Appraisal Report

A TRACT OF VACANT LAND AT THE NORTHWEST CORNER OF WEST GULFBANK ROAD AND WEST MONTGOMERY ROAD IN HOUSTON, HARRIS COUNTY, TEXAS 77088

PREPARED FOR:
RYAN HETTIG
PARKWAY MEADOWS, LTD.
5325 KATY FREEWAY, SUITE ONE
HOUSTON, TX 77007

PREPARED BY

AFFORDABLE HOUSING ANALYSTS
3912 AVENUE O
GALVESTON, TEXAS 77550

EFFECTIVE DATE
OF THE APPRAISAL
FEBRUARY 15, 2019
February 28, 2019

Ryan Hettig
Parkway Meadows, Ltd.
5325 Katy Freeway, Suite One
Houston, TX 77007

Reference: A tract of land containing a total of ±17.77 acres (±774,108 square feet). The subject property is located on the northwest corner of West Gulfbank Road and West Montgomery Road in Houston, Harris County, Texas 77088.

Dear Mr. Ryan Hettig:

At your request, I have completed an appraisal for the purpose of determining the "As Is" Market Value of the Fee Simple Estate of the above-referenced property. The value conclusion is subject to the assumptions and contingent and limiting conditions contained within both the body of this appraisal report and the addenda section. The effective date of this appraisal for the "As Is" Market Value is February 15, 2019, which is the date of the visit to the subject property.

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

In the past 12 months I have completed numerous valuation assignments involving improved properties.

Kenneth Araiza visited the site and provided significant assistance in the preparation of this report. Robert O. Coe, II did not visit the subject site.

I am not qualified to detect or identify hazardous substances, which may, or may not be present on, in, or near this property. The presence of hazardous materials may negatively affect value. I have valued the subject property as though free of hazardous materials. I urge the user of this report to obtain the services of a specialist for the purpose of conducting an environmental audit to ensure that the subject property is free of hazardous materials.
Based on my investigation of the available market data, including sales of similar properties and conversations with brokers and individuals active in the local area, the time that would be required to effectively expose the subject property to the market is within 12 months.

Based on my analysis, the "As Is" Market Value of the Fee Simple Estate for the subject, as of the effective date of February 15, 2019, is

<table>
<thead>
<tr>
<th>Market Value &quot;As Is&quot;</th>
<th>Interest Appraised</th>
<th>Date of Value</th>
<th>Value Conclusion</th>
</tr>
</thead>
<tbody>
<tr>
<td>Market Value &quot;As Is&quot;</td>
<td>Fee Simple Estate</td>
<td>February 15, 2019</td>
<td>$1,240,000</td>
</tr>
</tbody>
</table>

Attached is my appraisal report which contains the investigation and analyses undertaken in arriving at my value conclusions. Should you have any questions, please contact my office.

*Any person signing this report hereby acknowledges that the Department may publish the full report on the Department’s website, release the report in response to a request for public information and make other use of the report as authorized by the law.*

The Texas Department of Housing and Community Affairs is granted full authority to rely on the findings and conclusions of this report.

Respectfully submitted,
Affordable Housing Analysts,

Robert O. Coe, II, MAI
TX-1333157-G
State Certified General Real Estate Appraiser
**SUMMARY OF SALIENT FACTS AND CONCLUSIONS**

<table>
<thead>
<tr>
<th>Client and Intended User:</th>
<th>Ryan Hettig, Parkway Meadows, Ltd. and The Texas Department of Housing and Community Affairs</th>
</tr>
</thead>
<tbody>
<tr>
<td>Subject Property:</td>
<td>A tract of land containing a total of ±17.77 acres (±774,108 square feet).</td>
</tr>
<tr>
<td>Tax ID#(s):</td>
<td>1306150010044 and an additional 121 accounts</td>
</tr>
<tr>
<td>Location:</td>
<td>The subject site is located on the northwest corner of West Gulfbank Road and West Montgomery Road, in Houston, Harris County, Texas 77088.</td>
</tr>
<tr>
<td>Purpose of Appraisal:</td>
<td>To form an opinion of the &quot;As Is&quot; Market Value of the Fee Simple Estate, subject to assumptions and limiting conditions listed herein.</td>
</tr>
<tr>
<td>Property Rights Appraised:</td>
<td>Fee Simple Estate</td>
</tr>
<tr>
<td>Land Size:</td>
<td>A tract of land containing a total of ±17.77 acres, or ±774,108 square feet per survey.</td>
</tr>
<tr>
<td>Effective Date of the Appraisal:</td>
<td>February 15, 2019</td>
</tr>
<tr>
<td>Zoning:</td>
<td>none</td>
</tr>
<tr>
<td>Utilities:</td>
<td>All available to the site.</td>
</tr>
<tr>
<td>Flood Plain:</td>
<td>Based on InterFlood map number 48201C0465M dated June 9, 2014, the subject site appears to be located within shaded Zone X, an area determined to be outside the 100 and 500-year flood plains. All improvements constructed within a flood plain must be properly elevated. This determination is made by the survey provided by the client and is relied upon for the purposes of my appraisal report.</td>
</tr>
<tr>
<td>Market Value Conclusion:</td>
<td>&quot;As Is&quot; Market Value: $1,240,000</td>
</tr>
</tbody>
</table>
CERTIFICATION OF APPRAISAL

I certify that, to the best of my knowledge and belief, ...

(1) The statements of fact contained in the report are true and correct.

(2) The reported analyses, opinions and conclusions are limited only by the reported assumptions and limiting conditions, and are my personal, impartial and unbiased professional analyses, opinions and conclusions.

(3) I have no present or prospective interest in the property that is the subject of this analysis, and I have no personal interest with respect to the parties involved.

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

(5) My compensation is not contingent on an action or event resulting from the analyses, opinions, or conclusions in, or use of, this report, or upon developing 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 engagement in this assignment is not contingent upon developing or reporting predetermined results.

(6) The reported analyses, opinions and conclusions were developed, and this report has been prepared, in conformity with the requirements of the Code of Professional Ethics & Standards of Professional Practice of the Appraisal Institute, which include the Uniform Standards of Professional Appraisal Practice.

(7) Kenneth Araiza has visited the subject site. Robert O. Coe, II has not visited the site and is the primary author of this report.

(8) Kenneth Araiza provided significant real property appraisal assistance to the appraiser signing this report by visiting the subject site and sales comparables and authoring portions of the report.

(9) This assignment was not based on a requested minimum value, a specific valuation, or the approval of a loan.

(10) Robert O. Coe, II, MAI is a designated Member of the Appraisal Institute and has completed the continuing education program of the Appraisal Institute. The bylaws and regulations of the Appraisal Institute require each member to control the use and distribution of each report signed by such member.

(11) Robert O. Coe, II, MAI has not prepared any additional assignments on the subject site for the last three years other than a market study that is being completed concurrently with this report.

Robert O. Coe, II, MAI
TX-1333157-G
State Certified General Real Estate Appraiser

R. O. Coe
ASSUMPTIONS AND LIMITING CONDITIONS

This report is subject to the following assumptions and limiting conditions:

1) Any legal description or plats reported herein are assumed to be accurate. Any sketches, surveys, plats, photographs, drawings, or other exhibits are included only to assist the intended users to better understand and visualize the subject property the environs, and the competitive data. I have made no survey of the subject property and assume no responsibility associated with such matters.

2) The value assumes responsible ownership and competent management. The subject property is assumed to be free and clear of all liens, except as may be otherwise herein described. No responsibility is assumed by the appraiser(s) for matters legal in character, nor is any opinion on the title rendered, which is assumed to be good and marketable.

3) The information contained herein has been gathered from sources deemed to be reliable, but I assume no responsibility for its accuracy. The value/opinions rendered herein are based on preliminary analyses of the subject and market area.

4) Any leases, agreements or other written or verbal representations and/or communications and information received by the appraiser(s) have been reasonably relied upon in good faith but have not been analyzed for their legal implications. I urge and caution the user of this report to obtain legal counsel of his/her own choice to review the legal and factual matters, and to verify and analyze the underlying facts and merits of any investment decision in a reasonably prudent manner.

5) I assume no responsibility for any hidden agreements known as "side reports", which may or may not exist relative to this property, which have not been made known to us, unless specifically acknowledged within this report.

6) This report is to be used in whole, and not in part. Any separate valuation for land and improvements shall not be used in conjunction with any other valuation and is invalid if so used. Possession of this report or any copy thereof does not carry with it the right of publication nor may the same be used for any purpose by anyone but the client without the previous written consent of the appraiser(s), and in any event, only in its entirety.

7) I, by reason of this report, are not required to give testimony in court with reference to the property unless notice and proper arrangements have been previously made therefore.
Assumptions and Limiting Conditions – Continued

8) 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 prior written consent and approval of the author.

9) No subsoil data or analysis based on engineering core borings or other tests were furnished to me. I have assumed that there are no subsoil defects present that would impair development of the land to its maximum permitted use, or would render it more or less valuable.

10) No responsibility is assumed for hidden defects or for conformity to specific governmental requirements, such as fire, building safety, earthquake, or occupancy codes, except where specific professional or governmental inspections have been completed and reported in this report.

11) The construction and physical condition of any improvements described herein are based on a site visit. No liability is assumed by me for the soundness of structural members since no engineering tests were conducted. No liability is assumed for the condition or adequacy of mechanical equipment, plumbing or electrical components. No responsibility is assumed for engineering, which might be required to discover such factors. I urge the user of this report to retain an expert in this field.

12) Unless otherwise stated in this report, the existence of hazardous substances, including without limitation asbestos, polychlorinated biphenyl, petroleum leakage, or agricultural chemicals, which may or may not be present in or on the property, or other environmental conditions were not called to my attention nor did I become aware of such during my site visit. I have no knowledge of the existence of such materials on or in the property unless otherwise stated. I, however, are not qualified to test such substances or conditions. No responsibility is assumed for any such conditions, nor for any expertise or engineering knowledge required to detect or discover them. I urge the user of this report to retain an expert in the field of environmental impacts on real estate if so desired.

13) The projections of income, expenses, terminal values or future sales prices are not predictions of the future, rather they are the best estimate of current market thinking of what future trends will be. I assume no responsibility for any changes in economic or physical conditions which occur following the effective date of this report that would influence or potentially affect the analyses, opinions, or conditions in the report. Any subsequent changes are beyond the scope of this report. No warranty or representation is made that these projections will materialize.
Assumptions and Limiting Conditions – Continued

14) The client or user of this report agrees to notify the appraiser(s) of any error, omission or inaccurate data contained in the report within 15 days of receipt, and return the report and all copies thereof to the appraiser(s) for correction prior to any use.

