

SUMMARY OF SALIENT FEATURES

Approved by CC:

JAN 13 2014

| | | |
|------------------------------------|-------------------------|---|
| SUBJECT INFORMATION | Subject Address | 102 S Main St |
| | Legal Description | Lots 1A, 2 A & Blk 5, Original Cleburne |
| | City | Cleburne |
| | County | Johnson |
| | State | TX |
| | Zip Code | 76033 |
| | Census Tract | 48251-1308.00 |
| | Map Reference | JohnsonMpsco1116X |
| SALES PRICE | Sale Price | \$ NA |
| | Date of Sale | NA |
| CLIENT | Owner | Johnson County |
| | Client | Johnson County |
| DESCRIPTION OF IMPROVEMENTS | Size (Square Feet) | 4,984 |
| | Price per Square Foot | \$ 32.90 |
| | Location | Central Business District |
| | Age | ~128 |
| | Condition | Average |
| | Total Rooms | 22 Rooms, 2 Story Office Building |
| | Bedrooms | 19 Offices, 1 Reception, 1 Kitchenette/Breakroom, 1 Mechanical/Equipment Room |
| | Baths | 4 Restrooms, handicap accessible |
| APPRAISER | Appraiser | Dona L Buie, ATA-G |
| | Date of Appraised Value | 10/17/2013 |
| VALUE | Opinion of Value | \$ 164,000 |

Engagement Letter

| | | | | |
|------------------|----------------|--------|---------|-------------------------|
| Owner | Johnson County | | | |
| Property Address | 102 S Main St | | | |
| City | Cleburne | County | Johnson | State TX Zip Code 76033 |
| Client | Johnson County | | | |

Hello Ms. Buie,

Johnson County is considering the sale of five (5) pieces of property pending Commissioners Court approval. We are requesting a soft quote from RFP2011-417: Real Estate Appraiser Services for the properties listed below. We are also requesting an estimated start date upon notification to proceed as well as an estimated time of completion.

Property Location

113-121 W. Chambers, Cleburne, TX 76031; 1-story 4131 sq. ft. building (Annex)
104 S. Main Str., Cleburne, TX 76031; 2-story 5632 sq. ft. building (Lesial)
116 S. Mill Str., Cleburne, TX 76031, 3-story 14441 sq. ft. building (Old Jail)
102 S. Main Str., Cleburne, TX 76031, 2-story 10164 sq. ft. building (Old Adult Probation)
102 E. Chambers St., Cleburne, TX 76033, .1600 acre parking lot

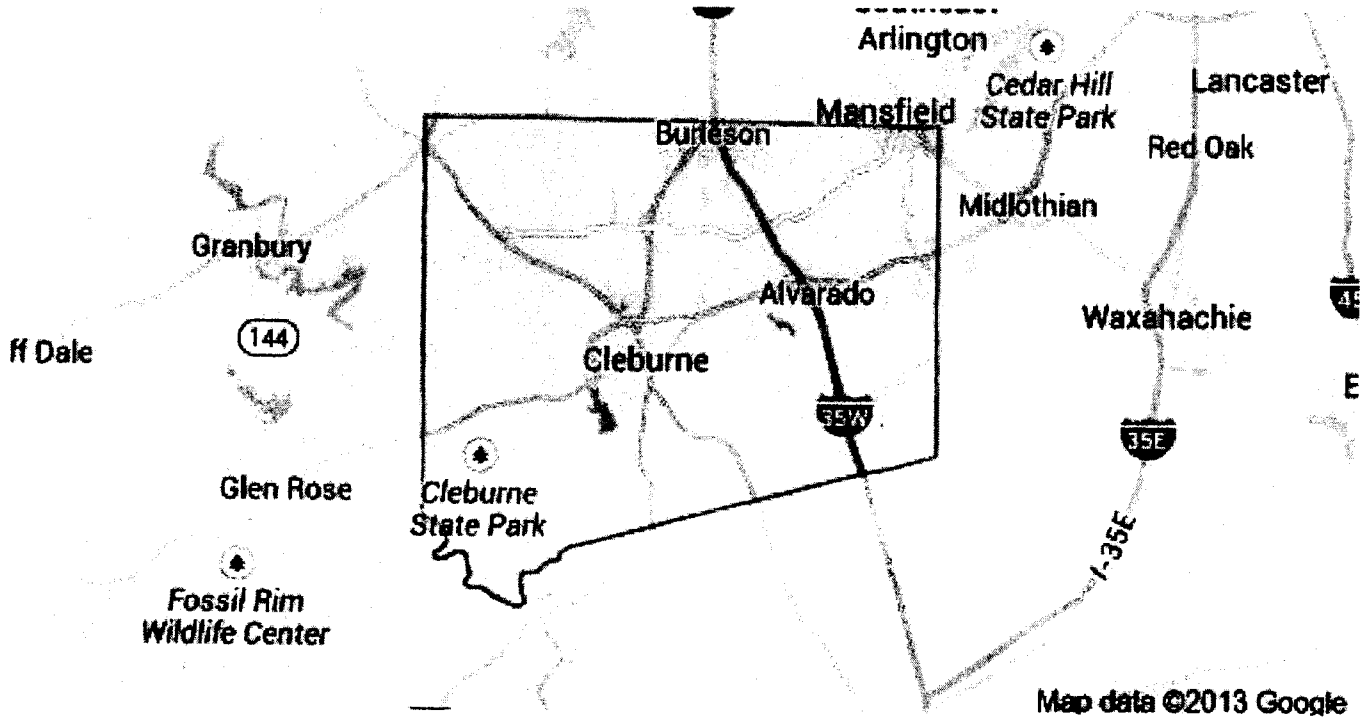
Please do not hesitate to contact Kelli or me if you have any questions or need any additional information.

Sincerely,

Heather Carmichael
Contract Manager/Buyer
Johnson County Purchasing
1102 E Kilpatrick, Ste B
Cleburne, TX 76031
(817) 556-6384 phone
(817) 556-6385 fax

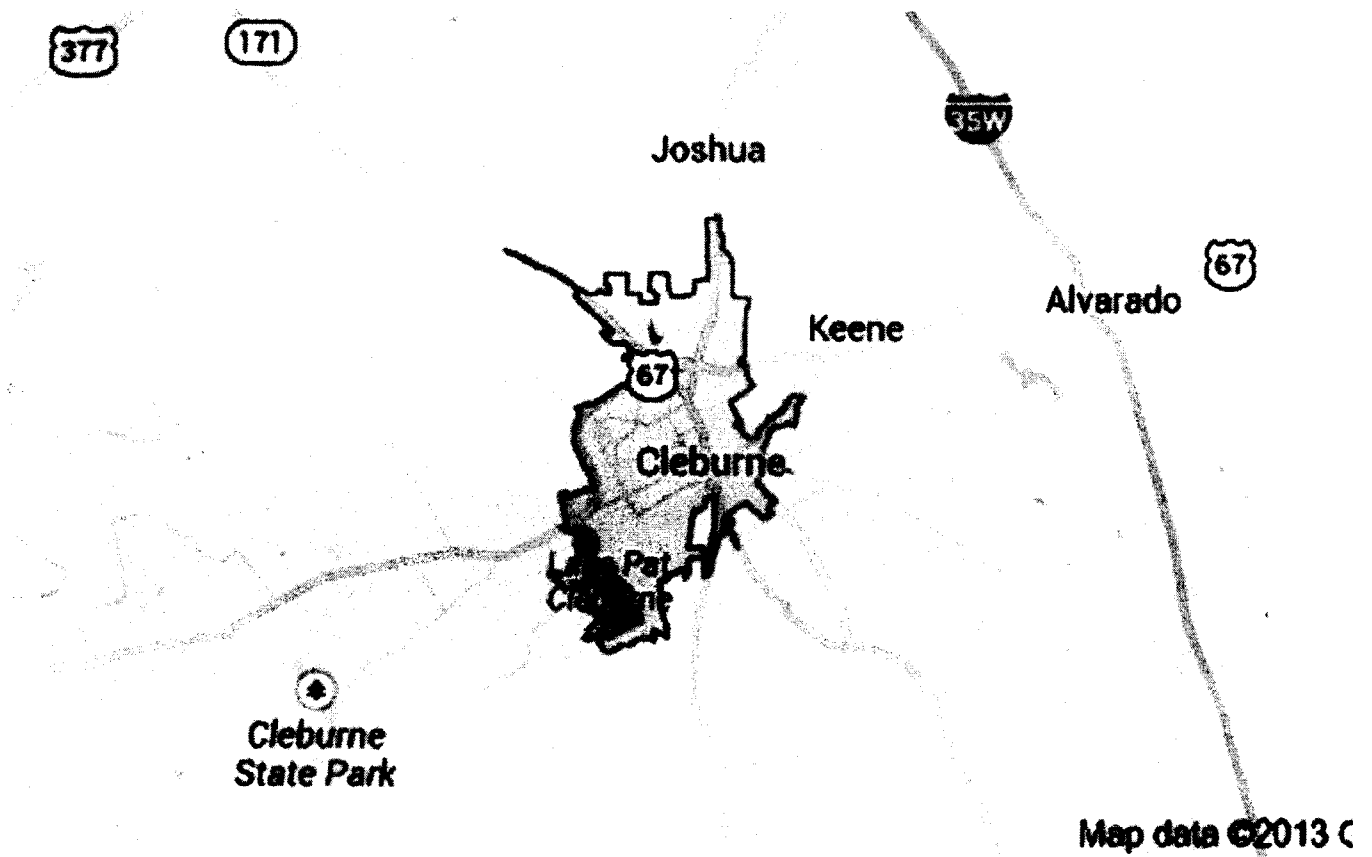
County of Johnson Map

| | | | | |
|------------------|----------------|--------|---------|-------------------------|
| Owner | Johnson County | | | |
| Property Address | 102 S Main St | | | |
| City | Cleburne | County | Johnson | State TX Zip Code 76033 |
| Client | Johnson County | | | |



City of Cleburne Map

| | | | |
|------------------|----------------|----------|----------------|
| Owner | Johnson County | | |
| Property Address | 102 S Main St | | |
| City | County Johnson | State TX | Zip Code 76033 |
| Client | Johnson County | | |



Business Centers Map

| | | | |
|------------------|----------------|----------------|-------------------------|
| Owner | Johnson County | | |
| Property Address | 102 S Main St | | |
| City | Cleburne | County Johnson | State TX Zip Code 76033 |
| Client | Johnson County | | |

