



REAL ESTATE APPRAISAL REPORT
TEXAS DEPARTMENT OF TRANSPORTATION

Address of Property: Interior Tract, South of Expressway 83, District: 21
East of Business 83, Penitas, Texas.
Property Owner: Tress Enterprises, Inc. ROW CSJ: N/A
Address of Property Owner: 2013 VW CT, McAllen, Texas Parcel: N/A
78504
Occupant's Name: Vacant Federal Project No: N/A
Highway: South Basin
Whole: Partial: Acquisition Detention Project 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 \$833,292 as of April 15, 2015, based upon my independent appraisal and the exercise of my professional judgment; on April 15, 2015, (date)(s), I personally inspected in the field the property herein appraised; I afforded Tress Enterprises, Inc., the property owner or the representative (s) of the property owner, the opportunity to accompany me at the time of the inspection. The comparables relied upon in making said appraisal were as represented by the photographs contained in the appraisal report and were inspected on April 25, 2015, 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 Drainage District, Texas Department of Transportation 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.

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 82nd 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; 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 non-compensable 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.

Leonel Garza III
Appraiser Signature

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

May 1, 2015
Date

To the best of my knowledge, the value does not include any items which are not compensable under the State law.
Harvey L. Heerssen 5-3-15
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 Sales Comparison Approach As Vacant. This is further explained within each section of the appraisal report.

CLIENT & INTENDED USER

The client for this report is identified as the Hidalgo County Drainage District No. 1 under the direction Raul Sesin, Director located at 902 Doolittle Road, Edinburg, Texas. The intended use of the report is to assist L&G Engineering and their associated right of way agents in the future negotiations to acquire a portion of said property in the name of the County of Hidalgo. 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-6 Form Rev. 11/2011. The intended user of the report is defined as the Texas Department of Transportation 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 County Drainage District No. 1, 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 ROW Surveying Services LLC. 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, 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 an 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 any 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.

PURPOSE OF THE APPRAISAL

This appraisal is prepared for the purpose of estimating the current market value of the fee simple estate of the subject property as a whole in order to determine the value of the proposed right-of-way to be acquired in the name of the Hidalgo County. 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 leases), or operating agreements and project influence (if any exist). This appraisal report shall be utilized for future negotiation by L&G Engineering selected by the Hidalgo County Drainage District No. 1. The use of the report is limited to these negotiations and may be utilized for future condemnation proceedings under the right of eminent domain by the client. These proceedings are for the development of the "South Basin Detention Project" which is a drainage project for the Penitas area.

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." As per scope of the assignment, this is the manor of which the subject property shall be appraised for purposes of this report. If there are any questions or concerns as to 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.

ACCESSIBILITY

As per 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 their presence with appraiser, Leonel Garza III.

LEGAL DESCRIPTION

Being a 75.03 acre tract of land out of a Portion of the Tract 377, Los Ejidos de Reynosa Viejo Grant, Hidalgo County, Texas, Recorded in Volume 7, Page 5-8, of the Map Records, Hidalgo County Texas, Conveyed by Assumption Warranty Deed, Dated October 5, 2005, To Tress Enterprises as Described in Document No. 1440286.

REMAINDER BEFORE & AFTER

Since the subject is a whole acquisition, no remainder shall exist.

PROPERTY TAX DATA

During the analysis of the subject property, the real property tax information was gathered from the Hidalgo County Appraisal District. The district office is located at 4405 S. Professional Drive in Edinburg, Texas. The following information was verified as per the date of this report thru the districts web site www.hidalgoad.org, which is updated regularly. According to the Hidalgo County Tax Office located at 2804 S. US Highway 281, Edinburg, Texas (956) 318-2157, www.co.hidalgo.tx.us, the subject property does appear to be current with property tax payments. It is noted that the Hidalgo County Appraisal District is currently reviewing and re-assessing property values for Year 2015 as of the date of this report. As such the indicated assessed value may be subject to change as per date of this appraiser due to either, a protest filed on the account and or a change indicated by the appraisal district. Further verification of the tax information is required as no HCAD ID located at this property is listed under the fee simple owner indicated to be Missouri Railroad.

HIDALGO COUNTY APPRAISAL DISTRICT			
TAX IDENTIFICATION No.	689895	APPRAISAL DISTRICT	0.000000
OWNER OF RECORD	Tress Enterprises Inc	CITY OF PENITAS	0.434500
LAND AREA	75.00 Acres	DRAINAGE DISTRICT #1	0.095700
LAND ASSESSEMENT	\$ 75,000	HIDALGO COUNTY	0.590000
IMPROVEMENT ASSESSEMENT	\$ -	COUNT-TRANSPORTATION REINVESTMENT ZONE #	
TOTAL ASSESSED VALUE	\$ 75,000	2	0.000000
HCAD LAND UNIT RATE	\$ 1,000 / Acre	SOUTH TEXAS COMMUNITY COLLEGE	0.150000
		ROAD DISTRICT 01	0.000000
		LA JOYA INDEPENDENT SCHOOL DISTRICT	1.311000
		SOUTH TEXAS SCHOOL	0.049200
		TAX RATE	2.630400

GENERAL SITE ASSESSMENT

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 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 which may influence its marketability and or value. The extraordinary assumption is that neither adverse easements nor encroachments are located within the subject property which would affect the value of the whole. The subject property was observed to be generally level and typical of the surrounding market area. No severe low lying areas were observed, however, this appraiser is not an engineer and cannot certify to the topography or drainage of the subject property.

