

CERTIFICATE OF APPRAISER

Austin-Bergstrom International Airport	Project Number: 08ABIA09	Parcel No. 107
	Project Location: 2707 State Highway 71 East	

I hereby certify:

That on *January 8, 2010*, 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 *January 8, 2010*, 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	\$1,000,000
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 50 pages plus Addenda.

Date of contract: November 24, 2009

Typed name: Paul Hornsby

Signature 

Date: January 21, 2010

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.

APPRAISAL OF A 39 LOT MOBILE HOME PARK

(THC PROJECT NO. 08ABIA09; PARCEL 107)

LOCATED AT 2707 STATE HIGHWAY 71 EAST, AUSTIN, TX 78617

EFFECTIVE DATE – JANUARY 8, 2010

PREPARED FOR

MS. SKYE STUART, THC, INC.

ABIA NOISE MITIGATION OFFICE

2716 SPIRIT OF TEXAS DRIVE, ROOM 113

AUSTIN, TX 78719

PAUL HORNSBY & COMPANY

PAUL HORNSBY, MAI, SRA, CRE

BRIAN GRAMLING

2100 KRAMER LANE, SUITE 550

AUSTIN, TX 78758



PAUL HORNSBY & COMPANY

REAL PROPERTY APPRAISERS AND CONSULTANTS

Paul Hornsby, MAI, SRA, CRE
James Warren, MAI
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Clifford Shaw
Steve Bryant
Lance Lawson

Chris Hornsby
Stuart Morrow
Cathy Thomas
Brian Gramling
Dawn Smith
Melany Adler

January 21, 2010

Ms. Skye Stuart
THC, Inc.
ABIA Noise Mitigation Program
2716 Spirit of Texas Drive, Room 113
Austin, Texas 78719

Re: Appraisal of Parcel 107 - Mobile Home Park located at 2707 State Highway 71 East, Austin, Travis County, Texas.

Project Name:	Mobile Home Park
Parcel No:	107
THC Project No.:	08ABIA09
Property Owner:	SH71 Partners, LP
Property Address:	2707 State Highway 71 East
Appraisal District Parcel:	03-1430-0204-0000

Dear Ms. Stuart:

Pursuant to your request, we have undertaken an appraisal of the above-referenced property, the conclusions of which are set forth in this self-contained report. The intended use of this report is to assist THC, Inc. and the City of Austin in acquisition of the subject property for the Austin-Bergstrom Noise Mitigation Program. We are not responsible for unauthorized use of this report. The purpose of the appraisal is to estimate the market value of the fee simple interest in the property, as of January 8, 2010, the date of inspection.

The appraisal has been undertaken by use of the Jurisdictional Exception Rule of Uniform Standards of Professional Appraisal Practice (USPAP). In accordance with the Uniform Appraisal Standards for Federal Land Acquisitions, exposure time was not linked to a specific time period, as required by Standards Rule 1-2(c) of USPAP, but, instead, was considered "a reasonable length of time." In accordance with state law, ABIA Noise Mitigation Program project influence was not considered, as required by Standards Rule 1-4(f) of USPAP. Additionally, restrictions associated with the ABIA Noise Overlay Zone were not considered in our appraisal.

Based on the data and analysis summarized herein, it is our opinion that the market value of the fee simple interest in the subject property is as follows:

MARKET VALUE CONCLUSION			
Appraisal Premise	Interest Appraised	Date of Value	Value Conclusion
As Is	Fee Simple Estate	January 8, 2010	\$1,000,000

Compiled by Paul Hornsby and Co.

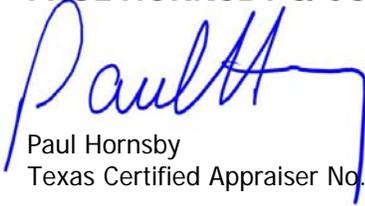
This letter of transmittal and the pages which follow constitute our report setting forth the data and analyses utilized in formulating the value opinion. We appreciate the opportunity to be of service to you. Should you have any questions, or if we can be of further assistance, please contact our office.

We certify that, to the best of our knowledge and belief:

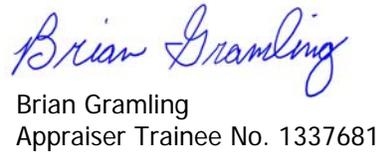
- The statements of fact contained in this report are true and correct.
- The reported analyses, opinions, and conclusions are limited only by the reported assumptions and limiting conditions, and are our personal, impartial, and unbiased professional analyses, opinions, and conclusions.
- We have no 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.
- 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 reported analyses, opinions, and conclusions were developed, and this report has been prepared, in conformity with the Uniform Standards of Professional Appraisal Practice (USPAP) as promulgated by the Appraisal Standards Board of the Appraisal Foundation, except to the extent the Uniform Appraisal Standards for Federal Land Acquisitions required invocation of USPAP's Jurisdictional Exception Rule, as described in Section D-1 of the Uniform Appraisal Standards for Federal Land Acquisitions. Additionally, our analyses, opinions, and conclusions were developed, and this report has been prepared, in conformity with the requirements of the Code of Professional Ethics and Standards of Professional Appraisal Practice of the Appraisal Institute; State Law appropriate for eminent domain appraisals; the Uniform Appraisal Standards for Federal Land Acquisitions; FAA regulations; and the Canons of Professional Ethics and Conduct of the Texas Real Estate Commission.
- Paul Hornsby and Brian Gramling have made a personal inspection of the property that is the subject of this report. The property owner's designated representative, Craig Biggar, accompanied the appraisers on the property inspection.
- No one provided significant real property appraisal assistance to the persons signing this certification.
- As of the date of this report, Paul Hornsby has completed the continuing education program of the Appraisal Institute.
- The use of this report is subject to the requirements of the Appraisal Institute relating to review by its duly authorized representatives.
- Our value opinion is \$1,000,000, and is predicated on a cash or cash-equivalent sale.



PAUL HORNSBY & COMPANY,



Paul Hornsby
Texas Certified Appraiser No. 1321761-G



Brian Gramling
Appraiser Trainee No. 1337681

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ORDINARY ASSUMPTIONS

1. It is assumed that there are no easements or encroachments as of the effective date of this appraisal unless noted within the report.
2. It is assumed that there are no hidden or unapparent conditions of the property, sub-soils, or structures which would render them more or less valuable. No responsibility is assumed for such conditions or for engineering which may be required to discover such factors.
3. It is assumed that all necessary permits have been obtained and that there has been full compliance with all applicable federal, state, and local environmental regulations and laws unless non-compliance is stated, defined, and considered in the appraisal report.
4. It is assumed that all applicable zoning and use regulations and restrictions are complied with, unless a nonconformity has been stated, defined, and considered in the appraisal report.
5. Unless otherwise stated in this report, the existence of hazardous material, which may or may not be present on the property, was not observed. I have no knowledge of the existence of such materials on or in the property, and am not qualified to detect such substances. The presence of substances such as asbestos, radon gas, urea-formaldehyde foam insulation, or other potentially hazardous materials may affect the value of the property. The value estimates are predicated on the assumption that there is no such material on or in the property that would cause a loss in value. No responsibility is assumed for any such conditions, or for any expertise or engineering knowledge required to discover them. The client is urged to retain an expert in this field, if desired.
6. It is assumed that the property is free of any environmental issues, including endangered species or their habitat (i.e., caves) which might preclude development or otherwise affect the value of the property. No responsibility is assumed regarding the presence or absence of such features and the client is urged to retain an expert in these fields, if desired, as the appraiser is not qualified to discover such conditions.

LIMITING CONDITIONS

1. In accordance with federal regulations relating to federal land acquisitions, the appraisal of the subject property was made without consideration given to a specific exposure time. This condition is an exception to Standard Rule 1-2(c) of the Uniform Standards of Appraisal Practice (USPAP) permitted by the Jurisdictional Exception Rule provision within USPAP.
2. The legal description furnished our firm is assumed to be correct. We assume no responsibility for matters legal in character, nor render any opinion as to the title, which is assumed to be good. The property has been appraised as if under responsible ownership and competent management.
3. We have made no survey and assume no responsibility in connection with such matters 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. The firm believes that the information contained in this report, although obtained from public record and other reliable sources and, where possible, carefully checked, is reliable, but assumes no responsibility for its accuracy.
4. The construction and condition of the property mentioned in the body of this report are based on observation and no engineering study has been made which could discover any possible latent defects. No certification as to any of the physical aspects could be given unless a proper engineering study is made.
5. We are not required to give testimony or attendance in court by reason of this appraisal with reference to the property in question, unless arrangements have been previously made.
6. Possession of this report or a copy thereof does not carry with it the right of publication. It may not be used for any purpose by anyone other than the addressee without the previous written consent of the appraiser(s).
7. Neither all nor any part of the contents of this report shall be conveyed to the public through advertising, public relations, news, sales, or other media without the written consent and approval of the author(s), particularly as to valuation and conclusions, the identity of the appraiser or firm with which they are connected, or any reference to the Appraisal Institute, the SRA, CRE or the MAI designation.
8. The appraisers' liability regarding the statements and conclusions reported herein is limited to the fee charged for the assignment.

SUMMARY OF IMPORTANT CONCLUSIONS

Property Name: Parcel 107 - Mobile Home Park

Location: 2707 State Highway 71 East, Austin, Travis County, Texas

Legal description: Tract One: 1.095 acres of land, more or less, out of Lot 1, Gregg & Bryant Subdivision, a subdivision in Travis County, Texas, according to the map or plat of record in Volume 32, Page 44, Plat Records of Travis County, Texas. Tract Two: Lots A and B, The Flow Addition, a subdivision in Travis County, Texas, according to the map or plat of record in Volume 62, Page 19, Plat Records, Travis County, Texas.

Assessor's Parcel Number: 03-1430-0204-0000

Property Rights Appraised: Fee Simple Estate

Site Data:

Size: ±6.391 acres (±278,412 SF)

Zoning: RR, Airport Overlays AO-2 and AO-3; Rural Residence with Airport Overlays

Utilities: The site has all utilities available.

Shape: The site is an irregular rectangle with an out-parcel at the southwest corner.

Easements: No adverse easements noted.

Topography: The site is generally level and at street grade.

Floodplain: According to available maps, none of the site is in the floodplain.

Improvement Data:

Property Type: Mobile Home Park

Improvements: 39 single-wide mobile home rental pads and outbuildings. The mobile home pads have a concrete parking surface and utility hook-ups for water, wastewater and electricity. Other site improvements include community dirt drives, barbed-wire fencing on SH-71 and Shapard Lane frontage and chain-link fencing around the trucking company area in the southern portion of the property.

Year of Construction: 1975

Occupancy Type: Multiple tenants

% Occupied: N/A

Condition: The property is in fair to poor condition.

Highest and Best Use:

As If Vacant: The highest and best use as if vacant is future commercial development.

As Improved: The highest and best use as improved is interim use of existing improvements, followed by commercial re-development. The existing improvements may be used in their current capacity until the market rebounds and development financing is available.

Purpose of Appraisal: The purpose of the appraisal is to estimate the market value of the fee simple interest in the property

Effective Date of the Appraisal: January 8, 2010

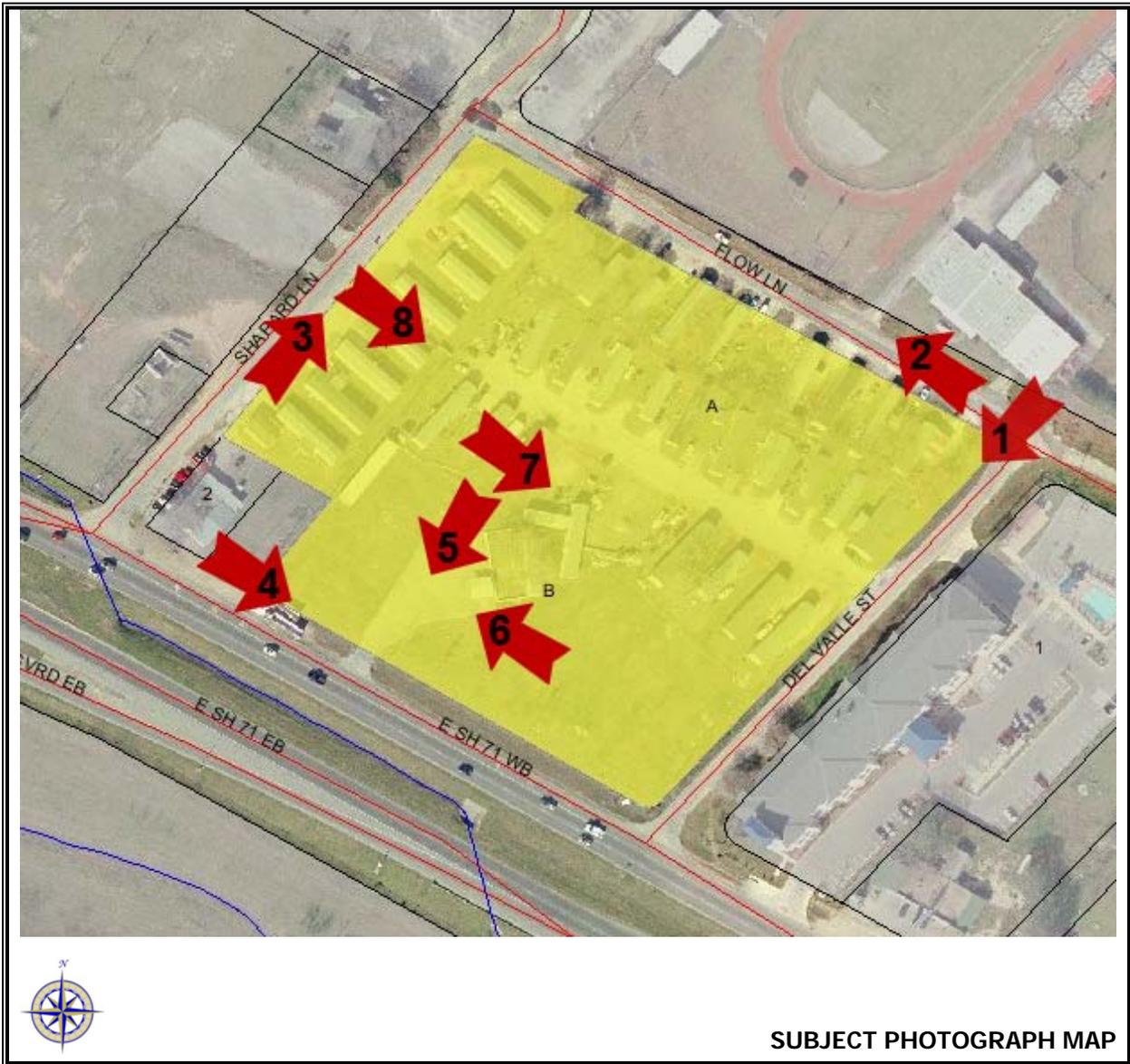
Date of the Report: January 21, 2010

Value Conclusion:

MARKET VALUE CONCLUSION			
Appraisal Premise	Interest Appraised	Date of Value	Value Conclusion
As Is	Fee Simple Estate	January 8, 2010	\$1,000,000

Compiled by Paul Hornsby and Co.

