FOR THE BENEFIT OF

THE TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS
BANK OF AMERICA MERRILL LYNCH
BANK OF AMERICA, N.A.
COMMUNITY DEVELOPMENT BANKING
TX1-492-20-08
901 MAIN STREET, 20TH FLOOR
DALLAS, TEXAS 75202-3714

APPRAISAL REPORT OF

THE 8.885 ACRES OF LAND LOCATED IN THE NORTHWEST
QUADRANT OF SOUTH ZANG BOULEVARD AND WYNNEWOOD
DRIVE, ALSO FRONTS THE SOUTHEAST SIDE OF PRATT STREET,
CITY OF DALLAS, DALLAS COUNTY, STATE OF TEXAS 75224

STATEMENT OF ACKNOWLEDGMENT

IT IS CLEARLY UNDERSTOOD THAT BANK OF AMERICA, N.A.
AND THE TEXAS DEPARTMENT OF HOUSING AND COMMUNITY
AFFAIRS ARE THE CLIENTS AND ARE GRANTED FULL
AUTHORITY TO RELY ON THE FINDINGS OF THE APPRAISAL REPORT

ANY PERSON SIGNING THIS REPORT ACKNOWLEDGES THAT THE
DEPARTMENT MAY PUBLISH THE FULL REPORT ON THE DEPARTMENT’S
WEBSITE, RELEASE THE REPORT IN RESPONSE TO A REQUEST FOR PUBLIC
INFORMATION AND MAKE OTHER USE OF THE REPORT AS AUTHORIZED BY LAW

DATE OF VALUATION

JANUARY 7, 2020

DATE OF REPORT

FEBRUARY 28, 2020

PREPARED BY

RYAN, HARTMANN, FRIEDEL CO.
6510 ABRAMS ROAD, SUITE 220
DALLAS, TEXAS 75231
February 28, 2020

The Texas Department of Housing and Community Affairs
Bank of America Merrill Lynch
Bank of America, N.A.
Community Development Banking
TX1-492-20-08
901 Main Street, 20th Floor
Dallas, Texas 75202-3714

ATTN: Mr. John Pool
Vice President

RE: Appraisal report of the 8.885 acres of land situated in the northwest quadrant of South Zang Boulevard and Wynnewood Drive, also fronting the southeast side of Pratt Street, City of Dallas, Dallas County, Texas 75224

PERSONS INSPECTING PROPERTY: JOHN D. CAMPAGNA & STEPHEN F. RYAN
TAX ASSESSOR’S PARCEL NUMBER: PART OF 00-000-4671-4300-0000

Dear Mr. Pool:

In accordance with your request and authorization, we have inspected the referenced property, conducted a detailed investigation, gathered pertinent data, and made certain analyses in order to form opinions of market value. Our valuation analyses are predicated under the assumption that the appraisal property is individually owned, under prudent management and responsible ownership, as of January 7, 2020 which is also the date of our inspection. The date of report of the accompanying appraisal is February 28, 2020.

To the best of our knowledge, the following narrative appraisal report was prepared in compliance with the Uniform Standards of Professional Appraisal Practice of the Appraisal Foundation and the Code of Professional Ethics and Standards of Professional Practice of the Appraisal Institute.

Furthermore, our analyses, opinions and conclusions were developed in conformity with Title XI of the Federal Financial Institutions Reform, Recovery and Enforcement Act of 1989 (FIRREA). It should be noted that the employment of the appraisers was not conditioned upon the appraisal producing a specific value or value within a given range.

In addition, future employment prospects are not dependent upon the appraisers producing a specified value. Furthermore, employment of the appraisers and payment of the fee are not based on whether a loan application is approved or disapproved.
All signatories of the ensuing report personally inspected the subject property, neighborhood and comparable properties. Stephen F. Ryan and John D. Campagna are state certified general real estate appraisers by the Texas Appraiser Licensing and Certification Board of the State of Texas as set forth by Section 1112 of the Financial Institutions Reform, Recovery and Enforcement Act of 1989, 12 C.F.R. Part 323 and state law.

The subject property consists of 8.885 acres or 387,050 square feet of land which is part of the Parks at Wynnewood development. The appraisers are competent for this assignment and have completed previous appraisals of similar type properties. Based on your instructions, the purpose of the accompanying report is two-fold:

1. estimate the "as is" market value of the subject property on the date of inspection; and
2. estimate the market value of the subject property as if unimproved, no deed restriction in place and under the current MF-1(A) zoning ordinance on the date of inspection.

STATEMENT OF PREPARATION

The appraisers have read and understood the appraisal requirements set forth in Section 11.304 of the 2020 Qualified Allocation Plan by The Texas Department of Housing and Community Affairs.

VALUATION CONCLUSIONS

As a result of our investigation and analyses, it is our opinion that the "as is" market value of the fee simple interest in the subject property, under market conditions existing on January 7, 2020, was:

TWO MILLION TWO HUNDRED FIFTEEN THOUSAND DOLLARS ($2,215,000)

Furthermore, it is our opinion that the market value of the fee simple interest in the subject property as if unimproved, no deed restriction in place and under the current MF-1(A) zoning ordinance on the date of valuation, January 7, 2020, was:

THREE MILLION FOUR HUNDRED EIGHTY FIVE THOUSAND DOLLARS ($3,485,000)

Reference is made to the Assumptions and Limiting Conditions presented in the accompanying report. There are a number of extraordinary assumptions and hypothetical conditions that are critical to the value conclusions rendered in our appraisal.
EXTRAORDINARY ASSUMPTIONS

An extraordinary assumption is defined as an assumption directly related to a specific assignment which, if found to be false, could alter the appraisers’ 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.

- The appraisers were provided with a cost estimate to demolish the existing improvements by Mr. John Pool, Vice President with Bank of America. The demolition cost was budgeted at $500,000 which is supported by market-derived demolition costs sourced from Marshall Valuation Service, a national cost service. However, it should be noted that the appraisers are not experts in the construction field. Therefore, it is recommended that a construction consultant be retained to thoroughly inspect the subject premises and render an estimate of the cost to raze the improvements. It is a basic assumption that this estimate is reasonable. If a formal bid is subsequently submitted from a qualified construction expert that substantially differs from the $500,000 estimate of the cost to demolish, we reserve the right to modify our opinion of “as is” market value.

- In conjunction with the demolition of the existing improvements on the subject site, it was reported to the appraisers that the apartment buildings contain asbestos. According to Mr. John Pool, the cost for abatement has been estimated at $450,000. It is assumed that this estimate is reasonable and that the apartment buildings do not contain any other environmentally hazardous materials which would inflate the abatement cost.

- A title policy was not provided to the appraisers during the preparation of the appraisal and the easements that we observed during our inspection are documented in the report. It is recommended that a title search be performed by a qualified professional in order to discover the encumbrances that influence the property. It is assumed that the acreage is not encumbered by any adverse easements or encroachments that would inhibit marketability and warrant modification of the appraised values.

These extraordinary assumptions directly relate to this specific appraisal assignment and, if found to be false, could alter the assignment results and our concluded opinions of market value.

HYPOTHETICAL CONDITIONS

A hypothetical condition is defined as a condition, directly related to a specific assignment, which is contrary to what is known by the appraisers to exist on the effective date of the assignment results, but is used for the purpose of analysis.

- In arriving at the market value estimate of the subject property with regard to the second purpose of the appraisal report, it is assumed that the site has been legally platted, is unimproved and is ready for redevelopment.
The subject tract contains 8.885 acres of land area which is encumbered by a LURA (Land Use Restriction Agreement) that restricts the property to low-income tenants. Approximately 404 units on the entire 48.7486 acres comprising The Parks at Wynnewood must be limited to low-income tenants. Phase I consisted of 140 senior housing units and Phase II (Pod 3) has been improved with an additional 161 units (of which 160 units are designated for low-income tenants) which equates to a total of 300 of the 404 units required to fulfill the low-income component. Upon the construction of 404 low-income units, the remainder of the acreage can be redeveloped with dwelling units that can be rented at market rates. However, current ownership is working with the State of Texas to remove this restriction. With regard to the second purpose of the appraisal report, it is assumed that the LURA has been removed on the remaining acreage comprising the subject property.

These hypothetical conditions assume conditions contrary to what exist but are supposed for the purpose of analysis.

EXPOSURE TIME AND MARKETING PERIOD

Based on supply and demand trends in the Southwest Dallas submarket, the marketing periods experienced by comparable sales, and conversations with local brokers and other informed participants, it is our opinion that the estimate of reasonable exposure time of the subject property would have been about 12 months.

We foresee no significant changes in market conditions in the near term. Therefore, it is our opinion that the estimated marketing period of the property would also be approximately 12 months. This estimate assumes that an aggressive and professional marketing plan will be implemented by ownership and the selling price of the subject property will closely approximate our opinion of “as is” market value.

The accompanying appraisal report sets forth the identification of the property, the assumptions and limiting conditions, relevant facts about the region, neighborhood and appraisal property, comparable data, the results of our investigation and analyses, and the reasoning upon which the value opinions were based. Thank you for allowing us to be of service to you.

Respectfully submitted,
RYAN, HARTMANN, FRIEDEL CO.

[Signatures]

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214.340.9449

john@rhfco.com
214.340.9449
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Exhibit A – Appraisal Requirements
Exhibit B – Subject Photographs
Exhibit C – Comparable Land Sales
Exhibit D – Boundary Description
Exhibit E – Qualifications of the Appraisers
SUMMARY OF IMPORTANT FACTS AND CONCLUSIONS

PROPERTY DESCRIPTION: Tract of land that contains 8.885 acres or 387,050 square feet

LOCATION: Northwest quadrant of South Zang Boulevard and Wynnewood Drive, also fronting the southeast side of Pratt Street, City of Dallas, Dallas County, Texas

ZIP CODE: 75224

MAPSCO: 54-Q

ASSESSMENT DATA:
A. TAX IDENTIFICATION NUMBER Part of 00-000-4671-4300-0000
B. 2019 CERTIFIED ASSESSED VALUE $1,568,000
C. DELINQUENT TAXES None

PURPOSE OF THE APPRAISAL: (1) Estimate the "as is" market value of the subject property on the date of inspection and (2) estimate the market value of the subject property as if unimproved, no deed restriction in place and under the current MF-1(A) zoning ordinance on the date of inspection

INTEREST VALUED: Fee simple interest

PROPERTY INCLUSIONS: Real property

PROPERTY EXCLUSIONS: Personal property

DATE OF INSPECTION & VALUATION: January 7, 2020

SITE DESCRIPTION:
A. LAND AREA 8.885 acres (387,050 square feet)
B. SHAPE Generally rectangular
C. TOPOGRAPHY Ranges from generally level to gently sloping
D. SOIL CONDITIONS Typical
E. EASEMENTS AND ENCROACHMENTS None adverse noted
F. UTILITIES AVAILABLE All available including city water, sanitary sewer, natural gas, electricity and telephone
G. FLOOD PLAIN DESIGNATION Zone X (unshaded), an area of minimal flooding outside the 500-year flood plain; (Flood Insurance Community Panel Number 48113C0480K, dated July 7, 2014 for Dallas County, Texas)

ZONING: MF-1(A) [Multiple Family]
SCHOOL DISTRICT: Dallas Independent School District

SITE IMPROVEMENTS: 120 apartment units which are part of The Parks at Wynnewood, a 276-unit garden apartment complex which was constructed circa 1948-1949 and substantially renovated in the mid-1990s; the improvements have outlived their economic lives and no longer add any contributory value to the site

HIGHEST AND BEST USE:
A. SITE AS THOUGH VACANT Hold as a speculative investment over an interim period until market demand warrants construction of a medium-density multi-family residential project

B. PROPERTY AS IMPROVED Continue to operate the existing apartment units on an interim basis until market conditions warrant razing the improvements and redeveloping the site with a medium-density multi-family rental community

FINAL ESTIMATES OF VALUE:
A. "AS IS" MARKET VALUE $2,215,000

B. MARKET VALUE AS IF UNIMPROVED, NO DEED RESTRICTION IN PLACE AND UNDER CURRENT MF-1(A) ZONING $3,485,000

REASONABLE EXPOSURE TIME: 12 months

ESTIMATED MARKETING PERIOD: 12 months
IDENTIFICATION OF THE PROPERTY

The subject property is improved with 120 dwelling units that are part of The Parks at Wynnewood, a 276-unit apartment complex which was built circa 1948-1949 and substantially renovated in the mid-1990s. The dwelling units are situated on 8.885 acres of land area within the Southwest Dallas submarket.

The property has a physical address of 1805 S. Zang Boulevard and is comprised of a parcel of land located in the northwest quadrant of South Zang Boulevard and Wynnewood Drive, also fronting the southeast side of Pratt Street, City of Dallas, Dallas County, Texas 75224.

The reader is referred to the various maps within the body of this report for a visual depiction of the location of the property. Reference is also made to Exhibit D in the Addendum for a copy of the metes and bounds legal description. The acreage is legally identified as:

*BEING PART OF TRACT 1, BLOCK 5973, WYNNEWOOD GARDENS 4, EIGHTH SECTION, ALSO PART OF THE JOHN W. WRIGHT SURVEY, ABSTRACT NO. 1551, AN ADDITION TO THE CITY OF DALLAS, DALLAS COUNTY, STATE OF TEXAS*

PURPOSE OF THE APPRAISAL

The purpose of this appraisal is to estimate is two-fold:

1. estimate the "as is" market value of the subject property on the date of inspection; and

2. estimate the market value of the subject property as if unimproved, no deed restriction in place and under the current MF-1(A) zoning ordinance on the date of inspection, subject to the assumptions and limiting conditions that are presented in the body of this report.

INTENDED USE OF THE APPRAISAL

This appraisal is intended to assist our clients, Bank of America, N.A. and the Texas Department of Housing and Community Affairs, in asset market analysis and internal decision making. The report is not intended for any other use.

INTENDED USER OF THE APPRAISAL

The report is intended for use only by Bank of America N.A. and the Texas Department of Housing and Community Affairs. The appraisal has not and can not be readdressed. Use of this appraisal report by others is not intended by the appraisers.
PERSONAL INSPECTION AND VERIFICATION

The appraisers inspected the property at approximately 10:00 A.M. on January 7, 2020. Permission to inspect the property was granted by Mr. John Pool with Bank of America.

STATEMENT OF PRIOR SERVICES RENDERED

Stephen F. Ryan previously appraised the subject property in the three years prior to this current appraisal assignment. John D. Campagna has not performed any professional real estate 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 current appraisal assignment.

DEFINITIONS OF VALUE

For the purpose of this appraisal, except as limited in the Assumptions and Limiting Conditions, market value is defined as:

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

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 interests;
3. A reasonable time is allowed for exposure in the open market;
4. Payment is made in terms of 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.¹

Market value "as is" on the appraisal date is defined as:

the market value of a property in the condition observed upon inspection and as it physically and legally exists without hypothetical conditions, assumptions or qualifications as of the date the appraisal is prepared.²

REAL PROPERTY RIGHTS APPRAISED

The real property rights being appraised are the fee simple interest in the surface estate of the appraisal property, subject to any easements, zoning classifications, or other legal restrictions as noted in this report. The fee is considered as if unencumbered by any existing mortgages. Fee simple estate is defined as:

*absolute ownership unencumbered by any other interest or estate, subject only to the limitations imposed by the governmental powers of taxation, eminent domain, police power, and escheat.* \(^3\)

HISTORY OF OWNERSHIP

In accordance with Standards Rule 1-5a and 1-5b of the 2020-2021 edition of the *Uniform Standards of Professional Appraisal Practice* of The Appraisal Foundation, this section of the appraisal addresses the sales history of the subject property over the three years preceding the effective date of our appraisal. In addition, any current agreement of sale, pending contract, option or listing must also be disclosed.

According to the Dallas Central Appraisal District, the current owner of record is WCH Limited Partnership. This entity acquired the subject property on December 3, 1993 as recorded in Volume 93237/Page 5104 of the Dallas County deed records.

Our research of the Dallas County deed records indicates that there have not been any deed transfers of the subject property over the last three years. However, the reader is cautioned that the appraisers have not conducted a title search and no warranty is implied.

On the valuation date, the subject property was under contract to S Zang, LP. The salient points of this pending conveyance are outlined in the following table:

<table>
<thead>
<tr>
<th>SUMMARY OF PENDING CONVEYANCE</th>
</tr>
</thead>
<tbody>
<tr>
<td>LOCATION</td>
</tr>
<tr>
<td>REAL PROPERTY CONVEYED</td>
</tr>
<tr>
<td>GRANTOR</td>
</tr>
<tr>
<td>GRANTEE</td>
</tr>
<tr>
<td>CONTRACT PRICE</td>
</tr>
<tr>
<td>DATE OF CLOSING</td>
</tr>
<tr>
<td>VERIFIED BY</td>
</tr>
</tbody>
</table>

It is our understanding that this pending conveyance is being transacted between related-entities and is not arms-length. To the best of our knowledge, there were no other agreements of sale, pending contracts, options or listings on the property as of the valuation date.

---

SCOPE OF WORK

The scope of work is to provide the reader with an appraisal communicated in a narrative report that conforms to the 2020-2021 edition of the Uniform Standards of Professional Appraisal Practice ("USPAP") adopted by the Appraisal Standards Board of The Appraisal Foundation. To this end, an inspection of the property was conducted on January 7, 2020.

Relevant facts about the region, neighborhood and subject property, comparable data, and applicable approaches to value are set forth within the body of this report. The market data collected during our investigation were considered sufficient in order to arrive at the final estimates of value. The reader is referred to Exhibit A in the Addendum for a copy of the Appraisal Requirements.

The scope of this report is to focus on market conditions impacting the subject property and other factors that may have an effect on value. In preparing this report, the appraisers:

- inspected the subject property and surrounding environs in North Oak Cliff;
- gathered information on comparable land sales, pending contracts and current listings;
- inspected all properties used as comparables;
- confirmed and analyzed the data and applied the Sales Comparison Approach in arriving at the final estimates of value.

All of the comparable sales data that were researched included a review of the deed document with the date of recording and instrument number (volume and page) reported. In addition, the comparable data research included a review of plat documents, tax data and other public sources of information.

Due to the data base of comparable land sales, the Sales Comparison Approach was determined to be the best approach to value because the available comparable data are sufficient to provide adequate analyses and credible results.

The Cost Approach is inappropriate when there are no improvements or when the existing improvements do not add any contributory value to the site. Similarly, the Income Capitalization Approach is not utilized when there are no known ground lease data to generate income. The elimination of these approaches is justified and does not diminish the credibility of the valuation analyses.

The appraisal problem does not necessitate the use of all three approaches and the typical appraisal peer standard would not include all three approaches. The scope of work is fully identified under terms that do not violate the Uniform Standards of Professional Appraisal Practice. This report is a recapitulation of our data, analyses and conclusions.
SIGNIFICANT DATES

The value conclusions reported herein are subject to market conditions that existed as of the following dates:

<table>
<thead>
<tr>
<th>SIGNIFICANT DATES</th>
<th>January 7, 2020</th>
</tr>
</thead>
<tbody>
<tr>
<td>DATE OF INSPECTION</td>
<td></td>
</tr>
<tr>
<td>DATE OF VALUATION</td>
<td>January 7, 2020</td>
</tr>
<tr>
<td>DATE OF REPORT</td>
<td>February 28, 2020</td>
</tr>
</tbody>
</table>

COVERAGE

The valuation conclusions in this appraisal cover real property only. Items of personal property are not included in the valuation analyses.
PART II

FACTUAL DESCRIPTIONS
REGIONAL DATA

In the appraising of real estate, the future of a property is highly dependent on the external influences of the area. These influences can include forces in the surrounding community which have an effect on the value of the property being appraised. Because of this, the appraisers included a regional analysis of the Dallas/Fort Worth area.

The subject property is located in the Dallas/Fort Worth Consolidated Metropolitan Statistical Area (CMSA), locally referred to as the Metroplex. Situated in north central Texas approximately 300 miles inland from the Gulf of Mexico, the Metroplex has become one of the leading transportation hubs in the United States, as it delineates the approximate crossroads between the four largest population centers in North America - New York to the east, Chicago to the north, Los Angeles to the west and Mexico City to the south. The CMSA represents one of the major financial and population centers in the nation.

Dallas and Fort Worth are both situated on branches of the Trinity River and the two cities, located 30 miles apart, form the nucleus of the Metroplex. The Dallas/Fort Worth CMSA encompasses over 6,690 square miles of land area and is comprised of 12 counties including Collin, Dallas, Denton, Ellis, Henderson, Hunt, Kaufman and Rockwall counties in the Dallas PMSA (Primary Metropolitan Statistical Area) and Hood, Johnson, Parker and Tarrant counties in the Fort Worth PMSA.

This land area lies in two geographic soil formations known as the Blackland Prairie and the Cross Timber Prairie. The general topography is typified as gently rolling and ranges in elevation from 400 to 700 feet above sea level. The average temperature of the region is 65.7 degrees and the climate is enjoyable. Within 100 miles are 27 four-year colleges. The area is served by over 50 hospitals and two major medical education and research institutions.

Professional sports entertainment is provided by the Dallas Cowboys (football), Dallas Mavericks (basketball), FC Dallas (soccer), Dallas Stars (hockey) and Texas Rangers (baseball). Major tourist attractions include Six Flags Over Texas amusement park and the annual State Fair of Texas. Cultural activities in the area consist of opera, theatre, symphonies, museums and art centers. The wide variety of activities offered within the Metroplex creates a very desirable lifestyle.

"The value of real property reflects and is influenced by the interaction of basic forces that motivate human activity. These basic forces are divided into four major categories: social trends, economic circumstances, governmental controls and regulations, and environmental conditions." 4 The emphasis of this analysis will be the impact of the four forces on the value of real estate within the region, in general, as well as the impact on the subject property, in particular.

4 Ibid., p. 43.
SOCIAL FORCES

Two social forces have been identified as affecting property values within the Metroplex. These are population growth and household composition.