UTILITY SERVICES

The subject property is located in a region which contains potable water, water wells, gas wells and or pipelines, electricity, and phone service, which is typical of the market area. Sewer service is limited and is available for those tracts located within the City limits of Penitas, Texas. This was verified with the Agua Special Utility District.

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. Any and all personal property and or realty located within existing road right of way shall be deemed non-compensable as per scope. 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.

LISTING STATUS

Based on the off-site inspection of the subject property no visible "For Sale" signs were located on-site indicated the subject property listed for sale. Additional research was conducted with local Realtor's® Multiple Listing Services and the subject property was not listed.

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 eighteen (18) months 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.

AERIAL OF PROPOSED ACQUISITION AREA (SHADED)



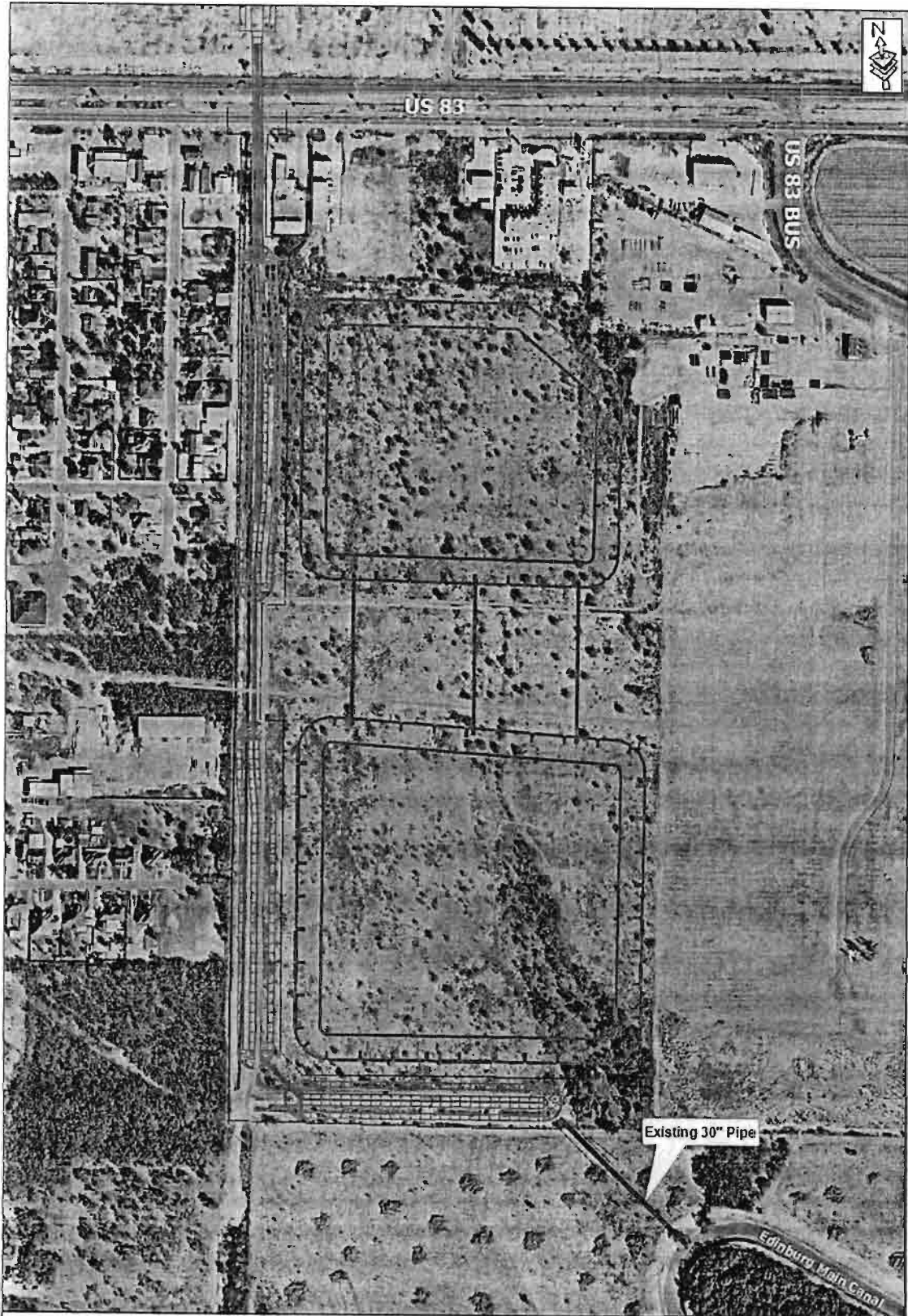
PENITAS BASIN SOUTH PIT EXHIBIT

L&C Engineering

Highway Planning
Site Investigation / Design
Environmental
Construction Material Testing

