

Everett Appraisal, Inc.

P.O. Box 1331
Stephenville, TX 76401
Voice: 254.965.4805

INVOICE

October 25, 2022

| | |
|-----------------------|---|
| | Connie Lynn White 7287 County Road 265 Dublin, Texas 76446 |
| Re: | 7287 County Road 265 Dublin, Texas 76446 229.33 +/- acres in the Jacob Sasse Survey A-702 and 85.36 +/- acres in the Charles G. Bryan Survey A-56, Erath County, Texas Appraisal Report Fee Simple Market Value As-Is Condition as of June 14, 2022 Tax ID #75-2746164 |
| Appraisal Fee: | \$1,500.00 |

Please make checks payable to: **Everett Appraisal, Inc.**
P.O. Box 1331
Stephenville, TX 76401

If you have any questions concerning this invoice, call: Kyle Everett, 254-965-4805

**APPRAISAL REPORT OF 314.69 +/- ACRES OF
LAND AND IMPROVEMENTS**



**LOCATED AT
7287 COUNTY ROAD 265
DUBLIN, TEXAS 76446
AS OF
JUNE 14, 2022**

**REPORT PREPARED FOR
CONNIE LYNN WHITE
7287 COUNTY ROAD 265
DUBLIN, TEXAS 76446**

**PREPARED BY
KYLE EVERETT
EVERETT APPRAISAL, INC.
P.O. BOX 1331
STEPHENVILLE, TEXAS 76401**

EVERETT APPRAISAL, INC.
P.O. BOX 1331
STEPHENVILLE, TEXAS 76401
254.965.4805
kyle@everettappraisalcorp.com

October 25, 2022

Connie Lynn White
7287 County Road 265
Dublin, Texas 76446

Dear Mrs. White:

As requested, I have performed a property observation and prepared a valuation analysis of tract of land containing 314.69 +/- acres and improvements located at 7287 County Road 265 in Erath County, Texas. The purpose of the investigation was to ascertain the Market Value of fee simple interest of the above-captioned property in as-is condition, considering those factors present as of June 14, 2022, date of death of David Glenn White. No value or consideration is allocated in this appraisal for any inventory, furniture, fixtures, equipment, going-concern business interests or mineral rights.

For this appraisal, I observed the subject property on October 19, 2022. As defined and stated throughout this report, my value conclusion is based on the extraordinary assumption that the subject property was in a condition on June 14, 2022 as it was observed on October 19, 2022. Also as stated throughout this report, I consider this assumption to be reliable.

This is an **Appraisal Report**, which is intended to comply with the reporting requirements set forth under Standards Rule 2-2(a) of the Uniform Standards of Professional Practice for an Appraisal Report. As such, it presents only stated conclusions of the data, reasoning, and analyses that were used in the appraisal process to develop my opinion of value. Supporting documentation concerning the data, reasoning, and analyses is retained in my files. The depth of discussion contained in this report is specific to the needs of the client and for the intended use stated in this report. I am not responsible for unauthorized use of this report.

This estimate is subject to any contingent and limiting conditions set forth herein. The analysis has been prepared in conformance with Standards of Professional Appraisal Practice as set forth by the Appraisal Standards Board of the Appraisal Foundation. Value influencing conditions are reported whatever their nature and whenever they are found, analyzed and adjusted for their impact on the subject property value.

Subject As-Is

Based upon the analysis as shown in this report, and by virtue of the fact that only the surface, surface rights and surface estate is being appraised, the indicated value of the subject property, considering those factors present as of June 14, 2022 was:

\$4,563,000.00

(FOUR-MILLION-FIVE-HUNDRED-SIXTY-THREE -THOUSAND-DOLLARS)

This considers a reasonable exposure time of 120 to 180 +/- days/four to six +/- months.

If you have any questions, or if I may assist you with anything, please give me a call.

Sincerely,

A handwritten signature in black ink, appearing to read 'Kyle Everett', with a long horizontal flourish extending to the right.

Kyle Everett
State Certified General Real Estate Appraiser
TX-1327253-G

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APPRAISAL CERTIFICATE

The undersigned hereby certify that to the best of his knowledge and belief, the statements, opinions, and value conclusions in this appraisal report are correct. The reported analyses, opinions, and conclusions, limited only by the reported assumptions and limiting conditions, are the personal, unbiased professional analyses, opinions, and conclusions of the undersigned.

I have no present or prospective interest in the property that is the subject of this report, and I have no personal interest with respect to the parties involved. I have no bias with respect to the property that is the subject of this report or to the properties involved in this assignment.

The appraisal assignment was not based on a requested minimum valuation, a specific valuation, or the approval of a loan. My engagement in this assignment was not contingent upon developing or reporting of a predetermined value.

The compensation is not contingent upon the reporting of a predetermined value or direction of 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.

My analyses, opinions, and conclusions were developed, and this report has been prepared, in conformity with the Uniform Standards of Professional Appraisal Practice. I have made a personal observation of the property that is the subject of this report. No one provided significant real property assistance to the person signing this report. I have performed no services, as an appraiser or in any other capacity, regarding the property that is the subject of this report within the three-year period immediately preceding acceptance of this assignment.

Sincerely,



Kyle Everett

October 25, 2022

Date

BASIC REASONABLE ASSUMPTIONS

This analysis is made subject to the following assumptions:

1. That the economy of the nation and the community in which the property is located will remain at approximately current levels.
2. That specific changes in public streets, roads, or freeways, if any, will be made in the reasonable future in and around the community in which the property is located, which would substantially impact accessibility of the property.
3. That there is no substantial change in the real estate tax or insurance rates that would adversely affect the cash position of the property under analysis and those used for comparison purposes.
4. It is assumed that there are no hidden or unapparent conditions of the property, subsoil, or structures which would render it more or less valuable. No responsibility is assumed for such conditions or for engineering which may be required to discover such conditions and those enumerated in the statement of Contingent and Limiting Conditions.
5. It is assumed that there is full compliance with all applicable federal, state, and local environmental regulations and laws unless non-compliance is stated, defined, reconciled, and considered in the appraisal report.
6. It is assumed that all applicable zoning and restrictions have been complied with, unless a non-conformity has been stated, defined, and considered explicitly during the preparation of this appraisal report.
7. It is assumed that the utilization of the land is within the boundaries of the property described herein and that there are no encroachments or trespass unless specifically noted within the report.

CONTINGENT AND LIMITING CONDITIONS OF APPRAISAL

This appraisal is for no reason other than property valuation, and the appraiser is neither qualified nor attempting to go beyond that narrow scope. The reader should be aware that there are also inherent limitations to the accuracy of the information and analysis contained in this appraisal. Before making any decision based on the information and analysis contained in this report, it is critically important to read this entire section to understand these limitations.

It is assumed that the utilization of the land and improvements is within the boundaries of the property lines of the property described and that there is no encroachment or trespass unless noted with the report.

No survey of the property has been made by the appraiser and no responsibility is assumed in connection with such matters. Any maps, plats, or drawings reproduced and included in this report are intended only for the purpose of showing spatial relationships.

The reliability of the information contained on any such map or drawing is assumed by the appraiser and cannot be guaranteed to be correct. A surveyor should be consulted if there is any concern on boundaries, setbacks, encroachments, or other survey matters.

No responsibility is assumed for matters of a legal nature that affect title to the property nor is an opinion of title rendered. The title is assumed to be good and marketable. The value estimate is given without regard to any questions of title, boundaries, encumbrances, or encroachments. I am not usually provided an abstract of the property being appraised and, in any event, I neither made a detailed examination of it nor do I give any legal opinion concerning it.

It is assumed that there is full compliance with all applicable federal, state, and local environmental regulations and laws unless noncompliance is stated, defined, and considered in the appraisal report. A comprehensive examination of laws and regulations affecting the subject property was not performed for this appraisal.

It is assumed that all applicable zoning and use regulations and restrictions have been complied with, unless a nonconformity has been stated, defined, and considered in the appraisal report.

Information and analysis shown in this report concerning these items is based only on a rudimentary investigation. Any significant question should be addressed to local zoning or land use officials and/or an attorney.

It is assumed that all required licenses, consents, or other legislative or administrative authority from any local, state, or national government or private entity or organization have been or can be obtained or renewed for any use on which the value estimate contained in this report is based. Appropriate government officials and/or an attorney should be consulted if an interested party has any questions or concerns on these items since I have not made a comprehensive examination of laws and regulations affecting the subject property.

This appraisal should not be considered a report on the physical items that are a part of this property. Although the appraisal may contain information about the physical items being appraised (including their adequacy and/or condition) it should be clearly understood that this information is only to be used as a general guide for property valuation and not as a complete or detailed physical report. The appraiser is not a construction, engineering, environmental, or legal expert, and any statement given on these matters in this report should be considered preliminary in nature.

The observed condition of the foundation, roof, exterior walls, interior walls, floors, heating/air conditioning system, plumbing, insulation, electrical service, and all mechanical and construction, if any, is based on a casual inspection only and no detailed inspection was made. For instance, I am not an expert on heating/air conditioning systems and no attempt was made to inspect the interior of the furnace or compressor unit(s). The structures were not checked for building code violations, and it is assumed that all buildings meet applicable building codes unless so stated in the report. Some items such as conditions behind walls, above ceilings, behind locked doors, or under the ground are not exposed to casual view and therefore were not inspected. The existence of insulation, if any is mentioned, was found by conversation with others and/or circumstantial evidence. Since it is not exposed to view, the accuracy of any statements about insulation cannot be guaranteed.

It is assumed that there are no hidden or unapparent conditions of the property, sub-soil, or structures that would render it more or less valuable. No responsibility is assumed for such conditions, or for the engineering that may be required to discover such factors. Since no engineering or percolation tests were made, no liability is assumed for soil conditions. Sub-surface rights (mineral and oil) were not considered in making this appraisal.

Wells and septic systems, if any, are assumed to be in good working condition and of sufficient size and capacity for the stated highest and best use.

I am not an environmental expert, and I do not have the expertise necessary to determine the existence of environmental hazards such as the presence of urea-formaldehyde foam insulation, toxic waste, asbestos or hazardous building materials, or any other environmental hazards on the subject or surrounding properties. If I know of any problems of this nature which I believe would create a significant problem, they are disclosed in this report. Nondisclosure should not be taken as an indication that such a problem does not exist, however. An expert in the field should be consulted if any interested party has questions on environmental problems.

No chemical or scientific tests were performed by the appraiser on the subject property, and it is assumed that the air, water, ground, and general environment associated with the property present no physical or health hazard of any kind unless otherwise noted in the report. It is further assumed that the lot does not contain any type of dump site and that there are no underground tanks (or any underground source) leaking toxic or hazardous chemicals into the groundwater or the environment unless otherwise noted in the report.

The age of any improvements to the subject property mentioned in this report should be considered a rough estimate. I am not sufficiently skilled in the construction trades to be able to reliably estimate the age of improvements by observation. I therefore rely on circumstantial evidence which may come into our possession (such as dates on architectural plans) or conversations with

those who might be somewhat familiar with the history of the property such as property owners, on-site personnel, or others. Parties interested in knowing the exact age of improvements on the land should contact us to ascertain the source of our data and then make a decision as to whether they wish to pursue additional investigation.

Because no detailed inspection was made, and because such knowledge goes beyond the scope of this appraisal, any observed condition or other comments given in this appraisal report should not be taken as a guarantee that such a problem does not exist. Specifically, no guarantee is made as to the adequacy or condition of the foundation, roof, exterior walls, interior walls, floors, heating/air conditioning system, plumbing, electrical service, insulation, or any other detailed construction matters. If any interested party is concerned about the existence, condition, or adequacy of any particular item, I would strongly suggest that a construction expert be hired for a detailed investigation.

As can be seen from limitations presented above, this appraisal has been performed with a limited amount of data. Data limitations result from a lack of certain areas of expertise by the appraiser (that go beyond the scope of the ordinary knowledge of an appraiser), the inability of the appraiser to view certain portions of the property, the inherent limitations of relying upon information provided by others, etc.

Before relying on any statement made in this appraisal report, interested parties should contact me for the exact extent of my data collection on any point which they believe to be important for their decision making. This will enable such interested parties to determine whether they think the extent of our data gathering process was adequate for their needs or whether they would like to pursue additional data gathering for a higher level of certainty.

Information (including projections of income and expenses) provided by local sources, such as government agencies, financial institutions, accountants, attorneys, and others is assumed to be true, correct, and reliable. No responsibility for the accuracy of such information is assumed by the appraiser.

The comparable sales data relied upon in the appraisal is believed to be from reliable sources. Though all comparable data recited in this report was examined, it was not possible to inspect the comparable properties in detail. The value conclusions are subject to the accuracy of said data.

Engineering analyses of the subject property were neither provided for use nor made as a part of this appraisal contract. Any representation as to the suitability of the property for uses suggested in this analysis is therefore based only on a rudimentary investigation by the appraiser and the value conclusions are subject to said limitations.

All values shown in the appraisal report are projections based on our analysis as of the date of the appraisal. These values may be valid in other time periods or as conditions change. I take no responsibility for events, conditions, or circumstances affecting the property's market value that take place subsequent to either the date of value contained in this report or the date of our field inspection, whichever occurs first.

Since projected mathematical models and other projections are based on estimates and assumptions which are inherently subject to uncertainty and variation depending upon evolving events, I do not represent them as results that will actually be achieved.

This appraisal is an estimate of value based on an analysis of information known to us at the time the appraisal was made. I do not assume any responsibility for incorrect analysis because of incorrect or incomplete information. If new information of significance comes to light, the value given in this report is subject to change without notice.

Opinions and estimates expressed herein represent my best judgement but should not be construed as advice or recommendation to act. Any actions taken by you, the client, or any others should be based on your own judgement, and the decision process should consider many factors other than just the value estimate and information given in this report.

Appraisal reports are technical documents addressed to the specific technical needs of clients. Casual readers should understand that this report does not contain all of the information I have concerning the subject property or the real estate market. While no factors I believe to be significant but unknown to the client have been knowingly withheld, it is always possible that I have information of significance which may be important to others but which, with my limited acquaintance of the property and our limited expertise, does not seem to be important to me.

I should be contacted with any questions before this report is relied on for decision making. This appraisal was prepared at the request of and for the exclusive use of the client to whom the appraisal is addressed. No third party shall have any right to use or rely upon this appraisal for any purpose.

There are no requirements, by reason of this appraisal, to give testimony or appear in court or any pretrial conference or appearance required by subpoena with reference to the property in question, unless sufficient notice is given to allow adequate preparation and additional fees are paid by the client at my regular rates for such appearances and the preparation necessitated thereby.

This report is made for the information and/or guidance of the client and possession of this report, or a copy thereof, does not carry with it a right of publication. 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 appraisers. Nor shall the appraiser, firm, or professional organization of which the appraiser is a member be identified without the written consent of the appraiser.

