

IN THE UNITED STATES DISTRICT COURT  
FOR THE SOUTHERN DISTRICT OF TEXAS  
HOUSTON DIVISION

SECURITIES AND EXCHANGE	§	
COMMISSION,	§	
	§	
<i>Plaintiff,</i>	§	
	§	
vs.	§	
	§	
MAURICIO CHAVEZ, GIORGIO	§	CIVIL ACTION NO. 4:22-CV-03359
BENVENUTO and CryptoFX, LLC,	§	
	§	JUDGE ANDREW S. HANEN
<i>Defendants.</i>	§	
	§	
CBT Group, LLC,	§	
	§	
<i>Relief Defendant.</i>	§	

**RECEIVER’S FOURTH INTERIM STATUS REPORT**

John Lewis, Jr. (“Receiver”), the court-appointed Receiver for Mauricio Chavez (“Chavez”), Giorgio Benvenuto (“Benvenuto”), CryptoFX, LLC (“CryptoFX”) and CBT Group, LLC (“CBT”), pursuant to the Order Appointing Receiver (“Receivership Order”) (Doc. No. 11) files his Fourth Interim Status Report (“Report”), showing the Court as follows:

**I. EXECUTIVE SUMMARY**

1. In the ninety days since the filing of the Third Interim Report, the Receiver and his team have continued to investigate the case, paying particular attention towards assessing and promptly liquidating known assets and the assessing the prospects of efficiently recovering and disposing of additional assets. On August 31, 2023, this Court granted Receiver’s motion to compel additional records of the Receivership finding that the Court “would not allow Defendant Mauricio Chavez to claim a Fifth Amendment privilege over records relating to this case that are property of CryptoFX, LLC”. (Doc. #93). Further, this Court directed Defendants to assist the

Receiver in identifying additional potentially recoverable assets. The Receivership Team is actively building a claims submission process and continues to remain in daily communication with alleged victims and other concerned stakeholders. All of the foregoing continues to involve the review of company records, including Salesforce data; forensic analysis of financial records, including cryptocurrency transactions, and third-party records; analysis of receivership assets and sale of the same, both real and personal property; maintaining and updating the Receiver's website; and monitoring media coverage of this case.

2. It is clear from deposition testimony, interviews with former employees, leaders, investors, and from the company documents, financial records and cryptocurrency records analyzed by BlockTrace, that Defendants were operating a Ponzi scheme, where previous investors were paid with funds collected from newer investors. The Salesforce data obtained by the Receiver shows that CryptoFX raised over \$300 million from over 40,000 investors from around the country.

3. Additionally, while the majority of investments and payments of returns on CryptoFX contracts were made in cash, many investors paid and were paid in cryptocurrency. The current investigation of the available cryptocurrency transactions conducted by BlockTrace, the third party engaged by the Receiver to assist with cryptocurrency transaction tracing, has revealed that even though Defendants raised over \$300 million in investor funds, their profit from cryptocurrency trading was minimal and woefully insufficient to pay the promised 15% monthly returns as well as the commissions and bonuses to sponsors/leaders.

4. In addition to Ponzi payments, commissions and bonuses paid to sponsors, the records further show that investor funds were improperly diverted.

## II. INTRODUCTION

5. The Receiver filed his First Interim Report on November 28, 2022 (Doc. No. 33), his Second Interim Status Report on January 31, 2023 (Doc No. 50), and his Third Interim Status Report on May 1, 2023 (Doc. No. 72). This Fourth Interim Status Report is being submitted in accordance with the Receivership Order ¶¶ 52-53. The Receiver's First, Second and Third Interim Status Reports and the exhibits thereto, are available for all investors on the Receiver's website at <https://cryptofxreceiver.com/case-documents.aspx>. This Report covers the period between July 1, 2023 to September 30, 2023.

6. This Report is based upon the continued investigation of the case conducted by the Receiver and his team, which has included motion practice; sale of receivership assets, both real and personal property; listing of additional personal property for sale; witness deposition and interviews; collection of documents from CryptoFX leaders and former employees; forensic analysis of financial records, including cryptocurrency records; review of CryptoFX documents maintained by the Defendants and obtained from investors, employees, sales agents, and third parties; inspection of Chavez's apartment and other residences; communications with investors; and monitoring of media coverage of this case.

7. This Report includes (a) a general summary of the work completed by the Receiver and his team since the Third Interim Report; (b) cash on hand and estimated accrued expenses as well as a schedule of receipts and disbursements; (c) description of all known receivership property; (d) description of liquidated and unliquidated claims; (f) list of all known creditors; and (g) Receiver's proposed plan for administering the Receivership.

8. The Receiver will provide further quarterly reports as provided for in the Receivership Order. *Id.* at ¶¶ 52-53.

### III. SUMMARY OF RECEIVERSHIP OPERATIONS

9. During the period covered by this Report, the Receiver and his team continued to analyze CryptoFX business documents (both paper and electronically stored) as well as documents produced by CryptoFX employees, sales agents, cryptocurrency platforms or exchanges, financial institutions, title companies, and other third parties.

10. As stated in the Receiver's First Status Report, the Receiver has uncovered forensic evidence indicating that the Defendants raised over \$300 million from over 40,000 investors from several states. *See* Analysis by Gregory Hays, attached as Exhibit A to Receiver First Interim Report (Doc. No. 33).

11. During the relevant time period, the Receiver has continued to monitor the subpoenas it has issued, responses to same and associated documents, as well as analyzing whether or not further pursuit of such records is warranted. As of the filing of this Report, the Receiver has issued 82 subpoenas.

12. Further, the Receiver previously obtained access to the CryptoFX Salesforce account, a customer management platform used by CryptoFX to record investor data, including amounts invested and paid out to investors. This information is critical in determining the amount of Ponzi payments made to investors and the commissions paid to sponsors.

13. The Receiver avers that the commissions and bonuses paid to all sales agents/sponsors/leaders were unlawfully obtained from investors by means of artifice and fraud. Therefore, sales commissions and bonuses paid to sponsors should be turned over to the Receiver. The Receiver has identified approximately 100 key sales agents/leaders for CryptoFX, located primarily in Texas, Illinois, Louisiana, California, and Florida. The Receiver sent demand letters to these individuals, requesting an accounting of all monies received from CryptoFX in the form

of commissions, bonuses, and Ponzi payments so the Receiver could prepare an IRS W9 form, as well as a return of all CryptoFX documents and assets, including cash in their possession. Several leaders have responded to the Receiver's demand letter and turned over documents in their possession, including CryptoFX accounting spreadsheets used by them to record new contracts, payments to sponsors, payments to earlier investors, and the balance sent to CryptoFX's main office in Houston.

14. Requests for production of documents and information have also been sent to all known CryptoFX and CBT employees, several of whom have sent documents in their possession and agreed to interviews with the Receiver's counsel. Receiver is currently evaluating how best to follow up with non-cooperative former CryptoFX and CBT employees continuing to pursue receivership assets while balancing his obligation to be a good steward of receivership funds in his possession and control.

15. The Receiver was informed by investors that certain CryptoFX leaders were continuing to communicate with investors on behalf of CryptoFX, promising payments on investor contracts and also misleading investors about filing a complaint with the Receiver and SEC. The Receiver sent cease and desist letters to these leaders.

16. The Receivership Team continues to engage and interact with victims in the community regarding their losses and has tracked over 4,000 inquiries from various individuals to date.

17. In addition to some of the devices seized from the CryptoFX offices,<sup>1</sup> the Receiver has imaged an additional laptop turned over by a former CryptoFX employee. An updated list of the CryptoFX electronic devices the Receiver has seized was included as Exhibit A to its Third

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<sup>1</sup> See List of devices seized by the Receiver from the CryptoFX Blalock office attached as Exhibit C to Receiver's First Interim Report (Doc. No. 33).

Interim Status Report (Doc. No. 72). The Receiver has also obtained the right to access information from the CFX Google Drive where documents and records were stored and Chavez's other electronic devices through the partial granting of its motion to compel.

18. On January 20, 2023, the Receiver filed his Liquidation Plan. (Doc. No. 47).

19. The Receiver had previously retained Mark Dimas Properties, a real estate broker, to assist with the marketing and sale of Receivership real estate assets. During the relevant period, the Receiver has relied on Mark Dimas Properties for the marketing and sale of a property consisting of 25.1320 acres located on Mack Washington Rd., Hempstead, Texas, 77445. This property was purchased by CBT in November 2021 for \$2,050,000.00. However, the independent appraisers employed by the Receiver, MB Lane & Associates, Inc. and Scott Stephens & Associates, appraise the property at \$1,080,000 and \$1,150,000 respectively. *See* attached MB Lane & Associates, Inc. Appraisal Report, attached as **Exhibit A**; Scott Stephens & Associates Appraisal Report attached as **Exhibit B**. The Receiver has entered a contract for the sale of this property, which should net the estate close to \$1,000,000 provided the Court approves of the sale. The Receiver's motion to approval sale of real property is forthcoming.

20. The Receiver employed Webster's Auctions, a professional appraiser/auctioneer, to conduct an inventory of the personal property at Defendant Chavez's residence and the sale of certain receivership personal property. On January 5, 2023, the Receiver, together with undersigned counsel, counsel for Chavez, and Webster Auctions, inspected Chavez's residence. An inventory of the items found at Chavez's residence was prepared by Webster's Auctions. Webster's Auction has liquidated the personal property items and is in the process of preparing an accounting for the Receivership Team.

21. On December 27, 2022, the Receiver filed a Motion to Show Cause why Defendant Mauricio Chavez should not be held in civil contempt for failing to comply with this Court's September 29, 2022 Receivership Order (Doc. No. 27). Chavez filed his Response on January 17, 2023 (Doc. No. 45); the Receiver filed his Reply in support of the Motion on January 27, 2023 (Doc. No. 49); and Chavez filed a Sur-Reply in opposition of the Motion on February 6, 2023 (Doc. No. 51). Additionally, on March 15, 2023, Chavez filed a Motion for Attorney's fees (Doc. No. 61), which the Receiver opposed (Doc. No. 65). Oral argument on the Motion to Show Cause and Chavez's Motion for Attorney's Fees was held on March 23, 2023. The Court denied the Motion to Show cause without prejudice to filing a motion to compel. (Doc. No. 67). The Court granted Chavez's Motion for Attorneys' fees. The Court also allowed the Receiver's first interim fee application. *Id.*

22. Additionally, Chavez, through counsel, served discovery requests on the Receiver, requesting access to all CryptoFX records in the Receiver's possession as well as records received in response to third-party subpoenas. The Receiver has produced all CryptoFX Salesforce data as well as other documents requested by Chavez.

23. Pursuant to the Receivership Order ¶ 56, the Receiver employed BlockTrace, LLC to serve as the Receiver's cryptocurrency consultants in this matter. The Court granted Receiver's Motion to Employ BlockTrace on January 6, 2023. (Doc. No. 43). Beginning in January 2023, BlockTrace began an extensive analysis of all the available cryptocurrency records. Currently, BlockTrace's analysis of these transactions shows that while CryptoFX raised over \$300 million in investor funds, its profit from any cryptocurrency trading was only about \$2.6 million. BlockTrace's investigation of CryptoFX-related cryptocurrency transactions is ongoing and involves over 12,000 cryptocurrency transactions representing over \$130 million. This is a

massive investigation involving over 6,800 cryptocurrency addresses and 70 different types of cryptocurrency. These addresses are cryptocurrency accounts held at different platforms or exchanges by Chavez, CryptoFX leaders, as well CryptoFX investors who received CryptoFX Ponzi payments in cryptocurrency. In its investigation, BlockTrace has also identified cryptocurrency accounts held at foreign exchanges (Binance and Switchain), which are not accessible from the United States and require a Virtual Private Network (VPN) to access. The investigation is further complicated by the fact that some of the accounts identified by BlockTrace are self-custodial accounts (*i.e.* fully managed by the account holder) and for which the cryptocurrency platforms or exchanges are not able to provide any information or transaction data. The Receiver is determining the cost/benefit of pursuing these and the foreign accounts and if the additional tracing will lead to a substantial recovery.

24. The Receiver and his team have continued to maintain and regularly update the Receiver's website (<http://cryptofxreceiver.com/>) with new court filings, media coverage, and other information pertinent to this case. The information, where possible, is provided in both English and Spanish. In addition, the website provides answers to frequently asked questions and access to the complete court docket with no PACER charges. The Receiver and his team are also working with KCC to optimize the website with key words for easier Google search by "investors" and others. The Receivership Team received notice of potential scams by individuals who are contacting victims and misleading the victims into spending more money to recover lost funds. The Receivership Team has included a warning on its website of such scams.

25. The Receiver's team also continues to monitor the Receiver's dedicated email and phone number, both of which are posted on the Receiver's website, for "investors"/victims to



contact the Receiver and his team. As of the filing of this Report, the Receiver's team has received approximately 3,500 calls and emails from investors.

26. Public awareness of this case continues to grow. The Receiver's team continues to monitor the media coverage of this case, and links to news articles discussing this case have been posted on the Receiver's website as well. Currently, there are fourteen links to news articles and TV stories on the Receiver's website.

27. Additional work performed by the Receiver and his team since the filing of the Third Interim Report includes:

- a. Obtaining an order granting the Receiver's Motion to Compel and negotiating the submission of an agreed order for purposes of obtaining additional records from Mr. Chavez.
- b. Liquidation of all known personal property currently in the Receiver's possession by Webster's Auction.
- c. Negotiating the contract for the sale of the Mack Washington Property with an anticipated recovery to the estate of \$1,000,000.
- d. Continuing to review asset list for purposes of determining additional assets to secure efficiently, including the possible expansion of the Receivership estate in order to do so.
- e. Preparing and filing the necessary tax forms for the Receiver Defendants.
- f. Regular interface with various authorities regarding their investigations of the fraudulent conduct that occurred here.
- g. Initiating the steps necessary to open a claims submission process.

28. As a result of these and other activities, the Receiver and his team believe that they have gained a good understanding of the facts and issues that will be most critical to the efficient and effective administration of this Receivership.

#### IV. CASH ON HAND AND ESTIMATED ACCRUED ADMINISTRATIVE EXPENSES

29. On September 30, 2023, the Receivership Estate had the following cash on hand: \$2,639,671.22 deposited in four trust accounts named for each of the Defendants as of the end of the Application Period (September 30, 2023). These funds were received by: (i) taking possession of cash located at the Defendants' office located at 1124 Blalock, Houston, Texas, 77055 (\$53,345.56); (ii) taking possession of safes located at the Defendants' office (\$392,765.37); (iii) taking possession of First Community Credit Union bank accounts owned by Benvenuto (\$451,448.14); (iv) taking possession of Bank of America bank accounts owned by Benvenuto (\$21,325.14); (v) taking possession of a Simmons bank account owned by Benvenuto (\$80,763.55); (vi) taking possession of a Simmons bank account owned by CBT (\$247,916.46); (vii) taking possession of a Regions bank account owned by Chavez (\$781.62); (viii) proceeds from liquidating Coinbase, Inc. account (\$982,924.31); (ix) proceeds from liquidating Blockchain.com account (\$1,161,140.95); (x) taking possession of the balance of a retainer from Burford Perry LLC (\$155,631.00); (xi) taking possession of the balance of retainers from Gerger Hennessy & Martin LLP (\$214,487.50); (xii) taking possession of the balance of retainers from Jones Walker LLP (\$102,228.70); (xiii) taking possession of CryptoFX funds turned over by Defendant Mauricio Chavez (\$55,000); (xiv) proceeds from liquidating real property at 0 Hogan Lane (\$64,758.11); (xv) proceeds from liquidating televisions (\$3,040.00); (xvi) proceeds from liquidation of Exodus Waller (\$86,914.59); (xvii) taking possession of a 2020 Volkswagen Tiguan (\$16,695); (xviii) taking possession of a 2021 Mercedes-Benz GEL AMG (\$63,567.92); and (xix) proceeds from liquidating real property at 28 Lawrence Marshall Drive (\$65,026.82). *See* Schedule of Receipts and Disbursements, attached as **Exhibit C**.

30. All four Receivership trust accounts are held with Flagstar Bank, N.A., a wholly-owned subsidiary of New York Community Bankcorp, Inc. The four trust accounts were previously held with Signature Bank, N.A., which was acquired by Flagstar in March 2023. Flagstar acquired all deposits of Signature Bank. All Receivership deposits are fully insured by the FDIC and the full faith and credit of the U.S. government up to \$250,000 and are fully collateralized and insured by a separate surety bond through the Receiver's banking vendor for any amounts above \$250,000. Additionally, Flagstar continues to be an approved depository by the U.S. Trustee in bankruptcy cases.

31. Other Assets: In addition to the cash on hand listed above, the Receiver has on hand the following assets listed below. *See also* List of Receivership Liquidated and Unliquidated Assets, attached as **Exhibit D**.

<b>Asset</b>	<b>Estimated Amount/Value</b>
2022 BMW X6 M50i	\$30,000
Various Laptops and desktop computers	\$5,000
Real Property: Mack Washington, Hempstead, TX	\$1,080,000

32. It is the Receiver's plan to prudently market real estate and other assets of the Receivership for the highest prices obtainable. The Court approved the Receiver's Motions to Approve the Sale of real property located at 0 Hogan Lane and 28 Lawrence Marshall Dr. (Doc. Nos. 57, 62). The estate netted \$64,758.11 from the sale of Hogan Lane. The Receiver expects the sale of the Lawrence Dr. property to net a similar amount. (The lots are of a similar size and condition). Additionally, the Court granted the Receiver's Motion to approve the sale of personal property relating to Chavez's 2020 Volkswagen Tiguan, (Doc. No. 67) as well as the sale of Chavez's Mercedes and BMW (Doc. No. 70). The BMW was financed through Santander Consumer USA and has a current payoff amount of approximately \$37,000. The Receiver

anticipates to net approximately \$30,000 from the sale of the BMW and approximately \$60,000 from the sale of the Mercedes.

33. The Receiver is continuing his investigation to locate additional assets of the Receivership Estate and will develop a distribution plan, subject to the Court's approval.

34. During the relevant period covered by this Report, the Receivership Estate has incurred administrative expenses in the amount of \$23,623.19 as a result of the efforts to marshal and preserve the assets of the Receivership. Of these expenses, \$23,294.14 were advanced by SHB, which constitutes a \$20,634.60 reduction from the \$43,928.74 actually incurred by SHB. Pugh Accardo incurred \$.30, and Hays and \$328.75 in administrative expenses during the relevant period.

35. The Receiver and the professionals working with him are well aware that the fees and expenses associated with the administration of the Receivership are paid from the assets of the Receivership Estate. The goal of all involved professionals is to conclude this Receivership as quickly and efficiently as can be reasonably accomplished thereby maximizing recovery to victims.

36. For the period July 1, 2023 to September 30, 2023, the unbilled professional fees incurred are as follows: \$15,435.00 John Lewis, Jr.; \$65,900.54 Shook, Hardy & Bacon L.L.P. ("SHB"); \$30,857.40 Hays Financial Consulting, LLC. The Receiver's professional fees listed above have been reduced by \$4,305.00. Further, SHB's fees have been reduced by \$3,145.00.

37. As provided for in the Receivership Order, the Receiver and the professionals working with him will apply to the Court for approval to pay professional fees and expenses.

## V. SCHEDULE OF RECEIPTS AND DISBURSEMENTS

38. As of the filing of this Report, no disbursements to “investors”/victims or creditors have taken place. For a more detailed description of Receivership receipts, *see supra*, Section IV, ¶ 33.

## VI. DESCRIPTION OF ALL KNOWN RECEIVERSHIP PROPERTY

39. At this preliminary stage, the Receiver estimates a total of \$ 9,464,511 in known liquidated and unliquidated Receivership assets. For a more detailed description of currently known Receivership property and corresponding approximate value, *see supra*, Section IV, ¶¶ 33, 35-36.

40. It is the Receiver’s plan to prudently market and sell the real estate and other assets of the Receivership for the highest prices obtainable. All sales of real estate must be approved by the Court, following a motion to the Court and hearing, if necessary. *See* Receiver’s Liquidation Plan (Doc. No. 47).

41. The Receiver and his team’s investigation is continuing; however, the investigation shows additional Receivership property held by third parties. The Receiver plans to seek a turnover of all of these assets and also move for the expansion of the Receivership Order to include other persons and/or entities known to hold Receivership assets.

42. Depending on the equity in each of the properties, appropriate action will be taken to either sell, hold, donate, or abandon properties in order to maximize the return of cash to the estate. It is too early to tell at this time what price the assets will sell for, the relative costs associated with the sales, or the potential recovery benefit to the Receivership estate.

## **VII. DESCRIPTION OF LIQUIDATED AND UNLIQUIDATED CLAIMS**

43. This Ponzi scheme was primarily a cash-based scheme, and it is going to require significant resources to unravel the claims of the Receivership estate. A review of the available records indicates that the majority of the investments were paid in cash.

44. The Receiver will have substantial claims for bonuses and commissions for a large number of third parties and is evaluating collectability from these parties. The Receiver team continues to research additional claims against third parties.

## **VIII. LIST OF ALL KNOWN CREDITORS**

45. At this preliminary stage, the only known commercial creditor is BZO Custom Wheels, LLC, the landlord of the CryptoFX's offices on Blalock ("Landlord"). Landlord has an unliquidated claim for approximately \$20,239.18 against the Receivership estate, which includes rent and utility bills. The Receiver and his team negotiated the sale of certain Receivership personal property at Blalock to set off Landlord's claim, bringing the final settlement amount to \$17,209.18. The Receiver's team also negotiated and the Landlord agreed to terminate the lease on October 31, 2022, although the Receiver vacated the premises of the Blalock office on December 7, 2022.

46. The Receiver is not aware of other commercial creditors at this stage.

## **IX. RECEIVER'S PROPOSED PLAN FOR ADMINISTERING THE RECEIVERSHIP**

47. The Receiver recommends the continuation of the Receivership.

48. The Receiver's key focus for the next 90 days will be on the following tasks:

- Review CryptoFX records obtained following the Court's granting of the Receiver's motion to compel against Chavez August 31, 2023.
- Review documents continuously collected from CryptoFX employees, sponsors, and other third parties.
- Review data and documents from Salesforce recently obtained.
- Trace funds to locate additional assets.

- Determine commissions paid and if those will be pursued.
- Develop electronic claim form for investors.
- Establish claims submission and claims allowance processes.
- Continue working with realtors and appraisers to sell the real properties.
- Determine resale value of personal property and the appropriate method of sale in order to maximize the benefit to the Receivership estate.
- Continue communications with sales agents and “investors” and/or their counsel.
- Depose or interview additional CryptoFX and CBT employees and sales agents as needed.
- File motions for turnover of Receivership assets.
- Continue efforts to identify additional relevant cryptocurrency wallets and trace distributions through cryptocurrency if the recovery of funds appears to be substantial.
- Investigate issues on the purchase of hundreds of thousands of dollars of Money Orders.
- Coordinate as necessary with government agencies.
- File all necessary tax returns.

49. In addition, the Receiver and his counsel will continue to determine whether there are claims against third parties that could result in meaningful recovery to the Receivership Estate.

50. The Receiver will file a motion to expand the Receivership estate to include individuals and entities that hold Receivership assets and/or funds.

51. Further, the Receiver and his team will continue to conduct a factual and legal analysis of issues that could affect whether tracing should be applied to certain investments. Based on the information and documents reviewed to date with an estimated 40,000 investors and over \$300 million in investments, the majority of which is in cash, some payments in cryptocurrency, and others in money orders, a complete tracing of investments may not be possible and/or practicable.

52. In addition to analyzing the sources and uses of cash, the Receiver and his team will continue to analyze transactions through the Defendants’ cryptocurrency and bank accounts. The Receiver is in possession of transaction reports from Coinbase, Blockchain.com, Binance,

Exodus, and Block, Inc., which appear to be the primary cryptocurrency platforms used by the Defendants and leaders, as well as the Defendants' bank account records.

53. To date, the Receiver has not located a set of books and records that tracked CryptoFX's cash, banking, investments and investor activity. Upon information and belief, Receiver is not convinced that any such books and records exist. Instead, the transactions are scattered among various reports, which must be analyzed by the Receiver's team and compiled to complete the Receiver's analysis. If the Receiver is unable to locate a set of books or transaction ledgers, the funds tracing analysis may be a lengthy manual process.

54. At this early stage, it is difficult to predict how long it will take for the Receiver to complete his work. As the Receivership moves forward, the Receiver and his team will continue their efforts to most efficiently recover and realize the value of assets for the benefit of the Receivership Estate while simultaneously continuing to position the case for claims and closing procedures.

Dated: October 31, 2023

Respectfully submitted,

SHOOK, HARDY & BACON L.L.P.

By: /s/ Poston E. Pritchett

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*Counsel for John Lewis, Jr.  
Court-Appointed Receiver*

**CERTIFICATE OF SERVICE**

I hereby certify that on this 31st day of October, 2023, the above and foregoing document was filed electronically through the CM/ECF system, which sent notification of such filing to all known counsel of record, addressed as follows:

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*/s/ Poston E. Pritchett* \_\_\_\_\_

**EXHIBIT A**

**APPRAISAL MBLANE**

**AN APPRAISAL OF**

Mack Washington Road Land,  
located at 23000 Block of Mack Washington Road,  
Hempstead, Waller County, TX 77445  
File #: 230310011



**PREPARED FOR:**

Shook, Hardy, & Bacon, L.L.P.  
600 Travis Street, Suite 3400  
Houston, TX 77002

Date of Value "As Is": April 12, 2023

Date of Report: April 18, 2023

**BY**

MB LANE & ASSOCIATES, INC.  
8990 Hempstead Highway, Suite 102  
Houston, Texas 77008  
(File No. 23061)

# MBLANE & ASSOCIATES

8990 Hempstead Highway, Suite 102 • Houston, TX 77008 • Office: 713.863.1414 • Website: mblane.com

April 18, 2023

Shook, Hardy, & Bacon, L.L.P.  
600 Travis Street, Suite 3400  
Houston, TX 77002

Reference: ***Mack Washington Road Land:*** A appraisal of vacant land totaling 25.1320 acres (1,094,750 square feet). The subject property is located along the south line of Mack Washington Road, north of FM 1488, in the 23000 Block of Mack Washington Road, Hempstead, Waller County, TX 77445. File #:230310011

To Whom It May Concern:

In compliance with your request, we visited the above-referenced property, and appraised it as of April 12, 2023, which is the date of our physical viewing of the subject property. The purpose of this report is to provide an opinion of the Market Value of the Fee Simple Estate of the above referenced property. This is an appraisal report as defined by USPAP.

The property rights appraised in this report is the Fee Simple Estate. The persons involved in preparing this appraisal report are Michael B. Lane, MAI and Gary Jones. We are providing a value opinion based upon a one year exposure period. Please review our “Contingent and Limiting Conditions”, as our value is subject to these provisions.

Market Value, as further defined in this report, is 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 knowledgeable, and assuming the price is not affected by undue stimulus.

According to the client, the subject property has been seized by the federal government for fraudulent activity. The client requested that the entire site be viewed to determine if there were any structures or improvements on the subject property. Gary Jones met Mr. Kelsey Morris, who is a realtor and the property contact provided by the client, at the subject property on April 12, 2023 at 10:00am. Mr. Morris and Gary Jones physically drove the entire property, and the only improvements observed was a water well at the northeast corner of the subject tract. There was a wildlife watering station and a turkey feeder as well, but these are considered to be personal property. The subject is essentially unimproved vacant land.

We have prepared an appraisal report and have utilized the sales comparison approach to value the subject site “As Is”. Prior to accepting this assignment, the appraisers concluded that they have the necessary experience and/or knowledge to competently complete the appraisal, and during the preparation of the appraisal, the appraisers have not discovered any areas in the assignment requiring appraisal expertise in which we were lacking.

Shook, Hardy, & Bacon, L.L.P.

April 18, 2023

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The above statements of appraiser competency applies to knowledge and/or experience for the real estate appraisal discipline and not other areas of trades, professions or disciplines such as engineering, surveying, law, etc.

Our property inspection did not reveal, nor did we observe, or are we aware of any natural, cultural, recreational, environmental, or scientific value influences affecting the subject property. Additionally, we have not made a specific Americans with Disabilities Act (ADA) compliance survey and analysis of this property to determine whether or not it is in conformity with the various detailed requirements of the ADA. The value estimate is predicated on the assumption that no such influences are present that would affect our value conclusions. We have no expertise in these fields and no responsibility is assumed for any such conditions or for any expertise, engineering or other special knowledge required to discover them. Such studies are required before these values can be relied on by readers of this report.

To the best of our understanding this report conforms to the provisions of FIRREA, as well as the Uniform Standards of Professional Appraisal Practice adopted by the Appraisal Standards Board of the Appraisal Foundation.

Based on the physical characteristics of the property, as well as the current market conditions, it is the appraiser's opinion that the market value of the subject property is based on a 12 month exposure period. Our opinion of the Market Value of the Fee Simple Estate of the subject property "As Is", as of the effective date of April 12, 2023 is as follows:

**ONE MILLION EIGHTY THOUSAND DOLLARS**  
**\$1,080,000**

*There are no hypothetical conditions or extraordinary assumption for this appraisal.*

Your attention is now directed to the following report which contains the data and analysis used in our final value opinion. If after reviewing this report, you have any questions, please do not hesitate to contact this office.

Yours truly,



---

Michael B. Lane, MAI  
TX-1322609-G, Expires 9/30/2023  
Telephone: 713-863-1414, ext. 1  
email: [michael@mblane.com](mailto:michael@mblane.com)



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Gary Jones  
TX-1327865-T, Expires 10/31/2024  
Telephone: 713-863-1414  
email: [gary@mblane.com](mailto:gary@mblane.com)

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**CERTIFICATION**

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

- (1) The statements of facts contained in this report are true and correct.
- (2) The reported analyses, opinions, and conclusions are limited only by the reported assumptions and limiting conditions, and are our personal, impartial, and unbiased professional analyses, opinions, and conclusions.
- (3) We have no present or prospective interest in the property that is the subject of this report, and no personal interest with respect to the parties involved.
- (4) We have no bias with respect to the property that is the subject of this report or the parties involved with this assignment.
- (5) Our compensation for completing this assignment is not contingent upon the development or reporting of a predetermined value or direction in value that favors the cause of the client, the amount of the value opinion, the attainment of a stipulated result, or the occurrence of a subsequent event directly related to the intended use of this appraisal.
- (6) Our engagement in this assignment was not contingent upon developing or reporting predetermined results.
- (7) Our analyses, opinions, or conclusions were developed, and this report has been prepared, in conformity with the Uniform Standards of Professional Appraisal Practice and the Code of the Professional Ethics of the Appraisal Institute.
- (8) This report is subject to the requirements of the Appraisal Institute relating to review by its duly authorized representatives.
- (9) Gary Jones has made a personal site visit to the property that is the subject of this report. Michael B. Lane, MAI, has not visited the subject property.
- (10) No one provided significant real property appraisal assistance to the persons signing this report.
- (11) As of the date of this report, Michael B. Lane, MAI, has completed the requirements of the continuing education program of the Appraisal Institute.
- (12) As of the date of this report, Michael B. Lane, MAI is a Texas State Certified General Real Estate Appraiser, and Gary Jones is an Appraiser Trainee authorized by the State of Texas and has assisted Mr. Lane on properties similar to the subject property.



**CERTIFICATION (CONTINUED)**

- (13) This appraisal assignment was **NOT** based on a requested minimum value, a specified valuation, or the approval of a loan.
- (14) Michael B. Lane and Gary Jones have not performed any valuation services, as an appraiser or in any other capacity, for the same client nor other clients, regarding the property that is the subject of this report within the three-year period immediately preceding acceptance of this assignment.
- (15) The “As Is” market value of the Fee Simple Estate of the subject property, as of April 12, 2023, is as follows:

**\$1,080,000**

*There are no hypothetical conditions or extraordinary assumption for this appraisal.*



---

Michael B. Lane, MAI  
TX-1322609-G, Expires 9/30/2023  
Telephone: 713-863-1414, ext. 1  
email: [michael@mblane.com](mailto:michael@mblane.com)



---

Gary Jones  
TX-1327865-T, Expires 10/31/2024  
Telephone: 713-863-1414  
email: [gary@mblane.com](mailto:gary@mblane.com)

**SUMMARY OF SALIENT FACTS AND CONCLUSIONS**

<b>Identification</b>	Mack Washington Road Land.
<b>Client:</b>	Shook, Hardy, & Bacon, L.L.P.
<b>File Number:</b>	230310011
<b>Location</b>	The subject property is located along the south line of Mack Washington Road, north of FM 1488. The subject property is located in the 23000 Block of Mack Washington Road, Hempstead, Waller County, TX 77445.
<b>Purpose of the Appraisal</b>	The purpose of this appraisal is to provide an opinion of the “As Is” market value of the herein legally described property.
<b>Property Right Appraised</b>	Fee Simple Estate.
<b>Land Size</b>	25.1320 acres (±1,094,750 square feet).
<b>Improvements</b>	According to the client, the subject property has been seized by the federal government for fraudulent activity. The client requested that the entire site be viewed to determine if there were any structures or improvements on the subject property. Gary Jones met Mr. Kelsey Morris, who is a realtor and the property contact provided by the client, at the subject property on April 12, 2023 at 10:00am. Mr. Morris and Gary Jones physically drove the entire property, and the only improvements observed was a water well at the northeast corner of the subject tract. There was a wildlife watering station and a turkey feeder as well, but these are considered to be personal property. The subject is essentially unimproved vacant land.
<b>Highest and Best Use</b> As Vacant:	Agricultural/Residential use.
<b>Zoning</b>	AR - Agricultural/Residential District.
<b>Utilities:</b>	There was a private water well observed at the time of the site visit. It is unknown if there is a septic system.
<b>Flood Plain</b>	According to the FEMA Flood Insurance Map 48437C0135F, published for Waller County and dated May 16, 2019, the subject property appears to be located Flood Zone X, which

**SUMMARY OF SALIENT FACTS AND CONCLUSIONS - CONTINUED**

is an area determined to be outside the 0.2% annual chance flood (outside the 500-year flood plain). This determination is made by graphic plotting only, and is not guaranteed. We recommend that a surveyor determine precise flood plain status for the subject site. A copy of a portion of the flood map is included in the addenda section of this report.

**OPINIONS OF VALUE:**

**Land Value: \$1,080,000**

**Market Value "As Is": \$1,080,000**

Exposure Period: 12 Months  
Marketing Period: 12 Months  
Effective Date: April 12, 2023  
Date of Report: April 18, 2023

*There are no hypothetical conditions or extraordinary assumption for this appraisal.*

**CONTINGENT AND LIMITING CONDITIONS**

This appraisal is subject to the following limiting conditions.

The legal description furnished to us is assumed to be correct. We assume no responsibility for matters legal in character, nor do we render any opinion as to the title, which is assumed to be good. Any existing liens and encumbrances have been disregarded and the property appraised as though free and clear under responsible ownership and competent management, unless otherwise indicated.

We have made no survey and assume no responsibility in connection with such matters. We believe the information in this report furnished by others to be reliable, but we assume no responsibility for its accuracy. This includes, but is not limited to, information obtained in regard to flood plains, wetlands, geological fault lines, sufficiency of public utilities, and land or surface subsidence. The construction and condition of the improvements mentioned in the body of this report is based on observation and no engineering study has been made, unless previously noted, which would discover latent defects. No certification as to construction or any of the physical aspects could be given unless a proper engineering study were made.

No fault line, flood plain, or subsidence study has been made by the appraisal firm and could be under taken only by a qualified engineering firm.

The distribution of the total valuation between land and improvements in this report applies only under the existing program of utilization. The separate valuations for land and improvements must not be used in conjunction with any other appraisal, and are invalid if so used.

We are not required to give testimony or attendance in court by reason of this appraisal with reference to the property in question, unless arrangements have been made previously.

Possession of this report or a copy thereof does not carry with it the right of publication. It may not be used for any purpose by anyone other than the addressee without the previous written consent of the appraiser.

Neither all, nor any part of the contents of this report shall be conveyed to the public through advertising, public relations, news, sales or other media, without the consent and approval of the author, particularly as to valuation conclusions, and identity of the appraiser or firm with which he/she is connected, or any reference to the Appraisal Institute, or the MAI designation.

This report is written in conformity with the professional standards of practice and code of ethics of the Appraisal Institute, the Uniform Standards of Professional Appraisal Practice and the rules of the Texas Real Estate Commission.

