

# EXHIBIT 4 to AIS

## **TOMMY MARSHALL & ASSOCIATES**

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TMA File #: A-3179

This is an Appraisal Report intended to comply with the reporting requirements set forth under Standards Rule 2-2 of the USPAP. The report presents practical explanations of the data, reasoning, and analysis incorporated in the appraisal process to develop the opinion of value, and includes descriptions of the subject property, the regional and local property market, and the opinion of highest and best use. The firm is not responsible for unauthorized use of this report.

*Specific/extraordinary assumptions and/or hypothetical conditions* utilized in the value opinion:

- ◆ *It is a specific assumption of this report that the subject has no environmental or structural conditions which could adversely affect its marketability or market value.*
- ◆ *It is a specific assumption of this report that the subject is not adversely affected by a flood hazard area or drainage area other than is indicated in this report.*
- ◆ *It is a specific assumption of this report that the land and/or building size reported for the subject are sufficiently correct as to not adversely affect the value opinion.*
- ◆ *It is a specific assumption of this report that the subject is not adversely affected by encroachment, easement, or restriction other than is indicated in this report.*
- ◆ *It is a specific assumption of this report that the intended usage meets or exceeds the specifications set forth by any applicable zoning ordinance.*

**SUBJECT PROPERTY:** 1,080 SF of Land "As Vacant"  
314 E. Hickory Street  
Denton, Texas 76201

**DATE OF REPORT:** October 13th, 2016

**DATE OF VALUE:** October 11th, 2016

**INTENDED USE:** Right-of-Way Abandonment Decision Making

**INTENDED USERS:** **City of Denton & Orison Holdings**  
c/o Orison Holdings  
Mr. Aaron Cole  
525 S. Loop 288, Suite 105  
Denton, Texas 76205

## **DEFINITION OF MARKET VALUE**

The most probable price which a property should bring in a competitive and open market under all conditions requisite to a fair sale, the buyer and seller, each acting prudently and knowledgeably, and assuming the price is not affected by undue stimulus. Implicit in this definition is the consummation of a sale as of a specified date and the passing of title from seller to buyer under conditions whereby:

- a. buyer and seller are typically motivated;
- b. both parties are well informed or well advised
- c. a reasonable time is allowed for exposure in the open market
- d. payment is made in terms of cash in U.S. dollars or in terms of financial arrangements comparable thereto; and
- e. the price represents the normal consideration for the property sold unaffected by special or creative financing or sales concessions granted by anyone associated with the sale.

## **PURPOSE OF APPRAISAL**

Estimate the market value of the fee simple interest of the subject property in “as vacant” condition as of the date(s) of value subject to the Assumptions and Limiting Conditions set forth herein.

## **SCOPE OF WORK**

Conduct a visual survey of the subject, regional area and market area. Analyze secondary data sources to assist in assessing market conditions, zoning and tax information in the market area. Estimate the highest and best use of the property. Research market data of comparable properties confirmed by participants in the regional market area. Develop a credible opinion of the defined value for the subject property utilizing the applicable approaches to value. Present the opinion in the appropriate format.


## **COMPETENCY OF APPRAISERS**

**Tracy Runnels** has been active in real estate appraisal in North Texas since 2005. She obtained her Texas Certified General Real Estate Appraiser’s license in 2008. She has 11 years of experience with Tommy Marshall & Associates and has appraised properties throughout North Central Texas. Her expertise and competency encompass 11+ years of appraisal in churches, manufacturing, single and multi-family residential, hotel/motel, farm/ranch, industrial, retail, and office buildings.

**Tommy Marshall** has been in real estate appraisal since 1984, and has experience with a variety of property types in Texas and Oklahoma including golf courses, resorts, churches, manufacturing plants and rural water Co-Ops. Other property types include multi-family residential, commercial and residential subdivisions, hotel/motel, farm/ranch, industrial, retail, and office buildings.

## **SECTION A**

### ***SUBJECT PROPERTY OVERVIEW***

EXECUTIVE SUMMARY		TMA File #: A-3179
<b>Property Type:</b> 1,080 SF of Land “As Vacant”  <b>Address:</b> 314 E. Hickory Street Denton, Texas 76201  <b>County/State:</b> Denton County/Texas  <b>Location:</b> Southeast corner of E. Hickory Street and Russell Street  <b>Legal Description:</b> Part Lots 1, 2, 3, 5, 6, Block 21, OT Denton  <b>Date of Report:</b> October 13th, 2016  <b>Date of Value:</b> October 11th, 2016  <b>Estimated Marketing Time:</b> 12 Months		
	<b>Purpose of Appraisal:</b> Estimate the market value of the fee simple interest in “as vacant” condition for Right-of-Way abandonment  <b>Appraisers:</b> Tommy Marshall, Principal Tracy Runnels, Associate	
SITE DATA		
<b>Land Area (SF):</b> 1,080 +/- <b>Zoning:</b> “DC-G”, Downtown Commercial General <b>Shape:</b> Generally Rectangular <b>Road Frontage:</b> South side E. Hickory Street <b>Topography:</b> Generally level <b>Soil Conditions:</b> Assumed adequate; rely on geo-technical report <b>Utilities:</b> All available <b>Flood Plain:</b> Not adversely affected, FEMA Map 48121C0360G, April 18, 2011 <b>Highest and Best Use:</b> “As Vacant” hold for development		
VALUE CONCLUSION		
<p style="text-align: center;"><b>Total Value Estimate “As Vacant” \$21,600</b></p>		

## PHOTOGRAPHS OF SUBJECT PROPERTY



**SUBJECT SITE VIEW 1**



**SUBJECT SITE VIEW 2**



**STREET VIEW OF E. HICKORY STREET**



**STREET VIEW OF RUSSELL STREET**

## HISTORY OF THE SUBJECT PROPERTY

As required by the Code of Professional Ethics and Standards of Professional Appraisal Practice established by the Appraisal Institute, the appraisal report must consider and analyze any current agreement of sale, options, listings, and any prior sales within the past three years. This analysis should reasonably disclose and verify:

- a. Grantor(s) - Grantee(s)
- b. Sale Date(s)
- c. Sale Price(s) and terms of financing, discounting the sale to a cash equivalent, when necessary.
- d. Any interrelated parties to each transaction.

The subject history is reported in compliance with USPAP and no other pertinent information is known other than is reported below. The history should not be used in lieu of a title search and is not a guarantee to the chain of title. A title policy which should detail any easement and/or deed restriction was not provided. *It is a specific assumption of this report that the subject is not adversely affected by encroachment, easement, or restriction other than is indicated in this report.*

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According to the Denton Central Appraisal District, the subject property is owned by Headliner Investments Ltd., who has owned the subject since 5/9/2016 when it was purchased as part of a larger portfolio of land/buildings reportedly purchased for \$2,875,000, from the previous ownership of Denton Publishing Company, where ownership had been held for a period exceeding three years. No other sales or transfers of the subject property are recorded with the Denton CAD within the previous three year period.

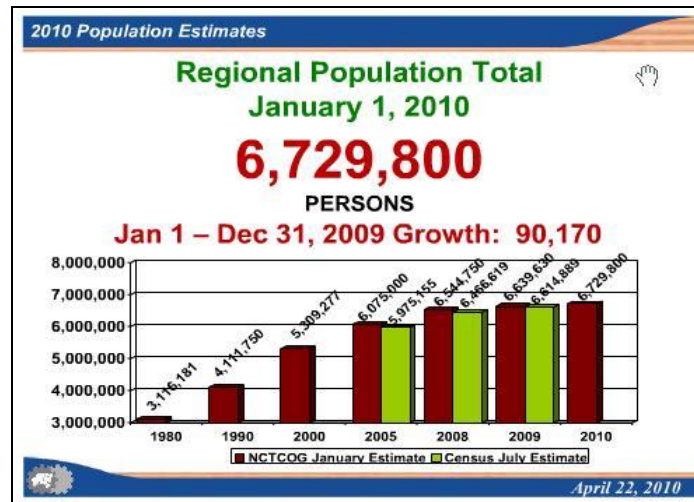
The subject property is 100% tenant occupied by long term tenants. No other listings for sale or lease are known to exist for the subject property at this time. No contract for sale is known to exist.

