

BUILDER LOT TAKEDOWN ANALYSES

The Builder Lot Takedowns illustrated on the preceding pages are considered to be representative of the best available data for comparison to the subject lots, and are summarized on the following chart:

BUILDER LOT TAKEDOWN SALES SUMMARY							
LOT SALE	SALE DATE	SUBDIVISION	SALE TYPE	NO. LOTS	LOT WIDTH	LOT PRICE	LOT PRICE PFF
1	8/2022	6 Creeks, Section 6A	Takedown	10	45'	\$73,750	\$1,639
2	8/2022	6 Creeks, Section 6A	Takedown	10	45'	\$73,750	\$1,639
3	2/2023	6 Creeks, Section 7	Takedown	10	55'	\$110,000	\$2,000
4	2/2023	6 Creeks, Section 7	Takedown	10	55'	\$110,000	\$2,000
5	11/2021	Easton Park, Section 3A	Takedown	4	45'	\$81,000	\$1,800
5	11/2021	Easton Park, Section 3A	Takedown	4	60'	\$108,000	\$1,800
6	8/2021	Headwaters at Barton Creek	Takedown	5	60'	\$96,000	\$1,600
7	10/2021	Headwaters at Barton Creek	Takedown	6	50'	\$80,000	\$1,600
8	8/2022	6 Creeks, Sections 13A & 13B	Bulk Development	123	61.79'	\$102,045	\$1,651

The market data was first analyzed to determine the best unit of comparison, and the features inherent to a given property causing a property's sale price to vary relative to another property. Sales comparison was then used to estimate representative and reasonable measures for adjustment factors or differences between the comparable sales and subject lots. The best units of comparison for Builder Takedown Lot Sales are the total sales price per lot, or the price per front foot. Of these various units of comparison, it was determined that the price per front foot was the most applicable. The categories found to be prevalent for adjustment analysis were cumulative adjustments such as Real Property Rights Conveyed, Financing (cash equivalent consideration), Conditions of Sale (motivation), and Time (sale date); and additive market related conditions adjustments such as Location, Size and Overall Property Characteristics (physical). Adjustments are made on a cumulative basis for the first four categories listed, and then on an additive basis on the remaining categories.

CUMULATIVE ADJUSTMENTS

Real Property Rights Conveyed: The comparability of property interests must first be considered when utilizing sales for adjustment analysis. The real property rights conveyed of the sales were all found to feature fee simple interest. **Therefore, no adjustment is**

necessary for this category, as it is considered that each sale adequately represents market prices and market activity in the subject area for fee simple estates.

Financing/Cash Equivalent Considerations: Prior to adjusting for various categories applicable in the adjustment grid, each sale was reviewed with respect to financing terms and supplemental acquisition costs. When favorable financing occurred, the sale was adjusted to reflect the cash equivalent price in terms of U.S. dollars that the seller actually received. Generally cash equivalency is arrived at by applying present value factors to the stream of income generated by the seller offering favorable financing. All monies are brought back to the present value if the seller were to sell for cash or cash equivalency. **No consideration for financing was required in this analysis.**

Conditions of Sale: This category, as well as the previous two categories, is related to motivation of the parties in the transaction to agree on the sales price at the date of sale. The conditions and reasons for a sale are factors, which can have a direct impact on the sales price. Buyers and sellers motivation for acquisition or disposition of a property can cause large differences in the actual sales price versus market value. Extraction of an appropriate adjustment for special sales conditions is generally difficult to ascertain. Pairing of sales is typically the best method in establishing an adjustment. However, when sales are scarce and/or significant differences in the properties are evident, additional considerations must be reviewed. Such considerations typically relate to additional information provided by the buyer and/or seller, which may be difficult to measure, but must be considered, analyzed, and reasonably adjusted. **Lot Sales 1 through 7 are typical builder retail lot takedowns, warranting no extractable adjustments. Lot Sale 8 is the bulk purchase of 123 lots, warranting a +15% adjustment.**

Builder Fees: As previously mentioned, all builders in 6 Creeks have contractually agreed to certain fees, in addition to the base lot pricing. Lot Sales 1, 2, 3, 4, 6, 7 and 8 are each similar in this regard, and are not adjusted. Lot Sale 5 is not assessed additional fees. In effect, the various fees for marketing, amenities, etc., are included in the contract price. Thus, Lot Sale 5 is negatively adjusted on a PFF basis by an amount equal to the PFF builder fees charged to the subject lots. **For the subject 45' lots in Section 6A, this**

adjustment amounts to -\$196 PFF. For the subject 60' lots and 65' lots in Sections 13A and 13B, this adjustment amounts to an average of -\$145 PFF. For the subject 55' lots in Section 7, this adjustment amounts to -\$98 PFF.

Date of Sale: A time adjustment is required if changes occur in market conditions between the time of sale of a comparable property, and the effective date of the appraisal of the subject property. Under such circumstances, the price of the comparable property would be different at the date of appraisal, and an adjustment is warranted to the cash equivalent sales price for the sale to be used as a comparable. **Lot Sales 5, 6 and 7 are each adjusted 8.0%, in order to reflect their older 2021 sale dates.**

For the subject **Section 7 lots**, which will not be substantially complete until February 2023, **Lot Sales 1, 2 and 8 are each adjusted +6% for their August 2022 sale dates, and Lot Sales 5, 6 and 7 are each adjusted +14% for their older 2021 sale dates.**

ADDITIVE ADJUSTMENTS

Location: Factors, which often have an effect on lot values, include proximity to schools, the specific school district, shopping, market area amenities, and employment centers. Accessibility is an important consideration as well, particularly within market areas such as the subject. In addition to these elements, lots located in well-established subdivisions with higher priced homes tend to likewise command higher prices than otherwise equal lots in less desirable subdivisions.

Lot Sales 1, 2, 3, 4, and 8 are located within 6 Creeks, and are not adjusted. Lot Sales 5, 6 and 7 are considered to be generally similar in location, warranting no adjustments.

Size: Developers and home builders are now negotiating residential lot sales on a per-front-foot (PFF) basis, and the comparables clearly support this trend. Given that I have elected to use a Price Per FF methodology, **adjustments for lot size are not warranted for the data set presented.**

School District: Like the subject lots, **Lot Sales 1, 2, 3, 4, and 8** are located within the Hays Consolidated I.S.D., **warranting no adjustments.** Lot Sale 5 is located within the Del Valle I.S.D., and Lot Sales 6 and 7 are within the Dripping Springs I.S.D., both of which are equally regarded, warranting no adjustments.

Physical Characteristics: Other factors, which can have an effect on lot values include drainage, shape with respect to development potential, adverse easements, cul-de-sac location, corner lots, location with respect to flood hazard areas and especially in this market area is the hillside view consideration. All of the lot sales can be described as very similar in overall physical characteristics compared to the subject lots, **thus requiring no adjustment for this category.**

LOT SALES ADJUSTMENT GRID

The following Lot Sales Adjustment Grid illustrates the adjustments that were extracted and applied in the analyses of the comparable Builder Lot Sales to the typical subject 45' lot, 55' lot, 60' lot, and 65' lot, "Upon Completion," in 6 Creeks, Phase 1, Sections 6A, 7, 13A and 13B.

LOT TAKEDOWN ADJUSTMENT GRID 6 CREEKS, SECTION 6A - 45' LOTS, "UPON COMPLETION"									
MARKET DATA	SUBJECT	SALE 1	SALE 2	SALE 3	SALE 4	SALE 5	SALE 6	SALE 7	SALE 8
Sale Price PFF	-	\$1,639	\$1,639	\$2,000	\$2,000	\$1,800	\$1,600	\$1,600	\$1,651
Sales Date Adjustment	8/2022 -	8/2022 0%	8/2022 0%	2/2023 0%	2/2023 0%	11/2021 +8%	8/2021 +8%	10/2021 +8%	8/2022 0%
Adjusted Sale Price PFF	-	\$1,639	\$1,639	\$2,000	\$2,000	\$1,944	\$1,728	\$1,728	\$1,651
Financing Adjustment	- -	CTS 0%	CTS 0%	CTS 0%	CTS 0%	CTS 0%	CTS 0%	CTS 0%	CTS 0%
Conditions of Sale Adjustment	Lot Takedown -	10 Lot Takedown 0%	10 Lot Takedown 0%	10 Lot Takedown 0%	10 Lot Takedown 0%	8 Lot Takedown 0%	5 Lot Takedown 0%	6 Lot Takedown 0%	Bulk Sale 123 Lots +15%
Adjusted Sale Price PFF	-	\$1,639	\$1,639	\$2,000	\$2,000	\$1,944	\$1,728	\$1,728	\$1,899
Builder Fees Adjustment	\$8,801/Lot \$196 PFF -	Equal 0%	Equal 0%	Equal 0%	Equal 0%	None -\$196 PFF	Equal 0%	Equal 0%	Equal 0%
Adjusted Sale Price PFF	-	\$1,639	\$1,639	\$2,000	\$2,000	\$1,748	\$1,728	\$1,728	\$1,899
Location Adjustment	6 Creeks; Section 6A -	6 Creeks; Section 6A 0%	6 Creeks; Section 6A 0%	6 Creeks; Section 7 0%	6 Creeks; Section 7 0%	Easton Park; Sec. 3A, Ph. 1 0%	Headwaters at Barton Creek 0%	Headwaters at Barton Creek 0%	6 Creeks; Section 13 A & B 0%
Lot Size (FF) Adjustment	45' -	45' 0%	45' 0%	55' 0%	55' 0%	45' & 60' 0%	60' 0%	50' 0%	60' & 65' 0%
School District Adjustment	Hays C.I.S.D -	Hays C.I.S.D 0%	Hays C.I.S.D 0%	Hays C.I.S.D 0%	Hays C.I.S.D 0%	Del Valle 0%	Dripping Springs 0%	Dripping Springs 0%	Hays C.I.S.D 0%
Physical Characteristics Adjustment	Typical -	Equal 0%	Equal 0%	Equal 0%	Equal 0%	Equal 0%	Equal 0%	Equal 0%	Equal 0%
Net Adjustment	-	0%	0%	0%	0%	0%	0%	0%	0%
Indicated Sale Price PFF	-	\$1,639	\$1,639	\$2,000	\$2,000	\$1,748	\$1,728	\$1,728	\$1,899
Indicated Mean Price PFF	\$1,798								
Indicated Median Price PFF	\$1,738								

BUILDER LOT VALUE CONCLUSION, “UPON COMPLETION”: The sales presented indicate a range of \$1,639 PFF to \$2,000 PFF, with a mean of \$1,798 PFF, and a median indication of \$1,738 PFF. The low-end of the range is represented by Lot Sales 1 and 2, which represent the subject 6A lots. As previously mentioned, the pricing for these lots was negotiated in June 2021, and subsequently, lot prices have increased rapidly.