Unless otherwise stated in this report, the existence of hazardous substances, including without limitation asbestos, polychlorinated biphenyls, petroleum leakage, or agricultural chemicals, which may or may not be present on the property, or other environmental conditions, were not called to the attention of nor did the appraiser become aware of such during the appraiser's inspection. The appraiser has no knowledge of the existence of such materials on or in the property unless otherwise stated. The appraiser, however, is not qualified to test such substances or conditions. If the presence of such substances, such as asbestos, urea formaldehyde foam insulation, or other hazardous

**CONTINGENT AND LIMITING CONDITIONS - CONTINUED**

substances or environmental conditions, may affect the value of the property, the value estimated is predicated on the assumption that there is no such condition on or in the property or in such proximity thereto that it would cause a loss in value. No responsibility is assumed for any such conditions, nor for any expertise or engineering knowledge required to discover them.

The appraiser represents that he/she is not an expert to appraise insulation or other products banned by the Consumer Products Safety Commission which might render the property more or less valuable. In connection with this appraisal, the appraiser has not inspected or tested for, nor taken into consideration in any respect the presence or absence of insulation or other said products increase or decrease in the value of the property from the value placed thereon by the opinion of the appraiser.

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

It is understood that this assignment and the payment of our fee is not dependent or contingent upon any loan commitment, sale, trial outcome, receipts of funds by you, or any other condition or contingency.

The liability of MB Lane and Associates, Inc., its owner and staff, is limited to the Client only and to the amount of the fee actually paid for the services rendered, as liquidated damages, if any related dispute arises. Further, there is no accountability, obligation, or liability to any third party. If this report is placed in the hands of anyone other than Client, the Client shall make such party aware of all limiting conditions and assumptions of the assignment and related discussions. The Appraiser is in no way to be responsible for any costs incurred to discover or correct any deficiencies of any type present in the property; physically, financially, and/or legally. Client also agrees that in case of lawsuit (brought by lender, partner or part owner in any form of ownership, tenant or any party), Client will hold Appraiser(s) completely harmless from and against any liability, loss, cost or expense incurred or suffered by Appraiser(s) in any such action, regardless of its outcome.

“These reports may be relied upon by the CLIENT, in determining whether to make a loan evidenced by a note (“the Property Note”) which is further secured by the Property. These reports may be relied upon by the purchaser or assignee of the Property Note in determining whether to acquire the Property Note or Interest therein. In addition, these reports may be relied upon by any rating agency involved in rating the securities secured by, or representing an Interest in, the Property Note. These reports may be used in connection with materials offering for sale the Property Note, or an interest in the Property Note, and in presentations to any rating agency. With respect to the foregoing, these reports speak only as of the Origination date of these reports unless specifically updated through a supplemental report.”

**INTRODUCTION**

## SCOPE OF WORK

**Extent To Which The Property Was Identified** We were not provided with a survey of the subject site. In lieu of this, we relied upon the Waller County Appraisal District records for the identification of the subject site. We have assumed this information to be accurate and reliable.

**Extent To Which Tangible Property Was Visited** In preparing this appraisal, we visited the subject property and viewed the site as vacant land. According to the client, the subject property has been seized by the federal government for fraudulent activity. The client requested that the entire site be viewed to determine if there were any structures or improvements on the subject property. Gary Jones met the property contact, Mr. Kelsey Morris, at the subject property on April 12, 2023 at 10:00am. Mr. Morris and Gary Jones physically drove the entire property, and the only improvements observed was a water well at the northeast corner of the subject tract. There was a wildlife watering station and a turkey feeder as well, but these are considered to be personal property. The subject is unimproved vacant land

We drove the immediate and general market areas. We visited the subject property in order to develop impressions of physical characteristics based on visual observations of apparent, not unapparent conditions. We are not engineers and are not qualified to the presence of wetlands and the like.

We are not qualified to detect or identify hazardous substances, which may, or may not, be present on, in, or near the subject property. The presence of hazardous materials may negatively affect market value. We have no reason to suspect the presence of hazardous substances, and we valued the subject **assuming that none are present**. No responsibility is assumed for any such conditions or for any expertise or engineering services of specialists for the purpose of conducting inspections, engineering studies, or environmental audits. While we refer to FEMA flood maps, we are not surveyors and not qualified to make flood plain determinations, and we recommend that a qualified party be consulted before any investment decision is made.

**The Type And Extent Of Data Researched** We conducted a search for sales of similar land tracts in the immediate area. Our data sources were our own internal files, the LoopNet and Costar data services. Our search for data concentrated on the subject's immediate market area, but because of the lack of sales, was expanded to include the entire Greater Houston Metropolitan market area. Our search for data extended back three years. We supplemented these sources with information from knowledgeable brokers, particularly those with listings in the immediate area.

Texas is a non-disclosure state. It is important that the intended users of this appraisal understand that in Texas, there is no legal requirement for grantors or grantees to disclose any information relative to a transfer of real property, other than the recording of the deed itself. In Texas, the deed contains no information about the transaction, including the purchase price. As a result, no data source provides absolute coverage of all transactions. It is possible that there are sales of which we are unaware. Our data sources provide all the data typically available to appraisers in the normal course of business.

## **SCOPE OF WORK - CONTINUED**

**The Type And Extent Of Analysis Applied** The value set forth herein this appraisal report was determined after application and analysis by the Sales Comparison Approach - Land. Given the subject is vacant land, we feel this approach is the only approach applicable to this assignment.

**Significant Real Property Appraisal Assistance Provided** No one provided significant real property appraisal assistance to the persons signing this report.

**General** This Appraisal Report has been prepared under Standards Rule 2-2(a) of an appraisal performed under Standards Rule 1 of the Uniform Standards of Professional Appraisal Practice (USPAP). The level of reporting in this appraisal report is considered to be between the minimum level and the maximum level. It has been our intention to prepare this appraisal in conformity with the Uniform Standards of Professional Appraisal Practice (USPAP) of the Appraisal Foundation, and the Code of Ethics and the Standards of Professional Practice of the Appraisal Institute. Engineering studies, ADA determinations, surveys, title reports, flood plain determinations, and environmental audits are *beyond* the scope of work of this appraisal.

**Purpose, Intended Use, and Users of the Appraisal** The purpose of this appraisal is to provide an opinion as to the “As Is” Market Value of the herein legally described property. It is our understanding that the client intends to use this appraisal report for asset valuation purposes. The client also represents that the report will be used only representatives of Shook, Hardy, & Bacon, L.L.P. for the purposes set forth above.

**Fee Simple Estate** Fee simple estate is defined by the Appraisal Institute *The Dictionary of Real Estate Appraisal*, 7<sup>th</sup> Edition, copyright 2022, page 73, as being:

*“Absolute ownership unencumbered by any other interest or estate, subject only to the limitations imposed by the governmental powers of taxation, eminent domain, police power and escheat.”*

**Leased Fee Estate** Leased Fee Estate is defined by the Appraisal Institute *The Dictionary of Real Estate Appraisal*, 7<sup>th</sup> Edition, copyright 2022, page 105, as being:

*“An ownership interest held by the lessor, which includes the right to receive the contract rent specified in the lease plus the reversionary right when the lease expires.”*

**Property Rights Appraised** The property rights being appraised in this report consist of the Fee Simple Estate of the subject property.

**Date of the Appraisal Report** The preparation of this appraisal report was completed on April 18, 2023.

**Effective Date of the Appraisal** The descriptions, analyses, and conclusions of this report for the subject property are applicable as of the effective date of April 12, 2023.



## **SCOPE OF WORK - CONTINUED**

**Competency Statement.** Prior to accepting this assignment, the appraisers concluded that they have the necessary experience and/or knowledge to competently complete the appraisal, and during the preparation of the appraisal, the appraisers have not discovered any areas in the assignment requiring appraisal expertise which they were lacking.

**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 knowledgeable, 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.”*

**Market Rent** Market Rent is defined by the Appraisal Institute *The Dictionary of Real Estate Appraisal*, 7<sup>th</sup> Edition, copyright 2022, pages 116 and 117, as:

*“The most probable rent that a property should bring in a competitive and open market under all conditions requisite to a fair lease transaction, the lessee and lessor each acting prudently and knowledgeably, and assuming the rent is not affected by undue stimulus. Implicit in this definition is the execution of a lease as of a specified date under conditions whereby:*

- Lessee and lessor are typically motivated;*
- Both parties are well informed or well advised, and acting in what they consider their best interests;*
- Payment is made in terms of cash or in terms of financial arrangements comparable thereto; and*
- The rent reflects specified terms and conditions typically found in that market, such as permitted uses, use restrictions, expense obligations, duration, concessions, rental adjustments and revaluations, renewal and purchase options, frequency of payments (annual, monthly, etc.), and tenant improvements (Tis).”*

**SCOPE OF WORK - CONTINUED**

**Estimate of Exposure Time** Exposure time may be defined as "the estimated length of time the property interest being appraised would have been offered on the market prior to the hypothetical consummation of a sale at market value on the effective date of the appraisal." Our value opinion is based upon a one year exposure period which is supported by the improved sale items included herein as well as discussions with a number of professionals involved in marketing and selling similar properties.

**FACTUAL DESCRIPTIONS OF THE PROPERTY**

### **IDENTIFICATION OF THE PROPERTY**

The subject property is located along the south line of Mack Washington Road, north of FM 1488. The subject property is located in the 23000 Block of Mack Washington Road, Hempstead, Waller County, TX 77445. Please see the Waller County Tax Record in the addenda for the legal description of the subject property.

### **PROPERTY HISTORY**

According to the client, the subject property has been seized by the federal government for fraudulent activity. The client requested that the entire site be viewed to determine if there were any structures or improvements on the subject property. Gary Jones met Mr. Kelsey Morris, who is a realtor and the property contact provided by the client, at the subject property on April 12, 2023 at 10:00am. Mr. Morris and Gary Jones physically drove the entire property, and the only improvements observed was a water well at the northeast corner of the subject tract. There was a wildlife watering station and a turkey feeder as well, but these are considered to be personal property. The subject is essentially unimproved vacant land.

Based on the Waller Appraisal District records, the subject is currently held in the receivership of John Lewis, Jr., through a Final Summary Judgement dated September 29, 2022. Prior to the Final Summary Judgement, the subject was held in the ownership of CBT Group, LLC, who purchased the subject from Odis Styers on March 29, 2022 for a reported purchase price of \$2,000,000, or \$79,580 per acre, according to the property contact Mr. Kelsey Morris. Mr. Morris stated this was an off-market transaction. Based on our value "As Is" of the subject tract, this purchase price is well above market for unknown reasons and not considered to be reasonable. Odis Styers had held ownership in excess of the previous three years. To the best of our knowledge, the subject has not been involved in any other transactions in the past three years.

### **STATEMENT OF OWNERSHIP**

According to information provided to us, as of the date of this appraisal, the subject property is currently held in the receivership of John Lewis, Jr., through a Final Summary Judgement dated September 29, 2022.

**AREA**

**Location.** The subject property is located in Hempstead, approximately 40 miles northwest of the Central Business District of the City of Houston. On the following pages is the Moody's Analytics Houston-The Woodlands-Sugar Land November 2022 market report.

# HOUSTON-THE WOODLANDS-SUGAR LAND TX

Data Buffet® MSA code: IUSA\_MHOU

## ECONOMIC DRIVERS

ENERGY &  
RESOURCES

MANUFAC-  
TURING

LOGISTICS

## EMPLOYMENT GROWTH RANK

2021-2023  
**12**  
1st quintile

2021-2026  
**16**  
1st quintile

Best=1, Worst=410

## RELATIVE COSTS

LIVING  
**105%**

BUSINESS  
**97%**

U.S.=100%

## VITALITY

RELATIVE  
**0.35**  
Rank: 93

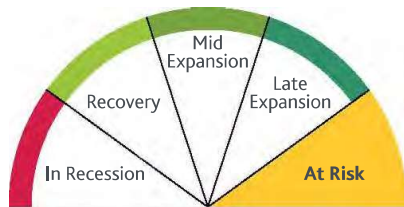
Best=1, Worst=403

## QUALITY

OF LIFE  
**232**

Best=1, Worst=378

## BUSINESS CYCLE STATUS



## ANALYSIS

**Recent Performance.** Houston-The Woodlands-Sugar Land's economy is advancing strongly, with job growth in the past year 2 percentage points higher than the national average. Employment surpassed its pre-pandemic peak in April ahead of the U.S., which reached this milestone in July. Most private sector industries are growing faster than their respective national counterparts; construction, in particular, has proceeded at a double-digit pace. The local PMI has been in expansion mode for two years as of September. The declining unemployment rate is a percentage point higher than precrisis because the labor force has grown faster than the national average in the past year. Housing market data have weakened.

**Mining and manufacturing.** The energy industry will continue to support the local economy, but downside risks have increased. The West Texas Intermediate crude oil price has been exceptionally volatile in 2022; it jumped from \$75 per barrel in January to \$120 per barrel in March at the start of Russia's invasion of Ukraine and rose again in June when financial markets thought the EU would forbid the insuring of Russian oil tankers. However, as global energy demand showed signs of weakening, the price fell back into the \$80 per barrel range in September. The high level of uncertainty has caused the recovery in active Texas drill rigs to pause since midsummer at a level just below that in January 2020. Still, the increased drilling activity compared with 2021 has supported HOU's manufacturing sector. Much of this production is equipment, fabricated metal parts, and other supplies needed for exploration. Thus, industry employment is up 7% year over year—nearly twice the national pace.

**Residential construction.** Homebuilding will weaken during the coming year, though longer-term prospects are more optimistic. House prices have stopped climbing after a year of strong

gains. Further, mortgage rates have risen to above 7%, more than 3 percentage points higher than a year ago. Moreover, the combination of previous price increases and reduced credit availability has caused affordability to fall by 37%, a bit more than the national decline. As a result, new permits for single-family homes have fallen sharply by more than 33% in just six months. In contrast, multifamily construction is still elevated. One driver is the reduction in single-family affordability, which has boosted rental demand; HOU's apartment vacancy rate is the lowest in five years. However, long term, single- and multifamily homebuilding will increase, lifted by above-average employment, population growth, and better affordability than in Dallas or Austin.

**Professional services.** The rebound in the energy industry will benefit a variety of business services. Professional services returned to the industry's precrisis level in June as demand for engineers and geologists increased. Additionally, the EU's need for natural gas has heightened demand for liquefied natural gas, driving gains in the distribution industry as HOU is a major terminal. Further, the banking requirements of the energy industry and the overall economy have lifted financial services employment. However, the latter industry is now at risk from the housing market decline.

**Houston-The Woodlands-Sugar Land should outperform the nation over the coming year, led by manufacturing and business services, though weakening residential construction will be an offset. Longer term, the concentration of energy-related industries; robust population growth; and expansion in housing, transportation and distribution industries will help propel above-average gains for the metropolitan area.**

Edward Friedman  
November 2022

1-866-275-3266  
helpeconomy@moody.com

## STRENGTHS & WEAKNESSES

### STRENGTHS

- » Leadership in oil and gas technology supports technical and professional service jobs.
- » Significant trade and export links, owing to location on the Gulf coast of Texas.

### WEAKNESSES

- » Unpredictable energy markets add to the economy's volatility.
- » Industrial diversity is lower than in other metro areas of comparable size.

## FORECAST RISKS

SHORT TERM

LONG TERM

**RISK EXPOSURE 2022-2027** **27** 1st quintile Most=1  
Least=403

### UPSIDE

- » Better than anticipated in-migration boosts personal services.
- » Mining and manufacturing rise faster than expected because of elevated oil prices.

### DOWNSIDE

- » Housing slows down more than expected due to rising mortgage rates.
- » Nonresidential building weakens more than expected due to the trend in remote working.

## MOODY'S RATING

**Aaa**

COUNTY  
AS OF MAR 17, 2017

2016	2017	2018	2019	2020	2021	INDICATORS	2022	2023	2024	2025	2026	2027
478.0	479.8	490.8	511.3	506.9	498.0	Gross metro product (C12\$ bil)	504.0	521.6	537.9	556.7	578.6	600.3
-0.5	0.4	2.3	4.2	-0.8	-1.8	% change	1.2	3.5	3.1	3.5	3.9	3.8
2,992.6	3,020.4	3,087.9	3,160.4	2,999.8	3,066.1	Total employment (ths)	3,245.4	3,335.1	3,381.0	3,425.3	3,458.5	3,493.4
-0.0	0.9	2.2	2.3	-5.1	2.2	% change	5.8	2.8	1.4	1.3	1.0	1.0
5.3	5.1	4.4	3.8	8.7	6.4	Unemployment rate (%)	4.7	4.4	4.0	3.7	3.8	3.9
-4.4	7.7	6.8	4.1	2.3	7.0	Personal income growth (%)	6.9	10.3	6.8	5.9	6.2	5.9
62.3	63.6	66.1	68.0	68.5	70.9	Median household income (\$ ths)	73.3	77.7	80.8	83.6	86.8	89.9
6,806.5	6,900.1	6,976.1	7,066.1	7,154.9	7,235.9	Population (ths)	7,341.1	7,451.1	7,548.5	7,640.2	7,730.2	7,820.8
2.0	1.4	1.1	1.3	1.3	1.1	% change	1.5	1.5	1.3	1.2	1.2	1.2
71.6	33.4	23.0	37.9	42.3	39.0	Net migration (ths)	56.6	61.8	49.8	44.6	43.6	44.9
35,367	36,348	40,511	39,507	50,175	52,740	Single-family permits (#)	49,789	42,447	44,823	45,497	46,383	46,791
9,365	6,047	16,967	24,165	20,625	16,544	Multifamily permits (#)	31,888	32,217	25,519	21,542	17,892	14,856
245.6	255.7	267.3	277.7	289.7	317.8	FHFA house price (1995Q1=100)	359.4	342.6	323.5	315.9	319.8	327.8

### ECONOMIC HEALTH CHECK

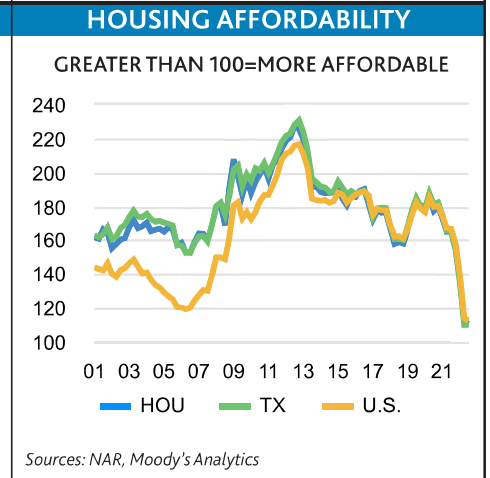
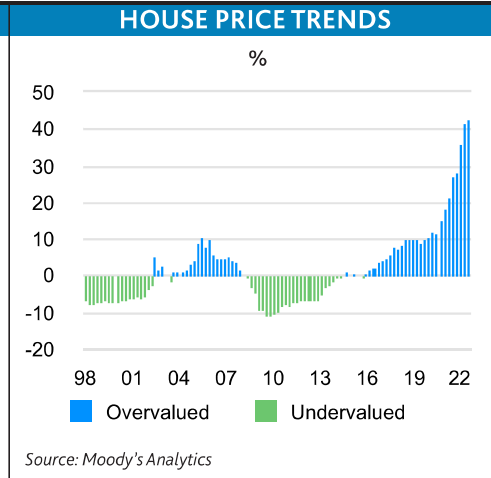
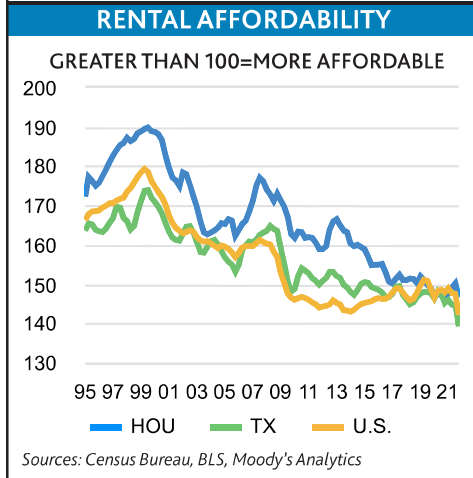
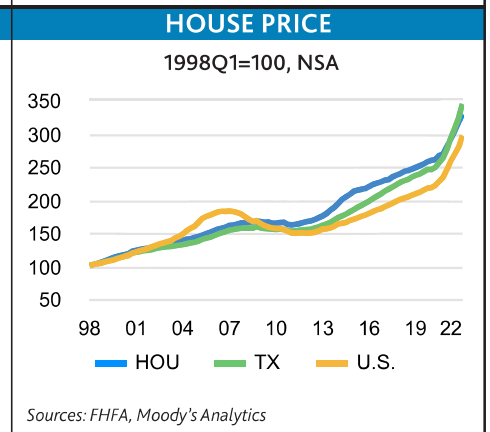
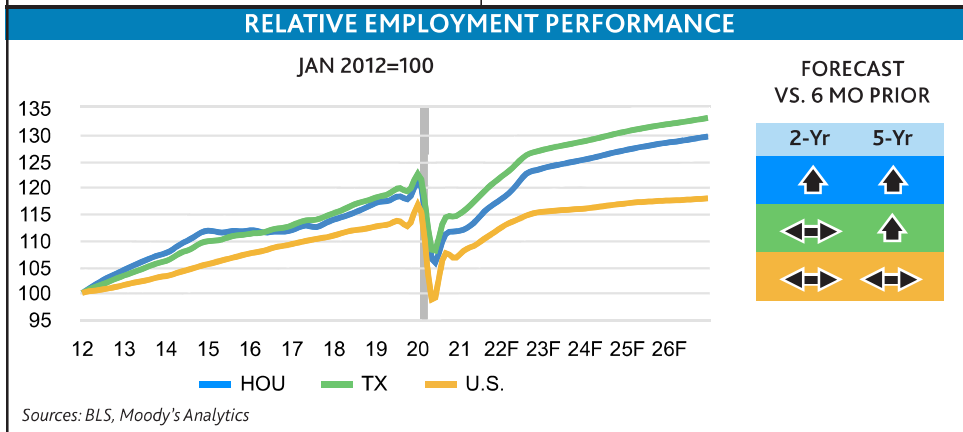
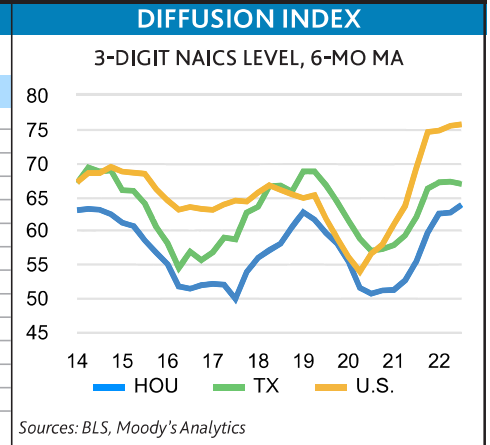
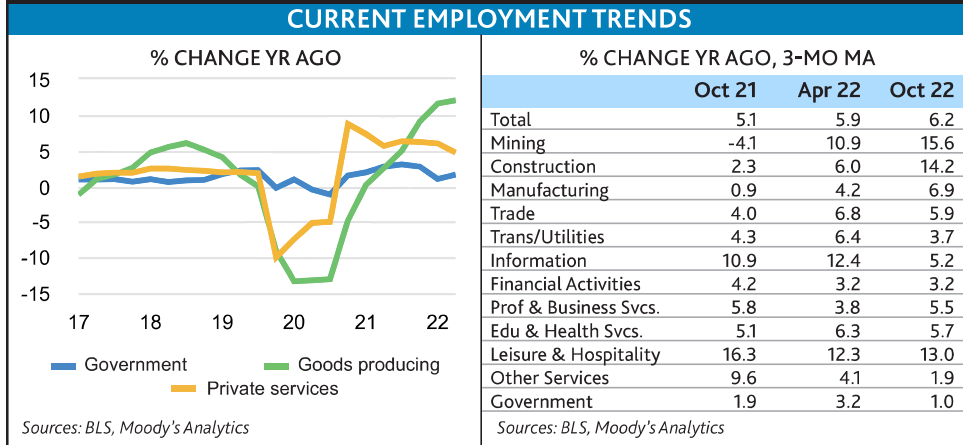
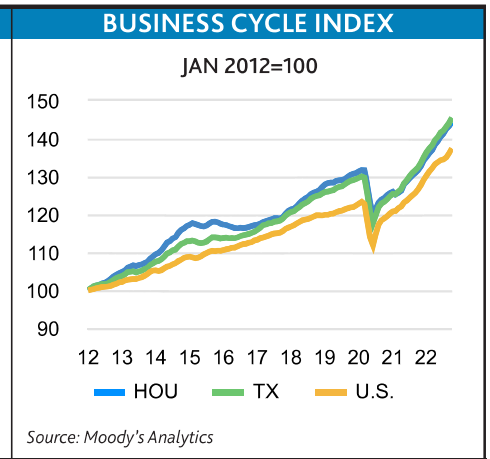
3-MO MA	May 22	Jun 22	Jul 22	Aug 22	Sep 22	Oct 22
Employment, change, ths	15.3	21.4	22.1	20.5	16.6	13.4
Unemployment rate, %	4.8	4.7	4.6	4.6	4.5	4.4
Labor force participation rate, %	62.4	62.8	63.0	63.1	63.1	63.2
Average weekly hours, #	36.8	36.7	36.8	36.4	36.5	36.7
Industrial production, 2012=100	113.6	114.4	115.4	116.3	117.1	117.2
Residential permits, single-family, #	57,157	53,649	47,712	44,173	41,265	42,152
Residential permits, multifamily, #	22,401	28,695	34,710	40,552	36,336	37,183

Dec/Dec	Dec 16	Dec 17	Dec 18	Dec 19	Dec 20	Dec 21
Employment, change, ths	2.5	49.3	83.2	54.7	-183.6	151.8

Better than prior 3-mo MA
Unchanged from prior 3-mo MA
Worse than prior 3-mo MA

*Sources: BLS, Census Bureau, Moody's Analytics*



### EMPLOYMENT AND INDUSTRY

#### TOP EMPLOYERS

Exxon Mobil Corp.	13,000
Wood	11,960
Landry's Inc.	11,800
Shell Oil Co.	11,507
Fort Bend ISD	11,000
Schlumberger Ltd.	10,976
BP North America	9,537
S & B Engineers and Constructors Ltd	7,824
Staff Force Inc.	7,502
Chevron Corp.	6,502
HAZA Foods LLC	6,500
Spring ISD	4,948
Fiesta Mart Inc.	4,500
Lamar CISD	4,363
Conroe ISD	4,118
Occidental Petroleum	3,666
Fort Bend County	2,914
KBR Inc.	2,900
JPMorgan Chase	2,800
Deloitte	2,589

Sources: Houston Business Journal, 2020, Houston Chronicle, 2016

#### INDUSTRIAL DIVERSITY

Most Diverse (U.S.)

Least Diverse

#### EMPLOYMENT VOLATILITY

Due to U.S. fluctuations      Relative to U.S.

■ Not due to U.S. ■ Due to U.S.      ■ HOU ■ U.S.

#### PUBLIC

Federal	31,148
State	92,904
Local	299,308

2021

### ENTREPRENEURSHIP

#### BROAD-BASED START-UP RATE

U.S.=100  
2020

■ HOU ■ TX

Sources: Census Bureau, Moody's Analytics

#### EXPORTS

Product - 2019	\$ mil
Food and kindred products	ND
Chemicals	31,095.7
Primary metal manufacturing	ND
Fabricated metal products	ND
Machinery, except electrical	6,741.6
Computer and electronic products	5,360.6
Transportation equipment	ND
Miscellaneous manufacturing	ND
Other products	13,161.3
<b>Total</b>	<b>129,656.0</b>

Destination - 2020	\$ mil
Africa	3,570.2
Asia	32,311.5
European Union	15,431.1
Canada & Mexico	28,750.4
South America	14,901.4
Rest of world	9,573.7
<b>Total</b>	<b>104,538.2</b>

Sources: BEA, International Trade Administration, Moody's Analytics

% of GDP	21.4
Rank among all metro areas	22

### COMPARATIVE EMPLOYMENT AND INCOME

Sector	% OF TOTAL EMPLOYMENT			AVERAGE ANNUAL EARNINGS		
	HOU	TX	U.S.	HOU	TX	U.S.
Mining	2.0	1.4	0.4	nd	\$202,521	\$140,972
Construction	6.8	5.8	5.1	\$74,939	\$70,189	\$74,543
Manufacturing	6.9	6.9	8.5	\$131,070	\$104,973	\$95,006
Durable	60.7	63.1	62.2	nd	\$102,268	\$98,900
Nondurable	39.3	36.9	37.8	nd	\$109,432	\$88,725
Transportation/Utilities	5.4	5.0	4.5	nd	\$69,502	\$62,962
Wholesale Trade	5.3	4.7	3.9	nd	\$105,177	\$104,126
Retail Trade	10.0	10.6	10.5	\$41,363	\$42,393	\$43,812
Information	1.0	1.6	1.9	\$85,410	\$109,036	\$167,037
Financial Activities	5.5	6.6	6.0	\$56,531	\$54,316	\$65,977
Prof. and Bus. Services	16.4	14.9	14.5	nd	\$77,456	\$86,343
Educ. and Health Services	13.4	13.6	16.2	nd	\$62,824	\$66,256
Leisure and Hosp. Services	10.0	10.2	9.6	nd	\$30,678	\$36,373
Other Services	3.6	3.3	3.7	\$37,826	\$37,962	\$42,808
Government	13.8	15.5	15.1	\$83,555	\$79,985	\$90,556

Sources: Percent of total employment — BLS, Moody's Analytics, 2021, Average annual earnings — BEA, Moody's Analytics, 2021

### PRODUCTIVITY

#### REAL OUTPUT PER WORKER, \$

■ HOU ■ TX ■ U.S.

Sources: BEA, Moody's Analytics, 2021

### BUSINESS COSTS

U.S.=100

■ 2015 ■ 2020

Source: Moody's Analytics

### HIGH-TECH EMPLOYMENT

	Ths	% of total
HOU	112.4	3.7
U.S.	7,880.5	5.4

### HOUSING-RELATED EMPLOYMENT

	Ths	% of total
HOU	342.4	11.2
U.S.	14,779.4	10.1

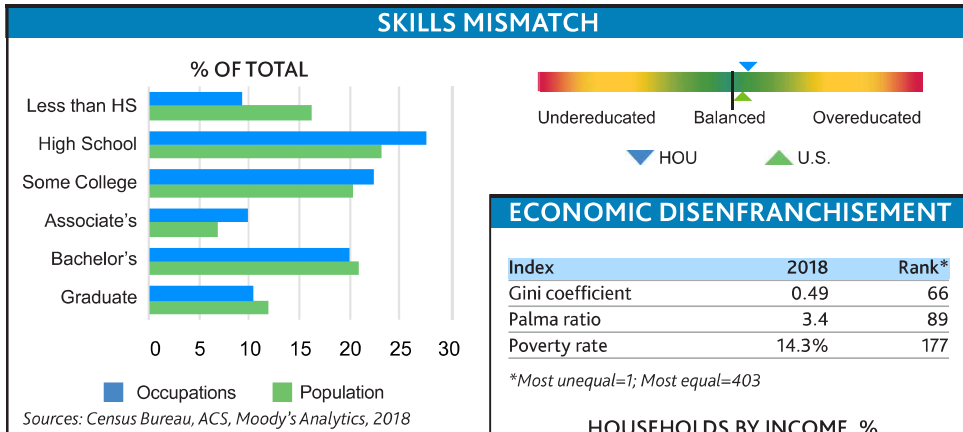
Source: Moody's Analytics, 2021

### LEADING INDUSTRIES BY WAGE TIER

NAICS Industry	Location Quotient	Employees (ths)
HIGH 5413 Architectural, engineering & rel. svcs.	2.0	67.2
HIGH 6211 Offices of physicians	1.0	56.9
HIGH 5416 Mgmt., scientific & technical consult. svcs.	1.3	45.6
HIGH 5511 Management of companies & enterprises	0.9	43.3
MID GVL Local Government	1.0	302.5
MID GVS State Government	0.9	94.1
MID 5613 Employment services	1.1	86.1
MID 6221 General medical and surgical hospitals	0.8	80.3
LOW 7225 Restaurants and other eating places	1.2	251.0
LOW 4451 Grocery stores	1.1	62.4
LOW 6216 Home health care services	1.8	56.4
LOW 5617 Services to buildings and dwellings	1.1	50.9

Source: Moody's Analytics, 2021

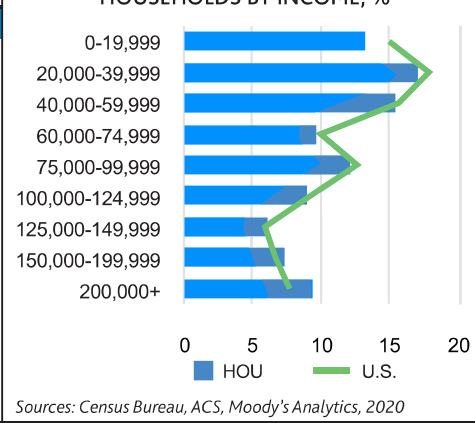
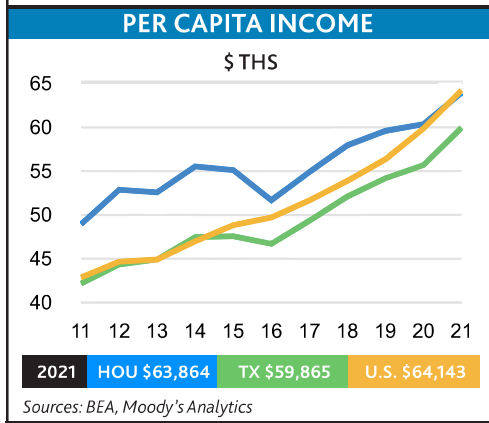




### MIGRATION FLOWS

#### INTO HOUSTON TX

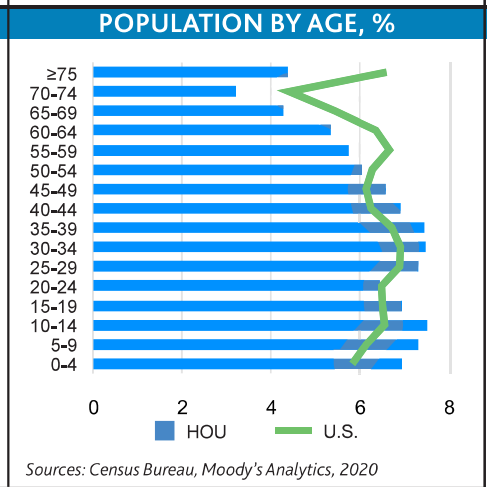
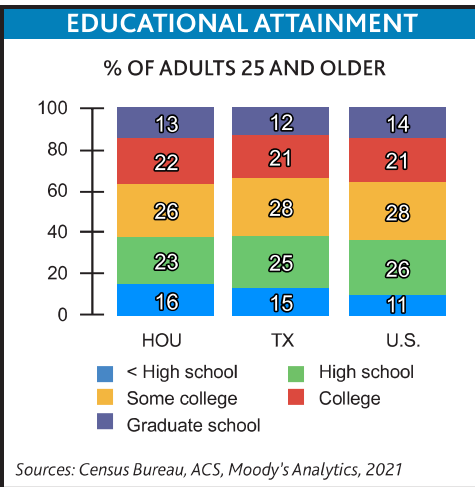
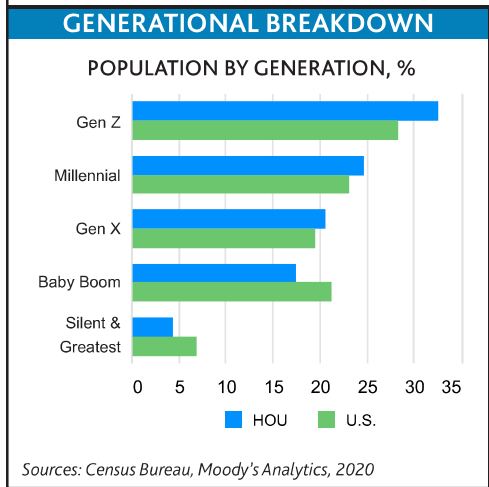
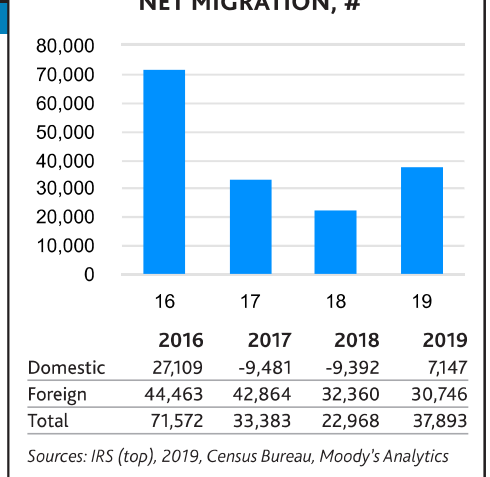
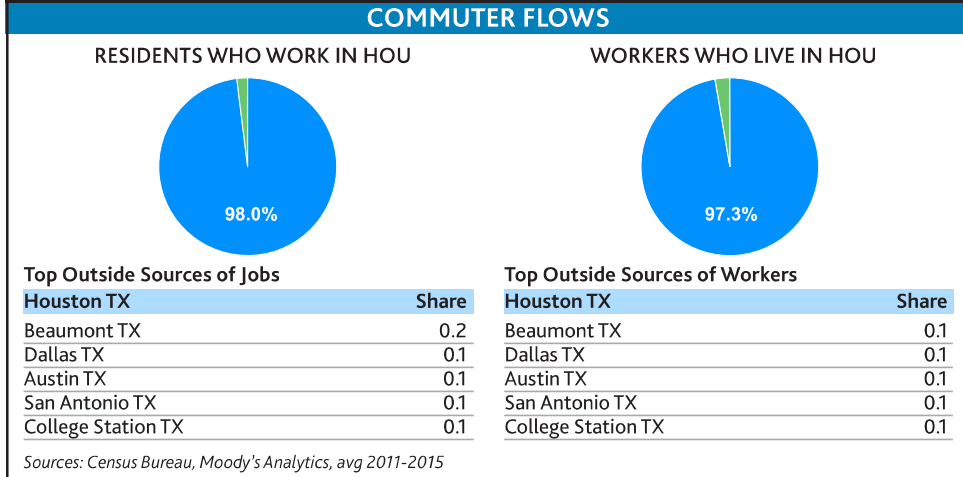
City	Number of Migrants
Dallas TX	7,416
Austin TX	6,381
San Antonio TX	5,183
Beaumont TX	4,072
New York NY	3,647
Fort Worth TX	3,392
Los Angeles CA	3,263
New Orleans LA	2,475
Chicago IL	2,388
College Station TX	2,106
<b>Total in-migration</b>	<b>157,483</b>