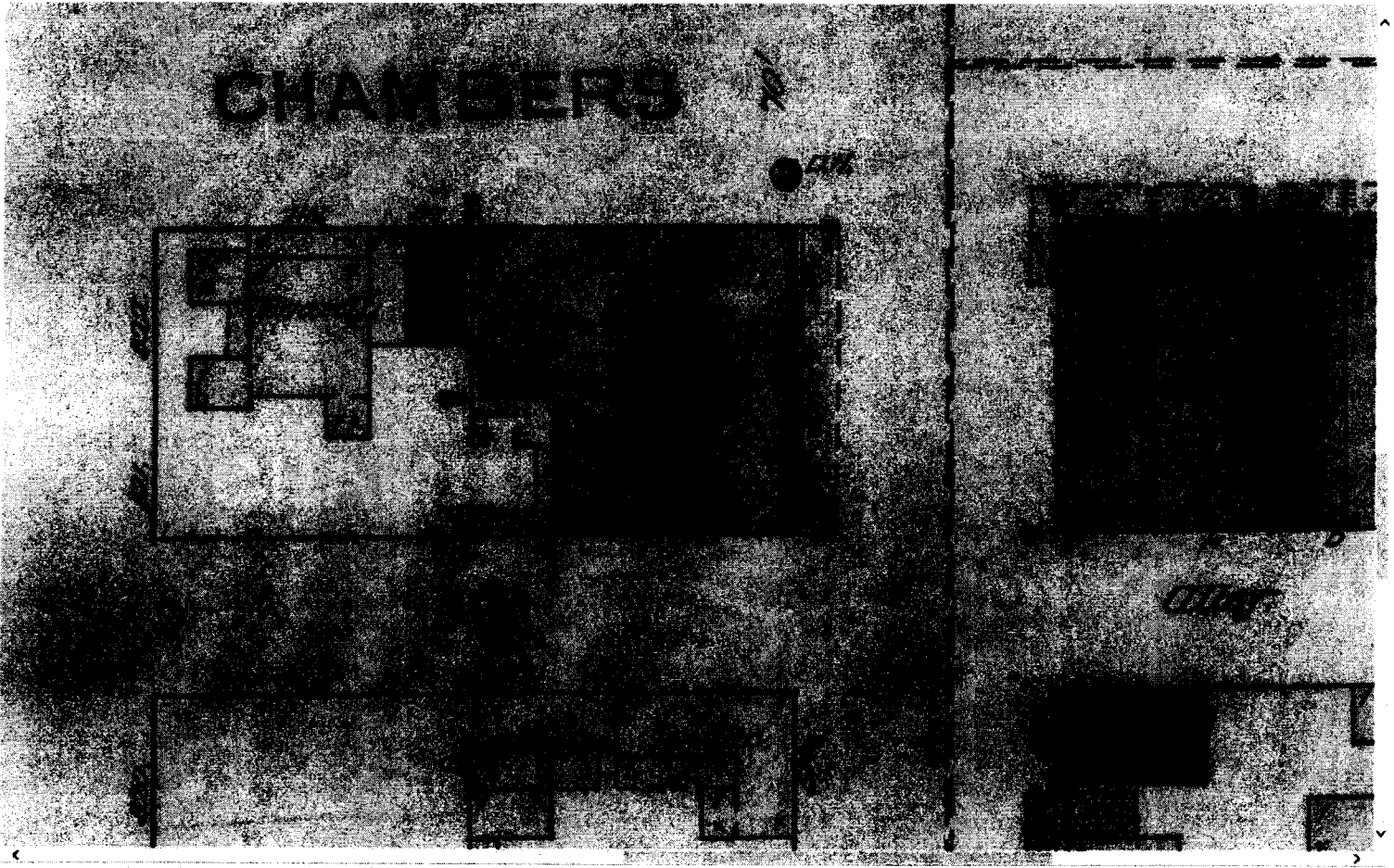


Location Map

| | | | | | | | |
|------------------|----------------|--------|---------|-------|----|----------|-------|
| Owner | Johnson County | | | | | | |
| Property Address | 102 S Main St | | | | | | |
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Sanborn Map 1885



Zoning Map

| | | | | |
|------------------|----------------|--------|---------|-------------------------|
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| Client | Johnson County | | | |

C3

according to map provided by P&Z

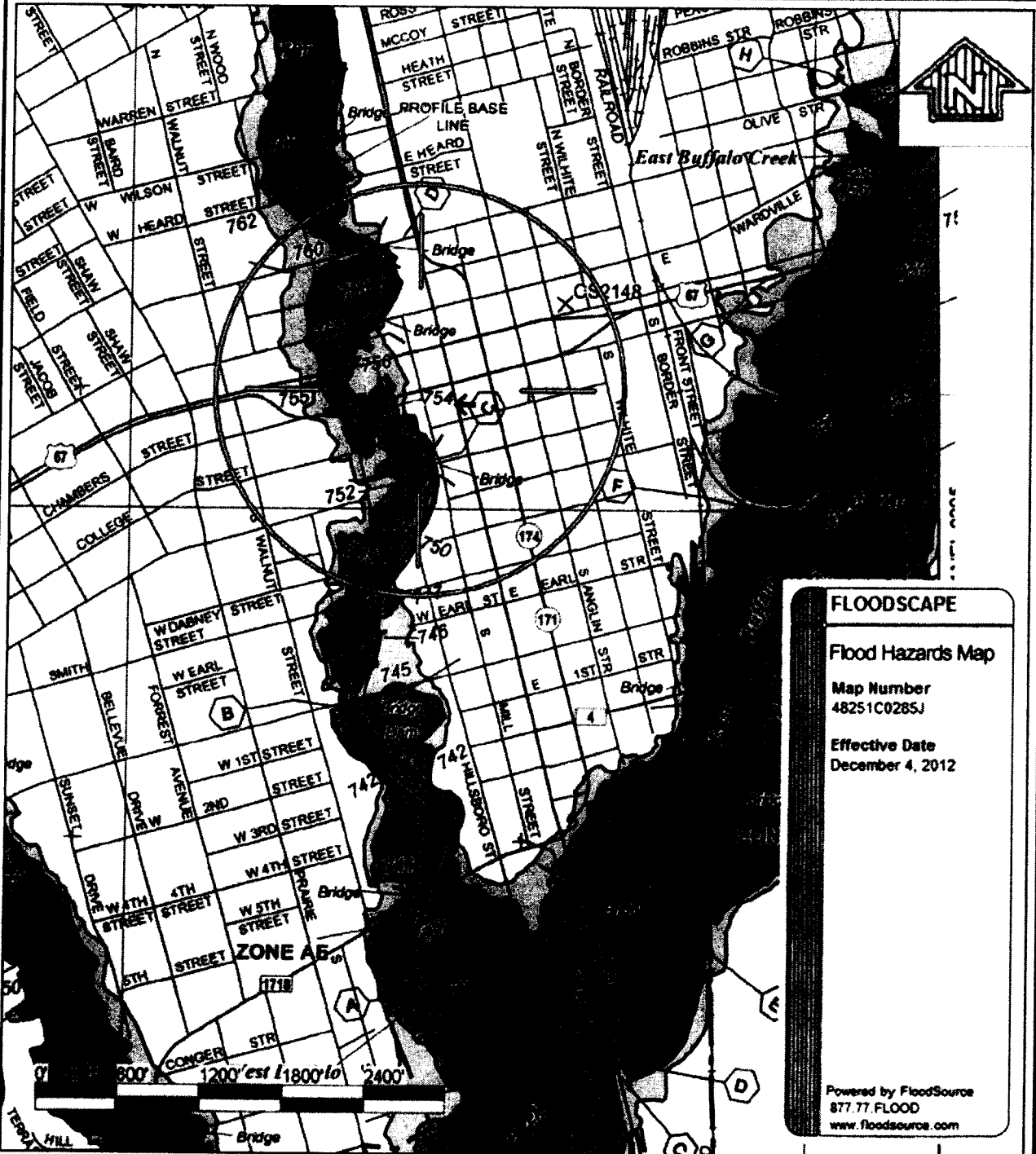


Flood Map

| | | | |
|------------------|----------------|----------------|------------------------------|
| Owner | Johnson County | | |
| Property Address | 102 S Main St | | |
| City | Cleburne | County Johnson | State TX Zip Code 76033 |
| Client | Johnson County | | |

InterFlood by a la mode
www.interflood.com • 1-800-252-6633

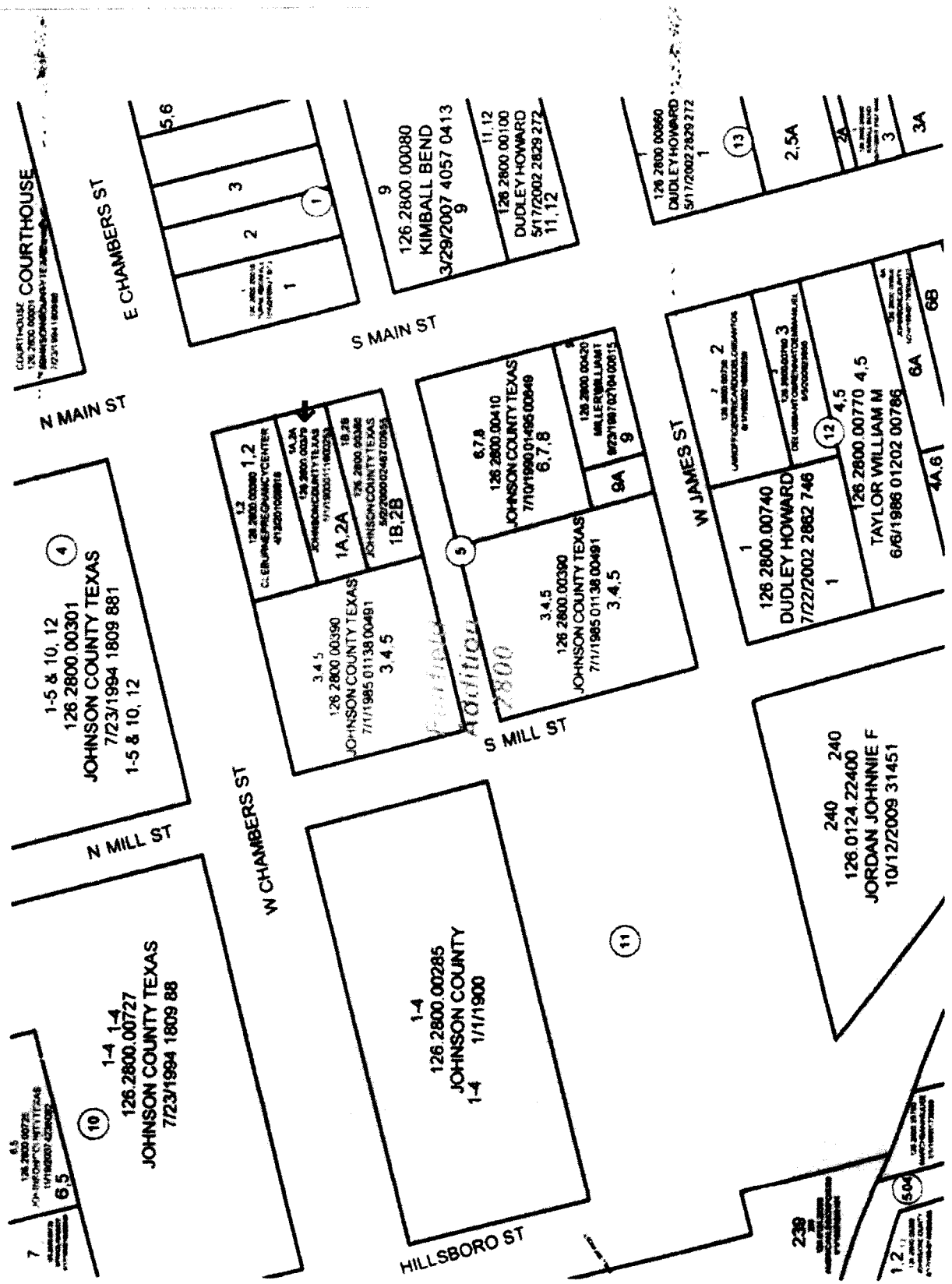
Prepared for:
 Appraisal Associates
 W Chambers & Mill St
 Cleburne, TX 76031



© 1998-2013 SourcePhase and/or FloodSource Corporations. All rights reserved. Patents 6,631,326 and 6,678,615. Other patents pending. For info, info@floodsource.com.