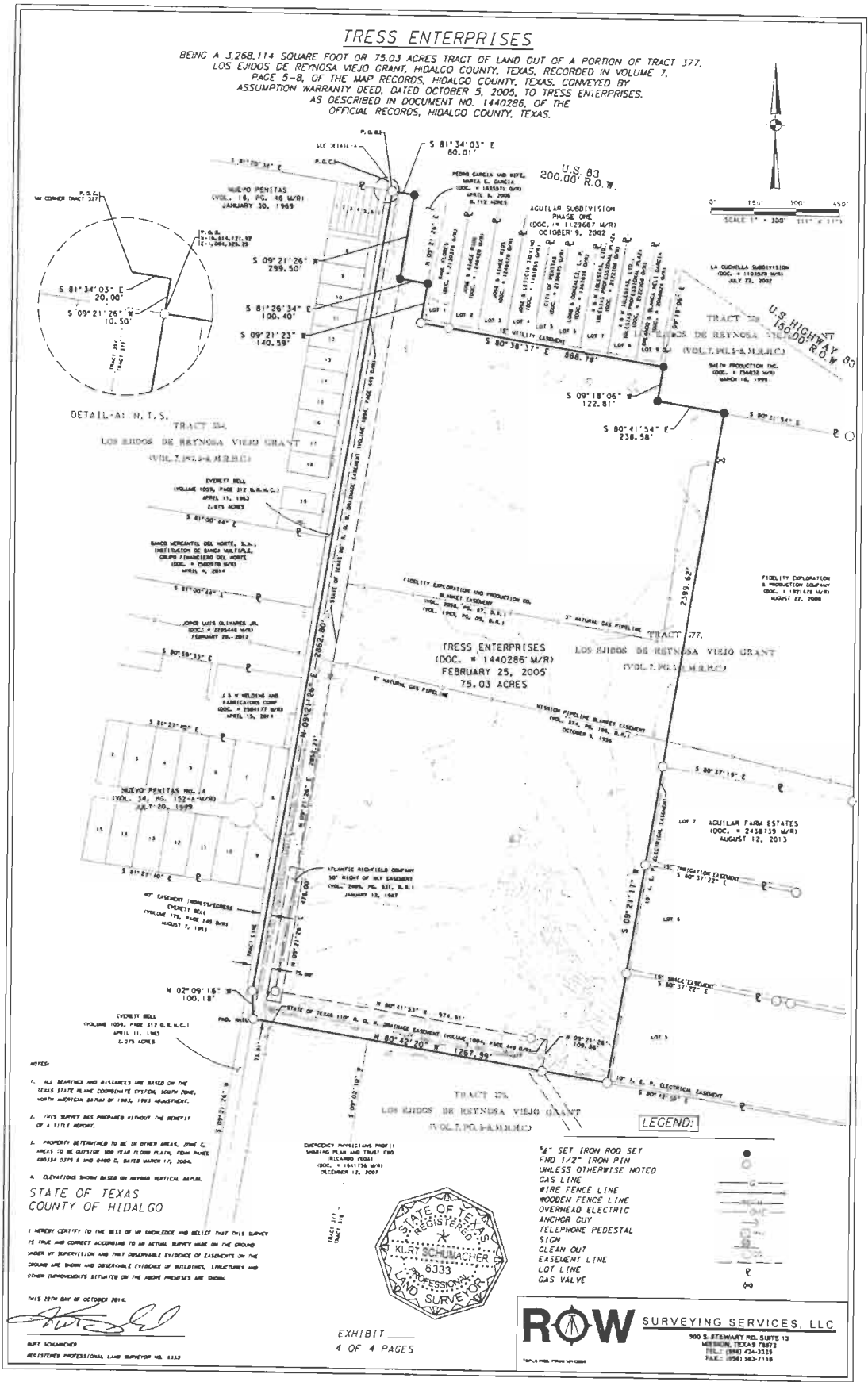
600 N. Main Street, Suite 2
Mansfield, TX 76062
Phone (817) 582-1700
Fax (817) 582-1727
Toll Free (800) 582-1700

PROPOSED SOUTH DETENTION BASIN PROJECT



	<p>L+G Consulting Engineers, Inc.</p>	<p>SOUTH DETENTION BASIN (Two-Cell Detention w/ Equilizers)</p>	<p>125 Feet 1 inch = 125 feet</p>	<p>Legend</p> <ul style="list-style-type: none"> South Detention Cell Outfall TxCOT Outfall ROW Natural Gas Pipeline
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SURVEY OF SUBJECT (Page 1 of 1)