#### FROM HOUSTON TX

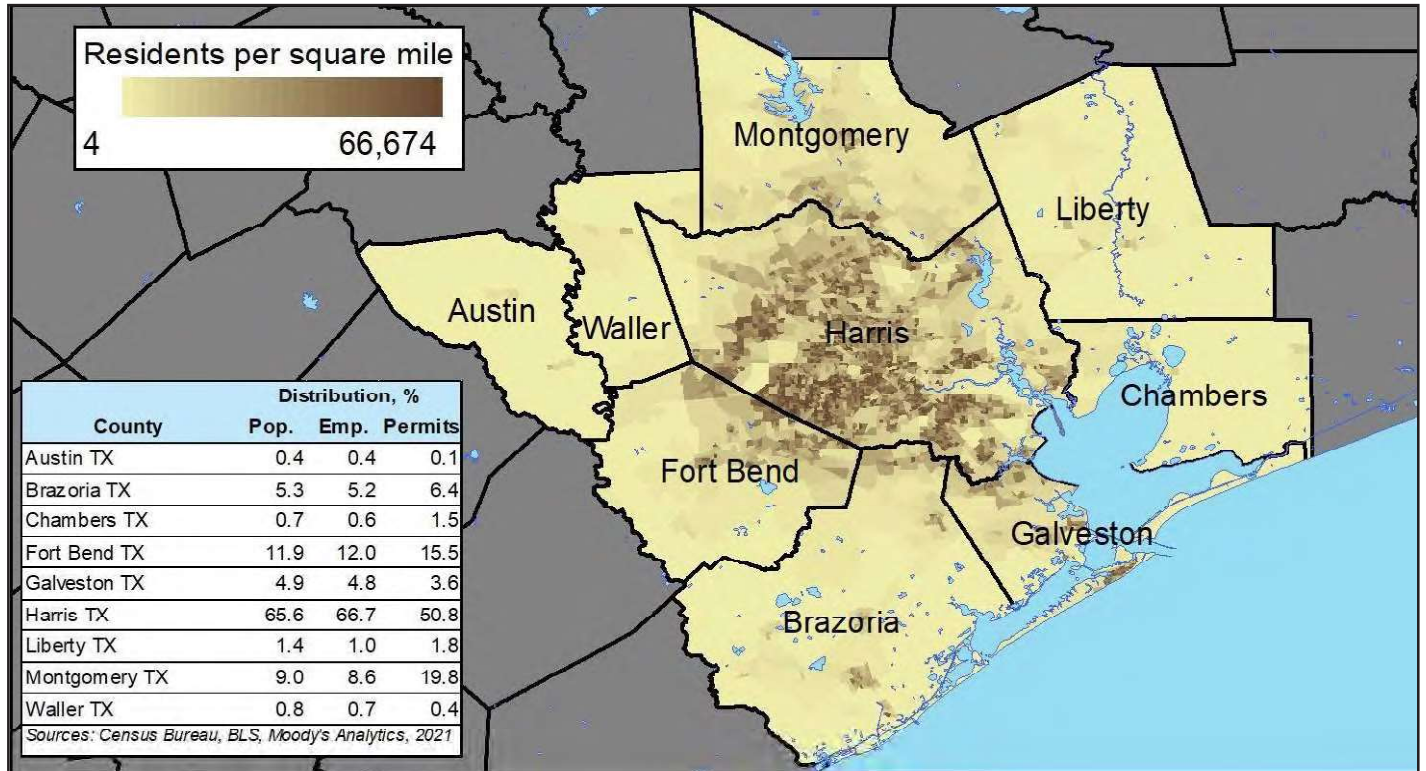
City	Number of Migrants
Austin TX	9,122
Dallas TX	8,687
San Antonio TX	6,160
Fort Worth TX	3,655
Beaumont TX	2,941
Denver CO	2,060
New York NY	2,020
College Station TX	1,988
Los Angeles CA	1,982
Atlanta GA	1,869
<b>Total out-migration</b>	<b>143,779</b>

**Net migration: 13,704**

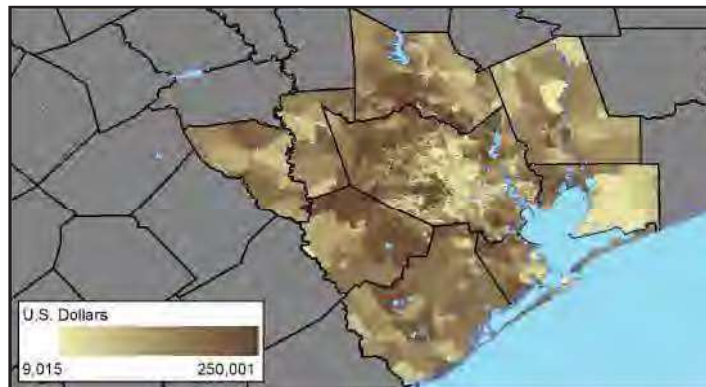


**GEOGRAPHIC PROFILE**

**POPULATION DENSITY**



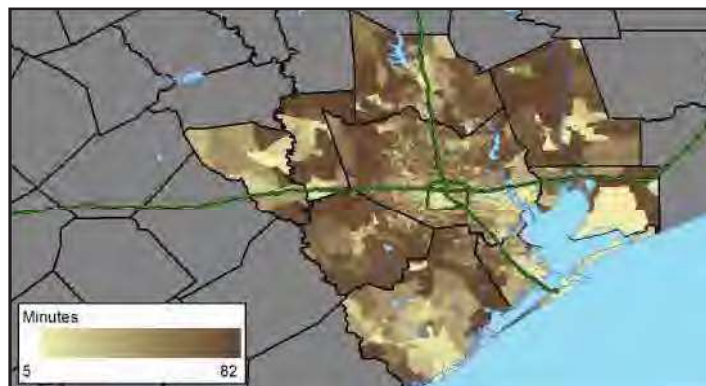
**MEDIAN HOUSEHOLD INCOME**



**POPULATION & HOUSING CHARACTERISTICS**

	Units	Value	Rank*
Total area	sq mi	9,443.8	7
Total water area	sq mi	1,183.0	12
Total land area	sq mi	8,258.2	12
Land area - developable	sq mi	6,611.3	2
Land area - undevelopable	sq mi	1,649.5	90
Population density	pop. to developable land	872.7	31
Total population	ths	7,206.8	4
U.S. citizen at birth	% of population	74.2	381
Naturalized U.S. citizen	% of population	10.3	38
Not a U.S. citizen	% of population	13.7	12
Median age		35.3	329
Total housing units	ths	2,824.0	4
Owner occupied	% of total	56.6	269
Renter occupied	% of total	35.5	72
Vacant	% of total	7.9	231
1-unit; detached	% of total	63.0	267
1-unit; attached	% of total	3.2	271
Multifamily	% of total	29.1	69
Median year built		1992	

**MEDIAN COMMUTE TIME**



\* Areas & pop. density, out of 410 metro areas/divisions, including metros in Puerto Rico; all others, out of 403 metros.

Sources: Census Bureau, Moody's Analytics, 2021 except land area 2010

Sources: ACS, Moody's Analytics

## **NEIGHBORHOOD ANALYSIS**

A neighborhood is defined in The Dictionary of Real Estate Appraisal, Fifth Edition, copyright 2010, page 133 by the Appraisal Institute as follows:

“A group of complementary land uses; a congruous grouping of inhabitants, buildings, or business enterprises.”

Neighborhoods may be devoted to such uses as residential, commercial, industrial, agricultural, and civic activities, or a mixture of these 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 influence the individual properties within it.

**Neighborhood Boundaries.** The subject neighborhood generally includes central Waller County. It is bound by US Highway 290 to the north and FM 529 to the south, the Waller/Harris County line to the east and the Brazos River to the west. The neighborhood is located approximately 35-40 miles northwest of Houston’s Central Business District.

**Access and Transportation.** Primary access to this area from the Houston Central Business District is via Interstate 10, U.S. Highway 90 or U.S. Highway 290. The neighborhood is approximately 35 miles northwest of the Houston Central Business District. The major north/south traffic arteries include Fm 359, FM 262, FM 1489, and FM 2855. The major east/west traffic arteries are Interstate 10, U.S. Highway 90 and U.S. Highway 290.

**Area Development.** Historically, land use within the neighborhood has been predominantly agricultural with commercial use located primarily within the incorporated areas of the neighborhood. However, commercial (mostly industrial) and residential development has been taking place within the unincorporated areas of the neighborhood in recent years. This development has occurred in this area due to the availability of vacant acreage and good accessibility to major roadways from this area including U.S. Highway 290, Interstate 10 and U.S. Highway 90. The area has positive influences from its proximity Interstate 10.

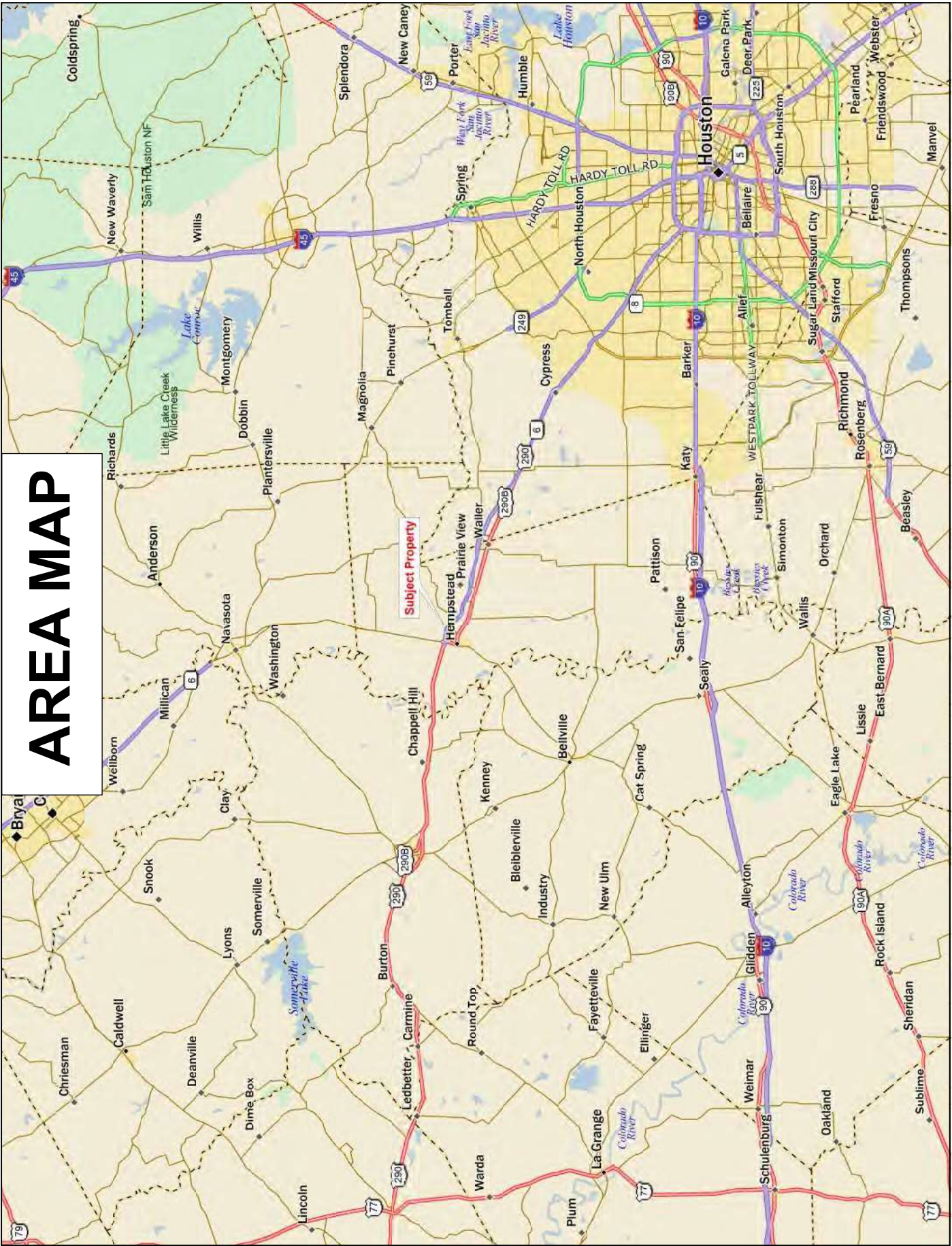
Industrial development in the neighborhood includes light industrial, manufacturing facilities, office/warehouses and heavy industrial facilities. Typical construction features include either metallic or tilt-wall construction. This activity is located primarily along U.S. Highway 90 and Interstate 10 just to the south of the subject neighborhood. The residential development is occurring to the northeast of the neighborhood closer to U.S. Highway 290. The neighborhood is approximately 30%-40% built-up with this number rising due to continued development.

**Public Services.** The subject is located in an unincorporated area of Waller County and receives water and sewer service from an on-site well and septic system. Other utilities include electricity and gas from Reliant Energy and telephone service from AT&T.

**Tax Jurisdiction.** The neighborhood is located within the jurisdiction of Royal Independent School District, Waller County, Waller County Road and Waller-Harris ESD #200.

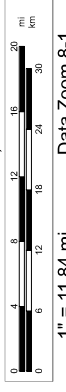
**NEIGHBORHOOD ANALYSIS - CONTINUED**

**Conclusions.** The subject neighborhood benefits from its accessibility to several primary roadways. There have been several new built-to-suit office/warehouse facilities constructed over the past several years most of which are located near Interstate 10 and U.S. Highway 90. An amount of new single-family residential development is to the northeast of the neighborhood in proximity to U.S. Highway 290. The near term is predicted to see stability for this area due to the recent downturns of the economy.



# AREA MAP

Scale 1 : 750,000



TN  
MN (2.1"E)

**ASSESSMENT AND TAXES**

The Waller County Appraisal District (WCAD) maintains the following account number for the subject property: 257912. The 2022 assessed value with an agriculture exemption and 2022 tax rates are calculated in the table below.

<b><u>2022 Assessed Value</u></b>		
Land (No Ag Exemption)		\$1,094,750
Ag Exemption		<u>(\$1,092,860)</u>
Land Value after Exemptions		\$1,890
Improvements		<u>\$0</u>
Final Assessed Value		\$1,890
<b><u>Taxing Jurisdiction</u></b>	<b><u>Tax Rate /\$100</u></b>	<b><u>Tax Liability</u></b>
Hempstead ISD	\$1.136700	\$21
Waller County	\$0.522593	\$10
City of Hempstead	\$0.552573	\$10
Waller County Farm to Market	\$0.025852	\$0
Waller County ESD #200	<u>\$0.097426</u>	<u>\$2</u>
Total	\$2.335144	\$43

Based upon the above 2022 assessed value and tax rates, the ad valorem tax liability for the subject property is estimated to be \$43. This report is prepared under the assumption that there are no delinquent taxes as of the date of this report. We have verified whether there are any delinquent taxes affecting the subject property. The existence of such delinquent taxes could affect proceeds from any sale of the property.

## SITE DATA

An analysis of a site is particularly important in determining its highest and best use. We were not provided with a survey of the subject site. In lieu of this, we relied upon the Waller County Appraisal District records for the identification of the subject site. The following is a discussion of the most important factors of the subject site.

**Location.** The subject site is located along the south line of Mack Washington Road, north of FM 1488. The subject is located in the 23000 Block of Mack Washington Road, Hempstead, Waller County, TX 77445.

**Physical Characteristics.** The subject property is basically rectangular in shape. Since the Waller CAD plat maps do not list frontages, the amount of frontages is unknown. The subject has what appears to have a typical amount of frontage along the south line of Mack Washington Road, suggesting adequate access and visibility. Please reference the plat map aerial photograph following this section of the report, as well as the subject photographs in the addenda for a graphic understanding of the subject property.

**Off-Site Improvements.** At the subject site, Mack Washington Road are a two-way, two-lane, asphalt-paved secondary dead-end street with open ditch drainage.

**Adjacent Land Use.** Land uses immediately surrounding the subject include vacant land to the north, south, east, and west of the subject. It is noted that there is a small amount of industrial development along Mack Washington Road to the east and southeast of the subject, as well as a single-family residence to the north of the subject along Mack Washington Road.

**Zoning and Restrictions.** The subject site is located within the city limits of Hempstead, which has zoned that subject as AR - Agricultural/Residential District, which allows for agricultural or single-family residential uses only. To the best of our knowledge, the subject site is not affected by any deed restrictions which would adversely affect the subject property. Our value conclusion is subject to revision should any deed restrictions be present that are deemed detrimental to the subject property.

**Easements.** According to the information provided and our visual observation, there are typical utility easements located along the boundaries of the subject site. There do not appear to be any easements which effect development of the subject site.

**Utilities/Services.** There was a private water well observed at the time of the site visit. It is not known of the working condition of the well. It is unknown if there is a septic system. The subject is located within the city limits of Hempstead. Currently, the City of Hempstead does not have water or sewer services to the subject tract. Additional utilities include electricity and telephone services. Police and fire protection is provided by the City of Hempstead. The subject site is served by the Hempstead Independent School District, with schools of all levels located throughout the neighborhood.

**Topography/Flood Plain.** At the time of our site visit, the subject site appeared relatively level and well-drained. There do not appear to be any soil or subsoil conditions noted that would adversely

**SITE DATA - CONTINUED**

affect construction as evidenced by the existing improvements, though it should be noted that we are not experts in soil engineering. According to the FEMA Flood Insurance Map 48437C0135F, published for Waller County and dated May 16, 2019, the subject property appears to be located Flood Zone X, which is an area determined to be outside the 0.2% annual chance flood (outside the 500-year flood plain). This determination is made by graphic plotting only, and is not guaranteed. We recommend that a surveyor determine precise flood plain status for the subject site. A copy of a portion of the flood map is included in the addenda section of this report.

**Environmental.** We were provided with an Environmental Assessment of the property, which has concluded that there are no recognized environmental conditions in connection with the subject property. This assessment revealed that there were . Upon our site visit to the property, we did not observe any hazardous contaminants that would be of concern. We are not experts in recognition and identification of hazardous waste and would recommend a Phase I Environmental Assessment be prepared to identify any such hazardous contaminants along the subject property and surrounding properties, if any.

**Improvements.** The subject is unimproved vacant land.

**Conclusions/Analysis.** The subject site contains a total of approximately 25.1320 acres (1,094,750 square feet) of land, which is suitable for a variety of uses. The subject is located outside the 500-year a flood hazard area. The subject has what is considered to be a usable configuration, with a topography and flood plain location typical of properties in this area. On an overall basis, the subject is considered to be well suited for commercial retail use.

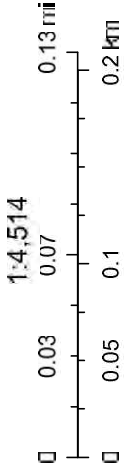
For further details as to the site configuration, please reference the following plat map and aerial photograph, as well as the subject photographs, flood plain map, and wetlands map located in the addenda to this report.



# PLAT MAP AND AERIAL PHOTOGRAPH



4/11/2023, 7:25:20 PM



-  Parcel Boundary

This product is for informational purposes only and may not have been prepared for or be suitable for legal, engineering, or surveying purposes. It does not represent an on-the-ground survey and represents only the approximate relative location of property boundaries. Waller County Appraisal District, Harris Govern -- www.harrisgovern.com

**ZONING**

The subject site is located within the city limits of Hempstead, which has zoned that subject as AR - Agricultural/Residential District, which allows for agricultural or single-family residential uses only. To the best of our knowledge, the subject site is not affected by any deed restrictions which would adversely affect the subject property. Our value conclusion is subject to revision should any deed restrictions be present that are deemed detrimental to the subject property.

## **HIGHEST AND BEST USE**

Fundamental to the concept of value is the theory of highest and best use. According to the Appraisal Institute *The Dictionary of Real Estate Appraisal*, 7<sup>th</sup> Edition, copyright 2022, pages 88 and 89, Highest and Best Use is defined as:

- (1) *“The reasonably probable use of property that results in the highest value. The four criteria that the highest and best use must meet are legal permissibility, physical possibility, financial feasibility, and maximum productivity.”*
- (2) *“The use of an asset that maximizes its potential and that is possible, legally permissible, and financially feasible. The highest and best use may be for continuation of an asset's existing use or for some alternative use. This is determined by the use that a market participant would have in mind for the asset when formulating the price that it would be willing to bid.”*
- (3) *“The highest and most profitable use for which the property is adaptable and needed or likely to be needed in the reasonably near future.”*

The procedure used in this report to estimate the highest and best use of the subject was to consider, in sequence, the site's legally permissible uses, the site's physically possible uses, the site's financially feasible uses, and finally, the optimum or highest and best use. Data collected and analyzed for purposes of the Neighborhood Analysis, and particularly the Site Data, was useful in arriving at a final decision.

There are four major criteria to be considered when analyzing the highest and best use of a property, vacant or improved. The criteria are that the highest and best use must be (1) legally permissible, (2) physically possible, (3) financially feasible, and (4) maximally productive. These criteria should usually be considered sequentially. We will examine the site's highest and best use as vacant land since the subject is vacant land.

### **Highest and Best Use Analysis - “As Vacant”**

**Legally Permissible.** Private (deed) restrictions, zoning regulations, building codes, historic district controls, and environmental regulations can often preclude a possible highest and best use. The subject site is located within the city limits of Hempstead, which has zoned that subject as AR - Agricultural/Residential District, which allows for agricultural or single-family residential uses only. To the best of our knowledge, the subject site is not affected by any deed restrictions which would adversely affect the subject property. Our value conclusion is subject to revision should any deed restrictions be present that are deemed detrimental to the subject property.

**Possible Use.** The first constraint imposed on the possible use of the property is dictated by the physical aspects of the site itself. This includes such factors as size, shape, terrain, etc. In general, the larger the site, the greater its potential to achieve economics of scale and flexibility in development. The subject is located along the south line of Mack Washington Road, north of FM 1488, in Hempstead, Waller County, TX 77445. Overall, the subject tract could facilitate any possible uses.

## **HIGHEST AND BEST USE - CONTINUED**

A tract's topography and subsoil conditions are also important considerations in determining its possible uses. If a site's topography or subsoil conditions make utilization restrictive and costly, the site's potential future use is adversely affected. As mentioned previously in the "Site Data" section of this report, the subject is gently sloping and appeared to be well drained. In addition, there are no apparent soil or subsoil conditions which would adversely affect construction, as evidenced by nearby improvements.

The possible uses of a tract are also dependent upon the site's utility availability and capacity. If a site has no access to utility service and cannot acquire access, it is virtually impossible to develop. Of equal importance is a site's utility capacity. A tract which does not have, and cannot acquire, high density utility capacity is restricted from some commercial property uses. There was a private water well observed at the time of the site visit. It is not known of the working condition of the well. It is unknown if there is a septic system.

By virtue of its shape, topography and utility availability, the subject site lends itself to a wide variety of possible uses. Physically possible uses include residential, retail, industrial, or office development.

**Financially Feasible Use.** From a financial standpoint, any property use which is expected to produce a positive rate of return is regarded as being feasible. Factors dictating which property uses are feasible include those which determine the possible and legal uses as well as other important factors. These factors include the shape, frontage, and location of the tract; access to the tract; adjacent property uses (in the interest of conformity); and the general neighborhood characteristics. These factors, along with pertinent market information, help determine what returns could be expected from alternative property uses. Based on area development, we feel the most likely use of the subject tract would be for an agricultural or residential use, which we feel would be financially feasible.

**Maximally Productive.** Given the economic realities of the subject market and the physical characteristics of the subject site, the maximally productive use of the subject site is for an agricultural or residential use.

**Highest and Best Use, "As Vacant".** As noted by the above analysis, an agricultural or residential use is physically possible, legally permissible, and financially feasible use. Therefore, the highest and best use of the subject property, considering the subject's location, is an agricultural or residential use.

**MARKET APPROACH TO VALUE - LAND ONLY**

In reaching the land value opinion of the subject property by the market data approach, we searched the County Deed Records for recent sales of comparable properties within this area. We also consulted real estate brokers and appraisers active in the area as to their knowledge of properties currently offered on the market for sale which would be in competition with the subject property.

We then investigated, analyzed and compared the available market data to the subject property, taking into prime consideration the various similar and dissimilar characteristics, including terms of sale, and made adjustments accordingly in reaching the value opinion of the subject property by the market approach.

The Sales Comparison approach involves comparing similar land sales to the site with adjustments for different characteristics. Several units of comparison are available to the appraiser; however, the primary unit of comparison in this report is the price per square foot. This unit is then applied to the subject property after adjusting the sales items for different characteristics. Our comparative analysis involves adjustments for property rights, financing, conditions of the sale, date of sale (market conditions), location, utility availability, flood plain status, zoning and other physical characteristics. Our research includes properties in the neighborhood of the subject. We have included, in our opinion, the most comparable sales of those uncovered in our survey.

The subject tract contains a total of 25.132 acres, or 1,094,750 square feet of land. The land sales listed on the following pages were considered to be the most comparable to the subject of all those occurring in the area over the recent past.

The following is a listing of sales considered in our analysis of the subject property.

**LAND ANALYSIS AND VALUE INDICATION - CONTINUED**

<b><u>LAND SALE ONE</u></b>	
Location:	S/L FM 1488, just east of Mack Washington Road
City:	Hempstead
Size:	6.260 acres
	272,686 square feet
Date of Sale:	June 28, 2021
Sale Price:	\$550,000
Sale Price Per Acre:	\$87,859
Sale Price PSF:	\$2.02
Utilities:	Private well and septic
Zoning:	None - Outside the city limits of Hempstead
Flood Zone:	X - Outside the 500-year flood plain
Remarks	This tract has frontage along FM 1488. This is unimproved vacant land purchased for unknown reasons.

<b><u>LAND SALE TWO</u></b>	
Location:	S/L Highway 290, just east of Sorsby Road
City:	Hempstead
Size:	27.780 acres
	1,210,097 square feet
Date of Sale:	July 16, 2021
Sale Price:	\$1,572,000
Sale Price Per Acre:	\$56,587
Sale Price PSF:	\$1.30
Utilities:	Private well and septic
Zoning:	None - Outside the city limits of Hempstead
Flood Zone:	X - Outside the 500-year flood plain
Remarks	This tract has frontage along Highway 290. This is unimproved vacant land purchased for unknown reasons.

**LAND ANALYSIS AND VALUE INDICATION - CONTINUED**

<b><u>LAND SALE THREE</u></b>	
Location:	W/L FM 1098, just south of Joe Loggins Road
City:	Hempstead
Size:	13.415 acres
	584,375 square feet
Date of Sale:	September 26, 2022
Sale Price:	\$500,000
Sale Price Per Acre:	\$37,271
Sale Price PSF:	\$0.86
Utilities:	Private well and septic
Zoning:	None - Outside the city limits of Hempstead
Flood Zone:	X - Outside the 500-year flood plain
Remarks	This tract is located just north of Prairie View, Texas. This is unimproved vacant land purchased for unknown reasons.

<b><u>LAND SALE FOUR</u></b>	
Location:	S/L FM 1488, just east of Mack Washington Road
City:	Hempstead
Size:	17.463 acres
	760,697 square feet
Date of Sale:	October 11, 2022
Sale Price:	\$2,000,000
Sale Price Per Acre:	\$114,527
Sale Price PSF:	\$2.63
Utilities:	Private well and septic
Zoning:	None - Outside the city limits of Hempstead
Flood Zone:	X - Outside the 500-year flood plain
Remarks	This tract has frontage along FM 1488. This is unimproved vacant land purchased for unknown reasons.

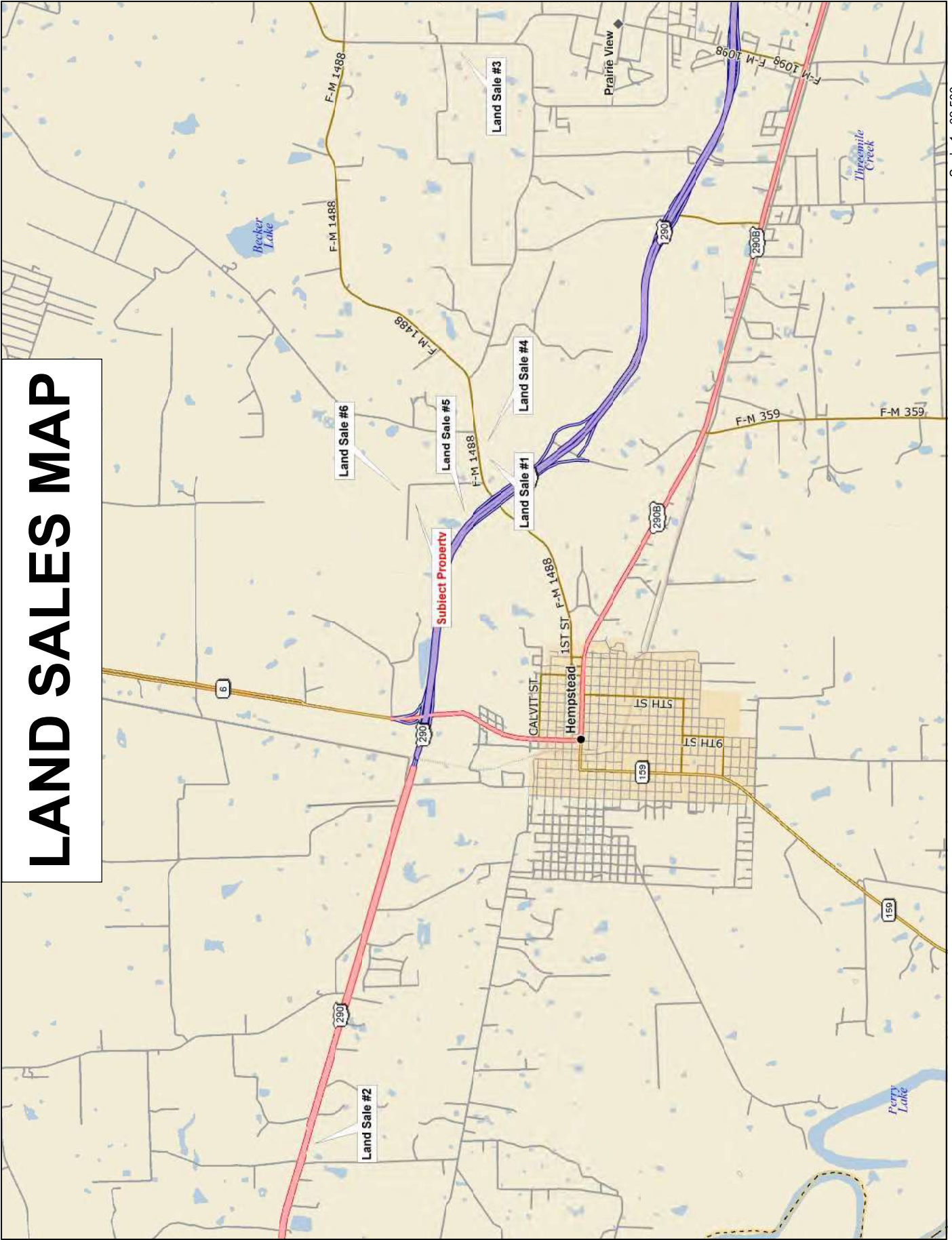
**LAND ANALYSIS AND VALUE INDICATION - CONTINUED**

<b>LAND SALE FIVE</b>	
Location:	E/L Post Oak Drive, just north of Highway 290
City:	Hempstead
Size:	1.500 acres
	65,340 square feet
Date of Sale:	March 13, 2023
Sale Price:	\$225,000
Sale Price Per Acre:	\$150,000
Sale Price PSF:	\$3.44
Utilities:	Public water and sewer
Zoning:	Highway Commercial
Flood Zone:	X - Outside the 500-year flood plain
Remarks	This tract is located just to the south of the subject. Property uses to the south and southeast of this tract include a DaVita Dialysis clinic, two restaurants, a Pilot Truck Stop, and a taxidermist building. This is unimproved vacant land purchased for unknown reasons.

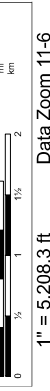
<b>LAND SALE SIX</b>	
Location:	S/L Mack Washington Road, north of FM 1488
City:	Hempstead
Size:	7.410 acres
	322,780 square feet
Date of Sale:	Under Contract
Sale Price:	\$370,000
Sale Price Per Acre:	\$49,932
Sale Price PSF:	\$1.15
Utilities:	Private well and septic
Zoning:	None - Outside the city limits of Hempstead
Flood Zone:	X - Outside the 500-year flood plain
Remarks	This tract is located along the north line of Mack Washington Road, and two tracts east of the subject tract. The property was listed for sale for \$375,000 on June 10, 2022, went under contract in 20 days on July 1, 2022, and is expected to close on May20, 2023. According to the listing broker, the property is under contract for just under the list price. This is unimproved vacant land under contract to be purchased for unknown reasons.



# LAND SALES MAP



Scale 1 : 62,500



1" = 5,208.3 ft Data Zoom 11-6



**LAND ANALYSIS AND VALUE INDICATION - CONTINUED**

In reaching the land value opinion of the subject property by the market data approach, we searched county deed records for recent sales of comparable properties within this area. We also consulted real estate brokers and appraisers active in the area as to their knowledge of properties currently offered on the market for sale which would be in competition with the subject property.

We then investigated, analyzed and compared the available market data to the subject property, taking into prime consideration the various similar and dissimilar characteristics, including terms of sale, and made adjustments accordingly in reaching the value opinion of the subject property by the market approach.

The following is a summary of sales considered in our analysis of the subject property, which were considered to be the most comparable to the subject of all those occurring in the neighborhood over the recent past. The following is a chronological listing of the sales used in this report.

