

COMMISSIONERS' COURT ADJOURNED TO EXECUTIVE SESSION AT 11:05 A.M. ON TUESDAY, MAY 25, 2004.

AGENDA ITEM 53

Discuss real estate (EXECUTIVE SESSION as per VTCA Govt. Code sec. 551.071 consultation with attorney.)

No action was taken on this item in Executive Session.

AGENDA ITEM 54

Discuss pending litigation: Carol Collins VS. Gene Taylor (EXECUTIVE SESSION as per VTCA Govt. Code sec. 551.071 consultation with attorney.)

No action was taken on this item in Executive Session.

COMMISSIONERS' COURT RECONVENED FROM EXECUTIVE SESSION AT 12:00 P.M. ON TUESDAY, MAY 25, 2004.

AGENDA ITEM 55

Discuss and take appropriate action on real estate.

There was no action on this agenda item.

AGENDA ITEM 56

Discuss and take appropriate action on Interlocal Agreement with City of Taylor concerning exchange of JP #4 property with Constable Pct. #4 and EMS property.

Commissioner Limmer addressed the Court on this issue, which is a trade between the County and the City of Taylor, in which properties will be traded to the City in exchange for properties and \$155,000 to the County. Dale Rye will be working on preparing this interlocal agreement for signatures.

Moved: **Commissioner Limmer**

Seconded: **Commissioner Birkman**

Motion: To approve Interlocal Agreement with City of Taylor concerning exchange of JP #4 property with Constable Pct. #4 and EMS property.

Vote: 4 – 0. **Commissioner Hays** was absent from the dais.

< Attachment >

COUNTY-CITY INTERLOCAL AGREEMENT

1. **PARTIES.** The parties to this agreement are Williamson County, by and through its duly authorized representative, the Honorable County Judge John C. Doerfler or his lawful successor (hereafter referred to as the "County"), and the City of Taylor, a duly incorporated Texas city, by and through its duly authorized representative (hereafter referred to as the "City"). This agreement is executed under the provisions of the Texas Interlocal Cooperation Act [TEX. LOC. GOV'T CODE ANN. § 791.002].
2. **PURPOSE.** The purpose of this agreement is for the City to acquire the following consideration from the County, to wit: Lots 6 and 7, Block 21, City Addition, Taylor, Texas. County agrees to convey these premises to City by Special Warranty Deed.
3. **CONSIDERATION.** In partial consideration for the conveyance described in Paragraph 2, the City does hereby agree to convey Lot 25, Block "K," Northlawn Addition, Section Two, City of Taylor, Texas, to the County by Special Warranty Deed. To equalize the value of the consideration to be received by each party in accordance with appraisals obtained by both parties, the City does hereby further agree to pay the County the amount of One Hundred Fifty-Five Thousand and No/100 Dollars (\$155,000.00).
4. **CONDITIONS.** Neither party warrants in any way the condition of the real property, improvements, fixtures, associated personal property, or appurtenances that they are conveying. EACH PARTY HAS HAD THE OPPORTUNITY TO INSPECT THE PROPERTY THEY ARE RECEIVING AND AGREES TO ACCEPT IT AS IS.

The deeds and additional cash consideration shall be exchanged at the time of closing.

The parties agree that provision of the compensation by each party to the other is within the legal authority of the performing party and that the governing bodies of the respective parties have duly authorized, in accordance with law, both the exchange and the conveyance of these tracts of real property. The City, the County, and all third parties are entitled to

rely on the authority of the respective officials who execute this agreement and the deeds on behalf of their entities.

APPROVED THIS 25 day of May, 192004, by the Williamson County Commissioners' Court, as evidenced by the signature of its duly authorized representative.

John C. Doerfler 5-25-04
John C. Doerfler, County Judge

ATTEST:

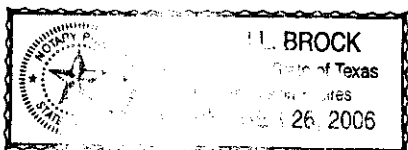
Nancy E. Rister
Nancy Rister, County Clerk

APPROVED THIS 25th day of June, 2004, by the City Council, City of Taylor, as evidenced by the signature of its duly authorized representatives.

Frank Schab

ATTEST:

Susan L Brock
6-25-04, City Secretary



RESOLUTION NO. R04-16

RESOLUTION ALLOWING THE CITY OF TAYLOR, TEXAS, ("CITY") TO ACCEPT THE CONVEYANCE FROM WILLIAMSON COUNTY, TEXAS, ("COUNTY") OF LOTS 6 AND 7, BLOCK 21 IN THE CITY OF TAYLOR, TEXAS, ("CITY ADDITION") IN EXCHANGE FOR THE CONVEYANCE BY THE CITY TO THE COUNTY OF LOT 25, BLOCK "K", NORTHLAWN ADDITION, SECTION TWO, CITY OF TAYLOR, TEXAS ("NORTHLAWN").

WHEREAS, the City acquired title to Northlawn; and

WHEREAS, the County, with prior consent from the City, constructed the Williamson County Constable's Office and EMS facility on Northlawn, and the improvements have been operated and maintained by the County; and

WHEREAS, the County owns City Addition, having a local address of 109 West 5th Street, Taylor, Texas, that is currently used by the County for its Justice Precinct 4 Office; and

WHEREAS, it is the desire of the City and the County that the real property owned by the City being Northlawn, be conveyed to the County to allow the County to own the underlying real property upon which the County improvements are located; and

WHEREAS, it is the desire of the City to obtain the City Addition, 109 West 5th Street, Taylor, Texas, so that the City can use the property for its Municipal Court and for other public purposes; and

WHEREAS, the County has agreed to convey the the City Addition to the City; and

WHEREAS, the City and County obtained a real estate appraisal to determine the values of Northlawn and the City Addition; and

WHEREAS, by virtue of the appraisal, it was determined the City Addition has an appraised value exceeding the appraisal value of Northlawn, in an amount of \$155,000.00; and

WHEREAS, the City and County desire to exchange the real properties and the City has further agreed to pay the County \$155,000.00 so that the exchanges of real property between the City and County will be of equal value.

NOW, THEREFORE, BE IT RESOLVED by the City, that the City shall convey Northlawn to the County and shall further pay the County \$155,000.00 in exchange for receipt from the County of legal title of the City Addition with all improvements located thereon.

FURTHER RESOLVED that it is in the best interest of the City that the City acquire the City Addition for the public necessity of providing a Municipal Court Building for the City and for other public purposes.

PASSED THIS THE 13th DAY OF May, 2004.

CITY OF TAYLOR, TEXAS

Donald R. Hill

BY: Donald R. Hill

ITS: Mayor

ATTEST:

Susan Brock
Susan Brock, Assistant City Clerk

TRANSMISSION VERIFICATION REPORT

TIME : 05/20/2004 08:01
NAME : COMMISSIONER LIMMER
FAX : 5123521536
TEL : 3524111

DATE, TIME	05/20 08:00
FAX NO./NAME	15129431662
DURATION	00:00:46
PAGE(S)	03
RESULT	OK
MODE	STANDARD
	ECM



COMMISSIONER FRANKIE LIMMER
PO BOX 1104, TAYLOR, TX 76574

FAX

Date: 5-20-04
Number of Pages: 3
Phone: 512-238-2111 or 352-4111
Fax: 512-352-1536

To WENDY

FAX: 943-1662

If you have any questions or this fax is incomplete, please call me at (512) 352-4111

Dorothy Fischer

LAND APPRAISAL REPORT

020901

File No. 020901

Summary Appraisal Report

IDENTIFICATION

Borrower City of Taylor Census Tract 9802 Map Reference Taylor

Property Address 2604 Northlawn Drive County Williamson State TX Zip Code 76574

City Taylor

Legal Description Lot 25, Block K: NORTHLAWN, Section 2

Sale Price \$ Unknown Date of Sale 9/01 Loan Term yrs. Property Rights Appraised ☒ Fee ☐ Leasehold ☐ De Minimis PUD

Actual Real Estate Taxes \$ (yr) Loan charges to be paid by seller \$ Other sales concessions

Lender/Client City of Taylor Address

Occupant City of Taylor Appraiser Terry Tuttle Instructions to Appraiser Appraise Market Value

NEIGHBORHOOD

Location	<input checked="" type="checkbox"/> Urban	<input type="checkbox"/> Suburban	<input type="checkbox"/> Rural	Good	Avg.	Fair	Poor
Built Up	<input checked="" type="checkbox"/> Over 75%	<input type="checkbox"/> 25% to 75%	<input type="checkbox"/> Under 25%	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Growth Rate	<input type="checkbox"/> Fully Dev.	<input type="checkbox"/> Rapid	<input type="checkbox"/> Steady	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Property Values	<input type="checkbox"/> Increasing	<input checked="" type="checkbox"/> Stable	<input type="checkbox"/> Declining	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Demand/Supply	<input type="checkbox"/> Shortage	<input checked="" type="checkbox"/> In Balance	<input type="checkbox"/> Oversupply	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Marketing Time	<input type="checkbox"/> Under 3 Mos.	<input checked="" type="checkbox"/> 4-6 Mos.	<input type="checkbox"/> Over 6 Mos.	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Present Land Use	<input type="checkbox"/> 50% 1 Family	<input type="checkbox"/> 2-4 Family	<input type="checkbox"/> Apts.	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	<input type="checkbox"/> % Industrial	<input type="checkbox"/> 25% Vacant	<input type="checkbox"/> % Comm is Agricultural	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Change in Present Land Use	<input checked="" type="checkbox"/> Not Likely	<input type="checkbox"/> Likely (*)	<input type="checkbox"/> Taking Place (*)	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	(*) From <u> </u> To <u> </u>			<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Predominant Occupancy	<input checked="" type="checkbox"/> Owner	<input type="checkbox"/> Tenant	<input type="checkbox"/> % Vacant	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Single Family Price Range	\$ <u>75</u> to \$ <u>200</u>	Predominant Value \$ <u>100</u>		<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Single Family Age	New yrs. to <u>100+</u> yrs.	Predominant Age <u>20+</u> yrs.		<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Employment Stability ☐ ☒ ☐ ☐

Convenience to Employment ☐ ☒ ☐ ☐

Convenience to Shopping ☐ ☒ ☐ ☐

Convenience to Schools ☐ ☒ ☐ ☐

Adequacy of Public Transportation ☐ ☒ ☐ ☐

Recreational Facilities ☐ ☒ ☐ ☐

Adequacy of Utilities ☐ ☒ ☐ ☐

Property Compatibility ☐ ☒ ☐ ☐

Protection from Detrimental Conditions ☐ ☒ ☐ ☐

Police and Fire Protection ☐ ☒ ☐ ☐

General Appearance of Properties ☐ ☒ ☐ ☐

Appeal to Market ☐ ☒ ☐ ☐

Comments including those factors, favorable or unfavorable, affecting marketability (e.g. public parks, schools, view, noise): The subject property is in Taylor, Texas. The subject neighborhood is north east of downtown Taylor inside of FM 397, just off Mallard. Churches, schools, shopping, and employment are located in Taylor or a short drive to Austin.

SITE

Dimensions See survey for exact dimensions = 7,500 Sq. Ft. or Acres ☒ Corner Lot

Zoning classification Deed Restricted Present Improvements ☒ do ☐ do not conform to zoning regulations

Highest and best use ☒ Present use ☐ Other (specify) Use could change from agriculture to commercial with time.

Public ☒ Other (Describe)

Elec. ☒ OFF SITE IMPROVEMENTS Topo Level

Gas ☒ Street Access ☒ Public ☐ Private Size Adequate

Water ☒ Surface Asphalt Shape Rectangular

San. Sewer ☒ Maintenance ☒ Public ☐ Private View Average

☐ Underground Elect. & Tel. ☐ Storm Sewer ☒ Curb/Gutter Drainage Adequate

☐ Sidewalk ☒ Street Lights Is the property located in a HUD identified Special Flood Hazard Area? ☒ No ☐ Yes

Comments (favorable or unfavorable including any apparent adverse easements, encroachments, or other adverse conditions): Typical utility easements exist on the property.

No unfavorable or adverse conditions exist on the property.

MARKET DATA ANALYSIS

The undersigned has recited three recent sales of properties most similar and proximate to subject and has considered these in the market analysis. The description includes a dollar adjustment reflecting market reaction to those items of significant variation between the subject and comparable properties. If a significant item in the comparable property is superior to or more favorable than the subject property, a minus (-) adjustment is made thus reducing the indicated value of subject; if a significant item in the comparable is inferior to or less favorable than the subject property, a plus (+) adjustment is made thus increasing the indicated value of the subject.

ITEM	SUBJECT PROPERTY	COMPARABLE NO. 1	COMPARABLE NO. 2	COMPARABLE NO. 3
Address	2604 Northlawn Drive Taylor, TX	Cuba Drive Taylor, TX	Timbercrest Drive Taylor, TX	North Drive Taylor, TX
Proximity to Subject		0.45 miles	1.08 miles	0.85 miles
Sales Price	\$ <u>Unknown</u>	\$ <u>26,000</u>	\$ <u>26,000</u>	\$ <u>19,000</u>
Price	\$ <u> </u>	\$ <u>26,000</u>	\$ <u>26,000</u>	\$ <u>19,000</u>
Data Source	<u>Inspection</u>			
Date of Sale and Time Adjustment	DESCRIPTION 9/02	DESCRIPTION 4/02	DESCRIPTION 1/02	DESCRIPTION 4/02
Location	Average	Average	Average	Average
Site/View	Average	Average	Average	Average
Size	7500Sqt. +/-	7500Sqt. +/-	7500Sqt. +/-	7500Sqt. +/-
Sales or Financing Concessions		CV	CV	CV
Net Adj. (Total)		<input checked="" type="checkbox"/> + <input type="checkbox"/> - \$ <u> </u>	<input checked="" type="checkbox"/> + <input type="checkbox"/> - \$ <u> </u>	<input checked="" type="checkbox"/> + <input type="checkbox"/> - \$ <u> </u>
Indicated Value of Subject		Net % \$ <u>26,000</u>	Net % \$ <u>26,000</u>	Net % \$ <u>19,000</u>

Comments on Market Data: All 3 sales have sold and closed in the past 9 months. These are the best comparables we have available.

Comments and Conditions of Appraisal: All 3 tracts are good comparables. All 3 tracts are a short distance from the subject property. The subject consist of 1/2 of lot 25. The comparables sites are lots blended into the subdivisions in the area.

RECONCILIATION

Final Reconciliation: These are the best comparables we have available. All 3 sales are arms length sales which have taken place on the open market.

The subject property has a value of \$20,000.

I ESTIMATE THE MARKET VALUE, AS DEFINED, OF SUBJECT PROPERTY AS OF 9/6/2002 to be \$ 20,000

Terry Tuttle

Terry Tuttle ☐ Did ☐ Did Not Physically Inspect Property

Appraiser(s) Review Appraiser (if applicable)

9/25/02

Original

Sent to (Hand Carried)

Frank Salas

2011

Barb

(Y2K)

Terry Tuttle

THE PURPOSE OF THE APPRAISAL is to estimate Market Value as defined in the attached appraisal report.

EFFECTIVE DATE OF THE APPRAISAL IS: September 6, 2002

THE INTEREST APPRAISED is the fee simple estate. Fee simple interest is defined as "An absolute fee; a fee without limitations to any particular class

of heirs or restriction, but subject to the limitations of eminent domain, escheat, police power, and taxation". (Real Estate Terminology)

SCOPE OF THE APPRAISAL: The value estimate contained herein is predicated upon analysis of influential physical, social, and economic factors of the environment. An analysis of these conditions is reconciled into a final value estimate through the use of three traditional approaches.

These approaches are recognized and known by appraisal professionals as the Cost Approach, the Market Data Approach (Direct Sales Comparison), and the Income Approach. Whenever possible, all three approaches should be considered in arriving at an estimate of value. Oftentimes one approach will be given greater credence depending on the property type and available data. The Cost Approach indicated a value based on the estimation of the subject property's reproduction cost new, estimation of accrued depreciation, and land value.

The Market Data Approach consists of the subject property with similar properties which have been reported as sales. The Income Approach considers the income producing ability of the subject, and develops a value based on application of such income by either capitalization or rent multipliers. The resulting value indications are the reconciled into a final opinion of value. If one or more of these approaches has been deleted, an explanation will be found in the report.

The value estimate contained herein is subject of the basic assumptions and limiting conditions attached to said report.

SPECIAL CONTINGENT AND LIMITING CONDITIONS

The appraiser has no knowledge of the existence of potentially hazardous materials used in the construction of the improvements, such as asbestos, urea-formaldehyde insulation, any toxic waste, or other potential hazards such as radon gas which may or may not be present of the property.

The presence of such substances might affect the value of the subject property.

