REAL ESTATE SERVICES
atrium

January 13, 2011

Ms. Skye Stuart
Project Manager, ABIA Noise Mitigation Program
THC, Inc.
2176 Spirit of Texas Dr., Room 113
Austin, TX 78719

RE: Updated title commitment, Parcel 105, ABIA's Noise Mitigation Program

Dear Ms. Stuart:

As requested, we have reviewed the updated title commitment that you have provided for Parcel 105 dated December 10, 2010. The title reflects a change in ownership; however, this updated title is not considered to impact the value of $105,000 that was estimated for the subject property in the appraisal report completed with an effective date of April 11, 2007.

This letter may only be used in conjunction with the original report as we are reaffirming the originally reported value. Supporting documentation concerning the data, reasoning, analyses and conclusions is retained in the appraiser's file.

Atrium Real Estate Services appreciates the opportunity to be of service to you and the City of Austin. Should you have any questions, or if we can be of further assistance, please contact our office.

Respectfully submitted,

ATRIUM REAL ESTATE SERVICES

Lory R. Johnson

Lory R. Johnson, MAI, SR/WA
President
Texas Certified Appraiser #TX-1321640-G

APPRAISAL

of the ±0.291 acres located at the
west line of Shapard Lane, north of of State Hwy
71 (2600 Shapard Lane), Del Valle, Travis
County, Texas

THC Parcel #:	105
FAA File #:	N4062M
Project Name:	ABIA Noise Mitigation Project
Property Owner:	Ruby Flow a/k/a Ruby K. Flow
Parcel ID Number:	03-1430-0403-0000
Legal Description:	Being a 0.291 acre (12,664 square foot) tract of land out of the Santiago Del Valle Ten League Grant, Abstract No. 24 in Travis County, Texas

Submitted To:

Mr. Michael Smith
THC, Inc.
2716 Spirit of Texas Drive
Austin, TX 78719

Prepared By:

ATRIUM REAL ESTATE SERVICES
7805 A Bell Mountain Drive
Austin, Texas 78730
www.atriumrealestate.com
ljohnson@atriumrealestate.com

Effective Date of Appraisal:
April 11, 2007

REAL ESTATE SERVICES
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April 23, 2007

Mr. Michael Smith
THC, Inc.
2716 Spirit of Texas Drive
Austin, TX 78719

RE: Appraisal of Parcel 105, Project No. N4062M which is ±0.291 acres located at the west line of Shapard Lane, north of of State Hwy 71 (2600 Shapard Lane), Del Valle, Travis County, Texas.

THC Parcel #:	105
FAA File #:	N4062M
Project Name:	ABIA Noise Mitigation Project
Property Owner:	Ruby Flow a/k/a Ruby K. Flow
Parcel ID Number:	03-1430-0403-0000
Legal Description:	Being a 0.291 acre (12,664 square foot) tract of land out of the Santiago Del Valle Ten League Grant, Abstract No. 24 in Travis County, Texas

Dear Mr. Michael Smith:

As requested, Lory R. Johnson, MAI, SR/WA and J.L. Craft have personally inspected the above referenced property. The purpose of the appraisal is to estimate the market value of the fee simple interest of the subject property. The following appraisal and final estimate of value have been based upon the inspection of the property and upon research into various factors which influence value. The effective date of this appraisal was April 11, 2007.

The analysis and results of the investigation are submitted in the accompanying report which has been prepared in conformity with the requirements of the *Code of Professional Ethics and the Standards of Professional Appraisal Practice* of the APPRAISAL INSTITUTE, the *Uniform Standards of Professional Appraisal Practice* as promulgated by the APPRAISAL FOUNDATION, as well as the requirements of the STATE OF TEXAS for State-Certified General Real Estate Appraisers and the *Uniform Appraisal Standards for Federal Land Acquisitions & FAA Regulations.* In addition, the accompanying report has been prepared in conformity with the requirements of THC, Inc.. A copy of the engagement letter is contained in the Addenda of this report.

MARKET VALUE ESTIMATE - As will be discussed herein, the market value of the fee simple interest of the subject property, as of April 11, 2007, was as follows:

ONE HUNDRED FIVE THOUSAND
($105,000)

Please note: This value conclusion is specifically limited by the *Basic Assumptions and Limiting Conditions*, with emphasis on the *Extraordinary Assumptions* as detailed at the beginning of this appraisal report.

7805-A Bell Mountain Drive, Austin, TX 78730 | 512.453.7407 | f: 512.453.1606 | www.atriumrealestate.com

ATRIUM REAL ESTATE SERVICES appreciates the opportunity to be of service to you and THC, Inc.. Should you have any questions, or if we can be of further assistance, please contact our office.

Respectfully submitted,

ATRIUM REAL ESTATE SERVICES

Lory R. Johnson, MAI, SR/WA
President
Texas Certified Appraiser #TX-1321640-G

Jim D. Larsen
Staff Appraiser
#1335557-TRAINEE

ASSUMPTIONS AND LIMITING CONDITIONS

This appraisal report is subject to underlying assumptions and limiting conditions qualifying the information contained in the report as follows:

The valuation estimate applies only to the property specifically identified and described in the ensuing report.

Information and data contained in the report, although obtained from public record and other reliable sources and, where possible, carefully checked, is accepted as satisfactory evidence upon which rests the final expression of property value.

No legal survey has been commissioned by the appraisers; therefore, reference to a sketch, plat, diagram, or survey appearing in the report is only for the purpose of assisting the reader to visualize the property.

It is assumed that all information known to the client and relative to the valuation has been accurately furnished and that there are no undisclosed leases, agreements, liens, or other encumbrances affecting the use of the property.

Ownership and management are assumed to be competent and in responsible hands.

No responsibility beyond reason is assumed for matters of a legal nature, whether existing or pending.

Information identified as being furnished or prepared by others is believed to be reliable, but no responsibility for its accuracy is assumed.

Any appraiser, by reason of this appraisal, shall not be required to give testimony as an Expert Witness in any legal hearing or before any court of law unless justly and fairly compensated for such services.

By reason of the purpose of this appraisal and function of the report herein set forth, the value reported is only applicable to the property rights appraised and the appraisal report should not be used for any other purpose.

Information regarding toxic wastes or hazardous materials which might affect the subject property has not been proved; thus, the existence of toxic waste which may or may not be present in the property has not been considered. Soil or drainage tests have not been performed, nor have soil or drainage test results been provided. Therefore, it is assumed that there are no subsoil or drainage conditions which would adversely affect the subject or their final valuation. This report assumes no soil contamination exists within or on the subject site. The valuation is subject to modification if any such potentially hazardous materials were detected by a qualified expert in these areas. The appraisers reserve the right to modify this valuation if so warranted.

The subject property is located within the City of Austin's jurisdiction and as a result, the city of Austin controls the development activities. Of particular interest is that the subject property is also located within an Airport Overlay Zone which was established to control land use near the airport for the public safety reasons. According to Chapter 25-13 of Ordinance No. 010809-78, the subject property lies in an area described as Airport Overlay Zone Three (AO-3), or those areas of the controlled compatible land use area that have yearly day-night average sound levels of at least 65 decibels and are located within approximately one-half mile of the 65 decibel contour line. As such, several land uses are restricted including all residential uses and schools. The contract we were provided indicated that the appraiser shall disregard the effect on use and value of any encumbrances resulting from the project (such as Airport Hazard and

Compatible Land Use Regulations, Chapter 25-13 of Ordinance No. 010809-78), and invoke USPAP's Jurisdictional Exception Rule with respect to Standard Rule 1-3(a).

No endangered species and endangered species natural habitats were evident upon site inspection. This report assumes that the subject is not encumbered by any environmental factors which would affect value.

Typically, real estate appraisers are not qualified nor are they experts in detecting hazardous materials, radiological materials, archeological resources, etc., therefore, an expert in these fields should be consulted for opinions on these matters.

This appraisal has not considered the effects of the enactment of the Americans with Disabilities Act of 1990 (ADA), which became effective January 26, 1992. Standards of this act are designed to provide access to all public facilities to all persons, regardless of mobility limitations. The act provides forceful encouragement for commercial establishments to enhance their accessibility and requires that renovations after this date fully comply with the access standards established by the Architectural and Transportation Barriers Compliance Board. A specific compliance survey and analysis of this property to determine whether or not it is in conformity with the various detailed requirements of the ADA has not been performed. The modifications and costs that may be necessary for the subject property to conform to ADA can be ascertained only by a qualified architect. Should such a study be undertaken, and should retro-fit costs, if any, become known, then the appraisers reserve the right to re-evaluate the subject property.

This appraisal report is based on the condition of local and national economies, purchasing power of money, and finance rates prevailing at the effective date of value.

EXTRAORDINARY ASSUMPTIONS

We were provided owner contact information (Ruby K. Flow and Diane Turner), the property location, as-built survey, Title Commitment and a repair cost estimate. In addition we were provided a Land Title Survey completed by Macias & Associates, Inc., dated January 4, 2007 and a Phase I Environmental Site Assessment completed by Hill Country Environmental, Inc., dated January 24, 2007. Using this information and additional information secured from the Travis County Deed Records, the Travis Central Appraisal District and the City of Austin, the legal description and size of the property were established. All information is assumed to be correct and has been considered in the following valuation analysis.

The subject property is located within the City of Austin's jurisdiction and as a result, the city of Austin controls the development activities. Of particular interest is that the subject property is also located within an Airport Overlay Zone which was established to control land use near the airport for the public safety reasons. According to Chapter 25-13 of Ordinance No. 010809-78, the subject property lies in an area described as Airport Overlay Zone Three (AO-3), or those areas of the controlled compatible land use area that have yearly day-night average sound levels of at least 65 decibels and are located within approximately one-half mile of the 65 decibel contour line. As such, several land uses are restricted including all residential uses and schools. The contract we were provided indicated that the appraiser shall disregard the effect on use and value of any encumbrances resulting from the project (such as Airport Hazard and Compatible Land Use Regulations, Chapter 25-13 of Ordinance No. 010809-78), and invoke USPAP's Jurisdictional Exception Rule with respect to Standard Rule 1-3(a).

The following statement is included at the request of the client. The appraiser has been informed that the City of Austin generally requires the Grantor provide either a General or Special Warranty Deed when conveying real property to the City. In the event a purchase is unsuccessful, the City will acquire the real property by eminent domain and will not receive a

General or Special Warranty Deed from the Condemnee. The City Attorney's Office will include all parties shown as owners in the Title Commitment in the eminent domain proceeding.

CERTIFICATION OF THE APPRAISERS

The undersigned do hereby certify that, to the best of our knowledge and belief:

- the statements of fact contained in this report are true and correct.
- the reported analyses, opinions, and conclusions are limited only by the reported assumptions and limiting conditions, and are our personal, impartial, and unbiased professional analyses, opinions, and conclusions.
- we have no present or prospective interest in the property that is the subject of this report, and we have no personal interest with respect to the parties involved.
- we have no bias with respect to the property that is the subject of this report or to the parties involved with this assignment.
- our engagement in this assignment was not contingent upon developing or reporting predetermined results.
- our compensation for completing this assignment is not contingent upon the development or reporting of a predetermined value or direction in value that favors the cause of the client, the amount of the value opinion, the attainment of a stipulated result, the occurrence of a subsequent event directly related to the intended use of this appraisal.
- the appraisal was made and the appraisal report prepared in conformity with the *Uniform Appraisal Standards for Federal Land Acquisitions & FAA Regulations*.
- the analyses, opinions, and conclusions were developed, and this report has been prepared, in conformity with the requirements of the *Code of Professional Ethics and the Standards of Professional Appraisal Practice* of the APPRAISAL INSTITUTE, the *Uniform Standards of Professional Appraisal Practice* as promulgated by the APPRAISAL FOUNDATION, as well as the requirements of the STATE OF TEXAS for State-Certified General Real Estate Appraisers and the *Uniform Standards of Professional Appraisal Practice* as promulgated by the APPRAISAL FOUNDATION, except to the extent that the *Uniform Appraisal Standards for Federal Land Acquisitions & FAA Regulations* required invocation of USPAP's jurisdictional Exception Rule as described in Section D-1 of the *Uniform Appraisal Standards for Federal Land Acquisitions & FAA Regulations*
- Lory R. Johnson, MAI, SR/WA, and Jim D. Larsen have made a personal inspection of the property that is the subject of this report.
- no one provided significant real property appraisal assistance to the persons signing this certification.
- the use of this report is subject to the requirements of the Appraisal Institute relating to review by its duly authorized representatives.
- this appraisal report sets forth all limiting conditions (imposed by the terms of the assignment or by the undersigned) affecting the analyses, opinions, and conclusions expressed herein.
- as of the date of this report, Lory R. Johnson, MAI, SR/WA has completed the requirements of the continuing education program of the Appraisal Institute.
- the appraisal assignment was not based on a requested minimum valuation, a specific valuation, or the approval of a loan.

CERTIFICATION OF THE APPRAISERS

- the market data contained within this report, has been accumulated from various sources and, where possible, personally examined and verified as to details, motivation, and validity.
- The fee simple market value for the subject whole property, as of April 11, 2007, was estimated as $105,000. These value conclusions are specifically limited by the *Assumptions and Limiting Conditions*. In addition, they reflect the jurisdictional exceptions noted above.

ATRIUM REAL ESTATE SERVICES

Lory R. Johnson, MAI, SR/WA
President
Texas Certified Appraiser #TX-1321640-G

Jim D. Larsen
Staff Appraiser
#1335557-TRAINEE

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PORTIONS OF THE PHASE I ENVIRONMENTAL SITE ASSESSMENT
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PHOTOGRAPH SEQUENCING
FAA FORM 5100-111 CERTIFICATE OF APPRAISER
ENGAGEMENT LETTER

INTRODUCTION

SUBJECT PROPERTY PHOTOGRAPHS

1. View of front of single family residence

Date photo taken:
01/08/2007

2. View of rear of single family residence and uncovered concrete pad

Date photo taken:
01/08/2007

3. View of metal trailer (personal property)

Date photo taken:
01/08/2007

SUBJECT PROPERTY PHOTOGRAPHS

4. View of propane tank (personal property)

Date photo taken:
01/08/2007

5. Typical bedroom

Date photo taken:
01/08/2007

6. Typical bathroom

Date photo taken:
01/08/2007

SUBJECT PROPERTY PHOTOGRAPHS

7. Kitchen

Date photo taken:
01/08/2007

8. Dining room

Date photo taken:
01/08/2007

9. Ceiling damage in dining area

Date photo taken:
01/08/2007

Source: City of Austin GIS

EXECUTIVE SUMMARY

Location of Property:	West line of Shapard Lane, north of of State Hwy 71 (2600 Shapard Lane), Del Valle, Travis County, Texas
Map Reference:	Mapsco Map Page: 647K, Grid: MN-17
Parcel ID Number:	03-1430-0403-0000
Property Rights Appraised:	Fee simple
Site Data:	
Size:	±0.291 acres
Zoning:	(SF-2) Single family residence
Utilities:	All utilites available
Shape:	Rectangular
Easements:	No adverse easements noted.
Topography:	Basically level
Floodplain:	0% in the floodplain.
Improvements:	±2,496 SF single family residence (YOC 1972, per TCAD), a front covered wood porch (±84 SF), uncovered concrete pad (±1,263 SF), concrete parking area (±1,116 SF), concrete drive (±720 SF), concrete sidewalk (±512 SF), 4' chain link fence (±360 LF total), 4' wire mesh fence (±71 LF total), a propane tank (personal property), a metal trailer (personal property), typical landscaping and supporting site improvements.
Highest and Best Use (as vacant):	Commercial
Highest and Best Use (as improved):	Commercial
Type of Appraisal:	Self-Contained Report
Effective Date of the Appraisal:	April 11, 2007
Date of the Report:	April 23, 2007
Value Estimate:	$105,000

Please note: This value conclusion is specifically limited by the *Basic Assumptions and Limiting Conditions*, with emphasis on the *Extraordinary Assumptions* as detailed at the beginning of this appraisal report.

DATE OF VALUE

The property was inspected on January 12, 2007 and again from the right of way on April 11, 2007, with the latter date serving as the effective date of the appraisal.

PURPOSE/INTENDED USE OF THE APPRAISAL

The purpose of this appraisal is to estimate the market value of the fee simple interest of the subject property. The intended use of the appraisal is to assist THC, Inc. and the City of Austin in acquisition of the subject property for the Austin-Bergstrom Noise Abatement Program. The definition of this value estimate is included herein. The client is THC, Inc. with the client and the City of Austin being the only intended users of the report. Use of this report by others is not intended by the appraisers. This report is intended only for use in establishing the market value of the fee simple interest. This report is not intended for any other use.

SCOPE OF WORK

As outlined, the purpose of this appraisal is to estimate the market value of the fee simple interest of the subject property. We were provided owner contact information (Ruby K. Flow and Diane Turner), the property location, as-built survey, Title Commitment and a repair cost estimate. In addition we were provided a Land Title Survey completed by Macias & Associates, Inc., dated January 4, 2007 and a Phase I Environmental Site Assessment completed by Hill Country Environmental, Inc., dated January 24, 2007. Using this information and additional information secured from the Travis County Deed Records, the Travis Central Appraisal District and the City of Austin, the legal description and size of the property were established. All information is assumed to be correct and has been considered in the following valuation analysis.

