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Real Estate Valuation Services

Appraisal Report

Self Storage Facility known as "River Mini Storage"  
36 Sam Perl Boulevard, Brownsville, Texas 78520

Effective Date Appraisal  
April 8, 2025

Date of Appraisal Report  
April 29, 2025

Prepared for  
Rio Bank  
701 East Expressway 83  
McAllen, Texas 78501

Prepared by  
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Certified General Appraiser  
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## Real Estate Valuation Services

April 29, 2025

Rio Bank  
701 East Expressway 83  
McAllen, Texas 78501

**RE:** Hermanos Mendez LLC

**Legal Description:** 2.685 acre tract consisting of 0.792 acres out of Lot 3 and 1.893 acres out of Lot 4, B.P. Newman Subdivision, in the City of Brownsville, according to the map recorded in Cabinet 1, Slot 1621A, Map Records of Cameron County, Texas

Dear Mr. Alvarez,

In accordance with your request, we are pleased to present an appraisal report of the above referenced property.

We have personally inspected the property and have made a careful and detailed study of all factors pertinent to the opinion of value. The accompanying report contains the result of our investigation and analysis and sets forth any extraordinary assumptions or hypothetical conditions.

In our opinion, the "As Is" Market Value of the Fee Simple Interest in the subject property described above as of April 8, 2025, is:

**One Million Nine Hundred Eighty Thousand Dollars**  
**\$1,980,000**

The market exposure time preceding April 8, 2025 would have been 9-12 months and the estimated marketing time as of April 8, 2025 is 9-12 months.

We trust this report satisfies the conditions of your request. Please call on us if any item is not clear or if further explanation of any point in this report would be helpful.

This appraisal report complies with the Uniform Standards of Professional Appraisal Practice, as promulgated by the Appraisal Standards Board of the Appraisal Foundation and comply with Standards of Professional Practice and Code of Ethics of the Appraisal Institute, as well as all reporting requirements of the client, Rio Bank. This appraisal report meets the requirements set forth under Standards Rule 2-2 (a) of the Uniform Standards of Professional Practice for an Appraisal Report.

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Real Estate Valuation Services  
George J. Salazar II, State Certified General Appraiser

This letter is intended to transmit the attached appraisal report which sets forth the identification of the property, the assumptions and limiting conditions, pertinent facts with reference to the area and the subject property, comparable data, the results of the investigations and analysis, and the reasoning to the conclusions of set forth.

Thank you for the confidence placed in us by virtue of this assignment and for the opportunity of providing our appraisal services to you.

Sincerely,

A handwritten signature in blue ink, appearing to read "George Salazar II", with a stylized flourish at the end.

George Jaime Salazar II  
Certified Appraiser

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## SUBJECT PHOTOGRAPHS



### Exterior Views





Exterior Views





## Exterior Views





Exterior Views





Sam Perl Boulevard Viewing East & West



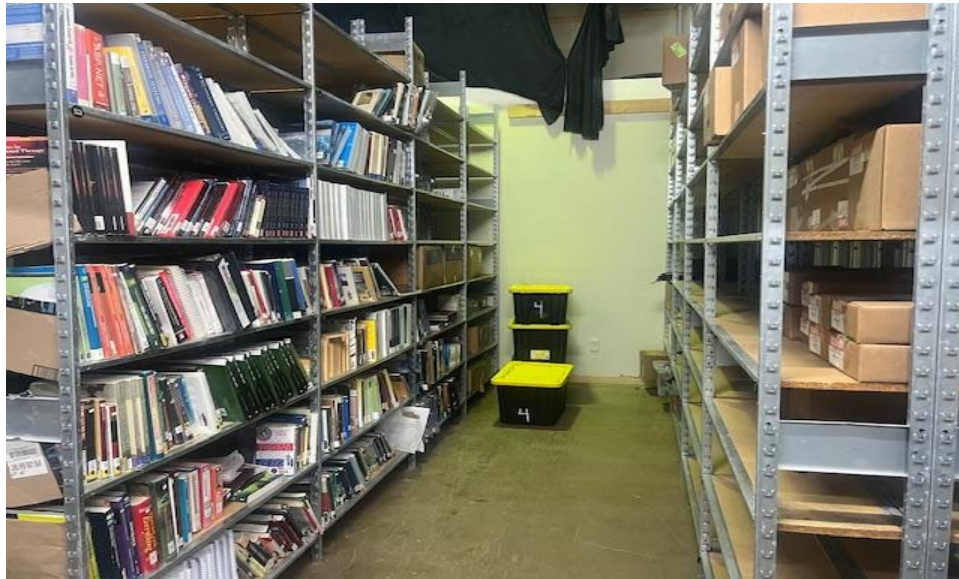


Interior Views





Interior Views





Interior Views



# PROPERTY LOCATION MAP



## EXECUTIVE SUMMARY

<b>Subject</b>	Self Storage Facility known as "River Mini Storage"
<b>Address</b>	36 Sam Perl Boulevard, Brownsville, Texas 78520
<b>Legal Description</b>	2.685 acre tract consisting of 0.792 acres out of Lot 3 and 1.893 acres out of Lot 4, B.P. Newman Subdivision, in the City of Brownsville, according to the map recorded in Cabinet 1, Slot 1621A, Map Records of Cameron County, Texas
<b>Intended User(s)</b>	Rio Bank
<b>Intended Use</b>	Loan underwriting and or credit making decisions
<b>Values Concluded</b>	Fee Simple
<b>Effective Date of Report</b>	April 8, 2025
<b>Report Date</b>	April 29, 2025
<b>Owner of Public Record</b>	Hermanos Mendez LLC
<b>Most Probable Purchaser</b>	Investor
<b>Hypothetical Condition</b>	A hypothetical condition is a condition contrary to know fact on the date of appraisal and is defined as: A condition, directly related to a specific assignment, which is contrary to what is known by the appraiser to exist on the effective date of the assignment results but is used for the purpose of analysis. None
<b>Extraordinary Assumption</b>	Is "an assignment -specific assumption as of the effective date regarding uncertain information used in an analysis which, if found to be false, could alter the appraiser's opinions or conclusions" See Page 20
<b>Highest &amp; Best Use</b>	
<b>"As Vacant"</b>	The highest & best use "as vacant" is for commercial development as warranted by demand.
<b>"As Improved"</b>	The highest & best use "as improved" is for continued use as a self storage facility

VALUE INDICATIONS	
"As Is Value"	
<b>Cost Approach</b>	\$ -
<b>Income Capitalization Approach</b>	\$ 1,950,000
<b>Sales Comparison Value</b>	\$ 2,005,000
<b>Total "As Is" Value</b>	\$ 1,980,000
<b>Marketing &amp; Exposure Time</b>	The subject property represents a storage facility in the City of Brownsville. Prospects are favorable in the future for expansion. The per square foot values in the area have steadily increased with over the last 24 months with stabilization occurring at the present time. The appraiser estimates a marketing time for to be 9-12 months, with an exposure time of 9-12 months.

## COMPETENCY PROVISION

The Competency Provision of the Uniform Standards of Professional Practice requires that the appraiser properly identify the appraisal problem to be addressed and have the knowledge and experience that will be required to complete the assignment competently. George J. Salazar II is a State Certified General Real Estate Appraiser. He has been in real estate appraising industry in the Rio Grande Valley of Texas since 2005. As such, he does possess the knowledge and experience to complete an appraisal of the type of property appraised in this report. Additionally, he has reviewed the subject area and has an understanding of the demographics, costs, sales, rentals, and data germane to the appraisal of real property in the Rio Grande Valley area. Reference may be made to the Qualifications of the Appraiser which is included in this report. References, in addition to those provided, are available upon request.

## IDENTIFICATION OF THE PROPERTY

<b>Property Name</b>	Self Storage Facility known as "River Mini Storage"
<b>Address</b>	36 Sam Perl Boulevard, Brownsville, Texas 78520
<b>Property Description</b>	The subject site is improved with a single story self storage facility that consists of 135 units of which 60 are climate controlled units and 75 are non-climate controlled units. The total square footage is 24,590 +/- square feet of which 9,000 square feet is the non climate controlled storage units and 15,590 square feet is the climate controlled storage units. Exterior construction is pre fabricated metal on a concrete slab foundations. Interior of the units have minimal finish. The unit sizes are as follow (61) 5' x 10', (23) 10' x 10', (10) 10' x 15', (36) 10' x 20', (1) 20' X 28', (1) 25' X 28', (1) 28' X 38', (1) 40' x 60' x 10' and (1) 50' x 70' x 10'. In addition there are also 23 0.5' x 0.5' units. Note: The climate controlled units have a wide range of unit sizes which is generally not typical of self storage units facilities. As per the Cameron County Appraisal District the building was constructed in 1999. The building is in average condition and is considered to have an effective age of 20 years with a remaining economic life of 25 years. Other improvements include concrete paved drives, perimeter fencing with access gate, signage, and minimal landscaping.
<b>County</b>	Cameron
<b>Assessor's Parcel Number</b>	386082 / 01-4562-0010-0041-00
<b>Legal Description</b>	2.685 acre tract consisting of 0.792 acres out of Lot 3 and 1.893 acres out of Lot 4, B.P. Newman Subdivision, in the City of Brownsville, according to the map recorded in Cabinet 1, Slot 1621A, Map Records of Cameron County, Texas
<b>Site Area</b>	2.685 Acres / 116,959 Square Feet
<b>Census Tract</b>	140.01
<b>Zoning</b>	Regional Center (RC)
<b>Flood Information</b>	Flood Zone "A", Fema Map Panel No. 48061C0575F dated February 16, 2018. This zone is inside the 100 year flood plain and does require flood insurance.

# **TRANSFER & LISTING HISTORY, CONTRACTS, & LEASE AGREEMENTS**

## **Transfer History**

The subject property has been under continuous ownership of Hermanos Mendez, LLC has been since September 9, 2021 as per Special Warranty Deed with Vendor's Lien #2021-36455 recorded in Cameron County Deed Records.

There have been no additional known transfers involving the subject property within the three-year period preceding the effective date of report.

## **Listing History**

As per Rio Grande Valley Association and The Greater McAllen Association of Realtors' Multiple Listing Service, the subject property is not currently listed nor has been within the 12-month period preceding the effective date of the report, however the property is being marketed for sale on Loopnet for a reported \$2,200,000

## **Contract**

There are no known contracts for sale, offerings, or options involving the subject property.

## **Lease Agreements**

The lease agreements in place are leased between related parties therefore this section is considered as owner occupied.

## ASSESSMENT & TAX DATA

Real estate taxes in the state and this jurisdiction represent ad valorem taxes, meaning a tax applied in proportion to value. The real estate taxes for an individual property are determined by multiplying the assessed value by the composite rate, which is expressed as a percentage. Real estate taxes and assessments for the 2025 tax year are shown in the following table.

Self Storage Facility known as "River Mini Storage"					
36 Sam Perl Boulevard, Brownsville, Texas 78520					
Property ID #386082 & 384648					
Geographic ID # 01-4562-0010-0041-00 & 01-4562-0010-0032-00					
Entity	Tax Rate	Land Value	Improved Value	Total Value	Taxes
Hidalgo County	0.431893	\$292,396	\$890,573	\$1,182,969	\$5,109.16
City of Brownsville	0.607987	\$292,396	\$890,573	\$1,182,969	\$7,192.30
Brownsville ISD	1.030964	\$292,396	\$890,573	\$1,182,969	\$12,195.98
Brownsville Navigation District	0.025589	\$292,396	\$890,573	\$1,182,969	\$302.71
South Texas School	0.049200	\$292,396	\$890,573	\$1,182,969	\$582.02
Texas Southmost College District	0.119767	\$292,396	\$890,573	\$1,182,969	\$1,416.81
<b>Total</b>	<b>2.265400</b>	<b>\$292,396</b>	<b>\$890,573</b>	<b>\$1,182,969</b>	<b>\$26,798.98</b>

## **PURPOSE OF THE APPRAISAL**

The purpose of the appraisal is to develop an opinion of the market value as is, pertaining to the fee simple interest in the property as of the effective date of the appraisal, April 8, 2025. The date of the report is April 29, 2025. The appraisal is valid only as of the stated effective date or dates.

### **Definition of Market Value**

Market value is defined as:

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

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

Market value, as used herein, is defined by The Appraisal of Real Estate, 14th Edition, Appraisal Institute)

### **Definition of Property Rights Appraised**

Fee Simple: An absolute Fee Simple interest is without limitations to any particular class of heirs or restrictions, but subject to the limitations of police power, eminent domain, taxation and escheat. The Market Value fee estate of this report is additionally subject to: Existing leases and rights of parties in possession, Easements and reservations as

may appear upon the recorded map and plat of the subdivision or otherwise of record, & Vertical interests to include prior reservations of oil, gas and/or other mineral interests. (Dictionary of Real Estate Appraisal)

### **Intended Use and User**

The intended use of the appraisal is for loan underwriting purposes. The client and intended user is Rio Bank. The appraisal is not intended for any other use or user. No party or parties other than Rio Bank may use or rely on the information, opinions, and conclusions contained in this report.

### **Applicable Requirements**

This appraisal is intended to conform to the requirements of the following:

Uniform Standards of Professional Appraisal Practice (USPAP); Code of Professional Ethics and Standards of Professional Appraisal Practice of the Appraisal Institute; Applicable state appraisal regulations; Appraisal requirements of Title XI of the Financial Institutions Reform, Recovery and Enforcement Act of 1989 (FIRREA), revised April 9, 2018; Interagency Appraisal and Evaluation Guidelines issued December 10, 2010; Appraisal guidelines of Rio Bank Source 323.2(f)

### **Prior Services**

USPAP requires appraisers to disclose to the client any other services they have provided in connection with the subject property in the prior three years, including valuation, consulting, property management, brokerage, or any other services. We have performed no services, as an appraiser or in any other capacity, regarding the property that is the subject of this report within the three-year period immediately preceding the agreement to perform this assignment.

### **Scope of Work**

Scope of Work defined: Scope of Work is defined as the type and extent of research and analysis in an assignment.

The Scope of Work Rule requires an appraiser to complete the following three elements in performing and communicating the results of an appraisal:

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

Scope of work includes, but is not limited to the following considerations:

- The extent to which the property is identified,
- The extent to which tangible property is inspected,
- The type and extent of data researched, and
- The type and extent of analysis applied to arrive at opinions and conclusion.

**Report Type:** This is an Appraisal Report as defined by Uniform Standards of Professional Appraisal Practice under Standards Rule 2-2(a). This format provides a summary or description of the appraisal process, subject and market data and valuation analyses.

**Property Identification:** The subject has been identified by the legal description and the assessors' parcel number.

**Inspection:** A limited exterior and interior inspection of the subject property has been made, and photographs taken.

**Market Area and Analysis of Market Conditions:** A complete analysis of market conditions has been made. The appraiser maintains and has access to comprehensive databases for this market area and has reviewed the market for sales and listings relevant to this analysis.

**Highest and Best Use Analysis:** A complete “as vacant” and “as improved” highest and best use analysis for the subject has been made. Physically possible, legally permissible and financially feasible uses were considered, and the maximally productive use was concluded.

## **Type of Value: Market Value**

### **Valuation Analyses**

The typical valuation of real property includes the consideration of the Cost Approach, the Sales Comparison Approach, and the Income Capitalization Approach. A brief synopsis of each of the three valuation approaches is as follows:

The Cost Approach is a valuation approach whereas the appraiser(s) derive a value by estimating the current cost to construct a reproduction of or replacement for the existing structure inclusive of entrepreneurial incentive, deducting for all forms of depreciation and adding the estimated land value. Reproduction cost is the cost of construction, at current prices, an exact duplicate, or replica, using the same materials, construction standards, design, layout and quality of workmanship and embodying all of the deficiencies, super adequacies and obsolescence of the subject property. Replacement cost is the cost of construction, at current prices, a property that has utility equivalent to the property being appraised but built with modern materials and according to current standards, design, and layout.

The Income Approach is a valuation approach by which the appraiser(s) derive a value indication for income-producing property by converting anticipated benefits (cash flows and reversions) into property value. This approach involves either a direct capitalization method or a discounted cash flow analysis. Direct capitalization is a method used to convert a single year's income expectancy into an indication of value by dividing the net income by a market abstracted overall rate. The discounted cash flow analysis is a set of procedures in which the quantity, variability, timing and duration of periodic income, as well as the quantity and timing of reversions, are specified and discounted to present value at a market derived yield rate.

The Sales Comparison Approach is a valuation approach by which the appraiser(s) derive a value indication by comparing the property being appraised to similar properties that have recently sold. The application involves applying appropriate units of comparison and

estimating adjustments, based on elements of comparison, to the sale prices of the comparable sales and-or listing.

The appraiser will utilize the direct sales comparison approach and income approach only for the valuation of the subject property. The cost approach is not considered applicable due to the age of improvements. It is the appraiser's opinion that a credible value opinion can be produced utilizing only the sales comparison approach and income approach to value.

### **Extraordinary Assumptions**

An Extraordinary Assumption is defined as "an assumption, directly related to a specific assignment, which, if found to be false, could alter the appraiser's opinions or conclusions. Extraordinary assumptions presume as fact otherwise uncertain information about physical, legal or economic characteristics of the subject property; or about conditions external to the property such as market conditions or trends; or about the integrity of data used in an analysis". The appraiser has made some basic assumptions, including the following: There are no adverse environmental conditions (hazardous wastes, toxic substances, etc.) present in the improvements, on the site, or in the immediate vicinity of the subject property and that there are no significant discrepancies between the public record information or other data sources and the existing site or improvements. Additionally, the appraiser assumes that the interior of the building be in useable condition. **The appraiser reserves the right to amend or revise report if new information is provided by client.**

### **Hypothetical Conditions**

A Hypothetical Condition is defined as "that which is contrary to what exists but is supposed for the purpose of analysis. Hypothetical conditions assume conditions contrary to known facts about physical, legal or economic characteristics of the subject property; or about conditions external to the property such as market conditions or trends; or about

the integrity of data used in an analysis". **There are no hypothetical conditions associated with this report.**

## NEIGHBORHOOD & MARKET AREA ANALYSIS

A market area can be a portion of a larger community in which there is a homogenous group of inhabitants, buildings, and business enterprises in which inhabitants may have a common community interest and a similarity of economic levels or cultural backgrounds. Market area boundaries may consist of well-defined natural or man-made barriers or they can be more or less well defined such as by a district or a change in land use. They may be devoted to such uses as residential, commercial, agricultural, or a mix of uses. Analysis of the 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 market area also directly affect the individual properties within it.

