

NOTICE OF CONFIDENTIALITY RIGHTS: IF YOU ARE A NATURAL PERSON YOU MAY REMOVE OR STRIKE ANY OR ALL OF THE FOLLOWING INFORMATION FROM ANY INSTRUMENT THAT TRANSFERS AN INTEREST IN REAL PROPERTY BEFORE IT IS FILED FOR RECORD IN THE PUBLIC RECORDS: YOUR SOCIAL SECURITY NUMBER OR YOUR DRIVER'S LICENSE NUMBER.

General Warranty Deed

Parcel No. 3

Date: August 4, 2016

Grantor: Oscar A. Tamez Guerra

Grantor's Mailing Address:

Miguel Angel Asturias 2252, Colonia Contry Sol, 1st Sector
Guadalupe N, L, Mexico 67174

Grantee: Hidalgo County

Grantee's Mailing Address:

100 East Cano Suite 201
Edinburg, Texas 78539

Consideration:

The sum of Seven Thousand Five Hundred and Four Dollars and no/100 (\$7,504.00) to Grantor in hand paid by Grantee, receipt of which is hereby acknowledged, and for which no lien is retained, either expressed or implied.

Property (including any improvements):

That certain real property located in Hidalgo County, Texas, being more particularly described on Exhibit "A" which is attached hereto and made a part hereof for all purposes.

Reservations from and Exceptions to Conveyance and Warranty:

This conveyance is made by Grantor and accepted by Grantee subject to the following:

1. Visible and apparent easements not appearing of record.

2. Any discrepancies, conflicts, or shortages in area or boundary lines or any encroachments or any overlapping of improvements which a current survey would show.
3. Easements, restrictions, reservations, covenants, conditions, oil and gas leases, mineral severances, and encumbrances for taxes and assessments (other than liens and conveyances) presently of record in the Official Public Records of Hidalgo County, Texas, that affect the property, but only to the extent that said items are still valid and in force and effect at this time.

Grantor reserves all of the oil, gas, sulfur in and under the Property but waives all rights of ingress and egress to the surface thereof for the purpose of exploring, developing, mining or drilling for same; however, nothing in this reservation shall affect the title and rights of the Grantee, its successors and assigns, to take and use all other minerals and materials thereon, therein and thereunder.

Grantor, for the Consideration and subject to the Exceptions to conveyance and Warranty, grants, sells, and conveys to Grantee the Property, together with all and singular the rights and appurtenances thereto in any way belonging, to have and to hold it to Grantee and Grantee's successors and assigns forever. Grantor binds Grantor and Grantor's heirs and successors to warrant and forever defend all and singular the Property to Grantee and Grantee's successors and assigns against every person whomsoever lawfully claiming or to claim the same or any part thereof, except as to the Exceptions to Conveyance and Warranty.

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

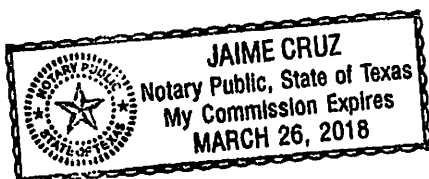



Oscar A Tamez Guerra

The State of Texas §

County of Hidalgo §

This instrument was acknowledge before me on this 4th day of August 2016 by: Oscar A Tamez Guerra.





Notary Public, State of Texas

After recording please return this instrument to:

Mr. Jaime Cruz or Jaime Salinas
Hidalgo County Pct. 2
300 W. Hall Acres Rd., Ste. G
Pharr, Tx 78577

CERTIFICATE OF RECORDING

THE STATE OF TEXAS, §

COUNTY OF HIDALGO §

Parcel No. 3

County: Hidalgo, Precinct 2
WA#22 Supplemental #2: Yuma Extension

Exhibit: A
FIELD NOTES FOR PARCEL 3

Being a 3,490 square foot or 0.08 of an acre tract of land, out of Lot 6, Block 15, Steele and Pershing Subdivision, as recorded in Volume 8, Page 115, of the Deed Records, Hidalgo County, Texas, and being out of a called 6.444 acre tract of land, conveyed by Warranty Deed with Vendor's Lien dated March 10, 2016 to Oscar A. Tamez Guerra, as described in Document No. 2695551, of the Official Records, Hidalgo County, Texas, said 0.08 of an acre tract of land being more particularly described by metes and bounds as follows;

Commencing from the Southeasterly line of Hidalgo County Irrigation District No.2 Lateral "E", referenced as Tract No. 19, as described in Volume 120, Page 550, of the Deed Records, Hidalgo County, Texas, for the North corner of said called 6.444 of an acre tract of land;

Thence with the Southeasterly line of said Lateral "E" Tract No. 19 and the Northwesterly line of said called 6.444 of an acre tract of land, South 63° 01' 53" West, a distance of 1021.94 feet to a 5/8" iron pin with plastic cap stamped "R.O.W. PROP. COR." (N=16590579.148, E=1,077,845.684) set in the North proposed 80.000 foot Right of Way line of Yuma Avenue, for the Northwest corner and **Point of Beginning** of this herein described tract of land;

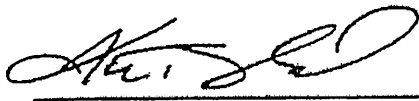
1. **Thence** departing the Southeasterly line of said Lateral "E" Tract No.19, across and through said called 6.444 acre tract of land with the North proposed Right of Way line of Yuma Avenue, South 81°22'06" East, a 160.55 feet to a 5/8" iron pin with plastic cap stamped "R.O.W. PROP. COR." set for the Northeast corner of this herein described tract of land;
2. **Thence** South 08°37'54" West a distance of 20.00 feet to the North existing Right of Way line of Yuma Avenue, for the Southeast corner of this herein described tract of land;
3. **Thence** with the North existing Right of Way line of Yuma Avenue, North 81°22'06" West a distance of 188.48 feet to the Southeasterly line of said Lateral "E" Tract No. 19, for the Southwest corner of this herein described tract of land;

4. Thence with the Southeasterly line of said Lateral "E" Tract No.19, North 63° 01' 53" East a distance of 34.36 feet to the Point of Beginning and being a 3,490 square foot or 0.08 of an acre tract of land;

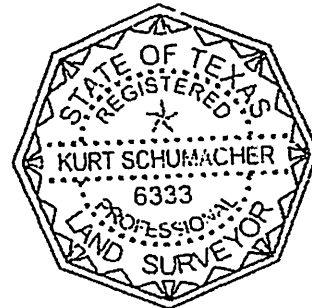
Bearings based on the Texas Coordinate System, South Zone, NAD83 (NA2011), adjusted to surface using a grid to surface adjustment factor of 1.00004.

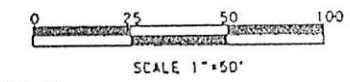
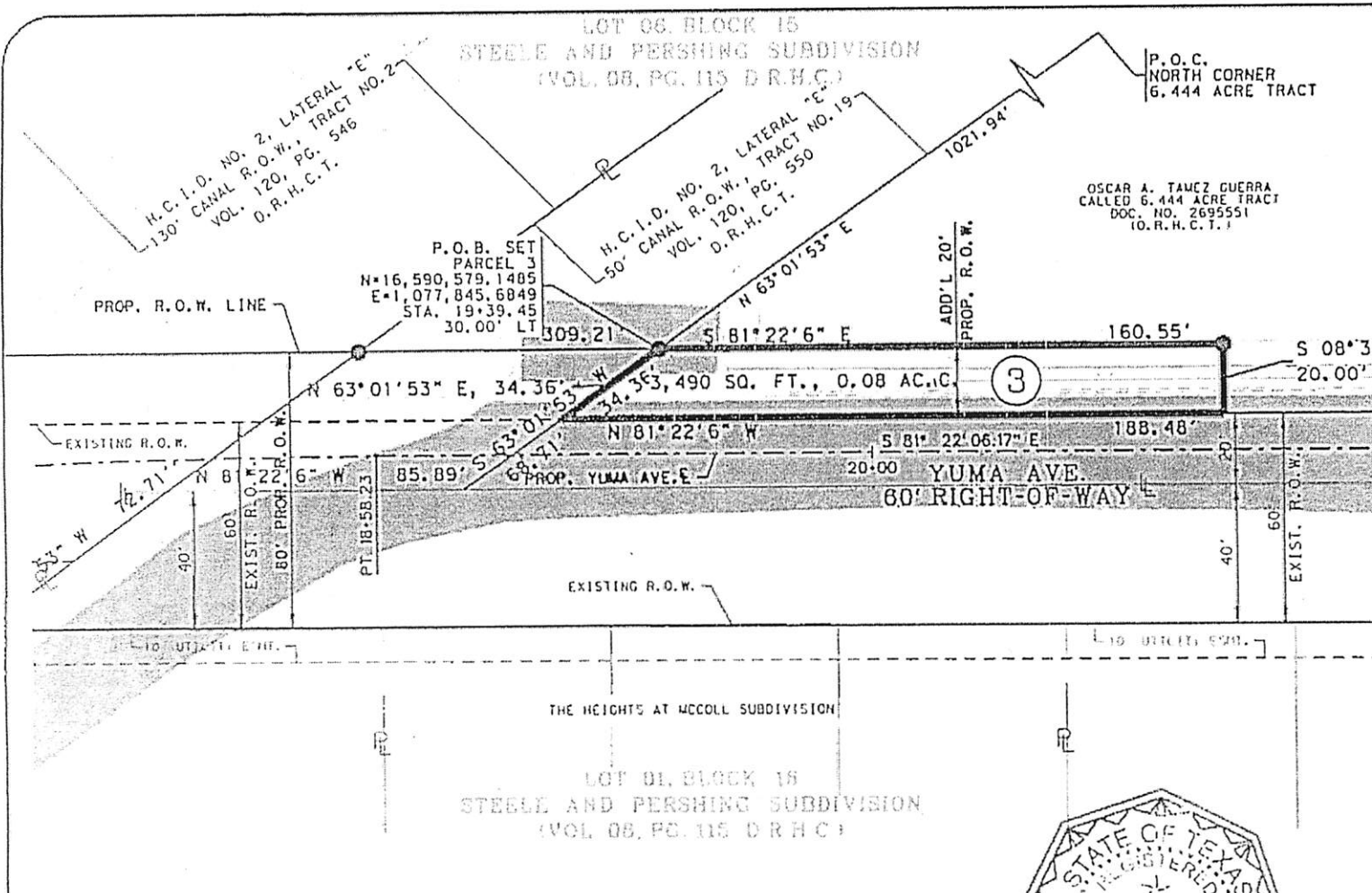
A plat survey of even survey date herewith accompanies this description.

I, Kurt Schumacher, a Registered Professional Land Surveyor, hereby certify that the legal description hereon and the accompanying plat represent an actual survey made on the ground under my supervision.

 06/22/2014

Kurt Schumacher
Registered Professional Land Surveyor
Texas Registration No. 6333





NOTES:

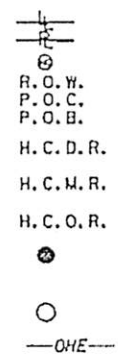
1. ALL BEARINGS AND COORDINATES ARE BASED ON THE TEXAS STATE PLANE COORDINATE SYSTEM, SOUTH ZONE, NORTH AMERICAN DATUM OF 1983, NAD2011. ALL DISTANCES AND COORDINATES SHOWN ARE SURFACE AND MAY BE CONVERTED TO GRID BY DIVIDING BY AN ADJUSTMENT FACTOR OF 1.00004.
2. A METES AND BOUNDS DESCRIPTION ACCOMPANIES THIS PLAT.

REFERENCES:

1. RIGHT OF WAY EASEMENT GRANTED TO MCCOLLUM OIL COMPANY, BY HIDALGO COUNTY WATER IMPROVEMENT DISTRICT NO. 2, DATED NOVEMBER 5, 1942, FILED FOR RECORD IN THE OFFICE OF THE COUNTY CLERK OF HIDALGO COUNTY, TEXAS IN VOLUME 501, PAGE 223, DEED RECORDS HIDALGO COUNTY, TEXAS.
2. EASEMENTS AND CONDITIONS AS SHOWN ON THE MAP RECORDED IN VOLUME 8, PAGE 115, DEED RECORDS, HIDALGO COUNTY, TEXAS.
3. EASEMENTS, RIGHTS, RULES AND REGULATIONS IN FAVOR OF HIDALGO COUNTY IRRIGATION DISTRICT NO. 2.
4. EASEMENTS OR CLAIMS OF EASEMENTS WHICH ARE NOT OF PUBLIC RECORD.
5. ALL RIGHTS, TITLES AND INTERESTS IN AND TO ALL PORTIONS OF THE PROPOSED INSURED LAND LYING WITHIN A DRAINAGE DITCH, DRAINAGE PIPE, DRAINAGE LINE, A CANAL OR AN IRRIGATION LINE AS MAY BE CLAIMED IN FEE BY HIDALGO COUNTY IRRIGATION DISTRICT NO. 2.

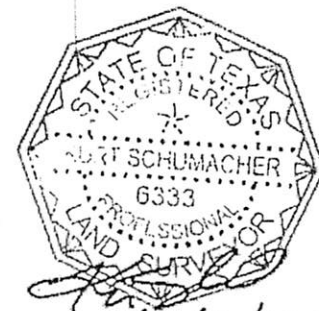
LEGEND:

- LOT LINE
- PROPERTY LINE
- PARCEL NUMBER
- RIGHT OF WAY
- POINT OF COMMENCING
- POINT OF BEGINNING
- HIDALGO COUNTY DEED RECORDS
- HIDALGO COUNTY MAP RECORDS
- HIDALGO COUNTY OFFICIAL RECORDS
- SET 5/8" IRON ROD WITH PLASTIC CAP
- STAMPED "ROWSS PROP. COR."
- FOUND 1/2" IRON ROD
- UNLESS OTHERWISE NOTED
- OVERHEAD ELECTRIC



**PLAT OF SURVEY
YUMA EXTENSION**

A 3,490 SQ. FT. (0.08 AC.)
TRACT OF LAND SITUATED IN LOT 1, BLOCK 16
STEELE AND PERSHING SUBDIVISION,
OUT OF A CALLED 6.444 ACRES OF LAND
AS RECORDED IN DOCUMENT NO. 2695551,
OFFICIAL RECORDS, HIDALGO COUNTY, TEXAS.



