

Tarver

LOAN # 4045001735

Appraisal Tab

A SUMMARY APPRAISAL

OF

**A 21,600 SQUARE FOOT (NRA) MULTI-TENANT COMMERCIAL BUILDING
LOCATED AT 3410 - 3440 CONCORD ROAD
IN BEAUMONT, JEFFERSON COUNTY, TEXAS 77703**

FOR

**MR. KEN SOERTEL
ALPHA REALTY ADVISORS,
ITS SUCCESSORS AND/OR ASSIGNS (A.T.I.M.A)
5716 CORSA ANENUE, SUITE 102
WESTLAKE VILLAGE, CALIFORNIA 91362**

BY

**AMBROSE APPRAISAL COMPANY
5700 NORTHWEST CENTRAL DRIVE, SUITE 310
HOUSTON, TEXAS 77092**

AS OF

AUGUST 19, 2008

September 2, 2008

Mr. Ken Soergel
Alpha Realty Advisors, its
Successors and/or Assigns (A.T.I.M.A)
5716 Corsa Avenue, Suite 102
Westlake Village, California 91362

RE: A Summary Appraisal of a 21,600 square foot (NRA) multi-tenant commercial building located at 3410 - 3440 Concord Road, Beaumont, Jefferson County, Texas 77703

Dear Mr. Soergel:

At your request, we have prepared the attached appraisal of the above referenced property. The subject property is more specifically described in the accompanying report.

The purpose of this appraisal is to provide an opinion as to the "as is" market value of the subject property in leased fee estate and the insurable value. All of the necessary data was gathered and analyzed in order to derive a value conclusion.

Based upon our research and analysis of the market, which is provided in the accompanying report, the indicated values of the subject property, as of August 19, 2008, are as follows:

"As Is" Market Value

\$470,000.00

Insurable Value

\$1,345,000.00

Based upon existing marketing conditions, we believe the subject property has a marketing time and exposure period of 12 months.

This opinion of value is subject to the Assumptions and Limiting Conditions which are included in the attached report. To the best of our understanding, this report conforms to the requirements of Title XI of the Federal Financial Institutions Reform, Recovery and Enforcement Act of 1989 (FIRREA) and the Uniform Standards of Professional Appraisal Practice of the Appraisal Foundation and the Appraisal Institute.

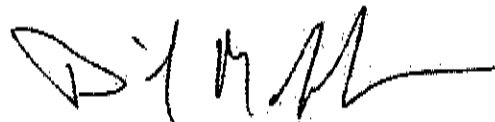
Your attention is invited to the following data and analyses which, in part, form the basis of our conclusions.

Respectfully submitted,

AMBROSE APPRAISAL COMPANY



Brian A. Burk
State Certified General RE Appraiser
Certificate No. TX-1334810-G



David M. Ambrose, MAI
State Certified General RE Appraiser
Certificate No. TX-1322613-G

File #280525

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THE APPRAISAL PROCESS

The Appraisal Process is a series of logical steps which allow the appraiser to make a thorough and accurate appraisal in an efficient manner. Although the characteristics of different properties may vary considerably, there is little variation in the orderly procedure for solving an appraisal problem. An appraisal problem is defined; the work is planned; and the data is acquired, classified, analyzed, and reconciled into an opinion of value. Appraisers generally utilize three separate approaches when deriving the market value. These approaches are the Income Capitalization Approach, the Sales Comparison Approach, and the Cost Approach. Regardless of the approach being used, the data and analysis reflects the market in which the subject property is located.

PROPERTY RIGHTS APPRAISED

The property rights being appraised in this report consist of a leased fee interest. Leased fee interest is defined by The Dictionary of Real Estate Appraisal, Fourth Edition, copyright 2002, page 161, by the Appraisal Institute as being:

"An ownership interest held by a landlord with the rights of use and occupancy conveyed by lease to others. The rights of the lessor (the leased fee owner) and the lessee are specified by contract terms contained within the lease."

PURPOSE OF THE APPRAISAL

The purpose of this appraisal, in conformance with the requirements of Title XI of the Federal Institutions Reform, Recovery and Enforcement Act of 1989 (FIRREA) and the Uniform Standards of Professional Appraisal Practice of the Appraisal Foundation and the Appraisal Institute, is to provide an opinion as to the "as is" market value and the insurable value of the herein described subject property as of the date of this appraisal.

FUNCTION OF THE APPRAISAL

The function (or use) of the appraisal is for evaluating the real estate for loan consideration purposes.

INTENDED USE OF THE APPRAISAL

The appraisal report is intended for use by our client, Alpha Realty Advisors, its Successors and/or Assigns (A.T.I.M.A). Use of this report by another company or individual is not intended by the Ambrose Appraisal Company.

SCOPE OF WORK

According to The Dictionary of Real Estate Appraisal, Fourth Edition, copyright 2002, by the Appraisal Institute, "scope of work" is defined as being:

"The amount and type of information researched and the analysis applied in an assignment."

The scope of work is based upon the purpose of the appraisal and its intended use as previously discussed within this report. The appraisal development process completed by the Ambrose Appraisal Company consisted of the following:

1. Physically identified and visited the subject property. We reviewed operating history, rent roll, and lease agreements provided by the borrower. We also reviewed tax records and a site plan of the property obtained from the Jefferson County Appraisal District.
2. Researched and collected data related to market conditions and market activity, and considered those characteristics which have a legal, physical, or economic impact on the subject property. The sources of data used within this report included: public records, real estate brokers, property management companies, national real estate data collection services, and knowledgeable individuals in the real estate market.

3. Determined the Highest and Best use of the subject as vacant and as improved, based on the data gathered and considering the legally permissible, physically possible, financially feasible, and most profitable use of the property.
4. Analyzed the data gathered through the use of appropriate and acceptable appraisal methodology in order to develop a value indication from each applicable approach to value.
 - A. Income Capitalization Approach. Developing this approach to value involved gathering comparable rental data and estimating expenses from historical data as well as expense comparables. This data has been physically identified by the Ambrose Appraisal Company. Capitalization rates were analyzed from comparable sales data as well as national surveys. This value indication was derived from the Direct Capitalization Method.
 - B. Sales Comparison Approach. Developing this approach to value involved the collection of comparable improved sales which have been physically identified by the Ambrose Appraisal Company. Considering the principle of substitution, the improved sales were compared to the subject and adjusted for the various factors which influence value. An indicated value was developed based on the analysis of the cumulative sales data provided in this report.
 - C. Cost Approach. Due to the age of the improvements (55 years) and the difficulty in determining depreciation, this approach to value was not utilized in this report. The omission of this approach does not reduce the reliability of the final developed value.
5. Reconciled the results from the applicable approaches to value into a reasonable value conclusion.
6. Estimated a reasonable exposure time and market time associated with the developed opinion of value.

The appraisal of the subject property is presented in the form a Summary Appraisal Report, and is intended to comply with the reporting requirements set forth under Standards Rule 2-2(b) of the Uniform Standards of Professional Appraisal Practice.

MARKET VALUE DEFINED

The definition and qualification of market value as defined by the United States Treasury Department, Comptroller of the Currency, 12 CFR, Part 34.42(g) is as follows:

"The most probable price 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 specific date and the passing of title from the 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."*

DATE OF VALUATION

Our opinion of the "as is" market value and the is effective as of August 19, 2008. The date of this report is September 2, 2008.

STATEMENT OF OWNERSHIP

The subject is owned by Nathaniel Tarver, according to the Jefferson County Appraisal District.

PROPERTY IDENTIFICATION

The subject property may be legally described as approximately 2.125 acres (92,565 square feet) of land being Tract 37, out of 11, A. Williams Survey, Abstract 247406, Beaumont, Jefferson County, Texas.

PROPERTY HISTORY

The subject property has been owned by Nathaniel Tarver in excess of three years. The subject consists of a shopping center, with four tenant spaces of which all are currently being leased. Abundant Life is leasing 5,900 square feet for \$2,000.00 per month, or \$4.07 per square foot per year on a gross basis. The lease originated in June, 2008 and expires in May, 2010. MJAE is leasing 3,700 square feet for \$1,000.00 per month, or \$3.24 per square foot per year on a gross basis. The lease originated in November, 2007 and expires in November, 2010. TCB Tax Service is leasing 6,100 square feet for \$2,500.00 per month, or \$4.92 per square foot per year on a gross basis. The lease originated in January, 2008 and expires in December, 2011. Jays Tech Institute is leasing 5,900 square feet for \$2,000.00 per month, or \$4.07 per square foot per year on a gross basis. The lease originated in January, 2006 and expires in January, 2009. Please see the Addenda for more information pertaining to the leases. The average overall rental rate is \$4.17 per square foot per year which appears to be at market based upon the comparable rentals. No other property history information was provided.

PROPERTY TAX INFORMATION

The tax account number for the subject property is 247406-000-003300-00000-3. According to the Jefferson County Tax Office, there are no delinquent taxes on the subject property.

The subject is located in the tax districts of City of Beaumont, Jefferson County, Beaumont Independent School District, Port of Beaumont Authority, Jefferson County Navigation District, and Jefferson County Drainage District #6. The proposed 2008 assessed value for the subject is \$193,080.00 of which \$36,800.00 is attributable to the land and \$156,280.00 is attributable to the improvements. The proposed 2008 assessed value and the applicable 2007 tax rates are shown below.

Proposed 2008 Assessed Value: \$193,080.00

Tax Districts	Tax Rate/\$100	Tax Amount
City of Beaumont	\$0.654000	\$1,262.74
Jefferson County	0.390000	753.01
Beaumont ISD	1.095000	2,114.23
Port of Beaumont Authority	0.074437	143.72
Jefferson County Navigation District	0.195587	377.64
Jefferson County Drainage District #6	0.390000	753.01
Totals	\$2.799024	\$5,404.36

STATEMENT OF ENVIRONMENTAL ISSUES

The appraisers made no special effort to discover any adverse environmental conditions and we accept no responsibility for such discovery. No readily apparent, adverse environmental conditions were observed during the normal course of the property visit and it is assumed that none exist. If any adverse environmental conditions are discovered, the appraisers should be notified, as the opinion of market value will likely require modification.

As noted in the Assumptions and Limiting Conditions contained within this report, we have no special expertise regarding environmental hazards, and this report must not be considered as an environmental assessment of the property.

COMPETENCY PROVISION

The report contained herein was completed by Brian A. Burk and David M. Ambrose, MAI. Mr. Burk and Mr. Ambrose are state certified general appraisers in the State of Texas. In addition, Mr. Ambrose was awarded the MAI designation by the Appraisal Institute in 1991. Mr. Burk and Mr. Ambrose have completed numerous assignments regarding the valuation of properties such as the subject and have the experience and ability to complete the appraisal in a competent manner. For a complete description of Mr. Burk's and Mr. Ambrose's qualifications and education background, your attention is invited to the addenda section of this report.

SUMMARY OF IMPORTANT FACTS AND CONCLUSIONS

Date of Appraisal:	September 2, 2008
Effective Date of Appraisal "As Is":	August 19, 2008
Current Use:	Multi-tenant Commercial Building
Street Address:	3410 - 3440 Concord Road, Beaumont, Texas 77703
Legal Description:	Tract 37, out of 11, A. Williams Survey, Abstract 247406, Beaumont, Jefferson County, Texas
Zoning Information:	GC-MD, General Commercial Multiple-Family Dwelling District
Land Size:	2.125 Acres (92,565 Square Feet)
Building Size:	21,600 Square Feet (NRA)
Highest and Best Use:	
As Vacant:	Commercial
As Improved:	Continuation of existing use
Value via Income Capitalization Approach:	
"As Is" Market Value:	\$470,000.00
Value via Sales Comparison Approach:	
"As Is" Market Value:	\$475,000.00
Insurable Value:	\$1,035,000.00
Final Opinion of Values:	
"As Is" Market Value:	\$470,000.00
Insurable Value:	\$1,345,000.00
Marketing Period:	12 Months

CERTIFICATE OF VALUE

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

- the statements of the facts contained in this report are true and correct.
- the reported analyses, opinions, and conclusions are limited only by the reported assumptions and limiting conditions, and are our personal, impartial, and unbiased professional analyses, opinions, and conclusions.
- we have no present or prospective interest in the property that is the subject of this report, and we have no personal interest with respect to the parties involved.
- we have no bias with respect to the property that is the subject of this report or to the parties involved with this assignment.
- our engagement in this assignment was not contingent upon developing or reporting predetermined results.
- our compensation for completing this assignment is not contingent upon the development or reporting of a predetermined value or direction in value that favors the cause of the client, the amount of the value opinion, the attainment of a stipulated result, or the occurrence of a subsequent event directly related to the intended use of this appraisal.
- our analyses, opinions, and conclusions were developed, and this report has been prepared, in conformity with the Uniform Standards of Professional Appraisal Practice.
- Brian A. Burk visited the property, which is the subject of this report.
- no one provided significant real property appraisal assistance to the persons signing this report.
- the use of this report is subject to the requirements of the Appraisal Institute relating to review by its duly authorized representatives.

- the appraisal assignment was not based on a requested minimum valuation, a specific valuation, or the approval of a loan.
- as of the date of this report, David M. Ambrose has completed the requirements of the continuing education program of the Appraisal Institute.
- the reported analyses, opinions, and conclusions were developed, and this report has been prepared, in conformity with the requirements of the Code of Professional Ethics and the Standards of Professional Practice of the Appraisal Institute.

Based upon our research and analysis of the market, which is provided in the accompanying report, the indicated values of the subject property as of August 19, 2008, are as follows:

"As Is" Market Value

\$470,000.00

Insurable Value

\$1,345,000.00



Brian A. Burk
State Certified General RE Appraiser
Certificate No. TX-1334810-G



David M. Ambrose, MAI
State Certified General RE Appraiser
Certificate No. TX-1322613-G

ASSUMPTIONS AND LIMITING CONDITIONS

That the date of value to which the opinions expressed in this report apply is set forth in the Letter of Transmittal. The appraiser assumes no responsibility for economic or physical factors occurring at some later date which may affect the opinions herein stated.

That no opinions are intended to be expressed for legal matters or that would require specialized investigation or knowledge beyond that ordinarily employed by real estate appraisers, although such matters may be discussed in this report.

That no opinion as to title is rendered. Name of ownership and the legal description were obtained from sources generally considered reliable. Title is assumed to be marketable and free and clear of all liens, encumbrances, easements, and restrictions except those specifically discussed in this report. The property is appraised assuming it to be under responsible ownership and competent management and available for its highest and best use.

That no engineering survey has been made by the appraiser. Except as specifically stated, data relative to size and area were taken from sources considered reliable and no encroachment or real property improvement is assumed to exist.

That maps, plats, and exhibits included herein are for illustration only, as an aid in visualizing matters discussed within this report. They should not be considered as surveys or relied upon for any other purpose.

That no detailed soil studies covering the subject property were available to the appraiser. Therefore, premises as to soil qualities employed in this report are not conclusive, but have been considered consistent with information available to the appraiser.

The property is appraised as though free and clear, under responsible ownership, and competent management. All existing liens and encumbrances have been disregarded.

Unless otherwise stated herein, all of the improvements previously described were considered operational and in good condition.

Unless stated otherwise in this report, no presence of hazardous materials on or in the property was observed by the appraiser. The appraiser has no information on the existence of such materials and is not qualified to detect same. The presence of such materials on or in the property could affect the appraiser's opinion of market value. However, the value stated herein is based on the assumption that no hazardous materials are present on or in the property, and the appraiser accepts no responsibility for determining such condition. The client is urged to retain an expert in this field if there is any question as to the existence of hazardous material.

Any information furnished to us by others is believed to be reliable, but we assume no responsibility for its accuracy.

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

This appraisal does not require us to give testimony in court or attend on its behalf unless arrangements have been previously made therefor.

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

The value is reported in dollars on the basis of the currency prevailing at the date of this appraisal.

We have no present or contemplated interest in the property appraised. Furthermore, our compensation for making this appraisal is in no manner contingent upon the value reported.

That the appraiser assumes no responsibility for determining if the property lies within a flood hazard area and its consequences to the property. It is advised that a Topographic Survey be obtained and local officials be contacted.

This appraisal has been made in accordance with the Code of Professional Ethics of the Appraisal Institute and the Uniform Standards of Professional Appraisal Practice of the Appraisal Institute. In addition, to the best of our understanding, this report conforms to the requirements of Title XI of the Federal Financial Institutions Reform, Recovery and Enforcement Act of 1989 (FIRREA) and the Uniform Standards of Professional Appraisal Practice of the Appraisal Foundation and the Appraisal Institute.

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

When applicable, the appraisal is based on the assumption that the proposed improvements are completed as of the date of value and that they will be completed as described within this appraisal report.

This appraisal is presented in a summary report format. Much of the supporting documentation has been retained in our files.

There are no other limiting conditions contained in this report other than the ones listed above.

AREA/NEIGHBORHOOD ANALYSIS

Analysis of the a market area 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. The subject's market area is considered to be area around Jefferson County, Texas.

More specifically, the subject neighborhood is situated in the eastern, middle section of Beaumont, Texas. Located in the southeast region of Texas' flat coastal plain, Beaumont is situated 35 miles from the Gulf of Mexico on the Neches River at the edge of east Texas' pine forests. With elevations from sea level to 30 feet above, the Jefferson County area (951 square miles) has a mean temperature of 72 degrees Fahrenheit and an annual rainfall of 55.6 inches. Prevailing winds in Beaumont are southerly off of the Gulf of Mexico at a mean speed of 9.7 mph.

Major Thoroughfares. The major north/south traffic carrier in the subject neighborhood is U.S. Highway 69, which is a multilane thoroughfare. The major east/west traffic carrier in the subject neighborhood is Interstate Highway 10, which is also a multilane thoroughfare. Other major thoroughfares include College Street (U.S. Highway 90), Major Drive (State Highway 364), State Highway 105, Fannett Road (State Highway 124), and Martin Luther King Parkway. Secondary roadways include Dowlen Road, Phelan Boulevard, Calder Avenue, Lucas Drive, Concord Road, Delaware Street, 11th Street, and Washington Boulevard.