NOTES:

1. ALL BEARINGS AND DISTANCES ARE BASED ON THE TEXAS STATE PLANE COORDINATE SYSTEM, NORTH ZONE, NORTH AMERICAN DATUM OF 1983, READJUSTMENT.
2. THIS SURVEY WAS PREPARED WITHOUT THE BENEFIT OF A TITLE REPORT.
3. PROPERTY DETERMINED TO BE IN OTHER AREAS, ZONE C, AREA 1, TO BE OUTSIDE THE FLOOD PLAIN FROM FLOOD HAZARD STUDY B AND DATED MARCH 11, 2004.
4. ELEVATIONS SHOWN BASED ON NAVD83 OPTICAL DATUM.

**STATE OF TEXAS
COUNTY OF HIDALGO**

I HEREBY CERTIFY TO THE BEST OF MY KNOWLEDGE AND BELIEF THAT THIS SURVEY IS TRUE AND CORRECT ACCORDING TO THE ACTUAL SURVEY MADE ON THE GROUND UNDER MY SUPERVISION AND THAT OBSERVABLE EVIDENCE OF EASEMENTS ON THE GROUND ARE SHOWN AND OBSERVABLE EVIDENCE OF BUILDINGS, STRUCTURES AND OTHER IMPROVEMENTS SITUATED ON THE ABOVE PREMISES ARE SHOWN.

THIS 29TH DAY OF OCTOBER 2014.

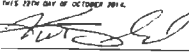

 KURT SCHUMACHER
 REGISTERED PROFESSIONAL LAND SURVEYOR NO. 1233



EXHIBIT
4 OF 4 PAGES

LEGEND:

- 3/4" SET IRON ROD SET
- 1/2" IRON PIN
- UNLESS OTHERWISE NOTED
- WIRE FENCE LINE
- WOODEN FENCE LINE
- OVERHEAD ELECTRIC
- ANCHOR CUY
- TELEPHONE PEDESTAL
- SIGN
- CLEAN OUT
- EASEMENT LINE
- LOT LINE
- GAS VALVE

ROW SURVEYING SERVICES, LLC

900 S. STEPHENSON RD. SUITE 113
MCKINNEY, TEXAS 75072
TEL: (972) 424-3339
FAX: (972) 465-7118

PHOTOGRAPHS OF SUBJECT PROPERTY

Parcel No.: N/A

Date Taken: April 15, 2015

Point which taken: Photo 1: Drainage Easement

Point which taken: Photo 2: Drainage Easement

Local Address: 0.08 Mile South of US Expressway 83,
0.08 Mile West of Business 83, Penitas, Texas

Taken By: Leonel Garza III

Looking: Photo 1: Eastern View

Looking: Photo 2: Southeastern View



Photo 1

General view of the subject property along the western boundary of the existing State drainage easement.



Photo 2

View of the proposed acquisition area along the western boundary of the subject property.

Point which taken: Photo 3: Canal ROW

Point which taken: Photo 4: Canal ROW

Looking: Photo 3: Northern View

Looking: Photo 4: Southern View



Photo 3

View of the drainage easement along the western property boundary. The subject property is on the right side in this photo.



Photo 4

View of the drainage easement along the western property boundary. The subject property is on the left side in this photo.

DESCRIPTION OF PROPERTY

The subject property located south of US Expressway / Interstate 2 roadway in the City of Penitas just east of Business 83. The property is a 75.03 acre tract of land that is currently vacant and not being used for any particular agricultural use as per date of this report. The site does not have fee simple legal access to the subject property and may be landlocked. It has been indicated that the City of Penitas was to allow access to the subject property upon development. However, no confirmation of this proposed access is confirmed with the City as per date of this report. Municipal utilities are available and/or are in the immediate vicinity to the site, including potable water and sanitary sewer service (limited). Extension of these services is available to the developer upon subdivision. The subject's overall topography is questioned as the subject elevation toward the southern portion of the property is below the base flood elevation area and is indicated to retain water during severe storms. In addition, the subject is encumbered with several easements which do affect the overall market value. These include a drainage easement along the western property boundary, owned by the State of Texas and maintained by the Texas Department of Transportation. Other easements include active natural gas pipelines on the property. These lines are Natural gas pipelines (3"/6") are owned and operated by Hilcorp Energy Company as of October 1, 2014. Previous operator of said pipeline was Fidelity Exploration and Production Company. Pipeline runs from South to North paralleling drainage easement along the western property boundary and heads east before heading north again and across US Business 83 and US Highway 83. These encumbered areas of acquisition shall be valued at 50% of the indicated market value as the easement holders (State of Texas and Hilcorp Energy) shall still maintain their interest after the acquisition by the County of Hidalgo. As per date of the report the property does not appear to be listed for sale as per research conducted with the local Multiple Listing Service.