In analyzing the area economy, data from various sources including the Chamber of Commerce was obtained. Historical trends as well as future projections were obtained through various studies and market surveys performed throughout the area. In addition, we inspected the subject property and surrounding properties, analyzed the area and subject neighborhood, formulated an opinion regarding the highest and best use, made a search for comparable sales and listings, and all other available pertinent information used in developing an opinion of value. This data is based upon research into the Travis County markets. In all cases, the data is verified with buyer, seller, landlord, tenant, agent, and/or broker, and cross-checked through public records. Additionally, information gathered during this stage of the process included general data relating to the character and durability of the market, and the anticipated future of the market.

As previously stated, the subject is improved with a ±2,496 SF single family residence (YOC 1972, per TCAD), a front covered wood porch (±84 SF), uncovered concrete pad (±1,263 SF), concrete parking area (±1,116 SF), concrete drive (±720 SF), concrete sidewalk (±512 SF), 4' chain link fence (±360 LF total), 4' wire mesh fence (±71 LF total), a propane tank (personal property), a metal trailer (personal property), typical landscaping and supporting site improvements.

In the analysis of the subject property the Cost Approach, Sales Comparison Approach and Income Capitalization Approach were considered. As the subject improvements are atypical for a commercial sale, the property has been valued as vacant land, and the Cost Approach and the Income Approach are not considered to be applicable. Therefore, only the Sales Comparison Approach has been developed herein. The Income Approach was utilized to develop an opinion of the interim value of the improvements, based upon anticipated rents.

The analysis and results of the investigation are submitted in this appraisal report which has been prepared in conformity with the requirements of the *Code of Professional Ethics and the Standards of Professional Appraisal Practice* of the APPRAISAL INSTITUTE, the *Uniform Standards of*

Professional Appraisal Practice as promulgated by the APPRAISAL FOUNDATION, as well as the requirements of the STATE OF TEXAS for State-Certified General Real Estate Appraisers and the *Uniform Standards for Federal Land Acquisition & FAA Regulations*.

This appraisal is reported in a Self-Contained Report format which is intended to comply with the reporting requirements set forth under Standards Rule 2-2(a) of the Uniform Standards of Professional Appraisal Practice for a Self-Contained Appraisal Report.

The analysis and results of the investigation are submitted in this appraisal report which has been prepared in conformity with the requirements of the *Code of Professional Ethics and the Standards of Professional Appraisal Practice* of the APPRAISAL INSTITUTE, the *Uniform Standards of Professional Appraisal Practice* as promulgated by the APPRAISAL FOUNDATION, as well as the requirements of the STATE OF TEXAS for State-Certified General Real Estate Appraisers and the *Uniform Appraisal Standards for Federal Land Acquisitions & FAA Regulations*. The depth of discussion contained in this report is specific to the needs of the client and for the intended use stated herein. The appraiser is not responsible for unauthorized use of this report.

PROPERTY RIGHTS APPRAISED

The property rights appraised are the fee simple interest in the subject property. Fee simple estate is an absolute ownership unencumbered by any other interest or estate, subject only to the limitations imposed by the governmental powers of taxation, eminent domain, police power, and escheat.[1]

DEFINITION OF MARKET VALUE

Market value, as used in this appraisal report, is defined as being:
"The price which the property would bring when it is offered for sale by one who desires, but is not obligated to sell, and is bought by one who is under no necessity of buying it, taking into consideration all of the uses to which it is reasonably adaptable and for which it either is or in all reasonable probability will become available within the reasonable future."[2]

LEGAL DESCRIPTION

The following legal description was obtained from the Title Commitment, checked against the Travis Central Appraisal District and Travis County Deed Records and is assumed to be correct. It has not been verified by legal counsel nor has an independent survey of the parcel been commissioned. Therefore, it is suggested that the legal description be verified before being used in a legal document or conveyance.

Being a 0.291 acre (12,664 square foot) tract of land out of the Santiago Del Valle Ten League Grant, Abstract No. 24 in Travis County, Texas.

[1] *The Appraisal of Real Estate, 12th Edition*, (Chicago: Appraisal Institute, 2001) p. 69.
[2] City of Austin vs. Cannizo, et al., 267 S. W.2d 808, 815 [1954]

HISTORY/CURRENT LISTING OF THE PROPERTY

According to Travis County Deed Records and the Title Commitment, ownership of the property is vested to Ruby Flow a/k/a Ruby K. Flow and was conveyed to the current owner on January 16, 1964 per the document recorded in Vol. 2721, Page 124 of the Travis County Deed Records. Information regarding this transaction was not disclosed. To our knowledge, the property is not currently offered for sale and no offers to purchase have been disclosed. However, it is our understanding that the City of Austin is interested in acquiring the property as part of the noise mitigation program.

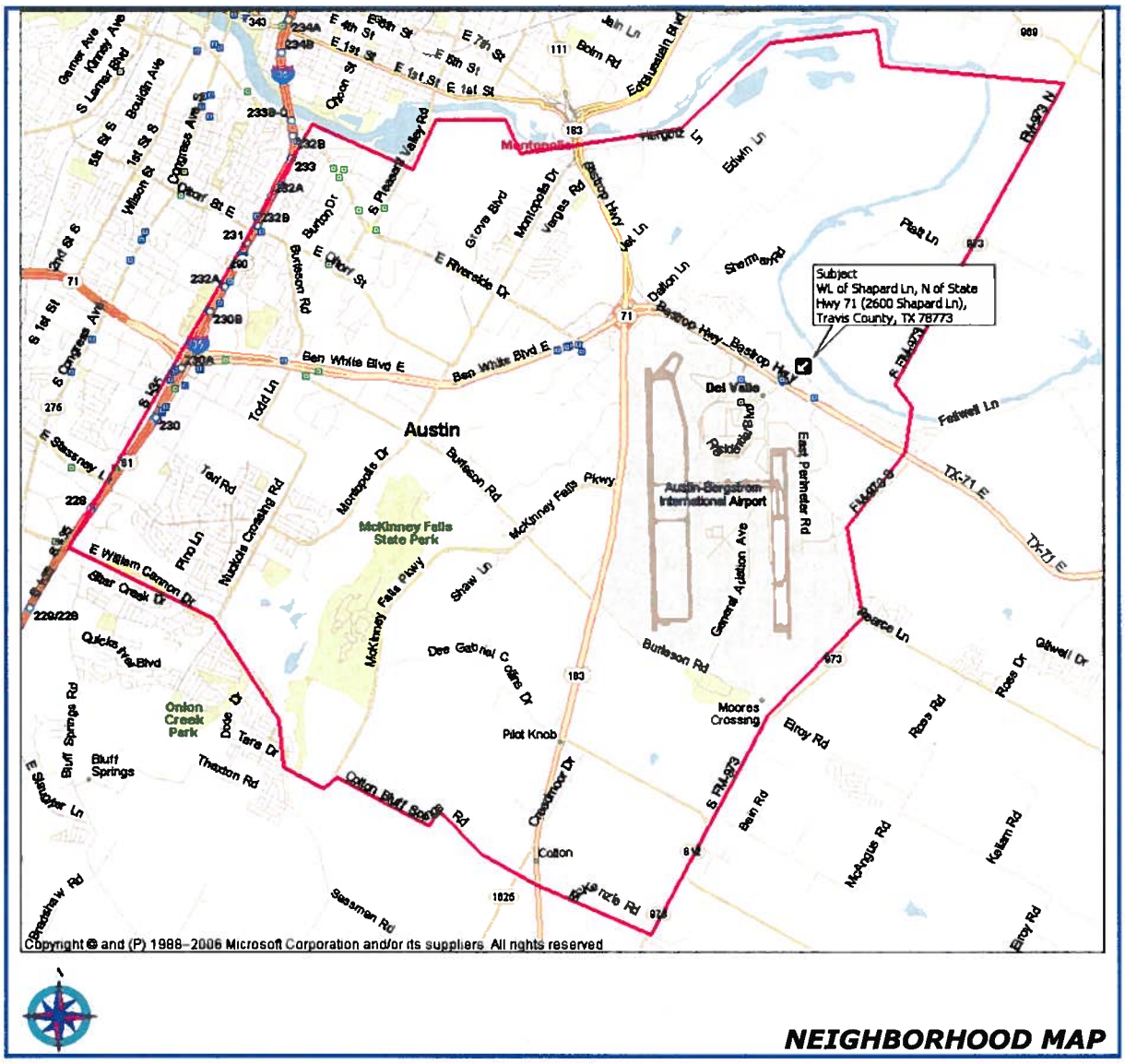
OWNER CONTACT

Per information provided by the client the property owner, Ruby Flow a/k/a Ruby K. Flow, has Alzheimer's and is not coherent to make decisions regarding the property. The property owner's daughter, Diane Turner, who has power of attorney, was contacted by telephone by Atrium Real Estate Services on January 2, 2007 and was given the opportunity to provide information and/or accompany the appraisers on an inspection of the subject property. Additionally, Mrs. Turner signed a Right of Entry Agreement on behalf of Ruby K. Flow with the City of Austin on December 12, 2006. Lory R. Johnson, MAI, SR/WA and Jim D. Larsen inspected the property on January 12, 2007 and were accompanied by Diane Turner, a representative of the property owner, as well as her husband Rick Turner. The property was inspected again on April 11, 2007 from the right-of-way and the appraisers were unaccompanied.

REAL ESTATE TAXES

The subject property falls under the jurisdiction of various taxing authorities including the City of Austin, Travis County, Del Valle ISD, the Travis County Healthcare District and the Austin Community College District. The 2006 assessed value for the land is $26,136 ($8,712/AC). The total 2006 assessed value is $151,560 ($50,520/AC). According to representatives of the Travis County Tax Collector/Assessors Office, as of the effective date of this appraisal, the subject property has no delinquent taxes.

DESCRIPTIONS



NEIGHBORHOOD MAP

The subject property is located at the west line of Shapard Lane, north of of State Hwy 71 (2600 Shapard Lane), Del Valle, Travis County, Texas and is considered to be in the southeast portion of Austin. The subject neighborhood can best be defined by the following boundaries: IH-35 to the west, the Colorado River to the north, FM 973 to the east and CR 812 to the south. These boundaries have been selected as they tend to include properties which exhibit similarities in such aspects as physical characteristics, land use, amenities and supportive employment. Those forces affecting value and land use of the subject property would also be expected to influence properties within the neighborhood delineation, thus supporting the neighborhood boundaries. The neighborhood is considered to be approximately 30%-35% built-up. Due to the location of this area in relationship to one of the city's primary traffic carriers, Hwy 183 and Hwy 71, it is easily accessible.

Land uses within this neighborhood are somewhat varied, although as is typical in most airport areas, improvements are primarily commercial and industrial oriented. Additionally, there are a number of rural residential improvements and vacant land uses in this immediate area.

NEIGHBORHOOD ANALYSIS

A significant improvement coming to the neighborhood is State Highway 130. The entire roadway (Segments 1-4) will be a new 49-mile toll way located east of I-35 through Williamson and Travis counties, extending from I-35 north of Georgetown to U.S. 183 southeast of Austin. It is the 2002 Project of the Central Texas Turnpike System, which also includes SH 45 North and the Loop 1 Extension (Funds for the 2002 Project are detailed in the 2002 Project financing).

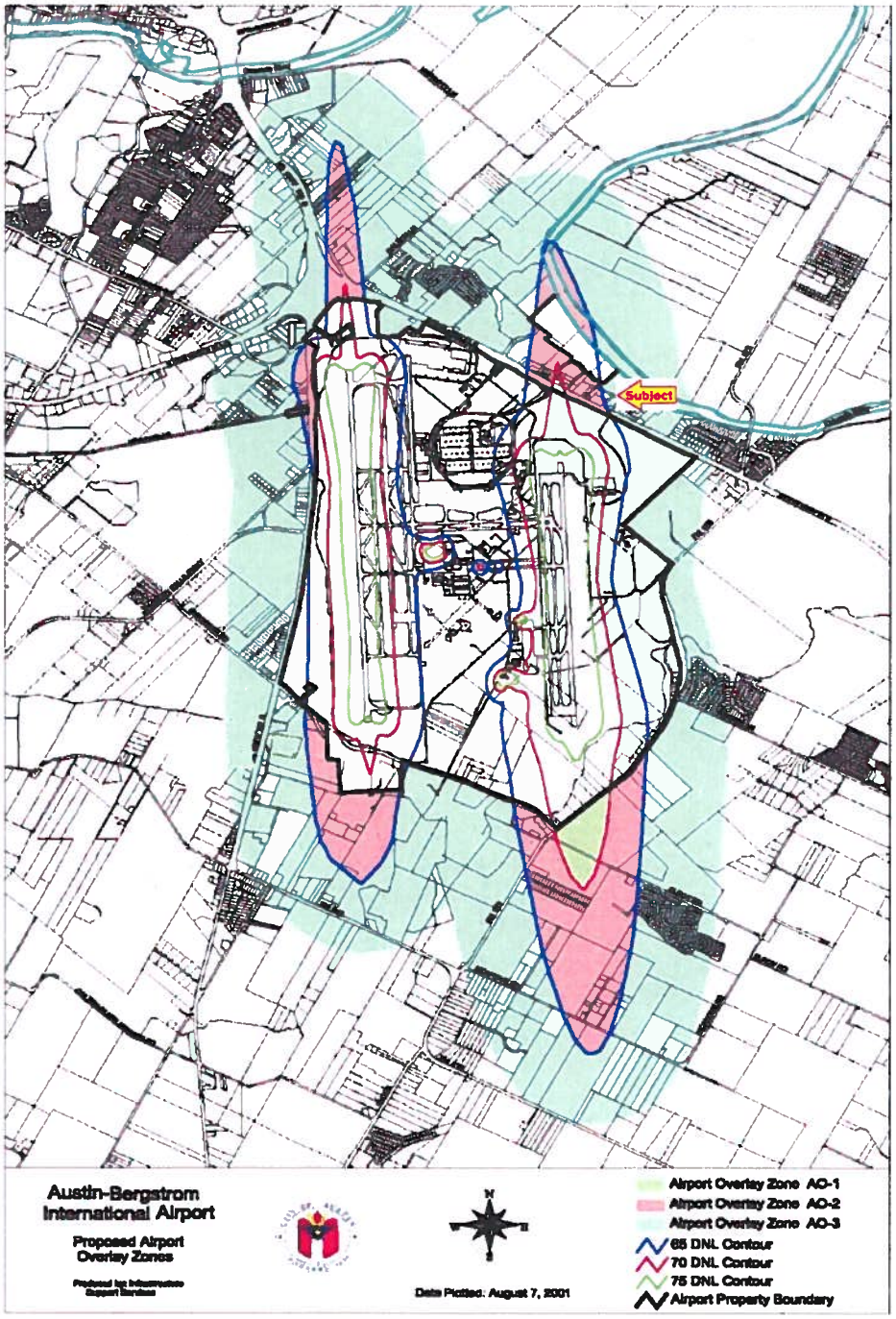
SH 130 will be a four-lane divided facility with major interchanges at IH-35, U.S. 79, SH 45 North, U.S. 290 and SH 71. Ultimately, SH 130 will become a six-lane facility with a median capable of accommodating future transportation options such as rail. (Environmental clearance will be needed before rail or any other transportation modes can be built in the median). As future funding and right of way become available, SH 130 will be extended to I-10 near Seguin.

More specifically, the segment of SH 130 as it traverses the neighborhood is being called Segment 4. The plans are still preliminary, but call for completion of the roadway by December 2007. Final alignment and acquisition of the right of way is not completed.

The primary feature in the neighborhood is the Austin-Bergstrom International Airport. Access to the neighborhood is enhanced by U.S. Highway 183 and State Highway 71. Additionally, there are numerous secondary traffic carriers extending into and throughout this area. The primary mode of transportation in the neighborhood is the automobile.