After considering the physical characteristics of the subject lots, as well as the supply and demand for these lots in the market area, and the trend for increasing lot values in the Kyle Market Area, it is my opinion that the Base Market Value of a typical **45’ subject lot in Section 6A**, as of August 1, 2022, is **\$1,800 PFF**. Thus, the **“Upon Completion” Retail Lot Value of the 45’ lots in 6 Creeks, Section 6A**, is concluded as follows:

$$\begin{array}{rcccl} \text{Lot} & & \text{Retail Lot} & & \text{Indicated Retail} \\ \text{Width} & & \text{Revenue PFF} & & \text{Lot Value} \\ 45' & \times & \$1,800 & = & \$81,000 \end{array}$$

SUM OF RETAIL REVENUE CONCLUSION, “UPON COMPLETION”

The 79 under-development subject lots in 6 Creeks, **Section 6A** have an **“Upon Completion”** sum of retail revenue computed as follows:

<u>No.</u>	<u>Description</u>	<u>Lot Size</u>	<u>Retail Lot Value</u>	<u>Sum of Retail Revenue</u>	<u>Effective Date</u>
79	Under-Development	45' × 120' @	\$81,000 / Lot =	\$6,399,000	8/1/2022

LOT TAKEDOWN ADJUSTMENT GRID 6 CREEKS, SECTIONS 13A & 13B – 60' & 65' LOTS, "UPON COMPLETION"									
MARKET DATA	SUBJECT	SALE 1	SALE 2	SALE 3	SALE 4	SALE 5	SALE 6	SALE 7	SALE 8
Sale Price PFF	-	\$1,639	\$1,639	\$2,000	\$2,000	\$1,800	\$1,600	\$1,600	\$1,651
Sales Date Adjustment	8/2022 -	8/2022 0%	8/2022 0%	2/2023 0%	2/2023 0%	11/2021 +8%	8/2021 +8%	10/2021 +8%	8/2022 0%
Adjusted Sale Price PFF	-	\$1,639	\$1,639	\$2,000	\$2,000	\$1,944	\$1,728	\$1,728	\$1,651
Financing Adjustment	- -	CTS 0%	CTS 0%	CTS 0%	CTS 0%	CTS 0%	CTS 0%	CTS 0%	CTS 0%
Conditions of Sale Adjustment	Lot Takedown -	10 Lot Takedown 0%	10 Lot Takedown 0%	10 Lot Takedown 0%	10 Lot Takedown 0%	8 Lot Takedown 0%	5 Lot Takedown 0%	6 Lot Takedown 0%	Bulk Sale 123 Lots +15%
Adjusted Sale Price PFF	-	\$1,639	\$1,639	\$2,000	\$2,000	\$1,944	\$1,728	\$1,728	\$1,899
Builder Fees (Average) Adjustment	\$8,969/Lot \$145 PFF -	Equal 0%	Equal 0%	Equal 0%	Equal 0%	None -\$145 PFF	Equal 0%	Equal 0%	Equal 0%
Adjusted Sale Price PFF	-	\$1,639	\$1,639	\$2,000	\$2,000	\$1,799	\$1,728	\$1,728	\$1,899
Location Adjustment	6 Creeks; Sections 13A & 13B -	6 Creeks; Section 6A 0%	6 Creeks; Section 6A 0%	6 Creeks; Section 7 0%	6 Creeks; Section 7 0%	Easton Park; Sec. 3A, Ph. 1 0%	Headwaters at Barton Creek 0%	Headwaters at Barton Creek 0%	6 Creeks; Section 13 A & B 0%
Lot Size (FF) Adjustment	60' & 65' Avg. 61.79' -	45' 0%	45' 0%	55' 0%	55' 0%	45' & 60' 0%	60' 0%	50' 0%	60' & 65' 0%
School District Adjustment	Hays C.I.S.D -	Hays C.I.S.D 0%	Hays C.I.S.D 0%	Hays C.I.S.D 0%	Hays C.I.S.D 0%	Del Valle 0%	Dripping Springs 0%	Dripping Springs 0%	Hays C.I.S.D 0%
Physical Characteristics Adjustment	Typical -	Equal 0%	Equal 0%	Equal 0%	Equal 0%	Equal 0%	Equal 0%	Equal 0%	Equal 0%
Net Adjustment	-	0%	0%	0%	0%	0%	0%	0%	0%
Indicated Sale Price PFF	-	\$1,639	\$1,639	\$2,000	\$2,000	\$1,799	\$1,728	\$1,728	\$1,899
Indicated Mean Price PFF	\$1,804								
Indicated Mean Price PFF	\$1,764								

BUILDER LOT VALUE CONCLUSION, “UPON COMPLETION”: The sales presented indicate a range of \$1,639 PFF to \$2,000 PFF, with a mean of \$1,804 PFF, and a median indication of \$1,764 PFF. The low-end of the range is represented by Lot Sales 1 and 2, which represent the subject 6A lots. As previously mentioned, the pricing for these lots was negotiated in June 2021, and subsequently, lot prices have increased rapidly. After considering the physical characteristics of the subject lots, as well as the supply and demand for these lots in the market area, and the trend for increasing lot values in the Kyle Market Area, it is my opinion that the Base Market Value of a typical **65’ subject lot in Section 13A**, as of August 1, 2022, is **\$1,800 PFF**. Thus, the **“Upon Completion” Retail Lot Value of the 65’ lots in 6 Creeks, Section 13A**, is concluded as follows:

$$\begin{array}{rcccl} \text{Lot Width} & & \text{Retail Lot} & & \text{Indicated Retail} \\ 65' & & \text{Revenue PFF} & & \text{Lot Value} \\ & \times & \$1,800 & = & \$117,000 \end{array}$$

Further, it is my opinion that the Base Market Value of a typical **60’ subject lot in Section 13B**, as of August 1, 2022, is **\$1,800 PFF**. Thus, the **“Upon Completion” Retail Lot Value of the 60’ lots in 6 Creeks, Section 13B**, is concluded as follows:

$$\begin{array}{rcccl} \text{Lot Width} & & \text{Retail Lot} & & \text{Indicated Retail} \\ 60' & & \text{Revenue PFF} & & \text{Lot Value} \\ & \times & \$1,800 & = & \$108,000 \end{array}$$

SUM OF RETAIL REVENUE CONCLUSION, “UPON COMPLETION”

The 44 under-development subject lots in 6 Creeks, **Section 13A** have an **“Upon Completion”** sum of retail revenue computed as follows:

<u>No.</u>	<u>Description</u>	<u>Lot Size</u>	<u>Retail Lot Value</u>	<u>Sum of Retail Revenue</u>	<u>Effective Date</u>
44	Under-Development	65' × 130' @	\$117,000 / Lot =	\$5,148,000	8/1/2022

SUM OF RETAIL REVENUE CONCLUSION, “UPON COMPLETION”

The 79 under-development subject lots in 6 Creeks, **Section 13B** have an **“Upon Completion”** sum of retail revenue computed as follows:

<u>No.</u>	<u>Description</u>	<u>Lot Size</u>	<u>Retail Lot Value</u>	<u>Sum of Retail Revenue</u>	<u>Effective Date</u>
79	Under-Development	60' × 130' @	\$108,000 / Lot =	\$8,532,000	8/1/2022

LOT TAKEDOWN ADJUSTMENT GRID 6 CREEKS, SECTION 7 – 55' LOTS, "UPON COMPLETION"									
MARKET DATA	SUBJECT	SALE 1	SALE 2	SALE 3	SALE 4	SALE 5	SALE 6	SALE 7	SALE 8
Sale Price PFF	-	\$1,639	\$1,639	\$2,000	\$2,000	\$1,800	\$1,600	\$1,600	\$1,651
Sales Date Adjustment	2/2023 -	8/2022 6%	8/2022 6%	2/2023 0%	2/2023 0%	11/2021 +14%	8/2021 +14%	10/2021 +14%	8/2022 +6%
Adjusted Sale Price PFF	-	\$1,737	\$1,737	\$2,000	\$2,000	\$2,052	\$1,824	\$1,824	\$1,752
Financing Adjustment	- -	CTS 0%	CTS 0%	CTS 0%	CTS 0%	CTS 0%	CTS 0%	CTS 0%	CTS 0%
Conditions of Sale Adjustment	Lot Takedown -	10 Lot Takedown 0%	10 Lot Takedown 0%	10 Lot Takedown 0%	10 Lot Takedown 0%	8 Lot Takedown 0%	5 Lot Takedown 0%	6 Lot Takedown 0%	Bulk Sale 123 Lots +15%
Adjusted Sale Price PFF	-	\$1,737	\$1,737	\$2,000	\$2,000	\$2,052	\$1,824	\$1,824	\$2,015
Builder Fees (Average) Adjustment	\$5,376/Lot \$98 PFF -	Equal 0%	Equal 0%	Equal 0%	Equal 0%	None -\$98 PFF	Equal 0%	Equal 0%	Equal 0%
Adjusted Sale Price PFF	-	\$1,737	\$1,737	\$2,000	\$2,000	\$1,954	\$1,824	\$1,824	\$2,015
Location Adjustment	6 Creeks; Sections 13A & 13B -	6 Creeks; Section 6A 0%	6 Creeks; Section 6A 0%	6 Creeks; Section 7 0%	6 Creeks; Section 7 0%	Easton Park; Sec. 3A, Ph. 1 0%	Headwaters at Barton Creek 0%	Headwaters at Barton Creek 0%	6 Creeks; Section 13 A & B 0%
Lot Size (FF) Adjustment	55' -	45' 0%	45' 0%	55' 0%	55' 0%	45' & 60' 0%	60' 0%	50' 0%	60' & 65' 0%
School District Adjustment	Hays C.I.S.D. -	Hays C.I.S.D. 0%	Hays C.I.S.D. 0%	Hays C.I.S.D. 0%	Hays C.I.S.D. 0%	Del Valle 0%	Dripping Springs 0%	Dripping Springs 0%	Hays C.I.S.D. 0%
Physical Characteristics Adjustment	Typical -	Equal 0%	Equal 0%	Equal 0%	Equal 0%	Equal 0%	Equal 0%	Equal 0%	Equal 0%
Net Adjustment	-	0%	0%	0%	0%	0%	0%	0%	0%
Indicated Sale Price PFF	-	\$1,737	\$1,737	\$2,000	\$2,000	\$1,954	\$1,824	\$1,824	\$2,015
Indicated Mean Price PFF	\$1,886								
Indicated Mean Price PFF	\$1,889								

BUILDER LOT VALUE CONCLUSION, “UPON COMPLETION”: The sales presented indicate a range of \$1,737 PFF to \$2,015 PFF, with a mean of \$1,886 PFF, and a median indication of \$1,889 PFF. Lot Sales 3 and 4 represent the subject 7 lots. After considering the physical characteristics of the subject lots, as well as the supply and demand for these lots in the market area, and the trend for increasing lot values in the Kyle Market Area, it is my opinion that the Base Market Value of a typical **55’ subject lot in Section 7**, as of February 1, 2023, is **\$2,000 PFF**. Thus, the **“Upon Completion” Retail Lot Value of the 55’ lots in 6 Creeks, Section 7A**, is concluded as follows:

$$\frac{\text{Lot Width}}{55'} \times \frac{\text{Retail Lot Revenue PFF}}{\$2,000} = \frac{\text{Indicated Retail Lot Value}}{\$110,000}$$

SUM OF RETAIL REVENUE CONCLUSION, “UPON COMPLETION”

The 69 proposed subject lots in 6 Creeks, **Section 7** have an **“Upon Completion”** sum of retail revenue computed as follows:

<u>No.</u>	<u>Description</u>	<u>Lot Size</u>	<u>Retail Lot Value</u>	<u>Sum of Retail Revenue</u>	<u>Effective Date</u>
69	Proposed	55' × 125' @	\$110,000 / Lot =	\$7,590,000	2/1/2023

INCOME APPROACH - DISCOUNTED BULK MARKET VALUE ANALYSIS

The Bulk Market Value for the subject lots, or sold collectively to a single purchaser, is determined by discounting the net sales proceeds of the aggregate gross builder retail lot value arrived at previously. The discounting is necessary to reflect the absorption period, required yield, and related expenses incurred during the sell-out term. The following is a discussion of each of these categories and the assumptions applicable thereto:

ABSORPTION

Generally, in developments such as the subject, an absorption period is required in order to promote and eventually sell-out the subject lots on an individual lot basis. To determine the rates at which the subject single-family lots will be absorbed into the market, I have analyzed the recent absorption of lots in several subdivisions in the vicinity of the subject subdivision.