<i>SALE</i>	<i>DATE</i>	<i>SIZE (ACRES)</i>	<i>SALE PRICE</i>	<i>PRICE (\$/Acre)</i>	<i>LOCATION</i>
1	6/28/21	6.260	\$550,000	\$87,859	S/L FM 1488, just east of Mack Washington Road
2	7/16/21	27.780	\$1,572,000	\$56,587	S/L Highway 290, just east of Sorsby Road
3	9/26/22	13.415	\$500,000	\$37,271	W/L FM 1098, just south of Joe Loggins Road
4	10/11/22	17.463	\$2,000,000	\$114,527	S/L FM 1488, just east of Mack Washington Road
5	3/13/23	1.500	\$225,000	\$150,000	E/L Post Oak Drive, just north of Highway 290
6	UC	7.410	\$370,000	\$49,932	S/L Mack Washington Road, north of FM 1488
Subj	N/A	25.132	N/A	N/A	S/L Mack Washington Road, north of FM 1488

As indicated in the "Site Data" section, the subject property contains approximately 25.1320 acres (1,094,750 square feet). As can be referenced in the preceding chart, the land sales range in date of sale from June 2021 to a property under contract. The land sales range in size from 1.5000 acres to 27.7800 acres; and in sales price from \$37,271 to \$150,000 per acre.

When comparing these sales to the subject parcel, the factors considered to be the most critical were conditions of sale, financing terms, date of sale, size, location and access, physical characteristics, and utility availability. Each of the sales were compared to the subject property and adjusted on that basis. The following is a discussion of the comparisons used in our analysis.

**Financing Terms.** The transaction price of one property may differ from that of an identical property due to different financing arrangements. For example, a buyer may pay a higher price in a transaction which involves below market or favorable financing. Favorable financing can be in terms of a below market interest rate, a small down payment, an interest only loan, a non-recourse or limited liability loan, or a loan based upon the cash flow of the project. All of the sales in this report were cash to the seller, therefore no adjustments are deemed necessary.

**Conditions of Sale.** Adjustments for conditions of sale usually reflect the motivations of the buyer and the seller. Buyers or sellers acting under duress may cause a sale to be less representative of the

**LAND ANALYSIS AND VALUE INDICATION - CONTINUED**

market. A financial, business, or family relationship between the parties may affect the price of a property. When non-market conditions of sale are detected in a transaction, the sale can be used as a comparable only with great care. The circumstances of the sale must be thoroughly researched before an adjustment is made. Although conditions of sale are often perceived as applying only to sales that are not arm's-length transactions, some arm's-length sales may reflect atypical motivations or sale conditions due to unusual tax considerations, sale at legal auction, lack of exposure on the open market, or eminent domain proceedings. If the sales used in the market approach reflect such situations, an appropriate adjustment must be made for motivation or conditions of sale. All sales had no special conditions and required no adjustments for this factor.

**Market Conditions:** Changes in market conditions may be the result of inflation, deflation, fluctuations in supply and demand, changes in highest and best use, or other factors. Although this adjustment is often referred to as a "time" adjustment, time is not the cause of the adjustment, but a reflection of shifts, or changes in market conditions. Therefore, if market conditions have not changed, no adjustment is deemed necessary, no matter how much time has elapsed. These adjustments are necessary to correct for changes in value over time due to market factors such as supply and demand, and economic factors such as inflation. Sales 1 and 2 were adjusted upward 6% for changing market conditions. Sales 3, 4, 5, and 6 are considered to be reflective of current market conditions with the pandemic, and were not adjusted for this factor.

**Location.** The subject property is located along the south line of Mack Washington Road, north of FM 1488. The subject is an interior tract with frontage along Mack Washington Road. Land uses immediately surrounding the subject include vacant land to the north, south, east, and west of the subject. It is noted that there is a small amount of industrial development along Mack Washington Road to the east and southeast of the subject, as well as a single-family residence to the north of the subject along Mack Washington Road.

Sales 1 and 4 are located along FM 1488 just to the east of Mack Washington Road and Highway 290. Sales 1 and 4 are located superior in terms of visibility, traffic passage, and area development, and were adjusted downward 40% for this factor. Sale 2 is located along Highway 290 west of Hempstead, which is superior in terms of visibility and traffic passage, and was adjusted downward 30% for this factor. Sale 3 is inferior to the subject in terms of area development, and was adjusted upward 20% for this factor. Sale 5 is located superior in terms of area development, and was adjusted downward 15% for this factor. Sale 6 is located along the north line of Mack Washington Road just to the east of the subject, and was not adjusted for this factor.

**Size.** The subject site contains 25.132 acres, whereas the comparable sales range from 1.500 to 27.780 acres. In most areas of the Houston CMSA, smaller tracts of land sell for a higher price per unit than larger properties. This is due to the fact that purchases of large acreage tracts entail a much greater capital outlay. This restricts the number of possible buyers as compared to the relatively larger market for smaller tracts, which tends to disproportionately "bid up" the smaller tract's per unit prices. Sales 1, 3, 4, 5, and 6 are smaller and were adjusted downward 5% to 30% for this factor. Sale 2 is relatively similar in size as the subject and required no adjustment for this factor.

**LAND ANALYSIS AND VALUE INDICATION - CONTINUED**

**Corner/Frontage Influence.** Properties which enjoy a corner location or have frontage along more than one roadway typically sell at a higher per unit value due to increased exposure and accessibility. The subject is an interior tract with frontage along a single public street. All sales are similar and were not adjusted for this factor.

**Zoning.** The subject property is located within the city limits of Hempstead, which has zoned the subject site as agricultural or residential uses. Sales 1, 2, 3, 4, and 6 were unrestricted to use and were not adjusted for this factor. Sale 5 is zoned Highway Commercial, and was adjusted downward 5% for this factor.

**Site Characteristics.** Properties which have very irregular shapes, are located in flood hazard areas with undevelopable portions or have undesirable topography tend to have lower values. The subject is rectangular in shape and is located outside the 500-year flood plain. All sales are considered similar in regards to site characteristics, and required no adjustments for this factor.

**Utility Availability.** The availability of utilities is a major factor in the development of any property. If a site has no access to utility service and cannot acquire access, it is virtually impossible to develop. Therefore, the price paid for such a site would be affected due to its lack of utilities. In this case, an owner must make up the expense for acquiring the services and enhancing the site's value. The subject has a private water well and it is unknown if a private septic system is present. If not, a private septic system would be required. Sales 1, 2, 3, 4, and 6 are similar and were not adjusted. Sale 5 has public water and sewer, and was adjusted downward 20% for this factor.

**LAND ANALYSIS AND VALUE INDICATION - CONTINUED**

The land sales adjustment grid below shows our adjustments as they pertain to the subject property:

<b>LAND SALES ADJUSTMENT GRID</b>						
<b>SALE</b>	<b>1</b>	<b>2</b>	<b>3</b>	<b>4</b>	<b>5</b>	<b>6</b>
PRICE/ACRE	\$87,859	\$56,587	\$37,271	\$114,527	\$150,000	\$49,932
DATE	6/28/21	7/16/21	9/26/22	10/11/22	3/13/23	UC
CONDITIONS OF SALE	0%	0%	0%	0%	0%	0%
MARKET CONDITIONS	6%	6%	0%	0%	0%	0%
TOTAL ADJUSTMENT	6%	6%	0%	0%	0%	0%
<b>ADJUSTED \$/ACRE</b>	<b>\$93,131</b>	<b>\$59,983</b>	<b>\$37,271</b>	<b>\$114,527</b>	<b>\$150,000</b>	<b>\$49,932</b>
SIZE (ACRES)	6.260	27.780	13.415	17.463	1.500	7.410
LOCATION	-40%	-30%	20%	-40%	-15%	0%
SIZE	-15%	0%	-5%	-5%	-30%	-15%
CORNER/FRONTAGE	0%	0%	0%	0%	0%	0%
ZONING	0%	0%	0%	0%	-5%	0%
SITE CHARACTERISTICS	0%	0%	0%	0%	0%	0%
UTILITIES	0%	0%	0%	0%	-20%	0%
TOTAL PHYSICAL ADJ.	-55%	-30%	15%	-45%	-70%	-15%
<b>FINAL ADJ. \$/ACRE</b>	<b>\$41,909</b>	<b>\$41,988</b>	<b>\$42,861</b>	<b>\$62,990</b>	<b>\$45,000</b>	<b>\$42,443</b>

**Land Value Conclusion.** The sales within the Adjustment Grid have an adjusted sales price ranging from \$41,909 per square foot to \$62,990 per acre, with an average adjusted price of \$46,950 per acre. Removing the extreme high results in an average of \$42,840 per acre. Based on the above land sales analysis, and considering the subject's highest and best use, and location, it is our opinion that the market value of the subject is \$43,000 per acre. The "As Is" value of the Fee Simple Estate of the subject, is as follows:

<b>INDICATED LAND VALUE FOR THE SUBJECT "AS IS" (Fee Simple Estate)</b>		
Land Area / Acres	Indicated Value Per Acre	Indicated Land Value
25.1320	\$43,000	\$1,080,676
<b>Land Value (rounded):</b>		<b>\$1,080,000</b>

**RECONCILIATION AND FINAL VALUE OPINION**

The reconciliation involves weighing the value indications provided by each method in light of its dependability as a reflection of the probable actions of users and investors in the market place. The appraiser's final conclusion of value may coincide with one of the approaches or it may reflect a weighing of relative merits of each of the approaches in leading to a final conclusion. One method of property valuation is used in this appraisal and this final section is the discussion of the value indication provided by this approach. Consideration of the relative merits of each value indication involves reviewing each approach with respect to: 1) reliability of the data used; 2) the applicability of the approach to the type of property being appraised; and 3) the applicability of the approach in light of the definition of value sought.

**Final Value Opinion.** The Market Approach to Value was utilized, which is the only applicable approach being the subject is vacant land. The final opinion of value must be based upon that confirmation of the available market data and analysis which is most appropriate. In our opinion, the Market Approach is well documented and supported by good market data. Thus, we have placed emphasis on this approach. It is our opinion the subject property, if properly marketed, could be sold within a 12 month exposure time. Our opinion of the Market Value of the Fee Simple Estate of the subject property "As Is", as of the effective date of April 12, 2023, is as follows:

**ONE MILLION EIGHTY THOUSAND DOLLARS  
\$1,080,000**

*There are no hypothetical conditions or extraordinary assumption for this appraisal.*

**ADDENDA**

**QUALIFICATIONS**



**QUALIFICATIONS OF MICHAEL B. LANE, MAI**

**Business**

MB LANE & ASSOCIATES, INC.  
8990 Hempstead Highway, Suite 102  
Houston, Texas 77008

Telephone:(713) 863-1414  
Fax:(713) 863-8822  
Email: michael@mblane.com

**Employment History**

1999 to Present	MBLane & Associates, Inc	President	Houston, TX
1997 to 1999	First Union Capital Markets Group	Vice President	Houston, TX
1994 to 1997	Banc One Capital Markets Group	Underwriter	Houston, TX
1986 to 1994	Edward B. Schulz & Company	Senior Appraiser	Houston, TX

**Education**

University of Arkansas	Bachelor of Business Administration	Major: Finance & Real Estate	1985
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**Certifications**

General Real Estate Appraiser in the State of Texas	Certification Number: TX-1322609-G
Licensed Real Estate Broker in the State of Texas	License Number: 0373554
Member - Appraisal Institute (MAI)	Current - December 31, 2023

**Training (1989 to Present)**

Appraisal Reporting  
Basic Valuation Procedures  
Capitalization Theory & Techniques, Part A  
Capitalization Theory & Techniques, Part B  
Case Studies in Real Estate Valuation  
Defensible Appraisal  
Demonstration Report Writing  
Fundamentals of Separating Real Property, Personal Property & Intangible Business Assets  
General Market Analysis and Highest & Best Use  
Interagency Rules of Banks & Credit Unions  
National USPAP Update  
Property Tax  
Real Estate Appraisal Principles  
Report Writing and Valuation Analysis  
Sales Comparison-Adjustment Process  
Standards of Professional Practice, Part A  
Standards of Professional Practice, Part B  
Write It Up

**QUALIFICATIONS OF MICHAEL B. LANE, MAI - CONTINUED**

**Types of Real Estate Appraised  
& Consulting Assignments**

Assisted Living Facilities  
Automobile Dealership  
Automotive Repair Facilities  
Business Parks  
Churches  
Condemnation  
Convenience Stores  
Fast-Food Franchises  
Garden Apartments  
Greenhouse/Nurseries  
Industrial & Manufacturing  
Leasehold Valuation  
Manual & Full Service Car Washes  
Medical Office Buildings  
Mini-Warehouses  
Motels & Hotels  
Nursing Homes  
Office Buildings  
Recreational Vehicle Park  
Resort and Recreational Development  
Restaurants/Bars  
Service Stations  
Shopping Centers  
Single-Family Subdivisions  
Special Purpose Properties  
Time Share Project  
Townhouse Developments  
Vacant Land

**Partial List of Representative Clients**

Allegiance Bank  
Alliance Bank  
Bancorp South  
BB&T  
BBVA Compass  
Beal Bank  
CBB Bank  
Chase/JP Morgan  
Citizens State Bank  
City Bank Texas  
Coamerica Bank  
Community First Bank & Trust  
East West Bank  
Evolve Bank & Trust  
Fidelity Bank  
Green Bank  
Guaranty Bank & Trust  
Heritage Bank  
IBC Bank  
Independence Bank  
Independent Bank of Texas  
Iron Stone Bank  
Lowery Bank  
Members Choice Credit Union  
Moody National Bank  
Plains State Bank  
Post Oak Bank  
Prosperity Bank  
Q10|Kinghorn, Driver, Hough & Co.  
Regions Bank  
Smart Financial Credit Union  
StanCorp Mortgage Investors  
Stearns Bank  
Symetra Financial  
Synergy Bank  
Texas Advantage Community Bank  
Tradition Bank  
Trustmark Bank  
US Bank  
ValueBank Texas  
Wells Fargo Bank  
Wilshire State Bank

**Various Types of Studies**

Environmental Impact Studies  
Feasibility Studies  
Highest and Best Use Studies  
Market Studies



**QUALIFICATIONS OF GARY JONES**

**Business Address:**

**MB LANE & ASSOCIATES, INC.**  
8990 Hempstead Highway, Suite 102  
Houston, Texas 77008

Telephone (713) 863-1414  
Fax (713) 863-8822

E-Mail: gary@mblane.com

**Appraisal Employment History:**

2006 -Present	Appraiser Trainee, MB Lane & Associates, Inc.	Houston, Texas
2000-2006	Appraiser Trainee, O'Connor & Associates, L.P.	Houston, Texas

**Certification:** Trainee certification #1327865-T Expires October 31, 2024.

**Types of Real Estate Appraisal Assignments**

Retail Centers	Garden Apartments
Office Buildings	Motels
Warehouses	Day Care Centers
Single Family	Freestanding Retail Buildings
Vacant Land	Convenience Stores
Condo	Self-Storage Facilities
Medical Office Buildings	Automotive Sales & Repair Facilities



**SUBJECT PHOTOGRAPHS**

**SUBJECT PROPERTY PHOTOGRAPHS**



**Front view of the subject property from Mack Washington Road.**

**SUBJECT PROPERTY PHOTOGRAPHS**



**Front view of the subject property from Mack Washington Road.**

**SUBJECT PROPERTY PHOTOGRAPHS**



**Front view of the subject property from Mack Washington Road.**

**SUBJECT PROPERTY PHOTOGRAPHS**



**Interior view of the subject property.**



**SUBJECT PROPERTY PHOTOGRAPHS**



**Interior view of the subject property.**

**SUBJECT PROPERTY PHOTOGRAPHS**



**Interior view of the subject property.**

**SUBJECT PROPERTY PHOTOGRAPHS**



**Interior view of the subject property.**

**SUBJECT PROPERTY PHOTOGRAPHS**



**Interior view of the subject property.**

**SUBJECT PROPERTY PHOTOGRAPHS**



**Interior view of the subject property.**

**SUBJECT PROPERTY PHOTOGRAPHS**



**Water well on the subject tract.**

**SUBJECT PROPERTY PHOTOGRAPHS**



**Wildlife watering station on subject tract.  
(Considered to be personal property.)**

**SUBJECT PROPERTY PHOTOGRAPHS**



**Turkey feeder on subject tract.  
(Considered to be personal property.)**



**SUBJECT PROPERTY PHOTOGRAPHS**



**Mack Washington Road looking west.**

**SUBJECT PROPERTY PHOTOGRAPHS**



**Mack Washington Road looking east.**

**FLOOD MAP**

# National Flood Hazard Layer FIRMette

96°3'21"W 30°7'8"N



## Legend

SEE FIS REPORT FOR DETAILED LEGEND AND INDEX MAP FOR FIRM PANEL LAYOUT

**SPECIAL FLOOD HAZARD AREAS**

- Without Base Flood Elevation (BFE)  
*Zone A, V, A99*
- With BFE or Depth *Zone AE, AO, AH, VE, AR*
- Regulatory Floodway

**OTHER AREAS OF FLOOD HAZARD**

- 0.2% Annual Chance Flood Hazard, Areas of 1% annual chance flood with average depth less than one foot or with drainage areas of less than one square mile *Zone X*
- Future Conditions 1% Annual Chance Flood Hazard *Zone X*
- Area with Reduced Flood Risk due to Levee, See Notes, *Zone X*
- Area with Flood Risk due to Levee *Zone X*

**OTHER AREAS**

- NO SCREEN *Zone X*
- Area of Minimal Flood Hazard *Zone X*
- Effective LOMR
- Area of Undetermined Flood Hazard *Zone D*

**GENERAL STRUCTURES**

- Channel, Culvert, or Storm Sewer
- Levee, Dike, or Floodwall

**CROSS SECTIONS WITH 1% ANNUAL CHANCE WATER SURFACE ELEVATION**

- 20.2
- 17.5
- 8
- Coastal Transect
- Base Flood Elevation Line (BFE)
- Limit of Study
- Jurisdiction Boundary
- Coastal Transect Baseline
- Profile Baseline
- Hydrographic Feature

**OTHER FEATURES**

- Digital Data Available
- No Digital Data Available
- Unmapped

**MAP PANELS**

- The pin displayed on the map is an approximate point selected by the user and does not represent an authoritative property location.

This map complies with FEMA's standards for the use of digital flood maps if it is not void as described below. The basemap shown complies with FEMA's basemap accuracy standards

The flood hazard information is derived directly from the authoritative NFHL web services provided by FEMA. This map was exported on 4/17/2023 at 3:15 PM and does not reflect changes or amendments subsequent to this date and time. The NFHL and effective information may change or become superseded by new data over time.

This map image is void if the one or more of the following map elements do not appear: basemap imagery, flood zone labels, legend, scale bar, map creation date, community identifiers, FIRM panel number, and FIRM effective date. Map images for unmapped and unmodernized areas cannot be used for regulatory purposes.

SEE FIS REPORT FOR DETAILED LEGEND AND INDEX MAP FOR FIRM PANEL LAYOUT

Without Base Flood Elevation (BFE)  
*Zone A, V, A99*

With BFE or Depth *Zone AE, AO, AH, VE, AR*

Regulatory Floodway

0.2% Annual Chance Flood Hazard, Areas of 1% annual chance flood with average depth less than one foot or with drainage areas of less than one square mile *Zone X*

Future Conditions 1% Annual Chance Flood Hazard *Zone X*

Area with Reduced Flood Risk due to Levee, See Notes, *Zone X*

Area with Flood Risk due to Levee *Zone X*

NO SCREEN *Zone X*

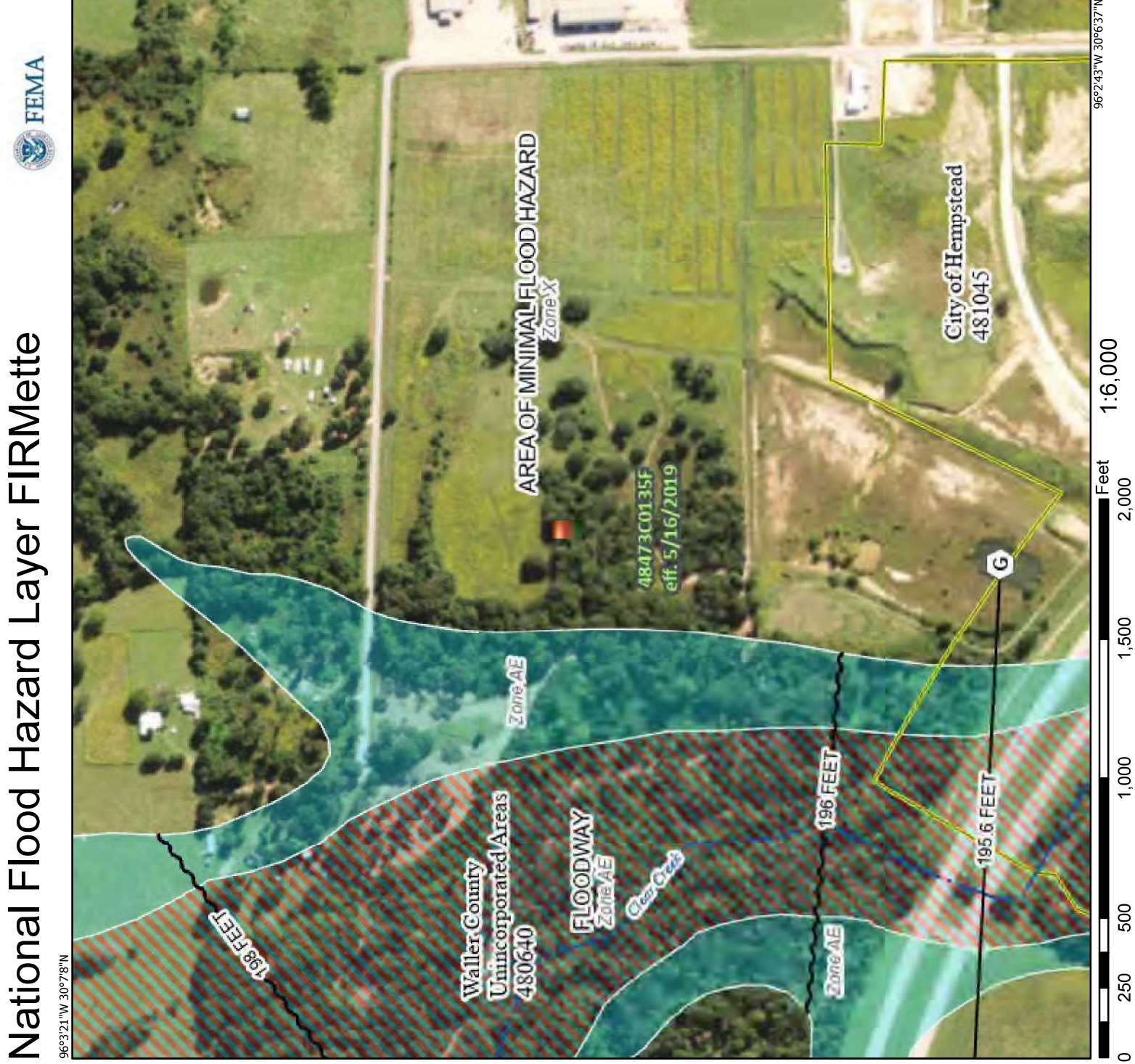
Area of Minimal Flood Hazard *Zone X*

Effective LOMR

Area of Undetermined Flood Hazard *Zone D*

Channel, Culvert, or Storm Sewer

Levee, Dike, or Floodwall



96°2'43"W 30°6'37"N

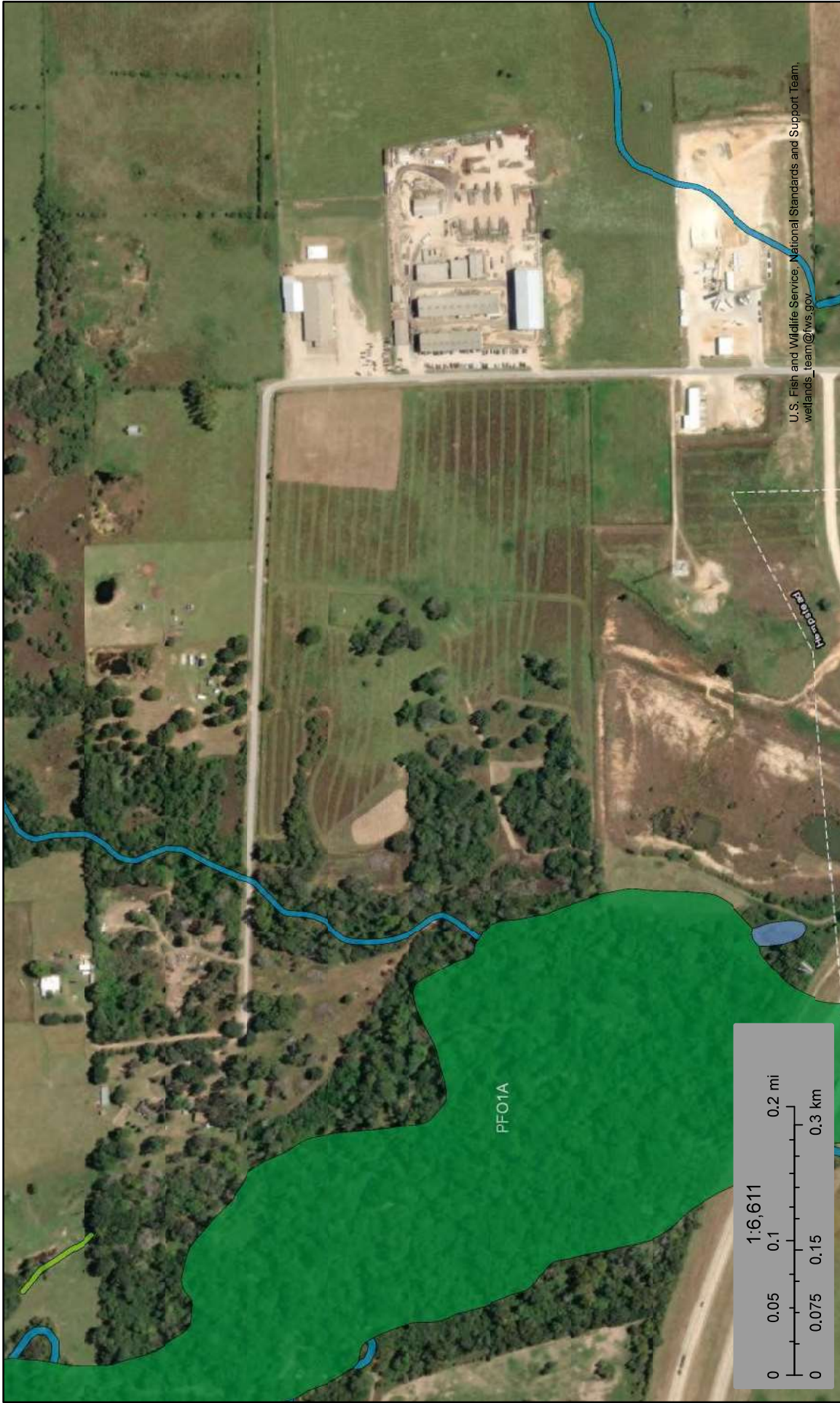
Feet 1:6,000

0 250 500 1,000 1,500 2,000

Basemap: USGS National Map: Orthoimagery. Data refreshed October, 2020

**WETLANDS MAP**

# WETLANDS MAP



This map is for general reference only. The US Fish and Wildlife Service is not responsible for the accuracy or currentness of the base data shown on this map. All wetlands related data should be used in accordance with the layer metadata found on the Wetlands Mapper web site.

April 16, 2023

### Wetlands

- Estuarine and Marine Deepwater
- Estuarine and Marine Wetland
- Freshwater Emergent Wetland
- Freshwater Forested/Shrub Wetland
- Freshwater Pond
- Lake
- Other
- Riverine

**COUNTY APPRAISAL DISTRICT RECORD**

# Waller CAD

## Property Search Results > 257912 LEWIS JOHN JR RECEIVER for Year 2023

Tax Year: 2023 - Values not available

### Property

#### Account

Property ID:	257912	Legal Description:	S432500 CLEAR CREEK DEVELOPMENT LOT 1 ACRES 25.132
Geographic ID:	432500-000-001-000	Zoning:	
Type:	Real	Agent Code:	
Property Use Code:	AG-WDLF		
Property Use Description:	WILDLIFE USE		

#### Protest

Protest Status:  
 Informal Date:  
 Formal Date:

#### Location

Address:	MACK WASHINGTON HEMPSTEAD, TX 77445	Mapsco:	B13SUBS
Neighborhood:	CLEAR CREEK DEVELOPMENT	Map ID:	3771 N1
Neighborhood CD:	S432500		

#### Owner

Name:	LEWIS JOHN JR RECEIVER	Owner ID:	1030220
Mailing Address:	%SHOOK HARDY & BACON LLP 600 TRAVIS ST SUITE 3400 HOUSTON, TX 77002	% Ownership:	100.0000000000%

Exemptions:

### Values

(+) Improvement Homesite Value:	+	N/A	
(+) Improvement Non-Homesite Value:	+	N/A	
(+) Land Homesite Value:	+	N/A	
(+) Land Non-Homesite Value:	+	N/A	Ag / Timber Use Value
(+) Agricultural Market Valuation:	+	N/A	N/A
(+) Timber Market Valuation:	+	N/A	N/A
-----			
(=) Market Value:	=	N/A	
(-) Ag or Timber Use Value Reduction:	-	N/A	
-----			
(=) Appraised Value:	=	N/A	
(-) HS Cap:	-	N/A	
-----			
(=) Assessed Value:	=	N/A	



**Taxing Jurisdiction**

Owner: LEWIS JOHN JR RECEIVER  
 % Ownership: 100.000000000000%  
 Total Value: N/A

Entity	Description	Tax Rate	Appraised Value	Taxable Value	Estimated Tax
CAD	WALLER CAD	N/A	N/A	N/A	N/A
CHD	HEMPSTEAD CITY OF	N/A	N/A	N/A	N/A
ESD	WALLER-HARRIS ESD 200	N/A	N/A	N/A	N/A
GWA	WALLER COUNTY	N/A	N/A	N/A	N/A
RFM	WALLER CO FM	N/A	N/A	N/A	N/A
SHD	HEMPSTEAD ISD	N/A	N/A	N/A	N/A
Total Tax Rate:		N/A			
Taxes w/Current Exemptions:					N/A
Taxes w/o Exemptions:					N/A

**Improvement / Building**

No improvements exist for this property.

**Land**

#	Type	Description	Acres	Sqft	Eff Front	Eff Depth	Market Value	Prod. Value
1	E	E	25.1320	1094749.92	0.00	0.00	N/A	N/A

**Roll Value History**

Year	Improvements	Land Market	Ag Valuation	Appraised	HS Cap	Assessed
2023	N/A	N/A	N/A	N/A	N/A	N/A
2022	\$0	\$1,094,750	1,890	1,890	\$0	\$1,890
2021	\$0	\$1,094,750	1,890	1,890	\$0	\$1,890
2020	\$0	\$1,040,010	1,760	1,760	\$0	\$1,760
2019	\$0	\$1,007,170	1,760	1,760	\$0	\$1,760

**Deed History - (Last 3 Deed Transactions)**

#	Deed Date	Type	Description	Grantor	Grantee	Volume	Page	Deed Number
1	9/29/2022	FSJ	FINAL SUMMARY JUDGEMENT	CBT GROUP LLC	LEWIS JOHN JR RECEIVER			CASE 4:22 CV 03359
2	3/29/2022	WDV	WARRANTY / VENDOR LIEN	STYERS ODIS III	CBT GROUP LLC			2203998

**Tax Due**

Property Tax Information as of 04/11/2023

Amount Due if Paid on: 

Year	Taxing Jurisdiction	Taxable Value	Base Tax	Base Taxes Paid	Base Tax Due	Discount / Penalty & Interest	Attorney Fees	Amount Due
------	---------------------	---------------	----------	-----------------	--------------	-------------------------------	---------------	------------

NOTE: Penalty & Interest accrues every month on the unpaid tax and is added to the balance. Attorney fees may also increase your tax liability if not paid by July 1. If you plan to submit payment on a future date, make sure you enter the date and RECALCULATE to obtain the correct total amount due.

# Waller CAD

Property Search Results > 257912 CBT GROUP LLC for Year  Tax Year: 2022

## Property

### Account

Property ID:	257912	Legal Description:	S432500 CLEAR CREEK DEVELOPMENT LOT 1 ACRES 25.132
Geographic ID:	432500-000-001-000	Zoning:	
Type:	Real	Agent Code:	
Property Use Code:			
Property Use Description:			

### Protest

Protest Status:  
 Informal Date:  
 Formal Date:

### Location

Address:	MACK WASHINGTON HEMPSTEAD, TX 77445	Mapsco:	B13SUBS
Neighborhood:	CLEAR CREEK DEVELOPMENT	Map ID:	3771 N1
Neighborhood CD:	S432500		

### Owner

Name:	CBT GROUP LLC	Owner ID:	1026384
Mailing Address:	9200 WESTHEIMER RD APT 1606 HOUSTON, TX 77063-3545	% Ownership:	100.0000000000%
		Exemptions:	

## Values

(+) Improvement Homesite Value:	+	\$0	
(+) Improvement Non-Homesite Value:	+	\$0	
(+) Land Homesite Value:	+	\$0	
(+) Land Non-Homesite Value:	+	\$0	Ag / Timber Use Value
(+) Agricultural Market Valuation:	+	\$1,094,750	\$1,890
(+) Timber Market Valuation:	+	\$0	\$0
-----			
(=) Market Value:	=	\$1,094,750	
(-) Ag or Timber Use Value Reduction:	-	\$1,092,860	
-----			
(=) Appraised Value:	=	\$1,890	
(-) HS Cap:	-	\$0	
-----			
(=) Assessed Value:	=	\$1,890	

## Taxing Jurisdiction

Owner: CBT GROUP LLC  
 % Ownership: 100.000000000000%  
 Total Value: \$1,094,750

Entity	Description	Tax Rate	Appraised Value	Taxable Value	Estimated Tax
CAD	WALLER CAD	0.000000	\$1,890	\$1,890	\$0.00
CHD	HEMPSTEAD CITY OF	0.552573	\$1,890	\$1,890	\$10.44
ESD	WALLER-HARRIS ESD 200	0.097426	\$1,890	\$1,890	\$1.84
GWA	WALLER COUNTY	0.522593	\$1,890	\$1,890	\$9.88
RFM	WALLER CO FM	0.025852	\$1,890	\$1,890	\$0.49
SHD	HEMPSTEAD ISD	1.136700	\$1,890	\$1,890	\$21.48
Total Tax Rate:		2.335144			
Taxes w/Current Exemptions:					\$44.13
Taxes w/o Exemptions:					\$44.13

### Improvement / Building

No improvements exist for this property.

### Land

#	Type	Description	Acres	Sqft	Eff Front	Eff Depth	Market Value	Prod. Value
1	W6	WILDLIFE MGMT (PREV NATIVE PASTURE)	25.1320	1094749.92	0.00	0.00	\$1,094,750	\$1,890

### Roll Value History

Year	Improvements	Land Market	Ag Valuation	Appraised	HS Cap	Assessed
2023	N/A	N/A	N/A	N/A	N/A	N/A
2022	\$0	\$1,094,750	1,890	1,890	\$0	\$1,890
2021	\$0	\$1,094,750	1,890	1,890	\$0	\$1,890
2020	\$0	\$1,040,010	1,760	1,760	\$0	\$1,760
2019	\$0	\$1,007,170	1,760	1,760	\$0	\$1,760

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2	3/29/2022	WDV	WARRANTY / VENDOR LIEN	STYERS ODIS III	CBT GROUP LLC			2203998

### Tax Due

Property Tax Information as of 04/15/2023

Amount Due if Paid on: 

Year	Taxing Jurisdiction	Taxable Value	Base Tax	Base Taxes Paid	Base Tax Due	Discount / Penalty & Interest	Attorney Fees	Amount Due

NOTE: Penalty & Interest accrues every month on the unpaid tax and is added to the balance. Attorney fees may also increase your tax liability if not paid by July 1. If you plan to submit payment on a future date, make sure you enter the date and RECALCULATE to obtain the correct total amount due.