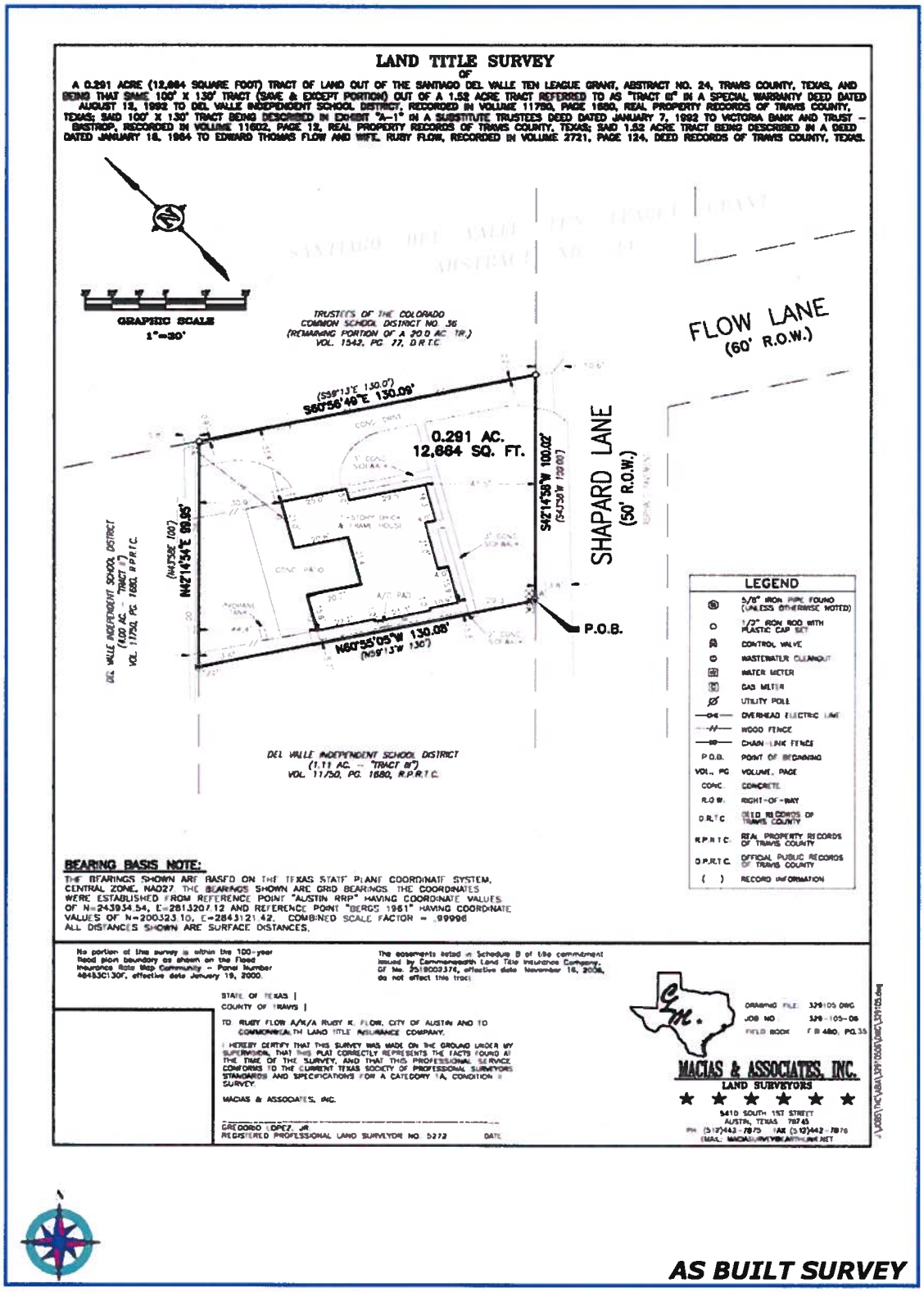
The character of the neighborhood is mixed with commercial development along the major roadways, residential beyond that with a large amount of vacant land used for agricultural purposes. Along the Colorado River are a few sites used for mineral and stone extraction. Land uses include the full-range of uses including single and multi-family, retail, restaurants, light industrial and educational facilities. There are public parks, recreational facilities, and green belts in this immediate area.

In conclusion, the neighborhood could be characterized as varied with a primary commercial corridor along the major thoroughfares. Demand for property in the subject neighborhood has fluctuated in recent years along with the overall economy, but is generally desirable, and the neighborhood has benefited from its good locational attributes. While the market is currently cool due to the general slow down in the economy, it is our opinion that growth will be moderate for the intermediate future.

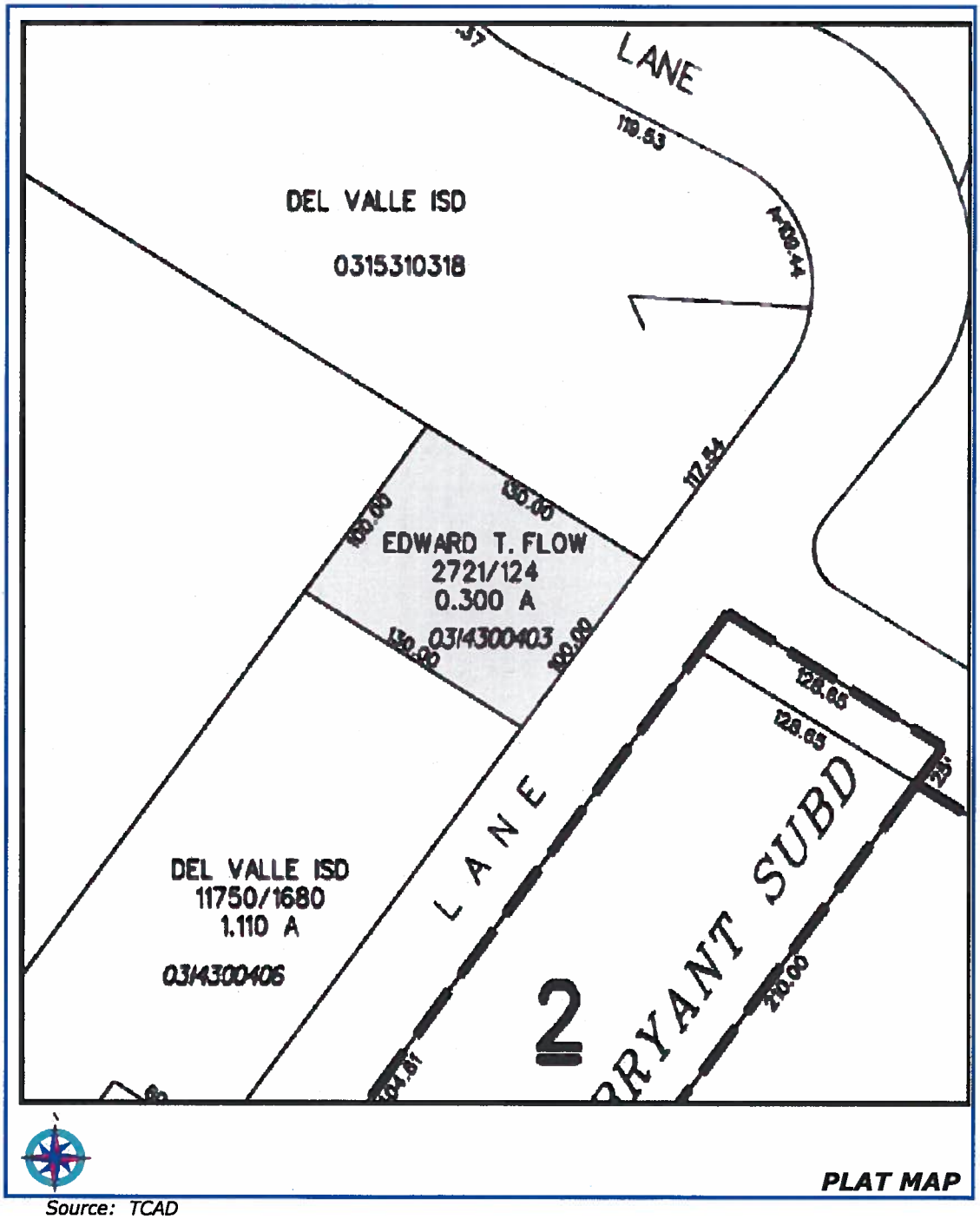


AIRPORT OVERLAY ZONE MAP

SITE DESCRIPTION AND ANALYSIS



AS BUILT SURVEY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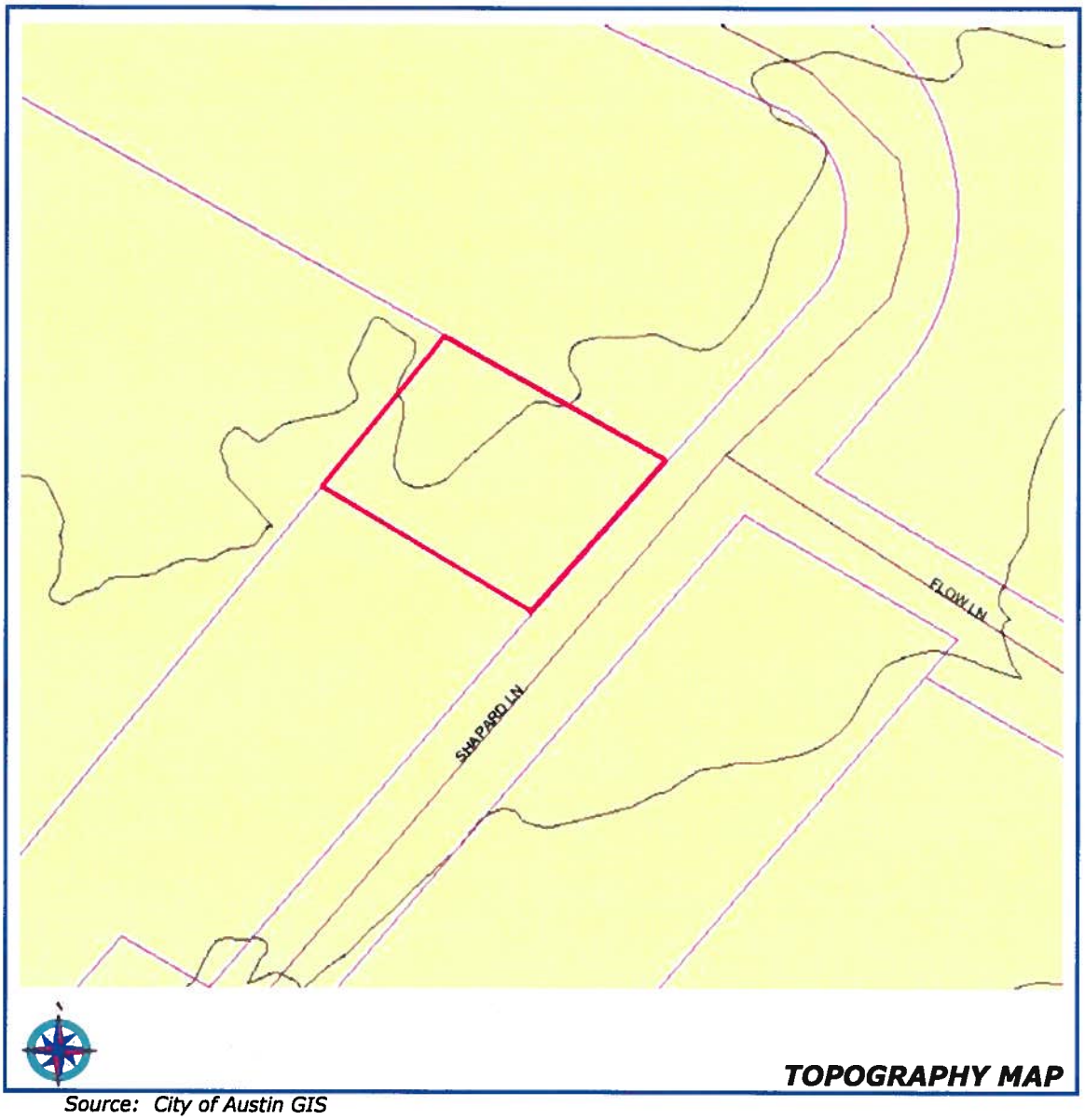
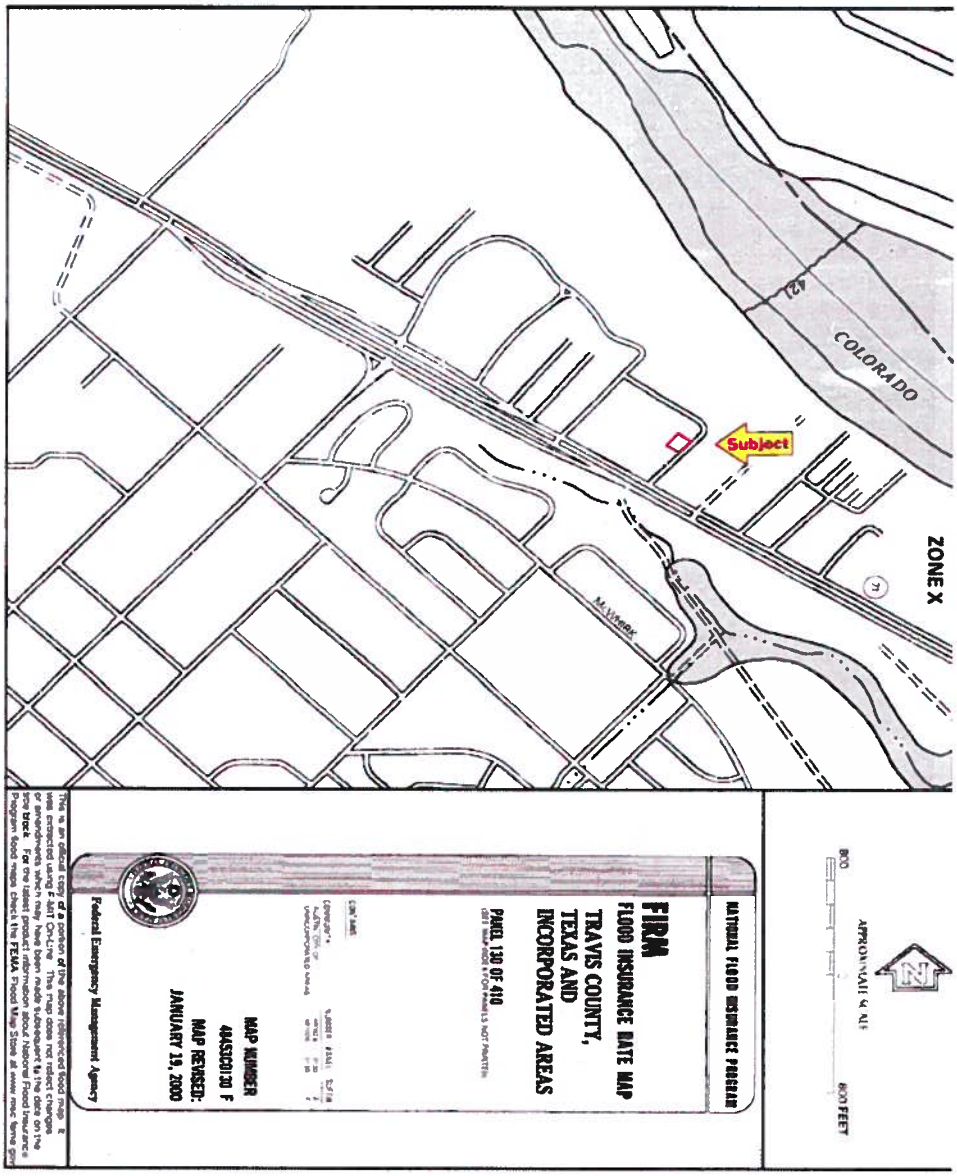
PLAT MAP

Source: TCAD

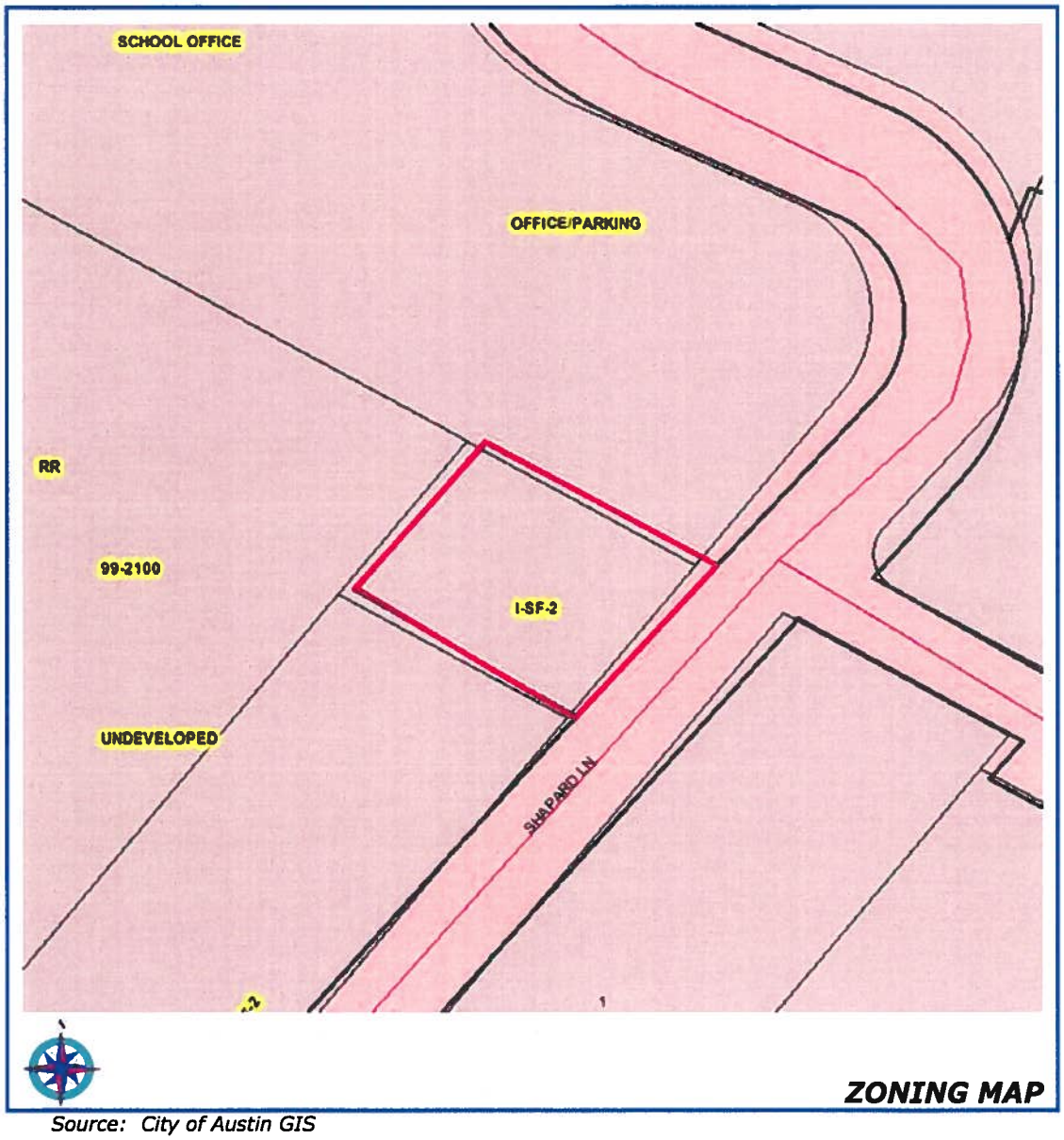


Source: City of Austin GIS



FLOODPLAIN MAP

Source: FEMA



Source: City of Austin GIS

SITE DESCRIPTION AND ANALYSIS

Location:	West line of Shapard Lane, north of of State Hwy 71 (2600 Shapard Lane), Del Valle, Travis County, Texas
Map Reference:	Mapsco Map Page: 647K, Grid: MN-17
Size:	±0.291 acres
Shape:	Rectangular
Frontage:	Shapard Lane: ±100 feet Shapard Lane in the vicinity of the subject is a two-lane two-way asphalt paved street traversing the area in an north-south and east-west direction.
Access/Visibility:	The subject site is accessible via Shapard Lane and is afforded good visibility from the roadway.
Topography:	The tract is basically level.
Subsoil Conditions and Drainage:	An engineering study to determine the soil and subsoil conditions has not been furnished. Upon inspection of the subject and surrounding improvements, soil conditions appear adequate to support development of the subject property with adequate engineering. Overall, drainage appears adequate.
Flood Plain:	The subject property lies within the area mapped by Flood Insurance Rate Map Panel #48453C 0130 F, for the City of Austin, Travis County, Texas dated January 19, 2000 as supplied by the Federal Emergency Management Agency. The subject appears to be located within Zone X, an area determined to be outside the 100 year floodplain. Based on our review of this map, 0% of the site is within the floodplain.
Utilities:	All utilites available. Electricity, water and wastewater services are provided by the City of Austin.
Additional Public Services:	Fire and emergency medical services are provided by the City of Austin and Travis County.
Zoning:	(SF-2) single family residence. Per discussions with Jim Gobel of the City of Austin it would be possible to change the zoning of the subject property to a commercial zoning. A rezoning application must be submitted and then the issue would go before the Planning and Zoning Commission and City Council. Of particular interest is that the subject property is also located within an Airport Overlay Zone which was established to control land use near the airport for the public. According to Chapter 25-13 of Ordinance No. 010809-78, the subject property lies in an area described as Airport Overlay Zone Two (AO-3), or those areas of the controlled compatible land use area that have yearly day-night average sound levels of at least 65

decibels and are located within approximately one-half mile of the 65 decibel contour line. As such, several land uses are restricted including all residential uses and schools. The contract we were provided indicated that the appraiser shall disregard the effect on use and value of any encumbrances resulting from the project.