Population Growth - Demand for real estate can be measured by analyzing the increase in population within a region. The Dallas/Fort Worth region has experienced sustained population growth since the turn of the century. Population trends in the CMSA are summarized in the following table:

<table>
<thead>
<tr>
<th>POPULATION TRENDS</th>
<th>04/01/90 CENSUS</th>
<th>04/01/00 CENSUS</th>
<th>04/01/10 CENSUS</th>
<th>2019 ESTIMATE</th>
<th>2022 FORECAST</th>
<th>2019-2022 ANNUAL GROWTH</th>
</tr>
</thead>
<tbody>
<tr>
<td>CMSA</td>
<td>3,885,415</td>
<td>5,030,828</td>
<td>6,221,286</td>
<td>7,187,380</td>
<td>7,857,425</td>
<td>3.02%</td>
</tr>
<tr>
<td>COLLIN COUNTY</td>
<td>264,036</td>
<td>491,675</td>
<td>782,341</td>
<td>1,010,330</td>
<td>1,094,200</td>
<td>2.69%</td>
</tr>
<tr>
<td>DALLAS COUNTY</td>
<td>1,852,810</td>
<td>2,218,899</td>
<td>2,368,139</td>
<td>2,554,770</td>
<td>2,778,500</td>
<td>2.84%</td>
</tr>
<tr>
<td>DENTON COUNTY</td>
<td>273,525</td>
<td>432,976</td>
<td>662,614</td>
<td>874,240</td>
<td>950,500</td>
<td>2.83%</td>
</tr>
<tr>
<td>ELLIS COUNTY</td>
<td>85,167</td>
<td>111,360</td>
<td>149,610</td>
<td>189,820</td>
<td>204,415</td>
<td>2.50%</td>
</tr>
<tr>
<td>JOHNSON COUNTY</td>
<td>97,165</td>
<td>126,811</td>
<td>150,934</td>
<td>173,700</td>
<td>182,710</td>
<td>1.70%</td>
</tr>
<tr>
<td>KAUFMAN COUNTY</td>
<td>52,220</td>
<td>71,313</td>
<td>103,350</td>
<td>124,850</td>
<td>134,400</td>
<td>2.49%</td>
</tr>
<tr>
<td>PARKER COUNTY</td>
<td>64,785</td>
<td>88,495</td>
<td>116,927</td>
<td>134,620</td>
<td>145,300</td>
<td>2.58%</td>
</tr>
<tr>
<td>ROCKWALL COUNTY</td>
<td>25,604</td>
<td>43,080</td>
<td>78,337</td>
<td>101,020</td>
<td>109,900</td>
<td>2.85%</td>
</tr>
<tr>
<td>TARRANT COUNTY</td>
<td>1,170,103</td>
<td>1,446,219</td>
<td>1,809,034</td>
<td>2,024,030</td>
<td>2,257,500</td>
<td>3.71%</td>
</tr>
<tr>
<td>CITY OF DALLAS</td>
<td>1,007,618</td>
<td>1,188,580</td>
<td>1,197,816</td>
<td>1,301,970</td>
<td>1,351,400</td>
<td>1.25%</td>
</tr>
<tr>
<td>CITY OF FORT WORTH</td>
<td>447,619</td>
<td>534,694</td>
<td>741,206</td>
<td>848,860</td>
<td>908,790</td>
<td>2.30%</td>
</tr>
</tbody>
</table>

Source: North Central Texas Council of Governments

During 2019, the north central Texas region exhibited a population of just under 7.20 million. Since 2000, over 2.156 million people have been added to the area, representing a 43% increase over this time period. The average growth rate from 2000 to 2019 for the entire CMSA, compounded annually, was 1.90% with the largest population gains being experienced in Collin, Dallas, Denton and Tarrant counties.

The estimated 2019 population of Dallas County was over 2.554 million, accounting for 16% of the CMSA growth from 2000 to 2019. The estimated 2019 population of Tarrant County was over 2.024 million which equated to 27% of the CMSA growth over the last 19 years. The strong population gains are primarily due to three reasons:

- low unemployment rate coupled with dramatic employment growth;
- low cost of living; and
- attractive physical and locational environment.
The forecasted population of the CMSA will exceed 7.857 million by 2022. Future projections anticipate that the cities of Dallas and Fort Worth will not increase in physical population as rapidly as the surrounding suburbs. This is indicative of a continued shift from the central cities to the suburbs. At the present time, suburban population in Dallas County virtually equals the population of the City of Dallas, while suburban population in Tarrant County now outnumbers the population of the City of Fort Worth.

**Household Composition** - The number of households in the Dallas/Fort Worth region increased to over 3.19 million during 2019. This rapid household formation continues to reflect a decline in household size as a result of changes in the age distribution, delayed marriages, high divorce rates and lower birth rates. The average household size in the Metroplex declined from 2.52 in 1990 to 2.25 in 2019.

**Summary of Social Forces** - The social forces impacting on the marketability of real estate in the region consist of population growth and household composition. Based on forecasted trends, population growth is projected to exhibit increases into the foreseeable future, albeit at a slower rate than experienced during the 2000-2009 decade. However, the decline in household size will create net demand for housing which should offset slower population growth. As a result, the social forces combine to create continued demand and have a positive influence on the value of the subject property.

**ECONOMIC FORCES**

Two economic categories influencing real estate values consist of demand-side and supply-side factors. Demand-side economic characteristics include employment, industrial expansion, economic base of the region, income levels and consumer price trends.

**Employment** - Fluctuation in employment is a pivotal indicator of demand for real estate products. As local economies grow and offer additional employment opportunities, migrants are attracted to the region and native residents remain in the area to pursue jobs. The resulting net increase in households creates a growing labor force. Justifiably, demand for real estate grows or contracts as business employment expands or lessens. Therefore, user demand tends to parallel employment growth.

The Metroplex has the largest labor force in the state at more than 4.054 million as of year-end 2019. Major local industries include aerospace, computers and electronics, food processing, automobile assembly, banking, finance, insurance, and retail and wholesale merchandising. This diversified employment base has fostered continued economic growth in the region.
The following table ranks the 25 largest employers in the Dallas/Fort Worth area:

<table>
<thead>
<tr>
<th>RANK</th>
<th>COMPANY NAME</th>
<th>D/FW EMPLOYEES</th>
<th>TYPE OF BUSINESS</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>WAL-MART STORES</td>
<td>34,000</td>
<td>Retailing</td>
</tr>
<tr>
<td>2</td>
<td>AMERICAN AIRLINES</td>
<td>25,000</td>
<td>Air Transportation</td>
</tr>
<tr>
<td>3</td>
<td>BANK OF AMERICA</td>
<td>20,000</td>
<td>Financial Services</td>
</tr>
<tr>
<td>4</td>
<td>TEXAS HEALTH RESOURCES</td>
<td>19,230</td>
<td>Health Care Systems</td>
</tr>
<tr>
<td>5</td>
<td>DALLAS ISD</td>
<td>18,314</td>
<td>Public School System</td>
</tr>
<tr>
<td>6</td>
<td>BAYLOR SCOTT &amp; WHITE HEALTH CARE</td>
<td>17,200</td>
<td>Health Care</td>
</tr>
<tr>
<td>7</td>
<td>AT&amp;T</td>
<td>17,000</td>
<td>Telecommunications</td>
</tr>
<tr>
<td>8</td>
<td>LOCKHEED MARTIN AERONAUTICS</td>
<td>13,690</td>
<td>Aerospace Manufacturing</td>
</tr>
<tr>
<td>9</td>
<td>JPMORGAN CHASE</td>
<td>13,500</td>
<td>Financial Services</td>
</tr>
<tr>
<td>10</td>
<td>UT-SOUTHWESTERN MEDICAL CENTER</td>
<td>13,122</td>
<td>Health Care System</td>
</tr>
<tr>
<td>11</td>
<td>TEXAS INSTRUMENTS</td>
<td>13,000</td>
<td>Electronics</td>
</tr>
<tr>
<td>12</td>
<td>FORT WORTH ISD</td>
<td>12,000</td>
<td>Public School System</td>
</tr>
<tr>
<td>13</td>
<td>CITY OF DALLAS</td>
<td>12,836</td>
<td>Local Government</td>
</tr>
<tr>
<td>14</td>
<td>JPMORGAN CHASE &amp; CO.</td>
<td>12,600</td>
<td>Financial Services</td>
</tr>
<tr>
<td>15</td>
<td>HCA NORTH TEXAS DIVISION</td>
<td>11,600</td>
<td>Health Care System</td>
</tr>
<tr>
<td>16</td>
<td>U.S. POSTAL SERVICE</td>
<td>10,439</td>
<td>Postal Service</td>
</tr>
<tr>
<td>17</td>
<td>FORT WORTH ISD</td>
<td>10,129</td>
<td>Public School System</td>
</tr>
<tr>
<td>18</td>
<td>KROGER FOOD STORES</td>
<td>10,097</td>
<td>Retail Food &amp; Drugs</td>
</tr>
<tr>
<td>19</td>
<td>NAS-FW-JRB</td>
<td>10,000</td>
<td>Naval Reserve Base</td>
</tr>
<tr>
<td>20</td>
<td>SOUTHWEST AIRLINES</td>
<td>9,500</td>
<td>Air Transportation</td>
</tr>
<tr>
<td>21</td>
<td>TARGET</td>
<td>8,674</td>
<td>Retailing</td>
</tr>
<tr>
<td>22</td>
<td>ARLINGTON ISD</td>
<td>8,600</td>
<td>Public School System</td>
</tr>
<tr>
<td>23</td>
<td>UNITED PARCEL SERVICE</td>
<td>8,555</td>
<td>Package Delivery</td>
</tr>
<tr>
<td>24</td>
<td>VERIZON</td>
<td>8,100</td>
<td>Telecommunications</td>
</tr>
<tr>
<td>25</td>
<td>RAYTHEON COMPANY</td>
<td>8,000</td>
<td>Defense Manufacturing</td>
</tr>
</tbody>
</table>

SOURCE: DALLAS BUSINESS JOURNAL, Book of Lists

Population growth coupled with the diversified economic base resulted in a favorable employment environment for the region during 1995-2000 as evidenced by net job gains of between 78,700 and 134,200 per annum. This five-year period of strong employment growth was the longest consecutive period of sustained high job creation on record and the D/FW area ranked second nationally in job growth during the 1990s.

After experiencing the longest economic expansion in history, the U.S. went into a recession during 2001. The tragic events of September 11 eroded consumer confidence which was keeping the economy afloat. As a result, substantial layoffs occurred in the technology, telecommunications and travel-related industries.

Consequently, the Metroplex suffered a net loss of 109,500 jobs during 2002-2003. The job market bottomed-out in 2003 and rebounded in 2004-2008 as evidenced by the growth of 46,000 jobs in 2008. During the decade of the 2000s, the D/FW region experienced a total growth of 442,280 jobs.
However, the Dallas/Fort Worth region experienced a net loss of 50,100 jobs during 2009. In particular, the greatest concentration of job losses occurred in the construction, manufacturing, and leisure and hospitality sectors. The significance of this pattern, as it relates to real estate, would indicate abated demand for office, retail and industrial space during the economic recession.

While the nation continued to lose jobs, Dallas/Fort Worth rebounded during 2010-2018 and added a cumulative 798,900 jobs. This trend continued during 2019 with net employment growth of 98,277 jobs which was the fourth strongest year for employment gains in the region since the turn of the century. The D/FW area continued to rank among the top job-gaining metros in the nation during 2019.

The Dallas/Fort Worth region accounts for two of the 10 largest construction projects in the South. This includes the $2 billion second phase of the Dallas Logistics Hub in south Dallas County and the $1.2 billion D/FW International Airport terminal redevelopment. These projects have created job opportunities in the construction field.

The Dallas/Fort Worth job market remained strong during the recession, declining less than most metro areas in the country. Employment growth continued to climb during 2019 and companies in the private and public sectors across North Texas are looking to expand. Historical employment trends experienced in the Dallas/Fort Worth region since 2000 are depicted in the following table:

<table>
<thead>
<tr>
<th>D/FW AVERAGE ANNUAL EMPLOYMENT GROWTH (NON-AGRICULTURAL)</th>
<th>NEW JOBS</th>
</tr>
</thead>
<tbody>
<tr>
<td>2000</td>
<td>99,700</td>
</tr>
<tr>
<td>2001</td>
<td>11,800</td>
</tr>
<tr>
<td>2002</td>
<td>-69,900</td>
</tr>
<tr>
<td>2003</td>
<td>-39,600</td>
</tr>
<tr>
<td>2004</td>
<td>32,700</td>
</tr>
<tr>
<td>2005</td>
<td>66,400</td>
</tr>
<tr>
<td>2006</td>
<td>80,400</td>
</tr>
<tr>
<td>2007</td>
<td>66,500</td>
</tr>
<tr>
<td>2008</td>
<td>46,000</td>
</tr>
<tr>
<td>2009</td>
<td>-50,100</td>
</tr>
<tr>
<td>2010</td>
<td>36,700</td>
</tr>
<tr>
<td>2011</td>
<td>45,700</td>
</tr>
<tr>
<td>2012</td>
<td>79,200</td>
</tr>
<tr>
<td>2013</td>
<td>79,900</td>
</tr>
<tr>
<td>2014</td>
<td>136,900</td>
</tr>
<tr>
<td>2015</td>
<td>98,900</td>
</tr>
<tr>
<td>2016</td>
<td>113,500</td>
</tr>
<tr>
<td>2017</td>
<td>91,700</td>
</tr>
<tr>
<td>2018</td>
<td>116,400</td>
</tr>
<tr>
<td>2019</td>
<td>98,277</td>
</tr>
</tbody>
</table>

SOURCE: TEXAS WORKFORCE COMMISSION
Not only is job growth an important barometer of the economic status of a market area, but unemployment rates also provide valuable insight. The following table summarizes unemployment rates exhibited in the Dallas/Fort Worth area since 2000, in comparison to state and national averages.

<table>
<thead>
<tr>
<th>YEAR-END</th>
<th>DALLAS PMSA</th>
<th>FW-ARL PMSA</th>
<th>STATE OF TEXAS</th>
<th>U.S.</th>
</tr>
</thead>
<tbody>
<tr>
<td>2000</td>
<td>3.1%</td>
<td>3.2%</td>
<td>4.2%</td>
<td>4.0%</td>
</tr>
<tr>
<td>2001</td>
<td>4.8%</td>
<td>4.1%</td>
<td>4.9%</td>
<td>4.8%</td>
</tr>
<tr>
<td>2002</td>
<td>6.1%</td>
<td>5.4%</td>
<td>6.3%</td>
<td>5.8%</td>
</tr>
<tr>
<td>2003</td>
<td>7.1%</td>
<td>6.4%</td>
<td>6.7%</td>
<td>6.0%</td>
</tr>
<tr>
<td>2004</td>
<td>6.1%</td>
<td>5.5%</td>
<td>6.0%</td>
<td>5.5%</td>
</tr>
<tr>
<td>2005</td>
<td>5.3%</td>
<td>5.0%</td>
<td>5.3%</td>
<td>5.1%</td>
</tr>
<tr>
<td>2006</td>
<td>4.8%</td>
<td>4.7%</td>
<td>4.9%</td>
<td>4.6%</td>
</tr>
<tr>
<td>2007</td>
<td>4.2%</td>
<td>4.1%</td>
<td>4.3%</td>
<td>4.8%</td>
</tr>
<tr>
<td>2008</td>
<td>5.4%</td>
<td>4.9%</td>
<td>4.9%</td>
<td>5.8%</td>
</tr>
<tr>
<td>2009</td>
<td>8.0%</td>
<td>8.0%</td>
<td>8.0%</td>
<td>9.7%</td>
</tr>
<tr>
<td>2010</td>
<td>7.9%</td>
<td>7.9%</td>
<td>8.3%</td>
<td>9.4%</td>
</tr>
<tr>
<td>2011</td>
<td>7.8%</td>
<td>7.3%</td>
<td>7.2%</td>
<td>8.3%</td>
</tr>
<tr>
<td>2012</td>
<td>5.8%</td>
<td>5.9%</td>
<td>6.1%</td>
<td>8.1%</td>
</tr>
<tr>
<td>2013</td>
<td>5.5%</td>
<td>5.3%</td>
<td>5.6%</td>
<td>6.5%</td>
</tr>
<tr>
<td>2014</td>
<td>4.1%</td>
<td>4.0%</td>
<td>4.1%</td>
<td>5.4%</td>
</tr>
<tr>
<td>2015</td>
<td>3.6%</td>
<td>3.8%</td>
<td>4.2%</td>
<td>4.8%</td>
</tr>
<tr>
<td>2016</td>
<td>3.6%</td>
<td>3.8%</td>
<td>4.6%</td>
<td>4.5%</td>
</tr>
<tr>
<td>2017</td>
<td>3.1%</td>
<td>3.2%</td>
<td>3.7%</td>
<td>3.9%</td>
</tr>
<tr>
<td>2018</td>
<td>3.2%</td>
<td>3.3%</td>
<td>3.6%</td>
<td>3.7%</td>
</tr>
<tr>
<td>2019</td>
<td>2.9%</td>
<td>3.0%</td>
<td>3.3%</td>
<td>3.4%</td>
</tr>
</tbody>
</table>

SOURCE: TEXAS WORKFORCE COMMISSION

The economic recession impacting the entire nation caused unemployment to escalate during 2008-2010. However, unemployment steadily decreased during 2011-2019 as a result of the dramatic increase in jobs outpacing population growth. The preceding table illustrates that the D/FW region has consistently exhibited unemployment well below national averages.

According to the Texas Workforce Commission, the unemployment rate was 2.9% for the Dallas area and 3.0% for the Fort Worth area as of year-end 2019. For the same period, the unemployment rate for Texas was 3.3% and for the nation was 3.4%.

Analysts consider employment growth to be the most meaningful barometer of a regional economy. New jobs fuel demand for homes and apartments, increase retail sales and govern the leasing of commercial real estate such as office and shopping center space.

Subsequent to the economic downturn and credit crisis in the financial and equities markets, unemployment in the Dallas and Fort Worth metros has steadily decreased. Due to economic expansion, the outlook for the job market during 2020 is positive as various industries adjust their labor force.
**Regional Data**

**Consumer Price Index** - Another indicator of economic conditions is the Consumer Price Index (CPI), a measure of average changes in prices of goods and services bought by urban wage earners and clerical workers. The following table delineates historical CPI and average annual inflation rates in the CMSA region in comparison to national averages.

| CONSUMER PRICE INDEX AND AVERAGE ANNUAL INFLATION (BASE 1982-1984 = 100) |
|-----------------|-----------------|-----------------|-----------------|-----------------|
|                 | D/FW             | U.S.             |                 |                 |
|                 | AVERAGE INDEX    | INFLATION RATE   | AVERAGE INDEX   | INFLATION RATE  |
| 2000            | 164.7            | 4.2%             | 172.2           | 3.4%            |
| 2001            | 170.4            | 3.5%             | 177.1           | 2.8%            |
| 2002            | 172.7            | 1.3%             | 179.9           | 1.6%            |
| 2003            | 176.2            | 2.0%             | 184.0           | 2.3%            |
| 2004            | 178.7            | 1.4%             | 188.9           | 2.7%            |
| 2005            | 184.7            | 3.4%             | 195.3           | 3.4%            |
| 2006            | 190.1            | 2.9%             | 201.6           | 3.2%            |
| 2007            | 193.2            | 1.6%             | 207.3           | 2.8%            |
| 2008            | 201.8            | 4.5%             | 215.3           | 3.9%            |
| 2009            | 200.5            | -0.6%            | 214.5           | -0.4%           |
| 2010            | 201.6            | 0.5%             | 218.1           | 1.7%            |
| 2011            | 207.9            | 3.1%             | 224.9           | 3.1%            |
| 2012            | 212.2            | 2.1%             | 229.6           | 2.1%            |
| 2013            | 216.0            | 1.8%             | 232.9           | 1.4%            |
| 2014            | 218.4            | 1.1%             | 236.7           | 1.6%            |
| 2015            | 217.5            | -0.4%            | 237.1           | 0.2%            |
| 2016            | 220.7            | 1.5%             | 241.1           | 1.7%            |
| 2017            | 226.1            | 2.4%             | 246.5           | 2.2%            |
| 2018            | 232.8            | 3.0%             | 251.2           | 1.9%            |
| 2019            | 238.8            | 2.6%             | 257.0           | 2.3%            |

SOURCE: BUREAU OF LABOR STATISTICS

During 2002-2003, inflation in the region displayed a range from 1.3% to 2.0% in response to the economic recession impacting the entire country. Inflation in the D/FW area moderately increased to 1.4% during 2004 which was primarily attributable to the fact that wages did not rise at a rapid pace.

During 2005-2008, inflation trended upward in response to strong consumer demand as well as higher energy and medical costs. Because of the downturn in the housing market and crisis in the equity and financial markets, the D/FW inflation rate moderated during 2009-2010 before rebounding in 2011-2014. As a result of the significant drop in oil and gas prices, the D/FW inflation rate stagnated during 2015.

However, the market adjusted during 2016-2019 as evidenced by the Consumer Price Index which steadily rose from 220.7 to 238.8. In other words, a typical market basket of goods and services costing $100.00 in 1982-1984 would cost $238.80 in 2019.
The CPI trends illustrate the overall high standard of living in the region. Over the last 20 years, consumer costs were typically lower than U.S. averages and the cost of living was well below the national average at all income levels. A comparison of comparable metropolitan areas indicates that it costs less to live in the Metroplex than in all but a small number of cities in the south, few of which have the same metropolitan characteristics and amenities as does the D/FW region.

**Household Income** - During 2019, the median household income for the Dallas/Fort Worth region was $69,445 which exceeded the State of Texas by 16%. The median household income is forecast to escalate to $78,188 in 2024 which would equate to a compound growth rate of 2.4% per annum. Median household income is depicted in the following table:

<table>
<thead>
<tr>
<th></th>
<th>2019</th>
<th>2024</th>
<th>% ANNUAL CHANGE</th>
</tr>
</thead>
<tbody>
<tr>
<td>UNITED STATES</td>
<td>$60,548</td>
<td>$69,180</td>
<td>+2.7%</td>
</tr>
<tr>
<td>STATE OF TEXAS</td>
<td>$59,676</td>
<td>$67,509</td>
<td>+2.5%</td>
</tr>
<tr>
<td>DALLAS/FORT WORTH</td>
<td>$69,445</td>
<td>$78,188</td>
<td>+2.4%</td>
</tr>
</tbody>
</table>

SOURCE: STDB

**Residential Real Estate** - Dallas/Fort Worth new homebuilders experienced increased activity during 2019. This was attributable to the ongoing strong economic expansion and the return of consumer confidence with respect to the direction of the economy in the foreseeable future.

Homebuilders started 35,884 new homes during 2019, a 2.5% escalation from the 34,992 units started a year earlier. The volume of activity represented the most new construction since the pre-recession levels experienced in 2006. However, the 2019 construction was less than 75% of the annual building volume in the Dallas/Fort Worth region before the most recent recession.

After falling behind in the early months of 2019 due to the wet weather, homebuilders started the most houses in 12 years during 2018. At year-end 2019, over 15,000 homes were under construction in the Dallas/Fort Worth region which equated to a 7.0-month supply of housing inventory. Price points ranging from $200,000 to $300,000 accounted for most of the construction increase in 2019. Starts of houses that cost more than $500,000 were down almost 15% between 2018 and 2019.

This trend is expected to slightly moderate with builders forecast to start 35,000 homes during 2020. The supply of homes is at historic lows and the inventory of new housing is expected to remain very tight in North Texas.