15) The acceptance of this report, and its subsequent use by the client or any other party in any manner whatsoever for any purpose, is acknowledgment by the user that the report has been read and understood, specifically agrees that the data and analyses, to their knowledge, are correct and acceptable.

16) This assignment was not based upon a requested minimum valuation, a specific valuation, or the approval of a loan.

17) This report has been prepared in a “non-disclosure” state. Real estate prices and other data, such as rents, prices, and financing are not a matter of public record. Although extensive effort has been expended to verify pertinent data with buyers, sellers, brokers, lenders, lessors, lessees, and other sources considered reliable, it has not always been possible to independently verify all significant facts. In these instances, I may have relied on verification obtained and reported to us by persons outside my office. Also, as necessary, assumptions and adjustments have been made based on comparisons and analyses using data in the report and on interviews with market participants. It is suggested that the client consider independent verification as a prerequisite to any transaction involving sale, lease or other significant commitment of funds to the subject property.

18) The Americans With Disabilities Act (ADA) became effective January 26, 1992. 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. 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 requirements of the act. If so, this fact could have a negative impact upon the value of the property. However, since I have no direct evidence relating to the issue of compliance, I did not consider possible noncompliance with requirements of ADA in forming an opinion of the value of the property.

19) Acceptance or use of this report constitutes agreement by the client and any other users that any liability for errors, omissions or judgment is limited to the amount of the fee charged for this report. Use of this report constitutes acknowledgement and acceptance of the general assumptions and limiting conditions, special assumptions (in any), extraordinary assumptions (if any), and hypothetical conditions (in any) on which this report is based.
ENVIRONMENTAL ASSUMPTIONS

This report is subject to the following environmental assumptions:

1) There is a safe, lead-free, adequate supply of drinking water.

2) The subject property is free of soil contamination.

3) There is no uncontained friable asbestos or other hazardous asbestos material on the property. The appraiser is not qualified to detect such substances.

4) There are no uncontained PCB's on or near the property.

5) The radon level is at or below EPA recommended levels.

6) Any functioning underground storage tanks (UST's) are not leaking and are properly registered; any abandoned UST's are free from contamination and were properly drained, filled and sealed.

7) There are no hazardous waste sites on or near the subject property that negatively affect the value and/or safety of the property.

8) There is no significant urea formaldehyde (UFFI) insulation or other urea formaldehyde material on the property.

9) There is no flaking or peeling of lead-based paint on the property.

10) The property is free of air pollution.

11) There are no wetlands/flood plains on the property (unless otherwise stated in the report).

12) There are no other miscellaneous hazardous substances and/or detrimental environmental conditions on or in the area of the site (excess noise, radiation, light pollution, magnetic radiation, acid mine drainage, agricultural pollution, waste heat, miscellaneous chemical, infectious medical wastes, pesticides, herbicides, and the like).
SCOPE OF WORK

Scope of Work is defined by the Uniform Standards of Professional Appraisal Practice as “the type and extent of research and analyses in an assignment.” Under the Scope of Work Rule, the appraiser must:

- Identify the problem to be solved:
- Determine and perform the scope of work necessary to develop credible assignment results: and
- Disclose the scope of work in the report

The reported analyses, opinions and conclusions were developed, and this report has been prepared, in conformity with the requirements of the Code of Professional Ethics & Standards of Professional Practice of the Appraisal Institute, which include the Uniform Standards of Professional Appraisal Practice, in a manner necessary to produce a credible result.

The problem to be solved is to determine the "As Is" Market Value of the subject site.

This appraisal report details all pertinent data, descriptions, and discussions germane to the appraisal of the subject of this report. A visit was made to the subject site of this report and an analysis of the surrounding neighborhood with recognition of existing and future trends was performed. Empirical information in the Area Data and Neighborhood Data was gathered from reliable sources, including governmental agencies.

Data was gathered based on a review of Harris County deed records, conversations with brokers in the Greater Houston area, government officials, and local appraisers in the subject’s area. Texas is a non-disclosure state. Therefore, sales data available is limited to sales confirmed by associated parties. All sales information was verified with reliable sources.

The land sales search parameters included sites between 1 and 25.00 acres in/around the subject site area which occurred since January 2017.

The client provided the appraiser a site plan and survey. The survey was relied upon for the preparation of this report. Kenneth Araiza viewed the subject site, and was unaccompanied during the site visit. Robert O. Coe, II has not visited site.

Competency of the Appraisers

Robert O. Coe, II is a Certified General Real Estate Appraiser according to the Texas Appraiser Licensing and Certification Board and has performed appraisals on numerous properties similar to the subject property.

Attention is invited to the appraiser’s qualifications, which are presented in the addenda of this report.

A copy of this report and the data included herein has been retained in my files.
Intended Use and Users
The client represents that they intend to use the appraisal report for asset valuation purposes relating to the potential construction of a rent-restricted multifamily housing development. The client also represents that the report will also be used by potential lenders including The Texas Department of Housing and Community Affairs for the purpose set forth above.

Type and Definition of Value
The type of value necessary to produce a credible result in this assignment is market value, whereby the value is to be the most probable price in terms of cash. Market Value is defined by the Office of the Comptroller of the Currency (12 CFR Part 34) as follows:

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

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

The value conclusions expressed within this report are in terms of cash ($US).

Exposure Time/Marketing Time
Assuming adequate exposure and normal marketing efforts; the estimated exposure time (i.e. the length of time that the subject site would have been exposed for sale in the market had it sold at the market value concluded in this analysis as of the date of valuation) would have been within twelve months; the estimated marketing time (i.e. the amount of time it would probably take to sell the subject property if exposed in the market beginning on the date of this valuation) is estimated to be within twelve months.

Date of the Appraisal Report
The preparation of this appraisal report was completed on February 28, 2019.

Effective Date of the Appraisal
The descriptions, analyses, and conclusions of this report for the subject property are applicable as of February 15, 2019, which is the date of the site visit to the subject property.
Assignment Conditions
Assignment conditions include assumptions that affect the scope of work, other than those previously discussed in the “Assumptions and Limiting Conditions.”

Fee Simple Estate
This bundle of ownership rights refers to the "absolute ownership unencumbered by any other interest or estate subject only to the four powers of government."

Property Rights Appraised
The property rights appraised in this assignment are the Fee Simple Estate of the subject property.

Purpose of Appraisal
The purpose of the appraisal is to form an opinion of the "As Is" Market Value of the herein described subject site.

Assets Appraised
The assets appraised in this appraisal assignment include land. Personal property was not included in the value conclusion.

Environmental Conditions
No environmental report was available to me and no recent environmental tests were performed. Because I have no evidence to the contrary, I have assumed that the property is free of any material which would adversely affect the value, including but not limited to, asbestos and toxic waste. My value conclusions are subject to revision should these assumptions prove incorrect. I caution and advise the user of this report to obtain environmental studies which may be required to ascertain status of the property with regard to asbestos and other hazardous materials.

Ownership History of Subject Property
The subject site is currently owned by NFA Hettig, Inc., which purchased the property in December 2017, for an undisclosed sum. The property is currently under contract for purchase by VH Acquisitions, LLC and/or assigns for $1,158,117. This is a related party transaction and is not considered arms-length. No other arms-length transactions involving the subject are known to have occurred within the last three years.

Legal Description
A survey was obtained from the purchase contract and is relied upon for the report and is included in the addenda.
HOUSTON AREA DATA

Houston, Texas is located in the Houston-Baytown-Sugar Land Consolidated Metropolitan Statistical Area (CMSA), which is composed of a ten-county area consisting of Austin, Brazoria, Chambers, Fort Bend, Galveston, Harris, Liberty, Montgomery, San Jacinto, and Waller Counties.

Houston is recognized worldwide for its energy industry particularly for oil and natural gas as well as for biomedical research and aeronautics. Renewable energy sources wind and solar are also growing economic bases in Houston. The ship channel is also a large part of Houston's economic base. Because of these strengths, Houston is designated as a global city by the Globalization and World Cities Study Group and Network and by global management consulting firm A.T. Kearney.

The Houston area is a leading center for building oilfield equipment. Much of Houston's success as a petrochemical complex is due to its busy man-made ship channel, the Port of Houston. The port ranks first in the United States in international commerce, and is the tenth-largest port in the world. Unlike most places, high oil and gasoline prices are beneficial for Houston's economy as many of its residents are employed in the energy industry.

Houston had finished four years of robust job growth through November 2014. Home, auto and retail sales are near record sales levels. And traffic through the Houston Airport System and the Port of Houston continue to grow. But in June 2014, oil prices began to slip. Houstonians, always optimistic, shrugged off the decline as a temporary phenomenon. But then oil prices continued to fall, and by November they had lost 40 percent of their mid-year value. Prices have bounced back somewhat and while crude prices remain under pressure from rising stockpiles they remain over $60 a barrel.

Population
Houston is the largest city in Texas and the fourth largest city in the nation. According to the Texas Department of State Health Resources indicates the Houston-Sugar Land-Baytown MSA increased from 5,920,000 in 2010 to 6,980,780 as of 2018. By 2023, the community is expected to have 7,561,622 residents.

Houston gained more residents between 2000 and 2010 than any of the nation’s other 365 cities according to a new study by Kinder Institute for Urban Research at Rice University. During this period, the Greater Houston metropolitan area grew by 1.2 million people.
Houston Economy
The 10-county Houston-Sugar Land-Baytown Metropolitan Statistical Area’s employment, according to estimates released by the Bureau of Labor Statistics follows:
Energy
Known as the "Energy Capital of the World," Houston takes part in virtually every element of the oil and gas industry. More than 5,000 energy-related establishments are located in the Houston area and 44 of the nation's 200 largest publicly traded oil and gas exploration/production firms are headquartered in Houston.

Texas Medical Center
The Texas Medical Center is the largest medical complex in the world consisting of the world’s highest concentration of medical facilities and institutions. Located four miles southwest of Downtown Houston, the TMC covers approximately 1,000 acres, and is currently the most dynamic area of Houston. The complex hosts 13 highly esteemed hospitals, two medical schools, and four nursing schools, along with additional specialty institutions and schools for public health, dentistry, and pharmacy.