DESCRIPTIONS AND ANALYSES



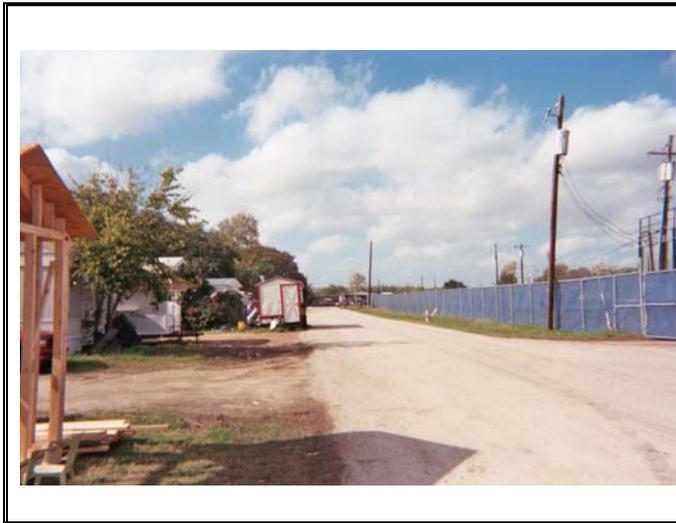
Brian Gramling took the photos on Pgs. 4-6.

SUBJECT PHOTOGRAPHS



East boundary of property looking south down Del Valle Street

Date of Photo: November 23, 2009



North boundary of property looking west down Flow Lane

Date of Photo: November 23, 2009



West boundary of property looking north down Shapard Lane

Date of Photo: November 23, 2009



Southwest corner of property looking east down State Highway 71

Date of Photo: November 23, 2009



Interior of property looking south at main entrance to truck parking/repair area from SH-71

Date of Photo: November 23, 2009



Interior of property looking west at truck parking/repair area

Date of Photo: November 23, 2009



Interior of property looking east at office trailer

Date of Photo: November 23, 2009



West boundary of property looking east toward interior of site

Date of Photo: November 23, 2009



Typical utility hookups

Date of Photo: November 23, 2009

EFFECTIVE DATE OF VALUE

January 8, 2010

PURPOSE OF THE APPRAISAL

The purpose of the appraisal is to estimate the market value of the fee simple interest in the property.

CLIENT, INTENDED USE AND USERS OF THE APPRAISAL

The client is THC, Inc. Intended users of the report are the client and the City of Austin. Use of this report by others is not intended. This report is intended only to assist THC, Inc. and the City of Austin in acquisition of the subject property for the Austin-Bergstrom Noise Mitigation Program. This report is not intended for any other use.

PROPERTY RIGHTS APPRAISED

The property rights appraised are the fee simple interest in the 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

DISCUSSION OF ABIA NOISE MITIGATION PROGRAM

FAA policy stipulates that for any acquired property, just compensation is no less than the appraised fair market value unaffected by the project or the government's demand for the property. A noise compatibility program does not cause the noise or result in a change of proximity of the airport operations to a property. Therefore, fair market value is to be estimated "as is" located. If the existing proximity to the airport has an effect on the property, then it is appraised subject to that effect, including the existing noise contour. Comparable sales and rents should be selected from equal locations or appropriate adjustments made.

DEFINITION OF MARKET VALUE

"Market Value is the price which the property would bring when it is offered for sale by one who desires, but is not obliged to sell, and is bought by one who is under no necessity of buying it, taking into consideration all of the uses to which it is reasonably adaptable and for which it either is or in all reasonable probability will become available within the reasonable future."²

LEGAL DESCRIPTION

The following legal description was obtained from public 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.

Tract One: 1.095 acres of land, more or less, out of Lot 1, Gregg & Bryant Subdivision, a subdivision in Travis County, Texas, according to the map or plat of record in Volume 32, Page 44, Plat Records of Travis County, Texas. Tract Two: Lots A and B, The Flow Addition, a subdivision in Travis County, Texas, according to the map or plat of record in Volume 62, Page 19, Plat Records, Travis County, Texas.

¹ *The Appraisal of Real Estate, 13th Edition*, (Chicago: Appraisal Institute, 2008) p. 111.

² *City of Austin vs. Cannizzo, et.al.*, 267 S.W. 2d 808, 815 [1954].

OWNER OF RECORD AND HISTORY

According to the Travis County Deed Records, ownership of the subject property is vested in SH71 Partners, LP from Richard H. Attkisson, as recorded in Warranty Deed with Vendor's Lien Document #2007153539, dated August 16, 2007. Consideration for this transaction was not disclosed, but the deed shows a note of \$1,125,000 (\$4.04/SF) payable to lender American Bank of Commerce. To our knowledge, no additional sales or offers to sell or purchase have occurred within the last five years, nor is the property actively listed for sale.

AD VALOREM TAXES

<u>Jurisdiction</u>	<u>2009 Rate</u>	<u>2008 Rate</u>
City of Austin	\$0.42090	\$0.40120
Travis County	\$0.42150	\$0.41220
Del Valle ISD	\$1.48000	\$1.48000
Travis Co. Healthcare Dist.	\$0.06740	\$0.06790
Austin Community College	\$0.09460	\$0.09540
Total	\$2.48440	\$2.45670

Compiled by Paul Hornsby and Co.

The subject property falls under the jurisdiction of the taxing authorities shown in the table above.

The 2009 assessment by the Travis Central Appraisal District was a total value of \$628,176, or \$2.19/SF (Land value - \$611,014; Improvement value - \$17,162). According to the Travis County Tax office, no delinquent taxes are due.

DETERMINATION OF THE LARGER PARCEL

The subject is comprised of three rectangular tracts (Lot 1, Lot A, Lot B) collectively improved with a mobile home park. The three tracts have unity of ownership, contiguity and equivalent highest and best use. Therefore, they constitute the larger parcel.

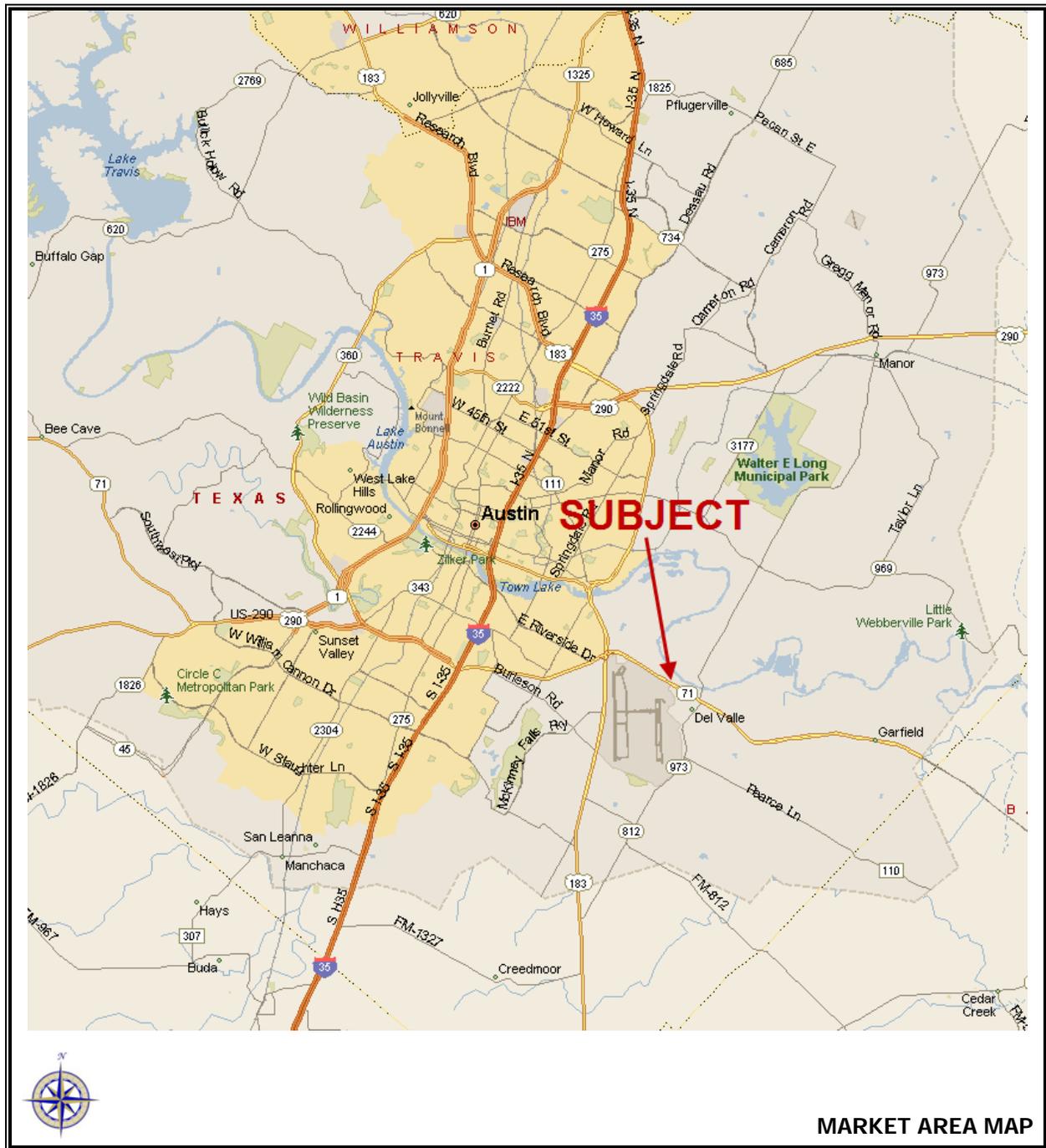
SCOPE OF WORK

To complete the assignment, a number of steps were undertaken. The most salient of these are listed below.

- The property was inspected on-site by Brian Gramling on November 23, 2009 and by Paul Hornsby on January 8, 2010.
- The neighborhood was inspected from numerous roads, and trends in residential and commercial development were noted.
- We reviewed documents specific to the subject property including the following:
 - Phase I Environmental Site Assessment (Hill Country Environmental, Inc. December 2009)
 - ABIA Noise Mitigation Program Scope of Work document
 - title commitment (issued December 11, 2009)
 - survey and field notes - Macias & Associates, L.P. Land Surveyors (December 10, 2009)
 - deed records
 - tax plat



- Zoning Ordinance No. 000330-70 (effective April 10, 2000)
 - flood plain maps
 - aerial photographs
- A highest and best use analysis was performed to determine the physically possible uses, legally permissible uses, financial feasibility and maximally productive use of the property.
 - The three traditional valuation techniques were considered to estimate the value of the subject property. The Sales Comparison Approach for land as if vacant was utilized for the Cost Approach, and The Income Capitalization Approach was performed, as well. The Sales Comparison Approach, as improved, was not used due to an insufficient quantity and quality of data for similarly improved properties with similar interim uses; however, one sale and one listing of nearby mobile home parks are included in the valuation analysis.
 - Land sales were confirmed by research of county deed records, conversations with various real estate brokers active in the market, and review of published data from the Austin/Central Texas Realty Information Services (MLS), Co-Star Group and LoopNet (internet based real estate sales data, by subscription). Rental data was also collected. The time frame for our data search was from 2007 through the effective date. The geographic area of research included Travis County. The sale and rent comparables were inspected from perimeter roadways, and data were confirmed with parties directly involved with the transactions (buyer, seller, brokers or property managers) or associates having special knowledge of the transactions.



AUSTIN AREA ANALYSIS

As of year-end 2009, the Austin MSA is in a period of economic inertia. Strong underlying fundamentals are being tempered by the national economic contraction and tighter lending requirements. Softness is evident in the industrial, retail, office, multi-family, and land development markets. Population, employment, and economic trends are summarized on the following page.



POPULATION

The Austin MSA includes Travis, Hays, Williamson, Caldwell, and Bastrop Counties. The MSA ranks as the 38th largest in the United States according to the U.S. Census Bureau. The remarkable rates of population growth in the Austin area are due to large in-migration as well as the youthful make-up of Austin's citizens.

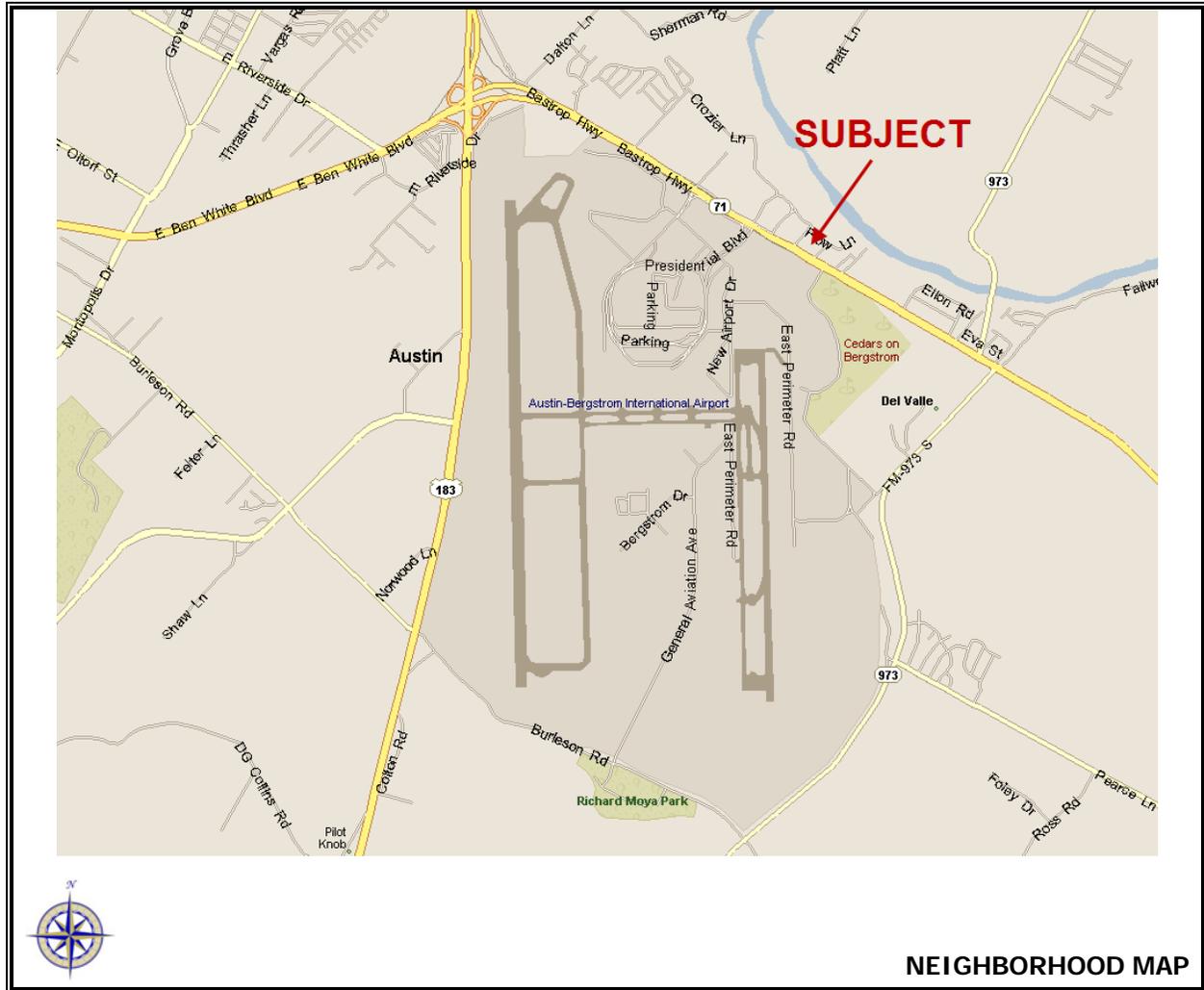
According to Census 2000 figures, the Austin MSA was the fifth fastest growing area in the nation. From 1990 to 2000, the Austin MSA experienced a 47.7% growth rate, largely attributed to influx from other cities. Since the mid 1990's, 70% of the total population increase was due to in-migration.