Dallas/Fort Worth new home sales escalated during 2019 with 35,117 transactions recorded. In contrast, 33,419 closings were experienced during 2018. This equated to a 5.3% increase in new home sales between 2018 and 2019. D/FW area homebuilders experienced heightened traffic as evidenced by the record setting new home sales during 2019.
Sales activity would have been higher if there were more new houses to sell. A shortage of skilled labor, high land costs and longer construction timelines are keeping a lid on homebuilding in the Dallas/Fort Worth region. Historical supply and demand trends are summarized in the following table:

<table>
<thead>
<tr>
<th>Year</th>
<th>New Home Sales Volume</th>
<th>Change</th>
<th>New Home Starts Volume</th>
<th>Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>2002</td>
<td>37,272</td>
<td>+ 5.7%</td>
<td>37,753</td>
<td>+ 3.1%</td>
</tr>
<tr>
<td>2003</td>
<td>38,389</td>
<td>+ 3.0%</td>
<td>39,850</td>
<td>+ 5.6%</td>
</tr>
<tr>
<td>2004</td>
<td>41,374</td>
<td>+ 7.8%</td>
<td>43,578</td>
<td>+ 9.4%</td>
</tr>
<tr>
<td>2005</td>
<td>43,865</td>
<td>+ 6.0%</td>
<td>47,895</td>
<td>+ 9.9%</td>
</tr>
<tr>
<td>2006</td>
<td>46,189</td>
<td>+ 5.3%</td>
<td>48,128</td>
<td>+ 0.5%</td>
</tr>
<tr>
<td>2007</td>
<td>30,287</td>
<td>-17.1%</td>
<td>30,667</td>
<td>-36.3%</td>
</tr>
<tr>
<td>2008</td>
<td>22,273</td>
<td>-34.0%</td>
<td>19,782</td>
<td>-35.5%</td>
</tr>
<tr>
<td>2009</td>
<td>17,232</td>
<td>-31.8%</td>
<td>13,477</td>
<td>-31.9%</td>
</tr>
<tr>
<td>2010</td>
<td>16,147</td>
<td>-6.3%</td>
<td>15,033</td>
<td>+11.5%</td>
</tr>
<tr>
<td>2011</td>
<td>14,498</td>
<td>-10.2%</td>
<td>13,975</td>
<td>-7.0%</td>
</tr>
<tr>
<td>2012</td>
<td>16,416</td>
<td>+13.2%</td>
<td>17,947</td>
<td>+28.4%</td>
</tr>
<tr>
<td>2013</td>
<td>19,723</td>
<td>+20.1%</td>
<td>20,778</td>
<td>+15.8%</td>
</tr>
<tr>
<td>2014</td>
<td>21,792</td>
<td>+10.5%</td>
<td>25,902</td>
<td>+24.7%</td>
</tr>
<tr>
<td>2015</td>
<td>23,651</td>
<td>+8.5%</td>
<td>27,881</td>
<td>+7.6%</td>
</tr>
<tr>
<td>2016</td>
<td>27,713</td>
<td>+17.2%</td>
<td>29,337</td>
<td>+5.2%</td>
</tr>
<tr>
<td>2017</td>
<td>31,926</td>
<td>+15.2%</td>
<td>33,891</td>
<td>+15.5%</td>
</tr>
<tr>
<td>2018</td>
<td>33,419</td>
<td>+4.7%</td>
<td>34,992</td>
<td>+3.2%</td>
</tr>
<tr>
<td>2019</td>
<td>35,177</td>
<td>+5.3%</td>
<td>35,884</td>
<td>+2.5%</td>
</tr>
</tbody>
</table>

| 2020 FORECAST | 34,500 | 35,000 |

SOURCE: RESIDENTIAL STRATEGIES, INC.

The strength of the housing market during 2001-2006 was attributable to low mortgage rates, sustained job growth and aggressive builder incentives drawing people out of apartments and existing homes. The low interest rates make new homes under $175,000 very competitive with luxury apartments.

At the peak of the market in mid-2006, new homebuilders were starting over 5,000 more units than they were closing which ultimately led to an oversupply of finished homes. However, this trend has been mitigated as a result of builder discipline. Accordingly, the D/FW housing market is in much better shape than the rest of the U.S. and has adjusted to the new levels of demand. During 2020, new homes sales are expected to be around 34,500 transactions.

Overall, home prices keep rising in areas where employment growth remains in positive territory. The growth of the market continues to be focused in the under $300,000 price points. This price segment, which represented 35% of all new homes activity, grew by an impressive 7.5% during 2018-2019.
During 2019, the median price of new homes in the D/FW region was just over $355,000, slightly above the $350,000 from a year earlier. The jump in the median price was attributable to the sustained demand from homebuyers.

Since year-end 2006, the finished vacant housing inventory was reduced from 11,543 to 6,500 units, a decrease of 44%. As a result, the supply of finished unoccupied homes fell from over 6 months to about 2.2 months. In comparison, there is more than a 6-month supply of new homes for sale in the U.S. as a whole. Industry analysts consider an approximate 2.50-month supply to be the maximum acceptable level of finished vacant housing. During 2019, local homebuilders continued to rein in future starts until inventory levels were reduced to historical norms.

Sales of pre-owned homes rose significantly during the final months of 2019. Pre-owned home sales in North Texas jumped 15% in December 2019 from a year earlier, and home sales for all of 2019 hit a record of more than 108,000 purchases.

Additionally, there was a pre-owned housing inventory of just over 26,000 single family residences which were listed for sale in the Dallas/Fort Worth region at year-end 2019, up 22% from a year earlier. This represented some of the smallest numbers of listings in more than a decade and equated to a 3.0-month supply of homes in the Realtor's multiple listing service. In comparison, industry analysts equate a 6-month supply to be at equilibrium which indicates that the pre-owned housing inventory is undersupplied.

During 2019, the median sales price of pre-owned homes was about $270,000 which equated to an 8% increase from year-end 2018. Median home prices have risen more than 50% since the recession which is indicative of the sustained demand for residential housing in North Texas.

Competition continues to be the number one issue among homebuilders. Dallas/Fort Worth is the headquarters of 18 of the top 30 builders in the United States. These builders experienced decreased sales in 2007-2011 and lower profitability attributable to the economic recession. However, after bottoming-out in 2011, housing starts in North Texas have steadily increased and are anticipated to moderately escalate during 2020 as a result of the sustained economic expansion.

Heightened competition is limiting the builders’ ability to raise home prices although the escalating cost of materials (sheetrock, wood, concrete, etc.), lot price inflation and impact fees from municipalities reduced margins. Most builders anticipate that home prices will continue to rise during 2020.

Strong, positive job growth is a critical factor for the residential housing market in the months ahead because home buying activity continues to be fueled by previous years’ pent-up employment-driven demand. The D/FW region has historically outperformed other major metros around the country in job growth.

Homebuilders have worked down the overhang of unsold units and are well on their way to finding the new equilibrium of market demand. Due to sustained demand, the D/FW single family market displayed a noticeable reduction in the vacant home lot supply as of year-end 2019 with an estimated inventory of under 60,000 lots. The inventory of vacant developed lots represented a 21-month supply. In comparison, a 24-month supply is considered a theoretical equilibrium by industry analysts.
About 38,000 lots were under development at year-end 2019, generally even with the level of activity in the prior quarter. The homebuilder development time lines are running 14+ months which exceed the historical 9 months experienced in past housing cycles. Developers point to a lack of labor, slower municipal approval processes and scheduling challenges with franchise utilities as the primary culprits for this lengthier process.

Due to uncertainties in the international and domestic fronts and difficulties in the equities markets, mortgage rates remained at historically low levels which sustained home buying activity during 2007-2019. Mortgage rates averaged about 3.50% to 4.00% during 2019 and homebuyers took the opportunity to take advantage of one of the lowest rates in 10 years. Most economists predict that the 30-year mortgage rate will gradually rise during 2020 but will continue to remain extremely attractive by historical standards at around 4.00% to 4.25%.

The D/FW housing market is in the midst of a sustained housing boom and employment gains should help solidify the 2020 market performance. This indicates that home sales are expected to carry on at a steady pace in the near term.

**Summary of Economic Forces** - The economic forces impacting on the marketability of real estate in the region include demand-side and supply-side characteristics. The Metroplex offers a diversified economy with no single dominant industry and has experienced a healthy rate of relocations over the last 20 years.

Negative job growth attributable to layoffs, coupled with a national recession, resulted in an economic slowdown during 2002-2003. Due to moderate economic growth, the job market rebounded in 2004-2007. However, the regional markets experienced a housing slowdown in 2007 which continued during 2008-2010 with the failure of a number of large banks.

The resulting economic recession caused employers to downsize as evidenced by the reduction in the Dallas/Fort Worth workforce during 2009. However, the job market rebounded during 2010-2019 and experienced cumulative net employment growth of 897,177 jobs.

The speed of the current economic expansion is a function of local employment increases and the Dallas/Fort Worth region has historically outperformed other major metros around the country in job growth. The Metroplex remains an active housing market; however, homebuilders are throttling construction back to a more sustainable level.

The most recent economic indicators depict that single family housing values moderately escalated during 2019 due to the significant rise in new home sales under $300,000. The resurgence in the national economy coupled with dramatic employment expansion in the Dallas/Fort Worth region have fueled sustained housing growth. As a result, the economic forces are having a beneficial influence on the marketability of the subject property.
GOVERNMENTAL FORCES

Governmental regulations have a direct influence on the value of real estate.

County Government - Each of the counties comprising the Dallas/Fort Worth CMSA has its own governmental organization directed by a group of elected officials. These officials include a county judge and county commissioners. County revenues are predominantly collected from real property taxes, with the largest single application of funds normally being highway maintenance. Other important functions at the county level are maintenance of public records, county hospitals and judicial operations.

Municipal Government - The governmental agencies which have the greatest impact on the region are the cities of Dallas and Fort Worth. The cities of Dallas and Fort Worth are operated on an elected mayor/council basis with a city manager responsible for the day-to-day operations.

Services provided by the cities of Dallas and Fort Worth include fire and police protection, water and sewer services, refuse collection from single family residential locations and street maintenance. In addition, the cities are responsible for land use controls in the form of overall land use planning, zoning regulations and building codes.

During 2000-2019, both the cities of Dallas and Fort Worth experienced sustained growth but continued to maintain high standards for fire and police protection, as well as other necessary services. Furthermore, the regional transportation network, ranging from neighborhood streets to interstate highways, has consistently been well-maintained and upgraded. Public education in the Metroplex is provided by independent school districts which offer quality curriculum.

Dallas Area Rapid Transit - DART, an interconnecting public light-rail and bus system, serves passengers in the Dallas metro. Providing public transportation to a 16-city area, DART has 750 buses and 95 light-rail cars. DART officials project that about 400,000 passengers per day will utilize this mass transit system during 2020.

Zoning Ordinances - The zoning ordinances of the cities of Dallas and Fort Worth have not been a hindrance to additional growth in the community. Another element contributing to business growth has been the generally favorable tax structures of the various taxing authorities in the region, as well as the fact that the state of Texas has no corporate or personal income taxes.

Summary of Governmental Forces - The governmental agencies provide adequate services to all users. Public schools in the region have a good reputation and public transportation permits residents to commute to jobs in many different locations throughout the area. Zoning regulations and tax rates are favorable. The appraisers consider the governmental forces to enhance the marketability of the subject property.
ENVIRONMENTAL FORCES

The major environmental force considered to influence property values is transportation. Recognized as one of the major transportation centers in the nation, the Dallas/Fort Worth area is served by air, rail and a network of interstate highways extending in all directions.

**Air Transportation** - Located on 18,076 acres of land, Dallas/Fort Worth International Airport opened in 1974 and is currently served by 18 major airlines offering over 1,000 daily flights to 250 domestic and international destinations. In 2018, the airport handled over 69.1 million passengers, over 667,000 takeoffs and landings, and 625,000 tons of air cargo, ranking it as the fourth busiest operating airport in the U.S. Situated about 20 miles from the central business districts of both Dallas and Fort Worth, the economic impact of this airport extends for miles in all directions.

Dallas/Fort Worth International Airport has evolved into a major national/international “hub” airport for American Airlines, Delta Airlines and other large carriers. The airport generates more than $17 billion in economic activity annually and is moving forward on a $5.5 billion capital improvement program in spite of the challenges faced in the airline industry.

These improvements will be necessary to handle the projected future traffic at the airport which is anticipated to increase to 75 million passengers during 2020. Takeoffs and landings are forecast to virtually escalate 50% over the next two decades from 667,000 to 1.2 million. This will create thousands of jobs and generate millions of dollars for the Metroplex region.

Alliance Airport, which is located in far North Fort Worth, opened in December 1989 as the country's first all-industrial airport. The development is situated on 418 acres of land donated to the City of Fort Worth by The Perot Group. The project was originally funded by a $25 million grant provided by the Federal Aviation Administration and is managed by The Perot Group.

The purpose of the airport is for maintenance bases, cargo shipment and air carrier operations, and air freight distribution facilities for manufacturers. To date, major users which have constructed facilities at Alliance Airport include Federal Aviation Administration, American Airlines, Federal Express, Nokia, U.S. Drug Enforcement Administration, Intel and Santa Fe Railroad.

The Alliance submarket has become the fastest-growing warehouse, distribution and manufacturing market in Dallas/Fort Worth. Since opening, over 33.0 million square feet have been developed and this service sector provides support to more than 250 companies, 28,000 employees and 215,000 area residents that call the Alliance community home.

Still utilized as a major airport, Love Field is a Dallas municipally-owned airport. Love Field is the home base of Southwest Airlines which serves every major interstate and intrastate destination. In 2014, Love Field handled in excess of 9.0 million passengers, as well as 250,000 takeoffs and landing. During late-2014, the federal law that limited flights out of Love Field expired and airlines are now able to fly nonstop anywhere in the United States from Dallas. Accordingly, Love Field experienced about 15.63 million passengers during 2018 as a result of the termination of the federal restrictions.

Additional general aviation airports in the Metroplex which accommodate business and private aircraft include Meacham Field in Fort Worth, Addison Airport in far north Dallas County, Dallas Executive Airport in south Dallas County and Collin County Regional Airport in McKinney.
Rail Transportation - DART provides public bus and light-rail transportation within the Dallas area. Transportation to and from the region is additionally enhanced by Amtrak passenger railroad as well as a number of freight railroads.

Highway Transportation - Freight service is available via numerous motor freight carriers while Greyhound bus line provides passenger transportation. Four interstate highway systems service the Dallas/Fort Worth area, as well as two major highway loops (Interstate Highway Loop 635 in Dallas and Interstate Highway Loop 820 in Fort Worth) which encircle their respective cities.

Summary of Environmental Forces - The air, rail and highway transportation facilities available in the Metroplex provide a valuable amenity and contribute to making the region a leading business center. Environmental forces such as geography, climate and strategic location in terms of motor freight and air access are desirable and influence the value of the subject property in a positive fashion.

SUMMARY OF REGIONAL DATA

The Metroplex has a diversified economy, the population growth has been steady and there is an ample supply of housing and labor. Furthermore, the region has a well-developed transportation system which is attractive for residents.

The D/FW area has emerged as the major financial, manufacturing and service center of the entire southwest region of the United States. This is directly attributable to its geographic location, the accessibility of its airport to international markets, the availability of qualified personnel and the quality of life. For these reasons, the appraisers would conclude that the future of the Metroplex is excellent.

The sustained economic growth experienced by the Dallas/Fort Worth region is a function of local employment increases and the Metroplex has historically outperformed other major metros around the country in net job growth. As evidence of this, the region experienced net employment growth of 98,277 jobs during 2019.

Therefore, the appraisers would conclude that the social, economic, governmental and environmental forces impacting the region are favorable. Leading indicators signal that the housing market has continued to expand which is resulting in heightened demand for residential and commercial real estate as the region has recovered from the economic recession. Furthermore, the resurgence in the national economy coupled with dramatic employment gains in the Dallas/Fort Worth region have fueled sustained housing growth.

Industry analyst predict strong job and personal income gains, higher housing starts and home prices, and fewer bankruptcies in the Dallas/Fort Worth area during 2020. Those gains will help offset a decline in consumer spending after the recent federal fiscal tightening.

Dallas/Fort Worth job growth is anticipated to be around 2.0% per annum during 2020, as compared with the U.S. average of 1.5%. Furthermore, the Dallas/Fort Worth unemployment rate is expected to remain at or below 3.0% during 2020, well below the U.S. average of 3.4%. The economy is projected to expand by 2.75% during 2020, up from the previous forecast of 2.50%. As a result of sustained economic expansion, long-term prospects for value appreciation are good.
NEIGHBORHOOD DATA

A neighborhood is generally considered to be an area with conforming characteristics. It is defined as "a group of complementary land uses." The subject property is located in a neighborhood which is roughly bounded by:

- Interstate Highway 30 on the north;
- Interstate Highway 35E on the east;
- Kiest Boulevard on the south; and
- Loop 12/Spur 408 on the west.

OVERVIEW

A significant portion of the neighborhood is identified as North Oak Cliff. Land utilization is predominantly oriented to single family usage with residences constructed in the 1920s-1940s. Most of the commercial and retail properties are situated along Fort Worth Avenue, Jefferson Boulevard and Davis Street.

One of the oldest residential districts in Dallas is located within this neighborhood. Kessler Park, named for its designer, George Kessler, the city's first master planner, was developed in the 1920s. Today the Kessler area is usually defined as including four contiguous neighborhoods; Kessler Park, West Kessler, East Kessler and Stevens Park.

This district is bounded by Interstate 30 on the north, Hampton Road on the west, Beckley Avenue on the east and Colorado Boulevard or, farther west, Davis Street on the south. Homes in this area are some of the oldest in the city and most have been very well maintained. Prices for housing in the Kessler area range from about $100,000 to over $1 million.

OAK CLIFF GATEWAY TIF DISTRICT

A significant portion of the subject neighborhood is situated within the Oak Cliff Gateway TIF District which is bordered by Interstate Highway 30 on the north, the Trinity River Corridor on the north and east, and 12th Street on the south. The district was established by City Council Ordinance Number 21466 on November 11, 1992 to enhance the real estate market and encourage new investment by providing a source of funding for public amenities and infrastructure improvements.

The goal of the Oak Cliff Gateway TIF District is to promote redevelopment, growth and stabilization in North Oak Cliff. Since the start of the district in 1992, a total of 1,168 apartment units have been constructed with an additional 908 units planned. To date, about 560,259 square feet of retail, commercial and office space have been built. Approximately 103,302 square feet are planned as part of three new Bishop Arts projects.

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5 Ibid., p. 163.
HOUSING TRENDS

According to a survey of residential home sale prices conducted by the Greater Dallas Association of Realtors, the subject neighborhood is identified as being part of the North Oak Cliff submarket. Pre-owned housing trends are summarized in the following table:

<table>
<thead>
<tr>
<th>PRE-OWNED SINGLE FAMILY HOMES</th>
<th>NORTH OAK CLIFF SUBMARKET</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2016 SALES</td>
</tr>
<tr>
<td>NUMBER OF SALES</td>
<td>1,122</td>
</tr>
<tr>
<td>AVERAGE SALES PRICE</td>
<td>$215,062</td>
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<tr>
<td>AVERAGE SALES PRICE PSF</td>
<td>$131</td>
</tr>
<tr>
<td>NEW LISTINGS</td>
<td>1,465</td>
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<tr>
<td>PENDING SALES</td>
<td>1,277</td>
</tr>
<tr>
<td>AVERAGE DAYS ON MARKET</td>
<td>39</td>
</tr>
<tr>
<td>MONTHS INVENTORY</td>
<td>1.9</td>
</tr>
</tbody>
</table>

SOURCE: Multiple Listing Service, MetroTex Association of Realtors

During the first eleven months of 2019, the average single family pre-owned home sales price in the North Oak Cliff submarket was $248,266 with an average of 49 days on the market. This submarket experienced an approximate 3% increase in the sales prices of pre-owned homes from 2018 to 2019.

The preceding table highlights a residential market that has recovered from the housing slowdown that was experienced during the economic recession. Fueled by strong economic growth, the housing market is in the midst of sustained expansion.

MARGARET HUNT HILL BRIDGE

One of the signature projects impacting the subject neighborhood is the Margaret Hunt Hill Bridge (formerly the Woodall Rodgers Extension Bridge) over the Trinity River which opened to traffic in 2012. The structure is located between the Continental Avenue and Union Pacific Railroad bridges and links West Dallas and North Oak Cliff with downtown Dallas.

- World-renowned architect Santiago Calatrava designed the bridge.
- The 1,870-foot structure includes six lanes for vehicular traffic. The "signature" portion of the bridge is 1,200 feet in length.
- Cables attached to a 400-foot central transverse arch hold up the structure.
- The total cost for the bridge (including connections outside the levees) was $115 million. The City's contribution for bridge construction and right-of-way was capped at $28 million from Trinity River Corridor Project bond funds approved by voters in 1998. Federal and state agencies, and private donations, provided additional funding for the structure.
- The design was completed in April 2006.
- The builder’s contract was awarded in October 2006 and construction started in 2007. The bridge was completed in March 2012.
Situated at the base of the Margaret Hunt Hill Bridge at Singleton Boulevard is Trinity Groves, a 15-acre retail and entertainment district. Central to the Trinity Groves project is the Restaurant Concept Incubator program which encourages chefs and restaurateurs to present unique restaurant concepts.

Some of the concepts involved in the incubator program include Spanish Tapas, Middle Eastern, Latin-Asian fusion, Central American, Italian and sushi. Current restaurants include Potato Flats, Casa Rubia, Luck, Chino China Town, Tamale Diner and Saint Rocco’s. Free-standing restaurants include Babb Bros BBQ and Hofmann Hots. Four Corners Brewery recently opened at Toronto Street and Singleton Boulevard.

The next phase of Trinity Groves will be mixed-use in character. Anticipated projects will include residential apartment dwelling units, office buildings and additional retail facilities. In 2013, the Dallas City Council approved zoning that would allow 9 million square feet of apartments, retail space and offices over 31 acres in Trinity Groves. The rules governing parking, block size, street design, landscaping and open space are intended to encourage walking and biking.

In early-April 2014, development partners Roger Staubach and Robert Shaw announced plans for 1,000 apartments and complementary commercial space on Singleton Boulevard, near the western foot of the Margaret Hunt Hill Bridge. Construction on the first phase, Cypress at Trinity Groves, commenced in January 2016 and consisted of 250 apartments in a six-story building with 16,352 square feet of street-level space for stores, restaurants and other uses. The first units came on-line during late-summer 2017 with the retail space nearing completion.

Phase 1 of The Austin at Trinity Green is located at the southeast corner of Singleton Boulevard and Vilbig Street. This 355-unit, four-story apartment project was constructed on 6.138 acres of land area and is improved with a 334,512-square foot apartment building and a two-story parking garage. The multi-family project was developed by StreetLights Residential and opened in 2017. Phase 2 will be constructed on 13.513 acres adjoining the Phase 1 site.

**HORSESHOE PROJECT**

The Horseshoe Project is a $798 million design-build roadway construction project that was built by the Texas Department of Transportation (TxDOT) to improve traffic flow through the heart of downtown Dallas. Aptly dubbed the “Horseshoe Project” due to its U-shape, construction improvements included the expansion, repaving and addition of several new bridges and roadways along Interstates 30 and 35E. This included the construction of a new signature bridge, the Margaret McDermott Bridge, over the Trinity River which was designed by architect Santiago Calatrava.