Population. The chart on the following page indicates the population growth trend for Beaumont as well as Jefferson County.

Area	2006*	2000	1990
Beaumont	109,856	113,866	114,323
Jefferson County	243,914	252,051	239,397
MSA**	N/A	385,090	361,266

* Estimate

**Metropolitan Statistical Area (MSA) includes Hardin, Jefferson, and Orange Counties; aka *The Golden Triangle*

Employment. A list of the major employers in Beaumont is as follows:

Employer	Services	Employees
Beaumont Independent School District	Education	2,869
Exxon/Mobil Oil Corp.	Petrochemical Mfg.	2,500
Christus St. Elizabeth Hospital	Medical Facility	2,300
E.I. duPont Sabine River Works	Petrochemical Mfg.	2,000
Memorial Hermann Baptist Hospital	Medical Facility	1,500
West Teleservices Corp.	Call Center	1,464
Lamar University	Education	1,252
City of Beaumont	Government	1,217
Jefferson County	Government	1,115
U.S. Postal Encoding Center	U.S. Mail Service	1,100
Huntsman Corp.	Petrochemical Mfg.	1,050
ENGlobal	Engineering	1,012
Federal Bureau of Prisons	Prison	1,000
Westvaco	Paper Mill	969
Motiva	Oil Refinery	945
Texas Dept. Of Criminal Justice	Mark Stiles State Prison	795
Premcor Refinery	Oil Refinery	780
Bayer Corp.	Synthetic Rubber Mfg.	317
Ameripol Synpol Corp.	Synthetic Rubber Mfg.	357

According to the Texas Workforce Commission, the May, 2008 unemployment rate in Beaumont was 5.2 percent as compared to 4.6 percent in May, 2007. The May, 2008 unemployment rate for the State of Texas was 4.3 percent.

Unemployment in Southeast Texas decreased in April 2008 compared with March 2008, according to the Texas Workforce Commission. April's unemployment fell slightly to 5 percent, down almost a half-percentage point from 5.4 percent in March 2008. In the year between April 2007 and April 2008, the number of jobs in Jefferson, Hardin and Orange counties increased by 300. Mining and construction is down by 300 compared with a year ago, but education and health services employment is up by 800. Leisure and hospitality also is up by 300. Mining and construction now employs 17,500. Leisure and hospitality is up to 14,600. Other categories and their fluctuations from April 2007 to April 2008 include: manufacturing, down 100 to 22,800; trade, transportation and utilities, down 400 to 31,200; information services, down 200 to 2,100; financial activities, up 200 to 6,100; professional and business services, up 700 to 15,900; education and health services, up 800 to 22,700; government, down 700 to 26,200. The overall workforce in Southeast Texas increased by 300 to 165,100 from the year-ago level. Unemployment also is up by 500 people in April 2008 compared with a year ago, with the number of those looking for a job reaching 9,100 last month. The Texas unemployment rate for April 2008 was 3.9 percent. The U.S. jobless rate for April 2008 was 4.8 percent.

Transportation. Beaumont's transportation infrastructure gives its business easy access to land, rail, sea and air service.

The Southeast Texas Regional Airport, located ten miles south of Beaumont on U.S. Highway 69 South, is served by one commuter airline - Continental Express. The airport's main terminal offers restaurant dining, a media room, travel agency service, and free parking.

The airport has the Jerry Ware General Aviation Terminal, and a private hangar park for lease for hangar and aviation related construction.

The Port of Beaumont, located 42 miles upstream from the Gulf, is accessible from the Gulf and from the Intra coastal Waterway (via the Sabine-Neches Ship Channel) The Corps of Engineers maintains the ship channel at a minimum depth of 40 feet width of 400 feet. Air draft is 136 feet.

The Port, designated as a Foreign Trade Zone, maintains complete facilities to handle a variety of cargo, including but not limited to forest products, military, metals, project cargo, grains, bagged goods, wood chips and aggregate. There have been numerous port expansion and improvement projects recently completed and proposed. Improvements include renovation of the grain elevator infrastructure, development of property along the Neches River, and a major wharf extension. A recent Federal Government award will help to improve security at the Port.

Based at the Port of Beaumont, the U.S. Army's 596th Transportation Group, Military Traffic Management Command, is responsible for planning, directing and managing the shipment of military and foreign aid cargo at all ports west of the Mississippi River. Since 1950, the Army has been using the Port of Beaumont for major deployment and exercises. Since the war in the Persian Gulf in the late 1980's Beaumont has been one of only two Texas ports used by the military.

Four major railroad lines operate in Beaumont: Burlington Northern-Santa Fe Railway, Union Pacific-Southern Pacific Railroad Company, Kansas City Southern Lines, and the Texas Mexican Railway Company. An Amtrak terminal is also located in Beaumont.

Beaumont has 13 major freight carrier terminals and about 53 general freight carriers serving the city. Specialized truck companies handle dry bulk and liquid commodities.

Port Commissioner Board President Mark Underhill announced that the board has finalized an agreement with Kinder Morgan Energy Partners and Trans Global Solutions for a deep water terminal that will allow for increased traffic at the Port of Port Arthur. The Port is used by local petrochemical refineries to ship products and receive crude oil. Though no new jobs will be created through the new terminal immediately, Underhill said it will mean more economic development for the area at no cost to taxpayers. "Currently we are 40 feet deep, which is considered deep water. But we'll eventually be at 48 feet and will ultimately go deeper," he said. Final decisions are yet to be made, but construction is planned to begin in the second quarter 2008. The estimated completion date of the deep water terminal is 2011. When it is completed, the facility

will include up to five berths. The new facility will offer 24-hour access for vessels and will remain in the Port Arthur city limits and in the port's navigation district.

Education. Beaumont Independent School District provides the education for the city of Beaumont. The District consists of 3 high schools, 7 middle schools, and 20 elementary school. The School District's total enrollment for 2006 was 20, 819. All of the schools in the Beaumont School District are fully accredited by Texas Education Agency.

Recreation. The potential for year-round outdoor recreation attracts families to Beaumont and southeast Texas. Local parks, lakes, beaches, marshlands, rivers and forests entertain more than two million people annually. The area is known for its superior fishing, hunting, and boating opportunities.

The Big Thicket National Preserve covers 96,621 acres that begin just outside Beaumont. The Big Thicket is a rare biosphere, visited by scientists from around the world, who study its rare botanical mix and wildlife. The preserve offers miles of hiking trails and ideal water for canoeing. Bird watchers consider the Big Thicket as the location for seldom seen species of woodpecker, warbler and sparrow. Visitors make spring and fall treks to Audubon Society bird sanctuaries in High Island, west of Beaumont near the Gulf of Mexico. The migrant birds semi-annually rest in these sanctuaries, after or before their flights across the Gulf.

The Gulf of Mexico offers a variety of saltwater activities and fishing. Along the beach and inland, Sea Rim State Park has 15,100 acres, a wide sandy beach for swimming, a 3,650 foot boardwalk nature trail, and camping area. The park headquarters has an observation deck and Interpretive Center. The Marshland Unit of the park has boat ramps, several observation platforms and blinds, and also a channel for canoes and pirogues that allows access to the marsh.

Sabine Lake, less than 20 miles away from Beaumont in Port Arthur, has excellent sailing and opportunities for both boat and bank fishing. Fresh water sports, swimming and fishing abound on the Neches River which runs through Beaumont. Some of the most popular freshwater fishing lakes in America are only a one to three hour drive from Beaumont, including Sam Rayburn, Livingston, and Toledo Bend.

The newly completed 221-acre Southeast Texas Entertainment Complex, located in southwest Beaumont, is the premier entertainment, sports, and lifestyle event complex in Southeast Texas and Southwest Louisiana. This is the home of the East Coast Hockey League franchise, the Texas Wildcatters, as well as other live sports, concerts, festivals, and family entertainment events. The complex contains a amphitheater, arena, exhibit hall, festival grounds, and a ballpark containing twelve fields.

Stage of Development. The neighborhood consists mostly of retail, commercial, light industrial, and office development along the major thoroughfares, with residential neighborhoods located primarily on the minor roadways. Overall, the neighborhood is considered to be in a stable stage of development, with most of the new construction

occurring in the northwestern portion of the City along Dowlen Road, near the Parkdale Mall. A categorical overview of land uses is presented in the following discussion.

Residential Subdivisions. Residential subdivisions in the neighborhood are located throughout the neighborhood just off the major thoroughfares. Most of the subdivisions have an effective age of 5 to 40 years. Homes are typically one- and two-story, detached, wood frame with brick veneer or wood exteriors. According to the Real Estate Center at Texas A&M, the average purchase price for a home in Beaumont at the end of 2004 was \$117,500.00.

The national housing slump is setting a record. Sales of existing homes took an 8 percent tumble last month. That's the largest decline since 1999. Sales of existing homes in Beaumont increased by 11.8 percent since January 2007, compared to the same time period last year. The Beaumont Board of Realtors has released numbers showing an increase of nearly 12 percent in sales of existing homes since January 2007.

Lim Construction is building a new subdivision on Sarah Street. There are 22 lots for homes on the project. Roads in the subdivision have already been laid and there are six lots left. The project is scheduled to be complete in 2010.

The City of Groves is celebrating major growth as it broke ground on the largest subdivision in the City in more than 25 years. The Coventry Court Townhomes will be a 73-unit community on Highway 73 at 25th Street. The project is one of many in the area aimed at providing housing for workers involved in coming industrial expansion.

Retail. Retail facilities are primarily located at intersections along major thoroughfares. The structures range from single-tenant buildings to multi-tenant strip centers. Parkdale Mall, the major retail influence in the area, is located in the northern portion of the neighborhood along U.S. Highway 69. The mall contains 1,602,307 square feet and has 135 stores including: Dillard's, Bealls, JC Penney, Sears, and Macy's. Other retailers in the area include Wal-Mart, Lowes, Target, Hobby Lobby, Toys R Us, Best Buy, and Home Depot. Tuscany Park is a new retail/office development along Dowlen Road, south of Parkdale Mall, and includes Bed, Bath, and Beyond, Shoe Carnival, and Dress Barn.

A 266,000-square-foot shopping center priced at \$31 million is being constructed near the Medical Center of Southeast Texas along U.S. Highway 69 in Port Arthur. The first stores at Port Plaza Centre should open in January. The project still includes several stores of various sizes and a hotel. It isn't the only development around the U.S. Highway 69-FM 365 corridor. Across the highway and on the corner in front of Central

Mall, a Luby's is being built. Down U.S. Highway 69 in the Shoppes at Port Arthur, Circuit City opened September 2007.

City leaders say Beaumont is on the move and point to \$180 million in construction projects slated to either begin or go into the design phase this year. The Municipal Airport will notice improvements of \$4.5 million. The Tyrrell Library will have a \$2.2 million expansion to add a wing on the north side near the Art Museum of Southeast Texas. At the riverfront, five of six railroad tracks should be removed later this year for a high-speed switching station that will provide more room within the Port of Beaumont to switch railcars. The Calder Avenue reconstruction goes to bid next month and will take 900 homes out of the flood plain and allow the city to redesign the avenue. Washington Boulevard is scheduled to have some reconstruction similar to that on Main Street. Bricked walks will be added at the new Convention and Visitors Bureau office on Willow Street. Other streets getting the new walkways include Laurel, Pearl, Park, Liberty and Neches. A restaurant is planned by developer Rick Clark on Neches Street near the Cathedral Square lofts. The City is selecting a firm to design the proposed lake park-event center and conduct the downtown waterway feasibility study. Other projects getting underway this year include a combined 911 dispatch center for all emergency services, the Martin Luther King Jr. Park and a one-stop zoning counter on the second floor of City Hall. The city will join Drainage District 6 to install a 2.5-mile trail at the Dishman Road detention pond.

Land has been cleared for a lumberyard and apartment complex at the intersection of Texas 105 and North Major Drive. Ritter Lumber Company plans to build a large retail store and lumberyard on about 13 acres with additional retail space along the edge of the area, according to developer.

Office. There are very few multistory office buildings located in the subject neighborhood outside of downtown. Suburban office buildings consist of mainly single-story and two-story buildings with two to three tenants located in each. There are also some renovated single family residences which have been converted to office use in the neighborhood. The Central Business District includes several high-rise office buildings and is the site of several banking and government offices.

Apartments. Most of the apartments located in the subject neighborhood were built in the mid-1970's. New construction has been minimal. The average rental rate for an apartment in Beaumont-Port Arthur Area is currently \$461.00 per month, according to Apartment Market Data Research.

According to the city's building codes division, six developers have applied for permits in 2007, making it the busiest since 1998. 2007 has seen permits for 738 units, surpassing the 2006 record of 712. This year also has almost doubled 2001, the city's third busiest year, when permits

were issued for 400 units. Since 1998, 19 developers have applied for construction permits totaling more than \$120 million, according to the city's building codes division. Of the 2,590 units, almost one half are on Major Drive. Development along Major Drive has spiked in the last few years, especially in the form of apartment buildings. Developer Kelly Kelley is constructing a \$5 million, 192-unit apartment complex in Beaumont. Kelley's units at 1605 Cornerstone Court at the intersection of Gladys Avenue and North Major Drive should be complete by February 2008. In addition, Dallas-based Seneca Investment Co, is presenting its plans to build a \$12.6 million, 288-unit complex to the Beaumont City Council.

The former Pear Orchard Plaza at 4365 South Fourth Street is receiving renovations. In May 2007, the city issued a \$5 million tax-exempt revenue bond to Missouri-based Shelter First for the renovation of Pear Orchard Plaza. Apartment manager D'Anna Penry said the renovations, which began October 2007, will be an improvement overall, adding that not all the units will be renovated. About 50 of them are in such poor condition that they will be demolished instead. Some soon-to-come amenities at the 150-unit complex include on-site laundry facilities and social gatherings. The apartments are rented at the market rate of \$425 a month. Missouri-based Upstart Management runs the complex under the new name Oakwood Apartment Homes.

Builders are clearing ground near the intersection of State Highway 105 and North Major Drive for Beaumont Trace Apartments, set to be complete in March 2009. Builders say that construction on the 160-unit apartment complex should begin in mid 2008. The cost of construction is listed at \$9.9 million.

Industrial/Warehouse. A primary industry in the subject neighborhood is the light industrial sector. Industrial facilities are mostly small, single tenant metal office/warehouse service buildings. There is an industrial park containing approximately 160 acres, located just outside of the city limits, that currently has 5 different heavy manufacturing facilities.

Motel/Hotel. There are several large hotels along Interstate Highway 10, to include a large Hilton, Holiday Inn, and Hyatt. The neighborhood also has several smaller chain motels, which are mainly located along or near Interstate Highway 10.

Two new hotels in the area include the Hilton Garden Inn and Candlewood Suites which are both near Walden Road and Interstate Highway 10 in Beaumont. The Candlewood Suites building permit filed with the city shows the project costs \$2.2 million. The Hilton is estimated to have a cost of \$2.7 million. The 100-room hotel, which is being built by Jai Mahalaxmi Inc., offers 2,000 square feet of meeting space and a restaurant. Combined, the hotels bring about 200 rooms to the existing

3,000 in Beaumont. In the past five years, six new hotels brought 349 rooms to Beaumont, according to the convention and visitors bureau.

A 60-room Comfort Inn and Suites hotel will open in mid-January 2008. Vijay Vansadia is getting ready to open his second hotel in Port Arthur at 7800 Memorial Boulevard near Jimmy Johnson Boulevard in an area where four hotels already exist, another is under construction and three have permits to build. Tammy Kotzur, the Convention and Visitors Bureau's executive director, said hotel tax rates have increased "dramatically" during the last three years. Port Arthur currently has 845 rooms available. An estimated 480 rooms from the six hotels set to open in 2008 will almost double that number. With nine new hotels open in 2007 and early 2008. The Holiday Inn on Jimmy Johnson Boulevard is the largest property in the city with 165 rooms.

A Houston development company is using Beaumont to try out a new hotel prototype design worth almost \$5 million. Construction on the four-story, 94-room Red Roof Inn, located at 2310 Interstate 10 South near Washington Boulevard, is set to begin in mid 2008. The cost of each room is approximately \$50,000, bringing the cost of the Beaumont location to almost \$4.7 million. Red Roof Inn's "Next Generation" redesign will include rooms with expanded workspaces and wireless Internet. The

planned hotel also will include a lounge area in the lobby and an exercise room.

Aside from the Red Roof Inn, three hotels with more than 284 rooms are set to open in Beaumont within the year of 2009. Plans are also in the works to construct a Holiday Inn Express on U.S. Highway 69 near Parkdale Mall. Most new hotels being built are limited service hotels - meaning there are no large meeting rooms or full-service restaurants - and hotel developers are citing plant expansion as their reason for building in the city.

Medical. The \$51 million expansion at Memorial Hermann Baptist Hospital has started. The 52-bed addition is expected to be finished in spring 2009. The tower, at the front of the campus at 3080 College St., will complement the existing building. An estimated 100 full-time jobs will be created, a 6 percent hike over the current staff of around 1,600. The new jobs will include nurses, housekeepers and lab personnel. The expansion will bring the hospital bed count to 300. Around 120 construction workers will be hired. Construction for the building began in October, 2007. The Department of Housing and Urban Development is paying for the expansion.

Major projects are slated for Major Drive in the near future. Some of the upcoming projects include a medical complex on South Major Drive by Centex of Groves that includes a nursing home and assisted-living units. Additionally, a hospital, professional office buildings and a commercial retail center near Folsom Drive at Major are under review by the Planning and Zoning Commission. A new office for the DuPont Goodrich Federal Credit Union is planned for the west side of Major Drive almost directly across the road from the Mobiloil Federal Credit Union, which is at Major and the Delaware Street extension. The Ritter Lumber Company is also planning to develop a store at Major and State Highway 105.