Site Map

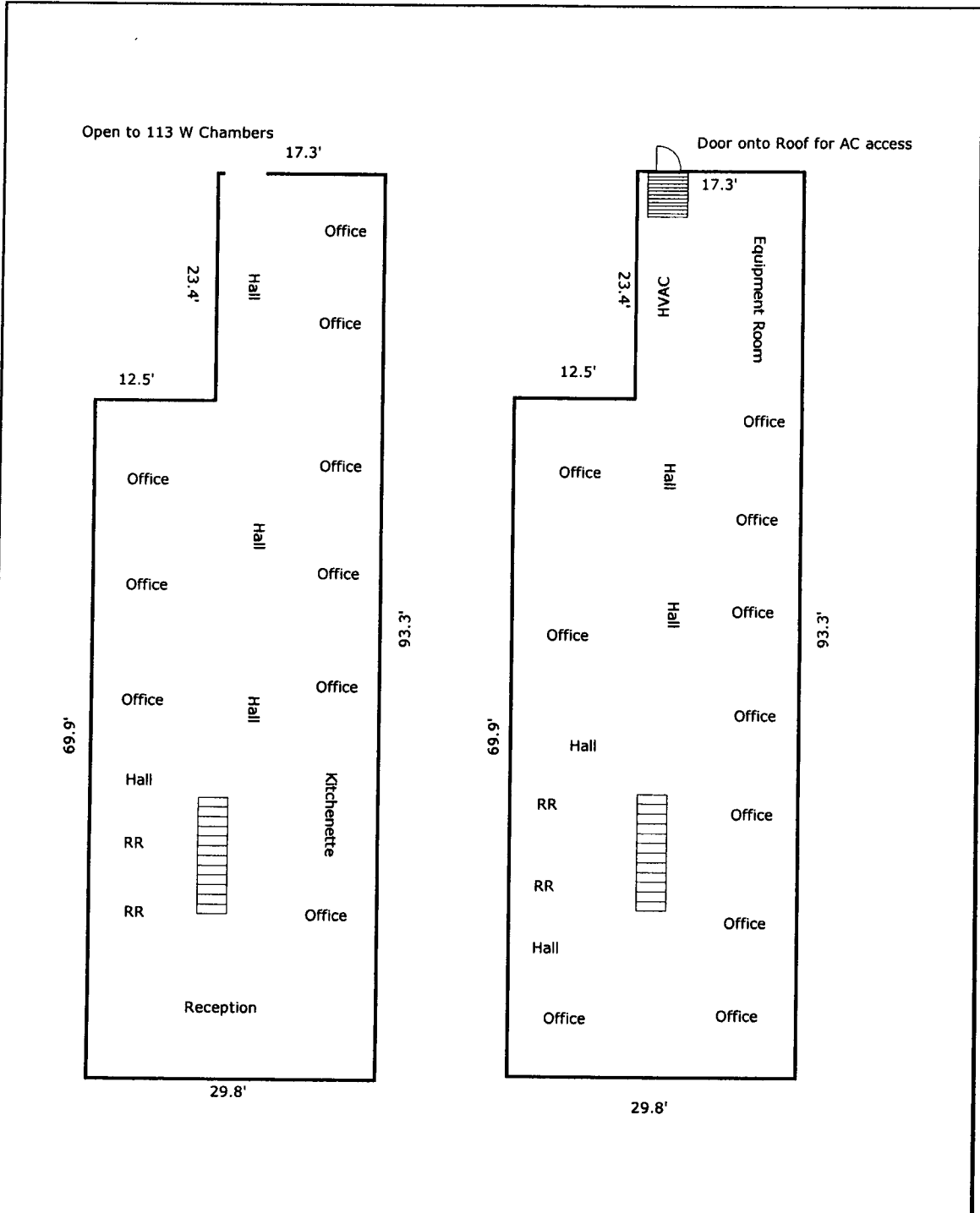
| | | | | | | | |
|------------------|----------------|--------|---------|-------|----|----------|-------|
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Building Sketch

| | | | |
|------------------|----------------|----------------|-------------------------|
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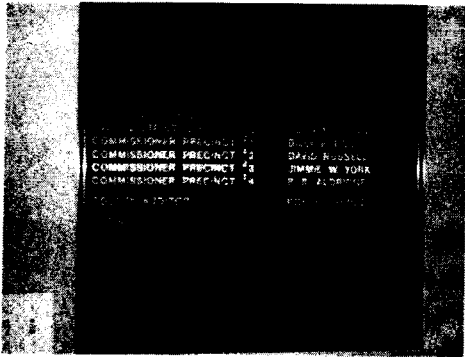
The Layland Museum and the Sanborn Maps indicate that 102 S Main was being used in 1885 as a grocery and barber shop



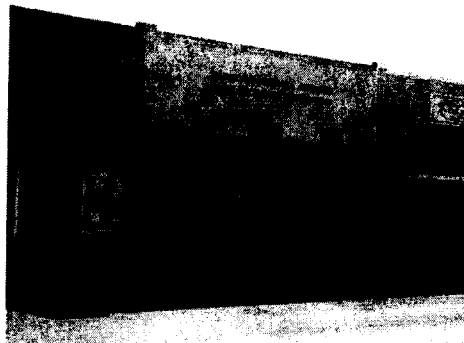
| | |
|--|-------------------|
| <small>TOTAL Sketch by a la mode, inc.</small> | |
| Area Calculations Summary | |
| Living Area: | |
| First Floor | 2492.1 Sq ft |
| Second Floor | 2492 Sq ft |
| Total Living Area (Rounded): | 4984 Sq ft |

Photograph Addendum

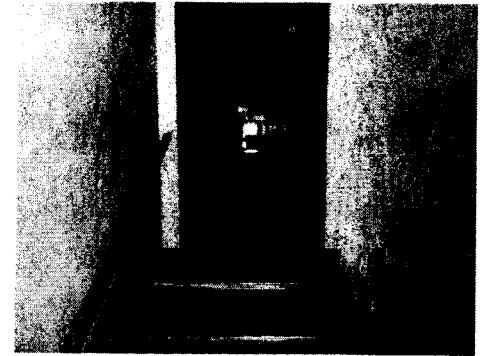
| | | | |
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Plaque



Front



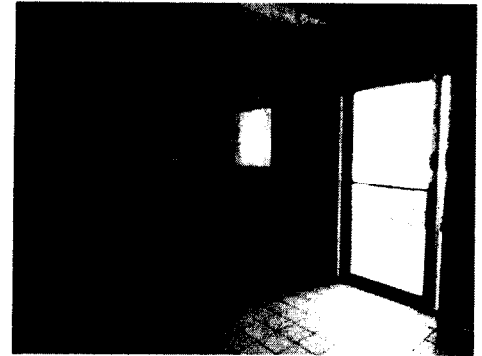
Rear Access from 113 W Chambers to Subject