Subdivision	Lot Size	No. Builders	Price Range (\$1,000's)	12-Month Closings	Closings Per Quarter	Closings/ Builder/Quarter
Blanco Vista/Sunset	45' - 50'	4	\$298 - \$495	57	14.25	3.56
Blanco Vista/Willow	30' - 40'	1	\$274 - \$436	64	16.00	16.00
Casetta Ranch	35' - 50'	1	\$300 - \$477	51	12.75	12.75
Cool Springs	65'	2	\$353 - \$423	123	30.75	15.38
Cypress Forest	55' - 80'	2	\$278 - \$640	49	12.25	6.13
Harvest Meadows	24'	1	\$225 - \$245	61	15.25	15.25
Highlands at Grist Mill	40' - 45'	1	\$281 - \$340	78	19.50	19.50
Hymeadow	40'	2	\$296 - \$414	72	18.00	9.00
Millcreek	40'	1	\$291 - \$334	126	31.50	31.50
Plum Creek/Peninsula	35' - 45'	1	\$228 - \$425	37	9.25	9.25
Southgrove	40' - 50'	1	\$293 - \$443	54	13.50	13.50
Stagecoach Crossing	50'	1	\$279 - \$440	78	19.50	19.50

Source: Zonda Austin Metrostudy, 1st Quarter 2022

LOT ABSORPTION CONCLUSION

According to information provided by Ms. Leanna Einhouse, a total of 160 new homes were sold in 6 Creeks in 2021. **For 2022, from January 1 through May 31, there were a total of 91 new home sales, or 18.2 homes per month, or 54.6 homes per quarter,** for an annualized sales rate of 218 new homes. Thus, the trend for new home sales has been consistently strong, despite increasing interest rates and home prices.

The lot comparables indicate average annual absorption (closings) of 37 lots to 126 lots per year, with a mean of 70.83 lots per year, or 17.71 lots per quarter. On a per-builder basis, the absorption comparables indicate a range of 3.56 lots to 31.50 lots per quarter, **with an average of 14.36 lot closings per quarter, per builder.**

Within the South Market Area starts in the 1st Quarter 2022 were up 64.44% over 1st Quarter 2021, and closings were up 11.08% over the same time period. Within the Kyle/Buda Submarket starts in the 1st Quarter 2022 were up 29.16% over 1st Quarter 2021, and closings were up 5.94% over the same time period. The Austin region has experienced unprecedented growth over the past year, and demand for new housing remains very strong. These trends indicate a rapid growth rate. Further, the VDL inventories in both the Kyle/Buda Submarket, and the South Market Area have continually remained at undersupplied levels over the past 4 quarters, and are now severely undersupplied.

Based on the indications of the comparables, as well as the recent sales activity from within 6 Creeks, I have prudently projected the subject lots to be absorbed at an initial rate of **10 lots per builder in Period “0,” and then tapering to 5 lots per quarter, per builder** within 9 quarterly periods (2.25 years), after an initial takedown of 20 lots in Period “0,” given the expected pent-up demand for the subject lots. The inferred demand absorption of the 271 under-development/proposed lots in 6 Creeks, is summarized as follows:

<u>6 Creeks, Phase 1, Section 6A,</u> <u>“Upon Completion” – August 1, 2022</u>												
Quarterly Period	<u>0</u>	<u>1</u>	<u>2</u>	<u>3</u>	<u>4</u>	<u>5</u>	<u>6</u>	<u>7</u>	<u>8</u>	<u>9</u>	<u>10</u>	<u>Total</u>
Lot Absorption	20	10	10	10	10	10	9	-	-	-	-	79

<u>6 Creeks, Phase 1, Section 13A,</u>												
<u>“Upon Completion” – August 1, 2022</u>												
Quarterly Period	<u>0</u>	<u>1</u>	<u>2</u>	<u>3</u>	<u>4</u>	<u>5</u>	<u>6</u>	<u>7</u>	<u>8</u>	<u>9</u>	<u>10</u>	<u>Total</u>
Lot Absorption	10	5	5	5	5	5	5	4	-	-	-	44

6 Creeks, Phase 1, Section 13B, “Upon Completion” – August 1, 2022												
Quarterly Period	<u>0</u>	<u>1</u>	<u>2</u>	<u>3</u>	<u>4</u>	<u>5</u>	<u>6</u>	<u>7</u>	<u>8</u>	<u>9</u>	<u>10</u>	<u>Total</u>
Lot Absorption	10	5	5	5	5	5	5	6	11	11	11	79

6 Creeks, Phase 1, Section 7, “Upon Completion” – February 1, 2023												
Quarterly Period	<u>0</u>	<u>1</u>	<u>2</u>	<u>3</u>	<u>4</u>	<u>5</u>	<u>6</u>	<u>7</u>	<u>8</u>	<u>9</u>	<u>10</u>	<u>Total</u>
Lot Absorption	20	10	10	10	10	9	-	-	-	-	-	69

6 Creeks, Phase 1, Sections 6A, 7, 13A & 13B Total Absorption												
Quarterly Period	<u>0</u>	<u>1</u>	<u>2</u>	<u>3</u>	<u>4</u>	<u>5</u>	<u>6</u>	<u>7</u>	<u>8</u>	<u>9</u>	<u>10</u>	<u>Total</u>
Sec. 6A - 45' Lot Absorption	20	10	10	10	10	10	9	-	-	-	-	79
Sec. 13A 65' Lot Absorption	10	5	5	5	5	5	5	4	-	-	-	44
Sec. 13B 60' Lot Absorption	10	5	5	5	5	5	5	6	11	11	11	79
Sec. 7 - 55' Lot Absorption	0	0	0	20	10	10	10	10	9	-	-	69
Total Absorption	40	20	20	40	30	30	29	20	20	11	11	271

The projected lot absorption for the subject lots in 6 Creeks is thus 271 lots over a total of 10 quarters, or an overall average of **27.10 lots per quarter**. Within the first year, absorption amounts to 150 lots, or 37.50 lots per quarter, which is well supported by recent sales activity in 6 Creeks, and appropriately recognizes that, in addition to the subject builders (Pulte Home, DFH Coventry Homes, Perry Homes and Highland Homes), Taylor Morrison and M/I Homes are also active in 6 Creeks. Further, the absorption projection recognizes that additional phases of 6 Creeks will be developed within the next two years which will compete with the subject lots.

INTERNAL RATE OF RETURN (IRR)

I referenced the Developer's Survey conducted by RealtyRates.com for the 2nd Quarter 2022.

RealtyRates.com DEVELOPER SURVEY - 2nd Quarter 2022*						
Texas - Subdivisions & PUDs						
	Actual Rates			Pro-Forma Rates		
	Min	Max	Avg	Min	Max	Avg
Site-Built Residential	13.59%	31.39%	20.85%	13.05%	30.13%	20.01%
-100 Units	13.59%	27.06%	19.92%	13.05%	25.98%	19.12%
100-500 Units	13.93%	29.76%	20.98%	13.38%	28.57%	20.14%
500+ Units	14.27%	31.12%	21.33%	13.70%	29.87%	20.48%
Mixed Use	14.61%	31.39%	21.16%	14.03%	30.13%	20.31%
Manufactured Housing	13.90%	34.25%	22.31%	13.35%	32.88%	21.42%
-100 Units	13.90%	29.78%	21.41%	13.35%	28.59%	20.55%
100-500 Units	14.25%	32.76%	22.56%	13.68%	31.45%	21.66%
500+ Units	14.60%	34.25%	22.96%	14.02%	32.88%	22.04%
Business Parks	13.86%	31.72%	21.15%	13.31%	30.45%	20.30%
-100 Acres	13.86%	27.59%	20.31%	13.31%	26.48%	19.50%
100-500 Acres	14.21%	30.34%	21.39%	13.64%	29.13%	20.53%
500+ Acres	14.56%	31.72%	21.75%	13.98%	30.45%	20.88%
Industrial Parks	13.95%	27.27%	19.18%	13.39%	26.18%	18.42%
-100 Acres	13.95%	23.72%	18.46%	13.39%	22.77%	17.72%
100-500 Acres	14.30%	26.09%	19.39%	13.73%	25.04%	18.61%
500+ Acres	14.65%	27.27%	19.70%	14.06%	26.18%	18.92%

*1st Quarter 2022 Data

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As indicated within the RealtyRates.com survey, developers and builders reported modeling proforma internal rates of return ranging from 13.38% to 28.57%, with an average of 20.14% for residential developments with 100 to 500 units. These same developers and builders reported actual internal rates of return ranging from 13.93% to 29.76%, with an average of 20.98%.

Based on the availability of alternative investment yields; the lot quantity at 271 lots; and considering the relative risk of the subject residential development investment in the Greater Austin region and the subject market area; it is the appraiser's opinion that an overall **IRR of 17.0%** is most appropriate for the subject 6 Creeks, inclusive of profit.

On the following pages is the discounted cash flow (DCF) analyses builder retail sell-out of the subject 22' lots; 45' lots; and 50' lots, along with a discussion of the various

absorption, carrying expenses, and yield assumptions to discount the cash flow builder retail sell-out of the subject lots, "Upon Completion."

Based on the availability of alternative investment yields, and considering the relative risk of the subject residential development investment in the Greater Austin region, it is the appraiser's opinion that for the **79 under-development lots in 6 Creeks, Phase 1, Section 6A**, which are projected to be absorbed over a 1.50-year period, an overall **IRR of 17.00%** is most appropriate for subject lot cash flow, inclusive of profit.

The subject 44 under-development Section 13A lots, as well as the 79 subject 13B under-development lots are being developed for Pulte Homes, which will take possession of all 123 lots simultaneously, in bulk. Herein, I have projected these 123 subject lots to be sold-out over 10 quarters, or 2.50 years. The fact that these lots will indeed be a bulk transaction is considered to represent minimal risk to the developer. As such, an **IRR of 15.0% is considered to be most appropriate for Sections 13A and 13B.**

Lastly, it is the appraiser's opinion that for the 69 proposed **Section 7 lots**, which are projected to be absorbed over a 1.25-year period beginning February 1, 2023, a slightly higher **IRR of 17.50%** is most appropriate for subject lot cash flow, inclusive of profit, given the slightly futuristic completion date.

On the following pages are the discounted cash flow (DCF) analyses builder retail sell-out of the 79 under-development lots in Section 6A; followed by the discounted cash flow (DCF) analysis builder retail sell-out of the 44 under-development lots in Section 13A; the 79 under-development lots in Section 13B; and the 69 proposed lots in Section 7, along with a discussion of the various absorption, carrying expenses, and yield assumptions to discount the cash flow builder retail sell-out of the subject lots within 6 Creeks, "Upon Completion."

