



HIDALGO COUNTY RIGHT OF WAY DEPARTMENT

JOSE N. PEÑA
Director

October 8th, 2009

Jesus Gonzalez
Dahlia A. Gonzalez
1412 S 16th Avenue
Edinburg, Texas 78539

RE: San Carlos Drainage Improvements: A 10.00 Acre
Tract of land Being the East 10.00 Acres of Lot 6,
R. B. Curry Survey No.4, Hidalgo County, Texas

Parcels: Gonzalez Pond

I, Jesus Gonzalez and on behalf of Dahlia A. Gonzalez, do hereby acknowledge receipt on
10/8/2009 a copy of an appraisal report prepared by LEONEL GARZA, Jr., &
ASSOCIATES, LLC TEXAS GENERAL REAL ESTATE APPRAISER CERTIFIED, dated
October 8th, 2009 related to the above parcel.

I also do hereby acknowledge receipt of letter of offer hand delivered to me by ^{JBR}~~Jaime Guerra~~ on
~~behalf~~ of J. Benito Rodriguez.

By: _____
Jesus Gonzalez

REAL ESTATE APPRAISAL REPORT
TEXAS DEPARTMENT OF TRANSPORTATION

Address of Property: Located along the NWC of Curry Road & Dillon Road, East of Fm1423, Hidalgo County, Texas. Account: LJ Drain Project
 Property Owner: Jesus Gonzalez & Dahlia A Gonzalez Parcel: N/A
 Address of Property Owner: 1412 S 16th Avenue Edinburg, Texas 78539 CSJ: N/A
 Occupant's Name: Vacant Federal Project No: N/A
 Whole: Partial: Acquisition Highway: Curry Road County: Hidalgo

Purpose of the Appraisal

The purpose of this appraisal is to estimate the market value of the fee simple title to the real property to be acquired, encumbered by any easements not to be extinguished, less oil, gas and sulphur. If this acquisition is of less than the whole property, then any special benefits and/or damages to the remainder property must be included in accordance with the laws of Texas.

Market Value

Market value is defined as follows: "Market Value is the price which the property would bring when it is offered for sale by one who desires, but is not obliged to sell, and is bought by one who is under no necessity of buying it, taking into consideration all of the uses to which it is reasonably adaptable and for which it either is or in all reasonable probability will become available within the reasonable future."

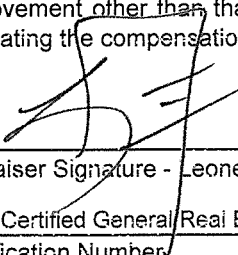
Certificate of Appraiser

I hereby certify that , it is my opinion the total compensation for the acquisition of the herein described property is \$138,848.00 as of August 10, 2009 based upon my independent appraisal and the exercise of my professional judgment; on August 10, 2009, (date)(s), I personally inspected in the field the property herein appraised; I have not afforded Jesus Gonzalez & Dahlia Gonzalez, the property owner or the representative of the property owner, the opportunity to accompany me at the time of the off-site inspection.

The comparables relied upon in making said appraisal were as represented by the photographs contained in the appraisal report and were inspected on December 16, 2008 (date)(s), I have not revealed and will not reveal the findings and results of such appraisal to anyone other than the proper officials of the County of Hidalgo or officials of the Federal Highway Administration until authorized by State officials to do so, or until I am required to do so by due process of law or until I am released from this obligation by having publicly testified to such findings; and , my compensation is not contingent upon the reporting of a predetermined value or direction in value that favors the cause of the client, the amount of the value estimate, the attainment of a stipulated result or the occurrence of a subsequent event.

I certify to the best of my knowledge and belief that the statements of fact contained in this report are true and correct; the reported analyses, opinions and conclusions are limited only by the reported assumptions and limiting conditions, and are my personal, unbiased professional analyses, opinions and conclusions; 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; and, my analyses, opinions and conclusions were developed, and this report has been prepared in conformity with the appropriate State laws, regulations, and policies and procedures applicable to the appraisal of right of way for such purposes, and that to the best of my knowledge no portion of the value assigned to such property consists of items which are noncompensable under the established law of said State,

and any decrease or increase in the fair market value of subject real property prior to the date of valuation caused by the public improvement ~~other than~~ that due to the physical deterioration within the reasonable control of the owner has been disregarded in estimating the compensation for the property.



 Appraiser Signature - Leonel Garza III

 State Certified General Real Estate Appraiser - TX 1328375-General
 Certification Number

 October 7, 2009

 Date

To the best of my knowledge, the value does not include any items which are not compensable under state law.	
_____	_____
District Reviewing Appraiser	Date

Certificate of Appraisal

This appraisal report conforms to the Uniform Standards of Professional Appraisal Practice (USPAP) as adopted by the Appraisal Standards Board of the Appraisal Foundation. The subject property was analyzed utilizing the Cost Approach to value which is a Sales Comparison Approach to the subject as if vacant and includes the estimated depreciated market value of real estate improvements located within the part to be acquired. This is further explained within each section of the appraisal report.

Identification of Client & Intended User of Appraisal Report

The client for this report is identified as Hidalgo County Precinct No. 4 under the direction of Honorable Hidalgo County Commissioner Oscar L. Garza. Commissioner Garza and others involved with the San Carlos Drainage Improvement Project are requesting said appraisal report for the purpose of acquiring the subject property as part of the master drainage plan for the community of San Carlos. The subject property shall be acquired for the creation of a holding pond in conjunction with the San Carlos Drainage Improvement Project. The intended use of the report is to assist Benito Rodriguez, Hidalgo County Right-of-Way Agent for future negotiations of acquiring all or part of said property as fee simple in the name of the County of Hidalgo, Texas. This report is not intended for any other use, unless specified by the client. The clients have identified that the report shall be a limited restricted appraisal report, which is to conform with the ROW-A-6 Form Rev. 7/2004.

The intended user of the report is defined as Hidalgo County Precinct No. 4, and may include other County agencies and or state agencies which may be participating in the project. Benito Rodriguez is a Right-of-Way Agent for Precinct No. 4 who has a local office established at 2401 N. Moorefield, Mission, Texas 78572. Mr. Rodriguez, shall be the project manager for this project under the direction of Commissioner Oscar L. Garza. Mr. Rodriguez can be contacted at (956) 283-8134.

Scope of the Assignment

By work order dated August 4, 2009 on behalf of Hidalgo County Precinct No. 4, Benito Rodriguez, requested for Leonel Garza Jr. & Associates LLC to prepare an appraisal report of the fee simple estate of the subject property described within this report. The scope of the assignment is to appraise the area as "Fee Simple", to be acquired as indicated by Hidalgo County Deed Records as of the date of on-site or off-site inspection as permitted by the owner of record. In the event the owner was not present during the inspection, the owner shall reserve the right to meet with this appraiser on-site at a later date if requested.

Market sales within the market area and comparable market areas are to be identified and analyzed for comparability and for their reliability in determining the estimated market value of the subject property. The comparables have been collected, confirmed and analyzed with respect to comparability to the subject property. These comparable sales were gathered through various sources which included the Greater McAllen Multiple Listing Service, Hidalgo County Appraisal District, local Realtors & Brokers, Real Estate Appraisers, and conversations with various owners along the project. The appraisal report shall indicate the current market value of the subject property as per date of on-site and or off-site inspection. This inspection is limited by the permissibility of the subject owner as per date of report. A copy of a certified letter of intent to inspect said property is located within the addenda of this appraisal report.

Purpose of the Appraisal Report

This appraisal is prepared for the purpose of estimating the current market value of the fee simple estate of the subject property in order to determined the value of the fee simple estate to be acquired by the County of Hidalgo, as defined within this report. This appraisal does not include any enhancement in value resulting from items of intangible personal property such as marketing and management skill, an assembled work force, working capital, trade names, franchises, patents, trademarks, contracts, leases, or operating agreements and project influence (if any exist).

The area to be acquired may contain personal property items and or real estate items, which may be compensable for the purpose of right-of-way acquisition only. These items deemed compensable shall be included within the body of the report and itemized for clarity. Any improvements not located within the part to be acquired and outside of the permissibility of inspection as defined by the subject owner, shall be given a stated value based on the assessment established by the Hidalgo County Appraisal District, unless they are affected by the part to be acquired.

Property Rights Appraised

The property rights being appraised in this report consist of the fee simple estate of the subject property. Fee Simple Estate is defined by the Dictionary of Real Estate Appraisal, Fourth Edition, copyright 2002, page 113, by the Appraisal Institute as being: "Absolute ownership unencumbered by any other interest or estate, subject only to the limitations imposed by the governmental powers of taxation, eminent domain, police power, and escheat."

Accessibility To Subject Property

The owner of record, as per the Hidalgo County Appraisal District was sent a letter of intent to inspect the subject property. The letter afforded the property owner the opportunity to accompany the appraiser during the on or off-site inspection of the subject property. No on-site authorization was given at the time of inspection, so the inspection proceeded off-site from existing road right-of-way.

Analysis of Subject As A Whole

As per scope of the assignment, the subject property shall be analyzed based on the combination of information gathered from several sources including, any survey provided, on-site and or off-site inspection, personal interviews, and information gathered from the Hidalgo County Appraisal District. The property was analyzed based on the whole property less any existing road right-of-way in order to determine the net acreage value of the subject.