EMPLOYMENT

Total civilian employment decreased 0.6% in 2008 following the modest growth in 2007 of 1.5%. Non-agricultural employment reflected a gain of only 1.6% in 2008, much less than the 4.2% gain in 2007. Non-agricultural employment increased 0.2% from second quarter 2009 to third quarter 2009, with a year to date decrease of 1.0%, and a trailing year decrease of 0.5%. Unemployment increased from 7.1% to 7.2% from second quarter 2009 to third quarter 2009, with a year to date increase from 5.2% to 7.2%, and a trailing year increase from 4.6% to 7.2%. While employment in the Austin MSA and Texas have not been affected as much as the national economy, the recession is evident in most market sectors. The major employers in Austin are primarily in the government, education and high-tech sectors.

SUMMARY

Austin keeps a watchful eye on the industrial, retail, office, multi-family, and land development markets. Softness is evident in these sectors, resulting from the national economic contraction. Tighter lending criteria will constrain additional supply, moderating the downturn. Economic inertia is forecast to continue into 2010.



NEIGHBORHOOD MAP

NEIGHBORHOOD ANALYSIS

The subject is located in the southeast quadrant of the City of Austin. The subject neighbourhood can best be defined as those properties fronting along or near State Highway 71 East (East Ben White Boulevard), between Burlison Road to the west and County Road 973 to the east, and properties along or near U.S. Highway 183, south of the Colorado River to Burlison Rd. The predominant development in this neighbourhood is industrial with a group of hotels near the SH 71/US-183 intersection and numerous manufactured housing sale lots along SH 71.

Major roadways that intersect with State Highway 71 East include Woodward Street, Burlison Road, Montopolis Drive and Riverside Drive. There are no major intersections with US-183 other than SH 71. A significant transportation upgrade in the area was the extension of East Oltorf Road from Interstate Highway 35 eastward to Montopolis Drive. Another roadway improvement was the extension of Stassney Lane eastward to Burlison Road, aligning with the termination of Montopolis Drive. This extension's purpose was to improve traffic flow from U.S. Highway 183 to Interstate Highway 35 South, thus alleviating traffic congestion along State Highway 71 East, as well as at the State Highway 71 East and Interstate Highway 35 South intersection.

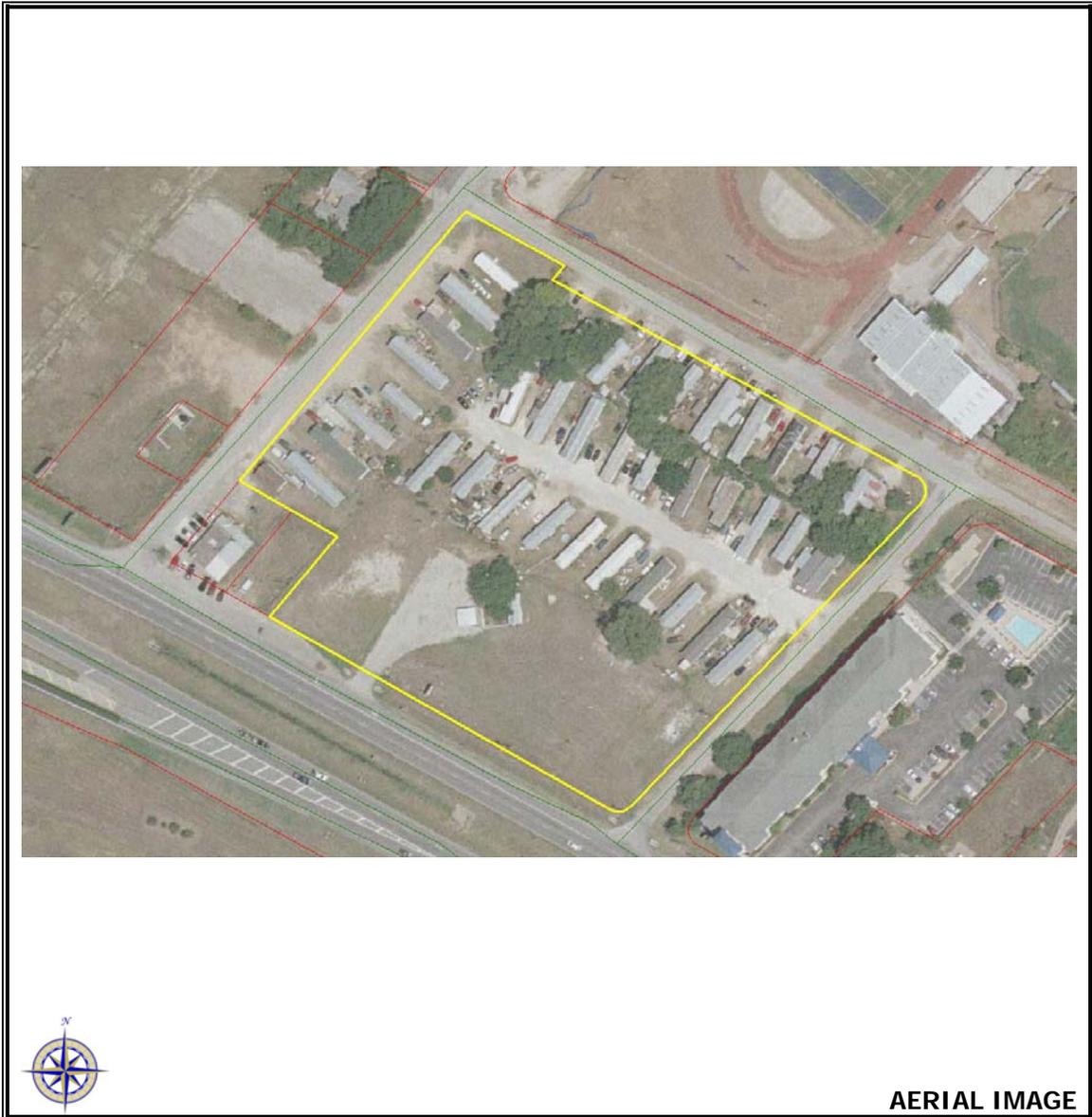
The most noteworthy employers in and near the neighborhood are Advanced Micro Devices (AMD), the Internal Revenue Service (IRS) Compliance Center, Sematech, Tokyo Electronics's \$50 million semiconductor equipment plant (U.S. headquarters), White Swan Food Service, Omni Hotel, Sam's Wholesale Warehouse and Walmart.



Bergstrom Air Force Base was previously a major employer located just east of the neighborhood and was at one time Austin's third largest employer. This facility was closed in mid-1993 due to federal budget cuts and was eventually converted for use as Austin's new municipal airport, Austin-Bergstrom International Airport (ABIA). The new airport began air cargo operations in 1997 and passenger flight service in May 1999. Subsequently, Austin officials unveiled a new master plan that will essentially double most aspects of the airport. Having surpassed its anticipated performance in the original master plan, completed in 1993, the airport's new master plan is designed to cover Austin's needs for the next 20 years. Overall, the ABIA is having a marginally positive effect on development in and around the neighborhood.

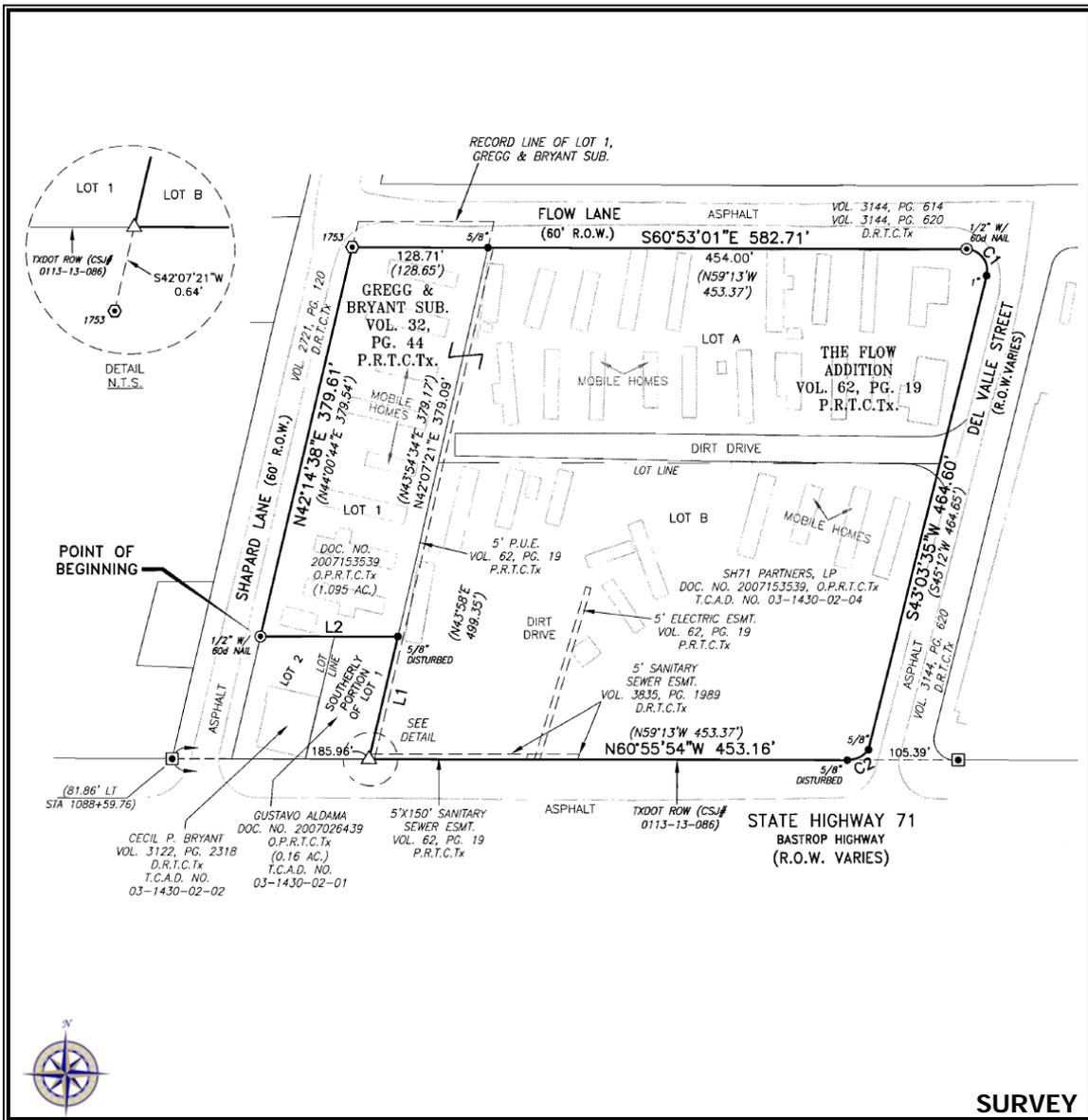
The long-term prospects for the neighborhood are favorable in light of the roadway improvements, the presence and performance of Austin-Bergstrom International Airport, and the location of other major employers in the area. It is expected that the neighborhood will prosper as the overall Austin area continues to grow and expand.

SITE DESCRIPTION AND ANALYSIS

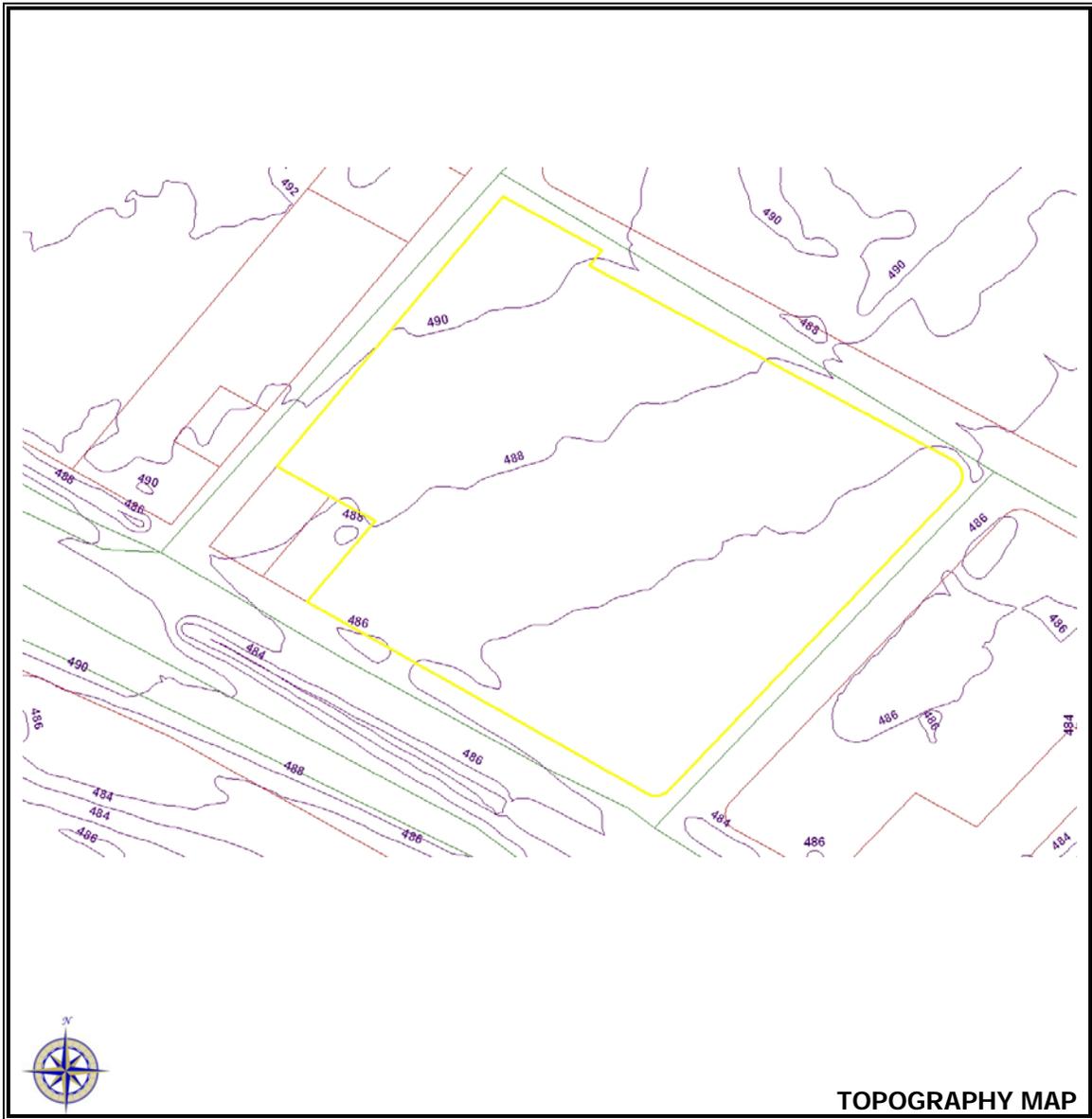


AERIAL IMAGE

Source: Austin GIS



Source: Macias & Associates, L.P. Land Surveyors (December 10, 2009)



Source: CAPCOG

Location: 2707 State Highway 71 East, Austin, Travis County, Texas

Map Reference: Mapsco Map Page 647-K

Gross Site Area: ±6.391 acres (±278,412 SF)

Shape: The site is essentially rectangular with an out-parcel at the southwest corner.