DISCOUNTED CASH FLOW ASSUMPTIONS

Sum of Retail Revenue:

1. The 79 under-development subject lots in 6 Creeks, **Section 6A** have an “**Upon Completion**” sum of retail revenue computed as follows:

<u>No.</u>	<u>Description</u>	<u>Lot Size</u>	<u>Retail Lot Value</u>	<u>Sum of Retail Revenue</u>	<u>Effective Date</u>
79	Under-Development	45' × 120' @	\$81,000 / Lot =	\$6,399,000	8/1/2022

2. The 44 under-development subject lots in 6 Creeks, **Section 13A** have an “**Upon Completion**” sum of retail revenue computed as follows:

<u>No.</u>	<u>Description</u>	<u>Lot Size</u>	<u>Retail Lot Value</u>	<u>Sum of Retail Revenue</u>	<u>Effective Date</u>
44	Under-Development	65' × 130' @	\$117,000 / Lot =	\$5,148,000	8/1/2022

3. The 79 under-development subject lots in 6 Creeks, **Section 13B** have an “**Upon Completion**” sum of retail revenue computed as follows:

<u>No.</u>	<u>Description</u>	<u>Lot Size</u>	<u>Retail Lot Value</u>	<u>Sum of Retail Revenue</u>	<u>Effective Date</u>
79	Under-Development	60' × 130' @	\$108,000 / Lot =	\$8,532,000	8/1/2022

4. The 69 proposed subject lots in 6 Creeks, **Section 7** have an “**Upon Completion**” sum of retail revenue computed as follows:

<u>No.</u>	<u>Description</u>	<u>Lot Size</u>	<u>Retail Lot Value</u>	<u>Sum of Retail Revenue</u>	<u>Effective Date</u>
69	Proposed	55' × 125' @	\$110,000 / Lot =	\$7,590,000	2/1/2023

Builder Fees: In addition to the base price, **all builders in 6 Creeks will pay certain builder fees.** The builder fees are based on \$2,000 per lot for amenity fees and \$10 PFF for marketing fees, or \$450 per lot for the 45' lots, \$550 per lot for 55' lots, \$600 per 60' lot, and \$650 per lot for 65' lots. **The builder fees for Phase 1, Section 6A amount to \$695,279, or an average of \$8,801 per lot. The builder fees for Phase 1, Section 13A amount to \$396,644, or an average of \$9,001 per lot. The builder fees for Phase 1, Section 13B amount to \$707,129, or an average of \$8,951 per lot. The builder fees for Phase 1, Section 7 amount to \$370,944, or an average of \$5,376 per lot.**

Absorption Period: The absorption period projected for the subject lots' sell-out is based on the vacant lot inventory and absorption projections, as detailed in the prior section of this appraisal.

Growths: The retail lot values have been escalated over the projected sell-out at **1.75% per quarter, or 7.00% per year**, which is well supported by current trends in the Kyle/Buda market area, whereby builders have agreed to annual escalators ranging from 6.0% to 8.0%.

Beginning Lot Inventory: The Beginning Lot Inventory is the total number of lots in inventory on the first day of each quarterly period.

Lot Sales Per Period: The Lots Sales per Period is the total number of lots sold or absorbed during each quarterly period.

Ending Lot Inventory: The Ending Inventory is the total number of lots in inventory on the last day of each quarterly period.

Average Lots Held Per Period: The Average Lots Held per Period is the average of Beginning Lot Inventory and Ending Lot Inventory.

Starting Inventory (Dollars): The Starting Inventory is expressed in terms of dollars by multiplying the Average Lot Value by the Beginning Lot Inventory, and is a carry-over of the Ending Inventory balance.

Average Inventory Held (Dollars): The Average Inventory Held in Dollars is the average of the Starting Inventory (dollars) and the Ending Inventory (dollars).

Ending Inventory (Dollars): The Ending Inventory is expressed in terms of dollars by subtracting the periodic Sales (dollars) from the Starting Lot Inventory (dollars).

Periodic Sales Income: The total Quarterly Sales are the revenue generated during the period, before sales expense deductions.

SALES EXPENSES

Marketing/Closing Costs: Herein, I have projected broker commissions at 3.0% of periodic sales. The closing costs and marketing costs of the subject lots were estimated at 2.0% of the periodic sales, for a total of **5.0%** for marketing and closing costs. **Note that the marketing and closing costs are calculated only on quarterly sales, and do not consider the builder fees.**

Taxes: Existing **50' and 55' lots in 6 Creeks** are now assessed for **\$78,750 per lot**, or \$1,500 PFF, based on an average of 52.50'. Existing **60' and 65' lots** are assessed for **\$105,000 per lot.**, or \$1,680 PFF, based on an average of 62.50'. The assessed values for the subject **45' lots in Phase 1, Section 6A** are projected at **\$67,500 per lot**, or \$1,500 PFF.

HCAD typically discounts lots held in bulk, and the assessed lot values are considered to be reasonable, despite being significantly less than the concluded bulk market value on a per lot basis. The tax expense is based on the projected average assessed value per lot, multiplied by the tax rate per \$100, and divided by four to reflect quarterly taxes. The tax rate for the subject lots is based on the 2022 total tax rate of \$2.859390 per \$100 assessed, which is rounded to **\$2.86 per \$100.**

Administrative Expense: This category reflects incidental expenses including bank charges, accounting and legal fees, office expenses, etc., which are typically incurred by the developer throughout the holding period. These expenses are typically relatively minor; thus, I have projected this expense at **0.5% of quarterly lot sales revenue.**

Maintenance: The subject subdivision is part of 6 Creeks Subdivision Homeowners Association. The HOA dues to the developer for vacant lots are estimated at \$200 per lot per year or **\$50 per lot per quarterly period.**

DISCOUNTED CASH FLOW ANALYSIS

See the following page for the discounted cash flow (DCF) analyses builder retail sell-out of the 79 under-development lots in Section 6A; followed by the discounted cash flow (DCF) analysis builder retail sell-out of the 44 under-development lots in Section 13A; the

79 under-development lots in Section 13B; and the 69 proposed lots in Section 7, "Upon Completion."

6 CREEKS, PHASE 1, SECTION 6A
79 Lots, “Upon Completion” – August 1, 2022

6 CREEKS, PHASE 1, SECTION 6A - 79 LOTS "UPON COMPLETION"
DISCOUNTED SELL-OUT CASH FLOW ANALYSIS

TOTAL NO. OF LOTS:	79						
GROSS RETAIL REVENUE:	\$6,399,000						
ABSORPTION PERIOD:	6 QUARTERS						
INTERNAL RATE OF RETURN:	17.0%						
ASSESSED VALUE PER LOT:	\$67,500	\$67,500	\$67,500	\$67,500	\$67,500	\$67,500	\$67,500
EFFECTIVE TAX RATE/\$100:	\$2.86	\$2.86	\$2.86	\$2.86	\$2.86	\$2.86	\$2.86
MAINTENANCE (LOT/QUARTER):	\$50	\$50	\$50	\$50	\$50	\$50	\$50
BUILDER FEES PER LOT:	\$8,801	\$8,801	\$8,801	\$8,801	\$8,801	\$8,801	\$8,801
QUARTERLY PERIOD:	ZERO	ONE	TWO	THREE	FOUR	FIVE	SIX
STARTING INVENTORY:	79.0	59.0	49.0	39.0	29.0	19.0	9.0
LOT SALES/PERIOD:	20.0	10.0	10.0	10.0	10.0	10.0	9.0
ENDING INVENTORY:	59.0	49.0	39.0	29.0	19.0	9.0	0.0
AVG. LOTS HELD/PERIOD:	69.0	54.0	44.0	34.0	24.0	14.0	4.5
SALES APPRECIATION:	0.00%	1.75%	1.75%	1.75%	1.75%	1.75%	1.75%
STARTING INVENTORY:	\$6,399,000	\$4,862,633	\$4,109,131	\$3,327,767	\$2,517,797	\$1,678,459	\$808,973
AVG. LOT VALUE:	\$81,000	\$82,418	\$83,860	\$85,327	\$86,821	\$88,340	\$89,886
AVG. INVENTORY HELD:	\$5,589,000	\$4,450,545	\$3,689,831	\$2,901,130	\$2,083,694	\$1,236,759	\$404,487
ENDING INVENTORY:	\$4,779,000	\$4,038,458	\$3,270,532	\$2,474,493	\$1,649,591	\$795,059	\$0
QUARTERLY SALES:	\$1,620,000	\$824,175	\$838,598	\$853,274	\$868,206	\$883,399	\$808,973
BUILDER FEES:	<u>\$176,020</u>	<u>\$88,010</u>	<u>\$88,010</u>	<u>\$88,010</u>	<u>\$88,010</u>	<u>\$88,010</u>	<u>\$79,209</u>
TOTAL REVENUES:	\$1,796,020	\$912,185	\$926,608	\$941,284	\$956,216	\$971,409	\$888,182
LESS EXPENSES:							
a) MKTING/CLOSING (5.0%):	\$81,000	\$41,209	\$41,930	\$42,664	\$43,410	\$44,170	\$40,449
b) TAXES/AVG. INV HELD.:	\$0	\$26,062	\$21,236	\$16,409	\$11,583	\$6,757	\$2,172
c) ADMINISTRATIVE (0.5%):	\$8,980	\$4,561	\$4,633	\$4,706	\$4,781	\$4,857	\$4,441
d) MAINTENANCE:	\$0	\$2,700	\$2,200	\$1,700	\$1,200	\$700	\$225
TOTAL EXPENSES:	\$89,980	\$74,531	\$69,998	\$65,479	\$60,974	\$56,484	\$47,286
NET SALES INCOME:	\$1,706,040	\$837,654	\$856,610	\$875,804	\$895,241	\$914,926	\$840,896
QUARTERLY IRR AT 17.00%:	1.00	0.959233	0.920127	0.882616	0.846634	0.812119	0.779011
DISCOUNTED SALES:	\$1,706,040	\$803,505	\$788,190	\$772,999	\$757,942	\$743,029	\$655,067
TOTAL NPV OF SALES							
"UPON COMPLETION":	\$6,226,771						
ROUNDED TO:	<u>\$6,225,000</u>						
VALUE PER LOT:	<u>\$78,797</u>						