The TMC has an employment base of over 73,600, including 10,000 doctors, and has an estimated annual indirect economic impact of $13.5 billion. More than 5.5 million patients visit the TMC annually from all over the world.

Lyndon B. Johnson Space Center
The Johnson Space Center (JSC), located southeast of downtown Houston, brings more than $1.6 billion to Texas every year and directly employs over 17,000 in the Houston area, and indirectly accounts for an estimated 34,000 jobs throughout the area. The Johnson Space Center is the home of NASA’s shuttle and space station operations and continues to be a global leader in space exploration and research.

Port of Houston
The Port of Houston is a 25-mile-long complex of diversified public and private facilities. The Port of Houston consists of the Port Authority and 150 plus private industrial companies along the ship channel.

Direct jobs are those generated by the companies providing support services to the cargo handling and vessel-related services of the port. Related jobs are those created locally and throughout the regional economy due to purchases of goods and services by those directly associated with port activity. Of the over 90,000 direct jobs affiliated with Port of Houston activity, approximately 80% are held by Houston and Harris County residents. Related jobs totaled over 145,000. Research shows the port also generates over $650 million dollars annually in state and local taxes.

Airports and Air Service
The Houston Airport System is the 4th largest in the nation and 6th largest in the world. Houston’s Airport System is located in the south central United States, which places it equidistant from the East and West Coasts. Two primary airports provide air service for the Houston area: George Bush Houston Intercontinental Airport (IAH), north of the Houston Central Business District (CBD), garners 85% of the system’s total traffic; while Hobby Airport (HOU), south of the CBD, accounts for 15%.
George Bush Houston Intercontinental Airport (IAH)

George Bush Houston Intercontinental Airport is the base of operations for 24 passenger airlines and 10 all-cargo airlines. IAH is the eighth largest international passenger gateway in the United States.

Due to the growing number of passengers, the Houston Airport System has embarked on an ambitious plan to meet this increasing demand for national and international travel. Currently, $2.6 billion in renovations are taking place at IAH. Planned airport improvements include the construction of new runways, taxiways, additional parking, and the expansion of existing terminals. Additionally, IAH is the headquartered Continental/United Airlines hub with 500 flights per day and accounting for 80% of all IAH passengers.

William P. Hobby Airport (HOU)

Hobby Airport is Houston’s second largest airport and has served the Houston community for more than 60 years. A new $78 million concourse has recently been completed, which adds 20 additional gates for Southwest Airlines. Another $227 million is currently being used to renovate existing terminals. In May 2012, City Council approved a deal to have Southwest Airlines build a $100 million expansion of Hobby Airport to open it to international flights for the first time in more than 40 years. Houston Airport Director Mario Diaz promoted the expansion as having the potential to create 18,000 jobs and inject $1.6 billion a year into the local economy.

Other Categories

Houston also has several major universities including Rice University, University of Houston, and Texas Southern University.

A 7.5 mile light-rail system known as the MetroRail has been developed in the Houston metropolitan area. The initial phase of the light-rail system follows the Main and Fannin streets corridor, linking Downtown, Midtown, the Museum District, Hermann Park, the Texas Medical Center, and Reliant Park. There are extensions proposed and underway. The new lines will cover the majority of Houston’s major employment centers within the Inner-Loop area, Uptown, and the Galleria, and will eventually extend to both Hobby and George Bush Intercontinental airports.
The Dallas Fed’s Houston business-cycle index indicated that the Houston Business-Cycle Index slowed its positive trend.

https://www.dallasfed.org/research/indicators/hou.cfm

The Houston Business-Cycle Index grew at an annual rate of 6.4 percent over the three months ending in November, driven by healthy initial estimates of employment growth over that period (Chart 1). In contrast, growth in an index of 11 leading indicators for Houston dipped just below zero for the three-month period ending in November. That dip was driven by declines in the Houston stock index, crude oil prices, job ads and single-family construction permits. Together, the indexes suggest that economic activity in the Houston region has been strong but will likely slow in the months ahead.
Houston added jobs at an annual rate of 3.3 percent (25,200 jobs) over the three months ending in November (Chart 3). The chief contributors to that growth were professional and business services (7,500), other services (4,700, which includes industries such as auto mechanics, laundromats and pet grooming) and manufacturing (4,700). Government jobs (-200) was the only category to decline.

Taking a longer view, growth in 2018 was 2.6 percent through November (72,900 jobs), above the historical average of 2.1 percent. Manufacturing (14,900) and construction (12,100) both boosted by rising demand from the oil and gas sector were major contributors to that growth, along with education and health services (13,600).

The unemployment rate in Houston was 4 percent in November. By comparison, the unemployment rates in Texas and the U.S. were both 3.7 percent.
Drilling activity in the U.S. was up only slightly over the second half of 2018, constrained in part by limited pipeline capacity in the Permian Basin (Chart 5). The price of West Texas Intermediate (WTI) crude oil peaked in October near $71 per barrel and has since fallen to an average of under $50 in December. It reached as low as $42 on Dec. 24. Changes in aggregate drilling activity generally lag behind changes in monthly prices by about three months. Recent prices suggest drilling activity should drop at least slightly in early 2019.

Nonetheless, results from the fourth quarter Dallas Fed Energy Survey suggest that drilling firms are likely to increase spending in 2019. This is due in part to scheduled increases in pipeline capacity next year that will improve the prices oil producers in the Permian Basin actually receive. However, should oil prices persist near or below year-end 2018 levels, planned expenditures may be trimmed.

**Snapshot – Houston’s Economy at a Glance**

Hurricane Harvey made landfall near Rockport, TX midafternoon, Saturday August 26. The National Hurricane Center rated it a Category 4 storm with winds of 130 miles per hour. The storm moved slowly toward the Texas Hill Country before making a U-turn and returning to the Gulf. Harvey made a second landfall as a tropical storm Wednesday, August 30, near the Louisiana-Texas border. The storm inundated Beaumont/Port Arthur and continued east for several days before dying out in the Ohio River valley.

**Post-Harvey Impact** – The Houston-The Woodlands-Sugar Land metro area lost 16,000 jobs in September, according to the Texas Workforce Commission. Nearly all the losses can be attributed to Hurricane Harvey. While several sectors reported declines, four sectors accounted for the bulk of the losses: food services and drinking places, retail, administrative support, and construction. Harvey kept most Houstonians at home, affecting retail and restaurant sales. Construction slowed as Harvey...
approached, halted as the storm soaked Houston, and job sites had to dry out before construction could resume. Administrative support includes contract workers, janitorial and landscape services. With operations temporarily suspended, firms had no need for contract workers. Janitorial and landscaping services were put on hold until after the storm passed. The unemployment rate fell to 4.8 percent in September, down from 5.2 in August and 5.7 percent in September ’16.

Affordable Houston – Houston has the fifth-lowest cost of living among the top 20 most populous metro areas in the country, according to the Council for Community and Economic Research (C2ER). Houston’s overall after-tax living costs are 1.9 percent below the average of the 267 urban areas participating in the Q3 ’17 survey. The quarterly survey collects prices of specific items in several areas such as groceries, health care, and housing in urban areas across the country, and creates a relative index to compare cities. Among the top 20 metros, St. Louis had the lowest cost of living at 9.5 percent below the national average. At the other end of the spectrum, Manhattan’s cost of living is nearly 2.5 times higher than the national average, partly due to its five-times as-high housing expenses. Houston’s housing costs are 1.5 percent above the nationwide average but still 42.0 percent below that of the 20 most populous U.S. metros. The average monthly rent for a two-bedroom apartment is nearly $1,300—a third less than the average for the 20 most populous metros. Single-family home costs in Houston are nearly half the price of that in the top 20 metros, $310,250 and $583,130, respectively.

Hurricane Harvey
The following is from a Special Report – Hurricane Harvey, published by Marcus & Millichap, September 2017.

Hurricane Harvey wrought severe damage across the Texas Gulf Coast region and southwest Louisiana. The severe storm displaced thousands of families as it damaged in excess of 200,000 homes across the region. The hurricane’s devastating floods hit the nation’s fifth-largest metropolitan area, Houston-The Woodlands-Sugarland, and although the final assessment of damages is likely months away, it is possible that Houston faces many of the challenges Hurricane Katrina created in New Orleans. A wide swath of homes face significant water damage that will be difficult to repair, particularly as less than 20 percent of homeowners have flood insurance in the hardest hit areas. The remaining homeowners will be dependent on private charities and government aid, such as grants from FEMA and low-interest rate loans from the government. When compared with the area affected by Hurricane Katrina, the area hit by Harvey has more than twice as many properties with mortgages and nearly four times the unpaid principal balance. The damages could result in a significant wave of delinquencies as homeowners grapple with the recovery process. This will place a strain on the local and regional housing market as a number of homeowners could walk away from damaged homes.

Displaced residents take shelter in region’s hotels and apartments. Families will be forced to relocate, finding temporary housing options in local and regional hotels and apartments. Normally at this time of the year, hotel occupancies in Houston average 59 percent. Following Katrina, hotel occupancy rates in New Orleans Surged to roughly 80 percent for the following seven months. Although local authorities are placing considerable effort to restrain price gouging, it is likely that hotel rates in Houston and the state of Texas will climb and occupancy will surge to its highest level on record. The Texas apartment market will also face a spike in demand. Fortunately, a significant
wave of apartment construction has added nearly 80,000 apartments to the Houston metro since 2012. An estimated 55,000 units in Houston were vacant prior to Hurricane Harvey, which will accommodate a significant portion of the households displaced by the storm. Still, available housing will likely fall short of demand. Some residents may look beyond the Houston metro, boosting demand for hotels and apartments in other Texas metros, including Dallas/Fort Worth, Austin and San Antonio.

Houston’s diverse economy and stout infrastructure support recovery. Unlike New Orleans, Houston is a strong, dynamic job creator with a significant economic base that will fuel recovery much more quickly. While a decline in energy prices suppressed hiring over the last two years, employers created an average of 92,000 positions each year from 2010 to 2014. Hiring in the first six months of 2017 had begun to rebound, with companies adding nearly 45,000 positions. Reconstruction and cleanup will boost employment in the final months of the year, potentially pushing job creation for the year to the 90,000 position range. This surge in employment will be concentrated in construction and retail segments, fueled by rebuilding efforts and as households replace damaged goods. The metro area also represents nearly 3 percent of national GDP, signifying a noteworthy portion of the nation’s economy, and companies will press hard to get up and running quickly.

