



**REAL ESTATE APPRAISAL REPORT - TEXAS DEPARTMENT OF TRANSPORTATION**

Address of Property: 23<sup>rd</sup> Street (W/S), 0.59 miles north of East District: 21  
 Expressway 83, and 0.10 miles west of  
 23<sup>rd</sup> Street (N/S).

Property Owner: D & S Bell Enterprises LTD Parcel: 4B  
 Address of Property Owner: P.O. Box 653 Peñitas, Texas 78576 ROW CSJ: N/A  
 Occupant's Name: Vacant Federal Project No: N/A  
 Whole:  Partial:  Acquisition Highway: Peñitas Drain / I-2 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 \$66,994 as of November 24, 2014, based upon my independent appraisal and the exercise of my professional judgment;

That on November 24, 2014 (date)(s), I personally inspected in the field the property herein appraised; that I afforded D & S Bell Enterprises, LTD, the property owner or the representative of the property owner, the opportunity to accompany me at the time of the inspection;

That the comparables relied upon in making said appraisal were as represented by the photographs contained in the appraisal report and were inspected on January 7, 2015 (date)(s);

That I have not revealed and will not reveal the findings and results of such appraisal to anyone other than the proper officials of the Texas Department of Transportation, and or their representatives, 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;

That 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.

The appraiser has considered access damages in accordance with Section 21.042(d) of the Texas Property Code, as amended by SB18 of the Texas 82<sup>nd</sup> Regular Legislative Session and finds as follows:

1. Is there a denial of direct access of the parcel? No (yes or no)
2. If so, is the denial of direct access material? N/A (yes, no, or not applicable)
3. The lack of any access denial or the material impairment of direct access on or off the remaining property affects the market value of the remaining property in the sum of \$0.00.

I certify to the best of my knowledge and belief:

That the statements of fact contained in this report are true and correct;

That 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;

That 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;

That 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 for which such property is to be acquired, or by the likelihood that the property would be acquired for such 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.

Leonel Garza III  
 Appraiser Signature  
 State Certified General Real Estate Appraiser – TX 1328375 – General  
 Certification Number

January 10, 2015  
 Date

To the best of my knowledge, the value does not include any items which are not compensable under State law.

\_\_\_\_\_  
 Reviewing Appraiser

\_\_\_\_\_  
 Date



### 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 determine the value of the proposed right-of-way to be acquired in the name of the State of Texas. 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 (mineral and or ground lease), or operating agreements and project influence (if any exist). The area to be acquired may contain personal property items that are not compensable or may be handled through negotiations or relocation benefits, if applicable. These items deemed compensable shall be included within the body of the report and itemized for clarity by the appraiser. Any structural and or site improvements not located within the part to be acquired and outside of the area permitted to be inspected by the property owner, shall be given a stated value based on the assessment established by the corresponding appraisal district and or by off-site estimation by appraiser.

### Client & Intended User

The client for this report is identified as the Hidalgo Urban County Program under the direction Antonio "Tony" Barco, Assistant Director. The part to be acquired is part of a grant program for a drainage project known as the "Penitas Drainage Project. The part to be acquired is for the expansion of drainage in the immediate area and will aid in the facilitation of drainage for the entire region north of the US Expressway 83 / Interstate 2. The intended use of the report is to assist Victor Gallardo, Right of Way Agent, in future negotiations to acquire a portion of said property in the name of the Hidalgo County. This report is not intended for any other use, unless specified by the client. The client has specified that the report shall be an appraisal report, which is to conform to the ROW A-5 Form Rev. 08/2011. The intended user of the report is defined as the Hidalgo county Precinct No. 3 & the Hidalgo Urban County Program and may include other governmental entities that may be participating in the project.

### Scope of the Assignment

By contract and written authorization to proceed, the Hidalgo Urban County Program, requested that Leonel Garza Jr. & Associates LLC prepare an appraisal report of the part to be acquired as described by survey and metes and bounds created by Civil Corp Engineers and Surveyors out of Victoria, Texas. The scope of the assignment is to appraise the area as fee simple in its present "as is condition" subject to governmental regulation, and in terms of a cash transaction. In addition, the scope requires the appraiser to make the extraordinary assumption that the subject property is free from contamination, of which could affect the overall market value of the subject property as a whole and the part to be acquired. The property owner shall be sent a letter of intent to inspect the subject property and offer any additional inspections on-site and in the presence of the owner(s) and/or owner(s) representative (as requested in writing). In the event access is not granted to enter the subject area, the appraiser is to proceed off-site along existing road right-of-way as indicated by survey. The scope of the assignment requires that comparable market sales within the area be identified and analyzed for comparability and reliability in determining the estimated market value of the subject property. The sales 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 Multiple Listing Service, local Realtors & Brokers, Real Estate Appraisers, and conversations with various owners along the project. Listings surrounding the project and the surrounding market area were also reviewed in order to determine the current market asking prices for properties along the project. The appraisal report shall indicate the current market value of the subject property as of the date of on-site and or off-site inspection without project influence, as required by the scope of the assignment. The inspection is limited by the permission granted by the subject property owner as of the date of report. In the event an on-site inspection was not permitted, the appraiser shall continue the inspection off-site along existing road right of way(s). The property owner shall always reserve the right to have a re-inspection of the subject parcel at a later date, if requested in writing.

### 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." Pursuant to the scope of the assignment, this is the manner of which the subject property shall be appraised for purposes of this report. If there are any questions or concerns about this definition of fee simple estate, please feel free to contact Leonel Garza III at (956) 687-7295 or leonel3@garza-associates.com for further explanation.

### Access To Subject

Pursuant to the scope of the assignment, the subject property shall be inspected in order to verify any and all improvements affected by the part to be acquired. In the event the remainder after the acquisition is affected by the proposed acquisition, the remainder shall be inspected in order to determine damages (diminution) to market value if any exist. The property owner of record shall be sent a letter of intent to inspect and offered the opportunity for an on-site inspection in the presence of the appraiser, Leonel Garza III. A copy of the certified letter is located within the addenda of this report. The property owner shall always reserve the right to contact the office of Leonel Garza Jr. & Associates LLC (956) 687-7295 or leonel3@garza-associates.com, after the date of inspection for an additional on-site inspection in his/her presence with appraiser, Leonel Garza III.

IDENTIFICATION OF SUBJECT TO BE ACQUIRED

Parcel No. \_\_\_\_\_ 4B  
RCSJ \_\_\_\_\_ N/A  
Owner of Record \_\_\_\_\_ D & S Bell Enterprises, LTD  
P.O. Box 653, Peñitas, Texas 78576  
Current Use \_\_\_\_\_ Vacant  
Subject Address or Location \_\_\_ 23<sup>rd</sup> Street (W/S), 0.59 miles north of East Expressway 83, and 0.10 miles west of 23<sup>rd</sup> Street (N/S)

Legal Description of Part

To Be Acquired \_\_\_\_\_ A tract of land containing 1.934 acres, situated in Hidalgo County, Texas and also being a part or portion of Lot 207, Homeville Association Subdivision "A", map reference: Volume 0, page 24, H.C.M.R., and said 1.934 of one acre of land also being a part or portion of that tract deeded to D & S Bell Enterprises, LTD, recorded in Document 1181932, H.C.D.R., and said 1.934 of one acre of land also being more particularly described by metes and bounds descriptions.

The subject property, as a whole, is a 5.00 acre vacant tract of land less the canal easement and the property south of the canal easement. As such, the economic unit will be 3.71 acres located along 23<sup>rd</sup> Street (W/S), 0.59 miles north of East Expressway 83, and 0.10 miles west of 23<sup>rd</sup> Street (N/S) along a canal road ROW. The subject property is a vacant tract of land currently being utilized for row crop farming. The tract is located within the community of Penitas and has all available municipal utilities available which include potable water, electricity and phone service. Sanitary sewer is located in the vicinity. According to the survey provided the part to be acquired is 1.934 acres or approximately 84,193 square feet which will leave a remainder of 3.066 acres. Based on the economic unit of 3.71 acres, less the 1.934 acres for the part to be acquired will leave a remainder of 1.776 acres. This land area currently in fee simple shall be calculated at 100% of the unit value derived from the sales comparison approach. This is performed in order to determine the unit value for the proposed acquisition for the purchase of said tract in the name of the County of Hidalgo.

The scope of this assignment is to determine the market value of the part to be acquired, based on the survey provided by CVQ Land Surveyors dated November 11, 2013. The survey indicates that the area to be acquired is 1.934 acres or approximately 84,193 square feet with 467.74 lineal feet along the southern boundary of the subject property. The depth of the acquisition is 180.41' lineal feet along both the western and eastern boundary of the subject property. The property in question is currently owned in "fee simple" and shall be valued at 100% of the market value, as determined by the Sales Comparison Approach to market value "as if vacant" subject to any encumbrances and or existing easements. This is performed in order to determine the unit market value (price per square foot) of the part to be acquired by the Hidalgo County for the development of the new drainage facility known as the Penitas Drain and Water Shed project. Note the survey provided contains only the part to be acquired area only. Information about the whole property prior to acquisition is stated on the survey and has been verified with the Hidalgo County Appraisal District.

Economic Unit – Whole Property

During the analysis of the subject property it was determined that the overall land area of the tract shall be utilized as the economic unit of the subject property as a whole. This is done in order to determine the pro rata part of the whole, which is the subject of this report. The tract as whole is indicative of the market trends along US Expressway 83 within Penitas and the immediate market area. Therefore, the tract shall be analyzed with other comparable tracts within the market and or expanded market of the Rio Grande Valley along similar highways in order to determine the overall market value of the subject property. This shall incorporate the underlying land value (price per acre) and the site improvements included within the part to be acquired (if any).

### Part To Be Acquired

The proposed acquisition shall be valued as a pro-rata part of the whole property which, before the acquisition is 5.00 acres. In order to determine the unit market value of the subject property as a whole, the use of the Sales Comparison Approach "as if vacant" to value, shall be utilized to determine the overall market unit rate for the subject property. Once this is completed, the appraiser shall utilize this rate for the determination of the pro-rata part to be acquired. This determination of market value shall be based on the fee simple estate of the subject property with an overall highest and best use of the subject property as a whole.

### Remainder Before & After Acquisition

The remainder, before and after the acquisition, is defined as the partial acquisition subtracted from the whole property which is described as the subject property. It is determined at the time of appraisal whether or not damages to the remainder are caused by the proposed part to be acquired. The highest and best use of the subject property before and after the proposed partial acquisition is analyzed to determine whether or not the use of the subject property will be altered as a result of the proposed part to be acquired. Based on the off-site inspection of the subject to be acquired, the remainder after shall not be affected by the part to be acquired. Therefore, no diminution (damage) to the remainder before and after the acquisition shall be assessed for the total compensation of the part to be acquired.

### Building & Site Improvement Analysis

During the off-site inspection of the subject property, no building improvements were located within the part to be acquired, however, site improvement were identified. In the event that structural or site improvements are located within the proposed acquisition, those improvements would be itemized on page 3.0 of this report. Site improvements are valued based on their depreciated cost value at the time of appraisal. In the event structural or site improvements must be re-established within the remainder, a cost to cure shall apply and be added to the compensation of the part to be acquired. In addition, any utilities located within the acquisition area shall be relocated as an item of construction and shall not be included within the compensation for the subject property.

### Personal Property

Pursuant to the 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. Any and all personal property and or realty located within existing road right of way shall be deemed non-compensable pursuant to the scope of the assignment. In the event the selected items are determined to be compensable, then they shall be included within the cost approach section of this report and be itemized for clarity.

### Listing Status

Based on the on-site inspection of the subject property no visible "For Sale" signs were observed indicating that subject property is listed for sale.