TITLE COMMITMENT:
CHICAGO TITLE INSURANCE COMPANY
PROPOSED INSURED/BORROWER:
HIDALGO COUNTY
OWNER: OSCAR A. TAMEZ GUERRA
GF No.: 0003166522
EFFECTIVE DATE:
MAY 12, 2016

EXHIBIT _____
PAGE 3 OF 3

RIGHT OF WAY SKETCH
SHOWING PROPERTY OF
PARCEL 3
YUMA EXTENSION

ROW SURVEYING SERVICES, L.L.C.

300 S. STEWART RD. SUITE 112
MCKINNEY, TEXAS 75069
TEL: (954) 424-2224
FAX: (954) 424-2132

TOPLS REG. #10192348

AN APPRAISAL

AND

ANALYSIS OF VALUE OF A:

0.08 Acres 3,490 Square Feet Parcel of Land
To Be Acquired For The Extension of Yuma Avenue

LOCATION:

Yuma Avenue

Being Situated On The North Side of
Yuma Avenue East of South McColl Road
McAllen, Hidalgo County, Texas

DATE OF APPRAISAL

June 28, 2016

DATE OF APPRAISAL REPORT

June 30, 2016

PREPARED FOR:

L & G Engineering
900 South Stewart Road, Suite 9
Mission, Texas 78572

BY:

appraisal haus

Real Estate Valuation Services

George Jaime Salazar, II
State Certified General Appraiser
502 West Kuhn Street
Edinburg, Texas 78541

appraisal haus

Real Estate Valuation Services

502 West Kuhn Street
Edinburg, Texas 78541
Tel. (956) 386-1500 Cell (956) 867-6398
jaimosalazar@appraisalhaus.org

June 30, 2016

L & G Engineering
900 South Stewart Road, Suite 9
Mission, Texas 78572

RE: Yuma Extension Project (Parcel 3)

Legal Description: Being a 3,490 square foot or 0.08 of an acre tract of land, out of Lot 6, Block 15, Steele and Pershing Subdivision, as recorded in Volume 8, Page 115, of the Deed Records, Hidalgo County, Texas.

Dear Luana Gonzalez, Right of Way Administrator

In accordance with your request, we are pleased to present an appraisal report of the above referenced property.

We have personally inspected the property and have made a careful and detailed study of all factors pertinent to the opinion of value. The accompanying report contains the result of our investigation and analysis and sets forth any extraordinary assumptions and hypothetical condition if any.

In our opinion, the "As Is" Market Value of the fee simple interest in the subject property described above as of June 28, 2016 is:

Total Compensation
0.08 acres 3,490 square feet
Seven Thousand Five Hundred Four Dollars
\$7,504

We trust this report satisfies the conditions of your request. Please call on us if any item is not clear or if further explanation of any point in this report would be helpful.

This appraisal report complies with the Uniform Standards of Professional Appraisal Practice, as promulgated by the Appraisal Standards Board of the Appraisal Foundation and comply with Standards of Professional Practice and Code of Ethics of the Appraisal Institute, as well as all reporting requirements of the client, L & G Engineering as well requirements set forth by State of Texas for right of way acquisitions. This appraisal report meets the requirements set forth under Standards Rule 2-2 (a) of the Uniform Standards of Professional Practice for an Appraisal Report.

This letter is intended to transmit the attached appraisal report which sets forth the identification of the property , the assumptions and limiting conditions, pertinent facts with reference to the area and the subject property, comparable data, the results of the investigations and analysis, and the reasoning to the conclusions of set forth.

Thank you for the confidence placed in us by virtue of this assignment and for the opportunity of providing our appraisal services to you.

Sincerely,

A handwritten signature in black ink, appearing to be 'G. Salazar II', written in a cursive style.

George Jaime Salazar II
Certified Appraiser

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EXECUTIVE SUMMARY

Type Property: 0.08 Acres 3,490 Square Feet Parcel of Land To Be Acquired For The Extension of Yuma Avenue

Location: Yuma Avenue Being Situated On The North Side of Yuma Avenue East of South McColl Road, McAllen, Hidalgo County, Texas

Legal Description: Whole: Being a 6.44 Gross 5.66 Net acre tract of land, out of Lot 6, Block 15, Steele and Pershing Subdivision, as recorded in Volume 8, Page 115, of the Deed Records, Hidalgo County, Texas. Part to Be Acquired: Being a 3,490 square foot or 0.08 of an acre tract of land, out of Lot 6, Block 15, Steele and Pershing Subdivision, as recorded in Volume 8, Page 115, of the Deed Records, Hidalgo County, Texas.

Ownership: Oscar A. Tamez Guerra

Interest Appraised: The interest of the appraised real property is that of a Fee Simple absolute interest. An absolute Fee Simple interest is without limitations to any particular class of heirs or restrictions, but subject to the limitations of police power, eminent domain, taxation and escheat. *The Market Value fee estate of this report is additionally subject to:*

- 1) Existing leases and rights of parties in possession.
- 2) Easements and reservations as may appear upon the recorded map and plat of the subdivision or otherwise of record.
- 3) Vertical interests to include prior reservations of oil, gas and/or other mineral interests.

Site Description (Whole Property): The appraised property as a whole consists of 6.44 gross acres (280,526.40 square feet) 5.66 net acres (246,550 square feet) as indicated by the Hidalgo County Appraisal District. For valuation purposes, the appraiser will utilize 5.66 acres (246,550 square feet) as it has sufficient size and depth for economic use. The compensation for the part to be acquired is a pro rata share of the economic unit. A survey of the whole property was not provided. Access to the property is on north side of Yuma Avenue. The shape of the subject property is triangular with the property situated within a "C" flood zone and does not require flood insurance. Topography is generally level with drainage appearing adequate. All utilities are available and include potable water, sanitary sewer, electrical and telephone service. The property is zoned and suitable for a multi family development as warranted by demand. **Note: This property is a residential subdivision that was not recorded with Hidalgo County. The subdivision appears**

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completely finished and is improved with drainage, electrical capacity, water distribution, sanitary sewer, concrete curb, gutter and asphalt paving. Other improvements include a dilapidated concrete block fence, metal gate, and exterior lighting. The partial acquisition does not effect these improvements. As per survey provided for the part be acquired it appears that there is some asphalt paving encroaching the adjacent irrigation canal right of way. As per L & G Engineering there also a side walk that was constructed the property by the City of McAllen. This side walk was put on private property and is not considered a compensable item to the property owner. Utilizing Google imagery the appraiser estimates the un recorded subdivision was constructed in circa 2006-2007. No inspection of the improvements was provided to the appraiser. As per the City of McAllen, the property must be legally platted and recorded prior to any new development which would entail an extensive project review by various departments within the City of McAllen. Some of these improvements may or may not be useable depending on the City of McAllen review conclusions for new development.

Site Description (Part To Be Acquired): The appraised property to be acquired consists of a 0.08 acres (3,490 square feet) as indicated by survey provided by L & G Engineering. The survey was performed by ROW Surveying Services, LLC. dated April 20, 2016. Access to the property is on east side of South McColl Road. The shape of the part to be acquired is irregular. The property is situated within a "C" flood zone. Topography is generally level with drainage appearing adequate. All utilities are available and include potable water, sanitary sewer, electrical and telephone service. The property is zoned and suitable for a multi family use. The part to be acquired has access via Yuma Avenue. The size and shape property for use as a separate property is considered in sufficient.

Site Description (Remainder After Acquisition): The remainder after the acquisition, is defined as the partial acquisition subtracted from the whole property. The remainder property consists of a 5.58 acres (243,060 square feet). This amount was derived by subtracting the part to be acquired from 5.66 acre (246,550 square feet) as indicated by the Hidalgo County Appraisal District.. Access to the property is on north side Yuma Avenue. The shape of the remainder will remain triangular and continue similar function of whole property. The property is situated within a "C" flood zone. Topography is generally level with drainage appearing adequate. All utilities are available and include potable water, sanitary sewer, electrical and telephone service. The property is zoned and suitable for a small multi family development.

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Zoning: R-3C Multi Family Condominiums

Highest & Best Use: The highest and best use of the subject property is for as vacant is for the construction of multi family development as warranted by demand. The highest and best use of the subject property as improved is for a multi family development utilizing the maximum potential of the current improvements as warranted by demand.

Flood Zone Designation: Fema Flood Map Panel #4803340425C "C" Dated November 16, 1982. This property is situated within an area which does not require flood insurance.

Environmental Hazards: No environmental hazards were noted at the time of inspection.

Extraordinary Assumption: Is "an assumption, directly related to a specific assignment, which, if found to be false, could alter the appraiser's opinions or conclusions". As per survey provided by L & G Engineering, there is some asphalt paving, a concrete sidewalk, concrete curb and a concrete drive that are situated within the part to be acquired. It is assumed that these improvements will remain part of the existing roadway and will not be compensable to the property owner.

Hypothetical Conditions: Is one "that which is contrary to what exists but is supposed for the purpose of the analysis" None exists

Marketing Status: The appraiser estimates a marketing time to be 9-12 months, with an exposure time of 9-12 months. This is based on available market data and information provided by brokers, owners, as well as other market participants. No discounting for marketing and exposure time is deemed necessary.

Value Summary:

Cost Approach.....	\$N/A
Income Approach.....	\$N/A
Sales Comparison Approach...Whole Property	\$530,083
Sales Comparison Approach...Acquired Property ...	\$7,504
Sales Comparison Approach...Remainder Property	\$522,579

Date of Inspection & Value Estimate: June 28, 2016

Date of Appraisal Report: June 30, 2016

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George J. Salazar II, State Certified General Real Estate Appraiser

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 on this parcel? no (yes or no)
2. If so, is the denial of direct access material? not applicable (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.

COMPETENCY PROVISION

The Competency Provision of the Uniform Standards of Professional Practice requires that the appraiser properly identify the appraisal problem to be addressed and have the knowledge and experience that will be required to complete the assignment competently. George Jaime Salazar II is a State Certified General Real Estate Appraiser and has been since 2008. He has been in the real estate appraisal business in the Rio Grande Valley of Texas since 2005. As such, he possesses the knowledge and experience to complete an appraisal of the type of property appraised in this report. Additionally, he has reviewed the subject area and has an understanding of the demographics, costs, sales, rentals, and data germane to the appraisal of real property in the Rio Grande Valley area. Reference may be made to the Qualifications of the Appraiser which is included in this report. References, in addition to those provided, are available upon request.

Jurisdictional Exception: Jurisdictional Exception is defined in the Uniform Standards of Professional Appraisal Practice (2014-2015 Edition) as an assignment condition established by applicable law or regulation which precludes an appraiser from complying with a part of USPAP. Project impact/influence is disregarded in the appraisal of the subject whole property. This is a departure from Standards Rule 1-4(f) which states that “when analyzing anticipated public or private improvements, located on or off the site, an appraiser must analyze the effect on value, if any, of such improvements to the extent they are reflected in market actions.” (U-20, Lines 618-620). Departure from this Standard is permitted by Jurisdictional Exception. This report has been conducted in which any market influences projected by the proposed development shall not be taken into consideration. However, any other developments within the area that are driving factors to the overall market value shall be included in the overall analysis of the subject property as a whole, part to be acquired and the remainder before and after.

IDENTIFICATION OF THE PROPERTY

Location: Yuma Avenue Being Situated On The North Side of Yuma Avenue East of South McColl Road, McAllen, Hidalgo County, Texas

Legal Description: Whole: Being a 6.44 Gross 5.66 Net acre tract of land, out of Lot 6, Block 15, Steele and Pershing Subdivision, as recorded in Volume 8, Page 115, of the Deed Records, Hidalgo County, Texas. **Part to Be Acquired:** Being a 3,490 square foot or 0.08 of an acre tract of land, out of Lot 6, Block 15, Steele and Pershing Subdivision, as recorded in Volume 8, Page 115, of the Deed Records, Hidalgo County, Texas. **Remainder After Acquisition:** A 5.58 acre tract of land out of Lot 6, Block 15, Steele and Pershing Subdivision, as recorded in Volume 8, Page 115, of the Deed Records, Hidalgo County, Texas.

Sales History: The subject property is currently owned by Oscar A. Tamez Guerra as per Warranty Deed with Vendor's Lien recorded in document #2695551, Hidalgo County Records dated March 10, 2016. This property was purchased from Falcon Bank which owned the subject property since February 3, 2010 as per Trustees Deed recorded in document #20772353 recorded in Hidalgo County Records. No sales price nor financing terms were disclosed however as per deed there was a principal amount of \$504,800 payable to Falcon International Bank.

Sales Contract Information: There are no known contracts or leases involving subject property.

Listing Information: The subject property is not being offered for sale nor has been as per the Greater McAllen Association of Realtors as well as information provided.