This section of the analysis is designed to isolate and examine the discernible economic trends in the Brownsville/Harlingen metropolitan area. The discussion below is broken down between the property's regional and neighborhood influences followed by a market analysis.

The Brownsville/Harlingen MSA currently includes:

- The County of Cameron;
- The jurisdictions included in the Brownsville/Harlingen MSA are Bayview, Brownsville, Combes, Harlingen, Indian Lake, Laguna Vista, Los Fresnos, Los Indios, Palm Valley, Port Isabel, Primera, Rancho Viejo, Rangerville, Rio Hondo, San Benito, San Rosa, South Padre Island, and various other unincorporated communities. A map of the MSA is shown below:



## Demographic Trends

The subject market area represents a fast-growing area of the Rio Grande Valley. We analyzed demographic trends for the area, including population and household characteristics. In addition to the Brownsville-Harlingen MSA, we have included the primary neighborhood within 1 mile of the subject property, and the figures for the state of Texas and the nation for comparison purposes. As previously noted, the Brownsville-Harlingen MSA comprises all of Cameron County. The following is an illustration of the demographics for the market area.

<b>Select Demographics</b>				
<b>Comparison</b>	<b>United States</b>	<b>Texas</b>	<b>Harlingen-Brownsville MSA</b>	<b>1-Mile Radius from Subject Property</b>
<b>Population</b>				
2021 Total Estimated Population	333,934,112	29,969,514	441,679	15,730
2021 Median Age	38.8	35.3	31.9	32.2
2026 Total Projected Population	345,887,495	32,346,738	457,153	16,281
2026 Median Age	39.5	35.8	33.0	32.5
2021-2026 Population Annual Growth Rate	0.71%	1.54%	0.69%	0.69%
<b>Households</b>				
2021 Estimated Households	126,470,675	10,615,809	130,613	4,787
2021 Average Household Size	2.58	2.77	3.35	3.29
2026 Projected Households	131,047,364	11,454,078	135,355	4,941
2026 Average Household Size	2.58	2.77	3.79	3.29
2021-2026 Household Annual Growth Rate	0.71%	1.53%	0.72%	0.64%
<b>Income</b>				
2021 Median Household Income	\$64,730	\$63,524	\$40,422	\$56,546
2021 Median Home Value	\$264,021	\$224,879	\$98,284	\$176,595
Value to Income Ratio	4.08	3.54	2.43	3.12
2021 Per Capita Income	\$35,106	\$32,007	\$17,367	\$21,750
<b>Housing Type</b>				
2021 Total Housing Units	142,853,336	11,734,675	156,840	5,179
2021 Owner-Occupied Housing Units	57.3%	57.3%	56.7%	56.7%
2021 Renter Occupied Housing Units	31.2%	33.1%	28.7%	35.7%
2021 Vacant Housing Units	11.5%	9.5%	16.7%	7.6%

The demographics indicate that the neighborhood within 1 mile of the subject property has grown steadily over the past 10 years out pacing the state and nation overall. This is due to the large amount of available land in the area for additional growth as the immediate area is within the natural growth path as development moves east and south. The immediate area is a growing neighborhood within the city with an average household size and median age smaller and older than the county. Median income and home values are higher than the MSA overall, with home values being below the levels for the state and nation. Historically, the neighborhood had a small percentage of rental households compared to the county overall.

Over the next 5 years, Esri projects the population growth to increase slightly within the subject neighborhood. This is reasonable considering the fact that the incremental growth rate slows with an increasingly large population base. Population growth is expected to outperform the county and state during the next 5 years. This is reasonable given the increasing population and large amount of unimproved land available for expansion.

**Employment and Labor Statistics**

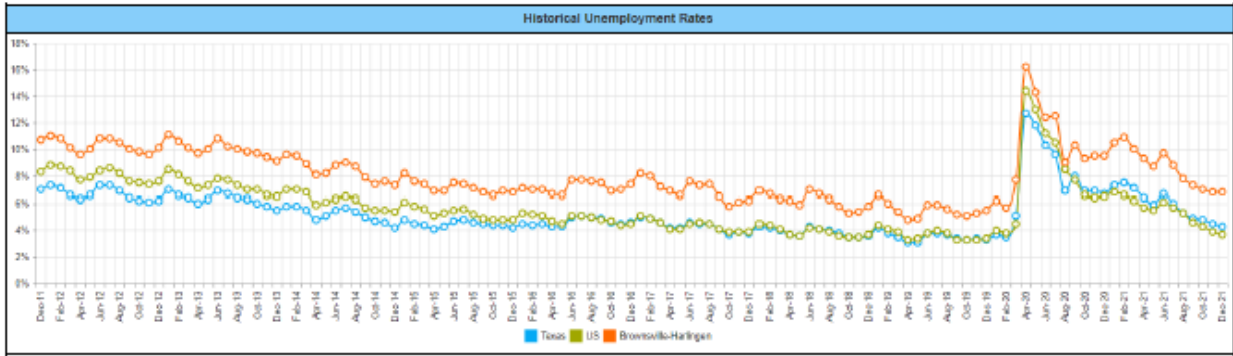
**Employment Trends**

According to the Texas Workforce Commission, the MSA has a December 2021 unemployment rate of 6.8% as illustrated in the following table.

<b>Brownsville-Harlingen MSA Employment Trends</b>				
	<b>Dec-21</b>	<b>Nov-21</b>	<b>Dec-20</b>	<b>Yearly Change</b>
<b>MSA Labor Force Statistics</b>				
Civilian Labor Force	170,564	170,542	169,862	702
Employed	158,998	158,863	153,750	5,248
Unemployed	11,566	11,679	16,112	-4,546
Unemployment Rate	6.8%	6.8%	9.5%	-2.7%
<b>TX Labor Force Statistics</b>				
Civilian Labor Force	14,398,693	14,429,974	14,139,874	258,819
Employed	13,785,955	13,775,211	13,191,324	594,631
Unemployed	612,738	654,763	948,550	-335,812
Unemployment Rate	4.3%	4.5%	6.7%	-2.4%
<b>US Labor Force Statistics</b>				
Civilian Labor Force	161,696,000	162,099,000	160,017,000	1,679,000
Employed	155,732,000	155,797,000	149,613,000	6,119,000
Unemployed	5,964,000	6,302,000	10,404,000	-4,440,000
Unemployment Rate	3.7	3.9	6.5	-2.8%

Source: Texas Labor Information, Texas Workforce Commission

Over the last year, the September unemployment rate increased substantially from the prior year, but it represented continued declines from the April peak. The unemployment rate in the MSA has generally been higher than the state and national unemployment rate with a lower rate of job gains. This is expected to continue. The following chart provides the long-term trends.



**COVID-19 and Employment:** The following charts published October 5, 2020 by the Texas A&M University Real Estate Center in the online report, COVID-19 Impact Projections on Texas' Economy, illustrate the dramatic shift in market dynamics over the past several months. The report is based on data through September 26, 2020.

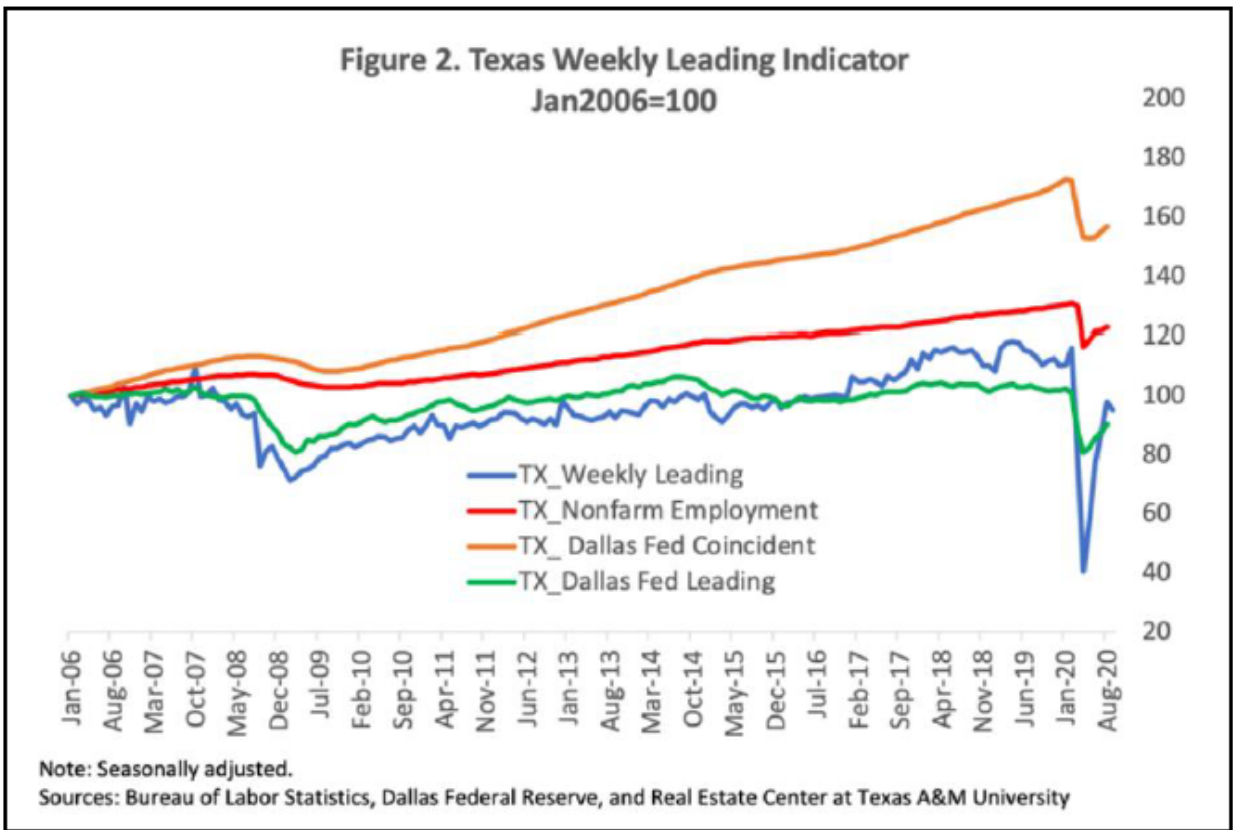
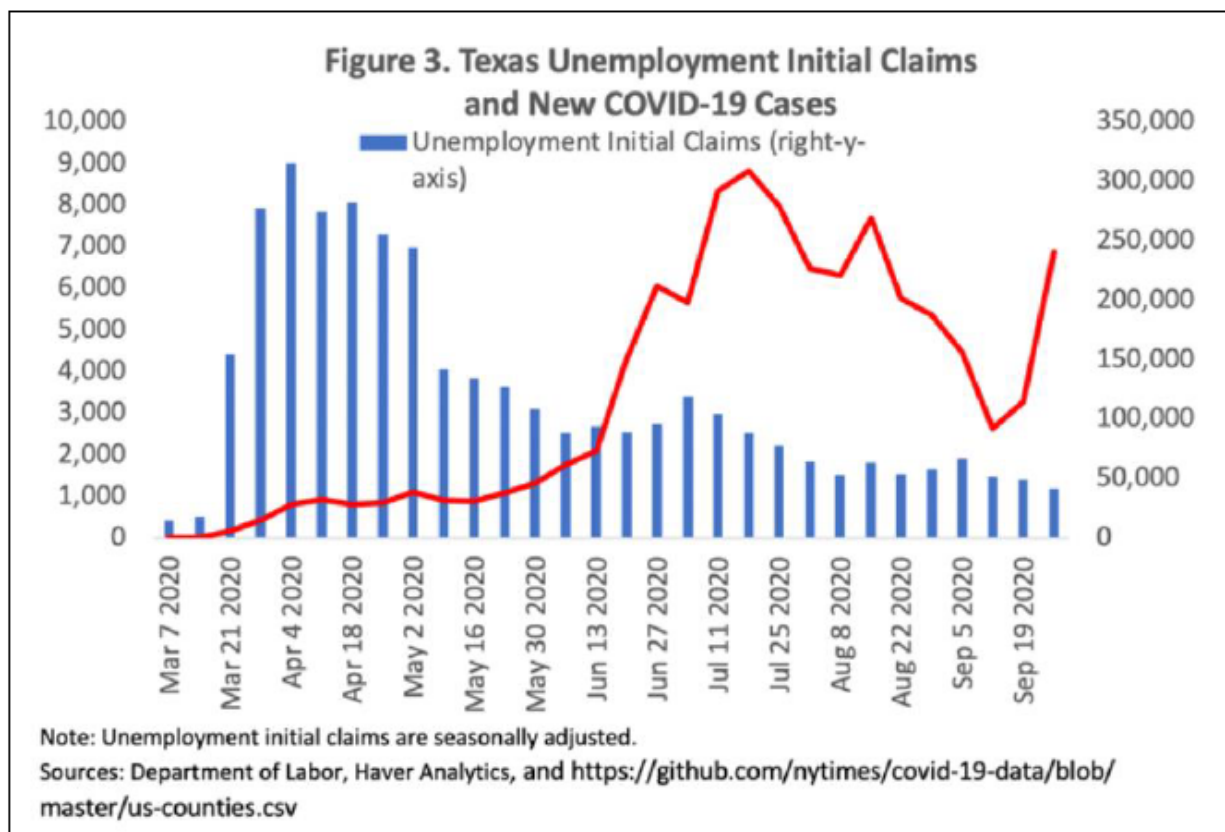


Figure 1 from their report provides the trend line on the Texas Weekly Leading Indicator (Index 01/07/2006=100), but we have not included a copy of that chart because the trendline is reproduced in Figure 2 in comparison to related indices.

They report that economic activity continues to improve, but it is hindered by incomplete reopening's and continued fluctuations in COVID-19 caseloads. They report that contributing to the improvement in the weekly index was the increase in real pricing of West Texas Intermediate oil. However, this was tempered by a small increase in the 10-year Treasury rate, which they report continues to exhibit a negative return in real terms. First time unemployment insurance claims have continued to decline, even as COVID-19 cases have recently spiked. This is illustrated in Figure 3 below.



They note, however, that new business license applications continued to decline, but they indicate that this may be related to the very large number of applications that were processed during July 2020 as the state economy was more fully opened.

Due to the improvement in unemployment, the Texas Workforce Commission announced October 9, 2020 that as of October 11, 2020 the state is no longer authorized to pay High

Unemployment Period Extended Benefits. Although this is due to improvements in the unemployment rate, there is some risk that the termination of benefits will negatively impact the recovery as individuals remaining unemployed will experience a decrease in weekly income.

## **Trade and Industry Sectors**

### **International Trade**

Because of the geographic location along the United States/Mexico Border and proximity to other major US metropolitan areas (San Antonio and Houston) the Rio Grande Valley has high rates of international travel for retail and trade. The Office of the United States Trade Representative reports 2018 international trade with Mexico at \$265 billion in exports and \$346 billion in imports. Mexico is the second largest export destination after Canada and the largest source for imports in the Western Hemisphere. Cameron County, with its numerous ports of entry, is one of the United States' most important import links with Mexico. This position should continue to strengthen as the Rio Grande Valley is seeing more importation of fresh produce and industrial goods from the Mexican interior due the Durango-Mazatlán Highway shifting trade patterns in its favor. Uncertainty regarding the North American Free Trade Agreement has been abated with the adoption of the USMCA (United States Mexico and Canada) trade agreement, which became effective in July 2020.

**COVID-19 and Bridge Crossings:** Travel restrictions were implemented at the end of March 2020, and border crossings were limited to what was categorized as essential travel. The restrictions were initially set to expire in June 2020, but they were extended to multiple times until being removed in November 2021. During this period, travel is restricted to US citizens returning to the US unless individuals are traveling for medical purposes, to attend education institutions, to work in the US, military and government business, and for lawful cross-border trade. However, reports are that many others continue to cross, which has contributed to substantial delays. North-South Cargo crossing are not affected, and bridge hours are not restricted. This has negatively

impacted the service and retail sectors throughout the Rio Grande Valley and has contributed to the increasing unemployment rate.

Most market participants expect traffic to rebound once restrictions are lifted and acknowledge that the substantial decline in demand is caused from external forces and not due to oversupply or market change. However, the length of time the restrictions are in place may negatively affect the ability of businesses to remain open with extended periods of greatly reduced traffic. In addition, ongoing health concerns may limit the resurgence of travel until a vaccine is more thoroughly distributed. At this time, market participants expect improvements to slowly occur over the next year as personal travel increases and economic activity rebounds.

## **Local Trade**

The subject property is located within the Brownsville-Harlingen Metropolitan Statistical Area (MSA) as tracked by the Texas Workforce Commission. The largest employment sector reported for the fourth quarter of 2021 was Education and Health Services, at just under a third of employment. This was followed by Public Administration and Trade, Transportation, and Utilities. Trade and transportation are a major economic component of the Brownsville-Harlingen MSA and Rio Grande Valley due to the border economy.

The resident population within the subject neighborhood has a higher percentage of employment in the Retail Trade and Services sectors than the county, state, or nation overall. This has directly contributed to the large increase in unemployment since April 2020 and continued underperformance compared to the state or nation overall. Employment by industry and occupation are shown in the following table.

<b>Employment by Industry and Occupation</b>				
<b>Comparison</b>	<b>United States</b>	<b>Texas</b>	<b>Harlingen / Brownsville MSA</b>	<b>1-Mile Radius from Subject Property</b>
<b>2021 Employed Population 16+ By Industry</b>				
Agriculture/Mining	1.7%	2.7%	1.2%	10.0%
Construction	7.1%	9.2%	7.9%	4.3%
Manufacturing	9.9%	8.4%	5.2%	4.9%
Wholesale Trade	2.5%	2.8%	2.2%	3.8%
Retail Trade	10.7%	11.1%	12.4%	6.8%
Transportation/Utilities	6.0%	6.5%	4.9%	5.3%
Information	1.8%	1.5%	1.3%	0.5%
Finance/Insurance/Real Estate	7.1%	7.4%	4.9%	2.6%
Services	48.0%	46.0%	23.5%	23.4%
Public Administration	5.2%	4.5%	4.7%	14.5%
<b>2021 Employed Population 16+ By Occupation</b>				
White Collar	63.1%	61.7%	53.6%	68.9%
Management/Business/Financial	17.9%	17.5%	10.7%	16.4%
Professional	24.8%	23.0%	18.9%	33.6%
Sales	9.3%	10.1%	10.5%	8.1%
Administrative Support	11.2%	11.1%	11.6%	10.8%
Services	15.1%	14.7%	23.5%	17.3%
Blue Collar	21.8%	23.6%	22.9%	13.9%

Source: Market Profile, Esri, Inc., compiled by Terry Appraisal Group, LLC

Note that not all columns equal 100.0% due to rounding.