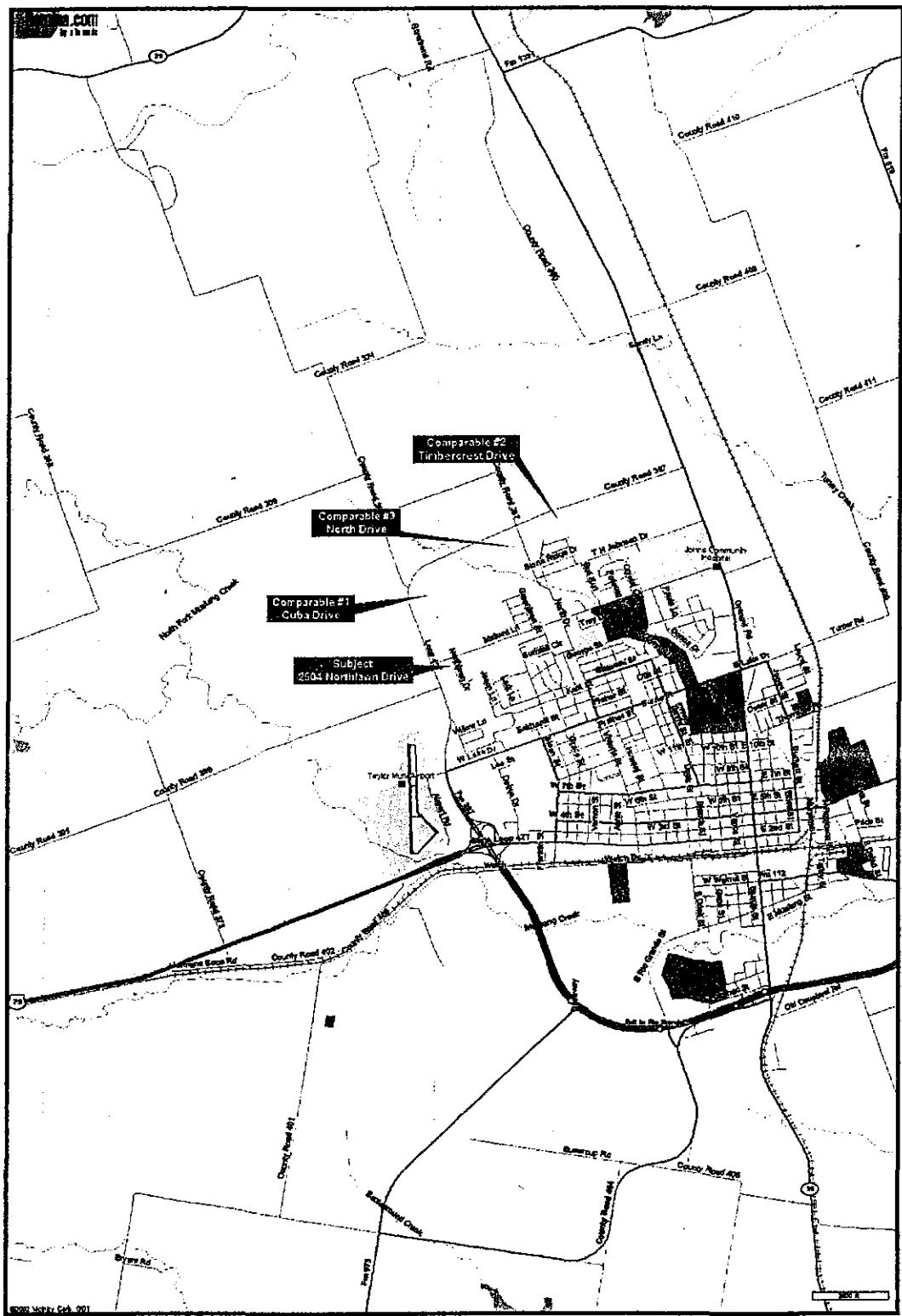
The value estimate contained in the report is predicated upon the assumption that there is no such material or potential hazard which would cause a loss in value. The appraiser, however, is not qualified to detect such substances or conditions. No responsibility is assumed for any such conditions or for any expertise to discover them. The client is urged to retain an expert in this field.

No warranty or guarantee is made or implied as to the condition of the roof, slab, electrical systems, appliances, mechanical systems or any other component of the improvements. The client is urged to retain an expert in this field.

The analyses, opinions, and conclusions were developed, and this report has been prepared, in conformity with the rules of the Texas Real Estate Commission and in compliance with the Code of Ethics and Standards of Professional Practice of the Society of Real Estate Appraisers.

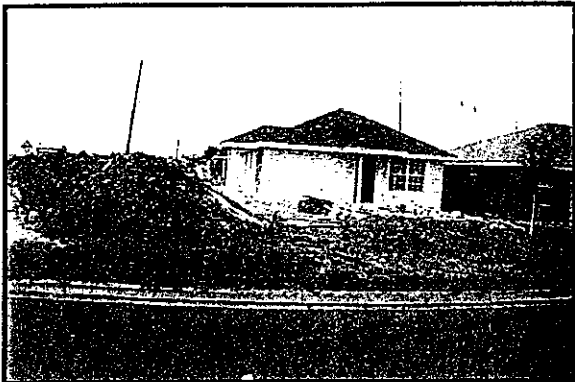
Location Map

Borrower/Client City of Taylor			
Property Address 2604 Northlawn Drive			
City Taylor	County Williamson	State TX	Zip Code 76574
Lender City of Taylor			



Subject Photos

Borrower/Client City of Taylor			
Property Address 2604 Northlawn Drive			
City Taylor	County Williamson	State TX	Zip Code 76574
Lender City of Taylor			

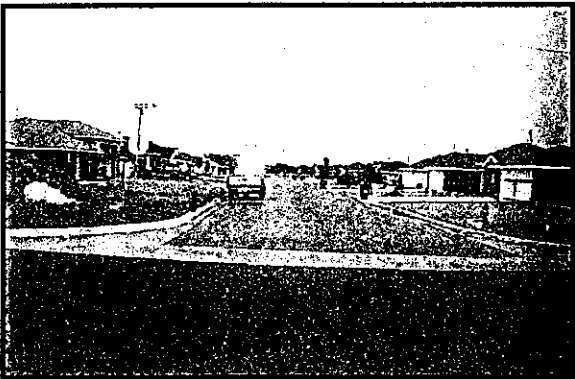


Subject Front

2604 Northlawn Drive

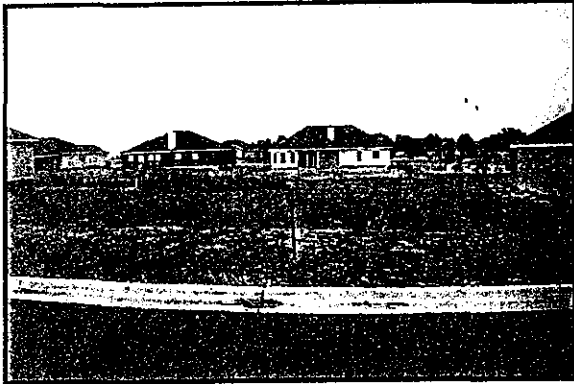


Subject Rear

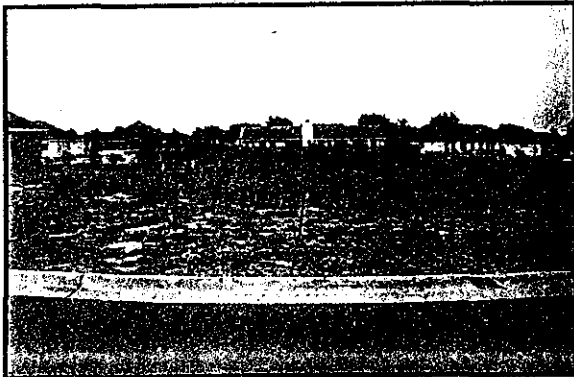


Subject Street

Borrower/Client	City of Taylor				
Property Address	2604 Northlawn Drive				
City	Taylor	County	Williamson	State	TX
Lender	City of Taylor				
				Zip Code	76574

**Comparable 1**

Cuba Drive
 Prox. to Subject 0.45 miles
 Sale Price 26,000
 Gross Living Area
 Total Rooms
 Total Bedrooms
 Total Bathrooms
 Location Average
 View Average
 Site
 Quality
 Age

**Comparable 2**

Address Timbercrest Drive
 Prox. to Subject 1.08 miles
 Sale Price 26,000
 Gross Living Area
 Total Rooms
 Total Bedrooms
 Total Bathrooms
 Location Average
 View Average
 Site
 Quality
 Age

**Comparable 3**

Address North Drive
 Prox. to Subject 0.85 miles
 Sale Price 19,000
 Gross Living Area
 Total Rooms
 Total Bedrooms
 Total Bathrooms
 Location Average
 View Average
 Site
 Quality
 Age

DEFINITION OF MARKET VALUE: 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 in this definition is the consummation of a sale as of a specified date and the passing of title from seller to buyer under conditions whereby: (1) buyer and seller are typically motivated; (2) both parties are well informed or well advised, and each acting in what he considers his own best interest; (3) a reasonable time is allowed for exposure in the open market; (4) payment is made in terms of cash in U.S. dollars or in terms of financial arrangements comparable thereto; and (5) the price represents the normal consideration for the property sold unaffected by special or creative financing or sales concessions* granted by anyone associated with the sale.

*Adjustments to the comparables must be made for special or creative financing or sales concessions. No adjustments are necessary for those costs which are normally paid by sellers as a result of tradition or law in a market area; these costs are readily identifiable since the seller pays these costs in virtually all sales transactions. Special or creative financing adjustments can be made to the comparable property by comparisons to financing terms offered by a third party institutional lender that is not already involved in the property or transaction. Any adjustment should not be calculated on a mechanical dollar for dollar cost of the financing or concession but the dollar amount of any adjustment should approximate the market's reaction to the financing or concessions based on the appraiser's judgement.

STATEMENT OF LIMITING CONDITIONS AND APPRAISER'S CERTIFICATION

CONTINGENT AND LIMITING CONDITIONS: The appraiser's certification that appears in the appraisal report is subject to the following conditions:

1. The appraiser will not be responsible for matters of a legal nature that affect either the property being appraised or the title to it. The appraiser assumes that the title is good and marketable and, therefore, will not render any opinions about the title. The property is appraised on the basis of it being under responsible ownership.
2. The appraiser has provided a sketch in the appraisal report to show approximate dimensions of the improvements and the sketch is included only to assist the reader of the report in visualizing the property and understanding the appraiser's determination of its size.
3. The appraiser has examined the available flood maps that are provided by the Federal Emergency Management Agency (or other data sources) and has noted in the appraisal report whether the subject site is located in an identified Special Flood Hazard Area. Because the appraiser is not a surveyor, he or she makes no guarantees, express or implied, regarding this determination.
4. The appraiser will not give testimony or appear in court because he or she made an appraisal of the property in question, unless specific arrangements to do so have been made beforehand.
5. The appraiser has estimated the value of the land in the cost approach at its highest and best use and the improvements at their contributory value. These separate valuations of the land and improvements must not be used in conjunction with any other appraisal and are invalid if they are so used.
6. The appraiser has noted in the appraisal report any adverse conditions (such as, needed repairs, depreciation, the presence of hazardous wastes, toxic substances, etc.) observed during the inspection of the subject property or that he or she became aware of during the normal research involved in performing the appraisal. Unless otherwise stated in the appraisal report, the appraiser has no knowledge of any hidden or unapparent conditions of the property or adverse environmental conditions (including the presence of hazardous wastes, toxic substances, etc.) that would make the property more or less valuable, and has assumed that there are no such conditions and makes no guarantees or warranties, express or implied, regarding the condition of the property. The appraiser will not be responsible for any such conditions that do exist or for any engineering or testing that might be required to discover whether such conditions exist. Because the appraiser is not an expert in the field of environmental hazards, the appraisal report must not be considered as an environmental assessment of the property.
7. The appraiser obtained the information, estimates, and opinions that were expressed in the appraisal report from sources that he or she considers to be reliable and believes them to be true and correct. The appraiser does not assume responsibility for the accuracy of such items that were furnished by other parties.
8. The appraiser will not disclose the contents of the appraisal report except as provided for in the Uniform Standards of Professional Appraisal Practice.
9. The appraiser has based his or her appraisal report and valuation conclusion for an appraisal that is subject to satisfactory completion, repairs, or alterations on the assumption that completion of the improvements will be performed in a workmanlike manner.
10. The appraiser must provide his or her prior written consent before the lender/client specified in the appraisal report can distribute the appraisal report (including conclusions about the property value, the appraiser's identity and professional designations, and references to any professional appraisal organizations or the firm with which the appraiser is associated) to anyone other than the borrower; the mortgagee or its successors and assigns; the mortgage insurer; consultants; professional appraisal organizations; any state or federally approved financial institution; or any department, agency, or instrumentality of the United States or any state or the District of Columbia; except that the lender/client may distribute the property description section of the report only to data collection or reporting service(s) without having to obtain the appraiser's prior written consent. The appraiser's written consent and approval must also be obtained before the appraisal can be conveyed by anyone to the public through advertising, public relations, news, sales, or other media.

APPRAISER'S CERTIFICATION: The appraiser certifies and agrees that:

1. I have researched the subject market area and have selected a minimum of three recent sales of properties most similar and proximate to the subject property for consideration in the sales comparison analysis and have made a dollar adjustment when appropriate to reflect the market reaction to those items of significant variation. If a significant item in a comparable property is superior to, or more favorable than, the subject property, I have made a negative adjustment to reduce the adjusted sales price of the comparable and, if a significant item in a comparable property is inferior to, or less favorable than the subject property, I have made a positive adjustment to increase the adjusted sales price of the comparable.
2. I have taken into consideration the factors that have an impact on value in my development of the estimate of market value in the appraisal report. I have not knowingly withheld any significant information from the appraisal report and I believe, to the best of my knowledge, that all statements and information in the appraisal report are true and correct.
3. I stated in the appraisal report only my own personal, unbiased, and professional analysis, opinions, and conclusions, which are subject only to the contingent and limiting conditions specified in this form.
4. I have no present or prospective interest in the property that is the subject to this report, and I have no present or prospective personal interest or bias with respect to the participants in the transaction. I did not base, either partially or completely, my analysis and/or the estimate of market value in the appraisal report on the race, color, religion, sex, handicap, familial status, or national origin of either the prospective owners or occupants of the subject property or of the present owners or occupants of the properties in the vicinity of the subject property.
5. I have no present or contemplated future interest in the subject property, and neither my current or future employment nor my compensation for performing this appraisal is contingent on the appraised value of the property.
6. I was not required to report a predetermined value or direction in value that favors the cause of the client or any related party, the amount of the value estimate, the attainment of a specific result, or the occurrence of a subsequent event in order to receive my compensation and/or employment for performing the appraisal. I did not base the appraisal report on a requested minimum valuation, a specific valuation, or the need to approve a specific mortgage loan.
7. I performed this appraisal in conformity with the Uniform Standards of Professional Appraisal Practice that were adopted and promulgated by the Appraisal Standards Board of The Appraisal Foundation and that were in place as of the effective date of this appraisal, with the exception of the departure provision of those Standards, which does not apply. I acknowledge that an estimate of a reasonable time for exposure in the open market is a condition in the definition of market value and the estimate I developed is consistent with the marketing time noted in the neighborhood section of this report, unless I have otherwise stated in the reconciliation section.
8. I have personally inspected the interior and exterior areas of the subject property and the exterior of all properties listed as comparables in the appraisal report. I further certify that I have noted any apparent or known adverse conditions in the subject improvements, on the subject site, or on any site within the immediate vicinity of the subject property of which I am aware and have made adjustments for these adverse conditions in my analysis of the property value to the extent that I had market evidence to support them. I have also commented about the effect of the adverse conditions on the marketability of the subject property.
9. I personally prepared all conclusions and opinions about the real estate that were set forth in the appraisal report. If I relied on significant professional assistance from any individual or individuals in the performance of the appraisal or the preparation of the appraisal report, I have named such individual(s) and disclosed the specific tasks performed by them in the reconciliation section of this appraisal report. I certify that any individual so named is qualified to perform the tasks. I have not authorized anyone to make a change to any item in the report; therefore, if an unauthorized change is made to the appraisal report, I will take no responsibility for it.

SUPERVISORY APPRAISER'S CERTIFICATION: If a supervisory appraiser signed the appraisal report, he or she certifies and agrees that: I directly supervise the appraiser who prepared the appraisal report, have reviewed the appraisal report, agree with the statements and conclusions of the appraiser, agree to be bound by the appraiser's certifications numbered 4 through 7 above, and am taking full responsibility for the appraisal and the appraisal report.

ADDRESS OF PROPERTY APPRAISED: 2604 Northlawn Drive, Taylor, TX 76574

APPRAISER:

Signature: Terry Tuttle
 Name: Terry Tuttle
 Date Signed: 9/6/2002
 State Certification #: TX-1324481-R
 or State License #: _____
 State: TX
 Expiration Date of Certification or License: 12/31/2002

SUPERVISORY APPRAISER (only if required):

Signature: _____
 Name: _____
 Date Signed: _____
 State Certification #: _____
 or State License #: _____
 State: _____
 Expiration Date of Certification or License: _____

☐ Did ☐ Did Not Inspect Property

Terry Tuttle

2541 FM 1174 N
Jensen, TX 76065
Phone (512) 555-9090
Fax (512) 555-9011

QUALIFICATIONS OF TERRY L. TUTTLE

Terry Tuttle has lived in the Austin area all his life. After graduating from the University of Texas in December of 1977 he has been in the business of Real Estate profession. After working a year at Ditch Supply and a year for Carter Homes in Austin, I was self-employed with Terry Tuttle Construction from 1980 until 1986. In this construction business we built single family, duplexes, fourplexes, and a small hi end apartment project. Most of the properties were sold in price with actual custom homes added on. Since 1986, I have been an independent appraiser working with local mortgage companies dealing with residential and ranch properties.