ASSESSMENT AND TAX DATA

The subject site is identified by Account #S5950-00-015-0006-01 by the Hidalgo County Appraisal District. The Subject has an assessed market value for 2016 of \$576,188. The annual tax burden is \$16,103.30. Taxing entities and rates are as follows:

City of McAllen	0.476300	per \$100
Drainage District #1	0.095100	per \$100
Hidalgo County	0.590000	per \$100
PSJA ISD	1.399200	per \$100
South Texas College	0.185000	per \$100
South Texas School	0.049200	per \$100
Total	2.794800	per \$100

PURPOSE OF THE APPRAISAL

Purpose of this Appraisal - This appraisal is made for the purpose of forming an opinion of Market Value of the subject property as a whole, as the part to be acquired and the remainder after acquisition as of the inspection date.

Function of the Appraisal - The function of the appraisal is to determine an opinion of Market Value to assist L & G Engineering and Hidalgo County evaluating the subject property for possible sale to Hidalgo County for future transportation purposes, namely the the Yuma Extension project.

Intended User - The intended user of this appraisal report is L & G Engineering and Hidalgo County.

Scope of the Appraisal - This appraisal requires a valuation of the fee simple estate, unencumbered by vertical interests, easements of record, or other fractional interests. This assignment requires the appraiser to perform certain basic functions in order to complete the appraisal assignment in accordance with acceptable appraisal standards and practices. An appraisal is a type of research into laws of probabilities with respect to real estate transactions. The degree of research and the amount of supporting documentation included in the appraisal is based primarily on the difficulty of the appraisal assignment, the amount and availability of data in the marketplace and the degree of presentation required by the client. The scope of this appraisal assignment is as follows:

1. Identify the property utilizing the Hidalgo County Appraisal District and Hidalgo County Records. This is also confirmed with information provided by the client.
2. Perform an inspection of the property site under appraisal.
3. Investigate and report regional and city data which directly or indirectly affects the subject neighborhood, as of the effective date of the appraisal.

4. Analyze and report the market area data which directly or indirectly affects the subject property, as of the effective date of the appraisal. No enhancement from the future La Joya Loop Project is being considered when determining a per unit value for the subject property, however any existing market driving factors shall be included in this appraisal report.
5. Analyze the subject site and adjacent land tracts, as applicable, and estimate the highest and best use for the property as vacant, as of the effective date of the appraisal.
6. Investigate and analyze market data regarding land sales, relating to the subject property, comparable market data as it affects the subject property and the final opinion of value.
7. Employ the Sales Comparison Approach, being the only applicable approach, to determine a unit value for the subject property. This is the only applicable approach. The subject property will be valued as whole before acquisition utilizing a 5.66 acres (31,363.20 square feet) base unit tract. This is done in order to determine the pro rata portion of whole, which is the subject property. No improvements been valued in this report. Once the subject property has been valued, the remainder before and after acquisition will be analyzed to determine in any diminution of market value is indicated.
8. *Reconcile the Sales Comparison Approach to value.*
9. Provide the appraiser's qualification and report on the Limiting Conditions and Assumptions on which the value opinion and conclusions are based.
10. Attach pertinent addenda information as a part of the report.

MARKET VALUE DEFINED

Market Value Defined - Market value, as used herein, is defined by The Appraisal of Real Estate, 14th Edition, Appraisal Institute

The most probable price, as of a specified date, in cash, or in terms equivalent to cash, or in other precisely revealed terms, for which the specified property rights should sell after reasonable exposure in a competitive market under all conditions requisite to a fair sale, with the buyer and seller each acting prudently, knowledgeably, and for self-interest, and assuming that neither is under undue duress. Implicit in this definition is the consummation of a sale as of a specified date and the passing of title from seller to buyer under conditions whereby:

1. buyer and seller are typically motivated;
2. both parties are well informed or well advised, and acting in what they consider their best interests;
3. a reasonable time is allowed for exposure in the open market;
4. payment is made in terms of cash in United States dollars or in terms of financial arrangements comparable thereto; and
5. the price represents the normal consideration for the property sold unaffected by special or creative financing or sales concessions granted by anyone associated with the sale.

REGIONAL ANALYSIS

The region considered in this report is the Rio Grande Valley of the State of Texas. The Rio Grande Valley is located along the north bank of the Rio Grande River in the southernmost part of the state. The four south Texas counties comprising the region are Cameron and Willacy Counties along the Gulf of Mexico and Hidalgo and Starr Counties to the west. U.S. Census Bureau population 2009 estimates for each county are as follows: Hidalgo 741,152, Cameron 396,371, Starr 92,671, Willacy 20,395. All four counties that make up the Rio Grande Valley has significant changes in population. According the Texas State Data Center as of January 1, 2008 the Rio Grande Valley is estimated to be 1,250,589.

One factor which significantly influences the Valley area is Mexico. The neighboring border cities of Reynosa, Matamoros, and Rio Bravo have a combined population estimated at 1,300,000. Including northern Mexico, the total population of the Rio Grande Valley market area is in excess of 2.0 million. According to the U.S. Census Bureau information released in the year 2009, placing in among the largest metropolitan areas in the United States. A growing segment of the manufacturing base in the Valley results from the "Maquiladora", or twin plant operations. The Maquila system usually works with a highly automated or technology oriented plant in the U.S. and a labor intensive sister plant on the Mexican side. The North American Free Trade Agreement (NAFTA) appears to have significantly increased trade in the area.

The Rio Grande Valley has a three expressway system which portions were designated as interstate highways in 2013. Interstate Highway 2 (IH 2) begins at the intersection of US Expressway and US Business Highway 83 west of Mission and runs east to the intersection US Highway 77 and US Expressway 83 in Harlingen. Two segments of the new Interstate Highway 69 are located in the Rio Grande Valley. IH-69 C is located on a section of US Expressway 281 and begins in Pharr, Texas and extends 13.5 miles through Edinburg, Texas. IH-69 E begins in Brownsville, Texas and continues 53 miles through Harlingen and terminates in Raymondville, Texas. Highway 83 runs from Brownsville north to Harlingen and then west to Laredo. This highway is the main thoroughfare across the

Rio Grande Valley and it links every major city. US 83 also links to nine international border crossing to Mexico. US Highway 281 which begins in Brownsville and extends northwest generally parallel to the Rio Grande River, south of the City of Pharr and turns northward to Edinburg and on north to San Antonio. There a numerous state highways and farm to market roads which provide an adequate roadway system to and from these major thoroughfares.

Transportation for the Hidalgo County area consist of air transportation provided by the McAllen International Airport ,Edinburg Municipal Airport Valley International Airport and the Brownsville-South Padre Island Airport. Ground transportation is provided by the Greyhound Bus Lines and Valley Transit Bus Company.

The valley economy is versatile. Basic industries are retail, trade, manufacturing, tourism and agricultural. Some of which include cotton, vegetables, grain sorghum, corn, citrus, sugarcane, nursery, exotic plants and livestock. Oil, gas production and seafood are also major contributors to the local valley economy. While farming is becoming less due to increased population to the area other industries have thrived such as the medical sector and retail sector. The Rio Grande Valley is home to various hospitals and doctors hospitals as wells several malls and retail outlets. The Rio Grande Valley retail industry ranks among the best in the nation.

Tourism and eco tourism has been an important part of the economy as well. South Padre Island is a popular vacation destination as it provides a vast selection of recreation from fishing to the Shiltebahn Waterpark. During the winter months which generally range from November to February. The Rio Grande Valley also experiences and increase in winter visitors from the north spending millions of dollars in the market place. These winter visitors have a vast variety of options when it comes to mobile home parks as well as other retirement resorts. The Rio Grande Valley is home to numerous retirement parks and resorts.

Higher education is provided by the The University of Texas Rio Grande Valley, South Texas College in McAllen with satellite campuses in several valley cities as well as several technical schools. These education institutions provide technical degrees, associate degrees as wells four year and master degrees of various fields of study. There is also newly formed medical school in conjunction with the University of Texas Rio Grande Valley as well an future addition of a Texas A & M University College Station satellite campus which will be located in norther McAllen.

Overall the Rio Grande Valley has strong diversified economy and with increasing population growth point to a continued strong demand for real estate. Job growth is increasing in manufacturing, retail, construction, medical as well as other service industries. The Rio Grande Valley remains in a growth period with an optimistic future.

REGIONAL MAP



CITY ANALYSIS - MCALLEN, TEXAS

General Overview - The City of McAllen is located in Hidalgo County which is part of the Rio Grande Valley of Texas. McAllen enjoys all the natural resources, physical attributes, agricultural, and commercial trends that the entire Lower Rio Grande Valley experiences. McAllen was incorporated in 1911 and is the largest city in Hidalgo County.

Population Data and Growth Statistics - The 2010 census information indicates the population for the City of McAllen at 132,225.

Governmental Services - McAllen operates under a commissioner-manager form of city government, in which the mayor and four commissioners serve as the legislative body. *The police and fire departments have operated efficiently and the parks and recreation programs offer a variety of programs and facilities for public use.* The McAllen Civic Center and Conventional Hall, the McAllen Library, and the McAllen International Museum are also valuable facilities offered for public use and entertainment.

Transportation - The two major highways serving the area are U.S. 83 and U.S. 281. U.S. 83 runs east and west through every major city in the Valley. U.S. 281 runs north and south and does not run through McAllen, however, it does intersect U.S. 83 which runs through the southern section of McAllen. The interchange of U.S. 83 and U.S. 281 is approximately two miles from McAllen. The Missouri Pacific and Southern Pacific are railroads serving this area. McAllen has its own airport providing connecting flights to all major Texas cities. Bus service includes Continental Trailways and Valley Transit. The nearest navigable waterway and port facility is located at Port Harlingen, approximately 34 miles east of McAllen.

Employment- The employment to City of McAllen is provided by a vast array of business and industries. McAllen is home to several large hospitals, major retail centers, manufacturing, schools, as well as the City of McAllen which provided employment to McAllen and surrounding cities. The median household income in 2009 was 34,984 this is slight increase from 2000 data.

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Summary - McAllen leads the Valley economically, according to figures released by the Bureau of Information and Statistics of the McAllen Chamber of Commerce. The City of McAllen should continue to prosper and grow in relation to the county as a whole. Current growth statistics demonstrate a steadily increasing population trend. Building permits, bank deposits, and the number of housing units indicate growth increases. All these factors indicate a growing community and a generally favorable financial picture.

MARKET AREA & NEIGHBORHOOD ANALYSIS

We will define the boundaries of the subject neighborhood then analyze trends within that area to determine their effects upon the value of real estate including the subject property.

The subject market area is situated in the southeastern section of the City of McAllen. The area may be defined by the following boundaries: Nolana Loop to the north, Cage Boulevard to the east, Dicker Road to the south and 10th Street to the west.

The area has good ingress and egress from all major thoroughfares. The primary east / west traffic artery in the area is US Expressway & US Business 83 which are a four lane asphalt paved road with curb and gutter and links the subject property to the City of Rio Grande City to west and the City of Brownsville to the east. Other east / west thoroughfares include Ridge Road, Jackson Avenue, Yuma Avenue and El Ranch Blanco Road. The primary north / south thoroughfare is Cage Boulevard, McColl Roads and Jackson Roads which are a four lane with center turning lane asphalt paved roads in average condition. Both these thoroughfares link the subject property north to the City of Edinburg and south to the US /Mexico Border. Expressway 83 is located north of the subject and links the City of Pharr with every major city in the Rio Grande Valley.

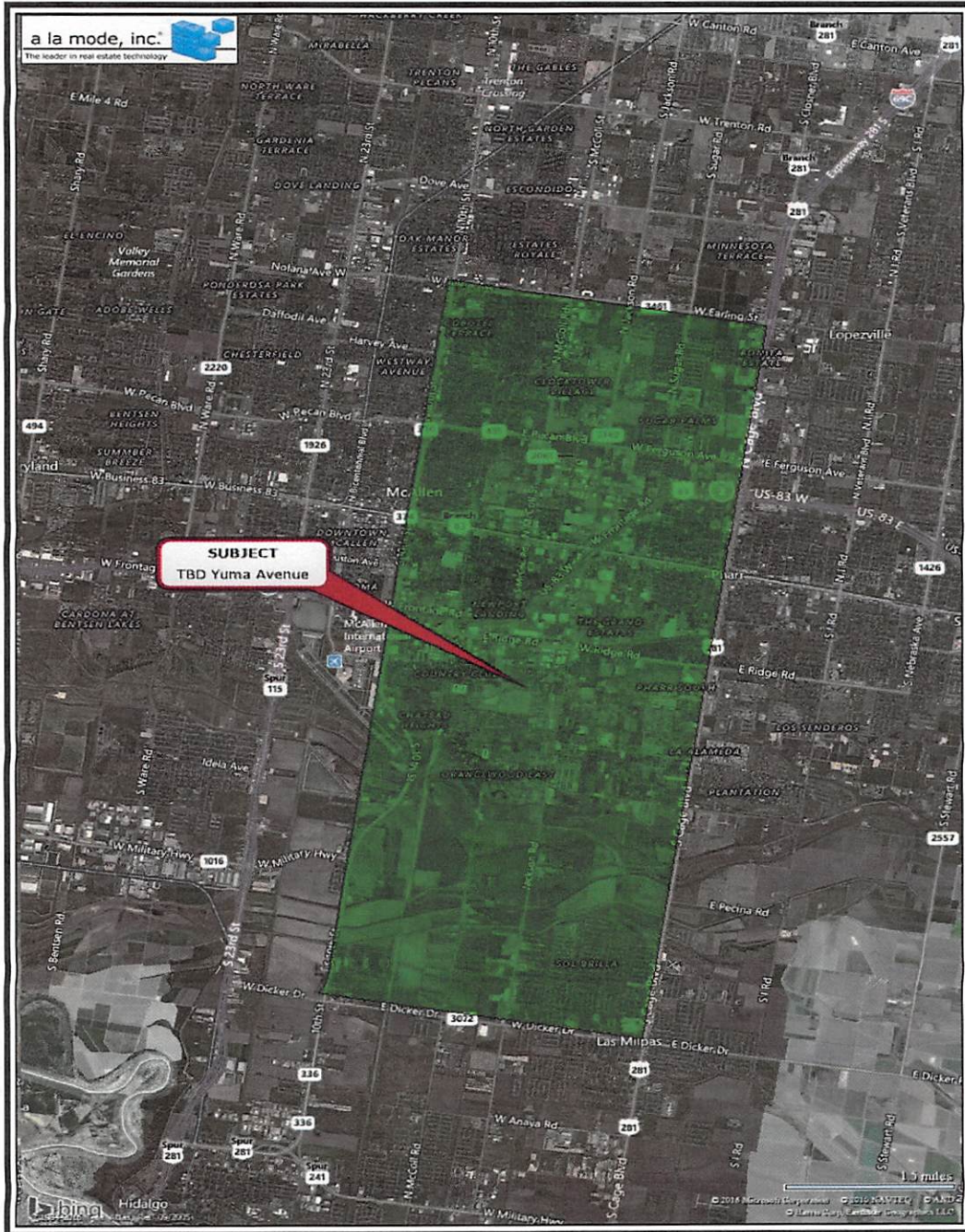
The market area consists of mainly residential use with commercial along the major thoroughfares . The zoning for much of the area is commercial and residential zoning. Single family residential homes in the area range from mid to upper value ranges with apartment complexes being primarily 4-8 unit complexes with some larger complexes scattered throughout. Commercial developments include convenience stores, office, and retail businesses. This area is considered to be 75% developed at the time.

