AN APPRAISAL REPORT
ST. ELIZABETH PLACE
4514 LYONS AVENUE
HOUSTON, TEXAS 77020

APPRAISAL REPORT OF
REAL PROPERTY

ORDERED BY MY CLIENT:
FIFTH WARD COMMUNITY REDEVELOPMENT CORPORATION
ATTN: MS. KATHY FLANAGAN-PAYTON, PRESIDENT & CEO, AND
MS. JESSICA THOMPSON, VICE PRESIDENT OF
REAL ESTATE DEVELOPMENT
4300 LYONS AVENUE, SUITE 300
HOUSTON, TEXAS 77020

CONDUCTED FOR:
MR. TIM IRVINE
EXECUTIVE DIRECTOR
TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS
221 EAST 11TH STREET
AUSTIN, TEXAS 78701

PREPARED BY:
LINDA M. POWERS, MAI
THE POWERS GROUP
6517 ISLA DEL REY DRIVE
EL PASO, TX 79912

“AS IS” DATE: FEBRUARY 12, 2018
DATE OF REPORT: FEBRUARY 28, 2018
February 28, 2018

Fifth Ward Community Redevelopment Corporation  
Attn: Ms. Kathy Flanagan-Payton, President & CEO, and  
Ms. Jessica Thompson, Vice President Of Real Estate Development  
4300 Lyons Avenue, Suite 300  
Houston, Texas 77020  

Re: Appraisal of St. Elizabeth Place, 4514 Lyons Avenue, Houston, Texas 77020.

Dear Ms. Flanagan-Payton and Ms. Thompson:

Per your request for an appraisal report of the “as is” fee simple rights of ownership of St. Elizabeth Place, located at 4514 Lyons Avenue, Houston, Texas, more particularly described by the legal description contained herein, I submit the attached appraisal report. The use of this report is subject to the requirements of the Appraisal Institute relating to review by its duly authorized representatives and the attached limiting conditions. This report format is an appraisal report, presented in a narrative format, as defined by Standard 2-2 of the Uniform Standards of Professional Appraisal Practice, 2018 Edition, as adopted by the Appraisal Standards Board of the Appraisal Foundation.

The appraisal has been prepared for my client, Fifth Ward Community Redevelopment Corporation, for submission with a LIHTC application. The intended users of the report are the Fifth Ward Community Redevelopment Corporation and Mr. Tim Irvine, Executive Director, Texas Department of Housing and Community Affairs.

This appraisal is subject to the following assumptions and limiting conditions when applicable. The use of these assumptions and limiting conditions may have affected the assignment results.

I am of the opinion that the “as is” market value of the fee simple rights of ownership of the 114,730 square foot, or 2.634 acres, tract of land, with 119,965 square feet of gross building area, as of February 12, 2018, was:

FOUR MILLION SIX HUNDRED FIFTY THOUSAND DOLLARS ($4,650,000).*

“AS IS” OPINION OF MARKET VALUE

*Subject to the Assumptions and Limiting Conditions as noted beginning on Page 3 of this report.
The subject property is assessed by the Harris County Appraisal District as Account Numbers 0041270000001, 0041230000004, 0041230000006, and 0041230000015.

I am of the opinion an exposure time of 12 to 24 months appears appropriate for the subject based on the final opinion of market value.

Market Value as used in this report 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.

My appraisal is based on estimates, assumptions and other information developed from research of the market, knowledge of the industry, and information that was provided. Under the terms of this engagement, I have no obligation to revise this report or the estimated financial results to reflect events or conditions, which occur subsequent to the date of this appraisal.

I, the undersigned, do hereby certify that to the best of my knowledge and belief, the facts and data used herein are true and correct, and that I have personally inspected the subject. I have no present or future interest in the subject property and will not materially benefit from the development in any other way than receiving a fee for performing the appraisal. The fee is no way contingent upon the outcome of the appraisal. I have read and understand the 2018 Market Analysis Rules and Guidelines found in §10.303 of the Uniform Multifamily Rules.

Respectfully submitted,

Linda M. Powers, MAI
State Certified General Appraiser
TX-1331962-G
NM – 02141-G
# Proposed St. Elizabeth Place

A Proposed 110-Unit Multi-family Complex

4514 Lyons Avenue, Houston, Texas

February 28, 2018

## TABLE OF CONTENTS

<table>
<thead>
<tr>
<th>Cover</th>
<th>1</th>
</tr>
</thead>
<tbody>
<tr>
<td>Letter</td>
<td></td>
</tr>
<tr>
<td>Table of Contents</td>
<td></td>
</tr>
<tr>
<td>Executive Summary</td>
<td>1</td>
</tr>
<tr>
<td>Assumptions and Limiting Conditions</td>
<td>3</td>
</tr>
<tr>
<td>Real Estate Appraised</td>
<td>6</td>
</tr>
<tr>
<td>Legal Description</td>
<td>6</td>
</tr>
<tr>
<td>Ownership History</td>
<td>6</td>
</tr>
<tr>
<td>Property Types Appraised</td>
<td>7</td>
</tr>
<tr>
<td>Property Rights Appraised</td>
<td>7</td>
</tr>
<tr>
<td>Property Interests Appraised</td>
<td>7</td>
</tr>
<tr>
<td>Intended Use of the Appraisal</td>
<td>7</td>
</tr>
<tr>
<td>Intended Users of the Appraiser</td>
<td>7</td>
</tr>
<tr>
<td>Definitions of Value</td>
<td>8</td>
</tr>
<tr>
<td>Dates Used in the Appraisal</td>
<td>9</td>
</tr>
<tr>
<td>Appraisal Report Format</td>
<td>9</td>
</tr>
<tr>
<td>Scope of Work</td>
<td>10</td>
</tr>
<tr>
<td>Houston Area Description</td>
<td>13</td>
</tr>
<tr>
<td>Neighborhood Description – Fifth Ward</td>
<td>31</td>
</tr>
<tr>
<td>Site Description</td>
<td>37</td>
</tr>
<tr>
<td>Description of the Improvements</td>
<td>47</td>
</tr>
<tr>
<td>Subject Photographs</td>
<td>53</td>
</tr>
<tr>
<td>Subject Assessed Value and Ad Valorem Taxes</td>
<td>65</td>
</tr>
<tr>
<td>Highest and Best Use</td>
<td>67</td>
</tr>
<tr>
<td>The Valuation Process</td>
<td>70</td>
</tr>
<tr>
<td>Cost Approach</td>
<td>71</td>
</tr>
<tr>
<td>Reasonable Exposure Time</td>
<td>91</td>
</tr>
<tr>
<td>Certification</td>
<td>92</td>
</tr>
<tr>
<td>Addenda</td>
<td></td>
</tr>
<tr>
<td>• Warranty Deed</td>
<td></td>
</tr>
<tr>
<td>• Executed Purchase Agreement Contract</td>
<td></td>
</tr>
<tr>
<td>• 2017 Tax Statements</td>
<td></td>
</tr>
<tr>
<td>• Letter of Engagement</td>
<td></td>
</tr>
<tr>
<td>• Qualifications of the Appraiser</td>
<td></td>
</tr>
</tbody>
</table>
### EXECUTIVE SUMMARY

**“As Is” Date of Value:** February 12, 2018  
**Date of Report:** February 28, 2018  
**Intended Use:** Provide an estimate of market value for the subject property for submission with a LIHTC application to the Texas Department of Community Affairs.  
**Intended Users:** Fifth Ward Community Redevelopment Corporation and Mr. Tim Irvine, Executive Director, Texas Department of Housing and Community Affairs.  
**Property Address:** 4514 Lyons Avenue, Houston, Texas 77020.  
**Legal Description:**  
A tract of land containing 2.634 acres (114,730 square feet), situated in the Harris and Wilson Survey, Abstract No. 32, in Harris County, Texas, comprising of all of Lots 1 through 10, inclusive, Block 117, Augusta Addition, Harris County, Texas, and all of that certain tract of land formerly known as Farmer Avenue located between said blocks and bounded by the east line of St. Elizabeth Street and the west line of Yates Street, Harris County, Texas.  

The subject tract is rectangular and has frontage on four streets. It is not zoned. The site is located in FEMA’s Flood Zone X, outside the 500-year flood plain.

The subject is the site of the former St. Elizabeth Hospital and later the Riverside General Hospital/Barbara Jordan Recovery Center. It is now vacant. The existing improvements contain 119,965 square feet of gross building area and were constructed in 1953 and 1988 (information provided by my client). There are two, three-story buildings of masonry construction on steel frame with a concrete foundation and a flat roof. The current improvements suffer from significant deferred maintenance. The exterior of the building is in average condition; however, the interior is considered to be in poor condition.
Rights Appraised: Fee Simple
Appraisal Premise: “As Is” Market Value
Exposure Period: 12 to 24 Months

"AS IS" MARKET VALUE OPINION – 2.6339 acres of land with 119,965 square feet of gross building area
AS OF FEBRUARY 12, 2018 $4,650,000*

*Subject to the Assumptions and Limiting Conditions as noted beginning on Page 3 of this report.
ASSUMPTIONS AND LIMITING CONDITIONS

This appraisal is subject to the following assumptions and limiting conditions when applicable. The use of these assumptions and limiting conditions and extraordinary assumptions and/or hypothetical conditions may have affected the assignment results.

The legal description is assumed to be correct.

The sketches in this report are included to assist the reader in visualizing the property.

I have made no survey of the property and assume no responsibility in connection with such matters.

There is neither assumption of responsibility for matters legal in character nor any rendition of opinion as to title, which is assumed to be good. The property is appraised as though free and clear under responsible ownership.

I believe the information identified in this report as being furnished to us by others to be reliable, but I assume no responsibility for its accuracy.

Possession of this report, or a copy hereof, does not carry with it the right of publication, nor may it be used for any purpose by anyone but the applicant without the previous written consent of the appraiser or the applicant and in any event, only with proper identification.

I am not required to give testimony or attendance in court by reason of this appraisal without prior agreement mutually agreeable to both the appraiser and the client.

Allocations between land and improvements, where applicable in the report, apply only under the program of development stated. Such allocations may not be used in connection with any other appraisal and are invalid if so used.

Unless otherwise stated in this report, the existence of hazardous substances, including without limitation asbestos, polychlorinated biphenyls, petroleum leakage, or agricultural chemicals, which may or may not be present on the property, or other environmental conditions, were not called to the attention of nor did the appraiser become aware of such during the appraiser's inspection. The appraiser has no knowledge of the existence of such materials on or in the property unless otherwise stated. The appraiser, however, are not qualified to test such substances or conditions. The presence of such hazardous substances may affect the value of the property. The value estimated is predicated on the assumption that no such hazardous substances exist on or in the property or in such proximity thereto that it 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.
Neither all nor any part of the contents of this report shall be conveyed to the public through advertising, public relations, news, sales or other media, without the written consent and approval of the authors, particularly as to valuation conclusions, the identity of the appraiser or firm with which she is connected, or any reference to the Appraisal Institute or to the MAI designation.

I have not made a specific compliance survey and analysis of this property to determine whether or not it is in conformity with the various detailed requirements of the ADA (The Americans with Disabilities Act) which became effective January 26, 1992. It is possible that a compliance survey of the property, together with a detailed analysis of the requirements of the ADA, could reveal that the property is not in compliance with one or more of the requirements of the Act. If so, this fact could have a negative effect upon the value of the property. Since I have no direct evidence relating to this issue, I did not consider possible non-compliance with the requirements of ADA in estimating the value of the property.

My appraisal is based on estimates, assumptions and other information developed from research of the market, knowledge of the industry, and information that was provided. I have not, as part of my appraisal, performed an audit or review of the financial information used and, therefore, I do not express an opinion or any other form of assurance with regard to the same. Under the terms of this engagement, I have no obligation to revise this report or the estimated financial results to reflect events or conditions that occur subsequent to the date of this appraisal.

Unless the time frame is shorter under applicable law, any legal action or claim relating to the appraisal or Appraiser’s services shall be filed in court within two (2) years from the date of delivery to Client of the appraisal report to which the claims or causes of action relate or, in the case of acts or conduct after delivery of the report, two (2) years from the date of the alleged acts or conduct. The time frame stated in this section shall not be extended by any delay in the discovery or accrual of the underlying claims, causes of action or damages. The time frame stated in this section shall apply to all non-criminal claims or causes of action of any type.

The liability of the appraiser to the Client is limited to the amount of the fee paid by the Client (as liquidated damages). Legal claims or causes of action relating to the appraisal are non-transferable or assignable to a third party, except (1) as the result of a merger, consolidation, sale or purchase of a legal entity, (2) with regard to the collection of a bona fide existing debt for services but then only to the extent of the total compensation for the appraisal plus reasonable interest, or (3) in the case of an appraisal performed in connection with the origination of a mortgage loan, as part of the transfer or sale of the mortgage before an event of default on the mortgage or its legal equivalent.

Market data as used in this appraisal was obtained from sources believed to be reliable; however, I assume no responsibility for their accuracy.
The land area was taken from the metes and bounds description provided in the Warranty Deed. I have assumed, without warrant, this information to be correct. Should this prove to be false, I reserve the right to amend the appraisal.

The total square footage for the existing improvements was obtained from information provided by my client from the Harris County Appraisal District. I am not an architect or an engineer. My report assumes and is made subject to the square footage information being correct. Should this prove to be false, I reserve the right to amend the appraisal.

I have not been provided with an environmental survey for the subject site. An unknown substance is located on the exterior and interior walls. It is recommended that an environmental specialist be consulted to identify the substance and any remediation that may be needed. My appraisal assumes, and is made subject to, the site not being contaminated by any hazardous substances. If this should prove to be false, I reserve the right to amend this appraisal.
REAL ESTATE APPRAISED

The subject site is rectangular in shape and has a total land area of 114,730 square feet, or 2.6339 acres. It occupies a city block area, with frontages on four streets: Lyons Avenue (250 feet), Yates Street (458.92 feet); Chisum Street (250 feet), and St. Elizabeth Street (458.92 feet). It is located within FEMA Flood Zone X, outside the 500-year flood plain based on FEMA Map 48201C0690N. There is no zoning within the City of Houston.

The “as is” site was originally developed as the St. Elizabeth Hospital, which according to information provided by my client was originally constructed in 1953 with additional work in 1988. The hospital closed in 1988. In 1996, it was converted into a residential treatment facility called Riverside General Hospital/Barbara Jordan Recovery Center. This facility closed in 2014, and ownership reverted back to the lender due to the loan going into default.

There are two, three-story building located on the tract that have a total of 119,965 square feet of gross building area (per Harris County Appraisal District). The improvements were constructed in 1953 and 1988, making them 65 and newer construction at 30 years old. They are of masonry construction on a steel frame, constructed on a concrete foundation, with a flat roof. The exterior of the buildings are in average condition for their age. However, the interiors are in poor condition. There is an unknown substance on some of the exterior and interior walls. It is recommended that an environmental specialist be consulted.

The owner plans to renovate part of the hospital and construct one new building as a 110-unit LIHTC multi-family senior complex. A portion of one of the original buildings will be razed.

LEGAL DESCRIPTION

A tract of land containing 2.634 acres (114,730 square feet), situated in the Harris and Wilson Survey, Abstract No. 32, in Harris County, Texas, comprising of all of Lots 1 through 10, inclusive, Block 117, Augusta Addition, Harris County, Texas, and all of that certain tract of land formerly known as Farmer Avenue located between said blocks and bounded by the east line of St. Elizabeth Street and the west line of Yates Street, Harris County, Texas.

OWNERSHIP HISTORY

The subject property is owned by 4514 Lyons LLC, who purchased it from Ability Insurance Company on April 4, 2016, for a reported $3,200,000. The deed is recorded as Document No. RP-2016-144199 in the Harris County Clerk’s Office. The property had previously been owned by Riverside General Hospital Inc. until it closed in 2014. The lender, Ability Insurance Company, took back the property due to a default on the loan.
The property was marketed for sale beginning in May 2015 at $3,200,000. A copy of the deed is located in the Addenda.

To the best of my knowledge the property is not being actively marketed for sale.

The current owner, 4514 Lyons, LLC, have it under contract to St. Elizabeth Place, LP (a to-be-formed corporation) for $4,600,000 to develop the property as an LIHTC multi-family senior complex. These two companies are related entities. However, based on the analysis in this appraisal, the conveyance appears to be in line with the opinion of market value.

**PROPERTY TYPES APPRAISED**

Only real property has been considered in this analysis. Additional assets to include personal property, supplies, furniture, and equipment, and any current or intangible assets that may exist are not part of this appraisal.

**PROPERTY RIGHTS APPRAISED**

This appraisal will consider the fee simple rights of ownership of the subject improvements. The “as is” opinion of market value is of land which is improved with a vacant building.

**PROPERTY INTERESTS APPRAISED**

This appraisal will consider the 100% equity interest as unencumbered by debt.

**INTENDED USE OF THE APPRAISAL**

It is my understanding that the intended use of the appraisal is submittal with a LIHTC application to the Texas Department of Housing and Community Affairs.

**INTENDED USERS OF THE APPRAISAL**

Fifth Ward Community Redevelopment Corporation and Mr. Tim Irvine, Executive Director, Texas Department of Housing and Community Affairs. This report may not be distributed to, or relied upon by, other persons or entities without my written permission.
DEFINITIONS OF VALUE

Market Value, as used in this report, 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 are the consummation of a sale as of a specified date and the passing of title from seller to buyer under conditions whereby:

1. Buyer and seller are typically motivated;
2. both parties are well informed or well advised, and acting in what they consider their own best interest;
3. a reasonable time is allowed for exposure in the open market;
4. payment is made in 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

Fee Simple, Leased Fee, and Leasehold are defined as follows:

A fee simple interest implies 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.²

A leased fee estate is an ownership interest held by a landlord with the rights of use and occupancy conveyed by lease to others; the rights of the lessor (the leased fee owner) and the lessee (leaseholder) are specified by contract terms contained in the lease.³

A leasehold interest is the right held by the lessee (the tenant or renter) to use and occupy real estate for a stated term and under the conditions specified in the lease.⁴

Real Property is defined as follows:

Real property includes all interests, benefits, and rights inherent in the ownership of physical real estate.⁵

³ The Appraisal of Real Estate, Fourteenth Edition, 2013, Appraisal Institute, Page 72
⁴ Ibid.
⁵ Ibid., Page 4.
Personal Property is defined as follows:

*Personal property includes movable items of property that are not permanently affixed to, or part of, the real estate.* \(^6\)

**DATES USED IN THE APPRAISAL**

The current “as is” valuation date and date of my site visit was February 12, 2018. The date of this report is February 28, 2018.

**APPRAISAL REPORT FORMAT**

This report format is an appraisal report, presented in a narrative format, as defined by Standard 2-2 of the Uniform Standards of Professional Appraisal Practice, 2018 Edition.

---

\(^6\) Ibid., Page 7.
SCOPE OF WORK

The scope of this report included performing a site visit to the subject property. I have considered market conditions including, but not limited to, city and market area data. I have analyzed the data from the market to determine the highest and best use of the subject property. I have researched sales of unimproved and improved properties similar properties. The subject is currently a vacant historical building. It is not usable in its current condition. The exterior of the building is in average condition. The interior of the building is in poor condition; therefore, the building is basically a shell. The Cost Approach to value has been developed and a market value opinion estimated for the subject property. I have prepared this appraisal report presenting the factual data and value conclusions.

SOURCES OF INFORMATION ANALYSIS:

The information and data considered, but not limited to, were the following:

- Linda M. Powers, MAI initially inspected the subject on February 12, 2018.

- Market research was conducted for comparable unimproved and improved sales. Sources used to obtain information included, but were not limited to, public records, discussions with involved parties, real estate brokers, property managers, and other appraisers. Confirmation of land sales involved discussions with knowledgeable parties. No sales of similar comparable shell buildings were found. Confirmation of market data as used in this appraisal was obtained from sources believed to be reliable; however, I assume no responsibility for their accuracy.

- The Sales Comparison Approach using similar land sales for similar use was developed to determine the land value. Marshall Valuation Service was used to calculate replacement cost new and depreciation for the Cost Approach.

The subject is a vacant historical building that was previously used as a hospital/rehabilitation center. It is not operational in its current state. The “as is” opinion of market value was developed considering the land and the building as in shell condition (due to the extent of deferred maintenance throughout the building areas).