# Waller CAD

Property Search Results > 257912 CBT GROUP LLC for Year  Tax Year: 2022

## Property

### Account

Property ID:	257912	Legal Description:	S432500 CLEAR CREEK DEVELOPMENT LOT 1 ACRES 25.132
Geographic ID:	432500-000-001-000	Zoning:	
Type:	Real	Agent Code:	
Property Use Code:			
Property Use Description:			

### Protest

Protest Status:	
Informal Date:	
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### Location

Address:	MACK WASHINGTON HEMPSTEAD, TX 77445	Mapsco:	B13SUBS
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		Exemptions:	

## Values

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(+) Improvement Non-Homesite Value:	+	\$0	
(+) Land Homesite Value:	+	\$0	
(+) Land Non-Homesite Value:	+	\$0	Ag / Timber Use Value
(+) Agricultural Market Valuation:	+	\$1,094,750	\$1,890
(+) Timber Market Valuation:	+	\$0	\$0
-----			
(=) Market Value:	=	\$1,094,750	
(-) Ag or Timber Use Value Reduction:	-	\$1,092,860	
-----			
(=) Appraised Value:	=	\$1,890	
(-) HS Cap:	-	\$0	
-----			
(=) Assessed Value:	=	\$1,890	

## Taxing Jurisdiction

Owner: CBT GROUP LLC  
 % Ownership: 100.000000000000%  
 Total Value: \$1,094,750

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Taxes w/Current Exemptions:					\$44.13
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### Improvement / Building

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2021	\$0	\$1,094,750	1,890	1,890	\$0	\$1,890
2020	\$0	\$1,040,010	1,760	1,760	\$0	\$1,760
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------	---------------------	---------------	----------	-----------------	--------------	-------------------------------	---------------	------------

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**ENGAGEMENT LETTER**



Appraisal MC  
320 Detering Ste B  
Houston, TX 77007  
**713-623-0559**

**APPRAISAL REQUEST FORM**  
**COMPANY: Individual – Commercial NR CC**

State Registration Number: 2000252

**File Information**

**File ID:** 230310011 **Due Date:** 4/3/2023  
**Loan Number:** 23232323

**Appraiser Information**

**Loan Type:** Commercial – Primary **Appraiser:** Lane, Michael  
**Form:** Commercial appraisal report  
**Service Fee:** \$1500.00  
**Transaction Fee:**

---

**Total Appraiser Fee: \$1500.00**

**Client Information**

**Client:** Shook, Hardy & Bacon L.L.P **Borrower or Company Name:** Shook, Hardy & Bacon  
**Address:**

**Subject Property**

**Address or Intersection:** MACK WASHINGTON **Intended Use:** Home Equity  
HEMPSTEAD, TX 77445 **Property Type:** Commercial  
**County:** Waller

**Legal Description:**  
**Property Description:**  
**Map:** [Map Link](#)

**Property Contact Information**

**Contact Person:** Kelsey Morris w/ Mark Dimas Team **Work Phone:** 832-814-7623  
**Cell Phone:** **Home Phone:**

**Property Contact Notes:** Kelsey Morris w/ Mark Dimas Team [kelsey@markdimasteam.com](mailto:kelsey@markdimasteam.com)

**Effective Date of Valuation**

	Retrospective	As Is	Prospective at Completion	Prospective at Stabilized Occupancy
Effective Date(s) of Appraisal:	[ ]	[ ]	[ ]	[ ]
Property Interest Leased Fee (all or part):	[ ]	[ ]	[ ]	[ ]
Property Interest Fee Simple (not leased):	[ ]	[ ]	[ ]	[ ]
Property Interest Leasehold (borrower is tenant):	[ ]	[ ]	[ ]	[ ]
Property Condition (vacant land/improved):				
If Leased Fee approx % leased (excludes owner):				
If Leased Fee approx no of tenants (excludes owner):				
If Leased Fee approx remaining lease term(s) over 5 years:	[ ]	[ ]	[ ]	[ ]
If Leased Fee approx remaining lease term(s) under 5 years:	[ ]	[ ]	[ ]	[ ]

**Other information believed germane to the appraisal bid:**

**Additional Notes:**

Date	From	Message
3/20/2023 11:03 AM	Bautista, Mayra	Good morning your conditions have been accepted. Please proceed and accept this order in your queue. Thank you This property has been seized by the government. There have been several cases of fraud associated with the property and an appraisal is needed in order to sell the properties The lot SHOULD be empty but it could be possible they contain structures, these structures are part of the fraudulence that is being investigated. We need the appraiser to physically inspect the property and confirm if anything is on the property.

**Note:** This appraisal order is not transferrable to another appraiser. If the appraiser named on this appraisal request is unable to complete this assignment please contact Appraisal MC at 713-623-0559. All appraisers are approved on an individual basis, if this assignment is completed by another appraiser Appraisal MC will not be liable for any appraisal related service fee.





Commercial Order Form  
client

\* If a client of Appraisal MC or lender makes contact with you directly, contact Appraisal MC immediately. Do NOT make contact with the client of Appraisal MC or lender directly unless otherwise specified in the order. Any contact outside of the Appraisal MC system may be cause for removal and forfeit of appraisal fee due to non-compliance with the appraiser agreement. All communication and reports must be sent through Appraisal MC only. Failure to comply with this request will result in this order being cancelled and payment for this order will be rescinded immediately.

Appraiser agrees not to directly or indirectly engage via communication or assignments with any of Appraisal MC's lender clients for a period of one year without written consent of Appraisal MC. Appraiser agrees to provide reasonable monetary damages for violation of this Agreement; and, that if monetary damages are calculable, monetary damages alone are inadequate as a remedy for such violation. Therefore, the parties agree that equitable remedies, including, without limitation, temporary restraining order and mandatory injunction enforcing specific performance, are and shall be proper remedies for violation of this Agreement. If suit is brought to enforce this Agreement, the winning party shall be entitled to receive, in addition to any actual damages, reasonable attorney(s) fees spent in the prosecution of such suit.

APPRAISAL MC RESERVES THE RIGHT TO DISCOUNT FEE OF PAST DUE REPORTS BY \$50 PER DAY IF NO NOTIFICATION IS RECEIVED. COMPLETED APPRAISALS MUST BE SUBMITTED BY 2 PM CST ON THE DUE DATE.

IF A RUSH/PRIORITY ASSIGNMENT IS NOT SUBMITTED ON OR BEFORE THE DUE DATE THE RUSH/PRIORITY ADDITIONAL FEE WILL BE FORFEITED.

ANY REVISIONS MUST BE SUBMITTED THE SAME BUSINESS DAY OTHERWISE THE ASSIGNMENT WILL BE CONSIDERED LATE.

***Trip Fee Policy:***

***Trip fees for scheduled appointments are not to exceed \$150 unless otherwise approved. A photo of the subject property with address must be provided for verification***

***Trip fees may be forfeited for the following reasons:***

- ***If the assignment is not submitted on or before the due date and the order is cancelled due to appraiser delays.***
- ***Cancelled orders not submitted on or before the due date***
- ***Assignments that have been withdrawn from***

***Cancellation policy:***

***Pre-Inspect: 0%***

***Post-Inspect based on appt time in system: Fee not to exceed \$150 unless otherwise approved***

***Completed report: 100%***

***Cancellation fees may be forfeited for the following reasons:***

- ***If the assignment is not submitted on or before the due date and the order is cancelled due to appraiser delays.***
- ***Cancelled orders not submitted on or before the due date***
- ***Assignments that have been withdrawn from***

~~(Please note that any cancellations will come via message from Appraisal MC)~~

**TEXAS APPRAISERS:** If you are an appraiser licensed or certified in Texas you must accept the TALCB invite prior to accepting any assignments from Appraisal MC. Do not accept any assignments or begin work on any assignments and contact Appraisal MC immediately. Appraisal MC will not be responsible for any work completed by an appraiser not active on the Appraisal MC TALCB panel.



## **APPRAISER CERTIFICATION OF TERMS AND STANDARDS OF ENGAGEMENT**

The **undersigned**, an authorized representative of the below named appraiser, appraisal company, or appraisal management company (the "Appraiser") hereby acknowledges and certifies that the Appraiser has knowledge and experience in appraising this type of property in this market area and accepts this engagement to conduct an appraisal of the Subject Property in accordance with the Uniform Standards of Professional Appraisal Practice (USPAP) and in full compliance with the Dodd – Frank Act and all applicable state and federal laws and regulations. The Appraiser understands that the Client, a mortgage lender, has adopted a written Plan for Compliance with the Dodd – Frank Act, and that Client solely is authorized to engage and compensate the Appraiser for its appraisal services with respect to the Subject Property.

Upon completion of its services and rendering of its appraisal report on the Subject Property to Client, the Appraiser agrees to make a written certification in form acceptable to Client that the appraisal of the Subject Property was conducted in full compliance the Uniform Standards of Professional Appraisal Practice (USPAP), the Dodd – Frank Act, and all applicable state and federal laws and regulations, including the licensing or registration regulations of the state in which the Subject Property is located, and that no attempt was made by the Client or any third party to influence the valuation of the Subject Property through coercion, extortion, collusion, compensation, inducement, intimidation, bribery or in any other manner.

By accepting this assignment you hereby certify that you are properly licensed and/or certified to complete the property appraisal in this state and have geographic competency for the market. Geographic competency includes, but is not limited, to: knowledge of major employers in the area, knowledge of major recreational draws for the area, familiarity with the local school districts, awareness of all major access routes, knowledge of market area value trends and that you subscribe to relevant data sources including the multiple listing services of all markets. You agree to notify Appraisal MC immediately if you are asked to perform a valuation within an area in which you do not have sufficient knowledge to make an accurate valuation.

## **APPRAISER CERTIFICATION OF COMPLIANCE AND NON-COERCION**

Regarding Appraisal of Subject Property located at:  
MACK WASHINGTON, HEMPSTEAD, TX 77445

The undersigned, and authorized representative of the below named appraiser, appraisal company, or appraisal management company (the "Appraiser") conducting the appraisal of the Subject Property and preparing the Appraisal Report, hereby certifies that:

1. The Appraiser conducted the appraisal and prepared the Appraisal Report in full compliance with the Uniform Standards of Professional Appraisal Practice (USPAP), the Dodd – Frank Act and all applicable state and federal laws and regulations.
2. The appraisal of the Subject Property was conducted, and the Appraisal Report was prepared, by one, or more, qualified and duly licensed or certified real estate appraisers in compliance with applicable state and federal law.
3. The Appraiser conducting the appraisal of the Subject Property has knowledge and experience in appraising this type of property in the market area within which the Subject Property is located.
4. The Appraiser was not provided any predetermined or desired valuation of the Subject Property by the Client or any third party, except, if applicable, the Appraiser was provided a photocopy of any

pending sales contract and addenda thereto, as permitted by the Dodd – Frank Act and required by USPAP standards rule 1–5 (a).

5. The Appraiser was not influenced by the Client or any third party in determining the valuation of the Subject Property and no attempt was made by the Client or any third party to influence the valuation of the Subject Property through coercion, extortion, collusion, compensation, inducement, intimidation, bribery or in any other manner.
6. The Appraiser has adopted and enforces written policies and procedures implementing the Dodd – Frank Act with respect to all its business activities. The Appraiser provides its officers, employees, and agents' adequate training on appraiser independence, including the principles set forth in the Dodd – Frank Act, and has mechanisms in place to report and discipline any of its officers, employees, or agents who violate its policies and procedures.
7. The Appraiser will include all requested revisions, reconsiderations of additional comparables and underwriting requests within 24 hours at no additional cost. If these items are not addressed and /or completed in a timely manner they will not be considered complete and Appraisal MC will not be financially responsible for the appraisal.
8. The Appraiser must be General Certified and meet all investor eligibility requirements in order to complete the appraisal.
9. Appraiser agrees to **separately upload or not include the invoice in the report** as part of the acceptance of the assignment.
10. Vendor shall be paid on the 30th of the month for the orders completed in the previous calendar month. (unless otherwise stated/specified by State appraisal management regulations) The appraiser may request to receive payment via ACH. Please contact [accounting@appraisalmc.com](mailto:accounting@appraisalmc.com) to setup the ACH vendor payment. Otherwise, a check will be mailed to the address listed on the W9.

This Certification of Compliance and Non–Coercion is cumulative of any other or additional certifications that may be set forth in the Appraisal Report and does not revoke, amend or modify the terms or standards of engagement with respect to the Appraisal Report. ***Any violations of AIR must be reported in writing immediately to [support@appraisalmc.com](mailto:support@appraisalmc.com)***

\* If a client or lender makes contact with you directly, contact Appraisal MC immediately. Do NOT make contact with the lender directly. Any contact outside of the Appraisal MC system may be cause for removal and forfeit of appraisal fee due to non–compliance with the appraiser agreement. All communication and reports must be sent through Appraisal MC only. Failure to comply with this request will result in this order being cancelled and payment for this order will be rescinded immediately.

Appraiser covenants and agrees that during the term of this engagement and for a period of one year after the expiration or earlier termination of the engagement, neither Appraiser nor any employee, affiliate, agent, or representative of Appraiser (each, a "Restricted Person") shall directly or indirectly, for itself or on behalf of another person or entity (i) induce, influence, or encourage, any client, customer or other similar third party of Appraisal MC in the state of the United States where the Appraiser provides services to Appraisal MC under this engagement (each, a "Customer") to alter, terminate, or breach its contractual or other business relationship with Appraisal MC, or (ii) solicit appraisal related business or services from, or engage in appraisal related business or services for, any Customer. Appraiser agrees that the duration, scope, and geographical area of the restrictions contained herein are reasonable. Upon a determination by a court of competent jurisdiction that any term or provision of this clause is invalid, illegal, or unenforceable, such court may modify this clause to substitute the maximum duration, scope, or geographical area legally permissible under such circumstances to the greatest extent possible to give effect to the restrictions originally contemplated by the parties hereto.

Appraiser acknowledges and agrees that: (i) the restrictive covenants and other terms and conditions herein are reasonable and reasonably necessary to protect the legitimate business interests of Appraisal MC; (ii) that each Restricted Person will be reasonably able to earn a living without violating the terms of this agreement; and (iii) that the Appraiser has the right to consult with counsel before signing this agreement. The Appraiser further acknowledges that: (i) the amount of the Appraisers compensation reflects, in part,

each Restricted Persons obligations and Appraisal MCs rights under this agreement, (ii) no Restricted Person has an expectation of any additional compensation, royalties, or other payment of any kind not otherwise referenced herein in connection herewith; and (iii) no Restricted Person will be subject to undue hardship by reason of the Restricted Persons full compliance with the terms and conditions of this engagement or Appraisal MCs enforcement of it.

In the event of a breach or threatened breach by a Restricted Person of any of the provisions herein, the Appraiser hereby consents and agrees that money damages would not afford an adequate remedy and that Appraisal MC shall be entitled to seek a temporary or permanent injunction or other equitable relief against such breach or threatened breach from any court of competent jurisdiction, without the necessity of showing any actual damages, and without the necessity of posting any bond or other security. Any equitable relief shall be in addition to, not in lieu of, legal remedies, monetary damages, or other available relief.

APPRAISAL MC RESERVES THE RIGHT TO DISCOUNT FEE OF PAST DUE REPORTS BY \$100 PER DAY IF NO NOTIFICATION IS RECEIVED. COMPLETED APPRAISALS MUST BE SUBMITTED BY 2 PM CST ON THE DUE DATE.

IF A RUSH/PRIORITY ASSIGNMENT IS NOT SUBMITTED ON OR BEFORE THE DUE DATE THE RUSH/PRIORITY ADDITIONAL FEE WILL BE FORFEITED.

ANY REVISIONS MUST BE SUBMITTED THE SAME BUSINESS DAY OTHERWISE THE ASSIGNMENT WILL BE CONSIDERED LATE.

***Cancellation policy: Pre-Inspect: 0%; Post-Inspect based on appt time in system: 50%; Completed report: 100%. (Please note that any cancellations will come via message from Appraisal MC- no reply is needed)***

**TEXAS APPRAISERS:** If you are an appraiser licensed or certified in Texas you must accept the TALCB invite prior to accepting any assignments from Appraisal MC. Do not accept any assignments or begin work on any assignments and contact Appraisal MC immediately. Appraisal MC will not be responsible for any work completed by an appraiser not active on the Appraisal MC TALCB panel.

BY CHECKING THE BOX, APPRAISER ACKNOWLEDGES THAT THEY HAVE READ AND UNDERSTAND THE FOREGOING PROVISIONS AND THOSE SUCH PROVISIONS ARE REASONABLE AND ENFORCEABLE. VENDOR ACCEPTS THE APPRAISER AGREEMENT & TERMS.

BY CHECKING THE BOX, APPRAISER ACKNOWLEDGES THAT THEY HAVE READ AND UNDERSTAND THE FOREGOING PROVISIONS AND THOSE SUCH PROVISIONS ARE REASONABLE AND ENFORCEABLE. VENDOR ACCEPTS THE APPRAISER AGREEMENT & TERMS.

**Date:** 3/20/2023  
**Time:** 1:53 PM  
**Name:** Michael Lane  
michael@mblane.com

**EXHIBIT B**

**SCOTT STEPHENS & ASSOCIATES, INC.**

# Scott Stephen S & Associates, Inc. S

An Appraisal Report of the

25.132 Acre Tract of Vacant Land  
Located along  
The South Line of Mack Washington Lane  
Hempstead, Waller County, Texas 77445

File ID: 221202069



FOR  
**Appraisal MC**  
320 Detering, Ste. B  
Houston, TX 77007

As Is:  
December 28, 2022

**Scott Stephens  
& Associates, Inc.**

15021 Bohemian Hall Rd.  
Crosby, Texas 77532  
713-451-3600  
713-451-3300 Fax

[www.scottstephensandassociates.com](http://www.scottstephensandassociates.com)

SSA Job No.:  
(2212-16490)

SCOTT STEPHENS & ASSOCIATES%INC.

*Real Estate Appraisers – Consultants  
Houston, Austin, San Antonio and South Texas*

*15021 Bohemian Hall Road  
Crosby, Texas 77532  
Phone: (713) 451-3600  
Fax: (713) 451-3300*

[www.scottstephensandassociates.com](http://www.scottstephensandassociates.com)



*Scott P. Stephens, MAI, AI-GRS, CEO*



*Ryan Dagley, MAI, President  
Lt. Colonel (Ret.) Terence J. O'Rourke, MAI, VP*

December 30%2022

Appraisal MC  
320 Detering%Ste. B  
Houston%TX 77007

File ID: 221202069

Re: Approximately 25.132 acres or 1%094%750 square feet of land located along the south line of Mack Washington Lane%Hempstead%Waller County%Texas 77445.

Dear whom it may concern:

A real estate Appraisal Report of the above referenced property has been conducted. The "As Is" market value of the fee simple estate as of December 28%2022 is:

**\$1%150%000#**

We are not qualified to detect the existence of hazardous materials%which may or may not be present on the subject property. Hazardous materials may affect the value of the property. The value estimated is predicated on the assumption that there is not such material on or in the property that would cause a loss in value. No responsibility is assumed for such conditions or for any expertise or engineering knowledge required to discover them. The client is urged to retain an expert in this field%if desired.

THE OPINION OF VALUE STATED ABOVE% AS WELL AS EVERY OTHER ELEMENT OF THIS APPRAISAL REPORT%IS QUALIFIED IN ITS ENTIRETY BY THE GENERAL ASSUMPTIONS AND LIMITING CONDITIONS SET FORTH IN ANOTHER PART OF THIS REPORT AND WHICH ARE AN INTEGRAL PART OF THE REPORT.

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

!1" The statements of fact contained in this report are true and correct.



December 30%2022

- !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 report% 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 engagement in this assignment was not contingent upon developing or reporting predetermined results.
- !6" My compensation for completing this assignment was not contingent upon the development or reporting of a predetermined value or direction in value that favors the cause of the client% the amount of the value opinion% the attainment of a stipulated result% or the occurrence of a subsequent event directly related to the intended use of this appraisal.
- !7" My analyses% opinions% and conclusions were developed% and this report has been prepared% in conformity with the *Uniform Standards of Professional Appraisal Practice*.
- !8" I certify that% to the best of my knowledge and belief% the reported analyses% opinions% and conclusions were developed% and this report has been prepared% in conformity with the Uniform Standards of Professional Practice% the requirements of the Code of Professional Ethics and the Standards of Professional Appraisal Practice of the Appraisal Institute% and the specific reporting requirements of the client.
- !9" Katie McGinnis and Kailey Gillings% Appraisal Trainee TX&343409% have made a personal visit to the property that is the subject of this report. Scott P. Stephens% MAI% AI&GRS and Ryan Dagley% MAI have reviewed the report and concur with the analysis and conclusions.
- !10" Kailey Gillings% Appraisal Trainee TX&343409 has provided significant professional assistance to the persons signing this report.
- !11" I certify that the use of this report is subject to the requirements of the Appraisal Institute relating to review by its duly authorized representatives.
- !12" As of the date of this report% Scott P. Stephens% MAI% AI&GRS and Ryan J. Dagley% MAI have completed the requirements of the continuing education program of the Appraisal Institute and the State of Texas. Katie McGinnis has completed the requirements of the continuing education program of the State of Texas. Kailey Gillings% Appraisal Trainee TX&343409 has completed the requirements of the continuing education program of the State of Texas.
- !13" The appraiser!s" have not performed services as an appraiser or in any other capacity% regarding the property that is the subject of this report within the previous three years immediately preceding acceptance of this assignment.

December 30, 2022

The attached report is an explanation of the analysis and reasoning used to derive a market value estimate for the subject. The above values are based on a reasonable exposure period of 12 months.

The appraisal was conducted solely for the named client and is for the internal use of the client only. If you have any questions, please feel free to call.

Sincerely,

Scott Stephens & Associates, Inc.



by Scott P. Stephens, MAI, AI, GRS, CEO  
State Certified General RE Appraiser  
Certificate No. TX 320269



by Ryan J. Dagley, MAI, President  
State Certified General RE Appraiser  
Certificate No. TX 335208



by Katie McGinnis, Associate  
State Certified General RE Appraiser  
Certificate No. TX 381012



by Kailey Gillings, Appraiser Trainee  
Certificate No. TX 343409

SPS/RJD/KM/KG/rg

## EXECUTIVE SUMMARY

Location: South Line of Mack Washington Lane% Hempstead% Texas 77445

Property Type: Vacant Land

Land Area: 25.132 acres or 1,094,750 square feet of land being Lot 1% Clear Creek Development% Waller County% Texas.

Land Value: 25.132 acres or 1,094,750 square feet @ \$1.05 psf ..... \$1,494,880

Final Value Opinion: ~~\$1,500,000~~

Marketing Period: 12 months

Valuation Date: December 28%2022  
Date of Report: December 30%2022

Appraiser: Scott P. Stephens% MAI% AI&GRS% CEO  
Ryan J. Dagley% MAI% President  
Katie McGinnis% Associate  
Kailey Gillings% Trainee Appraiser  
Scott Stephens and Associates% Inc.

All values stated above are subject to the assumptions and limiting conditions as set out in this narrative appraisal.

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## GENERAL ASSUMPTIONS

No responsibility is assumed for the legal description provided or for matters pertaining to legal or title considerations. Title to the property is assumed to be good and marketable unless otherwise stated. The property is appraised free and clear of any or all liens or encumbrances unless otherwise stated. Responsible ownership and competent management are assumed.

The information furnished by others is believed to be reliable, but no warranty is given for its accuracy. The appraisal will interpret the FEMA map in the report. However, the reader is directed to the Caution Statement at the bottom of such map regarding the need to have the property evaluated by a qualified civil engineer or specialist to determine the floodplain status of the property. We are not experts in floodplain evaluation, nor is our interpretation warranted. All engineering studies are assumed to be correct. The plot plans and illustrative material in this report are included only to help the reader visualize the property. It is assumed that there are no hidden or unapparent conditions of the property, subsoil, or structures that render it more or less valuable. No responsibility is assumed for such conditions or for obtaining the engineering studies that may be required to discover them. It is assumed that there is full compliance with all applicable federal, state, and local environmental regulations and laws unless the lack of compliance is stated, described, and considered in the appraisal report.

It is assumed that the property conforms to all applicable zoning and use regulations and restrictions unless a nonconformity has been identified, described and considered in the appraisal. It is assumed that all required licenses, certificates of occupancy, consents, and other legislative or administrative authority from any local, state, or national governmental or private entity or organization have been or can be obtained or renewed for any use on which the value estimate contained in this report is based.

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

Unless otherwise stated in this report, the existence of hazardous materials or wetlands, which may or may not be present on the property, was not observed by the appraiser. The appraiser has no knowledge of the existence of such materials or condition on or in the property. The appraiser, however, is not qualified to detect such substances or areas. The presence of substances such as asbestos, urea-formaldehyde foam insulation, and other potentially hazardous materials may affect the value of the property. The value estimated is predicated on the assumptions that there is no such materials on or in the property that would cause a loss in value. No responsibility is assumed for such conditions or for any expertise or engineering knowledge required to discover them. The client is urged to retain an expert in this field, if desired.

## LIMITING CONDITIONS

The opinion of value and every other element of this appraisal report are qualified and limited by all of the following conditions:

1. THIS REPORT WAS PREPARED FOR THE INTERNAL USE OF THE CLIENT AND INTENDED USER(S) NAMED WITHIN THIS REPORT. NO PERSON OR ENTITY OTHER THAN THE CLIENT AND INTENDED USER(S) HAS ANY RIGHT OR AUTHORITY TO RELY ON THIS REPORT OR ANYTHING CONTAINED IN IT OR IMPLIED FROM IT, UNLESS OTHERWISE STATED IN THE BODY OF THE REPORT.

2. The appraiser will not be required to give testimony or appear in court because of having made this appraisal, with reference to the property in question, unless arrangements have been previously made.

3. The appraiser, by reason of this appraisal, is not required to give further consultation or testimony or to be in attendance in court with reference to the property in question unless arrangements have been previously made.

4. The distribution of the total valuation in this report between land and improvements applies only under the reported highest and best use of the property. The allocations of value for land and improvements must not be used in conjunction with any other appraisal and are invalid if so used.

5. Neither all nor any part of the contents of this report, or copy thereof, shall be conveyed to the public through advertising, public relations, news, sales, or any other media without written consent and approval of the appraiser. Nor shall the appraiser, firm, or professional organization of which the appraiser is a member be identified without written consent of the appraiser.

6. By acceptance of this report, the client acknowledges that the value opinion is the product of a professionally trained mind, but nevertheless is an opinion only, and not a provable fact. As a personal opinion, a valuation may vary between appraisers based on the same facts.

QUALIFICATIONS OF SCOTT P. STEPHENS%MAI%AI&GRS

CEO of Scott Stephens and Associates, Inc.

15021 Bohemian Hall Road

Crosby, TX, Texas 77532

(713) 451-3600 Fax 713-451-3300

www.scottstephensandassociates.com

email: [scottpstephens@gmail.com](mailto:scottpstephens@gmail.com)

**Mission Statement:** Scott Stephens and Associates, Inc. is committed to honesty, excellence, and professionalism. As we build lasting relationships with our clients, our constant goal is to provide a trustworthy "value-added" service that is indispensable in real estate lending and investment decisions.

Scott Stephens & Associates%Inc has a staff of 13 including 3 members of the Appraisal Institute !MAI". Seven appraisers specialize in commercial properties%3 in residential and 3 support staff.

**Professional Affiliation:**

MAI &Designated Member of Appraisal Institute #7758 on March 3%1988

AI&GRS &Designated Member of Appraisal Institute # 81916 on November 17%2015

State Certified General Real Estate Appraiser !Certificate # TX&320269&"%since 1991

Real Estate Broker: Texas License #328907%since 1986

**Certification:**

Currently certified by the Appraisal Institute !12/21" and the State of Texas !3/23".

**Educational Background:**

Gatesville High School%Gatesville%Texas &May 1979

Bachelor of Science Degree &Texas A&M University; Agricultural Economics – 1982

**Recent Continuing Education Completed:**

Fannie Mae Appraisal Guidelines: Debunking the Myths !2/19"%Introduction to Expert Witness Testimony for Appraisers: To Do or Not to Do !2/19"%Supporting Your Adjustments: Methods for Residential Appraisers !2/19"% Business Practices and Ethics !5/20"% Millennials are Changing Real Estate !6/20"% Broker Responsibility !6/20"% Texas Legal Update Parts 1 & 2 !6/20"% A New Look at Contract Law !7/22"% Texas Legal Update Parts 1 & 2 !7/22"% Ethics in Age of Disruption !7/22"% Preforming Quality BPO's !7/22"

**Property Types Appraised:**

Appraisal Reviews	Day Care Facilities	Mini Warehouse	Restaurants
Automotive Repair	Eminent Domain	Mobile Home Parks	Single Family
Box Retail	Fire Stations	Multifamily	Shopping Centers
Car Dealerships	Hotel/Motels	Office Buildings	Subdivisions
Churches	Industrial	Office Warehouses	Vacant Land
Convenience Stores	Medical Office	Ranches	Various Other

**Expert Witness:** Harris%Bexar%Fort Bend and Montgomery Counties

**Partial List of Clients:**

*Banks:* Allegiance% Austin% Bank of Houston% Capital% Comerica% Community Bank of TX% Eppraisal% Falcon% 1<sup>st</sup> Financial% 1<sup>st</sup> Liberty% 1<sup>st</sup> National% 1sr Security% 1<sup>st</sup> State% Guaranty% Independent% Origin% Plains Capital% Prosperity% Regions% South Trust% Texas Citizens% Texan% Third Coast% Truist% Trustmark% Wallis% Woodforest and many others. *Additional Clients:* Community Resource CU% Mobil CU% Shell FCU% Five Point CU% Security FCU% Chambers County%Harris County% Cities of Dayton% Houston% Beaumont% Mt Belvieu and Pasadena% as well various attorneys% corporations% credit unions% individuals% insurance companies% colleges% school districts% and appraisal management companies.

*Qualifications of Scott P. Stephens, MAI, AI-GRS continued:*

**Memberships%Boards%Service:**

Houston Chapter of the Appraisal Institute Board of Directors 1994&; Past Chair of Education Chairman of the Board 2005% Board of Directors 2001&% Member 1990&2017 &North Channel Area Chamber of Commerce; Crosby&Huffman Chamber of Commerce 2017 – present Member of San Jacinto College Foundation Board 2006&2007 Member of the Rotary Club of North Shore &President 1998&1999 also served as President&Elect% Secretary%Treasurer and Sergeant at Arms in prior years Rotary District 5890 Assistant District Governor 1999&2000% 2009&2010; Chairman of Rotary District 5890 Polio Worldwide Eradication Committee!2001&%2004&" Chairman of Live Auction for Northshore Rotary Catfish Fry & Crawfish Boil 2008&5 Have served as a special commissioner for Harris County Court at Law #3 & #4 Vice President of Harris County MUD #8%Former VP of Woodforest Professional Plaza President of Crosby Sports Association 2002&2004%Youth Baseball Coach 1995&2004 Past Member of Board of Directors of the former Brazos Valley Bank in College Station%Texas Member of First Baptist Church in Crosby%the National Association of Realtors and the Houston Board of REALTORS ®; Board of directors%former Chairman of the Board – Parent Heart Watch% Crosby Fair & Rodeo%Channelview FFA Fair%Sheldon FFA Fair – Auction Buyer Chaired and served on numerous other committees for Chamber of Commerce% Crosby Sports Association%Houston Chapter of Appraisal Institute%Church and other civic associations President of the Cody Stephens Go Big or Go Home Memorial Foundation which was awarded "Foundation of the Year" by the Crosby Huffman Chamber of Commerce – 2014.

**Awards%Interests%Background**

Selected by the Houston Chronicle as a Houston Hero for 2015 Crosby Huffman Chamber of Commerce "Citizen of Year – 2012" Rotary International: North Shore Rotary Club Rotarian of the Year 2010%Rotary International's "Four Avenues of Service Citation for Individual Rotarians" 2003&2004% Rotary International District 5890's "Rotary Foundation Supporter of Year" 2003&2004% Rotary International's Presidential Citation 1998&1999% "Co&President of the Year" for the Rotary International District 5890%1998&1999%Rotary Foundation Paul Harris Fellowship Major Donor Houston Chapter of the Appraisal Institute 1992 and 1993 &Key Man Award Patriotic Employer – Office of the Secretary of Defense 2003 & 2012 North Channel Chamber of Commerce &Dedicated Service Award%2007 Employers include Dominy%Ford McPherson & Teel 1983&% Ted Whitmer & Associates 1987% Whitmer & Stephens%Inc. 1988. Scott Stephens & Associates%Inc since January 1989. While at Texas A&M University was a member of the Alpha Zeta Honor Society%Baptist Student Union%Baptist Home Mission Board Summer Missionary 1981% Dean's List% Student Housing Dorm Head Resident and graduated in 3.5 years. Have served as host family for exchange students and young professionals from Australia%Chile% Germany%Italy and Serbia. Born in Big Spring%Texas%12/60. 3 children. Hobbies include reading%outdoor activities%assisting students with 4H and FFA livestock show projects%the pinnacle of which included my eldest son winning Reserve Grand Champion Steer at the HLS&R in 2006. Personal Note: My youngest son% Cody%died on May 6%2012 at the age of 18. He was an athlete preparing for college football. I am now actively involved promoting heart screening in our youth throughout the state of Texas. I work with Texas school districts promoting the inclusion of heart screenings!ECG's" with their student physicals. In 2013%2015%2017 and 2019 bills were introduced in the Texas Legislature to make this a part of the student physicals at my request. The bill passed and became "Cody's Law" HB76 in September of 2019%making Texas the first state to have this law. The law has now passed in Pennsylvania and been introduced in many other states. For more information or go to [www.codystephensfoundation.org](http://www.codystephensfoundation.org) or follow us on Facebook.



SCOTT PAUL STEPHENS  
15021 BOHEMIAN HALL RD  
CROSBY, TX 77532



## Certified General Real Estate Appraiser

Appraiser: **Scott Paul Stephens**

License #: **TX 1320269 G**

License Expires: **03/31/2023**

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

**Chelsea Buchholtz**  
Commissioner

For additional information or to file a complaint please contact TALCB at [www.talcb.texas.gov](http://www.talcb.texas.gov).

QUALIFICATIONS OF  
THE HONORABLE RYAN JOSEPH DAGLEY%MAI%CHAMBERS COUNTY  
COMMISSIONER PCT 4

*President of*  
*Scott Stephens and Associates, Inc. located at 15021 Bohemian Hall Road*  
*Crosby, Texas 77532*  
*(713) 451-3600 Fax 713-451-3300*  
*www.scottstephensandassociates.com*  
*[ryandagley@gmail.com](mailto:ryandagley@gmail.com)*

*Mission Statement: Scott Stephens and Associates, Inc. is committed to honesty, excellence, and professionalism. As we build lasting relationships with our clients, our constant goal is to provide a trustworthy "value-added" service that is indispensable in real estate lending and investment decisions.*

**Professional Affiliations:**

MAI & Designated Member of the Appraisal Institute #442002  
State Certified General Real Estate Appraiser License #TX&335208&

**Educational Background:**

North Shore High School&Houston%Texas May&1997  
University of Houston- Houston%Texas & Graduate with Bachelor of Business Administration &  
Degree%May%2002

**Recent Continuing Education Completed:**

Basic Hotel Appraising Limited Service Hotels !4/3/2019% Appraisal of Land subject to Ground  
Leases !4/8/2019"% Appraisal of Fast food Facilities !4/1/2019"% USPAP Update !4/24/2019"%  
Residential Property Inspection for Appraisers !5/2017"% Appraisal of Owner Occupied Properties  
!5/2017"% Appraisal of REO Properties !5/2017"% Business Practice and Ethics !5/2020"

**Current Employment:**

Scott Stephens & Associates%Inc.%Houston%Texas& Since 2002%  
Vice President Since January 2011  
Named President in January 2020

**Property Types Appraised:**

Apartments	Farm and Ranch	Mobile Home Parks	Retail Centers
Banks	Hotels/Motels	Office Buildings	Single Family
Boat/RV Storage	Industrial Plants	Office Service	Single Tenant Retail
Churches	Light Industrial	Office Warehouse	Special Purpose
Commercial Developments	Medical Office	Raw Land	Subdivisions
Condemnation	Mini&warehouses	Restaurants	Various Other

Expert Witness: Harris%Jefferson%and Galveston Counties

**Partial List of Clients:**

Banks: Allegiance% Amegy% Austin% Barbers Hill% BB&T% Capital% Community Bank of Texas%  
BBVA Compass% East Chambers% Eppraisal% Falcon% 1st Financial% 1st Liberty% 1st National% 1st  
State% Heritage% Independent% Integrity% Mainland% National United% Origin% Plains Capital%  
Prosperity% Regions% Spirit of Texas% South Trust% T Bank% Texas Citizens% Third Coast% Truist%  
Trustmark% Wallis St% Woodforest% Zions 1st National and many others. Additional Clients:  
Community Resource CU% Mobile CU% Shell FCU% Smart Federal CU% Five Point CU% Chambers

Qualifications of Ryan J. Dagley%MAI%continued:

County% Harris County% State of Texas% U.S. Army Corps of Engineers% Cities of Dayton% Houston% Beaumont% Mt Belvieu and Pasadena% as well various municipal utility districts% emergency service districts% attorneys% corporations% credit unions% individuals% insurance companies%colleges%school districts%and appraisal management companies.