Land Use Restrictions: We were provided with a title commitment. In addition, a search of the Travis County Deed Records did not reveal any adverse restrictions. However, appraisers are not generally qualified to perform title searches. There are no known deed restrictions, either public or private, that would limit the utilization of the subject property. This statement should not be taken as a guarantee or warranty that no such restrictions exist. Deed and title examination by a competent attorney is recommended should any questions arise regarding restrictions. We have assumed no adverse deed restrictions exist.

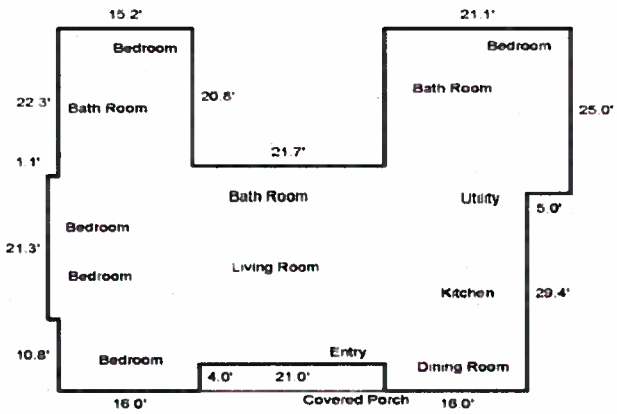
Easements and Encumbrances: Based on the provided Title Commitment and the Travis County Deed Records, the property has several typical electric and utility easements that are located throughout the subject property. It should be noted that these easements are not considered to affect the highest and best use or development potential consistent with the highest and best use as suggested in this report.

Environmental/Toxic Waste: This appraisal report assumes no soil contamination exists within or on the subject property. Any environmental issues, including endangered species and endangered species natural habitats, which would pertain to the subject property are unknown. Typically, real estate appraisers are not qualified nor are they experts in detecting hazardous materials, radiological materials, archeological resources, etc.; therefore, an expert in these fields should be consulted for opinions on these matters. This report assumes no environmental hazards or special resources exist within or on the subject property. As well, according to the Phase I Environmental Site Assessment completed by Hill Country Environmental, Inc. on January 24, 2007, there is no evidence of recognized environmental conditions in connection with the Site.

Mineral, Oil & Gas Interests: The appraisers were not made aware of any commercially viable mineral or oil deposits on the subject property.

Improvements: ±2,496 SF single family residence (YOC 1972, per TCAD), a front covered wood porch (±84 SF), uncovered concrete pad (±1,263 SF), concrete parking area (±1,116 SF), concrete drive (±720 SF), concrete sidewalk (±512 SF), 4' chain link fence (±360 LF total), 4' wire mesh fence (±71 LF total), a propane tank (personal property), a metal trailer (personal property), typical landscaping and supporting site improvements. Please see *Improvement Description & Analysis.*

Surrounding Properties:	The property is bound to the north by a parking lot, to the east by a mobile home park, to the south by a parking lot and to the west by vacant land.



SKETCH CALCULATIONS		
Living Area		
First Floor		2496.4
	Total Living Area	**2496.4**
Porch Area		
Porch		84.0
	Total Porch Area	**84.0**

BUILDING SKETCH

The subject property is improved with a ±2,496 SF single family residence (YOC 1972, per TCAD), a front covered wood porch (±84 SF), uncovered concrete pad (±1,263 SF), concrete parking area (±1,116 SF), concrete drive (±720 SF), concrete sidewalk (±512 SF), 4' chain link fence (±360 LF total), 4' wire mesh fence (±71 LF total), a propane tank (personal property), a metal trailer (personal property), typical landscaping and supporting site improvements. The single family residence is currently vacant. The owners indicated that the home was formerly used as a rental property. The kitchen is equipped with a refrigerator, dishwasher, double oven and garbage disposal. The five bedrooms are in average condition with typical partitions. The three bathrooms are in average condition. Several areas of the house, including the dining room and living room, suffer from mildew damage to the ceilings and walls. There is also extensive termite damage to several of the walls. Before the home could be in a rented it is necessary to fix these problems. A cost estimate to make these repairs has been included in the addenda of this report. The home is heated and cooled with an HVAC unit that was installed five

years ago. The roof is composition shingle and in average condition. The home appears to be average quality construction and in average condition.

As will be discussed in the *Highest & Best Use* section of this report, the improvements are considered to contribute value to the property as an interim use only until redevelopment for commercial use. Therefore, the interim use of the improvements has been considered herein.

ANALYSIS OF DATA

Highest and Best Use can be defined 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."[3]

The highest and best use involves consideration of land use as though vacant, and as improved. The potential uses of the subject are affected by the real estate economic forces of the area and neighborhood. The available uses are restricted by four criteria including physically possible, legally permissible, financially feasible and maximally productive. The potential use which generates the highest present value of return is the highest and best use of the subject property.

Previous sections of this report, with primary emphasis on the *Neighborhood Analysis, Site Description & Analysis and Improvement Description* sections, were utilized in order to render a judgment as to the highest and best use of the site, as vacant.

Highest and Best Use, As Vacant

Physically Possible

The first constraint is dictated by the physical attributes of the property itself. The subject is located at the west line of Shapard Lane, north of of State Hwy 71 (2600 Shapard Lane), Del Valle, Travis County, Texas. It contains ±0.291 acres and is basically level and is rectangular in shape. The relatively small size of the property restricts its development potential. The site has all utilites available. Fire, emergency medical services, and police protection are provided by Travis County and the City of Austin. According to available maps, 0% of the site is within the flood plain. Therefore, from a physical standpoint the subject property's relatively small size (±0.291 acres) is the only measurable developmental constraint on the subject site.

Legally Permissible

Legal restrictions, as they apply to the subject are private restrictions such as easements, and public restrictions such as zoning. Also considered within the context of Legally Permissible is conformity with surrounding properties. There are no known deed restrictions which would significantly limit the development alternatives of the property.

With regard to easements, based on the provided Title Commitment and the Travis County Deed Records, the subject has several typical electric and utility easements that are located throughout the subject property. It should be noted that these easements are not considered to affect the highest and best use or development potential consistent with the highest and best use as suggested in this report.

In consideration of zoning, the subject property is currently zoned SF-2 single family residence. Per discussions with Jim Gobel of the City of Austin it would be possible to change the zoning of the subject property to a commercial zoning. A rezoning application must be submitted and then the issue would go before the Planning and Zoning Commission and City Council. Of particular interest is that the subject property is also located within an Airport Overlay Zone which was established to control land use near the airport for the public safety reasons. According to Chapter 25-13 of Ordinance No. 010809-78, the subject property lies in an area described as Airport Overlay Zone Two (AO-3), or those areas of the controlled compatible land use area that have yearly day-night average sound levels of at least 65 decibels and are located within approximately one-half mile of the 65 decibel contour line. As such, several land uses are restricted including all residential uses and schools. The contract we were provided indicated

[3] *The Appraisal of Real Estate, 12th Edition*, (Chicago: Appraisal Institute, 2001), p.305.

that the appraiser shall disregard the effect on use and value of any encumbrances resulting from the project.

Conformity is the appraisal principle that holds that real property value is created and sustained when the characteristics of a property conform to the demands of the market. The principle of conformity can also greatly influence the determination of highest and best use. This principle states that the best use of the site is made when the use is reasonably similar to surrounding land uses so that there is no abrupt or inappropriate change from one category to another.

As discussed in the N*eighborhood Analysis* section, the subject property is located in the southeastern sector of the City of Austin, in an area that is primarily surrounded by airport and commercial uses. Residential uses can also be found near the subject to the east, west and south. Considering the subject's location at the northern edge of the Austin airport, a commercial or industrial development would conform to the area and take advantage of the attributes of the site.

In summary, the subject property is zoned for single family residence in the interim. However, it appears that the long term use for the property would be for commercial or industrial development by virtue of the development of the surrounding area.

As a result, the legally permissible component of the highest and best use is considered to point development towards commercial.

Financially Feasible and Maximally Productive

This section requires that the forces of supply and demand be in balance, and that the property developed will provide sufficient income to return profit to the land. As indicated in the N*eighborhood Analysis* section of this report, the subject's immediate area is located within the southeastern portion of Austin, at the northern edge of the Austin Bergstrom International Airport. In this instance, an commercial or industrial development similar to those nearby would be considered compatible with the surrounding development.

In this instance, commercial would be considered compatible with the surrounding development, and is adequately supported. Therefore, commercial is considered to be the most reasonable use of the site and generate the highest return for the land.

Highest and Best Use Conclusion, As if Vacant

Considering all of the factors which influence highest and best use, it is our opinion that the subject site, as if vacant would best be used for commercial.

Highest and Best Use Conclusion, As if Improved

As discussed in the *Improvement Description & Analysis* section, the subject property is improved with ±2,496 SF single family residence (YOC 1972, per TCAD), a front covered wood porch (±84 SF), uncovered concrete pad (±1,263 SF), concrete parking area (±1,116 SF), concrete drive (±720 SF), concrete sidewalk (±512 SF), 4' chain link fence (±360 LF total), 4' wire mesh fence (±71 LF total), a propane tank (personal property), a metal trailer (personal property), typical landscaping and supporting site improvements. The single family residence was formerly used as a rental property. The single family residence appears to be average quality construction and in average condition.

The subject's improvements have the capacity to perform the function for which they were intended in accordance with the current market standards of acceptability. However, as discussed in the *Improvement Description & Analysis* section, the improvements are considered

to contribute value to the property as an interim use only until redevelopment for commercial use. Therefore, the interim use of the improvements has been considered herein.

Although the property is currently improved with a single family residence, as previously discussed, the highest and best use of the property as if vacant is for commercial/light industrial development. Based on the current market for commercial/light industrial sites in the subject neighborhood, the value of the subject site as if vacant would exceed the value of the property as currently improved with a single family residence. In other words, the subject site is worth more as if vacant than as currently improved.

APPRAISAL PROCESS

In estimating the value of real property, there are three recognized approaches or techniques that, when applicable, can be used to process the data considered significant to each into separate value indications. In all instances the experience of the appraisers, coupled with

The three approaches are commonly known as:

The Cost Approach - An estimate of the present reproduction cost of the improvements, less accrued depreciation, plus land value. Depreciation includes all loss in value of the improvements due to physical deterioration, functional obsolescence, and economic obsolescence.

The Sales Comparison Approach - Comparison with similar properties that have sold in the market. This Approach can be applied to land alone or to improved properties.

Income Capitalization Approach - Capitalization of the net income that the property can produce. This Approach is applicable only to income producing properties.

In the analysis of the subject property the Cost Approach, Sales Comparison Approach and Income Capitalization Approach were considered. As the subject improvements are atypical for a commercial sale, the property has been valued as vacant land, and the Cost Approach and the Income Approach are not considered to be applicable. Therefore, only the Sales Comparison Approach has been developed herein. The Income Approach was utilized to develop an opinion of the interim value of the improvements, based upon anticipated rents.

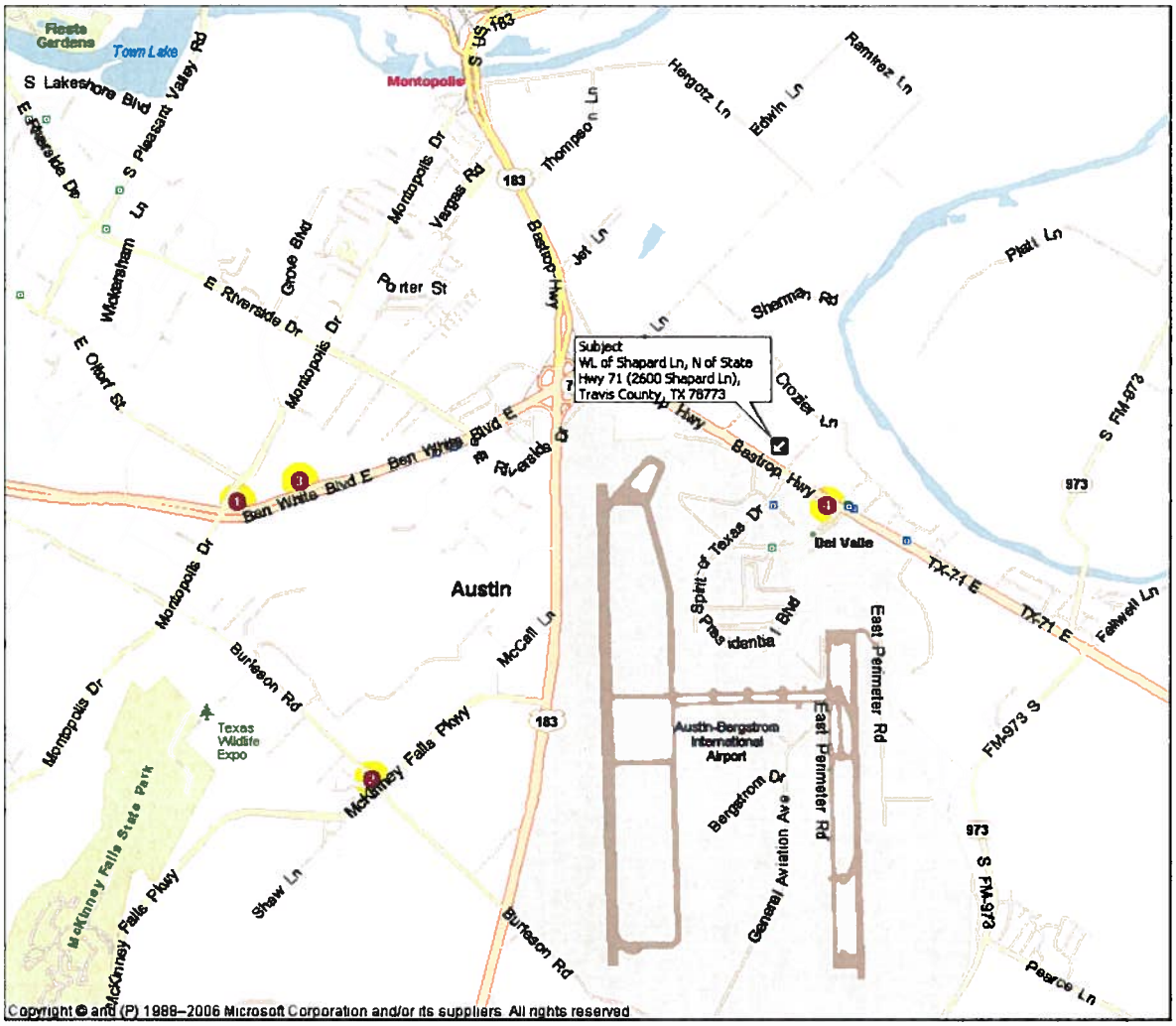
THE SALES COMPARISON APPROACH

THE SALES COMPARISON APPROACH

The Sales Comparison Approach will be utilized to estimate the fee simple value of the subject site. This approach is considered the most valid indicator in estimating the market value of unimproved land not typically leased in the marketplace. In valuing property via this approach, as many land sales as possible are gathered and the most comparable are used for comparison. Since properties are seldom identical, the comparable sales must be adjusted to the subject for differences in time, location, and physical characteristics to indicate a value for the subject tract.