AREA OR NEIGHBORHOOD

The subject is located south of the expressway south of the commercial development known as "Mil Encinos Development" originally created by the Bell Farms and family subsidiaries. Several commercial retail developments including a Walmart Super Center, Penitas Plaza Retail Center and a BBVA Compass Bank branch are located west of the subject property along Tom Gill Road and US Expressway 83. The overall market area has experienced an increase in market interest along the north side of US Expressway 83. Since the development, Walmart became the City of Penitas primary sale tax income generator and provided an increase demand for the immediate market area. Other developments are proposed within the region, which include several municipal developments including the relocation of City Hall and the Penitas Fire Department. Development has begun on the La Joya Loop project which will continue to spur development north of US Expressway 83.

SALES HISTORY

During the course of the appraisal, it was determined via the Hidalgo County Appraisal District that the subject property is being assessed under the ownership of Tress Enterprises, Inc.. The subject property has been under this ownership since February 25, 2005, at which time the property was transferred from Joe L. Aguilar. for an undisclosed amount.

BUILDING & SITE IMPROVEMENTS

During the off-site inspection of the subject property, no building improvements no site improvements are to be included in the body of this report as per scope of the assignment. Therefore, the extraordinary assumption that the subject is vacant shall be the basis of the total compensation to the owner of record.

Highest & Best Use

The subject property's highest and best use "as if vacant" is for single family residential development use. 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."

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). Research was performed within the corresponding market area to determine the overall trends in the market for similar tracts located off of US Expressway 83. Due the subjects overall location, limited access, and topographical issues with drainage, the sites overall highest and best use shall be for single family residential development use. The highest and best use as single family residential development use is confirmed with the neighboring tracts to the east and west which were developed for single family residential use. This highest and best use is based on the hypothetical assumption that the subject will have legal public access upon the re-subdivision development of the tract.

VALUATION OF PART TO BE ACQUIRED

LAND VALUATION

Representative Comparable Sales

	SUBJECT	SALE No. 1		SALE No. 2		SALE No. 3	
Grantor	Joe Aguilar	Mil Encinos Development		International Bank		First National Bank	
Grantee	Tress Enterprises, Inc.	Villages of Penitas, LP		Mosarr LLC		Birain USA, LLC	
Date of Sale	February 25, 2005	May 23, 2014		December 31, 2013		June 17, 2013	
Sales Price	\$ -	\$ 400,000		\$ 4,000,000		\$ 380,000	
Unit Sales Price	\$ - / Acre	\$ 40,000 / Acre		\$ 40,353 / Acre		\$ 21,481 / 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 / Diamond Avenue	-30%	Superior North Side of US Expressway 83	-50%	Superior	-20%
Corner Influence	Interior Tract	Similar	0%	Similar	0%	Similar	0%
Physical Characteristics	Rectangular	Irregular	0%	Rectangular	0%	Rectangular	0%
Topography	Conventional	Similar	0%	Similar	0%	Similar	0%
Available Utilities	Water / Electricity / Sewer	Water / Elect / Sewer	0%	Water / Elect / Sewer Nearby	5%	Water / Elect / Sewer Pending	5%
Road Frontage	Interior Tract / Limited Access. No Frontage	Diamond Avenue	0%	US Expressway 83	0%	Military Parkway, East of Conway	0%
Size of Tract	75.030 Acre	10.00 Acres	-35%	99.124 Acres	0%	17.69 Acres	-30%
Net Adjustments			-65%		-45%		-45%
Indicated Unit Value		\$ 14,000 / Acre		\$ 22,194 / Acre		\$ 11,815 / Acre	
Unit Value of Fee Simple Area						\$ 12,000 / Acre	
Unit Value of Easement Area (50% of Fee Simple Value)						\$ 6,000 / Acre	

Estimated Value by Sales Comparison Approach

Land: Fee Simple	(63.852 Acres x \$12,000/Acre)	\$ 766,224
Land: Existing Easement (TxDOT)	(7.720 Acres x 6,000/Acre)	\$ 46,320
Land: Existing Easement (Gas Line)	(3.458 Acres x \$6,000/Acre)	\$ 20,748
		<u>\$ 833,292</u>