PREVIOUS EMPLOYMENT

Independent Fee Appraiser	7/96	thru	Present
Summit Mortgage	7/95	thru	7/96
Frederick Mortgage	12/94	thru	7/95
American Financial	12/93	thru	12/94
Norwest Mortgage Inc.	12/91	thru	12/93
Statenus Appraisal	9/91	thru	12/91
Kierulff Mortgage	9/90	thru	9/91
Statenus Appraisal	7/86	thru	9/90
Terry Tuttle Const.	1979	thru	2/86

EDUCATION

Bachelor of Business Administration, University of Texas, 1977

AIREA, Course SFP, Standards of Professional Practice

AIREA, Course R-1, Real Estate Appraisal Principles

AIREA, Course R-2, Residential Valuation

Academy of Real Estate, Inc. #204 Property Management

Alma Smith Institute of Real Estate, Marketing I

Property Inspectors Academy, Course I

Property Inspectors Academy, Course II

Property Inspectors Academy, Course III

Academy of Real Estate, Inc. #M11 Real Estate Finance

Lincoln Graduate Center, USPAP Update

Lincoln Graduate Center, Farm and Ranch Appraisal

Lincoln Graduate Center, Environmental Transaction Screening

Lincoln Graduate Center, Residential Environmental Screening

Real Estate Broker

0149019

State Certified Residential Real Estate Appraiser

TX-132441-R

REFERENCES

Alma Smith Institute R.C. Meier 7015 Elm Creek Road, #101 Austin, TX 78746 (512) 329-8360	Parshall Mortgage 6801 Round Rock West Dr., #302 Round Rock, TX 78681 (512) 255-8826	Bankers Mortgage Kathy Clavens McBride, TX (512) 541-7242
---	---	--



TEXAS APPRAISER LICENSING AND CERTIFICATION BOARD

BE IT KNOWN THAT

TERRY LEE TUTTLE

HAVING PROVIDED SATISFACTORY EVIDENCE OF THE QUALIFICATIONS REQUIRED BY
THE TEXAS APPRAISER LICENSING AND CERTIFICATION ACT,
ARTICLE 657A.2, VERNON'S TEXAS CIVIL STATUTES,
IS AUTHORIZED TO USE THE TITLE

**STATE CERTIFIED
RESIDENTIAL REAL ESTATE APPRAISER**

Number: TX-1324481-R

Date of Issue: December 19, 2000

Date of Expiration: December 31, 2002

In Witness Whereof



Debra S. Runyan
Debra S. Runyan, Chair
Renil C. Liner
Renil C. Liner, Commissioner

Debra S. Runyan, Chair
Benjamin E. Barnett
L. W. (Wayne) Mayo

Janet M. Synatzke, Vice-Chair
Douglas Oldmixon
Robert A. Seale, Jr.

Jacqueline G. Humphrey, Secretary
Bamirko A. Lopez
Elroy Carson

FROM: Terry Tuttle Terry Tuttle 2841 FM 1174 N. Bertram, TX 78605 Telephone Number: 512-355-9090 Fax Number: 512-355-9011		<h2 style="margin: 0;">INVOICE</h2>																
TO: City of Taylor Telephone Number: Fax Number: Alternate Number: E-Mail:		<table border="1" style="width: 100%; border-collapse: collapse;"> <tr> <th colspan="2" style="text-align: left; padding: 2px;">INVOICE NUMBER</th> </tr> <tr> <td style="padding: 2px;">020901</td> </tr> <tr> <th colspan="2" style="text-align: left; padding: 2px;">DATE</th> </tr> <tr> <td style="padding: 2px;">9/6/2002</td> </tr> <tr> <th colspan="2" style="text-align: left; padding: 2px;">REFERENCE</th> </tr> <tr> <td style="padding: 2px;">Internal Order #: 020901</td> </tr> <tr> <td style="padding: 2px;">Lender Case #:</td> </tr> <tr> <td style="padding: 2px;">Client File #:</td> </tr> <tr> <td style="padding: 2px;">Main File # on form: 020901</td> </tr> <tr> <td style="padding: 2px;">Other File # on form: 020901</td> </tr> <tr> <td style="padding: 2px;">Federal Tax ID:</td> </tr> <tr> <td style="padding: 2px;">Employer ID:</td> </tr> </table>		INVOICE NUMBER		020901	DATE		9/6/2002	REFERENCE		Internal Order #: 020901	Lender Case #:	Client File #:	Main File # on form: 020901	Other File # on form: 020901	Federal Tax ID:	Employer ID:
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DESCRIPTION																		
<table style="width: 100%;"> <tr> <td style="width: 50%;">Lender: City of Taylor</td> <td style="width: 50%;">Client: City of Taylor</td> </tr> <tr> <td colspan="2">Purchaser/Borrower: City of Taylor</td> </tr> <tr> <td colspan="2">Property Address: 2604 Northlawn Drive</td> </tr> <tr> <td colspan="2">City: Taylor</td> </tr> <tr> <td>County: Williamson</td> <td>State: TX</td> </tr> <tr> <td colspan="2">Zip: 76574</td> </tr> <tr> <td colspan="2">Legal Description: Lot 25, Block K: NORTHLAWN, Section 2</td> </tr> </table>				Lender: City of Taylor	Client: City of Taylor	Purchaser/Borrower: City of Taylor		Property Address: 2604 Northlawn Drive		City: Taylor		County: Williamson	State: TX	Zip: 76574		Legal Description: Lot 25, Block K: NORTHLAWN, Section 2		
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FEES		AMOUNT																
Full Appraisal		400.00																
SUBTOTAL		400.00																
PAYMENTS		AMOUNT																
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Check #:	Date:	Description:																
Check #:	Date:	Description:																
SUBTOTAL																		
TOTAL DUE			\$ 400.00															

TIME : 10/03/2002 10:25
NAME : LIMMER
FAX : 5123521536
TEL : 5123652311

DATE, TIME	10/03 10:24
FAX NO./NAME	3528255
DURATION	00:01:08
PAGE(S)	02
RESULT	OK
MODE	STANDARD
	ECM



COMMISSIONER FRANKIE LIMMER
PO BOX 1104, TAYLOR, TX 76574

FAX

Date: 10-3-02

Number of Pages: 2

Phone: 512-238-2111 or 352-4111

Fax: 512-352-1536

To the Attention of *Barbara Bely*
FAX: 352-8255

If you have any questions or this fax is incomplete, please call me at (512) 352-4111

Barbara it is 10 pages total —

D7

KOKEL-OBERRENDER-WOOD APPRAISAL, LTD.

Larry D. Kokel, ARA, MAI
David W. Oberrender, MAI
Wendell C. Wood
Sam Williams
Wade L. Kubecka

Real Estate Appraisers & Consultants
Belford Square - Building B
706 Rock Street
Georgetown, Texas 78626

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Belton, Texas 76513

Georgetown (512) 863-6428
Austin (512) 930-3499
Belton/Temple (254) 939-1508

FAX (512) 930-5348
e-mail: kokel@gtwn.net

July 12, 2002

Mr. Frank Salvato, City Manager
City of Taylor
P.O. Box 810
Taylor, Texas 76574

Re: Complete Appraisal presented as a Summary Report of Lots 6 and 7, Block 21 in the City of Taylor, Williamson County, Texas. The subject is located at 109 West 5th Street in downtown Taylor and is improved with a 2,772 SF brick veneer office building which was originally constructed as a banking facility. (KAA# 02-029)

Dear Mr. Salvato:

As requested, we have conducted a limited appraisal of the above referenced property. Larry D. Kokel, MAI, ARA and Wade L. Kubecka inspected the property on July 3, 2002, which is the effective date of the appraisal. We have gathered and reviewed the available market data considered pertinent to the estimation of value of the property appraised.

The purpose of this appraisal is to develop an opinion of market value of the fee simple interest in the subject property. Market value is defined on Page 2 of this report.

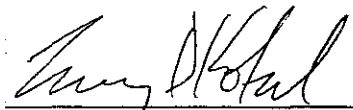
Based on our analysis of the data contained in the report and the assumption that the subject property is free of environmental contamination, it is our opinion the estimated market value of the subject property based on a six month to one year exposure period as of July 3, 2002 is:

ONE HUNDRED NINETY-FIVE THOUSAND DOLLARS

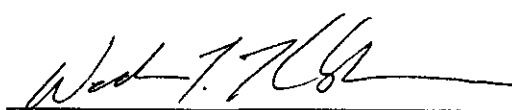
(\$195,000)

Respectfully submitted,

Kokel-Oberrender-Wood Appraisal, Ltd.
By Kokel-Oberrender-Wood Appraisal Management, L.C.



Larry D. Kokel, ARA, MAI
State Certified
TX-1321079-G



Wade L. Kubecka
Appraiser Trainee
State Certified
TX-1329705

COMPLETE APPRAISAL
PREPARED AS A SUMMARY REPORT
OF
LOTS 6 AND 7, BLOCK 21 IN THE CITY OF TAYLOR
IN WILLIAMSON COUNTY, TEXAS
LOCATED AT 109 WEST 5TH STREET, BEING THE
SOUTHEAST CORNER OF 5TH STREET AND TALBOT STREET
IN
TAYLOR, WILLIAMSON COUNTY, TEXAS

PROPERTY OWNER: WILLIAMSON COUNTY

BY

LARRY D. KOKEL, ARA, MAI
WADE L. KUBECKA, APPRAISER TRAINEE

EFFECTIVE DATE - JULY 3, 2002

DATE OF THE REPORT - JULY 12, 2002

KOKEL-OBERRENDER-WOOD APPRAISAL LTD.
Belford Square - Building B
706 Rock Street
Georgetown, Texas 78626

(512) 863-6428 (Georgetown Phone No.)
(512) 930-3499 (Austin Metro Phone No.)

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INTRODUCTION

SUMMARY OF SALIENT FACTS AND CONCLUSIONS

Purpose of the Appraisal: Develop an Opinion of Market Value

Effective Date of Appraisal: July 3, 2002

Date of the Inspection: July 3, 2002

Date of the Report: July 12, 2002

Property Rights Appraised: Fee Simple interest in the subject property.

Legal Description: Lots 6 and 7, Block 21 in the City of Taylor, Williamson County, Texas.

Location: 109 West 5th Street, being the southeast corner of Talbot Street and West 5th Street in downtown Taylor, Williamson County, Texas.

Owner of Record; Williamson County

Land Area: 13,500 SF (0.3 acre)

Improvements: The subject is improved with a 2,772 SF brick veneer office building originally constructed as a banking facility in 1963 as more fully described in the subject description section of this report.

Highest and Best Use: Continued use for commercial office space.

Value Indications:

Cost Approach	\$198,000
Income Approach	\$193,000
Sales Comparison Approach	\$195,000

Reasonable Exposure Period: Six months to one year

Appraisers: Larry D. Kokel, MAI, ARA
Wade L. Kubecka, Appraiser Trainee

PURPOSE OF APPRAISAL

The purpose of this appraisal is to develop an opinion of the market value of the fee simple title to the subject property.

INTENDED USER/USE OF APPRAISAL

This appraisal has been prepared for use by Mr. Frank Savalto, City Manager of the City of Taylor for use in negotiations with Williamson County for the possible purchase of the subject property by the City of Taylor.

TYPE OF REPORT

This report is prepared as a "Complete Appraisal" presented in a Summary Report format as defined by USPAP.

MARKET VALUE DEFINITION

For the purpose of this appraisal, "market value" is defined as: *

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

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

*Market Value Definition; Per Uniform Standards of Professional Appraisal Practice, published by The Appraisal Foundation.

SCOPE OF THE APPRAISAL

The subject property was physically inspected by Larry D. Kokel, MAI, ARA and Wade L. Kubecka on July 3, 2002. The effective date of this appraisal is July 3, 2002. The subject's physical characteristics, surrounding land uses, and real estate market trends were analyzed to assist in the determination of Highest and Best Use.

Sales of office buildings were researched in eastern and central Williamson County to provide indications of the market value of the subject as presented in the Sales Comparison Approach. The market for office lease space was also researched in an effort to estimate market rent for the subject property which was utilized within the Income Approach to provide an indication of the value of the subject. Real estate brokers, buyers/sellers, and other knowledgeable parties were contacted to confirm sales, listings, and rental data and to verify current market attitudes and trends. The most applicable data is used within this report.

This appraisal is of the real estate only. No items of personal property have been included in the estimated value of the subject property, as proposed.

AUTHORIZATION

This appraisal was conducted at the request of Mr. Frank Savalto, City Manager of the City of Taylor.

IDENTIFICATION OF THE PROPERTY

The subject property consists of 0.3 acres located at 109 West 5th Street in downtown Taylor, Williamson County, Texas. The subject is improved with a 2,816 SF wood frame, brick veneer office building which was built in 1968. The subject property is legally described as Lots 6 and 7, Block 21 in the City of Taylor, Williamson County, Texas.

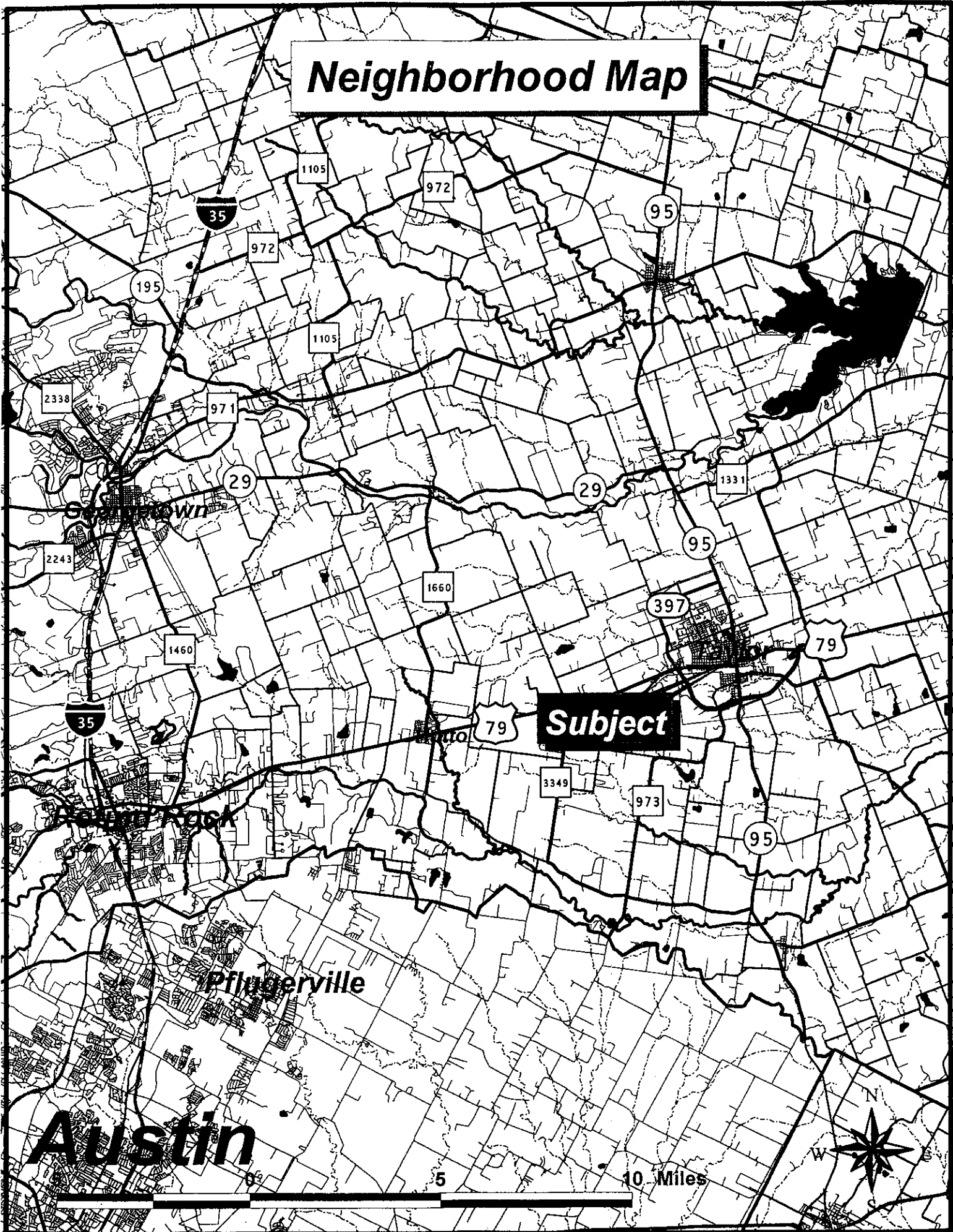
ZONING

The subject property is located within the City of Taylor and is zoned commercial.