Many businesses were forced to close in the storm’s aftermath. Nearly 26 percent of apartments based on square footage, 21 percent of office space and 23 percent of the metro’s retail space are located within the 100- or 500-year flood plain. While it is still unclear how many assets were damaged by the storm, it will create a dynamic investment climate in the metro as investors determine whether to remediate or sell properties, providing some unique value-add opportunities for buyers. Over the long term, Houston’s favorable economic growth and strong demographics bode well for those seeking assets in this metro.

Regional economy feels short-term impact. The regional economy will face short-term weakening as damage is assessed, FEMA is mobilized, insurance policies are reviewed and recovery strategies are defined. There are still many unknowns about the state of some oil refineries and petrochemical facilities, with some operable only in limited capacities for months to come. This may cause a broader economic disruption as other facilities across the country pick up the slack. In addition, many developers were already encountering construction worker shortages and elevated material costs before the hurricane hit. The cleanup process will exacerbate these shortages and could slow the rebuilding process.

Conclusions
As Hurricane Harvey-related impacts to Houston job growth waned by early 2018, the region experienced a faster pace of growth than the rest of the state. Most of the acceleration occurred in the second half of the year, but that data is potentially subject to substantial revisions. Texas job growth overall outpaced the rest of the U.S. in 2018. Houston employment and the business-cycle index continue to register healthy growth, and drilling activity has flattened at a high level. However, oil prices have fallen significantly and the Houston leading index fell to near neutral. Stock indexes are also down. Overall, the outlook for Houston has weakened but remains positive.
NEIGHBORHOOD DATA

Definition:
A neighborhood is defined in The Dictionary of Real Estate Appraisal, Fourth Edition, copyright 2002, page 193, by the Appraisal Institute as:

"a group of complementary land uses; a congruous grouping of inhabitants, buildings, or business enterprises"

A neighborhood can be a portion of a larger community, or an entire community in which there is a homogeneous group of inhabitants, buildings, and business enterprises in which inhabitants have a more than casual community interest and a similarity of economic levels or cultural backgrounds. Neighborhood boundaries may consist of well-defined natural or manmade barriers or they may be more or less well defined such as by distinct change in land uses.

Neighborhoods may be devoted to such uses as residential, commercial, industrial, agricultural, cultural and civic activities, or a mixture of uses. Analysis of the neighborhood in which a particular property is located is important due to the fact that the various economic, social, political, and physical forces which affect that neighborhood also directly include the individual properties within it. An analysis of the various factors as they affect the value of the subject property is presented in the following discussion.

Subject’s Neighborhood Defined
The subject’s neighborhood is bound by Fallbrook Drive, West Road, and Highway 249 to the north; Interstate 45, Veterans Memorial, and North Shepherd to the east; Pinemont Drive and Creekmont Drive to the south; and Bingle Road, a rail line, and N. Houston Rosslyn to the west. The area is generally contained in all or a portion of zip codes 77038, 77086, and 77088. These boundaries have been defined because the properties within them tend to exhibit similar characteristics, physical features, price desirability, and they are affected by similar physical, economic, governmental, and social forces.

PMA Major Thoroughfares

North/South Arteries: Antoine, West Montgomery, Veterans Memorial, and Interstate 45

East/West Arteries: West Mount Houston, West Little York, and West 43rd

Land Use Patterns
The neighborhood is a viable, heterogeneous area in the northern portion of the Houston MSA. Land uses in the neighborhood consist of a variety of commercial and residential land uses, including, but not limited to, single-family residential subdivisions, multifamily, retail, and service developments. Commercial developments are found primarily along the major thoroughfares. Residential development is located in various lower to middle-income subdivisions throughout the neighborhood, with commercial development located along the aforementioned thoroughfares. The housing in the area has a wide range of build dates with 1982 being the median year built.
Schools
The subject site is located in the Aldine Independent School District. The closest schools to the subject include Caraway Intermediate, Eisenhower Ninth Grade, and Aldine Senior High.

Shopping Centers
The heaviest concentration of shopping is located along the Highway 249 corridor with the Willowbrook Mall located at the southeast corner of Highway 249 and FM 1960. Willowbrook Mall is a regional shopping mall located in the Willowbrook area of Houston, Texas that opened in 1981. The enclosed, single-level mall houses 160 retail stores and five anchors. The mall targets residents in the northwestern Greater Houston region.

Recreational Centers
The nearest parks are Carver Park and Lincoln Park which have picnic areas and trails.

Public Services
Police and fire protection and other services are provided by the City of Houston. The Sheriff’s Office, the Fire Department and EMS are connected to the Emergency Enhanced 911 System and can respond to an emergency within minutes.

Religious Facilities
There are numerous Baptist, Methodist, Catholic and other denominational churches within three miles of the subject.

Utilities and Services
Electricity is provided by numerous providers including NRG, natural gas is provided by or through CenterPoint Energy, and local telephone service is provided by or through the AT&T.
SITE DATA

The following description of the subject's characteristics is based on a review of the survey and the site visit. Please refer to copies of the survey and photographs for a visual perspective of the subject's physical characteristics.

Location
The subject site is located on the northwest corner of West Gulfbank Road and West Montgomery Road, in Houston, Harris County, Texas 77088.

Physical Attributes
Based on the information provided by the client, the irregularly-shaped subject site contains a total of ±17.77 acres (±774,108 square feet). The subject site has frontage along the north line of West Gulfbank Road and a small amount on the west line of West Montgomery Road. The site is generally level. The plat maps have the subject property subdivided into 122 separate accounts but there is no apparent physical development of a subdivision.

Accessibility
The subject’s site is accessible from the Houston Central Business District by proceeding north on Interstate 45 approximately 10 miles to West Little York, then west on West Little York approximately 1.3 miles to West Montgomery Road, then north on West Montgomery Road approximately 1.8 miles to Gulfbank Road to the subject site on the left.

Streets
At the subject site, West Gulfbank Road and West Montgomery Road are four-lane, two-way, divided concrete-paved roads with a center median and curb and gutter drainage for storm water transmission.

Topography
Based on my observation, the site appears to be relatively level, and at street grade.

Flood Plain
Based on InterFlood map number 48201C0465M dated June 9, 2014, the subject site appears to be located within shaded Zone X, an area determined to be outside the 100 and 500-year flood plains. All improvements constructed within a flood plain must be properly elevated. This determination is made by the survey provided by the client and is relied upon for the purposes of my appraisal report.

Environmental Conditions
No environmental report was available to us and no recent environmental tests were performed. Because I have no evidence to the contrary, I have assumed that the property is free of any material which would adversely affect the value, including, but not limited to, asbestos and toxic waste. My value conclusion is subject to revision should these assumptions prove incorrect. I caution and advise the user of this report to obtain environmental studies which may be required to ascertain status of the property with regard to asbestos and other hazardous materials.
Utilities and Services
All public utilities are available to the subject site. Water and sewer services are available from the City of Houston. I have assumed that sufficient utilities are available to the site to develop the site to its highest and best use. I have not independently verified these facts. Electricity is provided by numerous providers including NRG, natural gas is provided by or through CenterPoint Energy, and local telephone service is provided by or through the AT&T.

Zoning and Deed Restrictions
The subject is located in the City of Houston, which does not utilize zoning to regulate development. Property usage may also be governed by deed restrictions specific to a property. The appraiser was not provided a copy of any deed restrictions, and my conclusions are subject to revision should any adverse deed restrictions be present that are detrimental to the subject site.

Easements/Encroachments
Based on the site visit and review of available maps, no easements besides typical utility easements are visibly apparent with adverse effects on the subject site. My value conclusions are subject to revision should a current title policy reveal that any adverse easements or encroachments are present.

Soil and Sub-Soil Conditions
No soil engineer’s report was available to me and no soil tests were performed. Based on my observations of surrounding development in the immediate area and lack of further evidence to the contrary, I have assumed a stable soil condition that would ensure the structural integrity of any improvement which may be constructed. My value conclusion is subject to revision should these assumptions prove incorrect. I advise the user of this report to obtain engineering studies which may be required to ascertain any structural integrity.

Surrounding Development
Land uses adjacent to the subject site includes single family development to the north, a school to the west, single-family to the south, multifamily development and a Salvation Army youth facility to the south, and multifamily and religious development to the east.
SURVEY
View of Gulf Bank Road Looking East

View of Gulf Bank Road Looking West
View of West Montgomery Road Looking North

View of West Montgomery Road Looking South
REAL ESTATE TAXES

The Harris County Appraisal District maintains the following account number(s) for the subject parent tract: 1306150010044 and an additional 121 accounts. The proforma 2018 assessment for the 122 accounts and 2018 applicable tax rates for the taxing jurisdictions are shown below.

<table>
<thead>
<tr>
<th>Real Estate Taxes Harris County</th>
<th>Parcel Number (s)</th>
<th>1306150010044 and an additional 121 accounts</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>HCAD (GA)</td>
<td>774,108</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Assessments</th>
<th>2018</th>
<th>Proforma*</th>
</tr>
</thead>
<tbody>
<tr>
<td>Land</td>
<td>$341,466</td>
<td>$341,466</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>$341,466</strong></td>
<td><strong>$341,466</strong></td>
</tr>
<tr>
<td>Rate of Change Previous Year</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total Assessment (PSF)</td>
<td>$0.44</td>
<td>$0.44</td>
</tr>
<tr>
<td>Taxing Jurisdiction</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Aldine ISD</td>
<td>$1.435888</td>
<td>$1.435888</td>
</tr>
<tr>
<td>Harris County</td>
<td>$0.418580</td>
<td>$0.418580</td>
</tr>
<tr>
<td>Harris County Flood Cntrl</td>
<td>$0.028770</td>
<td>$0.028770</td>
</tr>
<tr>
<td>Port of Houston</td>
<td>$0.011550</td>
<td>$0.011550</td>
</tr>
<tr>
<td>Harris County Hosp Dist</td>
<td>$0.171080</td>
<td>$0.171080</td>
</tr>
<tr>
<td>Harris County Educ Dpt</td>
<td>$0.005195</td>
<td>$0.005195</td>
</tr>
<tr>
<td>Lone Star Comm Coll</td>
<td>$0.107800</td>
<td>$0.107800</td>
</tr>
<tr>
<td>City of Houston</td>
<td>$0.588310</td>
<td>$0.588310</td>
</tr>
<tr>
<td>Total Tax Rate</td>
<td>$2.767173</td>
<td>$2.767173</td>
</tr>
<tr>
<td>Rate of Change</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Total Taxes Due</strong></td>
<td><strong>$9,449</strong></td>
<td><strong>$9,449</strong></td>
</tr>
</tbody>
</table>

*Projected increase

Based upon the above proforma assessed value and tax rates, the 2018 ad valorem tax liability for the subject property is estimated to be $9,449.