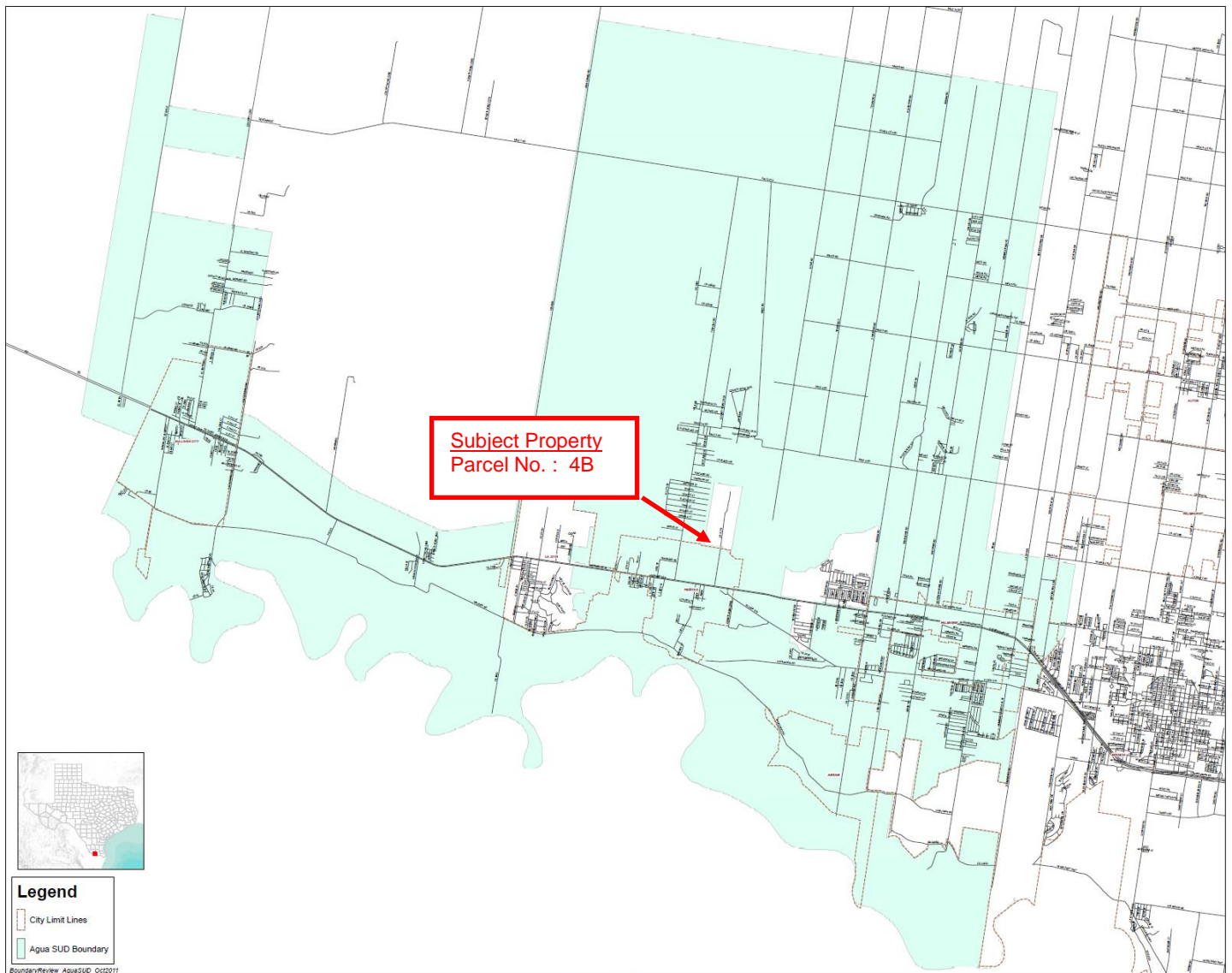
### Environmental Statement

This appraiser has made an off-site inspection of the subject property. 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 any environmental concerns exist. 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 that may influence its marketability and/or value.

### Utilities Services Available

The subject property is located in a region, which contains potable water, water wells, electricity, and phone service, which is typical of the market area. Sewer service is limited is available within the city limits of Penitas and surrounding the City of La Joya. This was verified with the Agua Special Utility District. The District has indicated that the Agua SUD installed 1 mile of 8" PVC pipe along Liberty Road, replacing a 1 ½ inch water line that was looped to a subdivision. The water line increased water volume and pressure north of 3 Mile Line along Tom Gill Road. In addition, a 500,000 gallon composite type water tower on Texas Road was constructed to improve the overall pressure and volume in the Mile 7 and Mile 5 areas north of the subject property. Agua SUD purchased booster station pump upgrades for Mile 3, Tom Gill, FM 886 and Benavides booster stations. They are dual pump systems with variable frequency drives. The Mile 3 and FM 886 booster stations will also have stand-by diesel generators. These improvements have continued since the moratorium on new subdivision from a few years ago of which water pressure was insufficient for the service area at the time. Sewer line facilities throughout the City are being upgraded as well. The following is the service coverage area from the Agua Special Utility website ([www.aguasud.com](http://www.aguasud.com))

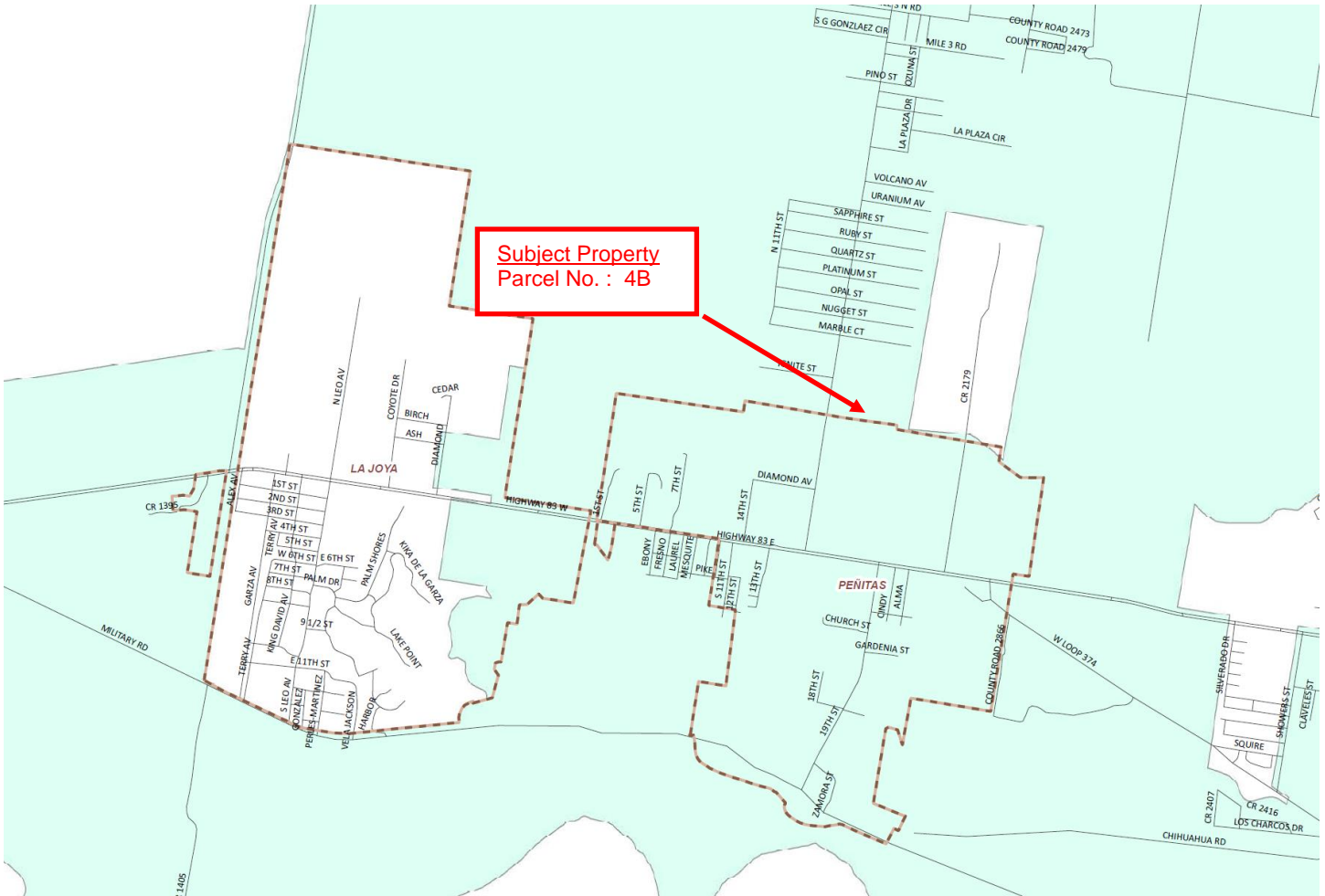
### Agua Specialty Utility District Coverage Map ([www.aguasud.com](http://www.aguasud.com))



Agua SUD  
Current Boundary

© 2012 Bickelstaff Heath Delgado Acosta LLP  
Data Source: Roads, Water and other  
Features obtained from the 2010  
Tigerline files, U.S. Census Bureau

Agua Specialty Utility District Coverage Map  
(www.aguasud.com)



PHOTOGRAPHS OF SUBJECT PROPERTY

Parcel No. 4B

Local Address: 23<sup>rd</sup> Street (W/S), 0.59 miles north of East Expressway 83, and 0.10 miles west of 23<sup>rd</sup> Street (N/S).

Date Taken: November 24, 2014

Taken By: Leonel Garza Jr. & Associates LLC

Point which taken: Photo 1: Canal Road ROW  
Photo 2: Canal Road ROW

Looking: Photo 1: Northern View  
Photo 2: Northeastern View



Photo 1

General view of the subject property along Canal Road ROW.



Photo 2

Another view of the subject property along the southern boundary of the existing canal system.