**Biographical Background:**

Born in Baytown% Texas% May 1979. Completed primary and secondary education in Houston% Texas% May 1997. Attended Texas A&M University from 1997&1998% San Jacinto Junior College from 1998&1999% and the University of Houston from 1999&2002. May of 2002% earned bachelors degree in Business Administration. Married wife Isis in 6/2002 and have two children !Ryan Dagley Jr and Kayla Dagley". Have worked in the field of real estate appraisal since 2002% and now President of Scott Stephens & Associates% Inc. Became a Member of the Appraisal Institute in June 2015.

**Memberships%Boards%Service:** Member of the Rotary Club of North Shore & Sergeant at Arms in 2008% Community Service Chairman 2009% 2013% 2014% 2015% 2016% Chairman of VIP Committee for Northshore Rotary Catfish Fry & Crawfish Boil 2007 til 2018% Multiple Paul Harris Fellow&Major Donor% North Shore Rotary Club Rotarian of the Year 2015% Board of Director for North Shore Rotary 2015&2018% Treasurer of the North Shore Rotary 2016&2017% Secretary of the North Shore Rotary Club 2017&2018% President&Elect of the North Shore Rotary Club 2018&2019% President of the North Shore Rotary Club 2019&2020% President of Greenbriar Estates HOA from 2008&2015% North Channel Area Chamber of Commerce member 2004&2012% West Chambers County Chamber of Commerce Member&2017&Present% North Channel Area Chamber of Commerce – 2011&2012% Board of Directors% Youth Baseball Coach 2010&2019% Board of Director for the Cody Stephens Go Big or Go Home Foundation% Lee College Education Foundation&Director% Alderman for Beach City 2019&2020% Mayor of Beach City% Texas 2020&2022% Chambers County Commissioner Pct 4 2023&Present

RYAN JOSEPH DAGLEY  
15021 BOHEMIAN HALL ROAD  
CROSBY, TX 77532



## Certified General Real Estate Appraiser

Appraiser: **RYAN JOSEPH DAGLEY**

License #: **TX 1335208 G**

License Expires: **08/31/2023**

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

**Chelsea Buchholtz**  
Commissioner

For additional information or to file a complaint please contact TALCB at [www.talcb.texas.gov](http://www.talcb.texas.gov).

QUALIFICATIONS OF KATIE A. MCGINNIS

A State of Texas Licensed Real Estate Appraiser at  
Scott Stephens and Associates, Inc. located at 15021 Bohemian Hall Road  
Crosby, Texas 77532  
(713) 451-3600 Fax 713-451-3300  
www.scottstephensandassociates.com  
[kmcginnis.ssa@gmail.com](mailto:kmcginnis.ssa@gmail.com)

**Professional Affiliations:**

Texas State Certified General Real Estate Appraiser – License # TX&381012 G

**Educational Background:**

Texas A&M University% College of Agriculture and Life Sciences% College Station% TX;  
Bachelor of Science% Animal Science & May 2012

**Recent Continuing Education Completed:**

Appraisal Institute: General Appraiser Sales Comparison Approach! 8/17/2018"% General Appraiser  
Income Approach Part 1 ! 9/14/2018"% General Appraiser Site Valuation and Cost Approach  
! 10/6/2018"% General Appraiser Income Approach Part 2 ! 10/16/2018"% General Appraiser Report  
Writing and Case Studies ! 10/20/2018"% Real Estate Finance% Statistics% and Valuation Modeling  
! 11/30/2018"% General Appraiser Market Analysis and Highest and Best Use ! 2/28/2019"% Advanced  
Income Capitalization ! 5/3/2019"  
McKissock: Basic Appraisal Principles ! 12/15/2017"% Basic Appraisal Procedures ! 1/28/2018"% 15&  
hr National USPAP Course ! 4/22/2018"

**Current Employment:**

Scott Stephens and Associates% Inc.% Houston% Texas – Since July 2018% Licensed Real Estate  
Appraiser

**Property Types Appraised:**

Apartments	Farm and Ranch	Mobile Home Parks	Retail Centers
Banks	Hotels/Motels	Office Buildings	Single Family
Boat/RV Storage	Industrial Plants	Office Service	Single Tenant Retail
Churches	Light Industrial	Office Warehouse	Special Purpose
Commercial Developments	Medical Office	Raw Land	Subdivisions
Condemnation	Mini&warehouses	Restaurants	Various Other

**Biographical Background:**

Born in Houston% Texas% March of 1990. Completed primary and secondary education in Crosby  
Independent School District in May of 2008. Attended Texas A&M University from the fall of 2008  
through May of 2012. In May of 2012% I was awarded a bachelor’s degree in Animal Science. In  
the five years after graduation% I worked as a teacher for Crosby Independent School district%  
teaching various subjects including Physics% Veterinary Medicine% and Animal Science. I began  
working at Scott Stephens and Associates% Inc as a real estate appraiser trainee in July 2018. Became  
a State of Texas Licensed Appraiser in July of 2020.

KATIE ANN MCGINNIS  
15025 BOHEMIAN HALL RD  
CROSBY, TX 77532



## Certified General Real Estate Appraiser

Appraiser: **Katie Ann McGinnis**

License #: **TX 1381012 G**

License Expires: **07/31/2024**

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

Chelsea Buchholtz  
Commissioner

For additional information or to file a complaint please contact TALCB at [www.talcb.texas.gov](http://www.talcb.texas.gov).

KAILEY REBECCA GILLINGS  
514 RAIN CLOUD  
BAYTOWN, TX 77523



## Appraiser Trainee

Trainee: **Kailey Rebecca Gillings**

Authorization #: **TX 1343409 Trainee**

Expires: **06/30/2024**

Review the list of the above Trainee's Supervisors on the License Holder Search at [www.talcb.texas.gov](http://www.talcb.texas.gov).

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

For additional information or to file a complaint please contact TALCB at [www.talcb.texas.gov](http://www.talcb.texas.gov).

**Chelsea Buchholtz**  
Commissioner

### LOCATION MAP

Borrower or Owner:

Subject Address: SL of Mack Washington Lane

Census Tract: 6803.03

City: Hempstead

County: Waller

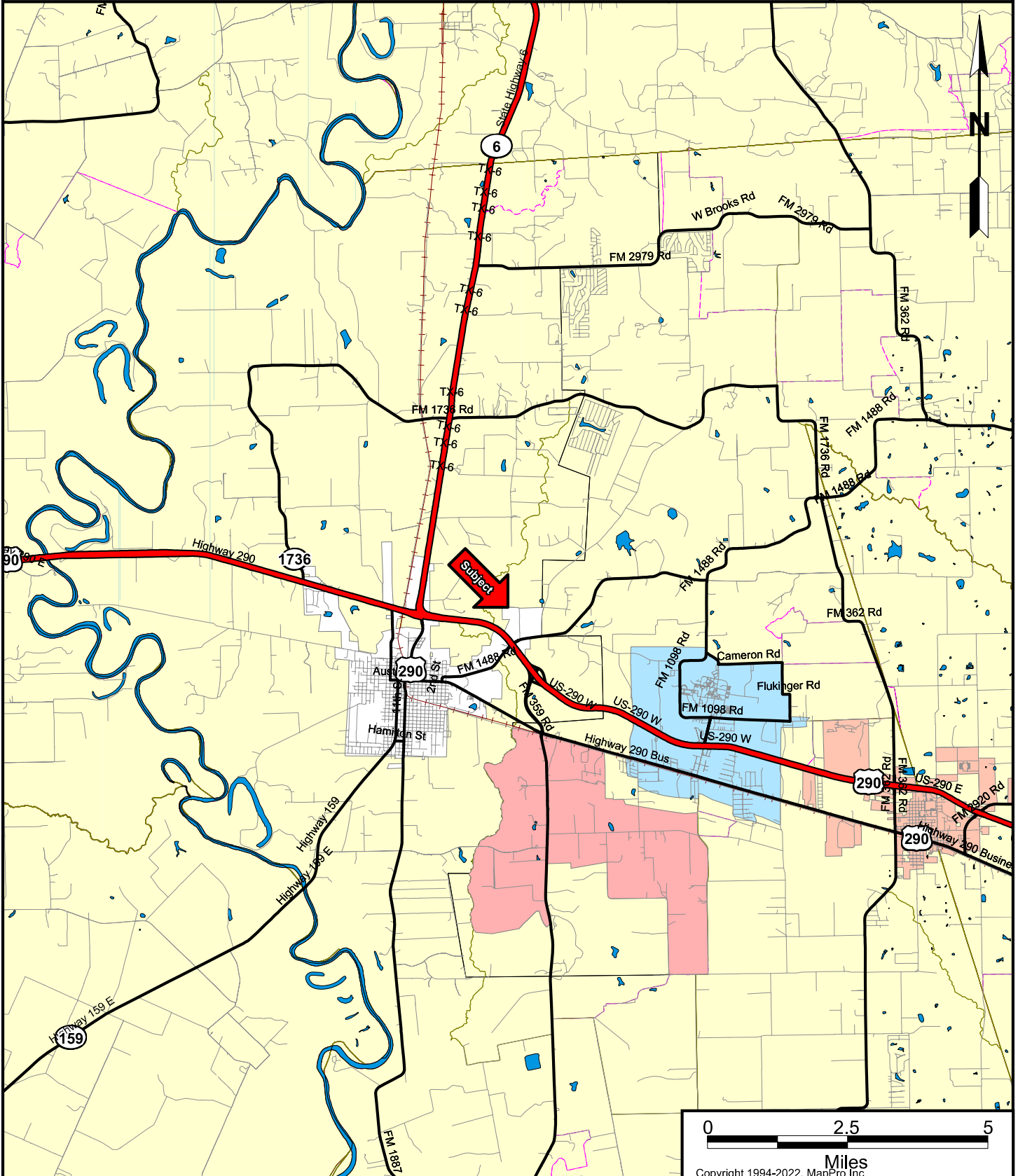
State: TX

Zip Code: 77445

Lender or Client:

Lat: 30.116343

Long: -96.049399



**CAUTION:**

The location of property arrows shown on this map are approximate only. Inaccuracies may exist on map such as missing, incorrectly drawn, or incorrectly addressed streets. Please report any such inaccuracy to MapPro, Inc. so that appropriate corrections can be made.







**DESCRIPTIONS, ANALYSES AND CONCLUSIONS**

## PURPOSE OF THE APPRAISAL

The purpose of this appraisal is to estimate the "as is" market value of the fee simple estate of the subject property being described as:

25.132 acres or 1,709,450 square feet of land being Lot 1 Clear Creek Development Waller County Texas.

## PROPERTY RIGHTS APPRAISED

The property rights appraised are the fee simple estate of the subject property subject to existing easements restrictions and prior encumbrances.

## DEFINITION OF MARKET VALUE

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:

- & Buyer and seller are typically motivated;
- & Both parties are well informed or well advised and acting in what they consider their own best interests;
- & A reasonable time is allowed for exposure in the open market;
- & Payment is made in terms of cash in U.S. dollars or in terms of financial arrangements comparable thereto; and
- & 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.

Sources: OCC Regulations No. 12 CFR Subpart C 34.42(g) Title XI of the FIRREA Act of 1989 Interagency Appraisal and Evaluation Guidelines of December 2010.

Note: The appraiser defines the reasonable exposure time as 12 months.

## MARKETING TIME AND EXPOSURE TIME

The exposure time is the estimated length of time the property interest being appraised would have been offered on the market to the hypothetical consummation of a sale at market value on the effective date of the appraisal. The marketing time is an opinion of the amount of time it might take to sell the property interest being appraised at the concluded market value level during

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the period immediately after the effective date of an appraisal. In this case, the exposure time and marketing time is estimated to be approximately 12 months, which is based on interviews with market participants, analysis of the sales comparison approach and investor surveys.

#### EFFECTIVE DATE OF APPRAISAL DATE OF THE REPORT

The effective date of the appraisal for the “as is” value is December 28, 2022, the date of the site visit. The date of the report is December 30, 2022.

#### INSTRUCTIONS TO THE APPRAISER

The appraisers were instructed by the client to conduct an “as is” market value appraisal of the fee simple estate of the subject property. Data provided by the client includes legal description of the subject property and specific appraisal guidelines.

#### SCOPE OF THE APPRAISAL

This is a Summary Appraisal Report. It presents discussions of the data, reasoning, and analyses that were used in the appraisal process to develop the appraiser's opinion of value. The depth of discussion and analyses contained in this report is specific to the needs of the client and for the intended use stated in this report. The appraiser is not responsible for unauthorized use of this report.

The term "extent of the research" relates to the extent of the process of collecting, confirming, and recording data. All sources of information have been documented throughout the report and the appraisers relied on the accuracy of these sources. However, it is suggested by the appraiser that the client read and fully understand the assumptions and limiting conditions set forth within as to the extent of responsibility of the appraiser.

The appraisal was conducted in conformity with the Ethics and Standards of The Appraisal Institute, the State of Texas, the Uniform Standards of Professional Appraisal Practice (USPAP), and guidelines requested by the client. This appraisal considers the land sales comparison approach to value, but not the cost approach to value or the income approach to value because the subject represents vacant land.

The research included comparable sales of land with similar physical characteristics occurring in the past three years within the subject area. All of the land sales included in this analysis were confirmed by Scott Stephens and Associates, Inc. Some of the items which were verified in the confirmation process include the sale prices, recording data, physical and income characteristics, and other vital information available from the grantor or grantee, and from actual deed records as reported by various reporting services or county agencies.

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Kailey Gillings, Appraiser Trainee TX&343409, has provided significant professional assistance to the persons signing this report, including assisting in the site visit of the subject property, researching neighborhood and market information, and research of comparable sales of land with similar physical characteristics.

The site visit to the subject property was conducted on December 28, 2022. The subject property consists of approximately 25.132 acres or 1,094,500 square feet tract of vacant land. A property visit to the subject site and of the surrounding environment was conducted.

**COVID-19 "Coronavirus"**: The global outbreak of a "novel coronavirus" known as COVID-19 was officially declared a pandemic by the World Health Organization (WHO). The reader is cautioned and reminded that the conclusions presented in this appraisal report apply only as of the effective date(s) indicated. The appraiser makes no representation as to the effect on the subject property of any unforeseen event subsequent to the effective date of the appraisal.

The COVID-19 or Coronavirus global pandemic arrived in United States in late January of 2020 unleashing unprecedented public gathering restrictions by March of 2020. The long and short-term market impact from Covid-19 is in determining the market value conclusion.

The attached report presents all factual knowledge concerning the subject property to include its physical characteristics, characteristics of the general area, neighborhood and the immediate market. After presenting factual knowledge concerning the subject property and its market, the land sales comparison approach to value are analyzed and a final value estimate is reconciled and identified.

### COMPETENCY PROVISION

It is presented that this report was completed by Scott P. Stephens, MAI, AI, GRS, Ryan Joseph Dagley, MAI, Katie McGinnis, and Kailey Gillings. Scott Stephens and Ryan Dagley hold the MAI designation awarded by the Appraisal Institute and are currently certified under the continuing educational programs. Further, this designation is held by appraisers experienced in the valuation and evaluation of commercial, industrial, residential, and other types of properties; and who advise clients on real estate investment decisions. Ryan Dagley, Scott Stephens, and Katie McGinnis are State Certified General Real Estate Appraisers and are currently certified under the continuing educational programs. The appraisers have completed numerous appraisal assignments on properties such as the subject and have the experience and ability to complete the appraisal in a competent manner. For a more detailed description of the appraiser's qualifications, refer to the introduction section of this appraisal. Kailey Gillings, Appraiser Trainee TX&343409 has provided significant professional assistance to the persons signing this report and is a Trainee under Mr. Scott Stephens, MAI, AI, GRS. Kailey Gillings is a trainee and is under the continuing educational programs from the TALCB.

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## INTENDED USER AND INTENDED USE OF THE APPRAISAL IDENTIFICATION OF CLIENT

The intended use of the appraisal is for the internal use of the client "Appraisal MC" for asset evaluation and analysis. The intended user of this appraisal is Appraisal MC.

## HISTORY OF THE SUBJECT

According to the Waller County Appraisal District "WCAD" the subject is a 25.132 acre or 1,094,750 square feet tract of land. Per the Waller County Appraisal District "WCAD" the subject is under the ownership name of CBT Group LLC who has owned the subject for less than three years "since March 29, 2022 per WCAD". The subject site was purchased by the current owner in March of this year at an undisclosed purchase price. Currently the subject is not being marketed for sale. There have been no other known conveyances of title for the subject within the past three years.

## REAL ESTATE TAXES

The Waller County Appraisal District lists the ownership name of CBT Group LLC "property ID 257912". Copies of the subject's WCAD tax information pages are included within the Addenda section. The subject has an assessed value of \$1,094,750. Due to an agriculture exemption on the property the current "2022" total assessed valuation for the subject property is \$1,890,000 of which 100% is attributed to the land. The subject property is within the taxing jurisdictions of the City of Hempstead, Waller & Harris Emergency Service District 200, Waller County, Waller County FM and Hempstead Independent School District. The current "2022" total tax rate is \$2.335144 per \$100 in assessed value. Thus the current total indicated tax liability for the subject based on the above estimated assessed value of the subject is \$44. ® This report assumes all taxes are paid to date.

## CITY ANALYSIS

The Houston & The Woodlands & Sugar Land Metropolitan Statistical Area has 7.1 million inhabitants and is the fifth most populous metro area according to the US Census Bureau as of 2019 their most current reported year. Additionally the City of Houston has approximately 2.3 million inhabitants which puts the city as the fourth largest US city.

Houston's economy historically relied on the petroleum and petrochemical exploration and production industries earning the city the title "Oil Capital of the Nation." However today

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Houston has broadened its economic base shifting away from the energy sector and diversifying in industries like biotechnology, nanotechnology, manufacturing, logistics, and aeronautics.

The COVID-19 pandemic has led to a widespread economic disruption across the MSA and its effects have been felt both directly and indirectly. The government mandated stay-at-home orders directly impacted the retail and hospitality sectors by curtailing spending at non-essential businesses and softening demand. Furthermore, as global travel largely froze after the pandemic, the demand for oil and gas crashed resulting in negative oil prices for the first time in the industry's history. These subsequent lower oil prices globally led to indirect effects on Houston's energy and manufacturing industries.

These consequences of the pandemic saw vacancy rates increase substantially in 2020, correlating with both negative absorption and decreasing rental rates in most areas and sectors of the real estate market. The office market experienced 4.4 million SF of net absorption in 2020, which was the worst year on record, and an overall vacancy rate of above 18% is one of the worst in the nation as the Houston office market was already facing problems pre-pandemic as owners have had to contend with successive supply waves and waning energy tenant demand. In the industrial sector, demand is being driven by e-commerce providers, logistics companies, building material retailers, and discount stores. Yet Houston's industrial sector is experiencing record-breaking new supply, leading to rising vacancies and some of the lowest rent growth metrics in the country. An increase in vacancies in the retail sector caused by businesses shutting down has forced landlords to lower rents, and 2020 marked the first time the market registered negative annual rent growth in ten years. Rent growth has remained firmly in the red since.

Looking forward, while the local recovery outpaced that of the US due to the state's accelerated reopening, the recovery of the Houston economy depends largely on an improving health situation.

The near term outlook is bleak, as cutbacks in non-essential retail spending, especially for service, entertainment, and apparel retailers, has hurt retailer revenues significantly. Further, the unpredictability of the energy markets here forward add to the economy's volatility. Although the US rig count started to rebound slightly in early 2021, it still remains in historically low territory, extending economic uncertainty for Houston's exploration, production, and oil field service companies, which are the region's largest employers.

However, in the longer term, Houston's economic outlook remains optimistic with the vaccine rollout, and economists are forecasting 35,000 to 71,000 new jobs in 2021. Though the energy industry is predicted to remain stagnant, above-average population growth, and expansion in housing, transportation, and distribution will continue to drive growth. This is particularly true in Houston's northern and western suburbs, which are growing quickly and have become the primary target for investment buyers. These areas are anticipated to witness an outsized share of new



demand%as demand for shopping and rental housing is strengthened in these suburbs due to a shift in renter and employer preferences to outside the core as a result of the health crisis and subsequent remote working.

**Geography:** The Houston metro is composed of Harris%Galveston%Brazoria%Fort Bend%Chambers%Montgomery%Austin%Liberty%San Jacinto%and Waller counties located in southeastern Texas. Bordered on the southeast by the Gulf Coast%the metro encompasses Galveston Bay. The Houston Ship Channel links the City of Houston to the Gulf of Mexico. The area’s terrain is level and drains into a number of bayous and canals. Growth has sprawled%primarily to the north and west%making Houston the fifth%most populated metro in the nation. These 10 counties have a population of almost 7.1 million people. Houston is the largest city%with nearly 2.3 million residents%followed by Pasadena and Pearland.

**Infrastructure:** Great strides have been made to upgrade Houston’s transportation infrastructure%with installments of Metro Rail and the completion of Interstate 10 in West Houston now comprising sections of the state’s first interstate toll road. Also%the apportionment of U.S. 59 through Houston has been upgraded and renamed Interstate 69. When the 1%000-mile interstate is completed%Houston will have better access to Canada and Mexico. Since 1994%construction on the massive State Highway 99%or “Grand Parkway%has driven growth in the metro. This outer loop will be the largest beltway in the U.S. once completed.

There are two major commercial Airports within the Houston MSA. George Bush Intercontinental Airport !IAH" is among the country’s busiest airports%servicing most major airlines and has non-stop flights to every inhabited continent. Additionally%it is the second largest hub for United Airlines. William P. Hobby Airport !HOU" is Houston’s secondary commercial airport%and is an operating base for Southwest Airlines providing both domestic and international flights.

The Port of Houston contains 210 Miles of facilities located along the Houston Ship Channel and has recently been expanded. The port is one of the world’s busiest%moving more than 200 million tons of cargo%and it records nearly 8%000 vessel calls annually. As the closest gulf port to the Panama Canal%Houston will benefit from the port’s increased capacity.

**Economy:** Houston is the center of the U.S. petroleum industry. The metro leads the nation in petrochemical manufacturing and refining and ranks highly in manufacturing agricultural chemicals%fertilizers%and pesticides. In fact%Houston is home to 44 of the 128 publicly traded oil and gas companies. Houston is also the world’s primary producer of oil&field equipment. Other products manufactured in Houston include paper%electrical and electronic machinery%iron%and steel.

Today Houston has broadened its economic base%shifting away from the energy sector and diversifying in industries with a particular stronghold in healthcare and the life sciences. In fact%

Houston is home to the largest medical center in the world at the Texas Medical Center, which treats more than 7.2 million patients annually and employs more than 100,000 people. The Texas Medical Center has plans to expand its footprint with several million SF of new life sciences and oriented mixed-use projects in the pipeline. With this expansion, they seek to establish Texas as the “Third Coast” for life sciences and biotechnology research, competing directly with Cambridge, MA and San Francisco, CA. As such, Houston’s public and private sectors today are united in growing its global life sciences profile.

The Port of Houston is one of the country’s busiest for exports and is in the process of upgrading its facilities to handle the larger supertankers that will come through the widened Panama Canal. Significant trading partners include Mexico, Saudi Arabia, Venezuela, China, and Germany. The port directly supplies thousands of jobs and generates billions of dollars in business revenue and is central to the region’s ongoing development as a hub for international trade.

**Labor:** Prior to the outbreak of the CoronaVirus Pandemic, the Houston MSA consistently ranked among the top metros for job growth in the country. Ample job opportunities had spurred significant population growth and more than 1.1 million new residents were added from 2010 to 2019. However, the onset of the pandemic has had a large impact on the Houston economy, leading to a significant rise in unemployment due to the closing of many retail, transportation, and related and hospitality businesses: at the height of the pandemic, Houston’s unemployment reached 14%. While this level has recovered to just above 8%, this is still significantly above the pre-pandemic number of 4.1%.

Today, Houston’s labor pool consists of nearly 3.4 million individuals according to Texas Labor Market Information and is dominated by jobs in the energy industry, which consists of the following components: upstream energy (oil and gas exploration and production, pipeline transportation and oil field equipment manufacturing) and downstream energy (refining, chemicals manufacturing). At present, upstream companies represent less than one-third of Houston’s jobs, while energy-independent businesses represent more than 50 percent.

Substantial structural shifts in Houston’s employment base has reduced its vulnerability to downturns in energy. The Port of Houston and George Bush Intercontinental Airport contribute to the trade, transportation, and utilities sector, which is the largest employment sector in the metro, comprising 21% of all nonfarm jobs. This sector experienced a loss of 2.3% as a result of the pandemic, as compared to 6.8% of all nonfarm jobs. Professional and business services is the second largest sector, accounting for 16.2% of total employment, and likewise experienced a loss below the total at 6.8%.

**Employers:** Houston serves as the headquarters for 22 Fortune 500 companies (September 2020) in industries such as energy, transportation and technology. Corporations on the list include Phillips 66, Sysco, Baker Hughes and Halliburton. Houston is fourth among metros nationwide in

the number of Fortune 500 headquarters%behind only New York City%Chicago and Dallas. Houston's major employers include H&E%Houston Methodist%Memorial Hermann Health System%and MD Anderson Cancer Center.

Though Houston is home to many major corporations%businesses with 250 or more workers account for only a small portion of total employment. The metro has hundreds of thousands of small businesses%which provide jobs in all employment sectors.

**Demographics:** The following data is taken from the US Census Bureau as of 2019. The metro's population has grown 19.5% since 2010%adding more than 1.2 million residents and is predicted to continue to increase for the next five years at approximately 2.2% annually. A large portion of the growth will come from immigration as an expanding employment base attracts young workers to the region. As a result%the area has one of the lowest median ages among major U.S. metros at 34.9 years per the US census. Around 29% of residents fall within their prime employment years of 25 to 44.

The availability of employees also helps attract corporations seeking a large%affordable and skilled labor pool. More than 33% of area residents age 25 and older have attained a bachelor's degree and more than 12% hold a graduate degree.

A skilled workforce as well as the concentration of Fortune 500 headquarters and major business operations in the region contributes to income growth. The metro's median household income%currently at \$69%93 per year%is expected to rise significantly in the next five years. Low housing prices help to keep Houston as one of the most affordable major metros in the country%with more than 60% of households owning their home.

**Quality of Life:** Outdoor activities abound in Houston as a result of the city's favorable location and climate. More than a dozen state parks and recreation areas lie within a short drive of Houston%and more than 500 parks and open spaces are located in the immediate area.

For those seeking cultural activities%Houston is one of very few U.S. cities with permanent professional resident companies in opera%ballet%orchestra and theatre. The area also has a strong collection of museums including the Museum of Fine Arts%Houston; Children's Museum of Houston; and the Lawndale Art Center. Additionally%Houston is home to four professional sports teams: the Houston Texans%the Houston Astros%the Houston Rockets%and the Houston Dynamo.

Educational opportunities also play a key role in Houston's quality of life. The education and health services sector accounts for 12 percent of total employment. Johnson Space Center for instance%is a popular tourist and educational destination. Houston offers distinguished school districts and more than 40 colleges%universities and institutions. The metro is also known internationally for its medical community and is home to the Texas Medical Center%the largest medical center in the world.

Due to its affordability, warm climate, low taxes, and pro-business environment, Houston is well positioned for future growth and remains resilient in the face of the current recession. If the reader desires more detailed statistical and background information for the City of Houston it is available for the reader at the following website address: [www.houstontx.gov](http://www.houstontx.gov). This web site contains information on the history of the city, the form of government, economy, and trade, and area attractions.

The information contained in the market overview comes from Marcus & Millichap and other sources deemed to be reliable, however, no representation, warranty or guarantee, express or implied, may be made as to the accuracy or reliability of the information contained herein. The most timely data available at time of production, including estimates and forecasts, were used and may be subject to revision.

## NEIGHBORHOOD ANALYSIS

A neighborhood is defined as "A group of complimentary land uses; a congruous grouping of inhabitants, buildings, or business enterprises." *The Dictionary of Real Estate Appraisal*, 6th Edition

The purpose of the area and neighborhood analysis section of this report is to provide a background for the subject property in terms of its most immediate influences. This section delineates factual data according to the social, economic, governmental, and environmental forces that affect the inhabitants, and thus the value of the property in the general and immediate neighborhoods.

**Location/Boundaries/Access:** The subject neighborhood may be generally defined to be the Hempstead area of Waller County and the City of Waller. Specifically, the US 290 corridor between the City of Hempstead to the west and the City of Waller to the east. Hempstead and Waller represents a rural communities situated approximately 40 to 50 miles northwest of the Houston Central Business District. The City of Waller is centered around the intersection of US 290 and the Harris & Waller County line and Hempstead is centered around the intersection of US 290 and SH 6.

The subject property itself is located within city limits of the City of Hempstead, which is an incorporated part of Waller County, Texas. Specifically, the subject property is situated along the south line of Mack Washington Lane, being just north of Business US 290 "Old Hempstead Highway". Furthermore, the subject is located approximately 1.50 miles east of State Highway 6 "SH 6".

**Traffic Arteries:** US 290 begins at Loop 610 in near northwest Houston and ends at IH 35 in north central Austin. While there are several other routes, since the completion of all of the US 290 bypass highway sections northwest of Houston, it is now the most traveled route between these

two important Texas cities. SH 6 begins at Hitchcock at IH 45 just west of Galveston and loops around the south side of the Houston Metro Area turning north in the Sugar Land Area and continuing as SH 6 until it reaches US 290. To the north it becomes FM 1960 eventually ringing the entire greater Houston area meeting back with SH 6 in Hitchcock as SH 146. SH 6 itself follows the common route with US 290 until it branches off to the north at Hempstead continuing to the Bryan/College Station Texas A & M University and beyond.

The old highway still exists between Hempstead and Houston generally known as Hempstead Highway but has become rather secondary as a result as the new configuration. There are plans to make this a toll road at some future date. The other two communities in this immediate area are Waller !the county seat" and Prairie View !home of Prairie View A & M University". Like most rural towns there is a healthy network of farm to market and county roads that service the area.

**Development:** Hempstead began as a cattle and agricultural town situated along a major railroad. It now represents a town of just around 5,000 in population. The old downtown area still has some viable businesses and even though the main traffic has been redirected to the north most of the retail and service development is still along the old highway. The city government is of the Alderman type. There are several banks medical clinics doctors dentist and chiropractors a physical therapist and a nursing home. There are a total several churches restaurants a super market a Wal Mart and numerous retail and service oriented businesses.

The Lawrence Marshall Automobile Dealership which was one of the major dealerships in the state has been shut down and is no longer a draw to the area. There is a motel on the south side of US 290 west of SH 6 and several service station and truck facilities in the immediate area of that intersection. The closing of the dealership has negatively affected the area.

Daikin Industries has developed a new air conditioning and furnace factory being approximately 4,000,000 square foot tilt wall facility which employs 5,000 workers. This new Daikin facility is located approximately 5.5 miles east of the subject. The appraiser is aware of a new 900,000 square foot FedEx facility going in on the Grand Parkway in the Far Northwest submarket !subject's submarket" and GET just leased a 200,000 square foot industrial building in the 4<sup>th</sup> Quarter in the Far Northwest submarket. Transwestern notes that 72% of the new speculative space in the subject's submarket is pre-leased indicating strong demand.

**Public Services:** Police fire and emergency services are generally provided by Waller County excepting where the City of Hempstead has controlling authority. Within the city limits water and sewer services are available from the City of Hempstead but are not available outside of the city limits where private systems are necessary. Natural gas is not generally available but electricity telephone high speed internet service and cable TV are available. Natural gas is available in certain areas of the City of Hempstead including the subject property.

**Recreation:** The neighborhood enjoys substantial recreational opportunities due to the presence of two major universities to the north and east many fishing areas bird hunting off-roading and other rural activities. The area has long been popular for gentleman farm estates and weekend farm/ranch homes. There is a watermelon festival every year the bluebonnet trail in the spring and there are several other major festivals and get-togethers between Hempstead Waller Bellville Brookshire Chappell Hill and Round Top. One of the larger antique festivals in the country "five miles on both sides of the highway" twice a year between Round Top and Warrenton. While Hempstead itself has only a few antique/collectable shops the area in general is full of history and famous for these types of shops. Another major area attraction is the Texas Renaissance Festival in the months of October and November located just to the east at Magnolia.

**Conclusion:** While the cities of Waller and Hempstead has grown by about 30% every decade since the 1960's the surrounding Waller County population has more than doubled that rate especially over the past 15 years. Suburban development with a Houston base has grown past the 50 mile mark from the CBD in several directions and the belt of rolling creek riddled terrain west of Houston from Brookshire and Sealy on the south all the way to Brenham and Navasota on the north represents logical developmental expansion for the foreseeable future especially as more workers are enabled to work part or full time from home computers connecting to their places of employment.

**COVID-19 "Coronavirus":** The global outbreak of a "novel coronavirus" known as COVID-19 was officially declared a pandemic by the World Health Organization "WHO". The reader is cautioned and reminded that the conclusions presented in this appraisal report apply only as of the effective date(s) indicated. The appraiser makes no representation as to the effect on the subject property of any unforeseen event subsequent to the effective date of the appraisal.

The COVID-19 or Coronavirus global pandemic arrived in United States in late January of 2020 unleashing unprecedented public gathering restrictions by March of 2020. The long and short term market impact from Covid-19 is in determining the market value conclusion.

**Current Market Trends:** The subject area has experienced moderate amounts of overall growth in the past 3 to 5 years in the commercial market. Development in the neighborhood includes retail commercial light industrial multifamily as well as single family residential subdivisions. Overall this area represents a well rounded community from all standpoints.

In addition as Houston continues to diversify from its previously heavily dependent petroleum economy the overall business basis continues to strengthen. Considering the neighborhood's location and its accessibility from major thoroughfares the medium to long term prospects for the neighborhood are considered stable.

Overall this neighborhood is considered to have good potential for continued development. The following pages are a snapshot of the Greater Houston Partnership Volume 31 No. 10 – October 2022.

# THE ECONOMY AT A GLANCE

## HOUSTON

GREATER HOUSTON  
PARTNERSHIP

A publication of the Greater Houston Partnership
Volume 31 Number 10 – October 2022

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### HOW WE'VE CHANGED

Each fall, the U.S. Census Bureau releases the American Community Survey (ACS), its annual snapshot of the nation's economic, demographic, housing and social characteristics. By examining ACS data over time, one can see shifts in the population. This issue of *Glance* examines what the '21 ACS data revealed about Houston.

#### Race and Ethnicity

Houston's Black, Asian and Hispanic populations have grown substantially over the past 10 years. Houston's White population, however, has stagnated. Those trends accelerated over the past two years. There were 88,000 fewer Whites in metro Houston in '21 than in '19. Hispanics more than made up for those losses, adding 89,000 residents. The Black population jumped by 24,000, the Asian population by 25,000 over the two years.

Race/ Ethnicity	Count		Change, '11 – '21	
	'21	'11	Estimate	%
Hispanic	2,774,634	2,185,195	589,438	27.0
White	2,392,671	2,386,063	6,608	0.3
Black	1,210,749	1,022,598	188,151	18.4
Asian	576,547	395,648	180,899	45.7
Multiple <sup>1</sup>	216,205	73,043	143,162	196.0
Other <sup>2</sup>	36,034	24,348	11,687	48.0
<b>Total</b>	<b>7,206,841</b>	<b>6,086,895</b>	<b>1,119,946</b>	<b>18.4</b>

1 Includes residents who self-identify as of two or more races.  
2 Includes American Indians, Alaska Natives, Native Hawaiians, and Other Pacific Islanders

Source: U.S. Census Bureau, American Community Survey 1-Yr Estimates

#### RACE/ETHNICITY, % OF POPULATION

Houston in '21 v. U.S. in '60

Year	Hispanic	Anglo	African American	Asian	Other
Hou '21	38.5	33.2	16.8	6.5	3.5
U.S. '60	27.5	44.3	15.0	9.1	4.1

■ Hispanic ■ Anglo ■ African American ■ Asian ■ Other

Source: U.S. Census Bureau

#### Foreign Born

Individuals born outside the U.S. represent a larger share of the region's population than a decade ago, 24.1 percent in '21 versus 21.9 percent in '11. By comparison, the foreign-born population for the nation was 13.6 percent in '21, up marginally from 13.0 percent in '11.