Immediate Vicinity and Market Area. The immediate vicinity of the subject neighborhood is located along Concord Road between Delaware Street and East Lucas Drive. This area consists primarily of older commercial and retail uses, with scattered residential uses. The majority of residential uses consist of older single family and multi-family development located along interior roadways. Two major thoroughfares near the immediate vicinity are the Eastex Freeway which is located less than one mile west of the immediate vicinity and Interstate Highway 10 which is located less than two miles south of the immediate vicinity.

Conclusions. In conclusion, the subject neighborhood consists of mostly commercial type development along the major thoroughfares, with residential development on interior roadways. The new development within the subject neighborhood has primarily been located in close proximity to the Interstate. Downtown Beaumont recently gained

designation by the Texas Historical Commission and it is currently experiencing a revitalization. Therefore, we believe the neighborhood will continue to grow modestly over the next two to three years, with property values in the aforementioned areas showing slight increases.

SITE DATA

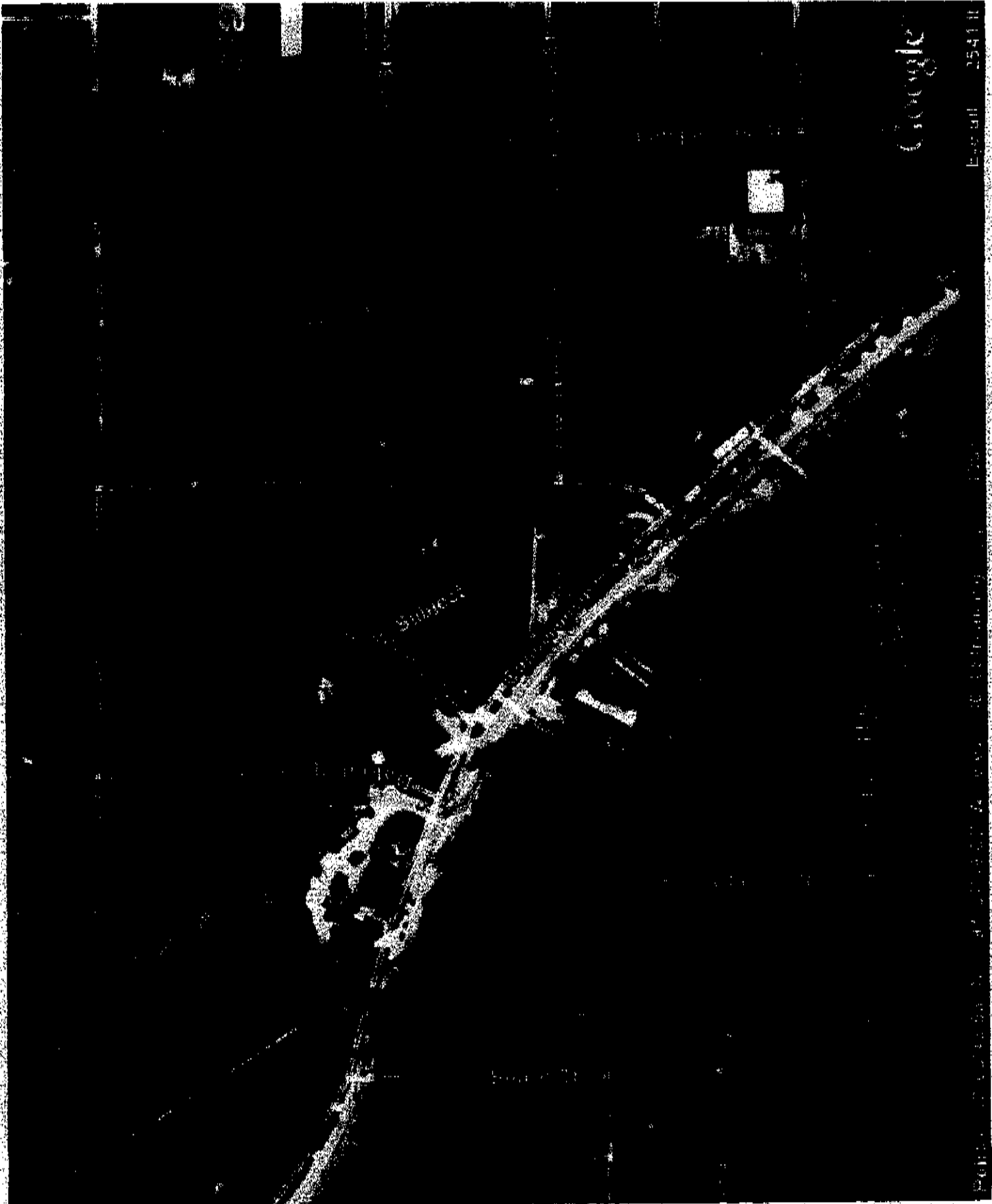
An analysis of the subject is particularly important in determining its highest and best use and for separate valuation from the improvements. A site plan of the subject property was obtained from the Jefferson County Appraisal District. The following is a discussion of the most important factors that pertain to the subject site.

The subject property may be legally described as approximately 2.125 acres (92,565 square feet) of land being Tract 37, out of 11, A. Williams Survey, Abstract 247406, Beaumont, Jefferson County, Texas. The subject wraps the northeast corner of Concord Road and Steelton Avenue. The subject is irregular in shape and contains 2.125 acres (92,565 square feet) of land. The subject has 238 linear feet frontage along Concord Road and 309 linear feet of frontage along Steelton Avenue. The street address for the subject property is 3410 - 3440 Concord Road, Beaumont, Texas 77703.

The subject appeared level and adequately drained on the date of site visit. In addition, there were no soil or subsoil conditions which would restrict development, as evidenced by existing improvements. We have examined the available flood maps that are provided by the Federal Emergency Management Agency and have noted that the subject site is located outside of an identified Special Flood Hazard Area. According to Insurance Map, Panel Number 4854570035C, it appears that the subject tract is located out of the 100-year flood plain (see Addenda for map). However, we are not surveyors, and we make no guarantee regarding this determination.

The subject is located within the City of Beaumont which subscribes to zoning. The subject property is zoned GC-MD, General Commercial Multiple-Family Dwelling District. The permitted uses within this district include commercial, retail, multi-family residential, etc. Please see the Addenda for more zoning information.

The subject has standard utility easements. However, these easements are not believed to impact the overall development of the entire property. A current survey, which was unavailable to the appraiser, may reveal encroachments, easements, zoning violations, or other matters of interest that could warrant modification of the appraised value. The subject has access to public water and sewer services provided by the City of Beaumont.



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Earth 254111

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IMPROVEMENT ANALYSIS

The subject is improved with a 21,600 square foot (NRA) multi-tenant commercial building. The subject currently has four tenant spaces range from 3,700 to 6,100 square feet. The net rentable area of the building was derived from the rent roll and is assumed to be correct. Our measurements of the gross building area indicated a size of 23,000 square feet. The building is constructed of steel frame on a steel reinforced concrete slab, concrete block exterior walls, and a built-up tar and gravel roof. The interior contains carpet, vinyl composition tile and sealed concrete flooring; Sheetrock walls; acoustical tile ceilings; central air conditioning and heating; and fluorescent lighting. Furthermore, each tenant area has restrooms.

Other improvements located on the subject property include: a 1,875 square foot covered porch, asphalt paving, and landscaping. The improvements were constructed in 1953, and are considered to be in fair condition and functional in design. The subject has an effective age of 35 years, with a remaining economic life of 15 years. The land-to-building ratio for the subject is 4.29:1 which is considered adequate. Your attention is invited to the floor plan and following photographs of the subject.