Proximity to shopping, schools, and work centers is considered good. There are several major commercial/industrial developments located north and south of the subject property. This area has experienced an increase development which can be attributed to increased population and the close proximity to Mexico. Notable developments just north of the subject property include multi unit retail centers and gas stations, Home Store, Golds, Gym and Panda Express restaurant, as well various new retail developments and redevelopments. There is also been an increase in single and multi family developments which range from small four plex unit to larger multi family developments. There has also been significant growth to south of the subject property. This area has is more inundated with industrial as well as import export oriented developments based on its proximity to the Pharr International Bridge.

With the availability of vacant land in the area commercial as well as residential developments should continue to grow as warranted by demand. There are no serious distractions in the area which have a negative effect on subject property.

In summary, it can be said that the market area has a good reputation, is within a developing sector of McAllen, and has capacity for future growth through conversion and transition to new residential and commercial use.

NEIGHBORHOOD & MARKET AREA MAP



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SITE ANALYSIS AS A WHOLE

Location: Yuma Avenue Being Situated On The North Side of Yuma Avenue East of South McColl Road, McAllen, Hidalgo County, Texas

Size: The appraised property as whole consists a 5.66 acres (246,549.60 square feet).

Shape: Triangular

Frontage: No survey for the whole property was provided however utilizing Google Earth the appraiser estimates approximately 800' feet of frontage along the north side of Yuma Avenue.

Depth: Adequate. The subject triangular shape could hinder some planning issues, however it is the appraisers opinion that there is still an adequate amount depth suitable for development.

Improvements: This property is a residential subdivision that was not recorded with Hidalgo County. The subdivision appears completely finished and is improved with drainage, electrical capacity, water distribution, sanitary sewer, concrete curb, gutter and asphalt paving. Other improvements include a dilapidated concrete block fence, metal gate, and exterior lighting. The partial acquisition does not effect these improvements. As per survey provided for the part be acquired it appears that there is some asphalt paving encroaching the adjacent irrigation canal right of way. Utilizing Google imagery the appraiser estimates the un recorded subdivision was constructed in circa 2006-2007. No inspection of the improvements was provided to the appraiser. As per the City of McAllen, the property must be legally platted and recorded prior to any new development which would entail an extensive project review by various departments within the City of McAllen. Some of these improvements may or may not be useable depending on the City of McAllen review conclusions for new development.

Topography: Generally level

Soil Condition: Typical of the area and adequate for development.

Utilities: All utilities are available and include potable water, sanitary sewer, electrical and telephone service.

Zoning Restrictions/Legal Considerations: The appraised property is currently R-3C Multi Family Condominium. R-3C Multi Family Condominium allows all uses listed as permitted uses in the R-2 district; Condominiums building with 5 or more units; storage buildings not used for living quarters and accessory to the residential use. R-2 Duplex-Fourplex Residential allows all uses listed as permitted uses in the R-1 district; Duplex-fourplex; Duplex-fourplex townhouses; Duplex-fourplex condominiums; Parking facilities associated with uses permitted within R-1, R-2, R3-T, R3-A or R3-C zoning districts; All signs permitted in the R-1 single-family residential district, and nameplates. (McAllen Planning & Zoning Website)

Flood Zone -Fema Flood Map Panel #4803340425C "C" Dated November 16, 1982. This property is situated within an area which does not require flood insurance.

Highest and Best Use: The highest and best use of the subject property is for as vacant is for the construction of multi family development as warranted by demand.

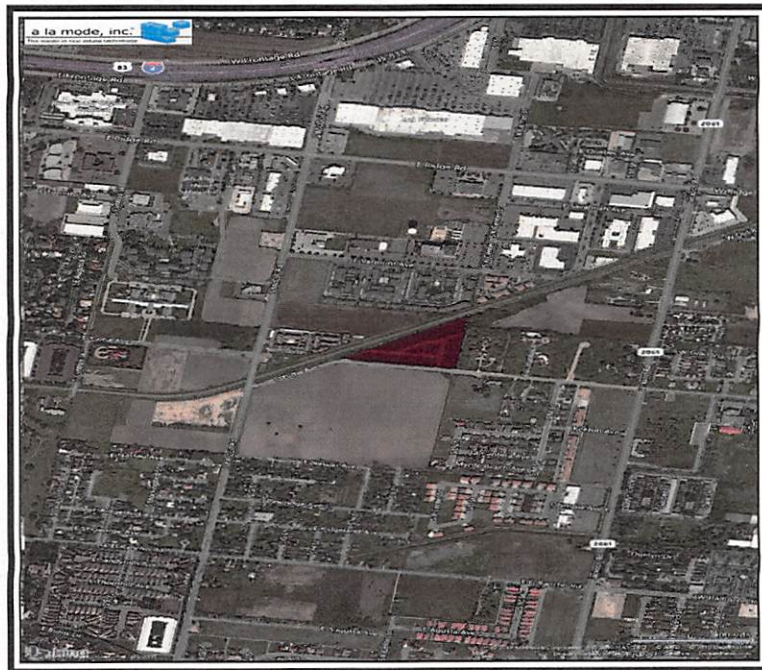
Easements: No adverse easements were noted. All easements are considered to be typical for the area.

Nuisances and Hazards: No environmental hazards were noted at the time of inspection. An environmental site assessment was not provided to the appraiser. It is assumed that appraised property is free and clear of any potential environmental hazards or nuisances

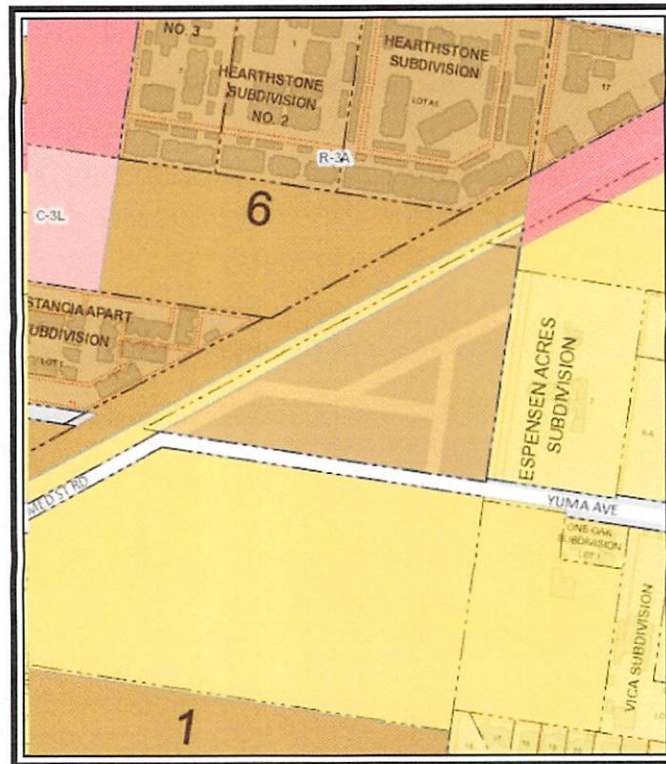
Functional Adequacy: Based on location and physical characteristics of the subject site, it is expected that the site is functional for most probable uses include multi family residential use.

Surrounding Land Use: Multi family to the north and west , development land to the south and single family residential use to the east.

AERIAL VIEW OF WHOLE PROPERTY



CITY OF MCALLEN PLANNING & ZONING MAP



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FLOOD MAP

InterFlood by a la mode

Prepared for: The Appraisal Company
TBD Yuma Avenue



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SUBJECT PHOTOGRAPHS



Existing and Proposed Right of Way Views



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SUBJECT PHOTOGRAPHS



Yuma Avenue Viewing East and West



HIGHEST AND BEST USE ANALYSIS

Highest and best use defined by The Appraisal of Real Estate, 13th Edition, Appraisal Institute as:

The reasonably probable and legal use of vacant land or an improved property, which is physically possible, appropriately supported, financially feasible, and that results in the highest value.

The highest and best use of both land as though vacant and property as improved must meet four criteria. The use must be 1) physically possible, 2) legally permissible, 3) financially feasible, and 4) maximally productive. The analysis is based on information and considerations presented in the regional and city analysis, area and site discussions, and the description of improvements previously discussed in this report. The importance of highest and best use analysis cannot be overemphasized. It provides the basis for the selection of comparable data and the methodology of the valuation of the property to be utilized in the remainder of the report. The four criteria relative to highest and best use analysis are considered in the following analysis.

Physically Possible - The location of the subject property is the first physical constraint placed on potential uses. A given site can be put to any number of different uses. However, logic and reason limit the possibilities to those uses in conformity and balance with the surrounding neighborhood. If potential use does not conform to its surroundings, the value of the site is not maximized and by definition, the site has not reached its highest and best use. The appraised property is located on north side of Yuma Avenue east of the South McColl Road, McAllen, Texas and as a whole consists a 6.44 gross acres (280,526.40 square feet) 5.66 net acres (246,550 square feet) as indicated by the Hidalgo County Appraisal District. For valuation purposes, the appraiser will utilize 5.66 acres (246,550 square feet) as it has sufficient size and depth for economic use. A survey of the whole property was not provided. The site utilities include electricity, water, sewer and telephone. There is adequate size, visibility, frontage and depth for various types of multi family development.

Legally Permissible - The appraised properties are currently R-3C Multi Family Condominiums by the City of McAllen. The zoning allows for various types of multi family residential uses.

Financially Feasible - Any property use which is expected to produce a positive rate of return, given an investor's criteria, is regarded as being feasible. The amount of net income which can be produced through commercial development should exceed combined operating expenses, financial expenses, and capital amortization. The sites location, size, and zoning indicated that multi family development is financially feasible. There has been significant growth in commercial and residential developments over the past thirty six months in McAllen a whole, therefore the most financially feasible uses include multi family development.

Maximally Productive - Among the financially feasible uses, the use that provides the highest rate of return, or value, is the highest and best use. Multi family residential uses would take greatest advantage of the size, shape, and proximity to the urban amenities in the area.

Conclusion - Highest & Best Use As Vacant (Whole Property) - Based upon the preceding discussion, the highest and best use for the appraised property as vacant is for the construction of multi family residential oriented development as warranted by demand.

Conclusion - Highest & Best Use As Vacant (Part to Be Acquired) - The parcel which will be acquired has separate access from Yuma however is inadequate in size for independent use. The highest and best use is in conjunction with the whole property.

Conclusion - Highest & Best Use As Vacant (Remainder After Acquisition) The remainder property will be reduced by 0.08 acres or 3,490 square feet leaving approximately 5.58 acres (243,060 square feet). The property will continue to have direct access from Yuma Avenue, therefore the highest and best use of the remainder property will be for the construction of multi family residential oriented development as warranted by demand.

SITE ANALYSIS PART TO BE ACQUIRED

Location: Yuma Avenue Being Situated On The North Side of Yuma Avenue East of South McColl Road, McAllen, Hidalgo County, Texas.

Size: 0.08 acres or 3,490 square feet.

Shape: The parcel is irregular in shape.

Frontage: 188.48' feet along the north side of Yuma Avenue.

Depth: Approximately 20' feet

Improvements: None

Soil Condition: Typical of the area and adequate for development.

Utilities: All utilities are available and include potable water, sanitary sewer, electrical and telephone service.

Zoning Restrictions/Legal Considerations: The appraised property is currently R-3C Multi Family Condominium. R-3C Multi Family Condominium allows all uses listed as permitted uses in the R-2 district; Condominiums building with 5 or more units; storage buildings not used for living quarters and accessory to the residential use. R-2 Duplex-Fourplex Residential allows all uses listed as permitted uses in the R-1 district; Duplex-fourplex; Duplex-fourplex townhouses; Duplex-fourplex condominiums; Parking facilities

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associated with uses permitted within R-1, R-2, R3-T, R3-A or R3-C zoning districts; All signs permitted in the R-1 single-family residential district, and nameplates. (McAllen Planning & Zoning Website)

Flood Zone -Fema Flood Map Panel #4803340425C "C" Dated November 16, 1982. This property is situated within an area which does not require flood insurance.

Highest and Best Use: The highest and best use of the subject property is for as vacant is for the construction of multi family development as warranted by demand.