**SECTION B**

*SUBJECT PROPERTY ANALYSIS*

## REGIONAL OVERVIEW

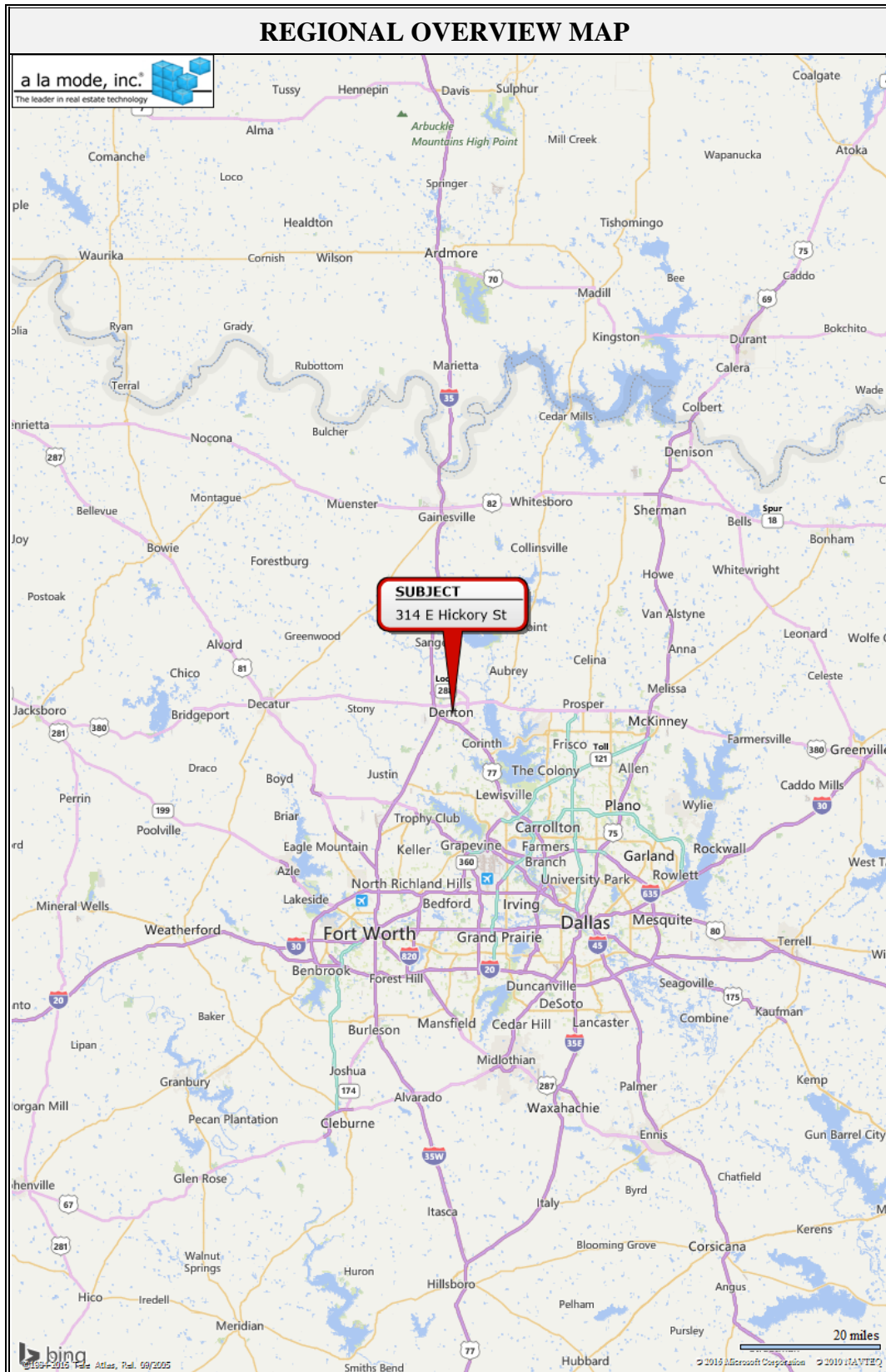
The 2008-2010 recession was one of the most severe economic downturns that the U.S. has experienced. However, the Dallas-Fort Worth economy exhibits above average performance with an *Unemployment Rate* of 4.2% for the Dallas/Fort Worth MSA, lower than the overall state of Texas' unemployment rate as of July 2016 of 5.1% which is in line with the national average of 5.1% for that period.



As the rate of job gains accelerates in 2016, the Dallas/Fort Worth area will build on the recovery of office operations that began in 2010. Employment growth is among the highest in the nation, with nearly one-third of the hires falling in office-using sectors. The Metroplex's business friendly culture continues to draw major financial services firms to lease space in the area. JPMorgan Chase & Co, American Home Mortgage, and Merrill Lynch & Co. have leased a collective 630,000 square feet in the last 12 months, and the growth outlook of the market will likely influence other firms to follow suit. The Fort Worth area will outperform the area as a whole, as vacancy levels in some submarkets fall below 12 percent. The surge in demand throughout Fort Worth is partially rooted in the growing local healthcare presence. US Health Group, AHC Management Co., and HCA Patient Account Services are just a few of the companies that have leased in Fort Worth to support the expanding healthcare industry.

Economic conditions in the Dallas/Fort Worth market strengthened during the 3rd quarter of 2014 and look to remain strong for the remainder of the year and into 2016. DFW's booming oil and healthcare industries along with a growing presence of technology companies are part of a diverse economy that likely will continue to develop in the near future. For example, Monster.com recently ranked DFW as the top job market in the nation. This is due in part to the metro area's ability to retain many of its jobs during the worst of the recession compared to the rest of the country. With a healthy job market and demand for diverse types of jobs, DFW should perform well in the near term and weather any potential national economic slowdowns. Payroll job growth totaled 83,800 in 2012, and we expect job creation to average approximately 105,400 in 2013 before decelerating to the 93,000 range in 2014 and the 79,000 range in 2015. These projections exceed the peak of the previous cycle, in 2005-07, and are quite strong by current national standards.



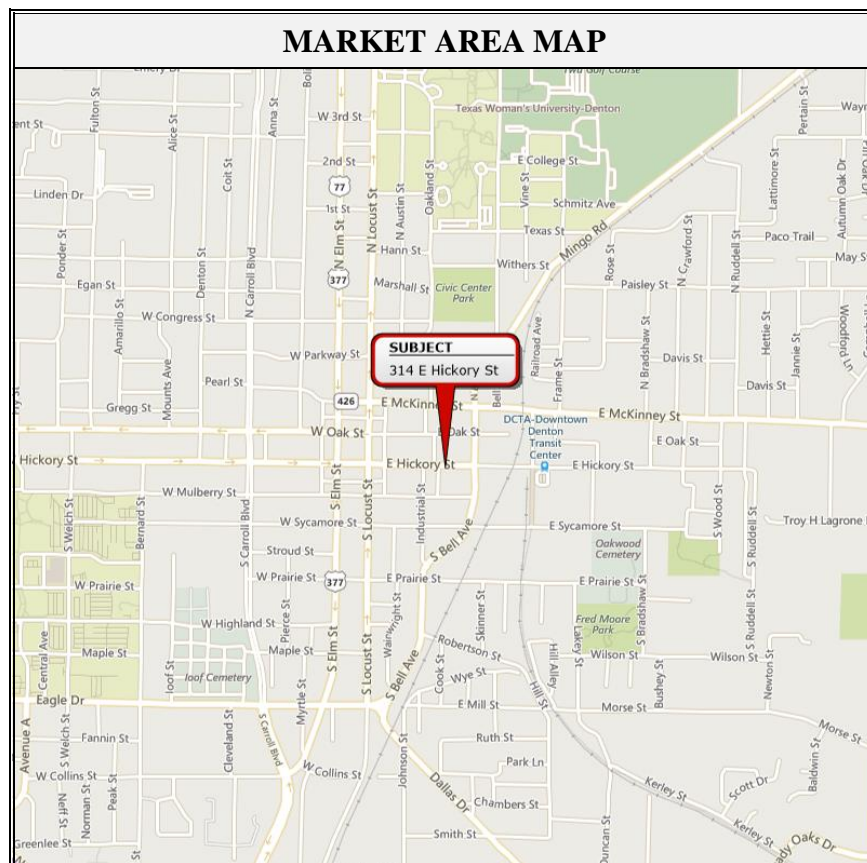


## MARKET AREA ANALYSIS

The subject market area is considered to be the City of Denton in the central portion of Denton County. The market area is part of the Dallas Consolidated Metropolitan Statistical Area (CMSA). Major arterial routes, two major universities, and proximity to the CMSA are the primary economic generators for the area.