## Space & Aviation

According to the Brownsville Economic Development Corporation in September 2014, SpaceX held the groundbreaking for the world's first ever commercial orbital launch site to be located at Boca Chica Beach, outside the city of Brownsville. From this site, the company plans to make 12 annual launches using its Falcon 9 and Falcon Heavy vehicles. SpaceX designs, manufactures and launches the world's most advanced rockets and spacecraft. SpaceX presence in the region is helping cultivate the future aerospace cluster in the Brownsville area and provide innovation and entrepreneurship opportunities in the space and technology sectors.

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The Brownsville/Harlingen MSA is served by two general aviation ports, Valley International Airport in Harlingen and Brownsville/South Padre Island International Airport in Brownsville. Carriers include United, American, Allegiant, Delta, and Sun Country Airlines.

## **Education**

Educational attainment is reported for persons age 25 and older. This is the traditional age by which most people have completed their formal education, although a trend has developed in recent years or persons to return for schooling past age 25. Still, these figures provide a picture of the general educational level of the population. Educational attainment is usually associated with income. In 2019, the educational attainment of the population aged 25 years or older in the market area was distributed as follows:

- 31.6 percent had not earned a high school diploma
- 21.1 percent were high school graduates only
- 17.1% had some college but no degree
- 13.0 percent had an Associates of Bachelor's degree
- 5.4 percent had earned a Master's/Professional/Doctorate Degree

Higher education is obtained from multiple colleges and universities in the Rio Grande Valley. The University of Texas-Rio Grande Valley, a comprehensive regional institution serving the Rio Grande Valley is located in both Edinburg and Brownsville. UTRGV is the fourth largest university in the University of Texas System and the 9th largest in the state with a current enrollment in excess of 28,000 students. There are eleven academic divisions offering over forty bachelor's degrees and over forty master's degrees in more than fifty fields of the sciences, business, arts and humanities, education and social and behavioral sciences. The University of Texas Rio Grande Valley was created by the Texas Legislature in 2013 and combined the resources and assets of the University of Texas at Brownsville and the University of Texas-Pan American. The combined universities will benefit from the Permanent University Fund - a public endowment

contributing support to the University of Texas System and the Texas A&M University System. The inaugural class of first year students began during the fall 2015 semester.

Texas State Technical College provides technical and vocational education in subjects including computer and office skills, printing, drafting, electronics, automotive, truck and farm machinery repairs, welding, medical and dental technology, and other fields of modern technology. The University of Texas at Brownsville, in partnership with Texas Southmost College is located on 54 acres of the historic Fort Brown, one block from the Texas/Mexico border. Educational opportunities include certificates and Associate of applied Science degrees in occupational and technical fields to Bachelor's and Master's degrees in Business, Education, and Arts and Sciences. The expanded curriculum helps to attract new businesses to the Valley by providing bicultural, and locally educated workers.

All sources of information indicate that the southwest region of the United States and the Texas Gulf Coast constitutes one of the country's expanding areas. Located at the extreme southern tip of Texas is Brownsville. Commercially and industrially, this area is well established. The availability of land for expansion, an expanding labor supply, climate and natural resources is an asset for advancement. Capital investment, together with management skills, insures a continued optimism in this area.

### **Real Estate Market**

Cameron County benefits from a unique combination of ports: air, rail, highway, deep water, and border bridge crossings. An area's fortunes rise and fall based on its industry and the region's industrial real estate is growing and showing signs of strengthening. Over the past year, industrial vacancy has increased slightly while quoted rental rates have increased and industrial supply has increased. There are several major projects in the pipeline that should continue to strengthen the industrial market, including: several LNG companies vying to build liquefied natural gas export terminals near the Port of Brownsville, a proposed steel plant for Big River Steel, and Elon Musk's SpaceX rocket assembly and launch facility on the Boca Chica peninsula.

## **Conclusions**

Although the Retail and Services sectors have been negatively impacted by the COVID-19 pandemic, most people at this time expect an economic recovery to occur in the near term, although there is disagreement on how soon it will occur. Population growth is expected to continue, but it will most likely be affected by local job growth and employment rates.

# MARKET AREA ANALYSIS

## Location

The subject site is located on 36 Sam Perl Boulevard, Brownsville, Texas. The subject's neighborhood is bound by the city limits of Brownsville to the north, south, east and west. Overall, the subjects market area is within the Brownsville MSA.

## Access and Linkages

Important location factors for the subject include size of market, population characteristics and proximity to employment generators to name a few. Major thoroughfares serving the neighborhood include Sam Perl Boulevard and Elizabeth Street. Public transportation is provided by Valley Metro and provides access to most communities within the area. Overall, the primary mode of transportation in the area is the automobile.

## Land Use

The area is suburban in character and is approximately 75% developed. Properties in the immediate area include residential to the south, east and west. Additional commercial developments are near the subject along Sam Perl Boulevard include service stations, offices, retail centers, and other local businesses which cater to the area.

## Outlook and Conclusions

The immediate area of the subject is primarily commercial development with residential developments within the interior. However, some new single and multi-family development has been occurring throughout portions of the neighborhood. Based on the current fundamentals of the local market, we anticipate that property values, as well as occupancy levels and rental rates will remain stable and in-line with continued neighborhood growth.

## SITE ANALYSIS

Land Description	
<b>Land Area (Acres / Sq. Ft.)</b>	2.685 Acres / 116,959 Square Feet
<b>Source of Land Area</b>	Cameron County Appraisal District, Survey
<b>Primary Street Frontage</b>	378.86' feet +/- of frontage along the south side of Sam Perl Boulevard
<b>Depth</b>	256.81' feet +/-
<b>Shape</b>	Irregular
<b>Corner Lot</b>	No
<b>Topography</b>	Level
<b>View</b>	Typical
<b>Access</b>	Sam Perl Boulevard
<b>Drainage</b>	Adequate
<b>Site Visibility</b>	Good
<b>Street Lighting</b>	Adequate
<b>Sidewalks</b>	None
<b>Curb and Gutter</b>	None
<b>Landscaping</b>	Minimal
<b>Soil Conditions</b>	Adequate
<b>Environmental Hazards</b>	None noted at the time of inspection
<b>Encumbrance / Easements</b>	No adverse easements or encroachments were noted at the time inspection. All easements are considered typical utility easement and road right of way.
<b>Flood Area Panel Number</b>	48061C0575F
<b>Date</b>	2/16/2018
<b>Flood Zone</b>	A
<b>Flood Zone Comments</b>	Inside the 100 year flood plain and does not require flood insurance
<b>Area in Flood Zone</b>	Yes

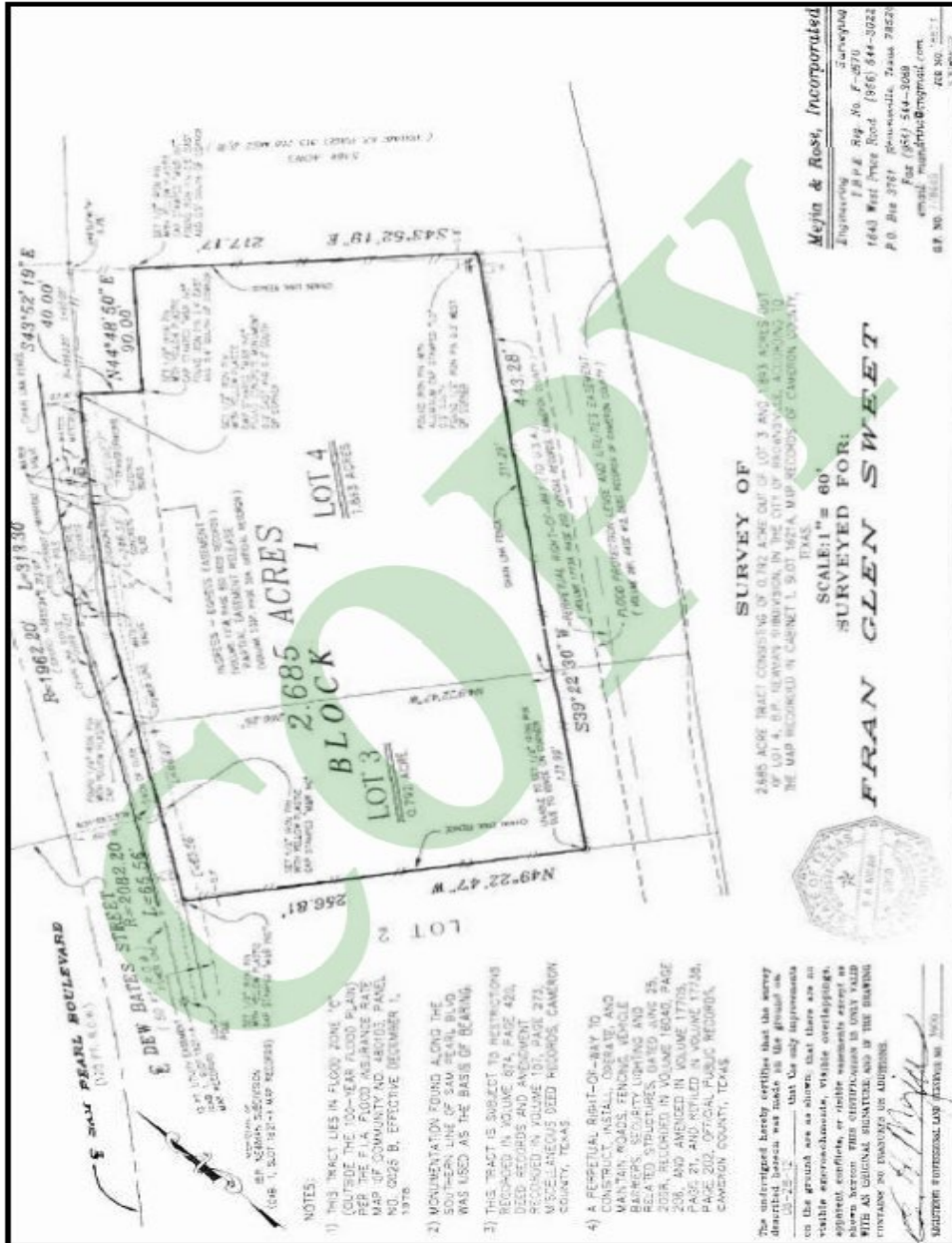
<b>Zoning: Other Regulations</b>	
<b>Zoning Jurisdiction</b>	City of Brownsville
<b>Zoning Designation</b>	Regional Center (RC)
<b>Description</b>	The RC is intended to accommodate auto-oriented and other heavy commercial uses, especially with a regional focus along the city's major arterials and highways. These uses are subject to frequent view by the public given their prominent location along the major corridors. Development should be operated in a relatively clean and quiet manner, and should not be obnoxious to nearby residential or commercial uses. Higher intensity residential uses may be permitted at mid-block locations or as transitions from high traffic corridors to existing neighborhoods
<b>Legally Conforming</b>	Yes
<b>Zoning Change Likely</b>	No
<b>Permitted Uses</b>	Commercial
<b>Other Land Use Regulations</b>	No
<b>Utilities</b>	
<b>Adequacy of Utilities</b>	Average
<b>Electricity</b>	Available
<b>Water</b>	Available
<b>Sewer</b>	City Sewer
<b>Natural Gas</b>	Available
<b>Comments</b>	We are not experts in the interpretation of zoning ordinance. An appropriately qualified land use attorney should be engaged if determination of compliance with zoning is required. Exact dimensions could not be confirmed as no on ground survey was provided to the appraiser.

# NEIGHBORHOOD & MARKET AREA MAP





# SURVEY



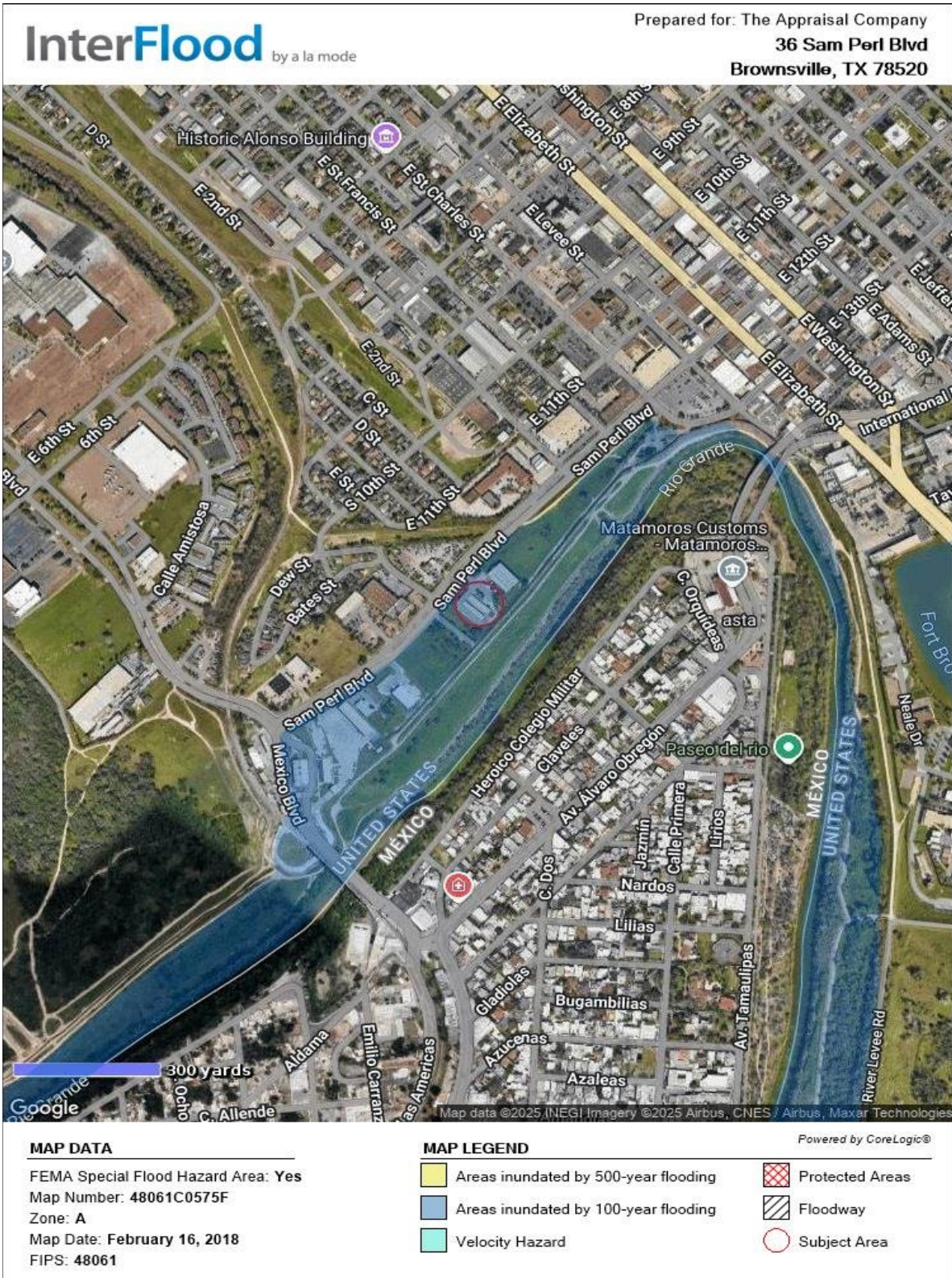
- NOTES:**
- 1) THIS TRACT LIES IN FLOOD ZONE "C" (OUTSIDE THE 100-YEAR FLOOD PLAIN) PER THE F.I.A. FLOOD INSURANCE RATE MAP OF COMAL COUNTY AND ADJACENT PANEL NO. 0028 B, EFFECTIVE DECEMBER 1, 1976.
  - 2) MONUMENTATION FOUND ALONG THE SOUTHERN LINE OF SAM REARL BLVD WAS USED AS THE BASIS OF BEARING.
  - 3) THIS TRACT IS SUBJECT TO RESTRICTIONS RECORDED IN VOLUME 874, PAGE 424, RECORDS AND INSTRUMENTS SECTION OF COMAL COUNTY, TEXAS, VOLUME 278, MISTEEL-LAEGUS DEED RECORDS, CAMERON COUNTY, TEXAS.
  - 4) A PERPETUAL RIGHT-OF-WAY TO CONSTRUCT, INSTALL, OPERATE, AND MAINTAIN ROADS, FENCING, VEHICLE BARRIERS, SECURITY LIGHTING AND OTHER STRUCTURES, BAYED AVE 25, 208, AND ANNEXED IN VOLUME 278, PAGE 21, AND VOLUME 1714, PAGE 210, OFFICIAL PUBLIC RECORDS, CAMERON COUNTY, TEXAS.

The undersigned hereby certifies that this survey was made in accordance with the laws of this State and that there are no errors or omissions herein. This certification is only valid if the original plat is filed with the original surveyor's address.

*[Signature]*  
MEYIN & ROSS, INCORPORATED



# FLOOD MAP



## DESCRIPTION OF IMPROVEMENTS

The subject site is improved with a single story self storage facility that consists of 135 units of which 60 are climate controlled units and 75 are non-climate controlled units. The total square footage is 24,590 +/- square feet of which 9,000 square feet is the non climate controlled storage units and 15,590 square feet is the climate controlled storage units. Exterior construction is pre fabricated metal on a concrete slab foundations. Interior of the units have minimal finish. The unit sizes are as follow (61) 5' x 10', (23) 10' x 10', (10) 10' x 15', (36) 10' x 20', (1) 20' X 28', (1) 25' X 28', (1) 28' X 38', (1) 40' x 60' x 10' and (1) 50' x 70' x 10'. In addition there are also 23 0.5' x 0.5' units. Note: The climate controlled units have a wide range of unit sizes which is generally not typical of self storage units facilities. As per the Cameron County Appraisal District the building was constructed in 1999. The building is in average condition and is considered to have an effective age of 20 years with a remaining economic life of 25 years. Other improvements include concrete paved drives, perimeter fencing with access gate, signage, and minimal landscaping.

### **Improvements Analysis**

#### **Quality and Condition**

The quality and condition of the subject is average and is consistent with that of competing properties.

#### **Functional Utility**

The improvements appear to be adequately suited to their current use, and there do not appear to be any significant items of functional obsolescence.

#### **Deferred Maintenance**

No deferred maintenance is apparent from our inspection, and none is identified based on discussions with management.