No sales of comparable shell building were found during my research. The building is not usable in its current condition. Therefore, the Sales Comparison and Income Capitalization Approaches were not developed.
HOUSTON AREA DESCRIPTION

Houston, Texas is the fourth most populous city in the United States, with only New York, Los Angeles and Chicago having more people. It is the largest city in the South and Southwest. The metropolitan region consists of the Houston - The Woodlands – Sugarland known as the Houston MSA. The region ranks fifth among US MSAs with a population of 6.6 million. It is composed of nine counties: Austin, Brazoria, Chambers, Fort Bend, Galveston, Harris, Liberty, Montgomery and Waller. The region encompasses more than 10,000 square miles.

Houston was founded on August 30, 1836, near the banks of Buffalo Bayou and incorporated as a city on June 5, 1837. Two brothers who were real estate entrepreneurs from New York, Augustus Chapman Allen and John Kirby Allen, purchased 6,642 acres of land along Buffalo Bayou for $5,000 with the intent of founding a city. The city was named after former General Sam Houston, who was president of the Republic of Texas and had commanded and won at the Battle of San Jacinto 25 miles east of where the city was established.

By 1860, Houston had become a commercial and railroad hub for the export of cotton. Railroad spurs from inland Texas met in Houston, where they provided rail services to the ports of Galveston and Beaumont. By 1890, Houston was the railroad center of Texas.

The discovery of oil in the Beaumont area in 1901 prompted the development of the Texas petroleum industry. The following year, President Theodore Roosevelt approved a $1-
million improvement project for the Houston Ship Channel. President Woodrow Wilson opened this deep water port. Due to the commerce of the ship channel and the growing oil and gas industry, Houston began to grow. Other industries, such as the medical center, Johnson Space Center and numerous professional businesses continue to have tremendous growth effects on the city.

GEOGRAPHY

Houston is located in the southeast portion of the state. It is:

- 165 miles east of Austin
- 112 miles west of the Louisiana border
- 250 miles south of Dallas
- 197 miles east of San Antonio
- 747 miles southeast of El Paso

According to the United States Census Bureau, the city has a total area of 656.3 square miles made up of 634.0 square miles of land and 22.3 square miles covered by water. Most of Houston is located on the gulf coastal plain. The local terrain is flat, and, when combined with urban sprawl, has caused flooding to be a recurring problem for the city. Downtown Houston is about 50 feet above sea level, with the highest point in far northwest Houston being 125 feet in elevation above sea level.

Houston has four major bayous which pass through the city and accept water from the city’s extensive drainage system. Buffalo Bayou runs through downtown and to the Houston Ship Channel, and has three tributaries: White Oak Bayou, which runs through
the Houston Heights community northwest of Downtown and then towards the Downtown area; Brays Bayou, which runs along the Texas Medical Center; and Sims Bayou, which runs through the south of Houston as well as Downtown Houston. The ship channel continues past Galveston and then into the Gulf of Mexico.

The area’s vegetation is classified as temperate grassland and forest. Much of the city was built on forested land, marshes, swamp, or prairie.

**COST OF LIVING**

![COST OF LIVING COMPARISONS: SELECTED METRO AREAS](image)

When compared with other large cities in the United States, Houston has the lowest cost of living at -2.5% of the US average.
DEMOGRAPHICS

The population in Houston increased over 1.47% percent from 2010 to 2017. A projected annual increase of 1.5% per year is projected to continue from 2017 to 2022.

<table>
<thead>
<tr>
<th>Summary</th>
<th>Census 2010</th>
<th>2017</th>
<th>2022</th>
</tr>
</thead>
<tbody>
<tr>
<td>Population</td>
<td>2,099,774</td>
<td>2,333,285</td>
<td>2,514,365</td>
</tr>
<tr>
<td>Households</td>
<td>782,892</td>
<td>867,104</td>
<td>933,991</td>
</tr>
<tr>
<td>Families</td>
<td>481,651</td>
<td>528,164</td>
<td>564,960</td>
</tr>
<tr>
<td>Average Household Size</td>
<td>2.63</td>
<td>2.65</td>
<td>2.65</td>
</tr>
<tr>
<td>Owner Occupied Housing Units</td>
<td>355,213</td>
<td>371,461</td>
<td>395,775</td>
</tr>
<tr>
<td>Renter Occupied Housing Units</td>
<td>427,657</td>
<td>495,643</td>
<td>538,216</td>
</tr>
<tr>
<td>Median Age</td>
<td>32.2</td>
<td>33.3</td>
<td>33.9</td>
</tr>
</tbody>
</table>

Based on the 2010 US Census, the households by size in Houston are shown below. The majority of households are 1 to 4 persons.

<table>
<thead>
<tr>
<th>2010 Households by Size</th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Total</td>
<td>782,892</td>
<td></td>
</tr>
<tr>
<td>1 Person Household</td>
<td>31.0%</td>
<td></td>
</tr>
<tr>
<td>2 Person Household</td>
<td>27.7%</td>
<td></td>
</tr>
<tr>
<td>3 Person Household</td>
<td>15.1%</td>
<td></td>
</tr>
<tr>
<td>4 Person Household</td>
<td>12.3%</td>
<td></td>
</tr>
<tr>
<td>5 Person Household</td>
<td>7.3%</td>
<td></td>
</tr>
<tr>
<td>6 Person Household</td>
<td>3.6%</td>
<td></td>
</tr>
<tr>
<td>7 + Person Household</td>
<td>3.1%</td>
<td></td>
</tr>
</tbody>
</table>

The majority of households earn $79,000 or less per year. About 24% of the population earns less than $35,000.

<table>
<thead>
<tr>
<th>Households by Income</th>
<th>2017</th>
<th>2022</th>
</tr>
</thead>
<tbody>
<tr>
<td>$&lt;15,000</td>
<td>104,455</td>
<td>112,050</td>
</tr>
<tr>
<td>$15,000 - $24,999</td>
<td>104,304</td>
<td>103,056</td>
</tr>
<tr>
<td>$25,000 - $34,999</td>
<td>97,284</td>
<td>91,544</td>
</tr>
<tr>
<td>$35,000 - $49,999</td>
<td>120,985</td>
<td>114,372</td>
</tr>
<tr>
<td>$50,000 - $74,999</td>
<td>148,783</td>
<td>154,150</td>
</tr>
<tr>
<td>$75,000 - $99,999</td>
<td>87,682</td>
<td>105,898</td>
</tr>
<tr>
<td>$100,000 - $149,999</td>
<td>94,416</td>
<td>122,840</td>
</tr>
<tr>
<td>$150,000 - $199,999</td>
<td>42,988</td>
<td>54,867</td>
</tr>
<tr>
<td>$200,000+</td>
<td>62,203</td>
<td>75,211</td>
</tr>
<tr>
<td>Median Household Income</td>
<td>$50,283</td>
<td>$55,620</td>
</tr>
<tr>
<td>Average Household Income</td>
<td>$79,516</td>
<td>$90,385</td>
</tr>
<tr>
<td>Per Capita Income</td>
<td>$20,990</td>
<td>$33,958</td>
</tr>
</tbody>
</table>
### 2017 Household Income

<table>
<thead>
<tr>
<th>Income Range</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>&lt;$15K</td>
<td>12.5%</td>
</tr>
<tr>
<td>$15K-$24K</td>
<td>10.9%</td>
</tr>
<tr>
<td>$25K-$34K</td>
<td>14.0%</td>
</tr>
<tr>
<td>$35K-$49K</td>
<td>11.2%</td>
</tr>
<tr>
<td>$50K-$74K</td>
<td>17.2%</td>
</tr>
<tr>
<td>$75K-$99K</td>
<td>10.1%</td>
</tr>
<tr>
<td>$100K-$149K</td>
<td>5.0%</td>
</tr>
<tr>
<td>$150K-$199K</td>
<td>7.2%</td>
</tr>
<tr>
<td>$200K+</td>
<td>12.0%</td>
</tr>
</tbody>
</table>

### 2017 Households by Income and Age of Householder

<table>
<thead>
<tr>
<th>Income Base</th>
<th>&lt;25</th>
<th>25-34</th>
<th>35-44</th>
<th>45-54</th>
<th>55-64</th>
<th>65-74</th>
<th>75+</th>
</tr>
</thead>
<tbody>
<tr>
<td>&lt;$15,000</td>
<td>51,117</td>
<td>183,124</td>
<td>169,752</td>
<td>152,969</td>
<td>145,946</td>
<td>98,086</td>
<td>66,111</td>
</tr>
<tr>
<td>$15,000-$24,999</td>
<td>9,464</td>
<td>20,587</td>
<td>17,674</td>
<td>13,892</td>
<td>14,727</td>
<td>13,766</td>
<td>14,175</td>
</tr>
<tr>
<td>$25,000-$34,999</td>
<td>7,500</td>
<td>23,268</td>
<td>18,734</td>
<td>14,087</td>
<td>13,662</td>
<td>11,702</td>
<td>8,132</td>
</tr>
<tr>
<td>$35,000-$49,999</td>
<td>8,174</td>
<td>27,843</td>
<td>23,373</td>
<td>20,299</td>
<td>17,973</td>
<td>14,685</td>
<td>8,638</td>
</tr>
<tr>
<td>$50,000-$74,999</td>
<td>8,078</td>
<td>25,368</td>
<td>29,146</td>
<td>27,149</td>
<td>23,361</td>
<td>15,301</td>
<td>10,360</td>
</tr>
<tr>
<td>$75,000-$99,999</td>
<td>3,584</td>
<td>20,642</td>
<td>18,991</td>
<td>16,181</td>
<td>14,563</td>
<td>8,745</td>
<td>4,977</td>
</tr>
<tr>
<td>$100,000-$149,999</td>
<td>2,120</td>
<td>19,995</td>
<td>20,855</td>
<td>19,432</td>
<td>18,361</td>
<td>9,907</td>
<td>3,747</td>
</tr>
<tr>
<td>$150,000-$199,999</td>
<td>981</td>
<td>7,919</td>
<td>9,305</td>
<td>10,648</td>
<td>8,313</td>
<td>4,311</td>
<td>1,512</td>
</tr>
<tr>
<td>$200,000+</td>
<td>817</td>
<td>7,910</td>
<td>13,545</td>
<td>14,037</td>
<td>14,942</td>
<td>7,176</td>
<td>2,775</td>
</tr>
</tbody>
</table>

Median HH Income: $31,995
Average HH Income: $46,814
ECONOMY – MAJOR INDUSTRIES

Houston’s economy is tied strongly to several industries, which include advanced manufacturing, aerospace and aviation, energy to include the oil and gas industry, technology, biotechnology and life sciences, and distribution and logistics to include exports.

Advanced Manufacturing: The manufacturing sector of the economy employs approximately 230,000 people in the Houston area. The manufacturing sector includes durable goods (fabricated metal products, machinery manufacturing, computer and electronic products, etc.) and non-durable goods (petroleum products, chemical manufacturing, etc.)

Aerospace and Aviation: Houston has more than 150 companies that are involved in aircraft and/or space vehicle manufacturing, space research and technology or other air transportation support. Johnson Space Center, one of NASA’s largest research and development facilities, is a $1.5 billion complex that occupies 1,620 acres to the southeast of downtown Houston. Other major firms include Airbus DS, Boeing, Honeywell Aerospace, Lockheed Martin Space Operations, Northrop Grumman, and Raytheon Technical Services Company, LLC to name a few.

Energy: There are approximately 4,800 energy-related firms in the Houston MSA, including more than 750 exploration and production firms, 800 oilfield service companies and about 80 pipeline transportation firms, as well as hundreds of manufacturers and wholesalers or energy related products. Houston is the base to 39 of the nation’s 137 publicly traded oil and gas exploration/production firms. The MSA has nine refineries that process more than 2.3 million barrels of crude oil each day. This equates to over 13% of the total U.S. capacity.

When the price of a barrel of West Texas Crude Oil went from a high of $108 in 2014 to $26 in February 2016, shock waves went through the oil and gas market. Rig counts dropped from 1,931 in 2014 to 404 by May 2016. Over 81,000 jobs were lost during the downturn. The market has now stabilized and is starting to rebound. Rig counts were reported to be at 824 as of the first quarter of 2017. Oil prices have also begun to stabilize and are in the $62 to $66 per barrel range.

Technology: The Bureau of Labor Statistics reports that the Houston area has more than 175,000 jobs tied to people employed in high-tech occupations within the computer/mathematics and architectural/engineering fields. Deloitte Technology noted that five companies on their 2016 Deloitte Technology Fast 500 List are headquartered in Houston. The area also has more than 1,600 software publishing and computer programming firms and the Texas Workforce Commissions reports there are 170 firms engaged in data processing.
Biotechnology and Life Sciences: The Houston area has over 1,000 biotechnology companies and approximately 130 hospitals. The city has some of the country’s top research facilities doing work in every key biotech cluster: agriculture, biomedical, oncology, environmental, genomics, medical devices, and nanotechnology. Some of these laboratories include: Alcon Laboratories, Inc., Institute of Biosciences and Technology, Laboratory Corporation of America, Lexicon Pharmaceuticals, Medtronic, and Wyle Laboratories, Inc. to name a few.

Cancer Prevention and Research Institute of Texas has awarded $1.47 billion in grants to expedite innovation in cancer research, and attract and expand cancer prevention and treatment research capabilities.

In 2008, the $174 million Galveston National Laboratory was dedicated. It is one of two National Biocontainment Laboratories constructed under grants awarded by the National Institute of Allergy and Infectious Disease/National Institutes of Health (NIAID/NIH). Research at the lab focuses on therapies, vaccines, and diagnostic tests for naturally occurring emerging diseases such as SARS, West Nile encephalitis, and avian flu, as well as deadly pathogens.

Baylor College of Medicine’s Human Genome Sequencing Center is part of the Human Genome Project, the international consortium that completed the identification and order of three billion DNA letters that make up man’s 46 chromosomes.

Distribution and Logistics: Due to its central location, Houston is the hub of a major logistics network for the United States. Other advantages include:

- Central Time Zone - one hour behind East Coast, two hours ahead of West Coast, allowing for optimal communications with the entire country,
- Direct access to a large network of interstate highways and railroads,
- Served by two major airports
- Numerous motor freight companies are located in the area,
- Convenient to the Port of Houston

As of the end of 2016, Houston had led the U.S. in exports four years in a row. New York, Seattle and Los Angeles were the other major exporters.
Major trade partners with Houston are Mexico, China, Brazil, Germany, the Netherlands, and Saudi Arabia, to name a few.

EDUCATION

There are 17 school districts located in Houston:

- Aldine Independent School District
- Alief Independent School District
- Clear Creek Independent School District
- Crosby Independent School District
- Cypress Fairbanks Independent School District
- Fort Bend Independent School District
- Galena Park Independent School District
- Houston Independent School District
- Huffman Independent School District
- Humble Independent School District
- Katy Independent School District
- Klein Independent School District
- Lamar Consolidated Independent School District
- New Caney Independent School District
- Pasadena Independent School District
- Sheldon Independent School District
- Spring Independent School District
- Spring Branch Independent School District

The Houston independent School District (HISD) is the seventh-largest school district in the United States and is the largest in Texas. It has a total of 112 campuses.
There are approximately 300 private schools located in the Houston area, many of which are parochial schools operated by the Archdiocese of Galveston–Houston.

The Houston area is characterized as having a large percent of the population with high number of college and graduate degrees. About one-third of the population has completed college. Over 11% have graduate degrees.

<table>
<thead>
<tr>
<th>Highest Education Level Attained</th>
<th>Estimated Population Age 25 or More</th>
<th>Percent of Population Age 25 or More</th>
</tr>
</thead>
<tbody>
<tr>
<td>Graduate Degree</td>
<td>499,805</td>
<td>11.6</td>
</tr>
<tr>
<td>Bachelor's Degree</td>
<td>884,292</td>
<td>20.4</td>
</tr>
<tr>
<td>Total Completing College</td>
<td>1,384,097</td>
<td>32.0</td>
</tr>
<tr>
<td>Associate Degree</td>
<td>305,043</td>
<td>7.1</td>
</tr>
<tr>
<td>Some College, No Degree</td>
<td>890,162</td>
<td>20.6</td>
</tr>
<tr>
<td>High School Diploma Only</td>
<td>1,023,978</td>
<td>23.7</td>
</tr>
<tr>
<td>Total Completing High School</td>
<td>3,603,280</td>
<td>83.3</td>
</tr>
<tr>
<td>Grade 9-12, No Diploma</td>
<td>336,740</td>
<td>7.8</td>
</tr>
<tr>
<td>Less Than Grade 9</td>
<td>385,319</td>
<td>8.9</td>
</tr>
<tr>
<td>Total Population Age 25 or More</td>
<td>4,325,339</td>
<td>100.0</td>
</tr>
</tbody>
</table>

Source: U.S. Census Bureau, 2016 American Community Survey

**EMPLOYMENT**

The Texas Workforce Commission reports that as of December 2017, the total unemployment in the Houston/The Woodlands/Sugar Land MSA was 4.3%, the same as in November 2017. This represents a 1% drop in unemployment from December 2016. Houston’s MSA area has slightly higher unemployment then Texas and the United States.

<table>
<thead>
<tr>
<th>Unemployment Information</th>
<th>Houston-The Woodlands-Sugar Land MSA (all estimates in thousands)</th>
<th>Texas (Actual)</th>
<th>United States (Actual)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Dec-17</td>
<td>3,328.0               3,194.2 143.8 4.3</td>
<td>13,545.3        13,044.0 501.3 3.7</td>
<td>159,880.0       153,602.0 6,278.0 3.9</td>
</tr>
<tr>
<td>Nov-17</td>
<td>3,313.3               3,170.8 142.5 4.3</td>
<td>13,500.9        13,061.6 499.3 3.7</td>
<td>160,466.0       154,100.0 6,366.0 3.5</td>
</tr>
<tr>
<td>Dec-16</td>
<td>3,306.0               3,125.0 174.6 5.8</td>
<td>13,533.3        12,747.3 606.0 4.5</td>
<td>159,696.0       151,756.0 7,170.0 4.5</td>
</tr>
</tbody>
</table>

The primary employment sectors are: Trade/Transportation/Utilities, Professional and Business Services, Government, and Education and Health Services.
Industry Composition

Employment by Industry

<table>
<thead>
<tr>
<th>Industry</th>
<th>Dec-17</th>
<th>Nov-17</th>
<th>Dec-18</th>
<th>Monthly Change</th>
<th>Annual Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total Nonfarm</td>
<td>3,032,000</td>
<td>3,075,000</td>
<td>3,036,000</td>
<td>7,000</td>
<td>0.2%</td>
</tr>
<tr>
<td>Mining and Logging</td>
<td>85,900</td>
<td>86,700</td>
<td>88,300</td>
<td>-800</td>
<td>-0.9%</td>
</tr>
<tr>
<td>Construction</td>
<td>214,100</td>
<td>213,200</td>
<td>214,900</td>
<td>900</td>
<td>0.4%</td>
</tr>
<tr>
<td>Manufacturing</td>
<td>230,900</td>
<td>231,300</td>
<td>222,100</td>
<td>-400</td>
<td>-0.2%</td>
</tr>
<tr>
<td>Trade, Transportation, and Utilities</td>
<td>626,700</td>
<td>621,900</td>
<td>627,300</td>
<td>4,800</td>
<td>0.8%</td>
</tr>
<tr>
<td>Information</td>
<td>32,300</td>
<td>31,700</td>
<td>33,400</td>
<td>600</td>
<td>1.9%</td>
</tr>
<tr>
<td>Financial Activities</td>
<td>160,400</td>
<td>160,100</td>
<td>156,600</td>
<td>300</td>
<td>0.2%</td>
</tr>
<tr>
<td>Professional and Business Services</td>
<td>487,400</td>
<td>487,600</td>
<td>472,500</td>
<td>-200</td>
<td>0.0%</td>
</tr>
<tr>
<td>Education and Health Services</td>
<td>396,300</td>
<td>395,400</td>
<td>387,500</td>
<td>900</td>
<td>0.2%</td>
</tr>
<tr>
<td>Leisure and Hospitality</td>
<td>315,900</td>
<td>316,000</td>
<td>313,100</td>
<td>-700</td>
<td>-0.2%</td>
</tr>
<tr>
<td>Other Services</td>
<td>109,000</td>
<td>107,700</td>
<td>107,200</td>
<td>1,300</td>
<td>1.2%</td>
</tr>
<tr>
<td>Government</td>
<td>423,100</td>
<td>422,800</td>
<td>415,100</td>
<td>300</td>
<td>0.1%</td>
</tr>
</tbody>
</table>
Houston Partnership Research organization reports top employers as of June 2017 to be:

### HOUSTON'S TOP EMPLOYERS

<table>
<thead>
<tr>
<th>More Than 20,000 Employees</th>
<th>10,000 to 19,999 Employees</th>
<th>5,000 to 9,999 Employees</th>
<th>1,000 to 4,999 Employees</th>
</tr>
</thead>
<tbody>
<tr>
<td>H-E-B</td>
<td>ExxonMobil</td>
<td>Academy Sports &amp; Outdoors</td>
<td>Accenture</td>
</tr>
<tr>
<td>Houston Methodist</td>
<td>Shell Oil Co.</td>
<td>Aramark Corp.</td>
<td>AIG</td>
</tr>
<tr>
<td>Memorial Hermann</td>
<td>United Airlines</td>
<td>Archdiocese of Galveston-Houston</td>
<td>Anegy Bank</td>
</tr>
<tr>
<td>Health System</td>
<td>UT Medical Branch Health System</td>
<td>AT&amp;T</td>
<td>American National Insurance Co</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Baker Hughes</td>
<td>Aon</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Baylor College of Medicine</td>
<td>Austin Industrial</td>
</tr>
<tr>
<td></td>
<td></td>
<td>BP America</td>
<td>Bank of America</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>Bechtel Corporation</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>Brinker International</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>Broek Group</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>Cameron International</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>CB&amp;I</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>Chevron Phillips Chemical Co.</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>Comcast</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>ConocoPhillips</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>CVS Health</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>Daikin/Goodman</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>Dill-Quip</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>Equistar Chemicals</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>FedEx</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>Fiest Mart</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>Friedkin Group Inc.</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>Grocers Supply Company</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>Gulf States Toyota</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>Halliburton</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>Jacobs</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>JCPenney</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>KBR</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>Kelsey-Seybold Clinic</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>Kinder Morgan</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>Kindred Healthcare</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>Lewis Food Town</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>Lowe's Cos.</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>Luby's</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>LyondellBasell</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>Mariner Post-Acute Network</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>Mexican Restaurants, Inc.</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>Michael E. DeBakey VA Medical Center</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>NASA - Johnson Space Center</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>NRG Energy</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>Occidental Petroleum</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>Phillips 66</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>PwC</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>Quanta Services Inc.</td>
</tr>
</tbody>
</table>

Source: Greater Houston Partnership Research, June 2017 Notes: The list excludes government employers (except hospitals, universities and research centers) and fast food chains. A merger between Baker Hughes and GE is underway. Cameron is a subsidiary of Schlumberger–Employment is reported separately.
GOVERNMENT AND SERVICES

The City of Houston is operated as a home rule municipality with a mayor, city controller, and 16 members of the city council. The elected officials serve concurrent two-year terms. No elected city official may serve in one position for more than three terms. Eleven of the council members are elected from single-member districts and five are elected “at large”. The 2017 General Fund Budget was $2.3 billion.