6 CREEKS, PHASE 1, SECTION 13A
44 Lots, “Upon Completion” – August 1, 2022

6 CREEKS, PHASE 1, SECTION 13B
79 Lots, “Upon Completion” – August 1, 2022

6 CREEKS, PHASE 1, SECTION 7
69 Lots, “Upon Completion” – February 1, 2023

6 CREEKS, PHASE 1, SECTION 7 - 69 LOTS "UPON COMPLETION"
DISCOUNTED SELL-OUT CASH FLOW ANALYSIS

TOTAL NO. OF LOTS:	69					
GROSS RETAIL REVENUE:	\$7,590,000					
ABSORPTION PERIOD:	5 QUARTERS					
INTERNAL RATE OF RETURN:	17.5%					
ASSESSED VALUE PER LOT:	\$78,750	\$78,750	\$78,750	\$78,750	\$78,750	\$78,750
EFFECTIVE TAX RATE/\$100:	\$2.86	\$2.86	\$2.86	\$2.86	\$2.86	\$2.86
MAINTENANCE (LOT/QUARTER):	\$50	\$50	\$50	\$50	\$50	\$50
BUILDER FEES PER LOT:	\$5,376	\$5,376	\$5,376	\$5,376	\$5,376	\$5,376
QUARTERLY PERIOD:	ZERO	ONE	TWO	THREE	FOUR	FIVE
STARTING INVENTORY:	69.0	49.0	39.0	29.0	19.0	9.0
LOT SALES/PERIOD:	20.0	10.0	10.0	10.0	10.0	9.0
ENDING INVENTORY:	49.0	39.0	29.0	19.0	9.0	0.0
AVG. LOTS HELD/PERIOD:	59.0	44.0	34.0	24.0	14.0	4.5
SALES APPRECIATION:	0.00%	1.75%	1.75%	1.75%	1.75%	1.75%
STARTING INVENTORY:	\$7,590,000	\$5,484,325	\$4,441,464	\$3,360,423	\$2,240,185	\$1,079,710
AVG. LOT VALUE:	\$110,000	\$111,925	\$113,884	\$115,877	\$117,904	\$119,968
AVG. INVENTORY HELD:	\$6,490,000	\$4,924,700	\$3,872,045	\$2,781,040	\$1,650,663	\$539,855
ENDING INVENTORY:	\$5,390,000	\$4,365,075	\$3,302,627	\$2,201,656	\$1,061,140	\$0
QUARTERLY SALES:	\$2,200,000	\$1,119,250	\$1,138,837	\$1,158,767	\$1,179,045	\$1,079,710
BUILDER FEES:	<u>\$107,520</u>	<u>\$53,760</u>	<u>\$53,760</u>	<u>\$53,760</u>	<u>\$53,760</u>	<u>\$48,384</u>
TOTAL REVENUES:	\$2,307,520	\$1,173,010	\$1,192,597	\$1,212,527	\$1,232,805	\$1,128,094
LESS EXPENSES:						
a) MKTING/CLOSING (5.0%):	\$110,000	\$55,963	\$56,942	\$57,938	\$58,952	\$53,986
b) TAXES/AVG. INV HELD.:	\$0	\$24,775	\$19,144	\$13,514	\$7,883	\$2,534
c) ADMINISTRATIVE (0.5%):	\$11,538	\$5,865	\$5,963	\$6,063	\$6,164	\$5,640
d) MAINTENANCE:	\$0	\$2,200	\$1,700	\$1,200	\$700	\$225
TOTAL EXPENSES:	\$121,538	\$88,802	\$83,749	\$78,714	\$73,699	\$62,385
NET SALES INCOME:	\$2,185,982	\$1,084,208	\$1,108,848	\$1,133,812	\$1,159,106	\$1,065,710
QUARTERLY IRR AT 17.50%:	1.00	0.958084	0.917925	0.879449	0.842586	0.807268
DISCOUNTED SALES:	\$2,185,982	\$1,038,762	\$1,017,839	\$997,130	\$976,646	\$860,313
TOTAL NPV OF SALES						
"UPON COMPLETION":	\$7,076,671					
ROUNDED TO:	<u>\$7,075,000</u>					
VALUE PER LOT:	<u>\$102,536</u>					

DISCOUNTED CASH FLOW MARKET VALUE CONCLUSIONS

After applying an IRR of 17.0%, inclusive of profit, to the Section 6A subject lots' prospective cash flow sell-out; an IRR of 15.0% to the Section 13A subject lots' prospective cash flow sell-out; an IRR of 15.0% to the Section 13B subject lots' prospective cash flow sell-out; and an IRR of 17.50% to the Section 7 subject lots' prospective cash flow sell-out, it is the opinion of the appraiser that the **“Upon Completion” Bulk Market Values** of the subject lots to a single purchaser, via the Income Approach, are as follows:

Description	No. Lots	“Upon Completion” Bulk Market Value	Effective Date
6 Creeks, Section 6A	79	\$6,225,000	8/1/2022
6 Creeks, Section 13A	44	\$4,860,000	8/1/2022
6 Creeks, Section 13B	79	\$7,470,000	8/1/2022
6 Creeks, Section 7	69	\$7,075,000	2/1/2023

When estimating the value of multiple lots or parcels of land "In Bulk" or collectively to a single purchaser, individual builder retail lot market values are typically totaled, and a discounted cash flow is then applied to reflect factors such as yield, risk, and expenses which must be incurred by the owner throughout the holding period or sell-out term for the multiple retail properties. The preceding discounted cash flow model is deemed to be the most reliable technique in concluding my opinion of the Market Value for the subject lots "In Bulk" or collectively to a single purchaser.

The indicated “Upon Completion” Bulk Market Value of the 79 subject lots in 6 Creeks, Section 6A, computes to a total of **\$6,225,000**, or an average of **\$78,797 per lot**. This net present value conclusion represents a discount of approximately **12.25%** in comparison to the previously estimated **sum of retail revenue of \$6,399,000, plus the \$695,279 in builder fees (\$8,801 per lot), for gross retail revenue of \$7,094,279, or an average of \$89,801 per lot.**

The indicated "Upon Completion" Bulk Market Value of the 44 subject lots in 6 Creeks, Section 13A, computes to a total of **\$4,860,000**, or an average of **\$110,455 per lot**. This net present value conclusion represents a discount of approximately **12.35%** in comparison to the previously estimated **sum of retail revenue of \$5,148,000, plus the \$396,644 in builder fees (\$9,001 per lot), for gross retail revenue of \$5,544,644, or an average of \$89,928 per lot.**

The indicated "Upon Completion" Bulk Market Value of the 79 subject lots in 6 Creeks, Section 13B, computes to a total of **\$7,470,000**, or an average of **\$94,557 per lot**. This net present value conclusion represents a discount of approximately **19.15%** in comparison to the previously estimated **sum of retail revenue of \$8,532,000, plus the \$707,129 in builder fees (\$8,951 per lot), for gross retail revenue of \$9,239,129, or an average of \$116,951 per lot.**

The indicated "Upon Completion" Bulk Market Value of the 69 subject proposed lots in 6 Creeks, Section 7, computes to a total of **\$7,075,000**, or an average of **\$102,536 per lot**. This net present value conclusion represents a discount of approximately **11.13%** in comparison to the previously estimated **sum of retail revenue of \$7,590,000, plus the \$370,944 in builder fees (\$5,376 per lot), for gross retail revenue of \$7,960,944, or an average of \$98,848 per lot.**

The resulting bulk purchase discounts are considered to be reasonable, particularly when considering that purchasing the subject lots "In Bulk" will involve an assumption of a certain amount of risk and known carrying costs.

RECONCILIATION AND FINAL MARKET VALUE CONCLUSIONS

The Sales Comparison Approach was used to conclude “Upon Completion” retail revenue of the subject proposed residential lots. An Income Approach retail sell-out technique was then employed to derive the indicated “Upon Completion” Bulk Market Value of the subject 79 under-development lots in Phase 1, Section 6A; the 44 under-development lots in Phase 1, Section 13A; the 79 under-development lots in Phase 1, Section 13B; and the 69 proposed lots in Phase 1, Section 7. The cumulative builder retail revenue of the subject lots were discounted for their projected absorption period. A discounted cash flow analysis was used to present value the projected income streams of the subject proposed lots over their projected absorption period. The Income Approach procedure is generally considered to be the most valid method of estimating the value of multiple builder retail lots to one individual buyer, especially if the parcels/lots involve a holding period or sell-out term and carrying costs.

While considered, the Cost Approach was not developed, as I was not provided development costs for the subject lots. Further, at the request of the client, the “As Is” Market Values of the subject development sites have not been valued herein. The absence of the Cost Approach does not affect the credibility of the Market Value conclusions in this appraisal.

FINAL MARKET VALUE CONCLUSIONS

Description	No. Lots	“Upon Completion” Bulk Market Value	Effective Date
6 Creeks, Section 6A	79	\$6,225,000	8/1/2022
6 Creeks, Section 13A	44	\$4,860,000	8/1/2022
6 Creeks, Section 13B	79	\$7,470,000	8/1/2022
6 Creeks, Section 7	69	\$7,075,000	2/1/2023

Extraordinary Assumptions:

- 1.) The subject property is proposed as a residential subdivision, with a prospective completion date. In this appraisal report, I have projected the market conditions at the prospective time of completion that would be anticipated by typical market participants. In a similar fashion, I projected the retail valuation of the individual subject

lots, absorption period and holding costs, based on projected conditions that are anticipated by typical market participants. Further, unknown circumstances may change the anticipated date of completion to another date, which may have market conditions that are different from those which are expected on the anticipated date of completion that is reflected in this report. Because actual future market conditions may deviate from those which are anticipated by typical market participants, this appraisal is subject to a review of market conditions and current sale data that will be available on the prospective or actual date of completion.

- 2.) This appraisal is subject to the proposed improvements being completed in a timely and professional workmanlike manner and that the proposed improvements do not deviate significantly from those described herein.
- 3.) The valuation of the subject improvements "Upon Completion" require a valuation of the subject improvements as of a prospective date, when they are projected to be physically complete based upon the plans and specifications provided. Developing this opinion of value requires the use of an extraordinary assumption because the subject in the prospective value opinion is as it exists as of a future date when physically complete. Therefore, I have relied upon information and specifications for the proposed improvements provided by the subject developing party. Should these representations be amended, or prove to be inaccurate, the value conclusions are subject to revision.
- 4.) This appraisal assumes that the developer's marketing plan is for new homes with a price-point range of \$300,000 to \$900,000 by at least 5 production home builders, including Perry Homes, Pulte Homes, M/I Homes, Coventry Homes, Highland Homes, and Taylor Morrison Homes, or comparable builders.
- 5.) I was not provided a copy of the developer's cost estimates, and the concluded Market Values contained herein are subject to a review of the actual cost estimates.
- 6.) A deviation from any of the extraordinary assumptions stated above might have an effect on the Market Value conclusions contained herein.

MARKETING AND EXPOSURE PERIODS

A marketing period is not a fact which can be found, but is an estimate which is dependent on supply/demand market conditions, availability of financing, competent marketing and negotiating efforts, and perhaps most important, the appropriate asking price. My estimate of the projected marketing period assumes market conditions are similar to those, which currently exist, as of the effective date of this appraisal. It also assumes reasonable financing can be obtained and that the property is aggressively marketed.

According to participants in the regional and local residential land market and others who have experience handling and marketing of such properties in the subject area, marketing times for properties such as the subject have been decreasing in recent years. Based upon my market analysis, I have estimated a prospective marketing period for the “upon completion” residential lots to be within 6 months. The subject property should market well at the reasonable and competitive concluded Market Values. As a result, I further estimate a historic exposure period of approximately 6 months or less for the subject, based upon the market data presented herein and the reported exposure times of the comparable sales.

ADDENDA

LETTER OF ENGAGEMENT

BARLETTA & ASSOCIATES, INC.
 REAL ESTATE APPRAISERS & CONSULTANTS

C7991

May 30, 2022

Mr. R.R. "Tripp" Davenport, III
 Underwriter
 FMSbonds, Inc.
 5 Cowboys Way, Suite 300-25
 Frisco, Texas 75034

Direct: 877/899-2220
 Cell: 214/418-1588
 Email: tdavenport@fmsbonds.com

RE: Proposal/Authorization for Valuation and Consulting Services of a 271-lot residential subdivision "Upon Completion," known as 6 Creeks, Phase IA4, within the 6 Creeks Public Improvement District IA4 Project ("PID"), in Kyle, Hays County, Texas (the "Subject Property").

Dear Mr. Davenport:

We look forward to preparing for you an Appraisal Report of the fee simple "Upon Completion" Market Values of the above-described Subject Property in conformance with and subject to the Code of Professional Ethics and Standards of Professional Appraisal Practice of the Appraisal Institute, and the Uniform Standards of Professional Appraisal Practice (USPAP) as developed by the Appraisal Standards Board of the Appraisal Foundation.

As a matter of disclosure and in accordance with the Ethics Rule of USPAP, I have previously performed an appraisal of prior phases of the subject development in 2018, 2019, 2020 and 2021. Other than these appraisals, I have not performed any other services regarding the Subject Property within a three-year period immediately preceding the acceptance of this assignment, either as an appraiser or in any other capacity.

The intended use of the appraisal is to provide an opinion of values for the underwriting of a proposed Public Improvement District Bond Transaction. The use of the appraisal by anyone other than you, Mr. Tripp Davenport, III c/o FMSbonds, Inc., is prohibited, except as provided herein. Additionally, we confirm our permission to use the final Appraisal Report in the offer and sale of public securities, secured by the special assessments levied on property within the PID and we confirm that we will execute, subject to our approval of the same, a certificate related to the use of the appraisal for such purpose, as provided by the client.