<b>Population</b>	<b>2000</b>	<b>2010</b>	<b>% Change</b>
City	80,537	113,383	40.8%
County	432,976	662,614	53.0%
United States	281,421,906	309,349,689	9.9%
<b>Median Household Income</b>	<b>2000</b>	<b>2010</b>	<b>% Change</b>
City	\$35,422	\$44,376	25.3%
County	\$58,216	\$67,892	16.6%
United States	\$41,994	\$50,046	19.2%
<b>Median Home Value</b>	<b>2000</b>	<b>2010</b>	<b>% Change</b>
City	\$103,800	\$147,400	42.0%
County	\$133,200	\$179,800	35.0%
United States	\$119,600	\$185,400	55.0%

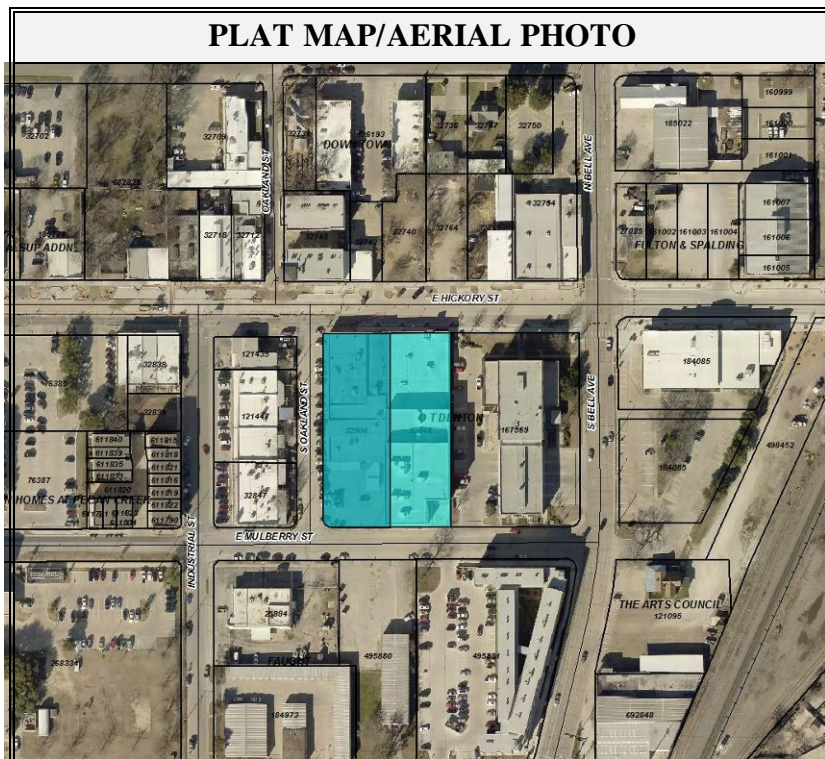
The market area is 90% developed and in the re-development stage of the real estate cycle. Limited development is occurring and land uses consist primarily of commercial properties, residential, retail, and light industrial uses in the immediate market area. No external adverse conditions were noted in the market area.



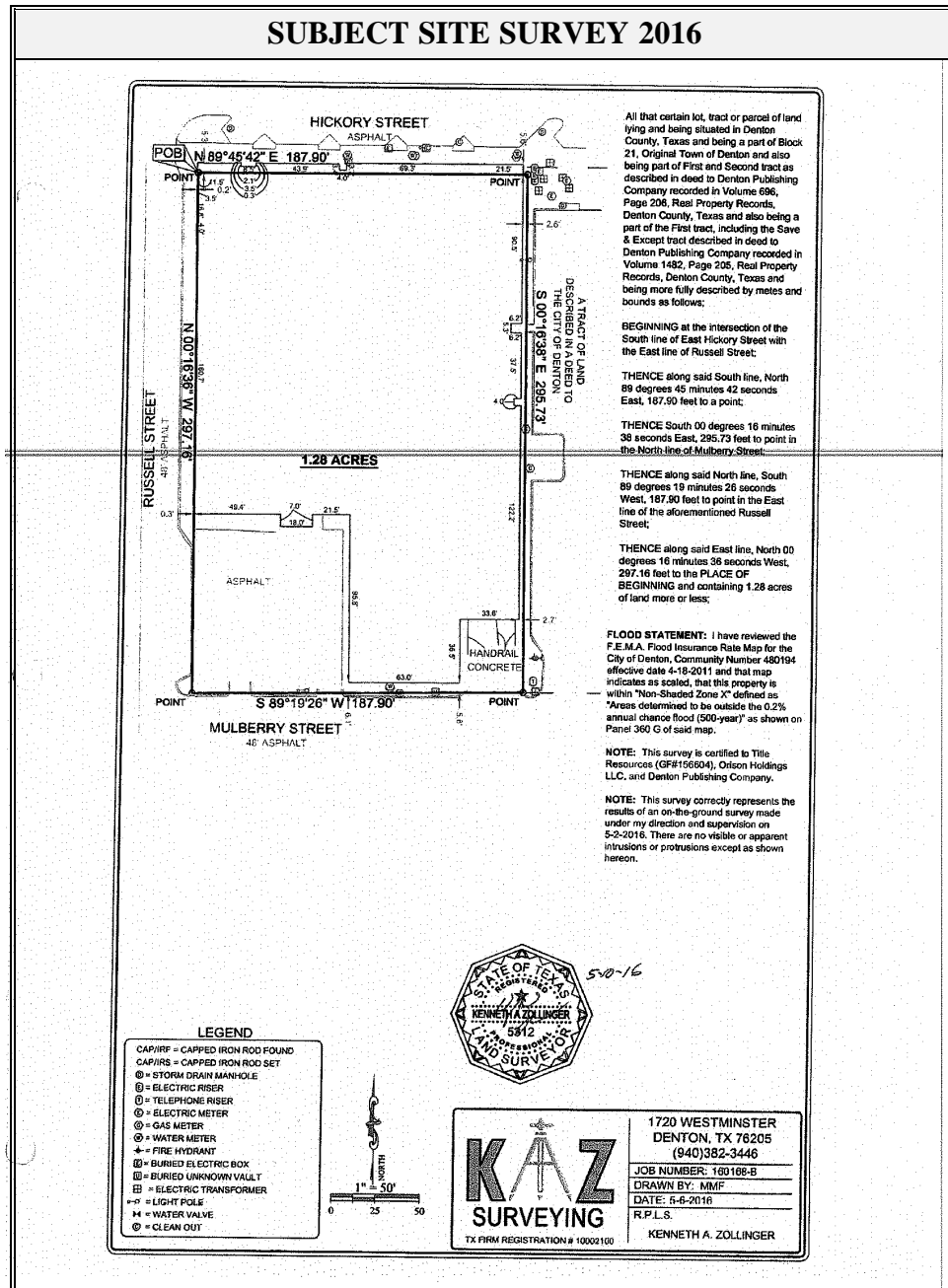
## SITE ANALYSIS

The subject site located at 314 E. Hickory Street consists of 0.02479 acres (1,080 SF+/-) of gross land area located on the northeast corner of E. Hickory Street and Russell Street east of the downtown square in the City of Denton. The subject site is legally described as Parts of Lots 1, 2, 3, 5, 6, Block 21, OT Denton, Denton County, Texas. The subject site is situated in a developed commercial area with scattered residential uses considered to be of average development intensity. The location offers visibility and access from Russell Street, a two-way interior street, and E. Hickory Street, a one-way primary neighborhood thoroughfare for the area. Due to the subject's location on the corner of two streets, traffic levels are considered average to above average at the subject site. The site frontage and access provides average to good visibility and exposure for commercial usage.

The site is generally rectangular in shape and generally level. The frontage-to-depth ratio and ingress/egress are considered average-good for commercial usage. The site is considered to offer adequate utility availability in sufficient quantities for commercial development. The provided survey is the source of the land size. *It is a specific assumption of this report that the land and/or building size reported for the subject are sufficiently correct as to not adversely affect the value opinion.* The site does not appear to have any adverse easements or encroachments. *It is a specific assumption of this report that the subject is not adversely affected by encroachment, easement, or restriction other than is indicated in this report.* The surrounding land uses are primarily professional office, commercial, retail and municipal in nature. No adverse external influences were observed in close proximity.



## SUBJECT SITE SURVEY 2016

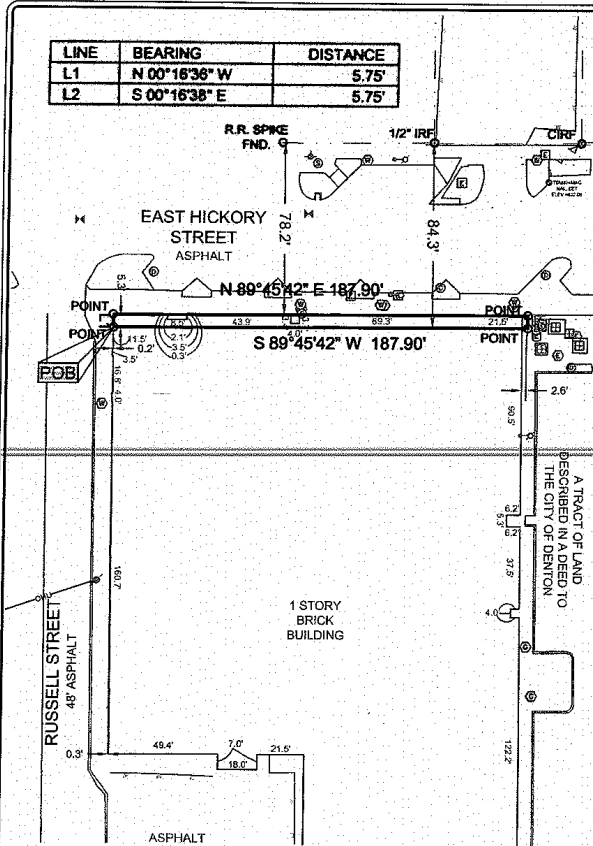


The subject's parent site area appears to be affected by a right of way easement on the south side of E. Hickory Street running along the entire northern boundary of the existing building. A recent survey indicates that a varying portion of the building area actually lies within the right of way easement's land area likely due to variations in accuracy of mapping technology over the decades that passed between the date that the right of way easement was granted to the City of Denton, the time the building was constructed and the date of the most recent survey in 2016. As illustrated in the following enlargement showing reported building encroachment into area of designated right of way in the amount of 1,080 SF of underlying land area which is the subject of this report.