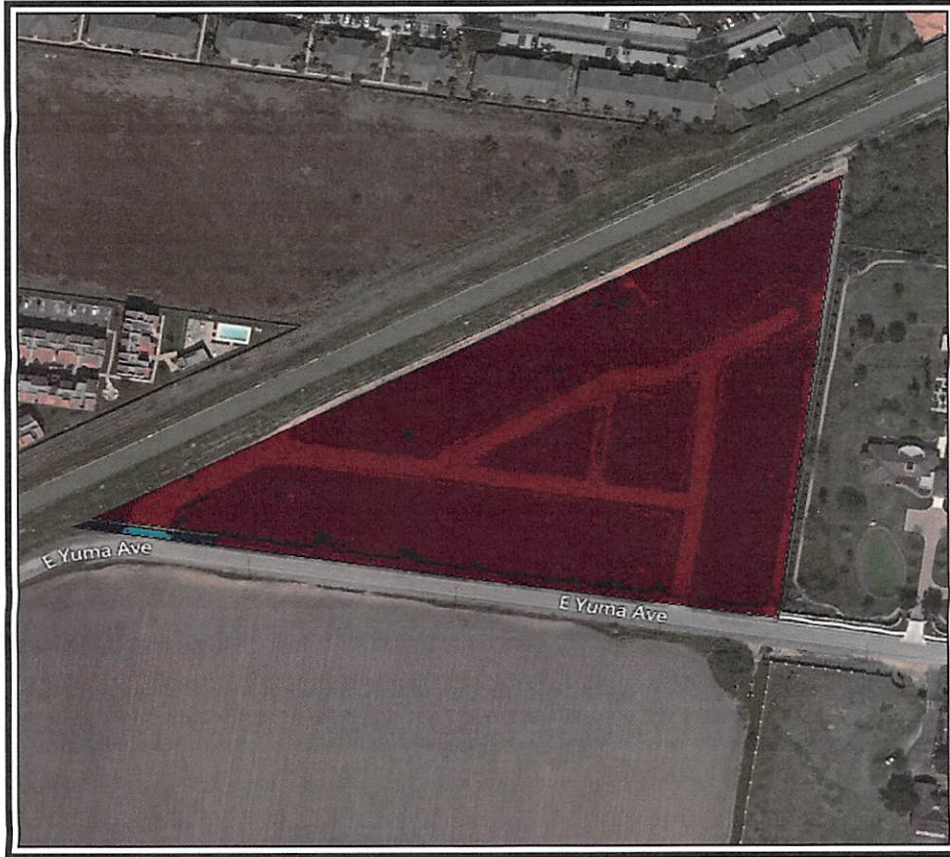
Easements: No adverse easement were noted. All easements are considered to be typical for the area.

Nuisances and Hazards: No environmental hazards were noted at the time of inspection. An environmental site assessment was not provided to the appraiser. It is assumed that appraised property is free and clear of any potential environmental hazards or nuisances.

Functional Adequacy: Based on location and physical characteristics of the subject site, it is expected that the site is functional for most probable uses include multi family residential use.

Surrounding Land Use: Multi family to the north and west , development land to the south and single family residential use to the east.

AERIAL VIEW



Blue: Part to Be Acquired

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METES & BOUND DESCRIPTIONS

April 20, 2016
Parcel 3
1 of 3 Pages

County: Hidalgo, Precinct 2
WA#22 Supplemental #2: Yuma Extension

Exhibit: A
FIELD NOTES FOR PARCEL 3

Being a 3,490 square foot or 0.08 of an acre tract of land, out of Lot 6, Block 15, Steele and Pershing Subdivision, as recorded in Volume 8, Page 115, of the Deed Records, Hidalgo County, Texas, and being out of a called 6.444 acre tract of land, conveyed by Warranty Deed with Vendor's Lien dated March 10, 2016 to Oscar A. Tamez Guerra, as described in Document No. 2695551, of the Official Records, Hidalgo County, Texas, said 0.08 of an acre tract of land being more particularly described by metes and bounds as follows;

Commencing from the Southeasterly line of Hidalgo County Irrigation District No.2 Lateral "E", referenced as Tract No. 19, as described in Volume 120, Page 550, of the Deed Records, Hidalgo County, Texas, for the North corner of said called 6.444 of an acre tract of land;

Thence with the Southeasterly line of said Lateral "E" Tract No. 19 and the Northwesterly line of said called 6.444 of an acre tract of land, South 63° 01' 53" West, a distance of 1021.94 feet to a 5/8" iron pin with plastic cap stamped "R.O.W. PROP. COR." (N=16590579.148, E=1,077,845.684) set in the North proposed 80.000 foot Right of Way line of Yuma Avenue, for the Northwest corner and **Point of Beginning** of this herein described tract of land;

1. **Thence** departing the Southeasterly line of said Lateral "E" Tract No.19, across and through said called 6.444 acre tract of land with the North proposed Right of Way line of Yuma Avenue, South 81°22'06" East, a 160.55 feet to a 5/8" iron pin with plastic cap stamped "R.O.W. PROP. COR." set for the Northeast corner of this herein described tract of land;
2. **Thence** South 08°37'54" West a distance of 20.00 feet to the North existing Right of Way line of Yuma Avenue, for the Southeast corner of this herein described tract of land;
3. **Thence** with the North existing Right of Way line of Yuma Avenue, North 81°22'06" West a distance of 188.48 feet to the Southeasterly line of said Lateral "E" Tract No. 19, for the Southwest corner of this herein described tract of land;

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METES & BOUND DESCRIPTIONS

April 20, 2016
Parcel 3
2 of 3 Pages

4. **Thence** with the Southeasterly line of said Lateral "E" Tract No.19, North 63° 01' 53" East a distance of 34.36 feet to the **Point of Beginning** and being a 3,490 square foot or 0.08 of an acre tract of land;

Bearings based on the Texas Coordinate System, South Zone, NAD83 (NA2011), adjusted to surface using a grid to surface adjustment factor of 1.00004.

A plat survey of even survey date herewith accompanies this description.

I, Kurt Schumacher, a Registered Professional Land Surveyor, hereby certify that the legal description hereon and the accompanying plat represent an actual survey made on the ground under my supervision.

Kurt Schumacher
Registered Professional Land Surveyor
Texas Registration No. 6333

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SITE ANALYSIS REMAINDER AFTER ACQUISITION

Location: Yuma Avenue Being Situated On The North Side of Yuma Avenue East of South McColl Road, McAllen, Hidalgo County, Texas

Size: The appraised property after acquisition consists of 5.58 acres (243,060 square feet).

Shape: Triangular

Frontage: No survey for the whole property was provided however utilizing Google Earth the appraiser estimates approximately 800' feet of frontage along the north side of Yuma Avenue.

Depth: Adequate. The subject triangular shape could hinder some planning issues, however it is the appraisers opinion that there is still an adequate amount depth suitable for development.

Improvements: This property is a residential subdivision that was not recorded with Hidalgo County. The subdivision appears completely finished and is improved with drainage, electrical capacity, water distribution, sanitary sewer, concrete curb, gutter and asphalt paving. Other improvements include a dilapidated concrete block fence, metal gate, and exterior lighting. The partial acquisition does not effect these improvements. As per survey provided for the part be acquired it appears that there is some asphalt paving encroaching the adjacent irrigation canal right of way. Utilizing Google imagery the appraiser estimates the un recorded subdivision was constructed in circa 2006-2007. No inspection of the improvements was provided to the appraiser. As per the City of McAllen, the property must be legally platted and recorded prior to any new development which would entail an extensive project review by various departments within the City of McAllen.

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Some of these improvements may or may not be useable depending on the City of McAllen review conclusions for new development.

Topography: Generally level

Soil Condition: Typical of the area and adequate for development.

Utilities: All utilities are available and include potable water, sanitary sewer, electrical and telephone service.

Zoning Restrictions/Legal Considerations: The appraised property is currently R-3C Multi Family Condominium. R-3C Multi Family Condominium allows all uses listed as permitted uses in the R-2 district; Condominiums building with 5 or more units; storage buildings not used for living quarters and accessory to the residential use. R-2 Duplex-Fourplex Residential allows all uses listed as permitted uses in the R-1 district; Duplex-fourplex; Duplex-fourplex townhouses; Duplex-fourplex condominiums; Parking facilities associated with uses permitted within R-1, R-2, R3-T, R3-A or R3-C zoning districts; All signs permitted in the R-1 single-family residential district, and nameplates. (McAllen Planning & Zoning Website)

Flood Zone -Fema Flood Map Panel #4803340425C "C" Dated November 16, 1982. This property is situated within an area which does not require flood insurance.

Highest and Best Us: The highest and best use of the subject property is for as vacant is for the construction of multi family development as warranted by demand.

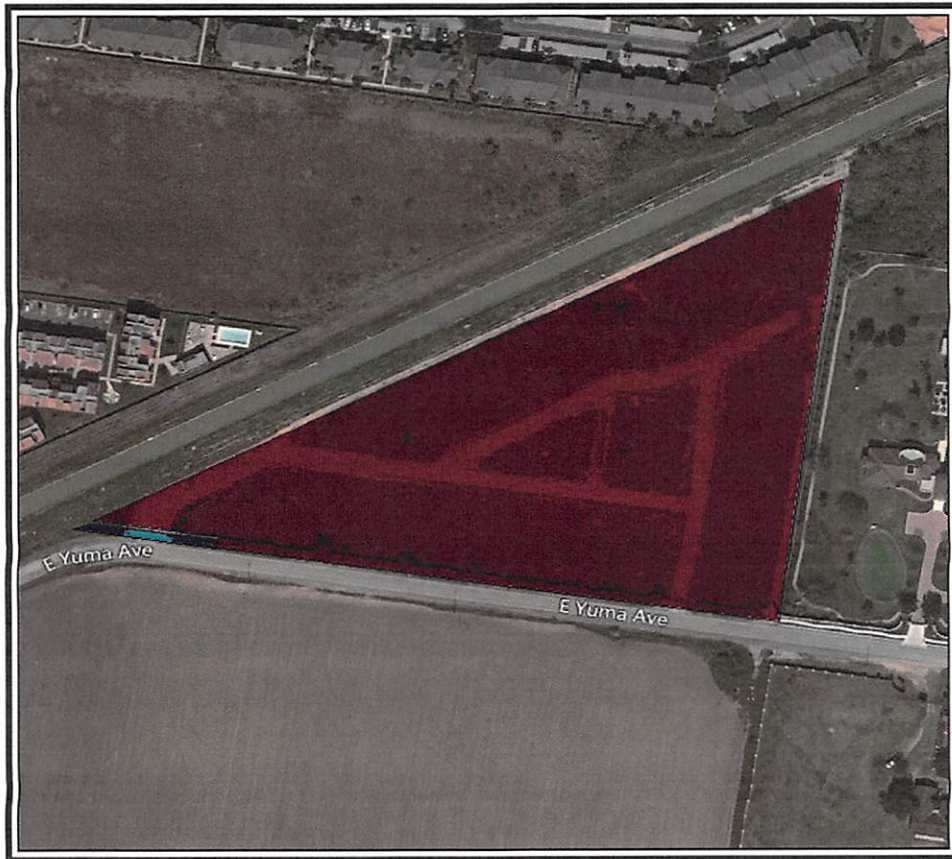
Easements: No adverse easements were noted. All easements are considered to be typical for the area.

Nuisances and Hazards: No environmental hazards were noted at the time of inspection. An environmental site assessment was not provided to the appraiser. It is assumed that appraised property is free and clear of any potential environmental hazards or nuisances

Functional Adequacy: Based on location and physical characteristics of the subject site, it is expected that the site is functional for most probable uses include multi family residential use.

Surrounding Land Use: Multi family to the north and west, development land to the south and single family residential use to the east.

AERIAL VIEW



Red: Remainder After Acquisition

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ANALYSIS & INTERPRETATION

The Three Approaches to Value - In the appraisal of real estate, the approach to the final value estimate is, whenever possible, made from three directions:

1. **The Cost Approach** is the value of the land and improvements based on construction cost new less an allowance for depreciation from all causes. The basis for this approach are the valuation principles of Change and Substitution. "The Principle of Change" is the result of the relationship between cause and effect that affects real property value. Change is evident in the Cost Approach in the physical, functional, and economic impairments observed in buildings as they age. These impairments create depreciation, a loss in value from any cause. "The Principle of Substitution" affirms that when a property is replaceable, its value tends to be set by the cost of acquisition of an equally desirable and valuable substitute property, assuming no costly delay is encountered in making the substitution. In other words, no buyer is likely to pay more for a property than the cost of reproducing the property and its benefits, in its present condition.

2. **The Income Approach** develops an indication of the value of the property based on the capitalized value of its income stream. The basis for the income approach is "The Principle of Anticipation". The income investor purchases property for the anticipated benefits of cash flow and future resale. Anticipation is the perception that value is created by the expectation of benefits to be derived in the future. The principles of anticipation, substitution, and change are paramount in the valuation of income properties.

3. The Sales Comparison Approach is based on the maxim "to find the market value, go to the market place". The value estimate in this approach is developed by comparing the subject property to other similar properties having comparative utility which are offered for sale or have been sold recently in the open market. "The Principle of Substitution" is very evident in the application of the Sales Comparison Approach.

Given ideal conditions the three approaches will form a tripod on which the value estimate is soundly based. Often, however, only one or two of the approaches can be used and frequently, it is a reliance upon one approach which will lead to an accurate solution of the problem.

In the final correlation, mathematical computations and empirical formulae give way to the balanced and objective judgement of the appraiser. The final important task of the appraiser is to relate the figures disclosed by the three approaches to the practical operation of the real estate market and estimate a final value for the property. Only the sales comparison approach is utilized in the report.