#### **Planned Capital Expenditures**

No planned capital expenditures have been considered in the scope of this assignment.

**ADA Compliance**

Based on our inspection and information provided, we are not aware of any ADA issues. However, we are not expert in ADA matters, and further study by an appropriately qualified professional would be recommended to assess ADA compliance.

**Hazardous Substances**

An environmental assessment report was not provided for review and environmental issues are beyond our scope of expertise. No hazardous substances were observed during our inspection of the improvements; however, we are not qualified to detect such substances. Unless otherwise stated, we assume no hazardous conditions exist on or near the subject.

**Personal Property**

No personal property items were considered in the valuation of the subject property.

## HIGHEST AND BEST USE

Before a property can be valued, an opinion of highest and best use must be developed for the subject site, both as if vacant, and as improved or proposed. By definition, the highest and best use must be:

- Physically possible.
- Legally permissible under the zoning regulations and other restrictions that apply to the site.
- Financially feasible.
- Maximally productive, i.e., capable of producing the highest

### As If Vacant

#### Physically Possible

The physical characteristics of the site do not appear to impose any unusual restrictions on development. Overall, the physical characteristics of the site and the availability of utilities result in functional utility suitable for a retail and or office use.

#### Legally Permissible

The site zoned Regional Center by the City of Brownsville. Permitted uses are presumed to provide for a full range of community and regional scale commercial enterprises, including but not limited to retail, office, restaurant, entertainment, and service. To our knowledge, there are no legal restrictions such as easements or deed restrictions that would effectively limit the use of the property. Given prevailing land use patterns in the area, only commercial use is given further consideration in determining highest and best use of the site, as though vacant.

## **Financially Feasible**

Based on our analysis of the market, there is currently adequate demand for retail/office use in the subject's area. It appears that a newly developed commercial use on the site would have a value commensurate with its cost. Therefore, commercial use is financially feasible.

## **Maximally Productive**

There does not appear to be any reasonably probable use of the site that would generate a higher residual land value than retail use. Accordingly, it is our opinion that commercial use, developed to the normal market density level permitted by zoning, is the maximally productive use of the property.

## **Conclusion**

### **“As Is”**

Development of the site for commercial use is the only use that meets the four tests of highest and best use. Therefore, it is concluded to be the highest and best use of the property as if vacant.

### **“As Improved”**

The subject site is developed with a self-storage facility, which is consistent with the highest and best use of the site as if it were vacant. The existing improvements are currently leased and produce a significant positive cash flow that we expect will continue. Therefore, a continuation of this use is concluded to be financially feasible.

Based on our analysis, there does not appear to be any alternative use that could reasonably be expected to provide a higher present value than the current use, and the value of the existing improved property exceeds the value of the site, as if vacant. For these reasons, continued self-storage facility use is concluded to be maximally productive and the highest and best use of the property as improved.

## VALUATION METHODOLOGY

Appraisers usually consider three approaches to estimating the market value of real property. They are the cost approach, sales comparison approach and the income capitalization approach.

The **cost approach** assumes that the informed purchaser would pay no more than the cost of producing a substitute property with the same utility. This approach is particularly applicable when the improvements being appraised are relatively new and represent the highest and best use of the land or when the property has unique or specialized improvements for which there is little or no sales data from comparable properties.

The **income capitalization approach** reflects the market's perception of a relationship between a property's potential income and its market value. This approach converts the anticipated net income from ownership of a property into a value indication through capitalization. The primary methods are direct capitalization and discounted cash flow analysis, with one or both methods applied, as appropriate. This approach is widely used in appraising income-producing properties. Reconciliation of the various indications into a conclusion of value is based on an evaluation of the quantity and quality of available data in each approach and the applicability of each approach to the property type.

The **sales comparison approach** assumes that an informed purchaser would pay no more for a property than the cost of acquiring another existing property with the same utility. This approach is especially appropriate when an active market provides sufficient reliable data. The sales comparison approach is less reliable in an inactive market or when estimating the value of properties for which no directly comparable sales data is available. The sales comparison approach is often relied upon for owner-user properties.

## INCOME APPROACH

The income capitalization approach converts anticipated economic benefits of owning real property into a value estimate through capitalization. The steps taken to apply the income capitalization approach are:

- Analyze the revenue potential of the property.
- Consider appropriate allowances for vacancy, collection loss, and operating expenses.
- Calculate net operating income by deducting vacancy, collection loss, and operating expenses from potential income.
- Apply the most appropriate capitalization method, either direct capitalization or discounted cash flow analysis, or both, to convert anticipated net income to an indication of value.

The two most common capitalization methods are direct capitalization and discounted cash flow analysis. In direct capitalization, a single year's expected income is divided by an appropriate capitalization rate to arrive at a value indication. In discounted cash flow analysis, anticipated future net income streams and a future resale value are discounted to a present value at an appropriate yield rate.

In this analysis, we use only direct capitalization because investors in this property type typically rely more on this method.

**Actual Rental Data:** The lease agreements in place are leased between related parties therefore this section is considered as owner occupied.

**Gross Income Development:** A market rental rate for the subject property has been derived from rental information and has been compared to actual rental information reported to the appraiser. The Rio Grande Valley Association Realtors' multiple listing

service, CoStar, other appraisers, and local developers were used to find similar rental comparables. The comparable rentals used are the best available. It should be noted, when comparing retail strip centers, rental rates vary greatly due to the size of retail units leased. The comparable data is more specifically detailed as follows.

<b>* Lease Definitions</b>
<p><b>Net Lease</b> A lease in which the tenant pays all expenses including structural maintenance and repairs; usually a long-term lease to a credit tenant.</p>
<p><b>Gross Lease</b> A lease in which the landlord receives stipulated rent and is obligated to pay all or most of the property's operating expenses and real estate taxes.</p>
<p><b>Modified Gross Lease</b> A lease in which the landlord receives stipulated rent and is obligated to pay most, but not all, of the property's operating expenses and real estate taxes.</p>
<p><b>*Source:</b> Appraisal Institute, The Dictionary of Real Estate Appraisal, 4th ed. (Chicago: Appraisal Institute, 2002).</p>

### Lease Comparables

Address	Unit Type	Market Rent	Rent Method	Lease Type	Market Lease Term	Market Increases	Notes/ Concessions
2315 Central Boulevard, Brownsville, Texas	Self Storage	\$139-\$264	\$ / Month	N/A	N/A	N/A	This lease consists of a self storage facility that rents between \$139-\$264 per month per unit.
2655 Central Boulevard, Brownsville, Texas	Self Storage	\$141-\$335	\$ / Month	N/A	N/A	N/A	This lease consists of a self storage facility that rents between \$141-\$335 per month per unit.
205 Morningside Road, Brownsville, Texas	Self Storage	\$143-\$205	\$ / Month	N/A	N/A	N/A	This lease consists of a self storage facility that rents between \$143-\$205 per month per unit.
4901 Logan's Run, Harlingen, Texas	Warehouse	\$0.75	\$ / Month	NNN	N/A	N/A	This lease consists of a warehouse facility that rents for \$0.75 per month on a NNN lease basis.
4536 Ruben M. Torres Boulevard, Brownsville, Texas	Warehouse	\$0.60	\$ / Month	NNN	N/A	N/A	This lease consists of a warehouse facility that rents for \$0.60 per month on a NNN lease basis.
3799 International Boulevard, Brownsville, Texas	Warehouse	\$0.55	\$ / Month	NNN	N/A	N/A	This lease consists of a warehouse facility that rents for \$0.55 per month on a NNN lease basis.

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# Lease Profile



## Location & Property Identification

Property Name:	Unknown
Address:	2315 Central Boulevard
City/State/Zip:	Brownsville, Texas 78520
County:	Cameron

## Space Information

Space Type:	Self Storage
Amenities:	On-Site Management, Security Gates, Security Cameras

## Lease Information

Lease Status:	Leased
Rental Rate:	\$139 (5' X 10'), \$172 (10' X 10'), \$264 (10' X 20')
Verified By:	Online Source
Verification Date:	04/11/2025

# Lease Profile



## Location & Property Identification

Property Name:	Unknown
Address:	2655 Central Boulevard
City/State/Zip:	Brownsville, Texas 78520
County:	Cameron

## Space Information

Space Type:	Self Storage
Amenities:	On-Site Management, Security Gates, Security Cameras

## Lease Information

Lease Status:	Leased
Rental Rate:	\$141 (5' X 10'), \$182 (10' X 10'), \$335 (10' X 20')
Verified By:	Online Source
Verification Date:	04/11/2025

# Lease Profile



## Location & Property Identification

Property Name:	Unknown
Address:	205 Morningside Road
City/State/Zip:	Brownsville, Texas 78521
County:	Cameron

## Space Information

Space Type:	Self Storage
Amenities:	On-Site Management, Security Gates, Security Cameras

## Lease Information

Lease Status:	Leased
Rental Rate:	\$143 (5' X 10'), \$152 (10' X 10'), \$205 (10' X 20')
Verified By:	Online Source
Verification Date:	04/11/2025

# Lease Profile



## Location & Property Identification

Property Name:	Unknown
Address:	4901 Logan's Run
City/State/Zip:	Harlingen, Texas, 78550
County:	Cameron

## Space Information

Space Type:	Warehouse
Full Building Lease:	No
Leased Area:	20,000 Square Feet

## Lease Information

Lease Status:	Leased
Lessee:	Unknown
Start/Available Date:	09/01/2023 – 09/01/2028
Term of Lease:	NNN
Rental Rate (NNN):	\$9.03 per square foot / \$0.75 per square foot
Rental Rate (Gross):	\$13.80 per square foot / \$1.15 per square foot
Escalation Type:	None
Renewal Options:	None

Desc. of Options:	N/A
Verified By:	CoStar
Verification Date:	04/14/2025
Transaction Reliability:	Confirmed

**Lease Expense Information**

Reimbursements Method:	NNN
Tenant Pays:	Taxes, Insurance, Maintenance

# Lease Profile



## Location & Property Identification

Property Name:	Unknown
Address:	4536 Ruben M Torres Boulevard
City/State/Zip:	Brownsville, Texas, 78526
County:	Cameron

## Space Information

Space Type:	Warehouse
Full Building Lease:	No
Leased Area:	15,000 Square Feet

## Lease Information

Lease Status:	Leased
Lessee:	WinSupply
Start/Available Date:	04/01/2023 – 04/01/2028
Term of Lease:	NNN
Rental Rate (NNN):	\$7.20 per square foot / \$0.60 per square foot
Rental Rate (Gross):	\$12.00 per square foot / \$1.00 per square foot
Escalation Type:	None
Renewal Options:	None

Desc. of Options:	N/A
Verified By:	CoStar
Verification Date:	04/14/2025
Transaction Reliability:	Confirmed

**Lease Expense Information**

Reimbursements Method:	NNN
Tenant Pays:	Taxes, Insurance, Maintenance

# Lease Profile



## Location & Property Identification

Property Name:	Unknown
Address:	3799 International Boulevard
City/State/Zip:	Brownsville, Texas, 78521
County:	Cameron

## Space Information

Space Type:	Warehouse
Full Building Lease:	No
Leased Area:	7,500 Square Feet

## Lease Information

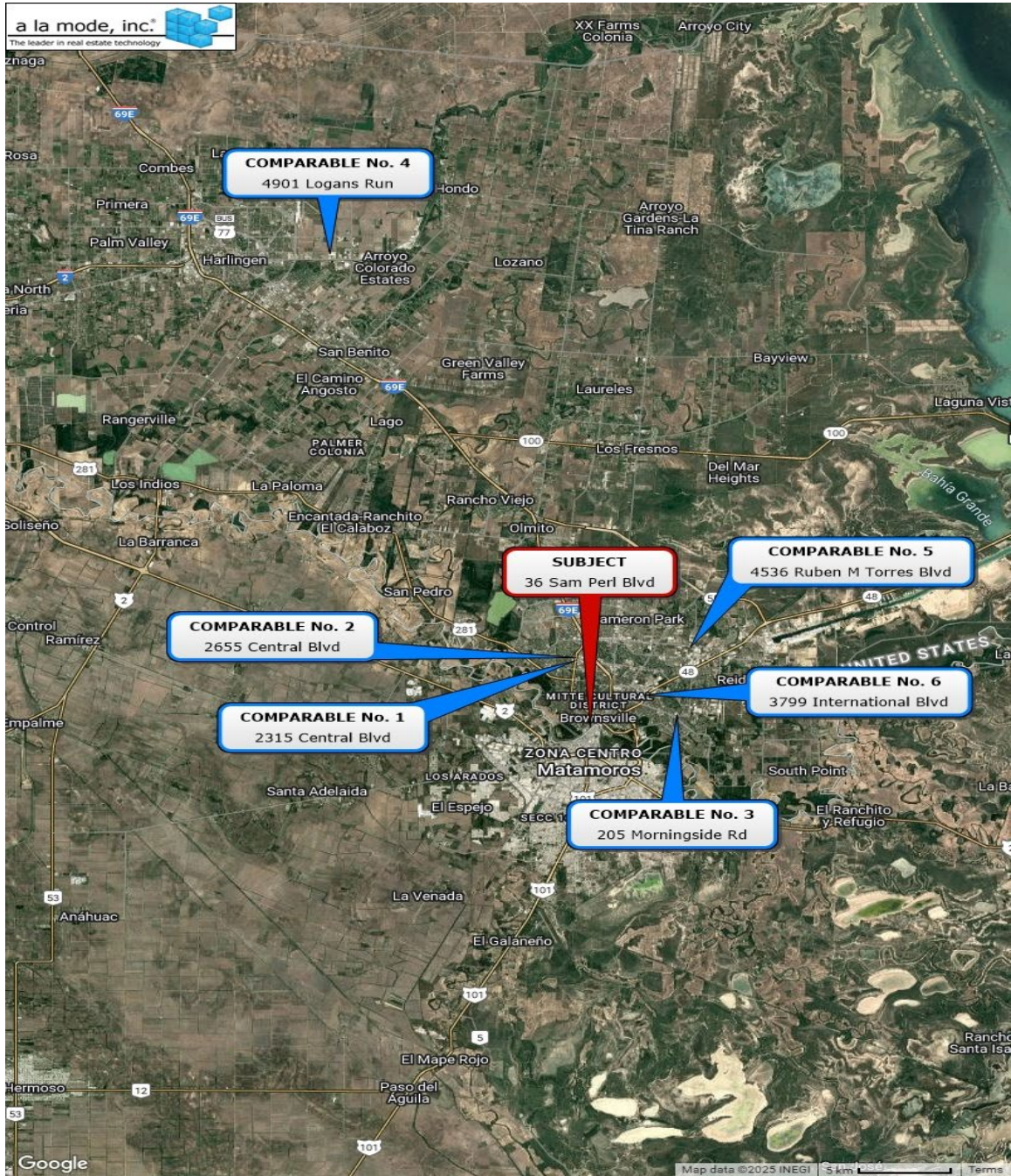
Lease Status:	Leased
Lessee:	Unknown
Start/Available Date:	03/01/2021 – 03/01/2026
Term of Lease:	NNN
Rental Rate (NNN):	\$6.60 per square foot / \$0.55 per square foot
Rental Rate (Gross):	\$11.40 per square foot / \$0.95 per square foot
Escalation Type:	None
Renewal Options:	None

Desc. of Options:	N/A
Verified By:	CoStar
Verification Date:	04/14/2025
Transaction Reliability:	Confirmed

**Lease Expense Information**

Reimbursements Method:	NNN
Tenant Pays:	Taxes, Insurance, Maintenance

# COMPARABLE RENTAL MAP



Market Data Array Grid - Improved Lease				
Element	Subject	Lease 1	Lease 2	Lease 3
Location	36 Sam Perl Boulevard	2315 Central Bouelvard	2655 Central Boulevard	205 Morningside Road
Location	Brownsville, Texas	Brownsville, Texas	Brownsville, Texas	Brownsville, Texas
Monthly Rental Rate 5' x 10'		\$139.00	\$141.00	\$143.00
Monthly Rental Rate 10' x 10'		\$172.00	\$182.00	\$152.00
Monthly Rental Rate 10' x 20'	N/A	\$264.00	\$335.00	\$205.00
Location	Urban	Urban	Urban	Urban
Adjustment	N/A	0.00%	0.00%	0.00%
Building Quality	Average	Superior	Superior	Superior
Adjustment	N/A	-25.00%	-25.00%	-25.00%
Terms	Month to Month	Month to Month	Month to Month	Month to Month
Adjustment	N/A	0.00%	0.00%	0.00%
Total net adjustment	N/A	-25.00%	-25.00%	-25.00%
Indicated Rent / Sq. Ft.	N/A	\$104.25	\$105.75	\$107.25
Indicated Rent / Sq. Ft.	N/A	\$129.00	\$136.50	\$114.00
Indicated Rent / Sq. Ft.	N/A	\$198.00	\$251.25	\$153.75
Mean Value 5' x 10'		\$105.75		
Mean Value 10' x 10'		\$126.50		
Mean Value 10' x 20'		\$201.00		

Market Data Array Grid - Improved Lease				
Element	Subject	Lease 1	Lease 2	Lease 3
Location	36 Sam Perl Boulevard	4901 Logans Run	4536 Ruben M Torres Boulevard	3799 International Boulevard
Location	Brownsville, Texas	Harlingen, Texas	Brownsville, Texas	Brownsville, Texas
Rental Start Date	-	Sep-23	Apr-23	Mar-21
Monthly Rental Rate	N/A	\$15,050.00	\$18,600.00	\$4,125.00
Rent / Sq. Ft.	N/A	\$0.75	\$0.60	\$0.55
Real property rights	-	Fee Simple	Fee Simple	Fee Simple
Adjustment	N/A	0.00%	0.00%	0.00%
Total % Adjustments	N/A	0.00%	0.00%	0.00%
Total \$ Adjustments	N/A	\$0.00	\$0.00	\$0.00
<b>Adjusted Price</b>	<b>N/A</b>	<b>\$0.75</b>	<b>\$0.60</b>	<b>\$0.55</b>
Location	Urban	Urban	Urban	Urban
Adjustment	N/A	0.00%	0.00%	0.00%
Building Size	15,590	20,000	15,000	7,500
Adjustment	N/A	0.00%	0.00%	0.00%
Amenities	HVAC	None	None	None
Adjustment	N/A	10.00%	10.00%	10.00%
Terms	NNN	NNN	NNN	NNN
Adjustment	N/A	0.00%	0.00%	0.00%
Total net adjustment	N/A	10.00%	10.00%	10.00%
Total \$ net adjustment	N/A	\$0.08	\$0.06	\$0.06
Indicated Rent / Sq. Ft. NNN	N/A	\$0.83	\$0.66	\$0.61
Indicated Rent / Sq. Ft. Gross	N/A	\$1.23	\$1.06	\$1.01
Mean Value NNN	\$0.70			
Mean Value Gross	\$1.10			

### **Projected Gross Income:**

The preceding rentals are believed to accurately reflect competing rents of similar quality properties in the subject's market area. Overall the comparable data reflects rents in the range of \$45 to \$145 per unit per month. The comparable data is more specifically detailed as follows:

- Comparable Rental No. 1 represents an actual rent of a self storage facility in Brownsville, Texas. Overall, this comparable has similar characteristics as the subject property, however was adjusted downward 25% for quality. This comparable is leased for \$104-\$198 per unit.
- Comparable Rental No. 2 represents an actual rent of a self storage facility in Brownsville, Texas. Overall, this comparable has similar characteristics as the subject property, however was adjusted downward 25% for quality. This comparable is leased for \$105-\$251 per unit.
- Comparable Rental No. 3 represents an actual rent of a self storage facility in Brownsville, Texas. Overall, this comparable has similar characteristics as the subject property, however was adjusted downward 25% for quality. This comparable is leased for \$107-\$153 per unit.
- Comparable Rental No. 4 represents an actual rent of a warehouse facility in Harlingen, Texas. Overall, this comparable has similar characteristics as the subject property, however was adjusted upward 10% for HVAC. The adjusted rental rate is \$1.23 per square foot on a gross lease basis.
- Comparable Rental No. 5 represents an actual rent of a warehouse facility in Brownsville, Texas. Overall, this comparable has similar characteristics as the subject property, however was adjusted upward 10% for HVAC. The adjusted rental rate is \$1.06 per square foot on a gross lease basis.
- Comparable Rental No. 6 represents an actual rent of a warehouse facility in Brownsville, Texas. Overall, this comparable has similar characteristics as the subject property, however was adjusted upward 10% for HVAC. The adjusted rental rate is \$1.01 per square foot on a gross lease basis.