It is suggested that those who possess this appraisal report should not give copies to others. Certainly legal advice should be obtained on potential liability issues before this is done. Anyone who gives out an incomplete or altered copy of the appraisal report (including all attachments) does so at their own risk and assumes complete liability for any harm caused by giving out an incomplete or altered copy. I do not assume any liability for harm caused by reliance upon an incomplete or altered copy of the appraisal report given out by others. Anyone with a question on whether their copy of an appraisal report is incomplete or altered should contact my office.

Values and conclusions for various components of the subject parcel as contained within this report are valid only when making a summation; they are not to be used independently for any purpose and must be considered invalid if so used. The allocation of the total value in this report between land and improvements applies only under the reported highest and best use of the property. The separate valuations for land and buildings must not be used in conjunction with any other appraisal and are invalid if so used.

This report contemplates that the property will be under competent management and ownership.

AMERICANS with DISABILITIES ACT:

Unless otherwise stated in this report, the subject property is appraised without a specific compliance survey being conducted to determine is or is not in conformance with the requirements of the American 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.

The outbreak of the Coronavirus (COVID-19), declared by the World Health Organization as a Global Pandemic on March 11, 2020, has reportedly affected both national and international financial markets, causing dramatic unpredictable market volatility on Wall Street. This crisis is now resulting in government intervention. As such, the future outcome of the current local economic situation as well as economic conditions abroad make the local real estate market's performance difficult to gauge and project. It is noted that values and incomes may change more rapidly than during normal market conditions and our valuation is based on information available at the time of analysis. It is recommended that the subject property is valued frequently. However, local and regional lending institutions appear to remain active within the subject's Erath County/Central Texas market area for specific projects. Therefore, I specifically assume that the financial markets will continue to function in a competitive efficient fashion. Further, I cannot be held responsible for unforeseeable events that alter market conditions.

**EXTRAORDINARY ASSUMPTION(S)
UTILIZED IN THIS APPRAISAL REPORT**

The subject of this appraisal report is an existing 314.69 +/- acre tract of agricultural/recreational/single-family home site land and improvements. A physical observation of the subject property was made by the signer of this report on October 19, 2022. The effective date of value in this appraisal of the subject is June 14, 2022, date of death of David Glenn White. As such, this appraisal will utilize the extraordinary assumption that the subject was in a condition on June 14, 2022 similar to what was observed on October 19, 2022.

The *Dictionary of Real Estate Appraisal, 6th Edition* defines **extraordinary assumption** as “an assumption, directly related to a specific assignment, as of the effective date of the assignment results, which, if found to be false, could alter the appraiser’s opinions or conclusions. Extraordinary assumptions presume as fact otherwise uncertain information about physical, legal, or economic characteristics of the subject property; or about conditions external to the property, such as market conditions or trends; or about the integrity of data used in an analysis.

If the above-stated extraordinary assumptions are found to be false, my value conclusion(s) could be altered. Due to the nature of the subject property, historic use of the property and my familiarity with the Dublin/Erath County/Central Texas market area, I consider this assumption to be reliable.

EXECUTIVE SUMMARY

PROPERTY LOCATION

7287 County Road 265, 11.0 +/- miles southeast of Dublin/7.60 +/- miles northwest of Hico/13.60 +/- miles south of Stephenville in South-Central Erath County, Texas

Geocode: 32.009392, -98.172953

PURPOSE OF APPRAISAL

Ascertain Fee Simple Market Value as of June 14, 2022

PROPERTY CLASSIFICATION

Agricultural/Recreational Land/Single-Family Home Site

LEGAL DESCRIPTION

229.33 +/- acres in the Jacob Sasse Survey A-702 and 85.36 +/- acres in the Charles G. Bryan Survey A-56, Erath County, Texas

LAND SIZE

314.69 +/- Acres

ASSESSED VALUE

\$ 328,650.00 Erath CAD 2021 Real Property Agricultural-Use Assessment

\$1,262,700.00 Erath CAD 2021 Real Property Market Value Assessment

VALUE INDICATED BY:

COST APPROACH \$ 732,000.00 Improvements Only

SALES COMPARISON APPROACH \$4,563,000.00

INCOME APPROACH Not Applied

FINAL ESTIMATE OF VALUE \$4,563,000.00

VALUE DATE OF THE APPRAISAL June 14, 2022

SCOPE OF THE APPRAISAL

The scope of the appraisal report is to perform a diligent and complete inspection of the subject real property under appraisal in the pursuit of a value estimate as delineated and defined in this report. The scope includes the gathering, inspection and analyses of relevant and supportive data upon which the formulation of the value estimates are based. The general procedures for the development of estimates of value will conform to the Uniform Standards of Appraisal Practice as set forth by the Appraisal Standards Board of the Appraisal Foundation. Pursuant to this goal, the property rights appraised are those of fee simple ownership as of the effective date stated within the text of this report. In valuing the real property of the subject, I have evaluated and described the general area, neighborhood area, site, zoning and restrictions and improvement data impacting the subject in order to analyze the highest and best use of the site as if vacant and the highest and best use as improved. Also under the scope of the appraisal is the reporting and documentation of the collected data. This includes verifying comparable land sales and offerings, rental and improved sales (when applicable) in order to apply the three approaches to value in deriving at my opinion of market value of the appraised property.

The subject of this appraisal report is a 314.69 +/- acre tract of agricultural/recreational/ single-family home site land and improvements located at 7287 County Road 265, 11.0 +/- miles southeast of Dublin/7.60 +/- miles northwest of Hico/13.6 +/- miles south of Stephenville in South-Central Erath County, Texas. For this appraisal of the subject, on October 19, 2022 I performed an on-site property observation which included an observation of the exterior(s) and the accessible areas of the interior(s) of the respective improvements.

In the course of forming and supporting my opinion of market value for the subject property, the Cost Approach and the Sales Comparison Approach, respectively, were deemed applicable to this appraisal. The Cost Approach is applied herein to ascertain the contributory value of the subject improvements described in this report. In the Erath County/Central Texas market area, land tracts similar to the subject are purchased for personal use/personal occupancy and not for income produced by tenancy. It is not economically feasible to purchase a land tract similar to the subject for the sole purpose of income produced by tenancy.

In this appraisal of the subject, the Sales Comparison Approach is allocated all weight/consideration. Adequate sales from this market area were available to render this approach as a credible valuation method. The market area from which sales data was considered was the Erath County competing real estate market area. All market data utilized in this appraisal has been analyzed in the market data section of this report and has been verified through various sources. It is noted that Texas is a non-disclosure state, i.e., the price paid in most instances is not a matter of public record. Every effort is made to verify the sales prices with the parties involved or with professional/s handling the transaction. This information is considered reliable but not warranted.

IDENTIFICATION AND LOCATION OF THE PROPERTY

The subject property is an existing 314.69 +/- acre tract of agricultural/recreational/potential single-family homesite land and improvements located at 7287 County Road 265 in South-Central Erath County, Texas. Geocode: 32.009392, -98.172953

LEGAL DESCRIPTION

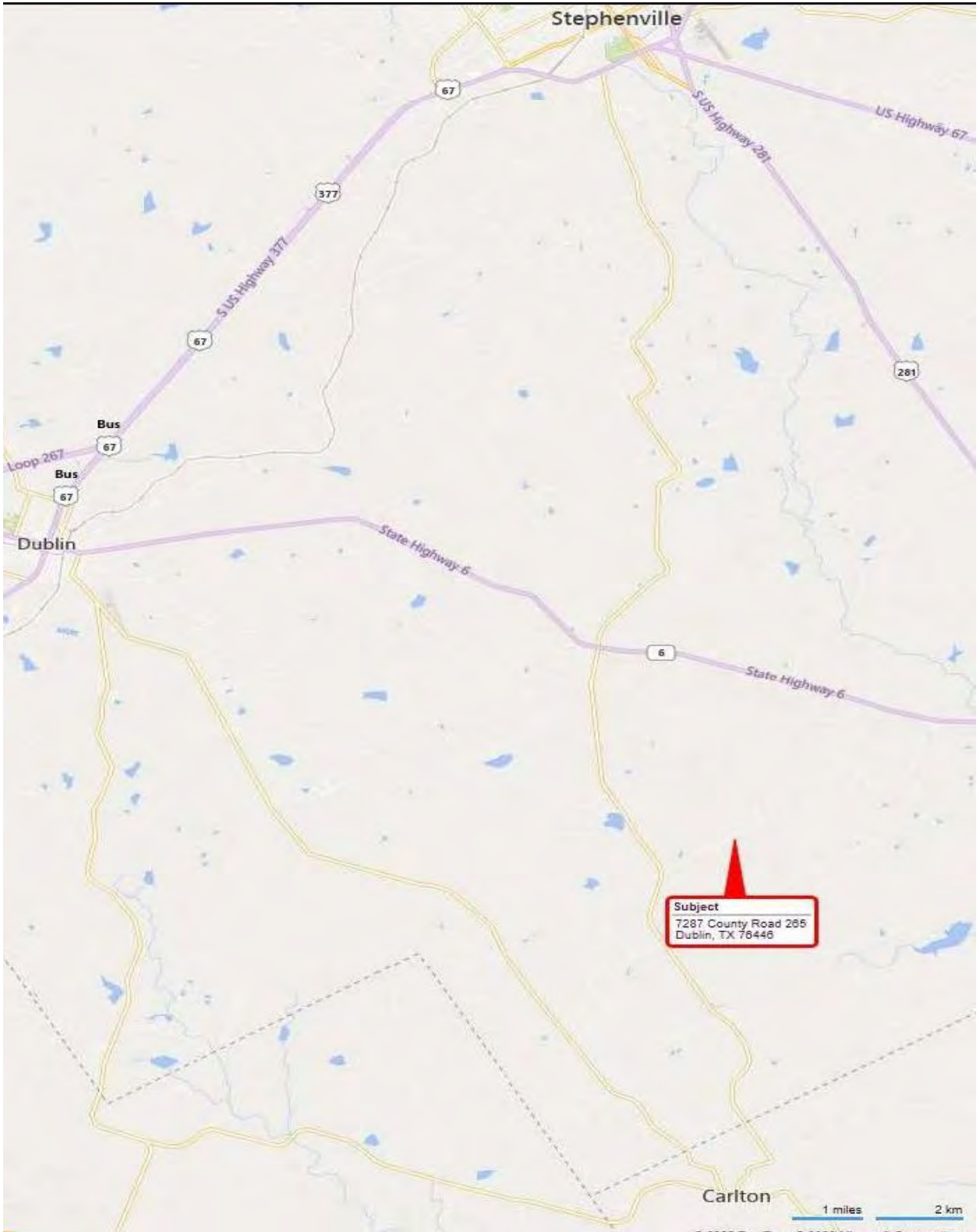
Per Erath County Appraisal District account number R15547, R25465, R70388 and R70389 the subject is legally described as 314.69 +/- acres, being 229.33 +/- acres in the Jacob Sasse Survey A-702 and 85.36 +/- acres in the Charles G. Bryan Survey A-56, Erath County, Texas.

PURPOSE OF THE APPRAISAL

The purpose of this appraisal is to ascertain the fee-simple market value of the herein legally described property, in as-is condition considering those factors present as of June 14, 2022, date of death of David Glenn White, assuming unencumbered fee simple ownership and on a cash basis.

INTENDED USER/INTENDED USE OF THE APPRAISAL

The intended user of this appraisal report is David Glenn White Estate. The intended use is to evaluate the property that is the subject of this appraisal for asset monitoring and/or disposition purposes, subject to the stated Scope of Work, purpose of the appraisal, reporting requirements of this appraisal report form, and Definition of Market Value. No additional Intended Users are identified.



Subject Location Map

INTENDED FUNCTION OF THE APPRAISAL

The intended function of the appraisal is for use by David Glenn White Estate with asset monitoring and/or assessment, assuming fee simple ownership, on a cash basis and considering those factors present as of June 14, 2022. No other function of this appraisal report is authorized.

PROPERTY RIGHTS APPRAISED

The property rights appraised in this report are those constituting the fee simple interest that is composed of the present worth of the future benefits which accrue to a typical user or persons through long term use or ownership of the property without limitations of the fee to any particular class of heirs or restrictions except existing roads and easements of record. The property is appraised under the assumption of responsible ownership. It is assumed that the property can be financed for purchase at present, prevalent market terms and rates.

MARKET VALUE DEFINED

As used herein, market value is defined as "The most probable price that 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:

1. Buyer and seller are typically motivated;
2. Both parties are well informed or well advised, and acting in what they consider their own best interest;
3. A reasonable time is allowed for exposure in the open market;
4. Payment is made in cash in U.S. dollars or in terms of financial arrangements comparable thereto; and
5. The price represents the normal consideration for the property sold unaffected by special or creative financing or sales concessions granted by anyone associated with the sale.

(Source: Office of the Comptroller of the Currency under 12 CFI, Part 34, Subpart C-appraisals, 34.42 Definitions[f].)

OWNERSHIP OF PROPERTY

As of the June 14, 2022 effective date of this appraisal, owner of record was David Glenn and Connie White, 21.05 +/- acres in Volume 1106, Page 560, Deed Records of Erath County, Texas, dated January 7, 2003; 293.64 +/- acres in Volume 1409, Page 37, DRECT, dated December 17, 2008.

DATE OF VALUE ESTIMATE/DATE OF REPORT

This appraisal has an effective date of June 14, 2022 and is based on data and market conditions prevailing on that date. A physical observation of the property was made on October 19, 2022. This appraisal utilizes a retroactive valuation date that considers the subject in as-is condition, considering those factors present as of June 14, 2022. This appraisal report was written during the month of October 2022 and was completed on October 25, 2022.

DESCRIPTION OF THE AREA

The subject property is located at 7287 County Road 265 in the south-central sector of Erath County, Texas. Properties in this area are primarily single-family residential homesites and similar, undeveloped ranch/agricultural/recreational-use land. Public water, sewer and natural gas services are not available to some rural properties in this area of Erath County; private water wells, septic systems and propane gas systems are necessary and common to properties in this area. Electric service for the area is provided by United Cooperative Services, which has proven to be adequate to service the needs of the residents and businesses in the area.

County Road 265 where the subject is located is a one-lane/caliche-gravel surfaced/county-maintained roadway that runs northeast off FM 914 to Erath County Road 267. There are three US Highways that cross through Erath County/Stephenville, US Highway 67, US Highway 377, and US Highway 281, three State Highways, SH 108, SH 220 and SH 6 and many asphalt-surfaced Farm/Market Roads and single-lane/caliche/asphalt-surfaced county-maintained roadways. Erath County is centrally-located and is situated approximately 65 miles southwest of Fort Worth, 90 miles southeast of Abilene, 175 miles north of Austin.