The Houston Police Department has a total of 5,200 law enforcement officers and 1,200 civilian support staff. The annual budget is approximately $825 million. The police headquarters is located at 1200 Travis Street. There are 16 police stations and numerous neighborhood storefronts located throughout the city. The Fifth Ward has a neighborhood storefront location at 4014 Market Street that is open Monday through Friday from 9:00 a.m. to 5:00 p.m.

The Houston Fire Department is the largest fire department in the United States to possess a Class 1 rating from the Insurance Service Organization. They employ approximately 4,300 employees of which 114 are civilians. The fire department has:

- 93 Fire Stations
- 51 Ambulances (Basic Life Support)
- 8 Ambulance Supervisors
- 11 Boosters
- 2 Cascade Units
- 21 District Chiefs
- 87 Engines
- 10 Evacuation Boats
- 35 Medic Units (Advance Life Support)
- 8 Rescue Boats
- 11 Squads
- 5 Towers

The HFD reported answering 280,585 fire calls and 342,131 emergency medical service calls in 2016. Their 2017 budget was $504.7 million.

The Houston Health Department provides traditional public health services and seeks to use innovative methods to meet the community’s present and future needs. Our mission is to work in partnership with the community to promote and protect the health and social well-being of all Houstonians. HHD is now the first health department in Texas and the second in a large U.S. city to earn national accreditation.

Houston Public Library has 40 locations throughout the city and offer on-line help and research as well. The Fifth Ward’s branch is located at 4014 Market Street and is open Monday through Thursday from 2:00 p.m. to 6:00 p.m. and Friday from 2:00 p.m. to 5:00 p.m.
HOUSING

Based on US Census Bureau information calculated by ESRI, there are approximately 975,180 housing units located within the City of Houston. They project 11% of the homes are empty. The remaining units are 38% occupied by owners and 51% occupied by renters. Please note, these projections were made prior to Hurricane Harvey. Repairs and new construction to remedy the effects of the hurricane are in process, but due to shortages of building materials and contractors, may be slow in occurring.

<table>
<thead>
<tr>
<th>Housing Units by Occupancy Status and Tenure</th>
<th>Census 2010 Number</th>
<th>Census 2010 Percent</th>
<th>Census 2017 Number</th>
<th>Census 2017 Percent</th>
<th>Census 2022 Number</th>
<th>Census 2022 Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total Housing Units</td>
<td>892,907</td>
<td>100.0%</td>
<td>975,180</td>
<td>100.0%</td>
<td>1,045,447</td>
<td>100.0%</td>
</tr>
<tr>
<td>Occupied</td>
<td>782,892</td>
<td>87.7%</td>
<td>867,104</td>
<td>88.0%</td>
<td>933,991</td>
<td>89.3%</td>
</tr>
<tr>
<td>Owner</td>
<td>355,235</td>
<td>39.8%</td>
<td>371,461</td>
<td>38.1%</td>
<td>395,775</td>
<td>37.9%</td>
</tr>
<tr>
<td>Renter</td>
<td>427,657</td>
<td>47.9%</td>
<td>495,643</td>
<td>50.8%</td>
<td>538,216</td>
<td>51.5%</td>
</tr>
<tr>
<td>Vacant</td>
<td>110,015</td>
<td>12.3%</td>
<td>108,076</td>
<td>11.1%</td>
<td>111,456</td>
<td>10.7%</td>
</tr>
</tbody>
</table>

ESRI

<table>
<thead>
<tr>
<th>Owner Occupied Housing Units by Value</th>
<th>2017 Number</th>
<th>2017 Percent</th>
<th>2022 Number</th>
<th>2022 Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total</td>
<td>371,239</td>
<td>100.0%</td>
<td>395,548</td>
<td>100.0%</td>
</tr>
<tr>
<td>&lt;$50,000</td>
<td>23,850</td>
<td>6.4%</td>
<td>23,085</td>
<td>5.8%</td>
</tr>
<tr>
<td>$50,000-$99,999</td>
<td>82,033</td>
<td>22.1%</td>
<td>73,187</td>
<td>18.5%</td>
</tr>
<tr>
<td>$100,000-$149,999</td>
<td>72,490</td>
<td>19.5%</td>
<td>66,631</td>
<td>16.8%</td>
</tr>
<tr>
<td>$150,000-$199,999</td>
<td>44,355</td>
<td>11.9%</td>
<td>45,518</td>
<td>11.5%</td>
</tr>
<tr>
<td>$200,000-$249,999</td>
<td>30,895</td>
<td>8.3%</td>
<td>34,100</td>
<td>8.6%</td>
</tr>
<tr>
<td>$250,000-$299,999</td>
<td>25,860</td>
<td>7.0%</td>
<td>30,985</td>
<td>7.8%</td>
</tr>
<tr>
<td>$300,000-$399,999</td>
<td>36,509</td>
<td>9.3%</td>
<td>45,476</td>
<td>11.5%</td>
</tr>
<tr>
<td>$400,000-$499,999</td>
<td>18,897</td>
<td>5.1%</td>
<td>25,338</td>
<td>6.4%</td>
</tr>
<tr>
<td>$500,000-$749,999</td>
<td>20,793</td>
<td>5.6%</td>
<td>28,101</td>
<td>7.1%</td>
</tr>
<tr>
<td>$750,000-$999,999</td>
<td>8,904</td>
<td>2.4%</td>
<td>11,878</td>
<td>3.0%</td>
</tr>
<tr>
<td>$1,000,000+</td>
<td>8,653</td>
<td>2.3%</td>
<td>11,259</td>
<td>2.8%</td>
</tr>
</tbody>
</table>

Median Value: $158,169, Average Value: $241,946

ESRI

2017 Home Value

- <$100K: 31.5%
- $100-199K: 15.3%
- $200-299K: 15.3%
- $300-399K: 9.3%
- $400-499K: 5.1%
- $500K+: 28.5%
PUBLIC UTILITIES

Although once relying on groundwater for its needs, the city now turns to ground-level water sources such as Lake Houston, Lake Conroe, and Lake Livingston. The city owns surface water rights for 1.20 billion gallons of water a day in addition to 150 million gallons a day of groundwater. The City of Houston is the regional water provider for Harris County and portions of the surrounding counties. It has four purification plants and maintains a “Superior” rating from the Texas Commission on Environmental Quality.

Houston Public Works provide many of the basic services in Houston. It is responsible for the administration, planning, maintenance, construction management and technical engineering of the City’s infrastructure. It operates 40 wastewater treatment facilities, three wet weather facilities, 18 storm water underpass pump stations and over 380 sanitary lift stations. It treats over 90 billion gallons of wastewater per year.

Various companies provide electricity, gas, telephone, cable, and internet services throughout the city and surrounding area.

HEALTHCARE

Houston is well known for its healthcare system. The Texas Medical Center offers concentrated healthcare through a variety of providers. These providers include: Baylor College of Medicine, CHI St. Luke’s Health, Gulf Coast Regional Blood Center, Harris Health System, Houston Methodist Hospital, Memorial Hermann, The Menninger Clinic, Michael DeBakey Veterans Affairs Medical Center, San Jose Clinic, Shriners Hospitals for Children, Texas A&M University Health Science Center, Texas Children’s Hospital, Texas Heart Institute, The University of Texas Health Science Center and the University of Texas MD Anderson Cancer Center.
SPORTS AND RECREATION

Houston has professional baseball (Houston Astros), football (Houston Texans), basketball (Houston Rockets), soccer (Houston Dynamo), and women’s professional football (Energy) teams. Houston hosted the 2017 Super Bowl LI game. The Sam Houston Race Park is a Class1 thoroughbred/quarter horse race track, and Gulf Greyhound Park is a dog race track.

Houston’s collegiate teams include: Houston Baptist University, Rice University, Texas Southern University, Prairie View A&M, and University of Houston.

The Houston MSA has the largest county park in the United States, the George Bush Park. The Houston Parks and Recreation Department oversees the City’s 366 developed municipal parks as well as 200 greenspaces. Harris County has 179 parks with over 25,000 acres of land and 45 trails covering almost 230 miles. The Clear Lake area is thought to be the nation’s third longest coast for boating. The area has a concentration of sailboats, yachts and pleasure crafts.
TRANSPORTATION

Airports: The Houston Airport System oversees the operations for George Bush Intercontinental Airport, William P. Hobby, and Ellington Airport. They provided the following statistical information on flights as of December 2016.
George Bush Intercontinental Airport is served by domestic carriers: Alaskan Airlines, American Airlines, Delta Air Lines, Frontier Airlines, Spirit Airlines, and United Airlines. There are approximately 20 international carriers.

William P. Hobby Airport is served by 5 domestic carriers: American Airlines, Delta Air Lines, JetBlue Airways, Southwest Airlines and Via Airlines. Southwest Airlines now offers international flights from Hobby Airport.

Ellington Airport serves commercial, general and military aircraft. The airport received FAA approval to be a licensed commercial spaceport in 2015.
Motor Freight Lines: There are currently over 1,000 long-distance trucking companies that operate in the Houston MSA.

Rail: The Houston MSA is served by BNSF Railway Company, Kansas City Southern Railway Company and Union Pacific Railroad Company. At the Houston Ship Channel, the Port Terminal Railroad Association provides service. Amtrak provides passenger service in Houston.

Intercoastal Waterway: There are approximately 406 miles in the Gulf Intracoastal Waterway. The entire waterway spans from Brownsville, Texas to St. Mark’s Florida, covering 1,300 miles.


Metropolitan Transit Authority (METRO): The METRO serves an area of 1,303 square miles with 21 transit centers, 9,047 bus stops, and 26 Park & Ride lots that have 34,463 parking spaces. Approximately 9.7 million passengers ride on METRO each month. The METRO has over 1,200 buses, 158 paratransit vans, and 76 light-rail cars.

SUMMARY

Houston is the fourth largest city in the United States. It has a low cost of living which continues to facilitate population growth. A majority of the population appears to be well educated, which contributes to higher income levels. Growth in both population and income levels is projected to continue over the next five years. The City of Houston provides adequate utilities and services to handle this projected growth.

The economy is diversified, ranging from energy (including oil and gas production) to biotechnology and life sciences. Distribution and transportation are key components of the economy. The Port of Houston was reported to be the top exporter in the country. The oil and gas market has stabilized after the downturn in 2016.

While the effects of Hurricane Harvey are still being felt throughout the area, the city is on a rebound from the natural disaster. Employment remains strong and new construction is taking place to correct the damage caused by the hurricane.
NEIGHBORHOOD DESCRIPTION - THE FIFTH WARD

The Fifth Ward is a historical political district (ward) located in Houston, Texas, about 2 miles northeast of Downtown. It is bounded by the Buffalo Bayou, Jensen Drive, Liberty Road, and Lockwood Drive. Lyons Avenue serves as a main trafficway in the neighborhood.

The City of Houston has six wards. The Fifth Ward was created partly from two other wards, the First Ward, which was the area to the north and east of White Oak Bayou and Little White Oak Bayou, and the Second Ward, which was all land within the Houston city limits to the north of Buffalo Bayou.

DEMOGRAPHICS

The Fifth Ward occupies a little less than 3 square miles. The 2017 population was projected to be 11,310, an increase over the 2010 US Census count of 10,809 person. Population is projected to increase over the next five years.

<table>
<thead>
<tr>
<th>Summary</th>
<th>Census 2010</th>
<th>2017</th>
<th>2022</th>
</tr>
</thead>
<tbody>
<tr>
<td>Population</td>
<td>10,809</td>
<td>11,310</td>
<td>11,801</td>
</tr>
<tr>
<td>Households</td>
<td>3,880</td>
<td>4,044</td>
<td>4,212</td>
</tr>
<tr>
<td>Families</td>
<td>2,299</td>
<td>2,476</td>
<td>2,568</td>
</tr>
<tr>
<td>Average Household Size</td>
<td>2.75</td>
<td>2.77</td>
<td>2.77</td>
</tr>
<tr>
<td>Owner Occupied Housing Units</td>
<td>1,291</td>
<td>1,232</td>
<td>1,300</td>
</tr>
<tr>
<td>Renter Occupied Housing Units</td>
<td>2,595</td>
<td>2,812</td>
<td>2,912</td>
</tr>
<tr>
<td>Median Age</td>
<td>31.5</td>
<td>33.1</td>
<td>34.0</td>
</tr>
</tbody>
</table>

The census shows there is approximately 4,044 households within the area, with the average household size being 2.77 persons. Renters are predominant in the area with owner occupied housing units reported at 1,232 units and renter occupied housing units being 2,812. The primary market area is characterized as having younger residents, with the median age being 33.1 years.
The majority of homes in the subject neighborhood are valued at less than $100,000 (approximately 66%).

Recently, the immediate area has been undergoing renewal. New townhomes are being constructed, providing some of the first new housing in decades. Most of the new construction is either duplexes or quadraplexes. As the Fifth Ward is in proximity to Downtown Houston, these new housing options will be of benefit to those working in the Downtown area by limiting their commute time to work.
INCOME
The majority of households in the primary market area have income levels of less than $25,000. The median household income is reported to be $23,663, with the average household earning $39,217. The per capita income is $14,366.

<table>
<thead>
<tr>
<th>Households by Income</th>
<th>2017</th>
<th>2022</th>
</tr>
</thead>
<tbody>
<tr>
<td>&lt;$15,000</td>
<td>1,409</td>
<td>1,441</td>
</tr>
<tr>
<td>$15,000 - $24,999</td>
<td>676</td>
<td>674</td>
</tr>
<tr>
<td>$25,000 - $34,999</td>
<td>395</td>
<td>390</td>
</tr>
<tr>
<td>$35,000 - $49,999</td>
<td>499</td>
<td>477</td>
</tr>
<tr>
<td>$50,000 - $74,999</td>
<td>454</td>
<td>404</td>
</tr>
<tr>
<td>$75,000 - $99,999</td>
<td>307</td>
<td>355</td>
</tr>
<tr>
<td>$100,000 - $149,999</td>
<td>227</td>
<td>296</td>
</tr>
<tr>
<td>$150,000 - $199,999</td>
<td>52</td>
<td>72</td>
</tr>
<tr>
<td>$200,000+</td>
<td>34</td>
<td>43</td>
</tr>
</tbody>
</table>

- Median Household Income: $23,663
- Average Household Income: $39,217
- Per Capita Income: $14,366

Households by Income
- Current median household income is $23,662 in the area, compared to $55,124 for all U.S. households. Median household income is projected to be $24,803 in five years, compared to $62,316 for all U.S. households.
- Current average household income is $39,217 in the area, compared to $86,475 for all U.S. households. Average household income is projected to be $44,252 in five years, compared to $81,585 for all U.S. households.
- Current per capita income is $14,366 in the area, compared to the U.S. per capita income of $30,620. The per capita income is projected to be $15,949 in five years, compared to $34,828 for all U.S. households.
GOVERNMENT AND INFRASTRUCTURE

The Fifth Ward is represented on the City Council as District B. The Fifth Ward is in Texas's 18th congressional district and has been represented by Sheila Jackson Lee since 2008.

**Police Department:** The neighborhood is served by the Houston Police Department Northeast Patrol Division headquartered at 8301 Ley Road. It also has The Fifth Ward Storefront that is located in Suite 200 at 4300 Lyons Avenue and is open during weekdays.

**Fire Department:** The Houston Fire Department operates Station 19 Fifth Ward, a part of Fire District 19, that is located at 1811 Gregg Street. The first fire station opened in 1925 at the corner of Gregg and New Orleans. The current location was constructed in 1979 at the opposite side of the intersection.

**Houston Housing Authority:** The Houston Housing Authority (HHA) operates several public housing complexes in the Fifth Ward. The complexes include Kelly Village and Kennedy Place. They feature one to four bedroom units.

**Multi-service center and senior center:** The city operates the Fifth Ward Multi-Service Center located at 4014 Market Street. The city multi-service centers provide several services such as child care, programs for elderly residents, and rental space. The center, which operated by the Houston Department of Health and Human Services, houses ten agencies, including the Fifth Ward Branch Library, American Red Cross, Harris County Juvenile Probation Program, Mayor's Citizens' Assistance Office, Neighborhood Centers Inc., and Fifth Ward Head Start. The center opened in 1977 so that various social services supporting the Fifth Ward would be located in one place.

The Department of Health and Human Services also operates the John Wesley Peavy, Sr. Senior Citizens Center, adjacent to the Multi-Service Center.

The Northeast Family YMCA serves residents of the Fifth Ward.
Education: The Houston Independent School District oversees schools within the primary market area. Elementary schools in the Fifth Ward include: Charles H. Atherton, Blanche Kelso Bruce, and Nathaniel Q. "Nat" Henderson. Dogan Elementary School, adjacent to the Fifth Ward, serves a portion of the community. Sherman Elementary School, outside of the Fifth Ward, also provides services to some of the PMA’s residents.

Middle Schools in the area include: John L. McReynolds Middle School in Denver Harbor, and Lamar Fleming Middle School, north of the Fifth Ward. Phillis Wheatley High School in the Fifth Ward serves almost all of the Fifth Ward, while Jefferson Davis High School serves a small portion of the Fifth Ward.

Additional education is provided by private and parochial schools.