Since '11, Houston has added over 400,000 foreign-born residents. They account for 36.1 percent of the region's population gains since '11. Two thirds (1.1 million) of Houston's foreign-born population, arrived in the U.S. prior to '10.

Origin	'21		'11	
	Count	%	Count	%
Native Born	5,469,992	75.9	4,753,865	78.1
Foreign Born	1,736,849	24.1	1,333,030	21.9
<b>Total</b>	<b>7,206,841</b>	<b>100.0</b>	<b>6,086,895</b>	<b>100.0</b>

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

October 2022 Economy at a Glance ©2022 Greater Houston Partnership 1



Less than half (42.9 percent) of our foreign-born are naturalized citizens. That is up from 35.2 percent 10 years ago. For the nation, 53.1 percent of foreign-born residents are citizens, up from 44.9 percent in '11.

**Place of Origin**

The majority of our foreign-born came from Latin America (61.2 percent), followed by Asia (25.9 percent), Africa (6.8 percent), Europe (4.9 percent), North America (0.9 percent) and Oceania (0.2 percent). Twenty countries account for 85.5 percent of Houston's foreign-born residents.

**ORIGIN OF HOUSTON'S FOREIGN-BORN POPULATION**

Country	Residents	Origin	Residents
Mexico	598,758	Philippines	35,642
El Salvador	118,984	Pakistan	35,325
Vietnam	95,480	Cuba	34,146
India	94,163	United Kingdom‡	28,046
Honduras	91,650	Canada	16,440
Nigeria	62,864	Iran	16,283
Venezuela	54,333	Taiwan	15,172
China	53,253	Nicaragua	12,027
Colombia	39,887	Germany	11,812
Guatemala	39,813	Iraq	10,738
Total Top 10	1,267,800	Total 11 - 20	215,631

‡ Includes England and Scotland

Source: U.S. Census Bureau, 2021 American Community Survey

**Age**

Houston's population continues to mature. In '11, the region's median age was 33.4 years. In '21, the median was 35.3. The median for the U.S. is 38.8 years.

Seniors (residents over 65) accounted for 12.1 percent of our population in '21, up from 8.9 percent in '11. Minors (residents under 18) were 26.2 percent of the region's population, down from 27.7 percent in '11.

**AGE COMPOSITION OF METRO HOUSTON**

Years	'21		'11	
	Count	%	Count	%
Under 20	2,068,363	28.7	1,856,503	30.5
20 - 34	1,506,230	20.9	1,326,943	21.8
35 - 54	1,974,674	27.4	1,710,417	28.1
55 - 64	799,959	11.1	651,298	10.7
65+	872,028	12.1	541,734	8.9
Total	7,206,841	100.0	6,086,895	100.0

Note: Columns do not sum due evenly due to rounding errors  
Source: U.S. Census Bureau, American Community Survey

**Disability Status**

One in 10 Houstonians, 743,425 residents, suffer from one or more disabilities (behavioral, emotional, sensory, mobility, or developmental). That's up from 573,540 residents ten years ago. Typically, this cohort grows by 17,000 to 20,000 residents each year. From '19 to '21, the population jumped by nearly 85,000. One in 24 Houstonians under the age of 18 has at least one disability. The rate is one in 12 for ages 18 to 64 and one in three for residents 65 and older.

**School Enrollment**

Just over 1.9 million Houston residents were enrolled in school in '21, up from 1.7 million in '11. Nearly one in four (22.6 percent) were in college or a graduate school, compared to 21.1 percent in '11.

**POPULATION 3 YRS AND OVER ENROLLED IN SCHOOL, '21**

Grade Level	Students	%
Nursery school, preschool	99,396	5.2
Kindergarten	97,484	5.1
Elementary school (grades 1-8)	846,775	44.3
High school (grades 9-12)	437,723	22.9
College or graduate school	431,989	22.6
Total	1,932,292	100.0

Note: Columns may not sum due evenly due to rounding errors.

Source: U.S. Census Bureau, 2021 American Community Survey

**Educational Attainment**

Houstonians are better educated. One in three adults (35.8 percent) hold a bachelor's degree or higher. Ten years ago, 28.9 percent did. Increased enrollment in higher education and the passing on of older Houstonians who tended to be less educated has contributed to the improvement.

**EDUCATIONAL ATTAINMENT, METRO HOUSTON POPULATION 25 YEARS OLD AND OLDER**

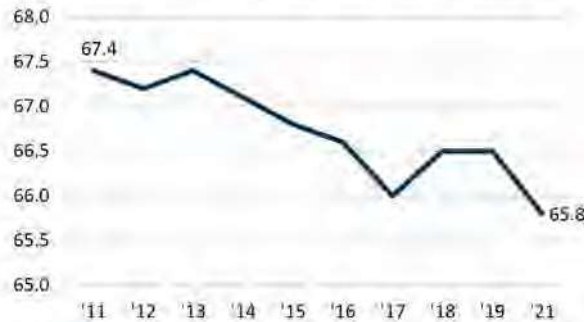
Highest Education Level Attained	'21	'11
No High School Diploma	15.5	18.9
Less Than 9th Grade	9.1	9.7
9th to 12th Grade	6.4	9.2
High School Grad or Higher	84.4	81.1
High School/ GED only	22.9	24.1
Some College, No Degree	18.7	21.6
Associate Degree	7.0	6.5
Bachelor's Degree or Higher	35.9	28.8
Bachelor's Degree	22.4	19.0
Graduate or Professional Degree	13.5	9.8

Note: Columns do not sum due evenly due to rounding errors.  
Source: U.S. Census Bureau, American Community Survey

**Labor Force Participation Rate**

The labor force participation rate is the percentage of population over 16 that is employed or unemployed and actively seeking work. Houston’s rate has trended down since the ‘00s. The decline accelerated in the pandemic.

**LABOR FORCE PARTICIPATION RATE, METRO HOUSTON**



At 65.8 percent, Houston’s rate is still well above that of the U.S., which averaged 62.5 percent in ‘21.

**Travel to Work**

Houstonians are spending more time in traffic. According to the ACS, the average travel time to work was 28.9 minutes in ‘21, up from 27.7 minutes in ‘11.

- Most commuters (70.6 percent) drive to work alone, down from 80.4 percent in ‘11.
- Only 8.9 percent of commuters carpool, down from 10.8 percent 10 years ago.
- Only 1.3 percent of all commutes involved public transit in ‘21, down from 2.3 percent in ‘11.

One in six Houston workers worked from home (WFH) in ‘21, up from one in 19 prior to the pandemic and one in 30 a decade ago. While significant, Houston lags the nation in share of population working from home.

**EMPLOYED POPULATION, 16 AND OLDER, WORKING FROM HOME**

	'21	'19	'11
HOU Workforce	3.295 M	3.371 M	2.774 M
% WFH	15.5	5.1	3.3
# WFH	510,853	171,970	91,557
U.S. Workforce	154.3 M	156.9 M	138.2 M
% WFH	17.9%	5.7%	4.3%
# WFH	27.622 M	8.945 M	5.945 M

Source: U.S. Census Bureau and Partnership calculations

**Income**

Median household income trended up in recent years, growing 11.3 percent, adjusted for inflation, from ‘11 to ‘19. Incomes took a hit in the pandemic. Median household income for Houston was \$70,893 in ‘21, which is \$58,707 in ‘11 constant dollars, a 3.9 percent drop from ‘19.

**MEDIAN HOUSEHOLD INCOME, METRO HOUSTON**



\* ‘11 constant dollars

Source: U.S. Census Bureau American Community Survey

**Poverty**

In ‘11, one in seven Houston families (14.1 percent) lived in poverty. That improved to one in ten (10.2 percent) by ‘19. But the pandemic hit those at the lower income levels the hardest. By ‘21, one in nine families (11.2 percent) lived in poverty.

- In families with children under the age of 18, the rate jumped from 14.8 percent to 16.3 percent.
- In single-mother households with children under 18, the rate was 37.9 percent in ‘21, a marginal improvement from 41.9 percent in ‘11.
- For residents 65 and older, the rate was 11.5 percent in ‘21, up from 10.7 percent 10 years ago.

**Veteran Status**

One in 20, or 5.0 percent of the adult population (265,780 residents) served in the U.S. military. That’s down from ‘11, when 294,643 veterans, 6.5 percent, called Houston home.

**Health Insurance Coverage**

More Houstonians carry health insurance now than a decade ago, but the improvement has been marginal. When the Census Bureau first asked about coverage in ‘13 (prior to passage of the Affordable Care Act), only 77.2 percent of the metro population had insurance. In ‘21, 80.7 percent had health insurance.

**Health Insurance Coverage in Metro Houston**

	% Population	
	'21	'11
With health insurance	80.7	75.9
With private health insurance	60.3	56.9
With public coverage	28.1	25.2
No health insurance	19.3	24.1

Source: U.S. Census Bureau American Community Survey

**Marital Status**

Half the region’s population over the age of 15, nearly 2.9 million residents, is currently married. One-third of the population has never married. The remaining population is either widowed, separated, or divorced.

**MARITAL STATUS, POPULATION 15 AND OLDER, '21**

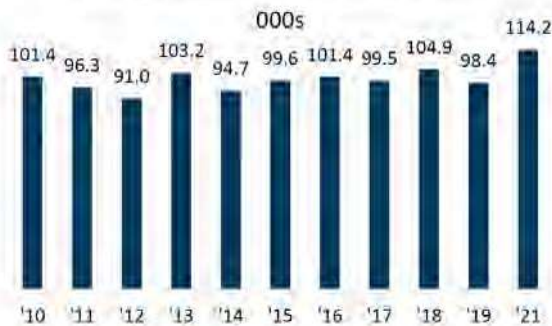
	#	%
Currently married	2,856,487	50.6
Never married	1,927,022	34.1
Divorced	500,610	8.9
Widowed	241,505	4.3
Separated	124,438	2.2
<b>Total</b>	<b>5,647,206</b>	<b>100.0</b>

Note: Columns may not sum due evenly due to rounding errors.  
Source: U.S. Census Bureau, 2021 American Community Survey

**Fertility**

The fertility rate trended down in recent years but jumped post-pandemic, setting a record for births in '21.

**NUMBER OF WOMEN 15 - 50 YEARS OLD WHO HAD A BIRTH IN THE PAST 12 MONTHS**



Source: U.S. Census Bureau, American Community Survey (2010-2021)

Of the 114,161 births in Houston last year, 32.1 percent were to unmarried women (widowed, divorced, or never married). Over the past 10 years, the fertility rate for women under 20 has plummeted while the rate for women 35 to 50 has climbed.

**HOUSTON FERTILITY RATES, BIRTHS PER 1,000 WOMEN**

Mother's Age	'21	'11
15 to 50 years old	40	40
15 to 19 years old	16	43
20 to 34 years old	107	104
35 to 50 years old	37	27

\*Source: U.S. Census Bureau, 2021 American Community Survey

**Households**

Houston added nearly 535,000 households over the past decade. In '21, roughly one-third (36.2 percent) of the 2.6 million households included someone under 18; one-fourth (25.0 percent) included someone over the age of 65.

**HOUSEHOLD COMPOSITION, METRO HOUSTON – '21**

Household Type	#	%
Married-couple household	1,311,106	50.4
With children under 18	595,721	22.9
Cohabiting couple household	171,692	6.6
With children under 18 years	70,238	2.7
Male householder, no spouse/partner	452,644	17.4
With children under 18 years	33,818	1.3
Female householder, no spouse/partner	665,959	25.6
With children under 18 years	150,881	5.8
Males living alone	304,364	11.7
Females living alone	332,979	12.8
<b>Total</b>	<b>2,601,401</b>	<b>100.0</b>

Source: U.S. Census Bureau, 2021 American Community Survey

**Mobility**

One million Houstonians—14.0 percent of residents one year and older—moved year. The majority simply changed apartments or houses within the metro area, but a substantial number moved here from outside the region.

**PLACE OF RESIDENCE, ONE YEAR AGO\*, '21**

Location	Residents	%
Same house	6,118,192	86.0
Different house	995,985	14.0
Different house in the U.S.	946,186	13.3
Same county	583,363	8.2
Different county	355,709	5.0
Same state	234,768	3.3
Different state	128,055	1.8
Abroad	49,799	0.7
<b>Total</b>	<b>7,114,177</b>	<b>100.0</b>

\* For population 1 year old and older

Source: U.S. Census Bureau, 2021 American Community Survey

Note: The Census Bureau did not release ACS data for '20.

Source: U.S. Census Bureau American Community Survey ('11-'21)

**EMPLOYMENT UPDATE**

Metro Houston added 5,400 jobs in August '22. This falls below expectations for the month. In a normal year, the region creates 7,000 to 10,000 jobs in August. In a boom year, which has been the case up to this point, the region creates 10,000 to 18,000 jobs. It's too soon to determine whether the August report is the first sign of an economic slowdown.

- Restaurants and bars added 7,500 jobs in August. The sector normally creates 800 to 1,200 jobs in the month. August's job growth is likely an anomaly that will be revised downward in future reports.
- Administrative and support services added 5,500 jobs. Employers are relying on contractors to meet their workforce needs in the current tight labor market.
- Durable goods manufacturing added 1,500 jobs in August and 7,700 since the first of the year. It's not clear from the available data in which sub sectors those jobs were created. Manufacturing overall remains well below pre-pandemic employment levels.
- Real estate/equipment rentals added 800 jobs in August bringing employment to 100 jobs shy of where it stood in February '20. In a sector with over 64,000 jobs, this is essentially a rounding error. The sector should be considered as fully recovered.
- Employment in hotels, information, and other services—all laggards in the COVID recovery— was flat in August. The energy sector, also a laggard, shed 700 jobs.

Fourteen of the 19 major sectors tracked by TWC have fully recovered their pandemic losses. Those sectors are:

- Administrative support and waste management
- Arts, entertainment, and recreation
- Construction
- Educational services
- Finance and insurance
- Food services and drinking places
- Health care and social assistance
- Professional, scientific and tech services
- Retail trade
- Transportation, warehousing, and utilities
- Wholesale trade.

Information, hotels, and personal services should recover by the end of the year. The path to full recovery for energy and manufacturing remains uncertain, especially as U.S. economic growth has begun to slow.

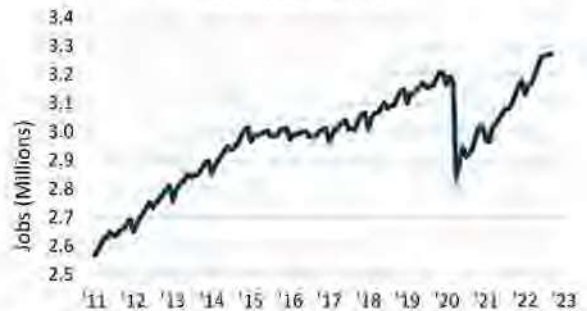
**SECTORS STILL IN RECOVERY, METRO HOUSTON**

Sectors	Job Still to Recoup
Real estate and equipment rentals	100
Information	500
Hotels	2,300
Other Services	4,300
Manufacturing	5,700
Energy (exploration, oil field services)	10,200

Source: Texas Workforce Commission and Partnership calculations

Nonfarm payroll employment now tops 3,273,100, well above Houston's previous peak of 3,207,900 reached in November '19.

**NONFARM PAYROLL EMPLOYMENT METRO HOUSTON**



Source: Texas Workforce Commission

**RECESSION IN 2023?**

Will the U.S. slip into a recession next year? If so, will Houston follow? And if so, how bad will it be for Houston and how long will it last? The Partnership's [Houston Region Economic Outlook](#) event scheduled for Thursday, December 8 at the Royal Sonesta Hotel aims to answer those questions and more.



During lunch, a of Partnership Board Members will share their insights for Houston's future. Following the discussion, **Patrick Jankowski**, the Partnership's Chief Economist, will present the Houston the employment forecast for next year. Register for the event at the [Partnership's website](#).

## KEY ECONOMIC INDICATORS



**Aviation** — The Houston Airport System (HAS) handled 52.2 million passengers in the 12 months ending August '22, up 44.5 percent from the comparable period in '21. This marks the highest 12-month passenger count since April '20.



**Building Permits** — City of Houston building permits totaled \$7.7 billion for the 12 months ending August '22, up from \$6.1 billion over the same period in '21, according to the city's Public Works Department. Commercial permit values rose 28.6 percent to \$4.3 billion and residential permit values increased 21.9 percent to \$3.4 billion.



**Construction** — Metro Houston construction starts totaled \$14.8 billion through July of this year, up from \$12.1 billion over the comparable period in '21, according to the latest data from Dodge Data & Analytics. Nonresidential activity increased from \$4.4 billion, to \$6.0 billion and residential activity from \$7.7 billion to \$8.8 billion.



**Crude Oil** — The closing spot price for West Texas Intermediate (WTI), the U.S. benchmark for light, sweet crude, averaged \$93.67 per barrel in August '22, up from \$67.73 for the same period in '21. WTI has consistently traded above \$90 per barrel since early February '21. The U.S. Energy Information Administration forecasts WTI to average \$98.07 per barrel this year and \$90.91 in '23.



**Home Sales** — In the 12 months ending August, Houston area realtors closed on 128,869 homes, compared to 130,767 for the 12 months in July, and 132,887 for the 12 months ending in June. In August '22, active listings of all property types (single-family, townhomes, condos, duplexes) were up 25.1 percent over August of '21. They are still 17.7 percent below where they stood five years ago.



**Inflation** — Inflation, as measured by the Consumer Price Index for all Urban Consumers (CPI-U), rose 8.3 percent nationwide in the 12 months ending August '22. This has come down from a peak in June '22 of 9.1 percent. The peak of the last 50 years was in March '80 when the annual rate topped 14.6 percent.



**Purchasing Managers Index** — Economic activity in Houston expanded in August at a slightly slower rate than July, according to the most recent Houston Purchasing Managers Index (PMI). The August '22 PMI registered 54.2, down from 55.6 in July. Readings over 50 generally indicate expansion in the economy, below 50, contraction.



**Rig Count** — The Baker Hughes count of active domestic rotary rigs hit 765 the last week of September, up 237 rigs from the same week the year before, according to data recently released by the company. The rig count is 28 shy of where it stood in mid-March '20 prior to the pandemic. However, the rig count peaked at 1,083 the last week of December '18. The pandemic only accelerated the decline.



**Unemployment** — The unemployment rate for metro Houston was 4.6 percent in August '22, down from 4.8 percent in July '22 and from 6.3 percent in August '21. The Texas rate was 4.2 percent, down from 4.3 percent in July and 5.5 percent in August of last year. The rates are not seasonally adjusted.



**Vehicle Sales** — New car, truck, and SUV sales are up 9.7 percent through August of this year compared to the same period in '21. Truck and SUV sales continue to dominate the market, accounting for one in four (77.6 percent) of all vehicles sold to date.

*Clara Richardson and Patrick Jankowski contributed to this issue of Houston: The Economy at a Glance.*

## STAY UP TO DATE

For past issues of **Economy at a Glance**, click [here](#).

The Partnership posts updates to the region's key economic indicators throughout the month. If you would like to receive updates by e-mail, click [here](#).

If you would like to receive updates via Twitter, follow the Partnership's Chief Economist, Patrick Jankowski, at @PNJankowski.

If you are a not a member of the Greater Houston Partnership and would like to subscribe to **Economy at a Glance**, please click [here](#). For information about joining the Partnership, call Member Engagement at 713-844-3683.

## SITE DATA AND ANALYSIS

An analysis of the subject site is particularly important in determining its highest and best use. We have relied on the legal description, aerial photos, WCAD tax map, and a thorough physical property visit of the subject. The following is a discussion of the most important facts.

**Legal Description:** 25.132 acres or 1,709,450 square feet of land being Lot 1, Clear Creek Development, Waller County, Texas.

**Location/Access:** The subject property is located within city limits of the City of Hempstead, which is an incorporated part of Waller County, Texas. Specifically, the subject property is situated along the south line of Mack Washington Lane, being just north of Business US 290 "Old Hempstead Highway". Furthermore, the subject is located approximately 1.50 miles east of State Highway 6 "SH 6".

**Physical Characteristics:** The subject site is rectangular in shape and contains a total of 25.132 acres or 1,709,450 square feet of land in size per WCAD.

**Zoning/Land Use:** The subject is located in the City of Hempstead within Waller County, which Hempstead does subscribe to zoning. The subject property is zoned "Agriculture Residential" by the City of Hempstead, which allows for a variety of agriculture and commercial uses. There are no known deed restrictions or other known restrictions as to use or value.

**Floodplain:** According to the flood insurance rate map of the Federal Emergency Management Agency, revised May 16, 2019, FEMA Map No. 48473C0135F, the subject lies within Zone X, an area outside the 500-year and 100-year floodplains. A copy of the floodplain map follows this section. Please refer to the caution statement at the bottom of floodplain map.

**Environmental Concerns:** An environmental survey for the subject property was not provided. It is assumed that no adverse environmental or geologic conditions exist, but this should be checked with appropriate professionals.

**Topography/Drainage:** Upon inspection, the subject site appears to be level and well drained. Drainage of the subject site is facilitated by natural site drainage to open ditch drainage along bordering roadway rights of way. Drainage of the area is under the control of Waller County and appears adequate as evidenced by the existing improvements in the immediate vicinity.

**Easements and Covenants:** The subject has no known easements or restrictions which would be considered to adversely affect utilization of the subject site. There are utility easements common to properties in the area.

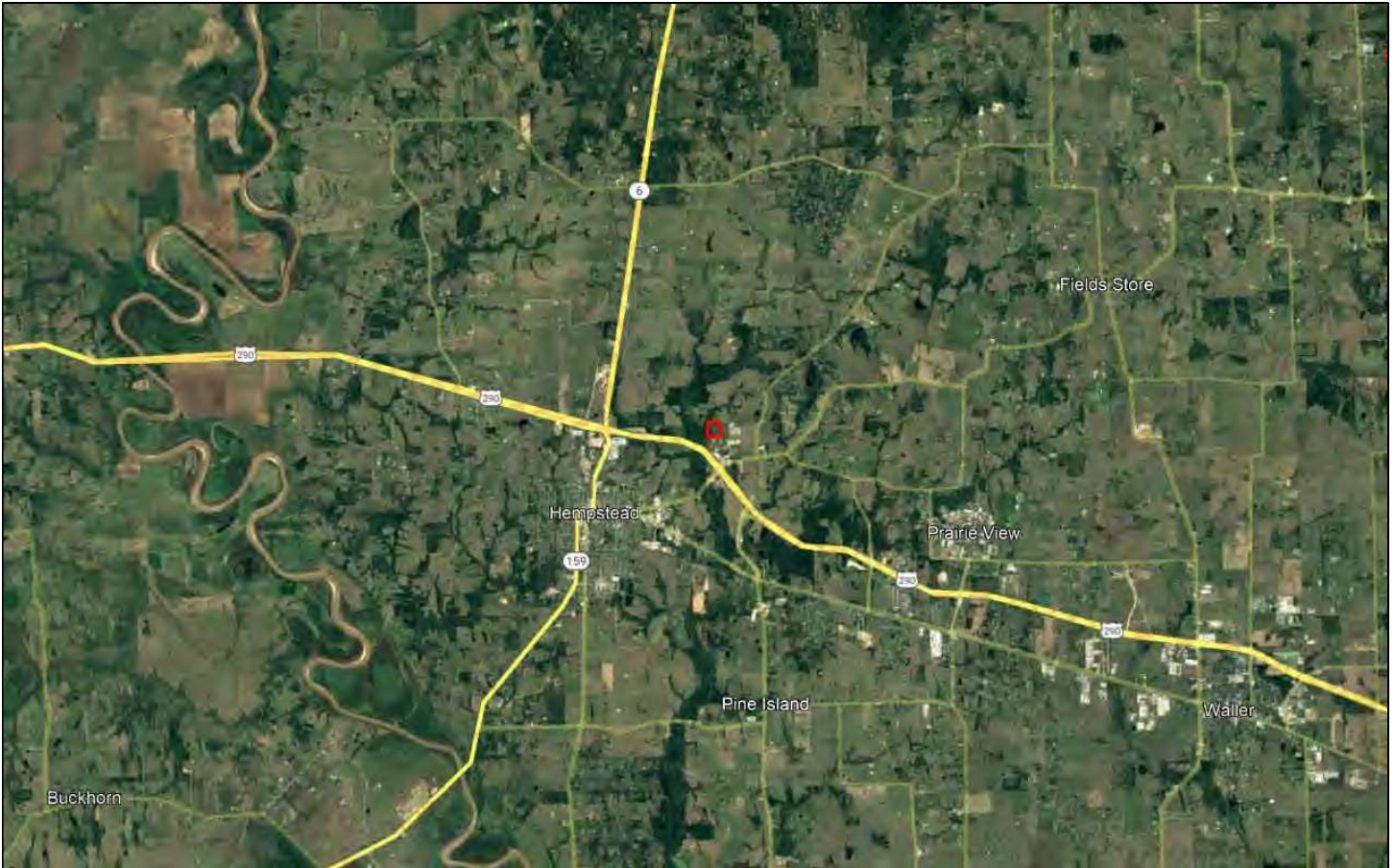
**Utilities/Education/Public Services** The subject does have access to water and sewer via the City of Hempstead. Electricity is distributed by CenterPoint Energy, and telephone is available through several national providers. In addition, cable television and high speed internet service are readily available through a variety of area providers.

Police%fire%and emergency services are provided by Waller County. Education is provided by the Hempstead Independent School District%which provides secondary education through the high school level !Kindergarten through the 12<sup>th</sup> grade".

**Conclusion:** The subject has good access to primary traffic arteries and all portions of the greater Houston area. The site is a sufficient size to support a number of possible uses%and does not appear to be encumbered by any easements or encroachments that would affect value or use. The subject represents a good developable site with fair accessibility and amenities.

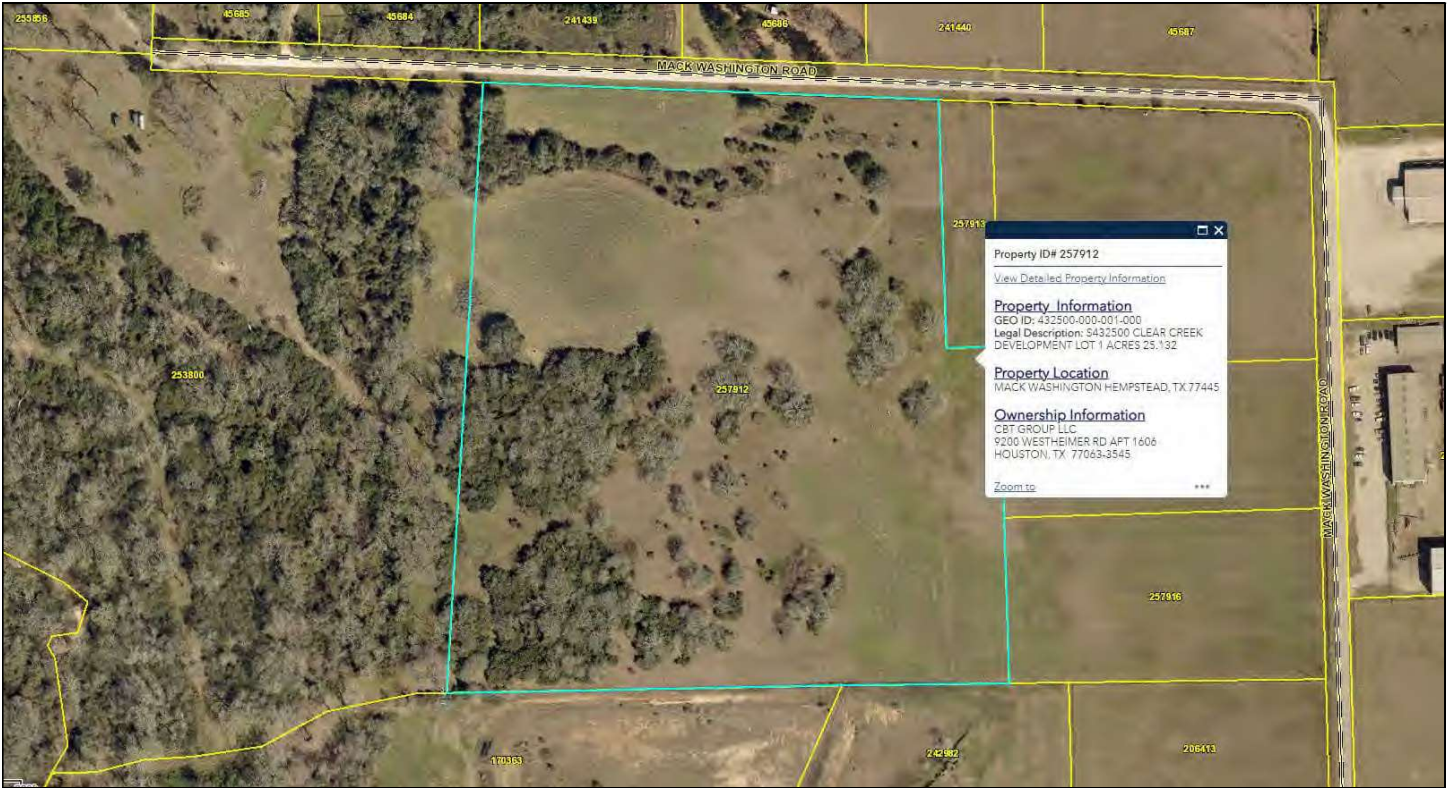


Aerial Photo of Subject Site  
Boundaries are estimated by appraiser



Broad Aerial View of Subject and Surrounding Area Development





Subject WCAD Tax Map



Subject as of December 28%2022

# FLOOD MAP

Borrower or Owner:

Subject Address: SL of Mack Washington Lane

Census Tract: 6803.03

City: Hempstead

County: Waller

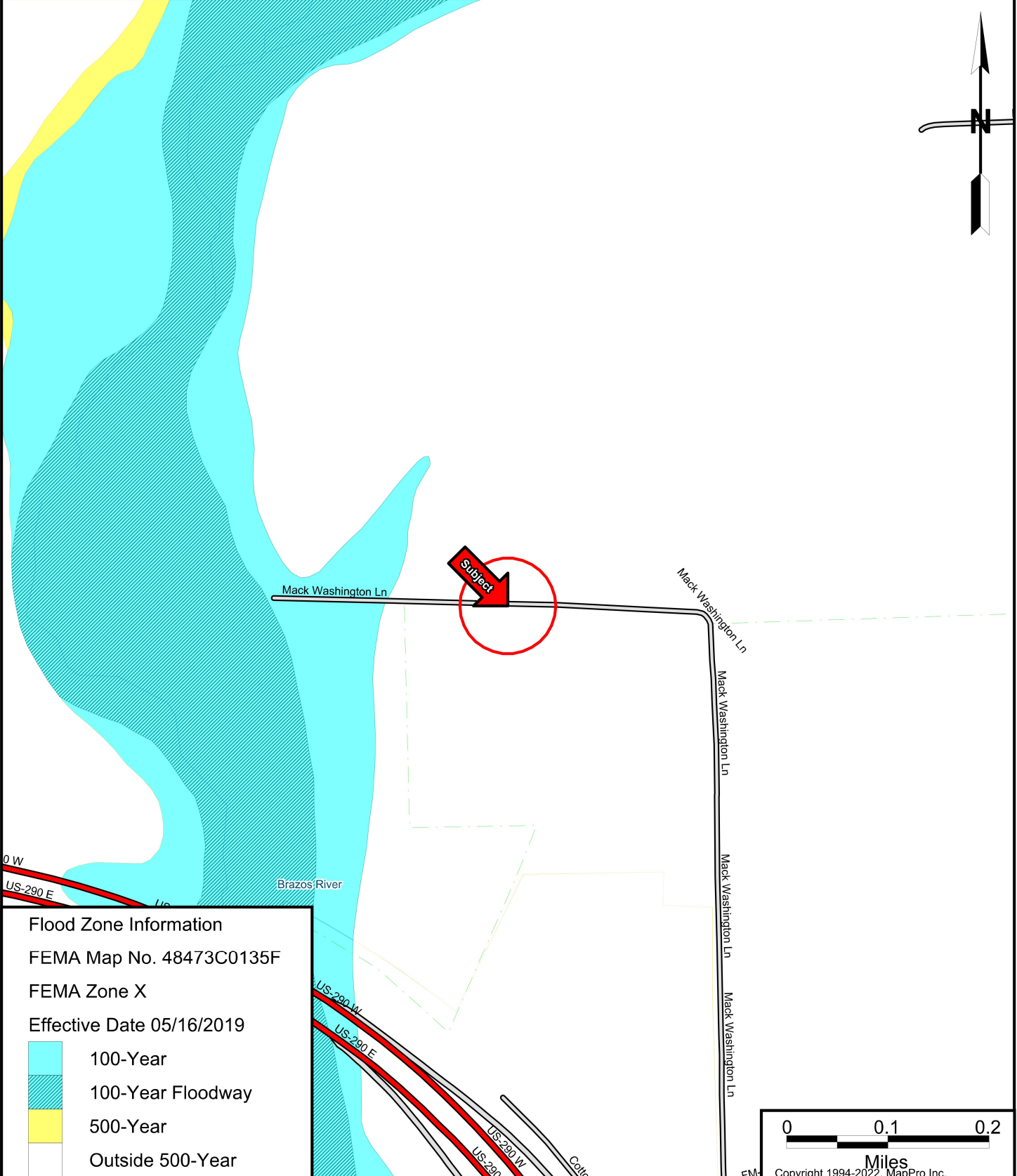
State: TX

Zip Code: 77445

Lender or Client:

Lat: 30.116343

Long: -96.049399







**Flood Zone Information**

FEMA Map No. 48473C0135F

FEMA Zone X

Effective Date 05/16/2019

-  100-Year
-  100-Year Floodway
-  500-Year
-  Outside 500-Year

**CAUTION:**

The location of flood hazard areas shown on this map are approximate only. Flood hazard boundaries may change from time to time. A property in the general vicinity of a flood hazard area should be evaluated by a civil engineer or other appropriate specialist prior to purchase or investment.

## HIGHEST AND BEST USE

Highest and best use is defined as "the reasonably probable and legal use of vacant land or an improved property which is physically possible, appropriately supported, financially feasible, and that results in the highest value" ! *The Dictionary of Real Estate Appraisal* 6th Edition". The definitions of highest and best use indicate that there are two types of highest and best use. The first type is highest and best use of land or a site as though vacant. The second is highest and best use of a property as improved. Each type requires a separate analysis. Moreover, in each case, the existing use may or may not be different from the site's highest and best use.

**Legally Permissible:** In all cases of highest and best use, the appraiser must determine the uses of the site which are legally permissible. The subject is located in the City of Hempstead within Waller County, which Hempstead does subscribe to zoning. The subject property is zoned "Agriculture Residential," which allows for a variety of agriculture or commercial development. Beyond building code requirements, there appear to be no legal impediments to the subject use or value.

**Physically Possible:** Size, terrain, shape with respect to development, surrounding uses, and utility availability are generally considered the most important in determining uses to which the subject may be developed. The subject site contains a total of 25.132 acres or 1,094,750 square feet of vacant land. The subject has access to public water and sewer. The subject tract is of a size and shape that could accommodate a number of uses. Considering the size and location of the subject, the most likely physical uses would be for some type of commercial development as demand warrants.

**Financially Feasible:** This criterion dictates that the use must create value and generate a positive net income. Factors which influence feasible uses include those considered other than legally permissible and physically possible uses, as well as economic factors relating to rental rates and occupancies of the various real estate sectors. In other words, a property's financial feasibility is based on its income potential.

**Maximally Productive:** In considering the maximally productive uses, the comparison of all uses determined to be physically possible, legally permissible, and financially feasible are evaluated. The maximally productive use produces the highest rate of return or the highest value to the property. Generally, it is viewed as the ideal improvement. There are few if any uses which create a greater return to the land than some type of commercial use.

**As Vacant:** Based on a review of financial information, it is our opinion that the highest and best use of the property "as vacant" is for commercial use.

## SALES COMPARISON APPROACH

The sales comparison approach is a set of procedures in which a value indication is derived by comparing the property being appraised to similar properties that have been sold recently, applying appropriate units of comparison, and making adjustments to the sales prices of the comparables based on the element of comparison. The sales comparison approach may be used to value improved properties, vacant land or land being considered as though vacant.