Per latest data available from Stephenville Chamber of Commerce/North Central Texas Council of Governments, The City of Dublin had a 2020 population of approximately 3,550; Stephenville had a 2021 population of approximately 22,500 residents, not including the enrollment at Tarleton State University. Erath County had an estimated 2020 population of 44,000 +/- residents, not including the enrollment at Tarleton State University, an increase of 7.0% from the previous reporting period of 2015 with 41,170 people. Over the preceding 15-year period from 2004 to 2019, Stephenville's population has increased from 14,921 to 21,959 – approximately

47.0%. During the same time period, the population of Erath County has increased from 33,001 to 42,446 - approximately 29.0%. Whether or not the Stephenville and Erath County area will continue to grow in population is unknown. Stephenville Chamber of Commerce data indicates the population growth rate of Stephenville from 1990 to 2000 was 13,502 to 14,921- 11.0%, with Erath County growing in population from 27,991 to 33,001 – 18.0% in the same 1990 to 2000 time frame.

The following is a partial list of prominent Stephenville-area manufacturing and service industries:

| Employer | Industry / Service | FTE # |
|---------------------------------|--|--------------|
| Tarleton State University* | Higher Education | 1,200 |
| Technip FMC Oilfield | Related Products (Fortune 500) | 735 |
| Stephenville ISD | Education: K-12 | 475 |
| Saint-Gobain Abrasives | Coated Abrasives (Fortune 500) | 470 |
| Schreiber Foods | Cheese Processing, Packaging | 435 |
| Walmart Super Center | Retail/Groceries | 300 |
| Pecan Valley Centers | Behavioral & Development Health Care | 210 |
| Western Dairy Transport Centers | Milk Transport | 210 |
| Texas Health Harris Methodist | Hospital / Medical | 200 |
| Erath County | Government | 180 |
| Fibergrate Composite Structures | Fiberglass Reinforced Products (Fortune 500) | 180 |
| City of Stephenville** | Government | 155 |
| Tejas Tubular Oilfield | Tubular Products | 150 |
| Emerson Electric - | Metal Processing / Electrical (Fortune 500) | 145 |
| Outlaw Conversions | Horse Trailer Customization | 130 |
| ABF Packing, Inc. | Meat Processing Plant | 110 |
| H-E-B Grocery | Retail / Groceries | 110 |
| Bruner Motors | Automobile Sales / Service / Car Wash | 105 |
| Stephenville Med & Surg Clinic | Health Care / Medical | 105 |
| PAL-CON Ltd. | Gas Turbine Regenerators | 100 |

Tarleton State University had a reported Spring 2022 student enrollment in excess of 13,700.

Since 2018, TSU has had an annual student increase of 1.5 to 2.0%; TSU employs over 1,200 full and part-time (Texas A&M University System).

The combination of the mild climatic conditions, low cost of living, recreational amenities, health-care facilities and ample supplies of vacant land are positive factors that will contribute towards the long-term stability of the area. Stephenville's economy stabilized in 1990 after

several years of stagnation. It now has been to be growing steadily for several years. Stephenville/Erath County's population is growing gradually. The labor force has also stabilized, is again growing and has become diversified. Overall, the economy of Erath County can be characterized as stable with expectation of moderate growth during the next 10 years. The area has a warm-temperature, permanently humid climate characterized by hot summers. Tropical maritime air masses predominate throughout spring, summer, and fall. Polar air masses take over during the winter and provide a continental type climate marked by extreme variations in temperature. Average annual temperature is 64.3 degrees F. Total annual precipitation averages 29.17 inches. Approximately three-fourths of this amount falls during the warm season, April through October. Prevailing winds are southerly the year round; they average 13 miles per hour. The relative humidity is fairly uniform throughout the year, although slightly lower during the summer than in other seasons. Average annual relative humidity is about 80 percent at 6:00 a.m., and about 50 percent at 6:00 p.m. Seasonable climatic changes are defined than in South Texas, although not nearly as on the High Plains. During winter, the area experiences frequent surges of cold continental air. Cold fronts that move down from the High Plains are often accompanied by strong, gusty, northerly winds and sudden drops in temperature. Winter precipitation is usually closely associated with frontal activity. Moisture from the Gulf of Mexico is cut off rather effectively, which results in the least precipitation in winter. Occasionally, cold fronts become stationary across Central Texas. This results in prolonged periods of cold cloudy weather. During these periods, precipitation may fall as rain, freezing rain, sleet or snow. Extremely cold weather rarely occurs before the last week in December. Snow may fall once or twice a month during the winter season but is of little or no consequence. Most snows melts almost as rapidly as it falls, and rarely is there even a small amount on the ground. Spring is a very changeable season of the year in the area. During March, warm and cool spells of short duration follow each other in rapid succession. Temperature changes are sometimes quiet pronounced. The cloudiness, drizzle, and light rain of the winter season decrease, but precipitation of the shower type increases. An average of about four thunderstorms occur in March, compared to only two in February. As the spring progresses, few cold fronts enter the area. Those that do cause only a short drop in temperature. Thunderstorms activity increases to an average of about six per month in April and May. These late spring/early summer thunderstorms are sometimes accompanied by destructive hail and windstorms. March and April are the windiest months of the year. In summer, the hot

season, there are few days when the maximum temperature does not reach or exceed 90 F. Some very hot days occur in June, but frequent thundershowers, an average of about six during the month, help to break the extremely hot weather into short periods. August is the hottest month. It has an average daily maximum temperature of 95.5 F. The hottest temperatures of summer are generally associated with a fair sky, westerly wind, and very low humidity. There is little variety in the day to day weather pattern during July and August. Small thundershowers may develop in the late afternoon, but usually they dissipate by evening. Fall is the most pleasant season of the year. Temperatures are neither extremely hot nor cold; wind velocities are the lowest of the year; and long periods of uninterrupted fair weather occur. Warm weather continues through most of September, but temperatures are not excessive. Daily maximum temperatures reach or exceed 90 F, about one day out of every two, on an average. Rainfall increases during September and October, as weak tropical weather systems move northwestward from the Gulf of Mexico to clash with systems moving eastward from the Pacific. The weather has greater variety than in summer, yet continues mild. Thunderstorm activity gradually decreases during the fall season. The average is about four in September, three in October, and two in November. The average rainfall drops off sharply about the first of November. The average freeze-free season in the area is 238 days. The average dates of the last 32 degree freeze in the spring and the first in the fall are March 27 and November 19, respectively. Chances are one in five that a freeze will occur after April 5 and before November 4. Average annual lake evaporation is approximately 60 inches. Evaporation from a standard U.S. Weather Bureau four-foot pan is approximately 85 inches, of which 68 percent is lost in the period of May through October. Average annual sunshine is about 70 percent of the total possible. ** Climate details by Robert B. Orton, State climatologist, U.S. Weather Bureau

ZONING AND RESTRICTIONS

The subject is not located within any municipality. There is no zoning or public restrictions on property use in this area.

AD-VALOREM REAL PROPERTY TAX DATA

As of the June 14, 2022 effective date of this appraisal, Erath County Appraisal District (tax year 2021) had assessed the subject's real property market valuation at \$1,262,700.00, which is \$275,310.00 for improvements and \$987,390.00 for the subject land. For the same tax year ECAD had assessed an agricultural-use exemption for the subject at \$328,650.00, which is \$275,310.00 for improvements and \$53,340.00 for the subject land. As of the June 14, 2022 effective date of this appraisal, the property was subject to taxes by Dublin Independent School District at a rate of \$1.115/hundred, Erath County/Road and Bridge at a rate of \$0.4355/hundred and Middle Trinity Groundwater District at a rate of \$0.0085/hundred – cumulative tax rate is \$1.559/hundred. The following real property taxes are calculated based on the current ag-use exempt assessment of **\$328,650.00**.

| AD-VALOREM REAL PROPERTY TAX SCHEDULE 2021 | |
|---|-------------------|
| Dublin ISD | \$3,664.45 |
| Erath County/Road and Bridge | 1,431.27 |
| Middle Trinity GWCD | 27.94 |
| Total Estimated Tax 2021 | \$5,123.66 |

Erath CAD account/reference numbers for the subject real property are **R15547, R25465, R70388** and **R70389**. The subject's tax liability stated above is only an estimate, based on the Erath CAD ag-use exempt assessment as of the June 14, 2022 effective date of this appraisal and is subject to change. I recommend the subject's potential real property tax liability be verified by contacting Erath County Appraisal District at 254-965-5434.

PROPERTY DATA

History

There were no recorded transactions involving the subject property in the three-year period preceding the June 14, 2022 effective date of this appraisal. A search of NTREIS/MLS data did not reveal any listings for sale in the 12-month period preceding the June 14, 2022 effective date of this appraisal.

Per Erath CAD account no. R70389, the subject dwelling was built new in 2003; ECAD no. 70388 indicates 1988, 1999 and 2019 as the year of construction for the subject shop/barn/shed and 2003-2010 for the various sheds on the subject tract. See Description of Improvements on the following pages.

Land/Site Data

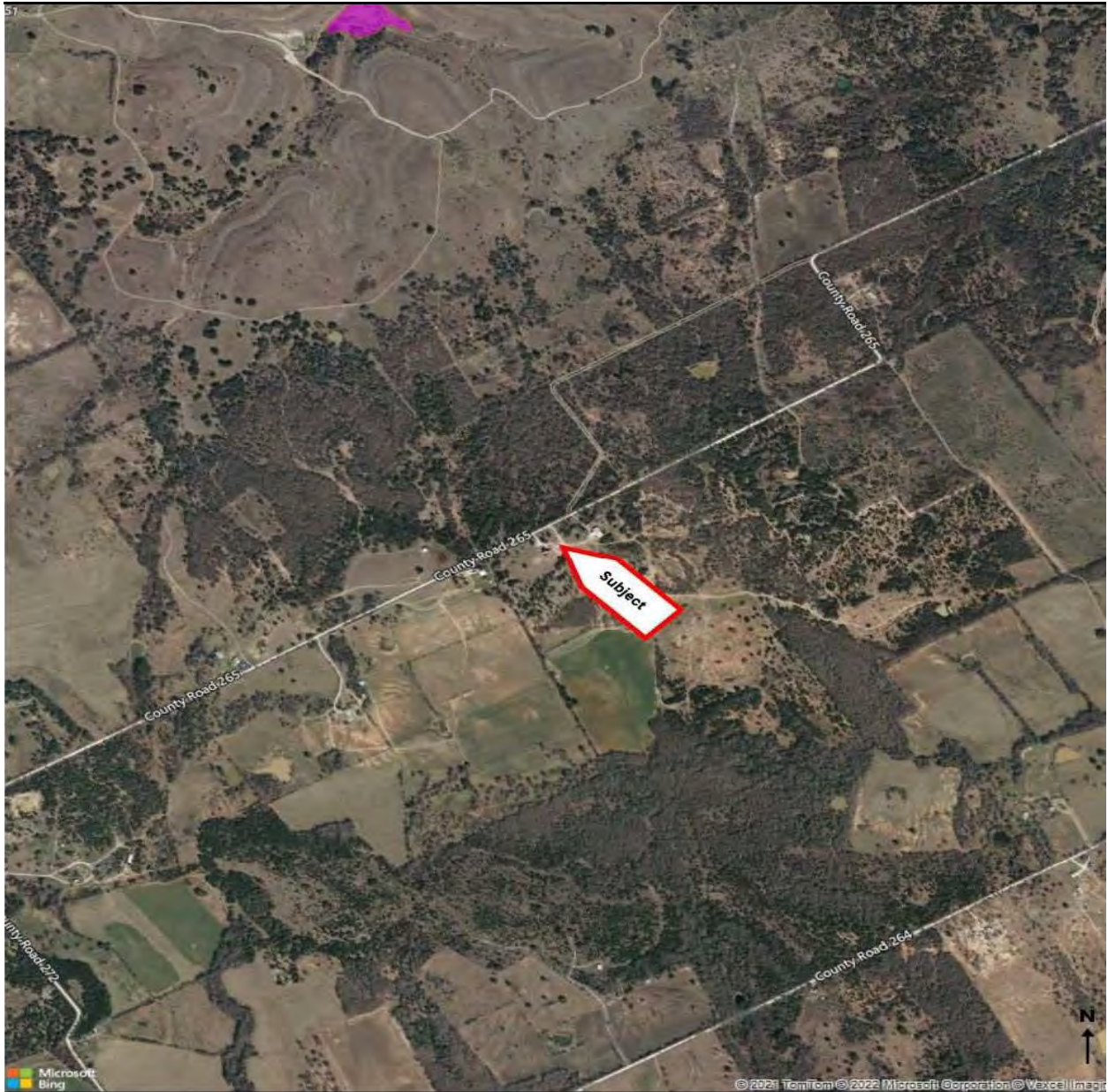
I was not furnished a survey or metes and bounds description for this appraisal. Per Erath CAD account numbers R15547, R25465, R70388 and R70389 the subject tract contains a total area of 314.69 +/- acres and is irregular in shape. Primary access to the subject is three gated entrances off the south right-of-way of Erath County Road 265 which borders the tract on the west side.

Per physical observation, the tract has a level to gently rolling topography. Per MapRight calculations (see plat on following pages) the subject gradually ranges on the north side from 1,260' above sea level on the south/southwest side to 1,330' ASL toward the northwest side. The land is a combination of light to moderately-wooded native pasture, open cultivatable areas and scattered areas of open coastal Bermudagrass and native-grass pasture. The subject tract has three modest earthen reservoirs and one electric water well for domestic and livestock water. Perimeter and cross fencing is barbed and net wire/cedar staves on metal posts/gracing/gates in good condition. The MapRight plat displayed on the following page is intended to illustrate dimensional and spatial relationships with contiguous properties and should not be considered as a survey of the subject. As a real estate appraiser, I am not qualified to perform property surveys.

Per First American Flood Mapping Service map/panel no. 48143C0575D/Zone X, November 16, 2011 (see following pages) none of the subject tract appears to be located in a designated flood zone area. The indicated subject flood zone status is considered to be reliable but is not warranted. As a real estate appraiser, I am not qualified to ascertain the presence, or relative lack thereof, of a flood zone area.



MapRight Aerial Plat of Subject



Flood Zones

- Areas inundated by 100-year flooding
- Areas inundated by 500-year flooding
- Areas of undetermined but possible flood hazards

- Floodway areas with velocity hazard
- Floodway areas
- COBRA zone

Flood Zone Determination

Latitude: 32.009392
Longitude: -98.172953
Community Name:
 ERATH COUNTY
Community: 480218
SFHA (Flood Zone): No
Within 250 ft. of multiple flood zones: No
Zone: X
Panel: 0575D
FIPS Code: 48143
Map #: 48143C0575D
Panel Date: 11/16/2011
Census Tract: 9507

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Subject Area Flood Map

No soil testing was performed for this appraisal. As a real estate appraiser, I am not qualified to perform soil testing. Per USDA/SCSC data, the *predominant* soils of the entire tract are classified as being in the Windthorst-Duffau Association and Maloterre-Purves Association. These respective soils are briefly and respectively described as follows:

Windthorst-Duffau Association: This association is moderately deep and deep, gently sloping to sloping sandy and loamy soils that have reddish, loamy and clayey layers in the lower part.