Economic Unit Analysis

The subject property shall be analyzed based on a 9.35 net acre tract of land. Any existing road right-of-way and easements indicated along Curry Road and Dillion Road shall be excluded as per scope of the assignment. The area for the subject property as a whole is indicated as per survey provided by Quintanilla, Headley and Associates, Inc. dated July 22, 2009. The comparable sales used for the analysis of the subject property as whole indicated a range of economic units of 12.06 acres to 21.63 acres. These indicated economic unit tracts shall be utilized for the analysis of the subject property.

To Be Acquired (Net)	9.35 Acres
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Legal Description of Area to Be Acquired

A gross 10.00 Acre tract of land being the East 10.00 acres of Lot Six (6), R.B. Curry Subdivision No. 4, Hidalgo County, Texas, according to the map or plat thereof recorded in Volume 2, Page 23, Map Records, Hidalgo County, Texas, and according to the Warranty Deed Number 911535, Official Records, Hidalgo County, Texas.

Remainder Before and After The Acquisition

Since the subject property shall be a whole acquisition, no remainder shall remain. Therefore, no further analysis is required for the remainder before and after the acquisition.

Property Tax Information

This appraiser has examined the property tax information indicated by the Hidalgo County Appraisal District (HCAD) as of the date of appraisal and has found that the subject property is under the ownership of Jesus Gonzalez & Dahlia A Gonzalez. The part to be acquired was identified as a tract of land which contained tax identification no. R156710. The subject property land assessment was indicated to be \$138,435 with no building nor site improvements indicated. The subject property is currently under agricultural exemption with a unit assessed rate of \$3,867 per acre. The property taxes for the subject property appear to be current, however, further research with the Hidalgo County Tax Office shall be required to confirm any outstanding tax liabilities attributable to the subject property.

Environmental Assessment / Adverse Easements / Encroachments / Topography

This appraiser has made an off-site inspection of the subject property, and no obvious adverse environmental concerns or potentially hazardous materials were observed. This appraiser is not qualified to make a detailed environmental study and highly recommends that an inspection be made by a qualified environmental engineer if an environmental concerns exists. Leonel Garza Jr. & Associates LLC has performed this appraisal report under the hypothetical condition and extraordinary assumption that the subject property has not experienced any adverse environmental concerns which may influence it's marketability and or value.

A survey of the subject property was provided to the appraiser. As per survey completed by Quintanilla, Headley & Associates there appears that no adverse easements nor encroachments are located within the subject property of which would affect the value of the whole. The subject property was observed to be similar in grade to the surrounding tracts along Curry Road and Dillion Road. However, this appraiser is not an engineer and cannot certify to the topography nor drainage of the subject property as a whole and would recommend a study be performed in order to verify topography.

Utility Services Available

The subject property is located in a region, which contains, water, electricity, and phone service, which is typical of the market area.

Identification of Personal Property

As per scope of the assignment, no personal property located within the proposed right-of-way and the remainder before and after the acquisition shall be included for compensation, unless it was determined by the appraiser that these item shall be affected or damaged by the proposed acquisition. In the event the selected items are determined to be compensable, then they shall be included within the cost approach section of this report. A value which shall be either the cost to cure and or the cost of replacement shall be delineated for each item for clarity.

Current Listing Status

It appears that the subject property is not listed for sale as of the effective date of this appraisal. No visible "For Sale" signs were located on the subject property and the property was not listed for sale under a Realtor's® Multiple Listing Service.

Estimated Marketing Time Period

The indicated marketing period is based on the marketing periods of the comparable sales used in the Sales Comparison Approach and the surrounding sales found. Based on the research performed, a twelve (12) to twenty-four month (24) marketing time period appears to be adequate. This time period was selected after a review of multiple land sales within the Edinburg, San Carlos, La Blanca, and Pharr markets. The analysis included the indicated "DOM" Days on Market as shown on the McAllen Multiple Listing Service which provides local Realtors an avenue to advertise properties located in the Rio Grande Valley, with its primary focus on properties within Hidalgo County.

Exposure Time

Exposure time is defined as the "length of time the property interest being appraised would have been offered on the market prior to the hypothetical consummation of a sale at market value on the effective date of the appraisal." Based on research performed within the market area, an indicated twelve (12) to twenty-four month (24) exposure time is indicated for the subject property. This was estimated based on current and past listings located within the market area which were reviewed during our sales search for comparables similar to the subject property.

Statement of Highest & Best Use

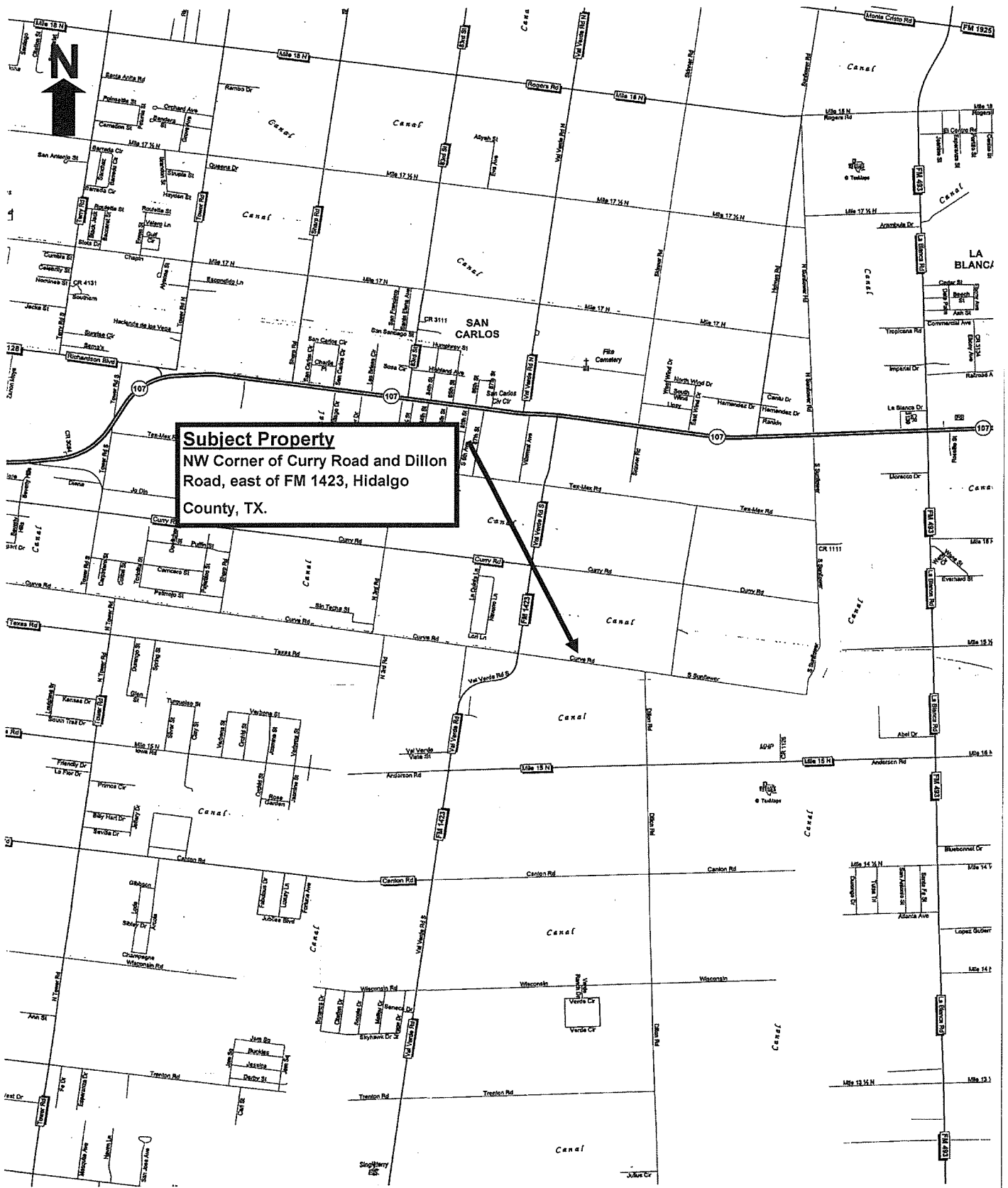
The subjects highest and best use as vacant and as if improved is indicated for residential use. This type of use is concurrent with the recent trends located along Curry Road and Dillion Road within the Community of La Blanca, Texas. This highest and best use is based on the determined economic unit of the subject property as whole.

When a property is evaluated the highest and best use must always be considered. In the current case the highest and best use of the whole is determined to be for residential use based on several factors. These factors that are taken into consideration are defined by The Dictionary of Real Estate Appraisal, Fourth Edition, copyright 2002, page 135, by the Appraisal Institute as being: "The reasonably probable and legal use of vacant land or an improved property, which is physically possible, appropriately supported, financially feasible, and there results in the highest value. The four criteria the highest and best use must meet are legal permissibility, physical possibility, financial feasibility, and maximum productivity."

The scope of the assignment is to evaluate the subject property as a whole excluding project influence as required by Standards Rule 1-4(f) under the Jurisdictional Exception provision as defined by the Uniform Standards of Professional Appraisal Practice (USPAP). In order to determine the highest and best use, research was performed within the Communities of San Carlos and La Blanca to determine the legal permissibility of land use along Curry Road, Dillion Road and neighboring thoroughfares within the County of Hidalgo. This office shall evaluate the subject property based on the continuing trend along Curry Road and Dillion Road for the legal permissibility of a mixed use type development. The County of Hidalgo does not contain municipal zoning restriction in the area. Therefore a mixed type development shall be permissible and is subject to the approval of the model subdivision rules for applicability of utilizing the subject property for both commercial and or residential use.