I have not verified whether there are any delinquent taxes affecting the subject property. A copy of the Harris County Appraisal District records for one account is included in the addenda of this report. The existence of such delinquent taxes could affect proceeds from any sale of the property.
HIGHEST AND BEST USE

The highest and best use may be defined as the most profitable or likely profitable legal use for which a property may be utilized. The opinion of such use may be based on the highest and most profitable continuous use to which the property is adapted and needed, or likely to be in demand in the reasonably near future.

However, elements affecting value, which depend upon events, or a combination of occurrences, which, while within the realm of possibility, are not fairly shown to be reasonably probable, should be excluded from consideration. Also, if the intended use is dependent on an uncertain act of another person, the intention cannot be considered.

It may be further defined as that use of land which may reasonably be expected to produce the greatest net return to land over a given period of time - that use which will yield to the land the highest present value. This is sometimes referred to as the optimum use.

Also that reasonable and probable use that will support the highest present value, as defined, as of the effective date of the appraisal.

Alternatively, that use, from among reasonably probable and legal alternative uses, is found to be:
   a. Physically Possible
   b. Legally Permissible
   c. Financially Feasible
   d. Maximally Productive

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

Implied within these definitions is recognition of the contribution of that specific use to community environment or to community development goals in addition to wealth maximization of individual property owners.

Also implied is that the determination of highest and best use results from the appraiser's judgment and analytical skill, i.e. that the use determined from analysis represents an opinion, not a fact to be found.

In appraisal practice, the concept of highest and best use represents the premise upon which value is based. In the context of the most probable selling price (market value) another appropriate term to reflect highest and best use would be most probable use. In the context of investment value, an alternative term would be most profitable use.

Also Implied in these definitions is that the determination of highest and best use takes into account the contribution of a specific use to the community and community development goals as well as the
benefits of that use to individual property owners. Hence, in certain situations the highest and best use of the land may be for parks, greenbelt, preservation, conservation, wildlife habitats and the like."

There are two distinct types of highest and best use, that being the highest and best use as if the site were vacant, and the highest and best use as improved. Both use determinations require consideration of the physical, legal, financial feasibility and maximal productivity for the site and improvements.

**Highest and Best Use Analysis – “As Vacant”**

**Physically Possible**
The subject property is located on the northwest corner of West Gulfbank Road and West Montgomery Road, in Houston, Harris County, Texas 77088.

The subject property consists of an irregularly-shaped tract containing a total of ±17.77 acres (±774,108 square feet). As stated previously, no soil engineer’s report was available to us and no recent soil tests were performed. As a result, I have assumed a stable soil condition with sufficient load bearing capacity. Once again, I caution and advise the user of this report to obtain engineering studies which may be required to ascertain structural integrity, and my value conclusion is subject to revision should these assumptions prove incorrect. Therefore, numerous uses are physically possible.

**Legally Permissible**
The subject is located in the City of Houston, which does not utilize zoning to regulate development. Property usage may also be governed by deed restrictions specific to a property. The appraiser was not provided a copy of any deed restrictions, and my conclusions are subject to revision should any adverse deed restrictions be present that are detrimental to the subject site. Thus, numerous residential and commercial uses are legally permissible.

**Financial Feasibility**
In order to be economically feasible, the improvements should conform with the surrounding land uses. To meet the test of being financially feasible, the project must provide a net return over a reasonable period of time. The locational and physical characteristics of the tract are suitable for multifamily or commercial development. An analysis of existing rent levels and competition reveals development of the site is not feasible for speculative conventional multifamily or commercial use.
Maximal Productivity
Maximally productive use would comprise numerous uses, given the subject site’s location along West Gulf Bank in close proximity to Highway 249. The site has adequate exposure and access for such use. Also, surrounding development supports residential/commercial use. Medium-scale multifamily use is physically possible and legally permissible and would be the maximally productive use given the characteristics of the subject site “as vacant.” However, an analysis of existing rent levels and competition reveals development of the site is not feasible for speculative conventional multifamily or commercial use.

As Vacant Conclusion
Multifamily residential utilization of the subject site is physically possible and legally permissible. However, current rents and occupancies do not support new construction of market-operated properties without governmental incentives.

Considering the subject's location on a primary roadway and surrounding development, the Highest and Best Use for the subject site is for future multifamily development or current development with governmental incentives.
SALES COMPARISON APPROACH

In forming an opinion of the land value, Harris County Deed Records were searched for recent land sales of comparable properties within this area. Additionally, real estate brokers and developers active in the area were consulted as to their knowledge of properties currently offered on the market for sale which would be in competition with the subject property if it were offered for sale on the open market. The available market data was investigated, analyzed and compared to the subject site, taking into prime consideration the various similar and dissimilar characteristics, including terms of sale, and adjustments were applied.

No sales which were known to have occurred were arbitrarily disregarded. Only sales which were deemed not comparable, or could not be confirmed or involved conditions not considered, representing fair market conditions, were deliberately omitted.

The following pages detail the land sales utilized in the analysis of the subject property.
## Comparable Land Sales

<table>
<thead>
<tr>
<th>LAND SALE NUMBER ONE</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Location:</strong></td>
</tr>
<tr>
<td><strong>Date of Closing:</strong></td>
</tr>
<tr>
<td><strong>Recording Data:</strong></td>
</tr>
<tr>
<td><strong>Grantor:</strong></td>
</tr>
<tr>
<td><strong>Grantee:</strong></td>
</tr>
<tr>
<td><strong>Legal Description:</strong></td>
</tr>
<tr>
<td><strong>Land Area:</strong></td>
</tr>
<tr>
<td><strong>Consideration:</strong></td>
</tr>
<tr>
<td><strong>Price Per Square Foot:</strong></td>
</tr>
<tr>
<td><strong>Terms:</strong></td>
</tr>
</tbody>
</table>

### Property Characteristics:
- **Property Use:** Vacant at Time of Sale
- **Utilities:** All available
- **Topography:** Basically level
- **Flood Plain:** Zone X and shaded Zone X
- **Frontage:** N/L of Killough Street

### Remarks:
This site was marketed as multifamily land and was on the market for 45 days. There has been no other sale within the past 3 years for this property.
<table>
<thead>
<tr>
<th><strong>LAND SALE NUMBER TWO</strong></th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Location:</strong></td>
</tr>
<tr>
<td><strong>Date of Closing:</strong></td>
</tr>
<tr>
<td><strong>Recording Data:</strong></td>
</tr>
<tr>
<td><strong>Grantor:</strong></td>
</tr>
<tr>
<td><strong>Grantee:</strong></td>
</tr>
<tr>
<td><strong>Legal Description:</strong></td>
</tr>
<tr>
<td><strong>Land Area:</strong></td>
</tr>
<tr>
<td><strong>Consideration:</strong></td>
</tr>
<tr>
<td><strong>Price Per Square Foot:</strong></td>
</tr>
<tr>
<td><strong>Terms:</strong></td>
</tr>
<tr>
<td><strong>Property Characteristics:</strong></td>
</tr>
<tr>
<td><strong>Property Use:</strong></td>
</tr>
<tr>
<td><strong>Utilities:</strong></td>
</tr>
<tr>
<td><strong>Topography:</strong></td>
</tr>
<tr>
<td><strong>Flood Plain:</strong></td>
</tr>
<tr>
<td><strong>Frontage:</strong></td>
</tr>
<tr>
<td><strong>Remarks:</strong></td>
</tr>
</tbody>
</table>
# LAND SALE NUMBER THREE

<table>
<thead>
<tr>
<th>Location:</th>
<th>SW/C of Hugh Road and Spears Road</th>
</tr>
</thead>
<tbody>
<tr>
<td>Date of Closing:</td>
<td>June 19, 2017</td>
</tr>
<tr>
<td>Recording Data:</td>
<td>20170272208</td>
</tr>
<tr>
<td>Grantor:</td>
<td>ALBERT F &amp; NADIJA B SULYUKMANOV</td>
</tr>
<tr>
<td>Grantee:</td>
<td>MJS Equity LLC</td>
</tr>
<tr>
<td>Legal Description:</td>
<td>TRS 29 &amp; 30 BLK E HAHLAND, Harris County</td>
</tr>
<tr>
<td>Land Area:</td>
<td>5.5034 Acres 239,728 Square Feet</td>
</tr>
</tbody>
</table>

| Consideration:      | $470,000                           |
| Price Per Square Foot: | $1.96                |
| Terms:              | Cash to Seller                   |

**Property Characteristics:**

- **Property Use:** Vacant at Time of Sale
- **Utilities:** All available
- **Topography:** Basically level
- **Flood Plain:** Zone X
- **Frontage:** Hugh Road and Spears Road

**Remarks:** Property is currently vacant. There has been no other sale within the past 3 years for this property.
### LAND SALE NUMBER FOUR

<table>
<thead>
<tr>
<th>Location:</th>
<th>S/L of Ramona Boulevard, just east of Fenimore Avenue</th>
</tr>
</thead>
<tbody>
<tr>
<td>Date of Closing:</td>
<td>May 16, 2017</td>
</tr>
<tr>
<td>Recording Data:</td>
<td>201700214108</td>
</tr>
<tr>
<td>Grantor:</td>
<td>THANH TRAN</td>
</tr>
<tr>
<td>Grantee:</td>
<td>TOMPKINS STATON</td>
</tr>
<tr>
<td>Legal Description:</td>
<td>Lts 8 Thru 12, Blk 3, Coan A L, Harris County</td>
</tr>
<tr>
<td>Land Area:</td>
<td>4.9428 Acres          215,308 Square Feet</td>
</tr>
<tr>
<td>Consideration:</td>
<td>$395,000</td>
</tr>
<tr>
<td>Price Per Square Foot:</td>
<td>$1.83</td>
</tr>
<tr>
<td>Terms:</td>
<td>Cash to Seller</td>
</tr>
</tbody>
</table>

**Property Characteristics:**
- **Property Use:** Vacant at Time of Sale
- **Utilities:** All available
- **Topography:** Basically level
- **Flood Plain:** Zone AE
- **Frontage:** S/L of Ramona Boulevard