EFFECTIVE DATE

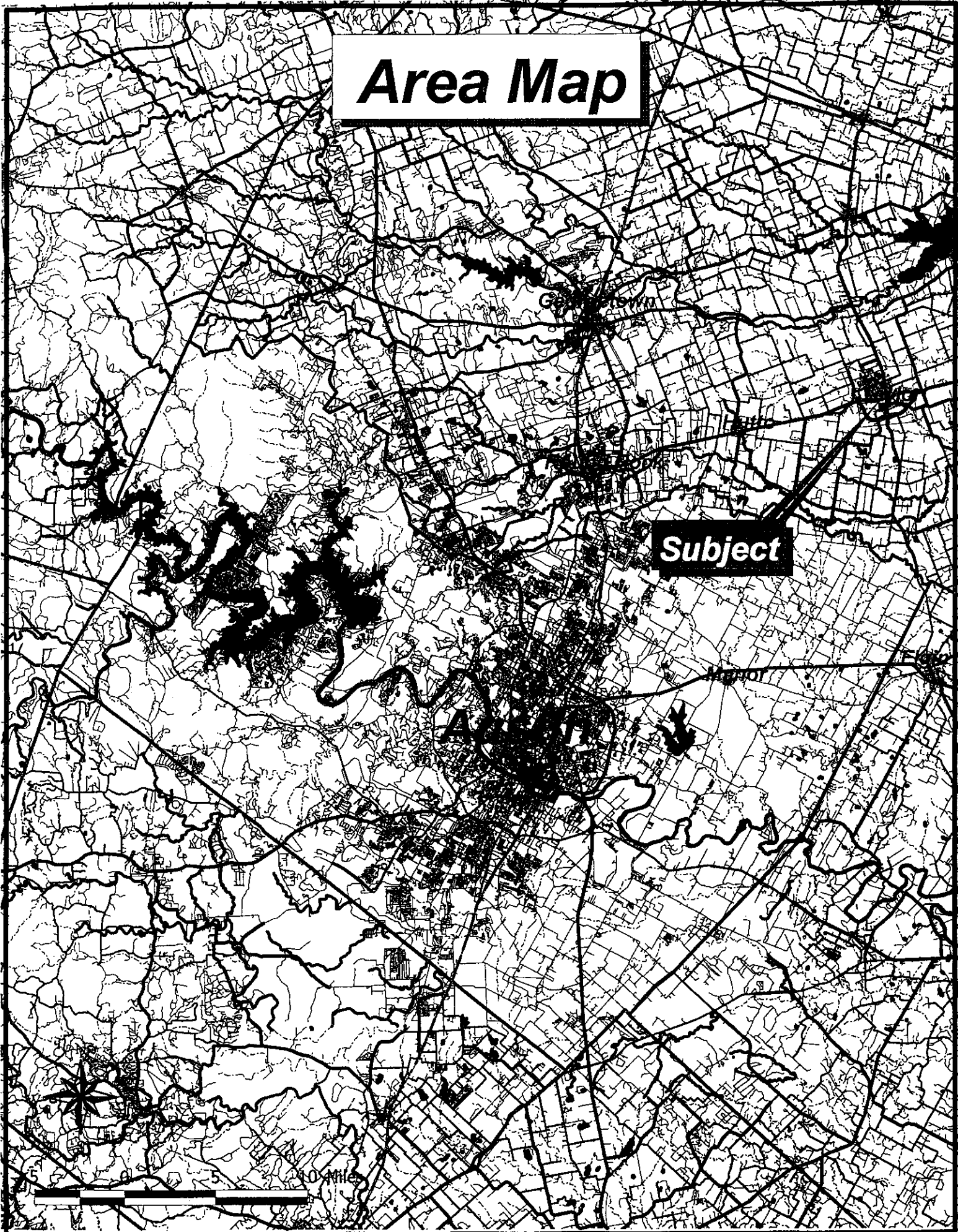
The effective date of this appraisal is July 3, 2002.

Neighborhood Map



Area Map

Subject



AREA AND NEIGHBORHOOD ANALYSIS

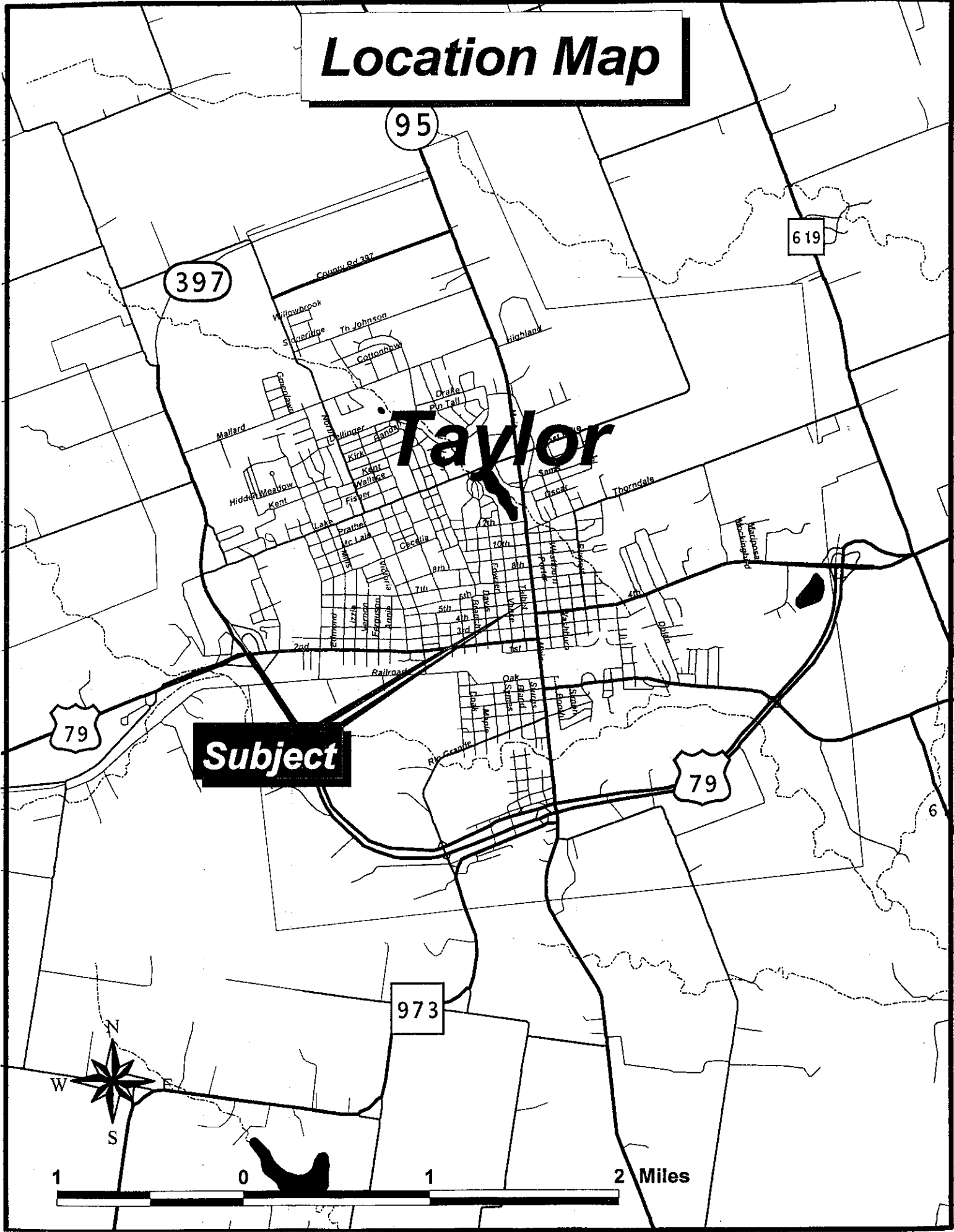
The subject property is located in the City of Taylor, which is located in the eastern portion of Williamson County. Williamson County is part of the Austin-San Marcos Metropolitan Statistical Area. The primary center of growth for the Austin-San Marcos MSA is the City of Austin, which is located approximately 25 miles southwest of Taylor. Austin's northward growth along Interstate Highway 35 is a key contributing factor to the population growth and economic expansion of Williamson County. Austin-Bergstrom International airport is located on the south side of Austin along US Highway 183 and provides immediate access to domestic and international transportation. Local employment opportunities within the neighborhood are tied to varying types of businesses. Taylor has historically been an attractive location as the center for agricultural business industry in Williamson County. The farmland surrounding the City of Taylor represents some of the most fertile soil in all of Williamson County. These agricultural businesses have supplied numerous agricultural related jobs to the City of Taylor. The resulting population growth brought employment opportunities in the goods and services fields as well.

Neighborhood Conclusions

As the City of Austin has expanded into various portions of southern Williamson County, employees have become more willing to commute longer distances to the Austin employment centers. This willingness to commute longer distances combined with Austin's northward expansion has positively affected the development of real estate in cities like Taylor.

US Highway 79 provides direct access to Interstate Highway 35 to the west at Round Rock and is currently being expanded to a four lane divided highway to provide better access into Round Rock from Hutto and Taylor. Highway 79 has been developed as a major commercial corridor in recent years with the presence of Tradesman's Industrial Park located on the west side of Hutto being the central location for many of these industrial businesses seeking to escape from the higher tax rates of Austin and Travis County. The presence of the Dell Diamond, the home baseball field of the Houston Astros AA Minor League team, the Round Rock Express also contributes to the increased commercial traffic flow along US Highway 79.

The historic growth of Taylor has been directly related to the growth of Austin employment centers. As Austin experienced rapid growth in the 1970's and early 1980's, so did Taylor. This economic pattern also continued as Austin's and subsequently Taylor's economy contracted as a result of decreased total employment and notable declines in the real estate sectors resulting from lower demand and the excess supply created during over-optimistic development periods. Currently, Taylor's economy has become stable after years of prosperity in the late 1990's and early 2000. The recent population surge as a result of this economic prosperity has increased the demand for housing, retail, and other types of real estate in Taylor.



Tax Plat

EAST 6TH EAST

WEST 6TH ST.

TALBOT STREET

WINSETT 9
A-68

EAST 5TH EAST

EAST

WEST 4TH ST.

MAIN STREET

EAST

Subject

200 0 200 400 Feet

SUBJECT DESCRIPTION

Location: 109 West 5th Street, being the southeast corner of Talbot Street and 5th Street in downtown Taylor, Williamson County, Texas.

Legal Description: Lots 6 and 7, Block 21 in the City of Taylor, Williamson County, Texas.

Land Area: 13,500 SF (0.3 acre)

Shape: Rectangular

Frontage: The subject property contains approximately 125 feet of frontage along the south side of 5th Street and approximately 108 feet of frontage along the east side of Talbot Street.

Zoning: Commercial.

Easements: The subject parcel is impacted by normal utility easements to the City of Taylor. A title policy was not provided that would note prior easement reservations. Kokel-Oberrender-Wood Appraisal, Ltd. advises a review of a current title policy to determine prior title encumbrances.

Flood Plain: The subject property is not located within an identified flood hazard zone.

Utilities: The City of Taylor provides water and wastewater lines to the subject property. Lone Star Gas provides natural gas service to the subject's building. Electrical and Telephone service are currently available on site.

Improvements: Office

Size: The subject parcel is improved with a 2,772 SF brick veneer bank building which has been converted to office space used by Williamson County for the Justice of the Peace, Precinct 4.

Age/Condition: According to Williamson County Appraisal District Tax records, the subject's building was constructed in 1963. The subject's building has been well maintained is estimated to be in average condition for its age.

Construction: The subject is improved with a 2,772 SF brick veneer building constructed on a concrete slab foundation. The building contains

a flat, built up tar and gravel roof with twelve foot eaves. The interior partition walls of the building are wood frame with painted drywall wall coverings. The ceiling is a suspended ceiling system with acoustic ceiling tile panes. The building was originally constructed as a bank in 1963 and contains a 130 SF bank vault in the southwest corner of the building, but has since been converted to office space for use by Williamson County. The building is now the site of Judge Judy Hobbs' courtroom and provides three individual offices, a large office area for cubicle space, two bathrooms, a foyer and a break room. The vault is currently being used for file storage.

The subject's building also contains a drive-thru window along the west side of the building with a 357 SF overhang. The north side of the building provides a 176 SF covered sidewalk.

Heating &

Air Conditioning: The subject's office building is fully heated and cooled by two York central heating and air conditioning units mounted on the roof of the building. The two units operate separate from each other to provide a zoned air conditioning system.

Electrical &

Lighting:

The interior of the subject's building is fully lighted with florescent lighting. The break room is equipped with a conventional oven, a range oven, a refrigerator, and a microwave.

Parking:

The subject's building is provided with approximately 9,500 SF of asphalt paved parking and drives area along the south, east and west sides of the building. The parking area provides 24 painted parking spaces (2 handicapped), or 1 space per 116 SF of office space. The asphalt parking lot has a concrete curb along the south and east property line of the lot.

Environmental
Hazards:

During the inspection, the appraisers attempted to note any environmental hazards. The appraisers noted no obvious signs of environmental contamination during the on-site inspection. The appraisers are not qualified to conduct environmental audits, therefore the users of this appraisal are advised to conduct a Phase I environmental audit to ascertain the environmental status of the subject property. The appraised value concluded herein is based on the assumption that the subject property is free of environmental contamination.

Surrounding
Land Uses:

The properties surrounding the subject property are predominately utilized for office space or small retail uses. The property to the north of the subject contains an older, brick veneer building which is the location of the Southwestern Bell Telephone Company office. The property to the west contains S&D Plumbing Co. and Condra Funeral Home to the northwest. The south side of the subject is the site of an old warehouse with the "Around the Corner" retail antique furniture shop located in the front of the building. The property to the east of the subject contains a State Farm Insurance office.

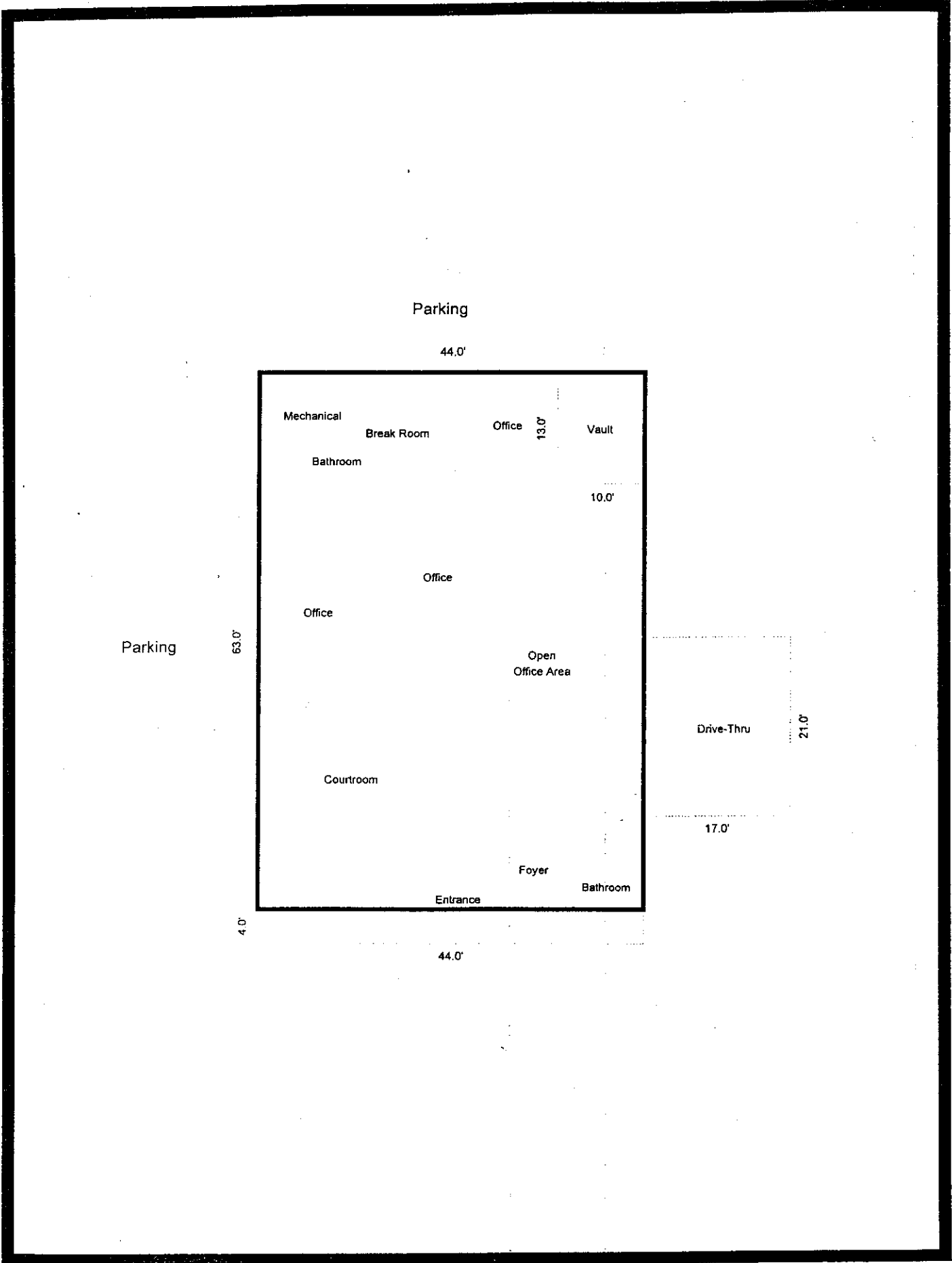
Highest and
Best Use:

The subject property consists of two lots in downtown Taylor containing 13,500 SF of land improved with a 2,772 SF brick veneer bank building which has been converted to office space. The property is located at 109 West 5th Street in downtown Taylor, Williamson County, Texas.

The subject is located within the city limits of Taylor and is zoned for commercial use. The surrounding buildings are predominately older brick buildings which were constructed in the early 1900's.

As Vacant - The maximally productive and highest and best use of the subject as vacant is concluded to be for development of the property with office or small retail space.

As Improved - The maximally productive and highest and best use of the subject as improved is concluded to be for continued use for office space in downtown Taylor.



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VALUATION ANALYSES AND CONCLUSION

THE APPRAISAL PROCESS

There are three generally accepted valuation procedures in valuing real estate property. They are the Cost Approach, the Income Approach, and the Sales Comparison Approach. The appraiser must define the problem presented by the appraisal assignment and gather, analyze, classify and process the available information into a defensible estimate of value.

The Cost Approach is based upon the cost or cash outlay to reproduce an improvement less an appropriate allowance for depreciation plus the estimate of land value. This approach is based upon the rationale that a person will not pay more for property than that which would cost to reproduce a similar property.