Frontage and Roadway Design:

±453 feet	State Highway 71, a multi-lane divided highway with one-way frontage road traversing in an east-west direction
±465 feet	Del Valle Street, a two-lane, asphalt-paved feeder road
±583 feet	Flow Lane, a two-lane, asphalt-paved feeder road
±380 feet	Shapard Lane, a two-lane, asphalt-paved feeder road

Access/Visibility: Accessible via all four roads. State Highway 71 and Del Valle Street are accessible via community dirt drives. Flow Lane and Shapard Lane are accessible via individual concrete driveways. The property is afforded good visibility from all four roadways.

Subsoil Conditions and Drainage: According to a Phase I Environmental Site Assessment (Hill Country Environmental, Inc. December 2009), four types of soils are located in the vicinity of the subject area:

- 1) Lewisville – silty clay texture, moderate infiltration rates, well drained
- 2) Houston Black – clay texture, very slow infiltration rates, moderately well drained
- 3) Ferris – clay texture, very slow infiltration rates, well drained
- 4) Water – silty clay texture, moderate infiltration rates, moderately well and well drained

We are not qualified to render an opinion as to the quality of the soils or feasibility for development. Upon inspection of the subject and surrounding improvements, soil conditions appear adequate to support development of the subject property with adequate engineering. The opinions of value stated herein are contingent upon the soils providing a stable base for improvements.

There are no known commercially valuable mineral or oil deposits located on/or beneath the site. No responsibility is assumed regarding the presence of mineral deposits which might affect the value of the site, and the client is urged to retain experts in this respective field, if desired, as we are not qualified to uncover such conditions.

Topography: The site is generally level and at street grade.

Flood Plain: According to flood hazard map 48453C0610H for the City of Austin, Travis County, Texas dated September 26, 2008 published by the Federal Emergency Management Agency (FEMA), the site is within Zone X, an area determined to be outside the 100-year floodplain.

Watershed: Colorado River

Environmental/Toxic Waste: We were provided with a Phase I Environmental Site Assessment (Hill Country Environmental, Inc. December 2009) for the subject. The assessment stated that, "The truck repair area activities and material storage practices indicate the likely presence of petroleum products on the property. The storage of pesticide containers on-site in a building apparently with a dirt floor on Shapard Lane north of the restaurant indicates the likely presence of hazardous substances that may have impacted that area." The assessment then states that the extent of this contamination cannot be assessed within the scope of a Phase I ESA and recommends removal of the pesticides. The assessment also states that it is likely that removing the mobile homes and outbuildings would result in the discovery of oil staining on the driveways and on soils where cars have been parked or stored.

We are not qualified to detect hazardous waste and/or toxic materials. An expert in these fields should be consulted for opinions on these matters. The appraisal is predicated on the assumption that no environmental hazards or special resources exist within or on the subject property.

The assessment did not find any endangered species associated with the site. Additionally, we have no knowledge of the presence of any endangered species or protected habitat and have assumed that the site is free and clear of such. No responsibility is assumed regarding the presence of any adverse environmental features or conditions which might affect the value of the site, and the client is urged to retain experts in these respective fields, if desired, as we are not qualified to uncover such conditions.

Utilities: The site has all utilities available to it in adequate quality and quantity to service the highest and best use. Water is available through a 16-inch line in SH-71 and there is also an 8-inch line in Shapard Ln. 8-inch wastewater lines are in SH-71 and Flow Lane, and there is an 18-inch line in Shapard Ln.

Political Boundaries: City of Austin, Travis County, State of Texas

Zoning: RR, Airport Overlays AO-2 and AO-3; Rural Residence with Airport Overlays. Zoning Ordinance No. 000330-70, which took effect on April 10, 2000, amended the classification from Interim-Rural Residential (I-RR) zoning. The current mobile home park on the property is a non-conforming use.

A zoning planner for the City of Austin said that based on the past several years of surrounding properties being approved for commercial re-zoning, the likelihood is "pretty high" for the subject to also receive approval for commercial re-zoning. Such is hereby assumed.



The RR category is intended as an area for very low density residential use. The minimum lot size is 1 acre and maximum building height is 35 feet.

Permitted residential uses within the RR category include single-family residential.

Commercial uses allowable with a special use permit include kennels, special use historic and stables.

Permitted agricultural uses include urban farm and permitted civic uses include communication service facilities, limited day care services, family home, Class I group home (limited), public primary and secondary educational facilities, and religious assembly.

Civic uses requiring a conditional use permit include club or lodge, public and private community recreation, cultural services, commercial and general day care services, group home, class I (general), local utility services, private primary and secondary educational facilities, and safety services.

The Airport overlay Zone Two (AO-2) consists of the portions of the controlled compatible land use area that have a yearly day-night average sound level of at least 65 decibels and not more than 70 decibels.

All residential, school uses, outdoor music shells, and amphitheatres are prohibited in this zone.

Hospitals, nursing homes, churches, auditoriums, concert hall, hotel, motel, farming, ranching, and forestry uses are permitted with noise reduction levels of at least 25 db are required for the structure.

Outdoor sports arenas and spectator sports are permitted with a special sound reinforcement system.

Government services, transportation, parking, business and professional offices, wholesale and retail of building materials, hardware, and farm equipment, general retail trade, utilities, communication use, general manufacturing, optical and photographic, mining and fishing, resource production and extraction, nature exhibits and zoos, amusements, parks, resorts, and camps, golf courses, riding stables, and water recreation are permitted.

The Airport overlay Zone Three (AO-3) consists of the portions of the controlled compatible and use area that have a yearly day-night average sound level of less than 65 decibels and are located with approximately one-half mile of the 65 decibel contour line.

The uses allowed in AO-3 are the same as those in AO-2, but residential and school uses are allowed on a restricted basis.

As indicated in Austin City Code Section 25-13-45(B), residential uses are permitted in airport overlay zones only on properties that are included in a recorded final plat on August 20, 2001. The subject was platted in 1967 and 1972.

School District	Del Valle ISD
Public Services:	The site is within the jurisdiction of the City of Austin and is provided all municipal services, including police, fire, and garbage collection.
Easements/Encumbrances:	<p>Based on review of the plat, deed records and title commitment, there appear to be no restrictions or easements that would negatively impact development of the property. Inspection of the subject site revealed no indications of easements that would be adverse to development of the site to its highest and best use. Normal public utility easements are assumed.</p> <p>Plat research and review of the title commitment indicated the following restrictions, ordinances, easements and encumbrances on the site:</p> <ul style="list-style-type: none">a. 5' Public Utility Easement along the northwest property line (Lots A and B, The Flow Addition) as shown on the plat and dedication recorded in Volume 62, Page 19, Plat Records, Travis County, Texas.b. 5' x 150' Sanitary Sewer Easement along a portion of the southwest property line (Lot B, The Flow Addition) as shown on the plat and dedication recorded in Volume 62, Page 19, Plat Records, Travis County, Texas.c. 5' Electric Easement running in a northeasterly direction (Lot B, The Flow Addition) as shown on the plat and dedication recorded in Volume 62, Page 19, Plat Records, Travis County, Texas.d. Sanitary Sewer Easement granted to the City of Austin by instrument recorded in Volume 3835, Page 1989, Deed Records, Travis County, Texas and as shown on the plat recorded in Volume 62, Page 19, Plat Records, Travis County, Texas. (Lot B, The Flow Addition)e. Easement granted to the City of Austin by instrument recorded in Volume 4277, Page 524, Deed Records, Travis County, Texas. (Blanket)f. Multi-Service Agreement recorded in Volume 8622, Page 374, Real Property Records, Travis County, Texas. (Lots A and B, The Flow Addition)g. Rights to all oil, gas and other minerals of every kind and character in, on and under the subject property.
Entitlements:	The subject is entitled with subdivision plats and is legally described as Lot 1, Gregg & Bryant Subdivision, according to the map or plat of record in Volume 32, Page 44, Plat Records of Travis County, Texas and Lots A & B, The Flow Addition, according to the map or plat of record in Volume 62, Page 19, Plat Records, Travis County, Texas.
Encroachments:	Encroachments were not noted and it is assumed that the site is free and clear of the same.

HIGHEST AND BEST USE ANALYSIS

AS IF VACANT

Physically Possible

The subject's location, accessibility, and physical characteristics were discussed in the *Market Area Analysis* and *Site Description and Analysis* sections of this report. But for its location in an area with older, lower quality improvements, the site's physical characteristics impose few limitations for most development possibilities. Its proximity to the airport makes the property more suitable for commercial use than for residential use. Surrounding commercial uses include hotels, restaurants, gas stations and neighborhood retail, such as liquor stores.

Legally Permissible

The evaluation criteria for legally permissible uses focused on development standards for properties within the city limits and any encumbrances, restrictions, and/or easements. The site is traversed only by typical public utility easements, which are not considered adverse.

As mentioned, the subject is within the City of Austin and is restricted by the RR zoning and Airport Overlays AO-2 and AO-3. A zoning planner for the City of Austin said that based on the past several years of surrounding properties being approved for commercial re-zoning, the likelihood is "pretty high" for the subject to also receive approval for commercial re-zoning. Given these factors, the most probable physically possible and legally permissible use of the site is for the property to be re-zoned for commercial use.

Financially Feasible

The financial feasibility of a specific property is market driven, and it is influenced by economic conditions. Given the lack of development financing and the national and local market softness, development for any use is infeasible at the present. Therefore, a holding period would be necessary until the market strengthens and feasibility returns.

Maximally Productive

The final consideration is that the highest and best use be maximally productive. Based on the above criteria, future commercial development represents the maximally profitable use of the site.

Conclusion, as if vacant

Considering all of the factors which influence highest and best use, it is our opinion that the highest and best use of the site, as if vacant, is for future commercial development as market conditions warrant.

AS IMPROVED

The subject property is improved with a mobile home park built in 1975. Although the current use generates a positive return, income capitalization indicates a lower value than that generated by the land alone. The following income analysis was undertaken to quantify the subject's value under the existing use.

INCOME ANALYSIS

Potential Gross Rental Income Summary

The rent comparables are detailed in the Addenda and are summarized in the following chart:

RENT COMPARABLES SUMMARY							
No.	Property Location	YOC	Condition	Spaces	Rental Rates	Expense Basis	Occupancy
1	2815 SH-71 East, Austin Austin Pecan Park	1975	average	100	\$345/month	Gross	100%
2	1709 Bastrop Hwy, Austin Tejas Mobile Plaza	1972	average	92	\$319/month	Gross	100%
3	7901 E. Ben White Blvd, Austin Royal Palms RV Community	1985	average	229	\$385/month	Gross	95%
4	1430 Frontier Valley Dr, Austin Frontier Valley Mobile Home Park	1973	average	154	\$365/month	Gross	99%
5	810 Bastrop Hwy, Austin Palm Oaks	2001	good	36	\$300/month	Gross	97%
Subject	2707 State Highway 71 East	1975	fair to poor	39	\$275/month	Gross	N/A

Compiled by Paul Hornsby and Co.

The data above provide a foundation from which to make reasonable estimates of the subject's achievable market rent. Competitive properties are compared to the subject for such factors as location, quality and condition of the improvements, utility and overall rental appeal.

Comparables 1 and 2 are most similar to the subject in terms of location, size, age, condition, and lack of amenities. Comparables 3 and 4 are superior to the subject for all these characteristics. Comparable 5 is most similar to the subject in terms of size, but is superior in condition and exterior appeal.

The rent rates of the five comparables have a mean of \$343/month and a median of \$345/month. Based on the market data, a rent rate of \$345/space/mo. is estimated, consistent with that indicated by Comparable 1. Although this rate is well above the subject's quoted rate, it was reported that the subject has not raised its rents in seven years.

Vacancy and Collection Loss

Vacancy and collection losses are incurred by the lessor due to frictional vacancies, which reflect lost rent during typical tenant turnover, and delinquencies. Although vacancy levels and collection losses can vary widely over any given year, a stabilized factor is utilized in the following analysis.

The subject's current occupancy rate was not disclosed. The comparable rentals used in this analysis are 95%-100% occupied. Given the high demand in the market for well located manufactured housing communities, stabilized vacancy was estimated at 5% with no collection loss.

Operating Expenses

In developing an operating expense estimate, all expenses normally incurred in operating and maintaining the property must be recognized. The expense estimates are typically based on an analysis of the subject's historical operating statements and data from comparable properties, and/or from published information. Although requested, complete historical expense information for the subject property was not provided. A review of the limited expenses dated December 4, 2009 showed the owner has monthly costs of \$6,200 for water/wastewater, \$580 for management and \$200 for repairs. This statement did not include taxes and insurance; these categories are input at \$1,301/month and \$195/month, respectively. All tenants pay for their own electricity. Therefore the total expenses are estimated at \$8,476 per month.

Net Operating Income Schedule

Although a rent roll was not provided by the owner, it was reported that 39 mobile home spaces rent for \$275 per month and the trucking company pays \$1,100 per month for its space. As noted, market rent for the mobile home spaces is estimated at \$345/month, and the trucking company space is input at its contract rate of \$1,100/month. A summary of the stabilized income and operating expenses is presented in the following table.

Net Operating Income Schedule			
Market Rental Income, Mobile Home Lots	\$345/space/mo.	x 39 spaces x 12 months	\$161,460
Scheduled Rental Income, Trucking Co.	\$1,100/space/mo.	x 1 space x 12 months	<u>\$13,200</u>
Potential Gross Income			\$174,660
Less: Vacancy & Collection	5%		<u>(\$8,733)</u>
Effective Gross Income			\$165,927
Less: Expenses	\$8,476/mo.	x 12 months	<u>(\$101,712)</u>
Net Operating Income (Yearly)			\$64,215

Direct Capitalization

Often the best method of estimating capitalization rates is through extraction from local sales of similar properties. In this instance, since there was an absence of sales of similar mobile home parks in the subject's market within a reasonable time preceding the effective date, we have examined published data. The *RealtyRates.com Investor Survey* draws from a survey of its subscribers and other sources. In the table below, *RealtyRates.com* indicates national fourth quarter 2009 cap rates for mobile home parks on several bases. Using the DCR technique, an average of 8.39% is reflected. On the basis of a Band of Investment Technique, a range of 6.41% to 15.83% is indicated with an average of 10.09%. Surveyed rates ranged from 6.09% to 15.04% with an average of 9.56%. The subject reflects average risk for this property type, and a rate of 9.50% is reconciled.