Point which taken: Photo 3: Canal Road ROW  
Photo 4: Canal Road ROW

Looking: Photo 3: Western View  
Photo 4: Eastern View



Photo 3

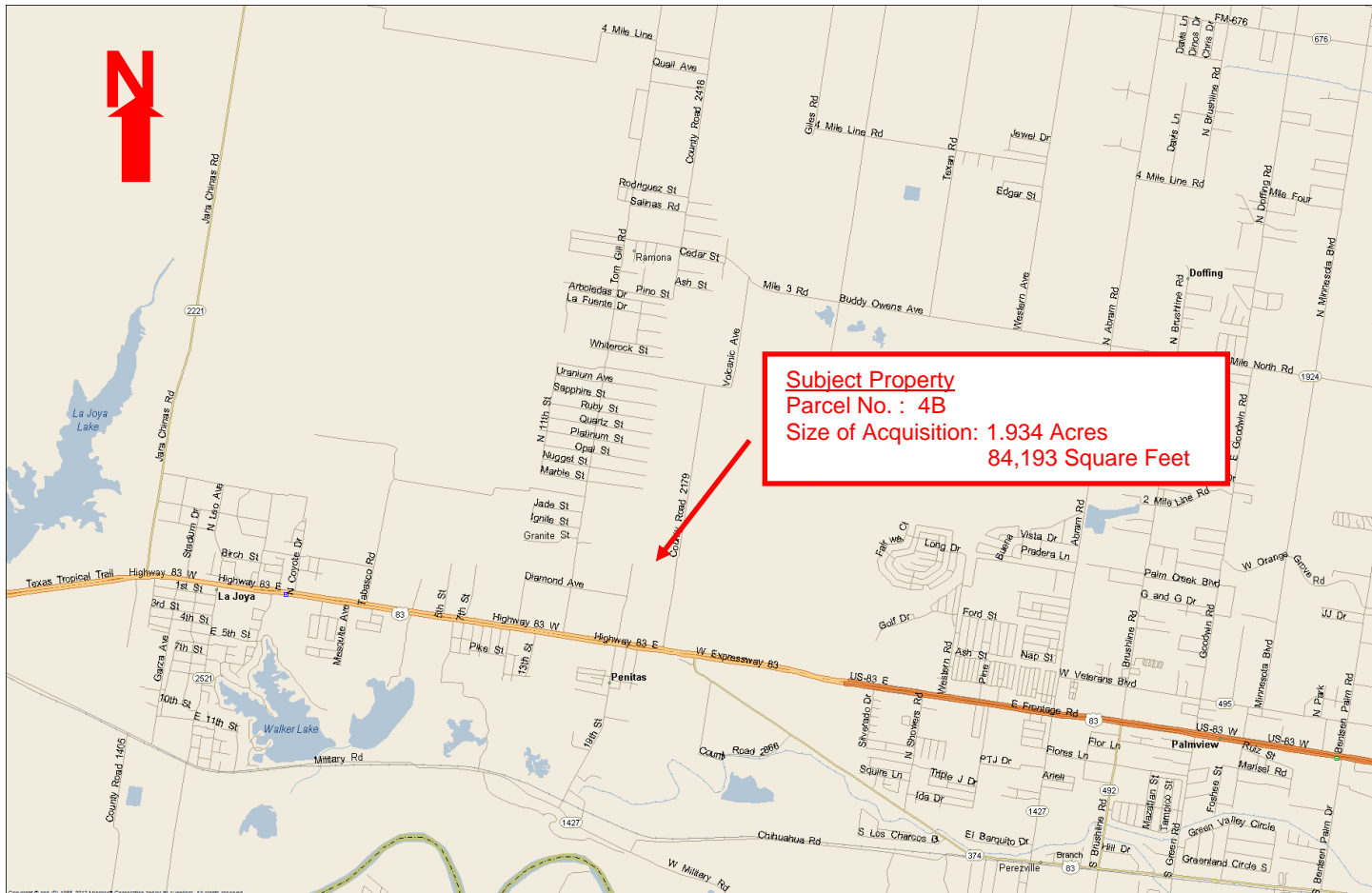
Street view of the existing canal road ROW. The subject property is on the right side of this photo.



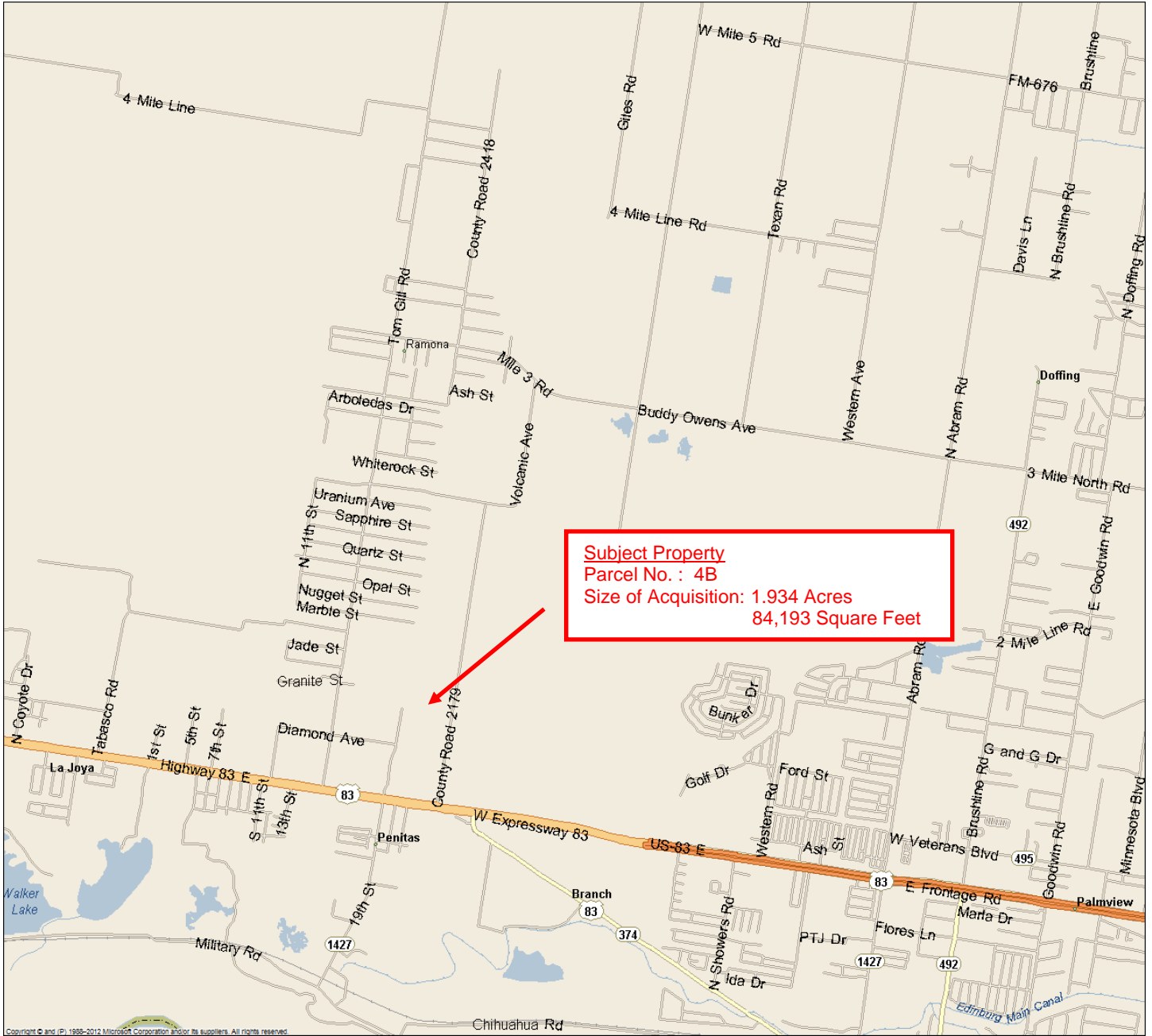
Photo 4

Street view of the existing canal road ROW. The subject property is on the left side in this photo.

# CITY MAP OF SUBJECT



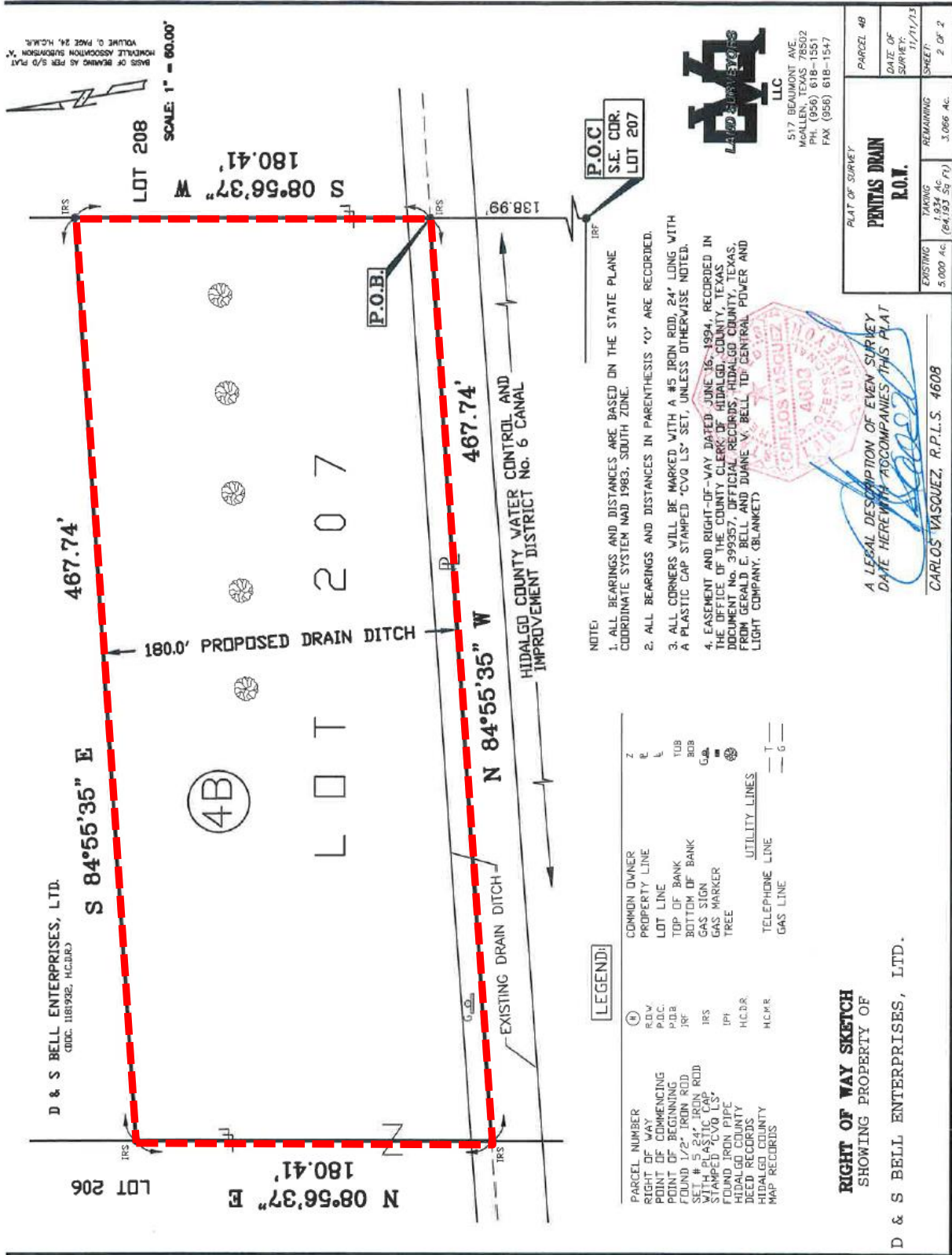
# LOCATION MAP OF SUBJECT



## AERIAL PHOTOGRAPH OF PART TO BE ACQUIRED



THE PART TO BE ACQUIRED IS ESTIMATED AND DEPICTED BY THE YELLOW DASHED LINE. THE PROPERTY AS A WHOLE IS ESTIMATED BY THE SURVEY OF THE PART TO BE ACQUIRED AND DATA/MAPS GATHERED THROUGH THE HIDALGO COUNTY APPRAISAL DISTRICT.