VIEW OF SUBJECT ALONG CONCORD ROAD LOOKING NORTH



VIEW OF SUBJECT ALONG CONCORD ROAD LOOKING NORTHWEST



VIEW OF SUBJECT ALONG CONCORD ROAD LOOKING EAST



VIEW OF SUBJECT ALONG CONCORD ROAD LOOKING SOUTHEAST



VIEW OF SUBJECT ALONG STEELTON AVENUE LOOKING WEST



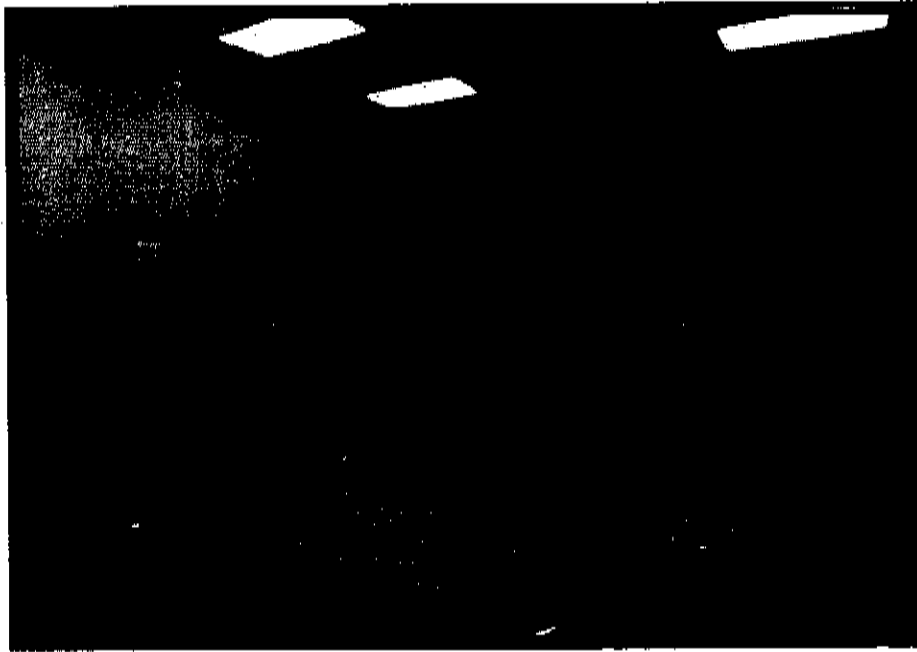
VIEW OF SUBJECT ALONG STEELTON AVENUE LOOKING NORTH



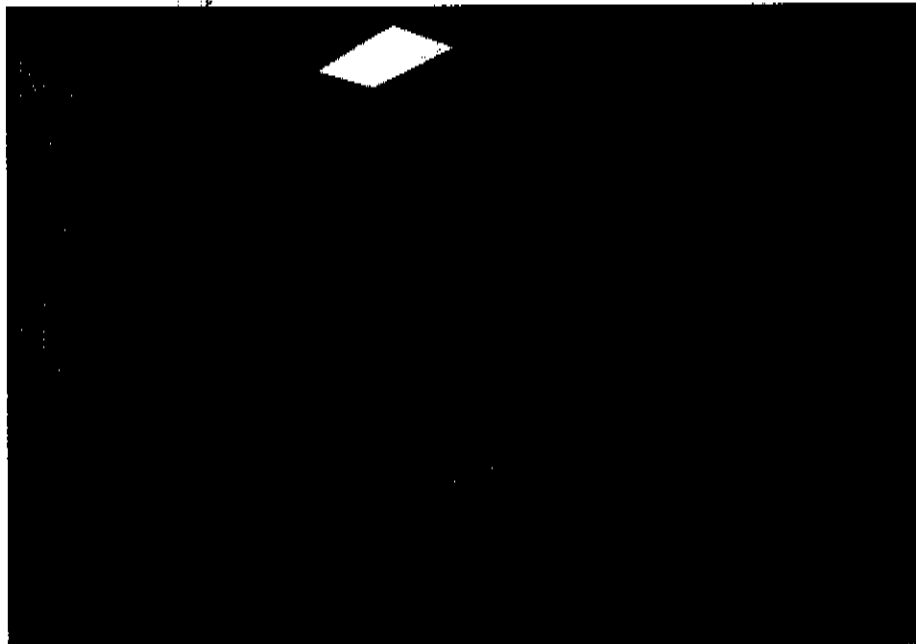
FRONT VIEW OF BUILDING



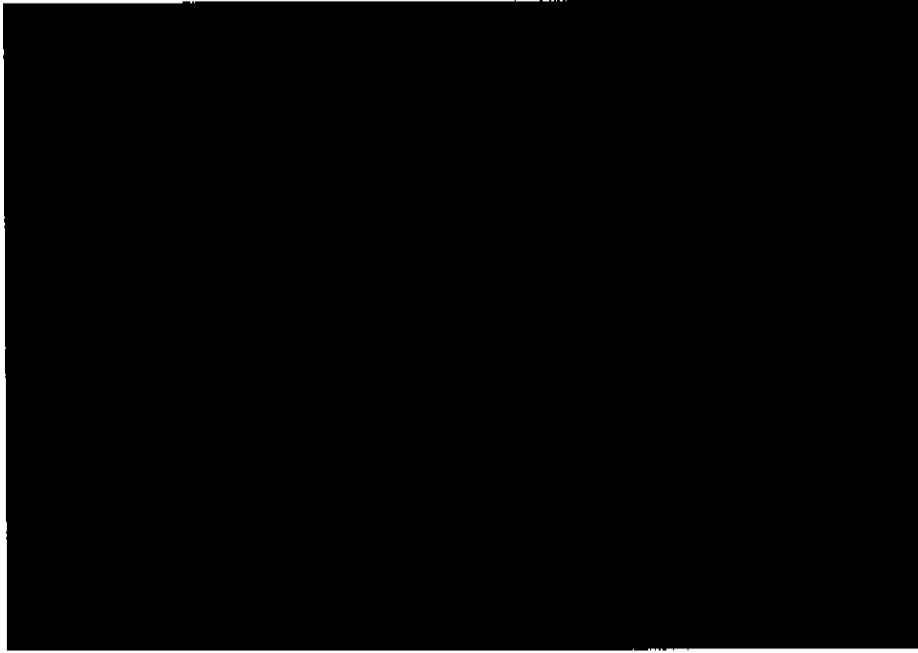
INTERIOR VIEW OF BUILDING



INTERIOR VIEW OF BUILDING



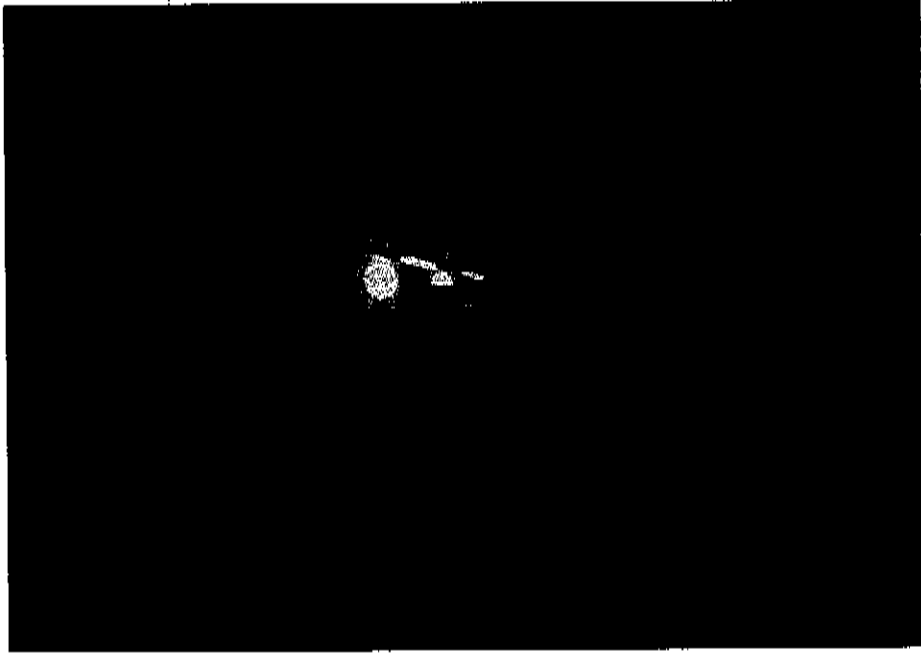
INTERIOR VIEW OF BUILDING



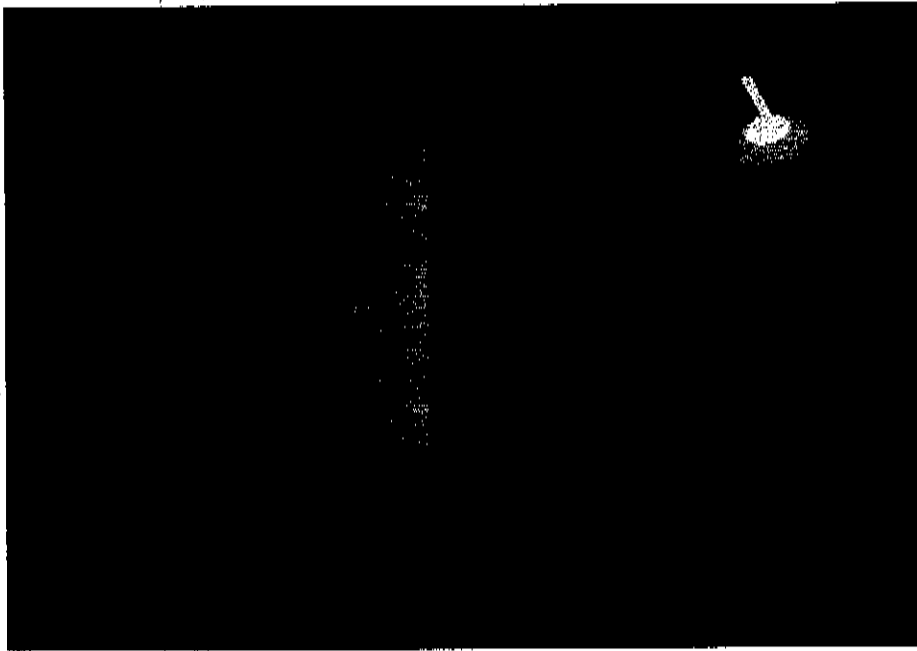
INTERIOR VIEW OF BUILDING



INTERIOR VIEW OF BUILDING

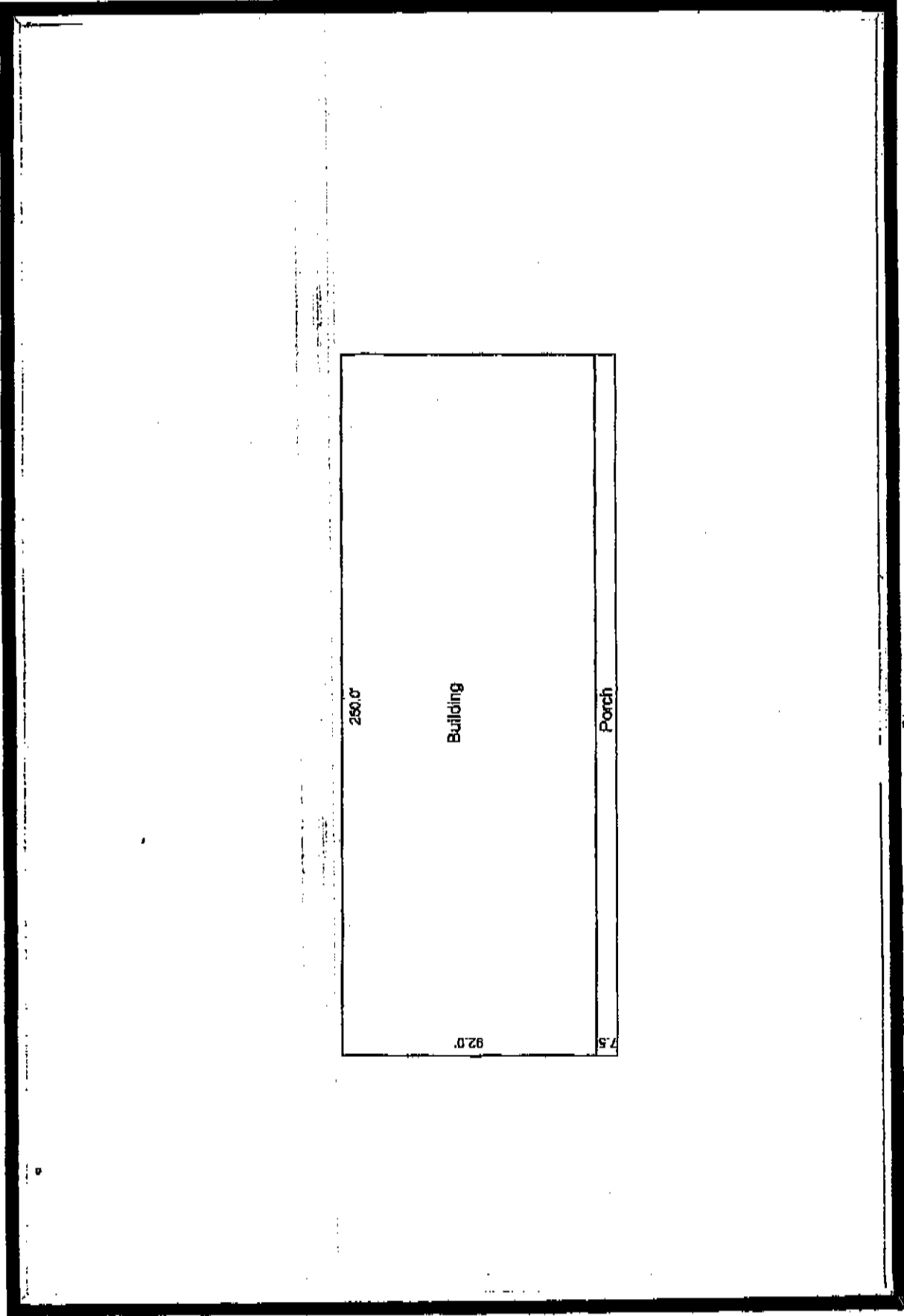


INTERIOR VIEW OF BUILDING



INTERIOR VIEW OF BUILDING

Floor Plan



HIGHEST AND BEST USE

A property must be appraised in terms of its highest and best use. According to The Dictionary of Real Estate Appraisal, Fourth Edition, by the Appraisal Institute, page 135, 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 four criteria the highest and best use must meet are legal permissibility, physical possibility, financial feasibility, and maximum profitability."

In determining the highest and best use of the subject property, careful consideration was given to the economic, legal and social factors which motivate investors to develop, manage, own, buy, sell, and lease real estate. The definition of highest and best use indicates there are two considerations. The first consideration is the highest and best use for a site as though vacant. The second is the highest and best use of a property as improved. The subject site will be analyzed as vacant, followed by an analysis of the property as improved when applicable.

Highest and Best Use - As Vacant. The subject is located within the City of Beaumont which subscribes to zoning. The subject property is zoned GC-MD, General Commercial Multiple-Family Dwelling District. The permitted uses within this district include commercial, retail, multi-family residential, etc. Please see the Addenda for more zoning information. The subject is located on 2.125 acres (92,565 square feet) of land, which is large enough to accommodate many possible uses.

The subject's legal and possible uses include multi-family residential, retail, and commercial development. Concord Road is a major thoroughfare for the area and consists primarily of commercial uses near the subject property. Thus, we believe the most likely use of the property would be for a commercial use which is a legally conforming use of the site. Considering all the possible uses of the site, a commercial use would provide the highest return to the land. After considering the legal, possible, and feasible uses, it is our opinion that the highest and best use of the subject, as vacant, is for commercial development.

Highest and Best Use as Improved. The subject property is improved with a multi-tenant commercial building which is a legal use of the site. The subject's improvements represent a feasible use of the site as vacant and provide an adequate financial return to the property. Furthermore, the improvements represent the maximum profitable use of the site. The highest and best use of the subject property, as improved, is a continuation of its existing use.

INCOME CAPITALIZATION APPROACH

The Income Capitalization Approach to Value consists of methods, techniques, and mathematical procedures that an appraiser uses to analyze a property's capacity of generate benefits and convert these benefits into an indication of present value. The appraisal principles reflected in the Income Capitalization Approach include the principles of anticipation and change as well as supply and demand. Following is a brief discussion of each principle as it relates to this approach.

Anticipation and Change. Since value is created by expectation of future benefits, this principle is especially applicable to this approach. According to The Appraisal of Real Estate, Twelfth Edition, by the Appraisal Institute, pages 471 and 472:

"All income capitalization methods, techniques, and procedures attempt to consider anticipated future benefits and estimate their present value. This may involve either forecasting the anticipated future income or estimating a capitalization rate that implicitly reflects the anticipated pattern of change in income over time."

"The capitalization process must reflect the possibility that actual future income, expenses, and property value may differ from those originally anticipated by an investor on the date of appraisal. The more uncertainty there is concerning the future levels of these variables, the riskier the investment. Investors expect to earn a higher rate of return on investments that are riskier. This should be reflected in the support for the discount rate and capitalization rate obtained from market research."

Supply and Demand. According to The Appraisal of Real Estate, Twelfth Edition, by the Appraisal Institute, page 472:

"The principles of supply and demand and the related concept of competition are particularly useful in forecasting future benefits and estimating rates of return in the income capitalization approach. Both income and rates of return are determined in the market."

In order to properly utilize the Income Capitalization Approach, the appraiser researches rents, occupancies, and operating expenses from competing properties and creates an Operating Statement for the subject. At that point, the appropriate capitalization technique is selected and applied to the subject's income stream. The discussion on the following pages will demonstrate this procedure as it applies to the subject property.

Market Rent. Market rent, as used in this report, is defined by The Appraisal of Real Estate, Twelfth Edition, by the Appraisal Institute, page 83 as follows:

"The rental income that a property would probably command in the open market indicated by the current rents that are either paid or asked for comparable space as of the dated of the appraisal."

An investigation of properties similar to the subject was conducted in order to estimate the appropriate market rent for the subject.

COMPARABLE RENTAL NO. 1



Name:	Fertitta's
Location:	1155 South 11 th Street
Map Page:	Jefferson County
Net Rentable Area:	4,150 Sq. Ft.
Parking:	Adequate
Year Built:	1960's
Condition/Construction:	Average/Brick
Lease Structure:	Gross
Annual Rate:	\$6.84 per Sq. Ft.

Comparable Rental No. 1 - Continued

Build-out:	N/A
Vacancy:	0 Percent
Confirmed By:	Owner
Comments:	N/A

COMPARABLE RENTAL NO. 2



Name:	209 - 215 North 11 th Street
Location:	209 - 215 North 11 th Street
Map Page:	Jefferson County
Net Rentable Area:	40,587 Sq. Ft.
Parking:	Adequate
Year Built:	1970
Condition/Construction:	Average/Brick
Lease Structure:	Gross
Annual Rate:	\$6.26 per Sq. Ft.

Comparable Rental No. 2 - Continued

Build-out:	N/A
Vacancy:	0 Percent
Confirmed By:	Broker
Comments:	N/A

COMPARABLE RENTAL NO. 3

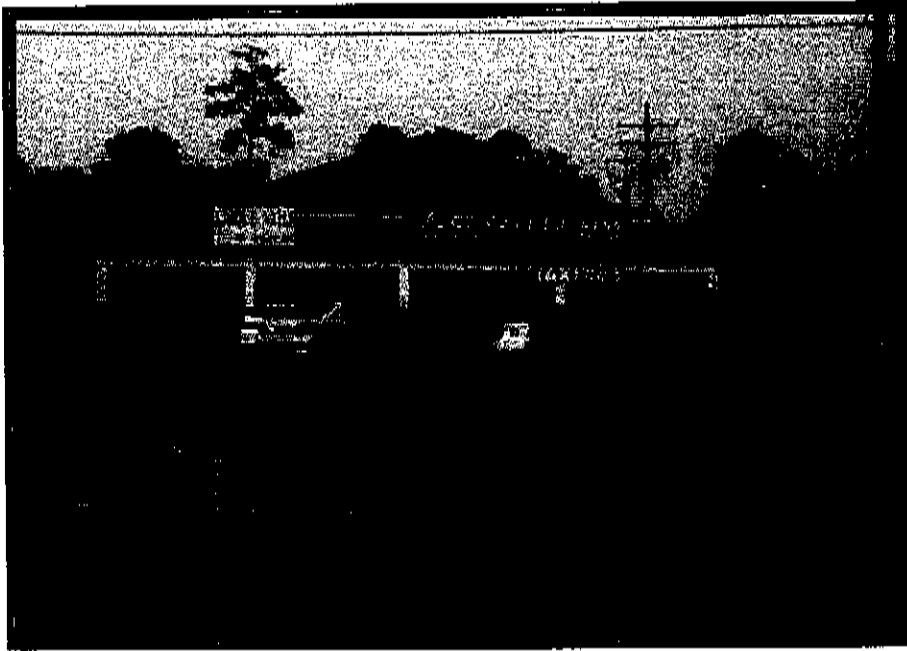


Name:	2405 - 2455 South 11 th Street
Location:	2405 - 2455 South 11 th Street
Map Page:	Jefferson County
Net Rentable Area:	16,782 Sq. Ft.
Parking:	Adequate
Year Built:	1960 (Renovated in 2005)
Condition/Construction:	Average/Brick
Lease Structure:	Gross
Annual Rate:	\$4.80 per Sq. Ft.

Comparable Rental No. 3 - Continued

Build-out:	N/A
Vacancy:	15 Percent
Confirmed By:	Broker (409-839-4428)
Comments:	N/A

COMPARABLE RENTAL NO. 4

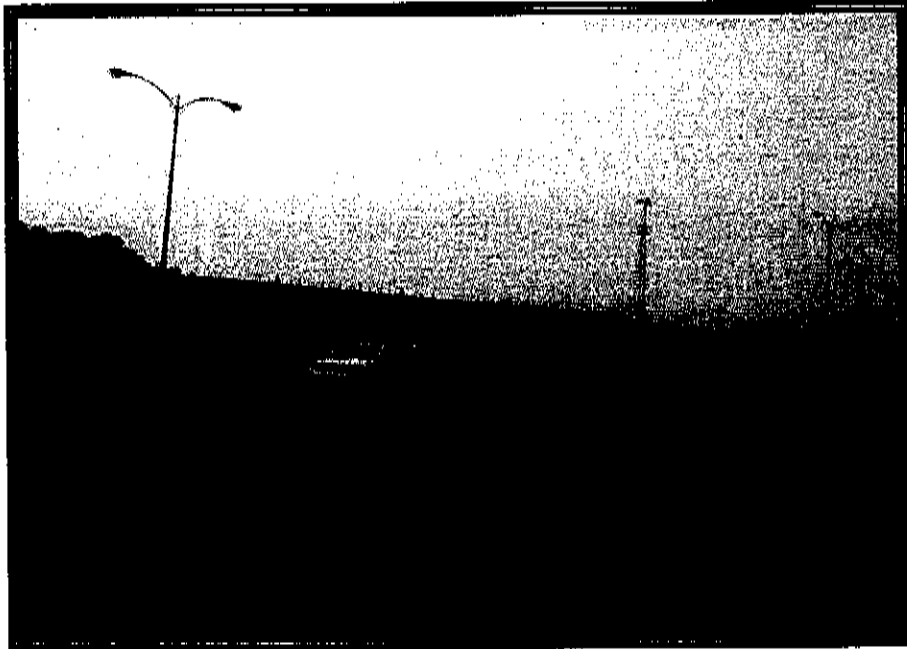


Name:	4130 East Lucas Street
Location:	4130 East Lucas Street
Map Page:	Jefferson County
Net Rentable Area:	2,990 Sq. Ft.
Parking:	Adequate
Year Built:	1975
Condition/Construction:	Average/Masonry
Lease Structure:	Gross
Annual Rate:	\$6.86 per Sq. Ft.

Comparable Rental No. 4 - Continued

Build-out:	N/A
Vacancy:	0 Percent
Confirmed By:	Owner
Comments:	N/A

COMPARABLE RENTAL NO. 5



Name:	The Beaumont Shopping Center
Location:	4605 - 4885 Concord Road
Map Page:	Jefferson County
Net Rentable Area:	166,211 Sq. Ft.
Parking:	Adequate
Year Built:	1960 (Renovated)
Condition/Construction:	Average/Masonry
Lease Structure:	Gross
Annual Rate:	\$6.90 per Sq. Ft.

Comparable Rental No. 5 - Continued

Build-out:	N/A
Vacancy:	12 Percent
Confirmed By:	Broker
Comments:	N/A

COMPARABLE RENTAL NO. 6

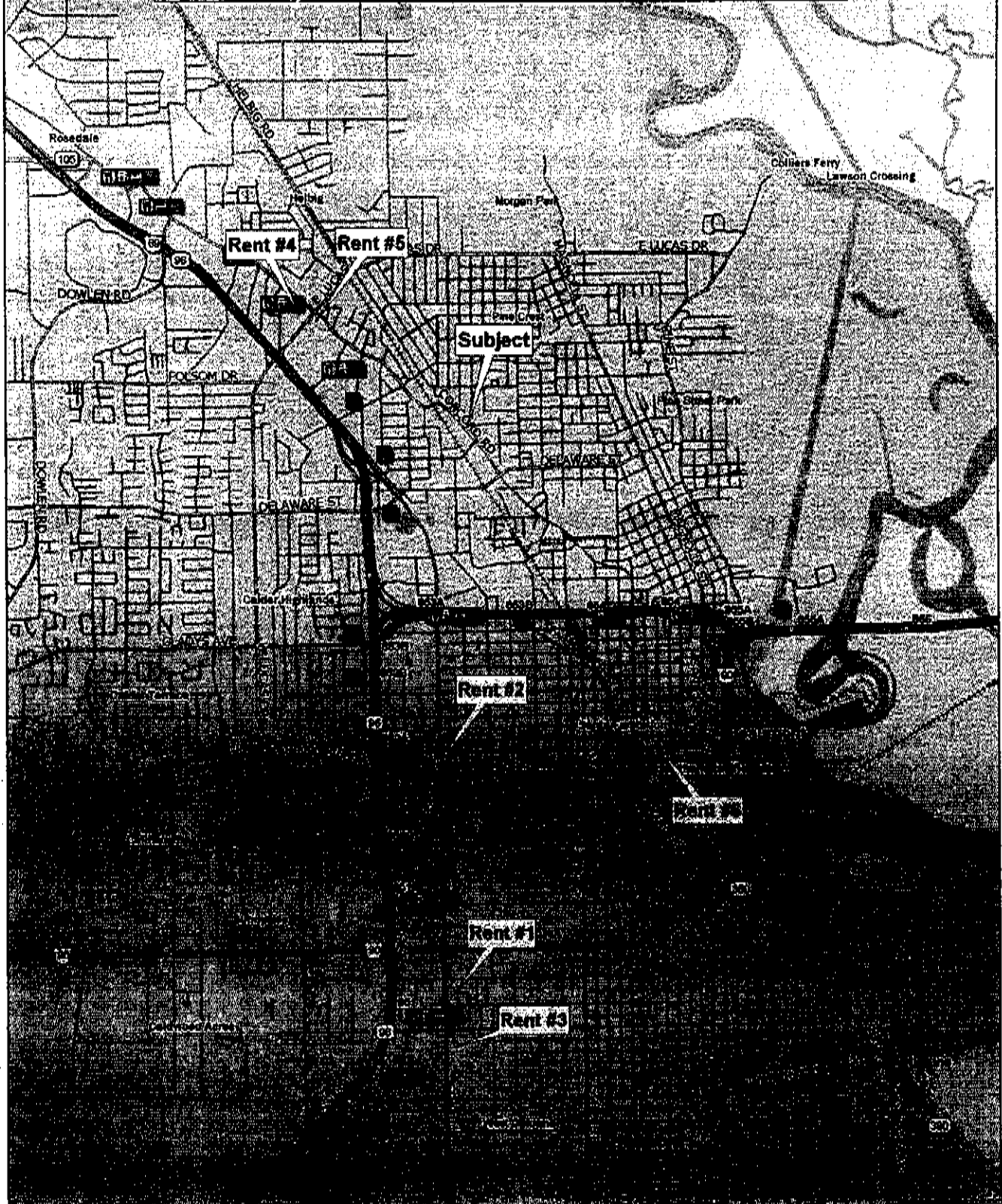


Name:	1385 - 1393 Calder
Location:	1385 - 1393 Calder
Map Page:	Jefferson County
Net Rentable Area:	11,060 Sq. Ft.
Parking:	Adequate
Year Built:	1962
Condition/Construction:	Average/Masonry
Lease Structure:	Gross
Annual Rate:	\$4.50 per Sq. Ft.

