set forth in the letter of transmittal. The appraiser assumes no responsibility for economic or physical factors occurring at some later date which may affect the opinions herein stated.
4. That no opinion is intended to be expressed for legal matters or that would require specialized investigation or knowledge beyond that ordinarily employed by real estate appraisers, although such matters may be discussed in the report.
5. That no opinion as to title is rendered. Data on ownership and the legal description were obtained from sources generally considered reliable. Title is assumed to be marketable and free and clear of all liens and encumbrances, easements and restrictions, except those specifically discussed in the report. The property is appraised assuming it to be under responsible ownership and competent management and available for its Highest and Best Use.
6. That no engineering survey has been made by the appraiser. Except as specifically stated, data relative to size and area were taken from sources considered reliable, and no encroachment of real property improvements is assumed to exist.

7. That maps, plats and exhibits included herein are for illustration only as an aid in visualizing matters discussed within the report. They should not be considered as surveys or relied upon for any other purpose.
8. That no opinion is expressed as to the value of subsurface oil, gas or mineral rights, and that the property is not subject to surface entry for the exploration or removal of such materials, except as it is expressly stated.
9. That if this appraisal has been limited at the request of the client for calculation of fractional property interest, the reported value or values herein relate to only its fractional interest in the real estate involved, and that the value of all other fractional interests may or may not equal the value of the entire fee simple estate considered as a whole.

COURT HEARING AND TESTIMONY

11. That testimony or attendance in court or at any other hearing is not required by reason of rendering this appraisal, unless such arrangements are made at a reasonable time in advance.
12. That if the date of value used herein is the date of trial, the appraiser reserves the right to consider and evaluate additional data that becomes available between the date of this report and the date of trial and to make any adjustments to the value opinions that may be required.

TITLE REPORT

13. That if the title report was made available to the appraiser, he assumes no responsibility for such items of record not disclosed by his normal investigation. However, the appraiser does not render an opinion on title and it is considered good for the purposes of this report.

SOIL OR GEOLOGICAL CONDITIONS

14. That no detailed soil studies covering the subject property were available to the appraiser. Therefore, premises as to soil qualities employed in this report are not conclusive but have been considered consistent with information available to the appraiser.
15. That since earthquakes, floods, tornados and other potentially dangerous natural phenomenon are possible from time to time in the area, no responsibility is assumed, due to their possible affect on individual properties, unless detailed geological reports are made available.

VACANT LAND

16. That the appraiser has personally inspected the subject property and finds no obvious evidence of deficiencies, except as stated in this report. However, no responsibility for hidden defects or conformity to specific governmental requirements such as zoning, fire, building and safety, earthquake, tornado, flooding, etc. can be assumed without provisions of specific professional or governmental inspections.
17. That if this appraisal involves an analysis of differing geographical portions of the subject tract or tracts relative to their potential uses and values, the reported value or value relate to the whole, and the sum of the parts may or may not equal the value of the property as a whole.

IMPROVED PROPERTY

18. That the appraiser has personally inspected the subject property and finds no obvious evidence of structural deficiencies, except as stated in this report. However, no responsibility for hidden defects or conformity to specific governmental requirements such as zoning, flood, fire, building and safety, earthquake or occupancy codes can be assumed without provisions of specific professional or governmental inspections.
19. That although no termite inspection report was available, the appraiser personally inspected the subject property and found no significant evidence of termite damage or infestation.
20. That no consideration has been given in this appraisal to personal property located on the premises, or to the cost of moving or relocating such personal property; only the real property has been considered.
21. That consideration of equipment is as stated within the report and if consideration has been given in this appraisal to certain items of equipment located on the property and itemized herein, they are considered in the property valuation.
22. That building and rental areas herein have been provided by the client or reliable sources and are believed to have been calculated in accord with standards developed by the American Standards Association as included in the Real Estate Appraisal Terminology.
23. That income and expense data that was relied upon were provided by the client or sources that are felt to be reliable and no responsibility is assumed for other correctness.
24. That the improvements are assumed to be within the lot lines and in accordance with local zoning and building ordinances.

25. That, unless otherwise stated in the report, the subject property is assumed to be free of all hazardous materials affecting, or with the potential to affect said property's. The appraiser is unqualified to detect the presence of all hazardous materials, including asbestos and Urea-Formaldehyde foam insulation, and therefore assumes no responsibility for the pretense of, or costs associated with the detection of such materials.
26. That any proposed construction or development are assumed to be completed in a good workman-like manner in accordance with plans and specifications supplied this office.

You may wish to laminate the pocket identification card to preserve it.

WILLIE ROBERT MARASEK JR
PO BOX 214
JOHNSON CITY, TX 78636

The person named on the reverse is licensed by the Texas Appraiser Licensing and Certification Board.

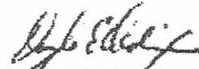
Inquiry as to the status of this license may be made to:

Texas Appraiser Licensing and Certification Board
P.O. Box 12188
Austin, Tx 78711-2188
www.taicb.texas.gov
(512) 938-3001
Fax:(512) 938-3889

Texas Appraiser Licensing and Certification Board
P.O. Box 12188 Austin, Texas 78711-2188
Certified Residential Real Estate Appraiser

Number: **TX 1330580 R**
Issued: **01/28/2012** Expires: **11/30/2013**
Appraiser: **WILLIE ROBERT MARASEK JR**

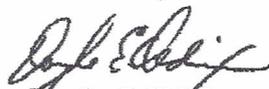
Having provided satisfactory evidence of the qualifications required by the Texas Appraiser Licensing and Certification Act, Texas Occupations Code, Chapter 1103, is authorized to use this title, Certified Residential Real Estate Appraiser.