The Income Approach is based upon known or projected earnings less proper deductions for expenses. The net income can be capitalized into an indication of value by the usage of demonstrated rates found in the market. This approach to value is closely associated with income or investment properties since the principle of contribution and substitution affirms that an investor would pay no more for this type property than he could purchase a substitute income property.

The Sales Comparison Approach involves comparison of the subject property with other similar properties which have sold. The sales are adjusted for such factors as time, size, location, land quality and improvements. This approach is based on the economic principle of substitution which uses the rationale that a prudent buyer will not pay more for a given property than he could purchase another of like utility; and, that a prudent seller will not sell his property less than the other similar properties are selling.

The three value indications are reconciled into a final estimate of value. The appraiser must consider the relative strengths and weaknesses of each approach used in the appraisal. The appraiser must consider which approach yields the most reliable, defensible and relative indication of value. This is done by considering the quality and quantity of the available information of each approach. The final conclusions of this reconciliation process is the final estimate of value.

VACANT LAND VALUATION

SALES COMPARISON APPROACH

The premise of the Sales Comparison Approach is that a prudent purchaser would pay no more for a property than the cost of acquiring an equally desirable substitute in the open market. In application, this approach involves the analysis of sales and offerings of properties similar to the subject in an effort to ascertain what price the comparable sales might have brought had they possessed the subject's utility and desirability under market conditions similar to those existing on the date of the appraisal. In instances where the comparable is inferior to the subject, it is reasonable to conclude that it would have brought a higher price had it been of equal utility. When superior, the opposite would be true (i.e., the comparable most likely would not have brought as high a price had it been equal).

In order to estimate the vacant land value of the subject site by the Sales Comparison Approach, sales of vacant commercial lots were researched in the subject neighborhood.

Estimated Site Value

The following table provides a summary of sales identified for direct comparison to the subject site. These sales are utilized to provide indications of the value subject property, as if vacant.

Sale No.	Subject	A	B	C
KA#		W-02-083	W-00-291	W-01-155
Date	Current	2-21-02	6-1-00	7-10-01
Location	109 W 5th St, the SEC of W 5th St and Talbot St	503 E 2nd St, being all of Lots 7 & 8, and portions of Lots 6 & 9, Blk 51 in Taylor, Williamson Co.	116 E 2nd St, being Lots 16-19, Block 3 in the City of Taylor Williamson County	NEC of Mallard Ln and Davis St, being 0.7725 ac out of the William J. Baker Sur. A-65, Williamson Co.
Grantor	Williamson County	Jimmy Stried Homes, Inc.	Billie McGee, Ind Exec. of Estate of John McGee and Paul McGee	James K. Zvonek
Grantee		Sunnah Corporation	S.R. Scott Family Limited Partnership	John C. Oliver Company, Inc.
Recording (WCDR)		Doc# 2002015209	Doc# 2000035033	Doc# 2001052703
Site Size (SF)	13,500	26,570	14,372	33,650
Frontage (ft)	233	297	275	360
Zoning	Commercial	Commercial	Commercial	Commercial
Shape	Rectangular	Irregular	Rectangular	Rectangular
Terms	Cash to Seller	\$40,000 Note	Cash to Seller	\$65,600 Note
Sales Price		\$50,000	\$42,000	\$82,000
\$/SF		\$1.88	\$2.92	\$2.44

Sale A is the February 2002 sale of portions of four lots in Block 51 of the City of Taylor and contains 26,570 SF of land. The lots are located at 503 West 2nd Street and are noted as being larger as compared to the subject site. Sale A requires upward adjustment for its larger size as compared to the subject.

Sale B sold in June 2000 for \$2.92/SF and contains 14,372 SF of land. Sale B is located at 116 East 2nd Street and consists of three lots in Block 3 of the City of Taylor. Sale B is estimated to be in a superior location along North Main Street as compared to the subject's location on West 5th Street. Overall, Sale B is estimated to be superior as compared to the subject and requires downward adjustment primarily for location.

Sale C is the July 2001 sale of a 33,650 SF vacant lot located along the northeast corner of Mallard Lane and Davis Street on the north side of Taylor. Sale C sold for \$2.44/SF and is estimated to be similar to the subject's corner lot location off of a major roadway. Overall, Sale C is estimated to be similar as compared to the subject property.

The three sales presented for direct comparison to the subject site provide a range of \$1.88/SF (Sale A) to \$2.92/SF (Sale B) and provide an average value indication of \$2.41/SF. Based on the analysis of the sales presented, the market value of the subject site is estimated to be \$2.50/SF, or:

13,500 SF x \$2.50/SF =	\$33,750
Rounded To:	\$34,000

VALUATION OF IMPROVED PROPERTY

COST APPROACH

The Cost Approach results in an indication of value by the summation of estimates of unimproved land value plus the contributory value of the improvements. The Cost Approach is based on the appraisal principle of substitution, whereby the prudent purchaser will pay no more for a property than the cost to buy vacant land and construct improvements of similar desirability and utility.

Estimation of value by the Cost Approach includes five basic steps:

1. The estimation of land value as if vacant.
2. Estimation of reproduction or replacement cost new of the improvements.
3. Estimation of accrued depreciation to the improvements.
4. Subtract all accrued depreciation from estimate of cost new to give the contributory value of the improvements.
5. Summation of unimproved land value and contributory improvement value results in value indication by the Cost Approach.

The subject property is improved with a 2,772 SF brick veneer bank building on a concrete slab foundation. The Cost Approach is used to provide a contributory value of the subject's improvements for these parcels which is then added to the vacant land site value presented in the Sales Comparison Approach on Page 17.

Estimated Reproduction Cost New

The estimated reproduction cost new of the subject improvements is based on data provided in the Marshall Valuation Service as compared to area construction costs. These cost estimates were compared with local construction costs in order to arrive at the reproduction cost estimates for each of the subject building and site improvements. The following table provides the estimated reproduction cost estimates for the subject's improvements.

Estimated Reproduction Cost New				
Improvements	Size (SF)	\$/SF GBA	Cost	Total RCN
Building Improvements				
Office	2,772	\$137.97	\$382,450	
Site Improvements				
Asphalt Parking	9,500	\$2.25	\$21,340	
Drive-Thru	357	\$22.80	\$8,140	
Landscaping	1,500	\$1.20	\$1,800	
Total				\$413,730

ESTIMATION OF DEPRECIATION

In measuring accrued depreciation, the appraiser is interested in identifying and measuring the loss in utility experienced by the subject building improvements in their present condition as compared to the utility each building would have as a new improvement representing the highest and best use of the site. Accrued depreciation can be present in three forms: Physical deterioration, Functional Obsolescence and External Obsolescence. Physical depreciation is the normal loss of value due to age and use of the improvements. This depreciation can be both curable and incurable.

Functional Obsolescence is caused by a loss of utility of the property due to either an excess or a deficiency. Functional obsolescence exists totally within the property and is not the result of forces external to the property. Functional obsolescence can be present in curable and incurable forms.

External Obsolescence is caused by factors external to the property which result in a loss in utility or value. These factors can be economic or environmental. Because these factors are external to the subject property, external obsolescence is generally not curable. The subject improvements are not considered to be impacted by external obsolescence.

The subject's improvements represent a mixture of ages and condition. The table on the following page provides a summary of the estimated effective ages and economic life, the calculation of the contributory value of the subject building's improvements and the physical depreciation estimates for the subject property.

Estimation of Depreciation

Improvements	Eff. Age	Economic Life	RCN	% Deprec.	Physical Depr.	Functional Obsolescence	Depr. RCN
Building Improvements							
Office	30	50	\$382,450	60%	\$229,470	\$0	\$152,980
Site Improvements							
Asphalt Parking	7	10	\$21,340	70%	\$14,940	\$0	\$6,400
Drive-Thru	30	50	\$8,140	60%	\$4,880	\$0	\$3,260
Landscaping	5	10	\$1,800	50%	\$900	\$0	\$900
Total			\$413,730		\$250,190	\$0	\$163,540

Indicated Value by the Cost Approach

Reproduction Cost New	\$ 413,730
Less: Physical Depreciation	\$250,190
Functional Obsolescence	\$ 0
External Obsolescence	\$ 0
Total Depreciation	(\$ 250,190)
Contributory Value of the Improvements	\$ 163,540
Plus Vacant Land Value (Page 38)	\$ 34,000
Indicated Value	\$ 197,540

Rounded To: \$ 198,000

INCOME APPROACH

This approach is based upon the premise that value is equal to the present worth of all future benefits accruing to ownership of a property. In this approach, these benefits are interpreted as the income stream which a property will produce over its economic life. These benefits can be converted into an indication of value by several methods. The Direct Capitalization method is used in this report. In utilizing Direct Capitalization, the benefits, or income stream, are converted into an indication of value through the use of a "capitalization rate". This process is expressed algebraically as $I/R = V$, whereby I = Stabilized Net Income, R = Capitalization Rate, and V = Value. The capitalization rate is derived through the use of comparable sales to indicate the appropriate overall rate.

The first step in the income capitalization process is to estimate gross income, occupancy rates, and vacancy and collection losses to provide an estimate of effective gross income. From effective gross income, expenses must be deducted to calculate net operating income (NOI). The calculated NOI is capitalized or divided by an appropriate overall rate to provide an indication of value by the Income Approach. This rate, known as the capitalization rate, reflects investors' expectations for a return on the capital investment. The capitalization rate is extracted from the market by estimating the net operating income of the comparable sales at the time of sale. This NOI is then divided by the sales price to provide the overall rate for each comparable sale. The rate is then applied to the subject's calculated NOI to provide an indication of value via Direct Capitalization.

Estimate of Income Stream

Market Rents - Market rent is defined as "...the rental income that a property would most probably command in the open market. It is indicated by current rents that are either paid or asked for comparable space with the same division of expenses as of the date of the appraisal" (The Appraisal of Real Estate, 12th Edition).

The subject property is improved with a 2,772 SF brick veneer bank building which has been converted to office space. In order to estimate a market rental rate for the subject property, rental data for comparable office buildings was gathered in the subject neighborhood. The following table provides the most comparable market rents identified for the subject property.

Rent #	Address	Size (SF GBA)	Monthly Rental Rate	Comments
Rent 1	612 North Main Street	2,782 SF	\$0.50/SF	YOC - 1955; Modified Gross lease, owner pays taxes, insurance, exterior maintenance and landscaping. Brick veneer building with flat roof on concrete slab foundation. Building is currently being used as a medical office.
Rent 2	2207 North Main Street	2,064 SF	\$1.07/SF	YOC - 1978; Modified Gross lease, owner pays taxes, insurance, all maintenance, and landscaping. Stone veneer building with a composition shingle roof. Building is currently used as a real estate office.
Rent 3	906 North Main Street	1,675 SF	\$1.00/SF	YOC - 2000; Modified Gross lease, owner pays taxes, insurance, all maintenance and landscaping. Stone veneer building on concrete slab foundation. Building is currently used as a real estate office.
Rent 4	202 North Main Street	2,160 SF	\$0.96/SF	YOC - 1900; Modified Gross lease, owner pays taxes, insurance, all maintenance and landscaping. Brick veneer common wall building with flat roof. In-line retail space with parking along street.
Rent 5	105 West 5th Street	1,404 SF	\$0.36/SF	YOC - 1900; Modified Gross lease, owner pays taxes, insurance, all maintenance and landscaping. Brick veneer common wall building with flat roof. End-Cap space with access to alley.

Market Rent Analysis - Five rents are summarized with all five rents being modified gross leases. Under a modified gross lease agreement, the owner is typically responsible for paying the real estate taxes based on base year values, insurance and maintenance on the building and landscaping costs. The following analysis discussion for the subject is based on modified gross leases under those terms.

Rent No. 1 is located at 612 North Main Street, just north of downtown Taylor. The building is a 2,782 SF brick veneer building constructed in 1955 and is currently being used as a medical office building. Rent No. 1 indicates a rent rate of \$0.50/SF per month.

Rent No. 2 is located at 2207 North Main Street and indicates a monthly rental rate of \$1.07/SF. Rent No. 2 is improved with a 2,064 SF stone veneer office building which was constructed in 1978 and is currently being utilized as a real estate office with an asphalt parking lot located on the front side of the building. Rent No. 2 is estimated to be superior as compared to the subject primarily for its location along North Main Street (Highway 95).

Rent No. 3 provides a 1,675 SF stone veneer office building built in 2000 with a concrete parking lot and is located at 906 North Main Street. Rent No 3 indicates a rent rate of \$1.00/SF per month and is estimated to be superior as compared to the subject for location and age of its building.

Rent No. 4 is located at 202 North Main Street and is leased for \$0.96/SF per month. The building represents 2,160 SF of in line office/retail space in a common wall building along North Main Street. Parking for the building is provided along the street as the site does not contain a parking lot. Overall, Rent No. 4 requires upward adjustments for parking and downward adjustments for location as compared to the subject property.

Rent No. 5 is leased for \$0.36/SF per month and is located at 105 West 5th Street adjacent to the subject property. Rent No. 5's building was reportedly built in the early 1900's and is estimated to be in inferior condition as compared to the subject's building. Rent No. 5 is provided parking along the street with a small amount of parking provided by an alley on the west side of the building.

Based on the comparable rents collected, market rent for the subject parcels based on a modified gross lease is concluded to be \$0.80/SF per month for the subject property.

Potential Gross Income

Potential gross income is estimated as follows:

2,772 SF x \$0.80/SF x 12 months = \$26,611
Rounded To: \$26,610

Vacancy And Collection Loss

Once the Potential Gross Income has been estimated, an allowance must be made for vacancy and collection losses. This allowance provides for periods of vacancy between tenants, late rental collections, and lease violations. Discussions with neighborhood property owners, property managers and real estate brokers indicate comparable rents ranging from 90%-100% occupied. Vacancy and collection loss is estimated to be 5% of potential gross income. Subtracting the vacancy and collection loss from the Potential Gross Income equals the Effective Gross Income.

Estimate Of Expenses

Income and expense data for the subject property was not available as the building is currently owner occupied. Therefore, the estimation of operating expenses for the subject is based on data observed in the comparables and other commercial properties within the market. The rental rate for the subject property is based on a modified gross lease, which represents the typical lease type for commercial properties in the Taylor area. Under a modified gross lease, the owner typically pays the base year real estate taxes, insurance, maintenance and landscaping costs on the building.

Operating Expenses	
Taxes: (Williamson Co., Taylor ISD, City of Taylor, Williamson Co. RFM)	\$3,620
Insurance: (@ \$0.20/SF)	\$ 550
Maintenance: (@ \$0.30/SF)	\$ 830
Management: (@ 4% EGI)	\$1,010
Total:	\$6,010

Net Operating Income

Net Operating Income for the subject property is calculated as follows.

Potential Gross Income

Rent Income	2,772 SF x \$0.80/SF x 12 months	\$ 26,610
Plus Reimbursed Expenses		\$ 0
Total PGI		\$ 26,610
Less: Vacancy & Collection Loss (5% of PGI)		(\$ 1,330)
Effective Gross Income		\$ 25,280
Less Expenses		
Management (4% of EGRI)	\$ 1,010	
Real Estate Taxes	\$ 3,620	
Insurance	\$ 550	
Maintenance	\$ 830	
Total Expenses		(\$ 6,010)
Net Operating Income		\$ 19,270

Derivation Of The Capitalization Rate

Three techniques can typically be used to point toward an appropriate capitalization rate. They are the debt-constant/ equity-dividend band of investment, the overall rate derived from comparable sales, and the Ellwood Method. The capitalization rate used in this analysis was based upon overall capitalization rates calculated for the improved retail sales.

Overall rates reflect the relationship between the projection of periodic net income and the sales price. This market capitalization rate is produced directly from evidence of recent sales transacted of similar competitive properties sold under market conditions similar to those applicable to the subject property.

The overall rates indicated from improved sales reflect the action of typical buyers and sellers for this type of real estate. This rate directly reflects the principle of anticipation with future conditions being considered. The table on the following page provides a summary of the capitalization rates for the comparable sales.

Capitalization rates were analyzed for the comparable sales in the Sales Comparison Approach.

Sale No.	Date of Sale	Overall Rate
Sale 1	Pending	10.4%
Sale 2	10-6-00	9.1%
Sale 3	1-26-01	9.7%
Sale 4	5-2-02	9.6%

These sales indicate a range of 9.1% to 10.4% with a rate of 10.0% concluded.