The Horseshoe Project commenced in April 2013 and was completed in early-2018. Construction for the design-build project was managed by Pegasus Link Constructors (PLC) which comprises two of the world’s largest, most experienced design-build firms: Fluor Enterprises Inc. and Balfour Beatty Infrastructure. Their successful 10-year partnership resulted in three low-cost/high-value design-build projects in Texas over the last eight years. Key facts associated with the Horseshoe Project are summarized as follows:

- The $798 million project was led by the Texas Department of Transportation (TxDOT).
- Project area ranks among the 17 most congested roadways in Texas.
- More than 460,000 vehicles traverse Interstate Highways 30 and 35E every weekday.
The design-build method executed by Pegasus Link Constructors resulted in a quicker construction process at a lower cost.

Construction for the Horseshoe Project broke ground in early summer 2013 with the project completed in early-2018.

Construction improvements included replacing aging bridges and roadways built in the 1930s and 1950s that cross the Trinity River.

Improvements also included the widening of Interstate Highways 30 and 35E to a total of 23 lanes.

The project allowed for drive improved safety, increased capacity and enhanced mobility.

MAJOR DEVELOPMENTS

A number of major projects influence the subject neighborhood.

The neighborhood's economic anchor is Methodist Medical Center which is located at the intersection of Colorado Boulevard and Greenbriar Lane. This development is equipped with 515 licensed. As ranked by 2019 admissions, Methodist Medical Center is the sixth busiest hospital in the Dallas metro and is the major employer in the subject neighborhood. Methodist Medical Center was ranked as one of the top 10 medical facilities in the Dallas/Fort Worth region according to the U.S. News & World Report’s Best Hospitals D/FW metro area rankings.

Methodist Medical Center began a $116 million expansion in June 2007. The addition included a 72-bed patient bed tower with a 144-bed shell space for future expansion. Additionally, the expansion included additional surgical suites and a new entrance. The entrance and bed tower opened in June 2009 while the remainder of the expansion was completed in March 2010. To accommodate the new growth, the hospital recently completed a three-level parking garage for 411 parking spaces. Factual information on the operating performance of this hospital is summarized in the following table:

<table>
<thead>
<tr>
<th>HOSPITAL OPERATING PERFORMANCE UPDAT ED IN JULY 2019</th>
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<tbody>
<tr>
<td><strong>TYPE OF FACILITY</strong></td>
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<tr>
<td><strong>TYPE OF CONTROL</strong></td>
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<tr>
<td><strong>PATIENT DISCHARGES</strong></td>
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<tr>
<td><strong>TOTAL PATIENT DAYS</strong></td>
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<tr>
<td><strong>STAFFED BEDS</strong></td>
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<tr>
<td><strong>GROSS PATIENT INCOME</strong></td>
</tr>
<tr>
<td><strong>NET INCOME</strong></td>
</tr>
</tbody>
</table>

SOURCE: AMERICAN HOSPITAL DIRECTORY
In August 2011, Methodist Health System announced plans to spend $135 million to expand and renovate two southern Dallas County hospitals – Methodist Medical Center and Methodist Charlton Medical Center. Methodist Health System spent more than $108 million to expand the emergency, critical care and surgery department of the North Oak Cliff hospital with a new six-story trauma, critical and surgical care-tower which will be named the Charles A. Sammons Trauma and Critical Care Tower.

The 248,000-square foot critical care tower included 58 new emergency beds, six trauma suites, eight surgical suites, 36-bed critical care unit and the ability to expand to 11 stories. Construction on the tower commenced in early-2012 and was completed in late-2014.

Pinnacle Park is situated at the intersection of Interstate Highway 30 and Cockrell Hill Road. This 900-acre, master-planned business district is being improved with distribution warehouses, light manufacturing facilities, office buildings and retail centers.

Development for the project was prompted by the construction of the Interstate 30/Loop 12 interchange which provided access to the previously inaccessible tract of land. Construction of the infrastructure improvements commenced in 1998 on the site of a former rock quarry and cement plant.

The City of Dallas has designated Pinnacle Park as an "enterprise zone" with tax abatements available to builders and businesses. The district also has "triple freeport" status and these incentives have served to create demand for lease space. To date, over 30 industrial and office tenants have relocated to Pinnacle Park including SBC Communications, Garden Ridge Pottery, Neiman Marcus, Quality Logistics Systems, Stewart & Stevenson Services, Southwest Moulding, Taylor Farm Texas and Plumbmaster.

A number of major retailers including Lowe's Home Improvement Warehouse and Wal-Mart have constructed stores in Pinnacle Park. The 200,000-square foot Wal-Mart Supercenter was completed in the summer of 2003 on 21 acres at the entrance to Pinnacle Park on the southwest corner Cockrell Hill Road and Interstate Highway 30. The Wal-Mart store employs 500 people and is generating $50 million in annual sales. Surrounding pad sites have been improved with McDonald's, Whataburger, Wendy's, Chili's and Golden Corral.

The culturally-diverse Jefferson Boulevard commercial corridor is the spine of old downtown Oak Cliff. The existing buildings are occupied by retailers that run the gamut from mom-and-pop stores to national chains. About 13,000 to 15,000 vehicles traverse Jefferson Boulevard each day which is a desirable asset for drive-by retailers.

Two rehabilitation projects are elevating Jefferson Boulevard to its full potential - the historic Texas Theatre and Jefferson Tower. The Texas Theatre, the site of Lee Harvey Oswald's arrest on Jefferson Boulevard, underwent extensive renovations and reopened in 2008.

Jim Lake Companies purchased the 8-story Jefferson Tower in January 2013 and two adjoining multi-tenant retail storefronts which comprise an entire block of Jefferson Boulevard between Bishop Avenue and Madison Street. Jefferson Tower, which was constructed in 1928 and subsequently renovated in late-2001, is on the National Register of Historic Places.

Jim Lake Companies recently completed the renovation of the facility into 17 lofts, three floors of office space (2nd, 7th and 8th floors) and ground level retail space. Retail tenants include The Island Spot, J.D.'s Barbecue, Valentino & Filipp, Kookie Haven, Nola Snowballs, Bella Dental and Bishop Barbers.
The Bishop Arts District resembles a smaller version of Deep Ellum and is situated on Bishop Street, just south of Davis Street. A 16-month renovation of this three-block long business district was completed in July 2001 and included improved streetscapes, new traffic signals, a tiled plaza, new parking configurations and historic lighting. The $2.67 million project was funded by federal and City of Dallas funds. This destination-oriented district is occupied by a variety of specialty shops and restaurants.

The Bishop Arts District is home to over 50 local merchants and includes restaurants, boutiques and professional services. Restaurants include Café Brazil, Café Madrid, Hunky's Hamburgers, Tillman's Roadhouse, Eno's Pizza Tavern, Lucia, Hattie's, Zen Sushi, Oddfellows, El Jordan Café, Lockhart BBQ, Veracruz Café, Greek Café and Bakery, Cretia's, Bolsa Mercado, 303 Bar and Grill, Bolsa, Waldron Lodge and Gloria’s. Merchants include Bishop Street Market, The Book Doctor, Sweet Chocolate, Indigo1745, Epiphany, Zola’s Everyday Vintage, Dirt, Kiez, Just Add Jeans, Oak Cliff Bicycle Shop, Society, Green Pet and The Artisans Collective.

Bishop Arts Village, LLC has assembled 32 parcels of land roughly bounded by Melba Street on the north, Madison Avenue on the east, West 10th Street on the south, Bishop Avenue on the east and West 9th Street. Most of the area being assembled comprises older multi-family buildings, single family homes and vacant lots.

Bishop Arts Village is 10 years in the making as the developer has been acquiring sites since 2008 when this entity received $2 million from the City of Dallas Oak Cliff Gateway Tax Increment Financing (TIF) District Board. The $40 million project is one block south of the Bishop Arts District and four blocks north of Jefferson Boulevard. The first phase of construction commenced in late-2015 with the demolition of the existing buildings. The project will include upper level multi-family dwelling units and ground level commercial, office and retail lease space along Bishop Avenue.

Bishop Arts Station is situated in the northwest and southeast quadrants of Davis Street and North Zang Boulevard. Bishop Arts Station is a $57 million mixed-use project which was developed by Alamo Manhattan. Construction began in fall 2016 with completion in 2019. Situated at the northwest corner of West Davis Street and North Zang Boulevard is Novel Bishop Arts, a mixed-use project consisting of 302 apartment units which are five-stories in height with 5,959 square feet of ground floor retail and an additional 16,613 square feet of restaurant space. The development is also improved with a seven-story parking garage.

The northeast corner of West Davis Street and North Zang Boulevard is improved with Bishop Arts Victor Prosper, a mixed-use project consisting of 120 apartment units and 3,029 square feet of ground floor retail space. The building is five-stories in height and is improved with a sub-grade parking garage.

The southwest corner of this intersection is being improved with Bishop Station, a mixed-use project consisting of 96 apartment units housed in a five-story building with 7,912 square feet of ground floor retail and 11,816 square feet of restaurant space. The project adjoins the Bishop Station DART line which carries the Oak Cliff Streetcar.

Zang Triangle is situated at the north corner of Zang Boulevard and Plowman Avenue, also fronting the south side of Oakenwald Street. Completed in 2011, the four-story, 260-unit "wrap" apartment project is situated on 3.331 acres of land area. Amenities include a resort-style swimming pool with outdoor dining, poolside grill and firepit. A fitness center overlooks the pool. The two-story clubhouse includes a sports lounge with billiards and a Wi-Fi internet café with daily coffee and hot tea service.
In April 2009, BancSource started construction on Phase I of La Reunion Town Center, a mixed-use master-planned project situated along the northwest and southeast sides of Fort Worth Avenue, southwest of Colorado Boulevard. The property is in the Fort Worth Avenue TIF (Tax Increment Financing) District. Proposed plans called for more than 1,300 new residential units, over 87,000 square feet of retail space and a movie theatre. The project replaced the Colorado Place apartment community which was constructed in 1940. Ownership commenced demolition of the apartment community in early-2010.

Phase I included the construction of Avalon at Kessler Park, a four-story active senior living facility improved with 198 dwelling units. The senior living facility is situated on 5.888 acres of land along the northeast side of Bahama Drive, just southeast of Fort Worth Avenue.

Lincoln Property Company acquired 18.620-acres at the southwest corner of West Colorado Boulevard and Fort Worth Avenue for a mixed-use project. Purchased in April 2016, Phase 1 of the project consists of 12.6096 acres which was developed with Lincoln Kessler Park, a three-story, 299-unit apartment project budgeted at $30 million. The complex opened in summer 2018. Approximately 57,000 square feet of retail/commercial space are under construction on Phase 2 of the project which is situated on 6.0104 acres of land area. The first retail bays are nearing finish-out.

During 2003, developer Monte Anderson with Option Real Estate acquired the Belmont Hotel which was constructed in 1946 by Charles Stevens Dilbeck. Located at Fort Worth Avenue and Sylvan Avenue, the hotel sits on man-made cliffs consisting of over 8,000 cubic yards of dirt and rock which were brought in to offer unparalleled view of the Dallas skyline. Over time, the hotel fell into disrepair before being acquired by Mr. Anderson. The restoration of the hotel was completed in late-2005 and consists of four distinctive buildings containing more than a dozen different room configurations for a total of 68 rooms.

Options Real Estate Investment has constructed The Villas at Dilbeck Court next to the Belmont Hotel which consists of 34 residential lots. Three homes have been constructed to date. Homeowners will be able to share amenities of the hotel including the health club, swimming pool and maid service. The development will be gated and include green space and a walking trail.

Situated on 4+ acres near the Belmont Hotel, just north of Fort Worth Avenue is The Meridian – Phase 1 and 2. The project consists of 53 single family lots and was developed by PSW. Homes range in size from 1,314 to 1,829 with prices starting at $342,000.

The east corner of Sylvan Avenue and Fort Worth Avenue is improved with Sylvan/Thirty, a mixed-use project situated on 6.34 acres that also fronts Interstate Highway 30. Completed in mid-year 2014, the complex consists of 49,134 square feet of commercial lease space with 201 studios and loft apartments. Developed by Oaxaca Interests and designed by Hodges & Associates, the mixed-use center is anchored by Cox Farms Market, a specialty grocer which occupies 11,000 square feet of the center, Sync Yoga, Boom Juice, Whisk Crepe’s Café, CiboDivino Market Place, CrossfitDeep and TacoDeli. Cox Farms Market was the first retailer to open in late-April 2014.

Situated at the northeast corner of Fort Worth Avenue and Yorktown Street, just northeast of Sylvan/Thirty, is Alexan West, a Trammell Crow Residential development. Construction on Alexan West commenced in mid-2015 and the first units came on-line in July 2016 with the entire complex completed in January 2017. The 340-unit project, stick wrap with adjacent retail, is situated on 5.702 acres and was previously improved with the Mission Motel.
Neighborhood Data

- Broadstone LTD has frontage on West Commerce Street, just west of Hardwick Street. The 4.4536-acre site was developed by Broadstone Trinity Groves LLC. The four-story, mixed-use structure contains 308 apartment dwelling units comprising 246,740 square feet of net rentable area. In addition, about 15,035 square feet of retail storefronts are located on the first level. The first dwelling units came on line in December 2017.

- The Pike Apartments are situated on West Commerce Street between Haskell Street and Pittman Street. Completed in 2014 on 7.954 acres, the 255 dwelling units are housed in a three-story building that contains 284,445 square feet of net rentable area.

- Sky Modern developed Phases I and II of Kessler Woods which are located at the northeast corner of Oak Cliff Boulevard and Kessler Woods Court near Stevens Park municipal golf course. Phase I consisted of 11 single family lots while Phase II was developed with an additional 19 lots. The striking modern homes within Kessler Woods display price points ranging from $500,000 to over $1.5 million. Construction was set to begin on Kessler Woods - Phase III at the northwest corner of West Davis Street and Stevens Village Drive, also fronting the east side of Oak Cliff Boulevard. The property contains 8.9728 acres of land area which were slated to be improved with 14 patio homes, 26 two-story townhome units, 35 three-story townhome units and a 31-unit podium condominium development.

  Due to the downturn in the economy, this project was put on hold. Furthermore, the 8.9728-acre tract and three additional nearby tracts were acquired by Amegy Bank via foreclosure and resold in May 2011 to Cienda Partners, a local development company. Most recently, approximately 6.290 acres of this parcel were sold to David Weekley Homes which will construct single family and townhome units. The remaining 2.682 acres are listed for sale.

- Just east from what was to be Kessler Woods - Phase III is a 4.944-acre tract of land that was originally owned by the InCap Fund. Wood Partners subsequently acquired the site and constructed a 207-unit apartment community identified as Alta West Davis. The three-story Green Building is situated at the southwest corner of West Davis Street and Rosemont Street. Amenities on this Class A property include an on-site bike rental and repair shop, electrical car charging stations, 24-hour fitness center, resort-style pool and cabana, on-site concierge service and billiards room. The units range in size from 563 to 1,214 square feet and include one bedroom/one bath and two bedroom/two bath floor plans.

  In December 2013, Wood Partners sold Alta West Davis to Bell Partners at an undisclosed price. The project was subsequently renamed the Bell Bishop Arts.

- JPI, an Irving-based apartment developer, constructed Jefferson at Kessler Park in two phases. Located at the west corner of Zang Boulevard and Greenbriar Drive, Phase I was built in 2001 and consists of 338 apartment units on 16.3878 acres. Phase II was completed in 2003 and consists of 336 dwelling units on 13.901 acres. The 674-unit project was acquired by a Colorado investor in September 2006 for over $93,000 per unit and then renamed to Grand Estates at Kessler Park.

- The Lake Cliff Tower was redeveloped into a 54-unit one- and two-bedroom loft-style condominium complex. Located at the east corner of Zang Boulevard and Colorado Boulevard, Evergreen Realty Partners completed the rehabilitation of the 85,000-square foot building in January 2007. The historic 12-story building was originally constructed between 1928 and 1932 as a luxury hotel.
The dwelling units range in size from 895 to 2,030 square feet and are priced from $130,000 to $300,000. Amenities include 24-hour management services, concierge services, community swimming pool, billiards lounge and landscaped greens. The tower overlooks the Downtown Dallas skyline as well as the 44-acre Lake Cliff Park. It was reported that the last of the 54 units sold in January 2010.

- Dallas National Golf Club is located on 388 acres in the northeast quadrant of Keeneland Parkway and Duncanville Road. Opened in 2002, this 18-hole layout was designed by the renowned golf architect Tom Fazio. The prestigious club was developed by Mr. John Macdonald and Potomac Golf, an affiliate of Prudential Real Estate Investments.

The golf course features 7,200 plus yards; Crenshaw L-93 Bentgrass greens; three large plateaus with 160-foot elevations; eight bridges; 12 holes atop or on the edge of plateaus; holes 9-14 are cut through limestone canyons; two streams running through the canyons; views of Downtown Dallas and Las Colinas; and cart paths dyed reddish tan to blend with nature. The development also includes a 130-yard wide driving range, two short-game practice areas in secluded coves, two putting greens, and a 12,000-square foot clubhouse with men's and women's locker rooms.

The Dallas National initiation fee was originally $100,000 for charter members and currently is $150,000; the initiation fee will rise exponentially as more members join. The exclusive, golf-only membership is limited to 350 members.

- There are several public facilities serving the neighborhood. The Dallas Public Zoo, located just southeast of the neighborhood, is the only zoo in the city. Stevens Park Municipal Golf Course is an 18-hole course situated at the intersection of Hampton Road and Plymouth Road. Samuell Colorado Park, Lake Cliff Park and Kidd Springs Park are located within the neighborhood and provide recreational amenities.

**SUMMARY**

Access from the subject neighborhood to employment centers, shopping malls and entertainment venues in alternate sectors of the Dallas metro is convenient due to the extensive street patterns in and out of the area. Zoning has been beneficial and the level of real estate taxes is reasonable. Utility services have been sufficient for past needs and no hazards or nuisances were noted as being present.

The neighborhood is identified as North Oak Cliff and is predominantly single family residential in character. Due to the age of many of the improvements, deferred maintenance is commonplace and some sectors of the neighborhood are in the declining stage of their life cycle.

However, a significant number of revitalization projects are currently underway or planned within the neighborhood. As a direct result of the implementation of the Oak Cliff Gateway TIF District, older residential, commercial and industrial buildings are being razed and replaced with high-density, mixed-use apartment and retail projects. The influx of new residents is creating economic prosperity which is an asset to the marketability of the subject property.

The future of the neighborhood is considered good due to social, economic, governmental and environmental influences. Furthermore, the resurgence in the national economy coupled with dramatic employment expansion in the Dallas/Fort Worth region has fueled sustained housing growth. The appraisers would conclude that the neighborhood, in general, and the subject property, in particular, will continue to experience value appreciation in the near future.
The subject property consists of a tract of land located in the northwest quadrant of South Zang Boulevard and Wynnewood Drive, also fronting the southeast side of Pratt Street. Reference is made to Exhibit B in the Addendum for photographs of the acreage that were taken by John D. Campagna on January 7, 2020.

**SIZE AND SHAPE**

According to the metes and bounds survey that was prepared by Mr. Gregory Mark Peace (R.P.L.S. 6608) on October 23, 2018 and is presented as Exhibit D in the Addendum, the subject property contains 8.885 acres or 387,050 square feet of land area. The tract is generally rectangular in shape which is conducive to development potential. The dimensions of the site are roughly 1,077’ X 285’ X 1,192’ X 334’. The reader is referred to the Plat Map a visual depiction of the configuration of the acreage.

**FRONTAGE AND SHAPE**

The subject lot has frontage along two public streets:

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<tr>
<td>PRATT STREET</td>
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</table>

At the subject parcel, South Zang Boulevard traverses in a northeast-southwest direction and is improved with concrete pavement, curbs, gutters and storm sewers. This bi-directional primary traffic artery bisects North Oak Cliff and provides direct linkage to Interstate Highway 30. Approximately one mile to the north, South Zang Boulevard intersects with East Jefferson Boulevard. About ¼ mile to the south, South Zang Boulevard accesses West Illinois Avenue.

Pratt Street is a two-lane, bi-directional right-of-way which is improved with concrete pavement, curbs, gutters and storm sewers. This secondary street traverses in a northeast-southwest direction and links South Zang Boulevard on the northeast with South Llewelyn Avenue on the southwest.

Due to the quality and quantity of street frontage along two public right-of-ways, the subject tract has an above-average location within the North Oak Cliff neighborhood.

**TOPOGRAPHY**

The topography ranges from fairly level to gently sloping. The terrain is at street grade with South Zang Boulevard and Pratt Street.
**FLOOD PLAIN**

The reader is cautioned that the appraisers are not experts in determining flood zone elevations and were not provided with a flood zone certificate for the subject tract. According to Flood Insurance Community Panel Number 48113C0480K, dated July 7, 2014 for Dallas County, Texas, the acreage appears to be located in Zone X (unshaded) which is defined as an area of minimal flooding outside the limits of the 500-year flood plain.

Reference is made to the Flood Zone Map which illustrates the flood hazard boundaries in the neighborhood. No portions of the subject parcel appear to be located within a special flood hazard area (SFHA) as designated by the Federal Emergency Management Agency. Drainage on the site appears adequate.

**SOIL CONDITIONS**

According to the U.S. Department of Agriculture Soil Conservation Service, the soils on the acreage are identified as Urban land and Lewisville-Urban land complex. Urban land consists of extensively built up areas where 75 percent or more of the surface is covered with buildings and pavement. Lewisville-Urban land is made up of deep, well-drained, gently sloping soils and areas of Urban land.

This complex is indigenous to North Oak Cliff and there appear to be no adverse soil or subsoil conditions as evidenced by the improvements on other sites in the immediate area which exhibit no apparent major structural flaws caused by soil settlement. However, the appraisers are not experts in the field of soil study and recommend a soil survey to determine if any possible subsoil problems exist. It is assumed that any soil limitations can be overcome with careful installation at the time of development.

**ENVIRONMENTAL HAZARDS**

In conjunction with the demolition of the existing improvements on the subject tract, it was reported to the appraisers by Mr. John Pool, Vice President with Bank of America, that the apartment buildings contain asbestos and the costs for abatement have been estimated at $450,000. It is assumed that this estimate is reasonable and that the apartment buildings do not contain any other environmentally hazardous materials which would inflate the abatement costs.

During our inspection, no visual signs of any other existing or potential environmental hazards were noted on or in the subject property. Furthermore, we do not have any knowledge of the existence of any other environmental hazards on or in the groundwater, soil or improvements.

However, it is noted that the appraisers are not qualified to detect such substances and the client is urged to retain the services of a professional expert in this field, if so desired. Our valuation is predicted on the assumption that there are no other environmentally hazardous materials on or in the groundwater, soil or improvements that would cause a loss in value.