RealtyRates.com INVESTOR SURVEY - 4th Quarter 2009*						
RV/CAMP GROUNDS - MH PARKS - MANUFACTURED HOUSING - ALL TYPES						
Item	Input					OAR
Minimum						
Spread Over 10-Year Treasury	0.90%	DCR Technique	0.95	0.060731	0.85	4.90
Debt Coverage Ratio	0.95	Band of Investment Technique				
Interest Rate	4.49%	Mortgage	85%	0.060731	0.051621	
Amortization	30	Equity	15%	0.083000	0.012450	
Mortgage Constant	0.060731	OAR				6.41
Loan-to-Value Ratio	85%	Surveyed Rates				6.09
Equity Dividend Rate	8.30%					
Maximum						
Spread Over 10-Year Treasury	5.95%	DCR Technique	2.05	0.125597	0.50	12.87
Debt Coverage Ratio	2.05	Band of Investment Technique				
Interest Rate	9.54%	Mortgage	50%	0.125597	0.062798	
Amortization	15	Equity	50%	0.191000	0.095500	
Mortgage Constant	0.125597	OAR				15.83
Loan-to-Value Ratio	50%	Surveyed Rates				15.04
Equity Dividend Rate	19.10%					
Average						
Spread Over 10-Year Treasury	3.40%	DCR Technique	1.39	0.084401	0.72	8.39
Debt Coverage Ratio	1.39	Band of Investment Technique				
Interest Rate	6.99%	Mortgage	72%	0.084401	0.060365	
Amortization	25	Equity	28%	0.142400	0.040553	
Mortgage Constant	0.084401	OAR				10.09
Loan-to-Value Ratio	71.5%	Surveyed Rates				9.56
Equity Dividend Rate	14.2%					

*3rd Quarter 2009 Data

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Income Capitalization Approach Summary

The reconciled capitalization rate noted above is applied to net operating income to estimate the market value of the subject property. On this basis, the market value of the subject property, via the Income Capitalization Approach, is estimated as follows:

Income Capitalization Approach		
\$64,215	÷ 9.50%	= \$675,947

INTERIM USE VALUE AND COMPARISON

As set out in the following section, the subject’s value is estimated at \$1,000,000 under an interim-use premise. The land value alone is approximately \$975,000. Because this value exceeds the above indicator, the highest and best use of the property as improved is not use as a mobile home park into perpetuity.

Another test of highest and best use is to determine if the property owner benefits from interim income from the existing improvements. Considering the current soft economy and the uncertainty of the SH-71 road widening project, a prospective buyer of the subject likely would not develop the property for 2-3 years. The value under an interim use premise is the sum of the land value and income stream to the improvements, discounted to present value.

In this instance, the NOI generated by the mobile home park is insufficient to cover even the land component. At a land value of \$975,000 and a land cap rate of 8%, the site would claim the first \$78,000 in NOI; any excess NOI would be attributable to the improvements. As the property NOI of \$64,215 is less than the \$78,000 required for the land component, there is no residual return to the improvements.

However, since the improvements generate income, which can be used to offset holding costs, the subject is superior to vacant land tracts. By paired sales analysis (see following valuation section), the improvements have an estimated value of \$0.10/SF of land area, or \$27,841. This amount would be sufficient to cover about six months of debt service if purchased at market value.

Therefore, the highest and best use of the subject property, as improved, is interim use of existing improvements, followed by commercial re-development. The mobile home park would probably continue to be used to offset carrying costs for the next 2-3 years until the market strengthens and development financing is available.

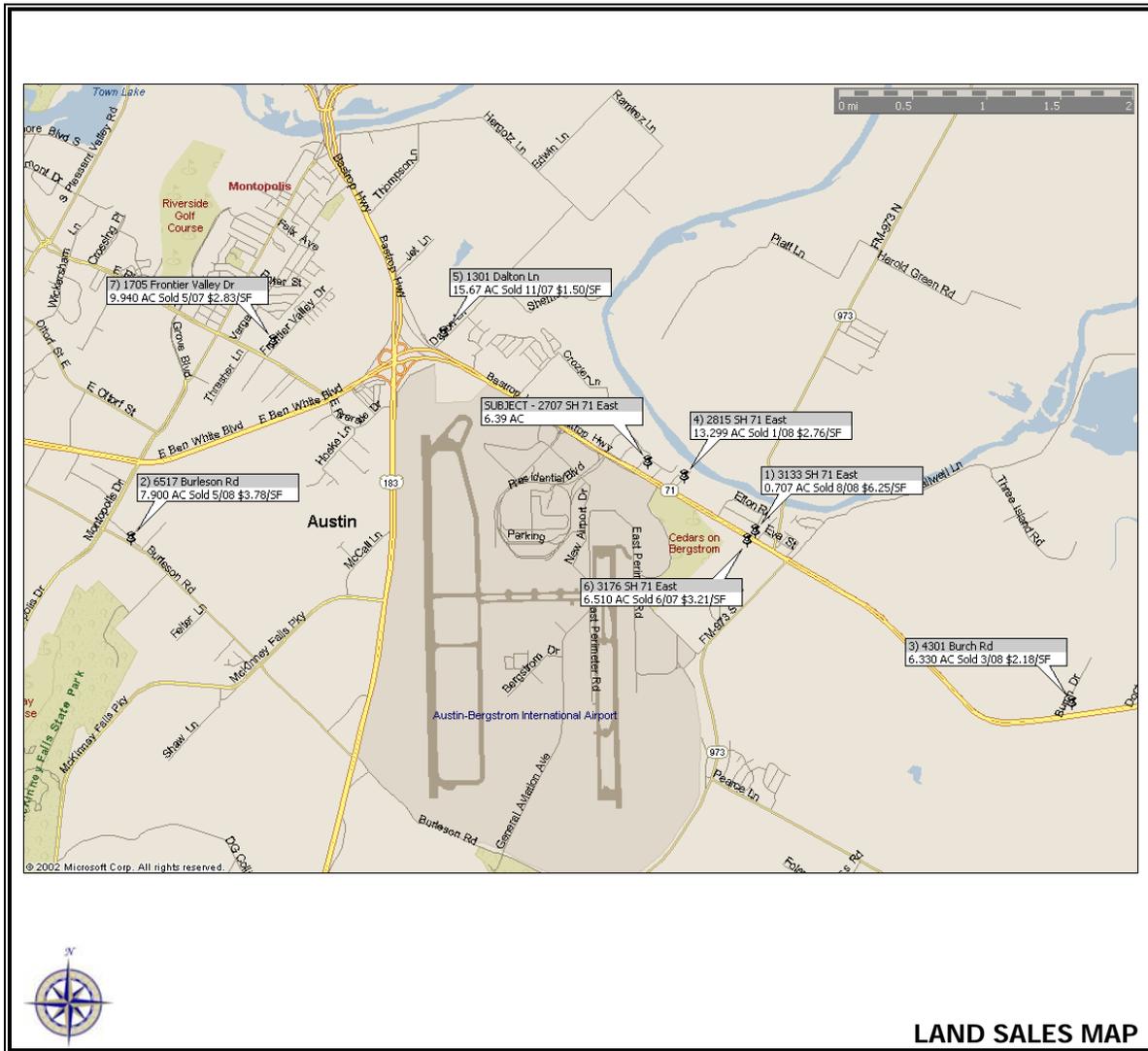
VALUATION OF THE PROPERTY

Site Valuation

The Sales Comparison Approach is utilized to estimate the value of the site. In valuing property via this approach, numerous land sales are gathered and the most comparable are used for comparison. Since properties are never identical, the comparable sales must be adjusted to the subject for differences in market conditions, location, and physical characteristics.

We researched the site's market area for sites that had sold or were under contract. Our data search for comparables included investigating Travis County deed records, conversations with local brokers and property owners and a review of sales contained in our database. Included on the following page is a summary of the documented sales that have been used in estimating the value of the property, as well as a location map.

Site Valuation



Land Sale No. 1



Property Identification

Record ID 788
Property Type Commercial
Address 3133 SH 71 East, Austin, Travis County, Texas
Tax ID 03-1636-0422-0000, 03-1636-0423-0000
Map Reference 647-Q

Sale Data

Grantor Monroe Royster, LLC
Grantee Najib F. Wehbe
Sale Date August 15, 2008
Recording Information Warranty Deed with Vendor's Lien 2008142370, Reviewed 12/09
 BKG

Property Rights

Fee simple

Financing Cash to seller

Date of Inspection 1/7/10, BKG

Verification Josh Hubka, seller broker; 512-346-5180, December 22, 2009;

Confirmed by BKG

Sale Price \$192,586

Cash Equivalent \$192,586

Land Sale No. 1 (Cont.)

Land Data

Zoning	I-SF-2, Commercial
Topography	Level to gently sloping
Utilities	All available
Shape	Rectangular
Flood Info	None
Easements	No adverse easements
Mineral, oil, and gas interests included in sale	None
Present Use	Vacant land
Highest & Best Use	Commercial

Land Size Information

Gross Land Size	0.707 Acres or 30,814 SF
Front Footage	101 ft SH 71 East;308 ft Royster Ave;99 ft Eva St

Indicators

Sale Price/Gross Acre	\$272,245
Sale Price/Gross SF	\$6.25

Legal Description

Lots 1, 2, 3 and 4, A.L. Royster, an Addition in Travis County, Texas, according to the map or plat thereof; recorded in Book 4, Page 240, of the Plat Records of Travis County, Texas.

Remarks

Property was zoned I-SF-2 at time of sale but buyer re-zoned to GR-CO which was the same zoning as the buyer's property adjacent to the west. Seller broker thought that sale price was fair for both parties, but it probably would have sold at a lower price to a different buyer because of its small amount of frontage (100') on SH-71 and heavy tree cover. Buyer assembled land into 1.2841 acres and as of 12/22/09, had the property listed for \$10.00/SF; he was generating interest from C-stores and fast food restaurants.

Land Sale No. 2



Property Identification

Record ID	534
Property Type	Industrial
Property Name	6517 Burleson Road
Address	6517 Burleson Road, Austin, Travis County, Texas 78744
Location	Southwest line of Burleson Road, across from Dime Circle, south of Montopolis
Tax ID	03-1813-0301-0000
Map Reference	645-R

Sale Data

Grantor	Burleson Road Partnership
Grantee	Burleson Road Partners, LP
Sale Date	May 23, 2008
Recording Information	Special Warranty Deed 2008088313, Reviewed 12/09 BKG
Financing	Cash to seller
Date of Inspection	1/7/10, BKG
Verification	Steve Sanders, Jones Lang LaSalle, grantee's broker; (512) 225-2700, October 26, 2009; David Morrison, Austin Premium Prop Mgmt, seller's broker, (512) 320-8040, Other sources: CoStar; John McCall, seller 444-1757; TCAD comps; Jeff Metzler, gte, Confirmed by SGM

Sale Price	\$1,300,000
Cash Equivalent	\$1,300,000
Adjusted Price	\$1,300,000

Land Sale No. 2 (Cont.)

Land Data

Zoning	LI-PDA, Light Industrial
Topography	Basically level
Utilities	All available and to the site
Shape	Rectangular
Flood Info	None per FEMA Panel 48453C0605H
Easements	No adverse easements
Mineral, oil, and gas interests included in sale	None
Present Use	Office park
Highest & Best Use	Office park

Land Size Information

Gross Land Size	7.900 Acres or 344,124 SF
Front Footage	375 ft Burleson Road

Indicators

Sale Price/Gross Acre	\$164,557
Sale Price/Gross SF	\$3.78

Legal Description

Lot 4, Block A, Expo Center, Section One, a subdivision in Travis County, according to the map or plat thereof recorded in Volume 98, Pages 17-18, Plat Records, Travis County, Texas

Remarks

The property was listed for \$1,500,000 or \$4.86/SF for 289 DOM prior to sale, representing a 13% discount from the list price. The site is well-located on Burleson Road, proximate and southerly adjacent to existing industrial distribution development. It is the last lot in Expo Center. According to the seller's broker, there were no special or unusual circumstances surrounding the sale.

Subsequent to purchase, the lot was re-subdivided into Lots 4A (3.971 acres -north) and 4B (3.925 acres - flag lot, south). Lot 4A has been improved with a concrete tilt wall building for Crawford Electrical Supply Company. The facility includes 61,200 SF of office/warehouse. The rear flag lot, Lot 4B, has marketed for sale by Steve Sanders of Staubach, currently Jones Lang LaSalle. The rear lot can support approximately 50,000 SF of warehouse space and 10,700 SF of office and showroom space.



Land Sale No. 3



Property Identification

Record ID 89
Property Type Commercial
Address 4301 Burch Rd., Del Valle, Travis County, Texas 78617
Location Hwy 71 East
Tax ID 03-2248-0205-0000, 03-2248-0203-0000
Map Reference 678-B

Sale Data

Grantor 4549 Hwy 71 Ltd.
Grantee Austin First Church
Sale Date March 11, 2008
Recording Information Special Warranty Deed 2008039176, Reviewed 12/09 BKG
Property Rights Fee simple
Marketing Time 260 days
Financing All-cash transaction
Date of Inspection 1/7/10, BKG
Verification Vance Naumann; 512-459-5263, December 22, 2009; Other sources: Co-Star, Confirmed by BKG

Sale Price \$600,000
Cash Equivalent \$600,000

Land Sale No. 3 (Cont.)

Land Data

Zoning	None, ETJ, None, ETJ
Topography	Level
Utilities	Water to site, septic needed
Shape	Irregular
Flood Info	None
Easements	No adverse easements
Mineral, oil, and gas interests included in sale	None
Present Use	Vacant land
Highest & Best Use	Commercial

Land Size Information

Gross Land Size	6.330 Acres or 275,735 SF
Front Footage	681 ft Burch Rd;104 ft SH 71 East

Indicators

Sale Price/Gross Acre	\$94,787
Sale Price/Gross SF	\$2.18

Legal Description

Tract 1: Lot 1-B, Partition of the Ida Burch Estate, according to the map or plat thereof, recorded in Volume 9, Page 35, Plat Records, Travis County, Texas.

Tract 2: Lot 2-A, Partition of the Ida Burch Estate, according to the map or plat thereof, recorded in Volume 9, Page 35, Plat Records, Travis County, Texas.

Remarks

Asking price was \$650,000 (\$2.36/SF) and property was on market for nine months before it sold. Seller broker said there were other interested parties after the property was under contract, so it probably could have sold for a higher price. The proximity of SH-130 was considered by the potential buyers. There were no deed restrictions.

Land Sale No. 4



Property Identification

Record ID 778
Property Type Residential, Airport Expansion
Property Name Austin Pecan Park
Address 2815 Hwy 71 East, Del Valle, Travis County, Texas 78617
Tax ID 03-1531-0310-0000, 03-1633-0301-0000, 03-1531-0304-0000
Map Reference 647-Q

Sale Data

Grantor Austin Pecan Park
Grantee Najib F. Wehbe, Charlice Ann Abeyta and Robert Roy Gilstrap
Sale Date January 28, 2008
Recording Information General Warranty Deed with Vendor's Lien 2008015170, Reviewed 12/09 BKG

Property Rights

Marketing Time Fee simple
Financing 3 months
Date of Inspection Cash to seller
Verification 1/7/10, BKG
 Dale Lowe, Grantor; 512-636-4440, December 18, 2009; Confirmed by BKG

Sale Price \$1,600,000
Cash Equivalent \$1,600,000

Land Sale No. 4 (Cont.)