Parcel 4B  
**METES AND BOUNDS DESCRIPTION  
1.934 ACRES OF LAND  
HOMEVILLE ASSOCIATION  
SUBDIVISION "A"  
HIDALGO COUNTY, TEXAS**

**Parcel 4B: D & S BELL ENTERPRISES, LTD.**

A tract of land containing 1.934 acres, situated in Hidalgo County, Texas and also being a part or portion of **LOT 207, HOMEVILLE ASSOCIATION SUBDIVISION "A"**, map reference: Volume 0, page 24, H.C.M.R., and said 1.934 acres of land also being a part or portion of that tract deeded to D & S Bell Enterprises, Ltd., recorded in Document 1181932, H.C.D.R., and said 1.934 acres of land also being more particularly described as follows;

**BEGINNING** on an iron rod found on the southeast corner of said Lot 207 and the North right-of-way of a 27.8 foot (10Vrs) Road, **THENCE**, N 08° 56' 37" E, along the East line of said Lot 207, a distance of 138.99 feet to a 1/2" iron rod with a plastic cap stamped "CVQ LS" set on the Apparent North line of Hidalgo County Water Control & Improvement District No. 6 Canal right-of-way, for the southeast corner of this tract and the **POINT OF BEGINNING**;

**THENCE**, N 84° 55' 35" W, along the Apparent North line of said Hidalgo County Water Control & Improvement District No. 6 Canal right-of-way, a distance of 467.74 feet to a 1/2" iron rod with a plastic cap stamped "CVQ LS" set on the West line of said Lot 207, for the southwest corner of this tract;

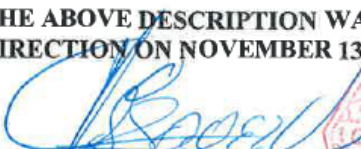
**THENCE**, N 08° 56' 37" E, along the West line of said Lot 207, a distance of 180.41 feet to a 1/2" iron rod with a plastic cap stamped "CVQ LS" set, for the northwest corner of this tract;

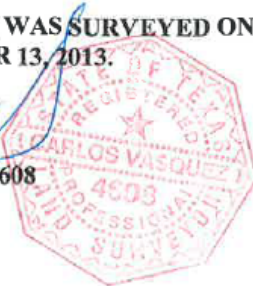
**THENCE**, S 84° 55' 35" E, a distance of 467.74 feet to a 1/2" iron rod with a plastic cap stamped "CVQ LS" set on the East line of said Lot 207, for the northeast corner of this tract;

**THENCE**, S 08° 56' 37" W, along the East line of said Lot 207, a distance of 180.41 feet to the **POINT OF BEGINNING**, containing 1.934 acres of land, more or less.

Bearing basis as per **HOMEVILLE ASSOCIATION SUBDIVISION "A", VOLUME 0, PAGE 24, H.C.M.R.**

**THE ABOVE DESCRIPTION WAS SURVEYED ON THE GROUND UNDER MY DIRECTION ON NOVEMBER 13, 2013.**

  
**Carlos Vasquez, R.P.L.S. No. 4608**  
CVQ Land Surveyors, LLC



P.O. Box 5066 • MCALLEN, TEXAS 78502 • PHONE (956) 618-1551 • FAX (956) 618-1547

Property Tax & Sales History

The history of the subject property was examined via the Hidalgo County Appraisal District records as of January 1, 2015. Based on the records found at www.hidalgoad.org, the subject property is currently under the ownership of D & S Bell Enterprises LTD with a mailing address of P.O. Box 653, Peñitas, Texas 78576. The subject property has been under this ownership since March 27, 2003 at which time the property was transferred from Duane V. Bell for an undisclosed amount. No other transactions within a three (3) year period were discovered. Further research shall be required through title search to verify ownership. This additional research is outside the scope of this assignment. This information was verified with title information and/or the Hidalgo County Appraisal District, in conjunction with the County Deed Records. No other changes in ownership have occurred in the past three (3) years. The Appraisal District is currently reviewing and re-assessing property values for Year 2015 as of the date of this report. As such, the following assessed value may be subject to change as of date of this appraisal. This information can be further verified at the District office located at 4405 S. Professional Drive of the in Edinburg, Texas.

HIDALGO COUNTY APPRAISAL DISTRICT (2015)			
PROPERTY ID	194442	APPRAISAL DISTRICT	0.000000
OWNER OF RECORD	D & S Bell Enterprises LTD	CITY OF PENITAS	0.434500
LAND AREA	5.00 / Acres	DRAINAGE DISTRICT #1	0.095700
LAND ASSESSEMENT	\$ 11,460	HIDALGO COUNTY	0.590000
IMPROVEMENT ASSESSMENT	\$ -	SOUTH TEXAS COLLEGE	0.150000
TOTAL ASSESSED VALUE	\$ 11,460	ROAD DISTRICT 01	0.000000
HCAD LAND UNIT RATE	\$ 2,292 / Acre	LA JOYA INDEPENDENT SCHOOL DISTRICT	1.311000
TAXES w/CURRENT EXEMPTION	\$ -	SOUTH TEXAS SCHOOL	0.049200
TAX RATE			2.630400

Exposure & Marketing 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, there is a twelve (12) to eighteen (18) month exposure time and marketing time period for the subject property. This was estimated based on current and past listings located within the market area which were reviewed during the sales search for comparables similar to the subject property.

Statement of Highest & Best Use

The subject property highest and best use "as if vacant" is for multi-family residential use development. This type of use is consistent with the recent trends located along US Expressway 83. The highest and best use of the whole is based on several factors as defined by The Dictionary of Real Estate Appraisal, Fourth Edition, copyright 2002, page 135, by the Appraisal Institute.

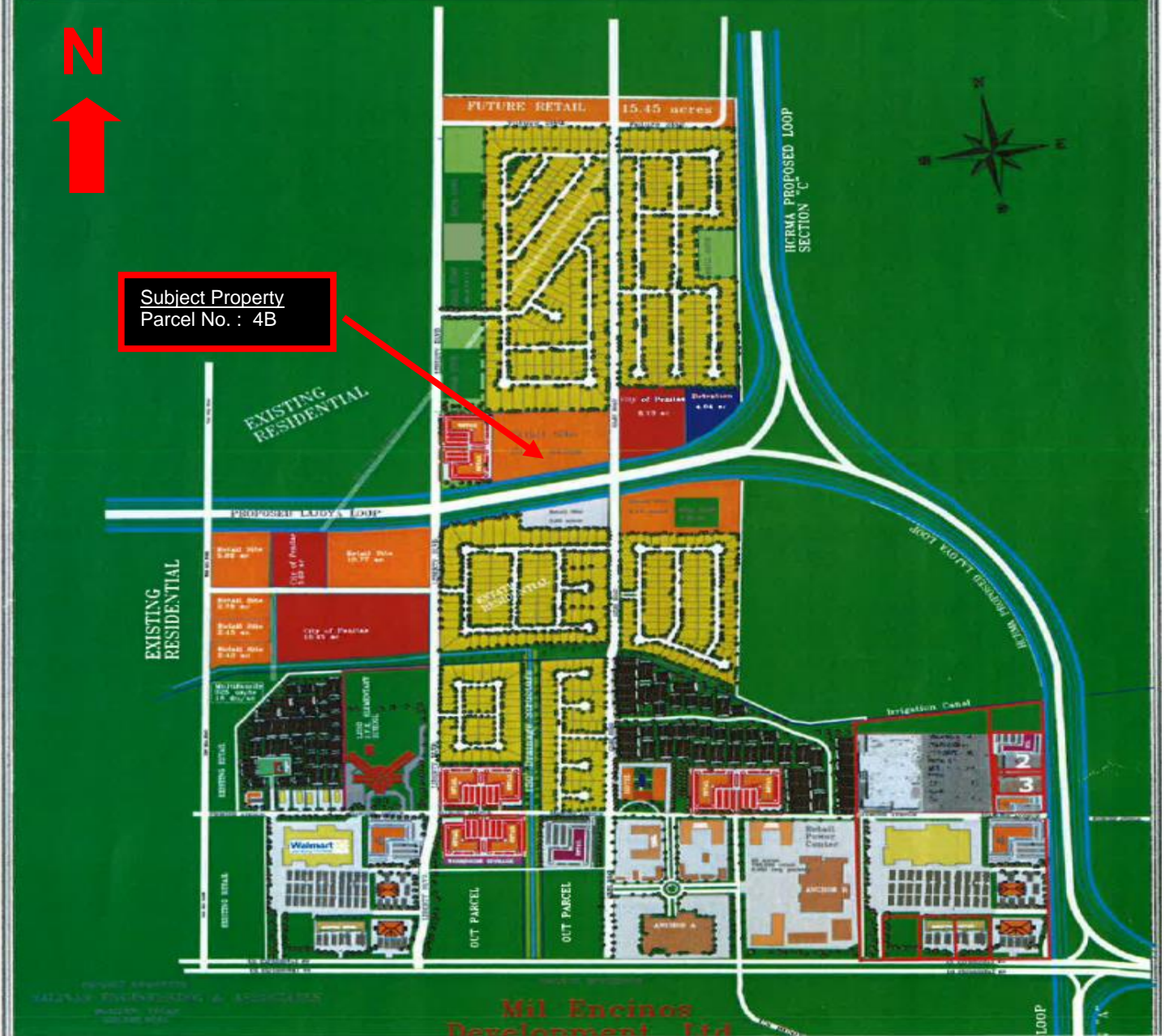
*"The reasonably probable and legal use of vacant land or an improved property, which is physically possible, appropriately supported, financially feasible, and there results in the highest value. The four criteria the highest and best use must meet are legal permissibility, physical possibility, financial feasibility, and maximum productivity."*

The scope of the assignment is to evaluate the subject property as a whole, the part to be acquired and the remainder before and after the acquisition. This valuation must exclude 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). The highest and best use is analyzed for each criteria as each parcel shall be evaluated before and after the proposed acquisition. In order to determine the highest and best use, research was performed within corresponding market area surrounding the subject property. Since the subject property lies within the jurisdiction of the City of Peñitas, municipal zoning ordinance restrictions are applicable. No zoning map were made available for the City of Penitas as per date of report, however, based upon the Future Land Use Plan provided by the owner of record the subject property is currently zoned multi-family residential. Therefore, the highest and best use as multi-family residential use "as vacant" and "as if improved" would therefore be legally permissible as of the date of this report, based upon the extraordinary assumption, that the City of Penitas would approve such development.

The final two areas of analysis for the highest and best use is for the financial feasibility and maximally productive state of the subject property. Since the subject is currently being utilized for row crop farming the tract is not in its most productive and maximally productive state. Based on the physical dimension and overall size of the subject property, a single family and or a multifamily residential use would bring the subject to a financially feasible and maximally productive state at the use would generate a higher income than the subject in its current condition. With the advent of the La Joya Loop project underway by the Texas Department of Transportation, additional traffic will continue to grow in the immediate area. This project is slated to be completed in two to three years. Based on the on-going development of the Mil Encinos Development and the La Joya Loop Project the overall highest and best use of the subject property is for multifamily development once these projects have come to fruition in a few years. The interim use as agricultural should remain until that time. For purposes of this report the subject shall be evaluated with a multifamily highest and best use.

# MIL ENCINOS

PENTAS, TEXAS



**PROPERTY VALUATION SUMMARY**

Whole:  Part to be Acquired:  Remainder After:

**HIGHEST AND BEST USE ANALYSIS:**

After an analysis of the subject property as a whole, it was determined that the subject properties' highest and best use is for multi-family residential use as per the future land use plan provided.

**VALUATION APPROACHES**

Cost Approach..... \$167,500  
 Sales Comparison Approach..... Not Applicable  
 Income Approach ..... Not Applicable

RECONCILIATION OF APPROACHES TO VALUE

A Cost Approach to value utilizing the Sales Comparison Approach "as vacant" was the most accurate method to determine the pro-rata part of the whole for the acquisition area. The Cost Approach utilizes the Sales Comparison Approach for the subject property "as vacant" (before and after) and then applies the depreciated site and/or building improvements cost to determine the value of the subject property. The Sales Comparison Approach "as if improved" nor the Income Approach was not utilized nor required as the subject is vacant tract of land.