**UTILITY AVAILABILITY**

All utilities are available to the subject property including sanitary sewer, city water, natural gas, electricity and telephone. Electricity is supplied by various energy providers via overhead power lines. Telephone service is available from a number of telecommunication companies which have transmission cables attached to the power poles.
Natural gas is distributed by Atmos Energy by way of underground mains in the public right-of-ways. Water and sanitary sewer services are delivered by the City of Dallas via underground utility mains that are located in the South Zang Boulevard right-of-way.

Each of the utility companies has historically had adequate existing capacity to serve its current customers and sufficient planned capacity to serve future growth. No shortages are anticipated in the foreseeable future.

**POLICE AND FIRE PROTECTION**

Police and fire protection is provided by the City of Dallas.

**EASEMENTS AND ENCROACHMENTS**

A title policy was not provided to the appraisers during the preparation of this report. Based on our visual inspection, the encumbrances impacting the subject property appear to be utility easements that are typical of the neighborhood. However, the reader is cautioned that this should not be taken as a guarantee or warranty that no detrimental easements or encroachments exist. It is assumed that there are no easements or encroachments which are adverse to marketability.

**ZONING**

The subject property is zoned MF-1(A) which is a medium-density residential district designed primarily for garden-style, multiple-family construction, either for apartment rental purposes or condominium usage. Lower density residential usages including single family homes, duplexes, and townhomes are also permitted under this ordinance. Reference is made to the Zoning Data section for a summary of the MF-1 ordinance.

The existing improvements have outlived their economic lives and no longer add any contributory value to the subject site. Therefore, an analysis of whether the existing improvements conform to the MF-1(A) zoning was not included in this valuation assignment.

The reader is cautioned that detailed zoning studies are typically performed by zoning or land use experts including attorneys, land use planners or architects. The depth of our study correlates directly to the scope of this appraisal assignment and it considers all pertinent issues that have been discovered through our due diligence. We note that this appraisal is not intended to be a detailed determination of compliance, as that determination is beyond the scope of this real estate appraisal assignment.

**EXISTING IMPROVEMENTS**

The subject property is part of The Parks at Wynnewood apartment rental community. On the valuation date, 276 dwelling units remained on 35.2276 acres of land. The Parks at Wynnewood were constructed circa 1948-1949 and substantially renovated in the mid-1990s. As of January 7, 2020, the rental community was 95% occupied.

The subject site is improved with 120 dwelling units which contain 102,082 square feet of building area. Due to normal wear and tear, the apartment buildings exhibit a substantial amount of physical deterioration and are an underutilization of the site. The improvements have outlived their economic lives and no longer add any contributory value.
In accordance with the second purpose of the appraisal as requested by Bank of America, the appraisers will analyze the subject property “as if unimproved” and ready for development. According to Mr. John Pool, Vice President with Bank of America, the cost to demolish the existing improvements has been budgeted at $500,000.

Furthermore, it was reported to the appraisers that the improvements require asbestos abatement prior to demolition. Mr. John Pool indicated that the cost for abatement has been budgeted at $450,000. It is assumed that this estimate is reasonable and that the apartment buildings do not contain any other environmental hazardous materials which would inflate the abatement costs.

**SURROUNDING DEVELOPMENT**

Directly northwest of The Parks at Wynnewood is a residential subdivision known as Wynnewood North which is roughly bounded by Vernon Avenue on the north, Zang Boulevard on the east, West Illinois Avenue on the south and West Clarendon Drive on the west. Wynnewood North comprises 820 acres which were developed post-World War II due to a shortage of housing in the Dallas area.

The single family homes in Wynnewood North are generally well-maintained featuring ranch-style architecture. Many of the streets are tree-lined which wind around a hilly terrain.

Adjacent to the northwest corner of West Illinois Avenue and Zang Boulevard is Wynnewood Village which was developed by Angus Wynne in 1949. The community shopping center contains 443,681 square feet of net rentable area and is anchored by a 51,000-square foot Kroger grocery store, 30,443-square foot Ross and 26,000-square foot Fallas Parades. Shop space tenants include Family Dollar, CiCi’s Pizza, Rainbow, T Mobile, Subway, Wing Stop, Top’s Café, Mighty Dollar, Chase Bank, El Rancho Supermarket and the Dollar Store.

A $1.05 billion bond package that was passed in November 2017 by Dallas voters includes $1.73 million in flood control and storm drainage improvements around Wynnewood Village. There is also money for street resurfacing and connecting Elm Trail, about one mile east of Wynnewood Village.

In August 2017, Brixmor Property Group, owner of Wynnewood Village, announced plans to update the shopping center at a cost of $30 million with the additions of a theatre and fitness center. Step one consisted of the demolition of an old medical office building that adjoins the shopping center and was purchased by Brixmor in early-2017. The core shopping center will get new landscaping, facade and parking lots. Furthermore, a section near an existing roundabout will be a new focal point of the shopping center. In July 2018, California-based Maya Cinemas announced plans to open a 14-screen first run theater within the center. Additionally, LA Fitness recently opened a 34,000-square foot fitness center within the center.

The City of Dallas has agreed to make drainage improvements around Wynnewood at a cost of $1.73 million in flood control and storm drainage improvements. The other improvements in the bond package include street resurfacing and connecting the shopping center to the Elmwood Trail which is about one mile east of Wynnewood.
Situated at 1615 South Zang Boulevard is an 8.4528-acre site which has been developed with High Point Senior Living. This $20 million senior housing facility houses 140 dwelling units which equates to an overall density of 16.56 units per acre. The public-private partnership includes the City of Dallas, Texas Department of Community Affairs, Housing and Urban Development, Federal Home Loan Bank and Bank of America Community Development Corp. As of January 7, 2020, the HighPoint Senior Housing property was 96% occupied.

The development was completed in the 1st quarter of 2014. Amenities include a fitness room, great room with fireplace and kitchen, meeting room, controlled access gates, outdoor swimming pool with wifi, outdoor fireplace, grills shaded by overhead trellis, walking trails, café, 3 elevators, business center and hair salon services. The senior living facility offers four floor plans – the 1 bedroom/1 bath units range in size from 610 to 649 square feet while the 2 bedroom/2 bath units contain from 925 to 984 square feet.

A 3.982-acre pod, which is situated at the southeast corner of West Louisiana Avenue and South Zang Boulevard, has been developed with HighPoint Family Living, a four-story, 161-unit apartment complex which wraps a four-level parking garage containing 192 parking spaces. The site was previously improved with 22 units which were demolished in late-2014. Completed in early-2016, the 161-unit project contains four unit types which range in size from 675 to 1,206 square feet of net rentable area. The floor plan mix includes 1 bedroom/1 bath units, 2 bedroom/2 bath units and 3 bedroom/2 bath units. The project has a physical address of 414 West Louisiana Avenue and, as of January 7, 2020, was 96% occupied.

**SUMMARY**

In terms of size, shape, topography and soil conditions, the subject property is typical in comparison to competitive parcels in North Oak Cliff. All utilities are available on-site including city water, sanitary sewer, natural gas, electricity and telephone. The acreage is not situated within a designated 100-year flood plain and drainage appears adequate.

Ingress/egress is convenient with extensive frontage along South Zang Boulevard and Pratt Street. No encumbrances inhibit marketability and the appraisers would conclude that the subject property is physically suited for a residential-based project.
FLOOD ZONE MAP

This map complies with FEMA's standards for the use of digital flood maps. If not used as intended, below, this map complies with FEMA's baseline accuracy standards.

The flood hazard information is derived directly from the authoritative NFHL; web services provided by FEMA. This map was generated as of June 28, 2023, and does not reflect changes or amendments subsequent to this date and time. This map is intended for use at or below the 0.5% annual chance of flood (100-year flood) elevation and is not intended for regulatory purposes.

Site Data
WYNNEWOOD VILLAGE SITE PLAN
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<td>69</td>
<td>AVAILABLE</td>
<td>14,650</td>
</tr>
<tr>
<td>73</td>
<td>Shu Deal</td>
<td>2,068</td>
</tr>
<tr>
<td>74</td>
<td>AVAILABLE</td>
<td>2,050</td>
</tr>
<tr>
<td>75</td>
<td>AVAILABLE</td>
<td>2,211</td>
</tr>
<tr>
<td>76</td>
<td>Proposed Tenant</td>
<td>11,500</td>
</tr>
<tr>
<td>78</td>
<td>Ross</td>
<td>30,443</td>
</tr>
<tr>
<td>79</td>
<td>Fallas Paredes</td>
<td>26,000</td>
</tr>
<tr>
<td>80</td>
<td>Cindy’s Beauty Bar</td>
<td>1,089</td>
</tr>
<tr>
<td>81-87</td>
<td>Davita</td>
<td>14,000</td>
</tr>
<tr>
<td>88</td>
<td>Wig Salon</td>
<td>3,211</td>
</tr>
<tr>
<td>89</td>
<td>His &amp; Hers Barber shop</td>
<td>1,120</td>
</tr>
<tr>
<td>90</td>
<td>Top’s Cafe</td>
<td>3,237</td>
</tr>
<tr>
<td>91</td>
<td>America’s Best Vision</td>
<td>5,213</td>
</tr>
<tr>
<td>92</td>
<td>Rent-A-Center</td>
<td>4,506</td>
</tr>
<tr>
<td>93</td>
<td>Clinic</td>
<td>5,915</td>
</tr>
<tr>
<td>94</td>
<td>AVAILABLE</td>
<td>4,173</td>
</tr>
<tr>
<td>95</td>
<td>AB Wings</td>
<td>2,540</td>
</tr>
<tr>
<td>96</td>
<td>Skytalk</td>
<td>2,540</td>
</tr>
<tr>
<td>97</td>
<td>Oak Cliff Financial</td>
<td>1,650</td>
</tr>
<tr>
<td>98</td>
<td>Great Clips</td>
<td>1,656</td>
</tr>
<tr>
<td>99</td>
<td>Frosinius Medical Care</td>
<td>15,600</td>
</tr>
<tr>
<td>100</td>
<td>Dollar Tree</td>
<td>14,000</td>
</tr>
<tr>
<td>101</td>
<td>Kroger</td>
<td>51,000</td>
</tr>
<tr>
<td>104</td>
<td>AVAILABLE</td>
<td>2,050</td>
</tr>
<tr>
<td>105</td>
<td>AVAILABLE</td>
<td>1,350</td>
</tr>
<tr>
<td>106</td>
<td>AVAILABLE</td>
<td>3,961</td>
</tr>
<tr>
<td>107A</td>
<td>AVAILABLE</td>
<td>7,050</td>
</tr>
</tbody>
</table>
ELEVATION OF 140-UNIT SENIOR HOUSING PROJECT
ZONING DATA

The subject property is currently zoned MF-1(A) by the City of Dallas. The MF-1(A) district is a medium-density residential zoning designed primarily for garden-style, multiple-family construction, either for apartment rental purposes or condominium usage. Lower-density residential uses including single family homes, duplexes, and townhomes are also permitted under this ordinance.

MF-1(A) ORDINANCE

Reference is made to the Zoning Map which outlines the location of the subject property within the MF-1(A) district. Pertinent data relative to the MF-1(A) zoning ordinance are summarized in the following table:

<table>
<thead>
<tr>
<th>MF-1(A) ZONING SUMMARY</th>
</tr>
</thead>
<tbody>
<tr>
<td>MINIMUM LOT AREA</td>
</tr>
<tr>
<td>➢ NO SEPARATE BEDROOM</td>
</tr>
<tr>
<td>➢ ONE BEDROOM</td>
</tr>
<tr>
<td>➢ TWO BEDROOMS</td>
</tr>
<tr>
<td>➢ MORE THAN TWO BEDROOMS</td>
</tr>
<tr>
<td>MINIMUM LOT WIDTH</td>
</tr>
<tr>
<td>MINIMUM LOT DEPTH</td>
</tr>
<tr>
<td>MINIMUM FRONT YARD SETBACK</td>
</tr>
<tr>
<td>MINIMUM SIDE YARD SETBACK</td>
</tr>
<tr>
<td>MINIMUM REAR YARD SETBACK</td>
</tr>
<tr>
<td>MAXIMUM LOT COVERAGE</td>
</tr>
<tr>
<td>MAXIMUM BUILDING HEIGHT</td>
</tr>
<tr>
<td>MINIMUM OFF-STREET PARKING</td>
</tr>
</tbody>
</table>

LURA

The Parks at Wynnewood opened circa 1948-1949 as an apartment rental community. In 1995, the project was extensively restored, renamed and restricted to low-income tenants on 404 of its 408 dwelling units. The owner of the property, WCH Limited Partnership, is in the process of redeveloping the 48.7486-acre parent tract. The first phase consisted of the construction of a 140-unit senior housing facility on 8.4528 acres of land.

The second phase was completed on Pod 3, a 3.982-acre lot at the far south end of the 48.7486-acre site and consists of a 161-unit apartment complex. The dwelling units include one-, two- and three-bedroom floor plans.
The subject tract contains 8.885 acres which are encumbered by a LURA (Land Use Restriction Agreement) that restricts the property to low-income tenants. As previously stated, 404 units on the entire 48.7486 acres comprising The Parks at Wynnewood must be limited to low-income tenants.

Phase I consists of 140 senior housing units and Phase II (Pod 3) has been improved with an additional 161 units (of which 160 units are low-income) which equates to a total of 300 of the 404 units required to fulfill the low-income component. Upon the construction of 404 low-income units, the remainder of the acreage can be redeveloped with dwelling units that can be rented at market rates.

However, current ownership is working with the State of Texas to remove this deed restriction. With regard to the second purpose of the appraisal report, it is assumed that the LURA has been removed on the remaining acreage comprising the subject property.

**OTHER DEED RESTRICTIONS**

The appraisers are unaware of any other deed restrictions or limitations that would unduly inhibit or restrict uses of the subject property. However, this should not be taken as a guarantee or warranty that no such restrictions exist. Normally, only a title search would uncover such restrictive covenants. Thus, it is recommended that an attorney or title company be contacted should any questions regarding deed restrictions arise. It is assumed that there are no other covenants, conditions or restrictions that are detrimental to the marketability of the subject property.
RECENT REDEVELOPMENT TRENDS IN THE PARKS AT WYNNEWOOD

On October 23, 2012, WCH Limited Partnership broke ground on the Wynnewood Seniors Housing facility which was the first phase of the revitalization of The Parks at Wynnewood community. Current ownership hired CityDesign Studio to master-plan the 40.2958 acres which comprise the remainder tract of The Parks at Wynnewood. On November 3, 2012, CityDesign Studio held a charrette to gather ideas for Pod 3 along with stakeholders from five surrounding neighborhoods.

In conjunction with the redevelopment of the subject tract and as consideration for the City’s approval of the debt restructuring, the owners of The Parks at Wynnewood will reimburse the City for an amount not to exceed $125,000 for planning and urban design services by CityDesign Studio for the project’s 48 acres and the nearby Wynnewood Village.

CityDesign Studio identified the following positives for the 3.982-acre Pod 3 which was subsequently redeveloped with 161 dwelling units:

- Places a concentration of families closer to retail, services and public transportation
- With improvements to the creek running along the back side of the property, a trail network along its edge could provide alternative recreation and transportation opportunities
- Existing single family neighborhoods are not threatened by proximity and height of new development buildings
- Removed a total of 22 units for redevelopment of site
- Adjacency to the Empowerment Center, an established community resource and services center
- Small 3.982-acre site leaves a larger balance for future market rate development

The design objectives included the following:

- Small setbacks with windows and direct access from each ground level unit to the street. Stoops/porches provide transition from public to private
- Shape and character of the street is enhanced with parking hidden internal to the building
- Reduce traffic speeds and safety along South Zang Boulevard by providing parallel parking, a landscaped buffer, improved lighting and comfortable sidewalk accommodations
- Connect The Parks at Wynnewood along an enhanced creek and trail system

The subject 8.885-acre tract of land is slated to be redeveloped with 120 multi-family apartment units which equates to density use of 13.51 units per acre. In accordance with the two purposes of the appraisal report, the subject property will be appraised under the current MF-1(A) ordinance.
REAL ESTATE TAXES

Real estate taxes are based on the assessed value of real property, hence the term ad valorem (according to value) taxes. The records of the Dallas Central Appraisal District (DCAD) provide details pertaining to the property's assessed value and annual tax load. The assessed value is based on, but not necessarily equivalent to, the market value of the property.

Obtaining the present assessments and tax rate can help in forming a conclusion about the probable trend in the tax burden. However, assessed values are rarely useful as direct indicators of market value because local authorities can adjust revenue needs by changing tax rates rather than assessed values.

TAXING JURISDICTIONS

The taxing authorities include the City of Dallas, Dallas Independent School District, Dallas County, Parkland Hospital District and Dallas County Community College District. The real property is levied at 100% of assessed value and the 2019 effective tax rate was $2.733585 per $100 of assessed value.

ASSESSED VALUE

The subject property is assessed by the Dallas Central Appraisal District as being part of tax account 00-000-4671-4300-0000. The 2019 assessed value of the tax account is $1,586,000 and encompasses 9.9992 acres of land area. The subject property contains 8.885 acres or 89% of the entire site identified in the tax account.

<table>
<thead>
<tr>
<th>2019 CERTIFIED ASSESSED VALUE</th>
</tr>
</thead>
<tbody>
<tr>
<td>LAND VALUE</td>
</tr>
<tr>
<td>IMPROVEMENT VALUE</td>
</tr>
<tr>
<td>TOTAL VALUE</td>
</tr>
</tbody>
</table>

SOURCE: DALLAS CENTRAL APPRAISAL DISTRICT

TAX LIABILITY

The 2019 real estate tax expense for account 00-000-4671-4300-0000 is $43,355.

\[
\text{\$1,586,000} \times \text{\$0.02733585} = \text{\$43,355}
\]

TAX DELINQUENCY

The appraisers discussed the taxes on the subject property with representatives from the office of the Dallas County Tax Assessor & Collector who verified that there were no delinquent taxes outstanding as of the effective date of this report. However, the 2019 taxes were due and payable by January 31, 2020.
PART III  ANALYSES AND CONCLUSIONS
HIGHEST AND BEST USE

The term "highest and best use" is defined as follows:

That reasonable and probable use that will support the highest present value, as defined, as of the effective date of the appraisal. Alternatively, it is that use, from among reasonably probable and legal alternative uses, found to be physically possible, appropriately supported, financially feasible, which results in highest land value.

The definition immediately above applies specifically to the highest and best use of land. It is to be recognized that, in cases where a site has existing improvements on it, the highest and best use may very well be determined to be different from the existing use. The existing use will continue, however, unless and until the value in its highest and best use exceeds the total value of the property in its existing use.

Implied within these definitions is recognition of the contribution of that specific use to community development goals, in addition to wealth maximization of individual property owners. Also implied is that the determination of highest and best use results from the appraisers judgment and analytical skill, i.e., the use determined from analysis represents an opinion, not a fact to be found. In appraisal practice, the concept of highest and best use represents the premise upon which value is based. In the context of investment value, an alternative term would be 'most profitable' use.⁶

The highest and best use of the subject site as though vacant and the property as improved must meet four guidelines. Highest and best use is that use which is found to be:

- physically possible
- legally permissible
- financially feasible and
- maximally productive.

HIGHEST AND BEST USE OF SITE AS THOUGH VACANT

PHYSICALLY POSSIBLE

It is the opinion of the appraisers that the physical attributes of the subject property are suitable for a number of uses. The size, shape and topography are conducive to large-scale development and it was noted that the subject parcel has sufficient frontage along South Zang Boulevard and Pratt Street providing adequate ingress/egress. In addition, Interstate Highway 35E traverses just east of the subject property and this major traffic artery provides direct linkage to employment centers, shopping malls and entertainment venues in alternate sectors of the Dallas metro.

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The encumbrances which impact the acreage appear to be utility easements that are typical of the neighborhood and do not inhibit marketability. No portion of the land area is situated within a designated 100-year flood plain and drainage appears adequate. There are no limitations and virtually any use would be physically possible on the acreage.

**LEGALLY PERMISSIBLE**

Legal restrictions are determined by zoning codes. The subject property is zoned MF-1(A) [Multi-Family Residential] by the City of Dallas. In addition to multi-family apartment dwellings and residential condominium units, single family homes, duplexes and townhouses are also permitted within this district.

More permissive uses including retail centers, neighborhood service facilities, office buildings and industrial warehouses are not allowed. As a consequence, the acreage can only legally be developed with single family or multi-family improvements.

**SOCIALLY CONFORMING**

Social constraints provide an indication of probable uses. The subject property is situated in the Southwest Dallas submarket which is developed with retail, commercial, office, multi-family apartments and single family housing. A medium-density multi-family project would be compatible with surrounding land uses within North Oak Cliff.

**FINANCIALLY FEASIBLE**

In the neighborhood surrounding the subject property and other comparable areas, the sales price per square foot for apartment-zoned property is without exception considerably higher than the price which the market is willing to pay for land which is restricted to single family, duplex or townhouse development. This is because single family, duplex and townhouse usages do not provide adequate density to develop the site to its optimum value.

At the present time, there is minimal demand for condominium ownership in the subject neighborhood. In considering what is economically feasible for the subject site, the main focus must be placed upon the various uses permitted under the MF-1(A) zoning ordinance. Based on legal restrictions, the appraisers determined that a medium-density multi-family residential project would be better suited for the site than any other legally allowable alternate use.

Due to the expanding economy and dramatic employment gains, the Dallas/Fort Worth housing market is displaying strong growth. This is indicative of sustained housing demand.
**D/FW Multi-Family Market** - According to supply and demand data surveyed by CBRE, a national market analyst, the overall occupancy rate for multi-family space in the Dallas/Fort Worth region was 95.5% as of 3rd quarter 2019. During 3rd quarter 2019, the region displayed net absorption of 9,571 units and new deliveries of 5,800 units. Economic factors experienced in the Dallas/Fort Worth region as of 3rd quarter 2019 are summarized in the following table:

![Figure 1: DFW Multifamily Market](source: CBRE Research, Axiometrics, a RealPage Company, Q3 2019.)
CBRE reports that market demand continues to meet supply. The new delivery supply, historical and forecasted deliveries and historical and forecasted annual rent growth during 3rd quarter 2019 are depicted in the following table:
A snapshot of the subdistricts in the D/FW region, as of 3rd quarter 2019, is presented in the following table:

### Southwest Dallas Multi-Family Submarket
The feasibility of multi-family development on the subject site is related to the economic performance of the submarket in which it is located. The subject property is located within the Southwest Dallas submarket. As of 3rd quarter 2019, this submarket contained 18,800 apartment units and displayed an occupancy rate of 96.2%. The effective rent was $1.15 per square foot.
During 3rd quarter 2019, the Southwest Dallas submarket experienced net absorption of 372 dwelling units. A total of 478 units were under construction and 70 units were delivered in the 3rd quarter of 2019. Between 3rd quarter 2018 and 3rd quarter 2019, this submarket achieved rent growth equivalent to 5.9%. Based on the economic trends, the Southwest Dallas multi-family submarket is experiencing supply and demand equilibrium which is beneficial to the marketability of the subject site.