Based on the Comparable Rentals and the subject property’s location and quality, the appraiser has concluded that a market rental rate of \$100 for the 5’ x 10’ units, \$135 for the 10’ x 10’ units, and \$180 for the 10’ x 20’ units. The warehouse rent is \$1.10 per square foot. Therefore, the gross potential rental income for the appraised property is \$330,888.00 per year.

30 - 5' x 10'	\$100.00	\$3,000
15 - 10' x 10'	\$135.00	\$2,025
30 - 10' x 20'	\$180.00	\$5,400
15,590 Square Feet	\$1.10	\$17,149
Total Monthly Income Potential		\$27,574
<b>Total Annual Income Potential</b>		<b>\$ 330,888.00</b>

**Other Income:** There are 23 0.5 x 0.5 units that rent on average \$30 per units. This equates to \$690 per month or \$8,280 annually. This will be added to the Gross Annual Income of \$330,888 for total gross income of \$339,168.

**Vacancy and Collections:** Deducted from the total collectable income for the subject property is an allowance for vacancy and collection loss. The rent comparable data indicate occupancy rates in the range of 70% to over 90%. There are no occupancy publications available for the subject county or the Rio Grande Valley as no real estate agency currently tracks this data. The appraiser has estimated vacancy and collection loss to be 30.00%. The resulting vacancy and collection loss is \$101,750.40 leaving an effective gross income estimate of \$237,417.60.

**Operating Expense Analysis:** The operating expense analysis reflects all expenses necessary to maintain the production of revenue from operating the property. Taxes and insurance are fixed costs while other expenses are variable. Typically, appraisers will examine the historical data for the subject property and/or the actual expenses from a similar development within the market area to project the operating expenses. In the case of the subject, no historical expense data was made available, however, the property owner did provide a sampling of monthly expenses. Therefore, to project the operating expenses for the subject property, the appraiser has considered the data provided by the property contact and data abstracted from each of the comparable sales and other operating data from similar properties in the market area. The following narrative reflects the applicable expenses related to the subject property.

**Property Taxes:** As previously stated, the appraised property is assessed by the Hidalgo County Appraisal District under Property Account Numbers 01-4562-0010-0041-00 & 01-4562-0010-0032-00. Assessed market value is \$1,182,969. The underlying land value is assessed at \$292,396 with the improvements being assessed at \$890,573. The appraiser will utilize actual taxes of \$26,798.98 for property taxes.

**Insurance:** The insurance premium is based on market rates considering type of construction and value estimate. Typical insurance cost for similar properties range from \$0.30 to \$0.75 per square foot. The appraiser will utilize actual expenses of \$0.50 per square foot or \$12,295.00 annually.

**Management / On Site Staff:** Generally, management expenses are reflected as a percentage of effective gross income. Current management fees for similar properties in the Rio Grande Valley are 5-10% of the effective gross income of the properties. Based on this as well as the subject property being a multi-tenant building the appraiser has estimated a management fee of 8% of the effective gross income will be utilized.

**Maintenance:** The common area maintenance expense for similar type properties generally, ranges between \$0.25 to \$1.00 per square foot. These charges include all repairs and maintenance expenses associated with the interior and exterior of the subject property. Based on this information the appraiser will utilize \$0.30 per square foot for this item or \$7,377.00 per year.

**Utilities:** Utilities include water, electricity expenses related to exterior lighting and air-conditioning, etc. This expense category generally ranges from \$0.05 to \$0.25 per square foot per year depending on the ratio of climate controlled units. The appraiser has estimated utilities expenses to be \$0.10 per square foot or \$2,459 per year.

**Legal and Accounting:** A fee of \$1,500 is considered appropriate for this item.

**Reserves:** This item covers short-lived building components. Applicable items include roof cover, air conditioning equipment, and floor coverings. The reserve expense ranges from \$0.25 per square foot to \$0.75 per square foot. The appraiser has projected reserves for replacements to be \$0.50 per square foot or \$12,295.00 per year.

**Operation Expense Ratio:** Total property expenses divided by Effective Gross Income equals the Operating Expense Ratio (OER). This ratio usually falls within a range for specific properties. It is important to calculate an OER for a comparable property and the subject to determine whether fall outside a typical pattern. However, no historical operating expense information was available to the appraiser for analysis. The comparable sales used also did not have any operating expense information for analysis. The subject property's pro forma operating income statement indicated 34.42% operating expense ratio, which is relatively in line with other properties.

**Analysis Of Cash Flow Model:** Net Operating Income (NOI) is the actual or anticipated remaining income after deducting property expenses from the Effective Gross Income (EGI) but before deducting mortgage debt service. In the Income Approach – Direct Capitalization Method – Net operating income is the most important factor from the investor/ buyer's perspective because he wants the NOI to be high enough so that it will pay for the debt service and produce a desired return or profit on the investment.

**Stabilized Operating Income Statement:** In the Direct Capitalization Method, one year of the subject property's estimated typical or stabilized net operating income will be divided by an appropriate capitalization rate or capitalized into a value.

**Recapitulation:** The previous pages have examined the allocations for the various components included in a reconstructed operating statement.

## PROJECTED OPERATING STATEMENT

<b>Gross Annual Income</b>		\$ 330,888.00
Other Income		\$ 8,280.00
<b>Total Gross Income</b>		\$ 339,168.00
Less Vacany & Collection Loss	30%	\$ (101,750.40)
<b>Effective Gross Income</b>		\$ 237,417.60
<b>Fixed Expenses</b>		
Real Estate Taxes		\$ (26,798.98)
Property Insurance	\$0.50	\$ (12,295.00)
<b>Variable Operating Expenses</b>		
Management	8%	\$ (18,993.41)
Maintenance	\$0.30	\$ (7,377.00)
Utilities	\$0.10	\$ (2,459.00)
Legal & Accounting		\$ (1,500.00)
Reserves	\$0.50	\$ (12,295.00)
<b>Total Expenses</b>		\$ (81,718.39)
<b>Net Operating Income (NOI)</b>		<b>\$ 155,699.21</b>
<b>Operating Expense Ratio</b>		<b>34.42%</b>
<b>Net Operating Income Ratio</b>		<b>65.58%</b>

## ANALYSIS AND SELECTION OF CAPITALIZATION RATE

The capitalization technique selected by the appraiser is direct capitalization utilizing an overall rate. This can be derived by the Band of Investment, Debt Coverage Ratio and or from market data. The most reliable method of deriving an overall rate or capitalization rate is from the market. This method involves research of sold properties which were being leased at the time of sale and is calculated by dividing the NOI / Sales Price thus producing a capitalization rate. Due to the amount of rental information and operating expense information for sold properties this method is sometimes difficult to support. The appraiser has surveyed various market participants, brokers and owners in regard to operating income statements, capitalization rates and equity dividend rates.

The overall capitalization rate will be derived by means of market data from comparable sales, the band of investment method with support from market information provided by local brokers, as well as Realty Rates, and the debt coverage ratio, this is the ratio between the subjects NOI to annual debt service.

Local brokers have indicated that at the present time, buyers are willing to purchase properties that are leased to local tenants in the Rio Grande Valley market based on overall rates of 8% to 10%. Based on current market conditions, comparable sales, conversations with brokers, and the quality of the subject property.

**Rate By Band of Investment:** To derive a rate by the Band of Investment, we must first determine the capital requirements for the investment. First lien mortgages are currently available at rates around 8.50% with a 20-year amortization and a 3-to-5-year balloon. Loan to value ratios is considered at 75-80%. The mortgage constant for this loan would be 0.104139.

The second step in deriving a rate by the Band of Investment is to determine the equity cash flow rate. This is the return from the operating income (net of debt service) to the equity investor. Although reliable information is not available to substantiate an equity

dividend rate, a return in the range of 8% to 9% is considered necessary to attract an equity investor to the appraised property. An equity dividend rate of 8.0% is considered most applicable for the subject property.

The rate is determined as follows:

Debt Portion - 80% LTV x 0.104139 Mort. Constant = 0.0833112

Equity Portion - 20% x 0.08000 Equity Div Rate = 0.016000

Indicated Rate..... 0.0993112

**Debt Coverage Ratio:** Debt coverage ratio (DCR) is measured as the ratio of a property's net operating income (NOI) to its annual debt service. Typically, banks require a Debt Coverage Ratio (DCR) of 1.25.

(% of loan) x (Debt Coverage Ratio) x (Mortgage Constant)

EQUALS Overall Rate (OAR)

[80% x 1.25 x 0.104139 = 0.104139]

RealtyRates.com INVESTOR SURVEY - 1st Quarter 2025*						
SELF-STORAGE - MINI STORAGE						
Item	Input					OAR
<b>Minimum</b>						
Spread Over 10-Year Treasury	1.05%	<b>DCR Technique</b>	1.10	0.061159	0.80	<b>5.38</b>
Debt Coverage Ratio	1.10	<b>Band of Investment Technique</b>				
Interest Rate	5.41%	Mortgage	80%	0.061159	0.048927	
Amortization	40	Equity	20%	0.072800	0.014560	
Mortgage Constant	0.061159	OAR				<b>6.35</b>
Loan-to-Value Ratio	80%	<b>Surveged Rates</b>				<b>5.97</b>
Equity Dividend Rate	7.28%					
<b>Maximum</b>						
Spread Over 10-Year Treasury	4.75%	<b>DCR Technique</b>	1.95	0.122498	0.60	<b>14.33</b>
Debt Coverage Ratio	1.95	<b>Band of Investment Technique</b>				
Interest Rate	9.11%	Mortgage	60%	0.122498	0.073499	
Amortization	15	Equity	40%	0.129700	0.051880	
Mortgage Constant	0.122498	OAR				<b>12.54</b>
Loan-to-Value Ratio	60%	<b>Surveged Rates</b>				<b>11.79</b>
Equity Dividend Rate	12.97%					
<b>Average</b>						
Spread Over 10-Year Treasury	2.90%	<b>DCR Technique</b>	1.46	0.084089	0.70	<b>8.59</b>
Debt Coverage Ratio	1.46	<b>Band of Investment Technique</b>				
Interest Rate	7.26%	Mortgage	70%	0.084089	0.058862	
Amortization	28	Equity	30%	0.098405	0.029522	
Mortgage Constant	0.084089	OAR				<b>8.84</b>
Loan-to-Value Ratio	70%	<b>Surveged Rates</b>				<b>9.81</b>
Equity Dividend Rate	9.84%					

\*4th Quarter 2024 Data

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The methods derived utilizing market data, the band of investments, debt coverage ratio, and realty rates indicated a range of 5.97% to 11.79%. Considering this data as well as interviews with other appraisers a rate of 8.00% is considered appropriate. The net operating income was projected at,

Net Operating Income Projected	\$ 155,699.21
Capitalization Rate	8.00%
Value	\$ 1,946,240.15
<b>Value Rounded</b>	<b>\$ 1,950,000.00</b>

## SALES COMPARISON APPROACH

The sales comparison approach develops an indication of value by comparing the subject to sales of similar properties. The steps taken to apply this approach are:

- Identify relevant property sales;
- Research, assemble, and verify pertinent data for the most relevant sales;
- Analyze the sales for material differences in comparison to the subject;
- Reconcile the analysis of the sales into a value indication for the subject.

To apply the sales comparison approach, we searched for sale transactions within the following parameters:

- Property Type: Self Storage Facility
  - Location: Hidalgo County, Texas
  - Size: 20 Units to 100 Units
  - Age/Quality: Average
  - Transaction Date: April 2022 – April 2025
- 
- Property Type: Warehouse Facility with Climate Controlled Units
  - Location: Hidalgo & Cameron County, Texas
  - Size: 7,500 Square Feet to 20,000 Square Feet
  - Age/Quality: Average
  - Transaction Date: April 2024 – April 2025

As mentioned earlier the climate controlled units within the 15,590 square feet are atypical for similar type properties based on the vast size range the appraiser will utilize warehouse properties in determining an appropriate per unit value. For this analysis, we use price per square foot of gross leasable area as the appropriate unit of comparison because market participants typically compare sale prices and property values on this basis. **Note: No lease information nor operating expense information was provided to the comparable sales, therefore the subject appraiser will utilize market data to determine operating expense information.**

**SUMMARY OF COMPARABLE SALES**  
**STORAGE UNITS**

Comparable	Address	Date	Square Feet	Site Size	Age
Verification	City	Price	Price Per Square Foot	No. of Units	Price Per Unit
<b>Subject</b>	36 Sam Perl Blvd	-	9,000	58,435	20 Years Eff. / Avg.
-	Brownsville, Texas	-	-	75	-
<b>1</b>	2300 North Cypress Street	8/11/2022	15,887	67,200.00	20 Years Eff. / Avg.
<b>MLS#364832</b>	Pharr, Texas	\$736,000.00	\$46.33	92	\$8,000.00
<b>2</b>	901 James Drive	4/11/2022	10,075	24,890	20 Years Eff. / Avg.
<b>MLS#354893</b>	Weslaco, Texas	\$350,000.00	\$34.74	64	\$5,468.75
<b>3</b>	2026 Austin Avenue	9/13/2024	2,880	7,000	35 Years Eff. / Avg.
<b>MLS#447598</b>	McAllen, Texas	\$149,900.00	\$52.05	23	\$6,517.39

**SUMMARY OF COMPARABLE SALES**  
**WAREHOUSES**

Comparable	Address	Date	Square Feet	Site Size
Verification	City	Price	Price Per Square Foot	Age
<b>Subject</b>	36 Sam Perl Blvd	-	15,590	58,522
-	Brownsville, Texas	-	-	20 Years Eff. / Avg.
<b>1</b>	5968 North Expressway	10/3/2024	7,680	87,120
<b>MLS#364832</b>	Brownsville, Texas	\$950,000.00	\$123.70	20 Years Eff. / Avg.
<b>2</b>	221 West Expressway 83	11/4/2024	12,100	71,003
<b>MLS#354893</b>	La Feria, Texas	\$1,050,000.00	\$86.78	25 Years Eff. / Avg.
<b>3</b>	912 West Ferguson Street	4/5/2024	16,748	48,386
<b>MLS#447598</b>	Pharr, Texas	\$1,565,000.00	\$93.44	40 Years Eff. / Avg.