# RIGHT-OF-WAY/REPORTED BUILDING ENCROACHMENT

LINE	BEARING	DISTANCE
L1	N 00°16'38" W	5.75'
L2	S 00°16'38" E	5.75'



All that certain lot, tract or parcel of land lying and being situated in the City of Denton, and being a part of East Hickory Street as shown on the plat of the Original Town of Denton and being more fully described by metes and bounds as follows:

**BEGINNING** at the Northwest corner of Tract 1 as described in deed to Headliner Investments, LTD recorded in Instrument number 2016-55200, Real Property Records, Denton County, Texas also being at the intersection of the East line of Russell Street with the South line of East Hickory Street;

THENCE crossing into East Hickory Street, North 00 degrees 16 minutes 36 seconds West, 5.75 feet to a point for corner;

THENCE North 89 degrees 45 minutes 42 seconds East, 187.90 feet to a point for corner;

THENCE South 00 degrees 16 minutes 38 seconds East, 5.75 feet to the Northeast corner of said Tract 1;

THENCE along the common line of said Tract one and this tract and along the existing South line of East Hickory Street, South 89 degrees 45 minutes 42 seconds West, 187.90 feet to the PLACE OF BEGINNING and containing 1080 square feet of land more or less;

**FLOOD STATEMENT:** I have reviewed the F.E.M.A. Flood Insurance Rate Map for the City of Denton, Community Number 480194 effective date 4-18-2011 and that map indicates as scaled, that this property is within "Non-Shaded Zone X" defined as "Areas determined to be outside the 0.2% annual chance flood (500-year)" as shown on Panel 360 G of said map.

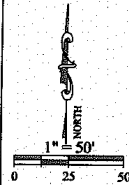
**NOTE:** This survey is certified to Title Resources (GF#156604), Orison Holdings LLC, and Denton Publishing Company.

**NOTE:** This survey correctly represents the results of an on-the-ground survey made under my direction and supervision on 7-22-2016. There are no visible or apparent intrusions or protrusions except as shown hereon.

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## LEGEND

- CAPI/IRF = CAPPED IRON ROD FOUND
- CAPI/IRS = CAPPED IRON ROD SET
- ⊙ = STORM DRAIN MANHOLE
- ⊕ = ELECTRIC RISER
- ⊖ = TELEPHONE RISER
- ⊗ = ELECTRIC METER
- ⊙ = GAS METER
- ⊕ = WATER METER
- ⊖ = FIRE HYDRANT
- ⊗ = BURIED ELECTRIC BOX
- ⊕ = BURIED UNKNOWN VAULT
- ⊖ = ELECTRIC TRANSFORMER
- ⊙ = LIGHT POLE
- ⊕ = WATER VALVE
- ⊖ = CLEAN OUT



1720 WESTMINSTER  
DENTON, TX 76205  
(940)382-3446

JOB NUMBER: 160168-02

DRAWN BY: MBC

DATE: 8-2-2016

R.P.L.S.

KENNETH A. ZOLLINGER

The site does not appear to be adversely affected by flood hazard area. *It is a specific assumption of this report that the subject is not adversely affected by a flood hazard area or drainage area other than is indicated in this report.* The applicable map number is FEMA Map 48121C0360G, April 18, 2011. The subject flood map is presented below.



## Summary of Site Analysis

The subject site is situated in a developed commercial area with scattered residential uses considered to be of average development intensity. The location offers visibility and access from Russell Street, a two-way interior street, and E. Hickory Street, a one-way primary neighborhood thoroughfare for the area. Due to the subject's location on the corner of two streets, traffic levels are considered average to above average at the subject site. The site frontage and access provides average to good visibility and exposure for commercial usage.

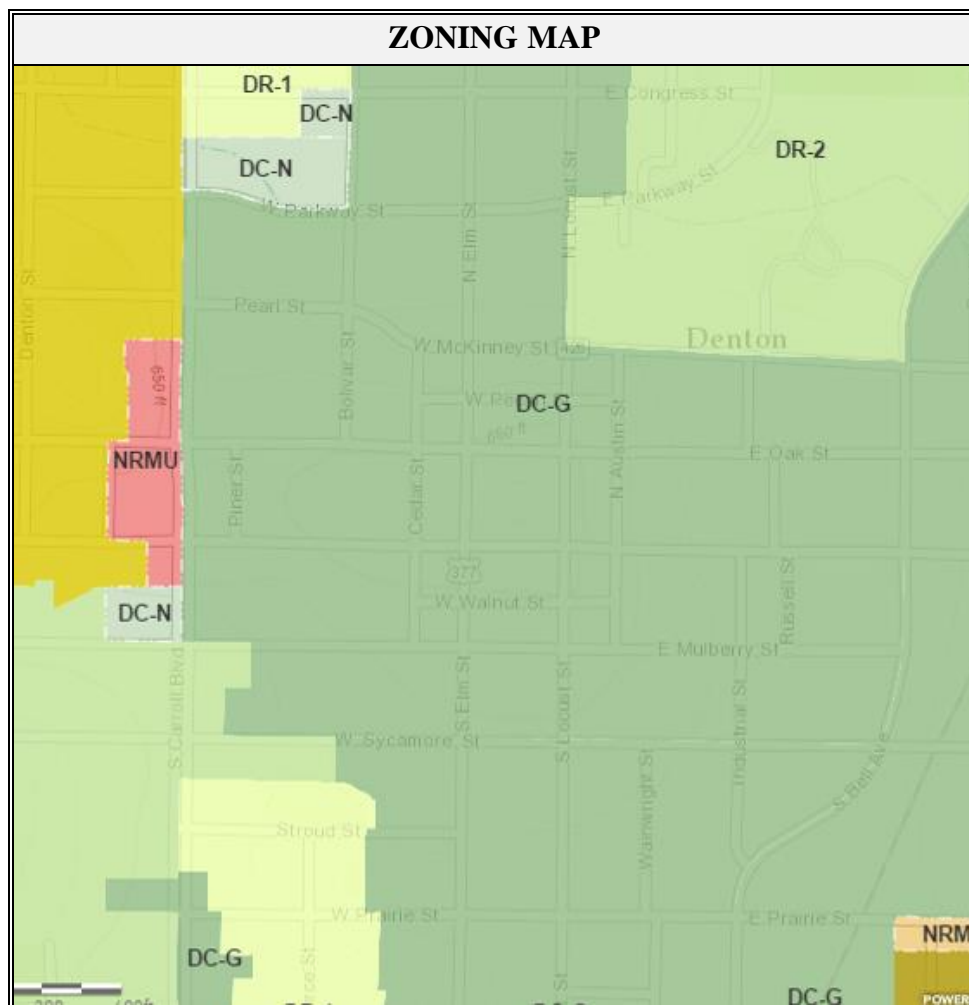
The subject's parent site area appears to be affected by a right of way easement on the south side of E. Hickory Street running along the entire northern boundary of the existing building. A recent survey indicates that a varying portion of the building area actually lies within the right of way easement's land area likely due to variations in accuracy of mapping technology over the decades that passed between the date that the right of way easement was granted to the City of Denton, the time the building was constructed and the date of the most recent survey in 2016. As illustrated in the survey enlargement showing reported building encroachment into area of designated right of way in the amount of 1,080 SF of underlying land area which is the subject of this report.

The surrounding land uses are primarily professional office, commercial, retail and municipal in nature. The site is generally rectangular in shape and generally level. The frontage-to-depth ratio and ingress/egress are considered average-good for commercial usage. The site is considered to offer adequate utility availability in sufficient quantities for commercial development. The provided survey is the source of the land size. Considering these influences, the site is considered to offer average characteristics for commercial usage.