The financial feasibility and maximally productivity use of the subject property is based on the continued growth along Curry Road, Dillion Road and neighboring thoroughfares which includes single family residential, commercial retail, light to heavy industrial use, and general agricultural. Based on the continued growth along Curry Road, it is estimated that the subject can be financially feasible to contain a single family residential use "as vacant". After careful review of the four approaches to the highest and best use test, it is concluded that the subject property "as vacant" shall be for future residential development.

LOCATION MAP OF SUBJECT PROPERTY

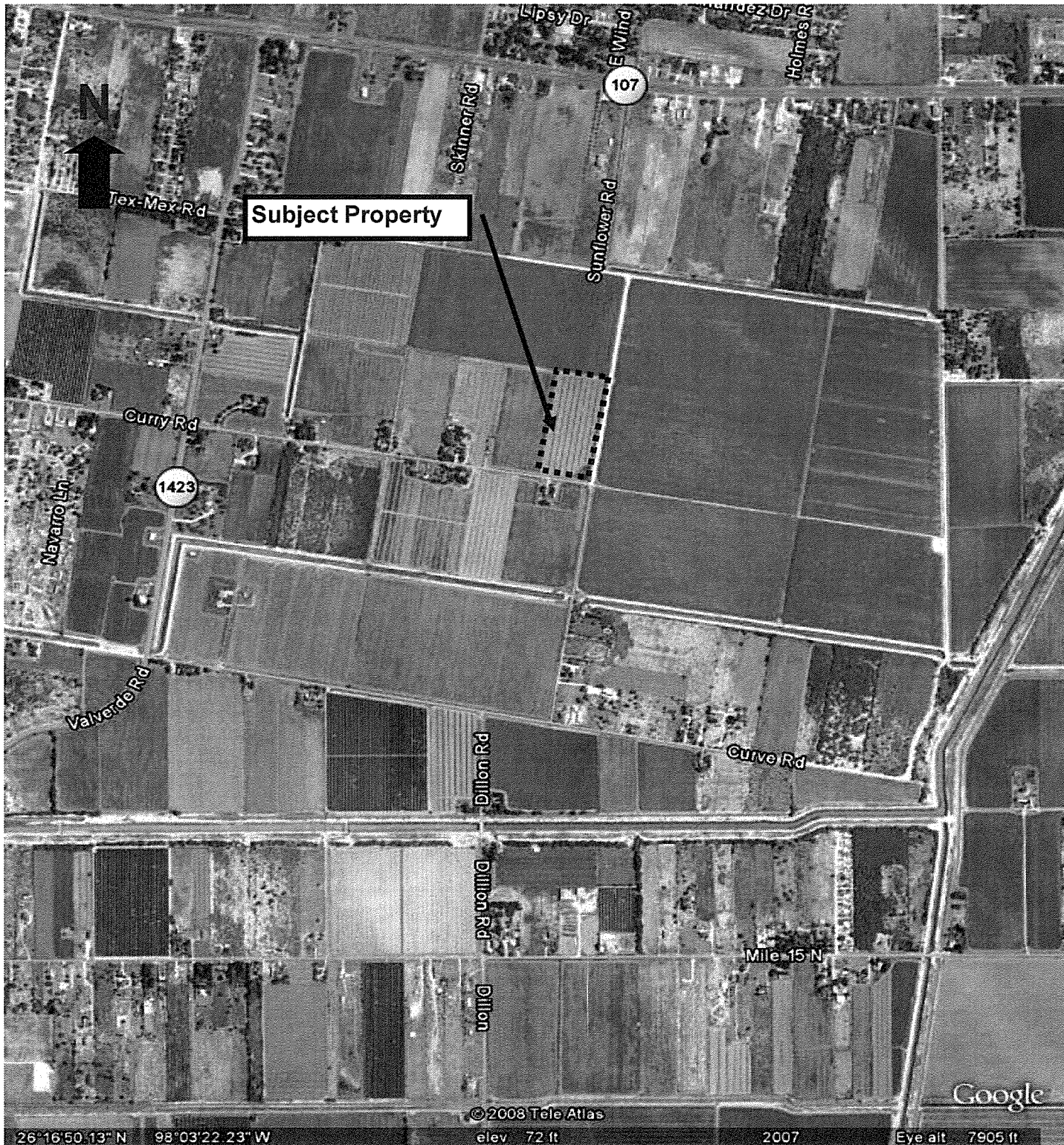


AERIAL PHOTOGRAPH OF SUBJECT AREA



AERIAL PHOTOGRAPH OF SUBJECT

(Closer View of Subject Property)



NOTE: THE SUBJECT PROPERTY AS A WHOLE IS ESTIMATED AND DEPICTED BY THE RED DASHED LINE, AND IS ESTIMATED BASED ON INFORMATION GATHERED DURING THE INSPECTION OF THE SUBJECT PROPERTY , SURVEY / FIELD NOTES PROVIDED, AND/ OR THE HIDALGO COUNTY APPRAISAL DISTRICT.

PHOTOGRAPHS OF SUBJECT PROPERTY

Parcel No.: N/A

Local Address: Located along the NWC of Curry Road & Dillon Road, East of Fm1423, Hidalgo County, Texas.

Date Taken: August 10, 2009

Taken By: Leonel Garza III

1. Point from which taken: Photo 1: Curry Road
Photo 2: Curry Road

Looking: Photo 1: Northern View
Photo 2: Western View



Photo 1

Northern view of the subject property; taken from Curry Road.



Photo 2

Western view of subject properties most southern boundary along Curry Road .

2. Point from which taken: Photo 3: Curry Road
Photo 4: Subject Property

Looking: Photo 3: Northern View
Photo 4: Southern View



Photo 3

View of the subject properties south east corner from the intersection of Curry Road and Dillon Road.



Photo 4

Southern view of the subject property from its most northern property boundary.

DESCRIPTION OF PROPERTY:

The subject property, as a whole, is a 10.00 acre gross vacant tract of land located along at northeastern corner of Curry Road and Dillon Road, east of FM 1423 in Hidalgo County, Texas. The subject property is indicated to contain a net acreage of 9.35 acres, as 0.65 acres is located with in existing road right-of-way along Curry and Dillon Road. The subject property is currently being utilized for row cropping. The subject property appeared to level and free of any obvious obstructions. The subject property lies within an area indicated to be in flood zone "X" as indicated by FEMA Flood Control Map No. 480334-0425-C. Several public utilities and services are available to the subject site, including water, phone and electricity which is typical for this market area.

AREA OR NEIGHBORHOOD ANALYSIS:

The subject neighborhood along Curry Road and Dillon Road is a mixture of sparse single family homes and agricultural use tracts of land. Leonel Garza Jr. & Associates LLC has inspected the market area along Curry Road and has found that the market contains limited growth, however, has the potential as demand for single family residential development increases in the San Carlos / La Blanca market area.

SITE ANALYSIS:

Five Year Sales History: The subject property is indicated to be under the ownership of Jesus Gonzalez & Dahlia A. Gonzalez as indicated by Warranty Deed (Doc# 911535). Further investigation of the subjects history through the Hidalgo County Appraisal District and the Hidalgo County Clerks Office confirmed the current owner of record to be Jesus Gonzalez & Dahlia A. Gonzalez. The subject property was transferred from Max R. Merrill (Grantor) to Jesus Gonzalez & Dahlia A. Gonzalez (Grantee) on October 3, 2000. Therefore, the subject has been in the name of Jesus Gonzalez & Dahlia A. Gonzalez for over eight (8) years.

**Legal Description:
(Whole Property)** The East 10.00 acres of Lot Six (6), R.B. Curry Subdivision No. 4, Hidalgo County, Texas, according to the map or plat thereof recorded in Volume 2, Page 23, Map Records, Hidalgo County, Texas.

Improvements: During the off-site inspection of the subject property, no building improvements nor site improvements were located on the subject property.