The US Census Bureau surveys people age 25+ on the educational attainment. The Fifth Ward area has approximately 6,979 persons 25 years or older. Approximately 32% of these people did not finish high school. The low education level contributes to the lower income within the area. The following chart is for the primary market area:

<table>
<thead>
<tr>
<th>Educational Attainment</th>
<th>%</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total</td>
<td>6,979</td>
</tr>
<tr>
<td>Less than 9th Grade</td>
<td>12.0%</td>
</tr>
<tr>
<td>9th - 12th Grade, No Diploma</td>
<td>15.9%</td>
</tr>
<tr>
<td>High School Graduate</td>
<td>26.8%</td>
</tr>
<tr>
<td>GED/Alternative Credential</td>
<td>4.7%</td>
</tr>
<tr>
<td>Some College, No Degree</td>
<td>20.5%</td>
</tr>
<tr>
<td>Associate Degree</td>
<td>3.4%</td>
</tr>
<tr>
<td>Bachelor’s Degree</td>
<td>8.5%</td>
</tr>
<tr>
<td>Graduate/Professional Degree</td>
<td>4.3%</td>
</tr>
</tbody>
</table>

Public libraries: The Fifth Ward is served by the Houston Public Library Fifth Ward Neighborhood Library located at 4014 Market Street. The branch is open Monday through Friday afternoons and closed on weekends.

Community services: The Fifth Ward Community Redevelopment Corporation is a nonprofit community-based agency located in Houston’s historic Fifth Ward community. Kathy Flanagan-Payton is the President and CEO of the organization. Its corporate offices are located at 4300 Lyons Avenue, Houston, Texas 77020. The Fifth Ward CRC and partner organizations have built new affordable housing, rehabilitated the historic DeLuxe Theater, developed a new park, installed public art, helped in the development of a new health clinic and high school, and attracted several other
investments on Lyons Avenue. They are currently working on restoring the historic St. Elizabeth Hospital into multi-family senior housing.

**Transportation:** The Metropolitan Transit Authority of Harris County, Texas (METRO) operates bus routes throughout the neighborhood. The agency operates the Fifth Ward/Denver Harbor Transit Center on Lockwood Street, allowing transfers to access all parts of the City.

**SUMMARY**

The Fifth Ward is located in proximity to the Downtown area of Houston. It has a long history in the story of Houston. The area is characterized by lower income levels, due, in part, to lower education levels. The area continues to grow, as population growth is projected over the next five years.

The neighborhood is starting to undergo renewal, with new duplexes and townhomes being constructed. The Fifth Ward Community Redevelopment Corporation is located within the area. A non-profit organization, they are working to help revitalize the area by redeveloping the historic St. Elizabeth Hospital into LIHTC multi-family senior housing.
SITE DESCRIPTION

SITE LOCATION: The subject is located in the Fifth Ward District along the south side of Lyons Avenue to the east of Waco Street. The site takes up a city block and has frontage on four streets.

TOTAL LAND AREA: Total land area is 114,730 square feet, or 2.634 acres (based on metes and bounds description in the Warranty Deed).

SHAPE OF SITE: Rectangular.

APPROXIMATE SITE FRONTAGE: The tract has frontage on four streets: Lyons Avenue (250 feet), Yates Street (458.92 feet); Chisum Street (250 feet), and St. Elizabeth Street (458.92 feet).

ROADWAY ACCESS: The tract is accessible from Interstate Highway 10 by exiting at Waco Street continuing north to Lyons Avenue. At the intersection of Waco Street and Lyons Avenue, go east approximately 500 feet to the subject property.

TOPOGRAPHY: The topography is level and slightly above street grade.

SOIL: Based on a visual inspection of surrounding properties, the soil appears to support development.

FLOOD ZONE: According to the FEMA Flood Insurance Rate Map, Community Panel Number 48201C0690N dated January 6, 2017, the subject site lies in Flood Zone X, outside the 500-year flood plain.

UTILITY SERVICES: All usual and customary public utilities are available, to the site including:

- Water and Sewer: City of Houston
- Natural Gas: Various Service Providers
- Electricity: Various Service Providers
- Local Telephone: Various Service Providers

ZONING: The city of Houston does not have zoning but development is governed by codes that address how property can be subdivided.
EASEMENTS: I was provided with a survey of the subject property; however, easements were not noted. It appears that electrical service is provided along the street frontages of the subject property. I have assumed, without warrant, there are typical utility easements in place, and there are no easements affecting the subject property.

ENCROACHMENTS: I was provided with a survey of the property. No encroachments were noted during my site visit or on the survey. The appraisal has been developed assuming there are no encroachments.

ENVIRONMENTAL: I was not provided with an environmental assessment of the subject property. According to MapPro, there are 21 potentially hazardous sites located within the radii formats established by the American Society for Testing Materials from the subject property. None of these sites appear to be located on the subject property. I have developed this appraisal under the assumption, without warrant, that no environmental contaminants affect the development of the subject site. Should this prove to be false, I reserve the right to amend this appraisal report.
EXHIBIT A

Legal Description of Property

4514 Lyons Avenue, Houston, Texas

A TRACT OF LAND CONTAINING 2,634 ACRES (114,730 SQUARE FEET), SITUATED IN THE HARRIS AND WILSON SURVEY, ABSTRACT NO. 32, IN HARRIS COUNTY, TEXAS, COMPRISING OF ALL OF LOTS 1 THROUGH 10, INCLUSIVE, BLOCK 117, AUGUSTA ADDITION, RECORDED IN VOLUME 56, PAGE 139 OF THE HARRIS COUNTY DEED RECORDS (H.C.D.R.); ALL OF THAT LAND COMMONLY KNOWN AS LOTS 1 THROUGH 10, INCLUSIVE, BLOCK 121, AUGUSTA ADDITION, AN UNRECORDED SUBDIVISION, IN HARRIS COUNTY, TEXAS AND ALL OF THAT CERTAIN TRACT FORMERLY KNOWN AS FARMER AVENUE LOCATED BETWEEN SAID BLOCKS AND BOUNDED BY THE EAST LINE OF ST. ELIZABETH STREET (ALSO KNOWN AS DAN STREET) AND THE WEST LINE OF YATES STREET AS DESCRIBED IN QUITCLAIM DEED RECORDED IN VOLUME 1396, PAGE 161 H.C.D.R. SAID 2,634 ACRE TRACT ALSO BEING THAT SAME TRACT RECORDED IN HARRIS COUNTY CLERKS FILE BUMPER (H.C.C.F. NO.) RF 865982 AND BEING MORE PARTICULARLY DESCRIBED BY METES AND BOUNDS AS FOLLOWS: (BEARINGS ARE BASED ON H.C.C.F. NO. RF 865982)

BEGINNING at a 1/2 inch iron rod found at the intersection of the south right-of-way (R.O.W.) line of Lyons Avenue (60 feet R.O.W.) with the west R.O.W. Yates Street (60 feet R.O.W.) marking the northeast corner of said Block 117 and the herein described tract;

THENCE S 00° 08' 00" W, along with the west R.O.W. line of said Yates Street and the east line of the herein described tract, at 200.00 feet passing the southeast corner of said Block 117 and the north line of said Farmer Avenue tract as quieted in the above reference deed, at 260.00 feet passing the northeast corner of said Block 121 and the south line of said Farmer Avenue and continuing for a total distance of 458.92 feet to a 3/8 inch capped iron rod found (Lundtech) marking the southwest corner of said Block 121 and the herein described tract and the intersection of the west R.O.W. line of said Yates Street with the north R.O.W. line of Chisum Street (50 feet R.O.W.) from which an iron pipe found at South, a distance of 1.44 feet;

THENCE N 89° 56' 01" W, along with the south line of said Block 121 and the herein described tract and the north R.O.W. line of said Chisum Street, a distance of 250.00 feet to a 3/8 inch iron rod found (Lundtech) marking the southwest corner of said Block 121 and the herein described tract and the intersection of the east R.O.W. line of St. Elizabeth Street (30 feet R.O.W.) with the north R.O.W. line of said Chisum Street;

THENCE N 00° 08' 00" E, along with the east, R.O.W. line of said St. Elizabeth Street and the west line of the herein described tract, at 198.92 feet passing the northwest corner of said Block 121 and the south line of said Farmer Avenue, at 258.92 feet passing the southwest corner of said Block 117 and the north line of said Farmer Avenue and continuing for a total distance of 458.92 feet to a 1/2 inch capped rod found (Precision) marking the northwest corner of said Block 117 and the herein described tract and the intersection of the east R.O.W. line of said St. Elizabeth Street with the south R.O.W. line of said Lyons Avenue;

THENCE S 89° 56' 01" E, along with the north line of said Block 117 and the herein described tract and the south R.O.W. line of said Lyons Avenue, a distance of 250.00 feet to the POINT OF BEGINNING containing 2,634 acres of land.

METES AND BOUNDS DESCRIPTION
(TAKEN FROM DEED INFORMATION)
Location Map
Aerial Map – Google Maps
DESCRIPTION OF THE IMPROVEMENTS

The site was originally developed as the St. Elizabeth Hospital, which according to information provided by my client was originally constructed in 1953. The hospital closed in 1988. In 1996, it was converted into a residential treatment facility called Riverside General Hospital/Barbara Jordan Recovery Center. This facility closed in 2014 and ownership reverted back to the lender due to the loan going into default.

There are two, three-story building located on the tract that have a total of 119,965 square feet of gross building area (per Harris County Appraisal District). The improvements were constructed in 1953 and 1988, making them 65 and newer construction at 30 years old. They are of masonry construction on a steel frame, constructed on a concrete foundation, with a flat roof. The exteriors of the buildings are average condition for their age. However, the interiors are in poor condition. On the day of my site visit, the below ground area was flooded. Windows have been broken, drywall was torn, electrical and plumbing are missing (property was vandalized for copper wiring and tubing), some of the ceilings have collapsed and portions of the air conditioning ductwork appear non-usable. Various floor tiles have been damaged/broken. Portions of the roof need to be repaired or replaced. It is uncertain if any of the mechanical systems are operable.

A summary of the existing construction features is outlined below.

Foundation: The foundation is assumed to be reinforced concrete.

Exterior Walls: The existing exterior walls are masonry on steel frame.

Doors and Windows: Aluminum encased windows and metal exterior door. Interiors have hollow core wood doors on wood frames. Windows have been broken, possibly either from the hurricane or from vandals.

Roof Structure: Flat. Portions of the roof need to be repaired or replaced.

Interior Construction: The interior has painted drywall walls, ceramic tile flooring, lay in acoustical tile ceilings and fluorescent lighting. The interior is in poor condition. Drywall has been torn, with some needing to be replaced. Vandals have removed copper wiring and tubing. Ceilings have collapsed in areas, with ductwork exposed and hanging. Various floor tiles have been damaged.

Plumbing: Inadequate. Vandals appear to have removed copper tubing used for the plumbing throughout the building.

Electrical: Inadequate. Vandals appear to have removed copper wiring throughout the building.
Heating and Cooling: Two, 400,000 BTU chilled water systems and two gas fired boilers. It is uncertain if these systems work.

Parking: Surface lot.

**Site Improvements:**

Site improvements include asphalt paved parking, sidewalks, fencing, landscaping and common areas.

**Effective Age Estimate:**

The property was constructed in 1953 and 1988, making it 65 years old, with the newer construction being 30 years old. Typical life expectancy for similar buildings is 50 years. While the exterior of the buildings is in average condition, the interior is in poor condition. Taking into consideration the condition of the buildings including the interiors, the “as is” effective age is estimated to be 45 years old. There is an estimated remaining economic life of 5 years.

Should the interiors of the building be cleared and the property become a shell building, the estimated effective age of the exterior and frame only would be estimated to be approximately 15 years.

**Deferred Maintenance:**

The subject suffers from significant deferred interior maintenance. Most of the interior would need to be removed, while some of the exterior would require maintenance and renovation. The building is considered to be mostly a shell component due to the cost to renovate and repair the interior improvements.

**Functional Utility:**

The units appear to have an adequate floor plan and a functional layout. See the following pages for a sketches of the subject property.

**Environmental:**

I have not been provided with an environmental survey for the subject site. An unknown substance is located on portions of the exterior and interior walls. It is recommended that an environmental specialist be consulted to identify the substance and any remediation that may be needed. My appraisal assumes, and is made subject to, the site not being contaminated by any hazardous substances. If this should prove to be false, I reserve the right to amend this appraisal.
Existing Improvements
Existing Improvements
SUBJECT PHOTOGRAPHS

Subject Property – Front of the former St. Elizabeth Hospital

Subject Property – Front of the building.
A view of a portion of the west side of the building.

A view of a portion of the west side of the building.
A view of a portion of the western side of the building.

A view of a portion of the southern side of the building.
A view of a portion of the southern side of the building.

A view of the eastern side of the building.
Street scene looking west on Lyons Avenue, subject is to the left.

Street scene looking east on Lyons Avenue.
Street scene looking south on St. Elizabeth Street, subject is to the left.

Street scene looking north on St. Elizabeth Street, subject is to the right.
Street scene looking east on Chisum Street, subject is to the left.

Street scene looking north on Yates Street, subject is to the left.
View of downstairs area with standing water.
View of upstairs hallway.

View of upstairs room.
View of upstairs room where walls have been dismantled, ceiling is hanging and ductwork dropped.

View of upstairs hallway.
View of upstairs open area.

View of upstairs room, black growth on walls.
View of upstairs room.

View of upstairs deck area.
SUBJECT ASSESSED VALUE AND AD VALOREM TAXES

The subject property is assessed under Account Numbers assigned by the Harris County Appraisal District. The first Account Number is 0041270000001, which includes 50,000 square feet of land. The 2017 assessed value is $225,000 up from $150,000 in 2016. The next Account Number is 0041230000004 and consists of 10,000 square feet of land. The 2017 assessed value is $45,000, up from $30,000 in 2016. The next Account Number is 0041230000006 and consists of 5,000 square feet of land. The 2017 assessed value is $22,500, up from $15,000 in 2016. The last Account Number is 0041230000015. This parcel consists of 35,000 of land and 119,627 square feet of building. The 2017 assessed value if $157,500 for the land and $5,721,594 for the building for a total of $5,879,094. This is up from $3,005,000 in 2016. The subject is located within the Houston Independent School District.

All real property in Harris County is appraised on a periodic basis by the Harris County Appraisal District. By State law, the assessed value of a property (for taxing purposes) is established at 100 percent of the appraised value as determined by the Appraisal District. Ad valorem tax rates are established annually by the various taxing authorities. Typically, the tax rates are published in October and the resulting ad valorem taxes are due on or before January 31st of the following year. Below are the 2017 assessment and the 2017 tax rates. The 2018 assessments and tax rates have not been published as of the date of appraisal.

Taxing Entities

<table>
<thead>
<tr>
<th>Name of Taxing Authority</th>
<th>2017 Tax Rates</th>
</tr>
</thead>
<tbody>
<tr>
<td>Houston ISD</td>
<td>$1.206700</td>
</tr>
<tr>
<td>Harris County</td>
<td>$0.418010</td>
</tr>
<tr>
<td>Harris County Flood Control</td>
<td>$0.028310</td>
</tr>
<tr>
<td>Port of Houston Authority</td>
<td>$0.012560</td>
</tr>
<tr>
<td>Harris Co. Hospital District</td>
<td>$0.171100</td>
</tr>
<tr>
<td>Harris Co. Education Dept.</td>
<td>$0.005195</td>
</tr>
<tr>
<td>Houston Community College</td>
<td>$0.100263</td>
</tr>
<tr>
<td>City of Houston</td>
<td>$0.584210</td>
</tr>
<tr>
<td>Total</td>
<td>$2.526348</td>
</tr>
</tbody>
</table>
2017 Subject Property Assessment and Taxes

<table>
<thead>
<tr>
<th>Account Number</th>
<th>2017 Assessed Value</th>
<th>2017 Tax Rate Per $100 of valuation</th>
<th>2017 Taxes</th>
</tr>
</thead>
<tbody>
<tr>
<td>0041270000001</td>
<td>$225,000</td>
<td>$2.526348</td>
<td></td>
</tr>
<tr>
<td>0041230000004</td>
<td>$ 45,000</td>
<td>$2.526348</td>
<td>$1,136.86</td>
</tr>
<tr>
<td>0041230000006</td>
<td>$ 22,500</td>
<td>$2.526348</td>
<td></td>
</tr>
<tr>
<td>0041230000015</td>
<td>$5,879,094</td>
<td>$2.526348</td>
<td>$148,526.38</td>
</tr>
<tr>
<td>Total</td>
<td>$6,171,594</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Based on the appraised value of the subject property, the subject appears to be over-assessed. It would be prudent for the owner to protest the assessment to reflect the building’s value in its “As Is” condition.

The current owner is a non-profit organization. As such, it should be tax exempt.

Past-Due Taxes

According to Harris County Assessor’s Office, the following taxes are past due:

<table>
<thead>
<tr>
<th>Acct. Number</th>
<th>Taxes Due</th>
<th>Penalties</th>
<th>Total Due 2/28/2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>0041270000001</td>
<td>$2,776.13 (2016)</td>
<td>$0</td>
<td>$2,776.13</td>
</tr>
<tr>
<td>0041230000015</td>
<td>$148,526.38 (2017)</td>
<td>$10,396.85</td>
<td>$158,923.23</td>
</tr>
</tbody>
</table>

Copies of the Tax Statements are included in the Addenda.
HIGHEST AND BEST USE

Highest and Best Use as used in this report is: (1) "The reasonably probable use of property that results in the highest value. The four criteria that the highest and best use must meet are legal permissibility, physical possibility, financial feasibility, and maximum productivity. (2) The use of an asset that maximizes its potential and that is possible, legally permissible, and financially feasible. The highest and best use may be for continuation of an asset’s existing use or for some alternative use. This is determined by the use that a market participant would have in mind for the asset when formulating the price that it would be willing to bid. (3) The highest and most profitable use for which the property is adaptable and needed or likely to be needed in the reasonably near future (Uniform Standards for Federal Land Acquisitions)."

The highest and best use of a property is an economic concept that measures the interaction of the four criteria. The determination of a property’s highest and best use is a critical appraisal component that provides the valuation framework upon which comparable market information is derived. Such comparable data includes cost, sales, and income and expense data pertaining to the property’s concluded best use.

To render a reliable use and value estimate, the highest and best use of the property as if vacant must be considered separately from the highest and best use of the property as improved. This is because the site must be valued as though vacant and available for development to its highest and best use even if the property’s existing improvements do not represent the highest and best use of the site. The following discussion considers the subject as though vacant followed by supporting analyses and conclusions.

In this type of analysis, the appraiser will conduct an analysis of the site as vacant and as improved. Essentially, the appraiser must consider the following for analysis:

1. Is the use legally permissible and/or possible?
2. Is the use physically possible on the site?
3. Is the use financially feasible under existing market conditions?
4. Is the use estimated to be the maximum profitable use among the alternatives that are legally permissible, physically possible, and financially feasible?

Legally Permissible and/or Possible Use: The first consideration is to have legally permissible uses for which the subject site can be developed. The City of Houston does not have zoning but development is governed by codes that address how property can be subdivided. A variety of development is permissible. The property is a historical site;

---

development of the parcel would need to conform to the historical aspect and represent
the neighborhood.

**Physically Possible Uses:** The next consideration revolves around physically possible
uses. In other words, does the subject land have the necessary characteristics to support
an improvement?

Characteristics considered include:
1. Total size of site
2. Access
3. Topography
4. Soil and subsoil condition

The subject site contains 2.634 acres, or 114,730 square feet of land area. The tract has
frontage on four streets: Lyons Avenue (250 feet), Yates Street (458.92 feet); Chisum
Street (250 feet), and St. Elizabeth Street (458.92 feet). Based on surrounding
developments, the soil and subsoil conditions are assumed adequate to support
development. The site is generally level, and slightly above street grade. It is located in
FEMA Flood Zone X, an area outside the 500-year designated flood plain. Therefore, the
site is assumed to support most legally permitted forms of development.

**Economically and Financially Feasible Use:** Present economic and environmental
conditions are the next considerations. Economic conditions refer mostly to the market
in which the subject competes such as absorption of the different possible uses for the
site within the subject market area.

The subject property is in an area of mixed development, with single-family, duplexes,
quadraplexes, churches, and commercial development throughout the neighborhood.
New residential development is beginning to occur, while older homes in poor and/or
substandard condition exist.