## ZONING

The City of Denton regulates land use within its municipal jurisdiction by the implementation and enforcement of zoning ordinances. Zoning ordinances purportedly screen and control urban development, promote consistency, compatibility and contribution to the community, and define the quality and character of the neighborhood area.

The subject site is situated within an incorporated area and is reported to be zoned “DC-G”, Downtown Commercial General. This zoning designation allows for a multitude of uses. The existing subject improvements are considered a conforming usage of the site. *It is a specific assumption of this report that the intended usage meets or exceeds the specifications set forth by any applicable zoning ordinance.*





## **TAX AND ASSESSMENT DATA**

The subject property is within the tax jurisdictions of the City of Denton, Denton Independent School District, and Denton County. According to the Denton Central Appraisal District, the subject is assessed under account numbers 32906 and 32848.

<b>Segment</b>	<b>Size</b>	<b>Assessed Value</b>	<b>AV/unit</b>
Land	56,354	\$563,540	\$10.00 / SF
Improvements	59,851	\$704,124	\$11.76 / SF
Total Assessed Value		\$1,267,664	\$21.18 / SF

<b>Tax Jurisdiction</b>	<b>Tax Rate</b>	<b>Assessed Value</b>	<b>Tax Liability</b>
City	\$0.68975000	\$1,267,664	\$8,744
School	\$1.54000000	\$1,267,664	\$19,522
County	\$0.26200000	\$1,267,664	\$3,321
Total Tax Liability	\$2.49175000	\$1,267,664	\$31,587

The estimated ad valorem taxes for the subject's 1,080 SF of land "as vacant" based on the current assessed value per SF are approximately \$269 annually.

## HIGHEST AND BEST USE ANALYSIS

The concept of Highest and Best Use can be defined as being: “The reasonably probable and legal use of vacant land or an improved property, which is physically possible, appropriately supported, financially feasible, and that results in the highest value.”<sup>1</sup>

The subject site is situated in a developed commercial zoned area with scattered residential uses considered to be of average development intensity. Due to the subject’s location on the corner of a major neighborhood thoroughfare and a secondary street, traffic levels are considered average to above average at the subject. The site frontage and access provides average to good visibility and exposure for commercial usage. Considering these influences, the site is considered to offer average utility characteristics for commercial usage. Demand for commercial sites in the subject neighborhood is strong and gutting of existing improvements for redevelopment with new construction is occurring throughout the downtown area. Therefore, the highest and best use of the subject site in “as vacant” condition is considered to be hold for commercial development, as demand warrants.

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<sup>1</sup>The Appraisal of Real Estate, Thirteenth Edition, Appraisal Institute, 2008, Pages 277-278

**SECTION C**

*VALUATION ANALYSIS*

## APPROACHES TO VALUE

The estimation of value involves a systematic process in which the problem is defined; the work necessary to solve the problem is planned; and the data required is acquired, classified, analyzed and interpreted into an estimate of value. In this process, three basic approaches: the **Cost Approach**, the **Income Approach**, and the **Sales Comparison Approach**. When one or more of these approaches is not applicable in the appraisal process, justification is warranted. A brief explanation of each approach follows:

In the **Cost Approach**, the value of the subject site is estimated by comparing it to similar sites that have recently sold or are currently offered for sale. The replacement cost new of the improvements, as determined by comparison to similarly constructed properties, is then estimated. Depreciation from all sources is determined and subtracted from the replacement cost new of the improvements, to arrive at their present worth. The present worth of all improvements is added to the estimated site value with the result being the indicated value by this approach. The age/condition and/or design may render this approach inapplicable due to the subjectivity of the estimation of depreciation.

The **Income Approach** is a process in which the anticipated flow of future benefits (actual dollar income or amenities) is discounted to a present worth figure through the capitalization of the net income. Net income is the remainder after deduction of expenses of operation from effective gross income. The steps in this approach include estimating potential gross income by comparison with competing properties and estimating expenses (derived from historical and/or market experience) to determine a projected net income stream. The income stream is then capitalized into an indication of value by using capitalization rates extracted from competitive properties in the market or by using other techniques when applicable.

The **Sales Comparison Approach** involves the comparison of similar properties that have recently sold or similar properties that are currently offered for sale, with the subject property. These properties are compared to the subject with regard to differences or similarities in market conditions, location, size, physical characteristics, and any conditions influencing the sale. The notable differences in the comparable properties are then adjusted from the subject property to indicate a value range for the property being appraised. When sufficient sales data is available, these adjustments are best determined by the actions of typical buyers and sellers in the subject's market. This value range, as indicated by the adjusted comparable properties, is then correlated into a final indicated value for the subject property by this approach.

The **Cost Approach** is *not applicable* due to the subject being appraised as vacant land and is not utilized in the analysis. The **Sales Comparison Approach** is *applicable* since this property type is typically traded and utilized in this analysis. The **Income Approach** is considered *not applicable* since the property is being appraised as vacant land and is not utilized in this analysis. The value estimates as indicated by the applicable approaches are reconciled into a final value estimate of market value.

## **SALES COMPARISON APPROACH**

This approach to value is also termed the Market Approach and requires the comparison of recent comparable sales to the subject property. The typical unit of comparison used in the market area is utilized in this analysis.

The unit of comparison is obtained by dividing the property's sale price by the unit primarily utilized in the market area. Since this approach involves a comparison of physical attributes, adjustments are applied to the comparables for differences that are considered to have an influence on price in the market area. The differences may include financing conditions, market conditions at date of sale, location, size, age/condition, and various other utility attributes. This method is considered highly reliable where there exists an adequate degree of comparability of the sales available.

The subject is being appraised "as vacant" due to the use of the subject appraisal report being evaluation of value, if any, of a right of way easement abandonment for the portion of land underlying the reported encroachment of the existing building into the southern boundary of the existing sidewalk on the south side of E. Hickory Street at Russell Street. Recent sales of this downtown property type in the regional area are analyzed. The recent sales which are considered the most comparable are analyzed as a basis for valuation of the subject property are presented, analyzed, and adjusted on the following pages, where adjustments are considered appropriate.

The majority of recent sales in proximity to the downtown Denton square are sold for redevelopment purposes; therefore, the price per square foot of underlying land is the most indicative of value of sites in this particular market area.