Highest and Best Use: Single Family Residential Development

VALUATION OF PART TO BE ACQUIRED

LAND VALUATION

Representative Comparable Sales

	Subject	Comp. No. 1	Comp. No. 2	Comp. No. 3
Grantor	<u>Max R. Merrill</u>	<u>Hidalgo Gin Company, Inc.</u>	<u>Carl J. Love and wife, Patricia Love</u>	<u>Kim S. Cape, et al</u>
Grantee	<u>Jesus Gonzalez & Dahlia A Gonzalez</u>	<u>Arnold Maldonado</u>	<u>Javier Chapa</u>	<u>IOC Company, LLC</u>
Date of Sale	<u>October 3, 2000</u>	<u>October 15, 2007</u>	<u>December 21, 2007</u>	<u>October 26, 2007</u>
Unit Price	<u> / Ac</u>	<u>17,337 / Ac</u>	<u>11,609 / Ac</u>	<u>15,199 / Ac</u>
Relative Location	<u>Average</u>	<u>Superior -20%</u>	<u>Similar 0%</u>	<u>Similar 0%</u>
Lot Location	<u>Corner</u>	<u>Corner 0%</u>	<u>Corner 0%</u>	<u>Corner 0%</u>
Financing	<u>Conventional</u>	<u>Similar 0%</u>	<u>Similar 0%</u>	<u>Similar 0%</u>
Conditions of Sale	<u>Cash To Seller</u>	<u>Similar 0%</u>	<u>Similar 0%</u>	<u>Similar 0%</u>
Market Conditions	<u>Average</u>	<u>Similar 0%</u>	<u>Similar 0%</u>	<u>Similar 0%</u>
Physical Characteristics	<u>Typical of Market</u>	<u>Similar 0%</u>	<u>Similar 0%</u>	<u>Irregular 5%</u>
Available Utilities	<u>Water / Electricity / Phone</u>	<u>Similar 0%</u>	<u>Similar 0%</u>	<u>Similar 0%</u>
Street Access / Frontage	<u>Curry Road</u>	<u>SH 107 and Val Verde Rd. -10%</u>	<u>Curry Road and 3rd Road 0%</u>	<u>Val Verde and Curve Road 0%</u>
Size of Tract	<u>9.350 Ac</u>	<u>21.63 Ac 5%</u>	<u>12.06 Ac 0%</u>	<u>16.81 Ac 5%</u>
Net Adjustments		<u>Δ -25%</u>	<u>Δ 0%</u>	<u>Δ 10%</u>
Indicated Unit Value		\$ 13,003 / Ac	\$ 11,609 / Ac	\$ 16,719 / Ac
Estimated Unit Value of Fee Simple Area				\$ 14,850 / Ac
Estimated Value by Sales Comparison Approach		(9.35 Acres x \$13,750/Acre)		\$ 138,848

Explanation of Adjustments with Reconciliation Located On Page 4.0

COMPARABLE DATA SUPPLEMENT

ROW Account: N/A Parcel No.: N/A Highway: Curry Road County: Hidalgo

Land Sale Improved Sale Rental Data



Grantor/ Lessor: Hidalgo Gin Company, Inc. Grantee/Lessee: Arnold Maldonado
 Date: October 15, 2007 Recording Information: Doc# 1817403 Key Map: N/A
 Address: Northwest corner of State Highway 107 and Val Verde Road, San Carlos, Texas 78539 Zip Code: 78558

Legal Description: Tract 1: A 17.96 acre tract of land, more or less, situated in and a part of Lot Fourteen (14), Section Two Hundred Fifty-three (253), Texas-Mexican Railway Company's Survey, Hidalgo County, Texas, as per map or plat thereof recorded in Volume 2, Page 29, Map Records, Hidalgo County, Texas. Tract 2: A 3.67 acre tract of land, more or less, situated in and a part of Block Six (6) and Block Seven (7), San Carlos Original Townsite, Hidalgo County, Texas, as per map or plat thereof recorded in Volume 5, Page 1, Map Records, Hidalgo County, Texas.

Confirmed Price : \$ 375,000 Verified with: MLS# A15074s

Terms and Conditions of Sale: Cash To Seller

Rental Data: N/A

Land Size: 21.63 Acres or 942,203 Sf Unit Price as Vacant \$ 17,337 / Ac or \$ 0.40 / Sf

Type Street: Asphalt Paved Utilities: Water/ Electricity/ Septic

Improvement(s) Description: N/A

Improvement(s) N/A (GBA) N/A (NRA) N/A Unit Price as Improved \$: N/A

Condition and Functional Design: N/A

Current Use: Vacant Highest and Best Use: Residential

Date of Inspection: December 16, 2008 Zoning: SFR Flood Plain: Zone "X"

Attach Additional Information: The subject property is a 21.63 acre tract of land, comprised of two separate tracts of land. Tract One is a 17.96 Acre tract and tract two is a 3.67 acre tract. The property is located along at the northwest corner of State Highway 107 and Val Verde Road. The subject is located in a flood zone area designated as Zone "X" by FEMA.

Appraiser: Leonel Garza III August 12, 2009
 (Typed, not signed) Date

COMPARABLE DATA SUPPLEMENT

ROW Account: N/A Parcel No.: N/A Highway: Curry Road County: Hidalgo

Land Sale Improved Sale Rental Data



Grantor/ Lessor: Carl J. Love and wife, Patricia Love Grantee/Lessee: Javier Chapa

Date: December 21, 2007 Recording Information: Doc# 1841230 Key Map: N/A

Address: Southeast corner of 3rd Road and Curry Road, Hidalgo County, Texas. Zip Code: 78539

Legal Description: The west 13.11 acres of Lot 10 R.B Curry Survey No. 3, Hidalgo County, Texas, according to the map or plat thereof recorded in Volume 2, Page 23, Map Records of Hidalgo County, Texas. Save and Except a portion of said property claimed by the Hidalgo County Irrigation District.

Confirmed Price: \$ 140,000 Verified with: MLS# A102935s

Terms and Conditions of Sale: Cash To Seller

Rental Data: N/A

Land Size: 12.06 Acres or 525,334 Sf Unit Price as Vacant : \$ 11,609 /Acre or \$ 0.27 / Sf

Type Street: Asphalt Paved Utilities: Water/ Electricity/ Septic

Improvement(s) Description: N/A

Improvement(s) Size: N/A (GBA) N/A (NRA) N/A Unit Price as Improved \$: N/A

Condition and Functional Design: N/A

Current Use: Junk Yard Highest and Best Use: Residential

Date of Inspection: December 16, 2008 Zoning: SFR Flood Plain:

Attach Additional Information:

The subject property is a 12.06 acre tract of land located at southeastern corner of 3rd Road and Curry. The property is located in a area utilized for a mixture of sparse residential use and agricultural use. The dimensions of the subject property are 356' x 1475'.

Appraiser: Leonel Garza III August 12, 2009
(Typed, not signed) Date

COMPARABLE DATA SUPPLEMENT

ROW Account: N/A Parcel No.: N/A Highway: Curry Road County: Hidalgo

Land Sale Improved Sale Rental Data



Grantor/ Lessor: Kim S. Cape, et al Grantee/Lessee: IOC Company, LLC
 Date: October 26, 2007 Recording Information: Doc# 1823330 Key Map: N/A
 Address: Southeast corner of Val Verde Road and Curve Road, Hidalgo County, Texas. Zip Code: 78539

Legal Description: A 16.81 acre tract of land, more or less, out of Block Six (6), Hill-Halbert Subdivision, Hidalgo County, Texas, as per map or plat thereof recorded in Volume 1, Page 35, Map Records, Hidalgo County, Texas.

Confirmed Price: \$ 255,500 Verified with: MLS# A102885s

Terms and Conditions of Sale: Cash To Seller

Rental Data: N/A

Land Size: 16.81 Acres or 732,244 Sf Unit Price as Vacant: \$ 15,199 / Acre or \$ 0.35 / Sf

Type Street: Asphalt Paved Utilities: Water/ Electricity/ Septic

Improvement(s) Description: N/A

Improvement(s) Size: N/A (GBA) N/A (NRA) N/A Unit Price as Improved \$: N/A

Condition and Functional Design: N/A

Current Use: Oil / Gas Production Highest and Best Use: Residential

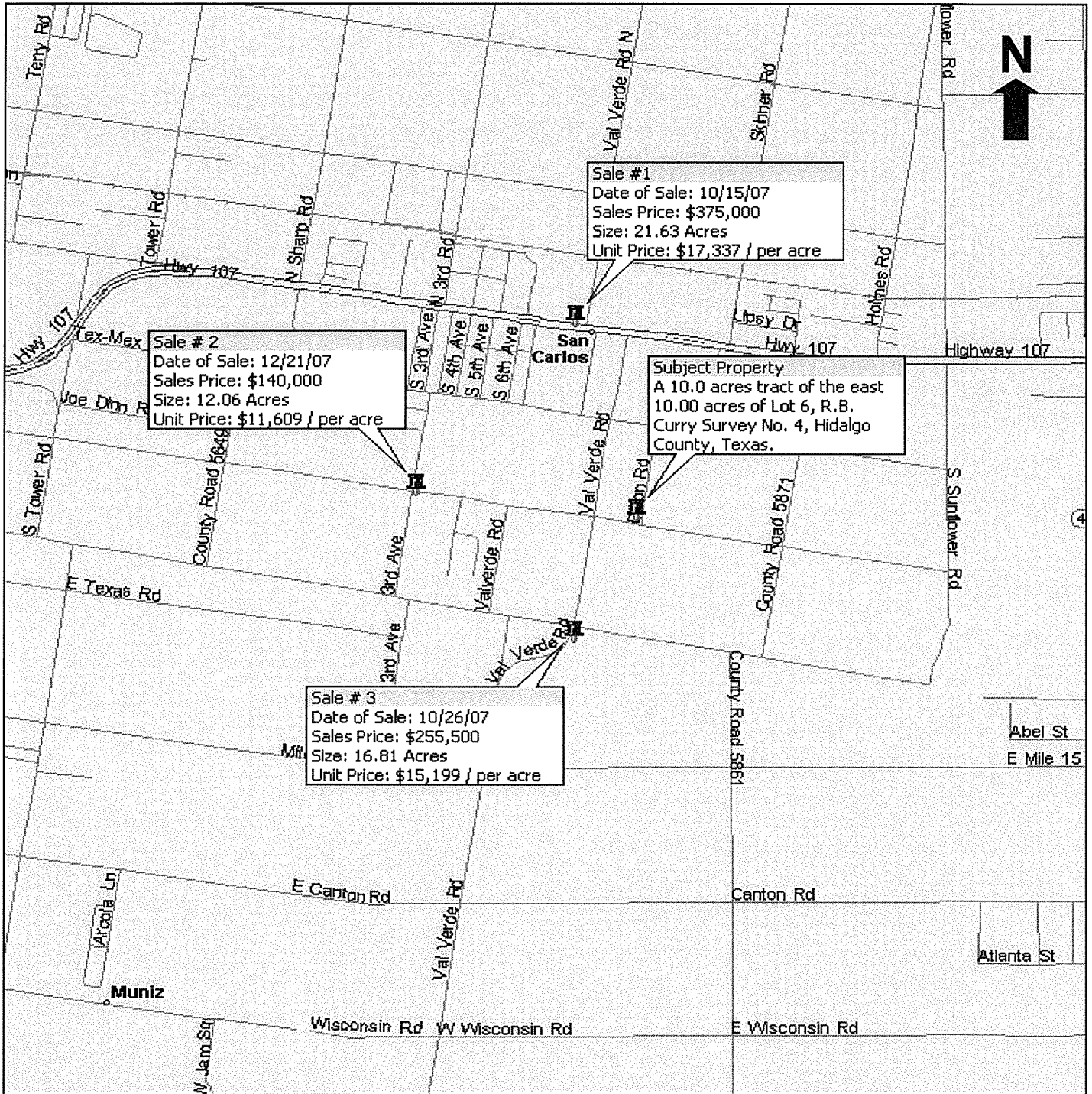
Date of Inspection: December 16, 2008 Zoning: SFR Flood Plain: N/A