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Page 2

In determining these opinions of value, the appraiser will make certain assumptions which will be clearly detailed within the Appraisal Report. These will include, but are not limited to the assumption, that the City of Kyle will, or has approved the proposed development, and that all development entitlements are in place for such development to proceed, and that all public infrastructure will be financed, in whole or in part, with special assessments levied on property within the 6 Creeks PID, relating to the development.

The total fee for this Appraisal Report is \$7,000, and we require full receipt of these funds prior to the commencement of this appraisal assignment. The delivery date will be within four (4) weeks from your signed acceptance of this engagement letter agreement, receipt of the fee and receipt of requested documents from the developer. Any delay in receipt of requested documents, will potentially delay the delivery date. If you or any of your assigns (including FMSbonds, Inc. or the developer) cancel the assignment, prior to completion, you agree to pay us for all of our expenses and our time to date, based on prorata of work completed, with the remainder to be returned to the payor of such fee.

Upon completion of the Appraisal Report, an electronic version of the report will be provided to rdavenport@fmsbonds.com, while up to two hard copies of the appraisal will be provided upon request.

In the event we receive a subpoena to testify in any litigation, arbitration, or administrative hearing of any nature whatsoever, or as a result of this engagement or the related report to which we are or are not a party, you agree to pay our then current hourly rates for such preparation and presentation of testimony. Regarding data collected by us or provided by you in this assignment, you agree that it will remain the property of Barletta & Associates, Inc. and that we may utilize and include such data (either in the aggregate or individually), in our database. Finally, you agree that all data already in the public domain may be utilized on an unrestricted basis.

If the above terms are acceptable, please execute, date below and fax or e-mail to phillip@barlettainc.com. If you should have any further questions, please do not hesitate to contact me.

AGREED TO AND ACKNOWLEDGED THIS 3rd DAY OF June, 2022.

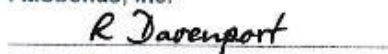
BARLETTA & ASSOCIATES, INC.



Phillip F. Barletta, MAI, SRA
President
State Certified, TX-1320197-G

ACCEPTED BY:

FMSbonds, Inc.