Douglas E. Oldmixon
Commissioner

Texas Appraiser Licensing and Certification Board
P.O. Box 12188 Austin, Texas 78711-2188
Certified Residential Real Estate Appraiser

Number: **TX 1330580 R**
Issued: **01/26/2012** Expires: **11/30/2013**
Appraiser: **WILLIE ROBERT MARASEK JR**

Having provided satisfactory evidence of the qualifications required by the Texas Appraiser Licensing and Certification Act, Texas Occupations Code, Chapter 1103, is authorized to use this title, Certified Residential Real Estate Appraiser.


Douglas E. Oldmixon
Commissioner

**Qualifications of
Will Marasek**

Designations and Memberships

State of Texas Certified Residential Real Estate Appraiser #TX-1330580-R
State of Texas Real Estate Brokers License #0227311

Education & Training

Southwest Texas State University, San Marcos, Texas, BA Degree (1976)
Southwest Texas State University, San Marcos, Texas, Principles of Real Estate Practice (1974)
Southwest Texas State University, San Marcos, Texas, Real Estate Valuation (1975)
Society of Real Estate Appraisers, Course 1A (1976)
Society of Real Estate Appraisers, Course 1B (1976)
Houston Community College, Houston, Texas, Real Estate Law (1977)
Real Estate Training, Inc. Property Management/Real Estate Mathematics (1988)
Real Estate Training, Inc. Real Estate Investment (1987)
American Institute of Real Estate Appraisers, USPAP (1990)
Resolution Trust Corporation, Appraising under the Affordable Housing Disposition Program (1990)
Capital Real Estate Training Center, MCE (1992)
Austin Mortgages Bankers Association, Fannie Mae Residential Update Seminar
USA Training Center, MCE (1993)
Austin Community College, MCE (1997)
Texas Tech University – College of Business Administration – MCE (2000)
Austin Institute of Real Estate, USPAP (2001)
Austin Institute of Real Estate – USPAP (2002)
SABOR - Fair Housing (2002)
SABOR – Agency (2002)
SABOR – Real Estate Ethics & Professional Conduct (2002)
SABOR – Asset Management (2002)
SABOR – Real Estate Finance (2002)
SABOR – Environmental Hazards (2003)
SABOR – Fair Housing (2003)
SABOR – Real Estate Finance (2003)
SABOR – Asset Management (2003)
SABOR – Real Estate Ethics & Professional Conduct (2003)
McKissock, Inc. – USPAP (2003)
McKissock, Inc. – Factory Built Housing (2003)
McKissock, Inc. – Information Technology and the Appraiser (2003)
McKissock, Inc. – Construction Details and Trends (2003)
McKissock, Inc. – National USPAP Update Equivalent (2005)
McKissock, Inc. – Appraising the Oddball (2005)
McKissock, Inc. – Fair Housing (2005)
McKissock, Inc. – Developing and Growing an Appraisal Practice (2005)
Midwestern State University – MCE-Principals of Real Estate (2005)
SABOR – Real Estate Ethics Update (2007)
SABOR - Real Estate Legal Update (2007)
SABOR – Home Inspection (2007)
SABOR – Deeds (2007)
SABOR – Liens, Taxes & Foreclosure (2007)
McKissock, Inc. – Cost Approach (2007)
McKissock, Inc. – Private Appraisal Assignments (2007)
McKissock, Inc. – Construction Details & Trends
McKissock, Inc. – USPAP (2007)
McKissock, Inc. – USPAP (2008-2009)

McKissock, Inc. – Mortgage Fraud: Protect Yourself
McKissock, Inc. – Land and Site Valuation
McKissock, Inc. – Fannie Mae Form 1004MC, HVCC & More
360training.com, Inc. – Estimating the Gross Living Area
360training.com, Inc. – TREC Ethics MCE
360training.com, Inc. – Real Math
360training.com, Inc – TREC Legal Update MCE
360training.com, Inc – Real Estate Appraisal
McKissock.com, Inc. – Introduction to Legal Descriptions
McKissock.com, Inc. – Essential Elements of Disclosure and Disclaimers
McKissock.com, Inc. – Construction Details and Trends
McKissock.com, Inc. – Appraising FHA Today
McKissock.com, Inc. – 2012-2013 7-hour National USPAP Update Course
McKissock.com, Inc – Misrepresentations and Case Studies
McKissock.com, Inc – Texas Real Estate Ethics
McKissock.com, Inc – Texas Real Estate Legal Update
McKissock.com, Inc. – Short Sales

Experience

R & R Property Specialists, Johnson City, Texas – President – (Present)
Working Woman Companies, Wimberley, Texas – President – (1992-1993)
Heritage Appraisal Group, San Marcos, Texas – Senior Vice President – (1991-1992)
American Realty Analysts, San Marcos, Texas – President – (1989-1991)
University Savings Association, Houston, Texas – Assistant Vice President, Senior Appraiser and Real Estate Market Analyst, (1971-1989)

Mr. Marasek has performed condemnation work for the City of Houston, City of San Marcos, Hays County and Blanco County.

Mr. Marasek has performed and is regarded as an expert witness for court testimony in real estate valuation related cases.