This association occupies convex hills and ridges that form long timbered bans to one-half to four miles wide. It makes up about 24 percent of the county. About 75 percent of this association consists of Windthorst soils and 20 percent is Duffau soils. Minor areas of the May, Bunyan, Gowen, Selden, Nimrod, and Waurika soils and gullied land make up the remaining 5 percent. The Windthorst soils have a fine sandy loam to loamy very fine sand surface layer that rests abruptly on reddish-brown, acid sandy clayey lower layers. Very pale brown fine sand is at a depth of about 42 inches. This association was extensively cultivated in the past, but many fields are now in native grass. Cultivated areas are planted mainly in forage sorghums, small grains, and peanuts. Some fields have been sodded to Bermuda grass.

Maloterre-Purves-Dugout Association: This soil association occupies convex gently rolling prairies, steep limestone ridges, and slopes that have a benched or stairstep appearance. It makes up about 46 percent of the county. Maloterre and Purves soils comprise about 45 percent of the association, and Dugout soils 15 percent. The acreage of Maloterre soils is slightly larger than that of the Purves soils. These soils occur in a narrow, banded, complex pattern. Narrow bands of Somervell, Altoga, Brackett, Hensley, Lewisville, and Frio soils make up the remaining 40 percent of this association. The Maloterre soils have a very thin clay loam surface layer that rests abruptly on hard limestone bedrock. The Purves soils have a clay surface layer over hard limestone at aout 14 inches. Dugout soils have a gravelly clay loam surface layer and clay loam lower layers that are underlain by hard limestone at a depth of about 18 inches. This association is dominantly an open prairie marked by a few scattered live-oak motts. Juniper and mesquite trees grow in some areas. The soils of this association are too shallow and stony for cultivation.

** Soil data: United States Department of Agriculture Soil Conservation Service, in cooperation with Texas Agricultural Experiment Station

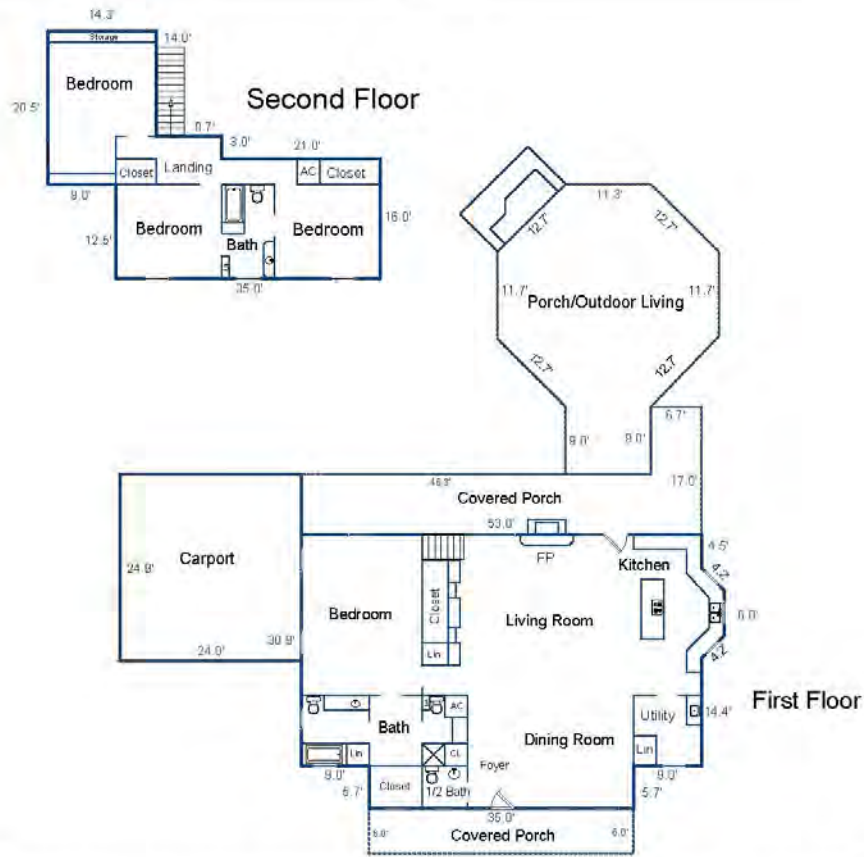
Description of Improvements

As of the June 14, 2022 effective date of this appraisal, the subject property was improved with a single-family dwelling, detached shop/barn/shed, utility sheds, all-metal storage crate and miscellaneous site improvements, respectively described as follows:

Single-Family Dwelling: The subject dwelling is two-story, wood frame/stone veneer Hardi-Board siding exterior, metal roof, double-pane windows, insulated exterior doors, concrete slab foundation, metal rain gutters, high-efficiency appliances and high-efficiency central heating and air conditioning. Built new in 2003, per physical measurement the dwelling contains 2,725 SF of finished living area, four bedrooms, two full and one half-bath, living room, kitchen, dining room, foyer and utility room – see floorplan sketch on the following pages. Interior finish is textured walls (1/2 bath has wood-panel wainscoting) and ceiling, wood, ceramic tile and carpet floor covering. The dwelling has an attached 24.9' X 24.0' (598 SF) covered porch on the front and rear sides (694 SF total) and 808 SF of attached/covered porch/outdoor living area with firepit/grill. Originally built in 2003, the dwelling has a very good quality of construction, appears to be very well maintained and appears to be in very good condition.

Shop/Barn/Shed: The shop portion of the building measures 40' X 60' (2,400 SF) and is I-beam/C-beam frame with metal exterior walls and roof and has a heavy-reinforced concrete slab foundation. The attached barn area measures 45' X 60' (2,700 SF) and is metal pole/C-beam frame with metal roof, one partial metal side/two open sides and has a dirt floor foundation. The attached shed area measures 30' X 40' (1,200 SF) and is I-beam/C-beam, three insulated sides/open front over a reinforced concrete apron – see floorplan sketch on the following pages. Per ECAD no. 70388 indicates 1988, 1999 and 2019 as the year of construction for the subject shop/barn/shed. The structure appears to be in good/well-maintained condition.

SKETCH

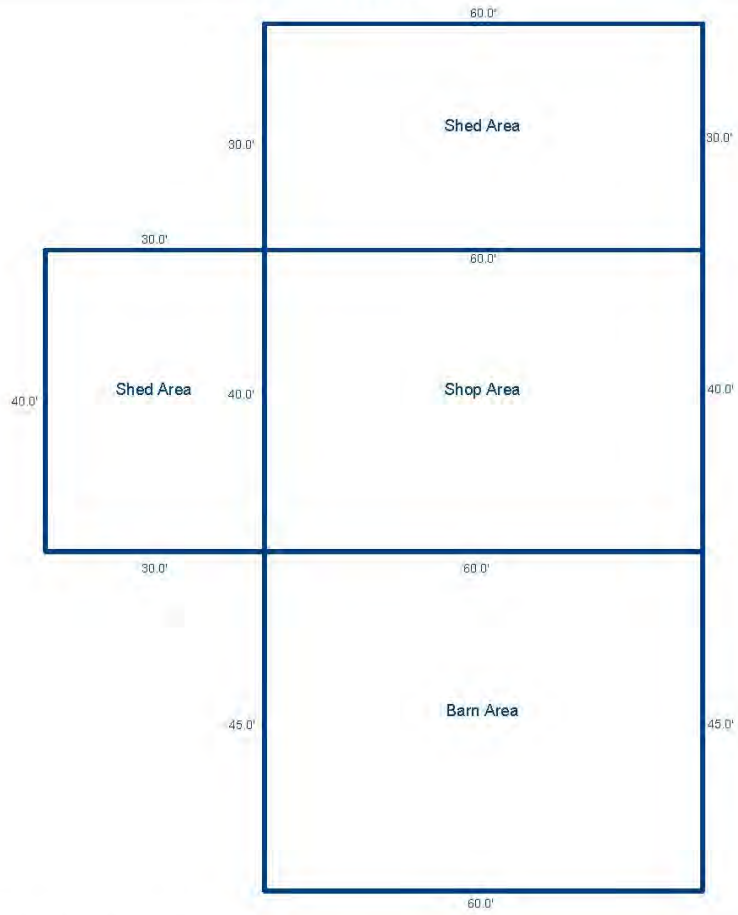


Sketch by ApexSketch

| AREA CALCULATIONS SUMMARY | | | | | | COMMENT TABLE 1 | |
|---------------------------|-------------------|--------|----------|-----------|------------|-----------------|-----------------|
| Code | Description | Factor | Net Size | Perimeter | Net Totals | | |
| GLA1 | First Floor | 1.0 | 1864.2 | 181.7 | 1864.2 | | |
| GLA2 | Second Floor | 1.0 | 860.7 | 154.0 | 860.7 | | |
| GAR | Carport | 1.0 | 597.6 | 97.8 | 597.6 | | |
| P/P | Porch | 1.0 | 210.0 | 82.0 | | | |
| | Porch/Outdoor Liv | 1.0 | 808.1 | 114.8 | | | |
| | Porch | 1.0 | 484.3 | 140.0 | 1502.4 | | |
| | | | | | | COMMENT TABLE 2 | COMMENT TABLE 3 |
| | | | | | | | |
| | Net LIVABLE | cnt | 2 | (rounded) | 2,725 | | |

Subject Dwelling Floorplan

SKETCH



Sketch by ApexSketch

| AREA CALCULATIONS SUMMARY | | | | | | COMMENT TABLE 1 | |
|---------------------------|--------------|--------|-------------|-----------|------------|-----------------|--|
| Code | Description | Factor | Net Size | Perimeter | Net Totals | | |
| GBA1 | Shop Area | 1.0 | 2400.0 | 200.0 | | | |
| | Barn Area | 1.0 | 2700.0 | 210.0 | | | |
| | Shed Area | 1.0 | 1200.0 | 140.0 | | | |
| | Shed Area | 1.0 | 1800.0 | 180.0 | 8100.0 | | |
| | Net BUILDING | cnt | 4 (rounded) | | 8,100 | | |

Subject Shop/Barn/Shed Floorplan

Site Improvements: Site improvements for the subject include one electric water well with 6' X 6' (36 SF) all-metal wellhouse, buried water lines to various structures and fence line water troughs, septic system at dwelling, set of metal pipe/sucker rod working pens, small sheds/bird pens area, 8' X 40' X 8' (320 SF/2,560 CF) all-metal storage crate, (main) custom metal pipe/stone security-coded gate entrance/gravel-based roadway to dwelling off County Road 265, two additional inset metal pipe/cedar staves entrances off CR 265, landscaping and metal pipe and stone aesthetic fencing around dwelling and numerous cross and perimeter fencing, a portion on the north/northeast side is new (prior to June 14, 2022). Though no detailed inspection was performed, per observation on October 19, 2022 the dwelling, shop/barn/shed, sheds/pens, respectively, appear to be in good/well-maintained condition.

See Cost Approach section of this report for analyses of replacement cost, depreciation and contributory value of the subject improvements.

There is an old stone-masonry single-family dwelling near the shop/barn/shed and some older sheds that are not allocated any contributory value in this appraisal. For the purpose of this appraisal, the perimeter and cross fencing are considered to be a part of the overall land value, similar to the fencing on the respective comparable sales recited in the Sales Comparison Approach of this report.

I was not furnished a building inspection report for this appraisal. The subject property was owner-occupied on the October 19, 2022 effective date of this appraisal; water and electricity were in service on that date. For the purpose of this appraisal, the subject water well and septic system, respectively, are assumed to have been in working and/or serviceable order as of the June 14, 2022 effective date of this appraisal. Water and electricity were in service at the dwelling, shop/barn/shed and various water troughs on the October 19, 2022 date of property observation. Based on my property observation on October 19, 2022 and furnished information, I consider this assumption to be reliable.

Though none were outwardly apparent, I made no attempt to ascertain the presence of termites or any other pestilence or infestation on or about the subject property, and I am unaware of any deleterious environmental conditions about the subject, or any structural maladies that could

affect the overall marketability or livability of the subject. No external depreciation about the subject site was noted. As part of my October 19, 2022 visual on-site property observation performed, I did not inspect inaccessible areas. If an inspection of areas which are not accessible is desired, an expert in the field should be consulted. This appraisal was prepared for asset monitoring and/or assessment purposes and does not constitute an expert inspection of the property.

Hazardous Substance Disclaimer

The subject has primarily been used for agricultural/recreation/single-family homesite purposes over the years. There were no outwardly apparent signs of any deleterious site conditions observed on October 19, 2022 and no evidence of a prior issue. The American Institute of Real Estate Appraisers Uniform Standards of Professional Practice provides recommendations for the consideration of hazardous substances in the appraisal process. "Hazardous substances" covers any material within, around, or near a property that may have a negative effect upon its value. Unless otherwise stated in this report, the existence of hazardous substances, including without limitation asbestos, polychlorinated byphenyls, petroleum leakage, agricultural chemicals (fertilizers, pesticides, herbicides, fungicides), or other environmental conditions, which may or may not be present on the property, were not called to the attention of nor did I become aware of such conditions during my property observation. I have no knowledge of the existence of such materials on or in the property unless otherwise stated; w I am not qualified to test such substances or conditions. Although the presence of such hazardous substances or environmental conditions may affect the value of the property, this appraisal is predicated on the assumption that there is no such condition on or in the property, or in such proximity thereto 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.