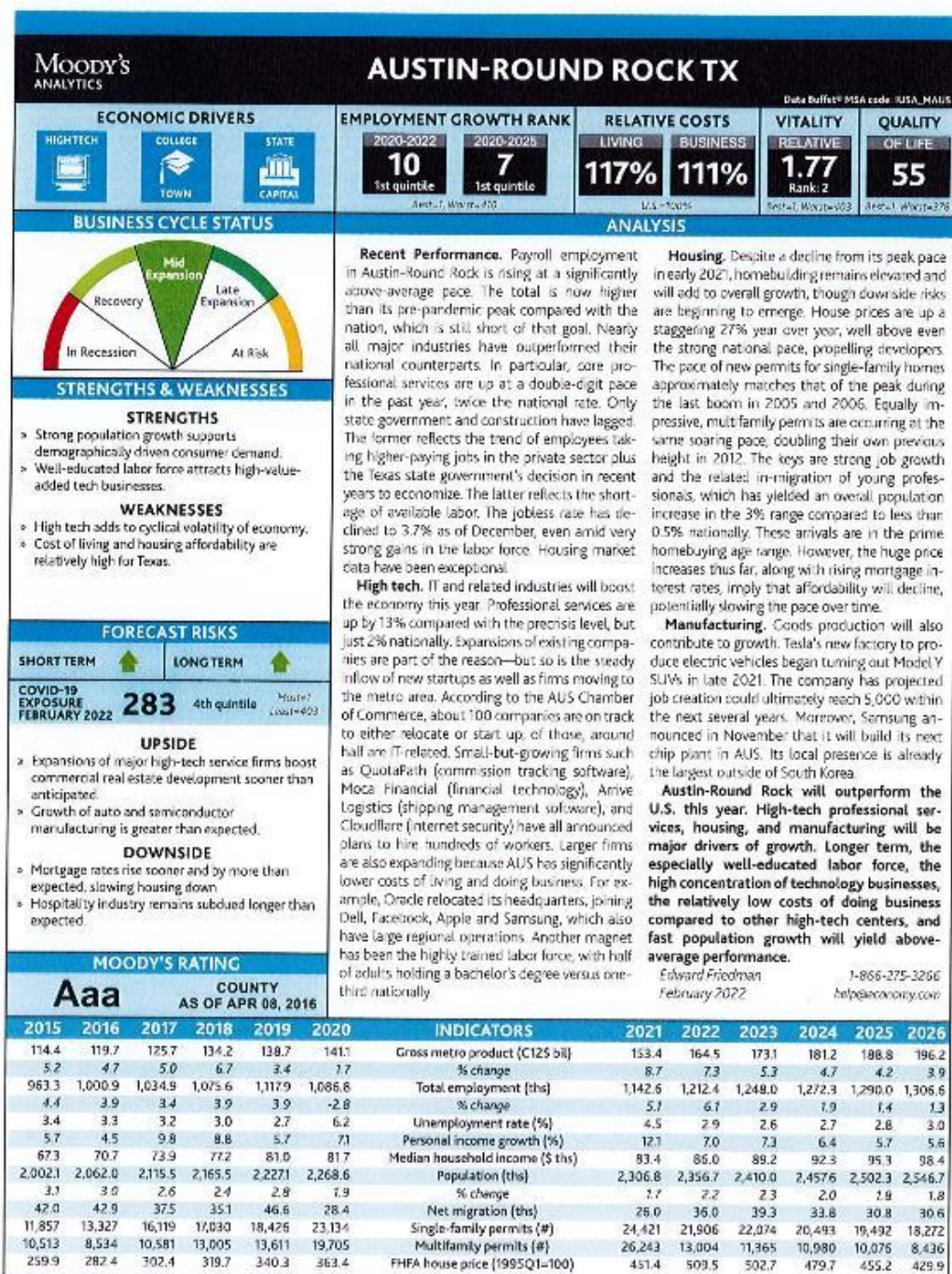


Mr. R. R. "Tripp" Davenport, III
Underwriter

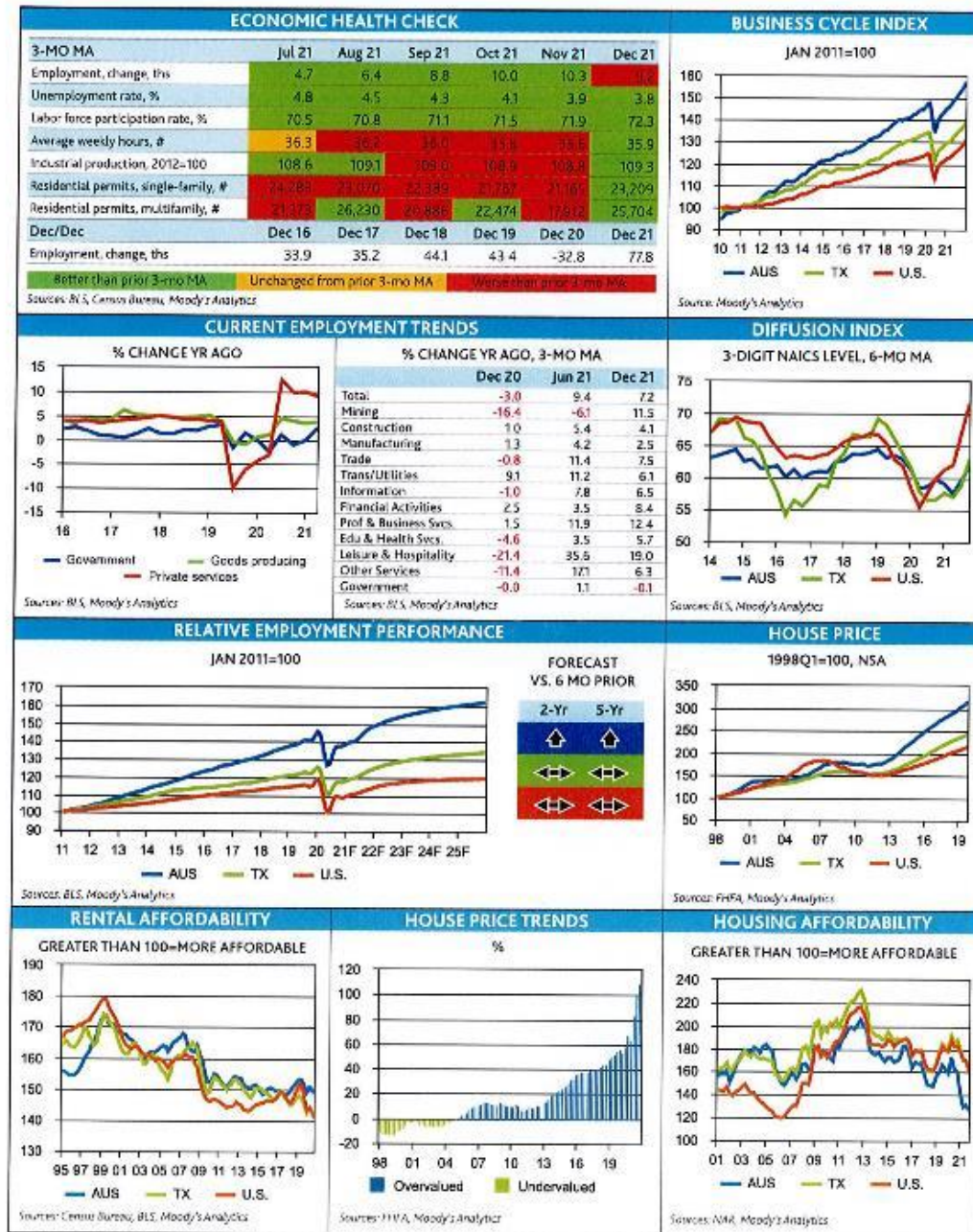
Date _____

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AUSTIN AREA ANALYSIS

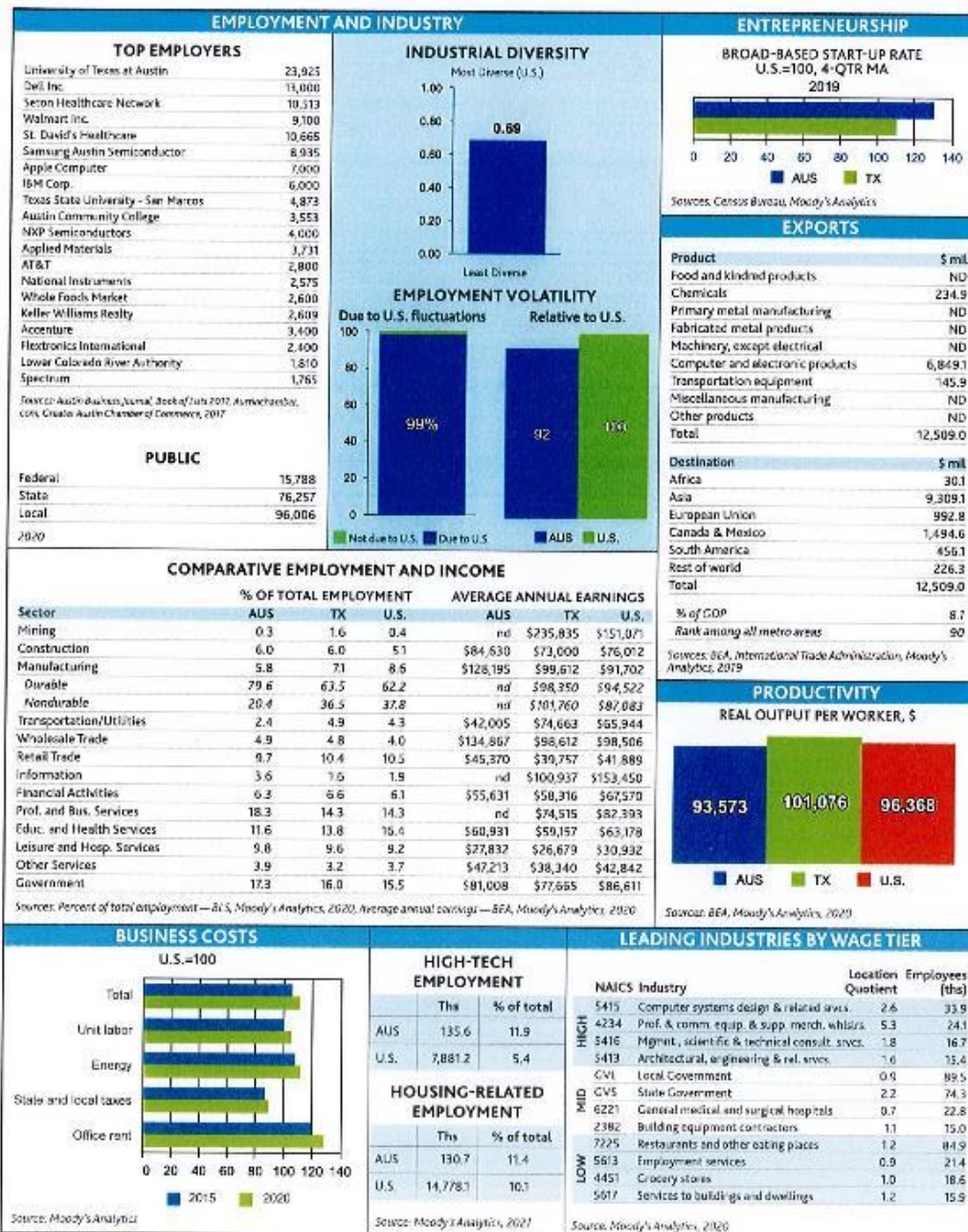


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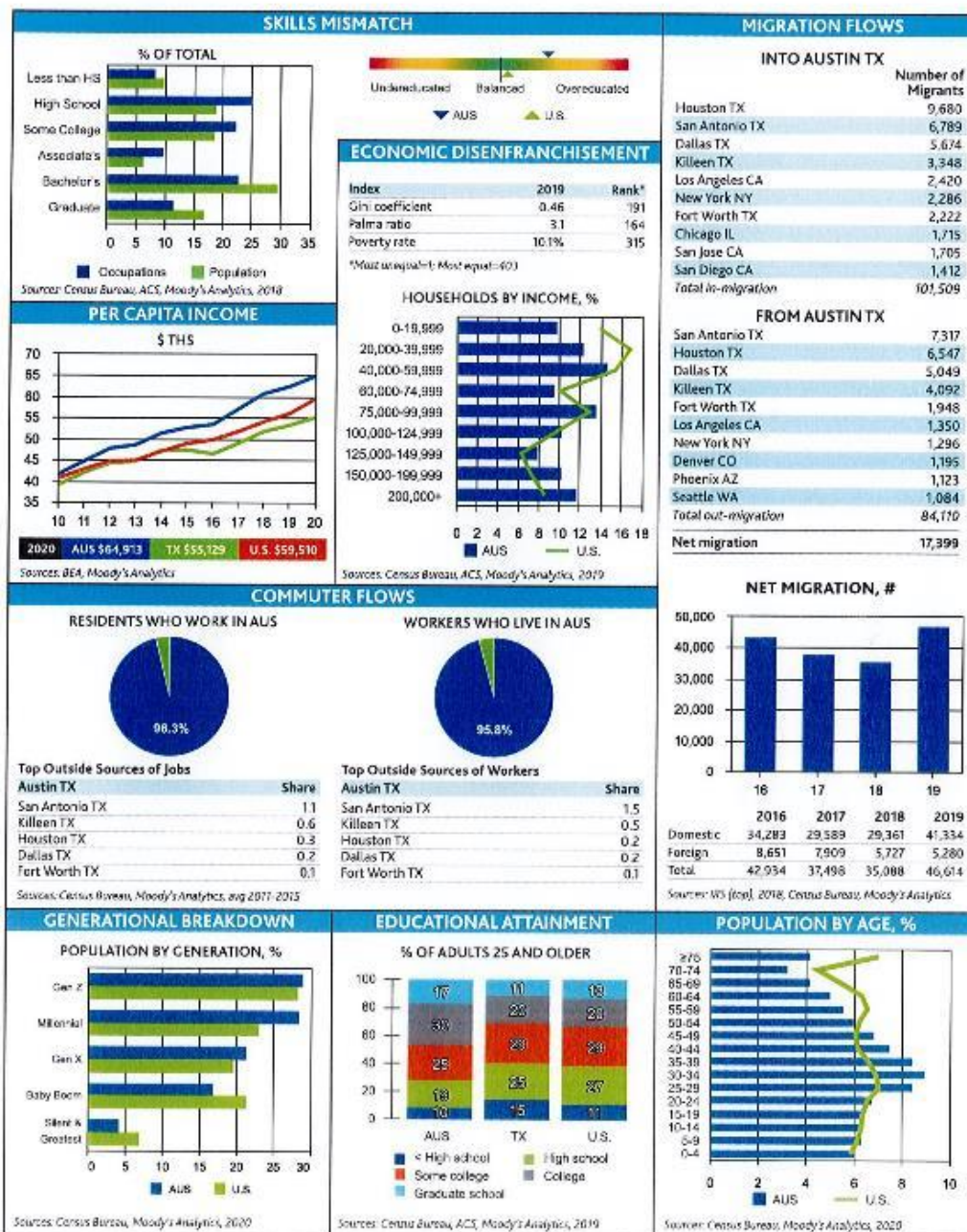
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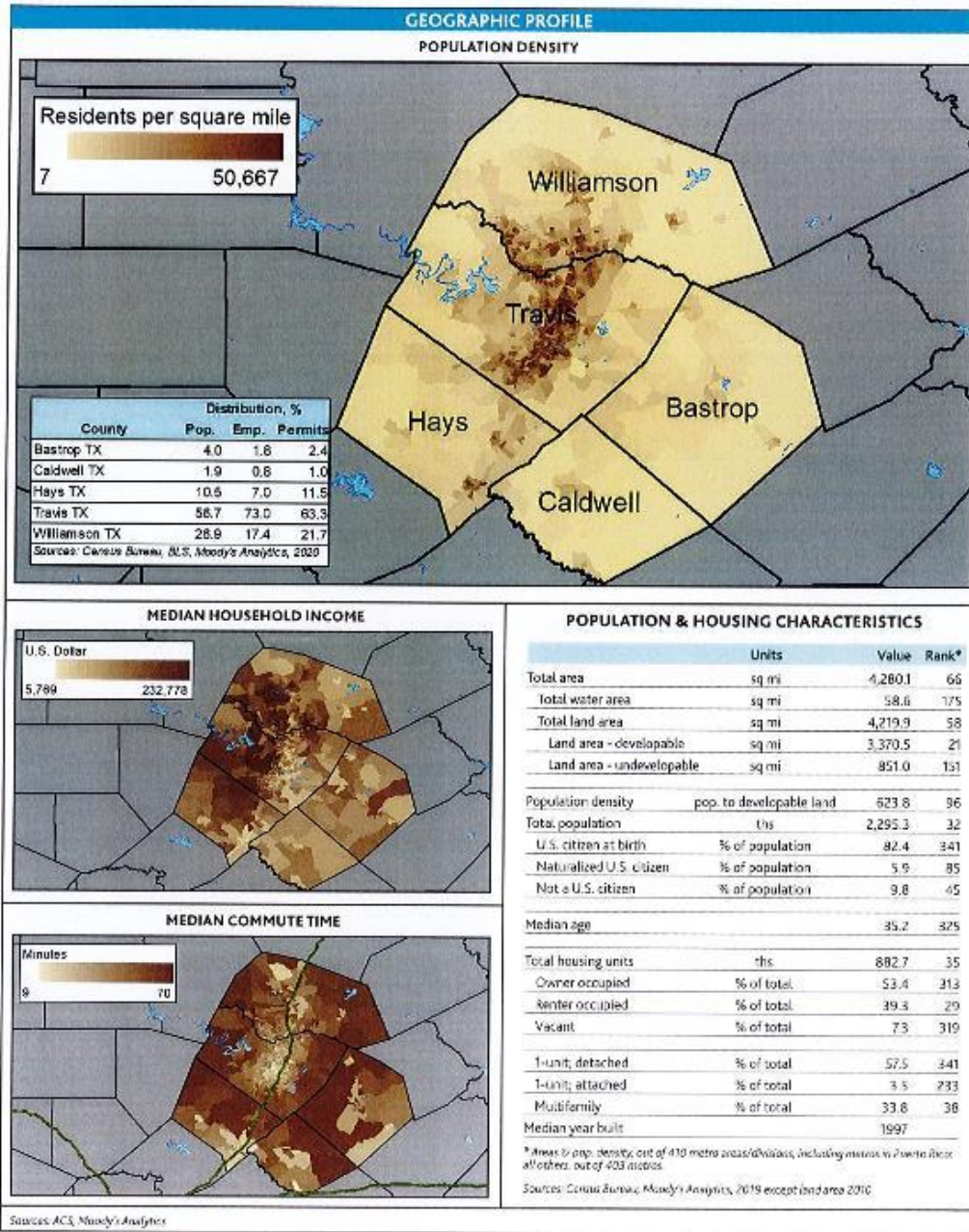
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QUALIFICATIONS OF THE APPRAISER

QUALIFICATIONS OF PHILLIP F. BARLETTA, MAI, SRA

PROFESSIONAL AFFILIATIONS

Member Appraisal Institute, MAI Number:	7644
Texas State Certified General Real Estate Appraiser	
Certificate Number:	TX-1320197-G
Date of Expiration:	03/31/2023
Texas Real Estate Broker, License Number:	0235500

Mr. Barletta is a designated Realtor Member of the Houston Association of Realtors and the Texas Association of Realtors. He has served as a member on the Appraisal Institute's Houston Chapter Number 33 Admissions Committee and Candidate's Guidance Committee. He has also been elected to the Houston Chapter Number 33 Board of Directors for Years 2000, 2001 and 2002, and served on the Officer's Nominating Committee for 2003, 2004, 2011, 2014, 2017 and 2019. In 2020, he was again elected to the Houston Chapter Board of Directors in 2020 for 2021.