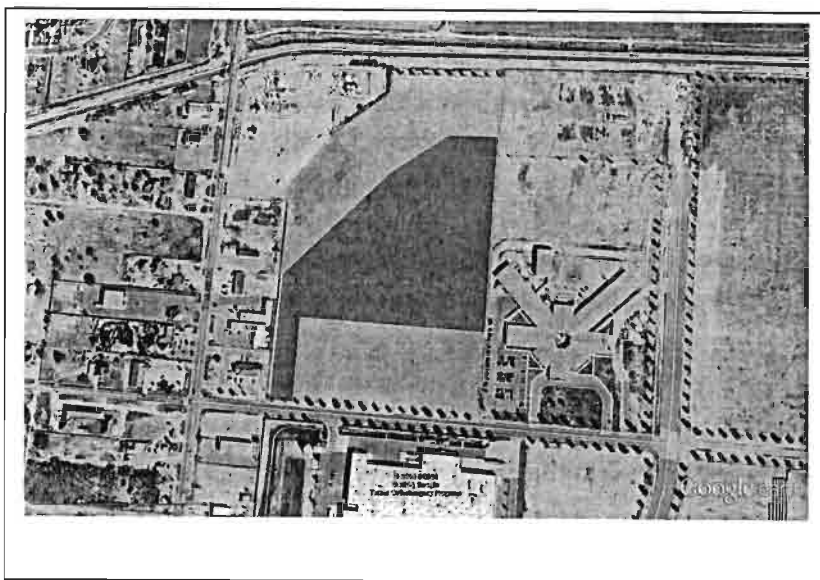
COMPARABLE DATA SUPPLEMENT

District: 21 Parcel No.: N/A Highway: South Detention Basin Project
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	Unit Price: \$40,000 / Acre	
Type Street: Asphalt Street – Diamond Avenue	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	Highest & Best Use: Mixed Use Development (Multifamily)	
Date of Inspection: April 25, 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

May 1, 2015
Date

COMPARABLE DATA SUPPLEMENT

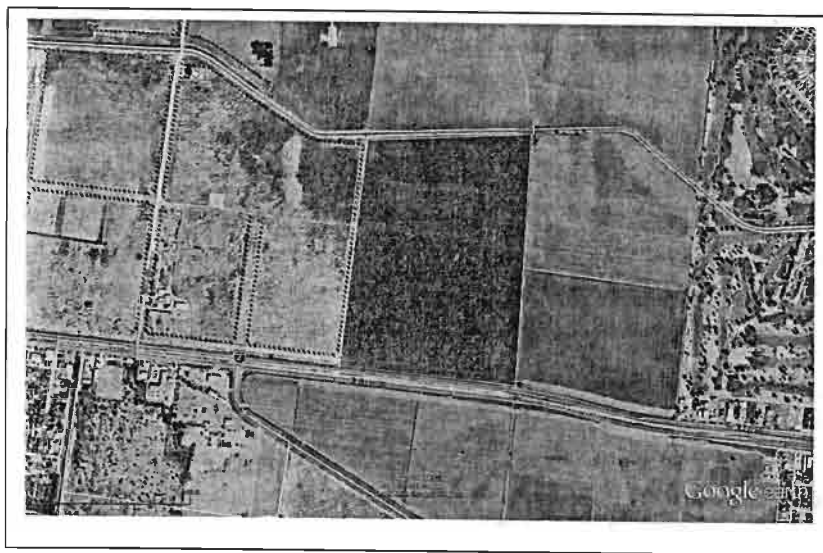
District: 21 Parcel No.: N/A Highway: South Detention Basin Project

 County: Hidalgo ROW CSJ: N/A

Land Sale

Improved Sale

Rental Data



Grantor/Lessor: International Bank Grantee/Lessee: Mosarr LLC

 Date: December 31, 2013 Recording Information: Deed No. 2013-2475279 Key Map: TexMap pg 241-E6

 Address: US Expressway / Interstate Highway 2 (N/S), just east of the intersection of US Business 83, Penitas, Texas. Zip Code: 78576

 Legal Description: A 99.149 acre tract of land more or less, out of a 351.00 acre tract of land out of Porcion 78, Hidalgo County, Texas, said 351.00 acre tract described in a Deed Dated November 30, 2001, recorded under Clerk's File No. 1030019, Official Records, Hidalgo County, Texas further described as metes and bounds.

 Confirmed Price: \$4,000,000 Verified with: AAA Realty / Solida USA / HCAD (101858) & MLS

 Terms and Conditions of Sale: Cash To Seller

 Rental Data: N/A

 Land Size: 99.124 Acres Unit Price: \$40,353 / Acre

 Type Street: Asphalt Paved – US Expressway 83 Utilities: Water / Phone, Electricity – Sewer Nearby

 Improvement(s) Description: None As Per 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: Vacant

 Highest & Best Use: Mixed Use Development

 (Commercial/Multifamily/Single Family Residential)

 Zoning: Open Agricultural Flood Plain: Zone X

 Date of Inspection: April 25, 2015

Property was purchased from an investment group from Mexico for future development purposes as per Realtor Adrian Arriaga of AAA Realty (956) 682-2222. Property is currently listed for sale with pad sites for \$9.00/square foot to \$12.00/ square foot and larger interior tracts at \$6.00/square foot to \$8.00/square foot. Property was purchase knowing the La Joya Loop Project was projected through the property. The site has not been subdivided as per date of this report nor as the time of purchase. International Bank had the property listed for sale for several years after a foreclosure on the property. Property was marketed through the Greater McAllen Multiple Listing Service and through Solida USA under Juan Chavez (956) 369-0899. Property is also currently listed as a whole under MLS E171521A for \$8,640,000 or \$87,163/Acre.