Land Data

Zoning	I-RR, Residential
Topography	Level
Utilities	Water to site, septic needed
Shape	Irregular
Flood Info	Only along north border (Colorado River)
Improvements	Mobile home pads, utility hookups
Easements	No adverse easements
Mineral, oil, and gas interests included in sale	None
Present Use	Mobile home park
Highest & Best Use	Commercial

Land Size Information

Gross Land Size	13.299 Acres or 579,309 SF
Front Footage	280 ft SH-71; 1,125 ft Lyle Rd

Indicators

Sale Price/Gross Acre	\$120,309
Sale Price/Gross SF	\$2.76

Legal Description

Tract I - Being all of that certain tract or parcel of land out of and a part of the Santiago Del Valle Grant, situated in Travis County, Texas, said tract of land being more particularly described as consisting of three (3) tracts of land being all of that certain 11.32 acre tract of land referred to as Tract Two and all of Luke's Subdivision, a subdivision of record in Book 52, Page 28, Travis County Plat Records, referred to as Tract One, conveyed to Austin Pecan Park in that certain Warranty Deed of record in Volume 11392, Page 780, Travis County, Texas Real Property Records and all of Lots 2 and 3, Gerl Subdivision, a subdivision of record in Book 69, Page 34 of said Plat Records conveyed to Austin Pecan Park in that certain General Warranty Deed of record in Volume 12680, Page 1442 of said Real Property Records, said tract of land being 12.285 acres of land.

Tract II: Lot 1, Gerl Subdivision, a subdivision in Travis County, Texas, according to the map or plat thereof recorded in Volume 69, Page 34, Plat Records, Travis County, Texas.

Tract III: A 0.47 acre remaining portion of the called 2.0 acre tract of land out of the Santiago Del Valle Grant, Abstract Number 28, as situated in Travis County, Texas.

Remarks

Grantor did not have allocation of land and improvements (mobile home pads, hookups). At the time of sale, the property's gross income was \$34,000 per month. There are 100 total spaces for rent within the 13.299 acres of land, but only 65 are mobile home spaces.



Land Sale No. 5



Property Identification

Record ID 120
Property Type Commercial
Address 1301 Dalton Lane, Austin, Travis County, Texas 78742
Location Just north of ABIA
Tax ID 03-1026-0127-0000
Map Reference 646-D

Sale Data

Grantor Klatt Properties, L.P.
Grantee Austin Hwy 71 Investments, LLC
Sale Date November 27, 2007
Recording Information Special Warranty Deed with Vendor's Lien 2007218102, Reviewed 12/09 BKG

Property Rights

Financing Fee simple
Date of Inspection Cash to seller
Verification 1/7/10, BKG
 Dick Matz, Seller broker; 512-452-7030, April 29, 2008

Sale Price \$1,023,878
Cash Equivalent \$1,023,878

Land Sale No. 5 (Cont.)

Land Data

Zoning	CS, Commercial
Utilities	All to site
Shape	Irregular
Flood Info	None
Easements	20' drainage easement
Mineral, oil, and gas interests included in sale	None
Present Use	Vacant land
Highest & Best Use	Commercial or residential

Land Size Information

Gross Land Size	15.670 Acres or 682,585 SF
Front Footage	650 ft Dalton Lane;55 ft Amory Lane

Indicators

Sale Price/Gross Acre	\$65,340
Sale Price/Gross SF	\$1.50

Legal Description

Approximately 15.670 acres of land being out of and a portion of the Santiago Del Valle Grant, in Travis County, Texas.

Remarks

Property is encumbered by overhead power lines, a 20' drainage easement along the most easterly southeast property line and encroachment of the concrete curb and asphalt over the northeasterly property line from the adjoining tract.

Land Sale No. 6



Property Identification

Record ID 93
Property Type Commercial
Address 3176 Hwy 71 E, Austin, Travis County, Texas 78617
Tax ID 03-1836-0503-0000
Map Reference 647-Q/U

Sale Data

Grantor McDuff Family Limited Partnership
Grantee ASC Corrections of Texas, LLC
Sale Date June 22, 2007
Recording Information Warranty Deed 2007116678, Reviewed 12/09 BKG
Property Rights Fee simple
Marketing Time 801 days
Financing Cash to seller
Date of Inspection 1/7/10, BKG
Verification Joyce Weedman, seller broker; 512-482-0122, December 22, 2009;
 Other sources: LoopNet, Co-Star, Confirmed by BKG

Land Sale No. 6 (Cont.)

Sale Price \$909,393
Cash Equivalent \$909,393

Land Data

Zoning CS, Commercial
Topography Level to gently sloping
Utilities All to site
Shape Flag
Flood Info None
Easements No adverse easements
Mineral, oil, and gas interests included in sale None
Present Use Correctional facility
Highest & Best Use Commercial

Land Size Information

Gross Land Size 6.510 Acres or 283,576 SF
Front Footage 151 ft SH 71 East

Indicators

Sale Price/Gross Acre \$139,692
Sale Price/Gross SF \$3.21

Legal Description

Lot 3, Morgan Subdivision, a subdivision in Travis County, Texas.

Remarks

Asking price was \$1,134,302 (\$4.00/SF). Zoning was changed to P (Public District) after sale and property is being used as a correctional facility.

Land Sale No. 7



Property Identification

Record ID 789
Property Type Multi-family
Property Name Santora Villas
Address 1705 Frontier Valley Dr., Austin, Travis County, Texas
Location North of SH-71, west of US-183
Tax ID 03-1018-0106-0000
Map Reference 646-B

Sale Data

Grantor Marbella Development, L.P.
Grantee Santora Villas, LP
Sale Date May 01, 2007

Recording Information

Special Warranty Deed with Vendor's Lien (With Assignment of Lien to Third Party) 2007094931, Reviewed 12/09 BKG

Property Rights

Fee simple

Marketing Time

11 months

Financing

Cash to seller

Date of Inspection

1/7/10, BKG

Verification

Jackie Flippin, asst. seller broker; 512-480-8100, January 15, 2009;
 Other sources: Co-Star, LoopNet, Confirmed by BKG

Sale Price \$1,225,000

Cash Equivalent \$1,225,000

Land Sale No. 7 (Cont.)

Land Data

Zoning	MF-3/CO/NP, Multi-Family
Utilities	All available to site
Shape	Rectangular
Flood Info	None
Easements	No adverse easements
Mineral, oil, and gas interests included in sale	None
Present Use	Apartment complex
Highest & Best Use	Multi-family

Land Size Information

Gross Land Size	9.940 Acres or 432,986 SF
Front Footage	1,134 ft Frontier Valley Dr

Indicators

Sale Price/Gross Acre	\$123,239
Sale Price/Gross SF	\$2.83

Legal Description

A 9.940-acre (432,977 square feet) tract of land out of the Santiago Del Valle Grant, Abstract No. 24, Travis County, Texas.

Remarks

Buyer constructed an apartment complex on property and had to wait for TCHCA bond financing as well as S.M.A.R.T. Housing certification from the City of Austin. Restrictive Covenant states that 40% of units shall be allocated to 60% median income limits.

The market data table below summarizes those transactions which are most comparable to the subject:

LAND SALES SUMMARY									
No.	Property Location	Transaction Type	Transaction Date	Zoning	Land Size (Acres)	Utilities	Intended Use	Sale Price	Price per SF
1	3133 SH 71 East	Sale	8/15/2008	I-SF-2	0.707	All available	Commercial	\$192,586	\$6.25
2	6517 Burleson Rd	Sale	5/23/2008	LI-PDA	7.900	All available	Industrial	\$1,300,000	\$3.78
3	4301 Burch Rd	Sale	3/11/2008	None, ETJ	6.330	Septic needed	Church	\$600,000	\$2.18
4	2815 SH 71 East	Sale	1/28/2008	I-RR	13.299	Septic needed	Mobile Home Park	\$1,600,000	\$2.76
5	1301 Dalton Ln	Sale	11/27/2007	CS	15.670	All available	Commercial	\$1,023,878	\$1.50
6	3176 SH 71 East	Sale	6/22/2007	None, ETJ	6.510	All available	Commercial	\$909,393	\$3.21
7	1705 Frontier Valley Dr	Sale	5/1/2007	MF-3/CO/NP	9.940	All available	Apartments	\$1,225,000	\$2.83
Subject	2707 SH 71 East	---	---	RR, Airport Overlays AO-2 and AO-3	6.391	All available	---	---	---

Compiled by Paul Hornsby and Co.

In analyzing and comparing the market data to the subject property, each comparable was adjusted for dissimilar characteristics. Adjustments were applied as follows:

Conditions of Sale/Financing

The sales gathered for this appraisal reflected cash-to-seller transactions or those where the financing terms were reported to be at market. As such, no adjustments for cash equivalency were necessary. In addition, the sales reflected arm's length transactions. Therefore, no adjustments for conditions of sale were warranted.

Market Conditions

The transactions occurred between May 2007 and August 2008. According to area brokers and our analysis of the land sales in this sub-market, the area experienced increasing commercial land prices through November 1, 2007. Based on the observed rising trend in land values proximate to the subject, we have adjusted Sales 6 and 7 at a rate of 1% per month through mid-year 2007. Since that period, the soft economy and the tightening of underwriting standards for commercial loans have caused transactions to decline, which flattened appreciation rates. Therefore, no adjustments are applied after June 2007.

Location

The respective locations of the sales were then considered.

Sales 1, 4 and 6 are located within one mile from the subject on SH-71 and were not adjusted.

Sale 2 is located five miles west of the subject in a superior area of commercial development (office and industrial) and received a downward adjustment.



Sale 3 is located four miles east of the subject on SH-71 in Del Valle. This sale received an upward adjustment because it is located in a less-developed and less-trafficked area than the subject.

Sale 5 is located two miles west of the subject, but does not front on SH-71. The main frontage is on Dalton Lane and the site has low visibility due to virtually no traffic. This property is surrounded by vacant land and single-family residences. Therefore a sizable upward adjustment was warranted.

Sale 7 is located three miles northwest of the subject on Frontier Valley Drive with much less traffic than the subject has on SH-71. This street is more suited for residential development than commercial development, so this sale also received an upward adjustment.

Size

Typically, there is an inverse relationship between unit price and size, as larger properties generally sell for less per SF than smaller tracts. Based on the differences among the properties, an adjustment for size is necessary. We based adjustments on a factor of approximately 10% for each doubling in size. Accordingly, Sale 1 received a sizable downward adjustment and Sales 4, 5 and 7 each received upward adjustments.

Shape/Frontage

The subject has a relatively rectangular shape with ±453 feet of frontage on SH-71. It also has access and ±1,427 feet of frontage on three small neighborhood roads (±465 feet on Del Valle Street, ±583 feet on Flow Lane and ±380 feet on Shapard Lane). Based on traffic counts and exposure, we estimated these neighborhood roads to contribute at 20% of the Hwy 71 frontage. Therefore, the subject has an effective front foot per acre (FF/AC) ratio of 116 (453 LF SH-71 + (1,427 LF of neighborhood roads * 20%)) divided by its size. The comparables were treated similarly relative to their frontages.

Frontage Ratios				
Sale #	Main Rd Frontage (LF)	Other Frontage (LF)	Size (Acres)	Effective Front Feet per acre
1	101	407	0.707	258
2	375	0	7.900	47
3	104	681	6.330	38
4	280	1,125	13.299	38
5	650	55	15.670	42
6	151	0	6.510	23
7	1,134	0	9.940	114
Subject	453	1,427	6.391	116

When comparing each sale's frontage, we based adjustments on a factor of approximately 10% for doubling in FF/AC ratio. Sales 1 received a downward adjustment for its superior ratio of 258 FF/AC. Sales 2-5 received upward adjustments for their inferior ratios of 47, 38, 38 and 42 FF/AC, respectively. Sale 6 received a larger upward adjustment for its much inferior ratio of 23 FF/AC. Sale 7 had a similar frontage ratio and was not adjusted.

Flood Plain/Topography

The subject tract is generally level and at street grade with none of the site encumbered by flood plain. As the sale properties are similar in this regard, an adjustment is not warranted.

Zoning/Entitlements

The subject property is zoned RR (Rural Residence) with Airport Overlays AO-2 and AO-3. As noted, this zoning has significant restrictions for commercial uses. Commercial re-zoning is probable, but the owner would have to incur the time, expense and risk of the endeavor. Since Sales 2 and 5 are zoned LI-PDA and CS, respectively, downward adjustments were necessary for both. Sales 3 and 6 are in the ETJ, which also warranted downward adjustments for both. Sales 1 and 4 contain restrictive zoning similar to the subject (I-SF-2 and I-RR) and were not adjusted. Sale 7 was adjusted downward nominally for its MF-3 zoning.

Utilities

The subject property currently has all utilities available. Sales 3 and 4 received upward adjustments because they do not have wastewater available to the site. The other five comparable sales had similar utilities and were not adjusted.

Improvements

The subject is improved with 39 single-wide mobile home rental pads and outbuildings. Sale 4 is the only comparable sale with similar improvements. Although the subject improvements are not the long-term highest and best use of the property, they do contribute income which can be used to offset holding costs until re-development. Therefore, the subject is superior to the sales with no improvements. To calculate the improvement adjustment, we compared the adjusted price of Sale 4 to that of the other six comparable sales. After adjusting for other factors, Sale 4 is \$3.59/SF and the other six sales reflect a median of \$3.42/SF, a difference of 4.7%. On this basis, we applied a 5% upward adjustment to Sales 1-3 and Sales 5-7.

ADJUSTMENT GRID								
Subject	1	2	3	4	5	6	7	
Transaction Type	---	Sale						
Transaction Date	---	8/15/2008	5/23/2008	3/11/2008	1/28/2008	11/27/2007	6/22/2007	5/1/2007
Zoning	RR (AO-2,AO-3)	I-SF-2	LI-PDA	None, ETJ	I-RR	CS	None, ETJ	MF-3/CO/NP
Actual Sale Price	---	\$192,586	\$1,300,000	\$600,000	\$1,600,000	\$1,023,878	\$909,393	\$1,225,000
Size (acres)	6.3915	0.707	7.900	6.330	13.299	15.670	6.510	9.940
Unit Price		\$6.25	\$3.78	\$2.18	\$2.76	\$1.50	\$3.21	\$2.83
Property Rights		0%	0%	0%	0%	0%	0%	0%
Terms of Sale/Financing		0%	0%	0%	0%	0%	0%	0%
Conditions of Sale		0%	0%	0%	0%	0%	0%	0%
Market Conditions/Time		0%	0%	0%	0%	0%	+1%	+2%
Adjusted \$/SF		\$6.25	\$3.78	\$2.18	\$2.76	\$1.50	\$3.24	\$2.89
Location		0%	-5%	+5%	0%	+20%	0%	+10%
Physical Characteristics								
Size		-30%	0%	0%	+10%	+15%	0%	+5%
Shape/Frontage		-10%	+10%	+10%	+10%	+10%	+15%	0%
Flood Plain/Topography		0%	0%	0%	0%	0%	0%	0%
Zoning/Entitlements		0%	-5%	-5%	0%	-5%	-5%	-2%
Utilities		0%	0%	+10%	+10%	0%	0%	0%
Improvements		+5%	+5%	+5%	0%	+5%	+5%	+5%
Net Location and Physical Characteristics Adjustment		-35%	+5%	+25%	+30%	+45%	+15%	+18%
Indicated Unit Value		\$4.06	\$3.97	\$2.73	\$3.59	\$2.18	\$3.73	\$3.41



Conclusion of Land Sales Analysis

In estimating the fee simple value of the property via this approach, seven sales were considered. These data were analyzed and adjusted, suggesting a value estimate for the subject property between \$2.18/SF and \$4.06/SF, with a mean of \$3.38/SF and median of \$3.59/SF, respectively. Sale 4 was improved with a mobile home park similar to the subject and is located just to the east. With reliance on Sale 4 and the central tendency of data, we have reconciled a unit value of \$3.60/SF.

$$\pm 6.3915 \text{ AC} \quad (278,412 \text{ SF}) \quad \times \$3.60/\text{SF} \quad = \quad \$ 1,002,283$$

Rounded: \$ 1,000,000

We also considered the following listings in the immediate area of the subject which range from \$2.50/SF to \$5.62/SF and support our value conclusion.