When valuing real estate via the Sales Comparison Approach, the subject and comparables must be broken down into units of comparison. Units of comparison for vacant land include price per front foot, price per lot, price per acre (buildable or total), price per square foot (buildable or total) and price per buildable unit. The method of comparison is based on the method typically used to purchase vacant tracts in a given area. The price per SF appears prevalent in the area and will be the unit of comparison in our valuation of the subject site.

In undertaking our research efforts, we made a diligent search of the subject's neighborhood for properties that had sold or that were under contract. The search for comparables included investigating Travis County deed records, numerous conversations with local brokers and property owners and a review of sales contained in our office. Our research included searching for land tracts that exhibited similar characteristics. Included on the following page is a summary of the documented land sales that have been used in estimating the value of the subject. These sales are considered to be the best available comparable sales. A location map has also been included.



LAND SALES MAP

LAND SALES SUMMARY					
#	LOCATION	DATE OF SALE	$/SF	LAND SIZE (ACRE)	ZONING
1	NEC of Montopolis Dr. and Ben White Blvd. (6300-6400 E Ben White Blvd), Austin	07/12/06	$8.50	5.770	LI
2	SEC of Burleson Rd. and Shallowbrook Trail (7507 Burleson Rd.), Austin	07/17/06	$3.08	0.320	CNTY
3	NL of Ben White Blvd., E of Montopolis Dr. (6610 Ben White Blvd.), Austin	06/14/06	$5.00	4.130	LI
4	NL of Ben White Blvd., E of Shapard Ln (2642 E State Highway 71), Del Valle	04/27/06	$8.61	0.161	I-RR
Subject	West line of Shapard Lane, north of of State Hwy 71 (2600 Shapard Lane), Del Valle, Travis County, Texas			±0.291 acres	SF-2

Source: Atrium Real Estate Services 04/2007

LAND SALE NO. 1

Property Identification

Record ID	782
Property Type	Industrial
Address	NEC of E Ben White Blvd & Montopolis Dr. (6300-6400 E Ben White Blvd), Austin, Travis County, Texas 78741
Tax ID	03-1413-0202; 03-1413-0203
Map Page/Grid	645M/MK-17

Sale Data

Grantor	C.M. Gatton
Grantee	NEC Ben White/Montopolis, Ltd.
Sale Date	July 12, 2006
Deed Book/Page	2006136681
Financing	Cash to seller
Deed Reviewed	4/13/07, JDL; Date Inspected: 4/13/07, JDL/LRJ
Verification	Steve Holland, broker, 512-632-9900, April 23, 2007; Confirmed by JDL
Sale Price	$2,136,400

Land Data

Zoning	LI-NP, Light Industrial
Topography	slightly rolling
Utilities	all available
Shape	irregular
Flood Info	none noted
Easements	no adverse easements noted
Improvements	none
Mineral, Oil and Gas Interests	The deed was silent as to any mineral, oil or gas interests
Intended/Current Use	retail site/vacant

Land Size Information

Gross Land Size	5.770 Acres or 251,341 SF
Front Footage	Montopolis Dr. +/- 602 feet; E Ben White Blvd. +/- 737 feet

Indicators

Sale Price/Gross Acre	$370,260
Sale Price/Gross SF	$8.50

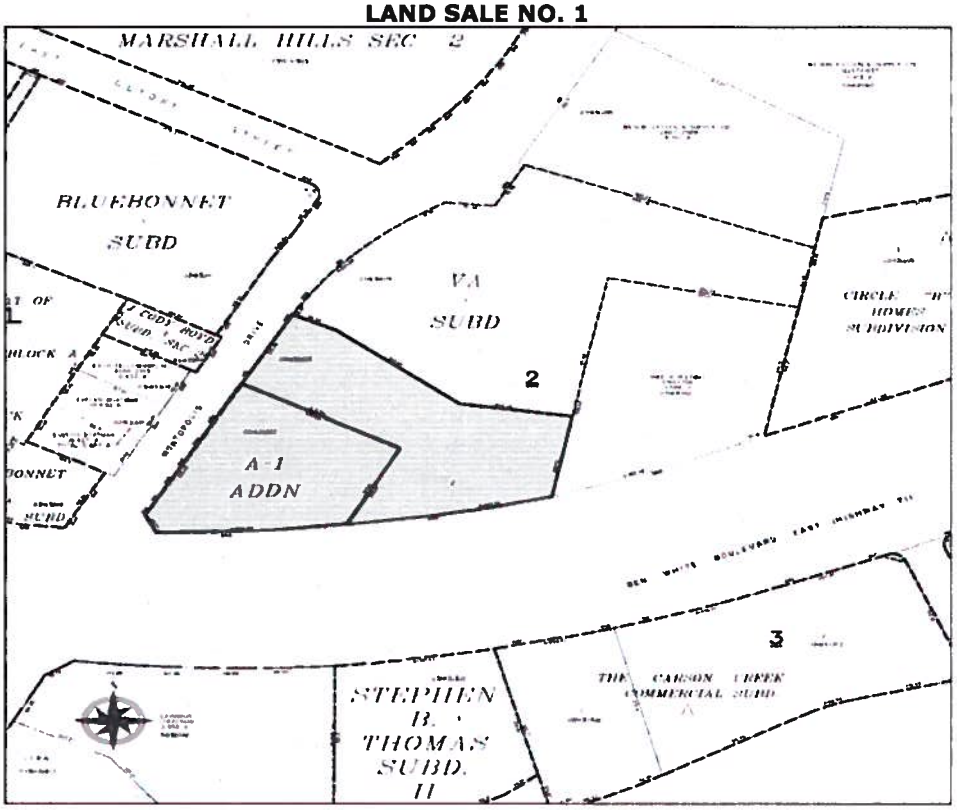
Legal Description

5.771 acre tract described by Delta Survey Group, Inc. in April, 2006 located in the Santiago del Valle Grant, Travis County, Texas

Remarks

The property is presently vacant land.
The highest and best use of the property is light industrial.
Reportedly, the intended use of the property is as a retail site. The property has good access from both Montopolis Drive and Ben White Boulevard.

LAND SALE NO. 1



LAND SALE NO. 2

Property Identification

Record ID	739
Property Type	Residential
Address	SEC of Burleson Rd. and Shallowbrook Trail (7507 Burleson Rd.), Austin, Travis County, Texas 78744
Tax ID	03-2216-0110
Map Page/Grid	676B/ML-15

Sale Data

Grantor	Farooq Amin and Farzana Amin
Grantee	Antonio Prat Mendoza and wife, Alice Mendoza
Sale Date	July 17, 2006
Deed Book/Page	2006136585
Conditions of Sale	Cash to seller
Deed Reviewed	1/10/07, JDL; Date Inspected: 1/10/07, JDL/LRJ
Verification	Rick Shulte, broker, 512-327-9310, January 10, 2007; Confirmed by JDL
Sale Price	$43,000

Land Data

Zoning	CNTY, County
Topography	basically level
Utilities	water and electricity
Shape	basically rectangular
Flood Info	none
Easements	no adverse easements noted
Improvements	none
Mineral, Oil and Gas Interests	The deed was silent as to any mineral, oil or gas interests
Intended/Current Use	unknown/vacant

Land Size Information

Gross Land Size	0.320 Acres or 13,939 SF
Front Footage	Burleson Rd. +/- 66.38 feet; Shallowbrook Rd. +/- 140 feet

Indicators

Sale Price/Gross Acre	$134,375
Sale Price/Gross SF	$3.08

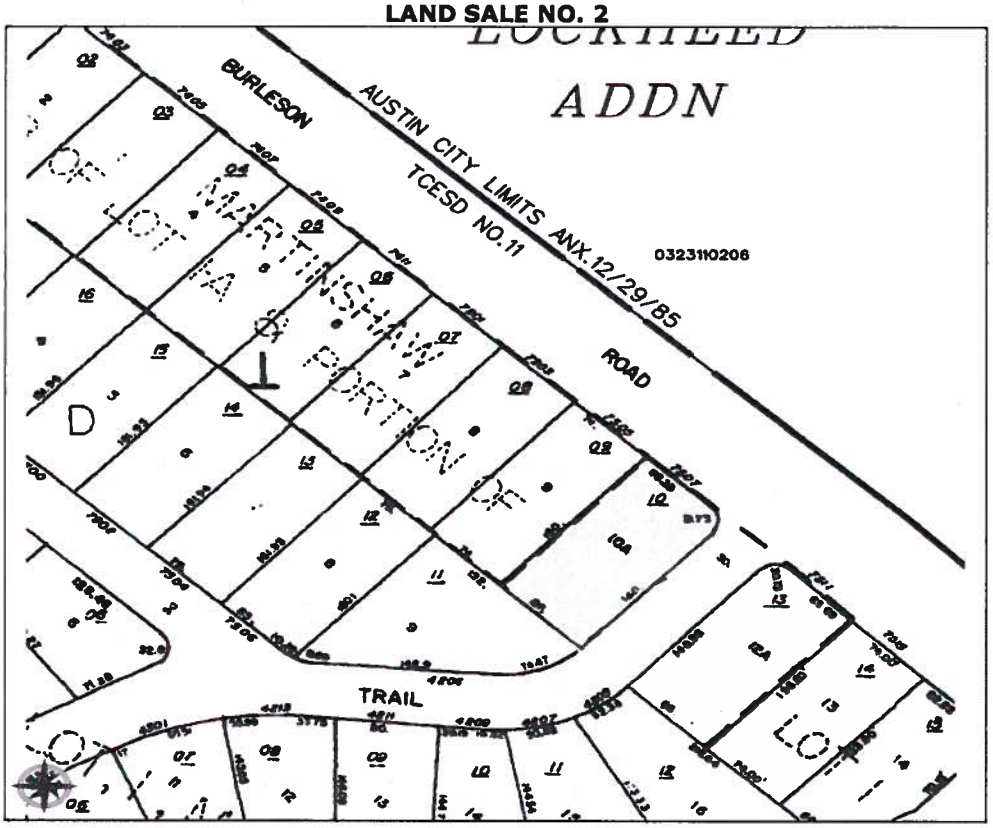
Legal Description

Lot 10A, Block D, of Resubdivision of Part of Lot 1, Martinshaw Subdivision, Travis County, Texas

Remarks

The property is presently vacant land.
The highest and best use of the property is commercial.
The lot is not located in the flood plain. Property has electricity and water but no sewer. There is sewer access directly across the street from the property, however, and per the broker this made the property more desirable to the buyers.

LAND SALE NO. 2



LAND SALE NO. 3

Property Identification

Record ID	783
Property Type	Industrial
Address	NL of E Ben White Blvd., E of Montopolis Dr. (6610 E Ben White Blvd.), Austin, Travis County, Texas 78741
Tax ID	03-1413-0206
Map Page/Grid	646J/ML-17

Sale Data

Grantor	Sam P. Bath and Elouise Bath
Grantee	ThirdStep, LP, a Texas limited partnership
Sale Date	June 14, 2006
Deed Book/Page	2006132039
Financing	Cash to seller
Deed Reviewed	4/13/07, JDL; Date Inspected: 4/13/07, JDL/LRJ
Verification	Phil Curran, broker, 512-499-4908, April 23, 2007; Other sources: CoStar 1162225; Confirmed by JDL
Sale Price	$899,514

Land Data

Zoning	LI, Light Industrial
Topography	slightly rolling
Utilities	water, electricity, septic
Shape	irregular
Flood Info	none
Easements	no adverse easements noted
Improvements	none
Mineral, Oil and Gas Interests	The deed was silent as to any mineral, oil or gas interests
Intended/Current Use	distribution & showroom business/vacant

Land Size Information

Gross Land Size	4.130 Acres or 179,903 SF
Front Footage	Ben White Blvd. +/- 422

Indicators

Sale Price/Gross Acre	$217,800
Sale Price/Gross SF	$5.00

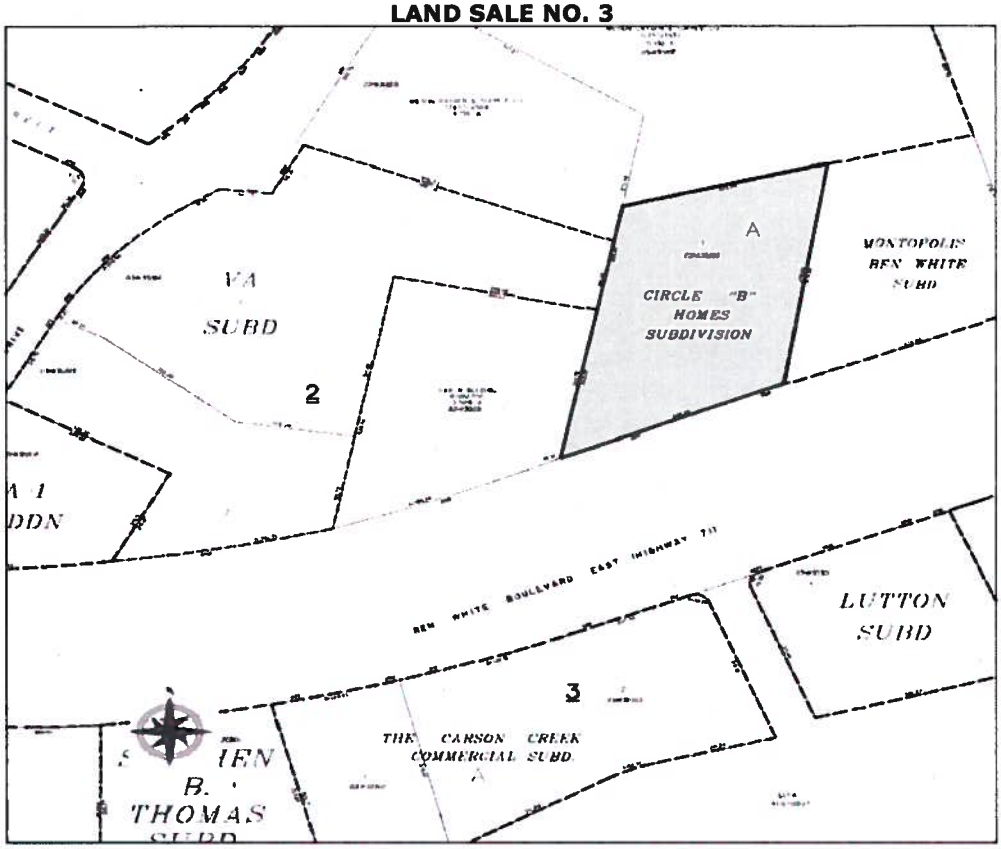
Legal Description

Lot 1, Block A, Circle "B" Homes Subdivision, a subdivision in Travis County, Texas

Remarks

The property is presently vacant land.
The highest and best use of the property is light industrial.
The property does not have wastewater access; it is equipped with a septic tank. Per the broker, the property was well landscaped with curb cuts and terracing prior to sale.