Contributory Value of Improvements (Itemized)	
(10) Tree, Oak x \$500/Tree	\$ 5,000
	\$ -
	\$ -
	\$ -
	\$ -
	\$ -
	\$ -
	\$ -
	\$ -
	\$ -
	\$ -
<b>Total Contributory Value of Improvements</b>	<b>\$ 5,000</b>

Land Value	4.947 Acre @ \$	32,500 / Acre	= \$	160,778
Easement Value (Fee Owner)	0.053 Acre @ \$	16,250 / Acre	= \$	861
Easement Value (Easement Holde	0.053 Acre @ \$	16,250 / Acre	= \$	861
Total Land Value			= \$	162,500

**Reconciled Final Value** ..... **\$ 167,500**

Each approach developed follows this page and is sequenced as shown below.

Land Value, pg 3.1	Cost Approach, pg 3.7	Sales Comparison Approach, pg N/A	Income Approach, pg 3.14
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**SALES COMPARISON APPROACH**

Whole:  Part to be Acquired:  Remainder After:   
 Land:  Improved:

**VALUATION GRID**

**REPRESENTATIVE COMPARABLE SALES**

	<b>Subject</b>	<b>Comp. No. 1</b>		<b>Comp. No. 2</b>		<b>Comp. No. 3</b>	
Grantor	Duane V. Bell	Mil Encinos Development		Sanchez Homes Inc.		International Bank	
Grantee	D & S Bell Enterprises LTD	Villages of Penitas LP		IDEA Public Schools		Mosarr LLC	
Date	March 27, 2003	May 23, 2014		January 16, 2014		December 31, 2013	
Sales Price	\$ -	\$ 400,000		\$ 626,625		\$ 4,000,000	
Unit Price	\$ - / Acre	\$ 40,000 / Acre		\$ 36,925 / Acre		\$ 40,353 / Acre	
Conditions of Sale	Cash To Seller	Similar	0%	Similar	0%	Similar	0%
Market Conditions	Average	Similar	0%	Similar	0%	Similar	0%
Relative Location	Average	Superior	-25%	Superior	-20%	Superior	-30%
Corner Influence	Interior Tract	Similar	0%	Similar	0%	Similar	0%
Physical Characteristics	Rectangular	Irregular	20%	Rectangular	0%	Rectangular	0%
Topography	Conventional	Similar	0%	Similar	0%	Similar	0%
Available Utilities	Water / Electricity / Sewer	Water / Elect / Sewer	0%	Water / Elect / Sewer	0%	Water / Elect / Sewer Nearby	-5%
Frontage	Extension of Liberty Boulevard	Diamond Avenue	-10%	N. Holland Avenue	-10%	US Expressway 83	-20%
Size of Tract	5.000 Acre	10.00 Acre	0%	16.97 Acre	10%	99.124 Acre	40%
Net Adjustments			-15%		-20%		-15%
Indicated Unit Value		\$ 34,000 / Acre		\$ 29,540 / Acre		\$ 34,300 / Acre	
<b>Estimated Unit Value of Fee Simple Area</b>						<b>\$ 32,500 / Acre</b>	
<b>Estimated Unit Value of Easement Area</b>						<b>\$ 16,250 / Acre</b>	
<b>Value by Sales Comparison Approach (Fee Simple)</b>		<b>(4.947 Acre x \$32,500 / Acre)</b>				<b>\$ 160,778</b>	
<b>Value by Sales Comparison Approach (Easement)</b>		<b>(0.053 Acre x \$16,250 / Acre)</b>				<b>\$ 861</b>	
<b>Value by Sales Comparison Approach (Holder)</b>		<b>(0.053 Acre x \$16,250 / Acre)</b>				<b>\$ 861</b>	
						<b>\$ 162,500</b>	

**COMPARABLE DATA SUPPLEMENT**

District: 21                                      Parcel No.: 4B                                      Highway: Peñitas Drain / Interstate 2  
 County: Hidalgo                                ROW CSJ: N/A

Land Sale

Improved Sale

Rental Data



Grantor/Lessor: Mil Encinos Development LTD	Grantee/Lessee: Villages of Penitas LP
Date: May 23, 2014	Recording Information: Document No.                                      Key Map: TexMap pg 241-E5
Address: Diamond Avenue, 0.08 Mile East of Tom Gill Road, Penitas, Texas	Zip Code: 78576
Legal Description: 10.00 Acres out of the Diamond Commercial Park Subdivision, City of Penitas, Hidalgo County, Texas	
Confirmed Price: \$400,000	Verified with: Sellers Statement – Chicago Title of Texas LLC
Terms and Conditions of Sale: Cash To Seller	
Rental Data: N/A	
Land Size: 10.00 Acres (435,600 square feet)	Unit Price: \$40,000 / Acre (\$0.91 / square foot)
Type Street:	Utilities: Water, Sewer, Phone, Electricity
Improvement(s) Description: None as of the date of sale	
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: Multifamily Development Under Construction	Highest & Best Use: Mixed Use Development (Multifamily)
Date of Inspection: January 7, 2015	Zoning: Multifamily                                      Flood Plain: Zone X Residential

Subject is a 10.00 acre tract of land with direct access from Diamond Avenue. Property was purchased in May 2014 for the development of a multifamily apartment complex. Site contains all municipal utilities available at the time of sale. Sale was verified with the seller via personal conversation and a copy of the Sellers Statement. This development is part of the master land use plan by Mil Encinos Development LTD.

Appraiser: Leonel Garza III                                      January 10, 2015  
Date

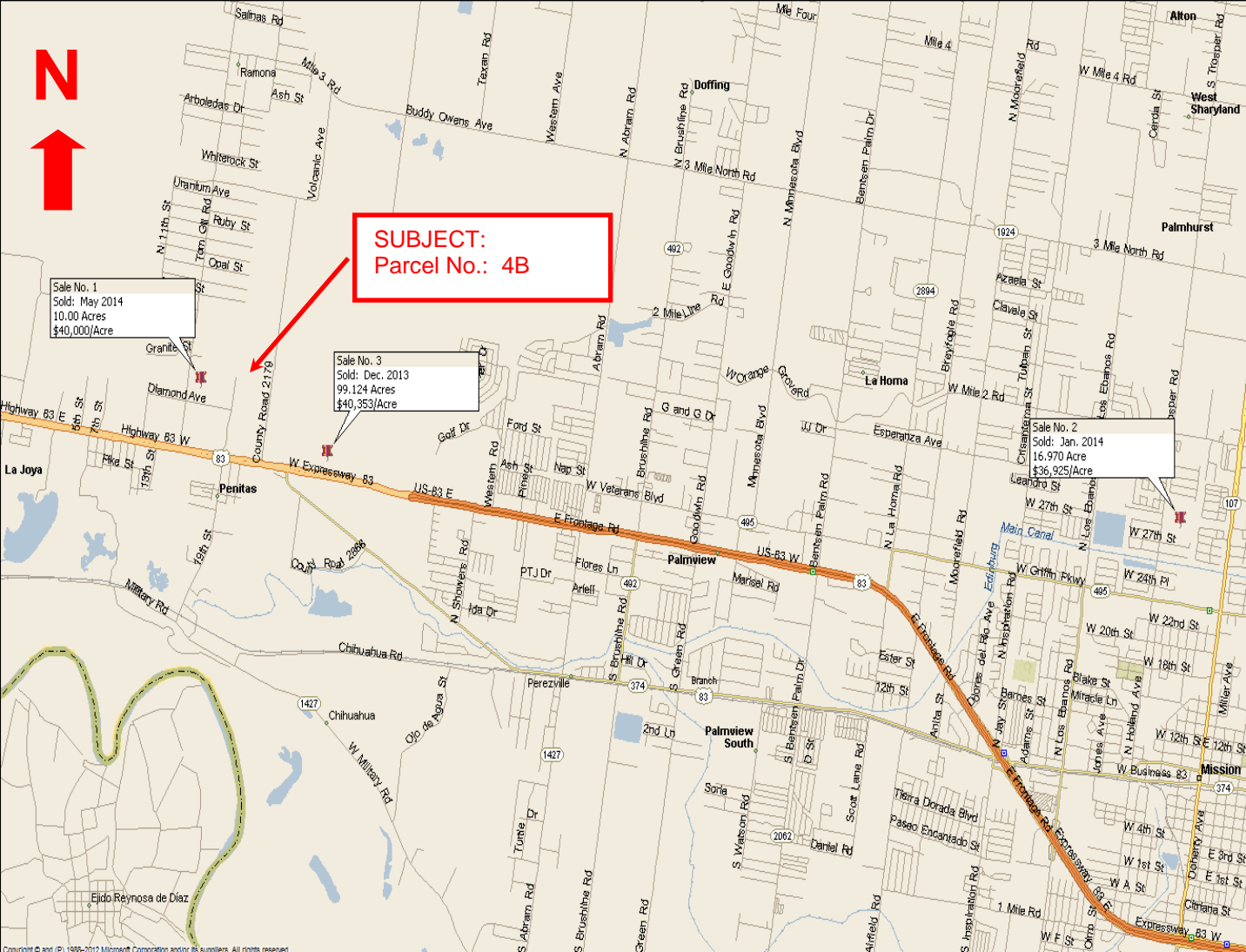




Explanation of Adjustments with Reconciliation:

The local market and extended market were searched for comparable sales that contained similar frontage and overall market conditions along with US Expressway 83. Each of the sales utilized are located within the market area and are the most comparable to the subject property. The following three comparable sales were reviewed for location, available utilities, financing, site utility, topography and other factors that the real estate market recognizes for arms-length transactions. Due to the similarity of the comparables to the subject property, limited adjustments were made to the unit price for each of the comparables. Therefore, an unadjusted unit range of market value of \$36,925 per acre to \$40,353 per acre was indicated for the subject property. After adjustments the indicated unit range of value was determined to be \$29,540 per acre to \$34,300 per acre. Based on the existing developments and surrounding land use within the immediate market area, a unit value near the mid-range was selected for the determination of overall market value, \$32,500 per acre. The portion that is currently under the easement of the Hidalgo County Water Control and Improvement District No. 6 Canal shall be valued at 50% of the fee simple market value (\$16,250 per acre) as the whole bundle of rights are not owned by the fee simple owner of record.

# COMPARABLE SALES MAP



**COST APPROACH**

Whole:

Part to be Acquired:

Remainder After:

<b>Estimated Replacement / Reproduction Cost</b>					
<b>Improvement</b>	<b>Number of Units</b>	<b>\$ per Unit</b>	<b>Cost New</b>	<b>Depreciation</b>	<b>Value</b>
	-	\$ -	\$ -	0%	\$ -
	-	\$ -	\$ -	0%	\$ -
	-	\$ -	\$ -	0%	\$ -
<b>Contributory Value of the Buildings</b>					<b>\$ -</b>
<b>Accessory Improvements</b>					
N/A		\$ -	\$ -	0%	\$ -
<b>Contributory Value of the Accessory Improvements</b>					<b>\$ -</b>
<b>Site Improvements</b>					
Oak Trees	10	\$ 500	\$ 5,000	0%	\$ 5,000
		\$ -	\$ -	0%	\$ -
		\$ -	\$ -	0%	\$ -
		\$ -	\$ -	0%	\$ -
		\$ -	\$ -	0%	\$ -
		\$ -	\$ -	0%	\$ -
		\$ -	\$ -	0%	\$ -
<b>Contributory Value of the Site Improvements</b>					<b>\$ 5,000</b>
<b>Contributory Value of All Improvements</b>					<b>\$ 5,000</b>
	<b>Net Land Area</b>		<b>Price / Acre</b>		
<b>Land Value (Fee)</b>	<b>4.947</b>	<b>Acre</b>	<b>@</b>	<b>\$ 32,500</b>	<b>\$ 160,778</b>
<b>Land Value (Easement)</b>	<b>0.053</b>	<b>Acre</b>	<b>@</b>	<b>\$ 16,250</b>	<b>\$ 861</b>
<b>Land Value (Easement Holder)</b>	<b>0.053</b>	<b>Acre</b>	<b>@</b>	<b>\$ 16,250</b>	<b>\$ 861</b>
<b>Estimated Value By Cost Approach</b>					<b>\$ 167,500</b>

Furnish sources of cost data and support for depreciation factors (physical, functional, and economic. Use a separate page, numbered accordingly, as necessary):

The above information was collected from the Marshall & Swift Commercial Cost Estimator and local retailers.