Indication Of Value By Income Approach

Net Operating Income - \$19,270

Overall Capitalization Rate - 10.0%

Indicated Value = Net Operating Income / Overall Capitalization Rate
 = \$19,270 / .10
 = \$192,700

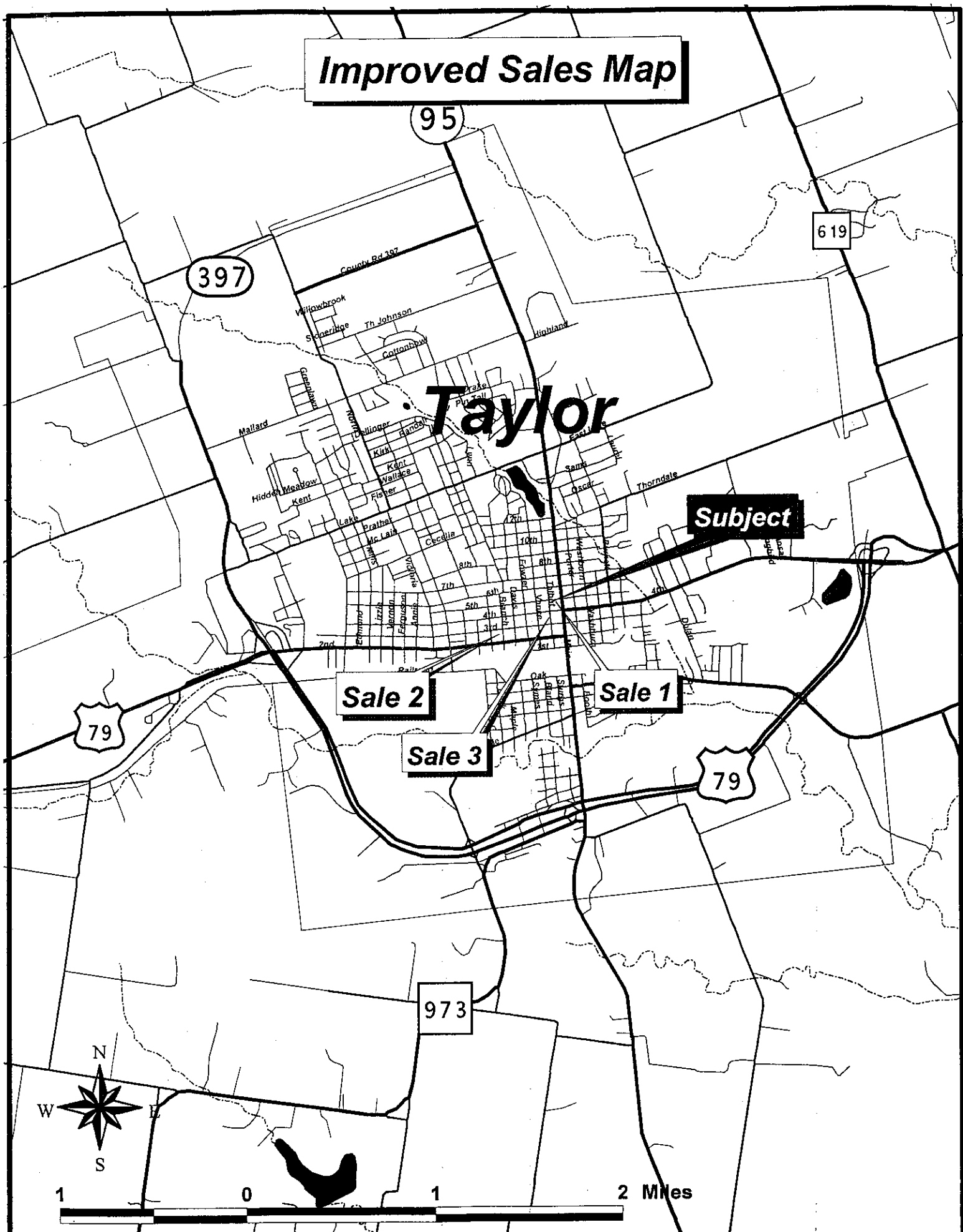
Rounded To: \$193,000

SALES COMPARISON APPROACH

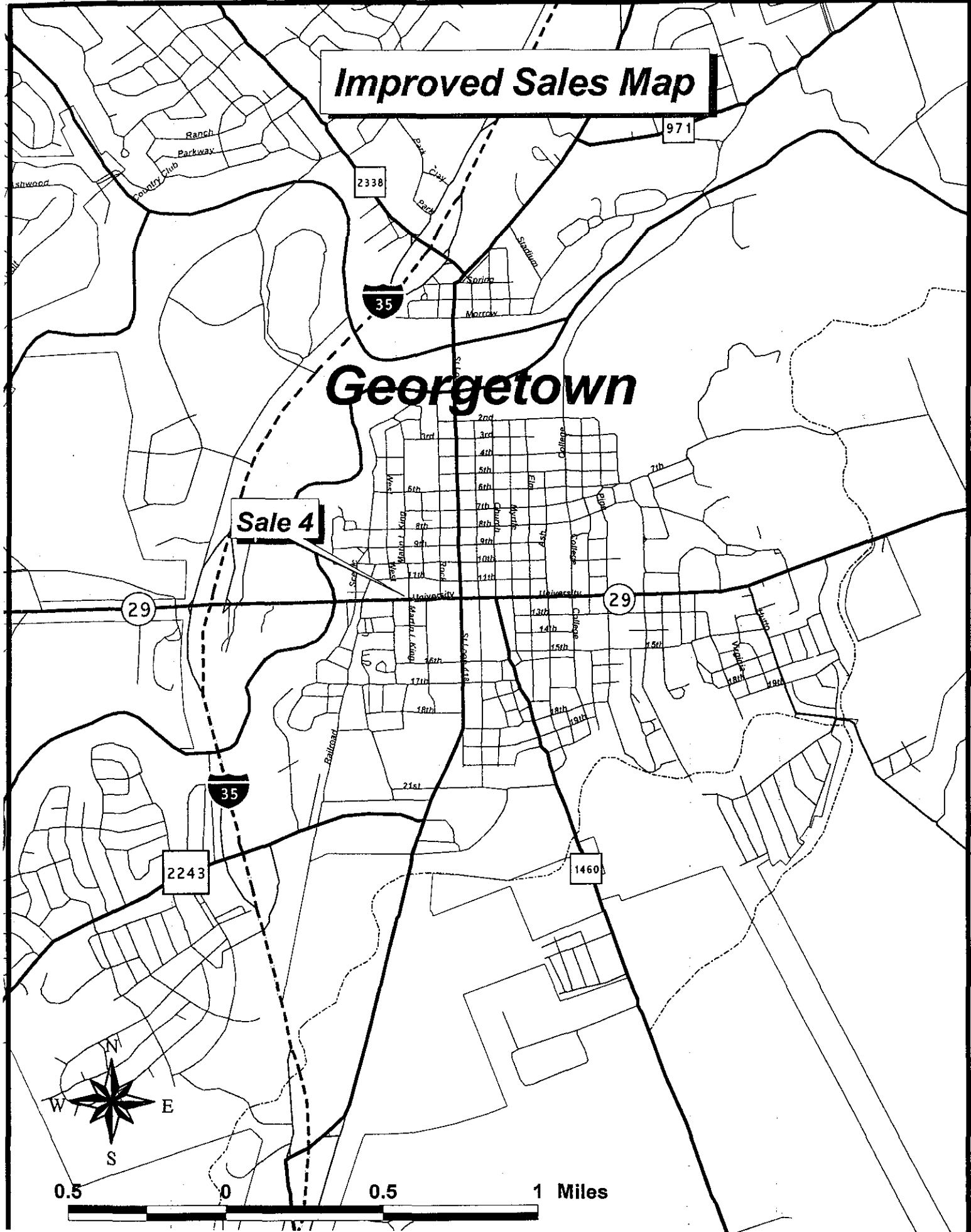
The premise of the Sales Comparison Approach is that a prudent purchaser would pay no more for a property than the cost of acquiring an equally desirable substitute in the open market. In application, this approach involves the analysis of sales and offerings of properties similar to the subject in an effort to ascertain what price the comparable sales might have brought had they possessed the subject's utility and desirability under market conditions similar to those existing on the date of the appraisal. In instances where the comparable is inferior to the subject, it is reasonable to conclude that it would have brought a higher price had it been of equal utility. When superior, the opposite would be true (i.e., the comparable most likely would not have brought as high a price had it been equal).

In order to estimate the value of the subject parcels by the Sales Comparison Approach, sales of comparable office buildings were researched in the subject neighborhood. A map showing the location of the sales presented for comparison to the subject is provided on the following page, with detailed write-ups of each sale included in the Addenda of this report.

Improved Sales Map



Improved Sales Map



Summary of Sales and Adjustments

Sale No.	Subject	1	2	3	4
KAA#		W-02-078	W-00-292	W-01-335	W-02-079
Date	Current	Contract Pending	10-6-00	1-26-01	5-2-02
Location	109 W 5th St, being SEC of E 5th St & Talbot St in Taylor	103 W 5th St, along the W/S of 5th St between N Main & Talbot St, Taylor	602 W 2nd St, being NWC of W 2nd St & Branch St	315 Talbot St, along the W/S of Talbot St between 3rd & 4th St in Taylor	NWC of SH 29 & Martin Luther King, Jr. Street, Georgetown
Grantor	Williamson County	Ruzicka	Richard Smith Builders	Townsend, Independent Executrix, et al	United Heritage Credit Union
Grantee		Alexander	Forster	Hejl, et ux	Willingham, et ux
Improvement	Office	Office	Office	Office	Office
Construction	Brick Veneer	Brick Veneer	Stone Veneer	Brick Veneer	Brick Veneer
Age	1963	1900	2000	1950	1985
Condition	Average	Average	New	Average	Average
Parking	Asphalt Parking Lot	Street Only	Concrete Parking Lot	Asphalt Parking Lot	Asphalt Parking Lot
Site Area (Ac)	0.31	0.04	0.15	0.170	0.209
Frontage (Ft)	233	30	187	67	190
Size (SF GBA)	2,772	1,620	1,584	2,436	1,491
Sales Price		\$82,000	\$148,000	\$90,000	\$158,000
\$/SF		\$ 50.62	\$ 93.43	\$ 36.95	\$ 105.97
Financing		\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00
Market Cond.		\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00
Adj. Price		\$ 50.62	\$ 93.43	\$ 36.95	\$ 105.97
Location		\$ 0.00	(\$ 4.67)	\$ 0.00	(\$ 21.19)
Size		\$ 0.00	-5%	\$ 0.00	-20%
Age/Condition		\$ 10.12	(\$ 18.69)	\$ 3.70	(\$ 10.60)
Parking		\$ 5.06	-20%	10%	-10%
Quality/Finish Out		\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00
Indicated Value		\$ 65.80	\$ 70.07	\$ 20.00	\$ 0.00
			\$ 60.65	\$ 74.18	

Market Data Analysis

The subject property consists of two city lots containing a total of 13,500 SF and is improved with a 2,772 SF brick veneer bank building which has been converted to office space by Williamson County. The building was built on a concrete slab foundation in 1963 and is estimated to be in average condition for its age. Parking on the subject property is provided by approximately 9,500 SF of asphalt paved parking lot which provides a total of 24 parking spaces, or 1 space per 116 SF of office space.

Sale No. 1 is the pending sale of a 1,620 SF brick veneer office building located at 103 West 5th Street on the east side of the subject property and is due to close at the end of July 2002. The building was originally constructed in the early 1900's on a concrete slab foundation and has recently received new carpet and painting in the interior office space and new glass on the front of the building. The interior of the building contains a large open office area for cubicle office space and a break room located in the back of the building. Parking for the site is provided by two parking spaces along West 5th Street, or 1 space per 810 SF of office space. Sale No. 1 is noted as being an older building as compared to the subject and requires an upward adjustment of twenty percent for age and condition. Sale No. 1 is estimated to have inferior parking as compared to the subject and requires an upward adjustment of ten percent. After adjustments, Sale No. 1 indicates a value of \$65.80/SF for the subject property.

Sale No. 2 is the October 2000 sale of a 1,584 SF office building located at 602 West 2nd Street. Sale No. 2's building has a stone veneer front with vinyl siding on the remaining three sides and is built on a concrete slab foundation. The building has a composition shingle roof and is provided parking by a concrete parking lot which provides total of eight parking spaces, or 1 space per 198 SF of office space. Sale No. 2 is estimated to have a slightly superior location along West 2nd Street as compared to the subject's location and requires a downward adjustment of five percent. Sale No. 2 is noted as being a new building at the time of sale and requires a downward adjustment of twenty percent for its superior age and condition as compared to the subject property. Overall, Sale No. 2 indicates a value of \$70.07/SF for the subject.

Sale No. 3 sold in January 2001 and is located at 315 Talbot Street, one and a half blocks south of the subject property. The property is improved with a 2,436 SF common wall, brick veneer building built in 1950 and sold to the adjoining building owner on the south side of the building. Conversations with the buyer indicate that the building was a shell-type structure at the time of purchase with limited interior finish out. Since the date of purchase, the buyer has finished the interior of Sale No. 3 to provide additional office space for his original office building. Sale No. 3 is adjusted upward \$20/SF to for inferior finish out at the time of sale as compared to the subject property. Sale No. 3 is noted as being an older building as compared to the subject and requires an upward adjustment of ten percent for inferior age and condition. After adjustments, Sale No. 3 indicates a value of \$60.65/SF for the subject building.

Sale No. 4 is the May 2002 sale of a 1,491 SF brick veneer bank building located along the northwest corner of State Highway 29 (University Drive) and Martin Luther King, Jr. Street in Georgetown, Texas. Sale No. 4's building was constructed in 1985 on a concrete slab foundation and is estimated to be in average condition for its age. The building is noted as being similar in terms of layout as compared to the subject. Sale No. 4 is estimated to have a superior location along State Highway 29 in Georgetown as compared to the subject and requires a downward adjustment of

twenty percent for location. The building is also noted as being newer as compared to the subject and requires a downward adjustment of ten percent for age and condition. Sale No. 4 indicates a value of \$74.18/SF for the subject building.

Correlation - Sales Comparison Approach

The four sales presented for direct comparison the subject property indicate values ranging from \$60.65/SF (Sale No. 3) to \$74.18/SF (Sale No. 4) with an average value of \$67.68/SF. The subject's office building is noted as being a converted bank building in downtown Taylor and has been well maintained. In the opinion of the appraisers, the value of the subject property is concluded to be near the upper range of value indications presented. After considering the subject's size, location and quality, the market value of the subject property by the Sales Comparison Approach is concluded to be \$70.00/SF or:

$$\$70.00/\text{SF} \times 2,772 \text{ SF} = \$194,040$$

$$\text{Rounded to:} \quad \$195,000$$

RECONCILIATION AND FINAL ESTIMATE OF VALUE

The three approaches to value indicate the following estimates of value for the subject property:

The Cost Approach provides a value indication based on the estimated contributory value of improvements plus the estimated site value. The Income Approach is utilized to provide a value indication based on the subjects ability to produce income divided by a market derived capitalization rate. The Sales Comparison Approach utilizes sales of comparable office buildings within the subject neighborhood.

Cost Approach	\$198,000
Income Approach	\$193,000
Sales Comparison Approach	\$195,000

Based on the analysis presented, it is the opinion of the appraisers that the estimated market value of the subject property based on a six month to one year exposure period as of July 3, 2002 is:

ONE HUNDRED NINETY-FIVE THOUSAND DOLLARS

(\$195,000)

REASONABLE EXPOSURE TIME

Exposure time as defined by Statement 6 of the Uniform Standards of Professional Appraisal Practice is as follows:

"The estimated length of time the property interest being appraised would have been offered on the market prior to the hypothetical consummation of a sale at market value on the effective date of the appraisal; a retrospective estimate based upon an analysis of past events assuming a competitive and open market.

Exposure time is different for various types of real estate and under various market conditions. It is noted that the overall concept of reasonable exposure encompasses not only adequate, sufficient and reasonable time but also adequate, sufficient and reasonable effort. This statement focuses on the time component.

The fact that exposure time is always presumed to occur prior to the effective date of the appraisal is substantiated by related facts in the appraisal process: supply/demand conditions as of the effective date of the appraisal; the use of current cost information; the analysis of historical sales information (sold after exposure and after completion of negotiations between the seller and buyer); and the analysis of future income expectancy estimated from the effective date of the appraisal."

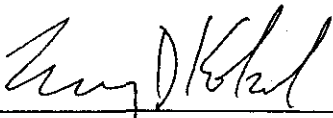
An estimate of reasonable exposure time for a property is a function of a number of factors including the various physical qualities of the property as well as the current market conditions and the asking price for the property. In order to estimate the exposure period for the subject property, consideration is given to the marketing periods required for competing properties.

Market demand for commercial properties is reported by area brokers to be moderate in the subject neighborhood. Based on recent sales and discussions with brokers active in the market and the concluded market value, a reasonable exposure period of approximately six months to one year is concluded for the subject parcels.

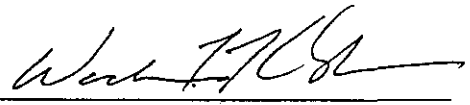
CERTIFICATION

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

- the statements of fact contained in this report are true and correct.
- the reported analyses, opinions and conclusions are limited only by the reported assumptions and limiting conditions, and are my personal, impartial, and unbiased professional analyses, opinions, and conclusions.
- I have no present or prospective interest in the property that is the subject of this report, and I have no personal interest or bias with respect to the parties involved.
- I have no bias with respect to the property that is the subject of this report or to the parties involved with this assignment.
- my engagement in this assignment was not contingent upon developing or reporting predetermined results.
- my compensation for completing this assignment is not contingent upon the developing or reporting of a predetermined value or direction in value that favors the cause of the client, the amount of the value opinion, the attainment of a stipulated result, or the occurrence of a subsequent event directly related to the intended use of this appraisal.
- my analyses, opinions, and conclusions were developed, and this report has been prepared, in conformity with the requirements of the Code of Professional Ethics and the Uniform Standards of Professional Appraisal Practice of the Appraisal Institute and the American Society of Farm Managers and Rural Appraisers.
- the analyses, opinions, and conclusions were developed, and this report has been prepared, in conformity with the Rules of the Texas Real Estate Commission and with the Uniform Standards of Professional Appraisal Practice.
- the use of this report is subject to the requirements of the Appraisal Institute relating to review by its duly authorized representatives.
- Larry D. Kokel, MAI, ARA and Wade L. Kubecka have made a personal inspection of the property that is the subject of this report.