LAND SALE NO. 3



LAND SALE NO. 4

Property Identification

Record ID	784
Property Type	Commercial
Address	NL of E Ben White Blvd, E of Shapard Ln (2705 E State Hwy 71), Austin, Travis County, Texas 78773
Tax ID	03-1430-0201
Map Page/Grid	647K/MN-17

Sale Data

Grantor	Bryan L. Flow and wife, Teddy J. Flow
Grantee	Gustavo Aldama
Sale Date	April 27, 2006
Deed Book/Page	2006078113
Conditions of Sale	Seller financed
Financing	$45,000 (75%) @ 9%, 15 year amortization, 5 year ballon
Deed Reviewed	4/13/07, JDL; Date Inspected: 4/13/07, JDL/LRJ
Verification	Gerry Tharp, broker, 512-343-7825, April 23, 2007; Confirmed by JDL
Sale Price	$60,000

Land Data

Zoning	I-RR, Interim
Topography	basically level
Utilities	all available
Shape	rectangular
Flood Info	none
Easements	no adverse easements noted
Improvements	none
Mineral, Oil and Gas Interests	The deed was silent as to any mineral, oil or gas interests
Intended/Current Use	small office/vacant

Land Size Information

Gross Land Size	0.161 Acres or 7,013 SF
Front Footage	E State Hwy 71 +/- 59 feet

Indicators

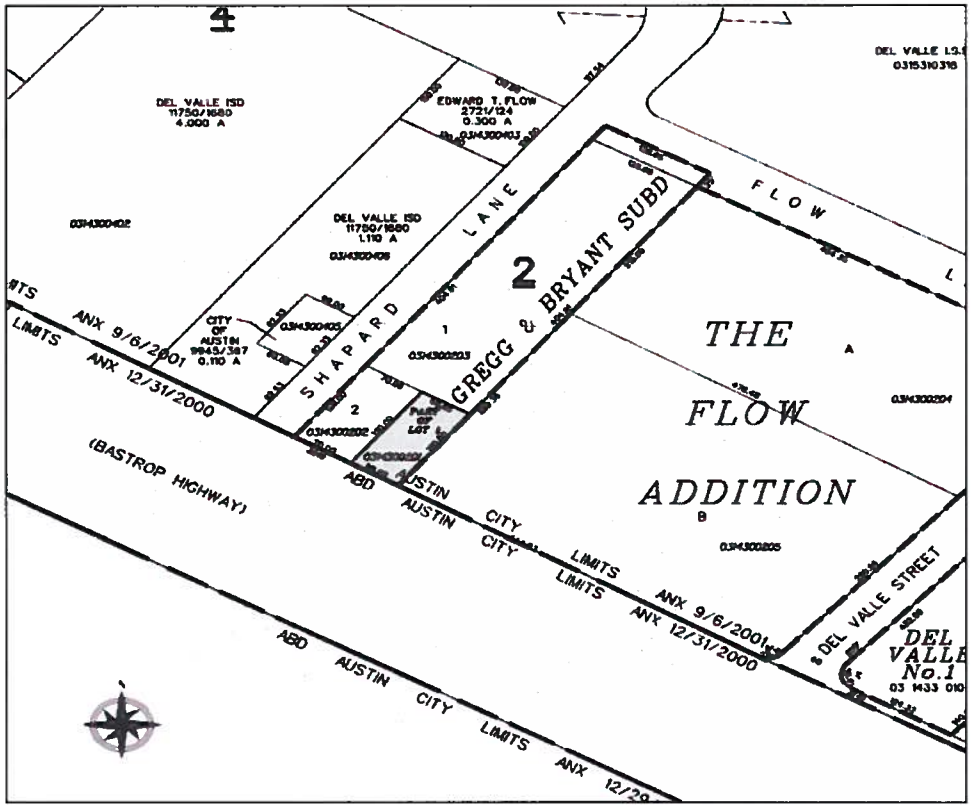
Sale Price/Gross Acre	$372,671
Sale Price/Gross SF	$8.56

Legal Description

0.16 of an acre of land, being a portion of Lot 1, Gregg & Bryant Subdivision, a subdivision in Travis County, Texas

Remarks

The property is presently vacant land.
The highest and best use of the property is commcercial.
Reportedly, the owner intends to use the property as a small office for a car business.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DEL VALLE No.1
ABD AUSTIN CITY LIMITS ANX 12/29

LAND SALES SUMMARY						
#	LOCATION	DATE OF SALE	$/SF	SIZE (ACRES)	ZONING	COMMENTS
1	NEC of Montopolis Dr. and Ben White Blvd. (6300-6400 E Ben White Blvd), Austin	07/12/06	$8.50	5.770	LI	The property is presently vacant land. Reportedly, the intended use of the property is as a retail site. The property has good access from both Montopolis Drive and Ben White Boulevard. It is located on a busy intersection of two main thoroughfares and is surrounded by commercial and light industrial development.
2	SEC of Burleson Rd. and Shallowbrook Trail (7507 Burleson Rd.), Austin	07/17/06	$3.08	0.320	CNTY	The property is presently vacant land. Property has electricity and water but no sewer. There is sewer access directly across the street from the property, however, and per the broker this made the property more desirable to the buyers. The property was advertised as a possible commercial lot.
3	NL of Ben White Blvd., E of Montopolis Dr. (6610 Ben White Blvd.), Austin	06/14/06	$5.00	4.130	LI	The property is presently vacant land. The property does not have wastewater access; it is equipped with a septic tank. Per the broker, the property was well landscaped with curb cuts and terracing prior to sale. It is located along a busy main thoroughfare and surrounded by commercial and light industrial development.
4	NL of Ben White Blvd., E of Shapard Ln (2642 E State Highway 71), Del Valle	04/27/06	$8.61	0.161	I-RR	The property is presently vacant land. Reportedly, the owner intends to use the property as a small office for a car business. It is surrounded by commercial and mobile home lots.
Subject	West line of Shapard Lane, north of of State Hwy 71 (2600 Shapard Lane), Del Valle, Travis County, Texas			±0.291 acres	SF-2	The property is located on a 2 lane secondary thoroughfare immediately off of Hwy 183 and is surrounded by commercial, residential and light industrial uses. It is improved with a ±2,496 SF single family residence (YOC 1972, per TCAD), a front covered wood porch (±84 SF), uncovered concrete pad (±1,263 SF), concrete parking area (±1,116 SF), concrete drive (±720 SF), concrete sidewalk (±512 SF), 4' chain link fence (±360 LF total), 4' wire mesh fence (±71 LF total), a propane tank (personal property), a metal trailer (personal property), typical landscaping and supporting site improvements.

Source: Atrium Real Estate Services 04/2007

THE ADJUSTMENT PROCESS

In order to narrow the range of sale prices indicated by the comparable sales, adjustments will be made to the sales for differing characteristics. The adjustments will be applied based on the number of rating categories of difference between the comparable sale and the subject. For example, a slightly inferior rated sale differs from the subject by one rating category, while an inferior rated sale differs from the subject by two rating categories. A far inferior sale differs from the subject by three categories. The adjustment process will begin with a discussion of the property rights.

Property Rights Conveyed - The transaction price of a sale is always based on the real property interest conveyed. In this instance, an adjustment for this attribute is not considered necessary.

Terms of Sale/Financing - The sales price of a property may differ from that of an identical property due to different financing terms. An adjustment for cash equivalency is not warranted.

Conditions of Sale – All of the sales reflected properties that concluded to be arm's length transactions. As such, an adjustment for this characteristic is not warranted.

Market Conditions/Time - The sale comparables utilized in the present analysis ranged in date of sale from 04/27/06 to 07/12/06. When considering the sale prices of the comparables arranged according to date of sale, it appears that an adjustment for this characteristic is warranted. As such, it is our opinion that the market for tracts of land purchased during the demonstrated time frame as the comparables to the present date have been increasing at 6% per year and we have adjusted the sales for market conditions accordingly.

Location -The following Table summarizes the location ratings:

LOCATION RATINGS		
Sale	Location	Rating
1	NEC of Montopolis Dr. and Ben White Blvd. (6300-6400 E Ben White Blvd), Austin	Sl. Superior
2	SEC of Burleson Rd. and Shallowbrook Trail (7507 Burleson Rd.), Austin	Inferior
3	NL of Ben White Blvd., E of Montopolis Dr. (6610 Ben White Blvd.), Austin	Sl. Superior
4	NL of Ben White Blvd., E of Shapard Ln (2642 E State Highway 71), Del Valle	Sl. Superior
Subject	West line of Shapard Lane, north of of State Hwy 71 (2600 Shapard Lane), Del Valle, Travis County, Texas	

Based on the general location characteristics of the properties, an adjustment for location appears necessary. Considering the general locational differences of the comparables, an adjustment of 15% per rating category has been utilized. These adjustments are considered to be sufficient to account for the locational differences between the sales and the subject property.

Physical Characteristics:

Included in the physical characteristics adjustments are various categories including size of properties, improvements on the property, entitlements, easements, topography, utilities, flood plain, zoning, etc. The following summarizes those characteristics which require adjustment.

Size: The size of the property is ±0.291 acres while the sales range in size from 0.160 acres to 5.770 acres. Based on the variation in size of the properties, an adjustment for size appears necessary. As such, a 10% adjustment per doubling has been applied to the sales. These adjustments are considered to be sufficient to account for the size differences between the sales and the subject property.

SIZE RATINGS		
Sale	Size (acres)	Rating/Doublings
1	5.770	Far Inferior/4.0
2	0.320	Similar/0.0
3	4.130	Far Inferior/4.0
4	0.161	Sl. Superior/1.0
Subject	±0.291 acres	------

Topography/Floodplain: The subject topography is basically level, with 0% of the site located in the floodplain. All of the sales comparable have similar topography and none are located in the floodplain. As such they are considered comparable to the subject property and no adjustment has been applied for this characteristic.

Utilities: The subject property has all utilities available. Sale 3 does not have access to sewer, therefore a 20% adjustment has been applied to this sale. Sale 2 does not have access to sewer but the broker indicated that a sewer line is located directly across the street and that the cost to hook up to this line would be approximately the same as installing a septic system. A 10% adjustment has been applied to this sale in consideration of its slightly reduced access to sewer. These adjustments are considered to be sufficient to account for the differences between the sales and the subject property for this characteristic. Sales 1 and 4 are similar to the subject for this characteristic and no adjustment has been applied.

Other Characteristics: Sale 1 is located on at the busy intersection between the neighborhood's primary east-west thoroughfare and a major north-south road. This is considered a superior characteristic, and Sale 1 has therefore been adjusted 15%. Sales 3 and 4 are similar to the subject with respect to corner access and no adjustments were applied. Sale 2, like the subject, also sits on a corner. However, it is not considered similar to the subject for this characteristic due its location at the intersection of a moderately traveled roadway and a minor residential street, as well as the fact that it is surrounded primarily by residential lots and vacant land. Therefore, no adjustment was considered necessary for Sale 2 and as such none was applied. The sales were considered to be relatively similar for other characteristics. As such, no additional adjustments were considered necessary.

The adjusted values of the sales have been summarized in the adjustment grid on the following page.

ADJUSTMENT GRID				
	1	2	3	4
Sale Price/SF	$8.50	$3.08	$5.00	$8.56
Property Rights Conveyed	0%	0%	0%	0%
Adjusted $/SF	$8.50	$3.08	$5.00	$8.56
Conditions of Sale/Financing	0%	0%	0%	0%
Adjusted $/SF	$8.50	$3.08	$5.00	$8.56
Date of Sale	7/12/2006	7/17/2006	6/14/2006	4/27/2006
Market Conditions/Time	+3%	+3%	+4%	+5%
Adjusted $/SF	$8.76	$3.17	$5.20	$8.99
Location Adjustment	-15%	+30%	-15%	-15%
Physical Adjustment				
Size adjustment	+20%	0%	+20%	-5%
Flood Plain/Topo adj	0%	0%	0%	0%
Utilites adj	0%	+10%	+20%	0%
Other Adjustment	-15%	0%	0%	0%
Net Location & Physical Characteristics Adjustment	-10%	+40%	+25%	-20%
Adjusted $/SF	**$7.88**	**$4.44**	**$6.50**	**$7.19**

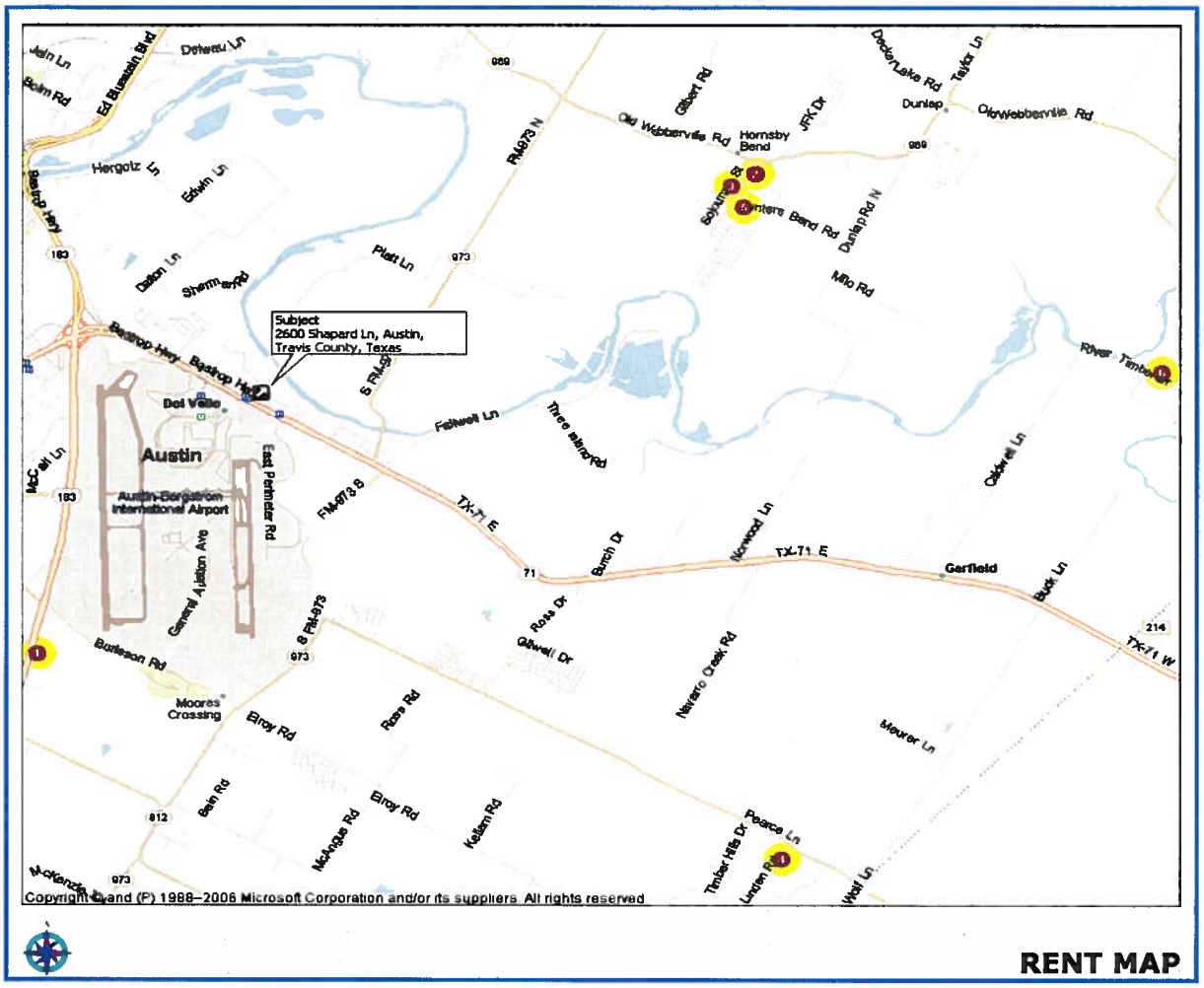
Reconciliation and Value Estimate

In estimating the fee simple value of the subject via this approach, four closed sales were considered. These data were analyzed and adjusted, suggesting a value estimate for the subject property between $4.44/SF and $7.88/SF. A value estimate of $7.00/SF has been utilized herein.

As previously noted, the improvements on the subject property are considered an interim use on the subject site. Although the house is now vacant the property was formerly used as a rental property and could be used in that capacity again once renovations have been made to the house. Bill Hickey of Investment Property Services (512-267-3651) reported total renovation costs for the residence at $8,700. This amount will be deducted from the projected rental income.

The subject property is ±2,496 SF while the rental data available ranges in size from 1,512 SF to 3,597 SF. The subject property is currently unoccupied. The property owners indicated that they were receiving $1,800/month in rental income from the property. The monthly rents for the comparables range from $900/month to $1,500/month with $/SF/month ranging from $0.42/SF/month to $0.76/SF/month. Rents 2, 3, 4 and 5 are are located near the subject and have years of construction similar to the subject property (1986, 1987, 1983 and 1987 respectively). Therefore, these rents are considered to be accurate indicators of the subject market. Rents 1 is located off of a major roadway and gives an indication of the rental rates for properties that share this characteristic. Considering the subject's size and overall condition, a market oriented rental rate of $1,800/month or $0.72/SF/month is considered to be reasonable for the subject property. A brief summary of the pertinent information for these rents as well as a map of their locations are on the following pages.

It is our opinion that the subject property would likely be developed for commercial use within the next 3 years. In many cases, developers buying similar types of properties place little, if any, value on the improvements. To account for some additional value in this analysis, we have projected 3 years of rental income. Making some allowance for periodic fluctuations and potential collection problems, we have used a vacancy and collection loss factor of 10%. This factor also includes a percentage to account for owner expenses during periods of vacancy and minor concessions.



RENT MAP

RENT SUMMARY						
#	LOCATION	MONTHLY RATE	$/SF	SIZE BED/BATH	YOC CONDITION	LEASE TERM
1	5611 Colton Rd., Santiago Del Valle Ten League Grant, Austin	$1,500	$0.42	3,597 SF 4/2	1969 Average	12 months
2	4714 Castleman Dr., Austin's Colony Subd., Austin	$1,050	$0.57	1,841 SF 4/2	1986 Average	12 months
3	14209 Kincheloe St., Austin's Colony Subd., Austin	$900	$0.57	1,587 SF 4/2	1987 Average	12 months
4	7800 Linden Rd., East Travis Hills Subd., Austin,	$950	$0.63	1,512 SF 3/2	1983 Average	12 months
5	14302 Vandever St., Austin's Colony Subd., Austin	$1,150	$0.76	1,519 SF 3/2	1987 Average	12 months
6	2201 Man O War Dr., River Timber Subd., Del Valle	$1,150	$0.68	1,700 SF 3/2	1995 Average	12 months
Subject	West line of Shapard Lane, north of of State Hwy 71 (2600 Shapard Lane), Del Valle, Travis County, Texas	NA	NA	2,496 SF 5/3	1972 Average	NA

Source: Atrium Real Estate Services 5/2007

Comparable Rent Summary Chart						
#	Name / Location	YOC Condition	Size Bed/Bath	Market Rent/ Month	$/SF	Amenities/Comments
1	5611 Colton Rd., Santiago Del Valle Ten League Grant, Austin	1969 Average	3,597 SF 4/2	$1,500	$0.42	Site has a two wood sheds, an aluminum shed, a wood frame garage and a wood covered storage area. The property is enclosed by wire and chain link fencing.
2	4714 Castleman Dr., Austin's Colony Subd., Austin	1986 Average	1,841 SF 4/2	$1,050	$0.57	Site has a brick two car garage with extra storage and a 6' wood privacy fence.
3	14209 Kincheloe St., Austin's Colony Subd., Austin	1987 Average	1,587 SF 4/2	$900	$0.57	Site has a brick two car garage and a wood fence in back.
4	7800 Linden Rd., East Travis Hills Subd., Austin,	1983 Average	1,512 SF 3/2	$950	$0.63	Site has a concrete drive and sits on five acres of land.
5	14302 Vandever St., Austin's Colony Subd., Austin	1987 Average	1,519 SF 3/2	$1,150	$0.76	Site has a brick two car garage and a wood fence in back.
6	2201 Man O War Dr., River Timber Subd., Del Valle	1995 Average	1,700 SF 3/2	$1,150	$0.68	Site has a brick two car garage, and the rear portion is enclosed by a livestock fence.
Subject	West line of Shapard Lane, north of of State Hwy 71 (2600 Shapard Lane), Del Valle, Travis County, Texas	1972 Average	2,496 SF 5/3	NA	NA	The subject has a concrete drive, and the rear portion is enclosed by a chain link and wire mesh fence.