Appraiser: Leonel Garza III

 Date: May 1, 2015

EXPLANATION OF ADJUSTMENTS:

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. Each of the comparable sales were adjusted for the difference in overall location as the subject does not have frontage along a public roadway. Other factors taken into consideration were utilities and overall size. After adjustments, the unit range of value was determined to be between \$11,815 per acre to \$22,194 per acre. Based on the surrounding land use and the overall topography and crossing gas and State drainage easements, a unit value of \$12,000 per acre is indicated for the fee simple portion of the subject property. Since the subject is encumbered with existing State and private easements, these areas are not valued at 100% of the indicated market value unit rate. Due to the type of easement and the overall location of the easements a the property interest is divided into the fee simple ownership interest and the easement owner interest. Based on the type of interest and the existing use of the easement, the value is divided by 50% per interest holder for purposes of this report. The easement holder does have the majority of the bundle of rights to said portion of property limiting the overall use of these easements by the fee simple owner. Therefore, the indicated unit rate applied to the easement shall be 50% of the fee simple rate or \$6,000 per acre. See following page for unit breakdown.

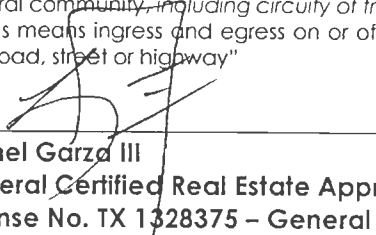
ADDENDA

1. CERTIFICATION OF APPRAISAL
2. ASSUMPTION & LIMITING CONDITIONS
3. QUALIFICATION OF APPRAISER
4. LETTER OF INTENT TO INSPECT SUBJECT
5. CERTIFIED LETTER TRACKING DATA
6. PROPERTY TAX INFORMATION (HCAD)
7. WARRANTY DEED

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 current *Uniform Standards of Professional Appraisal Practice (USPAP)*.
- 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 Davis, State Certified General Real Estate Appraiser 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. Leonel Garza III is designated as a Master Real Estate Appraiser through the National Association of Master Appraisers.
- 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 82nd 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"



Leonel Garza III
General Certified Real Estate Appraiser
License No. TX 1328375 – General

ASSUMPTIONS AND LIMITING CONDITIONS

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 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.

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.

The subject is prepared under the hypothetical condition that the subject property is vacant. All building and site improvements shall be located within Parcel 4B as per scope of the assignment.

GENERAL LIMITING CONDITIONS:

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.

Possession of this report, or a copy thereof, does not carry with it the right of publication.

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.

The original and one copy of this report have been signed in blue ink. Any other copy, which is not signed in blue may have been altered, and this appraiser is not responsible for its contents or value indicated.

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 Profile

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. 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.

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. Leonel Garza III has undergone extensive training in this field of work. 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, transmission line easements, drainage or irrigation easements, damage assessment, cost to cure, relocation assistant research, budget analysis, condemnation hearing and trial support.

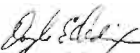
Education & Licenses

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

Licenses

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

State Certified Property Tax Consultant
Number TX - 00003181

Texas Appraiser Licensing and Certification Board P.O. Box 12188 Austin, Texas 78711-2188 Certified General Real Estate Appraiser		
Number:	TX 1328375 G	
Issued:	12/31/2014	Expires: 12/31/2016
Appraiser:	LEONEL GARZA III	
<small>Having provided satisfactory evidence of the qualifications required by the Texas Appraiser Licensing and Certification Act, Texas Occupations Code, Chapter 1103, is authorized to use this title, Certified General Real Estate Appraiser.</small>		
		 Douglas E. Oldmixon Commissioner

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 through educational requirements and experience.

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

Public Service

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

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.

Hidalgo County Subdivision Advisory Board (Active Member / Chairman)

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)

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

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.

City of McAllen Traffic Commission Board (Former Member & Vice Chairman)

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

City of McAllen Zoning Board of Adjustments and Appeals (Former Member & Chairman)

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.

City of McAllen Ambulance Advisory Committee (Vice Chairman)

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

City of McAllen Building Board of Adjustments and Appeals (Former Member)

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.

McAllen Palm City Lions Club (Active Member)

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 raising funds to provided dinners to as many as 60 families (approximately 240 – 300 individuals) throughout the City of McAllen.