**Feasibility Conclusions** - The financial feasibility of a real estate investment is predicated upon the principle that the cost to produce an investment should yield a reasonable profit over a reasonable holding period. The ultimate test reveals whether the investment will generate sufficient income to cover the debt and provide a return on the equity portion of the investment.

Although rental rates and occupancy are expected to escalate during 2020, rental rates are not sufficient to support wide scale speculative multi-family construction in Southwest Dallas at this time. Consequently, it is our opinion that an apartment development would not generate sufficient income to match investment criteria in today's market and does not pass the test for financial feasibility.

**CONCLUSIONS**

The subject site is suitable for development with a medium-density apartment project. This use would conform to surrounding developments and the MF-1(A) zoning ordinance. However, on the effective date of this appraisal, an apartment complex would not meet the financial feasibility test as it would not generate sufficient income to cover the anticipated debt that would be applied in today's market.

Therefore, it is our opinion that the highest and best use of the subject site, as if vacant, would be to hold for investment over an interim period until market conditions warrant development with a medium-density apartment complex.

**HIGHEST AND BEST USE OF PROPERTY AS IMPROVED**

The highest and best use of the property as improved may be continued maintenance, renovation, expansion, partial or total demolition, or a combination of these uses. It is recognized that in some cases where a site has existing improvements, the highest and best use may very well be determined to be different from the existing use. The existing use will continue, however, unless and until land value in its highest and best use exceeds the total value of the property in its existing use.

The subject property is comprised of an 8.885-acre tract of land that is improved with 120 dwelling units that are part of the 276-unit Parks at Wynnewood apartment complex which was built circa 1948 and 1949.

The current density use of the subject property equates to 11.59 units per acre which is an indication that the apartment complex is an underutilization of the site. In comparison, recently constructed apartment complexes typically display a density allowance in excess of 20 units per acre.

Due to wear and tear, the apartment buildings exhibit a substantial amount of physical deterioration and are an underutilization of the site. The improvements have outlived their economic lives and no longer add any contributory value. Therefore, it is our opinion that the highest and best use of the subject property as improved is to continue to operate the existing apartment units on an interim basis until market conditions warrant razing the improvements and redeveloping the site with a medium-density multi-family rental community.
VALUATION PROCESS

In estimating the value of real property, three recognized approaches to value are utilized to process the gathered data into value indications. The three approaches are identified as the Cost Approach, the Income Capitalization Approach and the Sales Comparison Approach.

The Cost Approach is based on the concept that suggests that the value of a property tends to be set by the cost of acquiring a site and constructing improvements of equal utility and desirability. This approach consists of estimating the replacement cost new of the improvements less accrued depreciation observed from all sources. The market value of the site is then added to the depreciated cost of the improvements to arrive at an indication of value through the Cost Approach.

The Income Capitalization Approach is based on the concept that suggests that value is created by the expectation of benefits to be derived in the future arising out of ownership of the property. Factors in this analysis include current and anticipated future income, vacancy levels, expenses of operation and ownership of the property, and the ratios of return required by investors in similar properties.

This approach to value is applicable to properties which are capable of producing a net income stream. The projected net income stream is then capitalized or discounted into an indication of value by applying one of several capitalization processes employing market-derived investment return rates.

The Sales Comparison Approach is based on the concept that suggests that the value of a property tends to be set by the price of acquiring a substitute property of similar utility and desirability. In this approach, the appraisers take into consideration factors such as prices paid, offered or refused for comparable properties. The comparison may either be direct or indirect through the use of commonly accepted units or elements of comparison.

The notable differences between the comparable properties and the subject property are adjusted to arrive at an indication of value. The Sales Comparison Approach yields a reliable indication of value when sales of similar properties are available.

If one or more of the three approaches are not applicable, full justification must be presented. The Cost Approach is inappropriate when there are no improvements or when the existing improvements do not add any contributory value. Similarly, the Income Capitalization Approach is not utilized when there are no known ground lease data to generate income. Therefore, the elimination of these approaches is justified.

Due to the data base of comparable land sales, the Sales Comparison Approach was determined to be the best approach to value because the available comparable data are sufficient to provide adequate analyses and credible results. Consequently, the appraisers will apply the Sales Comparison Approach in valuing the subject property.
SITE VALUATION

The market value of the appraisal site is estimated as if the parcel was vacant and available to be put to its highest and best use. In order to estimate the value of the subject site, the Sales Comparison Approach is developed.

In this approach, closed sales, pending contracts and current listings of similar tracts are compared to the subject site with respect to factors such as real property rights conveyed, financing terms, conditions of sale, market conditions, location, utility and size. The various differences in the comparable sites are then adjusted, if necessary, to arrive at an indication of value for the subject parcel.

INTRODUCTION

The criteria for identifying comparables consisted of researching the market for land sales that display the following locational and physical characteristics:

- zoned with a multi-family component
- transacted during 2017-2020
- exhibited a highest and best use that is similar to the subject property
- contained a minimum land area of 2.0 acres and a maximum land area of 20.0 acres

The reader is referred to Exhibit C in the Addendum for a summary of recent sales of unimproved tracts of land. These conveyances meet the selection criteria and have a reasonable degree of comparability to the property being appraised. Information pertaining to the sales has been verified by the grantor, grantee, broker, or other sources considered reliable and having knowledge of the particular transactions noted.

The consideration and adjustment for differences between the comparable data and the subject property can be found in the analysis subsequent to the list of comparables. In this section of the report, the appraisers will analyze and estimate the following:

1. the "as is" market value of the subject property; and
2. the market value of the subject property as if unimproved, no deed restriction in place and under the current MF-1(A) zoning ordinance.
The four land comparables documented as Exhibit C in the Addendum are the most recent market activity. The salient points of these transactions are summarized in the following table:

<table>
<thead>
<tr>
<th>COMP</th>
<th>DATE OF SALE</th>
<th>SIZE (ACRES)</th>
<th>PRICE PSF</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>04/12/2019</td>
<td>7.236</td>
<td>$14.22</td>
</tr>
<tr>
<td>2</td>
<td>11/21/2017</td>
<td>14.958</td>
<td>19.69</td>
</tr>
<tr>
<td>3</td>
<td>07/11/2017</td>
<td>2.259</td>
<td>20.32</td>
</tr>
<tr>
<td>4</td>
<td>05/18/2017</td>
<td>5.610</td>
<td>4.50</td>
</tr>
</tbody>
</table>

**MARKET VALUE AS IF UNIMPROVED UNDER CURRENT MF-1 ZONING**

On determining the market value of the subject property, as if unimproved, no deed restriction in place and under the current MF-1(A) zoning, the appraisers analyzed comparables 1, 2, 3 and 4 which were considered to be the most representative data available at the time of the appraisal. The reader is referred to the Comparable Land Sales Adjustment Grid for a summary of the appropriate adjustments. Adjustments to the selling prices of the comparables are attributable to variances in the following elements of comparison:

- Real property rights conveyed
- Financing terms
- Conditions of sale
- Market conditions
- Locational attributes
- Physical characteristics

**Real Property Rights Conveyed** - The first step in the adjustment process is analyzing the real property rights conveyed. If a property is encumbered by above- or below-market ground leases, the selling price may be influenced accordingly.

Each of the comparable sales involved the conveyance of the fee simple interest. Hence, adjustments for real property rights conveyed are not warranted.

**Financing Terms** - Each of the comparable sales has been reviewed in regards to terms of financing. A sale requiring a cash equivalency adjustment includes seller financing at below-market, atypical or favorable terms. In this instance, comparables 1, 2, 3 and 4 were reported to be cash-to-seller transactions. Therefore, financing terms adjustments are not applicable.

**Conditions of Sale** - With regard to purchaser/seller motivations, it was noted that without motivation, sales and purchases would not occur. When the conditions of a sale are atypical, the result may be a price that is higher or lower than that of a normal arms-length market transaction.

No evidence was found to suggest that atypical motivation influenced comparables 1, 2, 3 and 4 and it was concluded that these sales represented arms-length transactions that were conducted under the terms of the definition of market value. Consequently, adjustments for conditions of sale are not appropriate.
**Market Conditions** - A market conditions adjustment is based on the premise that the oldest sales generally require updating for changes in market conditions to take into account the normal price increases/decreases of land due to fluctuations in the supply/demand relationship.

Land sales 1, 2, 3 and 4 were transacted between May 2017 and April 2019 in weaker markets. Based on conversations with real estate brokers who are active in the Southwest Dallas/North Oak Cliff submarket, a moderate 3.00% per annum or 0.25% per month upward adjustment is justified. The following table displays the market conditions adjustments for the comparable data set.

<table>
<thead>
<tr>
<th>COMP</th>
<th>DATE OF SALE</th>
<th>MONTHS SINCE DATE OF SALE</th>
<th>ADJUSTMENT</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>04/12/2019</td>
<td>9</td>
<td>+ 2%</td>
</tr>
<tr>
<td>2</td>
<td>11/21/2017</td>
<td>25½</td>
<td>+ 6%</td>
</tr>
<tr>
<td>3</td>
<td>07/11/2017</td>
<td>30</td>
<td>+ 8%</td>
</tr>
<tr>
<td>4</td>
<td>05/18/2017</td>
<td>31½</td>
<td>+ 8%</td>
</tr>
</tbody>
</table>

**Location** - Superior locational attributes include having quality surrounding land uses as well as convenient proximity to major highways and residential districts. Furthermore, above-average ingress/egress enhances marketability. Those properties which have these amenities offer increased desirability and are attractive for development.

Comparable 1 has frontage at the northeast corner of West Davis Street and Plymouth Road. The West Davis corridor is densely developed with retail centers, restaurants, financial institutions, auto service businesses and neighborhood service facilities. Ingress/egress is efficient for apartment usage and linkage to major highways is convenient. Due to the intensity of surrounding developments, land sale 1 is superior to the subject property. No market justification for the amount of this adjustment can be extracted from the comparable data set. Based on discussions with real estate brokers who are active in the North Oak Cliff residential market, a 10% downward adjustment is reasonable for this conveyance.

Land sale 2 is situated at the northwest corner of Greenside Drive and Custer Parkway, also fronting the south side of President George Bush Highway in the City of Richardson. The major demand generator in the immediate vicinity is the University of Texas at Dallas with an enrollment in excess of 27,650 students. The proximity influence of the university is sustaining demand for residential housing due to the expanding enrollment growth.

Land usage along President George Bush Highway is designated for high-density office, hotel, retail, commercial and service facilities. Custer Parkway is mixed-use in character and developed with garden apartment complexes, retail centers, neighborhood service commercial facilities and office buildings.
Due to major highway visibility, the advertising and display amenities of comparable 2 are excellent. Furthermore, the income strata of the residential-support base in Richardson is more desirable than the subject’s North Oak Cliff locale. In overall locational amenities, this land sale is superior to the subject property. Based on our judgment, a substantial 45% downward adjustment is appropriate for this transaction.

Comparable sale 3 is located at the southwest corner of Duluth Street and Conklin Street, also fronting the north side of Bayonne Street. This comparable is situated just south of Singleton Boulevard which is undergoing intensive redevelopment with retail centers, restaurants and apartment housing. The notable developments in the immediate vicinity include Cypress at Trinity Groves which is near the western foot of the Margaret Hunt Hill Bridge.

Construction on the first phase, Cypress at Trinity Groves, commenced in January 2016 and consisted of 250 apartments in a six-story building with 16,352 square feet of street-level space for retail stores, restaurants and neighborhood service facilities. The first units came on-line during late-summer 2017 with the retail component completed in late-2018.

Phase 1 of The Austin at Trinity Green is located at the southeast corner of Singleton Boulevard and Vilbig Street. This 355-unit, four-story apartment project was constructed on 6.138 acres of land area and is improved with a 334,512-square foot apartment building and a two-story parking garage. The multi-family project was developed by StreetLights Residential and opened in 2017. Phase 2 will be constructed on 13.513 acres adjoining the Phase 1 site.

Due to the proximity of Singleton Boulevard, land sale 3 is rated superior to the subject property. Accordingly, a substantial 45% downward adjustment is warranted for this conveyance.

Comparable 4 has frontage along the south side of West Illinois Avenue, approximately 850 feet west of Knoxville Street. This quadrant of southwest Dallas is improved with older single family homes, many of which suffer from deferred maintenance. The residential-support base is comprised of lower-income residents. Due to the less desirable quality and quantity of surrounding developments, land sale 4 is inferior to the subject property and justifies a 25% upward adjustment.

Shape and Topography - The subject property is generally rectangular in shape which is functional for a variety of uses. The topography is generally level to gently sloping which is conducive to large-scale development. All of the comparables are similar in shape and topography.

Utility Availability - All utilities are available to the subject property including city water, sanitary sewer, natural gas, electricity and telephone. Land sales 1, 2, 3 and 4 are similar in this respect.

Zoning - In accordance with the second purpose of the appraisal report, the subject tract is appraised under the current zoning. MF-1(A) [Multi-Family] is the least dense of the multi-family zoning classifications promulgated by the City of Dallas. The zonings and intended uses of the comparables are summarized in the following table:
Like the subject, land sales 3 and 4 are zoned for multi-family apartment usage. These comparables are fairly similar in legal considerations.

The zoning ordinances of the PD districts encumbering land sales 1 and 2 are more permissive in comparison to the subject's MF-1(A) district. As a result, these competitive land sales are superior to the subject site and a 20% downward adjustment is justified.

**Deed Restriction** - The subject property is currently restricted to low-income housing via the LURA (Land Use Restriction Agreement). However, with regard to the second purpose of the appraisal report, it is assumed that the LURA has been removed on the remaining acreage comprising the subject property.

None of the competitive land sales are influenced by deed restrictions that are detrimental to development potential. Under the assumption that there are no deed restrictions that are adverse to the marketability of the subject property, adjustments for this element of comparison are not applicable.

**Disamenities** - Like the subject, none of the four comparables are impacted by any detrimental easements or encroachments. Hence, adjustments for disamenities are not warranted.

**Size** - The subject tract contains 8.885 acres of land area. The logic for this adjustment is based on the premise, "the larger the area, the less the cost per unit, all other factors being equal." Land sales 1 and 4 contain between 5.610 and 7.236 acres of land area and are similar to the subject property.

However, land sale 3 contains 2.259 acres and is superior to the subject property in terms of size. Conversely, comparable 2 is a 14.956-acre parcel which is inferior in size. The appropriate adjustments are presented in the following table with the comparables arrayed in ascending order based on size.
Reconciliation - The adjustment process is summarized in the following grid:

<table>
<thead>
<tr>
<th>COMPARABLE LAND SALES ADJUSTMENT GRID</th>
<th>SUBJECT</th>
<th>COMP #1</th>
<th>COMP #2</th>
<th>COMP #3</th>
<th>COMP #4</th>
</tr>
</thead>
<tbody>
<tr>
<td>DATE OF SALE</td>
<td>AS OF 01/07/2020</td>
<td>04/12/2019</td>
<td>11/17/2017</td>
<td>07/11/2017</td>
<td>05/18/2017</td>
</tr>
<tr>
<td>SIZE (ACRES)</td>
<td>8.885</td>
<td>7.236</td>
<td>14.956</td>
<td>2.259</td>
<td>5.610</td>
</tr>
<tr>
<td>ZONING</td>
<td>MF-1(A)</td>
<td>PD-830</td>
<td>PD 4220</td>
<td>MF-2(A)</td>
<td>MF-2(A)</td>
</tr>
<tr>
<td>UTILITY AVAILABILITY</td>
<td>ALL AVAILABLE</td>
<td>ALL</td>
<td>ALL</td>
<td>ALL</td>
<td></td>
</tr>
<tr>
<td>REAL PROPERTY RIGHTS CONVEYED</td>
<td>FEE SIMPLE</td>
<td>FEE</td>
<td>FEE</td>
<td>FEE</td>
<td></td>
</tr>
<tr>
<td>ACTUAL CONSIDERATION (PSF)</td>
<td>$14.22</td>
<td>$19.69</td>
<td>$20.32</td>
<td>$4.50</td>
<td></td>
</tr>
<tr>
<td>PROPERTY RIGHTS CONVEYED</td>
<td>FEE SIMPLE</td>
<td>0%</td>
<td>0%</td>
<td>0%</td>
<td>0%</td>
</tr>
<tr>
<td>FINANCING TERMS</td>
<td>CASH TO SELLER</td>
<td>0%</td>
<td>0%</td>
<td>0%</td>
<td>0%</td>
</tr>
<tr>
<td>CONDITIONS OF SALE</td>
<td>ARMS-LENGTH</td>
<td>0%</td>
<td>0%</td>
<td>0%</td>
<td>0%</td>
</tr>
<tr>
<td>ADJUSTED CASH EQUIVALENCY PRICE (PSF)</td>
<td>$14.22</td>
<td>$19.69</td>
<td>$20.32</td>
<td>$4.50</td>
<td></td>
</tr>
<tr>
<td>MARKET CONDITIONS</td>
<td>AS OF 01/07/2020</td>
<td>+ 2%</td>
<td>+ 6%</td>
<td>+ 8%</td>
<td>+ 8%</td>
</tr>
<tr>
<td>MARKET CONDITIONS - ADJUSTED</td>
<td>CASH EQUIVALENCY PRICE (PSF)</td>
<td>$14.50</td>
<td>$20.87</td>
<td>$21.95</td>
<td>$4.86</td>
</tr>
<tr>
<td>LOCATION</td>
<td>NORTH OAK CLIFF</td>
<td>-10%</td>
<td>-45%</td>
<td>-45%</td>
<td>+25%</td>
</tr>
<tr>
<td>SHAPE</td>
<td>GENERALLY RECTANGULAR</td>
<td>0%</td>
<td>0%</td>
<td>0%</td>
<td>0%</td>
</tr>
<tr>
<td>TOPOGRAPHY</td>
<td>LEVEL TO GENTLE SLOPE</td>
<td>0%</td>
<td>0%</td>
<td>0%</td>
<td>0%</td>
</tr>
<tr>
<td>UTILITY AVAILABILITY</td>
<td>ALL AVAILABLE</td>
<td>0%</td>
<td>0%</td>
<td>0%</td>
<td>0%</td>
</tr>
<tr>
<td>ZONING</td>
<td>MF-1(A)</td>
<td>-20%</td>
<td>-20%</td>
<td>0%</td>
<td>0%</td>
</tr>
<tr>
<td>DEED RESTRICTION</td>
<td>NONE</td>
<td>0%</td>
<td>0%</td>
<td>0%</td>
<td>0%</td>
</tr>
<tr>
<td>DISAMENITIES</td>
<td>NONE</td>
<td>0%</td>
<td>0%</td>
<td>0%</td>
<td>0%</td>
</tr>
<tr>
<td>SIZE</td>
<td>8.885 ACRES</td>
<td>0%</td>
<td>+ 5%</td>
<td>-10%</td>
<td>0%</td>
</tr>
<tr>
<td>FINAL ADJUSTED PRICE (PSF)</td>
<td>$10.15</td>
<td>$8.35</td>
<td>$9.88</td>
<td>$6.08</td>
<td></td>
</tr>
<tr>
<td>FOR RECONCILIATION PURPOSES:</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>1. TOTAL ABSOLUTE ADJUSTMENT</td>
<td>32%</td>
<td>76%</td>
<td>63%</td>
<td>33%</td>
<td></td>
</tr>
<tr>
<td>2. TOTAL NET ADJUSTMENT</td>
<td>-28%</td>
<td>-54%</td>
<td>-47%</td>
<td>+33%</td>
<td></td>
</tr>
<tr>
<td>3. UNADJUSTED RANGE (PSF)</td>
<td>$4.50</td>
<td>TO</td>
<td>$20.32</td>
<td></td>
<td></td>
</tr>
<tr>
<td>4. ADJUSTED RANGE (PSF)</td>
<td>$6.08</td>
<td>TO</td>
<td>$10.15</td>
<td></td>
<td></td>
</tr>
<tr>
<td>5. MEAN (PSF)</td>
<td>$8.61</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>6. MEDIAN (PSF)</td>
<td>$9.11</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>7. STANDARD DEVIATION (PSF)</td>
<td>$1.87</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
After adjustments, the comparables reflect a correlated variance from $6.08 to $10.15 per square foot. The mean of the final adjusted prices is $8.61 per square foot while the median is $9.11 psf.

On eliminating the extremes, the final adjusted prices yield a clustered pattern from $8.35 to $9.88 per square foot. Based on the preceding quantitative analysis, it is our opinion that the reconciled value of the subject property, as if unimproved under the current MF-1(A) zoning, would be $9.00 psf. Thus, the following:

\[
387,050 \text{ SF} \times \$9.00 \text{ PSF} = \$3,483,450
\]

\[
\text{SAY} \quad \$3,485,000
\]

**“AS IS” MARKET VALUE**

In order to be in compliance with the *Uniform Standards of Professional Appraisal Practice* (USPAP) as promulgated by the Appraisal Foundation, the appraisers also estimated the "as is" market value of the subject property. On the valuation date, the acreage was improved with a total of 120 dwelling units within The Parks at Wynnewood apartment community. The apartment complex has outlived its economic life and no longer adds any contributory value to the site.

**Introduction** - The reconciled value estimated in the preceding section of this appraisal report is equivalent to the market value of the site as if the acreage was vacant and available to be improved in accordance with the highest and best use conclusions. In order to arrive at our opinion of "as is" market value, final adjustments to the reconciled value are required to determine the "adjusted acquisition cost":

1. the cost to demolish the improvements;
2. the cost for abatement due to asbestos-containing materials in the apartment buildings;
3. an entrepreneurial profit incentive; and
4. the marketability discount attributable to the LURA deed restriction.

**Demolition Costs** - The appraisers were provided with a cost estimate to demolish the existing improvements by Mr. John Pool, Vice President with Bank of America. The demolition cost are budgeted at $500,000 which equates to $4.90 per square foot of building area. According to *Marshall Valuation Service*, a national cost service, demolition costs for masonry apartment complexes typically range from $3.83 to $5.92 per square foot. The $500,000 budget falls within the market-derived range sourced from *Marshall Valuation Service* and is strongly supported by the cost service.

**Asbestos Abatement Costs** - In conjunction with the demolition of the existing improvements on the subject site, it was reported to the appraisers that the apartment buildings contain asbestos. According to Mr. John Pool, the cost for abatement has been estimated at $450,000. It is assumed that this estimate is reasonable and that the apartment buildings do not contain any other environmentally hazardous materials which would inflate the abatement cost.
**Entrepreneurial Profit** - The profit incentive to coordinate the demolition and asbestos abatement projects is estimated at 15% of the costs or $145,000.

\[(500,000 + 450,000) \times 15\% = 142,500\]

SAY $145,000

**Marketability Discount Attributable to the LURA Deed Restriction** - The subject property is restricted to low-income housing via the LURA (Land Use Restriction Agreement). The appraisers interviewed several real estate brokers who are active in North Oak Cliff and opined that the LURA could affect market land value due to the “bundle of rights” theory. These brokers indicated that an investor has the option of developing an alternate site without a restriction as compared to the subject tract with the LURA restriction in place. In doing so, the developer may be willing to pay a higher price in comparison to developing a site with a restriction such as a LURA in place.