Larry D. Kokel, ARA, MAI
State Certified
TX-1321079-G



Wade L. Kubecka
Appraiser Trainee
State Certified
TX-1329705

ASSUMPTIONS AND LIMITING CONDITIONS

This appraisal is subject to the following assumptions and limiting conditions:

1. The legal description of the subject properties being correct.
2. The estimate of value presume the properties to be free of encumbrances, easements, etc., except as noted. No responsibility is assumed in connection with any matter that might be disclosed by a proper survey.
3. The Appraiser assumes the title to the interest appraised to be good and marketable. As the Appraiser is not qualified to render an "opinion of title", no responsibility is assumed or accepted for matters of a legal nature affecting the property being appraised.
4. Unless otherwise noted, all existing liens and/or encumbrances have been disregarded, and the property appraised as though free and clear, under responsible ownership and competent management. Typical financing as may customarily be secured by the purchaser of the type of property under appraisal has been considered.
5. All photographs, building diagrams and sketches within the report are for illustrative purposes only, to assist the reader in visualizing the property. While they are believed to accurately represent the property, they are not guaranteed to be exact.
6. Information, estimates, and opinions furnished to the Appraiser, upon which his conclusions are based, were obtained from sources considered reliable and are believed to be true and correct; however, no liability for the accuracy of such items is assumed. Conclusions based on misinformation can invalidate said conclusions. In such a case, the Appraiser reserves the right to amend his conclusion.
7. The Appraiser assumes that there are no hidden or unapparent soil conditions or environmental characteristics or hazardous waste contamination which would render the property's title more or less valuable. The Appraiser assumes that the value of the improvements on the subject property are not impacted by the requirements of the Americans With Disabilities Act unless specifically addressed within the text of this report. No liability is assumed for such conditions, or for engineering which might be required to discover such factors.

8. Disclosure of the contents of this report is governed by the by-laws and regulations of the Appraisal Institute.
9. All information contained in the report is submitted strictly for the sole use of the Client and may not be used for any purpose by any other party without the previous written consent of the Appraiser. Possession of the report, or any copy thereof, does not carry with it the right of publication nor may any portion of the report be reproduced.
10. Neither all nor any part of the report (especially any conclusions as to value, the identity of the Appraiser, the firm with which he is connected, or any reference to the Appraisal Institute, the American Society of Farm Managers and Rural Appraisers, or any designation awarded by the two organizations) shall be disseminated to the public through advertising media, public relations media, news media, sales media, or any other public means of communication without the prior written consent of the Appraiser.
11. During the inspection, the appraisers attempted to note any environmental hazards. The appraisers noted no obvious signs of environmental contamination during the on-site inspection. The appraisers are not qualified to conduct environmental audits, therefore the users of this appraisal are advised to conduct a Phase I environmental audit to ascertain the environmental status of the subject property. The appraised value concluded herein is based on the assumption that the subject property is free of environmental contamination.

Appraisal Qualifications of Larry D. Kokel, ARA, MAI

Education:

Graduate, Georgetown High School, 1971
Bachelor's Degree, Recreation and Parks Administration, Texas A&M University, 1975
Master's Degree, Land Economics & Real Estate, Texas A&M University, 1976

Technical Training:

American Institute of Real Estate Appraisers:
Course 1-A, Basic Appraisal Principles
Course 1-B, Capitalization Theories and Techniques
Case Studies in Real Estate Valuation
Valuation Analysis and Report Writing
Standards of Professional Practice
Litigation Valuation
American Society of Farm Managers and Rural Appraisers:
Advanced Ranch Appraisal
Report Writing
Texas A&M University: Graduate Program in Land Economics and Real Estate
Continuing Education Seminars: Mineral Valuation; Condemnation Procedures; Real Estate Investment Analysis; Hewlett-Packard Financial Calculator; Valuation of Pipelines and Public Utilities; Legal and Ethical Responsibilities in the Real Estate Industry; R-41b Seminar by AIREA; Cost Approach Seminar by ASFMRA; Reviewing Appraisals Seminar by AIREA; Outlook for Texas Rural Land Markets; American Disabilities Act. Various economic seminars on topics related to real estate use and value.

Designations and Certifications:

ARA, Accredited Rural Appraiser, American Society of Farm Managers and Rural Appraisers; Certificate No. 667.
MAI, Member, Appraisal Institute; Certificate No. 7775.
Texas Real Estate Broker's License No. 216754
Texas State Certified General Real Estate Appraiser; Certificate No. TX-1321079-G
Texas Senior Property Tax Consultant, Registration No. 00000592

Professional Association:

Member, Appraisal Institute
South Texas Chapter No. 29: Member of Regional Ethics and Counseling Panel
American Society of Farm Managers and Rural Appraisers
Accredited Member, Texas Chapter President, 1988; Past Chairman of ASFMRA Accrediting Committee.
Society of Texas A&M Real Estate Professionals (Past President)
Texas Society of Professional Land Managers and Appraisers (Past President)
Member, Williamson County Board of Realtors

Experience:

Graduate Research Assistant, Texas Real Estate Research Center, Texas A&M University, 1976.
Southwest Appraisal Company, Inc.; Ag. Use Specialist, 1977.
General Land Office of Texas; Appraisal of Texas Veterans tracts and appraisal of Permanent School Lands throughout Texas. Coordinated land trades resulting in the acquisition and disposal in excess of 64,000 acres totaling \$14 million (October 1977 to August 1983).
TexAg Real Estate Services, Inc.; President; 1985.
Kokel Appraisal Associates; Georgetown, Texas; September, 1983.

Appraisal Qualifications of Wade L. Kubecka

Education:

Graduate, Palacios High School, 1995

Bachelor's Degree, Agricultural Economics, Texas A&M University, 1999

Technical Training:

Texas A & M University: The Real Estate Research Center, Assistant Publications Specialist and Researcher

U.S. Congressman Ciro D. Rodriguez of the 28th District of Texas: Agriculture and Natural Resource Policy Internship

Classroom Courses:

A-10 - Fundamentals of Rural Real Estate Appraisal

A-20 - Principals of Rural Real Estate Appraisal

Marketing Analysis for Real Estate Development

Rural Real Estate Appraisal

Real Estate Development Analysis

Land Oil & Gas Law

Financial Management

Advanced Farm & Ranch Management

Money & Banking

GIS Training in ArcView

Modern Investment Theory

Scientific Technical Writing

American Society of Farm Managers and Rural Appraisers

GIS Mapping Seminar

Professional Affiliations:

Society of Texas A&M Real Estate Professionals

American Society of Farm Managers and Rural Appraisers, Texas Chapter

Land Economics and Real Estate Association, Texas A&M

Agricultural Economics and Agribusinessman's Association, Texas A&M

Texas Real Estate Appraiser Trainee Certification #1329705-G

Experience:

M&W Kubecka Farms, Limited Partner; June 1994 to August 2000

Texas A&M University, Real Estate Research Center; May 1997 to January 2000

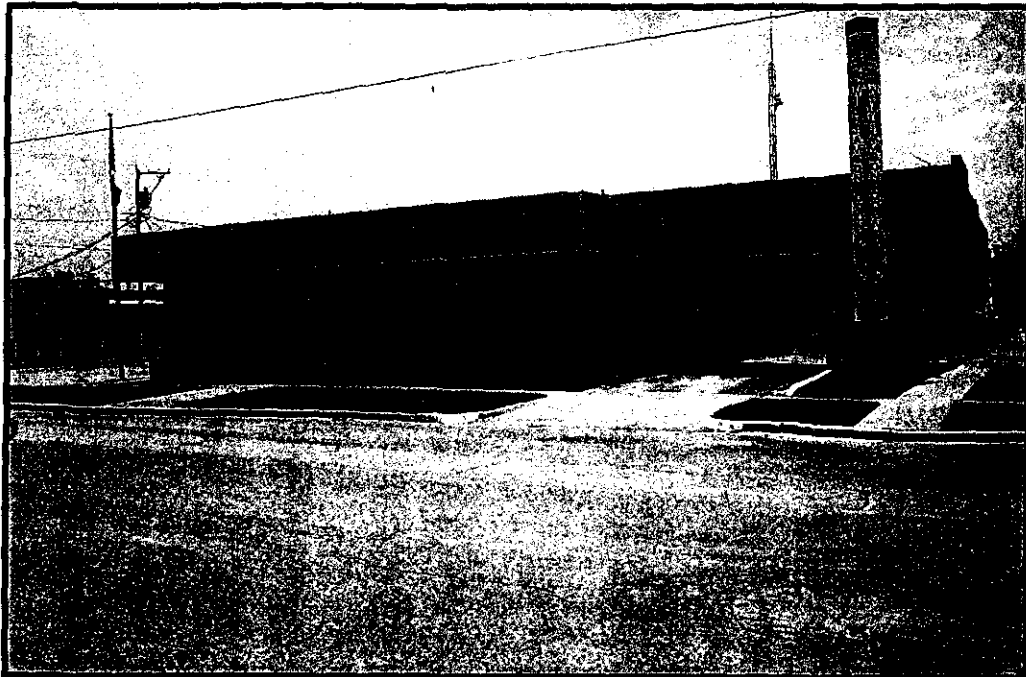
Agriculture and Natural Resource Intern, Washington, D.C.; January 1998 to May 1998

Kubecka Dryers, Incorporated, Accounts Manager; August 1999 to August 2000

Kokel Appraisal Associates, Georgetown, Texas, Appraiser Trainee; August 2000

ADDENDA

SUBJECT PICTURES

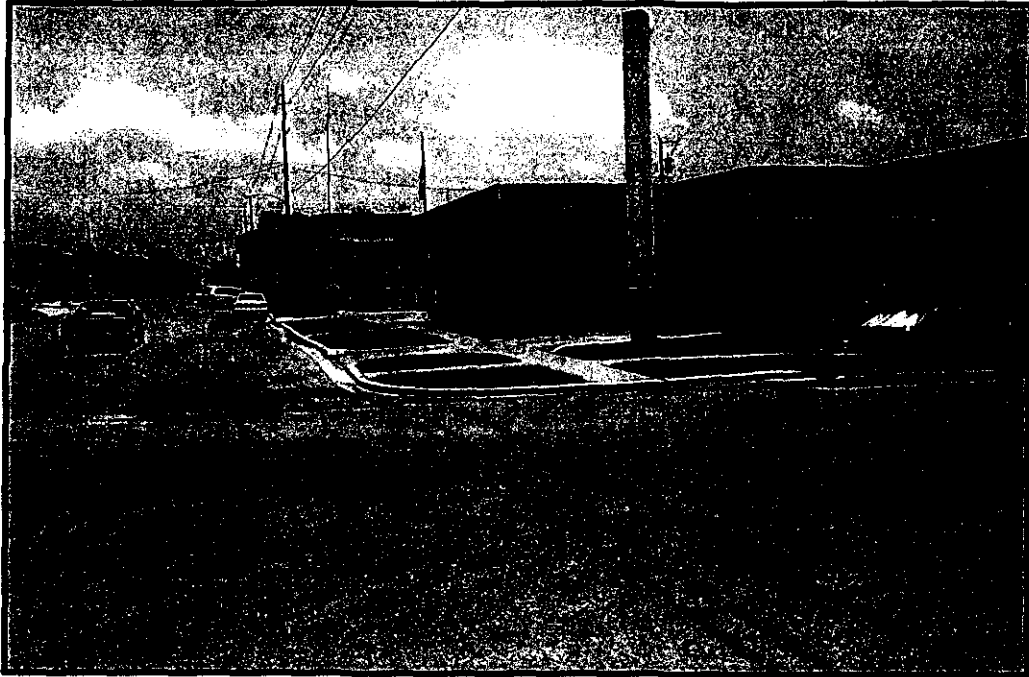


1. Front View of the Subject's Office Building As Seen From the Northeast Corner of West 5th Street and Talbot Street.



2. View Showing the Subject's Frontage Along the East Side of Talbot Street As Seen From the Northeast Corner of West 5th Street and Talbot Street.

SUBJECT PICTURES



3. View Showing the Subject's Frontage Along the South Side of West 5th Street As Seen From the Southwest Corner of West 5th Street and Talbot Street.



4. View of the Asphalt Parking Lot and South Property Line of the Subject Property As Seen From the Southwest Corner of the Subject Property.