Photographs of the subject property a it appeared on October 19, 2022 are presented on the following pages:



Front/Overall View of Subject Dwelling 10/19/2022



Front/Overall View of Subject Dwelling 10/19/2022



Rear/Overall View of Subject Dwelling 10/19/2022



Rear/Overall View of Subject Dwelling 10/19/2022 Interior View 10/19/2022



Living Room 10/19/2022



Kitchen 10/19/2022



Dining Room 10/19/2022



Bedroom 10/19/2022



Bedroom 10/19/2022



Bedroom 10/19/2022



Bath 10/19/2022



½ Bath 10/19/2022



Utility Room 10/19/2022



Covered Porch/Outdoor Living Area 10/19/2022



Shop/Barn/Shed 10/19/2022



Shop Area 10/19/2022



Barn Area 10/19/2022



Shed Area 10/19/2022



Wellhouse 10/19/2022



Working Pens 10/19/2022



Miscellaneous Pens/Fencing 10/19/2022



Miscellaneous Pens/Sheds 10/19/2022



Overall View of Land 10/19/2022



Overall View of Land 10/19/2022



Earthen Reservoir 10/19/2022



Earthen Reservoir 10/19/2022



Overall View of Land 10/19/2022



Overall View of Land 10/19/2022



Overall View of Land 10/19/2022



Overall View of Land 10/19/2022



Overall View of Land 10/19/2022



Overall View of Land 10/19/2022



Fence Line Water Trough 10/19/2022



Typical Subject Cross Fencing 10/19/2022



Old Dwelling By Shop/Barn/Shed 10/19/2022



Main Entrance off County Road 265 10/19/2022



Second Entrance off County Road 265 10/19/2022



Third Entrance off County Road 265 10/19/2022



Road Scene on CR 265 Looking Southwest 10/19/2022



Road Scene on CR 265 Looking Northeast 10/19/2022

HIGHEST AND BEST USE

Highest and best use is defined as the most profitable, likely use to which a property can be put. The opinion of such use may be based on the highest and most profitable continuous use to which the property is adapted and needed, or likely to be in demand in the reasonably near future. However, elements affecting value which depend upon events or a combination of occurrences which, while within the realm of possibilities are not fairly shown to be reasonably probable, should be excluded from consideration. Also, if the intended use is dependent on the uncertain act of another person, the intention cannot be considered.

Highest and best use is also defined as that use which may reasonably be expected to produce the greatest net return to land over a given period of time. It is that legal use which will yield to land the highest present value. Sometimes it is called optimum use. This concept applies to both the land as if vacant and unimproved as well as to the land and improvements as a complete unit.

As if Vacant

Possible Use: The subject tract size of 314.69 +/- acres and the access off County Road 265 in the south-central sector of rural Erath County suggests a possible commercial, agricultural and/or residential use. By virtue of its size and shape, the site lends itself to many possible uses.

Legally Permissible: The subject is located in an area of Erath County that presently has no public zoning or restrictions of record. No private restrictions on the subject are known to exist (no title search/policy was furnished for this appraisal. The lack of zoning restrictions do not place legal restrictions on the subject property use.

Feasible Use: The demand for agricultural space in the Erath County/Central Texas market area is considered limited. The limited demand is primarily due to the rising costs of available land and rising expenses associated with agricultural production. Though adequate sales and market was available for this appraisal (see Sales Comparison Approach to follow), the demand for land tracts similar in size to the subject is limited.

A commercial non-agricultural application is not likely due to the subject's location in the

south/central sector of Erath County away from concentrated traffic flow and populated areas. An agricultural-based/cultivation/hay production use on a commercial scale is not likely due to the limited tract size of 314.69 +/- acres.

The subject could be utilized as an agricultural/recreational/single-family homesite property. For a tract of similar size, this is the most common use of rural properties in this and other areas of rural Erath County/Central Texas. In my opinion, considering the 314.69 +/- acre size of the subject, the south-central Erath County location of the subject and those factors present as of June 14, 2022, subdividing the subject property into multiple smaller tracts in the 10.0 to 15.0 +/- acre tracts (most common tract size sold in Erath County closer to Stephenville/Dublin over the past three +/- years) was not warranted at that time. There were numerous other existing subdivisions throughout Erath County and contiguous Hamilton and Comanche Counties, respectively, that have sufficient lot/tract inventory that would compete with a subdivided subject tract for tract absorption. Though the lack of restrictive zoning allows many uses, in my opinion, the highest and best use of the subject as if vacant would be for agricultural-ranch use, personal recreation, or a potential single-family home site, until demand for subdivision is warranted.

As if Improved

The subject's improvements – single-family dwelling/homesite, detached shop/barn/shed, working pens and miscellaneous supportive site improvements appeared to be (October 19, 2022) in overall good condition (all extraordinary assumptions considered). These type of improvements are common to rural properties in this market area. In my opinion, as of the June 14, 2022 effective date of this appraisal, the highest and best use of the subject is the historic, current (June 14, 2022) and continuing use as agricultural-ranch/recreation and single-family home site.

THE APPRAISAL PROCESS

The process is the orderly program wherein the data utilized in the estimate of value is acquired, classified, analyzed and presented. The first step in the process involves defining the appraisal problems to the identification of the real estate, the effective date of the appraisal, the identification of the property rights to be appraised and the type of value being sought. Once this has been accomplished, the appraiser embarks upon a data collection and analysis program of factors that affect the market value of the property under consideration. Analyses of the city or general area, the neighborhood, the site, the improvements and the property's highest and best use have been performed by the appraisers earlier. The process now dictates the gathering of market data that can be analyzed for measures or indications of value. Appraisers generally utilize three approaches to value.

These are the Direct Sales Comparison Approach, the Cost Approach, and the Income Approach. These are generally described as follows:

The **Direct Sales Comparison Approach** is utilized to estimate either or both the land as if vacant and the whole property as improved. The approach involves the gathering of actual sales of similar properties in the market place. From these sales, various comparison measures are generated from which relevant data can be analyzed for indications of value. This approach is very effective and easily understood because it displays the attitudes of investors in the market place. These attitudes and market reactions are considered as indicative of what is expected of the subject property. This approach is based on the principle of substitution and is generally considered to be a good indicator of value when sales of highly similar and comparable properties are available.

The **Cost Approach** considers the reproduction or replacement cost of the improvements, if any, less any accrued depreciation due to various causes. The estimate of cost to replace or reproduce is estimated as if new and on the basis of current prices paid for component parts of the buildings and improvements. Depreciation considers and analyzes the disadvantages or deficiencies of the existing improvements as compared to a new building and/or improvements. The resultant figure

indicates a value for the whole property. Generally, the land value estimated through the approach previously discussed, or through a comparative process.

The **Income Approach** is predicated on the assumption that there is a definite relationship between the amount of income a property will earn and its value. A number of appraisal principles form the basis of this approach with the principle of anticipation being particularly applicable. It affirms that there is value created by the expectation of benefits to be derived in the future. The approach is a technique in which the anticipated annual income of the property is processed in order to arrive at an indication of value. This net income or "net operating income" is that generated by the property prior to payment of any debt service. The process of converting the net income into a value indication is called direct capitalization. Simply, it is the ratio between this net income and a rate that is derived from the market place, via a number of techniques or a combination or blend of various methods.

A final step in the appraisal process is the reconciliation or correlation of the value indication. In this section, the appraiser considers the relative applicability of each of the approaches utilized. The range between the value indications is examined and weight or emphasis is given to the most appropriate solution to the specific appraisal problem. All factors are analyzed and their consideration influences the weight given to each of the approaches.

Regardless of the appraisal process, the main goal of the appraiser is to logically gather data that has a bearing on the market value of the property. In analyzing the three approaches to value, it can be readily observed that most of the information must be derived from the market, as it is the appraiser's function to estimate the actions of buyers and sellers in the arena.

COST AND DEPRECIATION ANALYSIS

The cost approach considers reproduction or replacement cost of the improvements, if any, less any accrued depreciation due to various causes. The estimate of cost to replace or reproduce is estimated as if new and on the basis of current prices paid for component parts of the building and improvements. Depreciation considers and analyzes the disadvantages or deficiencies of the existing improvements as compared to a new building and/or improvements. Physical depreciation is loss in value due to physical deterioration. Functional obsolescence is loss in value due to lack of utility or desirability of part or all the property, inherent to the improvement or equipment and may be curable or incurable. Thus a new structure or piece of equipment may suffer obsolescence when built. External or economic obsolescence is loss in value due to causes outside the property and independent of it, and is not included in the Marshall and Swift depreciation tables. The effective age of a property is derived from considering other properties performing like functions. It is the actual age, less the age which has been taken off by face lifting, structural reconstruction, removal of functional inadequacies, modernization of equipment, etc. It is an age that reflects a true remaining life expectancy of the property, considering the typical life expectancy of buildings and equipment of its class and usage - it is a matter of opinion. Determination of effective age on older structures may best be calculated by establishing remaining life which subtracted from a typical life expectancy will result in an appropriate effective age with which to work. Extended life expectancy is the increased life expectancy due to seasoning and proven ability to exist. Remaining life is the normal remaining life expectation. It is the length of time the structure may be expected to continue its function economically.

In my opinion, the best approach to the physical depreciation estimate is a combination of age and condition. The observed condition of each component subject to wear is estimated relative to new condition. Physical depreciation cannot be considered a straight deduction from reproduction cost, since necessary and normal maintenance can offset, retard, and eliminate deterioration. The mid-life theory takes into account that most buildings depreciate little during the first few years. When it becomes evident that the buildings are no longer new, even though they are adequately maintained, the maintenance expenses rise, rentals tend to decrease and the buildings depreciates faster. After a number of years, they reach the period called mid-life, at which time, if the buildings are structurally sound and properly maintained, the depreciation remains constant.

The extended life concept recognizes that a building is in the prime of life before mid-life and that it depreciates at an accelerated rate after that time. Correction of deficiencies may lower the effective age and lengthen remaining life. The depreciation tables in Marshall and Swift were developed from actual sales and market value appraisals. From confirmed sales the land value was deducted to obtain a building residual and the replacement cost of the buildings was computed. The difference between the replacement cost of the buildings and the residual sales price of the buildings is divided by the replacement cost new, to give the market depreciation in percentage.

The data was then collated by type of construction and usage, plotted with similar typical life expectancies, with curves computed for the groupings for which sufficient data was available for statistical reliability. From these curves, a matching family of mathematical curves were found from which the depreciation for any initial life expectancy could be computed.

Current reproduction cost new for the subject improvements has been estimated by the use of Craftsman National Building Cost Manual and comparable construction bids from local contractors. This building cost system has proven to be highly reliable and all cost data has been adjusted to reflect current construction market conditions in the local area.

No functional obsolescence was noted for the subject's improvements. The layout of these improvements and their orientation are typical of improved rural properties similar to the subject.

Continued...

Improvements/Structures:

Single-Family Dwelling: The subject dwelling is two-story, wood frame/stone veneer Hardi-Board siding exterior, metal roof, double-pane windows, insulated exterior doors, concrete slab foundation, metal rain gutters, high-efficiency appliances and high-efficiency central heating and air conditioning. Built new in 2003, per physical measurement the dwelling contains 2,725 SF of finished living area, four bedrooms, two full and one half-bath, living room, kitchen, dining room, foyer and utility room. Interior finish is textured walls (1/2 bath has wood-panel wainscoting) and ceiling, wood, ceramic tile and carpet floor covering. The dwelling has an attached 24.9' X 24.0' (598 SF) covered porch on the front and rear sides (694 SF total) and 808 SF of attached/covered porch/outdoor living area with firepit/grill. Originally built in 2003, the dwelling has a very good quality of construction, appears to be very well maintained and appears to be in very good condition.

Shop/Barn/Shed: The shop portion of the building measures 40' X 60' (2,400 SF) and is I-beam/C-beam frame with metal exterior walls and roof and has a heavy-reinforced concrete slab foundation. The attached barn area measures 45' X 60' (2,700 SF) and is metal pole/C-beam frame with metal roof, one partial metal side/two open sides and has a dirt floor foundation. The attached shed area measures 30' X 40' (1,200 SF) and is I-beam/C-beam, three insulated sides/open front over a reinforced concrete apron – see floorplan sketch on the following pages. Per ECAD no. 70388 indicates 1988, 1999 and 2019 as the year of construction for the subject shop/barn/shed. The structure appears to be in good/well-maintained condition.

Effective Age/Condition: 10 Years/Very Good Dwelling
 10 Years/Good Shop/Barn/Shed
 5 Years/Good Site Improvements

Total Remaining Economic Life: 55 Years (65 Years Total) Dwelling
 35 Years (45 Years Total) Shop/Quonset Barn/Utility Sheds
 25 Years (30 Years Total) Site Improvements

Physical Incurable Depreciation: 15.0% Dwelling
 22.0% Shop/Barn/Shed
 17.0% Site Improvements

Craftsman Building Cost Manual/Index classifies the subject dwelling as a “Very Good Quality Class 2-3/Eight-Corner Single-Family Dwelling” with an indicated reproduction cost new of \$179.19/SF. Craftsman Building Cost Manual/Index classifies the subject shop/barn/shed “Good Quality/Class 3 Shop/Barn/Utility Structure” with an indicated RCN of \$34.00/SF for the shop portion, \$24.00/SF for the barn portion and \$24.00/SF for the shed portion.

Square Foot Refinements

Architectural Fees: (In Base) Entrepreneurial Profit: (In Base)
Labor: (In Base) Site Prep/Delivery: (In Base)

| COST APPROACH SCHEDULE – SUBJECT STRUCTURES | | |
|--|--------------------------|---------------------|
| Base Cost/RCN: | | |
| \$179.19/\$34.00/\$24.00 | | |
| Dwelling | 2,725 SF @ \$179.19 | \$488,292.75 |
| Carport | 598 SF @ \$ 50.00 | 29,900.00 |
| Porches | 694 SF @ \$ 35.00 | 24,290.00 |
| Outdoor Living Area | 808 SF @ \$ 50.00 | 40,400.00 |
| | Total | \$582,882.75 |
| Less Physical Incurable Depreciation | 15.0% X \$582,882.75 | 87,432.41 |
| | Depreciated Value | \$495,450.34 |
| Shop Portion | 2,400 SF @ \$34.00 | \$ 81,600.00 |
| Barn Portion | 2,700 SF @ \$24.00 | 64,800.00 |
| Shed Portion | 1,200 SF @ \$24.00 | 28,800.00 |
| | Total | \$175,200.00 |
| Less Physical Incurable Depreciation | 22.0% X \$175,200.00 | 38,544.00 |
| | Depreciated Value | \$136,656.00 |
| | Total Structures | \$632,106.34 |
| | Rounded to | \$632,000.00 |

--Source: Craftsman National Building Cost Manual/Local Contractors--

Site Improvements: Site improvements for the subject include one electric water well with 6' X 6' (36 SF) all-metal wellhouse, buried water lines to various structures and fence line water troughs, septic system at dwelling, set of metal pipe/sucker rod working pens, small sheds/bird pens area, 8' X 40' X 8' (320 SF/2,560 CF) all-metal storage crate, (main) custom metal pipe/stone security-coded gate entrance/gravel-based roadway to dwelling off County Road 265, two additional inset metal pipe/cedar staves entrances off CR 265, landscaping and metal pipe and stone aesthetic fencing around dwelling and numerous cross and perimeter fencing, a portion on the north/northeast side is new (prior to June 14, 2022). Though no detailed inspection was performed, per observation on October 19, 2022 the dwelling, shop/barn/shed, sheds/pens, respectively, appear to be in good/well-maintained condition.