# Sale Profile



## Location & Property Identification

Property Name:	N/A
Sub-Property Type:	Self Storage Facility
Address:	2300 North Cypress Street
City/State/Zip:	Pharr, Texas 78577
County:	Hidalgo
Market Orientation:	Urban
Legal/Tax/Parcel ID:	A 1.54 acre tract, more or less, out of the North 240 feet of Lot 1, Carlos Diaz Subdivision, an addition to the City of Pharr, Hidalgo County, Texas / 572414 / C1765-00-000-0001-00

## Sale Information

Sale Date:	08/11/2022
Listing Price:	\$736,000
Price Per Unit:	\$8,000.00
Price Per Sq. Ft.	\$46.33
Sale Status:	Sold Confirmed
Grantor/Seller:	Carlos Roberto Diaz
Grantee/Buyer:	THF 2300 Cypress LLC
Property Rights:	Fee Simple

% of Interest Covered:	100%
Financing:	Conventional
Document Type:	Special Warranty Deed with Vendor's Lien
Recording No.:	3370370
Verified By:	MLS#364832 – Carlos Vargas (Listing Agent), Hidalgo County Deed Records
Verification Date:	09/26/2022

### Improvement and Site Data

MSA:	McAllen-Edinburg-Mission MSA
GBA-SF:	15,887 Square Feet
GLA-SF:	15,887 Square Feet
No. of Units	92
Acres (Usable/Gross):	1.54 / 1.54
Land-SF (Usable/Gross):	67,200 / 67,200
Year Built:	1997
Exterior Walls:	Concrete Block
Construction Description:	Masonry
Construction Quality:	Average
Improvements Cond.:	Average
No. of Buildings/Stories:	1/1
Frontage:	East Side of North Cypress Street
Zoning:	Business by the City of Pharr
Shape:	Rectangular
Corner Lot:	No
Access / Visibility Ratings:	Average / Average
Land to Building Ratio:	4.23:1
Encumbrance/Easements:	None
Environmental Issues:	None
Flood Zone Designation:	B
Utilities:	All Available by the City of Pharr
Source of Land Info.:	Hidalgo County Appraisal District

# Sale Profile



## Location & Property Identification

Property Name:	N/A
Sub-Property Type:	Self Storage Facility
Address:	901 James Drive
City/State/Zip:	Weslaco, Texas 78596
County:	Hidalgo
Market Orientation:	Urban
Legal/Tax/Parcel ID:	Tract I: The East 151.25 feet of the North 150 feet of Lot 2-A, Ro-Ellen Addition Unit No. 3, an addition to the City of Weslaco, Hidalgo County, Texas; Tract II: The South 150 feet of Lot 2-A, Ro-Ellen Addition Unit No. 3, an addition to the City of Weslaco, Hidalgo County, Texas / 627290 / R3750-03-001-002A-05

## Sale Information

Sale Date:	04/11/2022
Listing Price:	\$350,000
Price Per Unit:	\$5,468.75
Price Per Sq. Ft.	\$34.74

Sale Status:	Sold Confirmed
Grantor/Seller:	Gonzalez-Dickson Family Limited Partnership
Grantee/Buyer:	Dreamland Estates LLC
Property Rights:	Fee Simple
% of Interest Covered:	100%
Financing:	Conventional
Document Type:	Warranty Deed with Vendor's Lien
Recording No.:	3332180
Verified By:	MLS#354893 – Albert Garza (Listing Agent), Hidalgo County Deed Records
Verification Date:	09/26/2022

### Improvement and Site Data

MSA:	McAllen-Edinburg-Mission MSA
GBA-SF:	10,075 Square Feet
GLA-SF:	10,075 Square Feet
No. of Units	64
Acres (Usable/Gross):	0.5208 / 0.5208
Land-SF (Usable/Gross):	22,687 / 22,687
Year Built:	2003
Exterior Walls:	Aluminum Siding
Construction Description:	Masonry
Construction Quality:	Average
Improvements Cond.:	Average
No. of Buildings/Stories:	1/1
Frontage:	East Side of James Drive
Zoning:	B-1 – Neighborhood Business District by the City of Weslaco
Shape:	Irregular
Corner Lot:	No
Access / Visibility Ratings:	Average / Average
Land to Building Ratio:	2.47:1
Encumbrance/Easements:	None
Environmental Issues:	None
Flood Zone Designation:	B
Utilities:	All Available by the City of Weslaco
Source of Land Info.:	Hidalgo County Appraisal District

# Sale Profile



## Location & Property Identification

Property Name:	N/A
Sub-Property Type:	Self Storage Facility
Address:	2026 Austin Avenue
City/State/Zip:	McAllen, Texas 78501
County:	Hidalgo
Market Orientation:	Urban
Legal/Tax/Parcel ID:	Lot 10, Block 30, Hammond's Addition, to the City of McAllen, Hidalgo County, Texas / 186119 / H0900-00-030-0010-00

## Sale Information

Sale Date:	09/13/2024
Listing Price:	\$149,900
Price Per Unit:	\$6,517.39
Price Per Sq. Ft.	\$52.05
Sale Status:	Sold Confirmed
Grantor/Seller:	Pedro Guzman Jr. & Lauro Guzman
Grantee/Buyer:	Herencia Capital LLC
Property Rights:	Fee Simple

% of Interest Covered:	100%
Financing:	Cash
Document Type:	Special Warranty Deed
Recording No.:	3580956
Verified By:	MLS#447598, Hidalgo County Deed Records
Verification Date:	04/14/2025

## Improvement and Site Data

MSA:	McAllen-Edinburg-Mission MSA
GBA-SF:	2,880 Square Feet
GLA-SF:	2,880 Square Feet
No. of Units	23
Acres (Usable/Gross):	0.1607 / 0.1607
Land-SF (Usable/Gross):	7,000 / 7,000
Year Built:	1970 / 1986
Exterior Walls:	Brick
Construction Description:	Masonry
Construction Quality:	Average
Improvements Cond.:	Average
No. of Buildings/Stories:	1/1
Frontage:	North Side of Austin Avenue
Zoning:	C-4 – Commercial, Industrial
Shape:	Rectangular
Corner Lot:	No
Access / Visibility Ratings:	Average / Average
Land to Building Ratio:	2.43:1
Encumbrance/Easements:	None
Environmental Issues:	None
Flood Zone Designation:	C
Utilities:	All Available by the City of McAllen
Source of Land Info.:	Hidalgo County Appraisal District

# Sale Profile



## Location & Property Identification

Property Name:	N/A
Sub-Property Type:	Warehouse
Address:	5968 Expressway
City/State/Zip:	Brownsville, Texas 78526
County:	Cameron
Market Orientation:	Urban
Legal/Tax/Parcel ID:	Being a 2.00 acre tract of land, more or less, out of the Southeastern 2.16 acre tract out of Lot 9, Emilia's Subdivision, Cameron County, Texas / 42803 / 02-9420-0090-0100-00

## Sale Information

Sale Date:	10/03/2024
Listing Price:	\$950,000
Price Per Sq. Ft.	\$123.70
Sale Status:	Sold Confirmed
Grantor/Seller:	J. Antonio Negrete
Grantee/Buyer:	Kathya F. Biasi
Property Rights:	Fee Simple

% of Interest Covered:	100%
Financing:	Cash
Document Type:	General Warranty Deed
Recording No.:	2024-34949
Verified By:	MLS#29758135 – Carlos Pena (Listing Agent), Cameron County Deed Records
Verification Date:	04/14/2024

### Improvement and Site Data

MSA:	Brownsville-Harlingen MSA
Acres (Usable/Gross):	2.00 / 2.00
Land-SF (Usable/Gross):	87,120 / 87,120
Land to Building Ratio:	11.34:1
Encumbrance/Easements:	None
Environmental Issues:	None
Flood Zone Designation:	X
Utilities:	All Available by the City of Brownsville
Source of Land Info.:	Cameron County Appraisal District
Frontage:	East Side of North Expressway
Zoning:	Regional Center by the City of Brownsville
Shape:	Irregular
Corner Lot:	No
Access / Visibility Ratings:	Average / Average
GBA-SF:	7,680 Square Feet
GLA-SF:	7,680 Square Feet
Year Built:	1990 /2000
Effective Age:	20
Construction Quality:	Brick / Metal
Improvements Condition.:	Average / Average
Air – Conditioning Type:	Central
No. of Buildings/Stories:	1/1

# Sale Profile



## Location & Property Identification

Property Name:	None
Address:	221 West Expressway 83
City/State/Zip:	La Feria, Texas 78559
County:	Cameron
Market Orientation:	Urban
Legal/Tax/Parcel ID:	Lot 11 and the East ½ of Lot 10, Expressway Subdivision No. 5, Cameron County, Texas; Lot 9 and the West ½ of Lot 10, Expressway Subdivision No. 5, Cameron County, Texas, A 0.909 acre tract of land out of Block 51, Minnesota-Texas Land and Irrigation Company Subdivision, La Feria Grant, Cameron County, Texas / 180484, 180952, 180950 / 85-5380-0510-0504-00, 85-5382-0000-0110-00, 85-5382-0000-0090-00

## Sale Information

Sale Date:	11/04/2024
Recorded Date:	11/06/2024
Sales Price:	\$1,050,000
Price Per Square Foot:	\$86.78

Sale Status:	Sold Confirmed
Grantor/Seller:	4300 Highway 90 East Limited Partnership
Grantee/Buyer:	Bella Terra Cuna De Bienes LLC
Property Rights:	Fee Simple
% of Interest Covered:	100%
Financing:	Conventional
Document Type:	Special Warranty Deed with Vendor's Lien
Recording No.:	2024-38943
Verified By:	MLS#429708 – Tristan Flores Listing Agent, Hidalgo County Deed Records
Verification Date:	12/13/2024

### Improvement and Site Data

MSA:	Harlingen – Brownsville MSA
Acres (Usable/Gross):	1.63 / 1.63
Land-SF (Usable/Gross):	71,003 / 71,003
Land to Building Ratio:	5.87:1
Encumbrance/Easements:	None
Environmental Issues:	None
Flood Zone Designation:	X
Utilities:	All Available by the City of La Feria
Source of Land Info.:	Cameron County Appraisal District
Frontage:	South Side of West Expressway 83
Zoning:	Commercial by the City of LA Feria
Shape:	Rectangular
Corner Lot:	No
Access / Visibility Ratings:	Average / Average
GBA-SF:	12,100 Square Feet
GLA-SF:	12,100 Square Feet
Year Built:	1991
Effective Age:	25
Construction Quality:	Aluminum Siding
Improvements Condition.:	Average
Air – Conditioning Type:	Central
No. of Buildings/Stories:	1/1

# Sale Profile



## Location & Property Identification

Property Name:	N/A
Sub-Property Type:	Retail
Address:	912 West Ferguson Street
City/State/Zip:	Pharr, Texas 78577
County:	Hidalgo
Market Orientation:	Urban
Legal/Tax/Parcel ID:	Lots 6-9, Holland Subdivision, an addition to the City of Pharr, Hidalgo County, Texas / 194016 / H3945-00-000-0006-00

## Sale Information

Sale Date:	04/05/2024
Listing Price:	\$1,565,000
Price Per Sq. Ft.	\$93.44
Sale Status:	Sold Confirmed
Grantor/Seller:	Pieces of Land LP
Grantee/Buyer:	Penco RGV Enterprises LLC
Property Rights:	Fee Simple
% of Interest Covered:	100%
Financing:	Cash
Document Type:	Warranty Deed
Recording No.:	3537528
Verified By:	MLS#410484 – James Belvail (Listing Agent), Hidalgo County Deed Records

Verification Date:	07/03/2024
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### Improvement and Site Data

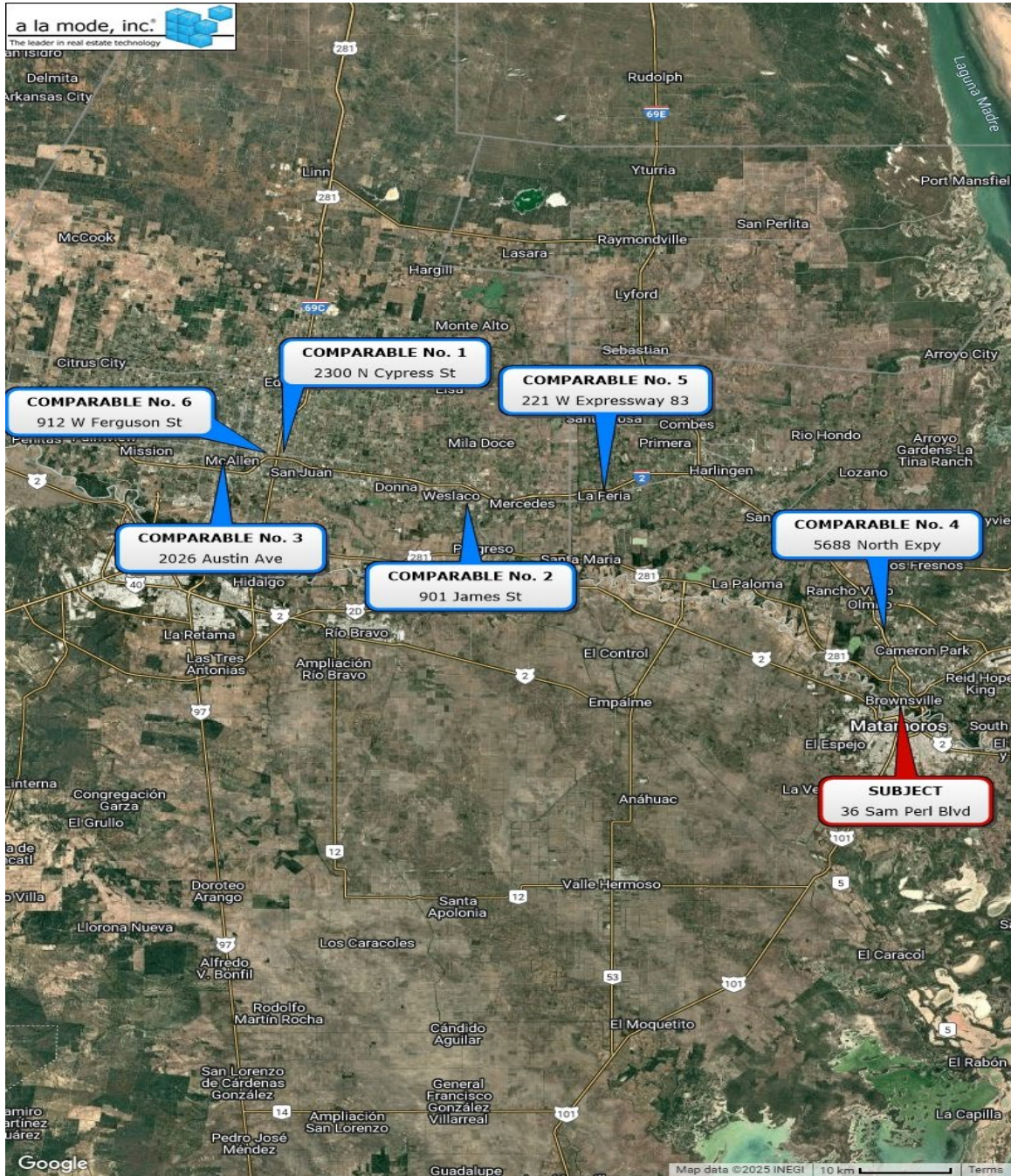
MSA:	Edinburg-McAllen-Mission MSA
Acres (Usable/Gross):	1.11 / 1.11
Land-SF (Usable/Gross):	48,386 / 48,386
Land to Building Ratio:	2.89:1
Encumbrance/Easements:	None
Environmental Issues:	None
Flood Zone Designation:	B
Utilities:	All Available by the City of Pharr
Source of Land Info.:	Hidalgo County Appraisal District
Frontage:	North Side of West Ferguson Street
Zoning:	Business by the City of Pharr
Shape:	Rectangular
Corner Lot:	No
Access / Visibility Ratings:	Average / Average
GBA-SF:	16,748 Square Feet
GLA-SF:	16,748 Square Feet
Year Built:	1978
Effective Age:	40
Construction Quality:	Concrete Block with Stucco & Stone
Improvements Condition.:	Average / Average
Air – Conditioning Type:	Central
No. of Buildings/Stories:	1/1

## ADJUSTMENTS STORAGE UNITS

We have three sales to compare with the subject property in the per square foot method of the Direct Sales Comparison Approach. All comparable sales are buildings with similar utility. Adjustments will be considered to equalize differences.

- Comparable Sale No. 1 represents a self storage facility in Pharr, Texas. Overall, this comparable is similar in many aspects to the subject property, and was not adjusted for any line item. This comparable sale has an adjusted price of \$8,000 per unit.
- Comparable Sale No. 2 represents a self storage facility in Weslaco, Texas. Overall, this comparable is similar in many aspects to the subject property, and was not adjusted for any line item. This comparable sale has an adjusted price of \$5,468.75 per unit.
- Comparable Sale No. 3 represents a self storage facility in McAllen, Texas. Overall, this comparable is similar in many aspects to the subject property, however this sale was adjusted for age. Comparable sale 3 has an effective age of 35 years indicating 77.78% depreciation ( $35 / 45 = 77.78\%$ ). The difference between the subject and comparable sale is 33.34% ( $44.44\%$  subject –  $77.78\%$  comparable =  $-33.34\%$ ). The adjustment will be based on half of the total depreciation difference or a 15% adjustment. Since the comparable has more depreciation than the subject, the comparable is inferior so the adjustment is positive. This comparable sale has an adjusted price of \$7,495.00 per unit.

# COMPARABLE SALES MAP



Market Data Array Grid - Improved Sales				
Element	Subject	Sale 1	Sale 2	Sale 3
Location	36 Sam Perl Blvd	2300 North Cypress Street	901 James Drive	2026 Austin Avenue
Location	Brownsville, Texas	Pharr, Texas	Weslaco, Texas	McAllen, Texas
Date of Sale	April 2025	8/11/2022	4/11/2022	9/13/2024
Sale Price	N/A	\$736,000	\$350,000	\$149,900
No. of Units	75	92	64	23
Sales Price / Unit	N/A	\$8,000.00	\$5,468.75	\$6,517.39
Sales Price / Sq. Ft.	N/A	\$46.33	\$34.74	\$52.05
Real property rights	-	Fee Simple	Fee Simple	Fee Simple
Adjustment	N/A	0.00%	0.00%	0.00%
Financing	-	Conventional	Conventional	Cash
Adjustment	N/A	0.00%	0.00%	0.00%
Conditions of sale	-	Arms Length	Arms Length	Arms Length
Adjustment	N/A	0.00%	0.00%	0.00%
Expenditures after purchase	-	N/A	N/A	N/A
Adjustment	N/A	0.00%	0.00%	0.00%
Market conditions	-	N/A	N/A	N/A
Adjustment	N/A	0.00%	0.00%	0.00%
Total % Adjustments	N/A	0.00%	0.00%	0.00%
Total \$ Adjustments	N/A	\$0.00	\$0.00	\$0.00
<b>Adjusted Price</b>	<b>N/A</b>	<b>\$8,000.00</b>	<b>\$5,468.75</b>	<b>\$6,517.39</b>
Location	Urban	Urban	Urban	Urban
Adjustment	N/A	0.00%	0.00%	0.00%
Building Size	9,000	15,887	10,075	2,880
Adjustment	N/A	0.00%	0.00%	0.00%
Site Area (Sq. Ft.)	58,435.00	67,200.00	24,890.00	7,000.00
Adjustment	N/A	0.00%	0.00%	0.00%
Land to Building Ratio	6.49	4.23	2.47	2.43
Adjustment	N/A	0.00%	0.00%	0.00%
Age/Condition	20 Years Eff. / Avg.	20 Years Eff. / Avg.	20 Years Eff. / Avg.	35 Years Eff. / Avg.
Adjustment	N/A	0.00%	0.00%	15.00%
Interior Finish Out	Self Storage	Self Storage	Self Storage	Self Storage
Adjustment	N/A	0.00%	0.00%	0.00%
Quality of Construction	Average	Average	Average	Average
Adjustment	N/A	0.00%	0.00%	0.00%
Tenant Quality	Average	Average	Average	Average
Adjustment	N/A	0.00%	0.00%	0.00%
Amenities	None	None	None	None
Adjustment	N/A	0.00%	0.00%	0.00%
Total net adjustment	N/A	0.00%	0.00%	15.00%
Total \$ net adjustment	N/A	\$0.00	\$0.00	\$977.61
Indicated value / Sq. Ft.	<b>N/A</b>	<b>\$8,000.00</b>	<b>\$5,468.75</b>	<b>\$7,495.00</b>
Mean Value	<b>\$6,987.92</b>			
Standard Deviation	<b>\$1,339.65</b>			

## CORRELATION - SALES COMPARISON APPROACH STORAGE UNITS

The appraiser utilized three comparable properties from the Texas marketplace. The comparable properties presented share similar characteristics and could be utilized in a similar function. Based on the availability of similar type properties the appraiser will accord most weight to comparable sales # 1 and #2 for being the most proximate and most similar and some weight to the other sale, therefore a value of \$7,000 per unit is considered appropriate is considered for the appraised property.