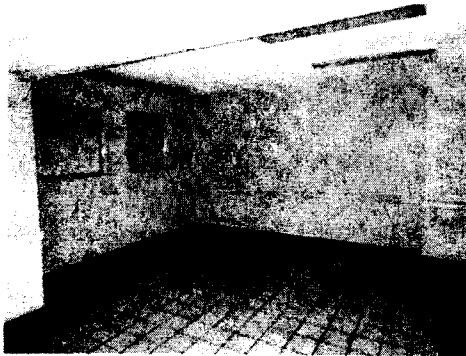
Street North



Street South



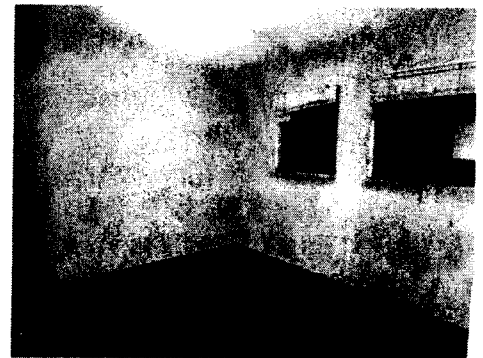
Foyer



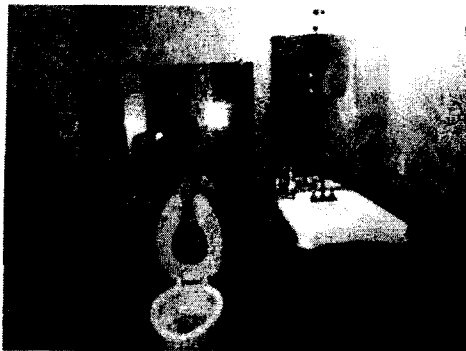
Reception



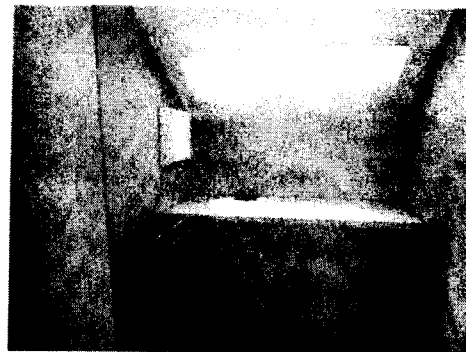
RR 1



Office



RR 2



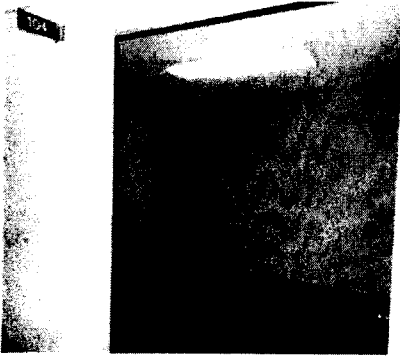
Storage area under stairway



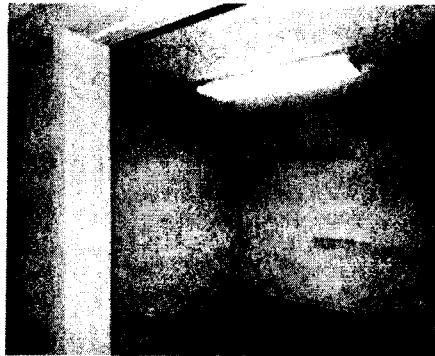
Kitchenette/Breakroom

Photograph Addendum

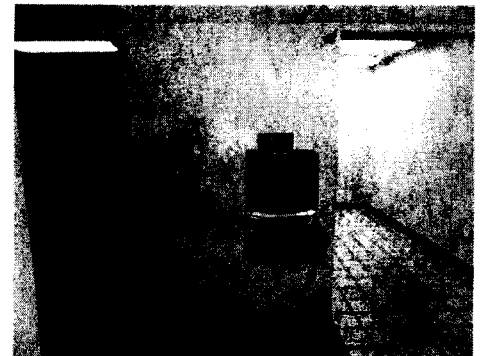
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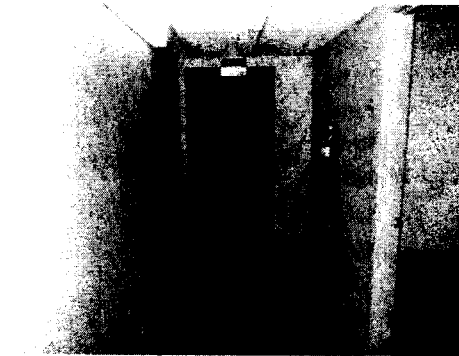
Office



Office



Water Fountain/Fire Extinguisher



Hall



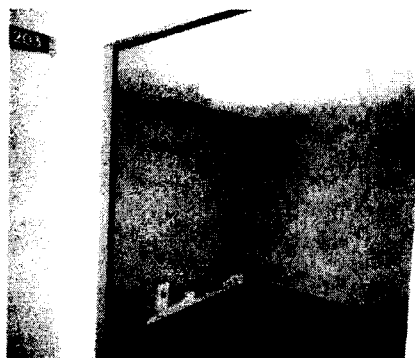
Hall



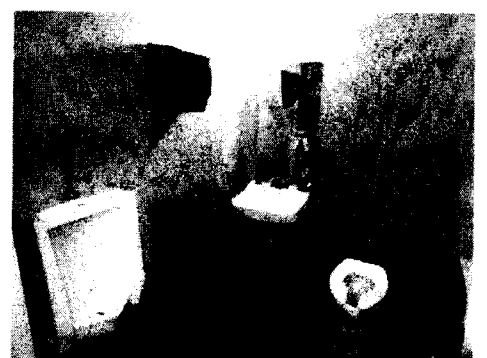
Stairway down from 2nd story



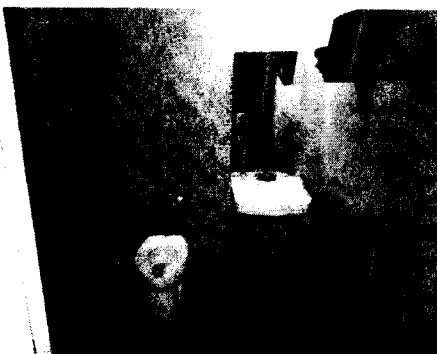
Hall way upstairs



Office



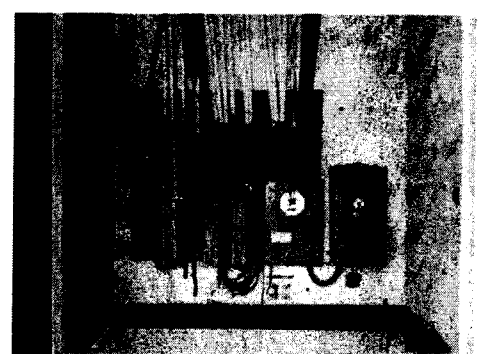
RR 3



RR 4



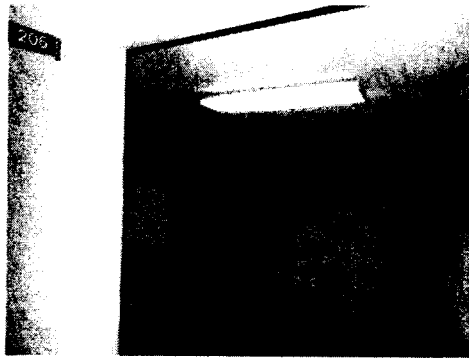
Office



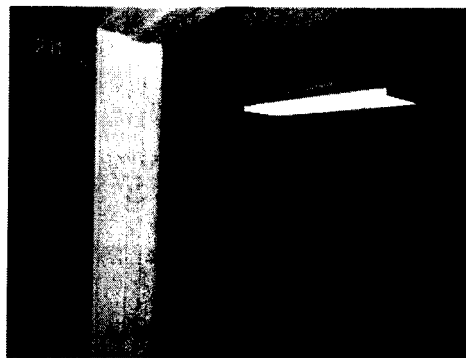
Control panel area

Photograph Addendum

| | | | |
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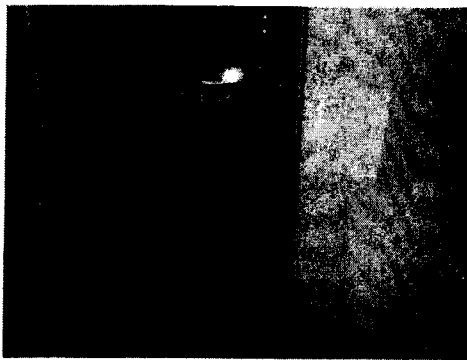
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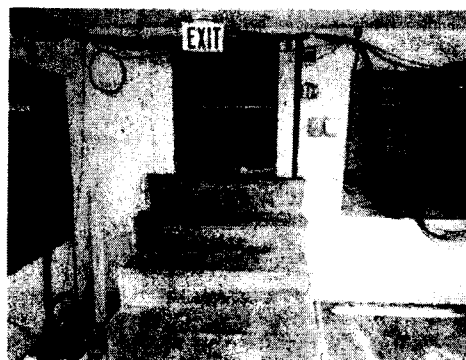
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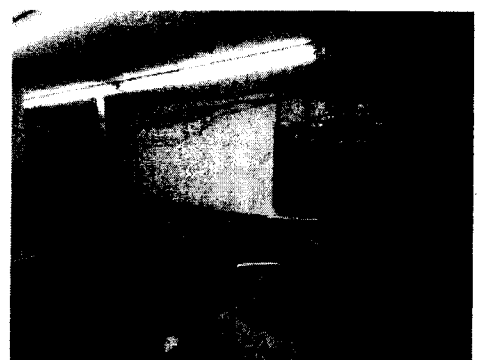
Office



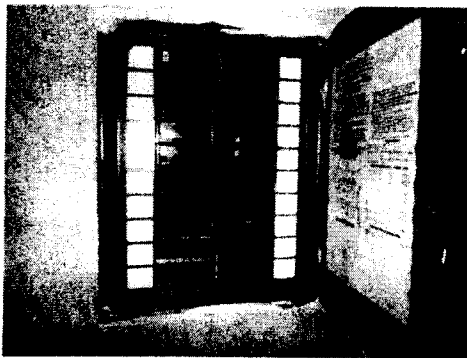
HVAC closet



Door to roof from Mech Room



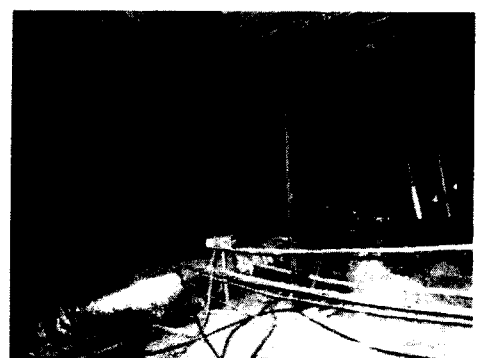
Mech Room



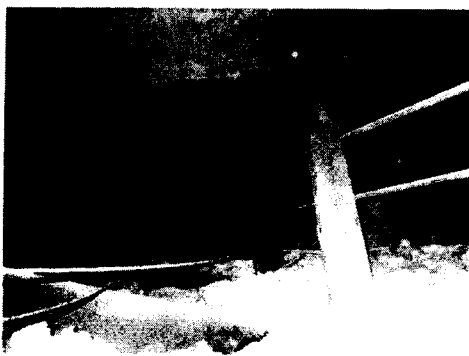
Electrical Panel



Attic



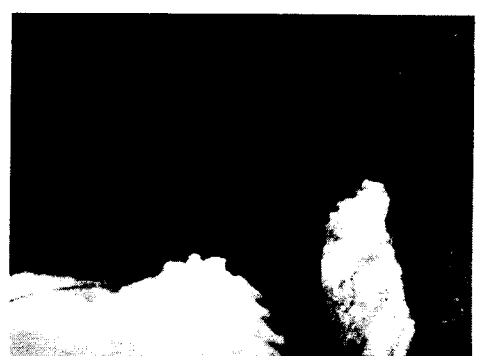
Attic



Attic



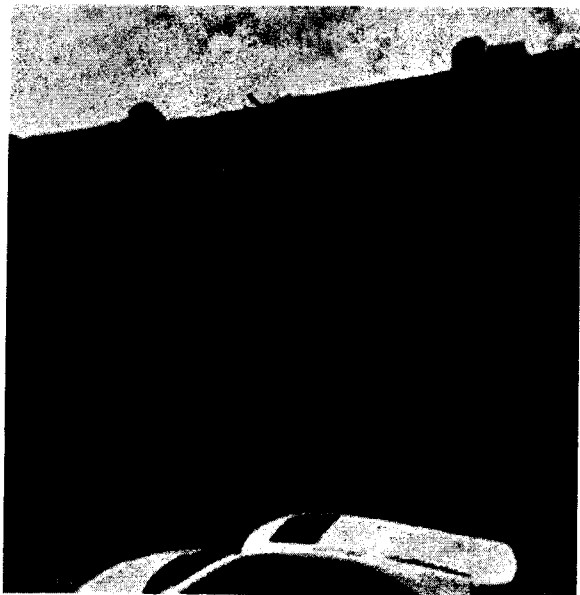
Attic



Charring & Smoke

Comparable Building Photos

| | | | | |
|------------------|----------------|----------------|----------|----------------|
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212 S Main