**SALES COMPARISON APPROACH**

Whole:  Part to be Acquired:  Remainder After:   
 Land:  Improved:

**VALUATION GRID**

**REPRESENTATIVE COMPARABLE SALES**

	Subject	Comp. Sale No. 1		Comp. Sale No. 2		Comp. Sale No. 3	
Grantor							
Grantee							
Date of Sale							
Unit Price	/ sf	\$ -	/ sf	\$ -	/ sf	\$ -	/ sf
Relative Location			0%		0%		0%
Lot Location			0%		0%		0%
Financing			0%		0%		0%
Conditions of Sale			0%		0%		0%
Market Conditions			0%		0%		0%
Physical Characteristics			0%		0%		0%
Available Utilities			0%		0%		0%
Street Access			0%		0%		0%
Size of Improvement	square feet	-	square feet	0%	-	square feet	0%
Net Adjustments		0%		0%		0%	
	Indicated Unit Value	\$ -	/ sf	\$ -	/ sf	\$ -	/ sf
Estimated Unit Value of Fee Simple Area						\$ -	/ sf

**Estimated Value by Sales Comparison Approach** ..... **N/A**

Explanation of Adjustments with Reconciliation (*Attach Comparable Data Supplement and Map; use separate page, numbered accordingly, as necessary.*):

Sales Comparison Approach (As Improved) to value was not required for the subject property as a whole, part to be acquired or the remainder after, as the subject property is not affected by the proposed acquisition. Therefore, the Sales Comparison Approach (As Improved) to market value was not an applicable approach for determining market value of the subject property.

**INCOME APPROACH**

Whole:

Part to be Acquired:

Remainder After:

Potential Gross Income	.....	\$	-		N/A
Vacancy	%	\$	-		\$ -
Effective Gross Income	.....				\$ -
Expenses:					\$ -
Fixed Taxes.....		\$	-		\$ -
Insurance.....		\$	-		\$ -
Variable Management.....		\$	-		\$ -
Other	.....	\$	-		\$ -
	.....	\$	-		\$ -
	.....	\$	-		\$ -
Total Expenses	.....				N/A
Net Operating Income	.....				\$ -
Income Capitalized @		%	.....		\$ -
Plus: Value of Excess Land (if any)			.....		\$ -
			.....		\$ -
<b>Estimated Value By Income Approach</b>			.....		<b>N/A</b>

The Income Approach to value was not required for the subject property as a whole because the subject property is a vacant tract of land. Therefore, a Cost Approach to value which utilizing the Sales Comparison Approach as vacant, was the most accurate method to determine the value of the whole (economic unit). The Income Approach (As Improved) to market value was not considered an applicable method for determining market value of the subject property.

**PART TO BE ACQUIRED**

Highest and Best Use:

After an analysis of the subject property as a whole and the part to be acquired, the subject property's highest and best use is for multi-family residential use and the applicable zoning according to the Future Land Use Plan the City of Peñitas.

<b>Contributory Value of Improvements (Itemized)</b>			
Oak Trees (10)		\$	5,000
		\$	-
		\$	-
		\$	-
<b>Total Contributory Value of Improvements</b>			<b>\$ 5,000</b>
Fee	1.881 Ac @ \$ 32,500 / Acre	\$	61,133
Easement	0.053 Ac @ \$ 16,250 / Acre	\$	861
Total Land			\$ 61,994
<b>TOTAL AS A UNIT</b>			<b>\$ 66,994</b>

**REMAINDER BEFORE THE ACQUISITION**

<b>Contributory Value of Improvements (Itemized)</b>			
No Improvements Indicated		\$	-
		\$	-
		\$	-
		\$	-
		\$	-
		\$	-
		\$	-
		\$	-
		\$	-
<b>Total Contributory Value of Improvements</b>			<b>\$ -</b>
Land	3.066 Ac @ \$ 32,500 / Acre	\$	99,645
Easement	0.053 Ac @ \$ 16,250 / Acre	\$	861
Total Land			\$ 100,506
<b>TOTAL AS A UNIT</b>			<b>\$ 100,506</b>

**PROPERTY VALUATION SUMMARY**

Whole:  Part to be Acquired:  Remainder After:

**HIGHEST AND BEST USE ANALYSIS:**

After an analysis of the subject property as a whole and the remainder after, the subject property's highest and best use is for multi-family residential use according to the Future Land Use Plan and the City of Peñitas.

**VALUATION APPROACHES**

Cost Approach ..... \$ 100,506

Sales Comparison Approach ..... Not Applicable

Income Approach ..... Not Applicable

**Reconciliation of Approaches to Value:**

A Cost Approach to value utilizing the Sales Comparison Approach as vacant, was the most accurate method to determine the pro-rata part of the whole. The Cost Approach utilizes the Sales Comparison Approach for the subject as vacant (before and after) and then applies the depreciated site and or building improvements cost to determine the value of the subject property as a whole prior to the

Contributory Value of Improvements	
No Improvements Indicated	\$ -
	\$ -
	\$ -
	\$ -
	\$ -
	\$ -
	\$ -
	\$ -
	\$ -
	\$ -
	\$ -
	\$ -
<b>Total Contributory Value of Improvements</b>	<b>\$ -</b>

Land Value ..... 3.066 Ac @ \$ 32,500 / Acre = \$ 99,645  
 Easement ..... 0.053 Ac @ \$ 16,250 / Acre \$ 861  
**Total Land Value 3.066 Acres \$ 100,506**

**Reconciled Final Value \$ 100,506**

**SALES COMPARISON APPROACH**

Whole:  Part to be Acquired:  Remainder After:   
 Land:  Improved:

**VALUATION GRID**

**REPRESENTATIVE COMPARABLE SALES**

	<b>Subject</b>	<b>Comp. No. 1</b>		<b>Comp. No. 2</b>		<b>Comp. No. 3</b>	
Grantor	Duane V. Bell	Mil Encinos Development		Sanchez Homes Inc.		International Bank	
Grantee	D & S Bell Enterprises LTD	Villages of Penitas LP		IDEA Public Schools		Mosarr LLC	
Date	March 27, 2003	May 23, 2014		January 16, 2014		December 31, 2013	
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Unit Price	\$ - / Acre	\$ 40,000 / Acre		\$ 36,925 / Acre		\$ 40,353 / Acre	
Conditions of Sale	Cash To Seller	Similar	0%	Similar	0%	Similar	0%
Market Conditions	Average	Similar	0%	Similar	0%	Similar	0%
Relative Location	Average	Superior	-25%	Superior	-20%	Superior	-30%
Corner Influence	Average	Similar	0%	Similar	0%	Similar	0%
Physical Characteristics	Rectangular	Irregular	20%	Rectangular	0%	Rectangular	0%
Topography	Conventional	Similar	0%	Similar	0%	Similar	0%
Available Utilities	Water / Electricity / Sewer	Water / Elect / Sewer	0%	Water / Elect / Sewer	0%	Water / Elect / Sewer Nearby	-5%
Frontage	Extension of Liberty Boulevard	Diamond Avenue	-10%	N. Holland Avenue	-10%	US Expressway 83	-20%
Size of Tract	3.066 Acres	10.00 Acres	0%	16.97 Acres	10%	99.124 Acres	40%
Net Adjustments			-15%		-20%		-15%
Indicated Unit Value		\$ 34,000 / Acre		\$ 29,540 / Acre		\$ 34,300 / Acre	
<b>Estimated Unit Value of Fee Simple Area</b>						<b>\$ 32,500 / Acre</b>	
<b>Estimated Unit Value of Easement Area</b>						<b>\$ 16,250 / Acre</b>	
<b>Value by Sales Comparison Approach (Fee Simple)</b>	<b>(3.066 x \$32,500 / Acre)</b>					<b>\$ 99,645</b>	
<b>Value of Easement (Easement Holder)</b>	<b>(0.053 x \$16,250 / Acre)</b>					<b>\$ 861</b>	
<b>Value by Sales Comparison Approach</b>						<b>\$ 100,506</b>	

Explanation of Adjustments with Reconciliation:

The local market and extended market were searched for comparable sales that contained similar frontage and overall market conditions along with US Expressway 83. Each of the sales utilized are located within the market area and are the most comparable to the subject property. The following three comparable sales were reviewed for location, available utilities, financing, site utility, topography and other factors that the real estate market recognizes for arms-length transactions. Due to the similarity of the comparables to the subject property, limited adjustments were made to the unit price for each of the comparables. Therefore, an unadjusted unit range of market value of \$36,925 per acre to \$40,353 per acre was indicated for the subject property. After adjustments the indicated unit range of value was determined to be \$29,540 per acre to \$34,300 per acre. Based on the existing developments and surrounding land use within the immediate market area, a unit value near the mid-range was selected for the determination of overall market value, \$32,500 per acre.

**COST APPROACH**

Whole:

Part to be Acquired:

Remainder After:

<b>Estimated Replacement / Reproduction Cost</b>					
<b>Improvement</b>	<b>Number of Units</b>	<b>\$ per Unit</b>	<b>Cost New</b>	<b>Depreciation</b>	<b>Value</b>
None Indicated		\$ -	\$ -	0%	\$ -
		\$ -	\$ -	0%	\$ -
		\$ -	\$ -	0%	\$ -
<b>Contributory Value of the Buildings</b>					<b>\$ -</b>
<b>Accessory Improvements</b>					
		\$ -	\$ -	0%	\$ -
<b>Contributory Value of the Accessory Improvements</b>					<b>\$ -</b>
<b>Site Improvements</b>					
None Indicated		\$ -	\$ -	0%	\$ -
		\$ -	\$ -	0%	\$ -
		\$ -	\$ -	0%	\$ -
		\$ -	\$ -	0%	\$ -
		\$ -	\$ -	0%	\$ -
<b>Contributory Value of the Site Improvements</b>					<b>\$ -</b>
<b>Contributory Value of All Improvements</b>					<b>\$ -</b>
	<b>Net Land Area</b>		<b>Price / Acre</b>		
<b>Land Value (Fee)</b>	<b>3.066</b>	<b>Acre</b>	<b>@</b>	<b>\$ 32,500</b>	<b>\$ 99,645</b>
<b>Land Value (Easement Holder)</b>	<b>0.053</b>	<b>Acre</b>	<b>@</b>	<b>\$ 16,250</b>	<b>\$ 861</b>
<b>Estimated Value By Cost Approach</b>					<b>\$ 100,506</b>

The above information was collected from the Marshall & Swift Commercial Cost Estimator and local retailers.