Value Ranges & Reconciled Value				
Number of Comps:	3	Unadjusted	Adjusted	% Δ
Low:		\$5,468.75	\$5,468.75	0.00%
High:		\$8,000.00	\$8,000.00	0.00%
Average:		\$6,662.05	\$6,987.92	4.89%
Median:		\$6,517.39	\$7,495.00	15.00%
<b>Reconciled Value/Unit Value:</b>			\$7,000.00	
Subject Size:			75	
Indicated Value:			\$525,000	
<b>Reconciled Final Value:</b>			<b>\$525,000</b>	
			<b>Five Hundred Twenty Five Thousand Dollars</b>	

## ADJUSTMENTS WAREHOUSE

We have three sales to compare with the subject property in the per square foot method of the Direct Sales Comparison Approach. All comparable sales are buildings with similar utility. Adjustments will be considered to equalize differences.

- Comparable Sale No. 1 represents a warehouse building in Brownsville, Texas. Overall, this comparable is similar in many aspects and was adjusted for location, size, age, land to building ratio, and amenities. The comparable property is located in a superior area and was adjusted downward by 10%. The comparable offers approximately 7,680 square feet. As an example, the comparable must double 1.0 time to approximate the size of the subject property (The comparable doubles once as compared to the subject). The adjustment is based on 1.0 doubling in size times the adjustment rate of 5%, or 5%. Since the comparable is smaller it is superior to the subject, so the adjustment is negative. Comparable sale 1 has a land to building ratio of 11.34:1. The land to building ratio accounts for on site parking, excess or surplus land, etc. The comparable sale has a larger land to building ratio therefore a negative adjustment of 5% was made. The comparable sale has partial HVAC as compared to the subject property which is fully equipped with HVAC an upward adjustment of 5% was made. This comparable sale has an adjusted price of \$92.77.
- Comparable Sale No. 2 represents a warehouse building in La Feria, Texas. Overall, this comparable is similar in many aspects and was adjusted for location, age, and amenities. The comparable property is located in a superior area and was adjusted downward by 10%. Comparable sale 2 has an effective age of 25 years indicating 55.56% depreciation ( $25 / 45 = 55.56\%$ ). The difference between the subject and comparable sale is 11.12% ( $55.56\% \text{ comparable} - 44.44\% \text{ subject} = 11.12\%$ ). The adjustment will be based on half of the total depreciation difference or a 2% adjustment, so the adjustment included for comparable sale 2 is 5%. Since the comparable has more depreciation than the subject, the comparable is inferior so the adjustment is positive. The comparable sale has partial HVAC as compared to the subject property which is fully equipped with HVAC an upward adjustment of 5% was made. This comparable sale has an adjusted price of \$86.78.
- Comparable Sale No. 3 represents a warehouse building in Pharr, Texas. Overall, this comparable is similar in many aspects and was adjusted for location, age, and amenities. The comparable property is located in a superior area and was adjusted downward by 10%. Comparable sale 2 has an effective age of 40 years indicating 88.89% depreciation ( $40 / 45 = 88.89\%$ ). The difference between the subject and comparable sale is 44.45% ( $88.89\% \text{ comparable} - 44.44\% \text{ subject} = 44.45\%$ ). The adjustment will be based on half of the total depreciation difference or a 2%

adjustment, so the adjustment included for comparable sale 2 is 5%. Since the comparable has more depreciation than the subject, the comparable is inferior so the adjustment is positive. The comparable sale has partial HVAC as compared to the subject property which is fully equipped with HVAC an upward adjustment of 5% was made. This comparable sale has an adjusted price of \$107.46.

Market Data Array Grid - Improved Sales				
Element	Subject	Sale 1	Sale 3	Sale 4
Location	36 Sam Perl Blvd	5968 North Expressway	221 West Expressway 83	912 West Ferguson Street
Location	Brownsville, Texas	Brownsville, Texas	La Feria, Texas	Pharr, Texas
Date of Sale	April 2025	10/3/2024	11/4/2024	4/5/2024
Sale Price	N/A	\$950,000	\$1,050,000	\$1,565,000
Sales Price / Sq. Ft.	N/A	\$123.70	\$86.78	\$93.44
Real property rights	-	Fee Simple	Fee Simple	Fee Simple
Adjustment	N/A	0.00%	0.00%	0.00%
Financing	-	Cash	Conventional	Cash
Adjustment	N/A	0.00%	0.00%	0.00%
Conditions of sale	-	Arms Length	Arms Length	Arms Length
Adjustment	N/A	0.00%	0.00%	0.00%
Expenditures after purchase	-	N/A	N/A	N/A
Adjustment	N/A	0.00%	0.00%	0.00%
Market conditions	-	N/A	N/A	N/A
Adjustment	N/A	0.00%	0.00%	0.00%
Total % Adjustments	N/A	0.00%	0.00%	0.00%
Total \$ Adjustments	N/A	\$0.00	\$0.00	\$0.00
<b>Adjusted Price</b>	<b>N/A</b>	<b>\$123.70</b>	<b>\$86.78</b>	<b>\$93.44</b>
Location	Urban	Superior	Superior	Superior
Adjustment	N/A	-10.00%	-10.00%	-10.00%
Building Size	15,590	7,680	12,100	16,748
Adjustment	N/A	-10.00%	0.00%	0.00%
Site Area (Sq. Ft.)	58,522.00	87,120.00	71,003.00	48,386.00
Adjustment	N/A	0.00%	0.00%	0.00%
Land to Building Ratio	3.75	11.34	5.87	2.89
Adjustment	N/A	-10.00%	0.00%	0.00%
Age/Condition	20 Years Eff. / Avg.	20 Years Eff. / Avg.	25 Years Eff. / Avg.	40 Years Eff. / Avg.
Adjustment	N/A	0.00%	5.00%	20.00%
Interior Finish Out	Warehouse	Warehouse	Warehouse	Warehouse
Adjustment	N/A	0.00%	0.00%	0.00%
Quality of Construction	Average	Average	Average	Average
Adjustment	N/A	0.00%	0.00%	0.00%
Amenities	HVAC	Partial	Partial	Partial
Adjustment	N/A	5.00%	5.00%	5.00%
<b>Total net adjustment</b>	<b>N/A</b>	<b>-25.00%</b>	<b>0.00%</b>	<b>15.00%</b>
<b>Total \$ net adjustment</b>	<b>N/A</b>	<b>-\$30.92</b>	<b>\$0.00</b>	<b>\$14.02</b>
<b>Indicated value / Sq. Ft.</b>	<b>N/A</b>	<b>\$92.77</b>	<b>\$86.78</b>	<b>\$107.46</b>
<b>Mean Value</b>	<b>\$95.67</b>			
<b>Standard Deviation</b>	<b>\$10.64</b>			

## CORRELATION - SALES COMPARISON APPROACH WAREHOUSE

The appraiser utilized three comparable properties from the Hidalgo & Cameron County marketplace. The comparable properties presented share similar characteristics and could be utilized in a similar function. Based on the availability of similar type properties the appraiser will accord equal weight to all comparable sales a value of \$95.00 per square foot is considered appropriate is considered for the appraised property.

Value Ranges & Reconciled Value				
Number of Comps:	3	Unadjusted	Adjusted	% Δ
Low:		\$86.78	\$86.78	0.00%
High:		\$123.70	\$107.46	-13.13%
Average:		\$101.31	\$95.67	-5.56%
Median:		\$93.44	\$92.77	-0.72%
Reconciled Value/Unit Value:			\$95.00	
Subject Size:			15,590	
Indicated Value:			\$1,481,050	
Reconciled Final Value:			<b>\$1,480,000</b>	
			<b>One Million Four Hundred Eighty Thousand Dollars</b>	

## CORRELATION AND FINAL VALUE OPINION

VALUE CONCLUSION	
Valuation Scenarios	As-Is Market Value
Interest	Fee Simple
Date	April 8, 2025
Cost Approach	\$ -
Income Approach	\$ 1,950,000.00
Sales Comparison Approach	\$ 2,005,000.00
<b>Final Value Conclusion</b>	<b>\$ 1,980,000.00</b>

### Income Capitalization Approach

The income capitalization approach is usually given greatest weight when evaluating investment properties. The value indication from the income capitalization approach is supported by market data regarding income, expenses and required rates of return. An investor is the most likely purchaser of the appraised property, and a typical investor would place greatest reliance on the income capitalization approach.

### Sales Comparison Approach

The sales comparison approach is most reliable in an active market when an adequate quantity and quality of comparable sales data are available. In addition, it is typically the most relevant method for owner-user properties, because it directly considers the prices of alternative properties with similar utility for which potential buyers would be competing. The analysis and adjustment of the sales provides a reasonably narrow range of value indications. Nonetheless, it does not directly account for the income characteristics of the subject.

## CERTIFICATION

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

- The statements of fact contained in this report are true and correct.
- The reported analyses, opinions, and conclusions are limited only by the reported assumptions and limiting conditions and are my personal, impartial, and unbiased professional analyses, opinions, and conclusions.
- I have no present or prospective interest in the property that is the subject of this report and no personal interest with respect to the parties involved.
- I have performed no services, as an appraiser or in any other capacity, regarding the property that is the subject of this report within the three-year period immediately preceding acceptance of this assignment.
- I have no bias with respect to the property that is the subject of this report or to the parties involved with this assignment.
- My engagement in this assignment was not contingent upon developing or reporting predetermined results.
- My compensation for completing this assignment is not contingent upon the development or reporting of a predetermined value or direction in value that favors the cause of the client, the amount of the value opinion, the attainment of a stipulated result, or the occurrence of a subsequent event directly related to the intended use of this appraisal.
- My analyses, opinions, and conclusions were developed, and this report has been prepared, in conformity with the *Uniform Standards of Professional Practice*.
- I have made a personal inspection of the property that is the subject of this report.

- No one provided significant real property appraisal assistance to the person signing this certification.
- The reported analyses, opinions, and conclusions were developed, and this report has been prepared in conformity with the requirements of the Code of Professional Ethics and Standards of Professional Practice of the Appraisal Institute.
- The use of this report is subject to the requirements of the Appraisal Institute relating to review by its duly authorized representatives.
- As of the date of this report, *George J. Salazar II* has completed the Standards and Ethics Education Requirements for Practicing Affiliates of the Appraisal Institute.

A handwritten signature in blue ink, appearing to read "George J. Salazar II". The signature is stylized with loops and a long horizontal stroke.

George Jaime Salazar II  
Certified General Appraiser TX-1338209-G

## ASSUMPTIONS AND LIMITING CONDITIONS

This appraisal and any other work product related to this engagement are limited by the following standard assumptions, except as otherwise noted in the report:

- 1) The title is marketable and free and clear of all liens, encumbrances, encroachments, easements, and restrictions. The property is under responsible ownership and competent management and is available for its highest and best use.
- 2) There are no existing judgments or pending or threatened litigation that could affect the value of the property.
- 3) There are no hidden or undisclosed conditions of the land or of the improvements that would render the property valuable. Furthermore, there is no asbestos in the property.
- 4) The revenue stamps placed on any deed referenced herein to indicate the sale price are in correct relation to the actual dollar amount of the transaction.
- 5) The property follows all applicable building, environmental, zoning, and other federal, state and local laws, regulations and codes.
- 6) The information furnished by others is believed to be reliable, but no warranty is given for its accuracy.

This appraisal and any other work product related to this engagement are subject to the following limiting conditions, except as otherwise noted in the report:

- 1) An appraisal is inherently subjective and represents our opinion as to the value of the property appraised.
- 2) The conclusions stated in our appraisal apply only as of the effective date of the appraisal, and no representation is made as to the effect of subsequent events.
- 3) No changes in any federal, state, or local laws, regulations or codes (including, without limitation, the Internal Revenue Code) are anticipated.
- 4) No environmental impact studies were either requested or made in conjunction with this appraisal, and we reserve the right to revise or rescind any of the value opinions based upon any subsequent environmental impact studies. If any

environmental impact statement is required by law, the appraisal assumes that such statement will be favorable and will be approved by the appropriate regulatory bodies.

- 5) Unless otherwise agreed to in writing, we are not required to give testimony, respond to any subpoena or attend any court, governmental or other hearing with reference to the property without compensation relative to such additional employment.
- 6) We have made no survey of the property and assume no responsibility in connection with such matters. Any sketch or survey of the property included in this report is for illustrative purposes only and should not be scaled accurately for size. The appraisal covers the property as described in this report, and the areas and dimensions set forth are assumed to be correct.
- 7) No opinion is expressed as to the value of subsurface oil, gas or mineral rights, if any, and we have assumed that the property is not subject to surface entry for the exploration or removal of such materials, unless otherwise noted in our appraisal.
- 8) We accept no responsibility for considerations requiring expertise in other fields. Such considerations include, but are not limited to, legal descriptions and other legal matters such as legal title, geologic considerations such as soils and seismic stability; and civil, mechanical, electrical, structural and other engineering and environmental matters. Such considerations may also include determinations of compliance with zoning and other federal, state, and local laws, regulations and codes.
- 9) The distribution of the total valuation in the report between land and improvements applies only under the reported highest and best use of the property. The allocations of value for land and improvements must not be used in conjunction with any other appraisal and are invalid if so used. The appraisal report shall be considered only in its entirety. No part of the appraisal report shall be utilized separately or out of context.
- 10) Neither all nor any part of the contents of this report (especially any conclusions as to value, the identity of the appraisers, or any reference to the Appraisal Institute) shall be disseminated through advertising media, public relations media,

news media or any other means of communication (including without limitation prospectuses, private offering memoranda and other offering material provided to prospective investors) without the prior written consent of the persons signing the report.

- 11) Information, estimates, and opinions contained in the report and obtained from third-party sources are assumed to be reliable and have not been independently verified.
- 12) Any income and expense estimates contained in the appraisal report are used only for the purpose of estimating value and do not constitute predictions of future operating results.
- 13) If the property is subject to one or more leases, any estimate of residual value contained in the appraisal may be particularly affected by significant changes in the condition of the economy, of the real estate industry, or of the appraised property at the time these leases expire or otherwise terminate.
- 14) Unless otherwise stated in the report, no consideration has been given to personal property located on the premises or to the cost of moving or relocating such personal property; only the real property has been considered.
- 15) The current purchasing power of the dollar is the basis for the values stated in the appraisal; we have assumed that no extreme fluctuations in economic cycles will occur.
- 16) The values found herein are subject to these and to any other assumptions or conditions set forth in the body of this report, but which may have been omitted from this list of Assumptions and Limiting Conditions.
- 17) The analyses contained in the report necessarily incorporate numerous estimates and assumptions regarding property performance, general and local business and economic conditions, the absence of material changes in the competitive environment and other matters. Some estimates or assumptions, however, inevitably will not materialize, and unanticipated events and circumstances may occur; therefore, actual results achieved during the period covered by our analysis will vary from our estimates, and the variations may be material.

- 18) The Americans with Disabilities Act (ADA) became effective January 26, 1992. We have not made a specific survey or analysis of the property to determine whether the physical aspects of the improvements meet the ADA accessibility guidelines. We claim no expertise in ADA issues and render no opinion regarding compliance of the subject with ADA regulations. In as much as compliance matches each owner's financial ability with the cost to cure the nonconforming physical characteristics of a property, a specific study of both the owner's financial ability and the cost to cure any deficiencies would be needed for the Department of Justice to determine compliance.
- 19) The appraisal report is prepared for the exclusive benefit of you, your subsidiaries and/or affiliates. It may not be used or relied upon by any other party. All parties who use or rely upon any information in the report without our written consent do so at their own risk.
- 20) No studies have been provided to us indicating the presence or absence of hazardous materials on the subject property or in the improvements, and our valuation is predicated upon the assumption that the subject property is free and clear of any environmental hazards including, without limitation, hazardous wastes, toxic substances, and mold. No representations or warranties are made regarding the environmental condition of the subject property. Appraisal Haus shall not be responsible for any such environmental conditions that do exist or for any engineering or testing that might be required to discover whether such conditions exist. Because we are not experts in the field of environmental conditions, the appraisal report cannot be considered as an environmental assessment of the subject property.
- 21) The persons signing the report may have reviewed available flood maps and may have noted in the appraisal report whether the subject property is in an identified Special Flood Hazard Area. However, we are not qualified to detect such areas and therefore do not guarantee such determinations. The presence of flood plain areas and/or wetlands may affect the value of the property, and the value conclusion is predicated on the assumption that wetlands are non-existent or minimal.

- 22) We are not a building or environmental inspector. Appraisal Haus does not guarantee that the subject property is free of defects or environmental problems.
- 23) The appraisal report and value conclusions for an appraisal assume the satisfactory completion of construction, repairs, or alterations in a workmanlike manner.
- 24) Appraisal Haus is an independently owned and operated company. The parties hereto agree that Appraisal Haus shall not be liable for any claim arising out of or relating to any appraisal report or any information or opinions contained therein as such appraisal report is the sole and exclusive responsibility of Appraisal Haus. In addition, it is expressly agreed that in any action which may be brought against the Integra Parties arising out of, relating to, or in any way pertaining to the engagement letter, the appraisal reports or any related work product, Appraisal Haus shall not be responsible or liable for any incidental or consequential damages or losses, unless the appraisal was fraudulent or prepared with intentional misconduct. It is further expressly agreed that the collective liability of Appraisal Haus in any such action shall not exceed the fees paid for the preparation of the assignment (unless the appraisal was fraudulent or prepared with intentional misconduct). It is expressly agreed that the fees charged herein are in reliance upon the foregoing limitations of liability.
- 25) Appraisal Haus is an independently owned and operated company, which has prepared the appraisal for the specific intended use stated elsewhere in the report. The use of the appraisal report by anyone other than the Client is prohibited except as otherwise provided. Accordingly, the appraisal report is addressed to and shall be solely for the Client's use and benefit unless we provide our prior written consent. We expressly reserve the unrestricted right to withhold our consent to your disclosure of the appraisal report or any other work product related to the engagement (or any part thereof including, without limitation, conclusions of value and our identity), to any third parties. Stated again for clarification, unless our prior written consent is obtained, no third party may rely on the appraisal report (even if their reliance was foreseeable).