Attach Additional Information:

The subject is a vacant tract of land located at the south east corner of Val Verde Road and Curve Road in Hidalgo County, Texas. The subject property is an irregular shape tract of land as it follow the curve in Val Verde Road south of Curve Road..

Appraiser: Leonel Garza III August 12, 2009
(Typed, not signed) Date

COMPARABLE SALES MAP



FIELD NOTES OF SUBJECT PROPERTY (Page 1 of 1)

METES AND BOUNDS

HIDALGO COUNTY PRECINCT No.4
PROJECT: SAN CARLOS DRAINAGE IMPROVEMENTS
PARCEL: GONZALEZ POND

A 10.00 ACRE TRACT OF LAND BEING THE EAST 10.00 ACRES OF LOT 6, R.B. CURRY SURVEY No.4, HIDALGO COUNTY, TEXAS, ACCORDING TO THE MAP OR PLAT THEREOF RECORDED IN VOLUME 2, PAGE 23, MAP RECORDS, HIDALGO COUNTY, TEXAS, AND ACCORDING TO WARRANTY DEED RECORDED UNDER COUNTY CLERK'S DOCUMENT NUMBER 911535, OFFICIAL RECORDS, HIDALGO COUNTY, TEXAS, REFERENCE TO WHICH IS HERE MADE FOR ALL PURPOSES AND BEING MORE PARTICULARLY DESCRIBED BY METES AND BOUNDS AS FOLLOWS.

BEGINNING AT A COTTON PICKER SPINDLE FOUND AT THE INTERSECTION OF DILLON ROAD AND CURRY ROAD FOR THE SOUTHEAST CORNER OF LOT 6 AND THE SOUTHEAST CORNER OF THIS TRACT.

THENCE; N 80°51'W, ALONG THE SOUTH LINE OF LOT 6 AND THE CENTERLINE OF CURRY ROAD, A DISTANCE OF 444.83 FEET TO A COTTON PICKER SPINDLE FOUND FOR THE SOUTHEAST CORNER OF THE VERLE CRAY TRACT (THE WEST 10.0 ACRES OF THE EAST 20.0 ACRES OF LOT 6, R.B. CURRY SURVEY No.4, ACCORDING TO CORRECTION WARRANTY DEED RECORDED UNDER COUNTY CLERK'S DOCUMENT NUMBER 1821712, OFFICIAL RECORDS, HIDALGO COUNTY, TEXAS) AND THE SOUTHWEST CORNER OF THIS TRACT.

THENCE; N 09°14'E, ALONG THE EAST LINE OF THE VERLE CRAY TRACT, PASSING A 1/2" IRON ROD WITH PLASTIC CAP STAMPED RPLS 4856 FOUND AT 20.00 FEET FOR THE NORTH RIGHT OF WAY LINE OF CURRY ROAD, A TOTAL DISTANCE OF 979.25 FEET TO A 1/2" IRON ROD WITH PLASTIC CAP STAMPED RPLS 4856 FOUND ON THE NORTH LINE OF LOT 6 FOR THE NORTHEAST CORNER OF SAID TRACT AND THE NORTHWEST CORNER OF THIS TRACT.

THENCE; S 80°51'E, ALONG THE NORTH LINE OF LOT 6, PASSING A 1/2" IRON ROD 24" IN LENGTH WITH PLASTIC CAP STAMPED RPLS 4856 SET AT 424.83 FEET FOR THE WEST RIGHT OF WAY LINE OF DILLON ROAD, A TOTAL DISTANCE OF 444.83 FEET TO A 1/2" IRON ROD WITH PLASTIC CAP STAMPED RPLS 4856 FOUND IN THE CENTERLINE OF DILLON ROAD FOR THE NORTHEAST CORNER OF LOT 6 AND THE NORTHEAST CORNER OF THIS TRACT.

THENCE; S 09°14'W, ALONG THE EAST LINE OF LOT 6 AND THE CENTERLINE OF DILLON ROAD, A DISTANCE OF 979.25 FEET TO THE POINT OF BEGINNING AND CONTAINING 10.00 ACRES OF LAND MORE OR LESS.

BEARINGS ARE IN ACCORDANCE WITH SAN CARLOS ESTATES, RECORDED IN VOLUME 29, PAGE 45, MAP RECORDS, HIDALGO COUNTY, TEXAS.

THE PROPERTY DESCRIBED IN THIS METES AND BOUNDS MAY BE SUBJECT TO THE SUBDIVISION REGULATIONS OF THE COUNTY OF HIDALGO AND/OR ORDINANCES OR GOVERNMENTAL REGULATIONS OF THE CITY IN WHICH THE PROPERTY MAY BE LOCATED OR HOLDING EXTRA TERRITORIAL JURISDICTION.

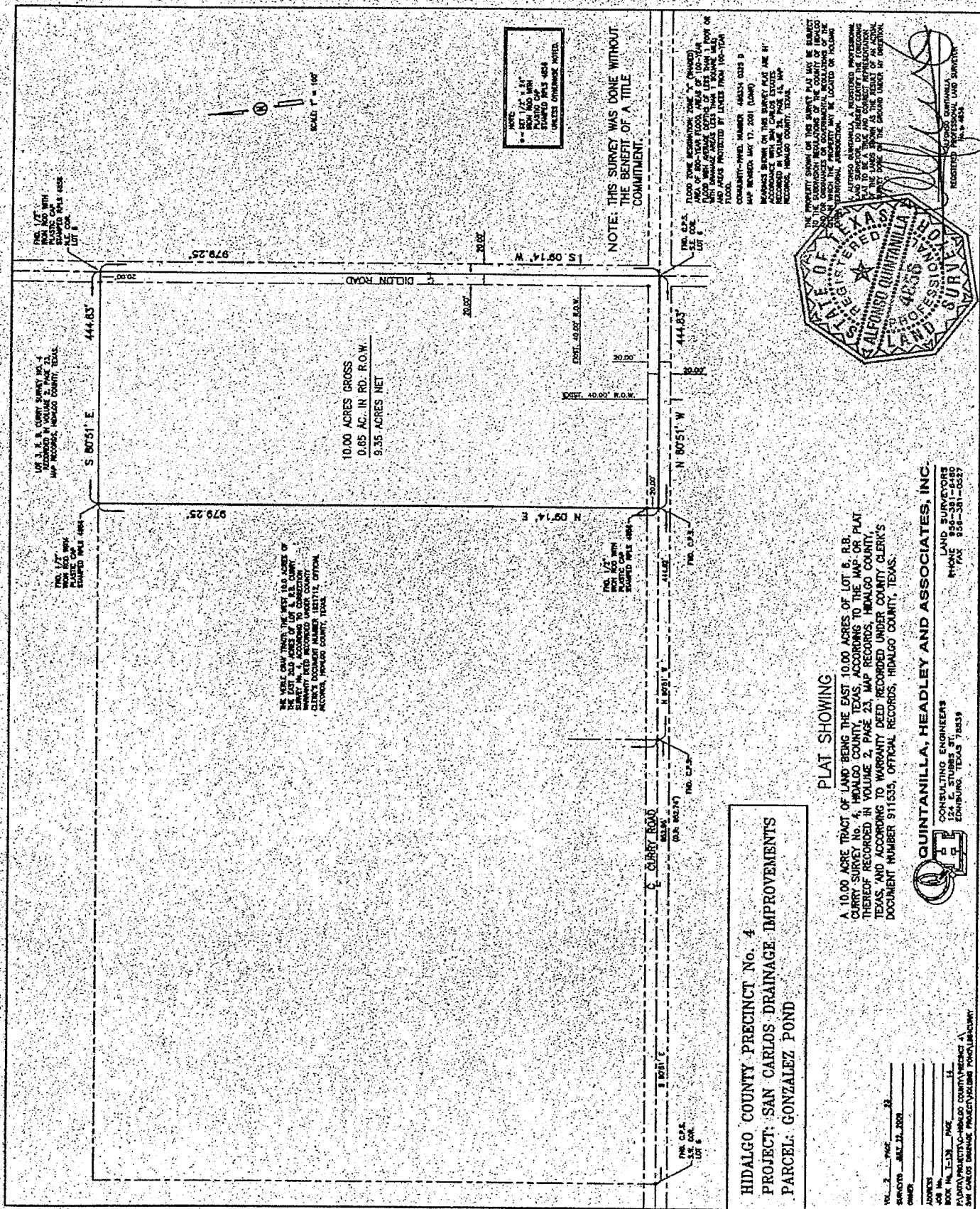
I, ALFONSO QUINTANILLA, A REGISTERED PROFESSIONAL LAND SURVEYOR IN THE STATE OF TEXAS, DO HEREBY CERTIFY THE ABOVE METES AND BOUNDS TO BE TRUE AND CORRECT, AND TO BE THE REPRESENTATION AND RESULT OF AN ACTUAL SURVEY DONE ON THE GROUND UNDER MY DIRECTION.