Cleburne, TX

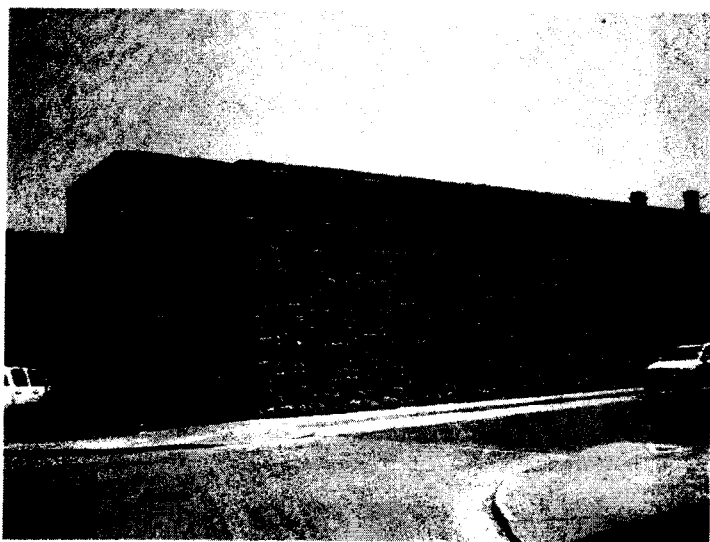
Renovated Retail Space



208 W Henderson

Cleburne, TX

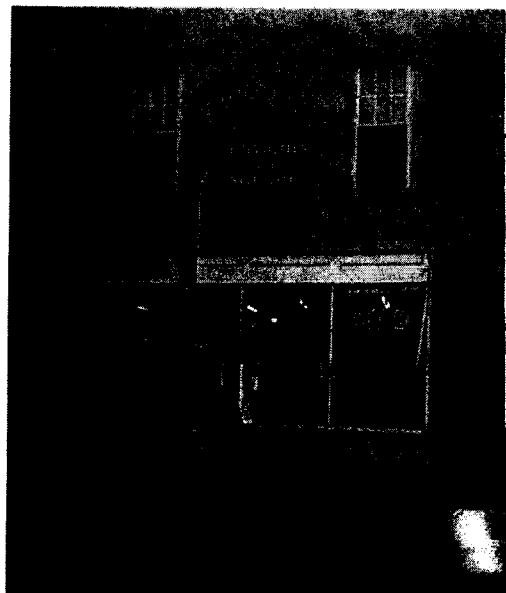
Fair to Average Condition
Needed plumbing repairs
and updating



190 W College

Stephenville, TX

Average Condition
Needed updating



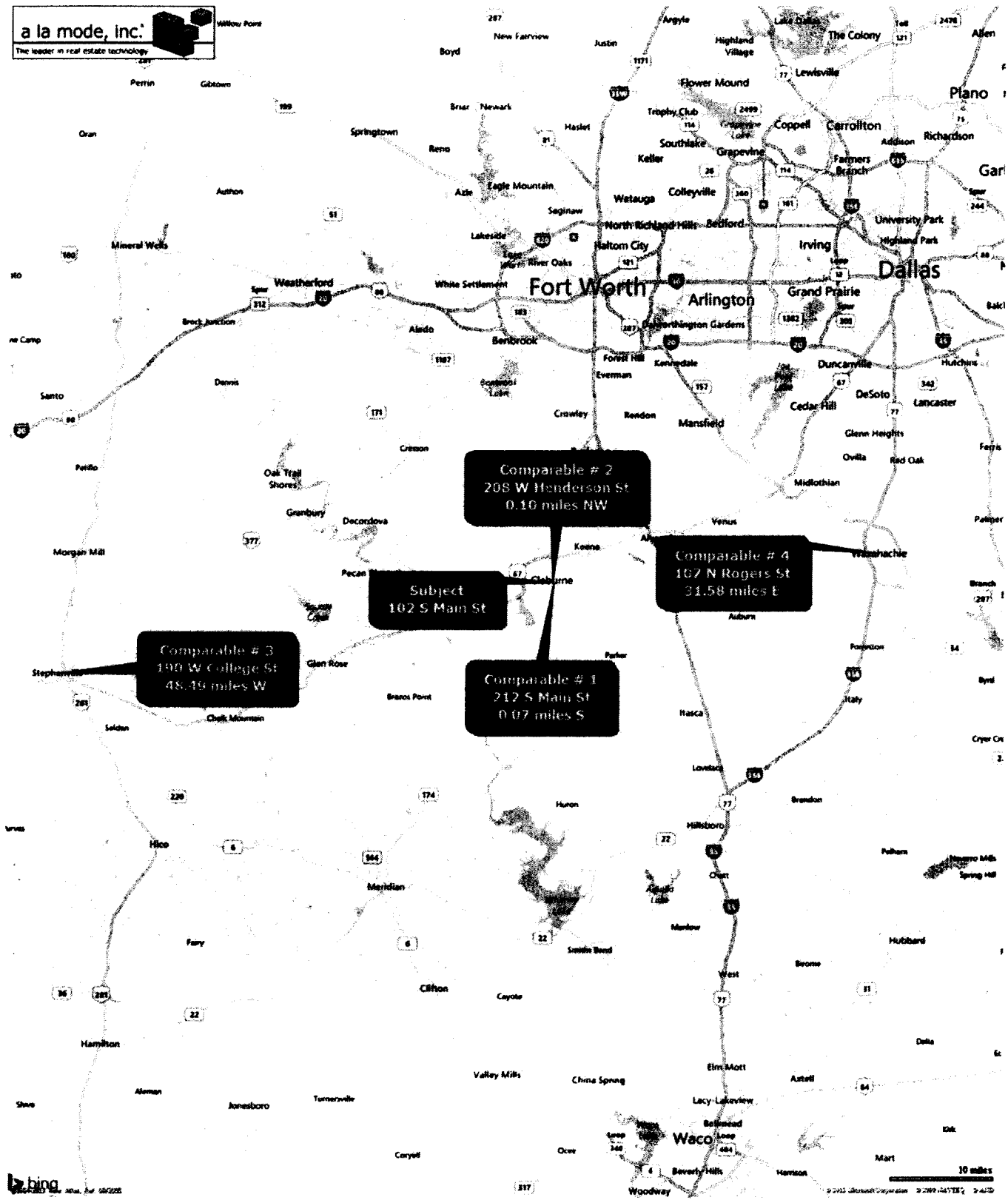
107 N Rogers St

Waxahachie, TX

Renovated Retail downstairs
Loft apartment upstairs

Comparable Sales Map

| | | | |
|------------------|----------------|----------------|-------------------------|
| Owner | Johnson County | | |
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| Client | Johnson County | | |



Comparable Rentals Photograph Addendum

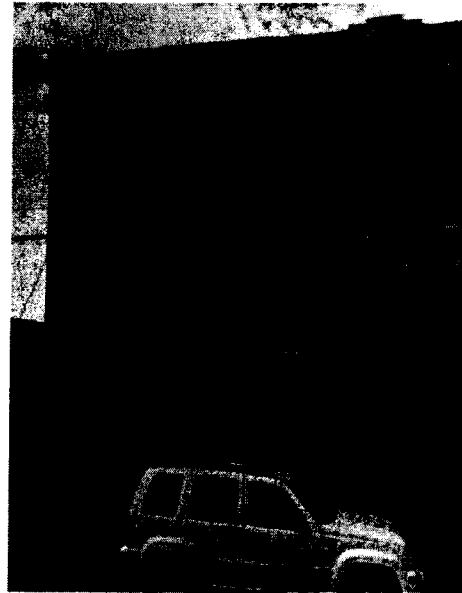
| | | | |
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115 S Main

Wright Building
Cleburne, TX

Upper end retail/offices
across street from subject
commands an average \$14 per sf per annum rental rate



206 S Caddo

Cleburne, TX

One block east and south of subject
Renovated office
Rental rate per annum is \$8.18 per sf



207 S Mill

Cleburne, TX

One block south of subject
Office space, inferior location
Rental Rate \$3.27 per sf per annum



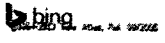
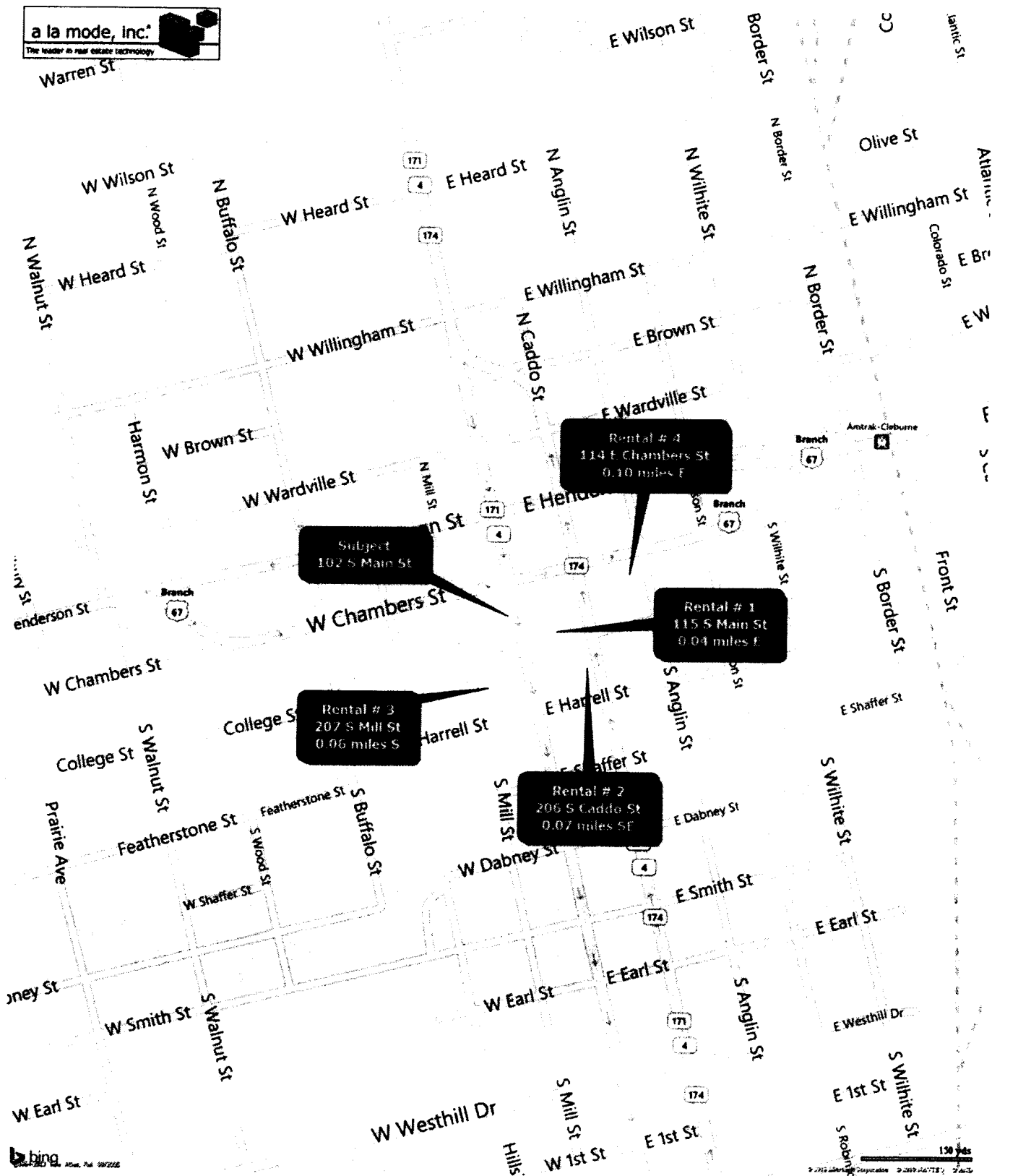
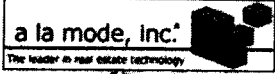
114 E Chambers