Source: Atrium Real Estate Services 5/2007

With regard to operating expenses, historical information was not available for the subject property, however, real estate taxes on the improvements are currently $3,608/year for the single family residence. Insurance is estimated at $0.20/SF/yr to $0.25/SF/yr. In addition, there would be some maintenance and repairs items which have been estimated at $0.40/SF/yr to $0.50/SF/yr. This totals to $2.06/SF to $2.21/SF; to this end a reconciled total expense estimate of $2.15/SF NRA per year has been used. In addition, at the end of the 3 year period, it would be necessary to demolish the current improvements for redevelopment for commercial use. In order to estimate demolition costs, we considered the costs provided by the Marshall Valuation Service as well as local cost estimates. As such, $4.50/SF has been utilized to account for demolition costs of the single family residence, totaling $11,232.

The cost of capital, also known as the discount rate, is used to discount the net income stream of the proposed improvements in order to yield an indication of its present value. Therefore, the discount rate used in this analysis is the required rate of return to the equity owner (equity yield rate). There is no universal equity yield rate for all property types at any given time. The highest rates are applied to the most risky investments while the lowest rates are applied to the safest investments. Capital will not be attracted to a proposed development if an investor senses that the chances for satisfying personal objectives are better in other markets, such as corporate bonds, U.S. Treasury securities, stocks, etc.

A recent survey conducted by the appraisers of three approaches, Secondary Sources Approach, Market Investment Comparison Approach and Components of Discount Rate Approach, demonstrated a range in the discount rate between 7.00% and 16%. Given the current conditions in area real estate markets of similar properties, an equity yield rate near the upper end of this range is considered appropriate for the subject property. Therefore, a 14% discount rate is considered reasonable and supportable for the purposes of this analysis.

The interim income of the subject property was analyzed based on the assumptions previously explained and were incorporated into the analysis. The Discounted Cash Flow has been included below. This analysis is considered to be based on reasonable market oriented assumptions, assuming a 14% discount rate over a three year period.

Interim Income Analysis			
Period (Years)	1	2	3
Potential Gross Income	$21,600	$21,600	$21,600
Vacancy & Collection (10%)	-$2,160	-$2,160	-$2,160
Effective Gross Income	$19,440	$19,440	$19,440
Operating Expenses	-$5,366	-$5,366	-$5,366
(2,496 SF x $2.15/SF)			
Demolition Costs	$0	$0	-$11,232
Net Operating Income	$14,074	$14,074	$2,842
Present Value Factor (14%)	0.87719298	0.76946753	0.67497152
Present Value	$12,346	$10,829	$1,918
PV of Interim Income	$25,093		
Rounded To:	$25,000		

Therefore, the market value estimate of the fee simple interest in the subject property is as follows:

±12,664 SF x $7.00/SF =	$88,648
Interim Income:	$25,000
Renovation Costs:	($8,700)
Total:	$104,948
Rounded to:	**$105,000**

RECONCILIATIONS & QUALIFICATIONS

RECONCILIATION OF VALUE ESTIMATE

In the preceding sections of this report, an indication of the subject's market value was estimated. The analysis and results of the investigation are submitted in this appraisal report which has been prepared in conformity with the requirements of the *Code of Professional Ethics and the Standards of Professional Appraisal Practice* of the APPRAISAL INSTITUTE, the *Uniform Standards of Professional Appraisal Practice* as promulgated by the APPRAISAL FOUNDATION, as well as the requirements of the STATE OF TEXAS for State-Certified General Real Estate Appraisers and the *Uniform Appraisal Standards for Federal Land Acquisition & FAA Regulations*.

In determining the market value of the of the subject property, we made a diligent search of the subject's neighborhood for properties that had sold or that were under contract. The search for comparables included investigating Travis County deed records, numerous conversations with local brokers and property owners and a review of sales contained in our office. Our research included searching for vacant land tracts that exhibited similar characteristics.

MARKET VALUE ESTIMATE - The fee simple market value for the subject property, as of April 11, 2007, was as follows:

ONE HUNDRED FIVE THOUSAND
($105,000)

Please note: This value conclusion is specifically limited by the *Basic Assumptions and Limiting Conditions*, with emphasis on the *Extraordinary Assumptions* as detailed at the beginning of this appraisal report.

QUALIFICATIONS OF LORY R. JOHNSON, MAI, SR/WA

ASSOCIATIONS/STATE CERTIFICATIONS

Texas Certified General Real Estate Appraiser #TX-1321640-G
Member of the Appraisal Institute (MAI) #09346
Member of Austin Chapter of the Appraisal Institute
2006/2005 Board of Director as Education Chair Austin Chapter of the Appraisal Institute
2003 Past President of the Austin Chapter of the Appraisal Institute
2003/2004 Regional Representative (Region VIII) of the Austin Chapter Appraisal Institute
2003/2004 Member of the Nominations Committee for Region VIII of the Appraisal Institute
2002/2003 Member of the General Demonstration Reports Subcommittee Appraisal Institute
2002 President of the Austin Chapter of the Appraisal Institute
2004/2005 Board of Director of Austin Chapter of the Appraisal Institute
1999-2002 Officer of the Austin Chapter of the Appraisal Institute
2000-2006 Chair of the Education Committee of the Austin Chapter of the Appraisal Institute
1996/1997/1998 Director for the Austin Chapter of the Appraisal Institute
1993-2006 Various Committee Chairs for the Austin Chapter of Appraisal Institute
1995/1996/1997 Region VIII Regional Ethics & Counseling Panel - Appraisal Institute
Member of the International Right of Way Association, Chapter #74
2006 Voted Professional of the Year by Austin IRWA Chapter #74
2007 Secretary of the Austin IRWA Chapter #74
2006 Treasurer of the Austin IRWA Chapter #74
2004-2007 Chair of the Newsletter Committee - Austin IRWA Chapter #74
1995 Chair of Valuation Committee - Austin IRWA Chapter #74
Designated Member of the Austin Board of Realtors
Texas Real Estate Broker's License #354928
2005 Member of Austin Chamber of Commerce

EDUCATION

Bachelor of Science Degree, Ag Economics, Texas A&M University, 1986
Graduate courses in the Masters of Business Administration program, St. Edwards University
Numerous Appraisal Institute professional courses as well as a large variety of real estate appraisal related continuing education courses and seminars completed.

PROFESSIONAL BACKGROUND

* October 1991 to present: President of Atrium Real Estate Services, a full service commercial and residential real estate appraisal and consulting company.
* Nov 1986 to August 1991: Appraiser w/ McCluskey-Jenkins and SW Property Consultants

Appraisal background includes consulting, analysis and valuation of various commercial properties including single and multi-tenant commercial/retail buildings, shopping centers, restaurants, mini-storage facilities, apartment complexes, condominiums, multi-tenant office buildings, special purpose properties (marinas, cemetery, retirement centers, veterinary clinic, nursing home, etc.), vacant land, and various commercial properties for eminent domain purposes including single and multi- parcel right of way expansion and easement acquisition projects. Easement valuations on numerous property types of various easement interests (conservation, temporary construction, ingress/egress, utility, inundation, etc.) have also been completed. In addition, appraisals of single family residences and comprehensive desk and/or field reviews and TXDOT A-10 reviews have been completed on numerous residential and commercial properties as well as counseling and expert testimony in regards to consulting assignments and litigation support services.

ADDENDA

MACIAS & ASSOCIATES, L.P.
LAND SURVEYORS

EXHIBIT "A"

Ruby Flow a/k/a
Ruby K. Flow
To
City of Austin

LEGAL DESCRIPTION

BEING A 0.291 ACRE (12,664 SQUARE FOOT) TRACT OF LAND OUT OF THE SANTIAGO DEL VALLE TEN LEAGUE GRANT, ABSTRACT NO. 24, TRAVIS COUNTY, TEXAS, AND BEING THAT SAME 100' X 130' TRACT (SAVE & EXCEPT PORTION) OUT OF A 1.52 ACRE TRACT REFERRED TO AS "TRACT III" IN A SPECIAL WARRANTY DEED DATED AUGUST 12, 1992 TO DEL VALLE INDEPENDENT SCHOOL DISTRICT, RECORDED IN VOLUME 11750, PAGE 1680, REAL PROPERTY RECORDS OF TRAVIS COUNTY, TEXAS, SAID 100' X 130' TRACT BEING DESCRIBED IN EXHIBIT "A-1" IN A SUBSTITUTE TRUSTEE'S DEED DATED JANUARY 7, 1992 TO VICTORIA BANK AND TRUST – BASTROP, RECORDED IN VOLUME 11602, PAGE 12, REAL PROPERTY RECORDS OF TRAVIS COUNTY, TEXAS; SAID 1.52 ACRE TRACT BEING DESCRIBED IN A DEED DATED JANUARY 16, 1964 TO EDWARD THOMAS FLOW AND WIFE, RUBY FLOW, RECORDED IN VOLUME 2721, PAGE 124, DEED RECORDS OF TRAVIS COUNTY, TEXAS; SAID 0.291 ACRE (12,664 SQUARE FOOT) TRACT BEING MORE PARTICULARLY DESCRIBED BY METES AND BOUNDS AS FOLLOWS:

BEGINNING at a 5/8" iron pipe found on the northwest right-of-way line of Shapard Lane, a 50-foot wide right-of-way, at the south corner of said 100' x 130' tract and at the east corner of "Tract III" as described in a Special Warranty Deed dated August 12, 1992 to Del Valle Independent School District, recorded in Volume 11750, Page 1680, Real Property Records of Travis County, Texas, for the south corner of this tract,

THENCE, N60°55'05"W, with the southwest line of said 100' x 130' tract and the northeast line of said "Tract III", a distance of 130.08 feet to a 1/2" iron pipe found on the southeast line of a 4.00 acre tract referred to as "Tract II" as described in a Special Warranty Deed dated August 12, 1992 to Del Valle Independent School District, recorded in Volume 11750, Page 1680, Real Property Records of Travis County, Texas, at the west corner of said 100' x 130' tract and at the north corner of said "Tract III", for the west corner of this tract;

5410 South 1st Street · Austin, Texas 78745 · (512) 442-7875 · Fax (512) 442-7876 · e-mail: maciasurvey@earthlink.net

THENCE, N42°14'54"E, with the northwest line of said 100' x 130' tract and the southeast line of said "Tract II", a distance of 99.95 feet to a 1/2" iron rod with plastic cap set on the southwest line of a 20.0 acre tract described in a deed dated January 4, 1955 to the Trustees of the Colorado Common School District No. 36, recorded in Volume 1542, Page 77, Deed Records of Travis County, Texas, at the north corner of said 100' x 130' tract and at the east corner of said "Tract II", for the north corner of this tract;

THENCE, S60°56'49"E, with the northeast line of said 100' x 130' tract and the southwest line of said 20.0 acre tract, a distance of 130.09 feet to a 1/2" iron rod with plastic cap set on the northwest right-of-way line of Shapard Lane, at the east corner of said 100' x 130' tract and at the south corner of said 20.0 acre tract, for the east corner of this tract;

THENCE, S42°14'58"W, with the northwest right-of-way line of Shapard Lane and the southeast line of said 100' x 130' tract, a distance of 100.02 feet to the **POINT OF BEGINNING**, containing 0.291 acre (12,664 square feet) of land, more or less.

BEARING BASIS NOTE

The bearings described herein are Texas State Plane Grid bearings (Central Zone, NAD27, Combined Scale Factor = 0.99996). The coordinates were established from reference point "Austin RRP" having coordinate values of N=243934.54, E=2813207.12 and reference point "Bergs 1961" having coordinate values of N=200323.10, E=2843121.42.

STATE OF TEXAS §
§ KNOW ALL MEN BY THESE PRESENTS:
COUNTY OF TRAVIS §

That I, Gregorio Lopez, Jr., a Registered Professional Land Surveyor, do hereby certify that the above description is true and correct to the best of my knowledge and belief and that the property described herein was determined by a survey made on the ground under my direction and supervision.

WITNESS MY HAND AND SEAL at Austin, Travis County, Texas, this 4th day of January, 2007, A.D.

STATE OF TEXAS
REGISTERED
GREGORIO LOPEZ, JR.
5272
PROFESSIONAL
LAND SURVEYOR

Gregorio Lopez, Jr.

MACIAS & ASSOCIATES, INC.
5410 South 1st Street
Austin, Texas 78745

Gregorio Lopez, Jr.
Registered Professional Land Surveyor
No.5272 - State of Texas

REFERENCES
MAPSCO 2003 647K
Austin Grid No. MN-17
TCAD PARCEL ID NO. 03-1430-0403
MACIAS & ASSOCIATES PROJ. NO. 329-105-06

COMMITMENT FOR TITLE INSURANCE

SCHEDULE A

Effective Date: **November 16, 2006** GF. No. 2519002374

Commitment No.: Not Applicable issued: **December 5, 2006**
(if applicable)

1. The policy or policies to be issued are:
   (a) OWNER POLICY OF TITLE INSURANCE (Form T-1)
   (Not applicable for improved one-to-four family residential real estate)
   Policy Amount:
   PROPOSED INSURED: **City of Austin**
   (b) TEXAS RESIDENTIAL OWNER POLICY OF TITLE INSURANCE - ONE-TO-FOUR FAMILY RESIDENCES (Form T-1R)
   Policy Amount:
   PROPOSED INSURED:
   (c) MORTGAGEE POLICY OF TITLE INSURANCE (Form T-2)
   Policy Amount:
   PROPOSED INSURED:
   Proposed Borrower:
   (d) TEXAS SHORT FORM RESIDENTIAL MORTGAGEE POLICY OF TITLE INSURANCE (Form T-2R)
   Policy Amount:
   PROPOSED INSURED:
   Proposed Borrower:
   (e) MORTGAGEE TITLE POLICY BINDER ON INTERIM CONSTRUCTION LOAN (Form T-13)
   Binder Amount:
   PROPOSED INSURED:
   Proposed Borrower:
   (f) OTHER
   Policy Amount:
   PROPOSED INSURED:
2. The interest in the land covered by this Commitment is:
   Fee Simple
3. Record title to the land on the Effective Date appears to be vested in:

   Ruby Flow a/k/a Ruby K. Flow
4. Legal description of the land:

   Being a tract of land out of the SANTIAGO DEL VALLE GRANT, in TRAVIS County, Texas, and being a portion of the 1.52 acre tract conveyed to Edward Thomas Flow and wife, Ruby Flow by deed recorded in/under 2721/124 of the Real Property Records of TRAVIS County, Texas, and being more particularly described in Exhibit "A" attached hereto and made a part hereof.

COMMITMENT FOR TITLE INSURANCE

SCHEDULE B

EXCEPTIONS FROM COVERAGE

In addition to the Exclusions and Conditions and Stipulations, your Policy will not cover loss, costs, attorneys' fees, and expenses resulting from:

1. Item 1, Schedule B is hereby deleted in its entirety.

2. Any discrepancies, conflicts, or shortages in area or boundary lines, or any encroachments or protrusions, or any overlapping of improvements.

3. Homestead or community property or survivorship rights, if any, of any spouse of any insured. (Applies to the Owner Policy only).

4. Any titles or rights asserted by anyone, including, but not limited to, persons, the public, corporations, governments or other entities,

   a. to tidelands, or lands comprising the shores or beds of navigable or perennial rivers and streams, lakes, bays, gulfs or oceans, or

   b. to lands beyond the line of harbor or bulkhead lines as established or changed by any government, or

   c. to filled-in lands, or artificial islands, or

   d. to statutory water rights, including riparian rights, or

   e. to the area extending from the line of mean low tide to the line of vegetation, or the rights of access to that area or easement along and across that area.

   (Applies to the Owner Policy only.)

5. Standby fees, taxes and assessments by any taxing authority for the year **2006**, and subsequent years; and subsequent taxes and assessments by any taxing authority for prior years due to change in land usage or ownership, but not those taxes or assessments for prior years because of an exemption granted to a previous owner of the property under Section 11.13, *Texas Tax Code*, or because of improvements not assessed for a previous tax year. (If Texas Short Form Residential Mortgagee Policy (T-2R) is issued, that policy will substitute "which become due and payable subsequent to Date of Policy" in lieu of "for the year **2006**, and subsequent years.")

6. The terms and conditions of the documents creating your interest in the land.

7. Materials furnished or labor performed in connection with planned construction before signing and delivering the lien document described in Schedule A, if the land is part of the homestead of the owner. (Applies to the Mortgagee Title Policy Binder on Interim Construction Loan only, and may be deleted if satisfactory evidence is furnished to us before a binder is issued.)

8. Liens and leases that affect the title to the land, but that are subordinate to the lien of the insured mortgage. (Applies to Mortgagee Policy (T-2) only.)