Land sales 1, 2, 3 and 4 were purchased without any known deed restrictions in place and are superior to the subject property in this respect. Accordingly, a 5% adjustment is justified and the marketability discount is estimate at $175,000.

\[3,485,000 \times 5\% = 174,250\]

SAY $175,000

**Conclusions to “As Is” Market Value** - Based on the preceding, “as is” market value is estimated as follows:

<table>
<thead>
<tr>
<th>“AS IS” MARKET VALUE</th>
</tr>
</thead>
<tbody>
<tr>
<td>MARKET VALUE AS IF UNIMPROVED</td>
</tr>
<tr>
<td>DEMOLITION COSTS</td>
</tr>
<tr>
<td>ASBESTOS ABATEMENT COSTS</td>
</tr>
<tr>
<td>ENTREPRENEURIAL PROFIT</td>
</tr>
<tr>
<td>MARKETABILITY DISCOUNT</td>
</tr>
<tr>
<td><strong>“AS IS” MARKET VALUE</strong></td>
</tr>
</tbody>
</table>

SAY $2,215,000
RECONCILIATION AND FINAL ESTIMATE OF VALUE

Within the body of this report, we have examined the subject property in accordance with the two purposes of the appraisal:

1. estimate the "as is" market value of the subject property on the date of inspection; and
2. estimate the market value of the subject property as if unimproved, no deed restriction in place and under the current MF-1(A) zoning ordinance on the date of inspection.

Due to the data base of comparable land sales, the Sales Comparison Approach was determined to be the best approach to value because the available comparable data were sufficient to provide adequate analyses and credible results.

The Cost Approach was not appropriate for this appraisal assignment because the existing improvements do not add any contributory value to the site. Similarly, the Income Capitalization Approach was not utilized because there were no ground lease data to generate income. Therefore, the elimination of these approaches was justified.

In the Sales Comparison Approach, the appraisers researched the marketplace and estimated value based on comparable sales data. In this instance, the appraisers documented four land sales of which a fairly narrow range of indicators could be extracted. Adjustments are then necessary for differences that would affect value between the comparable sales and the subject lot.

An in-depth adjustment process between the comparable land sales and the subject tract was undertaken which took into consideration elements of comparison including real property rights conveyed, financing terms, conditions of sale, market conditions, locational attributes and physical characteristics. The difficulty in this approach is accurately making these adjustments, since no two properties are alike. However, a reasonable range of indicators emerged after all adjustments.

As a result of our investigation and analyses, it is our opinion that the "as is" market value of the fee simple interest in the subject property, under market conditions existing on January 7, 2020, was:

<table>
<thead>
<tr>
<th>FINAL ESTIMATE OF &quot;AS IS&quot; MARKET VALUE</th>
</tr>
</thead>
<tbody>
<tr>
<td>REAL PROPERTY</td>
</tr>
<tr>
<td>FURNITURE, FIXTURES &amp; EQUIPMENT (FF&amp;E)</td>
</tr>
<tr>
<td>INTANGIBLE ASSETS (BUSINESS ENTERPRISE VALUE)</td>
</tr>
<tr>
<td>TOTAL VALUE</td>
</tr>
</tbody>
</table>

TWO MILLION TWO HUNDRED FIFTEEN THOUSAND DOLLARS
($2,215,000)
Furthermore, it is our opinion that the market value of the fee simple interest in the subject property as if unimproved, no deed restriction in place and under the current MF-1(A) zoning ordinance on the date of valuation, January 7, 2020, was:

<table>
<thead>
<tr>
<th>REAL PROPERTY</th>
<th>$ 3,485,000</th>
</tr>
</thead>
<tbody>
<tr>
<td>FURNITURE, FIXTURES &amp; EQUIPMENT (FF&amp;E)</td>
<td>0</td>
</tr>
<tr>
<td>INTANGIBLE ASSETS (BUSINESS ENTERPRISE VALUE)</td>
<td>+ 0</td>
</tr>
<tr>
<td>TOTAL VALUE</td>
<td>$ 3,485,000</td>
</tr>
</tbody>
</table>

THREE MILLION FOUR HUNDRED EIGHTY FIVE THOUSAND DOLLARS ($3,485,000)
REASONABLE EXPOSURE TIME

Reasonable exposure time is the estimated length of time the property 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. It is a retrospective opinion based on an analysis of past events assuming a competitive and open market. Implicit in this definition are the following characteristics:

- the property will be actively exposed and aggressively marketed to potential purchasers through marketing channels commonly used by sellers of similar type properties.
- the property will be offered at a price reflecting the most probable markup over market value used by sellers of similar type properties; and
- a sale will be consummated under the terms and conditions of the definition of market value.

Exposure time is a function of various factors which may include prevailing market conditions, the price of the asset, the competitive position of the property in the market and the marketing effort applied to the property. Exposure time is not intended to be a prediction of a date of sale or a one-line statement. Instead, it is an integral part of the appraisal analysis and is based on one or more of the following:

- statistical information about days on the market for similar types of property;
- information gathered through sales verification;
- interviews of market participants; and
- market information from data collection services.

In estimating reasonable exposure time for the subject property, the appraisers reviewed supply and demand trends in the Southwest Dallas multi-family submarket as well as the marketing periods experienced by each of the comparable land sales. In addition, the appraisers interviewed real estate brokers and other individuals who are active in the Southwest Dallas and North Oak Cliff market area.

Due to the economic expansion, dramatic employment growth and sustained demand being experienced in the Dallas/Fort Worth region, the apartment market has steadily improved. This is evidenced by the operating performance of the Southwest Dallas submarket which displayed an overall occupancy rate of 96.2% as of third-quarter 2019.
The appraisers reviewed the marketing period experienced by each of the comparable land sales. Comparables 2 and 3 displayed marketing periods that ranged from 5½ to over 12 months. Despite our diligent efforts, the marketing periods exhibited by comparables 1 and 2 were not disclosed to the appraisers. This information is summarized in the following table:

<table>
<thead>
<tr>
<th>SALE</th>
<th>MOTIVATION</th>
<th>MARKETING PERIOD</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Gated single family addition</td>
<td>Undisclosed</td>
</tr>
<tr>
<td>2</td>
<td>Multi-family apartment project</td>
<td>Undisclosed</td>
</tr>
<tr>
<td>3</td>
<td>Townhome development</td>
<td>Over 12 months</td>
</tr>
<tr>
<td>4</td>
<td>Apartment complex with retail</td>
<td>5½ months</td>
</tr>
</tbody>
</table>

Based on supply and demand trends in the Southwest Dallas submarket, the marketing periods experienced by comparable land sales, and conversations with local brokers and other informed participants, it is our opinion that the estimate of reasonable exposure time of the subject property would have been about 12 months.

**ESTIMATED MARKETING PERIOD**

Estimated marketing period is the time period that a prospective investor would forecast to sell the subject property immediately after the date of value at a selling price equivalent to our opinion of market value. The marketing period estimate is based on the data used in estimating the reasonable exposure time as well as analyzing the expected changes in market conditions following the date of the appraisal.

The prospective future price of the subject property at the end of the marketing period may or may not equal our opinion of value. The future price depends on unpredictable changes in the physical real estate, demographic and economic trends, real estate markets in general, and supply and demand characteristics.

We foresee no significant changes in market conditions in the near term. Therefore, it is our opinion that the estimated marketing period of the subject property would be approximately 12 months.

This estimate is based on forecasted market conditions and the anticipated future performance of the property. Furthermore, the estimated marketing period assumes that an aggressive and professional marketing plan will be implemented by ownership and the selling price of the subject property will closely approximate our opinion of “as is” market value.
ASSUMPTIONS AND LIMITING CONDITIONS

For the purpose of this appraisal, the following assumptions and limiting conditions are made a part hereof:

GENERAL ASSUMPTIONS

1. We assume no responsibility for matters legal in nature. Nor do we render any opinion as to the title which is assumed to be good and marketable.

2. Our opinion of value assumes responsible ownership of the property which is the subject of this report.

3. Any existing liens and encumbrances on the subject property have not been considered in formulating our opinion of value.

4. The description of the appraised property is assumed to be correct. The appraisers made no survey of the site and assume no responsibility for such. It is recommended that a survey be obtained from a qualified professional in this field to establish the accuracy of this description.

5. The maps used in this appraisal were obtained from customary sources. They are not, however, necessarily recorded maps and are intended to show only the approximate location of the property or properties. Furthermore, all drawings, sketches, plans and other exhibits in this report illustrate approximate dimensions and are included only to assist the reader in visualizing the property or properties.

6. All information, comments and conclusions pertaining to the subject and other properties represent the personal opinion of the appraisers formed after examination of the property or properties. The State of Texas does not have full disclosure laws regarding real estate transactions. Therefore, the appraisers had to confirm all sales comparables with brokers, property managers, mortgage brokers, grantors, grantees and other parties familiar with the transaction. The appraisers’ results are limited by the accuracy of the information supplied by the aforementioned individuals. Whenever possible, the information was verified by county records. The information furnished by others is believed to be reliable. However, no warranty is given for its accuracy.

7. All information contained in this report is confidential and is submitted solely for the use of the addressee of the letter of transmittal. The appraisers will not be required to give testimony or attendance in court or before other legal authority by reason of this appraisal report without the prior written agreement or arrangement between employer and appraisers.

8. It is assumed that there is full compliance with applicable federal, state and local environmental regulations and laws unless noncompliance is stated, defined and considered in the appraisal report.

9. No responsibility is accepted for any hidden or unapparent conditions of the property or subsoil which would render it more or less valuable. We assume no responsibility for such conditions or for engineering studies which might be required to discover such facts.
10. Unless otherwise stated in this appraisal report, the existence of potentially hazardous conditions in the surface or subsurface of the site, such as the presence of underground storage tanks and/or toxic waste, which may or may not be present on the property, were not observed by the appraisers after ordinary and careful inspection; nor do we have any knowledge of the existence of such materials on or in the property. However, the presence of potentially hazardous materials may have an effect on the value of the property. The appraisers are not qualified to detect such substances and the client is urged to retain the services of a professional expert in this field, if so desired. Our valuation is predicated on the assumption that there is no such material on or in the property that would cause a loss in value. No responsibility is assumed for any such conditions, or for any expertise or engineering knowledge required to discover them.

11. Disclosure of the contents of this appraisal report is governed by the By-laws and Regulations of the Appraisal Institute.

12. Neither all nor any part of the contents of this report or copy thereof, shall be used for any purpose by others without written consent of the appraisers and/or client. Nor shall it be conveyed to the public through advertising, public relations, news, sales, or any other media without the written consent and approval of the authors, particularly as to valuation conclusions, the identity of the appraisers or a firm with which they are connected, or any reference to any professional society or institute of any initialed designations conferred upon the appraisers. Furthermore, the appraisers shall not divulge the material contents or conclusions contained herein without prior written consent of the client or his designee, except as may be required by a court of law, legal body with power of subpoena, or professional organization in confidence for ethics enforcement.

13. This appraisal represents the independent opinion of the appraisers after thorough inspection of the property, free from any commitments and free of any present or prospective future interest in the property, with the sole compensation for the employment being a fair professional fee.

**EXTRAORDINARY ASSUMPTION**

1. The appraisers were provided with a cost estimate to demolish the existing improvements by Mr. John Pool, Vice President with Bank of America. The demolition cost was budgeted at $500,000 which is supported by market-derived demolition costs sourced from *Marshall Valuation Service*, a national cost service. However, it should be noted that the appraisers are not experts in the construction field. Therefore, it is recommended that a construction consultant be retained to thoroughly inspect the subject premises and render an estimate of the cost to raze the improvements. It is a basic assumption that this estimate is reasonable. If a formal bid is subsequently submitted from a qualified construction expert that substantially differs from the $500,000 estimate of the cost to demolish, we reserve the right to modify our opinion of “as is” market value.

2. In conjunction with the demolition of the existing improvements on the subject site, it was reported to the appraisers that the apartment buildings contain asbestos. According to Mr. John Pool, the cost for abatement has been estimated at $450,000. It is assumed that this estimate is reasonable and that the apartment buildings do not contain any other environmentally hazardous materials which would inflate the abatement cost.
3. A title policy was not provided to the appraisers during the preparation of the appraisal and the easements that we observed during our inspection are documented in the report. It is recommended that a title search be performed by a qualified professional in order to discover the encumbrances that influence the property. It is assumed that the acreage is not encumbered by any adverse easements or encroachments that would inhibit marketability and warrant modification of the appraised values.

These extraordinary assumptions directly relate to this specific appraisal assignment and, if found to be false, could alter the assignment results and our concluded opinions of market value.

**HYPOTHETICAL CONDITIONS**

1. In arriving at the market value estimate of the subject property with regard to the second purpose of the appraisal report, it is assumed that the site has been legally platted, is unimproved and is ready for redevelopment.

2. The subject tract contains 8.885 acres of land area which is encumbered by a LURA (Land Use Restriction Agreement) that restricts the property to low-income tenants. Approximately 404 units on the entire 48.7486 acres comprising The Parks at Wynnewood must be limited to low-income tenants. Phase I consisted of 140 senior housing units and Phase II (Pod 3) has been improved with an additional 161 units (of which 160 units are designated for low-income tenants) which equates to a total of 300 of the 404 units required to fulfill the low-income component. Upon the construction of 404 low-income units, the remainder of the acreage can be redeveloped with dwelling units that can be rented at market rates. However, current ownership is working with the State of Texas to remove this restriction. With regard to the second purpose of the appraisal report, it is assumed that the LURA has been removed on the remaining acreage comprising the subject property.

These hypothetical conditions assume conditions contrary to what exist but are supposed for the purpose of analysis.

**ACCEPTANCE OF, AND/OR USE OF, THIS APPRAISAL REPORT CONSTITUTES ACCEPTANCE OF THE ABOVE CONDITIONS**
CERTIFICATION

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

➢ The statements of fact contained in this report are true and correct.

➢ The reported analyses, opinions and conclusions are limited only by the reported assumptions and limiting conditions, and are our personal, impartial and unbiased professional analyses, opinions and conclusions.

➢ We have no present or prospective interest in the property that is the subject of this report and no personal interest with respect to the parties involved.

➢ We have no bias with respect to the property that is the subject of this report or to the parties involved with this assignment.

➢ Our engagement in this assignment was not contingent upon developing or reporting predetermined results.

➢ The appraisal assignment was not based on a requested minimum valuation, a specific valuation or the approval of a loan.

➢ Our compensation for completing this assignment is not contingent upon the development or reporting of a predetermined value or direction in value that favors the cause of the client, the amount of the value opinion, the attainment of a stipulated result, or the occurrence of a subsequent event directly related to the intended use of this appraisal.

➢ Our analyses, opinions and conclusions were developed, and this report has been prepared, in conformity with the Uniform Standards of Professional Appraisal Practice.

➢ Stephen F. Ryan and John D. Campagna made a personal inspection of the property that is the subject of this report as well as all properties used as comparables.

➢ No one provided significant professional assistance to the persons signing this report.

➢ The reported analyses, opinions and conclusions were developed, and this report has been prepared, in conformity with the requirements of the Code of Professional Ethics and Standards of Professional Appraisal Practice of the Appraisal Institute, of which Stephen F. Ryan and John D. Campagna are members.

➢ The use of this report is subject to the requirements of the Appraisal Institute relating to review by its duly authorized representatives.

➢ We have complied with the applicable Standards Rules of Standard 1 and Standard 2 of the current edition of the Uniform Standards of Professional Appraisal Practice of the Appraisal Standards Board of The Appraisal Foundation.
We have complied with the Competency Provision of the *Uniform Standards of Professional Appraisal Practice* of the Appraisal Standards Board of The Appraisal Foundation.

The Appraisal Institute conducts a voluntary program of continuing education for its designated members. As of the date of this report, Stephen F. Ryan and John D. Campagna had completed the continuing education program for Designated Members of the Appraisal Institute.

Stephen F. Ryan and John D. Campagna are state certified general real estate appraisers by the Texas Appraiser Licensing and Certification Board of the State of Texas as set forth by Section 1112 of the Financial Institutions Reform, Recovery and Enforcement Act of 1989, 12 C.F.R. Part 323 and state law.

Stephen F. Ryan previously appraised the subject property in the three years prior to this current appraisal assignment. John D. Campagna has not performed any professional real estate 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 current appraisal assignment.

As a result of our investigation and analyses, it is our opinion that the "as is" market value of the subject property, under market conditions existing on January 7, 2020, was $2,215,000.

Furthermore, it is our opinion that the market value of the subject property as if unimproved, no deed restriction in place and under the current MF-1(A) zoning ordinance on the date of valuation, January 7, 2020, was $3,485,000.
EXHIBIT A – APPRAISAL REQUIREMENTS

§11.304 Appraisal Rules and Guidelines

(a) General Provision. An appraisal prepared for the Department must conform to the Uniform Standards of Professional Appraisal Practice (USPAP) as adopted by the Appraisal Standards Board of the Appraisal Foundation. The appraisal must include a statement that the report preparer has read and understood the requirements of this section. The appraisal must include a statement that the person or company preparing the appraisal, or reviewing the appraisal, is a disinterested party and will not materially benefit from the Development in any other way than receiving a fee for performing the appraisal and that the fee is in no way contingent upon the outcome of the appraisal.

(b) Self-Contained. An appraisal prepared for the Department must describe sufficient and adequate data and analyses to support the final opinion of value. The final value(s) must be reasonable, based on the information included. Any Third Party reports relied upon by the appraiser must be verified by the appraiser as to the validity of the data and the conclusions.

(c) Appraiser Qualifications. The appraiser and reviewing appraiser must be appropriately certified or licensed by the Texas Appraiser Licensing and Certification Board.

(d) Appraisal Contents. An appraisal prepared for the Department must be organized in a format that follows a logical progression. In addition to the contents described in USPAP Standards Rule 2, the appraisal must include items addressed in paragraphs (1) - (12) of this subsection.

(1) Title Page. Include a statement identifying the Department as the client, acknowledging that the Department is granted full authority to rely on the findings of the report, and name and address of person authorizing report. The title page must also include the following statement, "any person signing this Report acknowledges that the Department may publish the full report on the Department's website, release the report in response to a request for public information and make other use of the report as authorized by law."

(2) Letter of Transmittal. Include reference to accompanying appraisal report, reference to all person(s) that provided significant assistance in the preparation of the report, date of report, effective date of appraisal, date of property inspection, name of person(s) inspecting the property, tax assessor's parcel number(s) of the site, estimate of marketing period, and signatures of all appraisers authorized to work on the assignment including the appraiser who inspected the property. Include a statement indicating the report preparer has read and understood the requirements of this section.

(3) Table of Contents. Number the exhibits included with the report for easy reference.

(4) Disclosure of Competency. Include appraiser's qualifications, detailing education and experience.

(5) Statement of Ownership of the Subject Property. Discuss all prior sales of the subject Property which occurred within the past three years. Any pending agreements of sale, options to buy, or listing of the subject Property must be disclosed in the appraisal report.

(6) Property Rights Appraised. Include a statement as to the property rights (e.g., fee simple interest, leased fee interest, leasehold, etc.) being considered. The appropriate interest must be defined in terms of current appraisal terminology with the source cited.
(7) Site/Improvement Description. Discuss the site characteristics including subparagraphs (A) - (E) of this paragraph.

(A) Physical Site Characteristics. Describe dimensions, size (square footage, acreage, etc.), shape, topography, corner influence, frontage, access, ingress-egress, etc. associated with the Development Site. Include a plat map and/or survey.

(B) Floodplain. Discuss floodplain (including flood map panel number) and include a floodplain map with the subject Property clearly identified.

(C) Zoning. Report the current zoning and description of the zoning restrictions and/or deed restrictions, where applicable, and type of Development permitted. Any probability of change in zoning should be discussed. A statement as to whether or not the improvements conform to the current zoning should be included. A statement addressing whether or not the improvements could be rebuilt if damaged or destroyed, should be included. If current zoning is not consistent with the highest and best use, and zoning changes are reasonable to expect, time and expense associated with the proposed zoning change should be considered and documented. A zoning map should be included.

(D) Description of Improvements. Provide a thorough description and analysis of the improvements including size (Net Rentable Area, gross building area, etc.), use (whether vacant, occupied by owner, or being rented), number of residents, number of stories, number of buildings, type/quality of construction, condition, actual age, effective age, exterior and interior amenities, items of deferred maintenance, energy efficiency measures, etc. All applicable forms of depreciation should be addressed along with the remaining economic life.

(E) Environmental Hazards. It is recognized appraisers are not experts in such matters and the impact of such deficiencies may not be quantified; however, the report should disclose any potential environmental hazards (such as discolored vegetation, oil residue, asbestos-containing materials, lead-based paint, etc.) noted during the inspection.

(8) Highest and Best Use. Market Analysis and feasibility study is required as part of the highest and best use. The highest and best use analysis should consider paragraph (7)(A) - (E) of this subsection as well as a supply and demand analysis.

(A) The appraisal must inform the reader of any positive or negative market trends which could influence the value of the appraised Property. Detailed data must be included to support the appraiser's estimate of stabilized income, absorption, and occupancy.

(B) The highest and best use section must contain a separate analysis "as if vacant" and "as improved" (or "as proposed to be improved/renovated"). All four elements (legally permissible, physically possible, feasible, and maximally productive) must be considered.

(9) Appraisal Process. It is mandatory that all three approaches, Cost Approach, Sales Comparison Approach and Income Approach, are considered in valuing the Property. If an approach is not applicable to a particular property an adequate explanation must be provided. A land value estimate must be provided if the Cost Approach is not applicable.

(A) Cost Approach. This approach should give a clear and concise estimate of the cost to construct the subject improvements. The source(s) of the cost data should be reported.
(i) Cost comparables are desirable; however, alternative cost information may be obtained from Marshall & Swift Valuation Service or similar publications. The section, class, page, etc. should be referenced. All soft costs and entrepreneurial profit must be addressed and documented.

(ii) All applicable forms of depreciation must be discussed and analyzed. Such discussion must be consistent with the description of the improvements.

(iii) The land value estimate should include a sufficient number of sales which are current, comparable, and similar to the subject in terms of highest and best use. Comparable sales information should include address, legal description, tax assessor’s parcel number(s), sales price, date of sale, grantor, grantee, three year sales history, and adequate description of property transferred. The final value estimate should fall within the adjusted and unadjusted value ranges. Consideration and appropriate cash equivalent adjustments to the comparable sales price for subclauses (I) - (VII) of this clause should be made when applicable.

(I) Property rights conveyed;

(II) Financing terms;

(III) Conditions of sale;

(IV) Location;

(V) Highest and best use;

(VI) Physical characteristics (e.g., topography, size, shape, etc.); and

(VII) Other characteristics (e.g., existing/proposed entitlements, special assessments, etc.).