Comparable Rental No. 6 - Continued

Build-out:	N/A
Vacancy:	N/A
Confirmed By:	Broker
Comments:	N/A

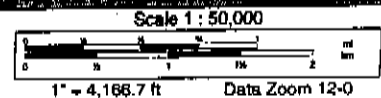
Comparable Rentals Map



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The preceding rentals are believed to accurately reflect a cross section of the rental market within the immediate vicinity of the subject. This survey is also believed to reflect the properties with which the subject must compete. The following is a summary of the properties surveyed.

COMPARABLE RENTAL SUMMARY				
Rental No.	Size NRA/SF	Condition	Vacancy	Annual Rental Rate/SF
1	4,150	Average	0%	\$6.84
2	40,587	Average	0%	\$6.26
3	16,782	Average	15%	\$4.80
4	2,990	Average	0%	\$6.86
5	166,211	Average	12%	\$6.90
6	11,060	Average	N/A	\$4.50

The preceding rentals were analyzed and adjusted based on their comparability to the subject. The factors considered for adjustment are location, size, and condition. The subject property as well as the comparable rentals are being leased on a gross lease basis.

Please refer to the summary located on the following page, which demonstrates the adjustments applied to the comparable rentals.

ADJUSTMENT SUMMARY OF COMPARABLE RENTALS						
RENTAL	1	2	3	4	5	6
ANNUAL RENTAL RATE/SQ. FT.	\$6.84	\$6.26	\$4.80	\$6.86	\$6.90	\$4.50
LOCATION	-10%	-10%	-10%	-15%	-15%	0%
SIZE	0%	0%	0%	-15%	0%	0%
CONDITION	-10%	-10%	-10%	-10%	-10%	-10%
NET ADJUSTMENTS	-20%	-20%	-20%	-40%	-25%	-10%
FINAL ADJUSTED PRICE / SF	\$5.47	\$5.01	\$3.84	\$4.12	\$5.18	\$4.05
	MINIMUM	\$3.84				
	MAXIMUM	\$5.47				
	MEAN	\$4.61				

The comparable rentals have an adjusted annual rental rate range of \$3.84 to \$5.47 per square foot, with an average of \$4.61 per square foot. The subject consists of a shopping center, with four tenant spaces of which all are currently being leased. Abundant Life is leasing 5,900 square feet for \$2,000.00 per month, or \$4.07 per square foot per year on a gross basis. The lease originated in June, 2008 and expires in May, 2010. MJAE is leasing 3,700 square feet for \$1,000.00 per month, or \$3.24 per square foot per year on a gross basis. The lease originated in November, 2007 and expires in November, 2010. TCB Tax Service is leasing 6,100 square feet for \$2,500.00 per month, or \$4.92 per square foot per year on a gross basis. The lease originated in January, 2008 and expires in December, 2011. Jays Tech Institute is leasing 5,900 square feet for \$2,000.00 per month, or \$4.07 per square foot per year on a gross basis. The lease originated in January, 2006 and expires in January, 2009. Please see the Addenda for more information pertaining to the leases. The average overall rental rate

for the subject property is \$4.17 per square foot per year which is within the range of the comparable rentals.

Gross Annual Income. This is the amount that the subject would generate if it were completely leased at market rent. The Gross Annual Income, based on the previously described market rent, is appropriate for calculation. In our analysis, the gross annual income computes to \$90,000.00 in the Stabilized Operating Statement.

Vacancy and Collection Loss. This figure represents that portion of the subject which would not be rented during the year and is simply a percentage of the Gross Annual Income.

The subject is currently 0 percent vacant. The comparable rentals range from 0 to 15 percent vacancy. We believe a 5 percent vacancy and collection loss figure would be appropriate for the subject over time. As such, a 5 percent stabilized vacancy and collection loss factor was applied in the Stabilized Operating Statement.

Effective Annual Income. This figure is simply the amount that the subject will actually generate after reflecting Vacancy and Collection Loss. The Stabilized Income Statement's effective gross income is \$85,500.00.

Operating Expenses. These are items necessary to maintain the subject property. Normally they include such items as: ad valorem taxes, property insurance, management, administration, repairs and maintenance, utilities, and reserves for replacement. We reviewed operating statements from the subject property (please see

the Addenda). We also, analyzed actual operating expenses for comparable properties (please see the Addenda).

Total Expenses. The total operating expenses for the subject center are, thus, \$43,159.00 or \$2.00 per square foot, in the Stabilized Operating Statement.

Net Operating Income. This is the amount of income left after the Expenses have been paid, but before Lease-up Expenses. This figure is \$42,341.00 in the Stabilized Operating Statement.

Capitalization. This procedure involves converting an opinion of income into an opinion of value via use of an appropriate rate or factor. There are numerous capitalization techniques, and any number of income estimates may be capitalized. For example, appraisers estimate and capitalize Gross Annual Income, Effective Annual Income, Net Annual Income, Cash Flow, and After Tax Cash Flow. There are generally one or two techniques which are most appropriate for the problem at hand which can be derived from the market.

Direct Capitalization. This technique utilizes a procedure whereby the net annual income estimate is divided by an overall rate.

Net Annual Income. The Income Statement on the following page demonstrates how our estimate of total net annual income was developed.

STABILIZED OPERATING STATEMENT

<u>Gross Income</u>		
Abundant Life (5,900 SF @ \$4.07 PSF)		\$24,000.00
MJAE & Associates (3,700 SF @ \$3.24 PSF)		12,000.00
TCB Tax Service (6,100 SF @ \$4.92 PSF)		30,000.00
Jays Tech Institute (5,900 SF @ \$4.07 PSF)		<u>24,000.00</u>
Total:		\$90,000.00
<u>Less: Vacancy and Collection Loss (5%)</u>		< <u>4,500.00</u> >
Effective Gross Income		\$85,500.00
<u>Less: Expenses</u>		
Real Estate Taxes	\$0.25	\$5,404.00
Insurance	0.30	6,480.00
Management (5%)	0.20	4,275.00
Utilities	0.15	3,240.00
Administration	0.20	4,320.00
Repairs & Maintenance	0.75	16,200.00
Reserves	<u>0.15</u>	<u>3,240.00</u>
Total Expenses	\$2.00	< <u>43,159.00</u> >
NET OPERATING INCOME		<u>\$42,341.00</u>

The total net operating income of \$42,341.00 was believed to be an appropriate Net Operating Income (NOI) to use in our Direct Capitalization approach and was believed to represent a stabilized income stream, taking into account increasing rents and expenses.

Overall Rate. The overall rate is used to convert an estimate of net annual income into an opinion of market value. This rate provides for both return on and of capital.

For the purposes of this report, the overall rate of capitalization was derived from comparable sales and from real estate surveys. Located on the following page is a chart

with overall capitalization rates of similar buildings across the State of Texas.

IMPROVED SALES SUMMARY					
Sale No.	Sale Date	Location	Size	Year Built	OAR
1	1/07	Houston, TX	6,400	1975	8.8%
2	3/07	Houston, TX	29,682	1980	10.1%
3	6/07	San Antonio, TX	9,300	1986	9.2%
4	11/07	Houston, TX	18,500	1952	8.5%
5	1/08	League City, TX	12,977	1963	9.8%
6	2/08	North Richland Hills, TX	29,406	1982	8.3%

The comparable improved sales provided indicated overall capitalization rates ranging from 8.3 to 10.1 percent, with an average of 9.1 percent.

We have also considered overall rates used by large institutional investors in the United States. The Real Estate Report, Second Quarter, 2008, surveyed numerous investors in terms of their current overall rates (see Addenda). The overall rates indicated by the Real Estate Report, Third Tier neighborhood centers in the South Region range from 7.5 to 10.0 percent, with an average of 8.8 percent.

Based on the overall rates from the improved sales, band of investments, and the rates from the Real Estate Report, we believe an overall rate of 9.0 percent is appropriate to apply to the stabilized net operating income due to the current vacancy level in the

market, typical investment criteria of real estate investors, and the location of the subject. The value of the subject via the Direct Capitalization Approach is shown below.

Net Operating Income = Value
Overall Rate

$$\frac{\$42,341.00}{0.09} = \$470,456.00$$

SAY, \$470,000.00

SALES COMPARISON APPROACH

The Sales Comparison Approach is one of the three approaches used to derive market value. It is explained in The Appraisal of Real Estate, Twelfth Edition, by the Appraisal Institute, page 417, as follows:

"In the sales comparison approach, an opinion of market value is developed by comparing properties similar to the subject property that have recently sold, are listed for sale, or are under contract (i.e., for which purchase offers and a deposit have been recently submitted). A major premise of the sales comparison approach is that the market value of a property is directly related to the prices of comparable, competitive properties."

The comparative analysis in the Sales Comparison Approach focuses on differences in legal, physical, locational, and economic characteristics of similar properties and the subject property; on differences in the real property rights conveyed, and dates of sale, the motivations of buyers and sellers, and the financing arrangements for each sales transactions which can account for variations in prices.

This approach is applied in the following steps (taken from The Appraisal of Real Estate, Twelfth Edition, by the Appraisal Institute, page 422):

- 1. Research the competitive market for information on sales transactions, listings, and offerings to purchase or sell properties that are similar to the subject property in terms of characteristics such as property type, date of sale, size, physical condition, location, and land use constraints.*
- 2. Verify the information by confirming that the data obtained is factually accurate and that the transactions reflect arms'-length, market considerations.*
- 3. Select relevant units of comparison (e.g.: price per acre, price per square foot, or price per front foot) and develop a comparative analysis for each unit.*

4. *Look for differences between the comparable sale properties and the subject property using the elements of comparison. Then adjust the price of each sale property to reflect how it differs from the subject property or eliminate that property as a comparable.*
5. *Reconcile the various value indications produced from the analysis of comparables into a single value indication or a range of values.*

Listed on the following pages are several comparable improved sales which are believed to be similar to the subject. Following these sales is an Improved Sales Summary which summarizes the important factors of comparison that will be used in our analysis.

COMPARABLE SALE NO. 1



Name: 7600 Twin City Highway
Address: 7600 Twin City Highway
Date of Purchase: March 28, 2005
Map Page: Jefferson County
Grantor: Shirley Badgett
Grantee: B R Hitt, LP
Recording Data: File #2005011482
Legal Description: Lots 5 & 6, Block 3, Newport Heights No. 1,
Abstract 461, Port Arthur, Jefferson County, Texas
Sales Price: \$245,000.00
Sales Price Per Sq. Ft.: \$40.16

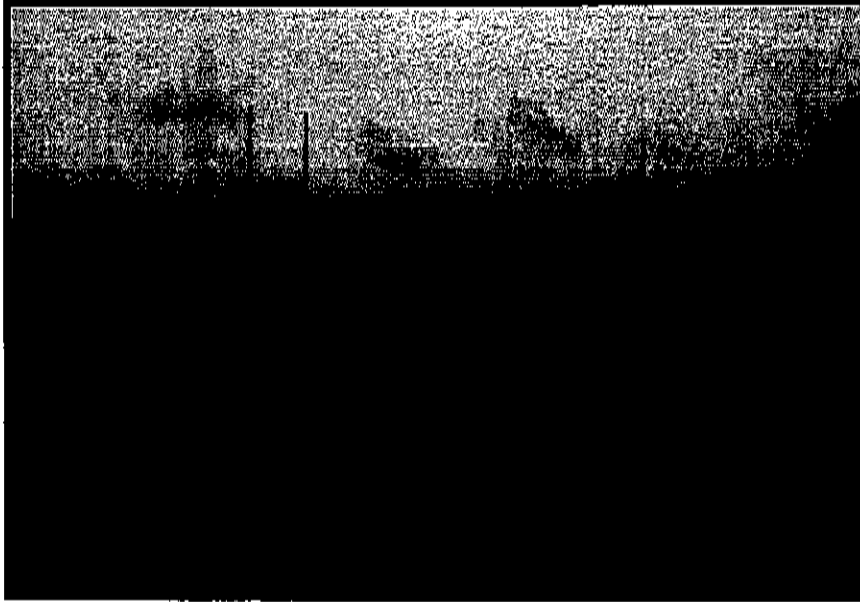
Comparable Sale No. 1 - Continued

Financing Terms:	Cash to Seller
Land Size:	0.36 Acres (15,525 Sq. Ft.)
Net Rentable Area (Sq. Ft.):	6,100
Year Built:	1976
Land-to-Building Ratio:	2.55:1
Condition/Construction:	Average/Wood & Masonry
Actual Vacancy:	N/A
Data Source:	Broker
Comments:	N/A

Stabilized Operating Information

Gross Annual Income:	N/A
Stabilized Vacancy %:	N/A
Effective Gross Income:	N/A
Operating Expenses:	N/A
Net Operating Income:	N/A
Overall Capitalization Rate:	N/A
E.G.I.M.:	N/A

COMPARABLE SALE NO. 2



Name: Dollar General and Retail Building
Address: 3503 and 3515 Nederland
Date of Purchase: June 15, 2005
Map Page: Jefferson County
Grantor: Ruby Kilpatrick
Grantee: Luther Properties, LLC
Recording Data: File #2005023009
Legal Description: Part of Lot 22, Lots 23-26, Block 9, Airport Subdivision, Section 1, Nederland, Jefferson County, Texas
Sales Price: \$552,500.00
Sales Price Per Sq. Ft.: \$41.61

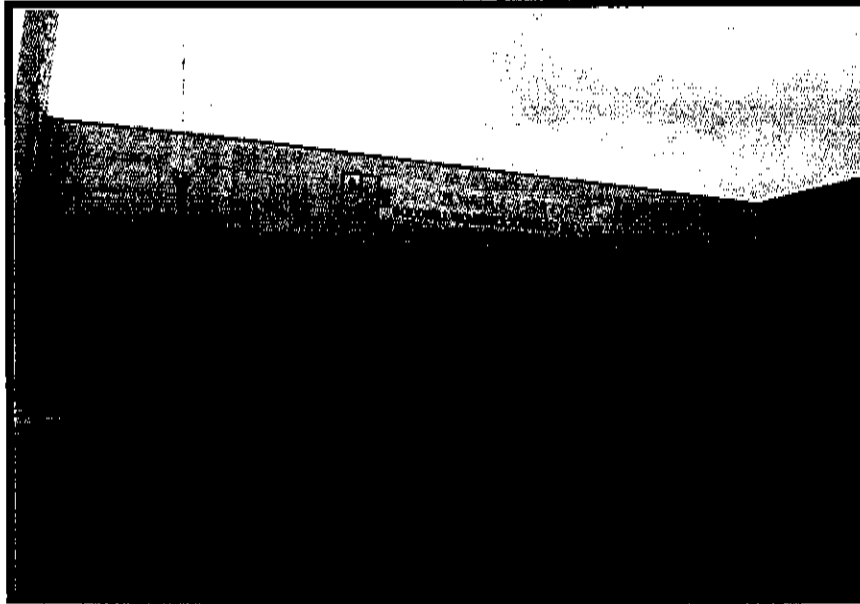
Comparable Sale No. 2 - Continued

Financing Terms:	Cash to Seller
Land Size:	0.93 Acres (40,502 Sq. Ft.)
Net Rentable Area (Sq. Ft.):	13,277
Year Built:	1965 (Renovated in 1993)
Land-to-Building Ratio:	3.05:1
Condition/Construction:	Good/Masonry & Wood
Actual Vacancy:	0 Percent
Data Source:	Broker
Comments:	N/A

Stabilized Operating Information

Gross Annual Income:	N/A
Stabilized Vacancy %:	N/A
Effective Gross Income:	N/A
Operating Expenses:	N/A
Net Operating Income:	N/A
Overall Capitalization Rate:	N/A
E.G.I.M.:	N/A

COMPARABLE SALE NO. 3



Name:	790 Orleans Street
Address:	790 Orleans Street
Date of Purchase:	October 25, 2006
Map Page:	Jefferson County
Grantor:	Goodwill Industries of Southeast Texas, Inc.
Grantee:	City of Beaumont
Recording Data:	File #2006042394
Legal Description:	Lot 305 through 309, Block 49, Orleans, Abstract 32, Beaumont, Jefferson County, Texas
Sales Price:	\$480,000.00
Sales Price Per Sq. Ft.:	\$20.00

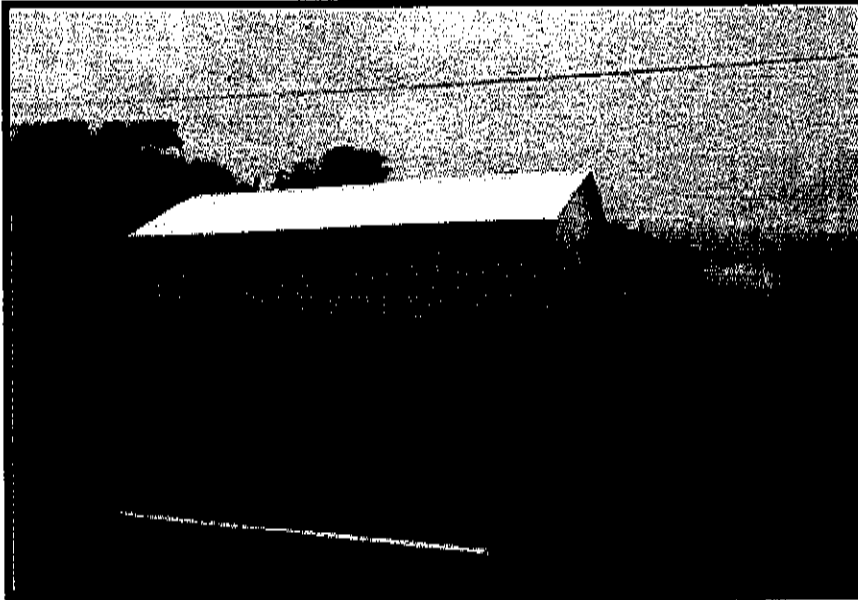
Comparable Sale No. 3 - Continued

Financing Terms:	Cash to Seller
Land Size:	0.55 Acres (24,000 Sq. Ft.)
Net Rentable Area (Sq. Ft.):	24,000
Year Built:	1958
Land-to-Building Ratio:	1:1
Condition/Construction:	Fair/Masonry
Actual Vacancy:	N/A
Data Source:	Broker
Comments:	N/A