**IMPROVED CONVERTED RESIDENCE SALE NUMBER 1**

**Address:** 1411 N. Elm St.

**City:** Denton

**County/State:** Denton/Texas

**Location:** West side N. Elm Street, north of 3rd Street

**Legal Description:** Lot 2A, Block 2, Northside Addition

**DESCRIPTIVE DATA**

**Construction:** One-story, dual-tenant, wood frame with siding, pitched composition roof

**Interior Finish:** Average Professional Office

**Year Built:** 1943/Renovated 2007

**Condition:** Average-Good

**Gross Building Area (SF):** 1,696

**Zoning:** DR-2- Downtown Residential

**Land Area (SF):** 9,453

**LTB Ratio:** 5.57:1

**SALES DATA**

**Grantor:** Jonathan Littmann

**Grantee:** Elm Tree Investments, LLC

**Sale Date:** 08/25/14

**Sale Price:** \$210,000

**SP/SF Building Area:** \$123.82

**SP/SF Land Area:** \$22.22

**Terms of Sale:** Market terms

**Occupancy at DOS:** 100%

**Ownership Conveyed:** Leased Fee

**Document:** 2014-87440

**Verified By:** MLS# 12045397; Appraisal District #287798

**IMPROVED CONVERTED RESIDENCE SALE NUMBER 2**

**Address:** 1100 N. Elm Street  
Denton, Texas 76201

**County/State:** Denton/Texas

**Location:** East side of N. Elm Street, north of 1<sup>st</sup> Street

**Legal Description:** Lot 16, Block 5, Northside Addition

**DESCRIPTIVE DATA**

**Construction:** One-story, single-tenant, wood frame with siding, pitched composition roof

**Gross Building Area (SF):** 1,428

**Year Built:** 1948

**Condition:** Average

**Interior Finish:** Private School/Commercial

**Zoning:** DR-2- Downtown Residential

**Land Area (Acres):** 0.175 (7,623 SF)

**LTB Ratio:** 5.34:1.0

**SALES DATA**

**Sale Date:** 01/30/15

**Sale Price:** \$143,000

**SP/SF Building Area:** \$100.14

**SP/SF Land Area:** \$18.76

**Terms of Sale:** Market terms

**Occupancy at DOS:** 100%

**Ownership Conveyed:** Leased Fee

**Grantor:** Julie Winnette

**Grantee:** John Thorngren

**Document:** 2015-12706

**Verified:** MLS# 13046056; Appraisal District 26697

IMPROVED SALE NUMBER 3	
<p><b>Address:</b> 602 N. Elm Street Denton, Texas 76201</p> <p><b>County/State:</b> Denton/Texas</p> <p><b>Location:</b> NEC N. Elm Street &amp; W. Congress Street</p> <p><b>Legal Description:</b> 0.253 Acres BBB &amp; CRR Survey, Abstract 185</p>	
DESCRIPTIVE DATA	SALES DATA
<p><b>Construction:</b> One-story, single-tenant, Steel Frame with glass and masonry exterior, flat built-up/mansard roof</p> <p><b>Gross Building Area (SF):</b> 1,184</p> <p><b>Year Built:</b> 1970</p> <p><b>Condition:</b> Average</p> <p><b>Interior Finish:</b> Average Retail/Restaurant</p> <p><b>Zoning:</b> DC-G- Downtown Commercial General</p> <p><b>Land Area (Acres):</b> 0.253 (11,021 SF)</p> <p><b>Land-to-Building Ratio:</b> 9.31:1.0</p>	<p><b>Sale Date:</b> 04/22/15</p> <p><b>Sale Price:</b> \$150,000</p> <p><b>SP/SF Building Area:</b> \$126.69</p> <p><b>SP/SF Land Area:</b> \$13.61</p> <p><b>Terms of Sale:</b> Market terms</p> <p><b>Ownership Conveyed:</b> Fee simple</p> <p><b>Grantor:</b> Roy &amp; Joyce Harris</p> <p><b>Grantee:</b> Saratan Corporation II</p> <p><b>Document:</b> 2015-42752</p> <p><b>Verified:</b> Buyer; Appraisal District 33841</p>



IMPROVED CONVERTED RESIDENCE SALE NUMBER 4	
<p><b>Address:</b> 503 Bolivar Street Denton, Texas 76201</p> <p><b>County/State:</b> Denton/Texas</p> <p><b>Location:</b> NWC Bolivar Street &amp; W. Parkway Street</p> <p><b>Legal Description:</b> 0.2582 Acres Wm. Neill Survey, Abstract 971</p>	
DESCRIPTIVE DATA	SALES DATA
<p><b>Construction:</b> One-story, single-tenant, wood frame with siding exterior</p> <p><b>Gross Building Area (SF):</b> 1,966</p> <p><b>Year Built:</b> 1948/Addition 1963</p> <p><b>Condition:</b> Average</p> <p><b>Interior Finish:</b> Average Commercial/Professional</p> <p><b>Zoning:</b> DC-N- Downtown Commercial Neighborhood</p> <p><b>Land Area (Acres):</b> 0.2582 (11,250 SF)</p> <p><b>Land-to-Building Ratio:</b> 5.72:1.0</p>	<p><b>Sale Date:</b> 09/30/15</p> <p><b>Sale Price:</b> \$240,000</p> <p><b>SP/SF Building Area:</b> \$122.08</p> <p><b>SP/SF Land Area:</b> \$21.33</p> <p><b>Terms of Sale:</b> Market terms</p> <p><b>Ownership Conveyed:</b> Fee Simple</p> <p><b>Grantor:</b> Christina Moon</p> <p><b>Grantee:</b> United Through HOPE Inc.</p> <p><b>Document:</b> 2015-114949</p> <p><b>Verified:</b> Buyer; Appraisal District 27234</p>

**IMPROVED SALE NUMBER 5**

**Address:** 124 Eagle Drive  
Denton, Texas 76201

**County/State:** Denton/Texas

**Location:** NEC S. Elm Street & Eagle Drive

**Legal Description:** 0.33 Acres Wm. Loving  
Survey, Abstract 759

**DESCRIPTIVE DATA**

**Construction:** One-story, multi-tenant, masonry  
construction, flat built-up/mansard roof

**Gross Building Area (SF):** 2,726

**Year Built:** 1965

**Condition:** Average-Good

**Interior Finish:** Average Retail/Salon

**Zoning:** DC-G- Downtown Commercial  
General

**Land Area (Acres):** 0.33 (14,375 SF)

**Land-to-Building Ratio:** 5.27:1.0

**SALES DATA**

**Sale Date:** 07/21/14

**Sale Price:** \$315,000

**SP/SF Building Area:** \$115.55

**SP/SF Land Area:** \$21.91

**Terms of Sale:** Market terms

**Ownership Conveyed:** Leased Fee

**Grantor:** FT Salon and Boutique Inc.

**Grantee:** Eagle Salon Suites, LLC

**Document:** 2014-72480

**Verified:** Buyer; Appraisal District 33418

IMPROVED SALE NUMBER 6	
<p><b>Address:</b> 510-514 N. Elm Street Denton, Texas 76201</p> <p><b>County/State:</b> Denton/Texas</p> <p><b>Location:</b> East side of N. Elm Street north of W. Parkway Street</p> <p><b>Legal Description:</b> Lot 8, Block 2, Lacy Addition</p>	
DESCRIPTIVE DATA	
<p><b>Construction:</b> One-story, multi-tenant, masonry, flat roof</p> <p><b>Parking:</b> Dedicated on-site; above average</p> <p><b>Square Location:</b> Interior; off-square</p> <p><b>Year Built:</b> 1950s; retail minimal renovation 2000</p> <p><b>Condition/Finish out:</b> Fair to Average Retail &amp; Storefront church</p> <p><b>FF&amp;E:</b> No</p> <p><b>Gross Building Area (SF):</b> 5,858</p> <p><b>Land Area (Acres):</b> 0.4161 (18,125 SF)</p> <p><b>Land-to-Building Ratio:</b> 3.09:1.0</p>	<p><b>Sale Date:</b> 10/30/13</p> <p><b>Sale Price:</b> \$430,000</p> <p><b>SP/SF Building Area:</b> \$73.40</p> <p><b>SP/SF Land Area:</b> \$23.72</p> <p><b>Terms of Sale:</b> Cash to seller</p> <p><b>Occupancy at DOS:</b> 100%</p> <p><b>Ownership Conveyed:</b> Leased Fee</p> <p><b>Deed Record:</b> 2013-146648</p>
COMMENTS	
<p>The property was offered for sale for approximately a year and sold to the tenant of both suites who had previously leased the full property for \$3,700 gross per month.</p>	<p><b>Grantor:</b> Friday's Business Machines</p> <p><b>Grantee:</b> Redeemed Christian Church of God Voice of Jesus, Inc.</p> <p><b>Verified:</b> Office Files; Appraisal District 26827</p>

### IMPROVED SALE NUMBER 7

**Address:** 331 E. Hickory Street  
Denton, Texas 76201

**County/State:** Denton/Texas

**Location:** North side E. Hickory Street, West of  
Bell Avenue

**Legal Description:** 0.2875 Acres H. Sisco  
Survey, Abstract 1184



#### DESCRIPTIVE DATA

**Construction:** One-story, single-tenant,  
masonry construction, flat roof

**Gross Building Area (SF):** 1,435

**Year Built/Condition:** 1936/Poor

**Interior Finish:** Auto parts/repair

**Zoning:** DC-G- Downtown Commercial  
General

**Land Area (Acres):** 0.2875 (12,524 SF)

**Land-to-Building Ratio:** 8.73:1.0

#### SALES DATA

**Sale Date:** 01/21/14

**Sale Price:** \$265,000

**SP/SF Building Area:** \$184.67

**SP/SF Land Area:** \$21.16

**Terms of Sale:** Market terms

**Ownership Conveyed:** Fee Simple

**Grantor:** Orison Holdings, LLC

**Grantee:** Chident Holdings, LLC

**Document:** 2014-5991

**Verified:** Seller; Appraisal District 32761

Location	Site Size (SF)	Sale Price	Sale Date	Sale Price per SF of Land
1411 N. Elm Street	9,453	\$210,000	8/25/2014	\$22.22
1100 N. Elm Street	7,623	\$143,000	1/30/2015	\$18.76
602 N. Elm Street	11,021	\$150,000	4/22/2015	\$13.61
503 Bolivar Street	11,250	\$240,000	9/30/2015	\$21.33
124 Eagle Drive	14,375	\$315,000	7/21/2014	\$21.91
510-514 N. Elm Street	18,125	\$430,000	10/30/2013	\$23.72
331 E. Hickory Street	12,524	\$265,000	1/21/2014	\$21.16