No.	Property Location	Zoning	Land Size (Acres)	Utilities	Intended Use	List Price	Price per SF
1	Hwy 71 East	I-RR	6.30	Septic needed	Commercial	\$685,000	\$2.50
2	Hwy 71 East	CS-CO	23.44	All available	Commercial	\$5,000,000	\$4.90
3	3080 Hwy 71 East	CS	5.93	All available	Commercial	\$1,033,243	\$4.00
4	3102 Hwy 71 East	CS	8.14	Available by ext.	Commercial	\$1,772,892	\$5.00
5	1709 Hwy 71 East (Tejas MHP)	GR & LR	15.94	All available	Commercial	\$3,900,000	\$5.62
Subject	2707 SH 71 East	RR, AO-2 and AO-3	6.39	All available	---	---	---

Compiled by Paul Hornsby and Co.

Listing 1 is 0.5 miles east of the subject on the north side of Hwy 71 East. It is a 6.3-acre listing for **\$2.50/SF**. This land has not been cleared and still contains cement and debris. This property has not been re-zoned. Accordingly, this property is slightly inferior to the subject.

Listing 2 is adjacent to the east of Listing 1. This 23.44-acre property, which just went on the market in December 2009, is listed for **\$4.90/SF**. It has been re-zoned CS-CO and the tract has been fully cleared. The listing agent reported that she has already received several inquiries about this property from prospective buyers. The zoning makes this property superior to the subject.

Listing 3 is one mile east of the subject with 335 feet of frontage on the south side of Hwy 71 East. The 5.93-acre tract is rectangular in shape and less than 500 yards west of FM 973 and one mile west of State Hwy 130. This property is listed for **\$4.00/SF** and is similar to the subject.

Listing 4 is adjacent to the east of Listing 3. This 8.14-acre tract is also rectangular in shape with 500 feet of frontage on the south side of Hwy 71 East. The list price is **\$5.00/SF** and water must be looped to the property for an estimated cost of \$30,000. This property is also similar to the subject. Listing 3 and Listing 4 are also offered as a 14.07-acre tract for **\$4.58/SF**.

Listing 5 is Tejas Mobile Home Park located 1.5 miles west of the subject. The 15.94-acre site is 6% encumbered by flood plain and is L-shaped with only 230 feet of frontage the north side of Hwy 71 East. The anticipated widening of SH-71 will give the remainder tract ±700 feet of frontage on Hwy 71 East. Similar to the subject, this property's highest and best use is likely interim use pending re-development. The Mobile Home Park lists for **\$5.62/SF** and is in superior condition to the subject. This property, which leases 86 single-wide mobile home pads and 6 RV spaces, is reported at 100% occupancy at \$319 per month. The listing broker estimates the annual income to be \$1,300,000. This property is similar to the subject, but with greater income potential.

According to the listing agents, Listings 3-5 have not received substantial offers from prospective buyers.

The following table sets forth our opinion of the market value of the fee simple interest in the subject as of January 8, 2010.

MARKET VALUE CONCLUSION			
Appraisal Premise	Interest Appraised	Date of Value	Value Conclusion
As Is	Fee Simple Estate	January 8, 2010	\$1,000,000

Compiled by Paul Hornsby and Co.



QUALIFICATIONS OF THE APPRAISERS

QUALIFICATIONS OF PAUL HORNSBY, MAI, SRA, CRE



Experience:	<p>Since 1980, Mr. Hornsby has been a practicing real estate appraiser with an office in Austin, Texas, specializing in the valuation of complex commercial properties and in support of litigation proceedings.</p> <p>Mr. Hornsby often serves in the capacity of expert witness in cases involving eminent domain, bankruptcy, civil litigation and ad valorem tax appeal. He is qualified as an appraisal expert in numerous county courts, state district courts, Federal District Court, U.S. Bankruptcy Court, and various commissioners' courts and appraisal district review boards. Mr. Hornsby has given over 300 depositions, testified in over 200 special commissioners hearings and appeared in over 100 jury and bench trials.</p> <p>In addition to real property appraisal, Mr. Hornsby provides counseling services relating to real estate, tangible personal property, and intangible assets. He is a partner in dh Business Advisors, a business valuation firm specializing in the valuation of businesses, intangible assets, partnership interests, and machinery and equipment, and consulting for financial reporting and federal and local income tax purposes.</p>
Licenses and Designations:	<ul style="list-style-type: none"> ➤ MAI Designation - Appraisal Institute, Certificate No. 7305 ➤ SRA Designation - Appraisal Institute ➤ CRE Designation - The Counselors of Real Estate ➤ State Certified General Real Estate Appraiser #TX-1321761-G ➤ Texas Broker License #283369-05
Associations and Activities:	<ul style="list-style-type: none"> ➤ Past Chair, Central & South Texas Chapter, Counselors of Real Estate ➤ Past President, Director and Regional Committee Member-Austin Chapter of the Appraisal Institute ➤ Member, International Right of Way Association ➤ Member, American Association for the Advancement of Science ➤ Member of The Association for Convenience and Petroleum Retailing (NACS) ➤ Affiliate member, Texas Association of Appraisal Districts ➤ Affiliate member, Texas Association of Property Tax Professionals ➤ Instructor, Appraisal Institute- Standards of Professional Appraisal Practice ➤ Appraisal Qualifications Board (AOB) Certified USPAP Instructor ➤ REALTOR - National Association of Realtors
Education:	<p>University of Texas at Austin, B.B.A. Degree in Finance, August 1977</p>
Lectures and Publications:	<ul style="list-style-type: none"> ➤ Equality and Uniformity-Commercial Properties, Appraisal Review Board, Travis Central Appraisal District, May 2009 ➤ Appraisal Values in an Unsettled Economy, Graves Dougherty Hearon & Moody – Banking & Real Estate Clients, October, 2008 ➤ Fee Simple Estate - How Many Sticks in the Bundle?, 22nd Annual Legal Seminar on Ad Valorem Taxation in San Antonio, 2008 ➤ Real Estate Appraisal Issues and Ethics, Eminent Domain for Attorneys in Texas, 2007 ➤ Contemporary Appraisal Issues, Central Texas Commercial Property Exchange, 2007 ➤ Capitalization Theory & Techniques, Chartered Financial Analysts, 2007 ➤ Material and Substantial Impairment of Access, CLE International, 2003 ➤ Fee Simple Versus Leased Fee Valuation: A Study of Appraisal Models, Downtown Austin Alliance, Institute of Real Estate Management, 2001 ➤ Regulatory Takings, International Right of Way Association, 2000 ➤ The Schmidt Opinion From the Appraiser's Perspective, Office of the Attorney General, State of Texas, 1993 ➤ Asbestos Abatement and Lead Paint: Effects on Real Estate Value, Texas Association of Appraisal Districts, 1992 ➤ The Endangered Species Act and Its Impact on Property Value, Texas Savings and Loan League, 1989 ➤ Valuation Theory, Real Estate Symposium, University of Texas, 1984



QUALIFICATIONS OF BRIAN GRAMLING

Experience:	<p>2009-present: Staff Appraiser - Paul Hornsby & Company, Austin, TX</p> <p>Appraisal and consultation involving numerous property types including vacant land, retail, office, residential, and condemnation.</p> <p>2007-2008: Staff Appraiser - Integra Realty Resources, Austin, TX</p> <p>Valuations were performed on various properties including apartment complexes, single and multi-tenanted industrial buildings, office buildings, mixed-use facilities and vacant land for different uses.</p> <p>Clients served included investment firms, law firms, lenders and both private and public agencies. Valuations were performed for condemnation purposes, estates, financing, equity participation and due diligence support. Valuations and market studies were undertaken on proposed, partially completed, renovated and existing structures.</p>
Licenses and Designations:	General Real Estate Appraiser Trainee #1337681
Associations and Activities:	Appraisal Institute Associate Member (2007 to present)
Education:	<p>Syracuse University – Syracuse, NY B.S. Degree in Communications, May 1996</p> <p><u>Education for Certification Requirements:</u> 7-Hour National USPAP – Appraisal Institute Business Practices and Ethics – Appraisal Institute General Market Analysis and Highest & Best Use – Appraisal Institute Updates on Appraisal Regulation – Appraisal Institute Apartment Appraisal: Concepts and Applications – Appraisal Institute 15-Hour National USPAP – Champions School of Real Estate Basic Appraisal Procedures – Champions School of Real Estate Basic Appraisal Principles – Champions School of Real Estate Appraisal Report Writing – Champions School of Real Estate</p> <p>Attended various seminars related to real estate and related topics.</p>
Professional Achievements:	Two-time Emmy Award winning television producer with ESPN “SportsCenter.”

ADDENDA



November 24, 2009

Mr. Paul Hornsby
Paul Hornsby & Associates
2404 Rio Grande Street
Austin, TX 78705

**Re: Austin-Bergstrom International Airport - Noise Mitigation Program
Appraisal Services - Parcel 107
THC Project #08ABIA09
Sent via E-mail and First Class Mail**

Dear Mr. Hornsby:

You are hereby authorized to proceed with Appraisal Services on Parcel 107 on the Austin-Bergstrom International Airport's Noise Mitigation Program.

The total fee for this work is not to exceed \$7,500.00. You shall have 30 business days from the date of this NTP to complete the work. 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,

A handwritten signature in blue ink, appearing to read "M. Lynn Green".

M. Lynn Green
Director of Acquisition Services

MLG/hpf

Cc: Ms. Melinda Ruby, ABIA
Ms. Skye Stuart, THC
Ms. Bonnie Beaty, THC
File - Subconsultant Contract File/08ABIA09

COMMITMENT FOR TITLE INSURANCE

SCHEDULE A

Effective Date: **October 7, 2009, 8:00 am**

G.F. No. or File No. **0920831-COM**

Commitment No. _____ issued: **October 16, 2009, 8:00 am**
(if applicable)

1. The policy or policies to be issued are:

- (a) OWNER'S 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) LOAN 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:
SH71 PARTNERS, LP

4. Legal description of the land:

Tract 1:

1.095 acres of land, more or less, out of Lot 1, GREGG & BRYANT SUBDIVISION, a subdivision in Travis County, Texas, according to the map or plat thereof recorded in Volume 32, Page 44, Plat Records, Travis County, Texas and being more particularly described by metes and bounds in Deed recorded under Document No. 2007153539, Official Public Records, Travis County, Texas.

The Company is prohibited from insuring the area or quantity of the land described herein. Therefore, the Company does not represent that the acreage or square footage calculations are correct and references to the quantity are for informational purposes only.

Tract 2:

Lots A and B, THE FLOW ADDITION, a subdivision in Travis County, Texas, according to the map or plat thereof recorded in Volume 62, Page 19, Plat Records, Travis County, Texas.

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. The following restrictive covenants of record itemized below (We must either insert specific recording data or delete this exception):

Volume 32, Page 44, Plat Records, Travis County, Texas (Tract 1) and Volume 62, Page 19, Plat Records, Travis County, Texas (Tract 2), but omitting any covenant or restriction based on race, color, religion, sex, disability, handicap, familial status or national origin.
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 **2010**, 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 _____ 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 Loan 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. **Easement as shown on the plat and dedication set out in Schedule A hereof:**
 - Purpose: Public Utility**
 - Location: 5' along the northwest property line (Both Lots Tract 2)**
 - b. **Easement as shown on the plat and dedication set out in Schedule A hereof:**
 - Purpose: Sanitary Sewer**
 - Location: 5' X 150' along a portion of the southwest property line (Lot B, Tract 2)**
 - c. **Easement as shown on the plat and dedication set out in Schedule A hereof:**
 - Purpose: Electric**
 - Location: 5' running in a northeasterly direction (Lot B Tract 2)**
 - d. **Sanitary Sewer Easement granted to the City of Austin by instrument recorded in Volume 3835, Page 1989, Deed Records, Travis County, Texas and as shown on the plat recorded in Volume 62, Page 19, Plat Records, Travis County, Texas. (Lot B, Tract 2)**
 - e. **Easement granted to the City of Austin by instrument recorded in Volume 4277, Page 524, Deed Records, Travis County, Texas. (Both Tracts)**
 - f. **Multi-Service Agreement recorded in Volume 8622, Page 374, Real Property Records, Travis County, Texas. (Tract 2)**
 - g. **Rights to all oil, gas and other minerals of every kind and character in, on and under the subject property.**
 - h. **The land described in Schedule A of this policy shall not include any manufactured home or house trailer. Any manufactured home or house trailer on the land is excluded from the coverage of this policy of title insurance.**
 - i. **Rights of Parties in Possession. (Owner Policy)**
 - j. **Any and all visible and/or apparent easements located on, over or across subject property.**
 - k. **Any encroachment, encumbrance, violation, variation, or adverse circumstance affecting the title that would be disclosed by an accurate and complete land survey of the land.**
 - l. **Rights of tenants, as tenants only, under any and all unrecorded leases or rental agreements.**

DISCLAIMER OF PROPERTY

Project # N4062M ABIA Noise Mitigation Program

County: Travis

Parcel # 107.0

I, SH71 Partners, LP, the undersigned, being the fee owner(s) of:

Tract 1:

1.095 acres of land, more or less, out of Lot 1, GREGG & BRYANT SUBDIVISION, a subdivision in Travis County, Texas, according to the map or plat thereof recorded in Volume 32, Page 44, Plat Records, Travis County, Texas and being more particularly described by metes and bounds in Deed recorded under Document No. 2007153539, Official Public Records, Travis County, Texas.

Tract 2:

Lots A and B, THE FLOW ADDITION, a subdivision in Travis County, Texas, according to the map or plat thereof recorded in Volume 62, Page 19, Plat Records, Travis County, Texas.

Do hereby disclaim any right, title or interest in and to any personal property located on the real property described above.

It is further understood that the tenant(s) will be made an offer of fair market value for personal property located on the above described real property.

SH71 PARTNERS, LP
SH71 Partners, LP, Property Owner

[Signature]
SH71 Partners, LP, Property Owner

Date: 10-26-09

AUSTIN-BERGSTROM INTERNATIONAL AIRPORT NOISE MITIGATION PROGRAM

SCOPE OF WORK: VALUATION SERVICES

1. Appraisal

- 1.1. The development and reporting of assignment results must conform to the *Uniform Standards of Professional Appraisal Practice*; State Law appropriate for eminent domain appraisals; to the extent appropriate, the *Uniform Appraisal Standards for Federal Land Acquisitions*; and FAA regulations.
- 1.2. The intended use will be to assist THC, Inc. and the City of Austin in acquisition of the subject property for the Austin-Bergstrom Noise Mitigation Program.
- 1.3. The Client is THC, Inc.; an intended user is the City of Austin.
- 1.4. The definition of market value will be the following:

The price which the property would bring when its 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. From the Court Case of City of Austin vs. Cannizzo, et al, 267 S.W.2d 808,815 (1954).