Continued...

| COST APPROACH SCHEDULE – SUBJECT SITE IMPROVEMENTS | | |
|---|----------------------|---------------------|
| Water Well/Wellhouse/Water System | | \$25,000.00 |
| Septic System | | 9,000.00 |
| Working Pens | | 15,000.00 |
| Sheds/Pens | | 10,000.00 |
| Storage Crate | | 5,000.00 |
| Main Entrance off CR 265 | | 12,000.00 |
| Second/Third Entrances off CR 265 | 2 @ \$10,000.00 | 20,000.00 |
| Gravel Drive to Dwelling off CR 265 | | 10,000.00 |
| Aesthetic Fencing/Landscaping | | 15,000.00 |
| | Total | \$121,000.00 |
| Less Physical Incurable Depreciation | 17.0% X \$121,000.00 | 20,570.00 |
| | Depreciated Value | \$100,430.00 |
| | Rounded to | \$100,000.00 |

--Source: Craftsman National Building Cost Manual/Local Contractors--

| COST APPROACH SCHEDULE SUMMARY | | |
|---------------------------------------|-------|---------------------|
| Structures | | \$632,000.00 |
| Site Improvements | | 100,000.00 |
| | Total | \$732,000.00 |

Per the analyses applied by the Cost Approach, the indicated, depreciated/replacement cost of the subject's improvements, in as-is condition, based on all extraordinary assumptions stated herein and considering those factors present as of June 14, 2022 was: **\$732,000.00**.

SALES COMPARISON APPROACH

This technique considers the prices paid for vacant land under actual market conditions. It is primarily a process of comparison as followed during the valuation of the property as a whole. The principle of substitution is the basic concept of this approach. It implies that a prudent purchaser would pay no more for a property than the cost of acquiring an equally desirable substitute site, assuming that the substitute tract has equal utility and no costly delays are incurred to affect the substitution.

Since the purchaser/investor of vacant tracts normally familiarizes himself with the market conditions relevant to the investment property under consideration, the application of this approach is obvious since it views the desirability, utility and ultimately the value of the property through the eyes of the typical purchaser. The accuracy and reliability of this technique is highly dependent on the following factors:

- a. Degree of Compatibility of the Sale.
- b. Date of the Sale.
- c. Verification of the Sale and Data.
- d. Absence of Unusual Conditions of Impact.

The reliability of the approach is enhanced by the following pertinent factors:

1. An adequate number of sales in the subject area available for analysis.
2. The location of the sales is affected by economic forces similar to those affecting the property under analysis.
3. Relatively few adjustments are necessary during the comparison process.

A search has been made of the pertinent area for comparable properties that have sold in the past. Additionally, professionals in the field and developers have been contacted to develop the sales information that will be presented. A small number of sales of comparable tracts have taken place in the general area in the last few years. There have been very few reported transfers within the immediate area of the subject property and very few sales that are similar to the subject for size. The sales recited were chosen because of their similarity of potential utility. These are presented in the next pages and will be followed by a map indicating their location relative to the subject. An adjustment grid and correlation will follow immediately thereafter.



COMPARABLE PROPERTY SALE #1

Location: US Highway 377 North, 1.0 +/- mile east of Stephenville
Grantor: Berry Family Trust
Grantee: Ricky and Rebecca Brooks
Recordation: Document No. 2021-01320, Deed Records of Erath County, Texas
Legal Description: William Sims Survey, A-683, Erath County, Texas
Date of Sale: February 11, 2021
Size: 383.74 +/- Acres
Sale Price: \$3,453,660.00 - \$9,000.00/Acre
Configuration: Irregular
Utilities: United Cooperative Services
Easements: Typical utility
Topography: Level to rolling
Terms of Sale: Cash and note to seller at closing

Comments: This tract is located 16.34 +/- miles north of the subject/1.0 +/- mile east of the Stephenville City Limits on US Highway 377 and Erath County Road 177. Considered to be superior to the subject for location/access/proximity to Stephenville- adjusted -10.0%. This property was improved at time of sale with a 60' X 150' shop/barn, water well and a modest set of working pens that were not considered to have any contributory value to the property and were subsequently razed. The topography ranges from level to rolling, a mix of open improved coastal Bermuda grass pasture, open cultivatable area and some moderately-wooded native pasture, four modest earthen reservoirs and perimeter and cross fencing similar to the subject fencing. Considered to be similar to the subject for utility/fencing/potential use, appeal and size. This sale occurred in February 2021; analysis of available land/property sales data in the Stephenville-76401/Erath County market area indicates from 1Q/2021 to 2Q/2022, selling prices for unimproved/lightly-improved and improved land tracts in the 100.0 +/- to 400.0 +/- acre range increased (on average) 20.0 to 21.0% +/- . In this instance, an adjustment of 20.0%/acre for market conditions is considered warranted for this sale. The reported selling price of \$9,000.00 per acre is adjusted 20.0% to be reflective of market conditions as of June 14, 2022. Per NTREIS #14384878, the tract was exposed to the market for 159 days with an initial list price of \$4,372,032.00/\$11,393.21/acre. Selling price of \$9,000.00/acre is 79.0% of initial list price of \$11,393.21/acre. Mineral rights transfer/retention, if any, not disclosed.



MapRight



COMPARABLE PROPERTY SALE #2

Location: 3821 County Road 246, Hico – 7.5 +/- miles south of Stephenville

Grantor: Irma Lee Trust, et al

Grantee: Joseph Osinga/Bert Velsen

Recordation: Document No. 2022-03492, Deed Records of Erath County, Texas

Legal Description: Edward Johnson Survey A-448 and E. Davis Survey A-194, Survey A-131, Erath County, Texas

Date of Sale: May 16, 2022

Size: 244.29 +/- Acres

Sale Price: \$1,990,840.00 - \$8,149.50/Acre

Configuration: Irregular

Utilities: United Cooperative Services

Easements: Typical Utility

Topography: Level to Rolling

Terms of Sale: Cash to seller at closing; note to Members Trust of the Southwest, FCU

Comments: This property was improved with an old single-family dwelling, and sheds in overall fair condition that were not considered to have any contributory value at time of sale. This tract is located 6.77 +/- miles north of the subject on Erath County Road 246 in the south-central sector of Stephenville. Based on the current (June 14, 2022) highest and best use of the subject and of this sale, considered to be similar for location/access. The topography of this tract is level to rolling (significantly), a mixture of open, rocky native pasture, a considerable amount of open cultivated area, some improved coastal Bermuda grass pasture and some moderately-wooded native pasture areas, open cultivatable area and some improved coastal Bermuda grass pasture and one modest earthen reservoir. The tract bordered a branch of the Bosque River which causes approximately 60% to be situated in a designated 100-year flood zone. Considered to be inferior to the subject for potential use/future development – adjusted -10.0% under utility. The perimeter and cross fencing of the tract (on two sides - CR 246 splits the tract) was in poor condition at time of sale. Considered to be inferior to the subject for utility/fencing – adjusted 10.0% under utility. Gross adjustment for utility is 20.0%. Considered to be similar to the subject for appeal and current use. Considered to be similar for size. Per NTREIS #14652495, this tract was exposed to the market for 276 days - with an initial list price of \$2,398,770.00/\$10,012.38 per acre, with a revision to \$9,882,000.00/\$8,992.63/acre. Selling price of \$5,986.25/acre is 60.0% of initial list price of \$10,012.38/acre and 67.0% of revised list price of \$8,992.63/acre. Mineral rights transfer/retention, if any, not disclosed.



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COMPARABLE PROPERTY SALE #3

Location: 8463 US Highway 67, 4.0 +/- miles east of Glen Rose in Somervell County
Grantor: J. B. Erickson 8463 Highway 67, LLC
Grantee: Roy K. Carrel
Recordation: Document No. 20221943, Deed Records of Somervell County, Texas
Legal Description: Tract 1, Sarah Odell Survey A-79, Somervell County, Texas
Date of Sale: July 22, 2022
Size: 271.73 +/- Acres
Sale Price: \$3,850,000.00 - \$14,168.48/Acre
Configuration: Irregular
Utilities: United Cooperative Services
Easements: Typical Utility
Topography: Level to Rolling
Terms of Sale: Cash to seller at closing

Comments: This property is located 36.24 +/- miles northeast of the subject on US Highway 67 northeast of Glen Rose in the Nemo Community in Somervell County. Based on the highest and best use of the subject and this sale, considered to similar to the subject for location. The property was improved at time of sale with a 3,900 SF log main dwelling built in 1991, in-ground swimming pool, two detached guest houses, shop/barn, modest set of working pens, water well/septic system/supportive site improvements, gated entrance and perimeter fencing. The improvements of this sale were in overall average condition and had an estimated cumulative contributory value of \$650,000.00/\$2,400.00/acre (rounded). This tract has a level to gently rolling to rolling topography, open to moderately-wooded native pasture and some improved coastal Bermuda grass pasture and two earthen reservoirs that are approximately 6.0 +/- acres in surface area. Considered to be similar to the subject for appeal, potential use/utility/fencing and size. Per NTREIS #14689382, this tract was exposed to the market for 237 days with an initial list price of \$3,950,000.00/\$14,416.06/acre. Selling price of \$14,051.00/acre is 98.0% of initial list price. Mineral rights transfer, if any, not disclosed. Though this sale occurred after the June 14, 2022 effective date of this appraisal, per NTREIS #14689382, the property was listed for sale on October 13, 2021 and had an executed contract dated June 7, 2022. This sale is considered to be relevant to this appraisal of the subject.



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COMPARABLE PROPERTY SALE #4

Location: 667 County Road 451, 12.0 +/- miles southeast of Stephenville
Grantor: Joan Flowers
Grantee: Jay Mills Contracting, Inc.
Recordation: Document No. 2022-06031, Deed Records of Erath County, Texas
Legal Description: Lavaca County School Land Survey A-491, Erath County, Texas
Date of Sale: August 24, 2022
Size: 181.49 +/- Acres
Sale Price: \$2,200,000.00 - \$12,121.88/Acre
Configuration: Irregular
Utilities: United Cooperative Services
Easements: Typical Utility
Topography: Level to Rolling
Terms of Sale: Cash to seller at closing; note to InterBank

Comments: This tract is located on County Road 451 – 14.78 +/- miles northeast of the subject. Based on the highest and best use of the subject and this sale, considered to be similar to the subject location/access. This property was improved with a 5,645 SF single-family dwelling built in 1972 that was reported to be in overall average condition. At time of sale, the improvements had an estimated contributory value of \$450,000.00/\$2,475.00/acre (rounded). The topography is level to rolling, a mixture of open native, some improved coastal Bermuda grass pasture and some moderately-wooded native pasture areas, and one modest earthen reservoir. The tract only had perimeter fencing in overall average condition at time of sale - considered to be inferior to the subject for utility/fencing – adjusted 10.0%. Considered to be similar to the subject for appeal and potential use/highest and best use. Per NTREIS #20067956, this tract was exposed to the market for 40 days with an initial list price of \$2,500,000.00/\$13,774.86 per acre. Selling price of \$12,121.88/acre is 88.0% of initial list price. Mineral rights transfer/retention, if any, not disclosed. This tract had one prior recorded name-only transfer in the three-year period preceding the August 24, 2022 date of sale: Shirley S. Diener to Joan Flowers, et al, Document No. P0982, DRECT. Though this sale occurred after the June 14, 2022 effective date of this appraisal, per NTREIS #20067956, the property was originally listed for sale on May 26, 2022; the contract for this transaction was dated July 5, 2022. This property sale is considered relevant to this appraisal of the subject.



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COMPARABLE PROPERTY SALE #5

Location: 275 County Road 459, 4.0 +/- miles southwest of De Leon in Comanche County

Grantor: Peter and Susanne Fagan

Grantee: Harry and Ollie F. Simon

Recordation: Volume 1101, Page 424, Deed Records of Comanche County, Texas

Legal Description: John H. Fade Survey A-375, Elenor Moore Survey A-639, Lot 26 Nabors Lake and the James W. Wilson Survey A-1611, Comanche County, Texas