EDUCATIONAL BACKGROUND

Mr. Barletta graduated from Sam Houston State University in Huntsville, Texas on May 21, 1977. He received a Bachelor of Business Administration degree with primary emphasis on finance, management, and real estate related courses. In addition he has successfully passed the following Appraisal Institute Courses and attended the following Seminars:

- 1) Course 1-A: Basic Appraisal Principles, Methods and Techniques (1979)
- 2) Course 8: Single-Family Residential Appraisal (1979)
- 3) Course 1B-A: Capitalization Theory and Techniques, Part A (1984)
- 4) Course 1B-B: Capitalization Theory and Techniques, Part B (1985)
- 5) Course 2-1: Case Studies and Real Estate Valuation (1985)
- 6) Course 2-2: Valuation Analysis and Report Writing (1985)
- 7) Course 2-3: Standards of Professional Practice (1985)
- 8) Seminar: Subdivision Analysis, by A.I.R.E.A., Houston, TX (1986)
- 9) Seminar: R41-b and the Appraiser, by S.R.E.A., Dallas, TX (1987)
- 10) Course 1B-B: Audited Capitalization, Part B (1987)
- 11) Seminar: FNMA Underwriting Guidelines, by S.R.E.A., Houston, TX (1987)
- 12) Seminar: FNMA Appraisal Guidelines & Condo/PUD Acceptance (2 days), by S.R.E.A., Houston, TX (1988)
- 13) Seminar: FNMA Appraisal Guidelines, by S.R.E.A., Houston, TX (1989)
- 14) Seminar: Standards of Professional Practice Update by A.I.R.E.A., Houston, TX (1989)
- 15) Seminar: Comprehensive Appraisal Workshop by Ted Whitmer, MAI, Houston, TX (Jan. 15-18, 1990)
- 16) Seminar: Affordable Housing Disposition Program by RTC, Houston, TX (Sept. 21, 1990)
- 17) Seminar: Appraising Troubled Income Properties by A.I.R.E.A., Houston, TX (Oct. 25, 1990)
- 18) Seminar: Discounted Cash Flow Analysis by A.I.R.E.A., Houston, TX (Nov. 16, 1990)
- 19) Seminar: FNMA Underwriting Guidelines by Appraisal Institute, Houston, TX (July 19, 1991)
- 20) Seminar: Valuation of Leased Fees by Appraisal Institute, Houston, TX (July 20, 1991)
- 21) Course: Standards of Professional Practice - Parts A & B by Appraisal Institute, Houston, TX (March 26-29, 1992)
- 22) Seminar: Americans with Disabilities Act (ADA) Seminar by Appraisal Institute, Houston, TX (Nov. 4, 1992)
- 23) Seminar: ARGUS Version 3.0 Training Seminar by ARGUS Financial Software, Houston, TX (Nov. 12, 1993)
- 24) Seminar: The New URAR Report, by Appraisal Institute, Houston, TX (Feb. 17, 1994)
- 25) Seminar: Fair Lending and the Appraiser, by Appraisal Institute, Houston, TX (April 8, 1994)
- 26) Seminar: Understanding Limited Appraisals & Reporting Options - General, Houston, TX (July 7, 1994)
- 27) Seminar: How to Appraise FHA Insured Property, by H.U.D., Houston, TX (Dec. 1, 1994)
- 28) Seminar: Real Estate Evaluations & The Appraisal Industry, by Appraisal Institute, Houston, TX (April 20, 1995)
- 29) Seminar: Appraisal Practices for Litigation, by Appraisal Institute, Houston, TX (May 19-23, 1995)
- 30) Seminar: The High-Tech Appraisal Office, by Appraisal Institute, Kansas City, MO (6/14/95)
- 31) Seminar: The Internet and Appraising, by Appraisal Institute, Kansas City, MO (6/15/96)
- 32) Seminar: Litigation Skills for the Appraiser: An Overview, by Appraisal Institute, Houston, TX (10/25/96)
- 33) Seminar: Understanding Limited Appraisals & Appraisal Reporting Options, by Appraisal Institute, Houston, TX (June 12, 1997)
- 34) Seminar: Affordable Housing Valuation, by Appraisal Institute, Houston, TX (June 13, 1997)
- 35) Course 430: Standards of Professional Practice, Part C, by Appraisal Institute, Houston, TX (Dec. 4-5, 1997)
- 36) Seminar: R4580 Fannie Mae Seminar, by Appraisal Institute, Houston, TX (July 17, 1998)

37) Seminar:	The Appraisal of Local Retail Properties, by Appraisal Institute, Houston, TX (September 28, 1998)
38) Seminar:	Attacking & Defending an Appraisal in Litigation, by Ted Whitmer, MAI, CCIM, Houston, Texas (April 15-16, 1999)
39) Seminar:	Fannie Mae – Mortgage Lending, by Appraisal Institute, Houston, TX (November 10, 1999)
40) Seminar:	10 th Annual Outlook for Texas Rural Land Markets, by Texas A&M University, College Station, TX (March 24, 2000)
41) Seminar:	Subdivision Analysis, by Appraisal Institute, Houston, TX (June 20, 2000)
42) Seminar:	HUD Multifamily Accelerated Processing (MAP), by HUD, Fort Worth, TX (September 27, 2000)
43) Seminar:	U.S.P.A.P. 2001 Update, by Appraisal Institute, Houston, TX (February 17, 2001)
44) Seminar:	11 th Annual Outlook for Texas Rural Land Markets, by Texas A&M University, College Station, TX (May 4, 2001)
45) Seminar:	2002 Commercial Real Estate Forecast, by CCIM, Houston, TX (February 14, 2002)
46) Seminar:	Texas USPAP Update, by Appraisal Institute, Houston, TX (March 23, 2002)
47) Seminar:	12 th Annual Outlook for Texas Rural Land Markets, by Texas A&M University, College Station, TX (May 3, 2002)
48) Course 430:	Standards of Professional Practice, Part C, by Appraisal Institute, Houston, TX (December 12-13, 2002)
49) Seminar:	13 th Annual Outlook for Texas Land Markets, by Texas A&M University, College Station, TX (April 10, 2003)
50) Course 400:	U.S.P.A.P. 2004 Update, by Appraisal Institute, Houston, TX (January 24, 2004)
51) Course 400:	U.S.P.A.P. 2005 Update, by Appraisal Institute, Houston, TX (April 14, 2005)
52) Seminar:	15 th Annual Outlook for Texas Land Markets, by Texas A&M University, College Station, TX (April 28, 2005)
53) Seminar:	Professional Guide to the URAR, by Appraisal Institute, Houston, TX (June 23, 2005)
54) Seminar:	16 th Annual Outlook for Texas Land Markets, by Texas A&M University, College Station, TX (April 27, 2005)
55) Seminar:	Subdivision Valuation, by Appraisal Institute, Houston, TX (November 9, 2006)
56) Seminar:	Scope of Work, by Appraisal Institute, Houston, TX (January 18, 2007)
57) Course 400:	U.S.P.A.P. 2008-09 Update, by Appraisal Institute, Houston, TX (Jan. 19, 2008)
58) Seminar:	Analyzing Distressed Real Estate, by Appraisal Institute, Houston, TX (Dec. 11, 2008)
59) Seminar:	Mortgage Fraud, by Champions School of R.E., Houston, TX (Jan. 16, 2009)
60) Seminar:	19 th Annual Outlook for Texas Land Markets, by Texas A&M University, San Antonio, TX (April 6-7, 2009)
61) Seminar:	U.S.P.A.P. 2010 – 2011 Update, by Appraisal Institute, Houston, TX (Feb. 24, 2010)
62) Seminar:	20 th Annual Outlook for Texas Land Markets, by Texas A&M University, San Antonio, TX (May 6-7, 2010)
63) Seminar:	Business Practices & Ethics, by Appraisal Institute, Houston, TX (Dec. 9, 2010)
64) Seminar:	Staying out of Trouble in Appraisal Practice & A Lender's Perspective, by Appraisal Institute, Houston, TX (Feb. 26, 2011)
65) Seminar:	Appraising Distressed Commercial Real Estate, by Appraisal Institute, Houston, TX (April 15, 2011)
66) Seminar:	Appraisal Curriculum Overview (2-Day General), by Appraisal Institute, Austin, TX (May 10-11, 2011)
67) Course:	Fundamentals of Separating Real & Personal Property from Intangible Business Assets, by Appraisal Institute, Chicago, IL (Dec. 15-16, 2011)
68) Seminar:	U.S.P.A.P. 2012-2013 Update, by Appraisal Institute, Houston, TX (Feb. 22, 2012)
69) Seminar:	Complex Litigation Appraisal Case Studies, by Appraisal Institute, Houston, TX (Jan. 14, 2013)
70) Seminar:	23 rd Annual Outlook for Texas Land Markets, by Texas A&M University, San Antonio, TX (April 25-26, 2013)
71) Seminar:	Business Practices & Ethics, by Appraisal Institute, Houston, TX (July 31, 2013)
72) Seminar:	U.S.P.A.P. 2014-2015 Update, by Appraisal Institute, Houston, TX (December 6, 2013)
73) Seminar:	24 th Annual Outlook for Texas Land Markets, by Texas A&M University, San Antonio, TX (April 17-18, 2014)
74) Course:	Texas Appraiser Trainee/Sponsor Course, Houston, TX (April 16, 2015)
75) Seminar:	25 th Annual Outlook for Texas Land Markets, by Texas A&M University, San Antonio, TX (April 23-24, 2015)
76) Seminar:	U.S.P.A.P. 2016 – 2017 Update, by Appraisal Institute, Houston, TX (December 11, 2015)
77) Seminar:	26 th Annual Outlook for Texas Land Markets, by Texas A&M University, San Antonio, TX (April 28 – 29, 2016)
78) Seminar:	Eminent Domain, by CLE International, Austin, TX (Feb 9-10, 2017)
79) Seminar:	27 th Annual Outlook for Texas Land Markets, by Texas A&M University, San Antonio, TX (April 20-21, 2017)
80) Symposium:	2017 Real Estate Symposium/TALCB Course #32854, by Appraisal Institute, Houston, TX (August 18, 2017)
81) Seminar:	Business Practices & Ethics, by Appraisal Institute, Houston, TX (Oct. 13, 2017)
82) Course:	U.S.P.A.P. 2018-2019, 7-Hour Update, by Appraisal Institute, Houston, TX (Dec. 7, 2017)
83) Seminar:	28 th Annual Outlook for Texas Land Markets, by Texas A&M University, San Antonio, TX (April 26-27, 2018)
84) Symposium:	2018 Real Estate Symposium, by Appraisal Institute, Houston, TX (September 28, 2018)

- 85) Seminar: 29th Annual Outlook for Texas Land Markets, by Texas A&M University, San Antonio, TX (April 25-26, 2019)
- 86) Symposium: 2019 Real Estate Symposium, TALCB Course #37477, By Appraisal Institute, Houston, TX (Sept. 26, 2019)
- 87) Seminar: U.S.P.A.P. 2020-2021, 7-Hour Update, by Appraisal Institute, Houston, TX (Dec. 13, 2019)
- 88) Course: Eminent Domain & Condemnation by Appraisal Institute Online, (Sept. 10, 2020)
- 89) Seminar: Business Practice and Ethics, by Appraisal Institute, Live Online-Synchronous (July 27, 2021)
- 90) Course: U.S.P.A.P. 2022-2023, 7-Hour Update by Appraisal Institute, Austin, TX (Dec. 17, 2021)
- 91) Seminar: 31st Annual Outlook for Texas Land Markets, by Texas A&M University, San Antonio, TX (April 28-29, 2022)

APPRAISAL BACKGROUND

Mr. Barletta began appraising in January, 1977. He has had extensive experience in appraising all types of commercial and residential properties (listed below) in the Houston, Dallas/Ft. Worth, Austin and San Antonio regions, plus numerous other cities throughout Texas. In August, 1987, Mr. Barletta became a partner in an appraisal company in which he held the title President. In 1991, he formed a new company, BARLETTA & ASSOCIATES, INC., where he also holds the title of President, with offices at 1313 Campbell Road, Suite C, Houston, Texas 77055-6429.

Some of the various types of appraisals performed by Mr. Barletta would include: high-end single-family residences, two-to-four unit residential income properties, raw land, mixed-use developed commercial sites, master-planned residential subdivisions, condominium/PUD projects, conventional and HUD apartment projects, office buildings, shopping centers, office/warehouses, special-purpose properties, motels/hotels, golf courses, marinas, restaurants, various commercial/retail facilities, all types of industrial properties and eminent domain/condemnation properties. Mr. Barletta has also been qualified as an expert witness in various court matters for real property valuation by numerous attorneys, and he has arbitrated and reviewed a number of legal issues.

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