Cleburne, TX

Two blocks east and one block north of subject
Retail Space, needs updating
Bottom floor leases for \$5.33 per sf per annum

Comparable Rentals Map

| | | | | | | | |
|------------------|----------------|--------|---------|-------|----|----------|-------|
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| Client | Johnson County | | | | | | |



150 Feet
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PRIVACY NOTICE

Pursuant to the Gramm-Leach-Bliley Act of 1999, effective July 1, 2001, Appraisers, along with all providers of personal financial services are now required by federal law to inform their clients of the policies of the firm with regard to the privacy of client nonpublic personal information. As professionals, we understand that your privacy is very important to you and are pleased to provide you with this information.

Types of Nonpublic Personal Information We Collect

In the course of performing appraisals, we may collect what is known as "nonpublic personal information" about you. This information is used to facilitate the services that we provide to you and may include the information provided to us by you directly or received by us from others with your authorization.

Parties to Whom We Disclose Information

We do not disclose any nonpublic personal information obtained in the course of our engagement with our clients to nonaffiliated third parties, except as necessary or as required by law. By way of example, a necessary disclosure would be to our employees, and in certain situations, to unrelated third party consultants who need to know that information to assist us in providing appraisal services to you. All of our employees and any third party consultants we employ are informed that any information they see as part of an appraisal assignment is to be maintained in strict confidence within the firm.

A disclosure required by law would be a disclosure by us that is ordered by a court of competent jurisdiction with regard to a legal action to which you are a party.

Confidentiality and Security

We will retain records relating to professional services that we have provided to you for a reasonable time so that we are better able to assist you with your needs. In order to protect your nonpublic personal information from unauthorized access by third parties, we maintain physical, electronic and procedural safeguards that comply with our professional standards to insure the security and integrity of your information.

Please feel free to call us any time if you have any questions about the confidentiality of the information that you provide to us.

APPRAISER DISCLOSURE STATEMENT

File No. 1309-05

Name of Appraiser: Dona L Buie, ATA-G

Class of Certification/Licensure: Certified General
 Certified Residential
 Licensed Residential
 Temporary General Licensed

Certification/Licensure Number: TX-1327327-G
Certification/Licensure State: TX **Expires:** 04/30/2015

Scope: This Report is within the scope of my Certification or License
 is not within the scope of my Certification or License

Service Provided By: Disinterested & Unbiased Third Party
 Interested & Biased Third Party
 Interested Third Party on Contingent Fee Basis

Signature of person preparing and reporting the Appraisal:

Dona L. Buie

This form must be included in conjunction with all appraisal assignments or specialized services performed by a state-certified or state-licensed real estate appraiser.

Appraiser's License

| | | | |
|------------------|----------------|----------------|-------------------------|
| Owner | Johnson County | | |
| Property Address | 102 S Main St | | |
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| Client | Johnson County | | |

Texas Appraiser Licensing and Certification Board

P.O. Box 12188 Austin, Texas 78711-2188

Certified General Real Estate Appraiser

Number: **TX 1327327 G**

Issued: **03/13/2013**

Expires: **04/30/2015**

Appraiser: **DONA LEE BUIE**

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


Douglas E. Oldmixon
Commissioner

REAL ESTATE APPRAISAL REPORT

Property Located At

102 South Main Street
Cleburne, TX 76031

Prepared for

Johnson County Judge
2 N. Main Street, Rm 120
Cleburne, TX 76031

Prepared by

Appraisal Associates, LLC
P. O. Box 391
Granbury, Texas 76048
(817) 279-8689 FAX (817) 579-5096

Effective Date of Appraisal

October 17, 2013

Appraiser

Dona L. Buie, ATA-G
State Certified General

Appraisal Associates, LLC
State Certified Real Estate Appraisers
P. O. Box 391
Granbury, Texas 76048
Voice: (817) 279-8689 Fax: (817) 579-5096

November 15, 2013

Heather Carmichael, Contract Mgr/Buyer
Johnson County
1102 E Kilpatrick, Ste B
Cleburne, TX 76031

RE: 102 South Main Street, Cleburne, Texas

Dear Ms Carmichael:

As per your request, we have made an inspection and valuation analysis of the above-mentioned property which will be legally described in the following report. The purpose of the investigation was to estimate the current market value of the fee simple estate of the same property, as defined within FIRREA. This is a **Summary Appraisal Report** and is intended to assist the Client in make financial decisions concerning the property.

The intended User(s) of this appraisal report will be the County of Johnson, Texas. The subject is not currently listed for sale or sold within the past three years.

This estimate is subject to any contingent and limiting conditions set forth herein. The analyses, opinions, and conclusions were developed, and this report has been prepared in accordance with the Uniform Appraisal Standards and Requirements as set forth by the Appraisal Standards Board. The appraisal report also complies with the Competency provisions of USPAP.

Upon inspection of the property, no other significant, cultural, recreational or scientific value considerations were observed. The value estimates presented in this report address strictly the real property only. Based on information provided to these appraisers and the inspection, the subject property consists of a two story commercial building on 0.063 acres located in the City of Cleburne, County of Johnson, Texas.

The overall condition of the building at this time is considered to be average. An inquiry to the city was made to determine if the building meets current building codes. The city states that there are no code violations or safety issues regarding the property. No apparent environmental hazards were noted. However, these appraisers are not experts in the detection of environmental hazards. This report does not contain valuation of any personal property.

Based on our inspection of the neighborhood and analysis of the market area of concern, it is the opinion of the appraiser(s) that a reasonable amount of time allowed for the subject property to be exposed and marketed to the open market would be in the range of 2 to 3 years.

By virtue of our investigation, it is the opinion of the appraiser(s) that the Market Value of the fee simple estate of the subject property as described herein, in it's "as is" condition, as of October 17, 2013 was:

ONE HUNDRED SIXTY FOUR THOUSAND HUNDRED DOLLARS

(\$ 164,000)

Should you have any questions, or if we may be of further assistance to you in the future, please do not hesitate to call on us.

Sincerely yours,

Appraisal Associates, LLC

Dona L. Buie

Dona L. Buie, ATA-G
State Certified General Appraiser

This is a Summary Appraisal Report which is intended to comply with the reporting requirements set forth under Standards Rule 2-2(b) of the Uniform Standards of Professional Appraisal Practice for a Summary Appraisal Report. As such, it presents only summary discussions of the data, reasoning, and analyses that were used in the appraisal process to develop the appraisers' opinion of value. Additional documentation concerning the data, reasoning, and analyses is retained in the appraisers' file. The depth of discussion contained in this report is specific to the needs of the client and for the intended use stated below. The appraisers are not responsible for unauthorized use of this report.

CLIENT: Johnson County Judge
2 N Main Street, Rm 120
Cleburne, TX 76033

APPRAISER(S): Dona L. Buie, State Certified General Appraiser
Appraisal Associates, LLC
P. O. Box 391
Granbury, TX 76048

SUBJECT: 102 South Main Street
Lot 1A & 2A, Block 5, Original Cleburne
Cleburne, TX 76031

PURPOSE OF THE APPRAISAL

The objective of this appraisal report is to estimate the Market Value of the fee simple estate of the herein legally described property assuming unencumbered fee simple ownership and on a cash basis.

MARKET VALUE DEFINED

As used herein, the "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, knowledgeably and assuming the price is not affected by undue stimulus.

Implicit of this definition is the consummation of a sale as of a specified date, and the passing of title from seller to buyer under conditions whereby:

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

INTENDED USE/USERS OF REPORT

This appraisal is intended to assist the client, the County of Johnson, with financial decisions concerning the property.

INTEREST VALUED

The property rights appraised in this report are those constituting the fee simple estate to the appraised property, subject to public and private encumbrances, covenants and restrictions which represent a portion of the potential ownership rights. The property is appraised under the assumption of responsible ownership. It is assumed that the property can be financed for purchase at present, prevalent market terms and rates.

EFFECTIVE DATE OF VALUE

The effective date of the value estimate presented in this report is as of October 17, 2013.

DATE OF REPORT

Work for this report began on October 17, 2013 and was completed on December 6, 2013.

APPRAISAL DEVELOPMENT AND REPORT PROCESS

- Scope of the Appraisal

In preparing this appraisal, the appraisers did the following:

- 1) Inspected the subject site and interior as well as the exterior of the improvements.
- 2) Gathered information on the most recent comparable land, rentals and improved sales.
- 3) Confirmed and analyzed the data and applied the Market, Cost and Income approaches.
- 4) Consulted cost publications, such as Marshall & Swift, as well as information in the appraiser's files regarding the cost new of the subject and physical depreciation.

This Summary Appraisal Report is a brief recapitulation of the appraisers' data, analyses, and conclusions. Supporting documentation is retained in the appraisers' file.

HISTORY OF OWNERSHIP

According to public records, title to the subject tract is in the name of Johnson County as recorded in Volume 1116, Page 253, of the County Deed Records with a Grantor of Martha Scott Wofford Hopkins, dated 6/13/1985. No other sales were found in a five-year search.