<table>
<thead>
<tr>
<th>HOUSING UNITS BY YEAR STRUCTURE BUILT</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total</td>
</tr>
<tr>
<td>Built 2010 or later</td>
</tr>
<tr>
<td>Built 2000 to 2009</td>
</tr>
<tr>
<td>Built 1990 to 1999</td>
</tr>
<tr>
<td>Built 1980 to 1989</td>
</tr>
<tr>
<td>Built 1970 to 1979</td>
</tr>
<tr>
<td>Built 1969 or earlier</td>
</tr>
<tr>
<td>Built 1950 to 1959</td>
</tr>
<tr>
<td>Built 1940 to 1949</td>
</tr>
<tr>
<td>Built 1939 or earlier</td>
</tr>
<tr>
<td>Median Year Structure Built</td>
</tr>
<tr>
<td>1962</td>
</tr>
<tr>
<td>N/A</td>
</tr>
</tbody>
</table>

Based on the ACS Housing Survey, the median year of construction is 1962. A large
percentage of the homes are over 50 years old (about 60%). A small number of new
residential dwellings, primarily duplexes and quadraplexes, have begun to occur and the
neighborhood is beginning a renewal process. Lower income levels within the PMA cause
the revitalization to occur at a slower pace. Based on income levels within the market, residential development is considered to be economically and financially feasible when done on a restricted rate basis with construction cost and rental assistance. Government subsidies/grants would need to be secured in order for the project to be financially feasible.

**Most Profitable Use:** The last consideration would be the most profitable use that a potential buyer would give if they were to purchase the site. The subject tract is located in the Fifth Ward portion of the city. It has good access and visibility. The area is a variety of development including single-family, multi-family and commercial buildings. The principle of conformity holds that “real property value is created and sustained when the characteristics of a property conform to the demands of its market.” The majority of housing within the market area is older and is poor and/or substandard condition. The majority of residents in the market area rent and many have household income levels below $25,000. It appears that some type of medium density residential development would be the most profitable use of the site and the most profitable use overall.

**HIGHEST AND BEST USE AS IF VACANT:**

The highest and best use as if vacant would be for medium to higher residential development. Due to the income levels within the PMA, a restricted rent project with construction cost and rental subsidy assistance would be the Highest and Best Use. Therefore, the Highest and Best Use As If Vacant is to hold for development when sufficient government subsidies and grants are available to make the project financially feasible, meeting the needs of the community.

**HIGHEST AND BEST USE AS IMPROVED:**

The subject is improved with the now vacant former St. Elizabeth Hospital. Currently, there is no known need for additional hospital space within the area. The improvements are historical. The exterior of the building is in average condition; however, the interior of the building is in poor condition. Renovation of the building would be necessary for it to be usable. As the property was once a hospital and later a treatment center, there are multiple rooms throughout the building. Commercial use of the building for office or retail would be limited. Renovating the building into a multi-family complex would take into consideration the footprint of the building and the current layout. Therefore, multi-family residential use would appear to be the highest and best use as improved. Income levels and local residential trends would need to be considered, as well as its historical attributes. Sufficient government subsidies and grants would need to be received to make the project financially feasible.

---

The Valuation Process – “As Is”

The Cost Approach is used to consider the fee simple market value for the property. The Cost Approach is most often used for new construction or fairly new buildings or when properties are reaching the end of their economic lives. The subject is a vacant building that was originally constructed in 1953. While the exterior is in average condition for its age, the interior is in poor condition. It is considered to be a shell building, as the majority of the interior would need to be removed and replaced to be usable. Therefore, the Cost Approach was developed to determine the depreciated opinion of market value for a shell building. Sales of land with a similar highest and best use have been analyzed. Marshall Valuation Service was consulted to estimate replacement cost new and depreciation of the improvements.

The Sales Comparison Approach is typically used to establish a fee simple market value for the property. In developing this approach, recent sales and/or listings of comparable residential complexes are directly compared to the subject property, with adjustments for differences. There have been no sales of comparable shell buildings. Due to a lack of truly comparable data, the Sales Comparison Approach was not developed.

The Income Capitalization Approach is used to consider the fee simple market value indication for the subject. The subject property is in essence an existing shell building. It is not leasable in its current state. Therefore, the Income Capitalization Approach has not been developed.
COST APPROACH

The Cost Approach is based upon comparison where the value of the existing or proposed improvement is compared to the cost to produce a new subject or substitute property. The cost will be adjusted for differences in the age, condition, and utility of the subject property (accrued depreciation). Economic adjustments will consider rent loss to stabilization and any negative or positive tenant leasehold advantage. Finally the value of the site is added for an indication of estimated value by the approach.

The approach is mostly applicable when the subject is relatively new or suffers only minor accrued depreciation, the improvement reflects the highest and best use of the site as improved, and the site value is well supported. In the case of the subject property, the Cost Approach was developed to estimate a depreciated opinion of market value for the building in shell condition.

SITE VALUE ESTIMATE

In this report, the Sales Comparison Approach is deemed to be applicable in valuing a site and is the most common technique for valuing land when comparable sales are available. To apply this technique, sales, listings, or pending contracts of similar parcels of land have been analyzed, compared, and adjusted to provide a value indication for the subject site being appraised. The subject neighborhood is mostly built out. Sales were limited; therefore, smaller sized comparables were used in this analysis and were adjusted for size.

The following sales are the most recent comparable sales for similar development revealed in my research. Detailed descriptions of the comparable land sales and a location map follow. An adjustment grid is developed to determine a market value for the land.

<table>
<thead>
<tr>
<th>Comp No.</th>
<th>Location</th>
<th>Sale Date</th>
<th>No. of SF</th>
<th>Price Per SF</th>
</tr>
</thead>
<tbody>
<tr>
<td>Subj.</td>
<td>4514 Lyons Ave.</td>
<td>N/A</td>
<td>114,730</td>
<td>N/A</td>
</tr>
<tr>
<td>1</td>
<td>Navigation and Terminal St.,</td>
<td>06/2017</td>
<td>10,790</td>
<td>$6.49</td>
</tr>
<tr>
<td>2</td>
<td>East Line of 70th Street and Avenue S.</td>
<td>12/2016</td>
<td>69,781</td>
<td>$5.73</td>
</tr>
<tr>
<td>3</td>
<td>Lockwood Dr. Between Suez and Sudan Streets</td>
<td>04/2015</td>
<td>28,854</td>
<td>$3.47</td>
</tr>
<tr>
<td>4</td>
<td>3404 Lyons Ave.</td>
<td>02/2015</td>
<td>33,000</td>
<td>$5.00</td>
</tr>
<tr>
<td>5</td>
<td>5505 &amp; 5507 Lyons Ave.</td>
<td>10/2014</td>
<td>10,772</td>
<td>$9.50</td>
</tr>
</tbody>
</table>
Land Sale No. 1

Property Identification
Record ID 1449
Property Type Land, Commercial
Property Name Vacant Land
Address Navigation and Terminal St., Houston, Harris County, Texas 77011
Location Lots 32, 33, 34 & 35, Block 108, Magnolia Park Section 2
Tax ID 0251890000032
MSA Houston

Sale Data
Grantor Steve G. & Olga Montes
Grantee Joshua Wohlstein
Sale Date June 09, 2017
Deed Book/Page RP2017257554
Property Rights Fee Simple
Conditions of Sale Arm's Length
Verification Ruth Longoria; 713-644-2086, Confirmed by Linda Powers

Sale Price $70,000
Cash Equivalent $70,000

Land Data
Zoning None
Topography Mostly level
Land Sale No. 1 (Cont.)

<table>
<thead>
<tr>
<th>Utilities</th>
<th>All available</th>
</tr>
</thead>
<tbody>
<tr>
<td>Shape</td>
<td>Irregular corner parcel</td>
</tr>
</tbody>
</table>

### Land Size Information

<table>
<thead>
<tr>
<th>Gross Land Size</th>
<th>0.248 Acres or 10,790 SF</th>
</tr>
</thead>
<tbody>
<tr>
<td>Front Footage</td>
<td>113 ft Navigation;</td>
</tr>
</tbody>
</table>

### Indicators

<table>
<thead>
<tr>
<th>Sale Price/Gross Acre</th>
<th>$282,595</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sale Price/Gross SF</td>
<td>$6.49</td>
</tr>
</tbody>
</table>

### Remarks

Originally listed for sale at $120,000 with no offers.

According to the Harris County Appraisal District, the sellers had owned the property since 1988.
Land Sale No. 2

Property Identification
Record ID 1450
Property Type Land, Commercial
Property Name Land
Address East Line of 70th Street and Avenue S, Houston, Harris County, Texas 77011
Location Lots 1-16 & Lot A, Block 181, Central Park Subd.
Tax ID 0390870810001 & 0390830000044
MSA Houston

Sale Data
Grantor S.S. McClendon Sr. Trust No. 1
Grantee Harris County
Sale Date December 30, 2016
Deed Book/Page RP201658249
Property Rights Fee Simple
Conditions of Sale Arm's Length
Verification Sally Smith; Confirmed by Linda Powers

Sale Price $400,000
Cash Equivalent $400,000

Land Data
Zoning None
Topography Mostly level
# Land Sale No. 2 (Cont.)

<table>
<thead>
<tr>
<th>Utilities</th>
<th>All available</th>
</tr>
</thead>
<tbody>
<tr>
<td>Shape</td>
<td>Irregular</td>
</tr>
</tbody>
</table>

## Land Size Information

<table>
<thead>
<tr>
<th>Gross Land Size</th>
<th>1.602 Acres or 69,781 SF</th>
</tr>
</thead>
<tbody>
<tr>
<td>Front Footage</td>
<td>352 ft 70th Street;</td>
</tr>
</tbody>
</table>

## Indicators

<table>
<thead>
<tr>
<th>Sale Price/Gross Acre</th>
<th>$249,695</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sale Price/Gross SF</td>
<td>$5.73</td>
</tr>
</tbody>
</table>

## Remarks

Site has frontage on Buffalo Bayou. There was a small warehouse located on the property that had no contributory value. The county is going to develop it as a park.

Mr. McClendon had owned the property since 1988.
### Property Identification

<table>
<thead>
<tr>
<th>Field</th>
<th>Value</th>
</tr>
</thead>
<tbody>
<tr>
<td>Record ID</td>
<td>1446</td>
</tr>
<tr>
<td>Property Type</td>
<td>Vacant Land, Commercial</td>
</tr>
<tr>
<td>Property Name</td>
<td>Houston Land</td>
</tr>
<tr>
<td>Address</td>
<td>Lockwood Dr. Between Suez and Sudan Streets, Houston, Harris County, Texas 77020</td>
</tr>
<tr>
<td>Location</td>
<td>Lot 1 and Tracts 2B through 6B, Block 12, Englewood</td>
</tr>
<tr>
<td>Tax ID</td>
<td>0131180000003</td>
</tr>
<tr>
<td>MSA</td>
<td>Houston</td>
</tr>
<tr>
<td>Market Type</td>
<td>North East/East</td>
</tr>
</tbody>
</table>

### Sale Data

<table>
<thead>
<tr>
<th>Field</th>
<th>Value</th>
</tr>
</thead>
<tbody>
<tr>
<td>Grantor</td>
<td>Houston Arts Combined Endowment Foundation, etal</td>
</tr>
<tr>
<td>Grantee</td>
<td>Dimension 5 Holdings, LLC</td>
</tr>
<tr>
<td>Sale Date</td>
<td>April 28, 2015</td>
</tr>
<tr>
<td>Deed Book/Page</td>
<td>20150176090</td>
</tr>
<tr>
<td>Property Rights</td>
<td>Fee Simple</td>
</tr>
<tr>
<td>Conditions of Sale</td>
<td>Arm’s Length</td>
</tr>
<tr>
<td>Verification</td>
<td>Shawn Baksh - Trotwood Realty; 713-222-7400</td>
</tr>
<tr>
<td>Sale Price</td>
<td>$100,000</td>
</tr>
<tr>
<td>Cash Equivalent</td>
<td>$100,000</td>
</tr>
</tbody>
</table>

### Land Data

<table>
<thead>
<tr>
<th>Field</th>
<th>Value</th>
</tr>
</thead>
<tbody>
<tr>
<td>Zoning</td>
<td>None</td>
</tr>
<tr>
<td>Topography</td>
<td>Mostly level</td>
</tr>
<tr>
<td>Utilities</td>
<td>All available</td>
</tr>
<tr>
<td>Shape</td>
<td>Rectangular</td>
</tr>
</tbody>
</table>
Land Sale No. 3 (Cont.)

Flood Info
User 5
48201C0690M

Land Size Information
Gross Land Size 0.66 Acres or 28,854 SF

Indicators
Sale Price/Gross Acre $150,966
Sale Price/Gross SF $3.47

Remarks
Commercial lot consisting of 0.66 acres located on Lockwood Dr. The site has frontage on two corners.

Purchased for future development.

Previous owners had owned the property since 2000.
# Land Sale No. 4

![Map Image](image_url)

## Property Identification

<table>
<thead>
<tr>
<th>Record ID</th>
<th>1447</th>
</tr>
</thead>
<tbody>
<tr>
<td>Property Type</td>
<td>Land, Commercial</td>
</tr>
<tr>
<td>Property Name</td>
<td>Former C Store Site</td>
</tr>
<tr>
<td>Address</td>
<td>3404 Lyons Ave., Houston, Harris County, Texas 77020</td>
</tr>
<tr>
<td>Location</td>
<td>Tracts 1A, 1B, and 1C, Abstract 283D, Gregg</td>
</tr>
<tr>
<td>Tax ID</td>
<td>0421470000001</td>
</tr>
<tr>
<td>MSA</td>
<td>Houston</td>
</tr>
<tr>
<td>Market Type</td>
<td>North East/East</td>
</tr>
</tbody>
</table>

## Sale Data

<table>
<thead>
<tr>
<th>Grantor</th>
<th>Paschall North Main, LTD, Roberto Gonzalez, Irma Diaz Gonzalez</th>
</tr>
</thead>
<tbody>
<tr>
<td>Grantee</td>
<td>Dimension 5 Holdings, LLC</td>
</tr>
<tr>
<td>Sale Date</td>
<td>February 27, 2015</td>
</tr>
<tr>
<td>Deed Book/Page</td>
<td>20150085509</td>
</tr>
<tr>
<td>Property Rights</td>
<td>Fee Simple</td>
</tr>
<tr>
<td>Conditions of Sale</td>
<td>Arm's Length</td>
</tr>
<tr>
<td>Financing</td>
<td>Cash to seller</td>
</tr>
<tr>
<td>Verification</td>
<td>Shawn Baksh, Trotwood Realty; 713-222-7400</td>
</tr>
</tbody>
</table>

| Sale Price      | $165,000          |
### Land Sale No. 4 (Cont.)

<table>
<thead>
<tr>
<th>Cash Equivalent</th>
<th>$165,000</th>
</tr>
</thead>
</table>

### Land Data

<table>
<thead>
<tr>
<th>Zoning</th>
<th>None</th>
</tr>
</thead>
<tbody>
<tr>
<td>Topography</td>
<td>Mostly level</td>
</tr>
<tr>
<td>Utilities</td>
<td>All available</td>
</tr>
<tr>
<td>Shape</td>
<td>Irregular corner parcel</td>
</tr>
</tbody>
</table>

### Land Size Information

<table>
<thead>
<tr>
<th>Gross Land Size</th>
<th>0.758 Acres or 33,000 SF</th>
</tr>
</thead>
</table>

### Indicators

<table>
<thead>
<tr>
<th>Sale Price/Gross Acre</th>
<th>$217,800</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sale Price/Gross SF</td>
<td>$5.00</td>
</tr>
</tbody>
</table>

### Remarks

Property was a former convenience store with environmental issues due to an underground storage tank. Original price discounted by 50%. Sold for future development.

Previous owners owned the property since 2001.
Land Sale No. 5

Property Identification
Record ID 1448
Property Type Land, Commercial
Property Name Vacant Land
Address 5505 & 5507 Lyons Ave., Houston, Harris County, Texas 77020
Location Tracts 11A & 12, Block 13, Pinecrest
Tax ID 0541890000011/12
MSA Houston
Market Type North East/East

Sale Data
Grantor Carol Ann Gaudiano Family Trust & Jerry Crawford
Grantee Dimension 5 Holdings, LLC
Sale Date October 23, 2014
Deed Book/Page 20140486431
Property Rights Fee Simple
Conditions of Sale Arm's Length
Verification Shawn Baksh - Trotwood Realty; 713-222-7400, Confirmed by Linda Powers
Sale Price $102,330
Cash Equivalent $102,330

Land Data
Zoning None
Topography Mostly level
Utilities All available
Land Sale No. 5 (Cont.)

Shape

Irregular corner parcel

Land Size Information

Gross Land Size

0.247 Acres or 10,772 SF

Indicators

Sale Price/Gross Acre

$413,804

Sale Price/Gross SF

$9.50

Remarks

Frontage on Lyons Avenue with 2 corners. Located across from Chase Bank and Walgreens. For future development.

Parcels had been owned for more than 3 years by sellers.
ADJUSTMENTS TO THE LAND COMPARABLES:

Adjustments are made to the site comparables to reflect economic and physical differences in contrast with the subject. The following are the economic and physical adjustments considered in this site valuation analysis.

1. Property Rights Conveyed
2. Financing Terms
3. Buyer/Seller Motivation
4. Buyer Costs
5. Market Conditions (Time)
6. Location and Access
7. Frontage/Corner Influences
8. Utilities
9. Size (Economies of Scale)
10. Topography and Shape
11. Zoning
12. Other Physical Features

Economic Adjustments:

Property Rights Conveyed: The sales all reflect 100% equity interests of fee simple transactions requiring no adjustment.

Financing Terms: The sales when financed indicate market terms requiring no adjustment.

Buyer/Seller Motivation: The sales were all between unrelated parties without undue motivation. They were not adjusted.

Buyer Costs: No adjustments were necessary for the sales.

Market Conditions (Time): The subject is located within an older residential neighborhood as are all of the comparables. It appears that sales have remained stable over the past three years. No time adjustment is deemed necessary.
Physical Adjustments:

**Location and Access:** The subject has a good location and access. When compared to the subject, three of the comparables are in inferior locations, some with light industrial in the vicinity in addition to residential dwellings. These were adjusted upward for being inferior. Comparable 5 is located near the bus depot, Walgreens and Fiesta market. It is considered to be superior and was adjusted downward.

**Frontage/Cornor Influence:** The subject has frontage on four streets with four corners. Four of the comparables were inferior and were adjusted upward.

**Utilities:** The subject and the comparables have similar utilities. No adjustments have been made.

**Size (Economies of Scale):** All sales were adjusted proportionately for their size. All were smaller tracts that were adjusted downward for their superior size.

**Topography and Shape:** The subject has mostly level topography and is mostly rectangular in shape. Comparables 1, 2, and 4 were irregular in shape and considered inferior. They were adjusted upward. The other comparables are considered to be similar and required no adjustments.

**Zoning:** The City of Houston does not have zoning regulations. Therefore, the subject and the comparables are considered to be similar.

**Other:** Comparable 5 had issues with an underground tank from its previous use as a convenience store with fuel service. The sales price was negotiated based on the environmental issues. An additional 5% has been adjusted based on environmental conditions. The subject and the other sale properties were considered similar in all other attributes.