Stabilized Operating Information

Gross Annual Income:	N/A
Stabilized Vacancy %:	N/A
Effective Gross Income:	N/A
Operating Expenses:	N/A
Net Operating Income:	N/A
Overall Capitalization Rate:	N/A
E.G.I.M.:	N/A

COMPARABLE SALE NO. 4



Name: 1292 Liberty
Address: 1292 Liberty
Date of Purchase: August 22, 2007
Map Page: Jefferson County
Grantor: Kerry A. Nonette
Grantee: MacCallum Enterprises
Recording Data: File #2007032986
Legal Description: Lot 7, Block 15, Calder, Abstract 87, Beaumont, Jefferson County, Texas
Sales Price: \$82,500.00
Sales Price Per Sq. Ft.: \$19.64

Comparable Sale No. 4 - Continued

Financing Terms:	Cash to Seller
Land Size:	0.16 Acres (7,000 Sq. Ft.)
Net Rentable Area (Sq. Ft.):	4,200
Year Built:	1961
Land-to-Building Ratio:	1.67:1
Condition/Construction:	Fair/Metal & Masonry
Actual Vacancy:	N/A
Data Source:	Broker
Comments:	N/A

Stabilized Operating Information

Gross Annual Income:	N/A
Stabilized Vacancy %:	N/A
Effective Gross Income:	N/A
Operating Expenses:	N/A
Net Operating Income:	N/A
Overall Capitalization Rate:	N/A
E.G.I.M.:	N/A

COMPARABLE SALE NO. 5



Name: 4505 Gulfway Drive
Address: 4505 Gulfway Drive
Date of Purchase: September 17, 2007
Map Page: Jefferson County
Grantor: James Russell Smith
Grantee: Woodlawn Center, Ltd.
Recording Data: File #2007036431
Legal Description: Lot 6, Block 3, Range G. Palco, Port Arthur, Jefferson County, Texas
Sales Price: \$375,000.00
Sales Price Per Sq. Ft.: \$37.50

Comparable Sale No. 5 - Continued

Financing Terms:	Cash to Seller
Land Size:	0.92 Acres (40,260 Sq. Ft.)
Net Rentable Area (Sq. Ft.):	10,000
Year Built:	1960
Land-to-Building Ratio:	4.03:1
Condition/Construction:	Average/Masonry
Actual Vacancy:	0 Percent
Data Source:	Broker
Comments:	N/A

Stabilized Operating Information

Gross Annual Income:	N/A
Stabilized Vacancy %:	N/A
Effective Gross Income:	N/A
Operating Expenses:	N/A
Net Operating Income:	N/A
Overall Capitalization Rate:	N/A
E.G.I.M.:	N/A

COMPARABLE SALE NO. 6



Name:	1385 - 1393 Calder
Address:	1385 - 1393 Calder
Date of Purchase:	November 06, 2007
Map Page:	Jefferson County
Grantor:	Chemplex Sales & Leases, Inc.
Grantee:	Calder Lillian Building, LLC
Recording Data:	File #2007043793
Legal Description:	Lots 5 & 6, Block 9, Abstract 87, Beaumont, Jefferson County, Texas
Sales Price:	\$155,000.00
Sales Price Per Sq. Ft.:	\$14.01

Comparable Sale No. 6 - Continued

Financing Terms:	Cash to Seller
Land Size:	0.32 Acres (13,983 Sq. Ft.)
Net Rentable Area (Sq. Ft.):	11,060
Year Built:	1962
Land-to-Building Ratio:	1.26:1
Condition/Construction:	Average/Masonry
Actual Vacancy:	N/A
Data Source:	Broker
Comments:	N/A

Stabilized Operating Information

Gross Annual Income:	N/A
Stabilized Vacancy %:	N/A
Effective Gross Income:	N/A
Operating Expenses:	N/A
Net Operating Income:	N/A
Overall Capitalization Rate:	N/A
E.G.I.M.:	N/A

COMPARABLE SALE NO. 7



Name: 2341 Mcfaddin
Address: 2341 Mcfaddin
Date of Purchase: April 17, 2008
Map Page: Jefferson County
Grantor: RK Harrell
Grantee: M & M Resources, Inc.
Recording Data: File #2008013528
Legal Description: Lots 5 & 6, Block 21, Averill, Abstract 255,
Beaumont, Jefferson County, Texas
Sales Price: \$159,670.00
Sales Price Per Sq. Ft.: \$47.24

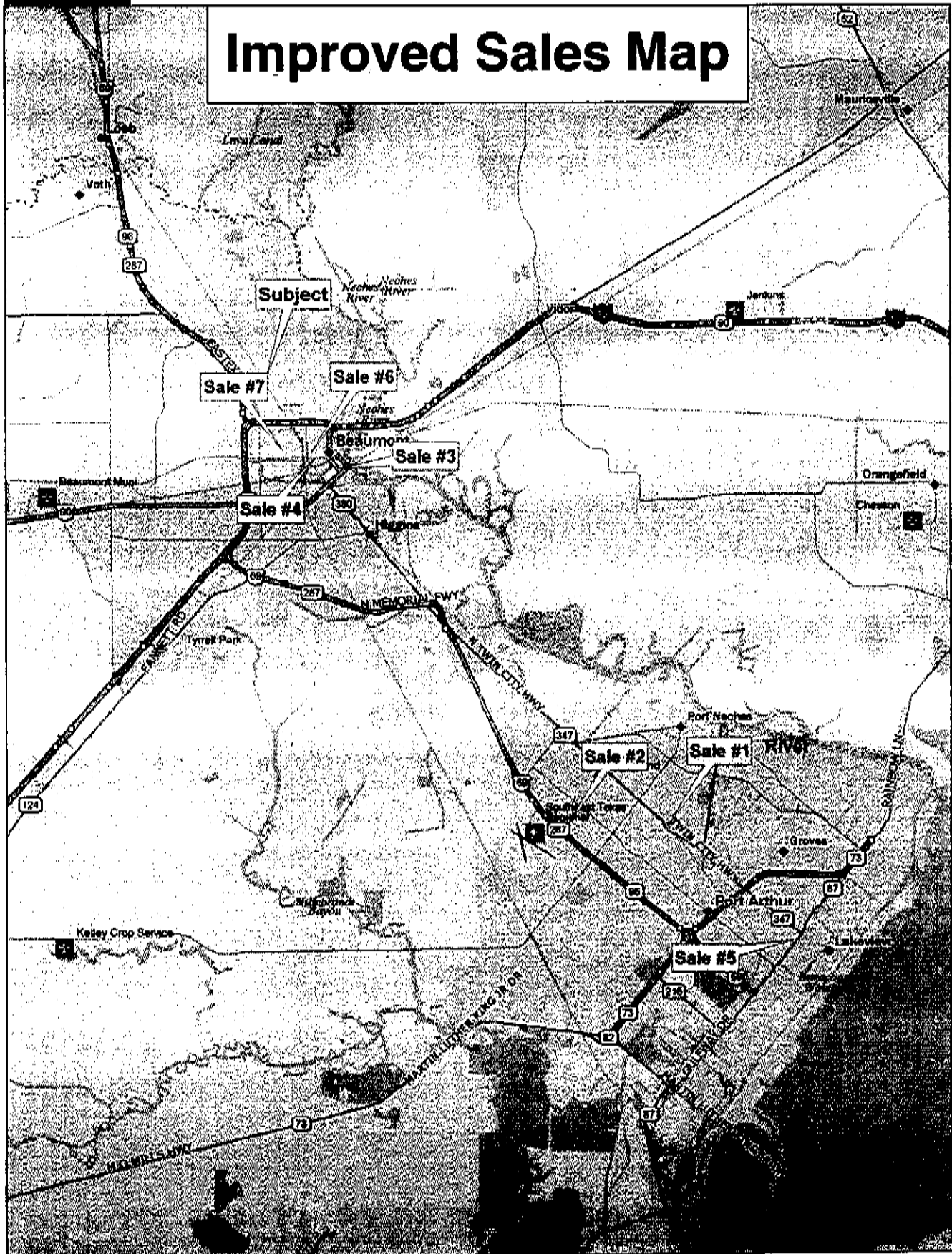
Comparable Sale No. 7 - Continued

Financing Terms:	Cash to Seller
Land Size:	0.34 Acres (15,000 Sq. Ft.)
Net Rentable Area (Sq. Ft.):	3,380
Year Built:	1962
Land-to-Building Ratio:	4.44:1
Condition/Construction:	Average/Masonry
Actual Vacancy:	N/A
Data Source:	Broker
Comments:	N/A

Stabilized Operating Information

Gross Annual Income:	N/A
Stabilized Vacancy %:	N/A
Effective Gross Income:	N/A
Operating Expenses:	N/A
Net Operating Income:	N/A
Overall Capitalization Rate:	N/A
E.G.I.M.:	N/A

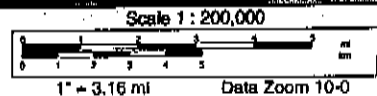
Improved Sales Map



Data use subject to license.

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www.delorme.com



Improved Sales Analysis. The sales listed on the previous pages are considered to be the most comparable to the subject property of those occurring in recent years. These sales are summarized on the grid below.

IMPROVED SALES SUMMARY					
Sale No.	Date of Sale	Size NRA/SF	Condition	L-T-B Ratio	Sales Price/SF
1	3/05	6,100	Average	2.55:1	\$40.16
2	6/05	13,277	Good	3.05:1	\$41.61
3	10/06	24,000	Fair	1.10:1	\$20.00
4	8/07	4,200	Fair	1.67:1	\$19.64
5	9/07	10,000	Average	4.03:1	\$37.50
6	11/07	11,060	Average	1.26:1	\$14.01
7	4/08	3,380	Average	4.44:1	\$47.24

In order to compare these sales with the subject, factors considered for adjustment include: financing terms, market conditions, location/visibility, physical characteristics, size, vacancy, and anchor tenant influence.

Your attention is invited to the following Improved Sales Adjustment Grid which displays the procedure used to arrive at adjusted sales prices for the improved sales.

IMPROVED SALES ADJUSTMENT GRID							
SALE	1	2	3	4	5	6	7
PRICE/SF	\$40.16	\$41.61	\$20.00	\$19.64	\$37.50	\$14.01	\$47.24
MARKET CONDITIONS	0%	0%	0%	0%	0%	0%	0%
TOTAL ADJUSTMENTS	0%	0%	0%	0%	0%	0%	0%
ADJUSTED PRICE / SF	\$40.16	\$41.61	\$20.00	\$19.64	\$37.50	\$14.01	\$47.24
LOCATION	-10%	-10%	-10%	10%	-10%	0%	0%
SIZE	-15%	-10%	0%	-15%	-10%	-10%	-15%
CONDITION	-10%	-20%	0%	0%	-10%	-10%	-10%
LAND-TO-BUILDING	0%	0%	10%	10%	0%	10%	0%
NET ADJUSTMENTS	-35%	-40%	0%	5%	-30%	-10%	-25%
FINAL ADJ. PRICE/SF	\$26.10	\$24.97	\$20.00	\$20.62	\$26.25	\$12.61	\$35.43
MINIMUM	\$12.61						
MAXIMUM	\$35.43						
MEAN	\$23.71						

The improved sales presented indicate a sales price range of \$14.01 to \$47.24 per square foot. After adjusting for the factors which influence value, the sales had an adjusted sales price range of \$12.61 to \$35.43 per square foot, with an average of \$23.71 per square foot.

Units of Comparison. When comparing the adjusted sales to the subject property, the unit of comparison given the most consideration was the Sales Price per Square Foot of Net Leasable Area. This unit of comparison is a commonly used indicator of value by many investors, and provides a straightforward comparison. The following is a discussion of this unit of comparison.

Sales Price per Square Foot. This unit of comparison is derived by dividing the sales price by the net leasable area. After considering all the factors that influence value, it is our opinion that the subject property has a market value of \$22.00 per square foot, or as shown below.

Net Leasable Area X Price per Sq. Ft. = Indicated Value

21,600 Sq. Ft. X \$22.00 per Sq. Ft. = \$475,200.00

Say, \$475,000.00

CORRELATION AND FINAL VALUE

Cost Approach. This approach incorporates the principle of substitution in that no rational person will pay more for a property than the amount for which he can obtain, by purchase of a site and construction of a building without undue delay, a property of equal quality. The weakness of this approach is estimating depreciation. Due to the age of the improvements (55 years) and the difficulty in determining depreciation, this approach to value was not utilized in this report. The omission of this approach does not reduce the reliability of the final developed value.

Final Opinion of Value. Although two approaches to value were utilized, the final opinion of value must be based upon that confirmation of the available market data and analysis which is most appropriate.

In this instance, both approaches were considered reliable in the valuation of the subject property. However, the Income Capitalization Approach was given more weight because the property is a multi-tenant income producing building. The final "as is" value of the subject, as of August 19, 2008, is as follows:

"As Is" Market Value

\$470,000.00

MARKETING/EXPOSURE TIME

Assuming adequate exposure and normal marketing efforts, the estimated exposure time (i.e., the length of time the proposed subject property would have been exposed for sale in the market had it sold at the market value concluded to in this analysis as of the date of this valuation) would have been within 12 months; the estimated marketing time (i.e. the amount of time it would probably take to sell the subject property if exposed in the market beginning on the date of this valuation) is estimated to be within about 12 months. Based on our analysis of the real estate market and discussions with brokers and other knowledgeable individuals in this industry, we believe a reasonable period of time to market the subject property at the previously derived market value is approximately 12 months.

ADDENDA

FLOOD MAP

A

insurance agent or call the National Flood Insurance Program



APPROXIMATE SCALE



NATIONAL FLOOD INSURANCE PROGRAM

FIRM FLOOD INSURANCE RATE MAP

CITY OF BEAUMONT, TEXAS
JEFFERSON COUNTY

SEE MAP INDEX FOR PANELS NOT PRINTED

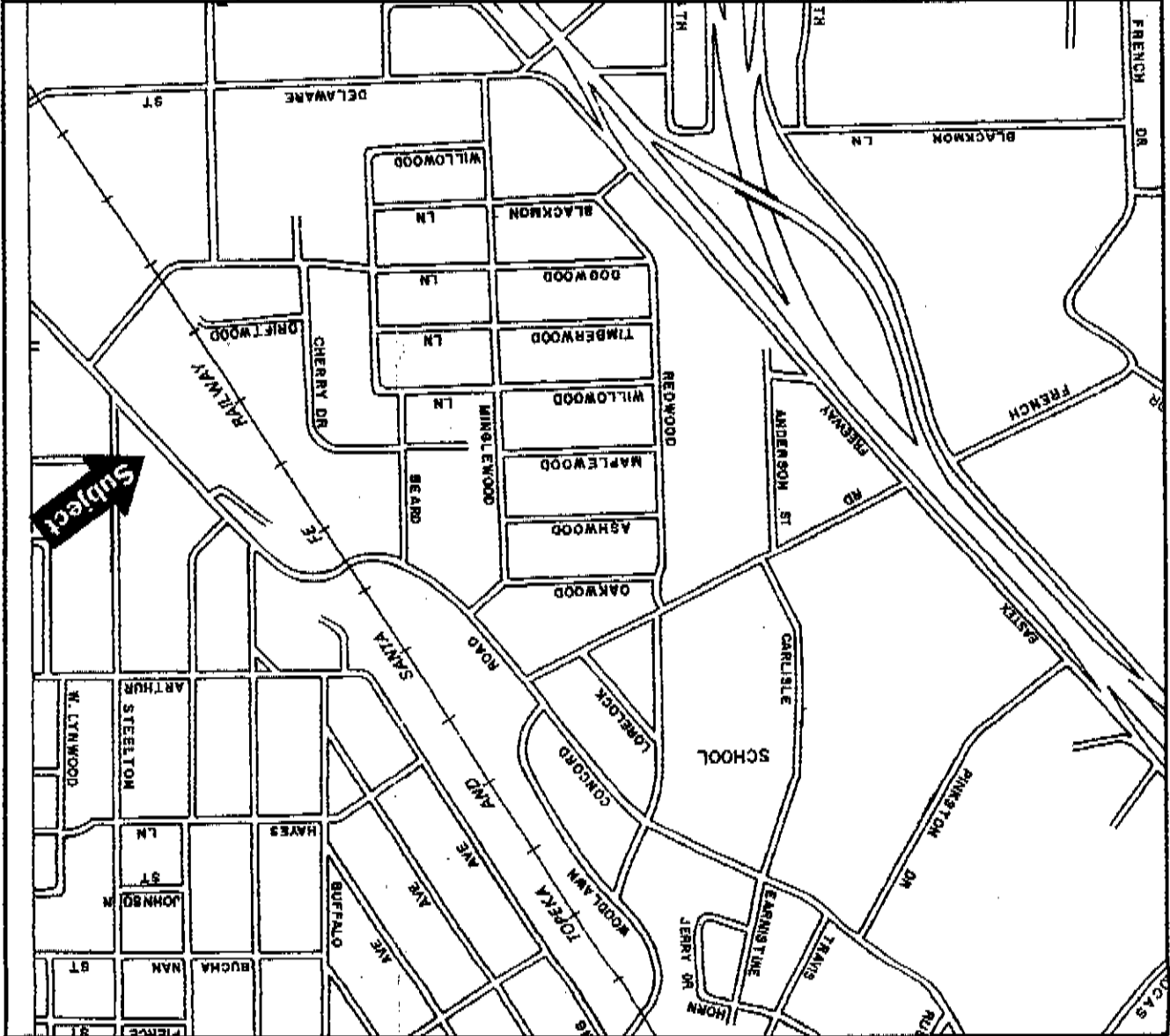
COMMUNITY-PANEL NUMBER
4854570035 C

MAP REVISED:
AUGUST 6, 2002



Federal Emergency Management Agency

This is an official copy of a portion of the above referenced flood map. It was prepared using FEMA's Flood Map Service Center. This map does not reflect changes or amendments which may have been made subsequent to the date on the title block. For the latest product information about National Flood Insurance Program flood maps check the FEMA Flood Map Store at www.fema.gov



RENT ROLL

ZONING INFORMATION

Sec. 30-15. GC-MD, General Commercial Multiple-Family Dwelling District regulations.