SALES COMPARISON APPROACH

In the Direct Sales Comparison Approach, sales of comparable properties are gathered, verified, analyzed and compared to each other relative to the subject property. This approach is based on the value of a property being directly related to the prices paid for comparable properties.

The unit of comparison selected will be the price paid per square foot, as this is an important unit of measure for properties similar to the subject used by investors, tax authorities, owners and appraisers.

Percentage adjustments to each comparable's unit price will be calculated and applied, if required. From the final range of adjusted unit prices, an appropriate unit price will be selected for the subject property and then multiplied times the total property size of the subject property and the result will be the opinion of value by the Direct Sales Comparison Approach.

In an appraisal, a specific sequence of adjustments to comparable sales is typically followed. The sequence of adjustments often applicable is property rights conveyed, financing terms, conditions of sale and market conditions; then physical characteristics of location, size, utility capacity, corner influence, zoning and etc.

Verifiable comparable sales of similar properties available for analysis in the area are limited. A thorough search of the market area from real estate brokers, local appraisers, and investors revealed that there are limited similar properties currently listed for sale or sold within the last several years. We have located transactions in the Rio Grande Valley market place between and in the City of McAllen and PSJA ISD area and will illustrate, then make percentage adjustments, if required, and applied to the unit price to compensate for differences. Comparable sales were chosen based on their development potential.

LAND COMPARABLE #1

Type Property: Vacant Developmental Tract

Location: 1225 West Minnesota, Pharr, Texas

Date of Sale: June 18, 2015

Consideration: \$360,000

Terms: Cash to Seller

Size: 3.42 acres & 148,975.20 square feet

Unit Value: \$105,263.16 per acre & \$2.42 per square foot

Legal Description: A tract of land out of Lot Eight (8), Block 4, A.J. McColl Subdivision, Hidalgo County, Texas.

Description: A rectangular shaped parcel of land with 170' feet frontage on the south side of West Minnesota Road. This property is an interior parcel and has average frontage along the south side of West Minnesota Road. The topography is generally level. Flood Zone is X500. The property is suitable for commercial and or residential use. Potable water, sanitary sewer, electrical, telephone are available to the property. No adverse easements or encroachments were noted. Note: This property has a power line that bisects the property. This line easement does not affect the property is a negative way.

Grantor: Johnny Mettlach

Grantee: Larki, LLC

Recording Data: MLS#A176892S, Document #2621196, Hidalgo County Official Records, Texas.

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George J. Salazar II, State Certified General Real Estate Appraiser

AERIAL ILLUSTRATION



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LAND COMPARABLE #2

Type Property: Vacant Developmental Tract

Location: 1401 South Jackson Road, Pharr, Texas

Date of Sale: January 22, 2015

Consideration: \$1,850,000

Terms: Cash to Seller

Size: 20.83 acres & 907,354.80 square feet

Unit Value: \$88,814.21 per acre & \$2.04 per square foot

Legal Description: A 21.12- acre tract of land (Deed Record: 21.16 acres), more or less, out of Lot 8, Block 8, A.J. McColl Subdivision, Hidalgo County, Texas.

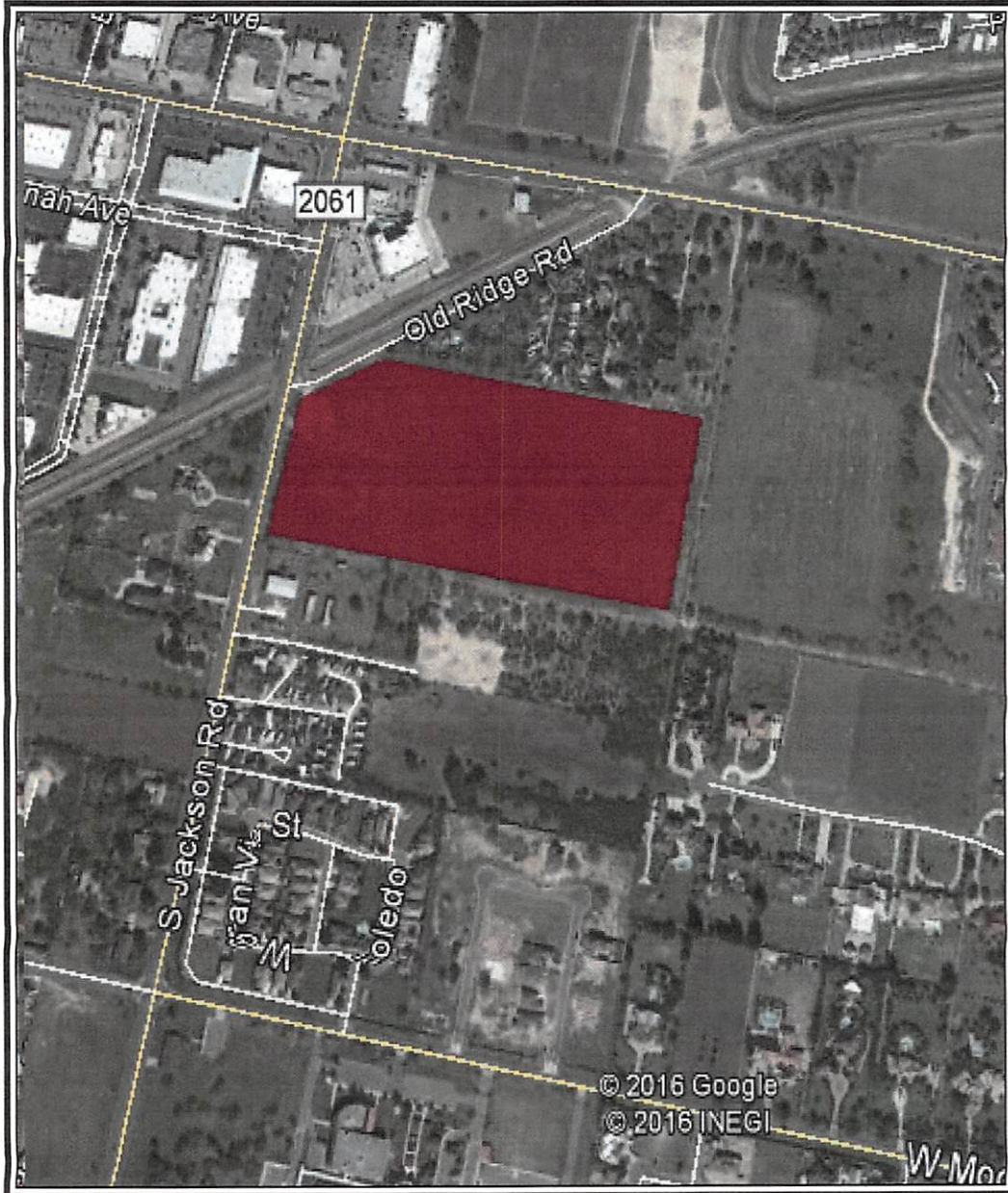
Description: An irregular shaped parcel of land with frontage along South Jackson Road. This property is an interior parcel and has average frontage along the east side of South Jackson Road. Depth is considered adequate. The topography is generally level. Flood Zone is "X". The property is zoned and suitable for residential use. Potable water, sanitary sewer, electrical telephone are available to the property. No adverse easements or encroachments were noted. This sale is encumbered by a cell phone tower which is considered not to affect the property in a negative way. This property is currently being improved with a multi family development.

Grantor: Banco Mercantil Del Norte

Grantee: Esponjas Development

Recording Data: MLS#A173267S Document #2580693, Hidalgo County Official Records, Texas

AERIAL ILLUSTRATION



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Real Estate Valuation Services

George J. Salazar II, State Certified General Real Estate Appraiser

LAND COMPARABLE #3

Type Property: Vacant Developmental Tract

Location: South McColl Road & Yuma Avenue, McAllen, Hidalgo County, Texas

Date of Sale: October 15, 2015

Consideration: \$2,500,000

Terms: Conventional

Size: 42.47 acres 1,849,993.20 square feet

Unit Value: \$58,865.08 per acre \$1.35 per square foot

Legal Description: A 43.97 gross acre tract of land out of Lot 1, Block 16, Steele and Pershing Subdivision, Hidalgo County, Texas.

Description: An irregular shaped land tract located on South McColl Road. This property is an interior parcel and has average frontage along the east side of South McColl Road and the south side of Yuma Avenue. Depth is considered adequate. The topography is generally level. Flood Zone is "X". The property is zoned for suitable multi family residential use. Potable water, sanitary sewer, electrical telephone are available to the property. This property is currently being improved with a multi family residential subdivision.

Grantor: Meyerhoff Family Trust

Grantee: Esponjas Development, LTD.

Recording Data: Confirmed with HUD-1; Document #2656167, Hidalgo County Official Records, Texas

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Real Estate Valuation Services

George J. Salazar II, State Certified General Real Estate Appraiser

AERIAL ILLUSTRATION

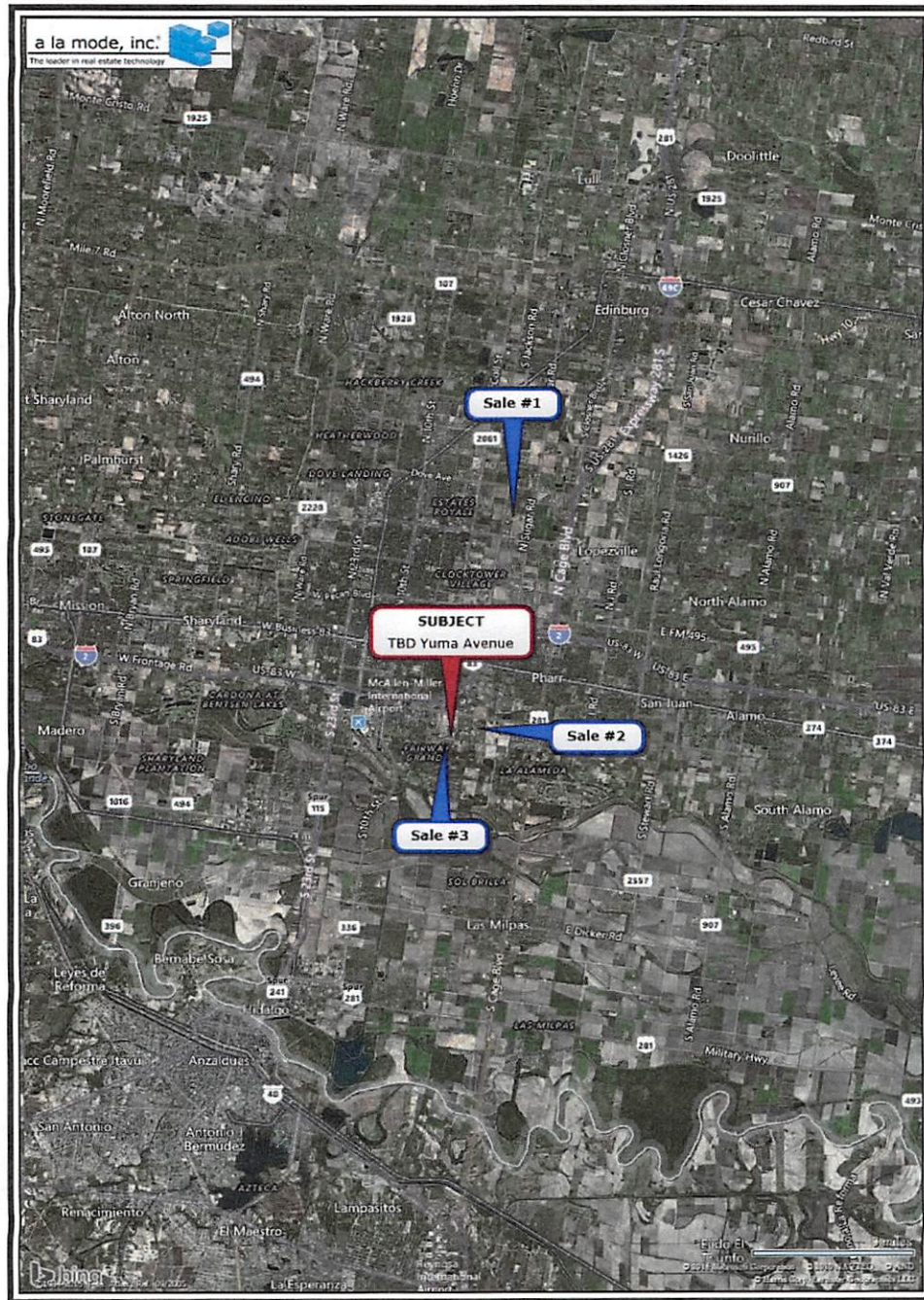


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COMPARABLE SALES MAP



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George J. Salazar II, State Certified General Real Estate Appraiser

ADJUSTMENTS OF WHOLE PROPERTY

Financing Terms - All transactions are rated cash or cash equivalent . Conventional, cash and owner financing are all typical financing terms.

Condition of Sale- This adjustment takes into consideration unusual features of the transaction as whether or not the sale took place under typical sale conditions. Comparable sales # 1 & #3 were considered arms length transactions and required no adjustments for this item. Comparable sale #2 was a bank sale, generally these types of transaction sell at a discounted price however it is the appraiser opinion that this sale conveyed at market levels and did not require any adjustments.

Market Conditions(Time) - The three land sales considered all occurred between January 2015 to October 2015. No adjustments for time have been made due to the recentness of the sales.

Location - The subject property is located on the north side of Yuma Avenue east of South McColl Road, McAllen, Hidalgo County, Texas. Comparable sale #1 is located on Minnesota Road and is considered inferior therefore an upward adjustment of 5% was used. Comparable sales #2 & #3 are considered to be in relatively similar locations, therefore no adjustments were warranted.