DESCRIPTION OF REAL ESTATE APPRAISED

LEGAL DESCRIPTION

The subject property is legally described as recorded in the County Deed Records as follows:

Lots 1A & 2 A, Block 5, Original Cleburne

The Johnson County Central Appraisal District identifies the subejct as R35639 and 126-2800-00370. No Survey for this tract was provided for this report.

LOCATION DESCRIPTION

The subject property is located within the City of Cleburne. Cleburne is the county seat of Johnson County. According to the 2010 Census, Cleburne had a population of about 29,377. Cleburne is located about 35 miles southwest of Fort Worth and about 50 miles southwest of Dallas. Due to Cleburne's close proximity to the Metroplex, many residents work there.

Cleburne and Johnson County are experiencing steady growth in the residential, mostly as in-migration from the Metroplex, as well as in the commercial sector. Most of the new commercial growth has occurred along Highway 67, also known as Henderson Street and Highway 174, also known as Main Street. The economic outlook for the immediate future and long term for the area appears to be favorable. Continued steady growth is expected which will create the need for more residential units and with it, commercial space for community support businesses. The subject's neighborhood is considered to be the central business district in downtown, City of Cleburne.

The subject property is located on the west side of South Main Street just south of the intersection of Highway 171 & Highway 174 and West Chambers. There is currently zoning for C-3, commercial use, see map included. The subject is located is one block from the courthouse square. The immediate area of the subject consists of commercial entities's near the subject along Highway 67 also known as West Henderson Street and a portion of Chambers Street and Main Street also known as Highway 174 with nearby residential subdivisions located near the subject along interior streets.

PROPERTY DESCRIPTION

According to the Central Appraisal District of Johnson County, the subject property consists of 0.063 acres or 2,759 square feet site which is improved with a 4,984 square feet, two story commercial building. The construction is brick wall (solid wall construction) with a flat tar roof over a reinforced concrete slab foundation. The front of the building has a public sidewalk and an entrance.

The building is divided into a reception area, kitchenette, four restrooms, two upstairs and two downstairs, an equipment or mechanical room and 19 offices. The interior of the building is insulated, lighted and heated. The downstairs portion of the building is approximately 2,492 sf in size. The upstairs is the same size, 2,492 sf. The utilities available at the site are electricity, city water and public city sewer system. The building interior finish out is commercial grade carpeting, a drop acoustic panel ceiling and painted drywall partitions. There is access to 113 West Chambers through a hallway at the rear of the subject building. The lighting is provided by fluorescent ceiling fixtures.

Parking is available along the city streets to the east and south of the subject.

According to FEMA's community maps the subject property's improvements do not appear to be within a flood hazard zone. It should be noted that although it is considered very unlikely that the subject property's improvements would be subject to flooding due to their elevation, a prudent buyer would rely upon a survey to determine the subject property's exact relationship to any flood hazard area.

The Sanborn Maps available online from <http://www.lib.utexas.edu/maps/sanborn/c.html> were reviewed and indicate that the building is on the earliest map which was dated 1885. The Layland Museum was contacted for more information and the information they have also supports a date for construction in the late 1880's.

The City of Cleburne was contacted and asked if there were any building codes in violation or any safety hazards known about the buildings. Their response, which is retained in the appraiser's file, was that there were no known issues with the subject property. However, a certificate of occupancy would have to be obtained if someone were to attempt to occupy the buildings. For the purposes of this report, the subject property appears to be in average condition and without knowing any issues to prevent occupancy and the fact that the property was occupied as recently as within this past year; the building is considered in average condition and able to be occupied.

There is evidence of a previous fire in the attic (pictures included). The city/county/fire department were contacted via the open records act concerning this and there was no data on file. The presence of more recent telephone wiring and the recent occupation of the subject property leads the appraiser to the extraordinary assumption and conclusion that any damages to the structure from a previous fire do not affect the subject property in terms of being able to be occupied.

In summary, the subject site enjoys a good location along South Main just south of the court house. The site also has access along the south side of the site onto a city maintained alley. The existing road network provides satisfactory access to and from the subject and visibility/exposure is considered good. The site's topographical features and ingress/egress are deemed satisfactory and all utilities are available or proximate to the site. Developments in the immediate area include the central business district with the majority of the land in the area being developed since the late 1800's and early 1900's. Developments along South Main include a variety of commercial developments taking advantage of the traffic flow.

Some renovations have taken place in the near vicinity of the subject including the Wright Building and a hotel.

HIGHEST AND BEST USE

Highest and Best Use As Though Vacant. Considering the subject's location, it is believed that the highest and best use of the subject site as if vacant would be a commercial income use. It has good visibility and frontage from a main thoroughfare in Cleburne. As population pressures in Johnson County bring more residents to the area, the need for support businesses will increase consequently, creating the need for commercial lease space.

Highest and Best Use as Improved. The highest and best use of a property as improved may not always be the same as the highest and best use of a tract as if vacant. However, the improvements will continue to exist until the vacant site value exceeds the whole property value as improved.

The improvements are designed to function as a commercial income producing unit. The overall construction of the building appears to be typical for the market area and are adjacent to and near the central business district as well as residential areas which provide clients for the business. Therefore, the highest and best use is considered to be, as improved being the use as a commercial income producing entity.

As will be noted in the Income and Market Approaches, the subject's related improvements do have contributory value. Therefore, there is no alternative use which could legally, economically, and/or financially justify a change in proposed use. Therefore, the use as office space is considered to be the highest and best use of the property.

SUMMARY OF ANALYSIS AND VALUATION

MARKET APPROACH

When comparable market data is available, it should accurately reflect the attitudes of the typical buyers and sellers in the market place. When these are adjusted for differences noted, the indications are typically accurate. The appraisers were fortunate in this instance to be able to secure data on recent transactions of similar properties.

Sales Comparison Approach. A summary of the data on comparable improved sales is illustrated below.

Market Approach - Continued

| Sale No. | Address City | Sales Price | Date of Sale | Bldg. S. F. | Bldg. Age | Site S. F. | \$/SF |
|----------|--------------------------------|-------------|--------------|-------------|-----------|------------|---------|
| 1 | 212 S Main Cleburne | \$97,500 | 1/6/11 | 1,720 | ~103 | 1,655 | \$56.69 |
| 2 | 208 W Henderson Cleburne | \$60,500 | 5/16/11 | 2,112 | 57 | 4,233 | \$28.65 |
| 3 | 190 W College Stephenville | \$92,700 | 6/17/11 | 2,850 | ~128 | 3,485 | \$32.53 |
| 4 | 107 N Rogers St Waxahachie | \$145,000 | 11/4/11 | 3,589 | ~113 | 2,439 | \$40.40 |
| S | 113-121 W Chambers Cleburne | NA | NA | 4,984 | ~128 | 6,642 | \$NA |

The sales were all recent in terms of after the market stabilization had started and no adjustment for market condition was considered appropriate. The location of the comparable sales 1 & 2 were in the same market and the location of the comparable sales 3 & 4 were in similar markets and no adjustment for location was made.

The size of the comparables were smaller than the subject and were adjusted downward. The rule of thumb is that the smaller in size the greater the price per square foot and conversely the larger in size the smaller the price per square foot, requiring negative adjustments to price per sf when the size is smaller than the subject.

The condition of comparable 1 was renovated and adjusted downward, the condition of comparable 2 was noted by the agent that it needed some repairs, however it was considered similar to the subject and not adjusted. The condition of comparable 3 was average but needed updating, considered similar to the subject and not adjusted. The condition of comparable 4 was good as it had been received renovations and was adjusted downward.

The age and quality of construction of the comparable buildings was similar for the comparable sales and were not adjusted. The estimated contributory value of the sites were adjusted accordingly. The sales had a similar mix of Office Retail in the Central Business District. The construction quality was considered similar.

After making adjustments for differences the estimated value per unit for the subject property was \$32.97 per square foot. An adjustment grid has been included showing the indicated value on each comparable sale after adjustments were made.

| IMPROVED PROPERTIES ADJUSTMENT GRID | | | | |
|--|------------------|----------------|----------------|----------------|
| SALE NUMBER: | 1 | 2 | 3 | 4 |
| PRICE PER UNIT: | \$56.69 | \$28.65 | \$32.53 | \$40.40 |
| ADJUSTMENTS | | | | |
| ECONOMIC | | | | |
| Market Conditions: | 0% | 0% | 0% | 0% |
| Condition of Sale: | 0% | 0% | 0% | 0% |
| Terms of Sale: | 0% | 0% | 0% | 0% |
| Adjusted Basis: | \$56.69 | \$28.65 | \$32.53 | \$40.40 |
| PHYSICAL | | | | |
| Building Size: | -20% | -15% | -10% | -7% |
| Location: | 0% | 0% | 0% | 0% |
| Condition/Age: | -15% | 0% | 0% | -15% |
| Land Size/Value: | 9% | 9% | 13% | -5% |
| Construction Qual: | 0% | 0% | 0% | 0% |
| NET ADJUSTMENT: | -26% | -6% | 3% | -27% |
| INDICATED VALUE: | \$41.95 | \$26.93 | \$33.51 | \$29.49 |
| CONCLUSIONS: | | | | |
| Building Size: | 4,984 | | | |
| Estimated Value Per SF: | \$32.97 | | | |
| Estimated Value of Subject Property: | \$164,322 | | | |
| VALUE INDICATED WHEN ROUNDED: | \$164,000 | | | |

COST APPROACH - WHOLE PROPERTY

The Cost Approach to value is not considered appropriate in this case, due to the age of the building and amount of estimated depreciation. There is considered to be no historical value. This approach generally considers replacement cost less depreciation. Current construction is not comparable to the subject as it would cost too much per square foot to replicate the subject as it is than would be financially feasible, making the Cost Approach not reliable or credible.

INCOME APPROACH

| Rental No. | Address | \$/SF/ Annum | Size SF | Quality/ Condition | Location/ Occupancy | Expenses by Owner |
|------------|----------------------------|--------------|----------------|--------------------|---------------------|-------------------|
| 1 | Wright Bldg Cleburne | \$14.00 | 1,000- 2000 | Av/Renov | Gd/80% | Taxes/Ins |
| 2 | 206 S Caddo Cleburne | \$8.18 | 2,200 | Av/Renov | Inf/100% | Taxes/Ins |
| 3 | 207 S Mill Cleburne | \$3.27 | 4,402 | Av/Renov | Inf/100% | Taxes/Ins |
| 4 | 114 E Chambers Cleburne | \$5.33 | 14,580 | Avg/Fair | Avg/50% | Taxes/Ins |
| Subj. | 102 S Main Cleburne | \$0.00 | 4,984 | Avg/Avg | Avg/0% | Taxes/Ins |

A market survey was conducted for the purposes of this report. The reported rents range from \$2.50 to \$14.00 per square foot.