Date of Sale: January 3, 2022

Size: 195.0 +/- Acres

Sale Price: \$2,800,000.00 - \$14,358.97.00/Acre

Configuration: Rectangle +/-

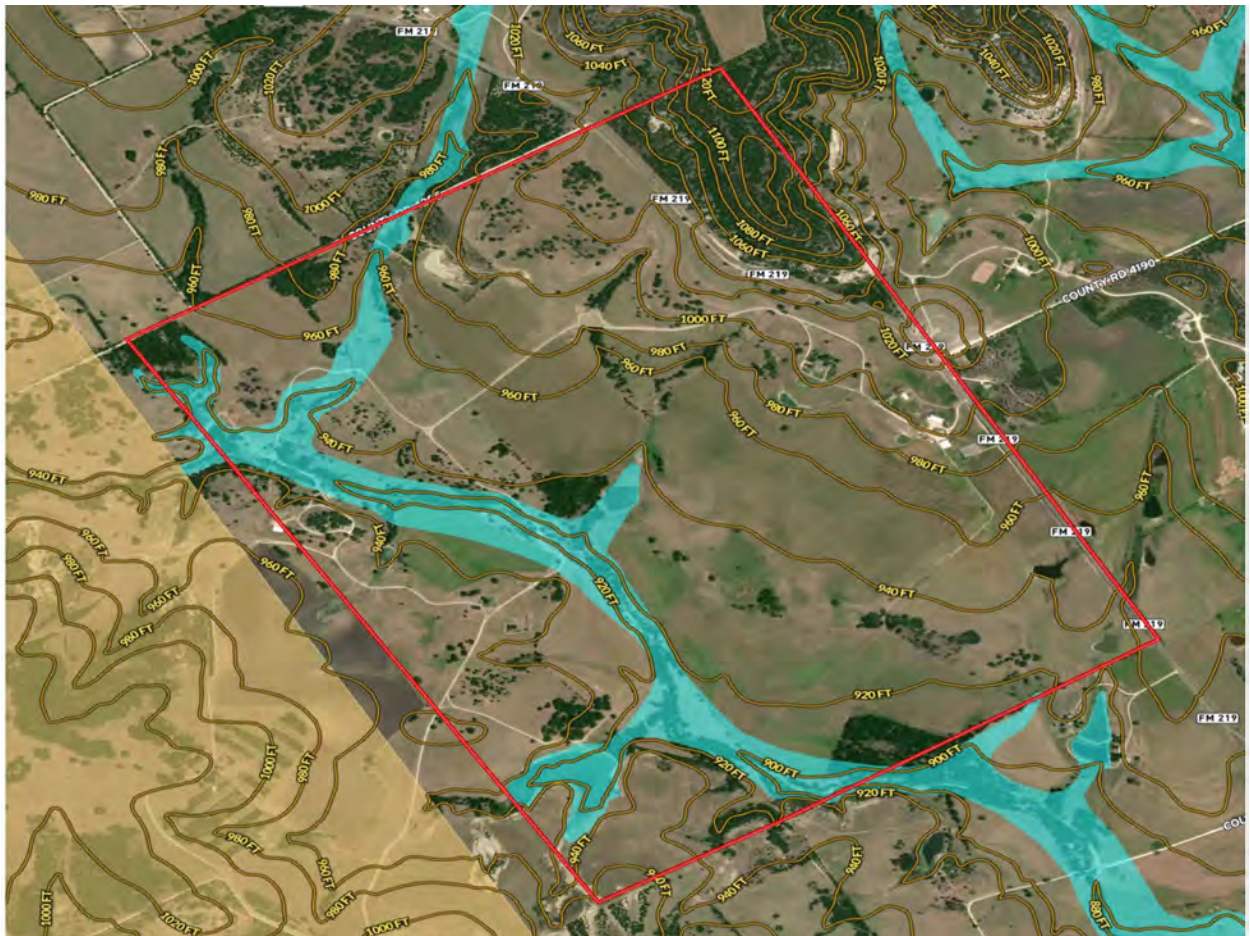
Utilities: United Cooperative Services

Easements: Typical Utility

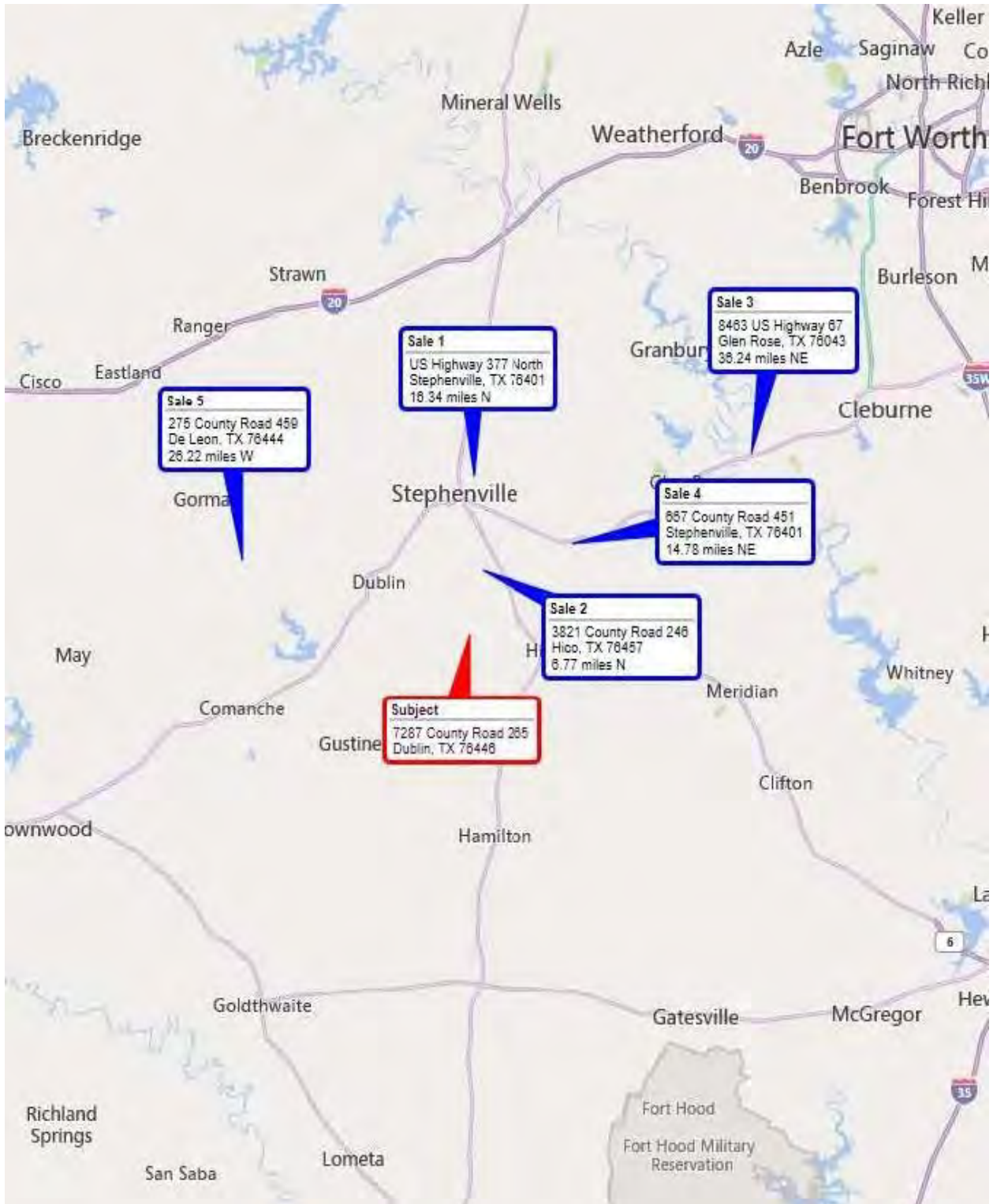
Topography: Level to Rolling

Terms of Sale: Cash to seller at closing

Comments: This tract is located on County Road 459 in De Leon, 26.22 +/- miles northwest of the subject. Based on the highest and best use of the subject and this sale, considered to be similar to the subject location/access. This property was improved at time of sale with a 4,700 SF main dwelling built in 2006, detached shop/barn, sheds and metal pipe cattle pens/chute. The improvements of this property were reportedly in overall good condition and had an estimated contributory value of \$800,000.00/\$4,100.00 per acre (rounded). The topography is level to rolling, a mixture of open native, open improved coastal Bermuda grass pasture and some moderately-wooded native pasture areas with good perimeter and cross fencing. The tract had some access along a private Lake – Nabors Lake. Considered to be similar to the subject for appeal and potential use/highest and best use and size. Per NTREIS #14683713, this tract was exposed to the market for 105 days with an initial list price of \$2,950,000.00/\$15,128.21 per acre. Selling price of \$14,358.97/acre is 95.0% of initial list price. Mineral rights transfer/retention, if any, not disclosed.



MapRight



Comparable Property Sales Location Map

| COMPARABLE PROPERTY SALES ADJUSTMENT GRID | | | | | |
|--|----------|----------|----------|----------|-----------------------|
| SALE NO. | 1 | 2 | 3 | 4 | 5 |
| NUMBER OF ACRES | 383.74 | 239.97 | 271.73 | 181.49 | 195.0 |
| PRICE/ACRE | \$9,000 | \$8,299 | \$14,168 | \$12,122 | \$14,359 |
| MKT. CONDITIONS | 20% | 00% | 00% | 00% | 10% |
| ADJUSTED PRICE/ACRE | \$10,800 | \$8,299 | \$14,168 | \$12,122 | \$15,795 |
| LESS IMPROVEMENTS | (00) | (00) | (2,400) | (2,475) | (4,100) |
| LAND ONLY/ACRE | \$10,800 | \$8,299 | \$11,768 | \$ 9,647 | \$11,685 |
| ADJUSTMENTS | | | | | |
| SIZE | 00 | 00 | 00 | 00 | 00 |
| ACCESS- LOCATION | 00 | 00 | 00 | 00 | 00 |
| APPEAL- UTILITY SUB | 00 | 1,660 | 00 | 965 | 00 |
| IMPRVMTS | 1,900 | 3,050 | 2,700 | 4,030 | 3,750 |
| NET ADJS INDICATED | 1,900 | 4,710 | 2,700 | 4,995 | 3,750 |
| VALUE/AC | \$12,700 | \$13,009 | \$14,468 | \$14,642 | \$15,435 |
| CONCLUSIONS - SUBJECT AS-IS | | | | | |
| SUBJECT ACRES | | | | | 314.69 +/- |
| INDICATED VALUE PER ACRE | | | | | \$14,500.00 |
| INDICATED VALUE | | | | | \$4,563,005.00 |
| ROUNDED TO | | | | | \$4,563,000.00 |

SUMMARY OF SALES COMPARISON APPROACH

Analysis of available sales and other market data indicates that in the Erath County and expanded general Central Texas market area including contiguous Comanche, Eastland and Somervell Counties, respectively, there has been a limited number of land tract sales in the 150.0 +/- to 650.0 +/- acre range over an 18 +/- month time frame preceding the effective date of this appraisal. This is not a recent trend, as historically larger tracts in this market area tend to be retained by their respective owners for extended periods. Other sales that were considered and reviewed but not included in this analysis were omitted for various reasons, either due to improvements or some sales included some going-concern, inventory that was difficult (undisclosed information) to extract the impact on sale price.

Based on market factors present as of June 14, 2022, analysis of available market data in the immediate Erath County competing market area indicates a limited number of reported land tract sales similar in scope to the subject in the 150.0 to 650.0 +/- acre range. In my search for comparable property sales data for this appraisal of the subject, the range of time that sales and other market data were reviewed and considered spanned from January 2021 to July 2022. This is the time frame referred to as current in this appraisal, relative to the June 14, 2022 effective date of this appraisal. Due to a limited number of reported sales in the immediate Erath County area, the search area was expanded to include contiguous Hamilton, Comanche, Somervell and Eastland Counties, respectively.

My search for comparable sales data for this appraisal of the subject included NTREIS/MLS, associate real estate appraisers and brokers and sales agents. The result was three sales located in Erath County, one sale located in Somervell County and one sale located in Comanche County. Though very limited in number, there were a few other property sales reviewed and analyzed for this appraisal. The five respective sales that are recited in this appraisal report were selected for their similarity to the subject for various factors such as size/acreage, utility and location in Central Texas. In my opinion, a property similar to the subject, if offered for sale, would attract a potential buying pool from an expanded area. The basis for category adjustments were derived from reviewing various other sales. A comparison of these sales formed the basis for the amount of adjustment to be considered, as compared to the subject property.

The lack of reported sales activity is due primarily to the lack of listings/offerings to sale for these type of properties. The trend over the past 15 to 20 years in this market area has been for these type of properties to be retained by their respective owners for extended periods. There are always buyers for these type of properties in this market area. REO/foreclosure-type situations are extremely rare. When these type of properties are offered for sale in this market area, they tend to be absorbed/purchased within a relatively "standard" time frame of 180 +/- days/six +/- months. The five respective sales recited in this analysis had an average exposure time/DOM of 163 days.

There were a number of other land sales reviewed and analyzed for this appraisal. The sales recited were selected for their similarity to the subject. The basis for category adjustments were derived

from reviewing various other sales. Considering those factors present as of June 14, 2022, the five respective sales recited and analyzed in this appraisal report represent the most recent arm's length sale transactions, ranging in time from February 2021 to July 2022.

Market Conditions: Due to the limited number of available, reported property sales, it was necessary to recite two sales that occurred after the June 14, 2022 effective date of this appraisal. Sale no. one occurred in February 2021; analysis of available land/property sales data in the Stephenville-76401/Erath County market area indicates from 1Q/2021 to 2Q/2022, selling prices for unimproved/lightly-improved and improved land tracts in the 100.0 +/- to 400.0 +/- acre range increased (on average) 20.0 to 21.0% +/- . In this instance, an adjustment of 20.0%/acre for market conditions is considered warranted for this sale. The reported selling price of \$9,000.00 per acre is adjusted 20.0% to be reflective of market conditions as of June 14, 2022. Sale no. five, which occurred in January 2022, is adjusted 10.0%/acre for time of sale/market conditions. Analysis of available land/property sales data in the Stephenville-76401/Erath County and De Leon/Northeast Comanche County market area indicates from 1Q/2022 to 2Q/2022, selling prices for unimproved/lightly-improved and improved land tracts in this range increased (on average) 10.0% +/- . This adjustment also considers current and historical (overall) market conditions - selling prices/less exposure time, etc. in the Erath versus Northeast Comanche County market area. This entry considers no adjustments for time for sale no. two, no. three, no. four and no. five, respectively, as these transactions all occurred within a reasonable time frame of the effective date of this appraisal.

Sale Terms: All five respective sales have been entered on the basis of their cash equivalency price so that no further adjustment is warranted for this heading. The calculation of cash equivalency for the sales, if any, is shown immediately after the particulars about the sale are presented. Owner financing is no uncommon for land sales in this market area.

The basis for category adjustments were derived from reviewing various other sales. A comparison of these sales formed the basis for the amount of adjustment to be considered, as compared to the subject property.

Size: The five respective sales recited in this appraisal report for the subject range in size from 181.49 +/- acres to 383.74 +/- acres, with average tract size of 254.39 +/- acres and a median tract size of 239.97 +/- acres. Analysis of available data indicates adjustments for size/acreage are not warranted in this appraisal of the subject. Selling prices for the comparable sales range from \$8,299.00/acre to \$14,359.00/acre, with an unadjusted mean price of \$11,589.60/acre and an unadjusted median price of \$12,122.00/acre.

Improvements: In this analysis, the estimated contributory value of improvements of each respective sale is first extracted to allow a value comparison based on the land-only. The improvements of sale no. one – water well and shop/barn, were reported to have no contributory value of at time of sale and were subsequently razed after the sale transaction closed. Sale no. two had an old single-family dwelling/home site and sheds in overall fair condition at time of sale that were not considered to have any contributory value at time of sale. At time of sale, sale no. three was improved with a 3,900 SF log main dwelling built in 1991, in-ground swimming pool, two detached guest houses, shop/barn, modest set of working pens, water well/septic system/supportive site improvements, gated entrance and perimeter fencing. The improvements of this sale were in overall average condition and had an estimated cumulative contributory value of \$650,000.00/\$2,400.00/acre (rounded). Sale no. four was improved at time of sale with a 5,645 SF single-family dwelling built in 1972 that was reported to be in overall average condition, with an estimated contributory value of \$450,000.00/\$2,475.00/acre (rounded). Sale no. five was improved with a 4,700 SF main dwelling built in 2006, detached shop/barn, sheds and metal pipe cattle pens/chute, with an estimated contributory value of \$800,000.00/\$4,100.00 per acre (rounded). When considered as land-only, the adjusted land-only values range from \$8,299.00/acre to \$11,768.00/acre, with an indicated mean value/selling price per acre of \$10,439.80/acre and an indicated median value/selling price of \$10,800.00/acre.

Appeal/Utility: Though all five respective sales are considered to be similar to the subject for appeal and potential use and highest and best use, comparable sale no. two is considered to be inferior to the subject for having perimeter fencing in fair to poor condition – adjusted 10.0% and for having approximately 60.0% of the total tract situated in a designated 100-year flood zone - adjusted 10.0% (total adjustment for utility is 20.0%). Though a river or creek is sometimes a positive amenity, for this particular sale the potential use/utility and/or subdivision possibilities is

encumbered. Sale no. four is considered to be inferior to the subject for having perimeter fencing in fair condition; an adjustment of 10.0% is considered warranted.