DATE PREPARED: July 22, 2009

Alfonso Quintanilla
ALFONSO QUINTANILLA
REGISTERED PROFESSIONAL
LAND SURVEYOR No. 4856



SURVEY OF SUBJECT PROPERTY (Page 1 of 1)



HIDALGO COUNTY PRECINCT No. 4
PROJECT: SAN CARLOS DRAINAGE IMPROVEMENTS
PARCEL: GONZALEZ POND

PLAT SHOWING

A 10.00 ACRE TRACT OF LAND BEING THE EAST 10.00 ACRES OF LOT 8, B.B. CURRY SURVEY NO. 4, HIDALGO COUNTY TEXAS, ACCORDING TO THE MAP OR PLAT THEREOF RECORDED IN VOLUME 2, PAGE 23, MAP RECORDS, HIDALGO COUNTY, TEXAS, AND ACCORDING TO WARRANTY DEED RECORDED UNDER COUNTY CLERK'S DOCUMENT NUMBER 911535, OFFICIAL RECORDS, HIDALGO COUNTY, TEXAS.

ALFONSO QUINTANILLA
CONSULTING ENGINEERS
24 E. STUBBS ST.
HOUSTON, TEXAS 77003

QUINTANILLA, HEADLEY AND ASSOCIATES, INC.
LAND SURVEYORS
PHONE 858-381-8180
FAX 858-381-0527

VOL. 3 PAGE 23
SURV. NO. 46556
DATE: JUL 24, 2008
OWNER:
JOB NO. 13-28
PROJECT: SAN CARLOS DRAINAGE IMPROVEMENTS
SAN CARLOS DRAINAGE PROJECT/HIDALGO COUNTY, TEXAS

Explanation of Adjustments with Reconciliation:

During the analysis of the part to be acquired, the value for the subject property as a whole was determined. This determination of market value is utilized for the valuation of the part to be acquired which is the subject whole property. The local market was searched for comparable sales of which contained similar frontage along Curry Road and other nearby thoroughfares. Several sales were located within this parameter had occurred within the past two years. Three sales were selected which were the most comparable to the subject property and required the least number of adjustments. The following three comparable sales were reviewed for location, available utilities, financing, site utility, topography and other factors of which the real estate market shall recognized for the purchase of said tracts.

Sale No. 1 is located at the northwest corner of State Highway 107 and Val Verde Road in San Carlos, Texas. The property was purchased for \$375,000 for 21.63 acres which equates to a unit rate of \$17,337 per acre. Due to the sales superior location as compared to the subject property a downward adjustment of -20% was indicated. Further adjustments were required for the street access and size of the subject tract as compared to the subject of this report. The adjustment for street access is indicated to be -10%, as the sale has direct access to an asphalt paved roadway. A final upward adjustment for the difference in size of +5% was indicated. Based on these adjustments a unit value of \$13,003 per acre is indicated for the subject property.

Sale No. 2 is located at the southeast corner of Curry Road and 3rd Street in Hidalgo County in San Carlos, Texas. The property was purchased for \$140,000 for 12.06 acres, which equates to a unit rate of \$11,609 per acre. The comparable sale is similar to the subject property in location, financing and condition of sale, market conditions, physical characteristics, available utilities and street access. No further adjustments were indicated to this comparable sale. Based on the indicated adjustments, a unit value of \$11,609 is indicated for the subject property.

Sale No. 3 is located at the southeast corner of Curve Road and Val Verde Road in Hidalgo County, Texas. The property is a 16.81 acre tract that was purchased for \$255,500, which equates to \$15,199 per acre. The comparable sale is similar to the subject property in location, financing and condition of sale, market conditions, available utilities and street access. As such no adjustments for these items of comparison were indicated. The sale is an irregular tract of land as compared to the subject property, as such a +5% adjustment is indicated. It is typical in this market that larger tracts of land indicate a lower unit value as compared to smaller tracts of land. As such a upward adjustment of +5% was indicated for the comparable. Based on the indicated adjustments, a unit value of \$16,719 is indicated for the subject property.

Reviewing the comparable sales selected, an unadjusted unit range of market value of \$11,609 per acre to \$17,337 per acre is indicated by the sales data. After adjustments were made in a paired sales analysis of the comparables to the subject property, an adjusted range of market value of \$11,609 per acre to \$16,719 per acre was determined. Based on the subject property location along Curry Road a value near the middle of the adjusted range of comparable sale of Comp. No. 1 and Comp. 3 was selected for the subject property, \$14,850 per acre. This unit rate multiplied by the net land area of 9.35 acres equates to an overall market value of \$138,848.

ADDENDUM

- 1. Certification of Appraisal**
- 2. Assumption & Limiting Conditions**
- 3. Qualifications of Appraisers**
- 4. Warranty Deed**
- 5. Letter of Inspection Sent To Owner of Record Via Certified Mail**
- 4. Certified Letter Tracking Information**

Certification of Appraisal

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

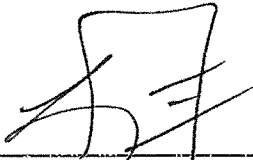
- * The statements of fact contained in this report are true and correct.
- * The reported analyses, opinions, and conclusions are limited only by the reported assumptions and limiting conditions, and are my personal, impartial, and unbiased professional analyses, opinions, and conclusions.
- * I have no present or prospective interest in the property that is the subject of this report, and I have no personal interest with respect to the parties involved.
- * I have no bias with respect to the property that is the subject of this report or to the parties involved with this assignment.
- * My engagement in this assignment was not contingent upon developing or reporting predetermined results.
- * My compensation for completing this assignment is not contingent upon the development or reporting of a predetermined value or direction in value that favors the cause of the client, the amount of the value opinion, the attainment of a stipulated result, or the occurrence of a subsequent event directly related to the intended use of this appraisal.
- * My analyses, opinions, and conclusions were developed, and this report has been prepared, in conformity with the Uniform Standards of Professional Appraisal Practice in conjunctions with the standards accepted by the Texas Department of Transportation.

- * I have made a personal observation of the property that is the subject of this report. Assisting in the gathering of on-site and off-site information during the date of inspection was Luis Carlos Garza, General Certified Appraiser. His specific use during this project was limited to the measuring of improvements located within taking and those items which may be damaged by the part to be acquired, aiding in the photography of the subject property and partial analysis. The full analysis and data gathering of sales information and other information concerning the subject property was performed by Leonel Garza III, General Certified Appraiser.

- * I certify that, to the best of my knowledge and belief, the reported analyses, opinions and conclusions were developed, and this report has been prepared, in conformity with the requirements of the Code of Professional Ethics and the Standards of Professional Appraisal Practice of the Appraisal Institute.

- * I certify that the use of this report is subject to the requirements of the Appraisal Institute relating to review by its duly authorized representative and for the purpose of right-of-way acquisition only and does not meet the standards required by certain financial institutions for the purpose of acquiring a loan.

- * The employment and compensation of this appraiser in completing this appraisal assignment was not based on a requested minimum valuation, a specific valuation, or the approval of the client to begin negotiations of said property for acquisition.



Leonel Garza III
General Certified Real Estate Appraiser
License No. TX - 1378375-General



Luis Carlos Garza
General Certified Real Estate Appraiser
License No. TX - 1338051 - General

ASSUMPTIONS AND LIMITING CONDITIONS

This report has been prepared with the following general assumption:

1. No responsibility is assumed for the legal description or for matters including legal or title considerations. Title to the property is assumed to be good and marketable unless otherwise stated.
2. The property is appraised free and clear of any or all liens or encumbrances unless otherwise stated.
3. Responsible ownership and competent property management are assumed.
4. The information furnished by others is believed to be reliable, but no warranty is given for its accuracy.
5. All engineering, title reports and surveys provided are assumed to be correct. The survey and field notes and other illustrative material in this report are included only to assist the reader in visualizing the property.
6. It is assumed that there are no hidden or un-apparent conditions of the property, subsoil, or structures that render it more or less valuable. No responsibility is assumed for such conditions or for arranging for engineering studies that may be required to discover them.
7. It is assumed that the property is in full compliance with all applicable federal, state, and local environmental regulations and laws unless the lack of compliance is stated, described, and considered in the appraisal report.
8. It is assumed that all required licenses; certificates of occupancy, consents, or other legislative or administrative authority from any local state, or national government or private entity or organization have been or can be obtained or renewed for any use on which the value estimate contained in this report is based.
9. It is assumed that the use of the land and improvements is confined within the boundaries or property line of the property described and that there is no encroachment or trespass unless noted in the survey provided.
10. Unless otherwise stated in this report, this appraiser did not observe the existence of hazardous material, which may or may not be present on the property. The appraiser does not have any knowledge of the existence of such material on or in the property. The appraiser, however, is not qualified to detect such substances. The presence of substances such as asbestos, urea-formaldehyde foam insulation or other potentially hazardous materials may affect the value of the property. The value estimate is predicated on the assumption that there is no such material on or in property that would cause a loss in value. No responsibility is assumed for any such conditions, or for any expertise or engineering knowledge required to discover them. The client is urged to retain an expert in this field, if desired.