**SALES COMPARISON APPROACH**

Whole:  Part to be Acquired:  Remainder After:   
 Land:  Improved:

**VALUATION GRID**

**REPRESENTATIVE COMPARABLE SALES**

Subject	Comp. Sale No. 1		Comp. Sale No. 2		Comp. Sale No. 3	
Grantor						
Grantee						
Date of Sale						
Unit Price	\$ - /sf	\$ - /sf	\$ - /sf	\$ - /sf	\$ - /sf	\$ - /sf
Relative Location	Average	0%	0%	0%	0%	0%
Lot Location	Corner	0%	0%	0%	0%	0%
Financing	Conventional	0%	0%	0%	0%	0%
Conditions of Sale	Cash to Seller	0%	0%	0%	0%	0%
Market Conditions	Average	0%	0%	0%	0%	0%
Physical Characteristics	Average	0%	0%	0%	0%	0%
Available Utilities	All Utilities	0%	0%	0%	0%	0%
Street Access	Public	0%	0%	0%	0%	0%
Size of Improvement	square feet	- square feet	0%	square feet	0%	square feet
Net Adjustments		Δ 0%	Δ 0%	Δ 0%	Δ 0%	Δ 0%
Indicated Unit Value	\$ - /sf	\$ - /sf	\$ - /sf	\$ - /sf	\$ - /sf	\$ - /sf
Estimated Unit Value of Fee Simple Area						\$ - /sf

**Estimated Value by Sales Comparison Approach** \_\_\_\_\_ \$ -

Sales Comparison Approach (As Improved) to value was not required for the subject property as a remainder after, part to be acquired or the remainder after, as the subject property is not affected by the proposed acquisition. Therefore, the Sales Comparison Approach (As Improved) to market value was not an applicable approach for determining market value of the subject property.

**INCOME APPROACH**

Whole:

Part to be Acquired:

Remainder After:

Potential Gross Income	.....	\$	-		N/A
Vacancy	%	\$	-		\$ -
Effective Gross Income	.....	\$	-		
Expenses:					\$ -
Fixed Taxes.....		\$	-		\$ -
Insurance.....		\$	-		\$ -
Variable Management.....		\$	-		\$ -
Other	.....	\$	-		\$ -
	.....	\$	-		\$ -
	.....	\$	-		\$ -
Total Expenses	.....				N/A
Net Operating Income	.....				\$ -
Income Capitalized @	0	%	.....		\$ -
Plus: Value of Excess Land (if any)			.....		\$ -
			.....		\$ -
<b>Estimated Value By Income Approach</b>			.....		N/A

The Income Approach to value was not required for the remainder after as the tract is a vacant tract of land. Therefore, a Cost Approach to value which utilizing the Sales Comparison Approach as vacant, was the most accurate method to determine the value of the whole (economic unit). Therefore, the Income Approach (As Improved) to market value was not considered an applicable method for determining market value of the remainder after.

Explanation of Damages:

No diminution or damages are assessed for the remainder after as the part to be acquired does not encumber the remainder property in a manner that alters the overall site utility and functional utility of the remainder after.

Explanation of Cost To Cure (If any):

No cost to cure is indicated for the subject as the subject is a vacant tract of land. No site improvements were indicated to be relocated on-site in the remainder after.

**COMPENSATION SUMMARY**

**WHOLE PROPERTY**

The market value of the whole property is \_\_\_\_\_ \$ 167,500

**PART TO BE ACQUIRED**

Considered as severed land, the fee simple title to the part being acquired for highway purposes (less oil, gas and sulphur and subject if any, which are not to be extinguished) \_\_\_\_\_ \$ 66,994

**REMAINING PROPERTY**

The value of the remainder immediately before the taking is \_\_\_\_\_ \$ 100,506

Considering the uses to which the part taken is to be subjected to, the market value of the remainder immediately acquisition is \_\_\_\_\_ \$ 100,506

**NET DAMAGES OR ENHANCEMENTS, (if any)** \_\_\_\_\_ \$ -

**ACCESS:**

The lack of any access denial or the material impairment of direct access on or off the remaining property affects the market value of the remaining property in the sum of \_\_\_\_\_ \$

**COST TO CURE** \_\_\_\_\_ \$ -

**TOTAL COMPENSATION** \_\_\_\_\_ \$ **66,994**

## EXHIBITS

1. Qualification of Appraiser
2. Certified Letter of Intent to Inspect & Tracking Data
3. Hidalgo County Appraisal District Data

## Certification of Appraisal

I, Leonel Garza III, 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.

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 a loan.

I have no present or prospective interest in the property that is the subject of this report and 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*.

I have made a personal on-site and or off-site visit of the property that is the subject of this report based on the permissibility granted at the time of inspection.

Thomas M. Davis, State Certified General Real Estate Appraiser and Mike Navarro, Appraiser Trainee with Leonel Garza Jr. & Associates LLC provided significant professional assistance in the preparation of this report not limited to a physical inspection, taking of photographs of the subject property and value analysis.

No one other than those mentioned within this certification provided significant real property appraisal assistance to the person(s) signing this certification.

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;

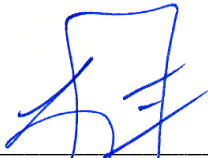
I certify that the use of this report is subject to the requirements of the Appraisal Institute relating to review by its duly authorized representatives. I also acknowledge that Leonel Garza III is an Associate Member of the Appraisal Institute and is not an MAI Designated Appraiser, however is currently seeking designation.

The employment and compensation of this appraiser in completing this appraisal assignment was not based on a requested minimum valuation, a specific valuation. This report was not prepared under the standards required by financial institutions for purposes of applying for a loan

This appraisal has been completed with the extraordinary assumption, that any and all access denial issues are clearly stated within the scope of this assignment and have been included within the surveys and field notes provided by client. The Texas Department of Transportation can control access in the future by way of permit at the time of redevelopment or re-subdivision of the subject property and or by way of the Access Management Policy enacted by the State of Texas. This assignment was engaged in accordance with Section 21.042(d) of the Texas Property Code, as amended by SB 18 of the Texas 82<sup>nd</sup> Regular Legislative Session as follows:

“(d) In estimating injury or benefit under Subsection ©, the special commissioners shall consider an injury or benefit that is peculiar to the property owner and that relates to the property owner’s ownership, use, or enjoyment of the particular parcel of real property including a material impairment of direct access on or off the remaining property that affects the market value of the remaining property, but they may not consider an injury or benefit that the property owners experiences in common with the general community, *including circuity of travel and diversion of traffic*. In this subsection,

“direct access” to the remainder after the state’s means ingress and egress on or off a public road, street, or highway at a location where the remaining property adjoins that road, street or highway”



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Leonel Garza III  
General Certified Real Estate Appraiser  
License No. TX 1328375 – General  
Expiration: December 31, 2016

## ASSUMPTIONS AND LIMITING CONDITIONS

This report has been prepared with the following general assumptions:

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.

The property is appraised free and clear of any or all liens or encumbrances unless otherwise stated.

Responsible ownership and competent property management are assumed.

The information furnished by others is believed to be reliable, but no warranty is given for its accuracy.

All engineering is assumed to be correct. The plot plans and illustrative material in this report are included only to assist the reader in visualizing the property.

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.

It is assumed that the property is a 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.

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.

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 report.

Unless otherwise stated in this report, the existence of hazardous material, which may or may not be present on the property, was not observed by this appraiser. 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.

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.

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.

Neither all or 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. Possession of this report, or a copy thereof, does not carry with it the right of publication.

Indicated Marketing Time: Begins with the date of value estimate and the exposure time indicated.

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 bank 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.

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.

# Leonel Garza III

## *State Certified General Real Estate Appraiser*

### Company Bio

Leonel Garza Jr. & Associates, LLC provides a variety of real estate consulting services with primary focus on real estate appraisals and appraisal litigation support. The company specializes in General Commercial Real Estate, Estate Valuations, and Right-of- Way Easement Acquisition and Defense. Leonel Garza III has been a Texas General Certified Real Estate Appraiser (License TX -1328373G) since 1998. Leonel Garza III was originally trained by Leonel Garza Jr., a well-respected Real Estate appraiser who had roughly 20 years of appraisal experience at the time of his passing in 1998. Leonel Garza Jr. & Associates was established thereafter, and Leonel Garza III has continued in the appraisal business. In addition to the appraisal services, the company provides Real Property Tax Consulting Services. The purpose of this division is to support property tax owners in the verification of property tax assessment as promulgated by the Texas Property Tax Code.

### Appraisal Work Experience

#### *Banking Institutions*

International Bank of Commerce, Inter National Bank, Lone Star National Bank, BBVA (Former Texas State Bank), Rio Bank, South Texas Community Bank, First National Bank, Frost Bank and others in the Rio Grande Valley and throughout Texas.

#### *Government Institutions:*

Local Government Agencies include various municipalities throughout Hidalgo, Cameron, Starr, Brooks and Webb County (Include but not limited to the Cities of McAllen, Edinburg, Pharr, San Juan, Alamo, Mercedes, Brownsville, Edcouch, Rio Grande City, Roma, Laredo, Eagle Pass, Falfurrias, Mission, Hidalgo, Donna and Weslaco)

State Agencies include Texas Department of Transportation (TxDOT), Texas Attorney General's Office, and Texas Parks & Wildlife

Federal Agencies include the Federal Aviation Division and US Marshal Service.

### Property Tax Division

The property tax division of the firm conducts reviews of property tax assessments by various county appraisal districts in order to consult clients on their current tax liabilities. Reviews include attending informal and formal hearings on behalf of clients at local appraisal districts. With over 2,500 accounts throughout South Texas of which includes the County of Cameron, Brooks, Hidalgo, Starr, Willacy, Webb and Nueces County. Clients include dealerships, movie theaters, concrete batch plants, convenience stores, retail box centers, retail strip centers, warehouses, subdivisions, and many other commercial type properties.

## Right-of-Way Division

The Right-of-Way Division of the firm conducts Real Estate Appraisals for various local and government agencies throughout South Texas. These reports conform to the Texas Department of Transportation A-5 & A-6 Formats which are also utilized for LPA's (Local Participating Agencies). Leonel Garza III has undergone extensive training in this field of work over the past 13 years. He specializes in acquisitions concerning diminution of market value and or property bi-sections.

ROW experience extends to various types of acquisitions including, but not limited to, expansion of existing roadways, development of new roadways, utility easements, drainage or irrigation easements, damage assessment, cost to cure, relocation assistant research, budget analysis, condemnation hearing and trial support.

Over the course of this company's history, this division has produced well over 1,000 reports with the single largest project being an approximately 150 parcel project covering two counties. Counties of which ROW work has been performed include, Brooks, Cameron, Hays, Hidalgo, Nueces, Starr, Webb and Willacy County.

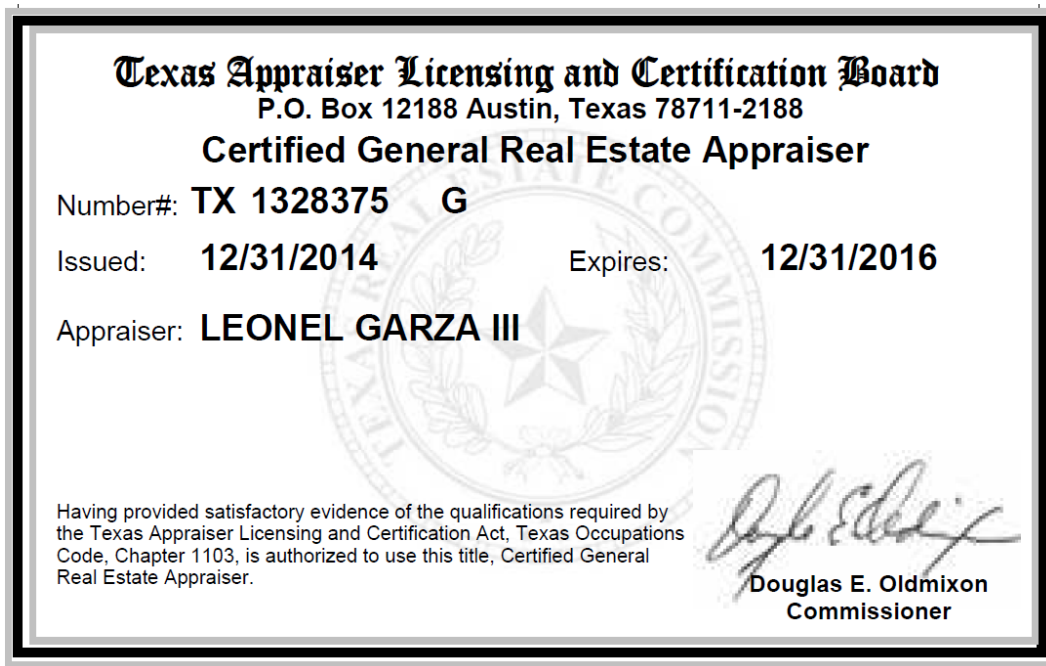
## Education

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

## Licenses

State Certified General Real Estate Appraiser  
Number TX - 1328375-General  
Licensed Since December 31, 1998  
Expires: December 31, 2016 (Active)

State Certified Property Tax Consultant  
Number TX – 00003181  
Licensed Since May 20, 2002  
Expires: June 16, 2015 (Active)



## Professional Organizations

Associate Member of the Appraisal Institute

Taking courses toward the designation of MAI through the Appraisal Institute.