**Remarks:** The site is slated to be improved with a 112 unit family LIHTC community known as Terraces at Arboretum. There has been no other sale within the past 3 years for this property.
## LAND SALE NUMBER FIVE

<table>
<thead>
<tr>
<th>Location:</th>
<th>E/L of Fairbanks N. Houston (±548 FF), ±1,080’ south of Breen Drive</th>
</tr>
</thead>
<tbody>
<tr>
<td>Date of Closing:</td>
<td>February 13, 2017</td>
</tr>
<tr>
<td>Grantor:</td>
<td>Zaidi Family Trust</td>
</tr>
<tr>
<td>Grantee:</td>
<td>Jarrar Holdings, LLC</td>
</tr>
<tr>
<td>Legal Description:</td>
<td>Tract 9, Abstract 188, James Clarkson Survey, Harris County</td>
</tr>
<tr>
<td>Land Area:</td>
<td>23.3800 Acres 1,018,433 Square Feet</td>
</tr>
<tr>
<td>Consideration:</td>
<td>$2,530,000</td>
</tr>
<tr>
<td>Price Per Square Foot:</td>
<td>$2.48</td>
</tr>
<tr>
<td>Terms:</td>
<td>Cash to Seller</td>
</tr>
</tbody>
</table>

### Property Characteristics:
- **Property Use:** Vacant at Time of Sale
- **Utilities:** All available
- **Topography:** Basically level
- **Flood Plain:** Zone X
- **Frontage:** E/L of Fairbanks N. Houston

### Remarks:
This site was vacant and future development is unknown. There are single-family residences to the north, east, and south and an elementary school to the west of the site. There has been no other sale within the past 3 years for this property.
Land Sales Map
Summary of Land Sales and Analysis of the Sales:

<table>
<thead>
<tr>
<th>Sale</th>
<th>Location</th>
<th>Sale Date</th>
<th>Sale Price</th>
<th>Land Area (Acres)</th>
<th>Land Area (SF)</th>
<th>S/SF</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>N/L of Killough Street, just west of Maidson Oak Street</td>
<td>7/6/18</td>
<td>$465,000</td>
<td>9.9900</td>
<td>435,164</td>
<td>$1.07</td>
</tr>
<tr>
<td>2</td>
<td>N/L Spindle Drive just east of Zunin Street</td>
<td>4/6/18</td>
<td>$375,000</td>
<td>3.7000</td>
<td>161,172</td>
<td>$2.33</td>
</tr>
<tr>
<td>3</td>
<td>SW/C of Hugh Road and Spears Road</td>
<td>06/19/17</td>
<td>$470,000</td>
<td>5.5034</td>
<td>239,728</td>
<td>$1.96</td>
</tr>
<tr>
<td>4</td>
<td>S/L of Ramona Boulevard, just east of Fenimore Avenue</td>
<td>05/16/17</td>
<td>$395,000</td>
<td>4.9428</td>
<td>215,308</td>
<td>$1.83</td>
</tr>
<tr>
<td>5</td>
<td>E/L of Fairbanks N. Houston (±548 FF), ±1,080’ south of Breen Drive</td>
<td>2/13/17</td>
<td>$2,530,000</td>
<td>23.3800</td>
<td>1,018,433</td>
<td>$2.48</td>
</tr>
<tr>
<td>Subj</td>
<td>The subject is located on the northwest corner of West Gulfbank Road and West Montgomery Road</td>
<td>N/A</td>
<td>$1,158,117</td>
<td>17.77</td>
<td>774,108</td>
<td>$1.50</td>
</tr>
</tbody>
</table>

Data on each of the sales, including sales price, was confirmed with sources considered to be reliable. The comparable land sales occurred from 2017 to 2018. The sales included herein were the best available indicators of the market value of the subject site.

Factors to be Considered and Summary of Adjustments

Based on analysis of this data and other pertinent information obtained in my research, the following is a discussion of the factors, which were found to exhibit significant influence on land values in this market.

Property Rights
The adjustment for property rights conveyed considers the difference in sales price of properties sold in fee simple estate or in leased fee estate and the effect of any existing leases on the sales price of the property. For this property type, investors do not differentiate between fee simple and leased fee estate if the property is leased at a market rent. No adjustments are applicable to the sales.

Cash Equivalency
All sales were cash or cash equivalent, thus an adjustment for this item was not necessary. Typical terms are considered to be 30-50% cash down with a 10-20 year note, with varying interest on payments. No adjustments are applicable to the sales.

Conditions of Sale
This adjustment reflects the motivations of the buyer and seller, i.e., assemblage, distress sale, reduced prices from family purchase, purchase by adjacent land owners. Also, sales of properties from lenders and/or governmental agencies that were previously foreclosed on were closely

C19-AHA-107 L

Affordable Housing Analysts

Page 44
scrutinized due to potential lack of profit motivation. All of the sales appear to have been arm’s length transactions with no atypical motivation. Therefore, no adjustment was deemed necessary.

**Market Conditions**

Market conditions generally change over time, but the date of the appraisal is a specific time. Changes in market conditions may be caused by inflation, deflation, fluctuations in supply and demand, or other factors. If market conditions shift over time, they create the need for adjustment, not time itself. If market conditions have not changed, no adjustment is required even though considerable time may have elapsed. All of the sales occurred under similar economic conditions. There has been no indication that Hurricane Harvey has impacted land sales in the area.

**Location**

Properties which are located in densely developed areas, leading to higher visibility and traffic passage, tend to sell for higher prices than properties which are in less developed locations. Properties located on major thoroughfares are generally considered superior to those located on secondary streets and typically command premium prices. The subject is located on the northwest corner of West Gulfbank Road and West Montgomery Road. The site is an area that has experienced very little recent development. Sale 5 is located in an area of superior surrounding development with over twice the median income of the subject tract and was adjusted downward.

**Size**

Typically, the larger the tract, the lower the unit price. The converse sometimes tends to be true in areas of dense development where finding tracts large enough to develop come at a premium. Land sales in this market indicate a 5 - 10% price discount for each halving in land size. I have utilized 5% for each halving in size and adjusted Sales 1 thru 4.

**Shape/Easements**

Properties which are irregular in shape or have numerous easements across them usually sell for less than a tract with a normal configuration and no easements. Irregularly-shaped tracts or site with easements make development more difficult. Sale 1 is somewhat narrow limiting uses and was adjusted upward. The subject site and remaining comparables are suitably shaped for development and no adjustments were necessary.

**Utilities**

The availability of utilities is a major factor in the development of any property. If a site has no utility service or cannot acquire access, it is virtually impossible to develop. The subject site has access to all utilities as do all of the sales comparables except Sale 1. Sale 1 has a well and septic system and although city water and sewer are available they must be brought to the site. Sale 1 was adjusted upward.

**Corner/Access/Frontage**

Properties that have corner influences or those that have access from two or more streets are typically superior to interior tracts (with access to only one street) due to access and exposure characteristics. Although the subject tract is a corner tract the benefit is limited to the small amount of frontage along West Montgomery Road (approximately 6 feet). Sales 1, 2, and 3 are not corner
tracts with access from one primary street and were adjusted upward. All of the remaining sales are considered similar to the subject.

**Topography/Other**
The subject site is located outside the 500- and 100-year flood plain, according to the FEMA Map Panel. Sales 2 and 4 are located within Flood Zone AE and were adjusted upward. All remaining sales are considered similar and were not adjusted.

All of the land sales were analyzed and compared to the subject site, with adjustments applied based on general comparisons, the personal observation and judgment of the appraiser(s), and information in my files.

The adjustments are summarized in the following table:

<table>
<thead>
<tr>
<th>LAND SALES ADJUSTMENT GRID</th>
<th>Sale 1</th>
<th>Sale 2</th>
<th>Sale 3</th>
<th>Sale 4</th>
<th>Sale 5</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sales Price PSF</td>
<td>$1.07</td>
<td>$2.33</td>
<td>$1.96</td>
<td>$1.83</td>
<td>$2.48</td>
</tr>
<tr>
<td>Rights Conveyed</td>
<td>0%</td>
<td>0%</td>
<td>0%</td>
<td>0%</td>
<td>0%</td>
</tr>
<tr>
<td>Adjusted Price/FS</td>
<td>$1.07</td>
<td>$2.33</td>
<td>$1.96</td>
<td>$1.83</td>
<td>$2.48</td>
</tr>
<tr>
<td>Financial</td>
<td>0%</td>
<td>0%</td>
<td>0%</td>
<td>0%</td>
<td>0%</td>
</tr>
<tr>
<td>Adjusted Price/FS</td>
<td>$1.07</td>
<td>$2.33</td>
<td>$1.96</td>
<td>$1.83</td>
<td>$2.48</td>
</tr>
<tr>
<td>Conditions of Sale</td>
<td>0%</td>
<td>0%</td>
<td>0%</td>
<td>0%</td>
<td>0%</td>
</tr>
<tr>
<td>Adjusted Price/FS</td>
<td>$1.07</td>
<td>$2.33</td>
<td>$1.96</td>
<td>$1.83</td>
<td>$2.48</td>
</tr>
<tr>
<td>Market Conditions</td>
<td>0%</td>
<td>0%</td>
<td>0%</td>
<td>0%</td>
<td>0%</td>
</tr>
<tr>
<td>Adjusted Price/FS</td>
<td>$1.07</td>
<td>$2.33</td>
<td>$1.96</td>
<td>$1.83</td>
<td>$2.48</td>
</tr>
<tr>
<td>Location</td>
<td>0%</td>
<td>0%</td>
<td>0%</td>
<td>0%</td>
<td>-15%</td>
</tr>
<tr>
<td>Size</td>
<td>-5%</td>
<td>-10%</td>
<td>-10%</td>
<td>-10%</td>
<td>0%</td>
</tr>
<tr>
<td>Shape/Easements</td>
<td>10%</td>
<td>0%</td>
<td>0%</td>
<td>0%</td>
<td>0%</td>
</tr>
<tr>
<td>Utilities</td>
<td>10%</td>
<td>0%</td>
<td>0%</td>
<td>0%</td>
<td>0%</td>
</tr>
<tr>
<td>Corner/Frontage</td>
<td>5%</td>
<td>5%</td>
<td>0%</td>
<td>5%</td>
<td>0%</td>
</tr>
<tr>
<td>Topography</td>
<td>0%</td>
<td>10%</td>
<td>0%</td>
<td>10%</td>
<td>0%</td>
</tr>
<tr>
<td>Total Adjustment</td>
<td>20%</td>
<td>5%</td>
<td>-10%</td>
<td>5%</td>
<td>-15%</td>
</tr>
<tr>
<td>Land Value/FS</td>
<td>$1.28</td>
<td>$2.45</td>
<td>$1.76</td>
<td>$1.92</td>
<td>$2.11</td>
</tr>
</tbody>
</table>