(B) Sales Comparison Approach. This section should contain an adequate number of sales to provide the Underwriter with a description of the current market conditions concerning this property type. Sales data should be recent and specific for the property type being appraised. The sales must be confirmed with buyer, seller, or an individual knowledgeable of the transaction.

(i) Sales information should include address, legal description, tax assessor’s parcel number(s), sales price, financing considerations and adjustment for cash equivalency, date of sale, recordation of the instrument, parties to the transaction, three year sale history, complete description of the Property and property rights conveyed, and discussion of marketing time. A scaled distance map clearly identifying the subject and the comparable sales must be included.

(ii) The method(s) used in the Sales Comparison Approach must be reflective of actual market activity and market participants.

(I) Sale Price/Unit of Comparison. The analysis of the sale comparables must identify, relate, and evaluate the individual adjustments applicable for property rights, terms of sale, conditions of sale, market conditions, and physical features. Sufficient narrative must be included to permit the reader to understand the direction and magnitude of the individual adjustments, as well as a unit of comparison value indicator for each comparable.

(II) Net Operating Income/Unit of Comparison. The Net Operating Income statistics for the comparables must be calculated in the same manner. It should be disclosed if reserves for replacement have been
included in this method of analysis. At least one other method should accompany this method of analysis.

(C) Income Approach. This section must contain an analysis of both the actual historical and projected income and expense aspects of the subject property.

(i) Market Rent Estimate/Comparable Rental Analysis. This section of the report should include an adequate number of actual market transactions to inform the reader of current market conditions concerning rental Units. The comparables must indicate current research for this specific property type. The comparables must be confirmed with the landlord, tenant or agent and individual data sheets must be included. The individual data sheets should include property address, lease terms, description of the property (e.g., Unit Type, unit size, unit mix, interior amenities, exterior amenities, etc.), physical characteristics of the property, and location of the comparables. Analysis of the Market Rents should be sufficiently detailed to permit the reader to understand the appraiser's logic and rationale. Adjustment for lease rights, condition of the lease, location, physical characteristics of the property, etc. must be considered.

(ii) Comparison of Market Rent to Contract Rent. Actual income for the subject along with the owner's current budget projections must be reported, summarized, and analyzed. If such data is unavailable, a statement to this effect is required and appropriate assumptions and limiting conditions should be made. The Contract Rents should be compared to the market-derived rents. A determination should be made as to whether the Contract Rents are below, equal to, or in excess of market rates. If there is a difference, its impact on value must be qualified.

(iii) Vacancy/Collection Loss. Historical occupancy data and current occupancy level for the subject should be reported and compared to occupancy data from the rental comparables and overall occupancy data for the subject's Primary Market.

(iv) Expense Analysis. Actual expenses for the subject, along with the owner's projected budget, must be reported, summarized, and analyzed. If such data is unavailable, a statement to this effect is required and appropriate assumptions and limiting conditions should be made. Historical expenses should be compared to comparables expenses of similar property types or published survey data (such as IREM, BOMA, etc.). Any expense differences should be reconciled. Include historical data regarding the subject's assessment and tax rates and a statement as to whether or not any delinquent taxes exist.

(v) Capitalization. The appraiser should present the capitalization method(s) reflective of the subject market and explain the omission of any method not considered in the report.

(I) Direct Capitalization. The primary method of deriving an overall rate is through market extraction. If a band of investment or mortgage equity technique is utilized, the assumptions must be fully disclosed and discussed.

(II) Yield Capitalization (Discounted Cash Flow Analysis). This method of analysis should include a detailed and supportive discussion of the projected holding/investment period, income and income growth projections, occupancy projections, expense and expense growth projections, reversionary value and support for the discount rate.
(10) Value Estimates. Reconciliation of final value estimates is required. The Underwriter may request additional valuation information based on unique existing circumstances that are relevant for deriving the market value of the Property.

(A) All appraisals shall contain a separate estimate of the "as vacant" market value of the underlying land, based upon current sales comparables. The "as vacant" value assumes that there are no improvements on the property and therefore demolition costs should not be considered. The appraiser should consider the fee simple or leased fee interest as appropriate.

(B) For existing Developments with any project-based rental assistance that will remain with the property after the acquisition, the appraisal must include an "as-is as-currently-restricted value at current contract rents." For public housing converting to project-based rental assistance, the appraiser must provide a value based on the future restricted rents. The value used in the analysis may be based on the unrestricted market rents if supported by an appraisal. The Department may require that the appraisal be reviewed by a third-party appraiser acceptable to the Department but selected by the Applicant. Use of the restricted rents by the appraiser will not require an appraisal review. Regardless of the rents used in the valuation, the appraiser must consider any other on-going restrictions that will remain in place even if not affecting rents. If the rental assistance has an impact on the value, such as use of a lower capitalization rate due to the lower risk associated with rental rates and/or occupancy rates on project-based developments, this must be fully explained and supported to the satisfaction of the Underwriter.

(C) For existing Developments with rent restrictions, the appraisal must include the "as-is as-restricted" value. In particular, the value must be based on the proposed restricted rents when deriving the value based on the income approach.

(D) For all other existing Developments, the appraisal must include the "as-is" value.

(E) For any Development with favorable financing (generally below market debt) that will remain in place and transfer to the new owner, the appraisal must include a separate value for the existing favorable financing with supporting information.

(F) If required the appraiser must include a separate assessment of personal property, furniture, fixtures, and equipment (FF&E) and/or intangible items. If personal property, FF&E, or intangible items are not part of the transaction or value estimate, a statement to such effect should be included.

(11) Marketing Time. Given property characteristics and current market conditions, the appraiser(s) should employ a reasonable marketing period. The report should detail existing market conditions and assumptions considered relevant.

(12) Photographs. Provide good quality color photographs of the subject Property (front, rear, and side elevations, on-site amenities, interior of typical Units if available). Photographs should be properly labeled. Photographs of the neighborhood, street scenes, and comparables should be included. An aerial photograph is desirable but not mandatory.

(e) Additional Appraisal Concerns. The appraiser(s) must be aware of the Department program rules and guidelines and the appraisal must include analysis of any impact to the subject's value.
Subject property as viewed from Pratt Street

Alternate view of subject property as seen from Pratt Street
Subject property as viewed from South Zang Boulevard

Alternate view of subject property as seen from South Zang Boulevard
High Point Senior Living apartment community

High Point Family Living complex that is improved with 161 apartment units
Subject Photographs

High Point Family Living complex as viewed from West Louisiana Avenue

Adjoining Wynnewood Village shopping center
Wynnewood Village shopping center pad site being improved with Maya Cinemas

Bishop Arts District
Methodist Medical Center

Trinity Groves
Looking southwest along South Zang Boulevard; subject property on right

Looking northeast along Pratt Street; subject property on right
EXHIBIT C – COMPARABLE LAND SALES

SALE NO. 1

LOCATION: 2603-2639 West Davis Street; northeast corner of West Davis Street and Plymouth Road, City of Dallas, Dallas County, Texas

MAPSCO: 53-D

LEGAL DESCRIPTION: Tracts 1, 2 and 4, Block A/5943, Plymouth Rock Village, City of Dallas, Dallas County, Texas

TAX IDENTIFICATION NUMBERS: 00000459913000000, 00000459904000000 and 0000045991000000

SALES DATA:

GRANTOR West Davis Plymouth Development, LLC (Attn: Mark Branigan)
GRANTEE CND-West Davis II LLC (By: David Weekley Homes)
DATE OF RECORDING April 12, 2019
DEED RECORDED Instrument No. 201900093664
OWNERSHIP CONVEYED Fee simple estate
MARKETING TIME Undisclosed
ACTUAL CONSIDERATION $4,400,000 purchase price plus $80,625 for demolition costs which equates to an effective purchase price of $4,480,625
UNIT PRICE $14.22 per square foot
TERMS Cash to seller
ESTIMATED CASH EQUIVALENCY $14.22 per square foot
PROPERTY DATA:

SIZE 7.236 acres (315,196 square feet)
ZONING PD-830 (Planned Development – Subdistrict 6: Davis Corridor)
DENSITY 11.33 units per acre based on 82-unit residential community
SHAPE Irregular
TOPOGRAPHY Ranges from fairly level to gently sloping
FRONTAGE 652 feet on West Davis Street and 300.0 feet on Plymouth Road
UTILITIES All available
EASEMENTS None adverse noted
SITE IMPROVEMENTS AT DATE OF SALE 26,875-square foot retail center which was constructed between 1959 and 1960 and is boarded up; these improvements add no contributory value to the site
INTENDED USAGE Gated single family residential community consisting of 82 units with home price points ranging from $375,000 to $475,000
FLOOD PLAIN Northwest side of the tract borders Coombs Creek but reportedly is not situated within the 100-year flood plain

DATE OF INSPECTION: January, 2020
VERIFIED BY: Mr. Tom Metcalfe, broker with Tom Metcalf Commercial Real Estate (214-458-8787)

COMMENTS: PD 830 allows retail, commercial, single family, multi-family, office and neighborhood service uses.

SALES HISTORY OF COMPARABLE: According to the Dallas Central Appraisal District, West Davis Plymouth Dev LLC acquired the property on October 15, 2015 as recorded in Instrument No. 201500291823 of the Dallas County deed records. West Davis Plymouth Dev LLC subsequently resold the property to CND-West Davis II LLC on April 12, 2019 and there have not been any other deed transfers over the last three years.
SALE NO. 2
LOCATION: Northwest corner of Greenside Drive and Custer Parkway, also fronting the south side of President George Bush Turnpike, City of Richardson, Collin County, Texas

MAPSCO: 9-B

LEGAL DESCRIPTION: Lot 7, Block A, Turnpike Commons West Addition, City of Richardson, Collin County, Texas

TAX IDENTIFICATION NUMBER: 2770320

SALES DATA:

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<th>GRANTOR</th>
<th>Edentree Properties Ltd &amp; Hall Irving Hotel Ltd</th>
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<td>GRANTEE</td>
<td>LG Custer 190 LLC</td>
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<td>ACTUAL CONSIDERATION</td>
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<td>ESTIMATED CASH EQUIVALENCY</td>
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PROPERTY DATA:

SIZE 14.958 acres (651,549 square feet)
ZONING PD 4220 (Planned Development)
DENSITY 28.08 units per acre based on 420-unit apartment complex
SHAPE L-shaped
TOPOGRAPHY Ranges from fairly level to gently sloping
FRONTAGE Custer Parkway, Greenside Drive and President George Bush Turnpike
UTILITIES All available
EASEMENTS None adverse noted
SITE IMPROVEMENTS AT DATE OF SALE None
INTENDED USAGE 420-unit apartment complex
FLOOD PLAIN None

DATE OF INSPECTION: May, 2018
VERIFIED BY: Mr. Mike Canning with Hall Financial (214-269-9545)

SALES HISTORY OF COMPARABLE: According to the Collin Central Appraisal District, there have not been any other deed transfers of this property over the last three years.
SALE NO. 3

LOCATION: Southwest corner of Duluth Street and Conklin Street, also fronting the north side of Bayonne Street, Dallas, Dallas County, Texas

MAPSCO: 44-P

LEGAL DESCRIPTION: Lots 1-4, Block 12/7265 and all of Block 9/7265, ZE Coombs West Addition, Dallas, Dallas County, Texas

TAX IDENTIFICATION NUMBERS: 00000703477000000 and 00000703564000000

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PROPERTY DATA:

SIZE 2.259 acres (98,420 square feet)
ZONING MF-2(A) [Multiple-Family]
DENSITY Undisclosed
SHAPE Rectangular
TOPOGRAPHY Generally level
FRONTAGE Bayonne Street, Conklin Street and Duluth Street
UTILITIES All available
EASEMENTS None adverse noted
SITE IMPROVEMENTS AT DATE OF SALE None
INTENDED USAGE Townhome development
FLOOD PLAIN None

DATE OF INSPECTION: January, 2020
VERIFIED BY: Mr. Jed Dolson, representative of grantee (469-450-5585)

SALES HISTORY OF COMPARABLE: According to the Dallas Central Appraisal District, there have not been any other deed transfers of this property over the last three years.
SALE NO. 4

LOCATION: 4800 West Illinois Avenue; south side of West Illinois Avenue, about 850 feet west of Knoxville Street, City of Dallas, Dallas County, Texas

MAPSCO: 52-U

LEGAL DESCRIPTION: Tract 2, Block 8014, City of Dallas, Dallas County, Texas

TAX IDENTIFICATION NUMBER: 00000784516000000

SALES DATA:

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<th>3 Ortegas &amp; SB LLC (Godofredo Ortega)</th>
<th>CCA Investments, Inc. (Emeka Akpunku)</th>
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<td>UTILITIES</td>
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<td>INTENDED USAGE</td>
<td>Apartment complex with ground floor retail storefronts</td>
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<td>FLOOD PLAIN</td>
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**DATE OF INSPECTION:**

January, 2020

**VERIFIED BY:**

Mr. David Rogers, broker with Ready Real Estate (972-358-5595)

**SALES HISTORY OF COMPARABLE:**

According to the Dallas Central Appraisal District, there have not been any other deed transfers of this property over the last three years.
COMPARABLE LAND SALES MAP
EXHIBIT D – BOUNDARY DESCRIPTION

The subject parcel is legally identified in the following metes and bounds survey:

BEING an 8.865 acre tract or parcel of land situated in the John W. Wright Survey, Abstract No. 1551, City of Dallas, Dallas County, Texas, said tract being a portion of that certain Block 5973, Eighth Section of Wynnewood (hereinafter referred to as Block 5973), an addition to the Dallas, Dallas County, Texas, according to the Map thereof recorded in Volume 12, Page 76-A, B and C, Map Records, Dallas County, Texas (M.R.D.C.T.); said tract being a portion of that certain tract of land described in Special Warranty Deed to WCH Limited Partnership, as recorded in Volume 93237, Page 5104, Deed Records, Dallas County, Texas (D.R.D.C.T.); said tract of land being more particularly described by metes and bounds as follows:

BEGINNING at a 5/8-inch iron rod with "GSES INC RPLS 4904" cap found in the westerly right-of-way line of S. Zang Boulevard (a 125’ wide public right-of-way), as recorded in Volume 2173, Page 294, D.R.D.C.T. and the easterly line of said Block 5973; said point being the southeast corner of Lot 1, Block H/5973, Wynnewood Zang Addition Phase One, an addition to the City of Dallas, Dallas County, Texas, according to the Map thereof recorded in Instrument No. 201400134243, Official Public Records, Dallas County, Texas, (O.P.R.D.C.T.) and the beginning of a non-tangent curve to the left;

THENCE in a southerly direction along said westerly right-of-way line of S. Zang Boulevard, the said easterly line Block 5973, and said curve to the left having a radius of 3,882.22 feet, a central angle of 15 degrees 53 minutes 18 seconds, a chord bearing and distance of South 14 degrees 42 minutes 40 seconds West, 1,073.10 feet; and an arc distance of 1,076.55 feet to a 5/8-inch iron rod with "BG3" cap set for corner;

THENCE North 82 degrees 45 minutes 28 seconds West, departing the said westerly right-of-way line of S. Zang Boulevard and over and across said Block 5973, a distance of 202.32 feet to a 5/8-inch iron rod with "BG3" cap set in the easterly right-of-way line of Pratt Street (a 50’ wide public right-of-way), as recorded in Volume 12, Page 76-A, B and C, M.R.D.C.T. and the westerly line of said Block 5973; said point being the beginning of a non-tangent curve to the right;

THENCE in a northerly direction with the said easterly right-of-way line of Pratt Street and the said westerly line of Block 5973, the following courses and distances:

With said non-tangent curve to the right having a radius of 700.94 feet, a central angle of 20 degrees 37 minutes 03 seconds, a chord bearing and distance of North 03 degrees 35 minutes 01 seconds West, 260.87 feet; and an arc distance of 252.33 feet to a 5/8-inch iron rod with "BG3" cap set for corner;

North 06 degrees 43 minutes 30 seconds East, a distance of 15.10 feet to a 5/8-inch iron rod with "BG3" cap set at the beginning of a tangent curve to the right;

With said tangent curve to the right having a radius of 1,885.07 feet, a central angle of 06 degrees 54 minutes 44 seconds, a chord bearing and distance of North 10 degrees 10 minutes 55 seconds East, 227.28 feet; and an arc distance of 227.42 feet to a nail in concrete found for corner;

North 13 degrees 38 minutes 17 seconds East, a distance of 3.30 feet to a 1/2-inch iron rod found for the beginning of a tangent curve to the right;

With said tangent curve to the right having a radius of 3,240.04 feet, a central angle of 11 degrees 45 minutes 24 seconds, a chord bearing and distance of North 19 degrees 30 minutes 59 seconds East, 665.51 feet; and an arc distance of 668.88 feet to a 1/2-inch iron rod with "FIBURN PARTNERS" cap found for corner;

North 25 degrees 23 minutes 32 seconds East, a distance of 27.25 feet to a 5/8-inch iron rod with illegible cap found for the southwest corner of said Lot 1;

THENCE South 64 degrees 36 minutes 19 seconds East, departing the said easterly right-of-way line of Pratt Street and the said westerly line with the common line between the South line of said Lot 1 and the remaining portion of said Block 5973, a distance of 335.68 feet to the POINT OF BEGINNING, and containing 387,050 square feet or 8.886 acres of land, more or less.
EXHIBIT E – QUALIFICATIONS OF THE APPRAISERS

STEPHEN F. RYAN, MAI
RYAN, HARTMANN, FRIEDEL CO.
6510 ABRAMS ROAD, SUITE 220
DALLAS, TEXAS  75231

PRESENT POSITION

Co-founder of Ryan, Hartmann, Friedel Co., an independent real estate appraisal and consultation firm.

EDUCATION

Graduate of Southern Methodist University, BBA Real Estate

REAL ESTATE AND APPRAISAL EDUCATION

Attended and successfully completed courses at Southern Methodist University:

Real Estate Fundamentals
Real Estate Property Management
Real Estate Finance
Real Estate Appraisal I & II
Real Estate Practice
Intern Program in Real Estate
City Planning
Planning and Construction of Commercial and Industrial Properties

Accredited Appraisal Institute courses:

Real Estate Appraisal Principles
Basic Valuation Procedures
Capitalization Theory and Techniques, Part A
Capitalization Theory and Techniques, Part B
Case Studies in Real Estate Valuation
Valuation Analysis and Report Writing
Standards of Professional Practice

Accredited Appraisal Institute seminars:

Small Residential Income Property Appraisals
Local Research and Forecasting
Impact of Hazardous Materials in Appraisal
Federal Bank Regulators and the Appraiser
Reviewing Appraisals
Rate Extraction
Subdivision Analysis
Real Estate Investment and Feasibility Analysis
Highest and Best Use Analysis
Cash Equivalency
Accredited Appraisal Institute seminars (continued):

- Risk Analysis
- Appraisal Regulations of the Federal Banking Agencies from the Lender’s Perspective
- Americans with Disabilities Act
- Maximizing the Value of an Appraisal Practice
- Current Issues & Misconceptions in the Appraisal Process
- Understanding Limited Appraisals & Appraisal Reporting Options
- Texas Property Tax Consulting Laws
- Discounted Cash Flow Analysis
- Appraisal of Special Purpose Properties
- The Internet and Appraising
- Appraisal of Nonconforming Uses
- Partial Interest Valuation - Divided

PROFESSIONAL MEMBERSHIPS AND AFFILIATIONS

Member, Appraisal Institute, MAI Designation Certificate Number 8230
State Certified General Real Estate Appraiser, State of Texas,
Texas Appraiser Licensing and Certification Board Certificate Number TX-1320164-G
issued March 27, 2019, expiring March 31, 2021
Licensed Real Estate Broker in the State of Texas,
Texas Real Estate Commission License Number 192306-22
Realtor Member, Greater Dallas Board of Realtors, Inc.
Realtor Member, Texas Association of Realtors
Member, National Association of Realtors

APPRASIAL EXPERIENCE

JUNE 1989 TO PRESENT
Partner of Ryan, Hartmann, Friedel Company, an independent real estate appraisal and consultation firm; appraisal related duties include preparation and review of commercial appraisal assignments.

APRIL 1982 TO JUNE 1989
Commercial fee appraiser; responsibilities included preparation of commercial related appraisal assignments and review of commercial appraisals.

Appraisal experience consists of a wide variety of assignments including vacant land, shopping centers, office buildings, industrial facilities, apartment complexes, condominium developments and residential subdivisions, as well as special purpose properties including automobile dealerships, bowling centers, day care centers, easements, funeral homes, hospitals, hotels, marinas, medical facilities, mini-warehouses, mobile home parks, nursing homes, religious facilities, restaurants and service stations. Additionally, market feasibility and consultation work has been performed. Clients include mortgage brokers, banks, savings and loan associations, insurance companies, attorneys, developers, corporations and private individuals. Business and personal references, along with a client list, will be furnished upon request.
Texas Appraiser Licensing and Certification Board
P.O. Box 12188 Austin, Texas 78711-2188
Certified General Real Estate Appraiser

Number: TX 1320164 G
Issued: 03/27/2019 Expires: 03/31/2021
Appraiser: STEPHEN FRANCIS RYAN

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

Douglas E. Oldmixon
Commissioner
JOHN D. CAMPAGNA, MAI
RYAN, HARTMANN, FRIEDEL CO.
6510 ABRAMS ROAD, SUITE 220
DALLAS, TEXAS 75231

PRESENT POSITION

Appraiser at Ryan, Hartmann, Friedel Co., an independent real estate appraisal and consultation firm

EDUCATION

Bachelor Degree in Business Finance, The University of Texas at Arlington

REAL ESTATE AND APPRAISAL EDUCATION

Attended and successfully completed courses at The University of Texas at Arlington:

Real Estate Fundamentals
Real Estate Appraisal

Accredited Appraisal Institute courses:

An Introduction to Appraising Real Property
Capitalization Theory and Techniques, Part A
Capitalization Theory and Techniques, Part B
Advanced Applications
Report Writing and Valuation Analysis
Advanced Sales Comparison and Cost Approaches
Highest and Best Use and Market Analysis
Standards of Professional Practice, Part A (USPAP) and Part B

PROFESSIONAL AFFILIATIONS

Member, Appraisal Institute, MAI Designation Certificate Number 11,537
State Certified General Real Estate Appraiser, State of Texas,
Texas Appraisal Licensing and Certification Board Certificate Number TX-1323831-G
issued October 17, 2018, expiring October 31, 2020
Licensed Real Estate Salesman in the State of Texas
Texas Real Estate Commission License #388555
APPRAISAL EXPERIENCE

JANUARY 1990 TO PRESENT     Appraiser at Ryan, Hartmann, Friedel Co., an independent real estate appraisal and consultation firm.

NOVEMBER 1987 TO JANUARY 1990     Dallas County Appraisal District: involved in land and improvement valuation of commercial and residential property in Dallas County. Represented Dallas County as appraiser on the Appraisal Review Board to defend the Dallas Central Appraisal District Values.