SUBJECT PICTURES



5. View of the Subject's Parking Lot Located on the East Side of the Building.

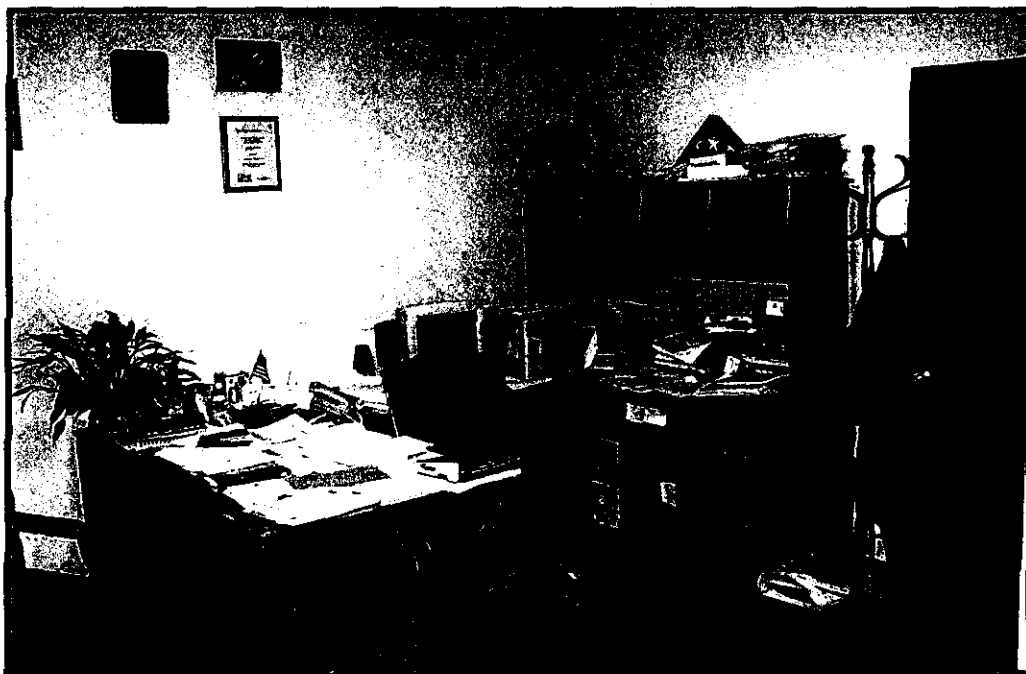


6. Interior View of the Open Office Area of the Subject Building.

SUBJECT PICTURES

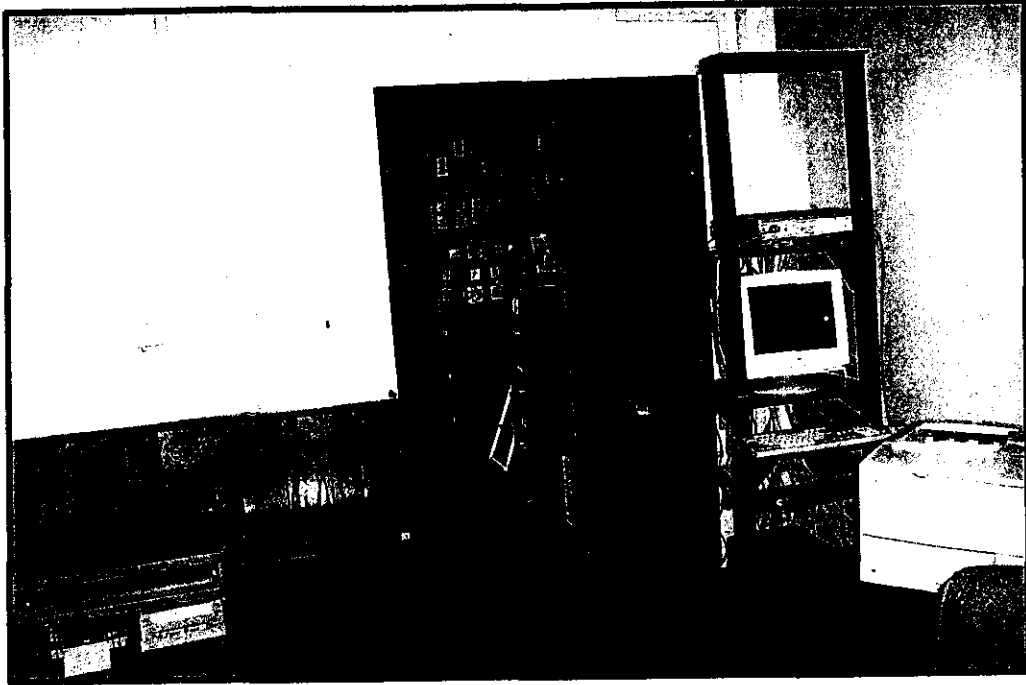


7. Interior View of the Courtroom Located in the Northeast Corner of the Subject Building.



8. Interior View of the Main Office (Judge Judy Hobbs' Chambers).

SUBJECT PICTURES



9. View Showing the Subject Building's Vault Located in the Southwest Corner of the Building.

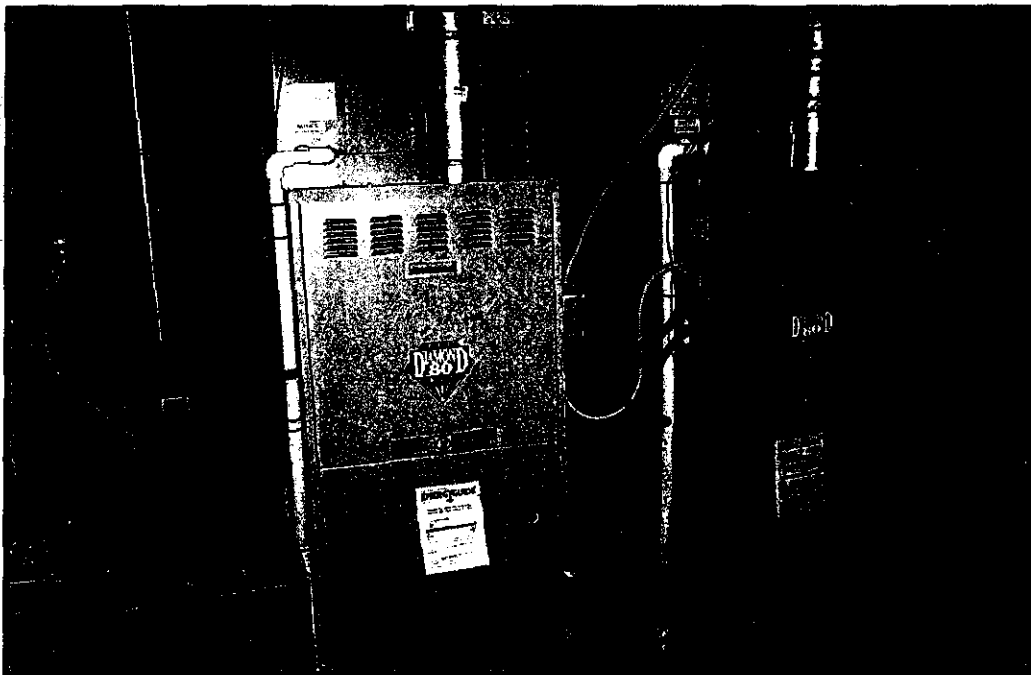


10. Interior View of an Individual Office Located in the Center of the Subject Building.

SUBJECT PICTURES

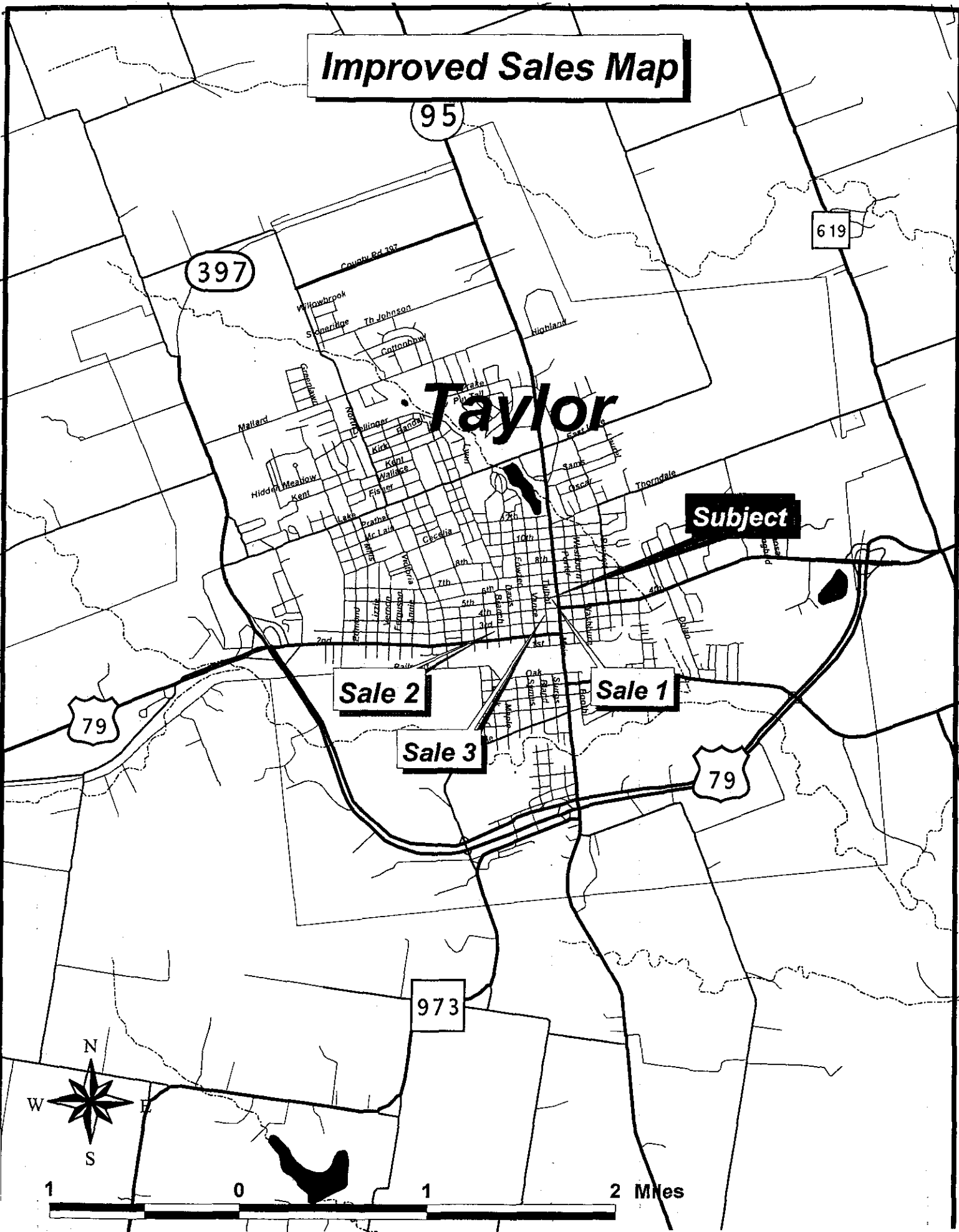


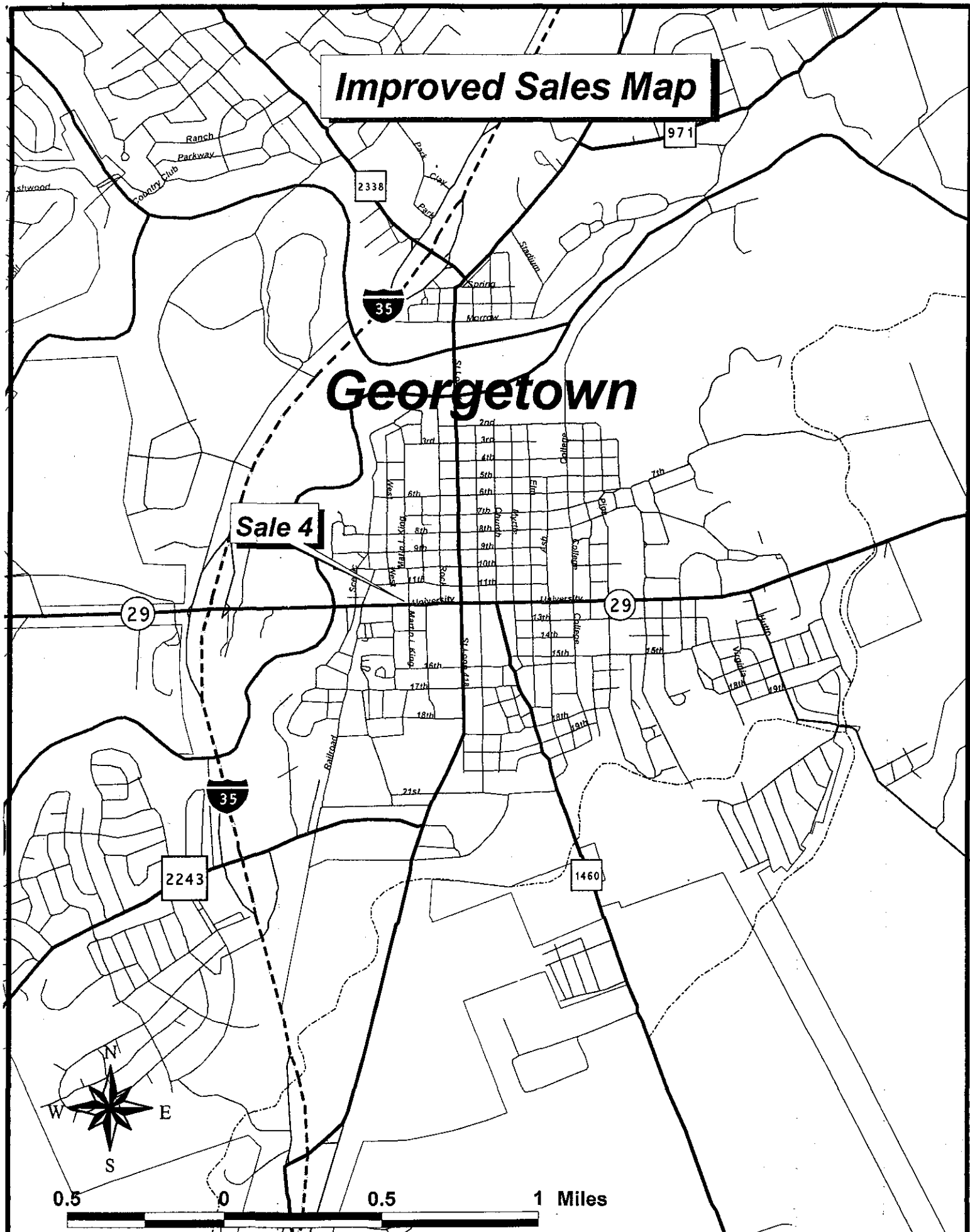
11. Interior View of the Break Room.



12. View of the Two, York Central Heating and Air Conditioning Units Located in the Mechanical Room Near the Southeast Corner of the Building.

Improved Sales Map





IMPROVED SALE NO. 1

Location: 103 West 5th Street, being along the south side of West 5th Street between North Main Street and Talbot Street, Taylor, Williamson County, Texas.

SALE DATA

Total Consideration: \$82,000

Price/SF GBA: \$50.62

Terms: All cash to the seller

RECORDING DATA

Date: Due to close July 2002 Recording: To Be Recorded
Legal: The northwest part of Lot 5, Block 21, City of Taylor, Williamson County, Texas.
Grantor: Frank Ruzicka Grantee: Ted Alexander

SITE CHARACTERISTICS

Size: 1,620 SF Zoning: Commercial
Frontage: Approximately 30 feet along the south side of West 5th Street
Floodplain: None Topography: Level
Utilities: Water and wastewater service is available from the City of Taylor.

IMPROVEMENT DATA

Size: 1,620 SF
Year Built: 1900
Construction: One-story, brick veneer, common wall building on a concrete slab, flat roof
Condition: Average
Parking: Street parking only
Finish Out: 100% HVAC. Interior provides three offices and a break room. The building recently received new carpets and a new storefront.

Sale No. 1 (cont.)**ECONOMIC DATA**

Rental Income	\$11,660
Other Income	0
V/CL	<u>-\$ 580</u>
EGI	\$11,080
Expenses	<u>-\$ 2,530</u>
NOI	\$ 8,550

Indicators: OAR: 10.4% PGIM: 7.0

COMMENTS

KA ID: W-02-078 Grid #: 353

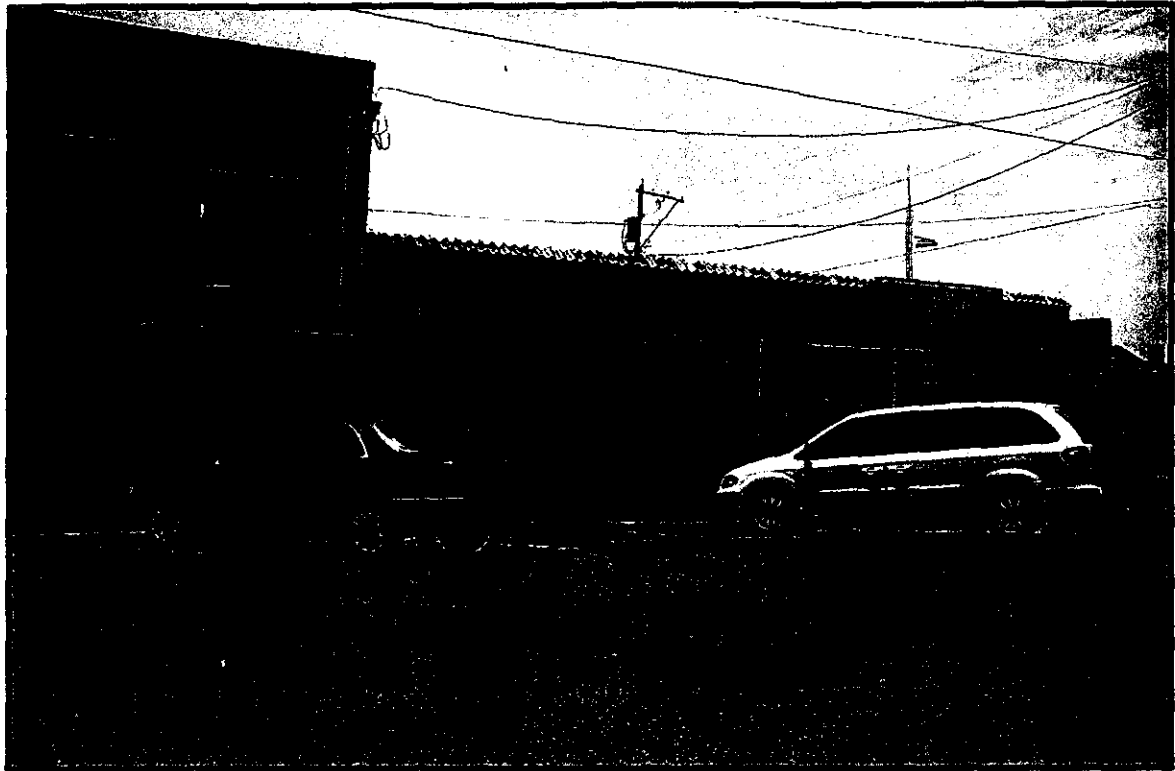
History: Historically used as Luba's Travel Agency. Buyer operates a State Farm Insurance Agency out of the building next door. He is purchasing this building after his lease is expires at the end of July 2002.

Tax Data: Tax Parcel ID: R-13-0303-0210-50004
2002 Assessed Value: \$47,583

<u>Taxing Entities</u>	<u>2001 Taxes</u>
Williamson County	\$ 168.58
City of Taylor	\$ 339.99
Taylor I.S.D.	\$ 751.81
Williamson Co. FM/RD	<u>\$ 19.51</u>
Total 2000 Taxes	\$1,279.89

Confirmation: Ted Alexander/buyer
Phone: 352-6080
By: LDK, 7/5/02

IMPROVED SALE NO. 1



IMPROVED SALE NO. 2

Location: 602 West 2nd Street, being the northwest corner of Branch Street and 2nd Street, Taylor, Williamson County, Texas.

SALE DATA

Total Consideration: \$148,000

Price/SF GBA: \$93.43

Terms: \$118,400 note to Texas Heritage Bank

RECORDING DATA

Date: October 6, 2000

Recording: Document No. 2000069898,
Williamson County Deed Records

Legal: Lot 1, Block 68, City of Taylor, Williamson County, Texas.

Grantor: Richard E. Smith, dba
Richard Smith Builders

Grantee: Simon J. Forster

SITE CHARACTERISTICS

Size: 6,534 SF

Zoning: Commercial

Frontage: Approximately 120 feet along the north side of 2nd Street and 54.5 feet along the west side of Branch Street

Floodplain: None

Topography: Level

Utilities: Water and wastewater service is available from the City of Taylor.

IMPROVEMENT DATA

Size: 1,584 SF

Year Built: 2000

Construction: One-story, wood frame with Hardy Plank exterior walls, concrete slab foundation

Condition: New

Parking: 3,300 SF of concrete parking (11 spaces)

Finish Out: 100% HVAC, carpet floor coverings, sheet rock interior walls

Sale No. 2 (cont.)**ECONOMIC DATA**

Rental Income	\$19,960
Other Income	0
V/CL	<u>-\$ 1,000</u>
EGI	\$18,960
Expenses	<u>-\$ 5,520</u>
NOI	\$13,440

Indicators: OAR: 9.1%

PGIM: 7.4

COMMENTS

KA ID: W-00-292

Grid #: 353

Tax Data: Tax Parcel ID: R-13-0303-0680-10000

2000 Assessed Value: \$15,028

<u>Taxing Entities</u>	<u>2000 Taxes</u>
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Williamson County	\$ 52.26
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City of Taylor	\$104.33
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Taylor I.S.D.	\$237.44
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Williamson Co. FM/RD	<u>\$ 7.11</u>
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Total 2000 Taxes	\$401.14
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Confirmation: Austin Multiple Listing Service No. 545387

AGENDA ITEM 57

Discuss and take appropriate action concerning pending litigation: Carol Collins VS. Gene Taylor.

There was no action on this agenda item.

AGENDA ITEM 58

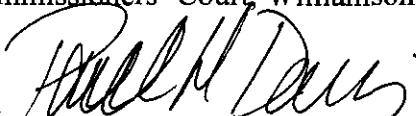
Comments from commissioners.

Commissioner Boatright asked about rollback property taxes. Dale Rye and Julie Kiley answered.

COMMISSIONERS' COURT ADJOURNED AT 1:24 P.M. ON TUESDAY, MAY 25, 2004.

THE FOREGOING MINUTES recorded on Minutes Pages 1 through 810 inclusive, had at a Special Session of Commissioners' Court of Williamson County, Texas, having been read are hereby approved this 1st day of June, 2004.

ATTEST: Nancy E. Rister, Clerk County Court & Ex-officio Clerk,
Commissioners' Court, Williamson County, Texas

By: 
Deputy Clerk