National Association of Master Appraisers (MAA)

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

Associate Member of the International Right of Way Association (IRWA) (Member # 7899430)

## Public Service

Chairman of the City of McAllen Planning and Zoning Board (Active Member)

This board is charged with submitting reports, plans, and recommendations to the City Commission for the orderly growth, development, and welfare of the City. They review and make recommendations on zoning change requests, conditional use permits for longer than one year, and variances to Subdivision Ordinance requirements for development.

Chairman of the Hidalgo County Subdivision Advisory Board (Active Member)

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 General's 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 board's secondary function is to review applications for variances against the Flood Plain Administrators decisions of the base flood elevations throughout the County of Hidalgo. (Appointed in 1998 – Present)

Chairman of the Hidalgo County Building Line of Adjustments (Active Member)

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.

Former Member of The McAllen Traffic Commission Board

Makes recommendations to the City Commission in order to reduce and eliminate traffic congestion and flow throughout the City.

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 2014, the club raised funds to provided dinners to 60 families (approximately 240 – 300 individuals) throughout the City of McAllen.

Former Chairman of the City of McAllen Zoning Board of Adjustments and Appeals (ZBOA)

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.

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.

LETTER OF INSPECTION SENT TO OWNER OF RECORD

Leonel Garza Jr. & Associates LLC  
*Real Estate Appraisal Services*

1419 Dove, Suite 1 - McAllen, Texas 78504  
(956) 687-7295 (24 hour answering service) Fax (956) 687-9236  
Email: leonel3@garza-associates.com

October 20, 2014

**Project: "Peñitas Drainage Project"**  
**Parcel 4A, 4B and 4C**

**D & S Bell Enterprises, LTD**  
**P.O. Box 653**  
**Penitas, TX 78576**

**To Whom It May Concern:**

Leonel Garza Jr. & Associates LLC has been contracted by the Hidalgo Urban County Program to appraise various properties along and area to be known as the "Peñitas Drainage Project" along US Expressway 83 / Interstate 2 within the City of Peñitas, Texas. This project is for the purpose of address current and future drainage issues in the area. Attached is a survey of the property to be acquired as provided by Urban County. This office is requesting verbal or written permission to inspect the subject property at the earliest date possible. We would like to extend to you the opportunity to meet with our office in order to further explain the project and the purpose of the appraisal report. In the event written nor verbal permission is granted to enter the subject property. The inspection is to proceed off-site along existing road right of way or from adjoining tracts of which permission was granted. The extent of the inspection is to photograph and measure any improvements only. 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 or leonel3@garza-associates.com. The Hidalgo County Precinct No. 3 shall be negotiating the purchase of this portion of your property believed to be in the name of D & S Bell Enterprises, LTD . Any information on recent sales in the area is appreciated in order to determine the current market value of the subject property.

If this letter does not pertain to you and or you have sold said property, please notify our office as soon as possible so that the proper ownership identification can be performed. If you have any further 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 III  
State Certified General  
Real Estate Appraiser  
TX1328375-General

**Cc: Hidalgo County Precinct No. 3**  
**Victor Gallardo, Co-Right of Way Agent**  
**724 North Breyfogle, Mission, Texas 78574**  
**Office (956) 585-450**

*Leonel Garza Jr. & Associates LLC*

CERTIFIED LETTER TRACKING INFORMATION

7012 2920 0001 5645 6327

<b>U.S. Postal Service™</b> <b>CERTIFIED MAIL™ RECEIPT</b> <i>(Domestic Mail Only; No Insurance Coverage Provided)</i>	
For delivery information visit our website at <a href="http://www.usps.com">www.usps.com</a>	
OFFICIAL USE	
Postage \$	<b>Mail Pak</b>  <b>OCT 20 2014</b>
Certified Fee	
Return Receipt Fee (Endorsement Required)	
Restricted Delivery Fee (Endorsement Required)	
Total Postage	
Sent To Street, Apt. No. or PO Box No. City, State, ZIP	<b>D &amp; S Bell Enterprises, LTD</b> <b>P.O. Box 653</b> <b>Penitas, TX 78576</b>

PS Form 3800

<b>SENDER: COMPLETE THIS SECTION</b>	<b>COMPLETE THIS SECTION ON DELIVERY</b>
<ul style="list-style-type: none"> <li>■ Complete items 1, 2, and 3. Also complete item 4 if Restricted Delivery is desired.</li> <li>■ Print your name and address on the reverse so that we can return the card to you.</li> <li>■ Attach this card to the back of the mailpiece, or on the front if space permits.</li> </ul>	A. Signature X <i>Jerry Bell</i>
1. Article Addressed to:  <div style="border: 1px solid black; padding: 5px; margin: 5px 0;"> <b>D &amp; S Bell Enterprises, LTD</b>  <b>P.O. Box 653</b>  <b>Penitas, TX 78576</b> </div>	B. Received by (Printed Name) <i>Jerry Bell</i>
2. Article Number <i>(Transfer from service label)</i>	C. Date of Delivery <i>10/28/14</i>
3. Service Type <input checked="" type="checkbox"/> Certified Mail® <input type="checkbox"/> Priority Mail Express™ <input type="checkbox"/> Registered <input type="checkbox"/> Return Receipt for Merchandise <input type="checkbox"/> Insured Mail <input type="checkbox"/> Collect on Delivery	D. Is delivery address different from item 1? <input type="checkbox"/> Yes If YES, enter delivery address below: <input type="checkbox"/> No
PS Form 3811, July 2013	4. Restricted Delivery? (Extra Fee) <input type="checkbox"/> Yes
7012 2920 0001 5645 6327	
Domestic Return Receipt	

# HIDALGO COUNTY APPRAISAL DISTRICT DATA

## Hidalgo CAD

### Property Search Results > 194442 D & S BELL ENTERPRISES LTD for Year 2014

<b>Property</b>
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**Account**

Property ID:	194442	Legal Description: HOMEVILLE A LOT 207 5.0AC GR 3.82AC NET
Geographic ID:	H4250-01-000-0207-00	Agent Code:
Type:	Real	
Property Use Code:		
Property Use Description:		

**Location**

Address:	GILES TX	Mapsc0:
Neighborhood:	HOMEVILLE A	Map ID:
Neighborhood CD:	H425001	

**Owner**

Name:	D & S BELL ENTERPRISES LTD	Owner ID:	518306
Mailing Address:	PO BOX 653 PENITAS, TX 78576-0653	% Ownership:	100.0000000000%
Exemptions:			

<b>Values</b>
---------------

(+)	Improvement Homesite Value:	+	\$0	
(+)	Improvement Non-Homesite Value:	+	\$0	
(+)	Land Homesite Value:	+	\$0	
(+)	Land Non-Homesite Value:	+	\$0	Ag / Timber Use Value
(+)	Agricultural Market Valuation:	+	\$11,460	\$1,708
(+)	Timber Market Valuation:	+	\$0	\$0
-----				
(=)	Market Value:	=	\$11,460	
(-)	Ag or Timber Use Value Reduction:	-	\$9,752	
-----				
(=)	Appraised Value:	=	\$1,708	
(-)	HS Cap:	-	\$0	
-----				
(=)	Assessed Value:	=	\$1,708	

<b>Taxing Jurisdiction</b>
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Owner: D & S BELL ENTERPRISES LTD  
 % Ownership: 100.0000000000%  
 Total Value: \$11,460

Entity	Description	Tax Rate	Appraised Value	Taxable Value	Estimated Tax
CAD	APPRAISAL DISTRICT	0.000000	\$1,708	\$1,708	\$0.00
CPN	CITY OF PENITAS	0.434500	\$1,708	\$1,708	\$7.42
DR1	DRAINAGE DISTRICT #1	0.095700	\$1,708	\$1,708	\$1.63
GHD	HIDALGO COUNTY	0.590000	\$1,708	\$1,708	\$10.08
HCTR2	COUNTY - TRANSPORTATION REINVESTMENT ZONE #2	0.000000	\$1,708	\$1,708	\$0.00
JCC	SOUTH TEXAS COLLEGE	0.150000	\$1,708	\$1,708	\$2.56
R01	ROAD DIST 01	0.000000	\$1,708	\$1,708	\$0.00
SLJ	LA JOYA ISD	1.311000	\$1,708	\$1,708	\$22.39
SST	SOUTH TEXAS SCHOOL	0.049200	\$1,708	\$1,708	\$0.84

TCPN1 PENITAS TAX INCREMENT ZONE 1	0.000000	\$1,708	\$1,708	\$0.00
THCPN COUNTY - PENITAS TAX INCREMENT ZONE 1	0.000000	\$1,708	\$1,708	\$0.00
Total Tax Rate:	2.630400			
			Taxes w /Current Exemptions:	\$44.92
			Taxes w /o Exemptions:	\$44.93

### Improvement / Building

No improvements exist for this property.

### Land

#	Type	Description	Acres	Sqft	Eff Front	Eff Depth	Market Value	Prod. Value
1	H	1WETFARM	3.8200	166399.20	0.00	0.00	\$11,460	\$1,708

### Roll Value History

Year	Improvements	Land Market	Ag Valuation	Appraised	HS Cap	Assessed
2015	N/A	N/A	N/A	N/A	N/A	N/A
2014	\$0	\$11,460	1,708	1,708	\$0	\$1,708
2013	\$0	\$11,460	1,635	1,635	\$0	\$1,635
2012	\$0	\$11,460	1,593	1,593	\$0	\$1,593
2011	\$0	\$11,460	1,532	1,532	\$0	\$1,532
2010	\$0	\$11,460	1,543	1,543	\$0	\$1,543
2009	\$0	\$11,460	1,601	1,601	\$0	\$1,601
2008	\$0	\$11,460	1,601	1,601	\$0	\$1,601
2007	\$0	\$11,460	1,524	1,524	\$0	\$1,524
2006	\$0	\$11,460	1,528	1,528	\$0	\$1,528
2005	\$0	\$11,460	1,543	1,543	\$0	\$1,543
2004	\$0	\$11,460	1,528	1,528	\$0	\$1,528
2003	\$0	\$7,755	1,524	1,524	\$0	\$1,524

### Deed History - (Last 3 Deed Transactions)

#	Deed Date	Type	Description	Grantor	Grantee	Volume	Page	Deed Number
1	3/27/2003 12:00:00 AM	WD	WARRANTY DEED	BELL DUANE V	D & S BELL ENTERPF			1181932
2	2/27/2002 12:00:00 AM	WD	WARRANTY DEED	BELL GERALD E	BELL DUANE V			1055779
3		CONV	CONVERSION	BELL EVERETT	BELL GERALD E	2400	235	