Rental 1 is all retail/office finish out that has been renovated. Rental 2 is Retail finish out that has been remodeled. Rental 3 is remodeled office space which has a inferior location. Rental 4 is a retail space in an older building with limited renovations being used as a furniture store, with the upper stories unusable except as storage. Rentals is are one year leases. Considering the rates found in the local market, and after adjusting for differences, the appraisers conclude that the estimated market rent for similar properties near the subject would be in the range of \$6 to \$8 per square foot per annum.

The Taxes, Insurance, Repairs, Maintenance and Reserve were based on an estimated market standard as was the Management.

In arriving at the estimated market rental, the appraisers have considered each of the rentals as to their overall similarity to the subject. The subject currently has no lease. If leased, the occupancy is expected to be within market norm and a conservative figure will be used for credit loss. The property might most likely be managed by the owner, however, a management fee typical in the market will be used for purposes of the income capitalization method.

The basis for all capitalization methods is net income divided by a rate of return equals value. The method of capitalization which is obtained directly from the market is the Direct Capitalization Method which is derived by dividing the net income by the sales price of the comparable sales resulting in a supportable overall capitalization rate or OAR. This method is considered the most reliable since it is a direct reflection of the overall rates which buyers and sellers are willing to accept in the market.

DIRECT CAPITALIZATION

| | | | |
|--------------------------|--------------------------------|---------|------------------|
| Gross Potential Income | | | \$32,396 |
| Less | Vacancy & Credit Loss | -23% | (\$7,451) |
| Effective Gross Income | | | \$24,945 |
| Less | Taxes (estimated) | | (\$3,000) |
| | Insurance (estimated) | | (\$3,500) |
| | Management | -6% | (\$1,497) |
| | Utilities (Tenant) | | \$0 |
| | Repairs, Maintenance & Reserve | -3% | (\$748) |
| Total Expenses | (expenses as percent of EGI) | -35.06% | (\$8,745) |
| Net Operating Income | | | \$16,200 |
| Capitalization Rate | | | 10.0% |
| Indicated Value | | | \$161,999 |
| Indicated Value - | Rounded | | \$162,000 |

RECONCILIATION AND VALUE CONCLUSION

The correlation or reconciliation process involves weighing the value indications provided by each applicable method in light of the dependability of each as a reflection of the probable actions of buyers and investors in the market place. The appraisers' final conclusion of value may coincide with one of the approaches, or it may reflect a weighing of the relative merits of each of the approaches in leading to a final conclusion of value. Three accepted methods of property valuation were applied in the appraisal process.

Consideration of the relative merits of each value indication involves reviewing each approach with respect to the reliability of the data used; the applicability of the approach to the type of property being appraised and the applicability of the approach in light of the definition of value sought in the appraisal. Following are the value indications resulting from each method.

Market Approach. The strength of this approach in any appraisal assignment is that if comparable market data is available, it should accurately reflect the attitudes of the typical buyers and sellers in the market place. When these are adjusted for differences noted, the indications are typically accurate. The appraisers were fortunate in this instance to be able to secure data on recent transactions of similar properties. From this data, various units of comparison were abstracted. This data is retained in the appraiser's files. The resulting value indication by this approach was as follows:

\$ 164,000

Cost Approach. The methodology of this approach basically involves estimating the contributory value of the subject improvements as well as the current fair market value of the land, as if vacant. These two value estimates are combined to yield the value indication by this approach. The potential weakness of this approach is that, in some instances, unit cost figures and depreciation are problematic to estimate. Physical depreciation is estimated through the observed condition of the improvements. Measures of obsolescence other than physical, if any, were accomplished through market abstracted methods whose dependability is strengthened by actual actions of the marketplace. Typically, the Cost Approach is often higher than either the Market or Income Approach. The Cost Approach is most effective when used in new construction. This approach is used mainly as support for the other two approaches when the improvements are not new. Due to the current condition, roof leaking, no recent renovations and the estimated age of the structure (~1885), the Cost Approach is not considered applicable. For the purposes of this summary report and the needs of the client, the Cost Approach was not deemed relevant.

Income Approach, Direct Capitalization. In this approach, comparable rentals, vacancy and collection factors and expenditures were abstracted from the marketplace and strengthened by historical data on the property when available. The data presented is supportive in all instances. That is, the rental rates, vacancy factors, expenses and capitalization rates are supported by the data presented herein and additional information kept in historical records within the appraisers' files. The value indication via this approach is as follows:

\$ 162,000

Reconciliation and Value Conclusion - Continued

The continued growth in the general Cleburne area population has created an increasing need for properties such as the subject and also created stable occupancy rates. Cleburne is considered a suburb to the Dallas Fort Worth Metroplex area. The need for more space for community support business is considered to be steadily growing in this community. The subject is a well-located commercial building in the city's downtown central business district which compares favorably with the other similar lease space available in the local market.

The subject property is designed to be an income producing property and is well suited to produce an income. The most weight is placed upon the Market Approach, with support from the Income Approach.

It is the opinion of these consultants, therefore, that the Market Value of the fee simple estate of the subject property as described herein, when considered in it's "as is" status, on a cash equivalency basis, as of **October 17, 2013** was:

ONE HUNDRED SIXTY FOUR THOUSAND HUNDRED DOLLARS

(\$ 164,000)

CERTIFICATION

The undersigned certify that, to the best of their knowledge and belief, the following statements are true and correct and adhere to the requirements as set for them by the Appraisal Foundation.

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

The reported analysis, opinions, and conclusions are limited only by the reported assumptions and limiting conditions, and are our personal, unbiased professional analysis, opinions, and conclusions.

The undersigned have no present, contemplated or prospective interest in the property that is the subject of this report, and the undersigned have no personal interest or bias with the respect to the parties involved.

Our compensation is not contingent on an action or event resulting from this analysis, opinion, or conclusion in, or the use of, this report.

Our analysis, 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 Foundation.

The Appraisers certify that the appraisal conforms to the Uniform Standards of Professional Practice (*USPAP*) adopted by the Appraisal Standards Board of the Appraisal Foundation, as amended.

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

Dona L. Buie has made a personal inspection of the property that is the subject of this analysis and report.

The undersigned appraisers are not involved in the lending or collection function of the institution requesting the appraisal.

Dona L. Buie has made a personal, physical inspection of all comparable properties analyzed during the preparation of this report.

The employment of the undersigned was not conditioned on the appraisal producing a specific value, or a value within a given range, or the approval of a loan.

No person other than the undersigned, has provided significant professional assistance in the preparation of this appraisal report and the analysis, opinions, and conclusions contained herein.

As of the date of this report, Dona L. Buie has completed the requirements of the continuing education program of the Appraisal Foundation.

As of the date of this report Dona L. Buie is certified in the state of Texas as a General Real Estate Appraiser under Certification Number TX-1327327-G, with expiration date of April 30, 2015.

Dona L. Buie

Dona L. Buie

TX-1327327-G
Appraisal Associates, LLC. (817) 279-8689

Date: 12/06/2013

ASSUMPTIONS AND LIMITING CONDITIONS

1. This is a Summary Appraisal Report which is intended to comply with the reporting requirements set forth under Standard Rule 2-2(b) of the Uniform Standards of Professional Appraisal Practice for a Summary Appraisal Report. As such, it might not include full discussions of the data, reasoning, and analyses that were used in the appraisal process to develop the appraiser's opinion of value. Supporting documentation concerning the data, reasoning, and analyses is retained in the appraisers' file. The information contained in this report is specific to the needs of the client and for the intended use stated in this report. The appraisers are not responsible for unauthorized use of this report.

2. No responsibility is assumed for legal or title considerations. Title to the property is assumed to be good and marketable unless otherwise stated in this report.

3. The property is appraised free and clear of any or all liens and encumbrances unless otherwise stated in this report.

4. Responsible ownership and competent property management are assumed unless otherwise stated in this report.

5. The information furnished by others is believed to be reliable. However, no warranty is given for its accuracy.

6. All engineering is assumed to be correct. Any plot plans and illustrative material in this report are included only to assist the reader in visualizing the property.

7. It is assumed that there are no hidden or unapparent conditions of the property, subsoil, or structures that render it more or less valuable. No responsibility is assumed for such conditions or for arranging for engineering studies that may be required to discover them.

8. It is assumed that there is full compliance with all applicable federal state, and local environmental regulations and laws unless otherwise stated in this report.

9. It is assumed that all applicable zoning and use regulations and restrictions have been complied with, unless a nonconformity has been stated, defined, and considered in this appraisal report.

10. It is assumed that all required licenses, certificates of occupancy or other legislative or administrative authority from any local, state, or national governmental or private entity or organization have been or can be obtained or renewed for any use on which the value estimates contained in this report are based.

11. Any sketch in this report may show approximate dimensions and is included to assist the reader in visualizing the property. Maps and exhibits found in this report are provided for reader reference purposes only. No guarantee as to accuracy is expressed or implied unless otherwise stated in this report. No survey has been made for the purpose of this report.

12. It is assumed that the utilization of the land and improvements is within the boundaries or property lines of the property described and that there is no encroachment or trespass unless otherwise stated in this report.

Assumptions and Limiting Conditions - Continued

13. The appraiser is not qualified to detect hazardous waste and/or toxic materials. Any comment by the appraiser that might suggest the possibility of the presence of such substances should not be taken as confirmation of the presence of hazardous waste and/or toxic materials. Such determination would require investigation by a qualified expert in the field of environmental assessment. The presence of substances such as asbestos, urea-formaldehyde foam insulation, or other potentially hazardous materials may affect the value of the property. The appraisers value estimate is predicated on the assumption that there is no such material on or in the property that would cause a loss in value unless otherwise stated in this report. No responsibility is assumed for any environmental conditions, or for any expertise or engineering knowledge required to discover them. The appraisers' descriptions and resulting comments are the result of the routine observations made during the appraisal process.

14. Unless otherwise stated in this report, the subject property is appraised without a specific compliance survey having been conducted to determine if the property is or is not in conformance with the requirements of the Americans with Disabilities Act. The presence of architectural and communications barriers that are structural in nature that would restrict access by disabled individuals may adversely affect the property's value, marketability, or utility.

15. Any proposed improvements are assumed to be completed in a good workmanlike manner in accordance with the submitted plans and specifications.

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

17. Possession of this report, or a copy thereof, does not carry with it the right to publication. It may not be used for any purpose by any person other than the party to whom it is addressed without the written consent of the appraiser, and in any event, only with proper written qualification and only in its entirety.

18. Neither all nor any part of the contents of this report (especially any conclusions as to value, the identity of the appraisers, or the firm with which the appraisers are connected) shall be disseminated to the public through advertising, public relations, news sales, or other media without prior written consent and approval of the appraiser.

ADDENDUM