- 1.5. The owner, or owner's designated representative, shall be given an opportunity to accompany the appraiser during the appraiser's inspection of the property. The THC Agent will coordinate an on-site meeting with the owner or owner's representative, the Appraiser and the Agent. This meeting will afford the owner the opportunity to accompany the Appraiser during his/her inspection of the property. At this meeting, the actual classification of items that may be considered as realty or personalty will be determined for appraisal and relocation assistance purposes.
- 1.6. The appraiser in forming an opinion of compensation for the property shall disregard any decrease or increase in the market value of the real property prior to the date of valuation caused by the public project for which such property is acquired or by the likelihood that the property would be acquired for such project, other than that due to physical deterioration within the reasonable control of the property owner. And the appraiser's opinion of market value shall not be linked to a specific exposure time. If the actual or imminent zoning reflects the circumstances involved with the noise mitigation project or land compatibility with ABIA, the prior zoning must be used. (This will require the Jurisdictional Exception Rule of USPAP with respect to S.R. 1-2(c) S.R. 1-3(a) and S.R. 1-4(f).)
- 1.7. Area and neighborhood analyses or descriptions are not required and should be kept to an absolute minimum. Any relevant social or economic data may be included in the highest and best use analysis.
- 1.8. A statement must be made concerning the existence or non-existence of commercially valuable mineral or oil deposits.
- 1.9. The subject property shall be appraised as if free and clear of all encumbrances except as stated in the body of the report; encumbrances must be identified in the Statement of Assumptions and Limiting Conditions.

- 1.10. A five-year sales history including any offers to buy or sell the property must be included. If no sale of the property has occurred in the last ten years, the appraiser should report the last sale of the property. The historical rental or lease history for the last three years must be included. The requirement for sales and rental history is limited to data available in the normal course of business.
- 1.11. A quantitative description of all improvements must be provided including site improvements, such as fences, paving, landscaping, and private water or wastewater systems.
- 1.12. The highest and best use must be an economic use. A non-economic use, such as conservation, natural lands, preservation, or other use withholding the property from economic production, is not a value use for forming an opinion of market value.
- 1.13. Photographs of the subject property must include an identification of the property, date taken, and name of the person taking the photograph. A plat or map showing the direction of the photographs is required.
- 1.14. Assessed value, jurisdictions, and tax rates for the property must be included.
- 1.15. The subject property is to be appraised in its current environmental condition as affected by noise.
- 1.16. For noise impacted properties comparables should be as similar as possible to the subject with respect to noise, location, and other factors. If comparables cannot be found in a similarly noise-impacted area, then the appraiser may move farther from the impacted area for comparables.
- 1.17. All comparables must be inspected by the appraiser; interior inspection of improved comparables is not required.
- 1.18. As noted, the “as-is” value of the subject property is required. For impaired properties, i.e. properties with environmental contamination, this may mean appraising the property as unimpaired and deducting remediation costs, monitoring costs, risk, liabilities, stigma, and use effects. The highest and best use of the impaired property may be different from the highest and best use of the unimpaired property. (See USPAP Advisory Opinion 9)
- 1.19. For all appraisals comparable sales data sheets are required and must include:

<p>Seller Buyer Date of Sale Legal Description Type of Instrument Document Recording Information Price Terms Location Description of Property Zoning</p>	<p>Mineral, oil, and gas interests included in sale Easement encumbrances Present Use Highest & Best Use Plat Photograph Confirmation Date Inspection Date Date Deed Read Confirmation Source (all comparables must be verified in-house; Multiple Listing Services or Comparable Data Services are insufficient as the sole source of verification)</p>
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For appraisals of residential properties, the Uniform Residential Appraisal Report (URAR), if suitable, may be used; however, comparable data sheets are required.

1.20. Exhibits/Addenda must include:

Location Map Comparable Data Maps Details of Comparables Plot Plan or Site Plan Floor Plan	Title Commitment (Schedule B) Notice to Proceed Letter to Owner Other Pertinent reports or studies, leases, contracts
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1.21. The appraisal report will conform to Section 2-21 (*Appraisal Content – Detailed Appraisals*) of FAA Regulations and Section A (*Data Documentation and Appraisal Reporting Standards*) of the *Uniform Appraisal Standards for Federal Land Acquisitions* and include (but not be limited to):

Client Intended User(s) Intended Use Purpose of Appraisal Property Rights Appraised Effective Date of the Appraisal Date of Report Assignment Conditions (Assumptions) Legal Description of Property	Property Characteristics Easements & Encumbrances Photographs of Subject, including Interior Photographs Scope of Work Highest and Best Use Analysis Application of Relevant Approaches Comparable Sales with Photographs Reconciliation Signed Certification and FAA Form 5100-111
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1.22. The appraisal report must include the following statement: The appraiser has been informed that the City of Austin generally requires the Grantor provided either a General or Special Warranty 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 from the Condemnee. The City Attorney’s Office will include all parties shown as “owners” in the title Commitment in the eminent domain proceeding. Therefore, it is my opinion there is no difference in market value between the two acquisition procedures.

1.23. In addition to the appraiser’s standard certification, FAA Form 5100-111, Certificate of Appraiser, is required. (This and other forms may be found at the following web address: <http://www2.faa.gov/arp/app600/49CFR24/Forms/mstrform.htm>.)

1.24. On an as-needed basis and at the request of the THC Program Manager, the Consultant will provide an estimate of value for carved-out elements from the fair market value. The carved-out elements can include pools, outbuildings, excess land, etc. The Consultant will report their opinion in a letter to THC, which includes their methodology in deriving the estimate of value. This information will be used to support the calculation of relocation benefits.

2. Appraisal Review

2.1. The appraisal reviews will conform to Section 4 (*Review of Appraisals*) of FAA Regulations; to the extent appropriate, Section C (*Standards for Review of Appraisals*) of the *Uniform Appraisal Standards for Federal Land Acquisitions*; and the *Uniform Standards of Professional Appraisal Practice*. For conformance to FAA Regulations, the review appraiser will review the appraisal:

- for technical compliance with FAA standards;
- for use of proper appraisal techniques;
- for use of correct legal assumptions;
- to ensure the data presented is correct;
- to scrutinize each approach for reasonable support and documentation; and
- to assure, on a project basis, the values reported are consistent and uniform.

2.2. The reviewer will do an exterior inspection of the subject property and comparables. The comparable market data in the report need not be re-verified, but, if available, compared to information of the sales in the reviewer's files or data base. If inconsistencies or discrepancies are found amongst various appraisers concerning information of the comparables, the reviewer will attempt to reconcile and verify the source of the differences. If time permits, the reviewer will check courthouse records to verify the accuracy of the sales data in the appraisal and to review such records and other data sources for pertinent sales that were not considered by the appraiser in preparing the opinion of value. The reviewer will request and obtain corrections or revisions of the appraisals which do not substantially meet the FAA requirements. These will be documented and retained in the parcel workfile.

2.3. The purpose of this review will be to develop and present an opinion as to:

- the completeness of the material under review, given the scope of work applicable in the assignment;
- the apparent adequacy and relevance of the data and the propriety of any adjustments to the data, given the scope of work applicable in the assignment
- the appropriateness of the appraisal methods and techniques used, given the scope of work applicable in the assignment, and develop the reasons for any disagreement; and
- whether the analyses, opinions, and conclusions in the work under review are appropriate and reasonable, given the scope of work applicable in the assignment, and develop the reasons for any disagreement.

2.4. The reviewer will not form or present an opinion of value unless: (1) the reviewer is unable to recommend approval of an appraisal as an adequate basis for the establishment of the offer of just compensation; (2) the client determines that it is not practical to obtain an additional appraisal; and (3) the client requests the reviewer to form and present an opinion of value.

2.5. The client is THC, Inc.; an intended user is the City of Austin. The intended use will be to assist THC, Inc. and the City of Austin in acquisition of the appraised properties for the Austin-Bergstrom Noise Mitigation Program.

2.6. If the owner or owner's representative makes a counter offer, the documentation by the owner substantiating the basis of the counter offer will be provided to the Reviewer. The Reviewer will determine if the documentation is sufficient to support any change to the previously established value.

Mobile Home Park Lease No. 1



Property Identification

Record ID 18
Property Type Mobile Home Park
Property Name Austin Pecan Park
Address 2815 Hwy 71 East, Austin, Travis County, Texas 78617
Tax ID 03-1531-0310-0000, 03-1633-0301-0000, 03-1531-0304-0000
Map Reference 647-Q
Date of Inspection 12/09 BKG

On-Site Manager B.J. May
Verification B.J. May, property manager; 512-385-4343, December 14, 2009;
Confirmed by BKG

	<u>Unit Mix</u>			
<u>Unit Type</u>	<u>No. of Units</u>	<u>Size SF</u>	<u>Rent/Mo.</u>	<u>Mo. Rent/SF</u>
Mob Home Space	65		\$345	

Occupancy 100%
Total Units 65
Avg. Rent/Unit \$345

Mobile Home Park Lease No. 1 (Cont.)

Physical Data

Utilities with Rent	Water, Tenant pays for electricity and septic tank
Project Amenities	Playground
Year Built	1975
Condition	Average

Legal Description

Tract I - Being all of that certain tract or parcel of land out of and a part of the Santiago Del Valle Grant, situated in Travis County, Texas, said tract of land being more particularly described as consisting of three (3) tracts of land being all of that certain 11.32 acre tract of land referred to as Tract Two and all of Luke's Subdivision, a subdivision of record in Book 52, Page 28, Travis County Plat Records, referred to as Tract One, conveyed to Austin Pecan Park in that certain Warranty Deed of record in Volume 11392, Page 780, Travis County, Texas Real Property Records and all of Lots 2 and 3, Gerl Subdivision, a subdivision of record in Book 69, Page 34 of said Plat Records conveyed to Austin Pecan Park in that certain General Warranty Deed of record in Volume 12680, Page 1442 of said Real Property Records, said tract of land being 12.285 acres of land.

Tract II: Lot 1, Gerl Subdivision, a subdivision in Travis County, Texas, according to the map or plat thereof recorded in Volume 69, Page 34, Plat Records, Travis County, Texas.

Tract III: A 0.47 acre remaining portion of the called 2.0 acre tract of land out of the Santiago Del Valle Grant, Abstract Number 28, as situated in Travis County, Texas.

Remarks

There are 100 total spaces for rent within the 13.299 acres of land, but only 65 are mobile home spaces. Internal streets and drives are asphalt and were in below-average condition at the time of inspection. Tenant pays for electricity and wastewater, which is a septic tank.

Mobile Home Park Lease No. 2



Property Identification

Record ID	19
Property Type	Mobile Home Park
Property Name	Tejas Mobile Plaza
Address	1709 Bastrop Hwy, Austin, Travis County, Texas 78742
Location	SH-71 across from ABIA
Tax ID	03-1521-0203-0000
Map Reference	646-D
Date of Inspection	12/09 BKG
On-Site Manager	Francisca Rodriguez
Verification	Francisca Rodriguez, property manager; 512-385-5107, December 14, 2009; Confirmed by BKG
Occupancy	100%
Total Units	86
Avg. Rent/Unit	\$319

Physical Data

Year Built	1972
Condition	Average

Legal Description

15.9382 acres of land, more or less, out of the Santiago Del Valle Grant, Abstract No. 24, in Travis County, Texas.

Remarks

There are 92 total spaces for rent, and only 6 are RV spaces. Internal streets and drives are asphalt and were in average condition at the time of inspection. Tenant pays for electricity, water (metered) and trash (\$18 per month).

Mobile Home Park Lease No. 3



Property Identification

Record ID	20
Property Type	Mobile Home Park
Property Name	Royal Palms RV Community
Address	7901 E. Ben White Blvd., Austin, Travis County, Texas 78741
Tax ID	03-1220-0305-0000, 03-1220-0303-0000
Map Reference	646-F/G
Date of Inspection	12/09 BKG

On-Site Manager	Emily Cunningham
Verification	Emily Cunningham, property mgr; 512-385-2211, December 14, 2009; Confirmed by BKG

Occupancy	95-100%
Total Units	229
Avg. Rent/Unit	\$385

Physical Data

Project Amenities	Outdoor Tennis, Clubhouse, Sports Court, Playground
Year Built	1985
Condition	Average

Legal Description

1.43 acre and 19.18 acre tracts of land out of the Santiago Del Valle Grant, Abstract No. 24, in Travis County, Texas.

Remarks

There are 229 total spaces for rent, but some are RV spaces. Mobile home leases are 6 months (\$385 per month). Internal streets and drives are asphalt and were in good condition at the time of inspection. Tenant pays for electricity, water and wastewater.

Mobile Home Park Lease No. 4



Property Identification

Record ID	21
Property Type	Mobile Home Park
Property Name	Frontier Valley Mobile Home Park
Address	1430 Frontier Valley Dr., Austin, Travis County, Texas 78741
Tax ID	03-0816-0701-0000
Map Reference	646-B
Date of Inspection	12/09 BKG
On-Site Manager	Ray Wallace
Verification	Ray Wallace, property mgr; 512-385-5883, December 14, 2009; Confirmed by BKG
Occupancy	99.4%
Total Units	154
Avg. Rent/Unit	\$365

Physical Data

Utilities with Rent	Trash Collection
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Mobile Home Park Lease No. 4 (Cont.)

Project Amenities	Outdoor Pool, Laundry
Year Built	1973
Condition	Average

Legal Description

Lots 1 and 2, Frontier Valley, a subdivision in Travis County, Texas, according to the map or plat recorded in Volume 66, Page 12 of the Plat Records of Travis County, Texas.

Remarks

153 of the 154 mobile home spaces were occupied as of 12/14/09. All spaces are single-wide. Internal streets and drives are asphalt and were in average condition at the time of inspection. Tenant pays for electricity, water and wastewater, but owner pays for trash collection.

Mobile Home Park Lease No. 5



Property Identification

Record ID	22
Property Type	Mobile Home Park
Property Name	Palm Oaks
Address	810 Bastrop Hwy, Austin, Travis County, Texas 78742
Tax ID	03-0721-0409-0000
Map Reference	616-Y
Date of Inspection	12/09 BKG
On-Site Manager	Mike Schmitzer
Verification	Mike Schmitzer, property mgr; 512-385-7228, December 14, 2009; Confirmed by BKG
Occupancy	97%
Total Units	36
Avg. Rent/Unit	\$300

Physical Data

Project Amenities	Gated entrance, carports, storage sheds,
Year Built	2001
Condition	Good

Mobile Home Park Lease No. 5 (Cont.)

Legal Description

A 6.593 acre tract or parcel of land out of the Santiago Del Valle 10 League Survey in Travis County, Texas.

Remarks

35 of the 36 mobile home spaces were occupied as of 12/14/09. 75% of spaces are single-wide and 25% are double-wide, but all rent for \$300 per month. Internal streets and drives are asphalt and were in good condition at the time of inspection. Tenant pays for electricity, water and wastewater. Property manager says gated community is very safe with extensive background checks on each tenant.