1. (a) General purpose and description. The mixed GC-MD, General Commercial Multiple-Family Dwelling District, is intended for the conduct of community-wide personal and business services, specialty shops, general highway commercial uses, shopping centers, and multifamily residential development. The need for community-wide accessibility dictates that this district be located ideally at the intersection of two (2) or more streets, along frontage roads adjacent to the interstate, or along selected major streets which have been designated for strip commercial development. Minimum lot width, depth, area, and yard requirements, buffer strips, and landscaping bonus provisions have been established to reduce or modify the harmful impact and negative consequences associated with typical strip commercial development. Multifamily development in this district is permitted in order to serve as a buffer or transition between commercial and medium density residential development.

(b) Permitted uses. Uses permitted in a GC-MD, General Commercial Multiple-Family Dwelling District, are set forth in section 30-24.

(c) Area and height regulations. Area and height regulations in a GC-MD, General Commercial Multiple-Family Dwelling District, are set forth in section 30-25.

(Ord. No. 81-17, § 1, 3-10-81)

RERC REPORT

Regional Investment Criteria - 20 2008										Third-Tier Investment Properties	
	Office		Industrial			Retail			Apartment	Hotel	
	CBD	Suburban	Warehouse	R&D	Flex	Regional Mall	Power Center	Neigh/Comm			
West Investment Criteria											
Pre-tax Yield (IRR) (%)											
Range	8.0 - 14.0	8.8 - 14.0	8.5 - 14.0	9.0 - 14.0	8.8 - 14.0	8.5 - 14.0	8.5 - 14.0	8.0 - 14.0	7.5 - 14.0	10.0 - 14.0	
Average	10.6	10.9	10.6	11.3	11.1	10.9	11.1	10.7	10.1	12.3	
Going-in Cap Rate (%)											
Range	7.0 - 10.0	7.0 - 10.0	6.5 - 10.0	7.0 - 10.0	7.0 - 12.0	6.0 - 10.0	7.0 - 10.0	6.0 - 10.0	6.0 - 10.0	8.0 - 12.0	
Average	8.2	8.5	8.4	8.5	8.8	8.2	8.4	8.1	7.6	10.0	
Terminal Cap Rate (%)											
Range	7.5 - 11.0	8.0 - 11.0	7.5 - 11.0	8.0 - 11.0	8.0 - 12.0	7.5 - 11.0	8.0 - 11.0	7.0 - 11.0	7.0 - 10.0	9.5 - 13.0	
Average	9.0	9.2	9.2	9.3	9.5	9.1	9.2	9.0	8.6	10.9	
Midwest Investment Criteria											
Pre-tax Yield (IRR) (%)											
Range	10.0 - 15.0	9.5 - 15.0	9.5 - 15.0	9.5 - 15.0	9.0 - 15.0	9.8 - 15.0	9.8 - 15.0	9.5 - 14.0	9.3 - 14.0	10.3 - 15.0	
Average	11.7	11.7	11.5	11.6	11.4	12.2	11.6	11.8	11.2	12.5	
Going-in Cap Rate (%)											
Range	9.0 - 11.0	8.8 - 12.0	9.0 - 12.0	8.8 - 12.0	9.0 - 11.0	9.0 - 15.0	9.0 - 14.0	9.0 - 12.0	8.0 - 12.0	9.8 - 14.0	
Average	10.1	10.0	9.9	10.1	10.2	10.8	10.3	10.1	9.7	11.5	
Terminal Cap Rate (%)											
Range	9.5 - 13.0	9.0 - 13.0	9.3 - 12.5	9.0 - 12.5	9.0 - 12.0	9.3 - 15.0	9.3 - 14.0	9.3 - 13.0	9.0 - 12.0	10.0 - 14.5	
Average	10.9	10.5	10.4	10.8	10.6	11.7	11.0	11.0	10.4	11.8	
South Investment Criteria											
Pre-tax Yield (IRR) (%)											
Range	9.0 - 13.0	9.0 - 12.0	9.0 - 12.0	9.0 - 12.0	8.0 - 12.0	8.5 - 12.0	8.5 - 12.0	8.5 - 12.0	9.0 - 12.0	11.0 - 15.0	
Average	10.8	10.3	10.3	10.5	10.4	9.8	10.0	10.3	10.4	12.6	
Going-in Cap Rate (%)											
Range	8.0 - 10.0	8.0 - 9.5	8.0 - 10.0	8.0 - 10.0	8.0 - 10.0	7.5 - 10.0	7.5 - 10.0	7.5 - 10.0	7.0 - 10.0	9.0 - 12.0	
Average	8.8	8.6	8.7	8.8	8.8	8.3	8.6	8.8	8.8	10.3	
Terminal Cap Rate (%)											
Range	8.5 - 11.0	8.5 - 10.0	8.5 - 10.5	8.5 - 10.5	8.0 - 11.0	8.0 - 10.5	8.0 - 11.0	8.0 - 11.0	7.5 - 10.5	9.8 - 13.0	
Average	9.5	9.2	9.3	9.4	9.4	8.9	9.2	9.5	9.4	11.0	
East Investment Criteria											
Pre-tax Yield (IRR) (%)											
Range	9.3 - 13.0	9.8 - 14.0	8.0 - 14.0	9.5 - 15.0	8.0 - 12.0	8.5 - 15.0	8.8 - 15.0	9.3 - 15.0	8.3 - 14.0	9.0 - 15.0	
Average	10.8	11.1	10.9	11.4	10.6	11.2	11.2	11.5	10.4	12.0	
Going-in Cap Rate (%)											
Range	7.8 - 10.5	7.8 - 10.5	7.3 - 10.0	8.0 - 11.5	7.3 - 10.0	7.5 - 13.0	7.5 - 15.0	7.5 - 11.0	7.0 - 11.0	7.8 - 13.0	
Average	8.8	9.0	8.9	9.4	8.9	9.4	9.4	9.5	8.3	9.9	
Terminal Cap Rate (%)											
Range	8.3 - 11.0	8.3 - 11.0	7.8 - 11.0	8.8 - 12.0	8.0 - 11.0	8.0 - 13.5	8.5 - 15.0	7.8 - 11.5	8.0 - 11.3	8.0 - 14.0	
Average	9.5	9.8	9.6	10.1	9.8	10.1	9.9	9.6	8.9	10.2	

*Third-tier investment properties are defined as older properties with functional inequities, average tenancy, and situated in marginal locations.
A list of RERC Defined Regions is located in the back of this report in the "Scope and Methodology" section.

EXPENSE COMPARABLES

EXPENSE COMPARABLE NO. 1

Size(Sq. Ft.): 30,912
Expense Period: 2006 and 2007

<u>Income</u>	2006		Annualized 2007	
	<u>Total</u>	<u>Per Sq. Ft.</u>	<u>Total</u>	<u>Per Sq. Ft.</u>
Total Annual Income	\$ 125,420	\$4.06	\$ 179,367	\$5.80
<u>Expenses</u>				
Taxes	\$ 18,944	\$0.35	\$ 16,953	\$0.32
Insurance	\$ 5,313	\$0.17	\$ 3,473	\$0.11
Management	\$ 11,820	\$0.38	\$ 13,712	\$0.44
Administration	\$ -	\$0.00	\$ -	\$0.00
Repairs & Maintenance	\$ 4,919	\$0.16	\$ 8,187	\$0.26
Utilities	\$ 12,189	\$0.39	\$ 9,107	\$0.29
Total Expenses	\$ 53,185	\$1.46	\$ 51,432	\$1.43
Net Operating Income	\$ 72,235	\$2.60	\$ 127,935	\$4.37

EXPENSE COMPARABLE NO. 2

Size(Sq. Ft.): 63,498
Expense Period: 2007

<u>Income</u>	<u>Total</u>	<u>Per Sq. Ft.</u>
Total Annual Income	\$ 485,882	\$7.65
<u>Expenses</u>		
Taxes	\$ 78,617	\$1.24
Insurance	\$ 12,595	\$0.20
Management	\$ 12,000	\$0.19
Administration	\$ -	\$0.00
Repairs & Maintenance	\$ 51,873	\$0.82
Utilities	\$ -	\$0.00
Total Expenses	\$ 155,085	\$2.44
Net Operating Income	\$ 330,797	\$5.21

EXPENSE COMPARABLE NO. 3

Size(Sq. Ft.): 60,840
Expense Period: 2007

<u>Income</u>	<u>Total</u>	<u>Per Sq. Ft.</u>
Total Annual Income	\$ 108,096	\$1.78
<u>Expenses</u>		
Taxes	\$ 41,283	\$0.68
Insurance	\$ 22,382	\$0.37
Management	\$ -	\$0.00
Administration	\$ -	\$0.00
Repairs & Maintenance	\$ 16,124	\$0.27
Utilities	\$ 15,684	\$0.26
Total Expenses	\$ 95,473	\$1.57
Net Operating Income	\$ 12,623	\$0.21

EXPENSE COMPARABLE NO. 4

Size(Sq. Ft.): 84,462
Expense Period: 2004, 2005 & Annualized 2006

<u>Income</u>	2004		2005		Annualized 2006 (9 Months)	
	<u>Total</u>	<u>Per Sq. Ft.</u>	<u>Total</u>	<u>Per Sq. Ft.</u>	<u>Total</u>	<u>Per Sq. Ft.</u>
Rental Income	\$ 241,741	\$2.86	\$ 232,768	\$2.76	\$ 275,283	\$3.26
CAM Income	\$ 72,520	\$0.86	\$ 67,594	\$0.80	\$ 64,626	\$0.77
Total Income	\$ 314,261	\$3.72	\$ 300,362	\$3.56	\$ 339,889	\$4.02
<u>Expenses</u>						
Taxes	\$ 45,827	\$0.54	\$ 40,673	\$0.48	\$ 38,868	\$0.46
Insurance	\$ 15,305	\$0.18	\$ 16,915	\$0.20	\$ 21,621	\$0.26
Management	\$ 18,559	\$0.22	\$ 18,516	\$0.22	\$ 19,781	\$0.23
Administration	\$ 7,450	\$0.09	\$ 4,003	\$0.05	\$ 804	\$0.01
Repairs & Maintenance	\$ 62,859	\$0.74	\$ 59,647	\$0.71	\$ 35,489	\$0.42
Utilities	\$ 34,260	\$0.41	\$ 34,193	\$0.40	\$ 42,111	\$0.50
Total Expenses	\$ 184,270	\$2.18	\$ 173,947	\$2.06	\$ 158,674	\$1.88
Net Operating Income	\$ 129,991	\$1.54	\$ 126,415	\$1.50	\$ 181,215	\$2.15

EXPENSE COMPARABLE NO. 5

Size(Sq. Ft.): 53,670
Expense Period: 2005 & 2006

<u>Income</u>	2005		2006	
	<u>Total</u>	<u>Per Sq. Ft.</u>	<u>Total</u>	<u>Per Sq. Ft.</u>
Total Annual Income	\$ 640,136	\$11.93	\$ 586,345	\$10.93
<u>Expenses</u>				
Taxes	\$ 99,115	\$1.85	\$ 87,449	\$1.63
Insurance	\$ 12,880	\$0.24	\$ 10,893	\$0.20
Management	\$ 25,605	\$0.48	\$ 23,454	\$0.44
Administration	\$ 12,652	\$0.24	\$ 14,493	\$0.27
Repairs & Maintenance	\$ 37,043	\$0.69	\$ 28,851	\$0.54
Utilities	\$ 41,897	\$0.78	\$ 43,121	\$0.80
Total Expenses	\$ 229,192	\$4.27	\$ 208,261	\$3.88
Net Operating Income	\$ 410,944	\$7.66	\$ 378,084	\$7.04

OPERATING STATEMENTS

OPERATING STATEMENT

Size(Sq. Ft.): 21,600
Expense Period: 2006, 2007 & Annualized 2008

<u>Income</u>	2006		2007		Annualized 2008 (6 Months)	
	<u>Total</u>	<u>Per Sq. Ft.</u>	<u>Total</u>	<u>Per Sq. Ft.</u>	<u>Total</u>	<u>Per Sq. Ft.</u>
Total Annual Income	\$ 42,000	\$1.94	\$ 66,000	\$3.06	\$ 89,000	\$4.12
<u>Expenses</u>						
Taxes	\$ 3,600	\$0.17	\$ 3,900	\$0.18	\$ 3,337	\$0.15
Insurance	\$ 6,452	\$0.30	\$ 6,586	\$0.30	\$ 6,393	\$0.30
Management	\$ 4,200	\$0.19	\$ 5,650	\$0.26	\$ 9,000	\$0.42
Administration	\$ 8,600	\$0.40	\$ 5,500	\$0.25	\$ 1,000	\$0.05
Repairs & Maintenance	\$ 163,600	\$7.57	\$ 25,600	\$1.19	\$ 15,250	\$0.71
Utilities	\$ -	\$0.00	\$ -	\$0.00	\$ -	\$0.00
Total Expenses	\$ 186,452	\$8.63	\$ 47,236	\$2.19	\$ 34,980	\$1.62
Net Operating Income	\$ (144,452)	-\$6.69	\$ 18,764	\$0.87	\$ 54,020	\$2.50

INSURABLE VALUE

INSURABLE VALUE CALCULATION

Property Name: 3410 - 3440 Concord Road

BASE COST (Including Development Profit): Commercial Building	\$65.00
Multiply Building Area Square Footage	23,000 Sq. Ft.
TOTAL REPLACEMENT COST NEW	\$1,495,000.00

EXCLUSIONS

	Per S.F.	Percent	
Excavation	\$	%	\$
Foundation 23,000 SF	\$	10%	\$149,500.00
Site Work	\$	%	\$
Site Improvements	\$	%	\$
Architect's Fees	\$	%	\$
Underground Piping	\$	%	\$
TOTAL EXCLUSIONS			\$149,500.00

INCLUSIONS

Porches	\$
Patios/Balconies (Multifamily Only)	\$
TOTAL INCLUSIONS	\$N/A

CONCLUDED INSURABLE VALUE

Total Replacement Cost New	\$1,495,000.00
Less Total Exclusions	\$149,500.00
Add Total Inclusions	\$
CONCLUDED INSURABLE VALUE	\$1,345,500.00
Say,	\$1,345,000.00

*Insurance coverage is usually specific to a given project and policy. We have not been provided with the specific policy requirements, which limits the reliability of the conclusion. Insurable Value is a matter of underwriting as opposed to valuation. Users of this report should not construe the conclusion of insurable value to be an indication of market value.

ENGAGEMENT LETTER



Alpha Realty Advisors

8/12/2008

David Ambrose

5700 Northwest Central
Houston, TX 77092

Dear David Ambrose,

We are pleased to engage you for the appraisal services described herein. Please review and sign our engagement letter and include an executed copy in your report. On behalf of Alpha Realty Advisors ("the client"), this letter authorizes you to prepare an independent appraisal for the property described below. Compliance with the terms of this letter and any attachment(s) is necessary to insure acceptance of the appraisal and prompt payment of your invoice.

Appraisal Type:	See Comments
Report Type:	Summary
Form Report Acceptable?	Yes, appraiser's choice
Number of Original Copies:	One electronic copy (preferred); or, three hard copies
Payment:	Subsequent to receipt and satisfactory review, within 30 days of invoice
Fee:	\$3,000
Due Date:	9/3/2008

Borrower Name:	Nate Tarver
Property Address:	3410-3440 Concord Rd
City, State, Zip:	Beaumont, TX 77703
APN:	247406-000-003300-00000-3
Loan or ID Number:	4045001735

General Requirements:

1. The purpose of the report is to estimate the value of the Fee Simple Estate and Leased Fee Estate, if appropriate, in accordance with the latest definition of market value offered in USPAP. An "as is" market value must be reported. When applicable, an allocation to FF & E, business and going concern value is required.
2. INSURABLE VALUE or REPLACEMENT COST is required.
3. The function of the report is to aid the client in making a loan decision with respect to the subject property.
4. A narrative report is required unless otherwise specified. Acceptable form reports include: 71-A; 71-B; and, the UCIAR.
5. Competency - The report must contain a statement as to the competency of the appraiser. A General Certified appraiser who is experienced with the property type and the subject market must inspect the interior of the property. A Certified Residential appraiser can satisfy this requirement for small multifamily properties, generally consisting of two to four units.
6. Departure - The report shall not invoke the departure provision without the express written consent of the client.
7. Delivery - The appraiser must notify the Client, preferably in writing, at least one week before the due date of any reasonable delays, however, the appraiser is encouraged to inform us of any problems encountered as soon as they occur.
8. Communication - Neither the appraiser nor the appraisal firm may verbally divulge the opinions or conclusions of the appraisal or give a copy of the report to anyone other than the undersigned, Jack Sutton, or the client's designee as specified in writing.

Valuation Requirements:

Cost Approach - (if developed) Comparable land sales, location map, and adjustment grid are required. The source of cost and depreciation estimates must be disclosed. The omission of the cost approach is not considered a departure if the approach is not applicable to the property or market.