Size - Typically a larger development tract command lower unit prices than equally desirable smaller development tracts. This can be attributed to the fact that the purchase of a larger tract entails a greater capital outlay, which restricts the number of potential buyers. Therefore, smaller tracts are considered superior and larger tracts are considered inferior. A 5% per doubling will be used to compensate for the differences in size.

Corner Influence- The subject property is an interior parcel. Comparable sale #1 is also an interior parcel and was not adjusted. Comparable sales #2 and #3 are corner parcels along minor thoroughfares where corner influence is considered to have an affect on value. No adjustments to these sales were deemed necessary.

Zoning- The appraised property is zoned R-3C Multi Family Condominiums. All three comparable sales share similar zoning designations or highest and best use. No adjustments have been made for zoning.

Utilities- The subject and all of the comparables share similar utility capacity therefore no adjustments are deemed necessary.

Flood Zone - The subject property is situated in a "C" flood zone and will require flood insurance. All of the comparable sales are located in similar areas in regards to having adequate drainage. No adjustments for flood zone have been made.

Easements- The subject property nor any of the comparable sales have any adverse easements which effect development. Comparable sale #1 has a transmission line easement which bisects the property. Comparable sale #2 is encumbered with a cell phone tower. This easement is considered not to hinder any development issues. No adjustments for easements were made.

Frontage- The subject property has average frontage along Yuma Avenue. Comparable sale #1 and #2 have inferior frontage than the subject property, therefore a positive adjustment of 5% is deemed reasonable. Comparable sale #3 has double frontage and is superior than the subject property. For this a negative 5% adjustment is deemed appropriate.

Shape- The subject property is triangular in shape. No adjustment for shape was warranted as all sales have sufficient size for development.

Amenities- The subject property does not have any positive amenities. No adjustments for amenities were deemed necessary.

ADJUSTMENT GRID CHART OF WHOLE PROPERTY

	Subject	Comparable #1	Comparable #2	Comparable #3
Location	Yuma Avenue, McAllen	1225 West Minnesota Road, Pharr	1401 South Jackson Road, Pharr	South McColI Road ,McAllen
Sales Price/Listing Price	N/A	\$360,000.00	\$1,850,000.00	\$2,500,000.00
\$ /Square Feet		\$2.42	\$2.04	\$1.35
Financing	N/A	Cash to Seller	Cash to Seller	Conventional Financing
Adjustment				
Condition of Sale	N/A	Arms Length	Foreclosure	Arms Length
Adjustment				
Time Adjustment	June 2016	June 2015	January 2015	October 2015
Adjustment				
Total Adjustment		\$0.00	\$0.00	\$0.00
Adjusted /Square Feet		\$2.42	\$2.04	\$1.35
Location	Urban	Inferior	Urban	Urban
Adjustment		5.0%		
Physical Characteristics				
Size Adj.	246,550 SF	148,975.20 SF	907,354.80 SF	1,849,993.20 SF
Adjustment		-5.0%	10.0%	15.0%
Corner influence	Interior	Interior	Corner	Corner
Adjustment				
Utilities	Available	Available	Available	Available
Adjustment				
Flood Zone	"C" Flood Zone	"X500" Flood Zone	"X" Flood Zone	X "Flood Zone"
Adjustment				
Easements	No Adverse Easement	No Adverse Easement	No Adverse Easement	No Adverse Easement
Adjustment				
Frontage	Average	Inferior	Inferior	Double Frontage
Adjustment		5.0%	5.0%	-5.0%
Shape	Triangular	Rectangular	Irregular	Irregular
Adjustment				
Amenities	Non Contributing	None	None	None
Adjustment				
Total Adjustment		\$0.12	\$0.31	\$0.14
Adjusted /Square Feet		\$2.54	\$2.35	\$1.49
Mean Value	\$2.12			
Standard Deviation	\$0.56			

Note: The percentage adjustment made in the grid charts are subject to rounding from the computer program Quattro Pro for Windows.

RECONCILIATION OF VALUE AS A WHOLE

In the valuation of a vacant land, the only reliable indicator is the Direct Sales Comparison Approach. The Cost and Income Approaches are not applicable in estimating the value of a vacant site due to lack of improvements and rental data.

The subject site has been valued through the use of the Direct Sales Comparison Approach. To value the site, we analyzed vacant land transactions or land purchased and cleared of existing improvements, then applied the market adjustments to compensate for differences.

The Sales Comparison Approach is implemented through the comparison of the subject to the comparable sales. The amount of recent verifiable sales in the McAllen is sufficient. The sales considered were the best available. The unadjusted range of value is between \$1.35 per square foot and \$2.42 per square foot. After adjustments the indicated range is between \$1.49 per square foot and \$2.54 per square foot. The arithmetic mean of the adjusted sales prices is \$2.12 per square foot with a standard deviation of \$0.56 per square foot. Each adjusted value indications have been in considered in determining a final reconciled value of \$2.15 per square foot. Comparable sales #1 and #2 are being given most weight since they are most similar is size. Comparable sale #3 is the most proximate however is a much larger parcel therefore less consideration was given this sale. The value opinion of the subject as of June 28, 2016 is calculated as follows.

246,550	Square Feet	X	\$2.15	=	\$530,083
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Land Value As A Whole Indicated, rounded.....\$530,083

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Real Estate Valuation Services

George J. Salazar II, State Certified General Real Estate Appraiser

ADJUSTMENTS OF REMAINDER AFTER ACQUISITION

Financing Terms - All transactions are rated cash or cash equivalent . Conventional, cash and owner financing are all typical financing terms.

Condition of Sale- This adjustment takes into consideration unusual features of the transaction as whether or not the sale took place under typical sale conditions. Comparable sales # 1 & #3 were considered arms length transactions and required no adjustments for this item. Comparable sale #2 was a bank sale, generally these types of transaction sell at a discounted price however it is the appraiser opinion that this sale conveyed at market levels and did not require any adjustments.

Market Conditions(Time) - The three land sales considered all occurred between January 2015 to October 2015. No adjustments for time have been made due to the recentness of the sales.

Location - The subject property is located on the north side of Yuma Avenue east of South McColl Road, McAllen, Hidalgo County, Texas. Comparable sale #1 is located on Minnesota Road and is considered inferior therefore an upward adjustment of 5% was used. Comparable sales #2 & #3 are considered to be in relatively similar locations, therefore no adjustments were warranted.

Size - Typically a larger development tract command lower unit prices than equally desirable smaller development tracts. This can be attributed to the fact that the purchase of a larger tract entails a greater capital outlay, which restricts the number of potential buyers. Therefore, smaller tracts are considered superior and larger tracts are considered inferior. A 5% per doubling will be used to compensate for the differences in size.

Corner Influence- The subject property is an interior parcel. Comparable sale #1 is also an interior parcel and was not adjusted. Comparable sales #2 and #3 are corner parcels along minor thoroughfares where corner influence is considered to have an affect on value. No adjustments to these sales were deemed necessary.

Zoning- The appraised property is zoned R-3C Multi Family Condominiums. All three comparable sales share similar zoning designations or highest and best use. No adjustments have been made for zoning.

Utilities- The subject and all of the comparables share similar utility capacity therefore no adjustments are deemed necessary.

Flood Zone - The subject property is situated in a "C" flood zone and will require flood insurance. All of the comparable sales are located in similar areas in regards to having adequate drainage. No adjustments for flood zone have been made.

Easements- The subject property nor any of the comparable sales have any adverse easements which effect development. Comparable sale #1 has a transmission line easement which bisects the property. Comparable sale #2 is encumbered with a cell phone tower. This easement is considered not to hinder any development issues. No adjustments for easements were made.

Frontage- The subject property has average frontage along Yuma Avenue. Comparable sale #1 and #2 have inferior frontage than the subject property, therefore a positive adjustment of 5% is deemed reasonable. Comparable sale #3 has double frontage and is superior than the subject property. For this a negative 5% adjustment is deemed appropriate.

Shape- The subject property is triangular in shape. No adjustment for shape was warranted as all sales have sufficient size for development.

Amenities- The subject property does not have any positive amenities. No adjustments for amenities were deemed necessary.

ADJUSTMENT GRID CHART OF REMAINDER AFTER ACQUISITION

	Subject	Comparable #1	Comparable #2	Comparable #3
Location	Yuma Avenue, McAllen	1225 West Minnesota Road, Pharr	1401 South Jackson Road, Pharr	TBD South McCoil Road, McAllen
Sales Price/Listing Price	N/A	\$360,000.00	\$1,850,000.00	\$2,500,000.00
\$ /Square Feet		\$2.42	\$2.04	\$1.35
Financing	N/A	Cash to Seller	Cash to Seller	Conventional Financing
Adjustment				
Condition of Sale	N/A	Arms Length	Foreclosure	Arms Length
Adjustment				
Time Adjustment	June 2016	June 2015	January 2015	October 2015
Adjustment				
Total Adjustment		\$0.00	\$0.00	\$0.00
Adjusted /Square Feet		\$2.42	\$2.04	\$1.35
Location	Urban	Inferior	Urban	Urban
Adjustment		5.0%		
Physical Characteristics				
Size Adj.	243,060 SF	148,975.20 SF	907,354.80 SF	1,849,993.20 SF
Adjustment		-5.0%	10.0%	15.0%
Corner Influence	Interior	Interior	Corner	Corner
Adjustment				
Utilities	Available	Available	Available	Available
Adjustment				
Flood Zone	"C" Flood Zone	"X500" Flood Zone	"X" Flood Zone	"X" Flood Zone
Adjustment				
Easements	No Adverse Easement	No Adverse Easements	No Adverse Easements	No Adverse Easements
Adjustment				
Frontage	Average	Inferior	Inferior	Double Frontage
Adjustment		5.0%	5.0%	-5.0%
Shape	Triangular	Rectangular	Irregular	Irregular
Adjustment				
Amenities	Non Contributing	None	None	None
Adjustment				
Total Adjustment		\$0.12	\$0.31	\$0.14
Adjusted /Square Feet		\$2.54	\$2.35	\$1.49
Mean Value	\$2.12			
Standard Deviation	\$0.56			

Note: The percentage adjustment made in the grid charts are subject to rounding from the computer program Quattro Pro for Windows.

RECONCILIATION OF VALUE AFTER ACQUISITION

In the valuation of a vacant land, the only reliable indicator is the Direct Sales Comparison Approach. The Cost and Income Approaches are not applicable in estimating the value of a vacant site due to lack of improvements and rental data.

The subject site has been valued through the use of the Direct Sales Comparison Approach. To value the site, we analyzed vacant land transactions or land purchased and cleared of existing improvements, then applied the market adjustments to compensate for differences.

The Sales Comparison Approach is implemented through the comparison of the subject to the comparable sales. The amount of recent verifiable sales in the McAllen is sufficient. The sales considered were the best available. The unadjusted range of value is between \$1.35 per square foot and \$2.42 per square foot. After adjustments the indicated range is between \$1.49 per square foot and \$2.54 per square foot. The arithmetic mean of the adjusted sales prices is \$2.12 per square foot with a standard deviation of \$0.56 per square foot. Each adjusted value indications have been in considered in determining a final reconciled value of \$2.15 per square foot. Comparable sales #1 and #2 are being given most weight since they are most similar is size. Comparable sale #3 is the most proximate however is a much larger parcel therefore less consideration was given this sale. The value opinion of the subject as of June 28, 2016 is calculated as follows.

The value opinion of the subject is then calculated as follows.

243,060	Square Feet	X	\$2.15	=	\$522,579
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Land Value As A Whole Indicated, rounded.....\$522,579

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Real Estate Valuation Services

George J. Salazar II, State Certified General Real Estate Appraiser

CORRELATION AND FINAL VALUE OPINION

The sales comparison approach presents three comparable properties which have sold, however many were analyzed, then compared to the subject. Adjustments were made to the sales based on dissimilarities to the subject. When adjusted the sales presented in this appraisal report were considered reliable in forming a per square foot unit value. These unit values were then multiplied by the square feet thus a value was derived. This sales comparison approach to value is considered the only reliable approach to value since development land.

Sales Comparison Approach...Whole Property	\$530,083
Sales Comparison Approach...Acquired Property ...	\$7,504
Sales Comparison Approach...Remainder Property	\$522,579
Damages(if any).....	\$0
Access.....	\$0

CERTIFICATION

The undersigned does hereby certify that, except as otherwise noted in this appraisal report:

1. I (We) have no present or contemplated future interest in the real estate that is subject of this appraisal report.
2. I (We) have no personal interest or bias with respect to the subject matter of this appraisal report or the parties involved.
3. To the best of my knowledge and belief the statements of fact contained in the appraisal report, upon which the analysis, opinions and conclusions expressed herein are based, are true and correct.
4. This appraisal report sets forth all the limiting conditions (imposed by the terms of my assignment) affecting the analysis, opinions, and conclusions contained in the report.
5. The analyses, opinions, and conclusions were developed, and this report has been prepared, in conformity with the Uniform Standards of Professional Appraisal Practice.
6. The reported analyses, opinions, and conclusions were developed, and this report has been prepared in conformity with the Code of Professional Ethics and Standards of Professional Appraisal Practice of the Appraisal Institute.

7. No one other than the undersigned prepared the analysis, conclusions and opinions concerning real estate that are set forth in this appraisal report. **I have performed no services, as an appraiser or in any other capacity, regarding the property that is the subject of this report with the three year period immediately preceding acceptance of this assignment.**
8. The use of this report is subject to the requirements of the Appraisal Institute relating to review by its duly authorized representatives.
9. This appraisal assignment was not based on a requested minimum valuation, or a specific valuation, or contingent upon the approval of a loan.
10. As of the date of this report, I George J. Salazar II have completed the Standards and Ethics Education Requirements of the Appraisal Institute for Associate Members.
11. The undersigned personally inspected the property on June 28, 2016.