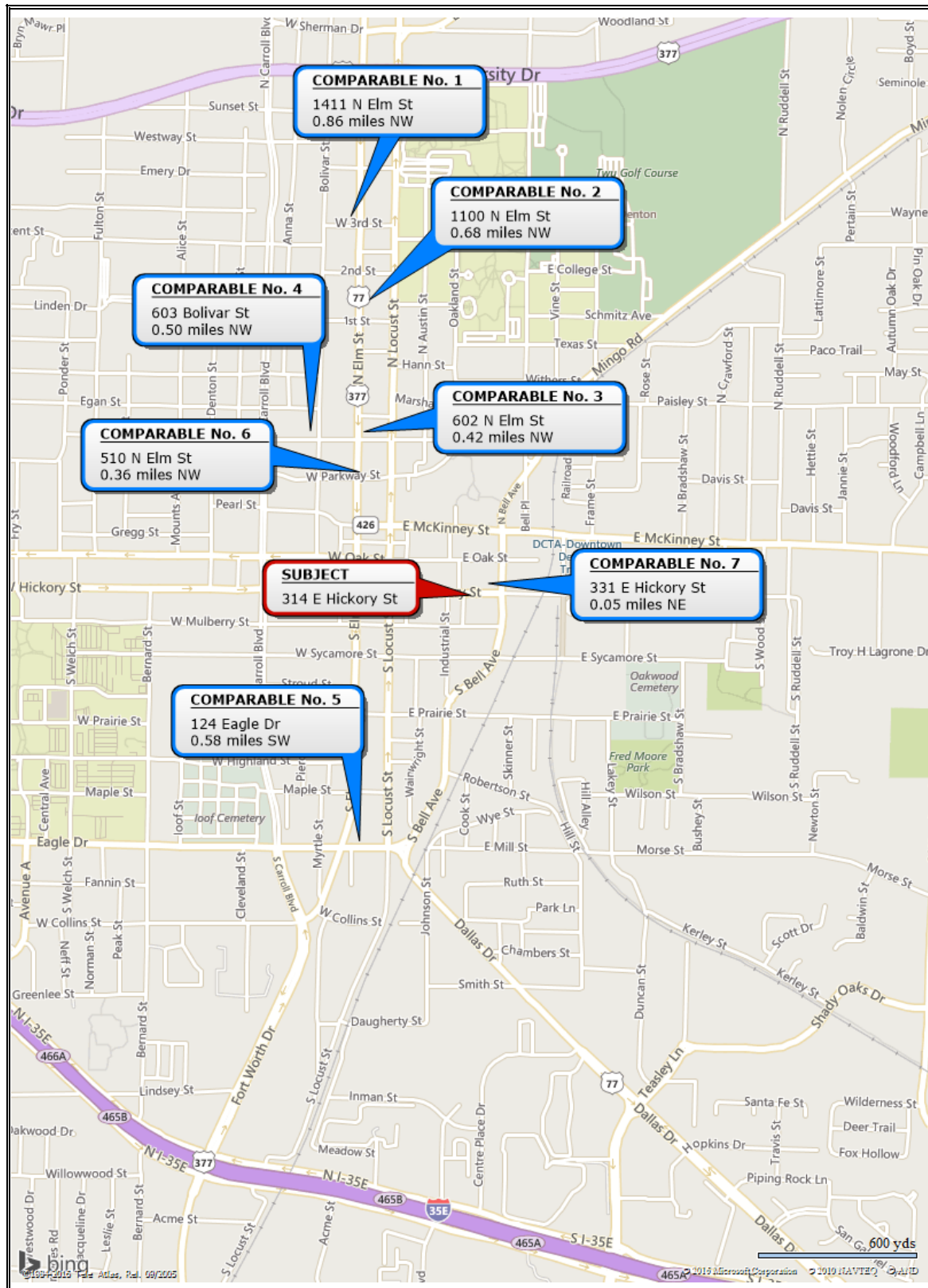
The majority of recent sales in proximity to the downtown Denton square are sold for redevelopment purposes; therefore, the price per square foot of underlying land is the most indicative of value of sites in this particular market area. With a site size range of 7,623 SF to 18,125 SF, the comparable sales have a range of price per square foot of underlying land area of \$13.61 to \$23.72 with an average of \$20.39/SF and a median of \$21.33/SF. All of the recent comparable sales are felt to be good indications of value for the subject site; therefore, the price per square foot of land indicated is \$20.00/SF, rounded.

VALUE INDICATION BY UNIT OF COMPARISON				
Site Area (SF)		SP/SF		Value Indication
1,080	x	\$20.00	=	\$21,600
Value Estimate				<b>\$21,600</b>

#### **Value Conclusions by the Sales Comparison Approach**

The estimated market value of the fee simple interest in the subject property in “as vacant” condition as indicated by the price per square foot of land area is **\$21,600**.

## Location Map - Comparable Improved Sales



## RECONCILIATION AND FINAL OPINION OF VALUE

<b>Cost Approach</b>	<b>N/A</b>
<b>Sales Comparison Approach</b>	<b>\$21,600</b>
<b>Income Approach</b>	<b>N/A</b>

The **Cost Approach** utilizes replacement cost estimated by using actual costs for comparable facilities and/or Marshall and Swift Valuation Services. Indirect costs associated with property are also determined. The land value is estimated by analyzing current land sales within the area. The estimated land value is added to indicate the value estimate by this approach.

The **Sales Comparison Approach** is considered a generally reliable method because the units of comparison are market based. The units of comparison are direct, which renders the comparison highly indicative of market behavior and the primary approach utilized by market participants.

The **Income Approach** is generally considered to be an appropriate valuation method when the property has rental income-producing potential. The potential gross income, stabilized vacancy rate and operating expenses are estimated from market data.

The **Cost Approach** is *not applicable* due to the age of the subject improvements and lack of vacant land to determine vacant site value, and is not utilized in the analysis. The **Sales Comparison Approach** is *applicable* since this property type is typically traded and utilized in this analysis. The **Income Approach** is considered *not applicable* since the property type is not typically traded for rental income potential and is not utilized in this analysis.

Utilizing the Sales Comparison approach to value, the estimated market value of the fee simple interest for the subject property in "as vacant" condition subject to the Basic Assumptions and Limiting Conditions as of October 11th, 2016 is:

<b>FINAL OPINION OF VALUE OF THE SUBJECT PROPERTY "AS VACANT"</b>
<b>- - TWENTY-ONE THOUSAND SIX HUNDRED DOLLARS - -</b>
<b>- -\$21,600 - -</b>

We appreciate the opportunity to provide this appraisal for you. Should you have any questions regarding the appraisal, contact the firm at (940) 243-2387.

Respectfully submitted,  
**TOMMY MARSHALL & ASSOCIATES**



Tracy Runnels, Associate Appraiser  
TX 1337774-G



Tommy Marshall, Principal  
TX 1322676-G



## **MARKETING PERIOD/EXPOSURE TIME**

Per USPAP the exposure period for the subject property must be analyzed. Five factors must be considered in the exposure period, the ability of those marketing the property, the type of property, the listing price, the size and location of the market and the comparability of available market data. An adept marketer will tend to move the property in a shorter period than will an average one and an inept marketer may require twice as much.

Exposure period must be assessed in terms of whether the property was originally listed reasonably close to its true value as perceived by the market. Any property listed significantly above its true value will tend to attract no interested parties due to the perception that it is a waste of time pursuing its purchase. Further, a property listed noticeably below the market's perception of the value will tend to sell in a shorter period than may otherwise be required and therefore distort the concept of "reasonable marketing period". A study by M/PF, a real estate market research firm in Dallas, polled real estate brokers as to the "reasonable marketing period" for various types of real estate. The response was 9 - 12 months. Implicit in this response is that the property is listed reasonably close to the market's perception of its true value.

Historically, purchasers of any property which is considered by the market to have value, are available regardless of product oversupply, availability of financing or lack thereof. The definition of market value specifically requires that there exists a potential buyer and potential seller, each acting prudently and knowledgeably and implies a consummation of a sale. Therefore, an additional factor to be considered in analyzing the marketing period is the size and location of the market. For very large industrial properties or for very specialized properties such as petrochemical refining, large granaries, etc., the market may be relatively small, specialized and national or international rather than local or regional. More typical real estate such as apartments, shopping centers, office buildings and vacant land has a market that is local, regional national or international implying a shorter marketing period and exposure time.

The date of the comparable sales must be considered. If no data is available to indicate current expectations of current market conditions and is only available for market conditions unlike current conditions, the value indicated by the data may not necessarily reflect current expectations and the analysis must include these circumstances.

Properties similar to the subject in the market area are marketable to a wide group of potential purchasers in the local region, state, and nation. Exposure time is considered to be twelve months. Without exception, all real estate offices contacted expressed, if offered at or near market value and had the property been correctly exposed to the market for the past twelve months, the property should sell for a reasonable price. After development of the preceding pages of market data, it is our opinion that had the property been offered at or slightly above the market value conclusion an exposure period from 9 - 12 months is considered necessary for the property to potentially consummate a sale closer to the appraised market value. An exposure period of twelve months or less is considered applicable for the subject property.