This appraisal report has been made with the following general limiting conditions:

1. Any allocation of the total value of the total valuation in this report between land and improvements applies only under the stated program of utilization. The separate allocations for land and buildings must not be used in conjunction with any other appraisal and are invalid if so used.
2. Possession of this report, or a copy thereof, does not carry with it the right of publication without the written permission of Leonel Garza Jr. & Associates LLC.
3. The appraiser, by reason of this appraisal, is not required to give further consultation, testimony, or be in attendance in court with reference to the property in question unless arrangements have been previously made.
4. Neither all nor any part of the contents of this report (especially any conclusions as to value, the identity of the appraiser, or the firm with which the appraiser is connected) shall be disseminated to the public through advertising, public relations, news, sales, or other media without the prior written consent and approval of the appraiser and or the client of this report.
5. If the property rights appraised are the "Leased Fee Estate", then the final indicated market value estimate is based on the continued performance under the lease terms.
6. All original appraisal reports have been signed in blue. Any other copy, which is not signed in blue, may have been altered, and this appraiser is not responsible for its contents or values indicated.

Assumptions and Interpretations Made of the Marketing Period

1. Marketing Time Period: Begins with the date of value estimate and with the indicated exposure time.
2. Exposure to the open market: listing the property on the market for sale with a Realtor, member of Multiple Listing Service, or a licensed Real Estate Broker, that will properly expose the property to the market. This appraiser does not consider a sign placed by a property owner on the property as proper marketing. If the property is presently listed for sale on the market, this appraiser must be notified prior to the completion of the appraisal.
3. Exposure Time: The length of time the property interest being appraised would have been offered on the market prior to the hypothetical consummation of a sale at market value on the effective date of the appraisal.

QUALIFICATIONS OF APPRAISER - LEONEL GARZA III

Education

Graduate, 1995, Texas A&M University, College Station, Texas (Bachelor of Science in Biomedical Science)

Graduate, 1991 McAllen Memorial High School, McAllen, Texas

Licenses

State Certified General Real Estate Appraiser

Number TX - 1328375-General

Licensed Since December 31, 1998

Expires: December 31, 2010 (Active)

State Certified Property Tax Consultant

Number TX - 00003181

Licensed Since May 20, 2002

June 16, 2008 through June 16, 2010 (Active)

Public Service Organizations

Member of the Appraisal Institute (Not MAI Designated)

Currently taking courses toward the designation of MAI through the Appraisal Institute.

National Association of Master Appraisers

Designated as a Master Senior Appraiser in 2006 by the National Association of Master Appraisers. This designation is obtained thru educational requirements and experience.

Former Chairman of the City of McAllen Zoning Board of Adjustments and Appeals

This city board has the duty to hear and decide appeals where it is alleged there is error in any requirement, or determination made administratively in the enforcement of the Zoning Ordinance. The Board hears appeals that grant variances to setback requirements and special exceptions to reconstruction of nonconforming buildings.

Chairman of the Hidalgo County Subdivision Advisory Board

This county board on subdivision reviews primary goal is to ensure that proper standards, set by Texas Water Development Board and the Texas Subdivision Model Rules and or opinions from the Texas State Attorney Generals Office, are conducted in the development of proposed subdivision within the County of Hidalgo and or Extraterritorial Jurisdiction of municipalities throughout the County of Hidalgo. The boards secondary function is to review applications for variances against the Flood Plain Administrators decisions of the base flood elevations throughout the County of Hidalgo.

Chairman of the Hidalgo County Building Line of Adjustments

This county board reviews applications of variances to general set-back regulations set forth by the County of Hidalgo. This review includes the review of existing and or proposed encroachments into set-backs, easements, road right-of-way set-back, subdivision plat requirements and or requirements set forth by adjoining municipalities of which the subject is within the extraterritorial jurisdiction.

Member of The McAllen Palm City Lions Club

Direct the fund raising for the annual Thanksgiving Drive on behalf of Lion Leonel Garza Jr. who founded the drive more than 20 years ago. In 2005 & 2006, the club raised funds to feed 60 family's throughout the City of McAllen.

Former Executive Board Member of the Lower Rio Grande Valley Boy Scouts Council

The goal of the council is to maintain membership and the continued progress of the boy scouts within the Lower Rio Grande Valley. The council shall maintain progress reports of financial status of the council and plan for events world wide which local children may participate as a representative of the council. These events include the World Jamboree and the National Jamboree.

Former Vice Chairman of the City of McAllen Ambulance Advisory Committee

Evaluates and reports to the City Commission on the operation of the emergency ambulance service rendered by company or companies rendering such service.

Former Member of the City of McAllen Building Board of Adjustments and Appeals

The BBOA reviews the decision of City Staff for the demolition of properties deemed unsafe through the City for a variety of reasons. The board review all facts and concerns and make the decision to secure or proceed with demolition based upon the safety of the neighboring property owners and occupants. The greatest concern for the commission is the safety of the surrounding neighborhood occupants.

Former Member of the Pharr Municipal Park Charter Committee

Appointed in 1998-1999, our goal was to establish a 103 acre master planned recreational park to the City of Pharr during our membership with the City of Pharr Leadership Class X.

Work Experience

- *Employee of Leonel Garza Jr. & Associates since 1990*
- *State Certified General Real Estate Appraiser since December 31, 1998*
- *Owner of G-3 Construction which primary focus is custom commercial and multifamily residential construction.*
- *Commercial and residential property manager throughout the City of McAllen & Pharr, Texas.*
- *Licensed Property Tax Consultant Since 2000.*
- *Appraiser Trainee from 1995 thru 1998 under the sponsorship of Leonel Garza Jr. who was a State Certified General Real Estate Appraiser & Board Member of the Texas State Appraisal Review Board from October 23, 1995 Through September 15, 1998. Appointed by Governor George W. Bush for two (2) terms.*

Clients For Which Appraisals Have Been Prepared By This Appraiser

Banks	Bankruptcy Courts	Cities of:	
Attorneys	Homeowners	Alamo	Cameron County
Retailers	Rancher	Alton	Hidalgo County
Doctors	National Franchises	Edinburg	Starr County
Oil Companies	Estate Planners	Hidalgo	
Farmers	Texas Department of	Mercedes	
Mortgage Companies	Transportation	Mission	
Hotel Franchises		McAllen	
US Department of Interior		Pharr	
		San Juan	
		Progresso	

Type of Appraisals Which Have Been Prepared By This Office

Caliche Pits / Land Fills	Apartment Complexes	Agricultural Land
Commercial Lots	Automobile Agencies	Bar / Lounges
Convenience Stores	Mini-Storage Units	Grocery Stores
Farms & Ranches	Mobile Home Park Subdivision	Multi-Tenant Retail
Industrial (McAllen Foreign Trade Zone)	Motels / Hotels	Multi-Tenant Offices
Industrial Subdivisions	Ranches	Residential
Medical Offices	Residential Subdivisions	Vacant Residential Lots
Retail Commercial Strips	Restaurants	Veterinary Clinics
Warehouses	Right of Way Acquisitions	
	Truck Stops	

Areas Where Appraised Properties Have Been Performed By This Office

Alamo	Edcouch	Alice	Austin
Beeville	Hargill	Georgewest	Donna
Elsa	Harlingen	Kingsville	Edinburg
Mission	Hidalgo	McAllen	La Feria
New Braunfels	Los Ebanos	Palmview	La Joya
Progresso	Port Isabel	San Antonio	Mercedes
Rio Grande City	South Padre Island	Sullivan City	San Juan
Roma	Zapata	McCook	Weslaco

QUALIFICATIONS OF APPRAISER - LUIS C. GARZA

Education

- Graduate 2002 University of Texas Pan American, Edinburg, Texas
Bachelor of Business Administration
- Graduate 1995 McAllen High School, McAllen, Texas

Licenses Held

- State Certified General Real Estate Appraiser
Number TX-1338051-General
Licensed since July 28, 2008
Expires: July 31, 2010 (Active)

Public Service Organization

- McAllen Palm City Lions Club – Active Member

Professional Associations

- International Right of Way Association – Active Member (Member #7899432)

Work Experience

- Employee of Leonel Garza Jr. and Associates since 2004

WARRANTY DEED (Page 1 of 2)

CHARGE TO: EDWARDS ABSTRACT
AND TITLE CO. GF# 704790

911535

WARRANTYDEED

Date: October 3, 2000

Grantor: MAX R. MERRILL, not joined herein by my spouse as the property being conveyed herein does not constitute any part of our homestead.

Grantor's Mailing Address (including county): 410 W. Sam Houston
Pharr, Texas 78577
Hidalgo County, Texas

Grantee: JESUS GONZALEZ and wife, DAHLIA A. GONZALEZ

Grantee's Mailing Address (including county): 1412 South 16th St.
Edinburg, Texas 78539
Hidalgo County, Texas

Consideration: Ten Dollars and other valuable consideration to the undersigned paid by the grantee herein named, the receipt of which is hereby acknowledged.