**Summary of Land Values**

| Land Value Range/SF:       | $1.28 to $2.45 |
| Land Value/SF:             | $1.60          |
Reconciliation and Land Value Conclusion
After application of the adjustments, the sales indicate a range of values from $1.28 to $2.45 per square foot. Sale 1 is the most recent while Sale 3 required the fewest adjustments. As such, it is my opinion the land value for the subject site is $1.60 per square foot. The land value for the subject site is calculated as follows:

<table>
<thead>
<tr>
<th>Land Area (SF)</th>
<th>Land Value/SF</th>
<th>Land Value</th>
<th>Rounded</th>
</tr>
</thead>
<tbody>
<tr>
<td>774,108</td>
<td>$1.60</td>
<td>$1,238,573</td>
<td>$1,240,000</td>
</tr>
</tbody>
</table>
RECONCILIATION AND FINAL VALUE OPINION

The Appraisal of Real Estate, Fourteenth Edition, copyright 2013, pages 641-642, published by the Appraisal Institute states,

“Resolving the differences among various value indications is called reconciliation....The final value opinion is not the average of the different value indications derived. No mechanical formula is used to select one indication over the others...Final reconciliation relies on proper application of appraisal techniques and the appraiser’s judgment.”

Each of the three (3) approaches to value generally recognized in the appraisal profession (Cost, Sales Comparison and Income) was given consideration in the appraisal. Following is a brief discussion of each approach and the value yielded by both buildings and then a total.

Final Conclusion Summary
The Cost Approach and Income Approach were not applicable because the subject property is vacant land. The Sales Comparison Approach was used to value the land only. Therefore, based on the preceding analysis, it is my opinion the "As Is" Market Value of the Fee Simple Estate of the subject property on the effective date of the appraisal, February 15, 2019, is:

<table>
<thead>
<tr>
<th>Appraisal Premise</th>
<th>Interest Appraised</th>
<th>Date of Value</th>
<th>Value Conclusion</th>
</tr>
</thead>
<tbody>
<tr>
<td>Market Value &quot;As Is&quot;</td>
<td>Fee Simple Estate</td>
<td>February 15, 2019</td>
<td>$1,240,000</td>
</tr>
</tbody>
</table>

Exposure Time/Marketing Time
Assuming adequate exposure and normal marketing efforts, the estimated exposure time (i.e. the length of time the subject property would have been exposed for sale in the market had it sold at the market value concluded to in this analysis as of the date of this valuation) would have been within twelve months; the estimated marketing time (i.e. the amount of time it would probably take to sell the subject property if exposed in the market beginning on the date of this valuation) is estimated to be within twelve months.
ADDENDA
**Owner and Property Information**

| Owner Name & Mailing Address: | NFA HETTIG INC  
5325 KATY FRWY UNIT 1  
HOUSTON TX 77007-2287 |
|--------------------------------|--------------------------------------------------|
| Legal Description: | RES A BLK 1 (DETENTION/DRAINAGE)  
INWOOD PARK VILLAGE |
| Property Address: | 0 W GULF BANK RD  
HOUSTON TX 77088 |

<table>
<thead>
<tr>
<th>State Class Code</th>
<th>Land Use Code</th>
<th>Land Area</th>
<th>Total Living Area</th>
<th>Neighborhood</th>
<th>Neighborhood Group</th>
<th>Market Area</th>
<th>Map Facet</th>
<th>Key Map®</th>
</tr>
</thead>
<tbody>
<tr>
<td>C1 -- Real, Vacant Lots/Tracts (In City)</td>
<td>2004 -- Res Open Space/Retention Land</td>
<td>123,874 SF</td>
<td>0 SF</td>
<td>784.02</td>
<td>9012</td>
<td>282 -- ISD 09 - Outside Airport Tiers, West of I-45</td>
<td>5162B</td>
<td>411R</td>
</tr>
</tbody>
</table>

**Value Status Information**

<table>
<thead>
<tr>
<th>Value Status</th>
<th>Shared CAD</th>
</tr>
</thead>
<tbody>
<tr>
<td>All Values Pending</td>
<td>No</td>
</tr>
</tbody>
</table>

**Exemptions and Jurisdictions**

<table>
<thead>
<tr>
<th>Exemption Type</th>
<th>Districts</th>
<th>Jurisdictions</th>
<th>Exemption Value</th>
<th>ARB Status</th>
<th>2018 Rate</th>
<th>2019 Rate</th>
</tr>
</thead>
<tbody>
<tr>
<td>None</td>
<td>009</td>
<td>ALDINE ISD</td>
<td>Pending</td>
<td>Pending</td>
<td>1.435888</td>
<td></td>
</tr>
<tr>
<td></td>
<td>040</td>
<td>HARRIS COUNTY</td>
<td>Pending</td>
<td>Pending</td>
<td>0.418580</td>
<td></td>
</tr>
<tr>
<td></td>
<td>041</td>
<td>HARRIS CO FLOOD CNTRL</td>
<td>Pending</td>
<td>Pending</td>
<td>0.028770</td>
<td></td>
</tr>
<tr>
<td></td>
<td>042</td>
<td>PORT OF HOUSTON AUTHY</td>
<td>Pending</td>
<td>Pending</td>
<td>0.011550</td>
<td></td>
</tr>
<tr>
<td></td>
<td>043</td>
<td>HARRIS CO HOSP DIST</td>
<td>Pending</td>
<td>Pending</td>
<td>0.171080</td>
<td></td>
</tr>
<tr>
<td></td>
<td>044</td>
<td>HARRIS CO EDUC DEPT</td>
<td>Pending</td>
<td>Pending</td>
<td>0.005190</td>
<td></td>
</tr>
<tr>
<td></td>
<td>045</td>
<td>LONE STAR COLLEGE SYS</td>
<td>Pending</td>
<td>Pending</td>
<td>0.107800</td>
<td></td>
</tr>
<tr>
<td></td>
<td>061</td>
<td>CITY OF HOUSTON</td>
<td>Pending</td>
<td>Pending</td>
<td>0.588310</td>
<td></td>
</tr>
</tbody>
</table>

Texas law prohibits us from displaying residential photographs, sketches, floor plans, or information indicating the age of a property owner on our website. You can inspect this information or get a copy at HCAD's information center at 13013 NW Freeway.

**Valuations**

<table>
<thead>
<tr>
<th></th>
<th>Value as of January 1, 2018</th>
<th>Value as of January 1, 2019</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Market</td>
<td>Appraised</td>
</tr>
<tr>
<td>Land</td>
<td>6,194</td>
<td>Land</td>
</tr>
<tr>
<td>Improvement</td>
<td>0</td>
<td>Improvement</td>
</tr>
<tr>
<td>Total</td>
<td>6,194</td>
<td>6,194</td>
</tr>
</tbody>
</table>

**Land**

<table>
<thead>
<tr>
<th>Line</th>
<th>Description</th>
<th>Site Code</th>
<th>Unit Type</th>
<th>Units</th>
<th>Size Factor</th>
<th>Site Factor</th>
<th>Appr O/R Factor</th>
<th>Appr O/R Reason</th>
<th>Total Adj</th>
<th>Unit Price</th>
<th>Adj Unit Price</th>
<th>Value</th>
</tr>
</thead>
</table>

https://public.hcad.org/records/Print.asp?taxyear=2019&acct=1306150010044&card=1&bld=1

1/2
<table>
<thead>
<tr>
<th>#</th>
<th>Date</th>
<th>Land Description</th>
<th>SF</th>
<th>SF</th>
<th>SF</th>
<th>SF</th>
<th>SF</th>
<th>Building</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>2004</td>
<td>Res Open Space/Retention Land</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>Vacant (No Building Data)</td>
</tr>
</tbody>
</table>

**Building**

Vacant (No Building Data)
PURCHASE AND SALE AGREEMENT

THIS PURCHASE AND SALE AGREEMENT (this "Agreement") is executed to be effective as January 7th, 2019 (the "Effective Date"), by and between VH Acquisitions, LLC., a Texas Limited Liability Company (5325 Katy Freeway, Suite One, Houston, Texas 77007-2257, Attn: Marcy Voller; Telephone: 713.871.0063; email: mvoller@hettig-kahn.com) (together with its successors and/or assigns, "Buyer"); and NFA Hettig, Inc., a Texas Corporation (5325 Katy Freeway, Suite One, Houston, Texas 77007-2257, Attn: Barry Kahn; Telephone: 713.871.0063; email: bkahn@hettig-kahn.com) (collectively, together with their 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, and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, Buyer agrees to purchase from Seller, and Seller agrees to sell to Buyer, that tract of land described on Exhibit A, attached hereto and made a part hereof (the "Land"), together with all of Seller's right, title, and interest in and to any and all of the following related to the Land (a) rights of way, streets, roads, alleys, streets, and/or avenues, open or proposed, abutting the Land, (b) riparian and water rights, (c) air rights, (d) uses, servitudes, licenses, easements, tenements, hereditaments and appurtenances now or hereafter belonging to or benefiting the Land, (e) oil, gas and other minerals lying on or under the Land, (f) buildings, improvements and fixtures located on or under the Land, and all personal property used in connection therewith; and (g) licenses, warranties, and permits (collectively, the "Property")

2. Purchase Price. The purchase price of the Property shall be $1,158,117 (the "Purchase Price"), payable by Buyer at Closing.

3. Title Company.

a. Name and Amount. Platinum Title Partners, L.P. (5325 Katy Freeway, Suite Two Houston, Texas 77007, Attn: Kathleen Martin; Telephone: 832.203.6666; email: kathleen@platinumtitlepartners.com) (the "Title Company") will serve as the title company.

b. INDEPENDENT CONSIDERATION. NOTWITHSTANDING ANYTHING TO THE CONTRARY SET FORTH HEREIN, BUYER SHALL PAY TO SELLER $100.00 AS INDEPENDENT CONSIDERATION, WHICH SHALL BE NON-REFUNDABLE AND RETAINED BY SELLER UNDER ALL CIRCUMSTANCES, FOR AND IN CONSIDERATION OF SELLER'S EXECUTION OF AND PERFORMANCE IN ACCORDANCE WITH THIS AGREEMENT.