26)The conclusions of this report are estimates based on known current trends and reasonably foreseeable future occurrences. These estimates are based partly on property information, data obtained in public records, interviews, existing trends, buyer-seller decision criteria in the current market, and research conducted by third parties, and such data are not always completely reliable. The Integra Parties are not responsible for these and other future occurrences that could not have reasonably been foreseen on the effective date of this assignment. Furthermore, it is inevitable that some assumptions will not materialize and that unanticipated events may occur that will likely affect actual performance. While we are of the opinion that our findings are reasonable based on current market conditions, we do not represent that these estimates will actually be achieved, as they are subject to considerable risk and uncertainty. Moreover, we assume competent and effective management and marketing for the duration of the projected holding period of this property.

27)All prospective value opinions presented in this report are estimates and forecasts which are prospective in nature and are subject to considerable risk and uncertainty. In addition to the contingencies noted in the preceding paragraph, several events may occur that could substantially alter the outcome of our estimates such as, but not limited to changes in the economy, interest rates, and capitalization rates, behavior of consumers, investors and lenders, fire and other physical destruction, changes in title or conveyances of easements and deed restrictions, etc. It is assumed that conditions reasonably foreseeable at the present time are consistent or similar with the future.

# VALUATION LIMITATIONS DUE TO ENVIRONMENTAL HAZARDS

## SPECIAL NOTE BY APPRAISERS:

In recent years the federal government has issued more than 70,000 pages of environmental laws and regulations. The most far-reaching federal environmental law is the Comprehensive Environmental Response, Compensation, and Liability Act of 1980. (CERCLA). Under CERCLA the adjudication of liability is strict, joint, several, and retroactive. The Superfund Amendments and Reauthorization Act (SARA) in 1986 addressed the matter of the so-called "innocent" purchaser. SARA specifies that "all appropriate inquiry into the previous ownership and uses of the property" must have been undertaken to establish that the defendant had no reason to know of the presence of hazardous substances. Because the potential liability for a contaminated site is so far-reaching, some buyers, sellers, and lending institutions have routinely begun to commission environmental property assessments, before executing a sale or a loan agreement. **Source:** The Appraisal of Real Estate, 13th Edition.

In the course of the appraisal, the appraiser has made an on-site inspection of the property. No specific property research has been addressed to historic uses of the site. At the time of inspection, no adverse environmental conditions were noted. The appraiser has not tested or estimated costs for testing nor the cost to remedy the existence of hazardous conditions or substances such as agricultural chemicals, asbestos, petroleum leakage, or any other hazardous substances or materials. The value estimated herein is predicated on the assumption that there is no such condition on or in the property or in such proximity thereto that it would cause a loss in value. No responsibility is assumed for any such hazardous condition, nor for any expertise or engineering knowledge required to detect them. If any hazardous substances or materials are to be considered, the value estimated herein is deemed null and void. No environmental hazards were noted at the time of inspection.

## **AMERICANS WITH DISABILITIES ACT**

Congress passed the Americans with Disabilities Act of 1990 (ADA) as a civil rights law. All of the deadlines for compliance of this law have passed. The ADA regulates the removal of barriers affecting the disabled in employment, public services, public accommodations and services operated by private entities, telecommunications and miscellaneous areas. The Department of Justice enforces this law through injunctive relief, civil suits and fines.

Real estate is covered in the public accommodations section of this law. According to the Title III(D)(1): “Generally, public accommodations or commercial facilities designed and constructed for first occupancy after January 26, 1993, must be designed and constructed so that they are readily accessible to and usable by disabled individuals, unless structurally impracticable...” This portion of the law affects new buildings.

Older buildings are affected by Title III(E)(1): “When a place of public accommodation or a commercial facility (or part of such a place or facility) is altered in a manner affecting usability of all or part of the facility after January 26, 1992, the altered portion must, to the maximum extent feasible, be made readily accessible to and usable by individuals with disabilities including those who use wheelchairs.” This provision means that buildings constructed before 1993 can be subject to provisions of the ADA if substantial internal modification, reconfiguration or remodeling is performed.

The Americans with Disability Act (ADA) became affective January 26, 1992. We have not made a specific compliance survey and analysis of the subject property to determine whether it conforms with the various detailed requirements of the ADA. It is possible that a compliance survey together with a detailed analysis of the requirements of the ADA could reveal that the subject property might not be in compliance with one or more of the requirements of the Act. If so, this fact could have a negative effect upon the value of the

subject property. Since we have no direct evidence relating to this issue, we did not consider possible noncompliance with the requirements of the ADA in estimating the value of the subject property.

## **HISTORICAL SIGNIFICANCE**

We are unaware of the subject property having any historical significance. Should this condition be discovered, we reserve the right to amend our conclusions and final value opinion in this report.

## **NATURAL/RECREATIONAL VALUE**

We are unaware of the subject property containing any natural or recreational value which would affect its final value opinion. Should any of these conditions be discovered on the subject property or in the general area, we reserve the right to amend our conclusions and final value opinion in this report.

## **CULTURAL/SCIENTIFIC VALUE**

We are unaware of the subject property having any cultural or scientific value. Should any of these conditions be discovered, we reserve the right to amend our conclusions and final value opinion in this report.

# QUALIFICATIONS OF THE APPRAISER

**George Jaime Salazar II D/B/A Appraisal Haus  
Certified General Appraiser  
TX-1338209-G  
502 West Kuhn Street  
Edinburg, Texas 78541  
956-867-6398 Fax: 956-386-1533**

George Jaime Salazar is a State Certified General Appraiser. Georges' appraisal experience of property types range from single family residences to commercial and industrial properties.

## **Education:**

Edinburg North High School 1993  
University of Texas Pan American 1994  
San Antonio College 1996

## **Pertinent Courses:**

General Sales Comparison Approach	2020	Appraisal Institute
Income Approach Part I	2018	Appraisal Institute
General Site Valuation & Cost Approach	2016	Appraisal Institute
Easement Valuation	2016	IRWA Online
Business Practices & Ethics	2012	Appraisal Institute
Foreclosures & Short Sales	2010	Champions
Advanced Residential Case Study	2010	Champions
7hr USPAP Update	2010	Champions
Basic Appraisal Principle	2008	Appraisal Institute
Basic Appraisal Practice	2008	Appraisal Institute
National Uspap Course	2008	Champions
General Market Analysis & Highest and Best Use	2007	Appraisal Institute
Residential Sales Comparison & Income Approach	2007	Lincoln Graduate
Yield Capitalization of Income Property	2006	Lincoln Graduate
Direct Capitalization of Income Property	2006	Lincoln Graduate
Financial Analysis of Income Property	2006	Lincoln Graduate
Commercial Investment Appraisal	2006	Lincoln Graduate
Principles of Appraisal Review	2006	Lincoln Graduate
National USPAP Course	2005	Lincoln Graduate
Principles of Real Estate Appraisal	2005	Lincoln Graduate
Practice of Real Estate Appraisal	2005	Lincoln Graduate

## **Clients and/or Types of Appraisals Which Have Been Prepared:**

Federally Insured Banks, Individual Home Owners, Residential Home Builders, Fast Food Chains, Drive In Restaurants, Farm & Ranch Owners, Estates, Retailers, Produce Packing Sheds, Industrial Facilities, Residential Subdivisions, Apartment Complexes.

## **Areas Where Appraised Properties Are Located:**

Mission, Edinburg, McAllen, Pharr, San Juan, Alamo, Weslaco, and other areas within Hidalgo, Starr, Willacy, and Cameron Counties, State of Texas.

**Affiliations** Appraisal Institute, Practicing Affiliate 2012 & International Right of Way Association  
2013

# CERTIFICATION



**Certified General  
Real Estate Appraiser**

Appraiser: **George Jaime Salazar II**  
License #: **TX 1338209 G** License Expires: **10/31/2026**

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

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



**Chelsea Buchholtz  
Executive Director**

# ENGAGEMENT LETTER



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## LETTER OF ENGAGEMENT

Client hereby engages Appraiser to complete an appraisal assignment as follows:

**DATE OF AGREEMENT:** 03/27/2025

**PARTIES TO AGREEMENT:**

**CLIENT**  
**Client Name** Jorge Alvarez  
**Client Company** Rio Bank  
**Relationship Manager**  
**Address** 701 E Expressway 83  
**City** McAllen  
**State** TX  
**Zip** 78501

**APPRAISER:**  
**Appraiser Name** George Salazar  
**Appraiser Company** Appraisal Haus  
**Address** 502 West Kuhn Street  
**City** Edinburg  
**State** TX  
**Zip** 78541  
**Phone**  
**Email** jaimesalazar@appraisalhaus.org

**SUBJECT PROPERTY:**

**Borrower Name** Hermanos Mendez, LLC  
**Legal description** - B P NEWMAN SUBDIVISION LOTS 3 & 90 X 266 OF LOT 4 BLK 1, 1.3415 OUT OF 2.688 ACS OUT OF 3.151 ACS OUT OF 3.551 ACRES (CAB 1 SLOT 1621-A CCMR)  
- B P NEWMAN SUBDIVISION LOT 4 BLK 1, 1.3435 OUT OF 2.688 OUT OF 3.151 ACS OUT OF 3.551 ACRES (CAB 1 SLOT 1621-A CCMR)  
**Property Address** 38 Sam Pearl Boulevard  
**Property City** Brownsville  
**Property State** TX  
**Property Zip Code** 78520  
**Property Type** Retail/Commercial  
**APN** 384648 & 386082  
**Loan Type**  
**Loan Number** TBD

**ASSIGNMENT INFORMATION:**

**Delivery Date** 04/10/2025  
**Delivery Method** EDR's Collateral360 via www.parcelplatform.com  
**Payment to Appraiser** 1650.00 USD

**SCOPE OF SERVICES:**

**Intended Use** The intended use of this assessment is for loan underwriting and/or credit decisions by the Bank and/or participants  
**Intended Users** Rio Bank  
**Inspection Requirements** Full Inspection  
**Approaches to Value** All Applicable  
**Report Format**  
**Report Type** Appraisal Report  
**Comments**

**CONTACT FOR PROPERTY ACCESS, IF APPLICABLE:**

**Name** Raul Mendez  
**Phone** (956)579-7169

# ENGAGEMENT LETTER



Email

## Valuation Scenario

Valuation Scenario		
Valuation premise	Valuation type	Valuation interest
As is	Market value	Fee simple

## Hypothetical Conditions, Extraordinary Assumptions

No additional hypothetical conditions or extraordinary assumptions are required as part of this engagement.

## Applicable Requirements Other than the Uniform Standards of Professional Appraisal Practice (USPAP)

No additional applicable requirements other than the Uniform Standards of Professional Appraisal Practice (USPAP) are required as part of this engagement.

## Additional Terms and Conditions

We ask that the report be addressed to Rio Bank and include this letter of instruction as an exhibit within the report.

### PROPOSED IMPROVEMENTS

If the property appraised consists of proposed improvements, Client shall provide to Appraiser plans, specifications, or other documentation sufficient to identify the extent and character of the proposed improvements.

Only for properties with improvements in a FLOOD ZONE: The Replacement Cost or Insurable Value of the improvements with a depreciated value is required for this assignment and must be included for the bank's use. (for insurance purposes).

Only if there are multiple improvements (buildings): The bank will require for this assignment to identify the number of buildings and/or units including a sketch of the improvements.

Nothing contained herein shall prevent Rio Bank from requiring additional appraisal information if deemed appropriate. We also reserve the right to return appraisal reports for technical clarification or edification.

### PROPERTIES UNDER CONTRACT FOR SALE

If the property appraised is currently under contract for sale, Client shall provide to Appraiser a copy of said contract including all addenda.

### CONFIDENTIALITY

Appraiser shall not provide a copy of the written Appraisal Report to, or disclose the results of the appraisal prepared in accordance with this Agreement with, any party other than Client, unless Client authorizes in writing, except as stipulated in the Confidentiality Section of the ETHICS RULE of the Uniform Standards of Professional Appraisal Practice (USPAP).

### CHANGES TO AGREEMENT

Any changes to the assignment as outlined in this Agreement shall necessitate a new Agreement. The identity of the client, intended users, or intended use; the date of value; type of value; or property appraised cannot be changed without a new Agreement.

# ENGAGEMENT LETTER



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## **CANCELLATION**

Client may cancel this Agreement at any time prior to the Appraiser's delivery of the Appraisal Report upon written notification to the Appraiser. Client shall pay Appraiser for work completed on assignment prior to Appraiser's receipt of written cancellation notice, unless otherwise agreed upon by Appraiser and Client in writing.

## **NO THIRD PARTY BENEFICIARIES**

Nothing in this Agreement shall create a contractual relationship between the Appraiser or the Client and any third party, or any cause of action in favor of any third party. This Agreement shall not be construed to render any person or entity a third party beneficiary of this Agreement, including, but not limited to, any third parties identified herein.

## **USE OF EMPLOYEES OR INDEPENDENT CONTRACTORS**

Appraiser may use employees or independent contractors at Appraiser's discretion to complete the assignment, unless otherwise agreed by the parties. Notwithstanding, Appraiser shall sign the written Appraisal Report and take full responsibility for the services provided as a result of this Agreement.

## **TESTIMONY AT COURT OR OTHER PROCEEDINGS**

Unless otherwise stated in this Agreement, Client agrees that Appraiser's assignment pursuant to this Agreement shall not include the Appraiser's participation in or preparation for, whether voluntarily or pursuant to subpoena, any oral or written discovery, sworn testimony in a judicial, arbitration or administrative proceeding, or attendance at any judicial, arbitration, or administrative proceeding relating to this assignment.

## **APPRAISER INDEPENDENCE**

Appraiser cannot agree to provide a value opinion that is contingent on a predetermined amount. Appraiser cannot guarantee the outcome of the assignment in advance. Appraiser cannot insure that the opinion of value developed as a result of this Assignment will serve to facilitate any specific objective by Client or others or advance any particular cause. Appraiser's opinion of value will be developed competently and with independence, impartiality and objectivity.


## **EXPIRATION OF AGREEMENT**

This Agreement is valid only if signed by both Appraiser and Client within X days of the Date of Agreement specified.

## **GOVERNING LAW & JURISDICTION**

The interpretation and enforcement of this Agreement shall be governed by the laws of the state in which the Appraiser's principal place of business is located, exclusive of any choice of law rules.

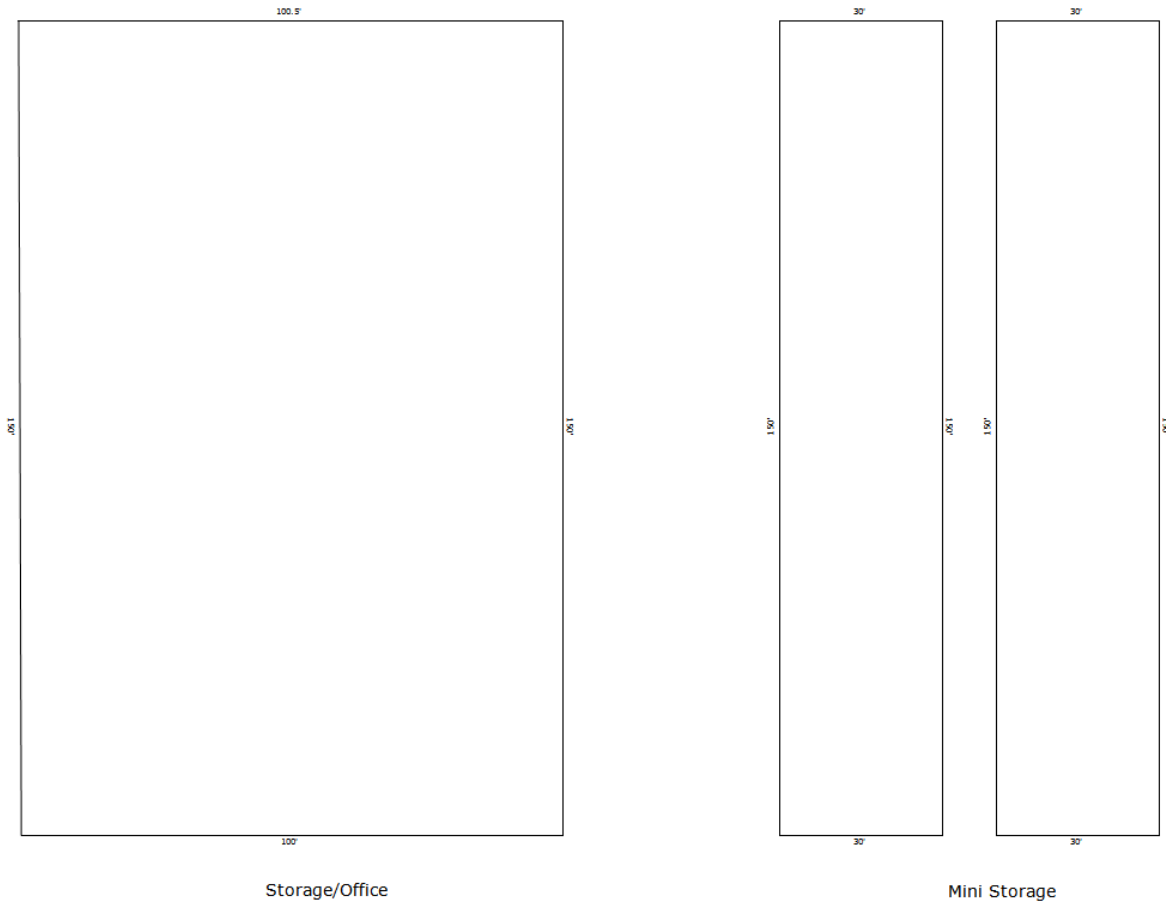
By Client:

  
\_\_\_\_\_  
Jorge Alvarez

By Appraiser:

  
\_\_\_\_\_

# BUILDING SKETCH



## REPLACEMENT COST CALCULATION

Property Type: Storage Units  
Address: 36 Sam Perl Boulevard, Brownsville, Texas 78520  
Source: Local Builders Cost, Marshall & Swift

Commercial Building	24,590 SF	\$51.00	\$1,254,090
Total Replacement Cost			\$1,254,090
Exclusions		Per Sq. Ft.	
Non- Perishable Items		\$5.10	\$125,409
Concluded Replacement Cost			
Total Replacement Cost New			\$1,254,090
Less Total Exclusions			(\$125,409)
Concluded Replacement Cost			\$1,128,681
Total Replacement Cost			
			\$1,130,000