## **ASSUMPTIONS AND LIMITING CONDITIONS**

1. No responsibility is assumed for legal or title considerations. Title to the property is assumed to be good and marketable unless otherwise stated in this report.
2. The property is appraised free and clear of any or all liens and encumbrances unless otherwise stated in this report.
3. Responsible ownership and competent property management are assumed unless otherwise stated in this report.
4. The information furnished by others is believed to be reliable. However, no warranty is given for its accuracy.
5. All engineering is assumed to be correct. Any plot plans and illustrative material in this report are included only to assist the reader in visualizing the property.
6. It is assumed that there are no hidden or unapparent conditions of the property, subsoil, or structures that render it more or less valuable. No responsibility is assumed for such conditions or for arranging for engineering studies that may be required to discover them.
7. It is assumed that there is full compliance with all applicable federal, state, and local environmental regulations and laws unless otherwise stated in this report.
8. It is assumed that all applicable zoning and use regulations and restrictions have been complied with, unless a non-conformity has been reported, stated, defined, and/or considered in this appraisal report.
9. It is assumed that all required license, certificates of occupancy or other legislative or administrative authority from any local, state, or national governmental or private entity or organization have been or can be obtained or renewed for any use on which the value estimates contained in this report are based.
10. Any sketch in this report may show approximate dimensions and is included to assist the reader in visualizing the property. Maps and exhibits found in this report are provided for reader reference purposes only. No guarantee as to accuracy is expressed or implied unless otherwise stated in this report. No survey has been made for the purpose of this report.
11. It is assumed that the utilization of the land and improvements is within the boundaries or property lines of the property described and that there is no encroachment or trespass unless otherwise stated in this report.

12. The firm is not qualified to detect hazardous waste and/or toxic materials. Any comment by the firm that might suggest the possibility of the presence of such substances should not be taken as confirmation of the presence of hazardous waste and/or toxic materials. Such determination would require investigation by a qualified expert in the field of environmental assessment. The presence of substances such as asbestos, urea-formaldehyde foam insulation or other potentially hazardous materials may affect the value of the property. The value estimate is predicated on the assumption that there is no such material on or in the property that would cause a loss in value unless otherwise stated in this report. No responsibility is assumed for any environmental conditions, or for any expertise or engineering knowledge required to discover them. The descriptions and comments are the result of the routine observations made during the appraisal process.
13. Unless otherwise stated in this report, the subject property is appraised without a specific compliance survey having been conducted to determine if the property is or is not in conformance with the requirements of the Americans with disabilities act. The presence of architectural and communications barriers that are structural in nature that would restrict access by disabled individuals may adversely affect the property's value, marketability, or utility.
14. Any proposed improvements are assumed to be completed in a good workmanlike manner in accordance with the submitted plans and specifications.
15. The distribution, if any, of the total valuation in this report between land and improvements applies only under the stated program of utilization. The separate allocations for land and buildings must not be used in conjunction with any other appraisal and are invalid if so used.
16. 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 any person other than the party to whom it is addressed without the written consent of the firm, and in any event, only with proper written qualification and only in its entirety.

*Specific/extraordinary assumptions and/or hypothetical conditions utilized in the value opinion:*

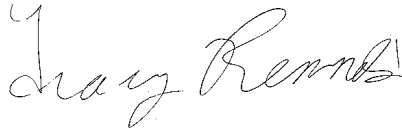
- ◆ *It is a specific assumption of this report that the subject has no environmental or structural conditions which could adversely affect its marketability or market value.*
- ◆ *It is a specific assumption of this report that the subject is not adversely affected by a flood hazard area or drainage area other than is indicated in this report.*
- ◆ *It is a specific assumption of this report that the land and/or building size reported for the subject are sufficiently correct as to not adversely affect the value opinion.*
- ◆ *It is a specific assumption of this report that the subject is not adversely affected by encroachment, easement, or restriction other than is indicated in this report.*
- ◆ *It is a specific assumption of this report that the intended usage meets or exceeds the specifications set forth by any applicable zoning ordinance.*

## **CERTIFICATION OF THE APPRAISERS**

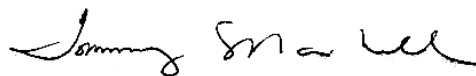
We certify that, to the best of our knowledge and belief:

1. The statements of fact contained in this report are true and correct.
2. The reported analyses, opinions, and conclusions are limited only by the reported assumptions and limiting conditions, and are personal, unbiased professional analyses, opinions, and conclusions.
3. We have no present or prospective interest in the property that is the subject of this report and we have no personal interest or bias with respect to the parties involved.
4. The compensation is not contingent upon the reporting of a predetermined value or direction in value that favors the cause of the client, the amount of the value estimate, the attainment of a stipulated result, or the occurrence of a subsequent event.
5. The appraisal is not based on a requested minimum valuation, a specific valuation, or the approval of a loan.
6. The analyses, opinions, and conclusions are developed and this report has been prepared in conformity with the Uniform Standards of Professional Appraisal Practice.
7. We have made a personal inspection of the property that is the subject of this report.
8. The reported analyses, opinions, and conclusions were developed, and this report has been prepared, in conformity with the requirements of the Code of Professional Ethics and the Standards of Professional Appraisal Practice of the Appraisal Institute.
9. The use of this report is subject to the requirements of the Appraisal Institute relating to review by its duly authorized representatives.
10. As of the date of report, I, Tommy Marshall, am a State Certified General Real Estate Appraiser.
11. As of the date of report, I, Tracy Runnels, am a State Certified General Real Estate Appraiser.
12. Tommy Marshall & Associates has not appraised or provided other valuation services for the subject property in the preceding three year period.
13. The value estimate is not valid unless this certification is included in the appraisal.

### **TOMMY MARSHALL & ASSOCIATES**



Tracy Runnels, Associate Appraiser  
TX 1337774-G



Tommy Marshall, Principal  
TX 1322676-G

**SECTION D**

*ADDENDA*

## **APPRAISER QUALIFICATIONS**

### **QUALIFICATIONS OF TOMMY MARSHALL**

#### **Experience:**

- 1984 to present, Tommy Marshall has been engaged in independent fee appraising and real estate consultations. Owner of Tommy Marshall & Associates, Real Estate Appraisers and Consultants.
- Generally, the trade area includes the Dallas/Ft. Worth CMSA in North Central Texas. Appraisals have also been performed in Kansas, Florida, Missouri, Indiana, Oklahoma, and Mississippi. Since 1992, most work has been in the North Central Texas and southern Oklahoma areas.
- Varied types of real property have been appraised which includes special purpose properties including golf courses, resorts, churches, manufacturing plants and rural water Co-Ops. Other properties such as farm and ranch, residential subdivisions, mixed use developments, office buildings, apartments, retail complexes, industrial complexes, hotels, motels, bank buildings and single-family properties.
- Clients served include corporations, attorneys, estates, financial institutions, individuals, and governmental agencies. Qualified and served as an expert witness in Federal Courts, District Courts, County Courts, as well as testifying at number of Commissioners hearings for eminent domain.

#### **Education:**

- B.A. Degree, Southeastern State University - Durant, Oklahoma 1972
- Successfully completed numerous real estate and related courses and seminars sponsored by the National Association of Master Appraisers, Appraisal Institute, International Right of Way Association, Independent Fee Appraisers and others.
- Currently a designated Master Senior Appraiser (MSA), and a member in good standing in by the National Association of Master Appraisers.

#### **Professional association memberships include:**

- Member, National Association of Master Appraisers
- Member, National Association of Realtors
- Member, Texas Association of Realtors
- Associate Member, Home Builders Association of Greater Dallas
- Active Member, Greater Denton/Wise County Board of Realtors
- Licensed Real Estate Broker - Texas 1977 (License No. 0230242)
- State Certified General Appraiser - Texas (Certification No. TX-1322626-G)

## APPRAISER LICENSES


### **Texas Appraiser Licensing and Certification Board**

P.O. Box 12188 Austin, Texas 78711-2188

#### **Certified General Real Estate Appraiser**

Number: **TX 1322676 G**  
Issued: **04/01/2016** Expires: **03/31/2018**  
Appraiser: **TOMMY L MARSHALL**

Having provided satisfactory evidence of the qualifications required by the Texas Appraiser Licensing and Certification Act, Texas Occupations Code, Chapter 1103, is authorized to use this title, Certified General Real Estate Appraiser.

  
Douglas E. Oldmixon  
Commissioner


### **Texas Appraiser Licensing and Certification Board**

P.O. Box 12188 Austin, Texas 78711-2188

#### **Certified General Real Estate Appraiser**

Number: **TX 1337774 G**  
Issued: **01/14/2016** Expires: **02/28/2018**  
Appraiser: **TRACY ZANE RUNNELS**

Having provided satisfactory evidence of the qualifications required by the Texas Appraiser Licensing and Certification Act, Texas Occupations Code, Chapter 1103, is authorized to use this title, Certified General Real Estate Appraiser.

  
Douglas E. Oldmixon  
Commissioner