Property (including any improvements):

The East Ten (10) acres of Lot Six (6), R. B. Curry Survey No. Four (4), Hidalgo County, Texas, as per map or plat thereof recorded in Volume 2, Page 23, Map Records, Hidalgo County, Texas.

SAVE AND EXCEPT Grantor(s) reserve for themselves and their heirs and assigns all oil, gas and other minerals, in, on, under or that may be produced from the above described property.

Reservations from and Exceptions to Conveyance and Warranty:

Subject to any portion of the property described herein within the limits or boundaries of any public or private roadway and/or highway and the rights of the public thereto.

Subject to any portion of subject property described herein lying within canal right of way.

Easements, Rules, Regulations and Rights in favor of Hidalgo County Irrigation District No. 1.

Easements and reservations as may appear upon the recorded map and dedication of said subdivision.

Taxes for the year 2000 and subsequent years.

WARRANTY DEED (Page 2 of 2)

Grantor, for valuable consideration, the receipt of which is hereby acknowledged, and subject to the reservations from, and exceptions to conveyance and warranty contained in this instrument, grants, sells, and conveys to Grantee the Property, together with all and singular the rights and appurtenances thereto in any wise belonging, to have and to hold the Property to Grantee, Grantee's heirs, executors, administrators, successors, and assigns forever. Grantor binds Grantor and Grantor's heirs, executors, administrators, and successors to warrant and forever defend all and singular the Property to Grantee and Grantee's heirs, executors, administrators, successors, and assigns against every person whomsoever lawfully claiming or to claim the same or any part thereof forever, except as to the reservations from, and exceptions to conveyance and warranty herein contained.

When the context requires, singular nouns and pronouns include the plural.

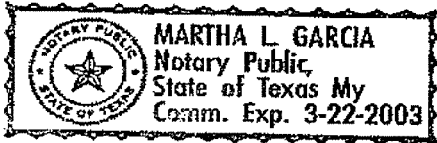

MAX R. MERRILL

(Acknowledgment)

State of Texas
County of Hidalgo

This instrument was acknowledged before me on the 3rd of October, 2000, by MAX R. MERRILL.


Notary Public, State of Texas



AFTER RECORDING RETURN TO:

JESUS GONZALEZ
1412 South 16th St.
Edinburg, Texas 78539

PREPARED BY:

Scott & Lewis
Attorneys At Law
208 West Cano
Edinburg, Texas 78539

File/GF Number: 704790
MG:slc

CERTIFIED LETTER OF INSPECTION TO PROPERTY OWNER

Leonel Garza Jr. & Associates LLC
Appraisal Services

1419 Dove, Suite 1 - McAllen, Texas 78504
(956) 687-7295 (24 hour answering service) Fax (956) 687-9236

August 11, 2009

Project: San Carlos Drainage Improvements

The 10 Acres of the East 10 Acres of Lot 6, R.B. Curry Subdivision No. 4, Hidalgo County, Texas

Jesus Gonzalez & Dahlia Gonzalez
1412 South 16th Avenue
Edinburg, TX 78539

To Whom It May Concern:

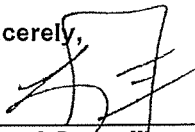
Leonel Garza Jr. & Associates LLC has been contracted by Hidalgo County Precinct No. 2, to appraise various properties within your market area for the purpose of acquiring either land in fee simple or as an easement. This proposed acquisition is for the purpose of creating a master plan drainage system for the County of Hidalgo. A survey of the property is currently underway and shall be provided within the coming weeks as this project progresses. This office shall be inspecting the subject property from existing road right-of-way until verbal or written permission from you is granted to enter the subject property. We would like to extend the opportunity to meet with our office at your site at a later date in order to explain the project and the purpose of the appraisal report requested by Hidalgo County Precinct No. 2.

The Hidalgo County Precinct No. 2 is interested in acquiring said property believed to be in the name of Jesus Gonzalez & Dahlia Gonzalez. This is the beginning process for future negotiations to acquire a part or all of the subject property. If you or your representative wish to meet with us to discuss the purpose of the appraisal and join me for an on-site inspection of your land, I can be reached at (956) 687-7295. I will be researching the market area for any and all real estate sales, and would appreciate any leads or information in which you may have. If this letter does not pertain to you and you have sold said property, please notify our office as soon as possible so that the proper ownership identification can be preformed.

If you have any questions please call the office of Leonel Garza Jr. & Associates LLC at (956) 687-7295.

With this letter I request permission to perform an on-site inspection and photograph your property. If you have any objections to our inspection of your property please call the office of Leonel Garza Jr. and Associates LLC at (956) 687-7295 as soon as possible. Thank you.

Sincerely,



Leonel Garza II
State Certified General
Real Estate Appraiser
TX1328375-General

Cc: Hidalgo County Right-of-Way Department
Benito Rodriguez, Right-of-Way Agent
2401 N Moorefield Road
Mission, Texas 78572
(956) 283-8134

Leonel Garza Jr. & Associates LLC

CERTIFIED LETTER TRACKING INFORMATION

PLACE STICKER AT TOP OF ENVELOPE TO THE RIGHT OF THE RETURN ADDRESS, FOLD AT DOTTED LINE
CERTIFIED MAIL™



7005 3110 0000 0984 1384
7005 3110 0000 0984 1384

U.S. Postal Service™ CERTIFIED MAIL™ RECEIPT (Domestic Mail Only; No Insurance Coverage Provided)	
For delivery information visit our website at www.usps.com	
OFFICIAL USE	
Postage \$ Certified Fee Return Receipt Fee (Endorsement Required) Restricted Delivery Fee (Endorsement Required) Total Postage & Fees \$	Postmark Here
Sent To Jesus Gonzalez & Dahlia Gonzalez Street, Apt. No., or PO Box No. 1412 S. 116 th Avenue City, State, ZIP+4 Edinburg, TX 78539	
PS Form 3800, June 2002	See Reverse for Instructions

SENDER: COMPLETE THIS SECTION

- Complete items 1, 2, and 3. Also complete item 4 if Restricted Delivery is desired.
- Print your name and address on the reverse so that we can return the card to you.
- Attach this card to the back of the mailpiece, or on the front if space permits.

1. Article Addressed to:

Jesus Gonzalez & Dahlia Gonzalez
1412 S 116th Avenue
Edinburg, TX 78539

COMPLETE THIS SECTION ON DELIVERY

A. Signature
 X
 Agent
 Addressee

B. Received by (Printed Name) _____ C. Date of Delivery _____

D. Is delivery address different from item 1? Yes
 If YES, enter delivery address below: No

3. Service Type
 Certified Mail Express Mail
 Registered Return Receipt for Merchandise
 Insured Mail C.O.D.

4. Restricted Delivery? (Extra Fee) Yes

2. Article Number (Transfer from service) 7005 3110 0000 0984 1384



HIDALGO COUNTY RIGHT OF WAY DEPARTMENT

JOSE N. PEÑA
Director

October 8, 2009

Jesus Gonzalez
Dahlia A. Gonzalez
1412 16th Avenue
Edinburg, Texas 78539

RE: San Carlos Drainage Improvements Project:

Parcel: Gonzalez Pond

Dear Mr. and Mrs. Gonzalez,

The Commissioners' Court of Hidalgo County have authorized me to make an offer for the property to be acquired under the above captioned parcel for drainage right of way purposes in connection with the San Carlos Drainage Improvements Project.

Based on an Appraisal by Mr. Leonel Garza, III with Leonel Garza, Jr., & Associates LLC, a State Certified General Real Estate Appraiser, Commissioners' Court of Hidalgo County authorized me to make an offer of **\$138,848.00** for a taking of your property. The offer represents total compensation for land and improvements. We are prepared to negotiate with you to acquire this parcel of land at its full-appraised value.

BREAKDOWN

Land

9.350 Acres @ \$ 14.850 per Acre \$ 138,848.00

Improvements

N/A

Total Improvements

N/A

Total Estimated Value \$ 138,848.00

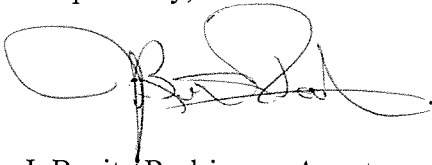
Total Offer \$ 138,848.00

We would appreciate if you took the time to review the package of information sent. If this offer is not accepted or feel that you may need additional time to consider the offer, please contact our office, otherwise, within ten working days from the date receipt of this letter, condemnation proceedings will be instituted for the acquisition of the right of way. Thereafter, the County Court at Law will appoint three disinterested freeholders to serve as Special Commissioners', a

509 E. Earling Rd. ★ San Juan, Texas 78589 ★ (956) 283-8134 ★ Fax (956) 283-8402

date will be set for the hearing and you will be notified of the time and place set for the hearing at which the Special Commissioners will hear the evidence presented and arrive at an award which will be filed with the court. The County may then deposit the amount of the award with the County Clerk of the County of Hidalgo at which time the County may take possession of the property involved. If either you or the County is dissatisfied with the amount of the award, objections may be filed within the time prescribed by law, and the case subsequently may be tried before the County Court at Law as in other civil cases.

Respectfully,

A handwritten signature in black ink, appearing to read 'J. Benito Rodriguez', with a stylized flourish extending to the right.

J. Benito Rodriguez, Agent
Hidalgo County Right of Way Department