CERTIFIED LETTER TRACKING RECEIPT

4899 5495 T000 0120 0001 5645 6884

U.S. Postal Service™	
CERTIFIED MAIL™ RECEIPT	
<i>(Domestic Mail Only; No Insurance Coverage Provided)</i>	
For delivery information visit our website at www.usps.com	
OFFICIAL USE	
Postage	\$
Certified Fee	
Return Receipt Fee <small>(Endorsement Required)</small>	
Restricted Delivery Fee <small>(Endorsement Required)</small>	
Total Postage & Fees	\$
Sent to Tress Enterprises, Inc. Street, Apt. No. or PO Box No. 2013 VW CT City, State, ZIP+4 McAllen, Texas 78504	
PS Form 3800, August 2005 See Reverse for Instructions	

SENDER: COMPLETE THIS SECTION	COMPLETE THIS SECTION ON DELIVERY
<ul style="list-style-type: none"> 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. 	A. Signature X <i>Monica Cuesca</i> <input checked="" type="checkbox"/> Agent <input type="checkbox"/> Addressee B. Received by (Printed Name) <i>Monica Avendaño</i> C. Date of Delivery <i>11/17/14</i> D. Is delivery address different from item 1? <input type="checkbox"/> Yes <input type="checkbox"/> No If YES, enter delivery address below:
1. Article Addressed to: Tress Enterprises, Inc. 2013 VW CT McAllen, Texas 78504 Parcel No. 38E La Joya Loop Project	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
2. Article Number (Transfer from service label)	4. Restricted Delivery? (Extra Fee) <input type="checkbox"/> Yes

7012 2920 0001 5645 6884

Property Search Results > 689895 TRESS ENTERPRISES INC for Year 2015

Property

Account
 Property ID: 689895 Legal Description: LOS EJIDOS DE REYNOSA AN IRR TR W1268.06' LOT 377 75.0 AC NET
 Geographic ID: L6050-00-000-0377-35 Agent Code:
 Type: Real
 Property Use Code:
 Property Use Description:

Location
 Address: S OLD MILITARY RD Mapsco:
 Neighborhood: Map ID: CPN VOL 7 PG 5-8
 Neighborhood CD:

Owner
 Name: TRESS ENTERPRISES INC Owner ID: 591055
 Mailing Address: 2013 VW CT % Ownership: 100.0000000000%
 MCALLEN, TX 78504-5642

Exemptions:

Values

(+) Improvement Homesite Value:	+	N/A
(+) Improvement Non-Homesite Value:	+	N/A
(+) Land Homesite Value:	+	N/A
(+) Land Non-Homesite Value:	+	N/A Ag / Timber Use Value
(+) Agricultural Market Valuation:	+	N/A N/A
(+) Timber Market Valuation:	+	N/A N/A
<hr/>		
(=) Market Value:	=	N/A
(-) Ag or Timber Use Value Reduction:	-	N/A
<hr/>		
(=) Appraised Value:	=	N/A
(-) HS Cap:	-	N/A
<hr/>		
(=) Assessed Value:	=	N/A

Taxing Jurisdiction

Owner: TRESS ENTERPRISES INC
 % Ownership: 100.0000000000%
 Total Value: N/A

Entity	Description	Tax Rate	Appraised Value	Taxable Value	Estimated Tax
CAD	APPRAISAL DISTRICT	N/A	N/A	N/A	N/A
CPN	CITY OF PENITAS	N/A	N/A	N/A	N/A
DR1	DRAINAGE DISTRICT #1	N/A	N/A	N/A	N/A
GHD	HIDALGO COUNTY	N/A	N/A	N/A	N/A
HCTR2	COUNTY - TRANSPORTATION REINVESTMENT ZONE #2	N/A	N/A	N/A	N/A
JCC	SOUTH TEXAS COLLEGE	N/A	N/A	N/A	N/A
R01	ROAD DIST 01	N/A	N/A	N/A	N/A
SLJ	LA JOYA ISD	N/A	N/A	N/A	N/A
SST	SOUTH TEXAS SCHOOL	N/A	N/A	N/A	N/A
Total Tax Rate:		N/A			

Taxes w/Current Exemptions: N/A
 Taxes w/o Exemptions: N/A

Improvement / Building

No improvements exist for this property.

Land

#	Type	Description	Acres	Sqft	Eff Front	Eff Depth	Market Value	Prod. Value
1	AC	ACREAGE	75.0000	3267000.00	0.00	0.00	N/A	N/A

Roll Value History

Year	Improvements	Land Market	Ag Valuation	Appraised	HS Cap	Assessed
2015		N/A	N/A	N/A	N/A	N/A
2014		\$0	\$75,000	0	75,000	\$0 \$75,000
2013		\$0	\$75,000	32,100	32,100	\$0 \$32,100
2012		\$0	\$75,000	31,275	31,275	\$0 \$31,275

Deed History - (Last 3 Deed Transactions)

#	Deed Date	Type	Description	Grantor	Grantee	Volume	Page	Deed Number
1	2/25/2005 12:00:00 AM	WD	WARRANTY DEED	AGUILAR JOE L	TRESS ENTERPRIS			1440286