Following are the adjustments to the market transactions.
<table>
<thead>
<tr>
<th>PROPERTY INFORMATION</th>
<th>1</th>
<th>2</th>
<th>3</th>
<th>4</th>
<th>5</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sale/Asking Price/SF</td>
<td>$6.49</td>
<td>$5.73</td>
<td>$3.47</td>
<td>$5.00</td>
<td>$9.50</td>
</tr>
<tr>
<td>Grantor</td>
<td>S. Montex</td>
<td>S. McClendon Tr.</td>
<td>Houston Arts</td>
<td>Paschall N. Main</td>
<td>Gaudiano FT &amp; Crawford</td>
</tr>
<tr>
<td>Grantee</td>
<td>J. Wohlstein</td>
<td>Harris County</td>
<td>Dimension 5 Holdings</td>
<td>Dimension 5 Holdings</td>
<td>Dimension 5 Holdings</td>
</tr>
<tr>
<td>Size - Feet</td>
<td>114,730</td>
<td>10,790</td>
<td>69,781</td>
<td>28,854</td>
<td>33,000</td>
</tr>
<tr>
<td>Zoning</td>
<td>None</td>
<td>None</td>
<td>None</td>
<td>None</td>
<td>None</td>
</tr>
<tr>
<td>Sale Date</td>
<td>Jun-17</td>
<td>Dec-16</td>
<td>Apr-15</td>
<td>Feb-15</td>
<td>Oct-14</td>
</tr>
</tbody>
</table>

**ECONOMIC ADJUSTMENTS**

- Property Rights Conveyed: Fee Simple
- Financing Terms: Market
- Buyer/Seller Motivation: Normal
- Buyer Costs: Normal
- Fee Simple/Stabilized/Cash Equivalent Price: $6.49
- Market Conditions (Time): 0.00%
- Updated Price: $6.49

**PHYSICAL ADJUSTMENTS**

- Location and Access: Inferior
- Frontage/Cornor Influences: Inferior
- Utilities: Similar
- Size (Economies of Scale): Smaller
- Topography and Shape: Inferior
- Zoning: Similar
- Other Physical Features: Similar
- Composite Physical Adjustment %: 20%
- Composite Physical Adjustment $: ($130)

**INDICATED SUBJECT VALUE PER SQ. FT.**

<table>
<thead>
<tr>
<th></th>
<th>1</th>
<th>2</th>
<th>3</th>
<th>4</th>
<th>5</th>
</tr>
</thead>
<tbody>
<tr>
<td>$</td>
<td>$5.19</td>
<td>$6.02</td>
<td>$3.64</td>
<td>$5.25</td>
<td>$4.75</td>
</tr>
</tbody>
</table>
SITE VALUE CONCLUSION:
The adjusted sales indicate a range from $3.64 to $6.02 per square foot. The mean value of the sales is $4.97 per square foot and a median value of $5.19 per square foot. Most consideration was given to Comparables 4 and 5, which are in the vicinity of the subject. I am of the opinion that a current fee simple market value of **$5.00** per square foot is appropriate for the subject applied as follows.

<table>
<thead>
<tr>
<th>“AS IS” LAND VALUE ESTIMATE</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>$5.00/sf</strong> X <strong>114,730 sf</strong></td>
</tr>
<tr>
<td><strong>Rounded</strong></td>
</tr>
</tbody>
</table>

*Subject to the Assumptions and Limiting Conditions as noted beginning on Page 3 of this report.*
REPLACEMENT COST CALCULATION

Replacement cost for the improvements have been estimated based on a cost estimate derived from the Marshall Valuation Service, a nationally known cost data service. The cost figures include both direct and indirect costs, an allowance for contractor's overhead and profit, and architectural fees. The costs estimated are for the building and the site improvements. Multipliers are applied to the cost estimate to adjust for build out, story height, floor area differences, and to bring the cost to current and local conditions. Site improvement costs are already adjusted. The site improvement costs are based on information from the Marshall Valuation Service as well as local contractors. Where applicable, current cost and local multipliers have been applied since some of the site improvement costs were derived from several sections of the Marshall Valuation Service that require different multiplier adjustments. An allowance of 10% for entrepreneurial profit is made to the construction costs. This is believed to be what a developer would require to undertake the development.

As the subject was most recently used as a hospital/rehabilitation center, its configuration is most similar to a commercial building. To calculate the replacement cost new for the subject, I have used Shell Office, Class C, Average as indicated in Section 15, Page 35. Perimeter, current and local multipliers were applied. After adjustments, the base cost for the residential living area was $47.72 per square foot, as shown below:

<table>
<thead>
<tr>
<th>Base Cost:</th>
<th>$61.00</th>
</tr>
</thead>
<tbody>
<tr>
<td>Perimeter Multiplier:</td>
<td>0.887</td>
</tr>
<tr>
<td>Current Cost Multiplier:</td>
<td>0.98</td>
</tr>
<tr>
<td>Local Multiplier (Waco):</td>
<td>0.90</td>
</tr>
<tr>
<td>Adjusted Cost PSF:</td>
<td>$47.72</td>
</tr>
</tbody>
</table>

Total building replacement cost of the primary improvements as a shell building was $5,724,730 (119,965 sf x $47.72 psf).

The existing site improvements were estimated to total approximately $206,560.

Estimated soft costs were included in the Marshall Valuation Service base costs above, and so no additional cost was added. This results in a Replacement Cost New (prior to consideration of entrepreneurial profit) of $5,931,290.

Based upon conversations and a recent survey of developers in the local area, developers set their desired profit typically from 8% to 12%. An entrepreneurial incentive of 10% has been included in the replacement cost, or $593,129.
Accrued Depreciation

Depreciation is defined as follows: Depreciation is a loss in property value from any cause. It may also be defined as the “difference between the market value of an improvement and its reproduction or replacement cost at the time of appraisal.” The five major types of depreciation are: (1) curable physical deterioration, (2) incurable physical deterioration, (3) curable functional obsolescence, (4) incurable functional obsolescence, and (5) external obsolescence. The following types of depreciation have been considered in determining accrued depreciation in the subject property. Below is a discussion of the types of depreciation and how it is measured.

Curable Physical Deterioration: This type of deterioration/depreciation refers to items of deferred maintenance. The estimate of curable physical deterioration applies only to items in need of immediate repair on the effective appraisal date. This type of depreciation is measured as the cost of restoring the item to new or reasonably new condition; simply explained, the cost to cure. In order for the building to be in shell condition, the interior of the building must be removed. I have estimated that the cost to remove the interior and the cost of any remediation necessary would be approximately $400,000. Therefore, a total of $400,000 has been subtracted from the replacement cost new.

Incurable Physical Deterioration: Incurable physical deterioration applies to items of deterioration that cannot be practically or economically corrected at present. This type of depreciation is calculated for all structural components that are not included in the curable physical category. It is applied to the reproduction cost of the entire structure that remains after the cost to cure the components treated as physically curable has been deducted. Incurable physical deterioration can be measured by a physical age-life method or via the Marshall Valuation Depreciation Studies. For the physical age-life method, the ratio of average effective physical age to average physical life expectancy is multiplied times the total reproduction cost less the physical curable items. The exterior of the buildings were constructed in 1953 and 1988, making them between 65 and 30 years old. The exteriors are in average condition and have an overall estimated effective age of 15 years. The average life of similar buildings is 50 years. Therefore, incurable physical deterioration has been calculated at 30% (15 yrs. effective age/50 years estimated life = 30% depreciation).

The site improvements are in fair condition. They have been estimated to have an effective age of 15 years with a typical average life of 20 years. Depreciation is 75% (15 yrs. Effective age / 20 years estimated life = 75% depreciation)

Curable Functional Obsolescence is a loss in value resulting from defects in design, which can be economically corrected as of the effective appraisal date. It may be divided into three

subcategories: (1) Deficiency requiring addition, (2) Deficiency requiring substitution or modernization, and (3) Superadequacy. Deficiency requiring addition is measured by how much the cost of the addition exceeds the cost of the item if it were installed new during construction. Deficiency requiring substitution or modernization is measured as the cost of the existing component in the cost estimate minus physical deterioration already charged against the existing component and salvage value, plus the cost to remove the existing component and the added cost of installation. Superadequacy is measured as the current reproduction cost of the item, minus any physical deterioration already charged, plus the cost of removal, minus the salvage value, if any.

Incurable Functional Obsolescence is a loss in value resulting from defects in design, which cannot be economically corrected as of the effective appraisal date. It can be caused by a deficiency or a superadequacy. Two types of deficiencies may be involved: an item not included in the cost new that should be, or an item included in the cost new that should not be. If the deficiency results from an item which is not included in the cost estimate but which should be, the obsolescence is measured as the net income loss attributed to the deficiency, capitalized at the building capitalization rate, less the cost of the item if it was included in the cost estimate. If the deficiency results from an item which is included in the cost estimate but which should not be, the obsolescence is measured as the current cost new of the item, less physical deterioration previously charged, less value added. If the obsolescence is attributed to a superadequacy, it is measured as the reproduction cost of the superadequate component, minus any physical deterioration already charged, plus the present value of any added cost of ownership due to the presence of the superadequacy, less any value added such as increased rent.

In the case of the subject property, the improvements have an adequate layout and a functional design. No deduction for functional deterioration (either curable or incurable) is applicable.

External Obsolescence: External or economic obsolescence is the diminished utility of a structure due to negative influences emanating from outside the property boundaries. It is usually incurable on the part of the property owner. External obsolescence can be measured by either of two methods: (1) The capitalization of the income or rent loss attributable to the negative influence, or (2) The comparison of sales of similar properties that are subject to the negative influence with others that are not.

There are no observed neighborhood characteristics or trends, which would tend to adversely affect the market value of the subject property. Therefore, no deductions have been made for external obsolescence.

A summary of the cost approach follows on the next page.
### Shell Building
#### 4514 Lyons Avenue, Houston, TX

<table>
<thead>
<tr>
<th>Space Description</th>
<th>Adjusted Repl. Cost</th>
<th>Total Costs</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Building Components:</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Shell Office, Sect. 15, Page 35, C Avg.</td>
<td>119,965 sf @ $47.72 psf</td>
<td>$5,724,730</td>
</tr>
<tr>
<td><strong>Estimated Replacement Cost of Site Improvements:</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Asphalt Paving</td>
<td>30,000 sf @ $2.04</td>
<td>$61,200</td>
</tr>
<tr>
<td>Sidewalk</td>
<td>16,000 sf @ $4.70</td>
<td>$75,200</td>
</tr>
<tr>
<td>Fencing and Gates</td>
<td>1,400 lf @ $14.40</td>
<td>$20,160</td>
</tr>
<tr>
<td>Miscellaneous (Landscaping, common areas, etc.)</td>
<td></td>
<td>$50,000</td>
</tr>
<tr>
<td><strong>Total - Site Improvements</strong></td>
<td></td>
<td>$206,560</td>
</tr>
<tr>
<td><strong>Replacement Cost of Building and Site Improvements</strong></td>
<td></td>
<td>$5,931,290</td>
</tr>
<tr>
<td><strong>Add: Entrepreneurial Profit @ 10%</strong></td>
<td></td>
<td>$593,129</td>
</tr>
<tr>
<td><strong>Total Replacement Costs Including Profit</strong></td>
<td></td>
<td>$6,524,419</td>
</tr>
<tr>
<td><strong>Less Estimated Accrued Depreciation</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Curable Deterioration</td>
<td></td>
<td>$400,000</td>
</tr>
<tr>
<td>Incurable Physical Deterioration</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Building Improvements (15 yrs eff / 50 yrs econ. life = 30%)</td>
<td>$1,889,161</td>
<td></td>
</tr>
<tr>
<td>Site Improvements Depreciation (15 yrs effect./20 yrs econ. Life=75%)</td>
<td>$170,412</td>
<td></td>
</tr>
<tr>
<td>External &amp; Functional Obsolescence</td>
<td>$0</td>
<td></td>
</tr>
<tr>
<td><strong>Total Estimated Accrued Depreciation</strong></td>
<td></td>
<td>-$2,459,573</td>
</tr>
<tr>
<td><strong>Estimated Improvement Contribution</strong></td>
<td></td>
<td>$4,064,846</td>
</tr>
<tr>
<td><strong>Add: Estimated Site Value</strong></td>
<td></td>
<td>$575,000</td>
</tr>
<tr>
<td><strong>Indicated Fee Simple Market Value</strong></td>
<td></td>
<td>$4,639,846</td>
</tr>
<tr>
<td><strong>Rounded:</strong></td>
<td></td>
<td>$4,650,000</td>
</tr>
</tbody>
</table>

**“As Is” Fee Simple Opinion of Market Value**
**By the Cost Approach**
**$4,650,000**

*Subject to the Assumptions and Limiting Conditions as noted beginning on Page 3 of this report.*
REASONABLE EXPOSURE TIME

Exposure time is the estimated length of time the property interest being appraised would have been offered on the market prior to the hypothetical consummation of a sale at market value on the effective date of the appraisal; a retrospective estimate based upon an analysis of past events assuming a competitive and open market. Exposure time is different for various types of real estate and under various market conditions. The estimate of the time period for reasonable exposure time is not intended to be a prediction of a future date of sale.

I have analyzed the comparable sales in order to determine the reasonable exposure time for these sales. Additionally, I have conducted surveys with knowledgeable market participants. I am of the opinion an exposure time of 12 to 24 months appears appropriate for the subject based on the final market value opinion.
CERTIFICATION

I certify that to the best of my 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 my personal, unbiased professional analyses, opinions, and conclusions.

I 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.

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

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

My 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.

My analyses, opinions, and conclusions were developed, and this report has been prepared, in conformity with the Uniform Standards of Professional Appraisal Practice (USPAP).

I have made a personal inspection of the property that is the subject of this report.

No one provided significant real property appraisal assistance to the person signing this certification.

The reported analyses, opinions, and conclusions were developed, and this report has been prepared, in conformity with the Code of Professional Ethics and Standards of Professional Appraisal Practice in the Appraisal Institute.

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

As of the date of this report, Linda Powers, MAI has completed the continuing education program for Designated Members of the Appraisal Institute.

I have performed no services as an appraiser or in any other capacity, regarding the property that is the subject of this report within the three-year period immediately preceding acceptance of this assignment.

Linda M. Powers, MAI
State Certified General
Texas No. TX-1331962-G
NM – 02141-G
ADDENDA
WARRANTY DEED
SPECIAL WARRANTY DEED WITH VENDOR'S LIENS

NOTICE OF CONFIDENTIALITY RIGHTS: IF YOU ARE A NATURAL PERSON, YOU MAY REMOVE OR STRIKE ANY OR ALL OF THE FOLLOWING INFORMATION FROM ANY INSTRUMENT THAT TRANSFERS AN INTEREST IN REAL PROPERTY BEFORE IT IS FILED FOR RECORD IN THE PUBLIC RECORDS: YOUR SOCIAL SECURITY NUMBER OR YOUR DRIVER’S LICENSE NUMBER

THE STATE OF TEXAS §
COUNTY OF HARRIS §

THAT ABILITY INSURANCE COMPANY, a Nebraska insurance company (hereinafter referred to as "Grantor"), for and in consideration of the sum of TEN AND NO/100 DOLLARS ($10.00) cash and other good and valuable consideration in hand paid by 4514 LYONS LLC, a Texas limited liability company (hereinafter referred to as "Grantee"), whose address is 4300 Lyons Avenue, Suite 300, Houston, Texas 77020, the receipt and sufficiency of which is hereby acknowledged and confessed, has GRANTED, SOLD and CONVEYED, and by these presents does GRANT, SELL and CONVEY unto Grantee (a) all that certain tract of land situated in Harris County, Texas, being more particularly described on Exhibit “A” attached hereto and made a part hereof for all purposes (the "Land"); (b) all right, title and interest of Grantor, if any, in and to (but without warranty whether statutory, express or implied) (i) any land lying in the bed of any street, road, avenue or alley, open or closed, in front of or adjoining the Land and in existence as of the date of this Special Warranty Deed with Vendor’s Liens (the “Deed”), to the center line thereof; (ii) any and all appurtenant easements, rights of way, covenants and other rights affecting the Land and any of Grantor’s rights to use the same; (iii) any and all rights of ingress and egress to and from the Land and any of Grantor’s rights to use the same; (iv) all of Grantor’s right, title and interest in and to any awards hereafter made or to be made in lieu thereof; and in and to any unpaid awards for damage thereto by reason of the change of grade of any such street, road, access way, or easement; (v) all strips or gores abutting, bounding or which are adjacent or contiguous to the Land (whether owned or claimed by deed, limitations or otherwise); (vi) any and all rights to the present or future use of wastewater, water capacity, drainage, water or other utility facilities to the extent same pertain to or benefit the Land, including without limitation, all reservations of or commitments or letters covering any such use in the future, whether now owned or hereafter acquired; all rights, if any, of Grantor in and to utility availability (including water, sanitary sewer and drainage) applicable to the Land, granted or made available by any city, municipal utility district, governmental authority or any other person or entity; and (vii) any and all reversionary rights and remainders appurtenant to the Land (collectively, the "Property").

TO HAVE AND TO HOLD the Property, together with the rights and appurtenances thereto belonging, unto Grantee and Grantee's successors and assigns, forever; and Grantor does hereby bind Grantor and Grantor's successors and assigns to warrant and forever defend the Property unto Grantee and Grantee's successors and assigns against every person whomsoever
Proposed St. Elizabeth Place  
A Proposed 110-Unit Multi-family Complex  
4514 Lyons Avenue, Houston, Texas  
February 28, 2018

lawfully claiming or to claim the same or any part thereof, by, through or under Grantor, but not otherwise.

However, this conveyance is made subject to the liens securing standby fees, taxes and assessments by any taxing authority for the year 2016 and subsequent years (collectively, the "Ad Valorem Taxes"), as well as to all matters of record, if any, relating to the Property, but only to the extent the same are still in effect, shown of record in the hereinabove mentioned county and state and are enforceable against the Property. Ad Valorem Taxes for the year 2016 are prorated as of the date hereof and payment thereof is assumed by the Grantee.

The consideration for this Deed has been paid and is secured to be paid as follows:

(a) Promissory Note (the “CHC Note”) dated of even date herewith payable to the order of Community Housing Capital, Inc., a California non-profit public benefit corporation (the “Lender”), in the original principal amount of up to Two Million Four Hundred Fifty Thousand and No/100 Dollars ($2,450,000.00), a portion of which funds advanced by the Lender are part of the purchase price for the Property, the CHC Note being secured by that certain Deed of Trust, Assignment of Leases, Security Agreement and Fixture Filing dated as of the date hereof executed by Grantee, wherein David U. Landis, II is named Trustee for the benefit of Lender, and additionally secured by a Vendor’s Lien herein retained, and the same is hereby transferred and assigned to Lender by the Grantor, without recourse or warranty of any kind; and

(b) Promissory Note (the “Seller Subordinate Note”) dated of even date herewith payable to the order of Grantor in the original principal amount of Eight Hundred Thousand and No/100 Dollars ($800,000.00), the Subordinate Note being secured by that certain Deed of Trust and Security Agreement dated as of the date hereof executed by Grantee, wherein Russell T. Gaines is named Trustee for the benefit of Grantor, and additionally secured by a subordinate Vendor’s Lien herein retained.

But it is expressly agreed and stipulated that said Vendor’s Liens, as well as the superior title in and to the Property, are retained in favor of Lender and Grantor and their respective successors and assigns upon the Property, to the extent funds advanced under the CHC Note and the Seller Subordinate Note are for a portion of the purchase price of the Property, until the CHC Note and the Seller Subordinate Note and all interest thereon, are fully paid according to its face and tenor, effect and reading, when this Deed shall become absolute. The priorities of the Vendor’s Liens herein retained shall have the following ranking:

(1) All liens securing the payment of the CHC Note; and

(2) All liens securing the payment of the Seller Subordinate Note.

[Signature On Following Page]
EXECUTED on this the 14th day of April, 2016.

ABILITY INSURANCE COMPANY,

a Nebraska insurance company

By: ________________________________

Name: Kent Schumacher

Title: Vice President

STATE OF New York
COUNTY OF Westchester

This instrument was acknowledged before me on the 14th day of April, 2016 by

[Signature]

of Ability Insurance Company, a Nebraska insurance company, on behalf of said insurance company.