Sales Comparison Approach (required) - Photographs and comparable sale property location map must be included. All adjustments for market conditions should be supported by market data. The comparable sales should "bracket" the estimated value of the subject on both an unadjusted and adjusted basis.

Income Approach (required) - If requested, rental photographs and competitive rental location map are required. The estimates of vacancy, expenses and capitalization rates should be supported by market data. The estimate of effective gross income should be consistent with operating history and significant discrepancies must be reconciled. The competitive rental indications should "bracket" the conclusion of market rent for the subject on both an unadjusted and adjusted basis. **For the fee simple analysis, all rents, including Section 8 rents for apartments, must be marked to market levels.**

Miscellaneous Requirements:

1. **Subject Photographs:** Street scene(s), and interior and exterior of subject are required.
2. **Inspection:** The appraiser must clearly state the scope of the inspection. Any material limitations should also be disclosed in the report and, if the appraiser feels that such limitation could affect the reliability of the appraisal, the appraiser should contact the undersigned.
3. **Building Sketch:** The appraiser is required to measure the building and provide a sketch with dimensions - any deviation from this requirement must be cleared with the lender.
4. **Zoning:** The subject's zoning must be disclosed and an explicit statement discussing the subject's conformance, or the lack thereof, must also be included.
5. **Prior Sales:** In accordance with USPAP, the appraiser is required to analyze and report any sales of the subject property that have occurred within the past three years. Any recent offer, current offer or pending agreement of sale must also be reported and the appraiser must reconcile the appraised value to any such previous sale, offer or pending transaction.
6. **Real Estate Taxes:** Actual taxes and delinquent taxes must be reported. For valuation purposes, the analysis should address whether the real estate taxes would change (up or down) if the property was sold and the property should be valued accordingly (especially if the current market value significantly differs from the current assessed value).
7. **Historical Data:** All historical data (schedule of renovation costs, rent roll, operating statement, etc.) should be included in the addenda of the report. **It will never be acceptable to rely upon the representations of the buyer, seller, owner or any agent involved in the process without a written document to support the representation (e.g., a lease "out for signature" is not a valid lease that can be relied upon by the appraiser).**
8. **Marketing Time:** Must be reported and the basis of the estimate must be disclosed.

Alpha Realty's Lending Philosophy:

We request a candid, objective, and thorough assessment of the subject property and Alpha will not meddle in this process. This is our most important message to you and we expect our appraisers to reach reasonable and well-supported conclusions. The "litmus" test is whether the estimated value would cause the sale of the subject within a normal marketing time, but never to exceed one year. **Please be aware that we also independently search for current, comparable data during the review process (e.g. COMPS Inc., www.loopnet.com, RealQuest, etc.).**

Our appraisers are also encouraged to communicate with us - early in the process - significant valuation issues, so that we can determine whether - and how - to proceed. Of course, if a deal is terminated before completion of the appraisal, the appraiser will be reimbursed for time spent at a reasonable hourly rate, plus any out-of-pocket expenses. You should call us immediately if:

1. The subject property contains any **adult-themed** tenants, or is a single-tenant, **adult-themed** property;
2. If you perceive that a significant percentage of the subject's value derives from **excess land**;

3. If you perceive a significant difference between the stated purchase price and the most reasonable and probable value.

You may arrange for an interior inspection and obtain all pertinent information by contacting the following:

Property Contact: Nate Tarver, 2052839796
Alternate Contact: Ken Soergel, 773.864.1997
Client Contact Info:

Please certify one copy (preferred) or three hard copies of your report to:

Ken Soergel
Alpha Realty Advisors, its successors and/or assigns (A.T.I.M.A.)
5716 Corsa Avenue, Suite 102
Westlake Village, CA 91362

Upon receipt, sign and return this letter via facsimile to the undersigned.

For Alpha Realty Advisors:

Ken Soergel

E-mail: ksoergel@velocitycommercial.com

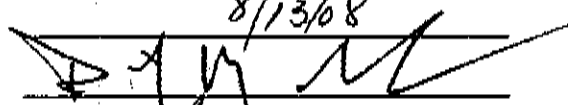
Appraiser Acceptance:

I agree to the terms of this engagement letter.

Date:

Signature:

Printed Name:

8/13/08

DAVID AMBROSE, MAI

QUALIFICATIONS

QUALIFICATIONS OF BRIAN A. BURK

Brian A. Burk is a State Certified General Real Estate Appraiser in the State of Texas with the Ambrose Appraisal Company, which has offices in Houston and Dallas, Texas. Mr. Burk is under the direction and direct supervision of David M. Ambrose, MAI of the Ambrose Appraisal Company. Mr. Burk's experience includes the valuation of all types of commercial and residential properties.

BIOGRAPHICAL DATA

Mr. Burk was born in Houston, Texas in 1979. He graduated from Clear Brook High School in Friendswood, Texas prior to attending Baylor University.

EDUCATION

Bachelor of Business Administration (Finance/Real Estate):
Baylor University (2002)

PROFESSIONAL AFFILIATIONS

State Certified General Real Estate Appraiser - Certificate No. TX-1334810-G



TEXAS APPRAISER LICENSING AND CERTIFICATION BOARD

BE IT KNOWN THAT

BRIAN ALAN BURK

*HAVING PROVIDED SATISFACTORY EVIDENCE OF THE QUALIFICATIONS REQUIRED
BY THE TEXAS APPRAISER LICENSING AND CERTIFICATION ACT,
TEXAS OCCUPATIONS CODE, CHAPTER 1103,
IS AUTHORIZED TO USE THE TITLE*

**STATE CERTIFIED
GENERAL REAL ESTATE APPRAISER**

Number: TX-1334810-G

Date of Issue: March 27, 2007


Date of Expiration: April 30, 2009

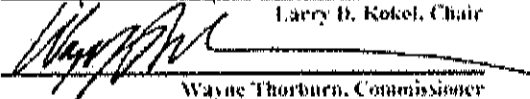
In Witness Whereof



Larry D. Kokel, Chair
William A. Faulk, Jr.
Dona S. Scurry

Clinton P. Sayers, Vice-Chair
Paul E. Moore
Shirley J. Ward



Larry D. Kokel, Chair


Wayne Thorburn, Commissioner

Malcolm J. Deason, Secretary
James B. Ratliff

QUALIFICATIONS OF DAVID M. AMBROSE, MAI

David M. Ambrose is the president of The Ambrose Appraisal Company which has offices in Houston and Dallas, Texas. Mr. Ambrose received the MAI designation in 3 years from entering the profession. He holds a MBA Degree from Baylor University and is an approved instructor for the International Right-of-Way Association. Mr. Ambrose's experience includes the valuation of all types of commercial and residential properties. He has testified as an expert witness regarding property value on numerous occasions in various courts of law.

BIOGRAPHICAL DATA

Mr. Ambrose was born in San Antonio, Texas in 1964. He graduated from the public schools in San Antonio, Texas prior to attending Baylor University. While attending Baylor University, Mr. Ambrose received the Jim Weatherby Scholarship for Academic Excellence. Mr. Ambrose is married and has four children.

EDUCATION

Bachelor of Business Administration Degree (Finance/Real Estate):

Baylor University (1986)

Masters of Business Administration:

Baylor University (1988)

International Right of Way Association:

Numerous Appraisal Seminars, Courses, Lectures, etc.

PROFESSIONAL AFFILIATIONS

Appraisal Institute (MAI No. 9041)

State Certified General Real Estate Appraiser-Certificate No. TX-1322613-G

Texas Real Estate Commission (Broker)-License No. 0382964



TEXAS APPRAISER LICENSING AND CERTIFICATION BOARD

BE IT KNOWN THAT

DAVID MICHAEL AMBROSE

*HAVING PROVIDED SATISFACTORY EVIDENCE OF THE QUALIFICATIONS REQUIRED
BY THE TEXAS APPRAISER LICENSING AND CERTIFICATION ACT,
TEXAS OCCUPATIONS CODE, CHAPTER 1103,
IS AUTHORIZED TO USE THE TITLE*

**STATE CERTIFIED
GENERAL REAL ESTATE APPRAISER**

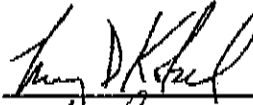
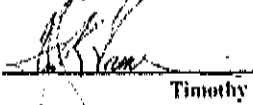
Number: TX-1322613-G

Date of Issue: January 8, 2008

Date of Expiration: February 28, 2010

In Witness Whereof



Larry D. Kokel, Chair

Timothy K. Irvine, Commissioner

Larry D. Kokel, Chair
William A. Faulk, Jr.
Donn S. Scurry

Clinton P. Sayers, Vice-Chair
Paul E. Moore
Shirley J. Ward

Malcolm J. Deason, Secretary
James B. Ratliff

Environmental DISCLOSURE FORM FOR BORROWERS AND LENDERS

Fax to Zurich North America at 303-773-1681



ZURICH

Date: <u>Nov 21, 2007</u>		E-mail address: <u>NATHANIEL@AOL.COM</u>		Bank #		Loan #	
Lender Name: <u>NATHANIEL ZURICH</u>				Phone: <u>205-283-9796</u>		Fax: <u>205-215-0268</u>	
Address: <u>1832-10th Place NW</u>				City: <u>Birmingham</u>		State: <u>Alabama</u>	
				Zip: <u>35215</u>			
Borrower Name: <u>NATHANIEL ZURICH</u>				Estimated Closing Date:		Is this first lien position on the collateral property? <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No	
New Loan: <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No		Term to maturity: <u>30 yrs.</u>		Loan Amount: <u>\$200,000.00</u>		Balloon loan <input type="checkbox"/> or fully amortized <input checked="" type="checkbox"/>	
Renewal Loan: <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No						Is this a construction loan? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	
Property Address: <u>3410-40 - Concord Road</u>				Loan to Value:		Debt Service Coverage Ratio:	
City: <u>BEAUMONT</u>		State: <u>TX</u>		Zip: <u>77703</u>		Cross Streets: <u>Delaware</u>	
Year of Construction: <u>1956</u>		Square Footage: <u>21,400 Sq. Ft.</u>		Source of Water Supply: <input checked="" type="checkbox"/> Municipality <input type="checkbox"/> Other		Wetlands on-site? <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No	
1) a. Current Property Use: (Be specific) <u>Multi-Purpose Barbara College, Night Club, Tax Office and Training</u>							
b. Past Property Use: (Be specific) <u>Grocery Store, Pet Store and Pharmacy Store</u>							
c. Proposed Property Use: (Be specific) <u>Barbara College, Training Center, Tax Office, Restaurant</u>							
2) Have any of the following operations ever been conducted on the property (check all that apply)? <u>NO</u>							
<input type="checkbox"/> dry cleaner		<input type="checkbox"/> gas station/fueling facility		<input type="checkbox"/> auto repair		<input type="checkbox"/> commercial printer	
<input type="checkbox"/> photo developer		<input type="checkbox"/> hazardous waste generator		<input type="checkbox"/> waste treatment, storage, disposal		<input type="checkbox"/> landfill manufacturing	
3) Are there currently any Above Ground Storage Tanks or Underground Storage Tanks located at this site? If yes, please specify:				Yes/No/Unknown-Explain			
- the age, size, contents of each tank				<u>NO</u>			
- is tank(s) in compliance with 1998 EPA standards							
- have the tank(s) been integrity tested, if yes, when and did tank pass							
- is there secondary containment for AST's							
4) Has there ever been any Above Ground Storage Tanks or Underground Storage Tanks located at this site? If yes, please provide details, including closure documentation and/or No Further Action letter.				Yes/No/Unknown-Explain			
				<u>NO</u>			
5) Have there been or are there currently, any occupants/tenants that generated, stored, or handled regulated substances on site? (If yes, provide details.)				Yes/No-Explain			
				<u>NO</u>			
6) Does borrower have any knowledge of a past, threatened or pending law suit or administrative proceeding concerning a release of any regulated substance or any petroleum products involving this property? (If yes, please explain)				Yes/No.-Explain			
				<u>NO</u>			
7) The undersigned has no knowledge of any past or present environmental contamination condition with respect to the real property identified above, except for the following (Write "none," if none. Attach info. if necessary.)				None or Explain			
				<u>NONE</u>			

The undersigned hereby declares that information provided in this form is true to the best of their knowledge and belief and fully understands and accepts that 1) this insurance coverage is intended for the exclusive reliance by and benefit to the lender only and does not provide any insurance coverage to the borrower, and 2) acceptance of this property for lender insurance or as collateral cannot be construed as an indication that the property is free of environmental concern or contamination. The borrower is fully responsible for completion of any investigations required to protect their interests.

Na Borrower Signature _____ Date _____ Loan Officer Signature _____ Date _____

Structural Disclosure Form

Borrower Name:	NATHANIEL JAMES
Property Address:	3410-40 - Concord Road
City/State/Zip:	Beaumont TX 77703
Year Built:	1956

	Yes	No	
1.	<input checked="" type="checkbox"/>	<input type="checkbox"/>	Seller/Owner has occupied the property within the last 12 months.
2.	<input checked="" type="checkbox"/>	<input type="checkbox"/>	I am aware of any flooding or recurring leakage problems.
3.	<input type="checkbox"/>	<input checked="" type="checkbox"/>	I am aware that the property is located in a flood plain or that I currently have flood hazard insurance on the property.
4.	<input type="checkbox"/>	<input checked="" type="checkbox"/>	I am aware of material defects in the basement or foundation (including crack and bulges).
5.	<input type="checkbox"/>	<input checked="" type="checkbox"/>	I am aware of leaks or material defects in the roof, ceiling or chimney.
6.	<input type="checkbox"/>	<input checked="" type="checkbox"/>	I am aware of material defects in the walls or floors.
7.	<input type="checkbox"/>	<input checked="" type="checkbox"/>	I am aware of material defects in the electrical system.
8.	<input type="checkbox"/>	<input checked="" type="checkbox"/>	I am aware of material defects in the plumbing system (includes such things as water heater, sump pump, water treatment system, sprinkler system, etc.)
9.	<input type="checkbox"/>	<input checked="" type="checkbox"/>	I am aware of material defects in the well or well equipment.
10.	<input type="checkbox"/>	<input checked="" type="checkbox"/>	I am aware of material defects in the fireplace or wood-burning stove.
11.	<input type="checkbox"/>	<input checked="" type="checkbox"/>	I am aware of material defects in the heating, air conditioning, or ventilating systems.
12.	<input type="checkbox"/>	<input checked="" type="checkbox"/>	I am aware of material defects in the septic, sanitary sewer, or other disposal system.
13.	<input type="checkbox"/>	<input checked="" type="checkbox"/>	I am aware of unsafe conditions in the drinking water.
14.	<input type="checkbox"/>	<input checked="" type="checkbox"/>	I am aware of unsafe concentrations of or unsafe conditions relating to asbestos on the premises.
15.	<input type="checkbox"/>	<input checked="" type="checkbox"/>	I am aware of unsafe concentrations of radon on the premises.
16.	<input type="checkbox"/>	<input checked="" type="checkbox"/>	I am aware of unsafe concentrations of or unsafe conditions relating to lead paint, lead water pipes, lead plumbing pipes or lead in the soil on the premises.
17.	<input type="checkbox"/>	<input checked="" type="checkbox"/>	I am aware of mine subsidence, underground pits, settlement, sliding, upheaval, or other earth stability defects on the premises.
18.	<input type="checkbox"/>	<input checked="" type="checkbox"/>	I am aware of current infestations of termites or other wood boring insects.
19.	<input type="checkbox"/>	<input checked="" type="checkbox"/>	I am aware of structural defect caused by previous infestations or termites or other wood boring insects.
20.	<input type="checkbox"/>	<input checked="" type="checkbox"/>	I am aware of underground fuel storage tanks on the property.
21.	<input type="checkbox"/>	<input checked="" type="checkbox"/>	I am aware of boundary or lot line disputes.
22.	<input type="checkbox"/>	<input checked="" type="checkbox"/>	I have received notice of violation of local, state or federal laws or regulations relating to this property, which violation has not been corrected.

Signed:

Nathaniel James
Borrower

Date _____



9700 W. HIGGINS RD. SUITE 1010
ROSEMONT, IL 60018
(773) 864-9700

INCOME & EXPENSE STATEMENT

ADDRESS: 3410-3440 Concord Rd., Beaumont, TX 77703

NUMBER OF UNITS: 4	NUMBER OF ADDRESSES: N/A	NUMBER OF BLDG. UNITS: None	CORPORATE UNIT?: None
	YEAR TO (1 YEAR AGO)	YEAR TO (LAST YEAR)	TIME PERIOD: 6 months
RENTAL GROSS REVENUE:	3,500 x 12 2 units 42,000.00	66,000.00	44,500.00
VACANCY ALLOWANCE (1 YR)			
OPERATIVE GROSS REVENUE (Actual Gross - Vac Allow)	42,000.00	66,000.00	44,500.00

PROPERTY EXPENSES:			
PROPERTY TAXES	6,452.00	6,586.00	6,393.00
REPAIRS & MAINTENANCE	3,600.00	3,900.00	4,100.00
UTILITIES & MAINTENANCE OF	4,200.00	6,650.00	3,000.00
DEPRECIATION RESERVE:	160,000.00	22,000.00	5,825.00
OFFICE			
Pro-Fees	3,600.00	1,000.00	0.00
PROFESSIONAL FEES (Legal & Audit)			
Advertising	4,500.00	4,000.00	500.00
ADVERTISING			
Supplies	500.00	500.00	500.00
SUPPLIES			
LIABILITIES:			
3,600.00	3,600.00	3,600.00	
NET OPERATING EXPENSES (Actual Operating Expenses)	186,452.00	47,236.00	28,718.00
NET OPERATING INCOME (Actual Operating Income)	(144,452.00)	9,264.00	15,782.00

I HEREBY CERTIFY THAT THE INFORMATION HEREON IS TRUE AND ACCURATE, AND MAY BE RELIED UPON BY THE LENDER, ITS SUCCESSORS AND AGENTS.

SIGNATURE: Nathanial Jones DATE: _____ OFFICE: _____