The sales comparison approach is applicable when sufficient data on recent market transactions is available. Essential information on income-producing properties derived through sales comparison is used in the income capitalization and cost approaches.

The procedure for applying the sales comparison approach includes the following:

1. Research the competitive market for information on properties that are similar to the subject property and that have recently sold, are listed for sale, or are under contract. Information on agreements of sale, options, listings, and bona fide offers may also be collected. The characteristics of the properties such as property type, date of sale, size, physical condition, location, and land use constraints should be considered. The goal is to find a set of comparable sales or other evidence such as property listings or contracts as similar as possible to the subject property to ensure they reflect the actions of similar buyers. Market analysis and highest and best use analysis set the stage for the selection of appropriate comparable sales.

2. Verify the information by confirming that the data obtained is factually accurate and that the transactions reflect arm's-length market considerations. Verification should elicit additional information about the property such as buyer motivation, economic characteristics (if the property is income-producing), value component allocations, and other significant factors as well as information about the market to ensure that comparisons are credible.

3. Select the most relevant units of comparison used by participants in the market (e.g., price per acre, price per square foot, price per front foot, price per dwelling unit) and develop a comparative analysis for each unit. The appraiser's goal is to define and identify a unit of comparison that explains market behavior.

4. Look for differences between the comparable sale properties and the subject property using all appropriate elements of comparison. Then adjust the price of each sale property, reflecting how it differs, to equate it to the subject property or eliminate that property as a comparable. This step typically involves using the most similar sale properties and then adjusting for any remaining differences. If a transaction does not reflect the actions of a buyer who would also be attracted to the subject property, the appraiser should be concerned about comparability.

5. Reconcile the various value indications produced from the analysis of comparables into a value conclusion. A value opinion can be expressed as a single point estimate, as a range of values, or in terms of relationship (e.g., more or less than a given amount).

There are 10 basic elements of comparison that should be considered in sales comparison analysis:

- 1) Real Property rights conveyed
- 2) Financing terms
- 3) Conditions of sale
- 4) Expenditures made immediately after the purchase
- 5) Market conditions (time)
- 6) Location
- 7) Physical characteristics – e.g., size, construction, quality, condition
- 8) Economic characteristics – e.g., expense ratios, lease provisions, management, tenant mix
- 9) Legal characteristics
- 10) Non-realty components of value

(*The Appraisal of Real Estate*, 15<sup>th</sup> Edition, pg. 362).

**Sale 1**

**Key Map:**

**Reference No:** 21096

**PROPERTY IDENTIFICATION**

**Property Type:** Commercial Vacant Land  
**Property Name:** Commercial Vacant Land  
**Property Address:** SL Fm 1488 Rd  
**City, County, State:** Hempstead, Waller County, TX 77445



**SALE DATA**

**Grantor:** William Ray Price  
**Grantee:** Tomball Real Estate Partners LLC  
**Sale Date:** August 19, 2022  
**Financing:** Cash to seller  
**Property Rights:** Fee Simple  
**Recording Data:** 2213372  
**Legal Description:** Tract 7, John F Martin, Abstract 227, Waller County, TX

**SALE ANALYSIS**

<b>Sales Price:</b>	\$1,759,622	<b>Adjusted Sales Price:</b>	\$1,759,622
<b>Land</b>	\$0.72 PSF	<b>Per Acre</b>	\$31,449

**LAND INFORMATION**

<b>Land Size:</b>	55.952 Ac.	2,437,269 SF	
<b>Frontage:</b>	FM 1488		
<b>Floodplain:</b>	No	<b>Zoning:</b>	None
<b>Panel No.:</b>		<b>Encumbrances:</b>	None
<b>Panel Date:</b>		<b>Environmental Issues:</b>	

**UTILITIES**

<b>Electricity:</b>	Yes	<b>Sewer:</b>	No
<b>Gas:</b>	No	<b>Telephone:</b>	Yes
<b>Water:</b>	No	<b>Road:</b>	2 lane

**COMMENTS**

Confirmed Sale (MLS 37569686)

**Sale 2**

**Key Map:**

**Reference No:** 21097

**PROPERTY IDENTIFICATION**

**Property Type:** Commercial Vacant Land  
**Property Name:** Commercial Vacant Land  
**Property Address:** WL of Richards Rd  
**City, County, State:** Hempstead, Waller County, TX 77445



**SALE DATA**

**Grantor:** Quest IRA Inc FBO Byron K Preadom  
**Grantee:** DMW Properties LLC  
**Sale Date:** April 29, 2022  
**Financing:** Cash to seller  
**Property Rights:** Fee Simple  
**Recording Data:** 2205825  
**Legal Description:** Tract 93, Justo Liendo, Abstract 41, Waller County, TX

**SALE ANALYSIS**

<b>Sales Price:</b> \$540,000	<b>Adjusted Sales Price:</b> \$540,000
<b>Land</b> \$1.12 PSF	<b>\$48,780 Per Acre</b>

**LAND INFORMATION**

<b>Land Size:</b> 11.070 Ac.	482,209 SF
<b>Frontage:</b> Richards Rd	
<b>Floodplain:</b> No	<b>Zoning:</b> None
<b>Panel No.:</b>	<b>Encumbrances:</b> None
<b>Panel Date:</b>	<b>Environmental Issues:</b>

**UTILITIES**

<b>Electricity:</b> Yes	<b>Sewer:</b> Public
<b>Gas:</b> No	<b>Telephone:</b> Yes
<b>Water:</b> Public	<b>Road:</b> 2 lane

**COMMENTS**

Confirmed Sale (MLS 14738240)

**Sale 3**

**Key Map:**

**Reference No:** 21095

**PROPERTY IDENTIFICATION**

**Property Type:** Commercial Vacant Land  
**Property Name:** Commercial Vacant Land  
**Property Address:** 40647 Fm 1488 Rd  
**City, County, State:** Hempstead, Waller County, TX 77445



**SALE DATA**

**Grantor:** KGHS Holdings LLC  
**Grantee:** Peter S Terpstra  
**Sale Date:** August 20, 2021  
**Financing:** Cash to seller  
**Property Rights:** Fee Simple  
**Recording Data:** 2213372  
**Legal Description:** Tract 15, Justo Liendo, Abstract 41, Waller County, TX

**SALE ANALYSIS**

<b>Sales Price:</b>	\$1,375,000	<b>Adjusted Sales Price:</b>	\$1,375,000
<b>Land</b>	\$1.81 PSF	<b>Per Acre</b>	\$78,737

**LAND INFORMATION**

<b>Land Size:</b>	17.463 Ac.	760,697 SF	
<b>Frontage:</b>	FM 1488		
<b>Floodplain:</b>	No	<b>Zoning:</b>	None
<b>Panel No.:</b>		<b>Encumbrances:</b>	None
<b>Panel Date:</b>		<b>Environmental Issues:</b>	

**UTILITIES**

<b>Electricity:</b>	Yes	<b>Sewer:</b>	No
<b>Gas:</b>	No	<b>Telephone:</b>	Yes
<b>Water:</b>	No	<b>Road:</b>	2 lane

**COMMENTS**

Confirmed Sale (MLS 18291140)



**Sale 4****Key Map:****Reference No:** 21098**PROPERTY IDENTIFICATION**

**Property Type:** Commercial Vacant Land  
**Property Name:** Commercial Vacant Land  
**Property Address:** 32408 Fm 1488 Rd  
**City, County, State:** Hempstead, Waller County, TX 77445

**SALE DATA**

**Grantor:** Jerry Lance Snyder  
**Grantee:** 32408 FM 1488 LLC  
**Sale Date:** July 28, 2021  
**Financing:** Cash to seller  
**Property Rights:** Fee Simple  
**Recording Data:** 2200675  
**Legal Description:** Tract 4, Andrew MC Stee, Abstract 220, Waller County, TX

**SALE ANALYSIS**

<b>Sales Price:</b>	\$1,900,000	<b>Adjusted Sales Price:</b>	\$1,900,000
<b>Land</b>	\$0.80 PSF		\$35,047 Per Acre

**LAND INFORMATION**

<b>Land Size:</b>	54.213 Ac.	2,361,518 SF	
<b>Frontage:</b>	FM 1488		
<b>Floodplain:</b>	No	<b>Zoning:</b>	None
<b>Panel No.:</b>		<b>Encumbrances:</b>	None
<b>Panel Date:</b>		<b>Environmental Issues:</b>	

**UTILITIES**

<b>Electricity:</b>	Yes	<b>Sewer:</b>	No
<b>Gas:</b>	No	<b>Telephone:</b>	Yes
<b>Water:</b>	No	<b>Road:</b>	2 lane

**COMMENTS**

Confirmed Sale (MLS 12883395)

**Sale 5**

**Key Map:**

**Reference No:** 21099

**PROPERTY IDENTIFICATION**

**Property Type:** Commercial Vacant Land  
**Property Name:** Commercial Vacant Land  
**Property Address:** 53681 US 290  
**City, County, State:** Hempstead, Waller County, TX 77445



**SALE DATA**

**Grantor:** Michael L Jeane  
**Grantee:** Sorsby 290 Ventures LLC  
**Sale Date:** July 15, 2021  
**Financing:** Cash to seller  
**Property Rights:** Fee Simple  
**Recording Data:** 2108240  
**Legal Description:** Tract 77, James Hall Jr., Abstract 32, Waller County, TX

**SALE ANALYSIS**

<b>Sales Price:</b>	\$1,572,000	<b>Adjusted Sales Price:</b>	\$1,572,000
<b>Land</b>	\$1.30 PSF	<b>Per Acre</b>	\$56,575

**LAND INFORMATION**

<b>Land Size:</b>	27.786 Ac.	1,210,363 SF	
<b>Frontage:</b>	US 290		
<b>Floodplain:</b>	No	<b>Zoning:</b>	None
<b>Panel No.:</b>		<b>Encumbrances:</b>	None
<b>Panel Date:</b>		<b>Environmental Issues:</b>	

**UTILITIES**

<b>Electricity:</b>	Yes	<b>Sewer:</b>	No
<b>Gas:</b>	No	<b>Telephone:</b>	Yes
<b>Water:</b>	No	<b>Road:</b>	2 lane

**COMMENTS**

Confirmed Sale (MLS 15043332)

## LOCATION MAP

Borrower or Owner:

Subject Address: SL of Mack Washington Lane

Census Tract: 6803.03

City: Hempstead

County: Waller

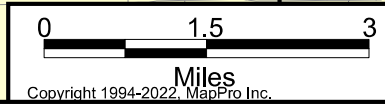
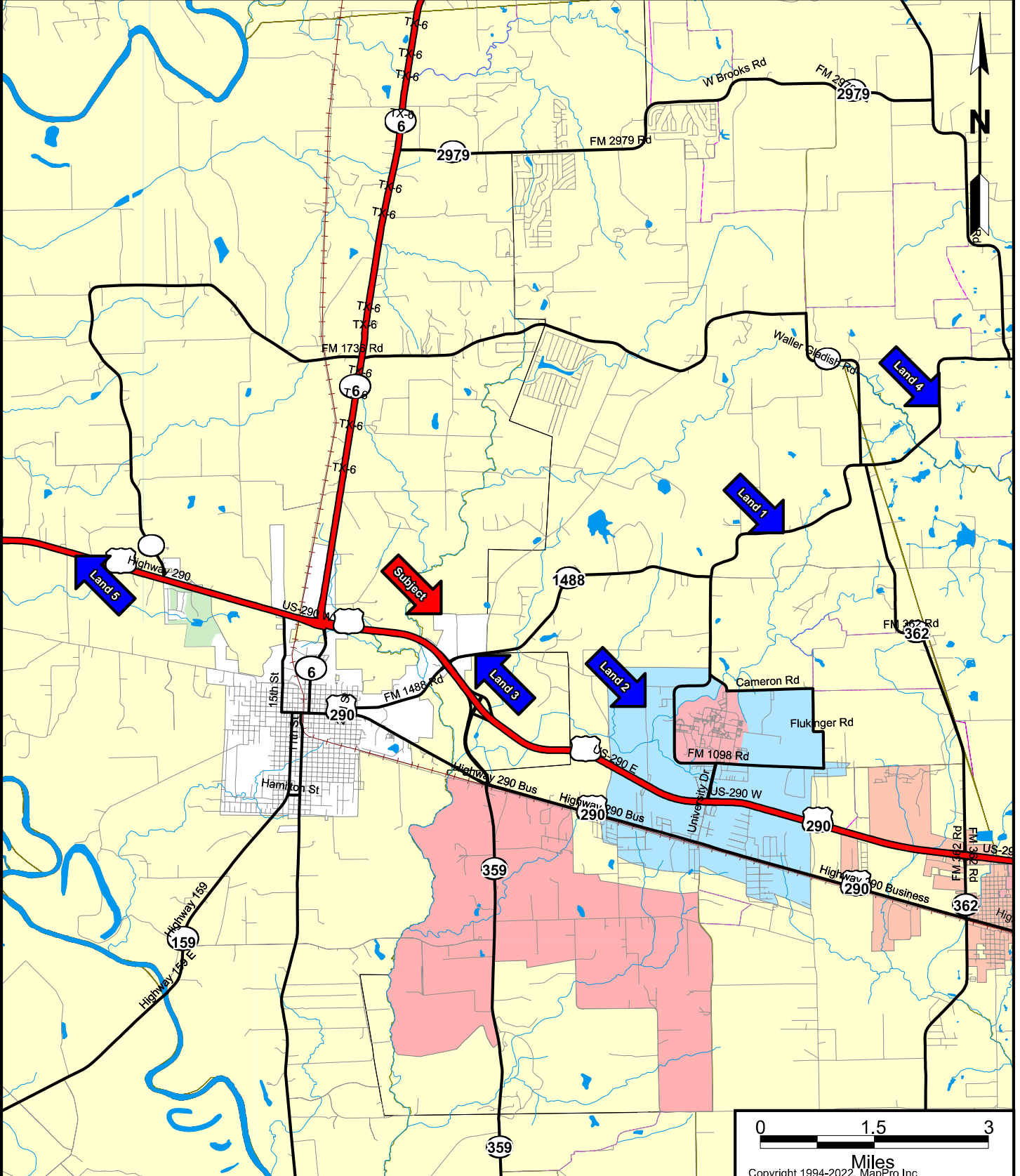
State: TX

Zip Code: 77445

Lender or Client:

Lat: 30.1163

Long: -96.0494



**CAUTION:** The location of property arrows shown on this map are approximate only. Inaccuracies may exist on map such as missing, incorrectly drawn, or incorrectly addressed streets. Please report any such inaccuracy to MapPro, Inc. so that appropriate corrections can be made.

## SITE VALUATION

The sales comparison approach utilizes sales transactions of area properties considered comparable to most characteristics of the subject site. The most basic requirement is that the comparable sales are located within proximity to the subject neighborhood and have occurred in the open market in the recent past. This analysis was conducted within the framework of the definition of market value as described within the report. It requires a valuation of the site as vacant as in its highest and best use.

In order to develop a value estimate for the subject tract the deed records of Waller County were searched through a deed reporting service and the area was surveyed for sales of comparable tracts.

Included within this section are five comparable sales of vacant land tracts which are considered to be comparable to the subject in the immediate neighborhood. The sales included for comparison within this section are the most comparable sales to the subject property and are the most recent sales occurring within the immediate neighborhood. Based on the quality and quantity of the data our confidence level in the land sales comparison approach is high. The sales are described in detail on the land sale comparable forms which immediately precede this section. Additionally a sales map is included in the preceding pages and the sales map contains a representation of the size shape and location of each sale in relation to the subject property.

**Adjustment Factors:** The methodology for this approach is the employment of an adjustment grid a copy of which follows this section and also acts as a summary of the land sales and the basic subject information. No financial adjustments have been necessary. The following paragraphs discuss the adjustments and make the comparisons with the subject site.

**Conditions of Sale:** This adjustment takes into consideration unusual features of the transaction such as unusual influences among the sale parties existing improvements on the sales at the date of the transaction or whether or not the sale took place under open market conditions. No adjustments are necessary.

**Market Conditions !Time":** The market condition !time" adjustment is considered and the lack of sales activity in some real estate sectors may point to the need for this adjustment. The comparable sales included within this analysis occurred during the previous 2 years. The current COVID&19 outbreak is considered; however indications are the subject market segment that has remained steady. Sales 3&4 and 5 are adjusted upward for market conditions.

**Size:** While the sales at least demonstrate the principle that a smaller site will sell for more per square foot than a larger one there is insufficient comparability and numbers from which to draw a meaningful adjustment factor. However years of pairing studies throughout the Gulf Coast area suggest a safe average comparison of 5% to 10% per doubling or halving in size

by comparison with the subject 25.132-acre site size. The appraiser will analyze the sales based on a 10% per doubling rounded to the nearest 5%. Sales 2 and 3 are adjusted downward for their smaller site size as compared to the subject. Sales 1 and 4 are adjusted upward for their larger site size as compared to the subject. Overall net adjustments may be found on the adjustment grid.

**Location:** Location adjustments are primarily subjective to the appraiser's based upon experience and knowledge of the various markets involved and on inspections of the properties presented. Sales 1, 3, 4 and 5 are adjusted downward for their superior location as compared to the subject.

**Floodplain:** Floodplain designations affect the utilization of each tract and thus affect value. The subject is located in the Zone X Floodway. No adjustments were made.

**Physical Characteristics:** This adjustment considers corner influence, utilities, detention and shape. The subject has access to public water and sewer through the city of Hempstead. Sales 1, 3, 4 and 5 are adjusted upward for having inferior access to utilities.

**Conclusion:** The adjusted sale prices range from \$0.79 to \$1.40 per square foot with a mean of \$1.06 and a median of \$1.01 per square foot. Thus the value for the subject is concluded to \$1.05 per square foot or \$1,494,888 rounded to:

**\$1,500,000**

LAND SALES ADJUSTMENT GRID

Sale #	1	2	3	4	5	Subject
Location	SL of FM 1488	WL of Richards Rd	40647 FM 1488	32408 FM 1488	53681 US 290	SL of Mack Washington
Date of Sale	Aug-22	Apr-22	Aug-21	Jul-21	Jul-21	Dec-22
Size (Acres)	55.9520	11.0700	17.4632	54.2130	27.7861	25.1320
Sale Price \$PSF	\$0.72	\$1.12	\$1.81	\$0.80	\$1.30	??
Financing	0%	0%	0%	0%	0%	
Condition of Sale	0%	0%	0%	0%	0%	
Cash Adj. Sale Price	\$0.72	\$1.12	\$1.81	\$0.80	\$1.30	
Market Conditions (Time)	0%	0%	3%	3%	3%	
Time Adj. Sale Price	\$0.72	\$1.12	\$1.86	\$0.82	\$1.34	
Size	10%	-10%	-5%	10%	0%	
Location	-10%	0%	-30%	-10%	-20%	
Floodplain	0%	0%	0%	0%	0%	
Physical Characteristics	10%	0%	10%	10%	10%	
Net Adjmts.	10%	-10%	-25%	10%	-10%	
Gross Adjmts.	30%	10%	48%	33%	33%	
Adjusted Price psf	\$0.79	\$1.01	\$1.40	\$0.91	\$1.21	??

Mean Adjusted Value: \$1.06 psf  
 Median Adjusted Value \$1.01 psf

**ADDENDA**



Appraisal MC  
320 Detering Ste B  
Houston, TX 77007  
713-623-0559

**APPRAISAL REQUEST FORM**  
**COMPANY: Individual – Commercial NR CC**

State Registration Number: 2000252

**File Information**

**File ID:** 221202069 **Due Date:** 1/3/2023  
**Loan Number:** 111111

**Appraiser Information**

**Loan Type:** Commercial – Primary **Appraiser:** Stephens, Scott  
**Form:** Commercial appraisal report  
**Service Fee:** \$1250.00  
**Transaction Fee:**

---

**Total Appraiser Fee: \$1250.00**

**Client Information**

**Client:** Shook, Hardy & Bacon L.L.P. **Borrower or Company Name:** Shook, Hardy & Bacon  
**Address:**

**Subject Property**

**Address or Intersection:** MACK WASHINGTON **Intended Use:** Home Equity  
HEMPSTEAD, TX 77445 **Property Type:** Commercial  
**County:** Waller  
**Legal Description:**  
**Property Description:**  
**Map:** [Map Link](#)

**Property Contact Information**

**Contact Person:** Kelsey Morris w/ Mark Dimas Team **Work Phone:** 832-814-7623  
**Cell Phone:** **Home Phone:**  
**Property Contact Notes:** Kelsey Morris w/ Mark Dimas Team [kelsey@markdimasteam.com](mailto:kelsey@markdimasteam.com)

**Effective Date of Valuation**



	Retrospective	As Is	Prospective at Completion	Prospective at Stabilized Occupancy
Effective Date(s) of Appraisal:	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Property Interest Leased Fee (all or part):	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Property Interest Fee Simple (not leased):	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Property Interest Leasehold (borrower is tenant):	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Property Condition (vacant land/improved):				
If Leased Fee approx % leased (excludes owner):				
If Leased Fee approx no of tenants (excludes owner):				
If Leased Fee approx remaining lease term(s) over 5 years:	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
If Leased Fee approx remaining lease term(s) under 5 years:	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

**Other information believed germane to the appraisal bid:**

**Additional Notes:**

Date	From	Message
12/14/2022 4:41 PM	Bautista, Mayra	Good afternoon your conditions have been accepted. Please proceed and accept this order in your queue. Thank you

**Note:** This appraisal order is not transferrable to another appraiser. If the appraiser named on this appraisal request is unable to complete this assignment please contact Appraisal MC at 713-623-0559. All appraisers are approved on an individual basis, if this assignment is completed by another appraiser Appraisal MC will not be liable for any appraisal related service fee.



Commercial Order Form  
client

\* If a client of Appraisal MC or lender makes contact with you directly, contact Appraisal MC immediately. Do NOT make contact with the client of Appraisal MC or lender directly unless otherwise specified in the order. Any contact outside of the Appraisal MC system may be cause for removal and forfeit of appraisal fee due to non-compliance with the appraiser agreement. All communication and reports must be sent through Appraisal MC only. Failure to comply with this request will result in this order being cancelled and payment for this order will be rescinded immediately.

Appraiser agrees not to directly or indirectly engage via communication or assignments with any of Appraisal MC's lender clients for a period of one year without written consent of Appraisal MC. Appraiser agrees to provide reasonable monetary damages for violation of this Agreement; and, that if monetary damages are calculable, monetary damages alone are inadequate as a remedy for such violation. Therefore, the parties agree that equitable remedies, including, without limitation, temporary restraining order and mandatory injunction enforcing specific performance, are and shall be proper remedies for violation of this Agreement. If suit is brought to enforce this Agreement, the winning party shall be entitled to receive, in addition to any actual damages, reasonable attorney(s) fees spent in the prosecution of such suit.

APPRAISAL MC RESERVES THE RIGHT TO DISCOUNT FEE OF PAST DUE REPORTS BY \$50 PER DAY IF NO NOTIFICATION IS RECEIVED. COMPLETED APPRAISALS MUST BE SUBMITTED BY 2 PM CST ON THE DUE DATE.

IF A RUSH/PRIORITY ASSIGNMENT IS NOT SUBMITTED ON OR BEFORE THE DUE DATE THE RUSH/PRIORITY ADDITIONAL FEE WILL BE FORFEITED.

ANY REVISIONS MUST BE SUBMITTED THE SAME BUSINESS DAY OTHERWISE THE ASSIGNMENT WILL BE CONSIDERED LATE.

***Trip Fee Policy:***

***Trip fees for scheduled appointments are not to exceed \$150 unless otherwise approved. A photo of the subject property with address must be provided for verification***

***Trip fees may be forfeited for the following reasons:***

- ***If the assignment is not submitted on or before the due date and the order is cancelled due to appraiser delays.***
- ***Cancelled orders not submitted on or before the due date***
- ***Assignments that have been withdrawn from***

***Cancellation policy:***

***Pre-Inspect: 0%***

***Post-Inspect based on appt time in system: Fee not to exceed \$150 unless otherwise approved***

***Completed report: 100%***

***Cancellation fees may be forfeited for the following reasons:***

- ***If the assignment is not submitted on or before the due date and the order is cancelled due to appraiser delays.***
- ***Cancelled orders not submitted on or before the due date***
- ***Assignments that have been withdrawn from***

*(Please note that any cancellations will come via message from Appraisal MC)*

**TEXAS APPRAISERS:** If you are an appraiser licensed or certified in Texas you must accept the TALCB invite prior to accepting any assignments from Appraisal MC. Do not accept any assignments or begin work on any assignments and contact Appraisal MC immediately. Appraisal MC will not be responsible for any work completed by an appraiser not active on the Appraisal MC TALCB panel.

# Waller CAD

## Property Search Results > 257912 CBT GROUP LLC for Year 2022

Tax Year:

### Property

#### Account

Property ID:	257912	Legal Description:	S432500 CLEAR CREEK DEVELOPMENT LOT 1 ACRES 25.132
Geographic ID:	432500-000-001-000	Zoning:	
Type:	Real	Agent Code:	
Property Use Code:			
Property Use Description:			

#### Protest

Protest Status:  
Informal Date:  
Formal Date:

#### Location

Address:	MACK WASHINGTON HEMPSTEAD, TX 77445	Mapsco:	B13SUBS
Neighborhood:	CLEAR CREEK DEVELOPMENT	Map ID:	3771 N1
Neighborhood CD:	S432500		

#### Owner

Name:	CBT GROUP LLC	Owner ID:	1026384
Mailing Address:	9200 WESTHEIMER RD APT 1606 HOUSTON, TX 77063-3545	% Ownership:	100.0000000000%
		Exemptions:	

### Values

(+) Improvement Homesite Value:	+	\$0	
(+) Improvement Non-Homesite Value:	+	\$0	
(+) Land Homesite Value:	+	\$0	
(+) Land Non-Homesite Value:	+	\$0	Ag / Timber Use Value
(+) Agricultural Market Valuation:	+	\$1,094,750	\$1,890
(+) Timber Market Valuation:	+	\$0	\$0
-----			
(=) Market Value:	=	\$1,094,750	
(-) Ag or Timber Use Value Reduction:	-	\$1,092,860	
-----			
(=) Appraised Value:	=	\$1,890	
(-) HS Cap:	-	\$0	
-----			

(=) Assessed Value: = \$1,890

**Taxing Jurisdiction**

Owner: CBT GROUP LLC  
 % Ownership: 100.000000000000%  
 Total Value: \$1,094,750

Entity	Description	Tax Rate	Appraised Value	Taxable Value	Estimated Tax
CAD	WALLER CAD	0.000000	\$1,890	\$1,890	\$0.00
CHD	HEMPSTEAD CITY OF	0.552573	\$1,890	\$1,890	\$10.44
ESD	WALLER-HARRIS ESD 200	0.097426	\$1,890	\$1,890	\$1.84
GWA	WALLER COUNTY	0.522593	\$1,890	\$1,890	\$9.88
RFM	WALLER CO FM	0.025852	\$1,890	\$1,890	\$0.49
SHD	HEMPSTEAD ISD	1.136700	\$1,890	\$1,890	\$21.48
Total Tax Rate:		2.335144			
Taxes w/Current Exemptions:					\$44.13
Taxes w/o Exemptions:					\$44.13

**Improvement / Building**

No improvements exist for this property.

**Land**

#	Type	Description	Acres	Sqft	Eff Front	Eff Depth	Market Value	Prod. Value
1	W6	WILDLIFE MGMT (PREV NATIVE PASTURE)	25.1320	1094749.92	0.00	0.00	\$1,094,750	\$1,890

**Roll Value History**

Year	Improvements	Land Market	Ag Valuation	Appraised	HS Cap	Assessed
2023	N/A	N/A	N/A	N/A	N/A	N/A
2022	\$0	\$1,094,750	1,890	1,890	\$0	\$1,890
2021	\$0	\$1,094,750	1,890	1,890	\$0	\$1,890
2020	\$0	\$1,040,010	1,760	1,760	\$0	\$1,760
2019	\$0	\$1,007,170	1,760	1,760	\$0	\$1,760

**Deed History - (Last 3 Deed Transactions)**

#	Deed Date	Type	Description	Grantor	Grantee	Volume	Page	Deed Number
1	3/29/2022	WDV	WARRANTY / VENDOR LIEN	STYERS ODIS III	CBT GROUP LLC			2203998

**Tax Due**

Property Tax Information as of 12/27/2022

Amount Due if Paid on: 

Year	Taxing Jurisdiction	Taxable Value	Base Tax	Base Taxes	Base Tax	Discount / Penalty &	Attorney Fees	Amount Due
					63			

**Paid Due Interest**

NOTE: Penalty & Interest accrues every month on the unpaid tax and is added to the balance. Attorney fees may also increase your tax liability if not paid by July 1. If you plan to submit payment on a future date, make sure you enter the date and RECALCULATE to obtain the correct total amount due.

**Questions Please Call (979) 921-0060**

Website version: 1.2.2.33

Database last updated on: 12/26/2022 8:24 PM

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## **EXHIBIT C**

### **CryptoFX SOURCES AND USES 9-30-23**

SEC v. CryptoFX LLC et al  
Receipts and Disbursements**Receipts**

Cash	Cash located at 1124 Blalock	\$53,346
Cash in Safe	Recovered from two safes at Blalock	\$392,765
First Community Credit Union	Closed Benvenuto bank account	\$407,042
First Community Credit Union	Closed Benvenuto bank account	\$44,406
Bank of America	Closed Benvenuto bank account	\$16,825
Bank of America	Closed Benvenuto bank account	\$4,500
Simmons Bank	Closed Benvenuto bank account	\$80,764
Simmons Bank	Closed CBT bank account	\$247,916
Regions Bank	Closed Chavez bank account	\$782
Coinbase, Inc.	Proceeds from liquidation of crypto account	\$982,924
Blockchain.com	Proceeds from liquidation of crypto account	\$1,161,141
Burford Perry LLC	Balance of retainer	\$155,631
Gerger Hennessy & Martin LLP	Balance of retainer	\$214,488
Jones Walker Retainer	Turned over to Receiver	\$102,229
Televisions	Located at 1124 Blalock	\$3,040
Pratt & Flack LLP	Cash turned over to the Receiver by Chavez	\$55,000
Hogan Lane, Hempstead TX	Net sale proceeds from sale of real property	\$64,758
Exodus Wallet	BTC, Tether & Solana. Liquidated in April 2023	\$86,915
28 Lawrence Marshall Dr, Hempstead, TX	Net sale proceeds from sale of real property	\$65,027
2020 Volkswagen Tiguan	Turned over to Receiver by Angelica Vargas and liquidated	\$16,695
2021 Mercedes-Benz GLE AMG	Turned over to Receiver by Mauricio Chavez and liquidated	\$63,568
	Total Receipts	<b>\$4,219,761</b>

**Disbursements**

Webster's Auction Palace, Inc.	Inspection of contents at 1616 Post Oak Blvd	\$2,000
Hays Financial Consulting, LLC	Professional Fees and Expenses awarded	\$311,689
John Lewis Jr., Receiver	Professional Fees and Expenses awarded	\$147,263
Shook Hardy & Bacon, LLP	Professional Fees and Expenses awarded	\$768,255
Pugh Accardo, LLC	Professional Fees and Expenses awarded	\$1,634
BlockTrace LLC	Professional Fees and Expenses awarded	\$149,724
Frank Jack Sodetz III	Fee for researching the on-going fraud in Chicago	\$700
Appraisal MC	Appraisal for Lot 1- Mack Washington, Hempstead TX	\$1,875
Plateau Land and Wildlife Management, Inc	Refile Wildlife Management Plan with Biologist Site Visit	\$1,295
Giorgio Benvenuto	Monthly Allowance - \$6,000 per month - Thru June 2023	\$54,000
Pratt & Flack LLP	Fees & Expenses paid per Court Order, Docket # 67	\$101,368
SalesForce	Prepayment for data hosting	\$3,838
Santander Consumer USA	BMW Lien payoff prior to sale of same	\$36,450
	Total Disbursements	<b>\$1,580,090</b>

**Cash in Bank (9/30/2023)****\$2,639,671**



**EXHIBIT D**

**CryptoFX ASSET & RECOVERIES  
9-30-23 \_ REDACTED**

SEC v. CryptoFX LLC et al

Asset	Description	Value
<b><u>Liquidated Assets</u></b>		
Cash	Cash located at 1124 Blalock Rd	\$53,346
Cash in Safe	Recovered from two safes at Blalock Rd	\$392,765
First Community Credit Union	Closed Benvenuto bank account	\$407,042
First Community Credit Union	Closed Benvenuto bank account	\$44,406
Bank of America	Closed Benvenuto bank account	\$16,825
Bank of America	Closed Benvenuto bank account	\$4,500
Simmons Bank	Closed Benvenuto bank account	\$80,764
Simmons Bank	Closed CBT bank account	\$247,916
Regions Bank	Closed Chavez bank account	\$782
Coinbase, Inc.	Proceeds from liquidation of crypto account	\$982,924
Blockchain.com	Proceeds from liquidation of crypto account	\$1,161,141
Burford Perry LLC	Balance of retainer	\$155,631
Gerger Hennessy & Martin LLP	Balance of retainer	\$214,488
Jones Walker Retainer	Turned over to Receiver	\$102,229
Televisions	Located at 1124 Blalock	\$3,040
Pratt & Flack LLP	Cash turned over to the Receiver by Chavez	\$55,000
Hogan Lane, Hempstead TX	Net sale proceeds from sale of real property	\$64,758
Exodus Wallet	BTC, Tether & Solana. Liquidated in April 2023.	\$86,915
28 Lawrence Marshall Dr, Hempstead, TX	Sale closed in April 2023.	\$65,027
2020 Volkswagen Tiguan	Turned over to Receiver by Angelica Vargas and liquidated	\$16,695
2021 Mercedes-Benz GLE AMG	Turned over to Receiver by Mauricio Chavez and liquidated	\$63,568
Total Liquidated Assets		<b>\$4,219,761</b>
<b><u>Unliquidated Assets</u></b>		
Benvenuto Holdings Bank Accounts		
First Community Credit Union	Benvenuto Holdings frozen account	\$109,077
First Community Credit Union	Benvenuto Holdings frozen account	\$1,625
Vehicles & Personal Property		
2022 BMW X6 M501	Offer received. Loan paid off by Receiver	\$64,600
CFX furniture and fixtures	Removed from 1124 Blalock to be sold	\$2,000
Computers	At Receiver's office. Will be preserved	\$5,000
Real Properties		
Mack Washington, Hempstead, TX	CBT purchased for \$2.05 million. Listed for sale for \$1.15 million	\$1,150,000
Janette Gonzalez and related entities		
[REDACTED], Missouri City, TX	JJ Trust via Luxury Real Estate LLC	\$750,000
[REDACTED], Missouri City, TX	Aspire Living LLC via Gonzalez	\$607,700
[REDACTED], Richmond, TX 77406	The JCA Trust via JM Monarchy	\$400,000
[REDACTED], Richmond, TX	JM Monarchy LLC via Chavez	\$478,700
Regions Bank Account	Frozen bank accounts - Luxury Real Estate & Hair News Color	\$61,045
2021 Lexus ES350 F Sport	Transferred to JM Monarchy.	\$30,000
Other Transfers	Receiver Calculating	TBD
Angelica Vargas		
[REDACTED] Katy, TX 77494	Purchased with investor funds	\$630,000
2021 Mercedes-Benz GLS	Purchased for \$114,015.21	\$75,000
Cash and other payments from Defendants	Deposits into Chase Bank account.	\$433,233
Crypto Transfers	Over \$11 million in/out of crypto account	Finalizing Number
Causes of Action		
Transfers to Leaders	Motion pending for turnover of Google Drive to determine amounts	Unknown
PLS Check Cashers	\$4,784,618 in money orders purchased. (est 20% recovery)	\$960,000

SEC v. CryptoFX LLC et al

Asset	Description	Value
Ebenezer Construction	Payments for work not performed	\$950,249
Gabriel Torres	Owner of Ebenezer Construction and Investor	Unknown
Gustavo Gomez	Transfer of cryptocurrency	\$500,000
Julio Taffinder	Payments to son of Eduardo Taffinder	\$149,500
Hanna Gabriela Salido	Payments to daughter of Eduardo Taffinder	\$137,500
Total Unliquidated Assets		<u>\$7,495,229</u>
<b>Liquidated Plus Unliquidated Assets</b>		<u><u>\$11,714,990</u></u>