[Signature]

Notary Public, State of New York

EXHIBIT

Exhibit A - Property Description
Proposed St. Elizabeth Place
A Proposed 110-Unit Multi-family Complex
4514 Lyons Avenue, Houston, Texas
February 28, 2018

EXHIBIT “A”

LEGAL DESCRIPTION

[see attached]
EXHIBIT A

Legal Description of Property

4514 Lyons Avenue, Houston, Texas

A TRACT OF LAND CONTAINING 2,634 ACRES (114,730 SQUARE FEET), SITUATED IN THE HARRIS AND WILSON SURVEY, ABSTRACT NO. 32, IN HARRIS COUNTY, TEXAS, COMPRISING OF ALL OF LOTS 1 THROUGH 10, INCLUSIVE, BLOCK 117, AUGUSTA ADDITION RECORDED IN VOLUME 56, PAGE 139 OF THE HARRIS COUNTY DEED RECORDS (H.C.D.R.); ALL OF THAT LAND COMMONLY KNOWN AS LOTS 1 THROUGH 10, INCLUSIVE, BLOCK 121, AUGUSTA ADDITION, AN UNRECORDED SUBDIVISION, IN HARRIS COUNTY, TEXAS AND ALL OF THAT CERTAIN TRACT FORMERLY KNOWN AS FARMER AVENUE LOCATED BETWEEN SAID BLOCKS AND BOUNDED BY THE EAST LINE OF ST. ELIZABETH STREET (ALSO KNOWN AS DAN STREET) AND THE WEST LINE OF YATES STREET AS DESCRIBED IN QUITCLAIM DEED RECORDED IN VOLUME 1596, PAGE 161 H.C.D.R. SAID 2.634 ACRE TRACT ALSO BEING THAT SAME TRACT RECORDED IN HARRIS COUNTY CLERKS FILE BUMBER (H.C.C.F. NO.) R65982 AND BEING MORE PARTICULARLY DESCRIBED BY METES AND BOUNDS AS FOLLOWS: (BEARINGS ARE BASED IN H.C.C.F. NO. R65982)

BEGINNING at a 1/2 inch iron rod found at the intersection of the south right-of-way (R.O.W.) line of Lyons Avenue (60 feet R.O.W.) with the west R.O.W. Yates Street (60 feet R.O.W.) marking the northeast corner of said Block 117 and the herein described tract;

THENCE S 00 08 00 W, along with the west R.O.W. line of said Yates Street and the east line of the herein described tract, at 200.00 feet passing the southeast corner of said Block 117 and the north line of said Farmer Avenue tract as quetclaimed in the above reference deed, at 260.00 feet passing the northeast corner of said Block 121 and the south line of said Farmer Avenue and continuing for a total distance of 458.92 feet to a 3/8 inch capped iron rod found (Landtech) marking the southeast corner of said Block 121 and the herein described tract and the intersection of the west R.O.W. line of said Yates Street with the north R.O.W. line of Chisum Street (50 feet R.O.W.) from which an iron pipe found at South, a distance of 1.44 feet;

THENCE N 89 56 01 W, along with the south line of said Block 121 and the herein described tract and the north R.O.W. line of said Chisum Street, a distance of 250.00 feet to a 3/8 inch iron rod found (Landtech) marking the southwest corner of said Block 121 and the herein described tract and the intersection of the east R.O.W. line of St. Elizabeth Street (50 feet R.O.W.) with the north R.O.W. line of said Chisum Street;

THENCE N 00 08 00 E, along with the east R.O.W. line of said St. Elizabeth Street and the west line of the herein described tract, at 198.92 feet passing the northwest corner of said Block 121 and the south line of said Farmer Avenue, at 258.92 feet passing the southwest corner of said Block 117 and the north line of said Farmer Avenue and continuing for a total distance of 458.92 feet to a 1/2 inch capped rod found (Precision) marking the northwest corner of said Block 117 and the herein described tract and the intersection of the east R.O.W. line of said St. Elizabeth Street with the south R.O.W. line of said Lyons Avenue;

THENCE S 89 56 01 E, along with the north line of said Block 117 and the herein described tract and the south R.O.W. line of said Lyons Avenue, a distance of 250.00 feet to the POINT OF BEGINNING containing 2.634 acres of land.
Proposed St. Elizabeth Place
A Proposed 110-Unit Multi-family Complex
4514 Lyons Avenue, Houston, Texas
February 28, 2018

Addenda
EXECUTED PURCHASE AGREEMENT CONTRACT
PURCHASE AND SALE AGREEMENT

THIS PURCHASE AND SALE AGREEMENT (this "Agreement") is executed to be effective as of January 31, 2018 (the "Effective Date"), by and between ST. ELIZABETH PLACE LP, a to-be-formed Texas limited partnership, having an address at 4300 Lyons, Suite 300, Houston, Texas 77020 (together with its successors and/or assigns, "Buyer"); and 4514 LYONS LLC, a Texas limited liability company, having an address at 4300 Lyons, Suite 300, Houston, Texas 77020 (together with its successors and/or assigns, "Seller") (Buyer and Seller are collectively referred to as the "Parties", and each a "Party").

1. Property. On the terms herein set forth, Buyer agrees to purchase from Seller, and Seller agrees to sell to Buyer, that tract of land located in Harris County, Texas, as more particularly described on Exhibit A, attached hereto and made a part hereof (the "Land"), together with all improvements, easements, appurtenances and rights thereto belonging, including without limitation, all (a) roads, alleys, easements, streets and rights-of-way bounding the Land, (b) rights of ingress and egress to and from the Land (including without limitation, Seller's right, title and interest in and to all applicable cross-access and reciprocal easements and/or agreements), and (c) oil, gas and other minerals lying on or under the Land (collectively, the "Property").

2. Purchase Price. The purchase price of the Property shall be the greater of Four Million Six Hundred Thousand and 00/100 Dollars ($4,600,000.00) or the appraised value determined by an appraiser mutually acceptable to the Parties (the "Purchase Price"), payable at Closing by Buyer.

3. Title Company. American Title Company of Houston, having an address at 440 Louisiana, Suite 1880, Houston, Texas 77002, Attn: Catherine L. York; Telephone: 713-651-1996; e-mail: clyork@harnessturner.com ("Title Company") will serve as the title company.

4. Closing
   a. Delivery of Documents. The conveyance of the Property and the closing of the transaction herein described (the "Closing") shall occur on or before December 31, 2018 (the "Closing Date"), in escrow at the offices of the Title Company; provided, however, Buyer may elect to close at any time upon five (5) days prior written notice to Seller.
   i. Seller shall deliver at Closing: (A) a special warranty deed conveying good, marketable and indefeasible fee simple title in and to the Property to Buyer (or its designee) (the "Deed"); (B) all easements necessary for the development and operation of the Property for its intended purpose; (C) a lien affidavit acceptable to the Title Company; (D) an affidavit of non-foreign status; (E) any other affidavit or document required by the Title Company to delete the so-called standard exceptions to the Owner's Policy of Title Insurance (the "Title Policy"); and (F) such other customary documents, instruments, certifications and confirmations as may be reasonably required to fully effect and consummate the transactions contemplated hereby and for the Title Company to issue the Title Policy in the form required by this Agreement.

Purchase and Sale Agreement - Page 1
031934.0000.0010/1820.9763-2246.v1

Scanned by CamScanner
ii. **Buyer shall deliver at Closing:** (A) the remaining balance of the Purchase Price as provided for in this Agreement, and (B) such other documents, instruments, certifications and confirmations as may be reasonably required to fully effect and consummate the transaction contemplated hereby.

b. **Proprations.** Buyer and Seller shall prorate all real estate taxes, personal property taxes and all other assessments related to the Property as of the Closing Date, with the Closing Date being treated as a day of ownership by Buyer. If the final tax bill is not available at Closing, the real estate taxes, personal property taxes and all other assessments related to the Property shall be prorated based upon the latest available tax assessment for the Property, which proration shall be re-apportioned outside of escrow when the actual taxes are determined.

c. **Costs.** Except as may otherwise be stated herein, each Party shall bear its own expenses, including its own attorneys’ fees.

b. **Miscellaneous.**

a. **Notices and Deadline Dates.** Any notice, request, demand, instruction or other document to be given or served hereunder or under any document or instrument executed pursuant to this Agreement shall be in writing and shall be (i) delivered personally, (ii) sent by United States registered or certified mail, return receipt requested, postage prepaid, (iii) sent or by overnight express courier, postage prepaid, or (iv) sent by facsimile or electronically (e-mail), provided there is proof of delivery, each addressed to the Parties at their respective addresses set forth above, and the same shall be effective upon receipt if delivered personally, by overnight courier or by facsimile or electronically (with proof of delivery), or three (3) business days after deposit in the U.S. mail. A Party may change its address for receipt of notices by service of a notice of such change in accordance herewith. If any deadline under this Agreement falls on a Saturday, Sunday or legal holiday (which for purposes of this Agreement shall be not be considered a “business day”), the deadline shall be extended to the next business day.

b. **Attorneys’ Fees.** In the event either Party brings an action at law or other proceeding permitted under the terms of this Agreement against the other Party in order to enforce or interpret any of the terms, covenants or conditions hereof or any instrument executed pursuant to this Agreement or by reason of any breach or default hereunder or thereunder, the Party prevailing in any such action or proceeding shall be paid all reasonable fees and expenses, including without limitation reasonable attorneys’ fees, by the non-prevailing Party.

c. **Binding Agreement.** Seller may not assign this Agreement without the written consent of Buyer. Buyer may assign this Agreement or any interest therein without the written approval of Seller. This Agreement shall be binding upon and inure to the benefit of the Parties and their respective heirs, legal representatives, successors and assigns. This Agreement constitutes the entire agreement between the Parties, and supersedes any and all prior agreements, arrangements and understanding between the Parties. This Agreement may only be amended by a written agreement executed by all of the Parties.
d. BROKERS AND COMMISSIONS. BUYER AND SELLER REPRESENT AND WARRANT TO EACH OTHER THAT NEITHER HAS DEALT WITH A BROKER, AGENT OR OTHER PERSON IN CONNECTION WITH THIS TRANSACTION.

e. EFFECT OF TERMINATION. This Agreement shall be void and of no further force and effect upon any proper termination under the terms hereof (other than terms herein that specifically provide that they survive termination of this Agreement).

f. Multiple Counterparts. This Agreement may be executed in one or more counterparts, and all so executed shall constitute one and the same agreement, binding upon the Parties, and notwithstanding that all of the Parties are not signatories to the same counterparts.

g. Time of the Essence. Time is of the essence of this Agreement and every provision hereof.

h. CHOICE OF LAW. THIS AGREEMENT SHALL BE GOVERNED BY THE LAWS OF THE UNITED STATES OF AMERICA AND THE INTERNAL LAWS OF THE STATE OF TEXAS, WITHOUT REGARD TO ITS CONFLICT RULES. VENUE AND JURISDICTION FOR ALL CLAIMS UNDER THIS AGREEMENT SHALL BE EXCLUSIVELY IN THE STATE OF TEXAS.

i. Severability. If any provision of this Agreement is held to be illegal, invalid or unenforceable under present or future laws, such provision shall be fully severable, and this Agreement shall be construed and enforced as if such illegal, invalid, or unenforceable provision had never comprised a part of this Agreement, and the remaining provisions of this Agreement shall remain in full force and effect and shall not be affected by the illegal, invalid or unenforceable provision or by its severance from this Agreement. Furthermore, in lieu of such illegal, invalid or unenforceable provision, there shall be added automatically as a part of this Agreement, a legal, valid and enforceable provision as similar in terms to such illegal, invalid or unenforceable provision as is possible.

j. INDEPENDENT CONSIDERATION. ONE HUNDRED AND 00/100 DOLLARS ($100.00) SHALL PAID BY BUYER TO SELLER WHICH SHALL BE DEEMED INDEPENDENT CONSIDERATION AND NON-REFUNDABLE AND RETAINED BY SELLER UNDER ALL CIRCUMSTANCES, FOR AND IN CONSIDERATION OF SELLER'S EXECUTION OF THIS AGREEMENT.

k. Complete Understanding. This Agreement represents the complete understanding between the Parties as to the subject matter hereof and supersedes all prior negotiations, statements and agreements, either written or oral, between the Parties. No inducements, representations, statements or agreements have been made or relied upon in the making of this Agreement, except those specifically set forth in this Agreement. Neither Party has any right to rely on any other prior or contemporaneous statements and/or agreements made by anyone concerning this Agreement that are not set forth herein.

6. TEXAS DISCLOSURES. By its signature to this Contract, Buyer hereby acknowledges its receipt of the following notices at or before the execution of this Contract:

Purchase and Sale Agreement – Page 3
04/03/14 00:00:01 | 4820-9753-2346.v1

Scanned by CamScanner
a. **Notice Regarding Possible Liability for Additional Taxes.** If for the current ad valorem tax year the taxable value of the Property that is the subject of this Agreement is determined by a special appraisal method that allows for appraisal of the Property at less than its market value, Buyer may be allowed to qualify the Property for that special appraisal in a subsequent tax year and the Property may then be appraised at its full market value. In addition, the transfer of the Property or a subsequent change in the use of the Property may result in the imposition of an additional tax plus interest as a penalty for the transfer or change in the use of the Property. The taxable value of the Property and the applicable method of appraisal for the current tax year is public information and may be obtained from the tax appraisal district established for the county in which the Property is located.

b. **Notice Regarding Possible Annexation.** If the Property that is the subject of this Agreement is located outside the limits of a municipality, the Property may now or later be included in the extraterritorial jurisdiction of a municipality and may now or later be subject to annexation by the municipality. Each municipality maintains a map that depicts its boundaries and extraterritorial jurisdiction. To determine if the Property is located within a municipality's extraterritorial jurisdiction or is likely to be located within a municipality's extraterritorial jurisdiction, Buyer should contact all municipalities located in the general proximity of the Property for further information.

c. **Property Located in a Certificated Service Area of a Utility Service Provider.** The Property may be located in a certificated water or sewer service area, which is authorized by law to provide water or sewer service to the property in the certificated area. If the Property is located in a certificated area there may be special costs or charges that Buyer will be required to pay before Buyer can receive water or sewer service. There may be a period required to construct lines or other facilities necessary to provide water or sewer service to the Property. Buyer is advised to determine if the Property is in a certificated area and contact the utility service provider to determine the cost that Buyer will be required to pay and the period, if any, that is required to provide water or sewer service to the Property.

7. **Additional Condition to Closing.**

Seller acknowledges the Property will be subject to the Texas Department of Housing and Community Affairs Declaration (“TDHCA”) of Land Use Restrictive Covenants for Low-income Housing Tax Credits (“LURA”), which will encumber the Property as an age restricted project. The LURA will require, among other things, compliance during the HOME Affordability Period (i.e., twenty years from the date of project completion in accordance with the Cranston-Gonzalez National Affordable Act), and during the Extended Affordability Period (i.e., an additional twenty years to the HOME Affordability Period) with certain occupancy, rent and other restrictions.

Beginning on the first business day after the Effective Date of this Agreement, Buyer shall be bound by and shall comply with the 2018 timeline established by the TDHCA for submission of an application for a reservation of housing tax credits (“HITCs”). Buyer shall provide Seller with reasonably satisfactory evidence it has submitted its application in a timely manner, and Buyer's failure to do so shall result in Seller having the right to terminate this Agreement pursuant...
to the terms hereof. If Buyer fails to obtain a reservation of HTC's, Buyer may terminate this Agreement by delivering written notice of termination to Seller within thirty (30) days following TDHCA Board approval of the final ranking which evidences approval of funding for the project. In such event Buyer shall receive a full refund of all refundable Earnest Money.

[Signatures begin on the next page]
IN WITNESS WHEREOF, the Parties have executed this Agreement as of the day and year first above written.

Seller: 4514 LYONS, LLC, a Texas limited liability company

By: Fifth Ward Community Redevelopment Corporation, a Texas non-profit corporation

By: Charles Turner, Chairman of the Board

Buyer: ST. ELIZABETH PLACE LP, a to-be-formed Texas limited partnership

By: [Signature]

Name: [Signature]

Title: Authorized Representative
TITLE COMPANY’S ACCEPTANCE AND RECEIPT

By signing this Acceptance and Receipt, the Title Company (a) acknowledges that it has received a copy of this Agreement executed by both Buyer and Seller, and (b) agrees to act as escrow agent hereunder.

AMERICAN TITLE COMPANY OF HOUSTON

By: [Signature]

Name: [Name]
Title: Escrow Officer

Date: January __, 2018
EXHIBIT A

A TRACT OF LAND CONTAINING 2.634 ACRES (114,726 SQUARE FEET), SITUATED IN THE HARRIS AND WILSON SURVEY, ABSTRACT NO. 32, IN HARRIS COUNTY, TEXAS, COMPRISING OF ALL OF LOTS 1 THROUGH 10, INCLUSIVE, BLOCK 117, AUGUSTA ADDITION RECORDED IN VOLUMES 36, PAGE 159 OF THE HARRIS COUNTY DRED RECORDS (H.C.D.R.); ALL OF THAT LAND COMMONLY KNOWN AS LOTS 1 THROUGH 10, INCLUSIVE, BLOCK 131, AUGUSTA ADDITION, AN UNRECORDED SUBDIVISION, IN HARRIS COUNTY, TEXAS AND ALL OF THAT CERTAIN TRACT FORMERLY KNOWN AS FARMER AVENUE LOCATED BETWEEN SAID BLOCKS AND BOUNDED BY THE EAST LINE OF ST. ELIZABETH STREET (ALSO KNOWN AS DAN STREET) AND THE WEST LINE OF YATES STREET AS DESCRIBED IN QUITCLAIM DRED RECORDED IN VOLUME 1396, PAGE 161 H.C.D.R., SAID 2.634 ACRES TRACT ALSO BEING THAT SAME TRACT RECORDED IN HARRIS COUNTY CLERK'S FILE NUMBER (H.C.C.F. NO.) 985982 AND BEING MORE PARTICULARLY DESCRIBED BY METES AND BOUNDS AS FOLLOWS: (MEASUREMENTS ARE BASED IN H.C.C.F. NO. 985982)

BEginning as 1/2 block line and found at the intersection of the north right-of-way (R.O.W.) line of Lyons Avenue (60 feet R.O.W.) with the west R.O.W. Yates Street (60 feet R.O.W.) marking the northeast corner of said Block 117 and the herein described tract;

THENCE S 00° 08' 30" W, along with the west R.O.W. line of said Yates Street and the east line of the herein described tract, at 200.00 feet passing the southwest corner of said Block 117 and the north line of said Farmer Avenue tract as quiet noted in the above reference deed, 246.00 feet passing the northeast corner of said Block 121 and the south line of said Farmer Avenue and continuing for a total distance of 458.52 feet to a 3/4 inch capped iron rod found (Landmark) marking the southeast corner of said Block 121 and the herein described tract and the intersection of the west R.O.W. line of said Yates Street with the north R.O.W. line of Chatham Street (35 feet 2/3 R.O.W.) from which an iron pipe found at Scott's, a distance of 1.44 feet;

THENCE N 89° 36' 01" W, along with the south line of said Block 121 and the herein described tract and the north R.O.W. line of said Chatham Street, a distance of 230.00 feet to a 3/4 inch capped iron rod found (Landmark) marking the southwest corner of said Block 121 and the herein described tract and the intersection of the east R.O.W. line of St. Elizabeth Street (30 feet R.O.W.) with the north R.O.W. line of said Chatham Street;

THENCE N 09° 08' 00" E, along with the east R.O.W. line of said St. Elizabeth Street and the west line of the herein described tract, at 198.92 feet passing the northwest corner of said Block 121 and the south line of said Farmer Avenue, at 228.92 feet passing the southwest corner of said Block 117 and the north line of said Farmer Avenue and continuing for a total distance of 458.92 feet to a 1/2 inch capped iron rod found (Precisely) marking the northwest corner of said Block 117 and the herein described tract and the intersection of the east R.O.W. line of said St. Elizabeth Street with the south R.O.W. line of said Lyons Avenue;

THENCE S 00° 55' 41" W, along with the south line of said Block 117 and the herein described tract and the south R.O.W. line of said Lyons Avenue, a distance of 250.00 feet to the POINT OF BEGINNING containing 2.634 acres of land.
RECEIPT

4514 Lyons LLC
4300 Lyons Ave., Suite 300
Houston, Texas 77020

Sold to: ST. Elizabeth Place LP
4300 Lyons Ave., Suite 300
Houston, Texas 77020

<table>
<thead>
<tr>
<th>Payment Method</th>
<th>Amount</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash</td>
<td>$100.00</td>
<td>Earnest Money</td>
</tr>
</tbody>
</table>

Date: 1/8/2018
2017 TAX STATEMENTS
Proposed St. Elizabeth Place
A Proposed 110-Unit Multi-family Complex
4514 Lyons Avenue, Houston, Texas
February 28, 2018

---

**Tax Statement for 2017**

<table>
<thead>
<tr>
<th>Taxing Jurisdiction</th>
<th>Exemptions</th>
<th>Taxable Value</th>
<th>Rate per $100</th>
<th>Taxes</th>
</tr>
</thead>
<tbody>
<tr>
<td>Houston ISD</td>
<td>0</td>
<td>225,000</td>
<td>1.290707</td>
<td>2,815.87</td>
</tr>
<tr>
<td>Harris County</td>
<td>0</td>
<td>725,000</td>
<td>0.415216</td>
<td>3,027.43</td>
</tr>
<tr>
<td>Harris County (School District)</td>
<td>0</td>
<td>225,000</td>
<td>0.303473</td>
<td>68,315.37</td>
</tr>
<tr>
<td>Port of Houston Authority</td>
<td>0</td>
<td>225,000</td>
<td>0.015064</td>
<td>33.06</td>
</tr>
<tr>
<td>Harris County Hospital District</td>
<td>0</td>
<td>725,000</td>
<td>0.373100</td>
<td>270,374.31</td>
</tr>
<tr>
<td>Harris County Dept Education</td>
<td>0</td>
<td>225,000</td>
<td>0.065195</td>
<td>14,594.37</td>
</tr>
<tr>
<td>Houston Community College System</td>
<td>0</td>
<td>225,000</td>
<td>0.006213</td>
<td>1,400.42</td>
</tr>
<tr>
<td>City of Houston</td>
<td>0</td>
<td>725,000</td>
<td>0.744174</td>
<td>540,962.17</td>
</tr>
</tbody>
</table>