George Jaime Salazar II
Certified General Appraiser
TX-1338209-G

ADDENDA

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Real Estate Valuation Services

George J. Salazar II, State Certified General Real Estate Appraiser

UNDERLYING ASSUMPTIONS AND CONTINGENT CONDITIONS

The appraiser assumes:

That the record owner has a marketable fee simple title to the subject property. This report is submitted subject to the following contingent conditions:

1. No investigation of title to the property has been made, and the premises are assumed to be free and clear of all deeds of trust, leases, use restrictions and reservations, easements, cases or actions pending tax liens, and bonded indebtedness, unless otherwise specified. The property has been appraised as though free and clear and under responsible ownership unless otherwise noted in the report.

1. No survey has been made as to mineral ownership, drilling or mining rights in the property. No representation as to these rights is made herein.

2. No survey, legal, or engineering analysis of this property has been made by us. Sketches are accurate only for purposes of an approximation. They are in no way intended to be accurate engineers' drawings and should not be used as such. It is assumed that the legal description and area computations furnished are accurate. We assume the existing boundaries to be correct, and assume no responsibility for any conditions not readily observable from our customary inspection of the premises, which might affect the valuation, excepting those items specifically mentioned in this report. This report assumes the condition of the property unchanged since the date of last field inspection.

3. This report is based, in part, upon information assembled from a wide range of sources, and therefore the incorporated data cannot be guaranteed in any fashion. An impractical and uneconomic expenditure of time would be required in attempting to furnish unimpeachable verification in all instances, particularly as to engineering, *construction and structural data, title and use restrictions, zoning, and proposed public or private projects in the area.*
4. The appraiser, by reason of this appraisal, is not required to give testimony or to be in attendance in court or at any governmental or other hearing with reference to the property without prior arrangements having been made with the appraisers relative to such additional employment.
5. The distribution of valuation between land and buildings applies only under the *program of utilization and conditions stated in this report and is invalidated under any other program of utilization if applicable.*
6. Value is reported in dollars on the basis of the national economy prevailing on the date of appraisal.
7. That the property will be adequately maintained in a good physical condition.
8. The appraiser regards real estate as "... land and structures of a permanent nature erected thereon".
9. *It is assumed that applicable federal, state, and local land use statutes and zoning regulations permit use of the property for any lawful purpose.*

11. Although an effort has been made to determine if the appraised property is subject to flooding, no responsibility is assumed for the accuracy of the maps and other information utilized for that purpose.
12. It is assumed that the property inspected is in average physical condition, considering its age, location and nature of use, unless the appraisal specifies a different condition.
13. The appraiser assumes no responsibility for any hidden or apparent conditions of the property, subsoil, or structures which would affect value. No responsibility is assumed for engineering which might be required to discover such factors and no inspection of other walls or under floors have been made.
14. The liability of the appraisers and employees is limited to the client only and to the fee received for this appraisal.
15. If this appraisal is provided by the client to any third party, the client shall make such party aware of all limiting conditions and assumptions of the assignment and related discussions.
16. The appraiser is in no way responsible for any cost incurred to discover or correct any deficiencies present in the property, whether physical, financial, or legal.

VALUATION LIMITATIONS DUE TO ENVIRONMENTAL HAZARDS

SPECIAL NOTE BY APPRAISERS:

In recent years, the federal government has issued more than 70,000 pages of environmental laws and regulations. The most far-reaching federal environmental law is the Comprehensive Environmental Response, Compensation, and Liability Act of 1980 (CERCLA). Under CERCLA, the adjudication of liability is strict, joint, several, and retroactive. The Superfund Amendments and Reauthorization Act (SARA), in 1986, addressed the matter of the so-called "innocent" purchaser. SARA specifies that "all appropriate inquiry into the previous ownership and uses of the property" must have been undertaken to establish that the defendant had no reason to know of the presence of hazardous substances. Because the potential liability for a contaminated site is so far-reaching, some buyers, sellers, and lending institutions have routinely begun to commission environmental property assessments, before executing a sale or a loan agreement. **Source:** The Appraisal of Real Estate, 14th Edition.

The appraiser has not tested or estimated costs for testing nor the cost to remedy the existence of hazardous conditions or substances such as agricultural chemicals, asbestos, polychlorinated biphenyls, petroleum leakage, or any other hazardous substances or materials. The value estimated herein is predicated on the assumption that there is no such condition on or in the property or in such proximity thereto that it would cause a loss in value. No responsibility is assumed for any such hazardous condition, nor for any expertise or engineering knowledge required to detect them. If any hazardous substances or materials are to be considered, the value estimated herein is deemed null and void.

George Jaime Salazar II D/B/A Appraisal Haus
Certified General Appraiser
TX-1338209-G
502 West Kuhn Street
Edinburg, Texas 78541
956-867-6398 Fax: 956-386-1533

George Jaime Salazar is a State Certified General Appraiser. Georges' appraisal experience of property types range from single family residences to commercial and industrial properties.

Education:

Edinburg North High School 1993
University of Texas Pan American 1994
San Antonio College 1996

Pertinent Courses:

Easement Valuation	2016	IRWA Online
Business Practice & Ethics	2012	Appraisal Institute
Foreclosures & Short Sales	2010	Champions
Advanced Residential Case Study	2010	Champions
7hr USPAP Update	2010	Champions
Basic Appraisal Principle	2008	Appraisal Institute
Basic Appraisal Practice	2008	Appraisal Institute
National Uspap Course	2008	Champions
General Market Analysis & Highest and Best Use	2007	Appraisal Institute
Residential Sales Comparison & Income Approach	2007	Lincoln Graduate
Yield Capitalization of Income Property	2006	Lincoln Graduate
Direct Capitalization of Income Property	2006	Lincoln Graduate
Financial Analysis of Income Property	2006	Lincoln Graduate
Commercial Investment Appraisal	2006	Lincoln Graduate
Principles of Appraisal Review	2006	Lincoln Graduate
National USPAP Course	2005	Lincoln Graduate
Principles of Real Estate Appraisal	2005	Lincoln Graduate
Practice of Real Estate Appraisal	2005	Lincoln Graduate

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Real Estate Valuation Services

George J. Salazar II, State Certified General Real Estate Appraiser

Clients and/or Types of Appraisals Which Have Been Prepared:

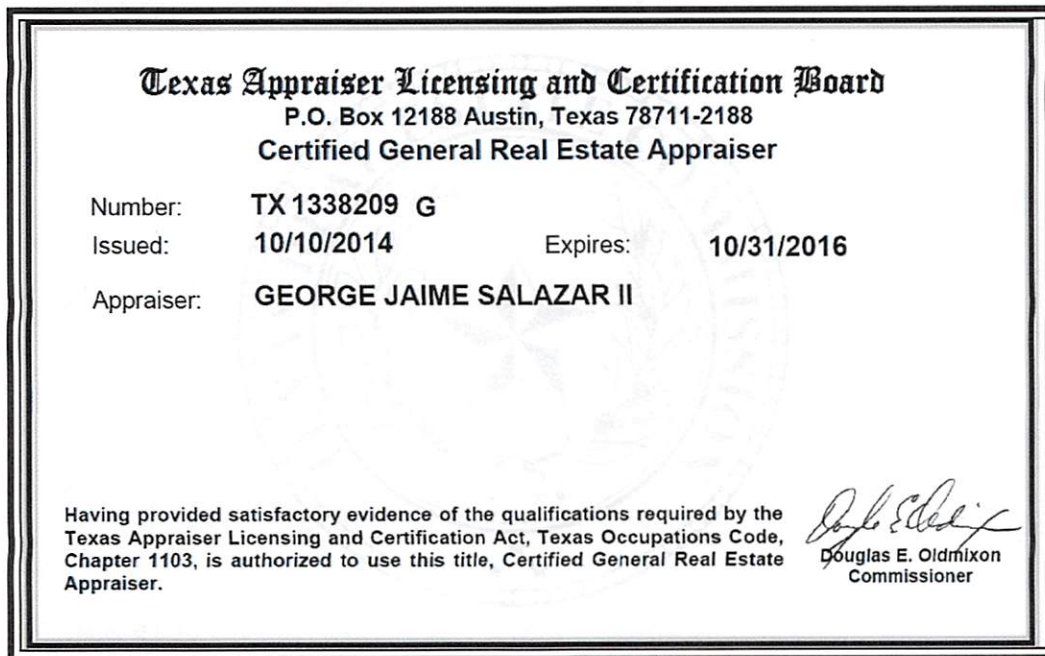
Federally Insured Banks, Individual Home Owners, Residential Home Builders, Fast Food Chains, Drive In Restaurants, Farm & Ranch Owners, Estates, Retailers, Produce Packing Sheds, Industrial Facilities, Residential Subdivisions, Apartment Complexes.

Areas Where Appraised Properties Are Located:

Mission, Edinburg, McAllen, Pharr, San Juan, Alamo, Weslaco, and other areas within Hidalgo, Starr, Willacy, and Cameron Counties, State of Texas.

Affiliations Appraisal Institute, Associate Member 2012 & International Right of Way Association 2013

CERTIFICATION



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Real Estate Valuation Services

George J. Salazar II, State Certified General Real Estate Appraiser

PRE APPRAISAL LETTER TO APPRAISE



502 West Kuhn Street
Edinburg, Texas 78541
Office (956)386-1500 Cell (956)867-6398
jaimosalazar@appraisalhaus.org

June 2, 2016

REGISTERED INTERNATIONAL MAIL

Oscar A. Tamez Guerra
Miguel Angel Asturias
Colonia Contra Sol
Guadalupe N.L.
Mexico, 67174

RE: Hidalgo County Precinct No. 2
Yuma Avenue Extension Project
HCAD Acct No. 55950-00-015-006-01
(Parcel #3)

To Whom It May Concern:

Appraisal Haus is a locally based company specializing in the appraisal of commercial and real estate in South Texas. Our firm has been engaged by L & G Engineering, a contractor for Hidalgo County, to perform a fee simple appraisal of this property identified by the Hidalgo County Appraisal District Account Number 55950-00-015-006-01. It is our understanding that this property is potentially designated for acquisition so as to allow for a proposed extension of Yuma Avenue in McAllen, Texas.

Consequently, we are currently involved in the performance of a multi-faceted process that will ultimately lead to a property appraisal report specific to this property. The process, in part, requires a site visit and visual assessment of the actual property. In order to best execute this task, we will, with your consent, gain entry to the property for closer inspection and assessment.

In the event this property is currently rented, leased or subject to a contract for use or sale; or, occupied by person(s) other than yourself, please notify our office immediately. This allows us the opportunity to request consent to enter from any and all appropriate party(ies) made known to us.

In the absence of consent to enter the property, our firm shall inspect the property from existing road right-of-way.

Additionally, the process involves our firm in conducting a market analysis as it relates to this property. This market study, in part, requires research into real estate sales in the area and comparison of comparable/similar property sales. Because sales are not always recorded in a timely manner, we ask that if you have knowledge of recent sales in the immediate area you make this information known to us for further investigation. In this way, you can assist us in assuring we are accounting for complete and timely data.

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Real Estate Valuation Services

George J. Salazar II, State Certified General Real Estate Appraiser

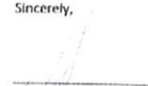
PRE APPRAISAL LETTER TO APPRAISE

It is extremely important that you schedule a visit to this property as soon as possible. You may do so by contacting my office at telephone number (956) 383-1500 or via email address jaimosalazar@appraisalhaus.org. Keep in mind that a timely site visit expedites completion and delivery of the official appraisal report to L & G Engineering, Inc. and the County of Hidalgo.

Should you have any questions pertaining to the appraisal of this property or the appraisal process in general, feel free to contact me by either telephone or email. Questions regarding other aspects of this project should be directed to L & G Engineering, Inc., telephone number (956)585-1909.

I look forward to meeting you at your property location in the very near future.

Sincerely,


George J. Salazar II
State Certified General
Real Estate Appraiser

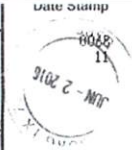
CC: L & G Engineering, Inc.
Luana M. Gonzalez
Co Right of Way Administrator
900 S. Stewart Road
Mission, Texas 78572

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Real Estate Valuation Services

George J. Salazar II, State Certified General Real Estate Appraiser

PRE APPRAISAL LETTER TO APPRAISE

Registered Mail RB325125115US		Date Stamp 
To Be Completed By Post Office	Postage \$ 1.15	Extra Services & Fees (Indicate by checkmark)
	Extra Services & Fees \$	<input type="checkbox"/> Signature Confirmation
	<input type="checkbox"/> Registered Mail \$ 13.40	<input type="checkbox"/> Signature Confirmation Restricted Delivery
	<input type="checkbox"/> Return Receipt (Postage) \$ 3.70	Total Postage & Fees \$
	<input type="checkbox"/> Return Receipt (Electronic) \$ 0.00	Customer Must Declare
	<input type="checkbox"/> Restricted Delivery \$ 0.00	Full Value \$ 0.00
Customer Must Declare		Restricted by 06/02/2016
EDINBURG, TX 78589		
To Be Completed By Customer (Please Print) All Entries Must Be in Ballpoint or Typed	FROM	Appraisal Haus George J. Salazar 502 W. Kuhn Street Edinburg, Texas 78541-3224
	TO	Oscar A. Tamez Guerra Mianed Angel Asturias Colonia Contra Sol Cuernavaca, NTL Mexico 67174
PS Form 3806, Registered Mail Receipt April 2015, PSN 7536-02-909-9051		Copy 1 - Customer (See information on Reverse)
For domestic delivery information, visit our website at www.usps.com		

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Real Estate Valuation Services

George J. Salazar II, State Certified General Real Estate Appraiser