4. EARNEST MONEY: Buyer shall deposit $1,000 as Earnest Money with Platinum Title Company, 5325 Katy Freeway, Suite Two, Houston, TX 77007, Attn: Kathleen Martin ("Escrow Agent") within 5 days after the Effective Date of this Contract. Buyer will be making an
application to the Texas Department of Housing and Community Affairs (TDHCA) for a Low Income Housing Tax Credit (LIHTC) allocation in the 2019 round. Buyer shall notify Seller in writing within 5 business days of the written award of a firm LIHTC allocation to Buyer. If Buyer has not terminated this Contract prior to August 31, 2019 as provided in paragraph 7 below, the Earnest Money will become nonrefundable. All Earnest Money shall be deposited in an interest bearing account in a federally insured financial institution chosen by Escrow Agent and any interest shall be credited to Buyer.

The deposit of the Earnest Money within the time and in the manner set forth in the Contract is a condition to the validity of this Contract, and the failure of the Buyer to so deposit the Initial Earnest Money shall render this Contract null, void and of no force and effect, and the failure of Buyer to so deposit the Additional Earnest Money shall be a default hereunder.

5. 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 November 25th, 2019 (as may be extended, the "Closing Date"), in escrow at the offices of the Title Company (or such other manner and/or location mutually acceptable to Buyer and Seller).

(i) Seller shall deliver at Closing: (A) a special warranty deed (the "Deed") conveying good and indefeasible fee simple title in and to the Property to Buyer (or its designee) subject only to the items listed in Schedule B of the Owner's Policy of Title Insurance issued by the Title Company to Buyer in connection with the Closing (the "Permitted Exceptions"); (B) a lien affidavit acceptable to the Title Company; (C) an affidavit of non­foreign status; (D) any other affidavit or document required by the Title Company to delete the so-called standard exceptions to the Title Policy; and (E) 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.

(ii) Buyer shall deliver at Closing: (A) the Purchase Price; and (B) such other documents, instruments, certifications and confirmations as may be reasonably required to fully effect and consummate the transaction contemplated hereby.

b. Prorations. Buyer shall pay all 2019 real estate taxes, personal property taxes and all other assessments related to the Property as of the Closing Date (collectively, the "Taxes"). If any final tax bill is not available at Closing, the Taxes shall be based upon
the latest available tax assessment(s) for the Property. If any of the amounts set forth in the final bill for the Taxes are different than the amounts prorated at Closing, the Taxes shall be re-prorated and the difference shall either be proportionately refunded to Seller or paid by Seller to Buyer, as applicable. Notwithstanding anything to the contrary set forth in this Agreement, Seller shall pay on or before the Closing Date all Taxes for previous tax years and all other preceding periods for which any Taxes are due or payable. This Section 4.b shall survive the Closing and delivery of the Deed.

c. Seller’s Obligations Prior to Closing. At all times until Closing, Seller shall maintain indefeasible fee simple legal title to the Property free and clear of any and all defects, liens, and encumbrances of every kind and nature (other than the Permitted Exceptions and liens and encumbrances that will be released at Closing).

6. Defaults and Remedies.

a. SELLER DEFAULT. IF SELLER FAILS TO PERFORM IN ACCORDANCE WITH THE TERMS OF THIS AGREEMENT, OR OTHERWISE BREACHES ANY OF THE TERMS, COVENANTS, AGREEMENTS, REPRESENTATION OR WARRANTIES CONTAINED IN THIS AGREEMENT, THEN BUYER MAY TERMINATE THIS AGREEMENT BY DELIVERING WRITTEN NOTICE THEREOF TO SELLER.

b. BUYER DEFAULT. IF BUYER FAILS TO PERFORM IN ACCORDANCE WITH THE TERMS OF THIS AGREEMENT, OR OTHERWISE BREACHES ANY OF THE TERMS, COVENANTS OR AGREEMENTS CONTAINED IN THIS AGREEMENT, THEN, AS SELLER’S SOLE AND EXCLUSIVE REMEDY, SELLER MAY TERMINATE THIS AGREEMENT BY DELIVERING WRITTEN NOTICE THEREOF TO BUYER.

7. Seller’s Representations and Warranties. Seller represents and warrants to Buyer that:

a. Title. Seller is the owner of indefeasible fee simple title in and to the Property.

b. Authority; Enforceability. Seller has the capacity and authority to execute this Agreement and perform its obligations under this Agreement. This Agreement constitutes a legal and valid binding obligation of Seller, enforceable against Seller in accordance with its terms. All action necessary to authorize Seller’s execution (and execution by the individual executing this Agreement on behalf of Seller), delivery and performance of this Agreement has been taken and such action has not been rescinded or modified.

c. Foreign Person. Seller is not a "foreign person" as defined in Section 1445 of the Internal Revenue Code of 1986, as amended.

8. 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 or by overnight express courier, postage prepaid, or (iii) sent or electronically (email), 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 electronically. 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. **Assignment; Binding Agreement.** Seller may not assign this Agreement without the written consent of Buyer. Buyer may assign this Agreement or any interest herein without the consent of Seller. This Agreement shall be binding upon and inure to the benefit of the Parties and their respective heirs, legal representatives, successors and assignees. 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.

c. **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 the termination of this Agreement).

d. **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.

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

f. **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 HARRIS COUNTY, TEXAS.

g. **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 that is as similar in terms to such illegal, invalid or unenforceable provision as is possible.

h. **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.

9. **Texas Disclosures.** By its signature to this Agreement, Buyer hereby acknowledges its receipt of the following notices at or before the execution of this Agreement:

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 not 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 the 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 properties 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
IN WITNESS WHEREOF, the Parties have executed this Agreement to be effective as of the Effective Date.

Seller: 
NFA HETTIG, INC.  
a Texas corporation

By: ________________________________
Name: W. Barry Kahn  
Title: President

Buyer: 
VH ACQUISITIONS, LLC  
a Texas limited liability company

By: ________________________________
Name: Marcy Voller  
Title: Manager
FIELD NOTE DESCRIPTION of 17.7865 acres (774,779 square feet) of land, more or less, out of the Phillip Thompson Survey, Abstract No. 768, Harris County, Texas, said 17.7865 acre tract being a part of that certain called 52.6717 acre tract conveyed to Matt Hall Benton, Trustee by deed recorded under Harris County Clerk's File No. E108559 of the Harris County Deed Records, said 17.7865 acre tract being more particularly described by metes and bounds as follows; [bearings referenced to the east line of that certain called 15.92 acre tract recorded under Harris County Clerk's File No. S461383 of the Harris County Deed Records, said east line bearing North 01°14'22" West]:

BEGINNING at a point in the Northerly right-of-way line of West Gulfbank Road (100 feet wide), said point marks the Southeast corner of said called 15.92 acre tract and the Southwest corner of the herein described tract;

THENCE, North 01°14'22" West, along the Easterly line of said called 15.92 acre tract, a distance of 608.98 feet to a 5/8 inch iron rod found for the Northeast corner of said 15.92 acre tract and the Northwest corner of the herein described tract;

THENCE, North 88°45'38" East, along the South line of called 4.483 acre tract conveyed to Harris County Flood Control District (Fee Strip) by deed recorded in Volume 3797, Page 160 of the Harris County Deed Records, a distance of 1966.66 feet to a 5/8 inch iron rod set in the Southwesterly right-of-way line of West Montgomery Road for the Northeasterly corner of the herein described tract;

THENCE, South 01°13'28" West, along a cutback line, a distance of 5.66 feet to a 5/8 inch iron rod set in the Northerly right-of-way line of said west Gulfbank Road for the Southeasterly corner of the herein described tract, said iron rod falling in the arc of a curve to the Right;

THENCE, Westerly, along the Northerly right-of-way line of West Gulfbank Road, with said curve to the Right, having a radius of 1950.00 feet, a central angle of 15°04'11"", an arc length of 512.88 feet and a chord bearing and distance of South 61°59'35" West, 511.40 feet to a 5/8 inch iron rod set for the Point of Tangency;

THENCE, South 69°31'40" West, continuing along the Northerly right-of-way line of West Gulfbank Road, a distance of 790.13 feet to 5/8 inch iron rod set for the Point of Curvature of a curve to the Right;

THENCE, Westerly, along the Northerly right-of-way line of West Gulfbank Road, with said curve to the Right, having a radius of 1950.00 feet, a central angle of 18'48'40", an arc length of 640.22 feet and a chord bearing and distance of South 78°37'03" West, 637.34 feet to a 5/8 inch iron rod set for the Point of Tangency;

Purchase and Sale Agreement – Exhibit A
THENCE, South 88°33'21" West, continuing along the Northerly right-of-way line of West Gulfbank Road, a distance of 136.40 feet to the POINT OF BEGINNING and containing 17.7865 acres (774,779 square feet) of land, more or less.
State Certified Real Estate Appraiser
TX-1333157-G

Work Experience
10/2010-to-Present – Affordable Housing Analyst – I formed the company to assist clients with their appraisal and consulting needs in complex real estate transactions. Although the firm specializes in affordable housing transactions, we have the experience and training to handle all commercial property types.

1/2002-9/2010 – O’Connor & Associates. Staff appraiser and managed marketing and a team of appraisers/analysts in performing assignments relating to affordable housing. Additionally, personally handled a significant portion of the most complex appraisal/consulting assignments.


10/1987-10/1989 – First City, Texas Bank, N.A. Credit Supervisor/Senior Analyst. Responsible for training and supervision of a staff of credit analysts.

Education
MBA (Finance) – Southern Methodist University, Dallas, Texas 1987
BBA (Finance) _University of Oklahoma, Norman, Oklahoma 1976

Appraisal/Business Appraisal Courses
Appraisal Institute – All courses necessary for educational requirement of MAI designation
Institute of Business Appraisal – Mastering Business Appraisal Skills course
HUD MAP certified

Professional Associations:
Designated Member of Appraisal Institute (MAI)
Member of the Texas Affiliation of Affordable Housing Providers

Assignments:
I have appraiser/consulted on a wide variety of commercial properties ranging from over 500 Housing Tax Credit assignments, to a golf course and residential subdivision, to water/sewer utility facilities, to mixed use developments including residential/retail/office/structured parking uses. I have also prepared appraisal and/or market studies for proposed or existing residential subdivisions, hotels, shopping centers, industrial facilities, apartments complexes, and numerous other commercial property types.