**Total Taxes Due by January 31, 2018:**
$5,684.29

**Payments Applied to 2017 Taxes:**
$5,684.29

**Total Current Taxes Due (Including Penalties):**
$0.00

**Prior Year(s) Delinquent Taxes Due (If Any):**
2016 - 2016
$2,776.13

**Total Amount Due for February 2018:**
$2,776.13

---

**Payment Coupon**

Make check payable to:
ANN HARRIS BENNETT
TAX ASSESSOR-COLLECTOR & VOTER REGISTRAR
P.O. BOX 4622
HOUSTON, TEXAS 77214-4622

Account Number: 004-127-000-0001
Amount Enclosed: $0

---

**Addenda**
Proposed St. Elizabeth Place
A Proposed 110-Unit Multi-family Complex
4514 Lyons Avenue, Houston, Texas
February 28, 2018

ANN HARRIS BENNETT
TAX ASSessor-Collector & VOTER Registrar
P.O. BOX 3547
HOUSTON, TEXAS 77253-3547
TEL: 713-274-0800

4514 LYONS LLC
4300 LYONS AVE STE 300
HOUSTON TX 77020-2569

2017 Property Tax Statement
Web Statement

Statement Date: February 26, 2018
Account Number
004-123-000-0004

Supplement 02

Taxes
2017 Property Tax Statement
Web Statement

Taxing Jurisdiction | Exemptions | Taxable Value | Rate per $100 | Taxes
--- | --- | --- | --- | ---
Houston ISD | 0 | 45,016 | 1,280,790 | $543,82
Harris County | 0 | 45,016 | 1,188,103 | $500,51
Harris County Utility Control Fide | 0 | 45,016 | 112,74 | $50,87
Harris County Utility Authority | 0 | 45,016 | 1,116,364 | $50,87
Harris County Hospital District | 0 | 45,016 | 11,171 | $500,51
Harris County Dept of Ed | 0 | 45,016 | 10,575,64 | $50,87
Harris Community College System | 0 | 45,016 | 1,015,74 | $500,51
City of Houston | 0 | 45,016 | 5,843,14 | $252,89

Property Description
4514 LYONS AVE 77028
LTS 1 & S BLK 117 AUGUSTA 220 AC

Appraised Values
Land - Market Value | 45,000
Improvements - Market Value | 0
Total Market Value | 45,000
Low-Capped Market Value | 0
Appraised Value | 45,000

Exemptions/Deferrals

Total 2017 Taxes Due By January 31, 2018: $1,136.86
Payments Applied To 2017 Taxes $1,136.86
Total Current Taxes Due (Including Penalties) $0.00
Prior Year(s) Delinquent Taxes Due (If Any) $0.00
Total Amount Due For February 2018 $0.00

Penalties for Paying Late | Rate | Current Taxes | Delinquent Taxes | Total
--- | --- | --- | --- | ---
By February 18, 2018 | 7% | $0.00 | $0.00 | $0.00
By March 31, 2018 | 9% | $0.00 | $0.00 | $0.00
By April 30, 2018 | 11% | $0.00 | $0.00 | $0.00
By May 31, 2018 | 13% | $0.00 | $0.00 | $0.00
By June 30, 2018 | 15% | $0.00 | $0.00 | $0.00

Tax Bill Increase (Decrease) from 2012 to 2017: Appraised Value 50%, Taxable Value 0%, Tax Rate 0%, Tax Bill 0%

Please cut at the dotted line and return this portion with your payment.

4514 LYONS LLC
4300 LYONS AVE STE 300
HOUSTON TX 77020-2569

PAYMENT COUPON

Make check payable to:
ANN HARRIS BENNETT
TAX ASSessor-Collector & VOTER Registrar
P.O. BOX 4622
HOUSTON, TEXAS 77210-4622

Account Number
004-123-000-0004
Amount Enclosed
$0

Web Statement - Date Printed: 02-26-2018

Addenda
# Proposed St. Elizabeth Place

A Proposed 110-Unit Multi-family Complex

4514 Lyons Avenue, Houston, Texas

February 28, 2018

## Tax Bill Details

**Tax Assessor-Collector & Voter Registrar**

**P.O. Box 3647**

**Houston, Texas 77253-3547**

**Phone:** 713-274-0010

### 2017 Property Tax Statement

**Statement Date:** February 26, 2018

**Account Number:** 004-123-000-0015

**Supplement 02**

---

**Properties:**

- **4514 Lyons Avenue, Houston, Texas**

**Property Description:**

**Land:** Market Value $1,375,000

**Mailbox:** Market Value $6,752,854

**Total Market Value:** $6,927,804

**Prior Year(s) Delinquent Taxes Due (If Any):** $0.00

---

### Payment Details

**Total Amount Due For February 2018:** $158,923.23

**Payments Applied To 2017 Taxes:** $0.00

**Total Current Taxes Due (Including Penalties):** $158,923.23

**Penalties for Paying Late:**

- By February 28, 2018: 7% | $158,923.23
- By March 31, 2018: 9% | $161,084.28
- By April 30, 2018: 11% | $164,864.28
- By May 31, 2018: 13% | $167,854.80
- By June 30, 2018: 15% | $170,865.33

### Tax Bill Increase (Decrease) from 2012 to 2017:

- **Appraised Value:** Increased by 39%
- **Taxable Value:** Increased by 0%
- **Tax Rate:** Increased by 0%
- **Tax Bill:** Increased by 0%

---

**PLEASE CUT AT THE DOTTED LINE AND RETURN THIS PORTION WITH YOUR PAYMENT.**

---

**PAYMENT COUPON**

**Account Number:** 004-123-000-0015

**Amount Enclosed:** $0.00

---

**Please note:**

- Ensure all payments are made payable to the Tax Assessor-Collector & Voter Registrar.
- Payments are subject to required penalties and interest.
- Contact the Appraisal District if any information is subject to reconsideration.
- Failure to pay by the due date may result in additional penalties.

---

**Web Statement:**

**Printed Date:** 02-28-2018

---

**Addenda**
LETTER OF ENGAGEMENT
January 29, 2018

Ms. Jessica Thompson, Vice President of
Real Estate Development
Fifth Ward Community Redevelopment Corporation
4300 Lyons Avenue, Suite 300
Houston, Texas 77020

Reference: Appraisal of the proposed St. Elizabeth Place, a planned 118-unit complex, to be constructed at 4514 Lyons Avenue, Houston, Texas 77020.

Dear Ms. Thompson:

This letter constitutes an agreement and authorization for services between Fifth Ward Community Redevelopment Corporation (referred to as "Client"), and The Powers Group.

Services to Be Provided

The Powers Group will prepare an appraisal of the proposed 118 unit St. Elizabeth Place to be located at 4514 Lyons Avenue, Houston, Texas. The legal description of the property is: a tract of land containing 2.654 acres (11,730 square feet), situated in the Harris and Wilson Survey, Abstract No. 32, in Harris County, Texas, comprising of all of Lots 1 through 10, inclusive, Block 117, August Addition, Harris County, Texas. The appraisal will develop the "as completed" fee simple market value of the subject property based on the requirements of the Texas Department of Housing and Community Affairs and in compliance with USPAP (Uniform Standards of Professional Appraisal Practice). My client is Ms. Jessica Thompson, Vice President of Real Estate Development with Fifth Ward Community Redevelopment Corporation, and the intended users are Ms. Jessica Thompson, Vice President of Real Estate Development with Fifth Ward Community Redevelopment Corporation and the Texas Department of Housing and Community Affairs. By initiaing this letter, my client gives me permission to discuss the appraisal with all intended users. The appraisal will be completed by Linda M. Powers, MAI, who is a State Certified General Real Estate Appraiser in Texas and New Mexico. The appraisal will be subject to all assumptions and limiting conditions stated in the appraisal report.

Completion and Delivery

The appraisal report will be delivered by February 25, 2018. A draft report will be provided on February 20, 2018. Initial information needed is outlined within this contract.

Fee Schedule

The total fee for the appraisal will be as follows: $9,750 total, with a retainer of $4,875 and the balance of $4,875 due upon delivery. Wire transfer instructions will be provided.

Fees payable under this agreement are due whether or not Client is in agreement with the conclusions contained in the appraisal. A late payment fee of $50.00 per month plus interest at the rate of 12% per annum will accrue as of the delivery date, and will be charged to unpaid balances after 30 days. In the event legal assistance is needed for the collection of the fee, all reasonable attorney's fees and legal costs will be added to the amount due.

Either party may cancel this contract, with consent from the other party, by providing notice in writing. However, in any case, The Powers Group will be entitled to payment for the work completed to the point of cancellation, and The Powers Group will be the sole determiner of the work completed to that point. A copy of the work file, containing the work product to that point, will be provided to the client upon request. Completion and delivery of the appraisal fulfills all of The Powers Group obligations under this agreement.
Fifth Ward Community Redevelopment Corporation

Information Needed From Client

Information necessary for completion of this assignment includes, but is not limited to, the following:

1) Survey of the property
2) Plans and specifications
3) Cost Estimates
4) Environmental Information
5) Proposed rental rate information and estimated income and expenses from the application
6) Property Tax Identification number
7) Additional information needed during the course of the appraisal

Warranties and Representations of The Powers Group

The Powers Group warrants and represents to Client that it has no present or contemplated future interest in the real estate identified in this agreement, and that individual members of the firm responsible for preparation of this report have no personal interest or bias with respect to the subject matter or assignment of the parties involved. This agreement offers no guarantee as to the conclusions and/or recommendations to be contained in the reports.

Appraisers' Responsibilities

All statements of fact that are used as the basis of analysis, opinions or conclusions will be true and correct to the best of our knowledge and belief. A reasonable effort will be made to verify such information; however, the appraiser assumes no responsibility for the accuracy of information furnished by others. The Powers Group shall have no responsibility for legal matters, questions of survey, opinion of title, soil or subsurface conditions, engineering or other technical matters. Any sketches, plans or maps prepared by the appraiser and used in the reports will be included solely to aid the user of the reports in visualizing the property and its location, and The Powers Group assumes no responsibility for their accuracy.

Limits Of Liability

Unless the time frame is shorter under applicable law, any legal action or claim relating to the study or Appraiser’s services shall be filed in court within two (2) years from the date of delivery to Client of the appraisal to which the claims or causes of action relate or, in the case of acts or conduct after delivery of the report, two (2) years from the date of the alleged acts or conduct. The time frame stated in this section shall not be extended by any delay in the discovery or accrual of the underlying claims, causes of action or damages. The time frame stated in this section shall apply to all non-central claims or causes of action of any type.

The liability of the appraiser to the Client is limited to the amount of the fee paid by the Client (as liquidated damages). Legal claims or causes of action relating to the appraisal are non-transferable or assignable to a third party, except: (1) as the result of a merger, consolidation, sale or purchase of a legal entity, (2) with regard to the collection of a bona fide existing debt for services but only to the extent of the total compensation for the appraisal plus reasonable interest, or (3) in the case of the appraisal performed in connection with the origination of a mortgage loan, as part of the transfer or sale of the mortgage before an event of default on the mortgage or its legal equivalent.
Proposed St. Elizabeth Place
A Proposed 110-Unit Multi-family Complex
4514 Lyons Avenue, Houston, Texas
February 28, 2018

Fifth Ward Community Redevelopment Corporation
January 29, 2018
Page 3

Confidential Information and Ownership of Documents:

Any data gathered in the preparation of the reports (except data furnished by the Client) shall remain the property of The Powers Group. With respect to the data provided by Client, the appraiser agrees not to improperly disclose any confidential information to others, but may use portions of the information as comparable data in other similar reports. The appraiser agrees that all property-specific assumptions and conclusions of the report will remain confidential. The Powers Group is authorized by Client to disclose all or any portion of the reports and the related data to appropriate representatives of the Appraisal Institute if such disclosure is required to enable a member of the firm to comply with the bylaws and regulations of the Institute.

Extent of Agreement

This agreement constitutes the entire agreement between The Powers Group and Client, and supersedes all prior negotiations, representations or agreements, whether written or oral. If this agreement is satisfactory, your signature indicating your acceptance will be our authorization to proceed. Please sign where indicated below, return one copy of the agreement to this office and retain a copy for your records.

Thank you for the opportunity to provide this appraisal analysis to you. We look forward to providing you with the highest quality services available in a timely manner. If you have any questions, please contact the undersigned at (315) 479-2063.

Respectfully Submitted,

[Signature]

Linda M. Powers, MAI
State Certified: TX-1331952-G
NM-02141-G

Client's Acceptance

Client agrees that if client is a corporation, an authorized officer (or its agent) of the corporation shall execute this agreement, along with individual parties who shall be individually responsible in the same manner as the corporation. I, the undersigned, have read this agreement, concur with the contents and hereby authorize The Powers Group to proceed with the assignment as described herein.

[Signature]
By: Ms. Jessica Thompson
Vice President of Real Estate Development

[Signature]
By: Ms. Kathy Flanagan-Patten
President and CEO

1/29/18
Date

1/29/18
Date

Scanned by CamScanner

Addenda
QUALIFICATIONS OF THE APPRAISER
QUALIFICATIONS OF
LINDA M. POWERS, MAI
6517 Ilsa del Rey, El Paso, TX 79912
915-479-2093

DESIGNATIONS AND LICENSES
Texas State Certified General Real Estate Appraiser TX-1331962-G
New Mexico State Certified General Real Estate Appraiser 02141-G

PROFESSIONAL EXPERIENCE
The Powers Group, El Paso, Texas 05/04 to Present
State Certified General Appraiser engaged in commercial real estate appraisal and market studies. Approved by the Texas Department of Housing and Community Affairs as a market analyst. Approved by USDA for multi-family complex appraisals.

Zacour and Associates, Inc., El Paso, Texas 12/99 to 05/04
Staff Appraiser engaged in commercial real estate appraisals and market studies for the Texas Department of Housing and Community Affairs and the New Mexico Mortgage Finance Authority as well as other clients.

Thomas F. Dorsey & Associates, Corpus Christi, Texas 10/84 to 9/88
Staff Appraiser engaged in commercial real estate appraisals.

EDUCATIONAL BACKGROUND
College Bachelor of Science, 1976
East Tennessee State University, Johnson City, Tennessee
Major: Office Administration

Professional Appraisal
Practice of Real Estate Appraisal – February 2001
Lincoln Graduate Center, Austin, Texas
Principles of Real Estate Appraisal – February 2001
Lincoln Graduate Center, Austin, Texas
Writing the Narrative Appraisal Report – March 2001
Lincoln Graduate Center, Austin, Texas
Appraisal of Residential Property – March 2001
Lincoln Graduate Center, Austin, Texas
Income Property Appraisal – December 2001
Lon Morris College, Jacksonville, Texas
Income Property Valuation I – December 2001
Lon Morris College, Jacksonville, Texas
Income Property Valuation II – December 2001
Lon Morris College, Jacksonville, Texas
Course 310 – Basic Income Capitalization – September 2005
Appraisal Institute
Course 510 – Advanced Income Capitalization – November 2006
Appraisal Institute
Advanced Sales Comparison and Cost Approaches – August 2007
Appraisal Institute
General Market Analysis and Highest and Best Use – September 2007
Appraisal Institute
Report Writing – October 2007, Appraisal Institute
Advanced Applications – November 2007, Appraisal Institute
MAP Training Certification – May 2012, Office of Multifamily Development
In conjunction with Southwest Mortgages Advisory Council, San Antonio, TX
MAP Valuation Training for Third Party Appraisers – September 2012
US Department of Housing & Urban Development – Jacksonville Multifamily Hub
Business Practices & Ethics – February 2018, Appraisal Institute
USPAP – January 2018, Appraisal Institute

Addenda
Proposed St. Elizabeth Place
A Proposed 110-Unit Multi-family Complex
4514 Lyons Avenue, Houston, Texas
February 28, 2018

Seminars

Appraisal

Pre-Investment Concerns and Considerations – September 2001, Appraisal Institute
'The Road Less Traveled: Special Purpose Properties' – October 2001, Appraisal Institute
Effective Appraisal Writing – October 2002, Appraisal Institute
Condemnation Appraising Advanced Topics & Applications – October 2003, Appraisal Institute
Real Estate Finance, Value, and Investment Performance – October 2004, Appraisal Institute
'What Clients Would Like Their Appraisers to Know: How to Meet Their Expectations' – October 2005, Appraisal Institute
FHA and the New Residential Appraisal Forms – January 2006, Appraisal Institute
Evaluating Commemorative Construction – October 2006, Appraisal Institute
Forecasting Revenue – June 2007, Appraisal Institute
Office Building Valuation – January 2008, Appraisal Institute
Attacking & Defending an Appraisal in Litigation Seminar – October 2008, Appraisal Institute
Appraising Distressed Commercial Real Estate: Here We Go Again – May 2009, Appraisal Institute
Stats and Graphs – July 2009, Appraisal Institute
Appraising the Appraisal Business – October 2009, Appraisal Institute
Appraisal in Litigation – October 2009, Appraisal Institute
Appraising in 2009 – October 2009, Appraisal Institute
Appraisal Tools Tune Up – October 2009, Appraisal Institute
Legislative Update for Appraisers – March 2010, Appraisal Institute
Appraisal Curriculum Overview – July 2010, Appraisal Institute
Appraisal Review Seminar-General – January 2011, Appraisal Institute
New Mexico Mandatory Renewal Class – March 2011, NMAE Real Estate Appraisers Board
IRS Seminar: Conservation Easements & Your Taxes, June 2011, Appraisal Institute
Real Estate Finance, Value and Investment Performance, October 2011, Appraisal Institute
Evaluating Commercial Construction, September 2012, Appraisal Institute
Marketability Studies: Six-Step Process & Basic Applications, and Advanced Considerations & Applications, April 2013, Appraisal Institute
Fundamentals of Separating Real Property, Personal Property, and Intangible Business Assets, June 2013, Appraisal Institute
Complex Litigation Appraisal Case Studies, September 2013, Appraisal Institute
Residential and Commercial Valuation of Solar, April 2014, Appraisal Institute
Effective Report Writing, June 2014, Appraisal Institute
Improving Appraisal Reports Used for Financing Institutions, April 2015, Appraisal Institute
Gas Station/Going Concern Valuation, July 2015, Appraisal Institute
Contract or Effective Rent: Finding the Real Rent, July 2015, Appraisal Institute
Condemnation Appraising: Principles & Applications, October 2016, Appraisal Institute

PROFESSIONAL AND CIVIC MEMBERSHIPS

Appraisal Institute
Rio Grande Chapter-Appraisal Institute
Region VIII – Appraisal Institute
Greater El Paso Chapter of CCIM
Greater El Paso Association of Realtors

MAI
National Education Committee Member
Third Director Al Board of Directors
Past President
Regional Finance Officer
Candidate for Designation
Member

Addenda
Proposed St. Elizabeth Place
A Proposed 110-Unit Multi-family Complex
4514 Lyons Avenue, Houston, Texas
February 28, 2018

Texas Appraiser Licensing and Certification Board
P.O. Box 12188 Austin, Texas 78711-2188
 Certified General Real Estate Appraiser

Number: TX 1331962 G
Issued: 02/24/2017 Expires: 02/28/2019
Appraiser: LINDA MARIE POWERS

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.

State of New Mexico
REAL ESTATE APPRAISERS BOARD
PO Box 25101 Santa Fe, NM 87505 (505) 476-4623

This is to certify that
Linda Marie Powers #02141-G

Having complied with the provisions of the New Mexico Real Estate Appraisers Act is hereby granted a license to practice as a

General Certified Appraiser

This appraiser is eligible to perform in Federally Related Transactions

Issue Date: 01/20/2004 Date Expires: 04/30/2019

THIS LICENSE MUST BE CONSPICUOUSLY POSTED IN PLACE OF BUSINESS

Addenda