9. The Exceptions from Coverage and Express Insurance in Schedule B of the Texas Short Form Residential Mortgagee Policy (T-2R). (Applies to Texas Short Form Residential Mortgagee Policy (T-2R) only. Separate exceptions 1 through 8 of this Schedule B do not apply to the Texas Short Form Residential Mortgagee Policy (T-2R).

10. The following matters and all terms of the documents creating or offering evidence of the matters (We must insert matters or delete this exception.):

a. **Rights of parties in possession. (Owner's Title Policy only)**

b. **Easements, or claims of easements, which are not recorded in the public records. (Owner Title Policy only)**

c. **Any portion of the property described herein within the limits or boundaries of any public or private roadway and/or highway.**

d. **NOTE: The Company is prohibited from insuring the area or quantity of the land described herein. Any statement in the legal description contained in Schedule "A" as to area or quantity of land is not a representation that such area or quantity is correct, but is made only for informal identification purposes and does not override Item 2 of Schedule "B" hereof.**

e. **Easement executed by Mrs. N.A. Stedman, et al, to Texas Power & Light Company, dated April 17, 1928, recorded in/under 428/6 of the Real Property Records of TRAVIS County, Texas.**

f. **Easement executed by Mrs. N.A. Stedman, et al, to Texas Power & Light Company, dated February 21, 1929, recorded in/under 436/104 of the Real Property Records of TRAVIS County, Texas.**

g. **Easement executed by Mrs. N.A. Stedman, et al, to Texas Power & Light Company, dated December 6, 1937, recorded in/under 579/309 of the Real Property Records of TRAVIS County, Texas.**

h. **Easement executed by Mrs. N.A. Stedman, et al, to Texas Power & Light Company, dated April 19, 1938, recorded in/under 589/498 of the Real Property Records of TRAVIS County, Texas.**

i. **Easement executed by Lois Shapard and William Shapard Allen, to Sinclair Refining Company, dated August 19, 1946, recorded in/under 816/298 of the Real Property Records of TRAVIS County, Texas.**

j. **Easement executed by Edward T. Flow and wife, Ruby Flow, to the City of Austin, dated September 7, 1965, recorded in/under 3015/823 of the Real Property Records of TRAVIS County, Texas.**

k. **Easement executed by Edward Thomas Flow and wife, Ruby Flow, to the City of Austin, dated April 16, 1970, recorded in/under 3835/1986 of the Real Property Records of TRAVIS County, Texas.**

l. **Easement executed by Ruby K. Flow, to the City of Austin, dated October 24, 1986, recorded in/under 9943/528 of the Real Property Records of TRAVIS County, Texas.**

PHASE I ENVIRONMENTAL SITE ASSESSMENT

ABIA PARCEL 105
2600 SHAPARD LANE
DEL VALLE, TEXAS 78617

Prepared for:

ABIA NOISE MITIGATION PROGRAM
2716 SPIRIT OF TEXAS DRIVE
AUSTIN, TEXAS 78719

January 24, 2007

HILL COUNTRY ENVIRONMENTAL, INC.
1613 Capital of Texas Hwy. South, Suite 201 • Austin, Texas 78746
Phone: (512) 327-2725 • Fax: (512) 327-2750

8.0 Findings

A regulatory review and site visual inspection were performed. Due to the proximity of the two LTANK sites in relation to the Site, there is a potential that groundwater could have impacted the Site. However, the TCEQ is satisfied that no further threat of contamination exists off-site.

Due to the proximity of ASTs at the Del Valle ISD refueling site, a major release has the potential to affect the Site. There is no evidence that such a release has occurred.

The Environmental Professional has determined, based on a review and evaluation of the documents described herein, that no "recognized environmental conditions" are associated with the Site.

De minimus conditions observed are:

- Minor contamination on site and in adjoining parking lots were vehicular parking and storage can deposit incidental quantities of fuel, oil and hydraulic fluids onto the asphalt surface;
- Trash buildup along fencelines from windblown debris;
- Trash and chemicals in and around the storage building on the Site; and
- Discarded items such as filter-like object in Photograph 14 that are not likely to have created a condition of contamination from storage on the Site.

9.0 Opinion

HCE has performed a Phase I ESA in conformance with the scope and limitations of ASTM Standard for Environmental Site Assessments: Phase I Environmental Site Assessment Process, Designation E 1527-05 and the EPA's "All Appropriate Inquiries" (AAI) Rule (40CFR Part 312).at ABIA Parcel 105, 2600 Shapard Lane, Travis County, Del Valle, Texas 78617. It is the opinion of the Environmental Professional that this assessment has revealed no evidence of recognized environmental conditions. Several de minimums conditions were found that should be eliminated with a thorough removal of trash and discarded items on the site. No further action is recommended at this time. However, demolition activities, especially of the storage building, could reveal soil contamination that was not detectable by the methods used in this assessment. Discovery of spilled materials, soil staining or unusual odors during demolition or construction may warrant further investigation at that time.

10.0 Conclusions

HCE has performed a Phase I Environmental Site Assessment in conformance with the scope and limitations of ASTM Practice E 1527-00 and the EPA's "All Appropriate Inquiries" (AIA) Rule, ASTM 1527-05 at ABIA Parcel 105, 2600 Shapard Lane, Travis County, Del Valle, Texas 78617. Any additions to, or deletions from this practice are described in Section 11.0 of this report. This assessment has revealed no evidence of recognized environmental conditions in connection with the Site.

Investment Property Services

2906 Davis Cove
Lago Vista,
Texas 78645

Office: 512-267-3651
Cell: 512-736-3608
Fax: 512-267-3671

Bid on Shepard Lane **3/23/07**

Entry door– Replace 36" door
Side entry door– Replace 30" door
Patio door-Replace 2.6'

Converted Garage

Remove and replace 6'x3' of ceiling in hallway.
Remove and replace 10'x9' of ceiling in converted room.
Replace insulation and sheetrock.
Bath– Remove and replace 6'x8' of ceiling. Remove and replace 3'x3'x3' above shower.

Room off Kitchen

Remove and replace 5'x8' of ceiling.
Remove and replace 3'x3' of ceiling in hallway.

Laundry room

Remove and replace 3'x3' of ceiling.
Remove and replace 3'x3' of wall.

Living room

Remove and replace 13'x20' of ceiling.
Remove and replace 20' of wall around windows.

Dining room

Remove and replace 15'x12' of ceiling (termite damage)
Remove and replace 6'x8' of wall.

Bath

Remove and replace 5'x9' of ceiling (termite damage)
Remove wallpaper– Repair termite damage.

Bedroom

Remove and replace 14'x10' of ceiling.
Remove and replace 4'x8' of walls in closet (mildew and termite damage)

Master Bedroom

Remove and replace 2'x2' of ceiling.

Master Bath

Remove and replace 2'x2' of ceiling.

Front Entry

Remove and replace all walls and ceiling. Some water damage, most is termite damage.

Termite damage is worse at entryway, living room wall and bathrooms.
Remove and replace means removal of insulation and sheet rock.
Before replacing insulation and sheetrock we will apply a Mildewcide to all wood,

Bid on repairs: $3600.00
Bid to replace doors: $1300.00

To Paint all new work and all interior of house.

Bid: $3800.00

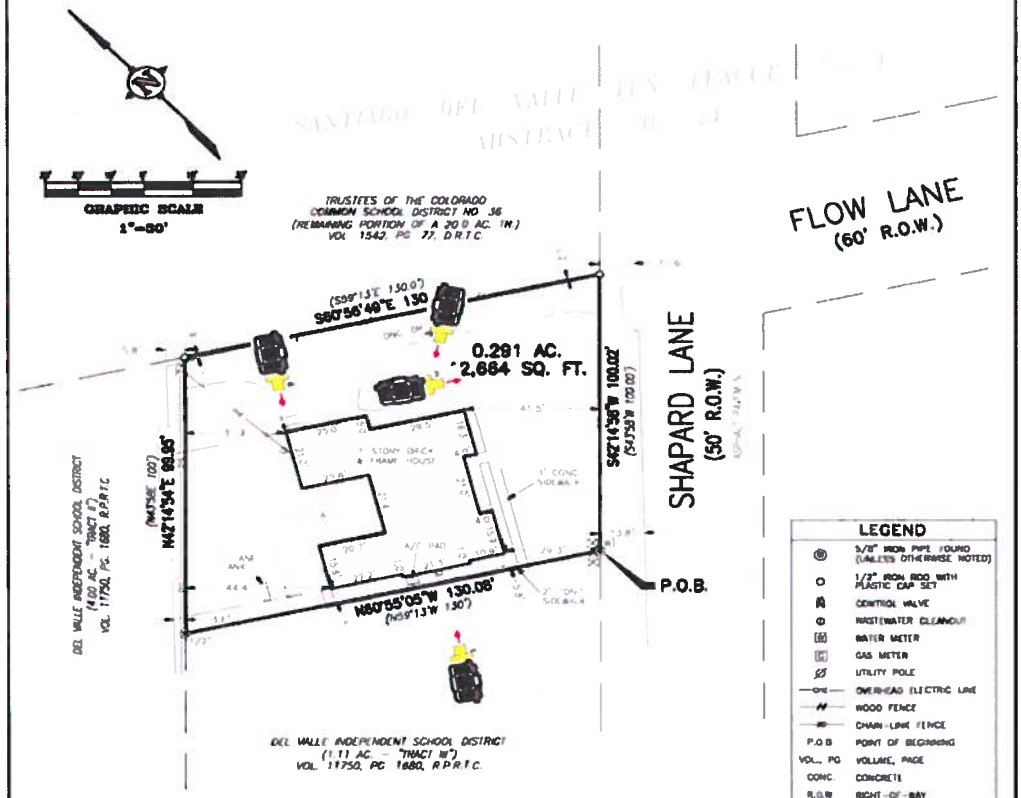
Thank you,

Bill Hickey

LAND TITLE SURVEY

OF

A 0.291 ACRE (12,664 SQUARE FOOT) TRACT OF LAND OUT OF THE SANTIAGO DEL VALLE TEN LEAGUE GRANT, ABSTRACT NO. 24, TRAVIS COUNTY, TEXAS, AND BEING THAT SAME 100' X 130' TRACT (SAVE & EXCEPT PORTION) OUT OF A 1.52 ACRE TRACT REFERRED TO AS "TRACT III" IN A SPECIAL WARRANTY DEED DATED AUGUST 12, 1982 TO DEL VALLE INDEPENDENT SCHOOL DISTRICT, RECORDED IN VOLUME 11750, PAGE 1680, REAL PROPERTY RECORDS OF TRAVIS COUNTY, TEXAS; SAID 100' X 130' TRACT BEING DESCRIBED IN EXHIBIT "A-1" IN A SUBSTITUTE TRUSTEES DEED DATED JANUARY 7, 1992 TO VICTORIA BANK AND TRUST - BASTROP, RECORDED IN VOLUME 11602, PAGE 12, REAL PROPERTY RECORDS OF TRAVIS COUNTY, TEXAS; SAID 1.52 ACRE TRACT BEING DESCRIBED IN A DEED DATED JANUARY 16, 1904 TO EDWARD THOMAS FLOW AND WIFE, RUBY FLOW, RECORDED IN VOLUME 2721, PAGE 124, DEED RECORDS OF TRAVIS COUNTY, TEXAS.



BEARING BASIS NOTE:

THE BEARINGS SHOWN ARE BASED ON THE TEXAS STATE PLANE COORDINATE SYSTEM, CENTRAL ZONE, NAD27. THE BEARINGS SHOWN ARE GRID BEARINGS. THE COORDINATES WERE ESTABLISHED FROM REFERENCE POINT "AUSTIN RRP" HAVING COORDINATE VALUES OF N=243934.54, E=2813207.12 AND REFERENCE POINT "BERCS 1981" HAVING COORDINATE VALUES OF N=200323.10, E=2843121.42. COMBINED SCALE FACTOR = .99996
ALL DISTANCES SHOWN ARE SURFACE DISTANCES.

No portion of this survey is within the 100 year flood plain boundary as shown on the Flood Insurance Rate Map Community - Panel Number 48453C130F, effective date January 19, 2000

The easements listed in Schedule B of title commitment issued by Commonwealth Land Title Insurance Company, GF No. 2519032374, effective date November 16, 2006, do not affect the tract.

STATE OF TEXAS |
COUNTY OF TRAVIS |

TO: RUBY FLOW A/K/A RUBY K. FLOW, CITY OF AUSTIN AND TO COMMONWEALTH LAND TITLE INSURANCE COMPANY

I HEREBY CERTIFY THAT THIS SURVEY WAS MADE ON THE GROUND UNDER MY SUPERVISION, THAT THIS PLAT CORRECTLY REPRESENTS THE FACTS FOUND AT THE TIME OF THE SURVEY, AND THAT THIS PROFESSIONAL SERVICE CONFORMS TO THE CURRENT TEXAS SOCIETY OF PROFESSIONAL SURVEYORS STANDARDS AND SPECIFICATIONS FOR A CATEGORY 1A, CONDITION II SURVEY

MACIAS & ASSOCIATES, INC.

GREGORIO LOPEZ, JR.
REGISTERED PROFESSIONAL LAND SURVEYOR NO. 5272 DATE

DRAWING FILE: 329105.DWG
JOB NO.: 329-105-06
FIELD BOOK: F.B. 480, PG. 36

MACIAS & ASSOCIATES, INC.
LAND SURVEYORS
5410 SOUTH 1ST STREET
AUSTIN, TEXAS 78745
PH: (512)442-7879 FAX: (512)442-7876
EMAIL: MACIASURVEY@EARTHLINK.NET

PHOTOGRAPH SEQUENCING

CERTIFICATE OF APPRAISER

U.S. Department of Transportation
Federal Aviation Administration

Airport	AIP Number	Parcel No. 105
	3-48-0359-23-01	ABIA File #: N4062M
Austin-Bergstrom International Airport	Project Location Austin, Texas	

I hereby certify:

That on ***April 11, 2007*** (date)(s), I personally made a field inspection of the property herein appraised and that I have afforded the property owner the opportunity to accompany me at the time of inspection. I have also personally made a field inspection of the comparable sales relied upon in making said appraisal. The subject and the comparable sales relied upon in making said appraisal were as represented by the photographs contained in said appraisal or in the data book or report that supplements the appraisal.

That to the best of my knowledge and belief the statements contained in the appraisal attached hereto are true and the information contained therein upon which the opinion of value expressed below is based is correct, subject to the limiting conditions set forth in the appraisal.

That I understand this market value appraisal is to be used in connection with the acquisition of land for an airport project by ***THC, Inc.*** with the assistance of FAA funds or other Federal funds.

That such appraisal has been made in conformity with the appropriate State laws, regulations, policies, and procedures applicable to appraisal of land for such purposes, and that to the best of my knowledge no portion of the value assigned to such property consists of items which are non-compensable under the established law of said State.

That any decrease or increase in the fair market value of real property prior to the date of valuation caused by the public improvement for which such property is acquired, or by the likelihood that the property would be acquired for such improvement, other than that due to physical deterioration within reasonable control of the owner, has been disregarded in determining the compensation for the property.

That neither my employment nor my compensation for making this appraisal are in any way contingent upon the values reported herein.

That I have no direct or indirect, present or contemplated, future personal interest in such property or in any benefit from the acquisition of such property appraised.

That I have not revealed the findings and results of such appraisal to anyone other than the proper officials of the acquiring agency of said Airport or officials of the FAA and I will not do so until so authorized by said officials, or until I am required to do so by due process of law, or until I am released from this obligation by having publicly testified as to such findings.

That the conclusion set forth in this appraisal is our independent opinion of the value of the property as of ***April 11, 2007***, and that such conclusion was reached without collaboration or direction as to value.

It is my opinion that the market value of the above captioned real property is as follows:

Value before acquisition	***$105,000***
Value after acquisition	N/A
Value difference	N/A

The property has been appraised for its fair market value as though owned in fee simple, or as encumbered only by the existing easement in favor of recorded parties in the attached title commitment.

The opinion of value expressed above is the result of and is subject to the data and conditions described in detail in this report of 48 pages plus Addenda.

Date of contract December 12, 2006

Typed name Lory R. Johnson, MAI, SR/WA

Signature Lory R Johnson

Date ***April 23, 2007***

Note – Other statements, required by the regulations of an appraisal organization of which the appraiser is a member or by circumstances connected with the appraisal assignment or the preparation of the appraisal, may be inserted where appropriate.

T • H • C

Improving Your Community

December 12, 2006

Ms. Lory Johnson
Atrium Real Estate Services
2305 Hancock Drive
Austin, TX 78756-2510

Re: Austin-Bergstrom International Airport
Noise Mitigation Program
Fee Proposal for Appraisal Services for Parcel 105

Dear Lory:

You are hereby authorized to proceed with the appraisal services for Parcel 105 on the Austin-Bergstrom International Airport's Noise Mitigation Program. This letter serves as the amendment to your consulting agreement with THC, Inc. dated July 28, 2003. You shall have 40 calendar days from the date of this letter to complete this work.

The total fee for this work is $2,500.00. This amount will be added to your total contract amount. Please submit a copy of this authorization with your invoice.

Should you have any questions or need any additional information, please feel free to contact us.

Sincerely yours,

Joe A. Carroll
President

JAC/hpf

Cc: Ms. Melinda Ruby, ABIA
Mr. Michael Smith, THC
Ms. Susan Edwards, THC
File – Subconsultant Contract File

2905 Premiere Parkway Suite 325 Duluth, GA 30097
Phone *770.623.0520* Fax *770.495.2384* *www.thcinc.net*