Subject Improvements: After all other factors for comparison are considered and addressed as considered warranted, the indicated contributory value of the subject improvements is added back to each respective sale, based on the size of each respective sale. Per application of the Cost Approach in this appraisal (see page 57), the indicated as-is contributory value of the subject's improvements that were included and deemed to have contributory value - as of the June 14, 2022 effective date of this appraisal - was \$732,000.00 (rounded). For sale no. one with 383.74 +/- acres, this calculates to $\$732,000.00/383.74 \text{ +/- acres} = \$1,907.54/\text{acre}$ - rounded to \$1,900.00/acre. For sale no. two with 239.97 +/- acres, this calculates to \$3,050.00/acre (rounded). For sale no. three with 271.73 +/- acres, this calculates to \$2,700.00/acre (rounded). For sale no. four, with 181.49 +/- acres, this calculates to \$4,030.00/acre (rounded). For sale no. five, with 195.0 +/- acres, this calculates to \$3,750.00/acre (rounded).

Adjusted values for the five respective sales range from \$12,700.00/acre to \$15,435.00/acre, with an indicated mean value of \$14,050.00/acre and an unadjusted median value of \$14,468.00/acre. The five respective sales had an average selling price to initial list price ratio of 84.0%.

In this appraisal, though all five respective sales are considered to be reflective of market conditions present in the Erath-Somervell-Comanche County/Central Texas area as of June 14, 2022, more weight/consideration is allocated to sale no. three, no. four and no. five, respectively. These three respective sales are considered to be more similar to the subject for improvements. Considering those factors present as of June 14, 2022, all five respective sales are considered to be reflective of the market for land tracts similar in scope to the subject in the Erath-Somervell-Comanche County/Central Texas competing real estate market area. After consideration and analysis of the foregoing comparable property sales, in relation to each other and to the subject property for factors of compatibility, a final, weighted value indication for the subject is rounded to \$14,500.00/acre.

Value Per Acre: $\$14,500.00 \times 314.69 \text{ +/- Acres} = \$4,563,005.00$, rounded to \$4,563,000.00

Therefore, the indicated value of the subject property by the Sales Comparison Approach, based upon the analysis as shown in this report, and by virtue of the fact that only the surface, surface rights and surface estate is being appraised, the indicated value of the subject property, subject to the extraordinary assumptions stated in this report and considering those factors present as of June 14, 2022 was: **\$4,563,000.00**.

Considering the indicated 163 DOM of the five respective sales, and based on those factors present as of June 14, 2022, at the indicated value of \$4,563,000.00, a reasonable exposure time for the subject property would be 120 to 180 +/- days/four to six +/- months.

THE INCOME APPROACH

The income approach is predicated on the assumption that there is a definite relationship between the amount of income a property will earn and its value. A number of appraisal principles form the basis of this approach with the principle of anticipation being particularly applicable. It affirms there is value created by the expectations of benefits to be derived in the future.

The approach is a technique in which the anticipated annual income of the property is processed in order to arrive at an indication of value. This net income or "net operating income" is that generated by the property prior to payment of any debt service. The process of converting the net income into a value indicator is called direct capitalization. Simply, it is the ratio between this net income and a rate which is derived from the market place, via a number of techniques or a combination or blend of various methods.

The Income Approach involves a process of estimating and predicting the following:

1. A reasonable rental expectancy for the property for a 12-month performance as if it were available for lease.
2. Typical income loss due to vacancy and collection factors during the twelve month performance projected.
3. Ownership expenses attributable to the real estate prior to debt service of any mortgage, existing or forecasted.
4. The capitalization of the resultant net operating income as developed in the above steps into a value indication whether the subject is offered as an investment property or for owner occupancy purposes.

The market or the economic rent for the subject is estimated by direct comparison to the current rentals of competitive properties in the area or the general market area of concern. This typically includes properties of similar physical and economic characteristics.

Vacancy and collection factors are normally measured through market data of comparable properties. This factor may vary one way or the other depending on the economic atmosphere of the area where the property is located. It is adhered to the number of competitive properties in the market for rent or sale, the number of vacancies observed in the area during its physical inspection, historical documentation on the subject property or on similar properties in the area, or a combination of the above criteria.

As of the June 14, 2022 effective date of this appraisal the subject was owner-occupied. Similar to most rural land tracts with similar size/attributes in Erath County/Central Texas, the property has always been primarily owner-occupied. Land tracts similar in size and scope to the subject property are purchased for owner-occupancy/owner-development, not for the sole purpose of income produced by type of tenancy. In the Erath County/Central Texas market area, it is not economically feasible to purchase land tracts similar to the subject for the sole purpose of income produced by tenancy. It is not uncommon in the Erath County/Central Texas market area for tracts that are similar to the subject to be partially leased to offset some of the expense of ownership – primarily real property taxes.

Application of the Income Approach is not necessary to render a credible value result for the subject. For the purpose of this appraisal, the Income Approach is not considered to be applicable to this appraisal of the subject property.

EXPOSURE TIME/MARKETABILITY/MARKETING PERIOD

In accordance with the Market Value definition contained herein, as requested by the client, consideration has been given to a reasonable estimated marketing period for the subject property at the appraised value estimate herein. Marketing Time is the time necessary to expose a property to the open market in order to achieve a sale. Implicit in this definition are the following conditions:

- * The property will be actively exposed and aggressively marketed to potential purchasers through marketing channels commonly used by sellers of similar types of properties.
- * The property will be offered at a price reflecting the most probable mark-up over market value used by sellers of similar properties.
- * A sale will be consummated under the terms and conditions of the definition of market value stated in this report.

A normal market period is a function of various factors including, prevailing market conditions, the price of the product being marketed, the competitive position of the property in the market, and the amount and quality of marketing effort allocated to the property. It is strongly emphasized that the appraisers have no control of the aforementioned factors, nor can the appraisers anticipate or predict any of them. Therefore, it assumed that the property will receive an adequate marketing effort. *Based upon the degree of commercial livestock auction facility activity and sales similar to the subject contained herein, and the appraiser's personal conversations with area brokers and landowners familiar with the subject area, it is concluded that at the market value opinion herein, the subject property can reasonably anticipate a sale within 12 months of the listing date.

Exposure Time

1. The time a property remains on the market.
2. The estimated length of time the property interest being appraised would have been offered on the market prior to the hypothetical consummation of a sale at market value on the effective date of the appraisal; a retrospective estimate based upon an analysis of past events assuming a competitive and open market. Exposure time is always presumed to occur prior to the effective date of the appraisal. The overall concept of reasonable exposure encompasses not only adequate, sufficient and reasonable time but also

adequate, sufficient effort. Exposure time is different for various types of real estate and value ranges and under various market conditions. *The Dictionary of Real Estate Appraisal, Third Edition, Appraisal Institute, 1993, Page 126.*

At the indicated market value of \$4,563,000.00, based on an analysis of the reported average exposure time of 163 days of the five respective comparable property sales recited in this appraisal and considering those factors present as of June 14, 2022, in my opinion a reasonable exposure time for the subject property would be 120 to 180 +/- days/four to six +/- months.

CORRELATION AND FINAL ESTIMATE

The correlation or reconciliation process involves weighing the value indications provided by each method in light of the dependability of each as a reflection of the probable actions of buyers in the market place. My final conclusion may coincide with one of the approaches, or it may reflect a weighing of the relative merits of each of the approaches in leading to a final conclusion of value. The following are the value indications resulting from each method:

| | |
|-----------------------------------|--|
| Cost Approach: | \$ 732,000.00 Improvements Only |
| Sales Comparison Approach: | \$4,563,000.00 |
| Income Approach: | Not Applied |

Consideration of the relative merits of each value indication involves reviewing each approach with respect to the reliability of the data used; the applicability of the approach to the type of property being appraised and applicability of the approach in light of the definition of the value sought in the appraisal. In this instance, the valuation sought is market value on a cash equivalency basis.

The Cost Approach estimates the reproduction cost of all the improvements. From this amount, depreciation from all causes is subtracted, thereby resulting in an estimate of depreciated value. To this the land is added, resulting in an estimate of value via this approach to value. The Cost Approach is considered a reliable approach particularly when the improvements of the property are fairly new. This approach may lose some of its reliability when the improvements have heavy depreciation because of the difficulty in estimating this cause of loss in value. In this appraisal of the subject, the Cost Approach is deemed reliable in ascertaining the contributory value of the subject improvements.

The Sales Comparison Approach utilized the value per acre as the unit of comparison. This unit provides reasonable estimates of value of the subject property. An inherent weakness in this approach to value is that there are seldom two properties virtually alike in all respects. Seldom is a commercial property similar in size and scope to the subject built on a speculative basis. The risk of vacancy and high holding costs is apparently too great for investors. Though limited in availability, adequate sales were found to support this approach to estimating market value for the subject.

The Income Approach is an indication of the future benefits that will be derived from ownership. In this approach, comparable rentals, vacancy and collection factors and expenditures were abstracted from the marketplace. In the Erath County/Central Texas market area, it is not economically feasible to purchase land tracts similar to the subject for the sole purpose of income produced by tenancy. Most land tracts in Erath County/Central Texas that are similar to the subject are owner-occupied. Leases of agricultural-type land tracts in Erath County/Central Texas are typically only a partial lease, often times to offset the expense of ownership.

For the purpose of this appraisal, the Income Approach is not considered applicable in this appraisal of the subject property. Application of the Income Approach is not necessary to render a credible value result for the subject.

CONCLUSIONS

Considering the data available in this it is determined that all weight/consideration should be allocated to the Sales Comparison Approach in this appraisal. Adequate recent comparable land/property sales from the subject's Erath County/Central Texas market area were available to render this the most reliable valuation method for the subject property.

Based upon the analysis as shown in this report, and by virtue of the fact that only the surface, surface rights and surface estate is being appraised, the indicated value of the subject property in as-is condition, utilizing the extraordinary assumptions stated within this report and considering those factors present as of June 14, 2022 was:

\$4,563,000.00

(FOUR-MILLION-FIVE-HUNDRED-SIXTY-THREE-THOUSAND-DOLLARS)

At the indicated value of \$4,563,000.00, a reasonable exposure time for the subject – considering those factors present as of June 14, 2022 would be 120 to 180 +/- days/four to six +/- months.

ADDENDA

Qualifications of the Appraiser

QUALIFICATIONS OF KYLE EVERETT

EDUCATION: Graduated from the University of Texas, Arlington, Bachelor of Arts, Journalism, 1990; Uniform Standards of Professional Appraisal Practice, Greater Dallas Association of Realtors, Dallas, 1991; Principles of Real Estate, Tarleton State University, 1992; Real Estate Marketing, Tarleton State University, 1992; Appraisal Principals I110, Appraisal Institute, Austin, 1993; Appraisal Procedures I120, Albuquerque, NM, 1994; Real Estate Law-Contracts 0322, Real Estate Training Institute, Fort Worth, 1995; Real Estate Appraisal 0211, Real Estate Training Institute, Fort Worth, 1996; Uniform Standards of Professional Appraisal Practice, Appraisal Institute, Austin, 1996; Techniques of Income Property Appraisal/Appraisal III-0231, Texas A&M University-Commerce, 1998; Uniform Standards of Professional Appraisal Practice, Hardin-Simmons University, Houston, 1998; Real Estate Law of Agency, Hardin-Simmons University, Houston, 2000; Standards of Professional Appraisal Practice, Baylor University, Waco, Texas, 2000; Residential Appraisal 0221, Appraisal Institute/Lon Morris College, 2001; Uniform Standards of Professional Appraisal Practice 430 C, Appraisal Institute, Ft. Worth, 2002; Appraisal Overview 0200, Baylor University, 2002; Uniform Residential Appraisal Report 2101, Texas A&M University, Commerce, 2004; Uniform Standards of Professional Appraisal Practice, Foundation of Real Estate Appraisers, 2004. Universal Standards of Professional Appraisal Practice, Appraisal Institute, Dallas, 2006; Scope of Work, Appraisal Institute, Chicago, 2006; Advanced Issues in Real Estate Appraisal, Foundation of Real Estate Appraisers, 2006; Uniform Standards of Professional Appraisal Practice Appraisal Institute, Chicago, 2008; Residential Report Writing, McKissock School of Real Estate, 2008; Mortgage Fraud: Protect Yourself, McKissock School of Real Estate, 2008. Uniform Standards of Professional Appraisal Practice, Champions School of Real Estate, 2010; Introduction to Expert Witness Testimony, McKissock School of Real Estate, 2010; Current Issues in Appraisal, McKissock School of Real Estate, 2010; Appraising FHA Today, McKissock School of Real Estate, 2010, The Uniform Appraisal Dataset, Appraisal Institute, Dallas, 2011, Uniform Standards of Professional Appraisal Practice, McKissock School of Real Estate, 2012. Uniform Standards of Professional Appraisal Practice, Columbia Institute, 2014. Supervisor-Trainee Course for Texas, McKissock School of Real Estate, 2014; Essential Elements of Disclosure, McKissock School of Real Estate, 2015, Uniform Standards of Professional Appraisal Practice, Appraisal Institute, 2016. The New FHA Handbook 4000.1, 2016. Divorce and Estate Appraisals - Essentials of Non-Lender Work, 2016. The Nuts and Bolts of Green Building Appraisal, 2017. Appraisal of Owner-Occupied Commercial Properties, 2017. Uniform Standards of Professional Appraisal Practice, Appraisal Institute, 2018. Uniform Appraisal Standards for Federal Land Acquisitions – Yellow Book Course, McKissock School of Real Estate, 2018; Rural Valuation Basics, Appraisal Institute; Land and Site Valuation, Appraisal Institute, Dallas 2019; Uniform Standards of Professional Appraisal Practice, McKissock School of Real Estate, 2020; The FHA Handbook 4000.1, 2020; Introduction to Expert Witness Testimony, McKissock School of Real Estate, 2020; Divorce and Estate Appraisals - Essentials of Non-Lender Work, McKissock School of Real Estate, 2021. Uniform Standards of Professional Appraisal Practice, McKissock School of Real Estate, 2022.

PROFESSIONAL CERTIFICATION: Texas State Certified General Real Estate Appraiser, No. TX-1327253-G, originally issued January 22, 1997, reissued January 11, 2019, expires January 31, 2021.

EXPERIENCE: Assisting in and performing appraisals of Residential, Commercial, and Farm/Ranch Properties in the State of Texas since February, 1989. Employed by Everett Appraisal in Stephenville 1989 – 1997. Owner/Proprietor of Kyle Everett Appraisal Services/Everett Appraisal, Inc. 1997-present.

GREGORY KYLE EVERETT
PO BOX 1331
STEPHENVILLE, TX 76401



Certified General Real Estate Appraiser

Appraiser: **Gregory Kyle Everett**

License #: **TX 1327253 G**

License Expires: **01/31/2023**

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

For additional information or to file a complaint please contact TALCB at www.talcb.texas.gov.

Chelsea Buchholtz
Commissioner